KipMcGrath™ ENGLISH AND MATHS TUTORING Est. 1976

TARGET'S STATEMENT

by

Kip McGrath Education Centres Limited

ACN 003 415 889

in response to the off-market takeover offer by

Crimson Consulting Australia Pty Ltd

ACN 600 634 991

(a wholly-owned subsidiary of Crimson Consulting Limited)

to acquire all of the ordinary shares in KME

for A$0.73 cash per share

YOUR DIRECTORS UNANIMOUSLY RECOMMEND THAT YOU

REJECT

the inadequate offer from Crimson

To REJECT the Offer, simply DO NOTHING and TAKE NO ACTION

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about how to deal with this document, you should consult your legal, financial or other professional adviser immediately.

Financial Adviser	Legal Adviser
Houlihan Lokey	NORTON ROSE FULBRIGHT

1 September 2026

KipMcGrath ENGLISH AND MATHS TUTORING Est. 1976

Important Notices

Nature of this document

This Target's Statement is dated 1 September 2026 and is given by Kip McGrath Education Centres Limited (ACN 003 415 889) under Part 6.5, Division 3 of the Corporations Act in response to the off-market takeover bid made by Crimson Consulting Australia Pty Ltd (ACN 600 634 991) for all of the KME Shares. A copy of this Target's Statement has been lodged with ASIC and given to ASX.

Role of ASIC and ASX

Neither ASIC, ASX nor any of their respective officers takes any responsibility for the content of this Target's Statement.

Defined terms and interpretation

Capitalised terms used in this Target's Statement are defined in the Glossary in Section 14. Section 14 also sets out certain rules of interpretation which apply to this Target's Statement.

No account of personal circumstances

This Target's Statement does not take into account the individual investment objectives, financial situation or particular needs of each Shareholder or any other person. The KME Directors encourage you to seek independent financial, legal, taxation and other professional advice before making a decision as to whether to accept the Offer.

Forward-looking statements

This Target's Statement contains forward-looking statements. Forward-looking statements are not based on historical facts but are based on current expectations of future results or events. These forward-looking statements are subject to risks, uncertainties and assumptions which could cause actual results or events to differ materially from the expectations described in such forward-looking statements. The forward-looking statements contained in this Target's Statement are not guarantees or predictions of future performance and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially.

Neither KME, nor any other person, gives any representation, warranty, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this Target's Statement will actually occur. You are cautioned not to place undue reliance on any forward-looking statement.

Disclaimer as to Crimson information

The information in this Target's Statement relating to Crimson, the Crimson Group and the Offer has been prepared from publicly available information, including the Bidder's Statement. KME and its Directors are unable to verify the accuracy or completeness of that information. Accordingly, KME does not make any representation or warranty, express or implied, as to the accuracy or completeness of such information.

Foreign jurisdictions

The release, publication or distribution of this Target's Statement in jurisdictions other than Australia may be restricted by law or regulation in those jurisdictions. Any failure to comply with such restrictions may constitute a violation of applicable laws. This Target's Statement has been prepared in accordance with Australian law and the information contained in this Target's Statement may not be the same as that which would have been disclosed if this Target's Statement had been prepared in accordance with the laws and regulations of a jurisdiction outside Australia.

Charts and diagrams

Any diagrams, charts, graphs and tables appearing in this Target's Statement are illustrative only and may not be drawn to scale. Unless stated otherwise, all data contained in charts, graphs and tables is based on information available as at the date of this Target's Statement.

Privacy

KME has collected your information from the register of Shareholders for the purpose of providing you with this Target's Statement. The type of information KME has collected about you includes your name, address, contact details and information on the number of KME Shares you hold. The Corporations Act requires the names and addresses of Shareholders to be held in a public register. Your information may be disclosed on a confidential basis to external service providers of KME (including the share registry) and may be required to be disclosed to regulators such as ASIC.

Financial adviser disclaimer

Houlihan Lokey (Australia) Pty Limited is acting solely as financial adviser to KME in connection with the Offer and is not acting for, nor does it owe any duty or obligation (fiduciary or otherwise) to, any Shareholder or other recipient of this Target's Statement. This document does not constitute personal financial product advice. To the extent this document contains any general financial product advice, it has been prepared without considering your personal objectives, financial situation, or needs. Shareholders must obtain independent financial, legal, and taxation advice before making any decision regarding the Offer.

Enquiries

If you have any questions about the Offer or this Target's Statement, please:

1. email Kip McGrath Education Centres Limited on contactus@kipmcgrath.com.au; or
2. consult your legal, financial or other professional adviser.

KipMcGrath ENGLISH AND MATHS TUTORING Est. 1976

Key Dates

Event	Date
Date of Bidder's Statement	**30 July 2026**
Register Date (date for determining holders entitled to receive the Offer)	**5 August 2026**
Offer Date (date Offer opens)	**17 August 2026**
Notice of Annual General Meeting dispatched to Shareholders	**28 August 2026**
Date of this Target's Statement	**1 September 2026**
Notice of status of conditions (s 630(1) Corporations Act)	**11 September 2026**
Offer closing date (unless extended or withdrawn)	**18 September 2026**
Annual General Meeting and proposed dividend declaration date	**29 September 2026**
Proposed dividend ex-date	**1 October 2026**
Proposed dividend record date	**2 October 2026**
Proposed dividend payment date	**16 October 2026**

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Chair's Letter

Dear Shareholders,

REJECT the inadequate Offer from Crimson

On behalf of the Board of Directors of Kip McGrath Education Centres Limited (**KME**), I am writing to recommend that you **REJECT** the unsolicited, conditional off-market takeover offer from Crimson Consulting Australia Pty Ltd (**Crimson**) to acquire all of your KME Shares for A$0.73 cash per share (**the Offer**).

Your Directors have carefully considered the Offer and unanimously recommend that you **REJECT** it.

The Board's recommendation rests on two core points: the Offer does not reflect KME's value when assessed against the selected public transaction and trading analysis and KME's own financial position; and it arrives at a time when KME's operational reset is moving from foundation-building to execution.

In the Board's view, Crimson is seeking to acquire KME before the benefits of that reset have had time to materialise in performance or price. A$0.73 per KME Share is not an adequate price for Shareholders to give up that exposure.

Key reasons to REJECT the Offer

- **The Offer is highly opportunistic in its timing and does not reflect the growth prospects of Kip McGrath.** Crimson's Offer has been opportunistically timed to coincide with the operational reset the new management team is implementing. If you sell your KME Shares now, you will give up the opportunity to participate in any upside if those initiatives are successfully delivered. Your Directors believe the Offer does not reflect the inherent value of Kip McGrath as an operating business or the growth opportunities available to the Company.

- **The Offer price is insufficient to warrant a Directors' recommendation based on verifiable market comparable transaction and trading analysis.** The Offer implies approximately 5.3x FY2026 adjusted EBITDA (pre-AASB 16). Selected publicly available education and tutoring transaction multiples reviewed by KME range from approximately 6.8x to 7.7x EBITDA, subject to the limitations described in this Target's Statement. The Directors consider the Offer is insufficient to warrant a recommendation, having regard to the selected public transaction and trading analysis, KME's financial position, cash generation and operational reset.

- **The Offer does not share combination benefits with Shareholders.** Crimson operates the NumberWorks'nWords K–12 tutoring franchise in the same markets as KME and may have access to cost savings, network efficiencies and technology integration benefits from combining the businesses. Those potential benefits would accrue to Crimson, not Shareholders. The Board considers the Offer Price does not adequately reflect the potential benefits available to Crimson from combining the businesses.

- **KME generates strong free cash flow, and has financial flexibility as well as a history of returning capital to Shareholders.** KME generated A$6.993 million of net cash from operating activities and A$4.2 million of free cash flow in FY2026. It finished the year with A$5.562 million of cash, no debt and an undrawn facility, after buying back 4,416,379 KME Shares. The Board considers KME's cash generation, balance sheet strength and capital-light franchise model reinforce its view that A$0.73 does not reflect adequate value for KME.

- **The Offer premium should be assessed against KME's limited trading liquidity and take account of FY2026 results.** The Offer premiums are calculated against thinly traded market prices and were announced before KME released its audited FY2026 results. Those results show continued profitability, strong cash generation and an ungeared balance sheet.

- **The Offer is highly conditional.** The Offer is subject to a 90% minimum acceptance condition, a material adverse change condition, a no-distributions condition and other Defeating Conditions. Since the Bidder's Statement was lodged, Harvest Lane Asset Management and its associated entities have acquired a 19.11% holding in KME, which constitutes a blocking stake in relation to the 90% condition and compulsory acquisition. KME has no basis to state what Harvest Lane intends to do with its holding. However, for so long as it retains a blocking interest and does not accept the Offer in respect of sufficient KME Shares, Crimson cannot reach the 90% threshold. There is therefore no certainty those conditions will be satisfied or waived, and accepting Shareholders will not receive payment while the Offer remains conditional.

- **The Board is actively exploring whether a Superior Proposal is available.** The Board has engaged Houlihan Lokey to explore whether any alternative transaction may be available that better reflects KME's value. KME released a Corporate Presentation to Potentially Interested Parties on 11 August 2026, publicly available on the ASX. There is no certainty an alternative proposal will emerge, but Shareholders who **REJECT** the Offer preserve their ability to participate in any superior transaction. Shareholders who accept will generally be locked in.

- **Rejecting the Offer preserves your upside.** FY2026 was a year of deliberate consolidation and leadership renewal, with early signs that KME's operational reset is taking hold. Accepting the Offer would transfer the potential benefits of that reset to Crimson. Shareholders who **REJECT** the Offer retain exposure to execution risk, but also to any value created as the reset is delivered.

- **Accepting the Offer may mean giving up the benefit of 6.0 cents of proposed fully franked dividends and future fully franked dividends.** KME paid A$836,000 of fully franked dividends in FY2026 and had a franking account balance of A$1.291 million at 30 June 2026. KME is seeking Shareholder approval for proposed fully franked dividends totalling 6.0 cents per KME Share. The Offer consideration is unfranked cash. For eligible Australian resident Shareholders, fully franked dividends may carry additional after-tax value through the attached franking credits, depending on their tax circumstances. Under the Bidder's Statement, Crimson may deduct the cash amount of any dividend received by an accepting Shareholder from the Offer consideration otherwise payable. Shareholders who accept the Offer may therefore give up the cash benefit of the proposed 6.0-cent dividends and, if the Offer becomes unconditional, will give up their entitlement to future KME dividends and the associated franking credit value.

These reasons are explained in detail in Section 1.

Your Directors' recommendation

Each of your Directors recommends that you **REJECT** the Offer. To do so, take no action in response to the documents sent to you by Crimson.

This recommendation reflects the Offer's low implied valuation relative to selected transaction multiples, the early stage of KME's operational reset, KME's FY2026 results, the thin trading context, KME's capital position, the Offer conditions and the risks of accepting or rejecting the Offer.

Directors' intentions

Each Director who holds KME Shares intends to **REJECT** the Offer for all KME Shares held by or on behalf of that Director. Details of the Directors' interests in KME securities are set out in Section 11.1.

What you should do

To **REJECT** the Offer, you do not need to do anything. Do not complete or return the Acceptance Form sent with the Bidder's Statement.

Your Directors encourage you to read this Target's Statement in full before making any decision in relation to the Offer.

If you have already accepted the Offer, please refer to Section 6.5 for information about the limited circumstances in which you may be able to withdraw your acceptance.

If you have any questions about the Offer or this Target's Statement, please email contactus@kipmcgrath.com.au or consult your financial, legal or other professional adviser.

Yours faithfully,

Damian Banks
Chair
Kip McGrath Education Centres Limited

Section 1
Reasons to **REJECT** the Offer

1

Your Directors unanimously recommend that you **REJECT** the Offer.

Each Director who holds KME Shares intends to **REJECT** the Offer for all KME Shares held by or on behalf of that Director.

The recommendation is based on the following reasons.

1.1 The Offer is highly opportunistic in its timing and does not reflect the growth prospects of Kip McGrath

Crimson's Offer has been opportunistically timed to coincide with the operational reset the new management team is implementing. If you sell your shares now, you will give up the opportunity to participate in any upside if those initiatives are successfully delivered. Your Directors believe the Offer does not reflect the inherent value of Kip McGrath as an operating business or the growth opportunities available to the Company. Those opportunities remain subject to execution risk and should not be treated as forecasts of future financial performance.

FY26 has been a year dedicated to building the foundation for improved operating performance and more disciplined growth. As a result of the difficult decisions, hard work and targeted investments made over the past 18 months, Kip McGrath is better positioned for the next phase of execution.

Key areas of activity

1. Franchise Centre Consolidation

The Company has focused on removing underperforming, low-potential centres that were contributing only marginal economic benefits. This resulted in a net reduction of 22 centres to 431 at year end. While this contributed to a small temporary decline in revenue, it allowed staff and resources to focus on higher-value centres, supporting a healthier franchise network with improved growth potential.

2. Investment in Core Franchisees

The Company has accelerated its investment in the franchise network, informed in part by feedback from a franchisee survey undertaken earlier in the year. The Company has focused on stronger communication and engagement, improved systems and business intelligence, and practical tools that help build stronger businesses. Alongside these initiatives, there has been continued investment in marketing capabilities and curriculum development. Overall, the franchisee network is focused on driving enrolment growth and increased lessons and, most importantly, delivering even better outcomes for students.

3. New Executive Team

The Company has actively recruited new senior management personnel over the last 12 months, strengthening executive capability at Kip McGrath.

4. Continued Investment in KipLearn and IT Infrastructure

KipLearn is the Company's proprietary learning management system, developed in-house in response to the COVID-19 pandemic. Its user-friendly platform gives students access to Kip McGrath's proprietary curriculum online, complementing the in-person learning experience. A$0.7 million was invested in FY2026 to further enhance the KipLearn platform, strengthening its position as an important part of the Company's student and franchisee offering.

5. Exit from US Operations

The closure of the United States operations, announced in FY2025, was completed during FY2026. The exit allows the new management team to focus capital and resources on markets where the Company has an established operating base and clearer execution priorities.

Kip McGrath has a fully documented and Board endorsed growth strategy.

Clearly Defined Growth Paths

1. Driving growth in core markets. Through a rigorous strategy-setting process, the Company has identified four primary initiatives:

    a. Build a scalable new franchisee identification and establishment engine;

    b. Strengthen lead conversion and local centre operations;

    c. Increase lesson numbers and customer lifetime value; and

    d. Improve corporate centre economics.

Expansion of the centre network across existing core markets is the key strategic priority. The Board considers this an attractive opportunity because it builds on the Company's existing brand, curriculum, systems and franchise support capability.

The Company is investing in a sustainable capability to identify and support new franchisees in new territories, as well as acquiring existing territories from current franchisees who wish to exit. This represents a significant long-term growth opportunity for the Company.

Continued investment in expanding the network where demand is strongest remains a priority, with capital and management time to be allocated by reference to demand, franchisee capability, capital requirements and expected returns.

The Company has identified a pipeline of existing franchisees seeking additional centres. The Board considers this may be an important source of future growth, with a different risk profile from new-to-business franchisees. Highly competent franchisees holding multiple territories are an additional development that may further strengthen the business.

2. Driving growth beyond core markets and services. Through the strategy-setting process, the Company has reviewed a range of growth-extension opportunities and will pilot selected initiatives to assess their performance, cost, capital requirements and risk profiles.

3. Included in these are:

    a. Enhancement of exam preparation programs;

    b. Addition of a third subject offering (beyond Maths and English); and

    c. Add-on programs - focusing on study and learning skills, and confidence building.

1.2 The Offer price is insufficient to warrant a Directors' recommendation based on verifiable market comparable transaction and trading analysis

To assess the Offer, the Directors have used FY2026 EBITDA as a key evaluation metric — a commonly adopted pricing metric referenced by market participants and a credible basis for assessing relative value. EBITDA is not the only basis on which the Directors have assessed the Offer, but it is an important market benchmark for the analysis in this section. In reaching their recommendation, the Directors also considered KME's financial position, cash generation, operational reset and the potential combination benefits available to Crimson.

The Directors have considered both reported EBITDA of approximately A$7.5 million (post-AASB 16) and adjusted EBITDA of approximately A$6.0 million (pre-AASB 16, after deducting cash rent expenses of approximately A$1.5 million). The pre-AASB 16 measure is useful when comparing KME with businesses and transactions where lease treatment may differ, while the post-AASB 16 measure is presented for transparency and consistency with KME's reported results.

The implied Enterprise Value of A$33.0 million is calculated using the Offer Price applied to 52,872,628 KME Shares on a fully diluted basis, comprising 52,490,809 KME Shares on issue and 381,819 KME Shares that may be issued on vesting of the Performance Rights on issue as at the date of this Target's Statement. This produces an implied equity value of A$38.6 million, from which available cash at bank of A$5.562 million is deducted.

At A$0.73 per KME Share, the Offer implies a multiple of approximately 4.4x FY2026 reported EBITDA (post-AASB 16) or approximately 5.3x FY2026 adjusted EBITDA (pre-AASB 16). The Directors consider that implied valuation insufficient to warrant a recommendation, having regard to the selected publicly available comparable transactions, KME's financial position, cash generation and operational reset.

The selected public transaction multiples reviewed by the Directors are meaningfully higher than the multiple implied by the Offer, ranging from 6.8x to 7.7x EBITDA. The selected public trading comparables also point to higher multiples, ranging from 7.1x to 9.2x EBITDA.

The Directors have considered publicly available global transactions as important supporting evidence in assessing whether the Offer reflects the value of Kip McGrath. The Directors have also referenced an international set of trading multiples as a further guide. This analysis is not a valuation of KME, and no independent expert has been appointed to value KME or opine on whether the Offer is fair and reasonable.

The Directors consider the Franchise Group's acquisition of Sylvan Learning to be the most relevant publicly available transaction reference point identified. Both Sylvan Learning and Kip McGrath operate franchised tutoring networks focused on core academic subjects, particularly English and mathematics for primary and secondary school students, using a predominantly centre-based delivery model.

Sylvan Learning was larger than Kip McGrath at the time of its acquisition in September 2021[1], with system-wide revenue of approximately A$235 million[2] (US$169 million) and adjusted EBITDA of approximately A$17 million[2] (US$12 million). While Sylvan Learning primarily operates in the United States, the Directors consider it to be a relevant reference point given the similarities in business model and operating structure.

The Directors also considered the December 2024 acquisition of Learning Technologies by General Atlantic which transacted at an implied EBITDA multiple of approximately 7.7x[3]. While Learning Technologies operates as a broader education technology and learning platform (rather than a directly comparable centre-based tutoring network), both Kip McGrath and Learning Technologies operate within the supplementary education sector and leverage digital platforms to support educational delivery. The Learning Technologies transaction was a materially larger business and as such is not as strong a comparator against the Sylvan Learning transaction.

The selected relevant transactions and their related multiples are shown below.

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[1] Sylvan Learning, transaction date: Sep-21; source of EV / EBITDA multiple: Numerator - https://www.sec.gov/Archives/edgar/data/1528930/000152893021000048/frg-20210925.htm, Denominator - https://www.globenewswire.com/news-release/2021/09/27/2303695/0/en/Franchise-Group-Inc-Acquires-Sylvan-Learning-for-81-Million.html; multiple basis: 2021E EBITDA

[2] Converted to Australian dollars using the AUD/USD exchange rate on 30 September 2021. Source: Reserve Bank of Australia.

[3] Learning Technologies, transaction date: Dec-24; source of EV / EBITDA multiple: https://www.proactiveinvestors.com/companies/news/1057247/learning-technologies-offer-looks-on-low-side-suggests-broker-1057247.html; multiple basis: 2024E EBITDA

[4] Pre-AASB EBITDA multiple.

The Offer represents a material discount to the implied valuation outcome that would result from applying the Sylvan Learning transaction multiple to KME's FY2026 EBITDA. That comparison is illustrative only and should not be treated as a valuation range for KME, but it highlights the extent to which the Offer Price sits below the outcome implied by the most relevant publicly available transaction reference point identified by the Directors.

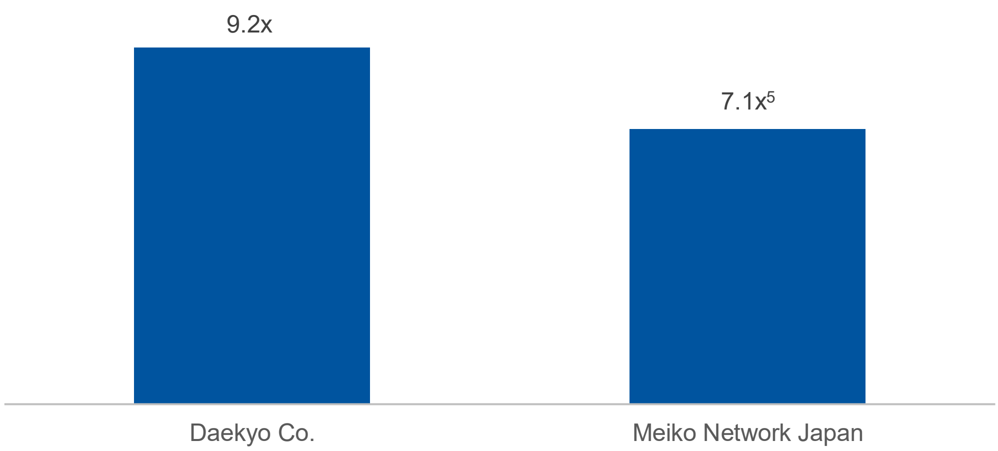
Other relevant sector transactions include Levine Leichtman Capital's acquisition of Schülerhilfe in 2024 and GoStudent's acquisition of Studienkreis in 2022. These transactions were considered by the Directors as part of the broader sector context, but were excluded from the published multiple analysis because publicly disclosed valuation metrics for those transactions were not available.

For context only, applying the range of selected transaction multiples (approximately 6.8x to 7.7x) to KME's FY2026 reported EBITDA (post-AASB 16) of approximately A$7.5 million would imply an enterprise value range of approximately A$51 million to A$58 million and, after adjusting for available cash, an implied equity value range of approximately A$1.07 to A$1.20 per KME Share. This is an illustrative calculation only. It is not a valuation of KME, the selected transactions are not directly comparable to KME, and the Directors have not adopted those figures as a valuation range. However, it demonstrates the extent to which the Offer Price sits below the valuation outcomes implied by the selected public transaction evidence.

In addition, KME has two international publicly listed trading comparables that provide additional points of reference.

The selected public trading comparables are Daekyo Co. (South Korea) and Meiko Network Japan Co., Ltd. (Japan), both listed providers of K-12 tutoring and supplementary education services. While these companies share certain characteristics with KME, including exposure to after-school education and tutoring markets, differences exist in geographic focus, service offerings, scale, growth profiles, operating models and capital structures. The trading multiples presented are intended to provide additional market valuation context only.

The trading multiples presented for Daekyo Co. and Meiko Network Japan Co., Ltd. are based on prevailing public market prices as at 25 August 2026. Accordingly, these multiples do not reflect a control premium or majority transaction premium that may be payable in the context of an acquisition of a controlling interest or a takeover.



Applying the range of selected trading multiples (approximately 7.1x to 9.2x) to KME's FY2026 reported EBITDA (post-AASB 16) of approximately A$7.5 million would imply an enterprise value range of approximately A$53 million to A$69 million and, after adjusting for available cash, an implied equity value range of approximately A$1.12 to A$1.42 per KME Share. This analysis is illustrative only. It is not a valuation of KME, the selected listed companies are not directly comparable to KME, trading multiples do not include a control premium, and the ranges

[5] Pre-AASB 16 multiple.

should not be applied mechanically. However, the analysis provides further market context for the Directors' view that the Offer Price does not adequately reflect KME's value.

Sources and methodology. The transactions and trading data above were selected as they represent recent education-sector M&A and trading activity, spanning both direct tutoring providers serving school-age students and broader learning/education platforms.

The above information has been sourced from publicly available materials. The transaction multiple and public trading comparable analysis does not constitute an independent expert's valuation or purport to value KME. The analysis should be read subject to differences in geography, scale, growth profile, business mix, lease accounting, timing, currency, public market conditions and available information.

The Sylvan Learning transaction multiple of approximately 6.8x was calculated by dividing the announced transaction value of approximately US$81 million by Sylvan Learning's estimated adjusted EBITDA of approximately US$12 million for Franchise Group's FY2021. The transaction value and estimated EBITDA were disclosed by Franchise Group in announcing the acquisition.[6] The EBITDA denominator is therefore a forecast measure, rather than historical or last-twelve-month EBITDA. For the Australian-dollar amounts presented above, the US dollar figures were converted at an AUD/USD exchange rate of 0.7206 as at 30 September 2021, sourced from the Reserve Bank of Australia. That conversion does not affect the multiple because both the transaction value and EBITDA were denominated in US dollars.

The Learning Technologies transaction multiple of approximately 7.7x is the next-twelve-month EV/EBITDA multiple reported in September 2024 in connection with General Atlantic's proposed acquisition of Learning Technologies.[7] It is therefore based on forecast EBITDA rather than historical or last-twelve-month EBITDA. No currency conversion was required to calculate or present the reported multiple.

No currency conversion was required for the trading multiples for Daekyo Co. and Meiko Network Japan Co., Ltd. because, for each company, enterprise value and EBITDA were expressed in the same currency. The trading multiples use historical EBITDA, whereas the selected transaction multiples use forecast EBITDA, and those multiples should not be compared or applied mechanically.

1.3 The Offer does not share combination benefits with Shareholders

Crimson operates the NumberWorks'nWords K–12 tutoring franchise in the same markets as KME. As a strategic acquirer, Crimson may have access to cost savings, network efficiencies and technology integration benefits from combining the businesses that would not be available to a financial buyer. Those potential benefits would accrue to Crimson rather than Shareholders.

Acceptance of the Offer would also transfer KME's proprietary curriculum, KipLearn platform, franchisee relationships and brand to Crimson, which could deploy those assets across its existing education platform. The Directors consider that the Offer's implied multiple of approximately 4.4x FY2026 reported EBITDA (post-AASB 16), or approximately 5.3x FY2026 adjusted EBITDA (pre-AASB 16), does not adequately reflect KME's standalone value or the potential combination benefits available to Crimson.

1.4 KME generates strong free cash flow, and has financial flexibility as well as a history of returning capital to Shareholders

The Offer gives insufficient weight to Kip McGrath's cash generation capabilities. The business has no debt and a capital-light franchise model.

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[6] See https://www.sec.gov/Archives/edgar/data/1528930/000152893021000048/frg-20210925.htm and https://www.globenewswire.com/news-release/2021/09/27/2303695/0/en/Franchise-Group-Inc-Acquires-Sylvan-Learning-for-81-Million.html.
[7] See https://www.proactiveinvestors.com/companies/news/1057247/learning-technologies-offer-looks-on-low-side-suggests-broker-1057247.htm.

KME generated A$6.993 million of net cash from operating activities in FY2026, a cash conversion rate of approximately 93% of reported EBITDA (post-AASB 16). Capital expenditure was A$1.272 million, or approximately 16.9% of EBITDA. After lease repayments and capex, free cash flow was A$4.2 million in FY2026, up from A$3.2 million in FY2025.

At the Offer's implied equity value of approximately A$38.6 million, that translates to a price-to-free-cash-flow multiple of approximately 9.2x, or inversely a free cash flow yield of 10.9%. The Directors consider that these metrics, together with the transaction and trading multiple analysis in Section 1.2, reinforce their view that A$0.73 does not reflect adequate value for Kip McGrath.

KME also returned capital through its on-market buy-back in FY2026, acquiring 4,416,379 shares for A$2.48 million. The buy-back reflects the strong cash generation of KME's business.

1.5 The Offer premium should be assessed against KME's limited trading liquidity and take account of FY2026 results

The timing of the Offer matters. Crimson announced on 30 July 2026, shortly after the end of KME's FY2026 financial year and before KME had released its audited results. At that date, Shareholders had access only to KME's half-year results to 31 December 2025 and other ASX announcements. The full-year audited financials, now released, show continued profitability, strong cash generation and an ungeared balance sheet, materially more information than was available at announcement. Shareholders should assess the Offer against those full FY2026 results, as set out in Section 7.

Crimson's Bidder's Statement claims that the Offer Price represents attractive premiums to recent market prices. Those premiums should be assessed in context. KME Shares are thinly traded: in the six months before 29 July 2026, average daily trading volume was approximately 61,882 shares, just 0.117% of KME Shares on issue. Recent trading prices may therefore not provide a reliable indication of control value.

During FY2026, KME bought back 4,416,379 shares for A$2.480 million at an average price of approximately 56.2 cents per share, materially above the pre-bid closing price of A$0.45. That changed capital base is relevant to assessing the VWAP premium calculations and whether the Offer Price adequately reflects value.

1.6 The Offer is highly conditional

The Offer is subject to a number of Defeating Conditions. If those conditions are not satisfied or waived, accepting Shareholders will not be paid. Rather than providing certainty, acceptance locks Shareholders into the Offer while it remains conditional, during which time they will generally be unable to sell their KME Shares on ASX or accept a Superior Proposal.

(1) No distributions condition

Between the date of the Bidder's Statement and the end of the Offer Period, the Offer is subject to a condition that KME does not announce, make, determine, declare or pay any distribution, including any dividend. If KME pays the proposed fully franked dividends totalling 6.0 cents per KME Share following Shareholder approval, Crimson may assert that the condition has been breached.

(2) The 90% minimum acceptance condition is a high threshold

The Offer is conditional on Crimson and its associates acquiring a relevant interest in at least 90% of all KME Shares during, or at the end of, the Offer Period — the threshold that would entitle Crimson to compulsorily acquire the remaining KME Shares.

Crimson's prospects of satisfying the 90% minimum acceptance condition have changed materially since the Bidder's Statement was lodged.

When the Bidder's Statement was lodged, Crimson relied on the Pre-Bid Acceptance Deed with Pie Funds in respect of 19.25% of KME Shares and present intention statements by Regal and

Mr Kip McGrath in respect of approximately 9.16% and 10.70% respectively. Unlike the Pre-Bid Acceptance Deed, neither present intention statement secured an acceptance. Each expressly permitted the Shareholder to change its mind at any time and for any reason and to sell or otherwise deal with its KME Shares.

Regal has exercised those rights and sold its entire holding. Regal's actions demonstrate the limited significance of the present intention statements on which Crimson relied. Mr McGrath's statement is subject to the same express qualifications. He has not agreed to accept the Offer, may change his mind at any time and for any reason, and may sell or otherwise deal with some or all of his KME Shares at any time. Shareholders should therefore not treat Mr McGrath's statement as secured support for the Offer or assume that his 10.70% holding will be accepted into it.

The shareholding position has also changed materially. Harvest Lane Asset Management and its associated entities have increased their holding from 5.81% to 19.11%, while DMX Asset Management has increased its holding from 7.12% to 8.25%.

Harvest Lane's 19.11% holding constitutes a blocking stake in relation to the 90% minimum acceptance condition and compulsory acquisition. For so long as Harvest Lane retains more than 10% of KME Shares and does not accept the Offer in respect of sufficient KME Shares or otherwise cease to hold a blocking interest, Crimson cannot reach the 90% threshold. Crimson therefore cannot achieve its stated objective of acquiring 100% of KME under the current Offer without Harvest Lane's participation or a sufficient reduction in its holding.

Accordingly, Crimson presently has secured support only for the 19.25% subject to the Pie Funds Pre-Bid Acceptance Deed, while an independent Shareholder holds 19.11% and can prevent satisfaction of the 90% condition for so long as it retains a blocking interest and does not accept the Offer in respect of sufficient KME Shares.

KME has no basis to state what Harvest Lane intends to do with its holding. Its acquisition should not be taken as a commitment to reject the Offer, support the Directors' recommendation or seek improved terms. However, the emergence of an independent Shareholder with a blocking stake materially changes the prospects of the Offer satisfying the 90% minimum acceptance condition on its current terms. It is directly relevant to Shareholders considering whether there is any reason to accept before Crimson clarifies how it intends to respond.

Harvest Lane acquired 6,983,218 additional KME Shares at prices between A$0.7175 and A$0.73 per share. DMX Asset Management also increased its holding. These acquisitions show that sophisticated investors were prepared to deploy substantial additional capital in KME Shares following announcement of the Offer at prices up to the Offer Price. They do not establish either investor's valuation of KME or intentions concerning the Offer. However, the Directors consider that the material additional investment by Harvest Lane and DMX, together with Harvest Lane's acquisition of a blocking stake, is relevant market evidence when assessing Crimson's claim that A$0.73 provides compelling value.

In those circumstances, Shareholders have no reason to accept the conditional Offer now. Acceptance would lock them into the Offer while Crimson's ability to satisfy its 90% condition remains uncertain and before Crimson has explained how it intends to respond to the emergence of Harvest Lane's blocking stake.

If the 90% condition is not satisfied and is not waived, the Offer will lapse, accepting Shareholders will not receive payment under the Offer, and their KME Shares will be released from the Offer.

(3) MAC condition and low quantitative backstops

The Offer is also subject to a material adverse change condition. Its quantitative thresholds of A$2,000,000 for consolidated net assets and A$500,000 for consolidated NPAT are relatively low in the context of KME's size. Shareholders should not treat acceptance as equivalent to a completed sale.

Payment will not be made unless and until all Defeating Conditions are satisfied or waived. Until that point, accepting Shareholders bear the risk of delay and will generally have limited flexibility to deal with their KME Shares.

1.7 The Board is exploring whether a Superior Proposal is available

The Board considers the Offer does not reflect KME's value. In that context, the Board has engaged Houlihan Lokey (Australia) Pty Limited to explore whether any alternative transaction may be available that better reflects KME's value for Shareholders.

As part of that process, KME released a Corporate Presentation to Potentially Interested Parties on 11 August 2026. That presentation is publicly available on the ASX. It sets out KME's business, financial performance, growth strategy and the terms of the Offer, and has been made available to parties who may be interested in putting forward an alternative proposal.

There is no certainty that any approach will be received, or that any approach received will result in a Superior Proposal. The process is at an early stage, and the Board cannot provide any assurance that an alternative proposal will emerge. However, the Board considers that Shareholders who **REJECT** the Offer preserve their ability to participate in any superior transaction that may arise. By contrast, Shareholders who accept the Offer will generally be locked in and unable to participate in a Superior Proposal except in the limited withdrawal circumstances described in Section 6.5.

The Board will update Shareholders promptly if any material development arises from this process, including through a supplementary target's statement if required.

1.8 Rejecting the Offer preserves your upside

FY2026 was a year of deliberate consolidation and leadership renewal, with early signs that the work is taking hold. If you accept and the Offer becomes unconditional, you will give up your interest in KME at the moment the operational reset is moving from foundation-building to execution.

During the year, there was a reduction in underperforming, low-potential centres that were contributing only marginal economic benefit, and in some cases, were loss-making, resulting in a net reduction of 22 centres to 431 at year end. While that contributed to a temporary revenue decline, it allowed management to focus resources on higher-value centres and a healthier franchise network. KME also completed its exit from United States operations, freeing capital and management attention for markets where KME has an established operating base.

KME's senior leadership team has been substantially refreshed, with appointments including Melinda Smith as Chief Executive Officer and Managing Director, Adrian Sturrock as Chief Financial Officer, Michael Baxter as ANZ Country Director and Georgie Hannon as Country Director for the United Kingdom, South Africa and MENA. The Board considers this team brings the operating discipline and capability needed to execute the next phase of KME's strategy.

Centre closures slowed materially during FY2026, with a net reduction of only six centres in the second half compared with 16 in the first half. KME also attracted new investment in the second half, with six new centres opening and seven centre resales and transfers completed. These developments do not remove execution risk, but they are early evidence that the network reset is taking hold.

KME's strategy-setting process and growth initiatives are described in detail in Section 7.5. In summary, KME identified four priorities for growth across the existing network and is assessing selected extensions. These initiatives involve execution risk and are not forecasts, but they represent the work now underway to restore growth from a solid operating base.

Accepting the Offer would transfer the potential benefits of KME's operational reset to Crimson. Shareholders who **REJECT** the Offer retain exposure to execution risk, but also to any value created as the reset is delivered.

1.9 Fully franked dividends and franking credit value

KME paid A$836,000 of fully franked dividends to Shareholders during FY2026 and had a franking account balance of A$1.291[8] million at 30 June 2026. KME's recent cash generation and profitability provide a basis for the Board to consider the payment of future fully franked dividends, subject to KME's financial position, capital requirements and other relevant circumstances at the time.

For eligible Australian resident Shareholders, fully franked dividends may carry additional after-tax value through the attached franking credits, depending on their tax circumstances. The Offer consideration is unfranked cash and carries no franking credit benefit. Under the Bidder's Statement, Crimson may deduct the cash amount of any dividend received by an accepting Shareholder from the Offer consideration otherwise payable. Shareholders who accept the Offer may therefore give up the cash benefit of the proposed fully franked dividends totalling 6.0 cents per KME Share and, if the Offer becomes unconditional, will give up their entitlement to future KME dividends and any associated franking credit value. Shareholders should obtain independent taxation advice having regard to their own circumstances.

KME dispatched its Notice of Annual General Meeting to Shareholders on 28 August 2026 for the Annual General Meeting to be held on Tuesday, 29 September 2026. Among the resolutions to be put to Shareholders are three resolutions seeking approval for fully franked dividends: an ordinary dividend of 1.0 cent per KME Share and two special dividends of 3.0 cents and 2.0 cents per KME Share. The further special dividend of 2.0 cents per KME Share is conditional on Shareholder approval of the proposed replacement constitution. If approved at the AGM, the relevant dividends will be paid to Shareholders on the KME register as at the Record Date.

[8] Figure includes franking credits that will arise from the payment of the amount of the provision for income tax at 30 June 2026.

Section 2
Reasons Why You May Decide to Accept the Offer

2

Although the KME Directors unanimously recommend that you **REJECT** the Offer, the following are reasons why you may nonetheless decide to accept it.

2.1 You may wish to realise cash value if the Offer becomes unconditional

You may consider A$0.73 cash per KME Share an acceptable outcome given your personal circumstances, investment objectives, need for liquidity or view of KME's future prospects.

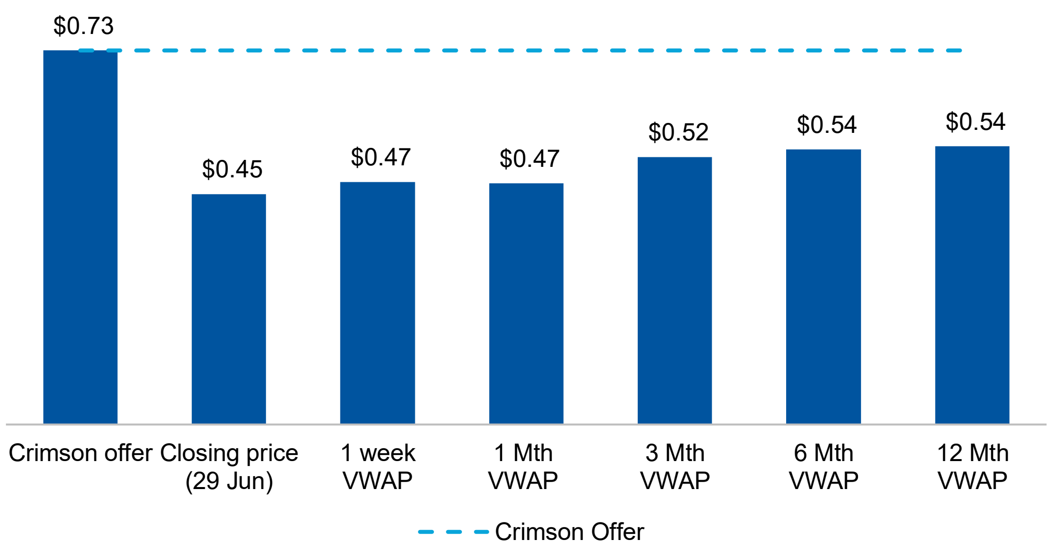
Note that cash proceeds will be payable only if the Offer becomes unconditional.

2.2 Premium to recent trading prices

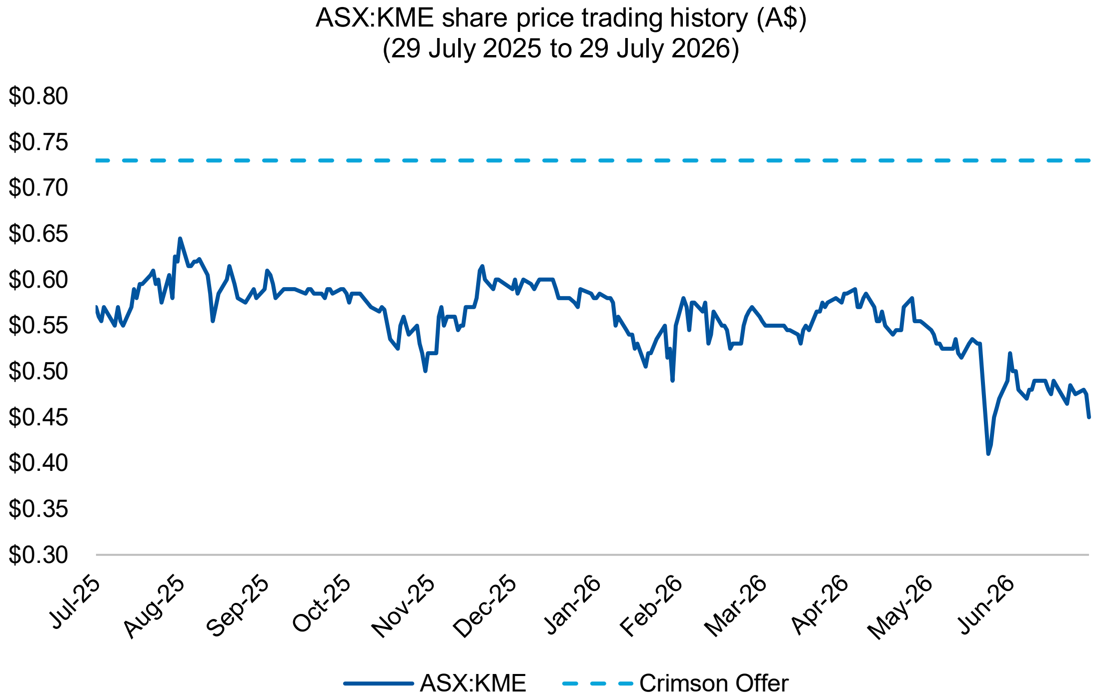
The Offer Price of A$0.73 represents a premium to recent trading prices as disclosed in the Bidder's Statement. The premiums to each reference price are set out below. Shareholders should also consider the 6-month and 12-month VWAP premiums, which provide longer-dated context not included in the Bidder's Statement.

Reference Price	Price[9] (A$)	Offer Price Premium (%)
Closing price on 29 July 2026 (last trading day before Announcement Date)	A$0.4500	62.2%
1-week VWAP to 29 July 2026	A$0.4734	54.2%
1-month VWAP to 29 July 2026	A$0.4701	55.3%
3-month VWAP to 29 July 2026	A$0.5215	40.0%
6-month VWAP to 29 July 2026	A$0.5365	36.1%
12-month VWAP to 29 July 2026	A$0.5416	34.8%

Premiums are calculated by reference to the Offer Price of A$0.73 per KME Share.



[9] Source: Bloomberg.



Those figures should be read in light of KME's thin trading and the other matters described in this Target's Statement. A premium to recent trading prices is not the same as a premium to underlying value.

2.3 You may wish to remove exposure to KME's business risks

If you do not accept the Offer and remain a Shareholder, you will continue to be exposed to the risks associated with KME's business. These include risks associated with franchisee retention and performance, lesson volumes, centre churn, consumer confidence, competition, technology and AI, reliance on KipLearn and other systems, geographic and currency exposure, regulatory compliance and execution of KME's operational reset. These risks are described in Section 9.

If you remain a Shareholder, you will retain both the risks and potential upside associated with KME's business, including the operational reset now being executed. Those matters should be assessed having regard to the information set out in Sections 1, 7 and 9.

2.4 The KME share price may fall if the Offer lapses

If the Offer lapses and no alternative proposal emerges, the KME share price may fall to or below pre-bid levels. There is no guarantee that KME Shares will trade at or near A$0.73 if the Offer fails. The Offer Price includes a control premium that may not be reflected in the price at which a minority holding trades in the absence of a takeover proposal. In a thinly traded market, with no bidder present and the operational reset still in progress, the share price may trade below the Offer Price or return toward pre-bid levels. That does not necessarily mean KME's underlying value has fallen; it reflects the absence of a current mechanism for realising control value. This is a risk Shareholders should weigh against the reasons to **REJECT** set out in Section 1, including the Board's view that A$0.73 does not adequately reflect KME's value and the possibility that a Superior Proposal may emerge.

Section 3
Your Choices as a Shareholder

3

As a Shareholder, you have three options in relation to the Offer:

3.1 Option 1: REJECT the Offer (RECOMMENDED)

To REJECT the Offer, simply DO NOTHING. Do not complete or return the Acceptance Form.

In the Board's view, the right course for Shareholders who share the Board's assessment of KME's value is to **REJECT** the Offer, allow the Board's process to explore whether a superior transaction is available, and take no action for now. Shareholders who **REJECT** preserve all their options: they can accept a Superior Proposal if one emerges, sell on-market at any time, or simply retain their KME Shares. Shareholders who accept give up all of those options and are generally locked in until the Offer becomes unconditional. Rejecting costs nothing. Accepting forecloses alternatives.

If you do nothing, you will remain a Shareholder. Your Directors unanimously recommend this course of action.

If you have already accepted the Offer and wish to withdraw your acceptance, you may only do so in the limited circumstances provided by the Corporations Act or the Offer terms.

3.2 Option 2: Sell your KME Shares on the ASX

You may sell some or all of your KME Shares on ASX at the prevailing market price, which may be higher or lower than the Offer Price during the Offer Period. If you sell on-market, you will:

- receive the proceeds of sale promptly (typically T+2 settlement);
- lose the ability to accept the Offer (for those shares);
- lose the ability to accept any higher offer that may emerge; and
- likely incur brokerage fees.

You should obtain financial advice from your stockbroker before selling your KME Shares on-market.

3.3 Option 3: Accept the Offer (NOT RECOMMENDED)

The KME Directors unanimously recommend that you **REJECT** the Offer, but you are free to accept it if you consider that appropriate for your personal circumstances. If you accept and the Offer becomes unconditional:

- you will receive A$0.73 cash for each KME Share you hold, subject to the Defeating Conditions being satisfied or waived;
- you will not be able to sell those shares on the ASX or accept any higher offer (unless you have a right to withdraw);
- you may not receive payment until all Defeating Conditions are satisfied or waived and the Offer becomes unconditional; and
- you will cease to be a Shareholder for shares accepted into the Offer once the Offer becomes unconditional and payment is made.

To accept the Offer, follow the instructions in the Bidder's Statement and Acceptance Form.

Section 4
Response to the Bidder's Statement

4

This section responds to certain claims and characterisations in the Bidder's Statement. It should be read together with the Bidder's Statement, Section 1 and the business overview in Section 7.

4.1 KME's response to Crimson's key claims

The Bidder's Statement contains a number of claims and characterisations that the Board considers require direct response. Each is addressed below.

Crimson's claim: the Offer represents an attractive premium to historical trading prices. KME's detailed response to this claim is in Section 2.2 and the thin trading context is addressed fully in Section 1.5. In summary: the premiums are calculated against thinly traded reference prices that do not reliably indicate control value; the buy-back was conducted at approximately 56.2 cents per share, above Crimson's primary reference price of A$0.45; and none of Crimson's calculations uses a 6-month or 12-month VWAP.

Crimson's claim: the Offer provides certain and immediate value. The Offer does not provide certain or immediate value. The Offer is subject to a 90% minimum acceptance condition, a material adverse change condition and other Defeating Conditions. Crimson itself acknowledges that it has no current intention to waive the 90% minimum acceptance condition, but expressly reserves the right to do so. Until all conditions are satisfied or waived, accepting Shareholders will not receive the Offer Price and will generally be locked into the Offer, unable to sell their KME Shares on ASX or accept any Superior Proposal. The emergence of Harvest Lane's 19.11% blocking stake has materially increased the uncertainty that the 90% condition will be satisfied. A conditional cash offer subject to that uncertainty is not equivalent to a completed sale.

Crimson's valuation: KME's implied enterprise value of approximately A$33.0 million. The Offer-implied metrics are set out in the table below and are discussed in detail in Section 1.2. The Directors do not consider that any of the implied metrics — 4.4x reported EBITDA (post-AASB 16), 5.3x adjusted EBITDA (pre-AASB 16), 9.9x EBIT or approximately 17.3x FY2026 profit attributable to owners (basic earnings per share) — adequately reflects KME's value in light of the selected transaction evidence, KME's balance sheet strength, cash generation and operational reset.

Offer-Implied Metric	Amount / Multiple
Offer Price	A$0.73 per KME Share
Implied equity value	Approximately A$38.6 million
Unrestricted cash at bank (30 June 2026)	A$5.562 million
Implied enterprise value	Approximately A$33.0 million
EV / FY2026 reported EBITDA (post-AASB 16)	Approximately 4.4x
EV / FY2026 adjusted EBITDA (pre-AASB 16)	Approximately 5.3x
EV / FY2026 EBIT, post-AASB 16	Approximately 9.9x
Offer Price / FY2026 profit attributable to owners, basic earnings per share	Approximately 17.3x

The selected public transaction evidence is described in Section 1.2. The Directors consider that evidence, together with KME's FY2026 results, cash generation, ungeared balance sheet, capital-light franchise model and operational reset, supports their view that the Offer does not reflect KME's value.

Crimson's characterisation of KME's revenue: 'broadly flat revenue, with growth dependent on price increases rather than lesson volume'. This characterisation does not reflect the context of KME's FY2026 results. Revenue declined by 4.3% in FY2026, but this reflected a deliberate strategy to consolidate underperforming, low-potential centres and exit the United States operations. KME's revenue from continuing operations grew at approximately 9.3% CAGR over the five years to FY2026. Price increases reflect KME's ability to grow revenue per lesson, not an inability to grow volumes. The Directors consider that KME's revenue trajectory should be assessed against the operational reset underway rather than treated as a structural limitation.

Crimson's pre-announcement approach and the Board's prior rejection. Before lodging the Bidder's Statement, Crimson made a private proposal to acquire KME at A$0.73 per KME Share. The Board considered that proposal having regard to the same valuation analysis that informs this recommendation, including the transaction multiple evidence, KME's FY2026 financial position and the early stage of the operational reset, and determined that A$0.73 did not adequately reflect KME's value. The Board's rejection of the public Offer at the same price is therefore not a reactive position — it is consistent with, and reinforced by, a considered assessment made before the public Offer was announced.

4.2 KME's response to Crimson's risk commentary

Crimson's third reason to accept is that acceptance "eliminates Kip McGrath Shareholders' exposure to a number of risks and uncertainties associated with the business and operations of Kip McGrath." The Board acknowledges those risks exist. However, the framing of risk elimination as a reason to accept deserves a direct response. First, eliminating downside risk also eliminates upside exposure: a Shareholder who accepts A$0.73 gives up any benefit from the operational reset, future dividends, cash generation and growth, as well as any higher offer that may emerge. Risk elimination is only a compelling reason to accept if the price received is fair compensation for giving up that upside, which the Board does not consider A$0.73 to be. Second, the specific risks Crimson identifies are real but not acute. KME is profitable, ungeared and cash-generative. It is not a distressed business, and the risks Crimson describes are ordinary business risks present in any franchise operation. Third, accepting the Offer introduces its own risks: the Offer remains conditional, accepting Shareholders are locked in, and there is no certainty of payment until all Defeating Conditions are satisfied. The table below sets out KME's response to each specific risk identified by Crimson.

Crimson's Statement	KME's Context
KME is exposed to franchise network, franchisee retention and franchisee satisfaction risks, including execution risk in transitioning franchise partners from Silver to Gold arrangements.	Franchise risk remains, but FY2026 included deliberate consolidation of underperforming centres and early signs of stabilisation. The pace of closures slowed materially in the second half, while KME opened six new centres and completed seven centre resales and transfers. The transition from Silver to Gold arrangements affects only a limited part of KME's franchise network and, in the Board's view, should not be overstated when assessed against KME's overall centre base, revenue mix and progress on the broader operational reset.
KME faces declining lesson volumes and revenue softness.	KME's audited FY2026 results show lower revenue and lesson volumes, but also continued profitability, price increases, lower operating expenses and net cash from operating activities of A$6.993 million.

KME has exposure to the United Kingdom and other offshore markets.	Offshore exposure creates currency and local market risk, but it also gives KME participation in multiple English-speaking education markets in which it has an established operating base.
KME faces competition and potential technology or AI disruption.	KME's model is teacher-led, supported by technology. KipLearn complements the in-person learning experience and supports students and franchisees. Technology and AI risks remain, but KME's strategy is to use technology to strengthen, not replace, the core model.

The matters above do not remove the risks identified by Crimson. They do, however, explain why those risks should be weighed against KME's actual operating performance, balance sheet, capital management and operational reset.

Section 5
Frequently Asked Questions

5

The following table provides summary answers to common questions about the Offer. It is not a substitute for reading this Target's Statement in full.

What is the Offer?	Crimson is offering to acquire all of your KME Shares for A$0.73 cash per share. The Offer is subject to a number of conditions, including 90% minimum acceptance.
What do the KME Directors recommend?	The KME Directors unanimously recommend that you **REJECT** the Offer by doing nothing.
Why do the Directors say the Offer undervalues KME?	The Directors consider the Offer undervalues KME having regard to KME's FY2026 results, cash generation, ungeared balance sheet, franchise model and the public transaction and trading context described in Section 1.2. The Offer implies approximately 5.3x FY2026 adjusted EBITDA (pre-AASB 16). The selected transactions and trading comparables in Section 1.2 are not directly comparable to KME and should be treated as contextual information only.
What is the significance of KME's operational reset?	KME's operational reset is at an early stage. FY2026 was a year of deliberate consolidation and leadership renewal, with early evidence of stabilisation. Shareholders who accept the Offer will not participate in any future upside if the reset is successfully delivered. See Sections 1.1 and 1.8.
What do KME's FY2026 results show?	KME's audited FY2026 results show revenue from continuing operations of A$30.071 million, profit after tax from continuing operations of A$2.336 million, profit attributable to owners of A$2.525 million, net cash from operating activities of A$6.993 million, cash at bank of A$5.562 million, no debt and an undrawn facility available. See Section 7.3.
What should I do?	To **REJECT** the Offer, you do not need to do anything. Do not complete or return the Acceptance Form sent with the Bidder's Statement.
What happens if I do nothing?	You will remain a Shareholder and will retain exposure to both the risks and potential upside of KME, including the operational reset being executed by the new management team.
Is the Offer conditional?	Yes. The Offer is subject to several conditions, including 90% minimum acceptance, no material adverse change, no prescribed occurrences, no distributions, no break fees and no regulatory action. Harvest Lane currently holds 19.11% of KME Shares and can prevent satisfaction of the 90% condition for so long as it retains a blocking interest and does not accept the Offer in respect of sufficient KME Shares. If the conditions are not satisfied or waived, accepting Shareholders will not be paid. See Section 6.
When does the Offer close?	18 September 2026, unless extended or withdrawn.
Can Crimson extend the Offer?	Yes. Crimson may extend the Offer Period in accordance with the Corporations Act. If the Offer Period is extended, the dates for the Offer and the status of conditions notice may also change.

Can I withdraw my acceptance?	In limited circumstances. See Section 6.5 for details of your withdrawal rights.
Can I sell my shares on the ASX?	Yes. You may sell some or all of your KME Shares on the ASX during the Offer Period at the prevailing market price, which may be higher or lower than A$0.73. Brokerage fees may apply.
What if a higher offer emerges?	If you have not accepted the Offer, you will be free to accept any higher offer. If you have accepted, you may be able to withdraw in limited circumstances. See Section 6.5.
Is there an independent expert's report?	No. An independent expert's report is not required under section 640 of the Corporations Act because Crimson's voting power in KME is below 30% and there is no common director between Crimson and KME.
Will Crimson acquire my shares compulsorily?	Crimson may be entitled to compulsorily acquire remaining KME Shares if it and its associates have a relevant interest in at least 90% of KME Shares and the other statutory requirements are satisfied. There is no certainty that Crimson will reach that threshold. See Section 6.6.
What are the tax consequences?	The tax consequences of accepting the Offer depend on your individual circumstances. See Section 10 for a general summary. You should seek your own independent tax advice.
Is the Board seeking a better offer?	Yes. The Board has engaged Houlihan Lokey (Australia) Pty Limited to explore whether an alternative transaction may be available that better reflects KME's value for Shareholders. KME released a Corporate Presentation to Potentially Interested Parties on 11 August 2026 as part of that process. There is no certainty that any approach will be received or will result in a Superior Proposal, but Shareholders who **REJECT** the Offer will remain positioned to consider any alternative that may emerge. See Section 1.7.
Who do I contact for more information?	Email your query to contactus@kipmcgrath.com.au or contact your financial, legal or other professional adviser.

Section 6
Information About the Offer

6

6.1 Consideration

Crimson is offering A$0.73 cash for each KME Share held by a Shareholder as at the Register Date (5 August 2026).

The maximum aggregate consideration payable by Crimson under the Offer is A$38,597,018 (including any KME Shares that may be issued on vesting of Performance Rights).

The maximum aggregate consideration stated above is based on the KME Shares and Performance Rights on issue as at the date of this Target's Statement and does not include any KME Shares that may be issued if Shareholders approve the proposed issue of 585,500 additional Performance Rights at the AGM. Those proposed Performance Rights are described in Sections 11.6 and 12.3.

6.2 Offer period

The Offer opens on the Offer Date, which is 17 August 2026. The Offer will close on 18 September 2026 unless withdrawn or extended.

6.3 Conditions to the Offer

The Offer is subject to the Defeating Conditions set out in section 9.7 of the Bidder's Statement. In summary, the key Defeating Conditions are as follows.

(1) Minimum acceptance condition

During, or at the end of, the Offer Period, Crimson and its associates must together have a relevant interest in at least 90% of the KME Shares.

(2) Regulatory action condition

Before the end of the Offer Period, no Regulatory Authority must issue, announce, commence, threaten or make any decision, order, decree, action, investigation or application in consequence of, or in connection with, the Offer which restrains, prohibits, impedes or materially impacts the Offer, the acquisition of KME Shares under the Offer or the transactions contemplated by the Bidder's Statement, or which requires divestiture of KME Shares or any material assets of KME or any KME subsidiary, as more fully described in section 9.7(b) of the Bidder's Statement.

(3) No prescribed occurrences

Between the date of the Bidder's Statement and the end of the Offer Period, no prescribed occurrence of the kind listed in section 652C of the Corporations Act must occur in relation to KME or a KME subsidiary. The condition does not apply to KME's on-market buy-back to the extent that the buy-back was fairly disclosed to ASX before the Announcement Date, and does not apply to KME Shares issued as a result of the vesting or exercise of Performance Rights in accordance with their terms.

(4) No distributions

Between the date of the Bidder's Statement and the end of the Offer Period, the Offer is subject to a condition that KME does not announce, make, determine, declare or pay any distribution, whether by way of dividend, capital reduction or otherwise and whether in cash or in specie.

As noted in Section 1.9, the Notice of Annual General Meeting includes three resolutions seeking approval for fully franked dividends: an ordinary dividend of 1.0 cent per KME Share and two special dividends of 3.0 cents and 2.0 cents per KME Share. The further special dividend of 2.0 cents per KME Share is conditional on Shareholder approval of the proposed replacement constitution. If approved at the AGM, the relevant dividends will be paid to Shareholders on the KME register as at the Record Date. The declaration and payment of the dividends may also give Crimson a basis to assert that the no-distributions condition has not been satisfied, unless Crimson waives that condition or it otherwise ceases to apply.

Under the Bidder's Statement, dividends and other benefits attaching to KME Shares after the Announcement Date are Rights. If the Offer becomes unconditional, Crimson becomes entitled to those Rights in respect of accepted KME Shares and may deduct the cash amount of any dividend received by an accepting Shareholder from the consideration otherwise payable under the Offer. Accordingly, the proposed dividends may not represent additional cash value for a Shareholder who accepts the Offer and whose acceptance becomes unconditional. However, a Shareholder may receive a franking credit benefit depending on that Shareholder's own tax circumstances.

(5) No break fees

Between the date of the Bidder's Statement and the end of the Offer Period, KME must not agree, and must not be under any pre-existing obligation other than an obligation publicly disclosed on ASX before the Announcement Date, to make a break fee, inducement fee, cost reimbursement or similar payment to a person other than Crimson or an associate in connection with a takeover bid, scheme of arrangement, acquisition of substantially all assets and operations of KME or a transaction with similar economic effect. The condition does not apply to remuneration for professional services provided to KME or to KME Directors in discharging their duties in connection with the Offer.

(6) No material adverse change

Between the date of the Bidder's Statement and the end of the Offer Period, no event, occurrence, change, condition, matter, circumstance, disclosure or information must occur, be announced or become known to Crimson which, whether individually or when aggregated with other such matters, has had, will have or could reasonably be expected to have:

- a material adverse effect on the business, assets, liabilities, financial or trading position, profitability or prospects of the KME group, taken as a whole; or
- without limiting that general condition, the effect of reducing KME's consolidated net assets by more than A$2,000,000 or reducing KME's consolidated net profit after tax by more than A$500,000, in each case as against what they would reasonably have been expected to have been but for the relevant matter or matters.

The above is only a summary of the Defeating Conditions. Shareholders should read the full terms of the Offer in section 9.7 of the Bidder's Statement.

6.4 Status of conditions

As at the date of this Target's Statement, Crimson has not declared the Offer free from any Defeating Condition, nor that any Defeating Condition has been satisfied, waived or triggered.

Harvest Lane's 19.11% holding constitutes a blocking stake in relation to the minimum acceptance condition, although KME has no basis to state what Harvest Lane intends to do with its holding.

Crimson is required under section 630(1) of the Corporations Act to give KME and ASX a notice of the status of the Defeating Conditions not later than seven days before the end of the Offer Period. Crimson's Bidder's Statement states that the date for giving that notice is 11 September 2026, subject to extension in accordance with section 630(2) if the Offer Period is extended.

KME will update Shareholders if it becomes aware of a material development in relation to the status of the Defeating Conditions.

6.5 Withdrawal and variation

Crimson may withdraw the Offer only with the written consent of ASIC and subject to any conditions specified in that consent. If ASIC consents to withdrawal, Crimson must give notice of the withdrawal to ASX and KME and comply with any conditions imposed by ASIC.

Crimson may vary the Offer in accordance with the Corporations Act, including by extending the Offer Period or increasing the Offer Price.

If you accept the Offer, the contract resulting from your acceptance will be binding on you and you will be unable to withdraw your KME Shares from the Offer or otherwise dispose of them, except in the limited circumstances described in section 9.5 of the Bidder's Statement and under the Corporations Act.

In particular, there is no general right to withdraw an acceptance merely because the Offer remains conditional. Withdrawal rights may arise if the Offer Period is varied in a way that postpones, for more than one month, the time when Crimson must meet its obligations under the Offer and, at that time, the Offer remains subject to one or more Defeating Conditions. In that case, Crimson must send accepting Shareholders a notice explaining their withdrawal rights in accordance with section 650E of the Corporations Act.

6.6 Compulsory acquisition

Under Part 6A.1 of the Corporations Act, if Crimson and its associates have a relevant interest in at least 90% of KME Shares at the end of the Offer Period and the other requirements for compulsory acquisition are satisfied, Crimson may become entitled to compulsorily acquire the remaining KME Shares.

If compulsory acquisition occurs, Shareholders who have not accepted the Offer will be required to transfer their KME Shares to Crimson for the Offer Price of A$0.73 per KME Share. Those Shareholders will not be able to remain Shareholders.

Crimson has stated in the Bidder's Statement that, if it becomes entitled to do so, it will proceed with compulsory acquisition of remaining KME Shares. Crimson has also stated that if it becomes entitled to exercise general compulsory acquisition rights under Part 6A.2 of the Corporations Act, it may exercise those rights to compulsorily acquire any Performance Rights then on issue.

For compulsory acquisition under Part 6A.1 to be available, Crimson and its associates must have a relevant interest in at least 90% of KME Shares at the end of the Offer Period and satisfy the other statutory requirements. Harvest Lane's current 19.11% holding would prevent Crimson reaching the compulsory acquisition threshold for so long as Harvest Lane retains more than 10% of KME Shares and does not accept the Offer in respect of sufficient KME Shares or otherwise cease to hold a blocking interest.

Section 7
Overview of KME's Business

7

7.1 Company overview

Kip McGrath Education Centres Limited (ASX: KME) is an Australian-headquartered education company and a leading K–12 tutoring operator in Australia, New Zealand and the United Kingdom. KME also has operations in South Africa and other overseas markets. KME provides supplementary education services to school-aged students, primarily in English and Mathematics, through a teacher-led tutoring model supported by proprietary curriculum and technology.

As at 30 June 2026, KME operated a network of 431 tutoring centres, comprising 394 franchise centres and 37 corporate centres. In FY2026, the KME network delivered approximately 1.8 million lessons and generated approximately A$110 million of total centre billings across the network.

KME has 50 years of operating history and combines a recognised tutoring brand, proprietary curriculum, qualified teacher-led instruction and a structured small-group delivery model. Parent referrals remain an important source of student enquiries, reflecting the role of trust and learning outcomes in KME's customer proposition.

As at 30 June 2026, KME's centre network comprised 138 centres in Australia, 211 in the United Kingdom, 40 in New Zealand and 42 in other markets. In FY2026, sales to external customers from continuing operations were A$15.024 million in Australasia, A$14.325 million in the United Kingdom and Europe, and A$0.647 million in other overseas markets.

7.2 Business model

KME operates an integrated physical and digital tutoring platform. Its business model comprises franchise centres, corporate centres and online or blended delivery embedded across the network through KipLearn. In FY2026, KME generated franchise fees of A$18.069 million, student lesson revenue of A$9.722 million, national advertising contributions of A$1.903 million, direct sales of A$0.155 million, sale of franchisee centres of A$0.147 million and other revenue of A$0.075 million. Franchise centres provide a capital-light revenue stream, while corporate centres provide earnings diversification and operational learning for the broader network.

KME's franchise model is supported by local ownership and central systems. Franchisees operate centres locally, while KME provides curriculum, brand, training, technology and business systems. KME has been transitioning franchise partners from legacy Silver arrangements to Gold arrangements, which carry higher franchise fees in return for additional support and access to enhanced systems, including KipLearn.

KME's tutoring model is underpinned by a structured curriculum aligned to national education standards, diagnostic assessment, personalised learning pathways, regular small-group sessions and progress reporting for parents. The model is designed to promote teacher-led accountability and structured learning, rather than simple access to content or answers.

7.3 Financial information

KME's audited financial report for the year ended 30 June 2026 reported revenue from continuing operations of A$30.071 million, profit after income tax from continuing operations of A$2.336 million and profit for the year attributable to KME Shareholders of A$2.525 million.

Revenue was down 4.3% on FY2025, reflecting lower lesson volumes and unfavourable foreign exchange movements in the United Kingdom and New Zealand businesses, partly offset by price increases. Profit after tax from continuing operations was up 2.1% on FY2025.

Financial Metric	FY2025	FY2026	Change
Revenue from continuing operations	A$31.414m	A$30.071m	(4.3%)
Reported EBITDA (post-AASB 16)	A$7.8m	A$7.5m	(4.0%)
EBITDA (pre-AASB 16)	A$6.7m	A$6.0m	(10.4%)
Profit after tax from continuing operations	A$2.287m	A$2.336m	+2.1%
Profit / (loss) attributable to owners	(A$5.316m)	A$2.525m	A$7.841m improvement
Operating profit	A$3.164m	A$3.327m	+5.2%
Net cash from operating activities	A$6.244m	A$6.993m	+12.0%
Cash at bank	A$4.871m	A$5.562m	+14.2%
Net assets	A$18.635m	A$17.660m	(5.2%)

KME's FY2026 operating results reflected the consolidation of the centre network. KME removed underperforming, low-potential centres, resulting in a net reduction of 22 centres to 431 centres at year end. The pace of closures slowed during the year, with a net reduction of six centres in the second half compared with 16 in the first half.

Operating expenses were down 5.3% on FY2025. Net cash from operating activities was A$6.993 million, up 2.4% excluding repayment of a loan by a former director and up 12.0% including that repayment.

7.4 Capital management and balance sheet

KME has maintained a conservative capital structure. At 30 June 2026, KME had cash at bank of A$5.562 million, no debt and an undrawn facility available. Restricted cash of A$1.337 million, being amounts held on behalf of franchisees, is shown separately from cash and cash equivalents. KME had net assets of A$17.660 million at 30 June 2026. This balance sheet position provides funding flexibility for organic growth, technology investment, franchise support and capital management.

KME also continued to invest in the business, including net investment of A$1.272 million in software, plant and equipment and centres.

KME announced an on-market buy-back in August 2025 of up to 5,690,718 shares, representing 10% of ordinary shares on issue. As at 30 June 2026, KME had bought back 4,416,379 shares, representing 7.76% of ordinary shares on issue, for an aggregate amount of A$2.480 million at an average price of approximately 56.2 cents per share. KME had 52,490,809 ordinary shares on issue at 30 June 2026.

The buy-back reduced the number of KME Shares on issue, so each remaining KME Share represents a larger proportionate interest in KME than before the buy-back. KME also returned capital to Shareholders through fully franked dividends totalling A$836,000 in FY2026. KME's franking balance at 30 June 2026 was A$1.291 million, including franking credits that will arise from the payment of the amount of the provision for income tax at 30 June 2026. KME's cash generation and capital-light franchise model support its ability to fund organic growth initiatives internally.

7.5 Growth strategy and outlook

KME's growth strategy is focused on disciplined growth in its core markets and improved performance across the existing network. Through its FY2026 strategy-setting process, KME identified four primary initiatives: building a scalable new franchisee identification and establishment engine; strengthening lead conversion and local centre operations; increasing lesson numbers and customer lifetime value; and improving corporate centre economics.

Network growth initiatives include identifying and supporting new franchisees in new territories and acquiring existing territories from current franchisees who wish to exit. KME has also noted a growing pipeline of existing franchisees seeking additional centres.

Lead conversion and local centre initiatives include improving the digital enquiry journey, targeted local marketing, faster follow-up, centre-level performance management, curriculum enhancements, improved lesson recording controls and further development of tools that support student retention and customer lifetime value.

KME completed the exit from its United States operations during FY2026. Following that exit, management is focused on markets where KME has an established operating base and clearer execution priorities.

KME's corporate centre initiatives focus on clearer centre accountability, staffing and utilisation management, overhead and rent control, and applying franchisee-style performance management to corporate centre operations.

KME continues to invest in KipLearn and its IT infrastructure. KipLearn is KME's proprietary learning management system and complements the in-person learning experience by giving students access to KME's proprietary curriculum online. In FY2026, KME invested A$0.7 million to further enhance KipLearn as part of its student and franchisee offering.

KME has also reviewed selected growth extension opportunities for potential piloting. These include enhanced exam preparation programs, a possible third subject offering beyond Mathematics and English, and add-on programs focused on study skills, learning skills and confidence building.

These initiatives remain subject to execution risk and should not be treated as forecasts of future financial performance. KME will update Shareholders on material developments in accordance with its continuous disclosure obligations.

7.6 Board and management

KME's Board and management team have changed over the past two years, with senior appointments focused on operating discipline, franchisee support, technology execution and network growth.

As at the date of this Target's Statement, the Directors of KME are:

Damian Banks — Non-Executive Chair

Damian is an experienced business leader with a background in the healthcare, employment and banking sectors, and a focus on financial management, technology and mergers and acquisitions. He joined the Board as Chair in 2024, served as Executive Chair from May 2025, and reverted to Non-Executive Chair on the commencement of the Chief Executive Officer in November 2025. He is also a non-executive director of Boom Logistics Limited and IMEXHS Limited. He holds a Bachelor of Economics and is a fellow of the Australian Institute of Company Directors.

Melinda Smith — Managing Director and Chief Executive Officer

Melinda was appointed Managing Director and Chief Executive Officer and commenced in November 2025. She was previously Chief Operating Officer of Goodstart Early Learning, and before that held senior roles at the Australian Taxation Office, including Chief Service Delivery Officer and Deputy Commissioner, and earlier operational roles at Woolworths. She holds bachelor's degrees in Economics and in Business (Retail Management) and a Master of Business Administration from the University of New South Wales, has completed the Advanced Management Program at Harvard University, and is a graduate of the Australian Institute of Company Directors.

Lynne Lewis — Non-Executive Director, Chair of the Remuneration Committee

Lynne was appointed in November 2024. She is a lawyer who has been a senior partner of Australian and international law firms, with expertise in commercial, consumer and intellectual property law and in franchising, and has advised the boards and management of ASX-listed and multinational businesses across a range of industries including education. She holds a Bachelor of Laws and a Bachelor of Economics and is a graduate of the Australian Institute of Company Directors.

Anne Bell — Non-Executive Director, Chair of the Audit and Risk Committee

Anne was appointed in November 2025. She is an experienced chief financial officer and business leader, having held senior international roles spanning strategy, accounting, governance and compliance, treasury, taxation and mergers and acquisitions, and was previously a business consulting partner at an international accounting firm. She is a non-executive director and chair of the audit committee of Bisley & Company Pty Ltd. She holds a Bachelor of Economics, is a Fellow of Chartered Accountants Australia and New Zealand and a graduate of the Australian Institute of Company Directors.

There have been no changes to the composition of the KME Board since the Announcement Date.

KME's executive leadership team includes Melinda Smith as Chief Executive Officer, Adrian Sturrock as Chief Financial Officer, Michael Baxter as Country Director ANZ, Karen Geloven as Group Executive Network Growth, Daniel Pludek as Chief Information Officer, Georgie Hannon as Country Director UK / SA / MENA and Jillian Ryan as Head of Strategic Communications & PMO.

The new management team is responsible for implementing KME's operational reset, including the continued development of KipLearn, the transition of franchise partners to Gold arrangements, improved local marketing and lead conversion, centre-level performance management, franchise support and disciplined cost and capital management.

These governance and management arrangements form part of the operating context for KME's current strategy.

Section 8
Information About Crimson and the Crimson Group

8

8.1 Overview of Crimson

Crimson Consulting Australia Pty Ltd (ACN 600 634 991) (Crimson or the Bidder) is a proprietary limited company incorporated in Australia on 10 July 2014. Crimson is the Australian bidder under the Offer and is a wholly-owned subsidiary of Crimson Consulting Limited, a company incorporated in New Zealand and the holding company of the Crimson Group. According to the Bidder's Statement, the Crimson Group includes Crimson Education (USA) Inc, Crimson Global Academy Limited, Revision Village Pty Ltd, Number Works Limited, The Number Works Pty Ltd and other Crimson Group entities.

Crimson describes the Crimson Group as a global provider of personalised education services operating across more than 20 jurisdictions. Its services include university admissions consulting, online schooling, standardised test preparation, academic tutoring, extracurricular mentoring and leadership development. Crimson has also stated that the Crimson Group operates a group of schools, the NumberWorks'nWords tutoring business and the Revision Village online exam preparation platform. Further information about Crimson and the Crimson Group is set out in section 2 of the Bidder's Statement. KME has relied on the information in the Bidder's Statement for this summary and has not independently verified it.

8.2 Crimson's stated intentions

Section 6 of the Bidder's Statement sets out Crimson's stated intentions in relation to KME.

Crimson has stated that, if it acquires a relevant interest in 90% or more of KME Shares and becomes entitled to proceed to compulsory acquisition, it intends to compulsorily acquire the remaining KME Shares, replace the KME Board with Crimson nominees, seek removal of KME from the official list of ASX and undertake a post-acquisition review of KME's business.

Crimson has stated that the review may cover KME's franchise network, corporate-owned centres, technology platform, digital learning tools, data capability, use of artificial intelligence, cost base, systems, geographic footprint and capital allocation. Crimson has also stated that it has not made any final decision to sell, close, refranchise or acquire any particular KME centre or business unit.

If Crimson acquires more than 50.1% but less than 90% of KME Shares, Crimson has stated that it may seek Board representation, seek delisting in certain circumstances and influence KME's operations, assets, employees and dividend policy through its position as major Shareholder and any Board nominees. Crimson has stated that the Offer is subject to a 90% minimum acceptance condition and that it has no current intention to waive that condition, but reserves its right to do so.

If Crimson acquires less than 50% of KME Shares, Crimson has stated that it may seek Board representation broadly in line with its voting power and seek to influence KME's affairs, subject to the limitations described in the Bidder's Statement.

Crimson's stated intentions include a post-acquisition review and therefore involve uncertainty. If Crimson controls KME but does not become entitled to compulsorily acquire all remaining KME Shares, minority Shareholders may face reduced liquidity, reduced influence over KME's affairs and possible delisting risk. These risks are discussed in Section 9.

8.3 Crimson's relevant interest in KME

Based on the Bidder's Statement and Crimson's initial substantial holder notice lodged with ASX, as at the date of the Bidder's Statement:

- Crimson's voting power in KME was 19.25%; and
- Crimson had a relevant interest in 10,102,120 KME Shares pursuant to the Pre-Bid Acceptance Deed with Pie Funds.

Crimson has stated that it does not have any relevant interest in Performance Rights.

KME has not been notified by Crimson of any additional relevant interest in KME Shares, other than as disclosed in the Bidder's Statement, Crimson's initial substantial holder notice and any subsequent substantial holder notices lodged with ASX.

8.4 Pre-Bid Acceptance Deed

On 29 July 2026, Crimson entered into the Pre-Bid Acceptance Deed with Pie Funds Management Limited (**Pie Funds**) for 10,102,120 KME Shares (**Acceptance Shares**), representing **19.25%** of KME Shares on issue.

Under the Pre-Bid Acceptance Deed, Pie Funds has agreed to accept, or cause to be accepted, the Offer for the Acceptance Shares by no later than 7.00pm on the date which is the later of:

- 21 days after the Offer Date; and
- if, before that time, a third party publicly announces a superior proposal, 10 days after Crimson has increased the Offer Price to equal or exceed the third party offer price.

Pie Funds may terminate the Pre-Bid Acceptance Deed if, during the Offer Period, a third party publicly announces an offer to acquire a relevant interest of 20% or more of KME Shares for consideration greater than the Offer Price or on terms more agreeable to Pie Funds, and Crimson does not publicly announce an intention to increase the Offer Price to an amount that equals or exceeds the third party offer price within five Business Days.

From the date of the Pre-Bid Acceptance Deed until it is terminated, Pie Funds is subject to restrictions on dealing with the Acceptance Shares and on soliciting or encouraging a competing acquisition proposal for those shares.

Shareholders should read the full terms of the Pre-Bid Acceptance Deed, which were annexed to Crimson's initial substantial holder notice.

8.5 Funding

Crimson states in the Bidder's Statement that the Offer is not subject to any financing condition and that it has arrangements in place to fund the maximum consideration payable under the Offer.

Crimson states that the maximum amount of cash consideration it would be required to pay if acceptances are received for all KME Shares on issue as at the date of the Bidder's Statement is A$38,318,290.57. Crimson also states that, if all Performance Rights on issue as at the date of the Bidder's Statement vest or are exercised and the resulting KME Shares are accepted into the Offer, a further A$278,727.87 would be payable. Crimson states that the maximum amount it could be required to pay under the Offer is therefore A$38,597,018.44, plus transaction costs.

Crimson states that the Offer consideration will be funded from internal cash reserves of Crimson Education (USA) Inc, a wholly-owned subsidiary of Crimson Consulting Limited. It also states that it has a legally binding and irrevocable commitment from that entity, guaranteed by Crimson Consulting Limited, to fund Crimson up to the maximum offer amount plus anticipated transaction costs.

Crimson states that those obligations are unconditional and irrevocable, and that the funds are held in United States dollars and will be converted and transferred to Crimson's Australian bank account when required.

Crimson states that it believes it has a reasonable basis for holding the view that it will be able to satisfy its funding obligations under the Offer as and when they become due.

KME has not independently verified the funding arrangements and relies on the Bidder's Statement.

8.6 Possible outcomes for Shareholders

The Offer is subject to a 90% minimum acceptance condition, which Crimson has no current intention to waive but may do so. Harvest Lane's current 19.11% holding means Scenario 1 cannot occur without Harvest Lane's participation or a sufficient reduction in its holding. The key implications of each possible outcome are summarised below. This analysis should be read with Sections 9.2 and 6.6.

Scenario 1: Crimson acquires 90% or more of KME Shares. If Crimson and its associates acquire a relevant interest in at least 90% of KME Shares and the other statutory requirements are satisfied, Crimson has stated it will compulsorily acquire the remaining KME Shares at A$0.73 per KME Share, replace the KME Board with its nominees and apply for KME's removal from the official ASX list. Shareholders who **REJECT** the Offer and are subsequently subject to compulsory acquisition will receive A$0.73 per KME Share and cannot remain Shareholders. See Section 6.6.

Scenario 2: Crimson acquires more than 75% but less than 90% of KME Shares. If Crimson acquires a relevant interest in more than 75% but less than 90% of KME Shares, Crimson would ordinarily be able to determine the outcome of a special resolution at a Shareholder meeting, which would enable it to pass resolutions including to amend KME's constitution. Crimson has also stated it may apply for KME's removal from the official ASX list in this scenario. Under ASX guidance, ASX would generally approve a delisting application where Crimson owns or controls at least 75% of KME Shares, the number of remaining Shareholders (other than Crimson and its associates) with holdings valued at A$500 or more is fewer than 150, and certain other conditions are met. If KME is delisted, remaining Shareholders would have significantly reduced liquidity and limited ability to sell their KME Shares. Crimson could also potentially increase its interest in KME over time through on-market acquisitions under the 3% creep exception in item 9 of section 611 of the Corporations Act (allowing up to 3% additional acquisitions per six months), potentially reaching 90% and triggering general compulsory acquisition rights under Part 6A.2 of the Corporations Act.

Scenario 3: Crimson acquires more than 50.1% but less than 75% of KME Shares. If Crimson acquires a majority but less than 75% interest in KME, it would have effective control of ordinary resolutions, enabling it to influence the composition of the KME Board and the strategic direction of KME. Crimson has stated it would seek to appoint Crimson nominees to the KME Board broadly in line with its voting power. Those nominees would be subject to their legal duties as directors to act in the interests of all Shareholders, but Crimson's influence over the Board and management could nonetheless lead to significant changes in KME's strategy, capital allocation, dividend policy and cost base. Remaining minority Shareholders would retain their KME Shares but would have limited practical ability to influence KME's affairs, and the Offer Price of A$0.73 per KME Share may no longer be available to them.

Scenario 4: Crimson receives acceptances for less than 50% of KME Shares (Offer lapses). If the 90% minimum acceptance condition is not satisfied or waived and Crimson does not otherwise acquire a majority interest in KME, the Offer will lapse and accepting Shareholders' KME Shares will be released. KME will remain an ASX-listed public company. If the Offer lapses, the KME share price may fall to or below pre-bid trading levels. However, Shareholders would retain the ability to benefit from any future upside in KME's business and any alternative proposals that may emerge.

Section 9
Risk Factors

9

This section outlines certain risks that Shareholders should consider in deciding whether to accept or **REJECT** the Offer. This section is not an exhaustive list of all risks and you should consider these risks in light of your own personal circumstances.

9.1 Risks of accepting the Offer

(1) You will lose exposure to KME's future upside

If you accept and the Offer becomes unconditional, you will give up your interest in KME and will no longer participate in any future upside. This includes any future benefit from KME's franchise model, network initiatives, KipLearn platform, operational reset, cash generation, balance sheet position and potential future dividends or capital returns. See Sections 1 and 7 for further detail.

(2) Payment is not immediate and is conditional

Payment under the Offer is contingent on all Defeating Conditions being satisfied or waived. Until that occurs, accepting Shareholders will not receive the Offer Price and will generally be unable to deal with the KME Shares they have accepted into the Offer.

(3) You may not be able to accept a Superior Proposal

If a Superior Proposal emerges after you have accepted, you may only be able to withdraw in limited circumstances. Acceptance may therefore prevent you from participating in a later transaction offering greater value.

(4) Tax consequences

Accepting the Offer will constitute a disposal of your KME Shares for Australian capital gains tax purposes. The tax consequences will depend on your personal circumstances. See Section 10 for further information and seek independent taxation advice.

9.2 Risks of rejecting the Offer and remaining a Shareholder

(1) Share price risk

If the Offer lapses and no alternative proposal emerges, KME's share price may fall to or below pre-bid levels. The closing price on 29 July 2026 was A$0.45. There is no guarantee that KME Shares will trade at or near the Offer Price if the Offer fails.

(2) Liquidity risk

KME Shares are thinly traded. In the six months before 29 July 2026, average daily trading volume was approximately 61,882 shares, representing approximately 0.117% of KME's shares on issue. It may therefore be difficult for Shareholders to sell a large number of KME Shares on-market at or near the prevailing market price, particularly if the Offer lapses and trading volumes decline.

(3) Business risks

If you **REJECT** the Offer and remain a Shareholder, you will continue to be exposed to the risks of KME's business. These include risks associated with franchisee retention and performance, lesson volumes, centre churn, consumer confidence, competition, technology and AI, reliance on KipLearn and other systems, geographic and currency exposure, regulatory compliance and execution of KME's operational reset. These risks should be assessed together with KME's FY2026 financial performance, balance sheet, capital management position and growth strategy described in Sections 1 and 7.

(4) No certainty of alternative proposal

There is no certainty that a Superior Proposal will emerge. The Directors are not currently aware of any alternative proposal. If none emerges and the Offer lapses, Shareholders who **REJECT** the Offer will remain exposed to KME's business and market risks.

(5) Compulsory acquisition risk

If Crimson acquires a relevant interest in 90% or more of KME Shares, it may be entitled to compulsorily acquire the remaining KME Shares at the Offer Price. If that occurs, Shareholders who rejected the Offer will be required to sell at A$0.73 per share and will not be able to remain Shareholders. However, Harvest Lane's current 19.11% holding prevents Crimson reaching that threshold for so long as Harvest Lane retains a blocking interest and does not accept the Offer in respect of sufficient KME Shares.

(6) Potential delisting

If Crimson acquires a significant interest but does not reach the compulsory acquisition threshold, remaining Shareholders may face a controlling Shareholder and reduced free float. Crimson has stated it may seek ASX delisting in certain circumstances, which would further reduce liquidity.

(7) Crimson control and strategic review risk

If Crimson acquires control but not all KME Shares, remaining Shareholders will be subject to decisions made by a controlling Shareholder and a Board influenced by Crimson. Crimson has stated it intends to conduct a broad review of KME's business, operations, assets, strategy and management structure. That review may lead to changes in strategy, capital allocation, dividend policy or ASX listing status, and minority Shareholders may have limited ability to influence those decisions.

Section 10
Taxation

10

10.1 Introduction

The following is a general summary of the Australian income tax, capital gains tax (CGT) and goods and services tax (GST) consequences for Shareholders who accept the Offer. This summary is based on Australian tax law and administrative practice in effect as at the date of this Target's Statement.

This summary is general in nature and is not intended to be an authoritative or complete statement of the tax law applicable to the specific circumstances of every Shareholder. Shareholders are strongly advised to seek independent professional tax advice in relation to their own particular circumstances.

The summary in Sections 10.2-10.7 applies principally to Shareholders who hold their KME Shares on capital account (i.e., not as trading stock or on revenue account) and who are tax residents of Australia. The summary in Section 10.8 applies to non-Australian residents. Different considerations may apply to Shareholders who:

- hold their shares on revenue account or as trading stock;
- are non-residents of Australia for tax purposes;
- acquired their shares under an employee share scheme;
- are exempt from Australian tax; or
- are subject to the taxation of financial arrangements (TOFA) provisions.

This summary does not address the tax consequences for holders of Performance Rights or any KME Shares acquired under an employee share scheme.

10.2 CGT consequences of accepting the Offer

If you accept the Offer and the Offer becomes unconditional, you will dispose of your KME Shares to Crimson. This disposal should constitute CGT event A1 for Australian CGT purposes.

The time of the CGT event should generally be when the contract for disposal of your KME Shares is formed. The precise time of the CGT event may depend on the Offer terms and the circumstances in which the Offer becomes unconditional.

You may make a capital gain if the capital proceeds from the disposal of your KME Shares exceed the cost base of those shares. Your capital proceeds should generally be the Offer Price of A$0.73 for each KME Share disposed of under the Offer.

You may make a capital loss if the reduced cost base of your KME Shares exceeds the capital proceeds received for those shares. Capital losses may generally only be offset against capital gains and are not deductible against ordinary income.

If you are an Australian resident individual, trust or complying superannuation fund and have held your KME Shares for at least 12 months before the CGT event, you may be entitled to the CGT discount. The discount is generally 50% for individuals and trusts and 33⅓% for complying superannuation funds, subject to the usual eligibility requirements. Companies are not entitled to the CGT discount.

10.3 CGT consequences of selling on-market

If you sell your KME Shares on ASX, you will dispose of those shares for Australian CGT purposes. The sale should constitute CGT event A1.

The time of the CGT event should generally be the date on which you enter into the contract to sell your KME Shares, rather than the settlement date.

Your capital proceeds should generally be the sale price received for your KME Shares. Brokerage and other incidental costs may be taken into account in calculating your capital gain or capital loss under the CGT rules. Whether you make a capital gain or capital loss will depend on the sale proceeds and your cost base or reduced cost base for the relevant KME Shares.

The comments in Section 10.2 regarding capital losses and the CGT discount apply similarly to an on-market sale.

10.4 CGT consequences of compulsory acquisition

If Crimson becomes entitled to compulsorily acquire your KME Shares and does so, you will dispose of your KME Shares for Australian CGT purposes. This disposal should constitute CGT event A1.

The time of the CGT event should generally be when you cease to be the owner of the KME Shares. Your capital proceeds should generally be A$0.73 per KME Share, being the consideration payable under the compulsory acquisition process.

Whether you make a capital gain or capital loss will depend on whether those capital proceeds exceed your cost base, or are less than your reduced cost base, for the relevant KME Shares.

No CGT scrip-for-scrip rollover relief should be available for compulsory acquisition under the Offer because the consideration is cash only.

10.5 CGT consequences of NOT accepting the Offer

If you do not accept the Offer and the Offer lapses, no CGT event will occur in relation to your KME Shares merely as a result of the Offer lapsing. You will continue to hold your KME Shares with the same cost base.

10.6 GST

No GST should be payable by Shareholders on the disposal of KME Shares, whether by acceptance of the Offer, on-market sale or compulsory acquisition. A disposal of KME Shares should generally be an input taxed financial supply for GST purposes.

10.7 Stamp duty

No stamp duty should be payable by Shareholders on the disposal of their KME Shares under the Offer.

10.8 Non-resident Shareholders

Different tax consequences may apply to Shareholders who are not residents of Australia for Australian tax purposes.

A non-resident Shareholder should generally only be subject to Australian CGT on the disposal of KME Shares if the shares are taxable Australian property for Australian tax purposes. Broadly, KME Shares may be taxable Australian property if the Shareholder, together with associates, holds or has held a 10% or greater interest in KME during the relevant testing period and more than 50% of the market value of KME's assets is attributable to Australian real property.

Based on the nature of KME's business and assets, KME does not expect KME Shares generally to constitute indirect Australian real property interests. However, non-resident Shareholders should obtain their own tax advice, including as to the application of Australian tax law and the tax laws of their country of residence.

Non-resident Shareholders should also consider whether any foreign tax consequences arise in their country of residence from accepting the Offer, selling on-market or being subject to compulsory acquisition.

Non-resident Shareholders who have previously been Australian tax residents, who hold or have held a 10% or greater interest in KME, or who hold their KME Shares in connection with an Australian permanent establishment, should seek specific tax advice.

10.9 Consolidated groups

Shareholders that hold their KME Shares as the head company or as a subsidiary member of a tax consolidated group for Australian income tax purposes should be aware that special rules may apply to the disposal of those shares. Under the tax consolidation regime, the cost base of shares held in a consolidated group is determined by reference to the tax cost setting rules rather than historical acquisition cost, which may result in different CGT outcomes. Those Shareholders should seek independent professional tax advice as to the application of the tax cost setting rules and any other consolidation-specific consequences before making a decision in relation to the Offer.

Section 11
Directors' Interests and Contracts

11

11.1 Directors' interests in KME securities

The following table sets out the interests of each Director in KME securities as at the date of this Target's Statement:

Director	KME Shares	Performance Rights	Nature of interest
Damian Banks	2,100,000	Nil	Indirect interest. Shares held by HSBC Custody Nominees (Australia) Limited on behalf of Damisuper Pty Ltd <DE and MA Banks Super Fund>, of which Damian Banks is a director of the trustee and beneficiary of the superannuation fund.
Melinda Smith	Nil	140,000	Direct interest.
Lynne Lewis	80,000	Nil	Direct interest.
Anne Bell	80,000	Nil	Direct interest.

11.2 Dealings in KME securities

Other than the dealings disclosed below, no Director has acquired or disposed of KME securities during the four months before the date of this Target's Statement.

Director	Date	Nature of Dealing	Number of KME Shares	Consideration
Damian Banks	26, 29, 30 June 2026	On-market acquisition through indirect holding	250,000	A$118,901.09
Anne Bell	24, 25, 29 June 2026	On-market acquisition through direct holding	80,000	A$36,880.00
Lynne Lewis	25 June 2026	On-market acquisition through direct holding	60,000	A$27,633.12

11.3 Interests in contracts with Crimson

As at the date of this Target's Statement, no KME Director has any relevant interest in any securities of Crimson or any other member of the Crimson Group.

No KME Director has acquired or disposed of any securities of Crimson or any other member of the Crimson Group during the four months before the date of this Target's Statement.

No KME Director has any interest in any contract entered into by Crimson or any other member of the Crimson Group.

11.4 Benefits and agreements connected with loss of office or retirement in connection with the Offer

Except as disclosed in Section 11.6, no payment or other benefit is proposed to be made or given to any Director, secretary or executive officer of KME as compensation for loss of, or as consideration for or in connection with, their retirement from office in connection with the Offer.

No KME Director is entitled to any additional benefit from Crimson or any other member of the Crimson Group in connection with the Offer.

11.5 Interests in contracts with KME

Other than employment, appointment and remuneration arrangements entered into in the ordinary course, including directors' fees, executive service agreements, indemnity and insurance arrangements, and participation in KME's employee incentive arrangements, no KME Director has any interest in any contract entered into by KME.

11.6 Directors' fees and remuneration

Details of Directors' fees and executive remuneration are set out in KME's annual report for the year ended 30 June 2026, released on 28 August 2026. Those arrangements continue in accordance with their terms, subject to the additional matters described below.

To support leadership continuity and recognise the additional services required, Ms Melinda Smith's executive remuneration arrangements provide for a payment of A$250,000 one month after a change of control and a further payment of A$125,000 six months after that date, in each case conditional on Ms Smith not resigning or being terminated for cause prior to the relevant payment date.

The Notice of Annual General Meeting includes a resolution seeking Shareholder approval for the issue of 268,200 Performance Rights to Ms Smith under the KME Employee Share Option Plan in relation to FY2027. The proposed issue is subject to Shareholder approval at the AGM and has not occurred as at the date of this Target's Statement.

To oversee KME's response to the Offer, the Board established a committee comprising the non-executive Directors. Damian Banks will receive A$60,000, and each of Lynne Lewis and Anne Bell A$40,000, for their work on the committee during August and September 2026. Any additional fees are subject to Board approval.

Section 12
Additional Information

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12.1 KME issued securities

As at the date of this Target's Statement, KME had the following securities on issue:

- 52,490,809 fully paid ordinary shares; and
- 381,819 Performance Rights issued under the KME Employee Share Option Plan.

12.2 Substantial holders

Based on substantial holder notices lodged with the ASX as at the date of this Target's Statement, the following persons are substantial holders of KME:

Substantial Holder	Number of Shares	Percentage of Shares on Issue
Pie Funds	10,205,120	19.44%
Crimson (relating to Pie Funds' shareholding)	10,102,120	19.25%
Harvest Lane Asset Management and its associated entities	10,033,189	19.11%
Kip McGrath (individual)	6,175,514	11.76%
DMX Asset Management Limited	4,332,819	8.25%

The number of shares and percentages above are based on the shares held at the time each holding was last reported publicly. The percentages have been recalculated based on 52,490,809 KME Shares on issue as at the date of this Target's Statement. The percentages shown above for Pie Funds and Mr Kip McGrath differ from those stated in their respective acceptance commitment or present intention statement, reflecting differences in the relevant reporting dates and shares on issue at those times.

12.3 Effect of the Offer on KME's Performance Rights

As at the date of this Target's Statement, KME had 381,819 Performance Rights on issue under the KME Employee Share Option Plan. Each Performance Right is a right to acquire one KME Share, subject to the terms of the relevant grant.

Performance Rights do not carry voting rights or dividend rights unless and until they vest and are converted into KME Shares.

The Offer does not extend directly to Performance Rights. However, the Bidder's Statement states that the Offer extends to any KME Shares issued during the Offer Period as a result of the vesting of Performance Rights.

If a change of control occurs, a pro rata portion of each participant's unvested Performance Rights will vest, calculated by reference to the proportion of the applicable vesting period that has elapsed at the time of the change of control. The Board also has discretion to determine that all or a specified number of unvested Performance Rights vest on a change of control. For these purposes, the Offer would result in a change of control if it becomes unconditional and Crimson acquires control of KME. As at the date of this Target's Statement, the Board has not exercised its discretion to accelerate vesting beyond the pro rata treatment described above.

If all 381,819 Performance Rights were to vest and convert into KME Shares during the Offer Period, the number of KME Shares on issue would increase by 381,819, representing approximately 0.7% of the current KME Shares on issue.

The Notice of Annual General Meeting also includes resolutions seeking Shareholder approval for the issue of 268,200 Performance Rights to Ms Melinda Smith and 317,300 Performance Rights to other members of KME's senior executive team. Those proposed Performance Rights are subject to Shareholder approval and have not been issued as at the date of this Target's Statement. If those resolutions are approved and the proposed Performance Rights are issued, the number of Performance Rights on issue will increase by 585,500 to 967,319. If all Performance Rights then on issue were to vest and convert into KME Shares, the number of KME Shares on issue would increase by 967,319, representing approximately 1.8% of the current KME Shares on issue.

12.4 Continuous disclosure

KME is a disclosing entity for the purposes of the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules.

Copies of documents lodged by KME with ASX can be obtained from the ASX website (http://www.asx.com.au) using the code 'KME'.

12.5 No other material information

Other than as set out in this Target's Statement, there is no information that is known to any KME Director that is material to the making of a decision by a Shareholder whether to accept the Offer, being information that:

- has not previously been disclosed to Shareholders; and
- is not required to be disclosed elsewhere in this Target's Statement.

12.6 Supplementary information

KME will issue a supplementary target's statement if it becomes aware of: (a) a material statement in this Target's Statement that is false or misleading; (b) a material omission from this Target's Statement; (c) a material change in the information in this Target's Statement; or (d) a material new circumstance that would have been required to be included in this Target's Statement if it had arisen before the date of this Target's Statement.

12.7 Costs and expenses

The costs and expenses incurred, or expected to be incurred, by KME in relation to the Offer include legal, tax, share registry, printing, mailing, communications and other advisory costs.

As at the date of this Target's Statement, KME estimates that the total costs and expenses incurred, or expected to be incurred, by KME in responding to the Offer and preparing and despatching this Target's Statement will be approximately A$930,000 to A$3,500,000, excluding GST. The lower end of that range assumes the Offer does not become unconditional. The upper end includes estimated success-based financial advisory fees that may become payable if the Offer becomes unconditional.

KME will pay the costs and expenses it incurs whether or not the Offer becomes unconditional. Success-based fees included in the upper end of the range will become payable only if the applicable success conditions are satisfied.

KME may incur additional costs if circumstances change, including if Crimson varies the Offer, lodges a supplementary bidder's statement, extends the Offer Period, if a Competing Proposal emerges, or if KME is required to prepare and lodge a supplementary target's statement.

Section 13
Consents

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13.1 Consents given

Each of the following persons has given and has not, before the date of this Target's Statement, withdrawn their written consent to being named in this Target's Statement in the form and context in which they are named:

Person	Named as
Norton Rose Fulbright Australia	Legal adviser to KME in relation to the Offer
Houlihan Lokey (Australia) Pty Limited	Financial adviser to KME in relation to the Offer
Computershare Investor Services Pty Limited	Share registry for KME
PKF(NS) Audit & Assurance Limited Partnership	Auditor of KME

13.2 Basis of consent

Each person named in Section 13.1:

- has not authorised or caused the issue of this Target's Statement;
- does not make, or purport to make, any statement in this Target's Statement or any statement on which a statement in this Target's Statement is based, other than a statement included in this Target's Statement with that person's consent as specified in Section 13.1; and
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Target's Statement, other than a reference to that person's name and any statement included in this Target's Statement with that person's consent as specified in Section 13.1.

13.3 Consents not required

This Target's Statement includes, or is accompanied by, statements that are made in, or based on statements made in, documents lodged with ASIC, ASX or another prescribed financial market, including the Bidder's Statement, substantial holder notices and other ASX announcements.

Under section 638(5) of the Corporations Act, consent is not required for the inclusion of, or reliance on, statements made in documents lodged with ASIC, ASX or another prescribed financial market, provided those statements are included fairly and accurately.

This Target's Statement may also include, or be accompanied by, statements made by official persons. Under section 638(5A) of the Corporations Act, consent is not required for those statements if they were made by the relevant person in their capacity as an official person and have been accurately and fairly reproduced.

Section 14
Glossary and Interpretation

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14.1 Definitions

In this Target's Statement, unless the context otherwise requires:

Acceptance Form	the acceptance form accompanying the Bidder's Statement
Announcement Date	30 July 2026, being the date on which the Offer was first publicly announced
ASIC	the Australian Securities and Investments Commission
ASX	ASX Limited (ABN 98 008 624 691) or, where the context requires, the financial market operated by it
Bidder or Crimson	Crimson Consulting Australia Pty Ltd (ACN 600 634 991)
Bidder's Statement	the bidder's statement of Crimson dated 30 July 2026, as supplemented by the supplementary bidder's statement dated 7 August 2026
Board	the board of directors of KME
Business Day	a day on which banks are open for business in Sydney, Australia, excluding a Saturday, Sunday or public holiday
CGT	capital gains tax
Competing Proposal	any proposal, offer, expression of interest, transaction or arrangement by or with any person other than Crimson or its associates which, if completed, would result in that person or any associate of that person acquiring a relevant interest in 20% or more of KME Shares, acquiring Control of KME, acquiring directly or indirectly all or a substantial part of the business or assets of KME or the KME Group, acquiring or merging with KME by way of scheme of arrangement, takeover bid, shareholder-approved acquisition, capital reduction, buy-back, sale of assets, joint venture, dual-listed company structure or other synthetic merger, or otherwise acquiring an economic interest in, or control of, KME or the KME Group in a manner that is inconsistent with, or may reasonably be expected to prevent, materially impede or materially delay, the Offer
Corporations Act	the Corporations Act 2001 (Cth)
Crimson Group	Crimson Consulting Limited (NZ company no. 4957459) and its subsidiaries, including Crimson
Defeating Condition	each condition to the Offer set out in section 9.7 of the Bidder's Statement, as summarised in Section 6.3 of this Target's Statement
Director	a director of KME
Employee Share Option Plan or ESOP	the KME employee share option plan under which Performance Rights have been issued
KME or the Company	Kip McGrath Education Centres Limited (ACN 003 415 889)
KME Share	a fully paid ordinary share in KME

MAC	material adverse change
Offer	the offer by Crimson to acquire all KME Shares for A$0.73 cash per share, as set out in the Bidder's Statement
Offer Date	the date on which the Offer opens for acceptance, being 17 August 2026
Offer Period	the period during which the Offer is open for acceptance
Offer Price	A$0.73 cash per KME Share
PBAD or Pre-Bid Acceptance Deed	the pre-bid acceptance deed dated 29 July 2026 between Crimson and Pie Funds for 10,102,120 KME Shares
Performance Rights	performance rights issued under the ESOP, each being a right to acquire one KME Share subject to the terms of the relevant grant and the rules of the ESOP
Pie Funds	Pie Funds Management Limited
Regal	Regal Funds Management Pty Limited and its associates
Register Date	5 August 2026, being the date set by Crimson under section 633(2) of the Corporations Act for determining the Shareholders to whom the Bidder’s Statement and Offer are to be sent
Shareholder	a registered holder of KME Shares
Superior Proposal	a bona fide Competing Proposal that the Board determines, acting in good faith and after receiving advice from its legal and financial advisers, would, if completed substantially in accordance with its terms, be more favourable to Shareholders as a whole than the Offer, taking into account all relevant matters, including value, conditionality, timing, funding, execution risk, regulatory approvals and the identity, reputation and financial capacity of the person making the proposal
Target's Statement	this document, being the target's statement of KME under Part 6.5, Division 3 of the Corporations Act
VWAP	volume weighted average price.

14.2 Interpretation

In this Target's Statement, unless the context otherwise requires:

- the singular includes the plural and vice versa;
- a reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- a reference to '$' or 'A$' is a reference to the lawful currency of Australia;
- a reference to a 'Section' is a reference to a section of this Target's Statement;
- a reference to 'includes' or 'including' means includes or including without limitation; and
- a reference to time is a reference to the time in Sydney, Australia.

Directors' Authorisation

This Target's Statement has been approved by a resolution of the Directors of Kip McGrath Education Centres Limited passed on 1 September 2026. Each Director consents to the lodgement of this Target's Statement with ASIC and its despatch to Shareholders.

Signed for and on behalf of the Directors of Kip McGrath Education Centres Limited:

Damian Banks
Non-Executive Chair

Melinda Smith
Managing Director and Chief Executive Officer