

1. Company details

Name of entity:	Kip McGrath Education Centres Limited
ABN:	73 003 415 889
Reporting period:	For the half-year ended 31 December 2025
Previous period:	For the half-year ended 31 December 2024

2. Results for announcement to the market

					\$'000
Revenues from ordinary activities	down	0.3%	to		15,167
Revenues from continuing operations	up	1.6%	to		15,167
Earnings Before Interest, Tax, Depreciation and Amortisation ('EBITDA') from continuing operations	up	3.9%	to		4,269
Profit after income tax expense from continuing operations	up	15.4%	to		1,529
Profit for the half-year attributable to the owners of Kip McGrath Education Centres Limited	up	185.4%	to		1,758

Dividends

A final dividend for the year ended 30 June 2025 of 0.5 cents per ordinary share, fully franked, was paid on 25 September 2025. The total distribution was \$284,500.

On 25 February 2026, the directors declared a fully franked interim dividend of 1.0 cents per ordinary share for the year ending 30 June 2026 and will be paid on 26 March 2026 to those shareholders on the register at 7pm on 12 March 2026. The total dividend is estimated to be \$554,000.

Comments

The profit for the consolidated entity after providing for income tax amounted to \$1,758,000 (31 December 2024: \$616,000).

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

The directors consider EBITDA to reflect the core earnings of the consolidated entity. EBITDA is a financial measure not prescribed by Australian Accounting Standards ('AAS') and represents the profit under AAS adjusted for depreciation, amortisation and interest expense. This financial measure has not been subject to specific audit or review procedures by the company's auditor but has been extracted from the accompanying financial statements.

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

	Consolidated	
	31/12/2025 \$'000	31/12/2024 \$'000
Revenue from continuing operations	15,167	14,927
EBITDA from continuing operations	4,269	4,107
Less: Depreciation and amortisation	(2,155)	(2,249)
Less: Interest expense	(79)	(44)
Add: Interest income	1	39
Profit before income tax expense from continuing operations	2,036	1,853
Income tax expense	(507)	(528)
Profit after income tax expense from continuing operations	1,529	1,325
Profit/(loss) after income tax expense from discontinued operations	229	(709)
Profit after income tax expense for the half-year attributable to the owners of Kip McGrath Education Centres Limited	<u>1,758</u>	<u>616</u>

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>5.39</u>	<u>3.37</u>

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

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividend reinvestment plans

The following dividend or distribution plans are in operation:

The Board approved a Dividend Reinvestment Plan ('DRP') for eligible shareholders commencing with the dividend declared on 22 August 2023 and, unless the Board determines otherwise, will continue for any subsequent dividends. Under the DRP shareholders may elect to have dividends on some or all of their ordinary shares automatically reinvested in additional Kip McGrath shares. The Board has determined that the DRP will not be in effect in relation to the FY26 interim dividend.

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

7. Details of associates and joint venture entities

Not applicable.

8. Foreign entities

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

Not applicable.

9. Audit qualification or review

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

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

10. Attachments

Details of attachments (if any):

The Interim Report of Kip McGrath Education Centres Limited for the half-year ended 31 December 2025 is attached.

11. Signed

As authorised by the Board of Directors

Signed



Damian Banks
Non-executive Chairman
Sydney

Date: 25 February 2026

For
papers

Kip McGrath Education Centres Limited

ABN 73 003 415 889

Interim Report - 31 December 2025

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Dear Shareholders,

Kip McGrath Education Centres Limited (“the company”) today released its half-year financial results for the period ended 31 December 2025, reporting solid performance and continued focus on sustainable growth and franchisee support.

I am pleased to report that revenue from continuing operations for the first half increased by 1.6% to \$15.2m. Although lesson numbers fell by 5% on the prior period, average lessons per centre, average lesson price and franchise fee % all increased on the prior period, contributing to revenue growth. Expenses were flat on the prior period and NPAT from continuing operations grew by 15.4% to \$1.5m due to cost savings and operational efficiencies.

CEO Transition and Leadership Focus

The company’s new Chief Executive Officer, Melinda Smith, commenced in November 2025 and this half-year marks the first reporting period under new leadership. The half-year has been one of review, reset and engagement, with a strong emphasis on understanding franchisee needs, identifying operational opportunities and setting a clear strategic direction for sustainable growth.

Franchisee Survey Insights

A comprehensive franchisee survey conducted during the period provided clear and actionable insights into where the company can better support franchisees to strengthen overall network performance and continue to drive positive student outcomes. These insights are actively shaping the company’s priorities as it works to continue to drive lesson numbers by supporting franchisees to grow their centres and to drive growth in core markets.

Operations and Core Business Drivers

Global network revenue for the half-year reached \$54.1m, a 2.9% increase compared to the same period last year. Lesson numbers declined by 5% (excluding the US), with Australia flat to last year and the UK down by 8.6%.

Core Business Driver	FY22 HY1	FY22 HY2	FY23 HY1	FY23 HY2	FY24 HY1	FY24 HY2	FY25 HY1	FY25 HY2	FY26 H1
Lesson numbers ('000)	881	991	903	1,004	919	1,012	915	982	868
Centre numbers	526	531	522	505	495	489	469	453	437
Average weekly lessons per centre	64.4	71.8	66.5	76.5	71.4	79.6	75.0	83.4	76.4
Average lesson charge (\$)	\$ 50.7	\$ 48.4	\$ 49.5	\$ 53.2	\$ 54.9	\$ 57.0	\$ 57.5	\$ 62.3	\$ 62.4
Franchise fee %	14.3%	15.6%	16.4%	16.2%	16.2%	17.0%	17.9%	18.2%	18.1%
EBT Contribution margin centre (\$'000)	\$ 14.3	\$ 13.6	\$ 10.7	\$ 12.4	\$ 9.5	\$ 11.4	\$ 16.4	\$ 17.5	\$ 16.8

Centre numbers have declined with closures continuing to be driven by the removal of underperforming locations and the exit of silver partners opting not to transition to gold status. This has contributed to a slight increase in the franchise fee percentage from 17.9% to 18.1%. Average weekly lessons per centre increased by 1.9% from 75.0 to 76.4, while average lesson charges increased by 8.5% from \$57.50 to \$62.40.

Cash Balances and Share Buyback

Operating net cashflow of \$3.7m increased 24.8% on the prior period. The company has a cash balance of \$6.2m (plus \$2.0m held on account for franchisees) and continues to have no debt and an undrawn facility available.

During the half, the company commenced a share buyback and purchased 2.6% of the company’s opening share capital, purchasing 1.47m shares at a cost of \$861k.

Outlook

This half-year has been an important period of listening and learning. While lesson numbers were slightly below our expectations, it is pleasing that average lesson numbers per centre, average lesson charge and franchisee fee % all grew. The improvement in profitability shows the impact of disciplined cost management and a renewed focus on how we operate the business.

The feedback from our franchisees has given us a clear roadmap for both improvement and further investment in our strengths. Our priority is to support franchisees to grow lesson numbers, strengthen centre performance and ensure the company is well positioned for long-term, sustainable growth. With a strong brand, a committed franchise network and a clear understanding of where we need to focus, we are well positioned for the future.

For the year ending 30 June 2026, we expect lesson numbers from continuing operations to be down by mid-single digits on the prior year. Revenue is expected to be flat year on year. Total expenses are expected to decrease year on year by low-single digits. We expect to achieve early double digit NPAT growth. Capital expenditure is expected to be approximately \$1.4m.

The Board has approved an interim dividend of 1.0 cents per share, fully franked, to be paid on 26 March 2026, with an ex-dividend date of 12 March 2026.

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



Damian Banks
Non-executive Chairman

25 February 2026

Sydney

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The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Kip McGrath Education Centres Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2025.

Directors

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

Damian Banks	Non-executive Chairman (from 3 November 2025) Executive Chairman (prior to 3 November 2025)
Lynne Lewis	Non-executive Director
Anne Bell	Non-executive Director (appointed on 25 November 2025)
Ian Campbell	Non-executive Director (resigned on 25 November 2025)

Principal activities

The principal activities of the consolidated entity during the course of the financial half-year continued to be the sale of franchises and providing services to franchisees, as well as running a number of corporately owned tutoring centres in the education field. The consolidated entity operates in Australia and overseas, principally in the United Kingdom and New Zealand.

Dividends

Dividends paid during the financial half-year were as follows:

	Consolidated	
	31/12/2025	31/12/2024
	\$'000	\$'000
Final dividend for the year ended 30 June 2025 of 0.5 cents (2024: nil cents) per ordinary share	285	-

On 25 February 2026, the directors declared a fully franked interim dividend of 1.0 cents per ordinary share for the year ending 30 June 2026 and will be paid on 26 March 2026 to those shareholders on the register at 7pm on 12 March 2026. The total dividend is estimated to be \$554,000.

Review of operations

The profit for the consolidated entity after providing for income tax amounted to \$1,758,000 (31 December 2024: \$616,000), while the profit after tax from continuing operations was \$1,529,000 (31 December 2024: \$1,325,000).

Refer to Non-executive Chairman's report for further commentary on the results.

The directors consider EBITDA to reflect the core earnings of the consolidated entity. EBITDA is a financial measure not prescribed by Australian Accounting Standards ('AAS') and represents the profit under AAS adjusted for depreciation, amortisation and interest expense. This financial measure has not been subject to specific audit or review procedures by the company's auditor but has been extracted from the accompanying financial statements.

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

	Consolidated	
	31/12/2025	31/12/2024
	\$'000	\$'000
Revenue from continuing operations	15,167	14,927
EBITDA from continuing operations	4,269	4,107
Less: Depreciation and amortisation	(2,155)	(2,249)
Less: Interest expense	(79)	(44)
Add: Interest income	1	39
Profit before income tax expense from continuing operations	2,036	1,853
Income tax expense	(507)	(528)
Profit after income tax expense from continuing operations	1,529	1,325
Profit/(loss) after income tax expense from discontinued operations	229	(709)
Profit after income tax expense for the half-year attributable to the owners of Kip McGrath Education Centres Limited	<u>1,758</u>	<u>616</u>

Significant changes in the state of affairs

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

Business risks

The material business risks that could adversely affect the consolidated entity's financial performance and growth potential in future years and how the consolidated entity proposes to mitigate such risks were detailed in the Annual Report at 30 June 2025. Those risks have been assessed up to the reporting date with no significant changes occurred since then.

Environmental regulation

The Group is not currently subject to any significant environmental regulation under Australian Commonwealth or State law. However, the following disclosure standard will soon become effective.

AASB S2 'Climate-related Disclosures' sets out specific climate related disclosures. It applies to entities required to prepare and lodge a financial report with ASIC under Chapter 2M and are effective for different entities based on certain criteria. This mandatory sustainability reporting may be applicable to the Company for the first time for the year ending 30 June 2028.

Rounding of amounts

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

Auditor's independence declaration

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

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

On behalf of the directors



Damian Banks
 Non-executive Chairman

25 February 2026
 Sydney



PKF(NS) Audit & Assurance Limited Partnership

ABN 91 850 861 839

755 Hunter Street, Newcastle West NSW 2302

Level 8, 1 O'Connell Street, Sydney NSW 2000

Newcastle T: +61 2 4962 2688 F: +61 2 4962 3245

Sydney T: +61 2 8346 6000 F: +61 2 8346 6099

info@pkf.com.au

www.pkf.com.au

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

I declare that, to the best of my knowledge and belief, during the half year ended 31 December 2025, there have been:

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

PKF
PKF

A handwritten signature in black ink, appearing to read 'K Helmers', with a long, sweeping underline.

KEVIN HELMERS
PARTNER

25 FEBRUARY 2026
NEWCASTLE, NSW

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	Note	Consolidated 31/12/2025 \$'000	31/12/2024 \$'000
Revenue from continuing operations	4	15,167	14,927
Expenses			
Royalties, commissions and other direct expenses		(68)	(122)
Employee expenses		(6,543)	(6,971)
Marketing expenses		(1,266)	(873)
Administration expenses		(2,064)	(1,919)
Franchise support costs		(729)	(870)
Depreciation and amortisation expense		(2,155)	(2,249)
Impairment of receivables		(120)	(32)
Loss on sale of assets		-	(3)
Net foreign exchange loss		(108)	(30)
Operating profit		2,114	1,858
Interest income		1	39
Interest expense		(79)	(44)
Net interest expense		(78)	(5)
Profit before income tax expense from continuing operations		2,036	1,853
Income tax expense		(507)	(528)
Profit after income tax expense from continuing operations		1,529	1,325
Profit/(loss) after income tax benefit from discontinued operations	5	229	(709)
Profit after income tax (expense)/benefit for the half-year attributable to the owners of Kip McGrath Education Centres Limited		1,758	616
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		(212)	211
Other comprehensive income for the half-year, net of tax		(212)	211
Total comprehensive income for the half-year attributable to the owners of Kip McGrath Education Centres Limited		1,546	827
Total comprehensive income for the half-year is attributable to:			
Continuing operations		1,317	1,536
Discontinued operations		229	(709)
		1,546	827

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

Kip McGrath Education Centres Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2025



		Cents	Cents
Earnings per share for profit from continuing operations attributable to the owners of Kip McGrath Education Centres Limited			
Basic earnings per share	14	2.707	2.331
Diluted earnings per share	14	2.696	2.314
Earnings per share for profit/(loss) from discontinued operations attributable to the owners of Kip McGrath Education Centres Limited			
Basic earnings per share	14	0.405	(1.247)
Diluted earnings per share	14	0.404	(1.238)
Earnings per share for profit attributable to the owners of Kip McGrath Education Centres Limited			
Basic earnings per share	14	3.112	1.084
Diluted earnings per share	14	3.099	1.076

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

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	Note	Consolidated 31/12/2025 \$'000	30/06/2025 \$'000
Assets			
Current assets			
Cash and cash equivalents	6	8,194	6,933
Trade and other receivables	7	743	1,715
Prepayments		695	381
Total current assets		9,632	9,029
Non-current assets			
Trade and other receivables	7	181	195
Plant and equipment		265	289
Right-of-use assets	8	2,225	2,680
Intangibles	9	16,065	17,161
Deferred tax		636	823
Total non-current assets		19,372	21,148
Total assets		29,004	30,177
Liabilities			
Current liabilities			
Trade and other payables	10	4,519	5,097
Contract liabilities		30	75
Lease liabilities		976	1,509
Income tax		669	702
Employee benefits		891	853
Total current liabilities		7,085	8,236
Non-current liabilities			
Contract liabilities		90	85
Lease liabilities		1,404	1,602
Deferred tax		1,264	1,489
Employee benefits		110	130
Total non-current liabilities		2,868	3,306
Total liabilities		9,953	11,542
Net assets		19,051	18,635
Equity			
Issued capital	11	17,066	17,927
Reserves		1,141	1,337
Retained profits/(accumulated losses)		844	(629)
Total equity		19,051	18,635

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

Kip McGrath Education Centres Limited
Statement of changes in equity
For the half-year ended 31 December 2025



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

Consolidated	Issued capital \$'000	Reserves \$'000	Retained profits \$'000	Total equity \$'000
Balance at 1 July 2025	17,927	1,337	(629)	18,635
Profit after income tax expense for the half-year	-	-	1,758	1,758
Other comprehensive income for the half-year, net of tax	-	(212)	-	(212)
Total comprehensive income for the half-year	-	(212)	1,758	1,546
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments	-	16	-	16
Share buy-back (note 11)	(861)	-	-	(861)
Dividends paid (note 12)	-	-	(285)	(285)
Balance at 31 December 2025	<u>17,066</u>	<u>1,141</u>	<u>844</u>	<u>19,051</u>

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

		Consolidated	
	Note	31/12/2025 \$'000	31/12/2024 \$'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		17,234	16,518
Payments to suppliers and employees (inclusive of GST)		(12,705)	(13,012)
		4,529	3,506
Interest received		1	39
Interest and other finance costs paid		(79)	(145)
Income taxes paid		(711)	(403)
Net cash from operating activities		3,740	2,997
Cash flows from investing activities			
Payments for property, plant and equipment		(76)	(215)
Payments for intangibles	9	(426)	(675)
Net cash used in investing activities		(502)	(890)
Cash flows from financing activities			
Payments for share buy-back	11	(861)	-
Repayment of lease liabilities		(683)	(580)
Dividends paid	12	(285)	-
Repayment of borrowings		-	(1,381)
Net cash used in financing activities		(1,829)	(1,961)
Net increase in cash and cash equivalents		1,409	146
Cash and cash equivalents at the beginning of the financial half-year		6,933	5,397
Effects of exchange rate changes on cash and cash equivalents		(148)	185
Cash and cash equivalents at the end of the financial half-year	6	8,194	5,728

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

Note 1. General information

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

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

Suite 2.02, Level 2
31 Market Street
Sydney, NSW 2000

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 25 February 2026. The directors have the power to amend and reissue the financial statements.

Note 2. Material accounting policy information

These general purpose financial statements for the interim half-year reporting period ended 31 December 2025 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2025 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity during the financial half-year ended 31 December 2025 and are not expected to have a significant impact for the full financial year ending 30 June 2026.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Note 3. Operating segments

Identification of reportable operating segments

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

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

Geographical information

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

Note 3. Operating segments (continued)

Geographical information

	Sales to external customers		Geographical non-current assets	
	31/12/2025 \$'000	31/12/2024 \$'000	31/12/2025 \$'000	30/06/2025 \$'000
<i>Continuing operations:</i>				
Australasia	8,074	8,017	16,292	17,823
United Kingdom and Europe	6,710	6,478	2,444	2,502
Overseas other	364	385	-	-
	<u>15,148</u>	<u>14,880</u>	<u>18,736</u>	<u>20,325</u>
<i>Discontinued operations:</i>				
United States and North America	-	286	-	776

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

Note 4. Revenue

	Consolidated	
	31/12/2025 \$'000	31/12/2024 \$'000
From continuing operations		
<i>Revenue from contracts with customers</i>		
Franchise fees	8,888	8,428
Sale of master territories and franchisee centres	50	200
National advertising contributions ('NAC')	997	999
Direct sales	80	110
Student lessons	5,133	5,143
	<u>15,148</u>	<u>14,880</u>
<i>Other revenue</i>		
Other revenue	19	47
Revenue from continuing operations	<u>15,167</u>	<u>14,927</u>

Disaggregation of revenue

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

	Consolidated	
	31/12/2025 \$'000	31/12/2024 \$'000
<i>Timing of revenue recognition</i>		
Services and goods transferred at a point in time	15,108	14,829
Services transferred over time	40	51
	<u>15,148</u>	<u>14,880</u>

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

Note 5. Discontinued operations

Description

On 24 June 2025, the company announced that it will cease funding and will therefore exit from the USA operations of Tutorfly and close the Frisco tutoring centre effective from 27 June 2025. The expansion of the Kip McGrath business into the USA proved to be uneconomic and likely to remain so even if persevered with by the company.

Financial performance information

	Consolidated	
	31/12/2025	31/12/2024
	\$'000	\$'000
Revenue	-	286
Gain on derecognition of liabilities	229	-
Employee expenses	-	(858)
Franchise support costs	-	(9)
Administration expenses	-	(132)
Marketing expenses	-	(1)
Depreciation and amortisation expense	-	(83)
Finance costs	-	(101)
Total expenses	-	(1,184)
Profit/(loss) before income tax benefit	229	(898)
Income tax benefit	-	189
Profit/(loss) after income tax benefit from discontinued operations	<u>229</u>	<u>(709)</u>

Note 6. Cash and cash equivalents

	Consolidated	
	31/12/2025	30/06/2025
	\$'000	\$'000
<i>Current assets</i>		
Cash at bank	6,153	4,871
Restricted cash	2,041	2,062
	<u>8,194</u>	<u>6,933</u>

Restricted cash represents amounts held on behalf of franchisees and is not available for use by the consolidated entity. The corresponding liability is recognised in other payables and accruals (note 10).

Note 7. Trade and other receivables

	Consolidated	
	31/12/2025	30/06/2025
	\$'000	\$'000
<i>Current assets</i>		
Trade receivables	1,024	1,207
Less: Allowance for expected credit losses	(512)	(477)
	<u>512</u>	<u>730</u>
Loan to former director	-	615
Other receivables	231	370
	<u>231</u>	<u>985</u>
	<u>743</u>	<u>1,715</u>
<i>Non-current assets</i>		
Loan to employees	181	195
	<u>181</u>	<u>195</u>

Note 8. Right-of-use assets

	Consolidated	
	31/12/2025	30/06/2025
	\$'000	\$'000
<i>Non-current assets</i>		
Land and buildings - right-of-use	7,418	7,305
Less: Accumulated depreciation	(5,193)	(4,625)
	<u>2,225</u>	<u>2,680</u>

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

Reconciliations

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

Consolidated	Land and buildings \$'000
Balance at 1 July 2025	2,680
Additions	206
Exchange differences	(36)
Depreciation expense	(625)
Balance at 31 December 2025	<u>2,225</u>

Note 9. Intangibles

	Consolidated	
	31/12/2025	30/06/2025
	\$'000	\$'000
<i>Non-current assets</i>		
Intellectual property - at cost	4,012	4,012
Product and overseas development costs	23,902	23,527
Less: Accumulated amortisation	(18,800)	(17,492)
	<u>5,102</u>	<u>6,035</u>
Franchise and development territories	7,355	7,472
Less: Accumulated amortisation	(404)	(358)
	<u>6,951</u>	<u>7,114</u>
	<u><u>16,065</u></u>	<u><u>17,161</u></u>

Reconciliations

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

Consolidated	Intellectual property \$'000	Product and overseas development costs \$'000	Franchise and development territories \$'000	Total \$'000
Balance at 1 July 2025	4,012	6,035	7,114	17,161
Additions	-	426	-	426
Exchange differences	-	-	(117)	(117)
Amortisation expense	-	(1,359)	(46)	(1,405)
Balance at 31 December 2025	<u>4,012</u>	<u>5,102</u>	<u>6,951</u>	<u>16,065</u>

Note 10. Trade and other payables

	Consolidated	
	31/12/2025	30/06/2025
	\$'000	\$'000
<i>Current liabilities</i>		
Trade payables	777	829
Amounts held on behalf of franchisees	2,041	2,061
GST and other similar payable	270	344
Other payables and accruals	1,431	1,863
	<u>4,519</u>	<u>5,097</u>

Note 11. Issued capital

	Consolidated			
	31/12/2025	30/06/2025	31/12/2025	30/06/2025
	Shares	Shares	\$'000	\$'000
Ordinary shares - fully paid	<u>55,436,118</u>	<u>56,907,188</u>	<u>17,066</u>	<u>17,927</u>

Note 11. Issued capital (continued)

Movements in ordinary share capital

Details	Date	No of shares	Issue price	\$'000
Balance	1 July 2025	56,907,188		17,927
Cessation of securities on share buy-back *	28 October 2025	(861,973)	\$0.589	(508)
Cessation of securities on share buy-back *	18 December 2025	(293,271)	\$0.562	(165)
Cessation of securities on share buy-back *	31 December 2025	(315,826)	\$0.597	(188)
Balance	31 December 2025	<u>55,436,118</u>		<u>17,066</u>

* The share buy-back occurred over multiple days. The amounts shown above are as per the announcements made to the ASX on 28 October 2025, 19 December 2025 and 13 January 2026.

Note 12. Dividends

Dividends

Dividends paid during the financial half-year were as follows:

	Consolidated	
	31/12/2025	30/06/2025
	\$'000	\$'000
Final dividend for the year ended 30 June 2025 of 0.5 cents (2024: nil cents) per ordinary share	<u>285</u>	<u>-</u>

On 25 February 2026, the directors declared a fully franked interim dividend of 1.0 cents per ordinary share for the year ending 30 June 2026 and will be paid on 26 March 2026 to those shareholders on the register at 7pm on 12 March 2026. The total dividend is estimated to be \$554,000.

Franking credits

	Consolidated	
	31/12/2025	30/06/2025
	\$'000	\$'000
Franking credits available for subsequent financial years based on a tax rate of 25%	<u>1,039</u>	<u>817</u>

Note 13. Contingent liabilities

The consolidated entity has provided bank guarantees totalling \$379,000 (30 June 2025: \$364,000) on multiple leases for office premises.

Note 14. Earnings per share

	Consolidated	
	31/12/2025	31/12/2024
	\$'000	\$'000
Earnings per share for profit from continuing operations		
Profit after income tax attributable to the owners of Kip McGrath Education Centres Limited	<u>1,529</u>	<u>1,325</u>

Note 14. Earnings per share (continued)

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	56,483,260	56,842,517
Adjustments for calculation of diluted earnings per share:		
Performance rights	240,000	420,000
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>56,723,260</u>	<u>57,262,517</u>
	Cents	Cents
Basic earnings per share	2.707	2.331
Diluted earnings per share	2.696	2.314
	Consolidated	
	31/12/2025 \$'000	31/12/2024 \$'000
<i>Earnings per share for profit/(loss) from discontinued operations</i>		
Profit/(loss) after income tax attributable to the owners of Kip McGrath Education Centres Limited	<u>229</u>	<u>(709)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	56,483,260	56,842,517
Adjustments for calculation of diluted earnings per share:		
Performance rights	240,000	420,000
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>56,723,260</u>	<u>57,262,517</u>
	Cents	Cents
Basic earnings per share	0.405	(1.247)
Diluted earnings per share	0.404	(1.238)
	Consolidated	
	31/12/2025 \$'000	31/12/2024 \$'000
<i>Earnings per share for profit</i>		
Profit after income tax attributable to the owners of Kip McGrath Education Centres Limited	<u>1,758</u>	<u>616</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	56,483,260	56,842,517
Adjustments for calculation of diluted earnings per share:		
Performance rights	240,000	420,000
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>56,723,260</u>	<u>57,262,517</u>
	Cents	Cents
Basic earnings per share	3.112	1.084
Diluted earnings per share	3.099	1.076

Note 15. Share-based payments

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

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

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

	Number of rights 31/12/2025	Weighted average exercise price 31/12/2025	Number of rights 31/12/2024	Weighted average exercise price 31/12/2024
Outstanding at the beginning of the financial half-year	240,000	\$0.000	-	\$0.000
Granted	<u>140,000</u>	<u>\$0.000</u>	<u>420,000</u>	<u>\$0.000</u>
Outstanding at the end of the financial half-year	<u><u>380,000</u></u>	<u><u>\$0.000</u></u>	<u><u>420,000</u></u>	<u><u>\$0.000</u></u>

The weighted average remaining contractual life of performance rights outstanding at the end of the financial half-year was 1.5 years (31 December 2024: 2.5 years).

For the performance rights granted during the current financial half-year, a ‘face value’ valuation has been adopted using a VWAP of \$0.5083.

Note 16. Events after the reporting period

Apart from the dividend declared as disclosed in note 10, no other matter or circumstance has arisen since 31 December 2025 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2025 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors



Damian Banks
Non-executive Chairman

25 February 2026
Sydney

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF KIP MCGRATH EDUCATION CENTRES LIMITED

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Kip McGrath Education Centres Limited (the Company), which comprises the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes, and the directors' declaration of the company and the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2025, and of its financial performance for the half-year ended on that date; and
- (b) complying with the Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Independence

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

Directors' Responsibility for the Half-Year Financial Report

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

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

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2025 and its performance for the half year ended on that date, and complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Kip McGrath Education Centres Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

Auditor's Responsibility for the Review of the Half-Year Financial Report (cont'd)

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

PKF

PKF



KEVIN HELMERS
PARTNER

25 FEBRUARY 2026
NEWCASTLE, NSW

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