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Kip McGrath Education Centres Limited Releases Half-Year Results

Kip McGrath Education Centres Limited (ASX: KME) (“Kip McGrath” or “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.

Financial Performance

- Revenue from continuing operations for the half-year was \$15.2m, up 1.6% on the prior corresponding period
- Net profit after tax from continuing operations increased by 15.4% to \$1.5m, driven primarily by cost savings and operational efficiencies
- Earnings per share from continuing operations of 2.71c, up 16.1% on prior period
- Share buyback of \$861k, representing 1.47m shares (2.6% of share capital)
- Dividend declared of 1.0c per share, up from 0.5c in prior period
- Lesson numbers declined by 5%, largely driven by the UK market
- Total centre numbers decreased from 453 to 437 during the half-year, with silver and smaller gold centres decreasing in line with strategy
- Average weekly lessons per centre increased by 1.9% to 76.4
- Average lesson price increased by 8.5% to \$62.40
- Franchise fee % increased from 17.9% to 18.1%

While total lesson numbers declined during the period, the franchise model is evolving towards having a more sustainable and engaged franchise network and average lesson numbers per centre increased during the period. Kip McGrath grew revenue during the period and delivered a strong profit result, demonstrating the impact of decisive cost management and operational discipline.

CEO Transition and Leadership Focus

Kip McGrath’s new Chief Executive Officer, Melinda Smith, commenced in November 2025 and this half-year marks the first reporting period under new leadership.

The Board noted that the period 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 Kip McGrath can better support franchisees to strengthen overall network performance and continue to drive positive student outcomes.

Commenting on the survey results, CEO Melinda Smith said:

“Our franchisees offered strong positive feedback around the effectiveness of the core program, the brand strength and the personally rewarding work a Kip McGrath franchise offered. Importantly, they also outlined opportunities for us to improve and this survey has given us clear insight into what we need to do to better support them and that work is already underway.”

Key themes from the survey highlighted opportunities to:

- Improve our customer service offering and communications;
- Enhance marketing effectiveness and lead generation; and
- Invest further in making it easy for franchisees to run their business, such as a business portal.

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.

Outlook and Strategic Direction

Commenting on the half-year results, Melinda said:

“We are on a path, transitioning our business partners from the silver to gold business model and supporting our smaller centres to grow. There is value in this shift, for example, our gold partners are on our latest software platform and in return we receive a higher franchise fee. It is pleasing to see the growth in average lesson numbers and the impact of disciplined cost management resulting in an improvement in profitability.”

“This half-year has been an important period of listening and learning. The feedback from our franchisees has given us a clear roadmap. Our priority is to support franchisees to grow lesson numbers, strengthen centre performance and ensure Kip McGrath 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.”

The company currently expects lesson numbers from continuing operations to be down by mid-single digits for FY26 compared to FY25. Revenue is expected to be flat year on year, with growth from price changes being partially offset by the impact of a strengthening AUD on the translation of UK revenue. Total expenses are expected to decrease year on year by low-single digits due to cost control and the impact of a strengthening AUD on the translation of UK expenses. We expect to achieve early double digit NPAT growth.

Capital expenditure is expected to be circa \$1.4m - driven by technology (circa \$1.0m), acquisitions (\$0.2m-\$0.3m) and other capital items (\$0.1m).

The Board looks forward to closing out FY26 with the knowledge that we have a network of franchisees who are committed in their local communities and to student success. The company’s business model is capable of producing strong results and higher returns for shareholders.

About Kip McGrath

Kip McGrath is a leading provider of educational tutoring services, with a global network of franchise centres delivering personalised learning programs to students across multiple countries.