

22 June 2026

Kip McGrath provides trading update and revised guidance for FY26

Kip McGrath Education Centres Limited (KME) today provides a trading update following a review of trading to the end of May 2026 and a forecast for June.

- Revenue performance is softer in the second half than anticipated.
- Increased lesson prices have not fully offset lower lesson numbers.
- Strong AUD resulted in lower revenue, lower expenses and lower earnings across our UK and NZ businesses.
- Tightly controlled operating expenses have allowed for prioritised investments in a range of initiatives during H2 FY26. These initiatives are targeted at improving the franchisee experience and network performance.
- Capital investments of \$400,000 have been deferred to FY27.
- Cash balance was \$5.2m at 31 May 2026 with no debt.

A\$'000 (unless stated)	FY25 Actual	Previous Guidance	Revised Guidance
Revenue from continuing operations			
AUD	31,414	Flat	Mid-single digit decrease
Constant currency			Low-single digit decrease
Total expenses from continuing operations			
AUD	28,403	Low-single digit decrease	Mid-single digit decrease
Constant currency			Mid-single digit decrease
NPAT from continuing operations			
AUD	2,287	Not provided	Low-single digit decrease
Constant currency			Mid-single digit increase
NPAT from continuing operations (Underlying)			
AUD	2,812	Early-double digit increase	Low-double digit decrease
Constant currency			Mid-single digit decrease
Capex			
	\$2.0m	\$1.4m	\$1.0m

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Metric	FY25 Actual	Previous Guidance	Revised Guidance
Lesson numbers	1,897,000	Mid-single digit decrease	Unchanged guidance
Lesson price changes		Growth in prices partially offset by the impact of a strengthening AUD	Unchanged guidance

Reduced consumer confidence, driven by ongoing economic uncertainty and global events, has impacted demand and resulted in lesson numbers declining in the second half of the year compared with the prior corresponding period. Average lesson prices have increased, however, not sufficiently to offset the decline in lesson numbers in the second half.

There are positive indicators that demonstrate the resilience of the business. Pleasingly, our centre numbers have stabilised during the second half of the year. During the five months to 31 May, six new centres opened and seven centres were resold or transferred in the same period. Eight centres closed as we reset our franchisee network.

CEO of Kip McGrath, Melinda Smith has taken the opportunity to restructure the business to support the delivery of several strategic initiatives. These initiatives were informed by feedback from the franchisee network.

Ms Smith said "I am optimistic about the future of the business. The improvements we are making to enhance the franchisee experience, support network performance and strengthen our operating model are laying the foundations for sustainable long-term growth. We remain focused on delivering strong educational outcomes for our students and families while creating value for our franchisees and shareholders."