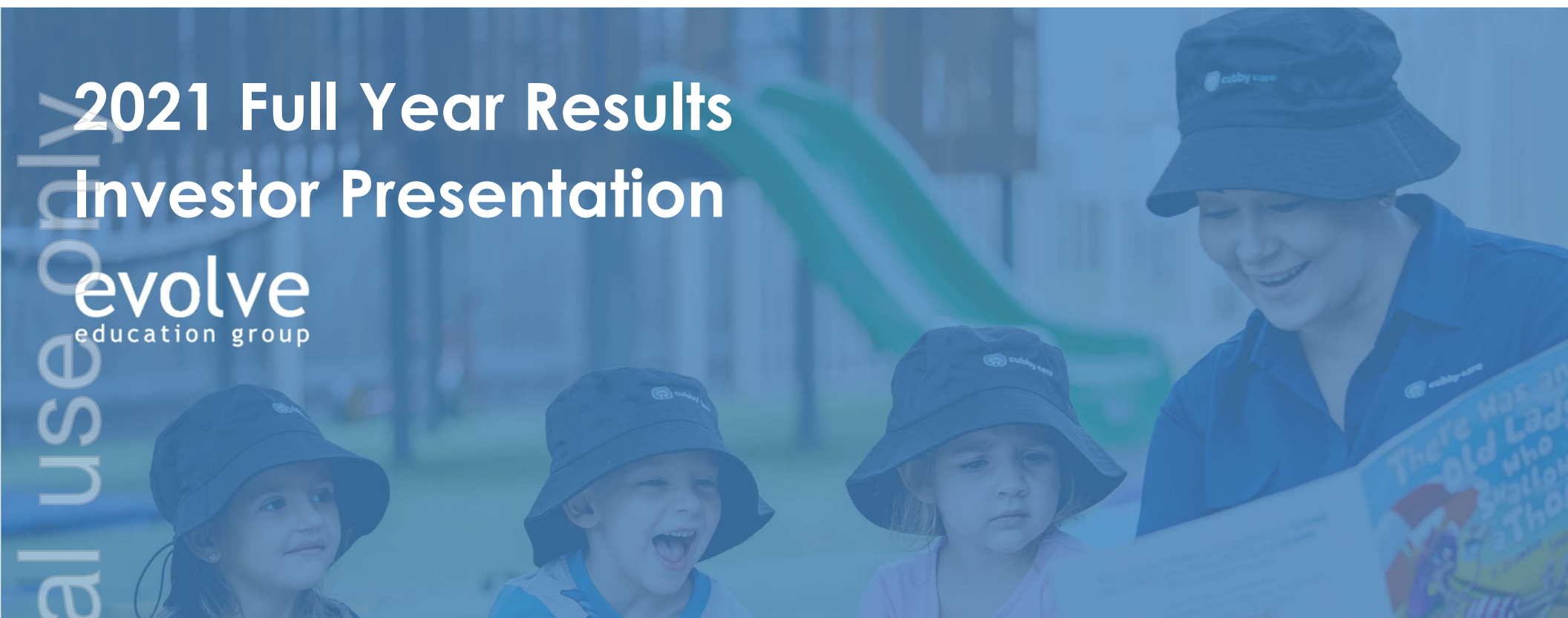


2021 Full Year Results Investor Presentation

evolve
education group



Disclaimer

The information in this presentation is an overview and does not contain all information necessary to make an investment decision. It is intended to constitute a summary of certain information relating to the performance of Evolve Education Group Limited ("Evolve Education") for the current period. Please refer to the audited financial statements for the period ended 31 December 2021 that have been simultaneously released with this presentation.

Effective from 1 April 2020, the Group's reporting date changed from 31 March to 31 December. The FY20 comparative period mentioned throughout this presentation is for the 12 months to 31 December 2020. These numbers are unaudited and differs to the 2020 audited financial statements that were prepared for the 9 months ended 31 December 2020.

The information in this presentation does not purport to be a complete description of Evolve Education. In making an investment decision, investors must rely on their own examination of Evolve Education, including the merits and risks involved. Investors should consult with their own legal, tax, business and/or financial advisors in connection with any acquisition of financial products.

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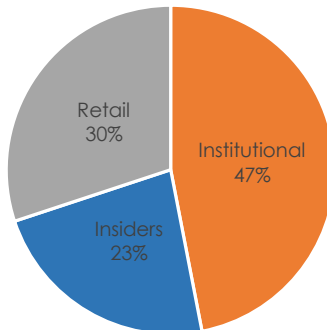
This presentation includes non-GAAP financial measures in various sections. This information has been included on the basis that management and the Board believe that this information assists readers with key drivers of the performance of Evolve Education which are not otherwise disclosed as part of the financial statements. Past performance information given in this presentation is given for illustrative purposes only and should not be relied upon as it is not an indication of future performance.

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CORPORATE SNAPSHOT

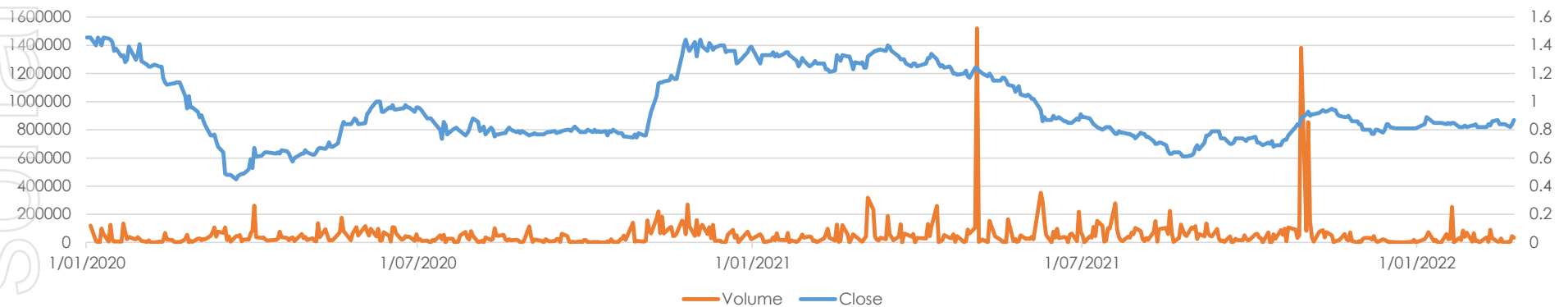
Shareholder Distribution



Management

Chris Scott	Managing Director
Edmund Mah	Group CFO
Matt Veal	Group Financial Controller
Bev Davies	Head of People and Talent
Jenny Aldous	Head of Projects
Tomas Stehlik	Head of IT
Henry Blundell	Head of Property

Historical Share Price



BOARD OF DIRECTORS



Hamish Stevens
Independent Director
Chair of the Board

Hamish has held independent directorships on several boards since 2010 and is currently Chair of Pharmaco NZ and East Health Services, a director of Marsden Maritime Holdings, Northport, Radius Residential Care and Counties Energy. Prior to his governance career Hamish held senior finance positions with Heinz Watties, Tip Top Ice Cream and DB Breweries. Hamish is a qualified Chartered Accountant and is a Chartered Fellow of the Institute of Directors.



Chris Scott
Managing Director
Executive Director (Non-Independent)

Chris Scott has over 39 years experience in senior management positions. He has spent over 35 years in business in Singapore where he founded a number of successful businesses. Chris founded S8 Limited which listed on the ASX in 2001. S8 was an integrated travel Company that acquired 36 businesses over a 5 year period and was capitalised at \$700 million. S8 Limited was the subject of a successful takeover bid in late 2006. Chris was the Founder and, from 2010 to 2016, the Managing Director of ASX listed G8 Education which evolved into Australia's largest listed early education and child care provider. During this period, the G8 Education Limited portfolio grew from 38 to over 500 pre-school education centres in Australia (plus 20 in Singapore). Chris was also instrumental in raising over \$500 million in equity capital and more than \$500 million in debt (including Singapore dollar bonds). G8 Education's market capitalisation grew from \$4 million in 2010 to a peak of approximately \$1.9 billion.



Chris Sacre
Non-Independent Director

Chris Sacre is widely regarded and respected within the childcare industry. Chris developed a passion for the industry in early 2007 when he provided financial consultative services, as an Advisory Manager for PricewaterhouseCoopers to G8 Education (formally Early Learning Services) in the lead up to the public listing. After successfully floating the company in 2007, Chris joined G8 Education as Chief Financial Officer. During his time with G8 Education, Chris was instrumental to the growth of the company with over 400 childcare acquisitions, raising over \$500 million in capital and increasing market capitalisation from \$4 million to \$1.3 billion. Chris is a member of Evolve Education's Audit and Risk Committee.

BOARD OF DIRECTORS



Kim Campbell
Independent Director
Chair of Remuneration & People Committee

Kim Campbell attended the University of Canterbury completing a Bachelor of Arts majoring in Geography. Kim was the CEO of the Employers & Manufacturers Association. Kim is currently a Director of Douglas Pharmaceuticals, Director of EMH Trade Ltd, Chair of Auckland Manufacturers Association and a Director of New Image International Limited.



Adrian Fonseca
Independent Director
Chair of Audit and Risk Committee

Adrian Fonseca attended the University of Melbourne completing a Bachelor of Laws (Hons) and Bachelor of Commerce. Adrian practised as a banking and finance lawyer at global firms Allens and Ashurst before spending 17 years in investment banking in Sydney, Singapore and London with Macquarie Bank, Deutsche Bank and Barclays Bank. In his last role Adrian was head of a Strategic Solutions and Financing Team at Deutsche Bank in Singapore. Adrian is currently the Founder and Managing Director of Oxanda Education – a large Australian early learning centre owner/ operator with centres across NSW (including Western Sydney), Victoria and Queensland. Adrian is a Board Member and Deputy Chairman of the GWS Giants AFL Club and Deputy Chairman of the GWS Giants Foundation. Adrian is married with three children and very passionate about early education and heavily involved in community groups relating to children.



FY21 Overview

Acquisition Growth

- During the 12 months ended 31 December 2021, the Group acquired 13 centres in Australia.
- The acquisitions have contributed revenue of \$19.7 million and net profit before tax of \$6.0 million to the Group's results.
- The Group is actively pursuing further acquisition opportunities across Australia.

NZ Centre Upgrade Plan

- The Board approved a \$4.5 million centre upgrades capital expenditure plan. Centre upgrade works are progressing well.
- Continued focus on providing high quality centre facilities and resources.

Centre Divestments

- At 31 December 2021, the Board had approved divestment of six low margin centres in NZ
- 2 of the 6 have now been sold





Covid-19 update

New Zealand

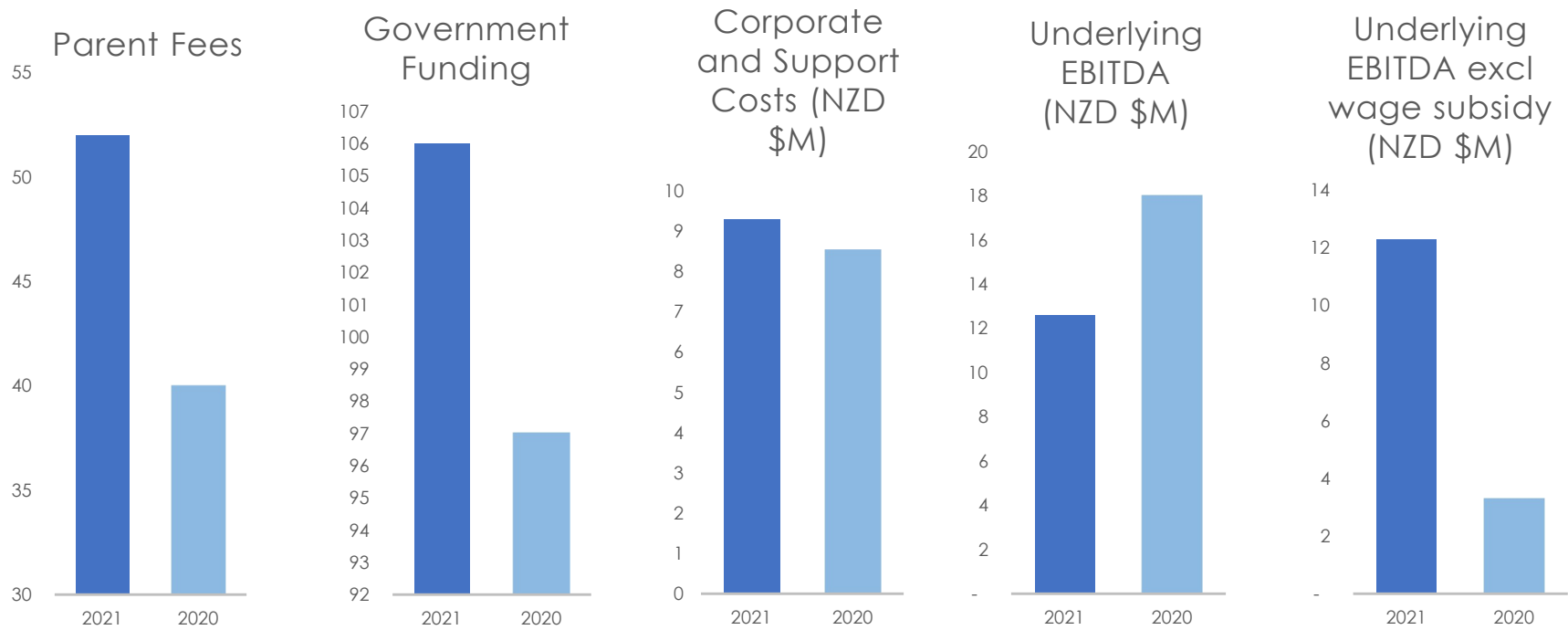
- Centres were closed under alert level 4 from:
Auckland - 18 August to 21 September 2021
Rest of NZ – 18 August to 31 August 2021
No parent fees were charged during this period.
- Centres opened with limited capacity during alert level 3 from:
Auckland - 15 February – 17 February, 28 February – 6 March, 22 September to 2 December 2021
Rest of NZ – 1 September to 7 September 2021
Parent fees only charged for children who attended.
- No wage subsidies were received in 2021 however all staff were retained on full pay
- Continued funding from the NZ Ministry of Education

Australia

- Almost all centres remained open throughout 2021
- Business Continuity Payments (BCP) for Australian centres that were in lockdown for more than 7 days between 23 August and 31 October. No further government measures beyond 31 October.

Financial Highlights

FY2021 vs FY2020
(NZD\$M)



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Financial Highlights

FY2021 vs FY2020
(NZD\$M)

NZD \$'000s	FY2021	FY2020*	Wage subsidy	FY2020* excl. wage subsidy	Variance	%
Parent Fees	51,754	39,667		39,667	12,087	30%
Government Funding	106,205	97,126		97,126	9,079	9%
Total revenue	157,959	136,793		136,793	21,166	15%
Centre wages	-91,303	-69,874	-13,901	-83,775	-7,528	-9%
Centre gross profit	66,656	66,919	-13,901	53,018	13,638	26%
Centre rent	-26,692	-25,232		-25,232	-1,460	-6%
Other centre expenses	-18,046	-15,086		-15,086	-2,961	-20%
Centre EBITDA	21,918	26,601	-13,901	12,700	9,218	73%
Corporate costs	-1,167	-1,260		-1,260	93	7%
Support Office cost	-8,155	-7,270	-767	-8,037	-118	-1%
Underlying EBITDA	12,596	18,072	-14,668	3,404	9,192	270%

- \$14.7m in government wage subsidy and JobKeeper payments received in FY2020.
- Excluding these subsidies, centre wages have increased by \$7.5m driven largely by the new centres in Australia. This has been more than offset by additional revenue of \$19.7m generated by these centres. Agency reliever costs in New Zealand have increased in FY2021 due to staffing shortages across the industry.
- Corporate costs reduced by 7% and support office costs have increased by only 1%
- Underlying EBITDA increased by \$9.2 million, adjusted for subsidies received.

* FY2020 comparative period is for the 12 months to 31 December 2020. These numbers are unaudited and differs to the 2020 audited financial statements that were prepared for the 9 months ended 31 December 2020. Refer to appendix for the audited Statement of Comprehensive Income for 2021 and 2020

Financial Highlights

Balance Sheet

	Dec-21 Audited	Dec-20 Audited
	\$'000	\$'000
Cash and cash equivalents	47,579	59,139
Trade and other receivables	3,121	2,507
Property, plant and equipment	7,604	7,102
Right-of-use assets	184,082	170,938
Deferred tax assets	14,061	13,022
Intangible assets	160,493	117,697
Term deposits	5,101	4,066
Assets classified as held for sale	2,976	-
Total assets	425,017	374,471
Trade and other payables	11,526	7,124
Funding received in advance	7,743	4,639
Current income tax liabilities	1,787	2,014
Borrowings	36,216	36,137
Lease liabilities	222,327	208,224
Employee entitlements	9,087	6,827
Liabilities classified as held for sale	4,446	-
Total liabilities	293,133	264,965
Net assets	131,884	109,506

- Increase in intangible assets, right-of-use assets, trade and other payables, employee entitlements, lease liabilities relates to 13 Australian centres acquired in 2021 and contingent consideration
- \$38.9m has been spent on acquiring new centres, decreasing cash and cash equivalents
- Due to Covid-19, NZ MOE advanced 90% of funding (normally 75%), resulting in an increase in funding received in advance this period
- Assets held for sale reflects 6 poorly performing centres the Group is divesting
- The Group was in compliance with all debt covenants during the current and previous periods.

Portfolio footprint in NZ and Australia

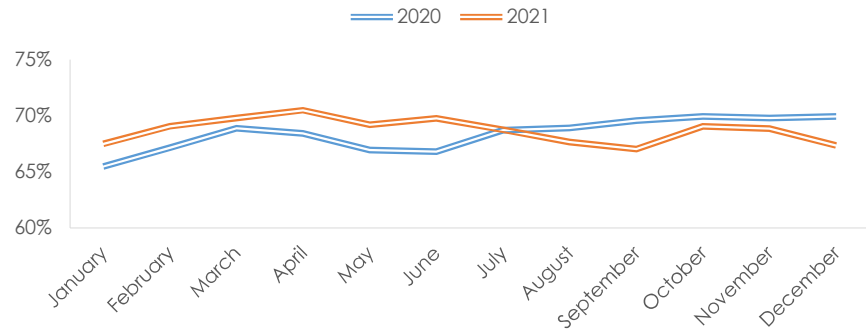
- NZ – 109 centres
- AU – 23 centres



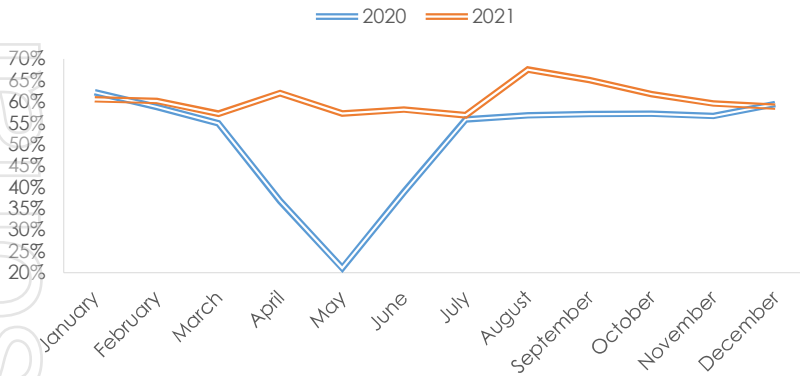
New Zealand

- NZ occupancy averaging 69% in 2021, up 1% from 2020 however has not returned to pre-Covid-19 levels.
- Steady increases in total revenue per FTE per day pre and post lockdowns in August and September attributable to fee increases.
- Metrics have been distorted by Covid-19.

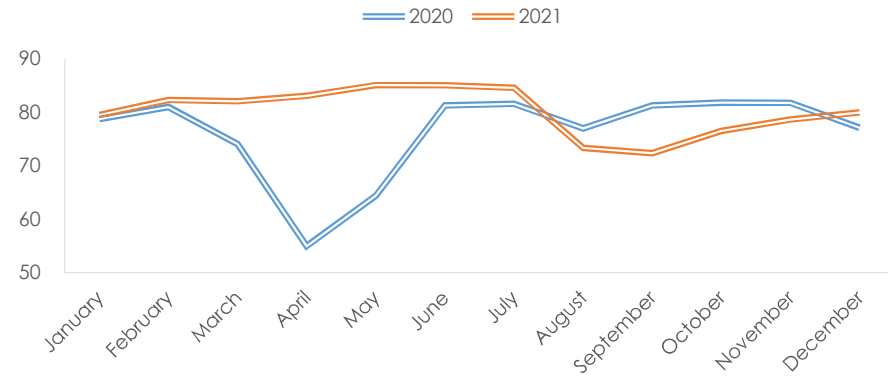
YTD OCCUPANCY



WAGE TO REVENUE RATIO



TOTAL REVENUE PER FTE PER DAY

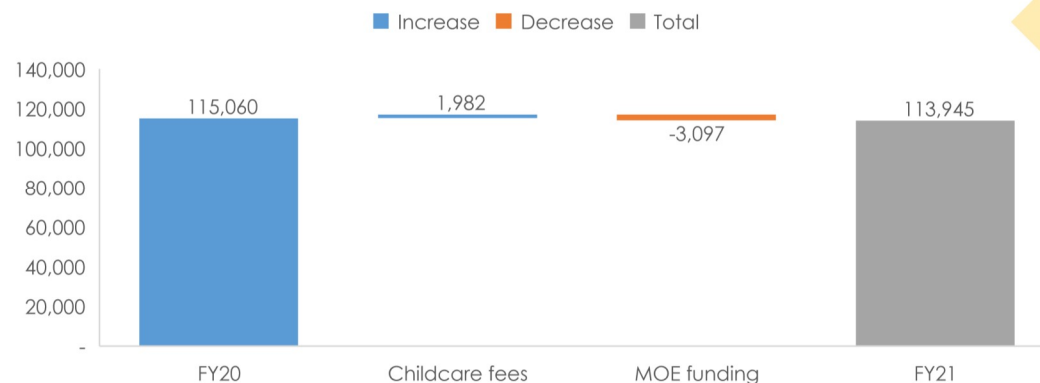


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Revenue and Underlying EBITDA Reconciliation – New Zealand

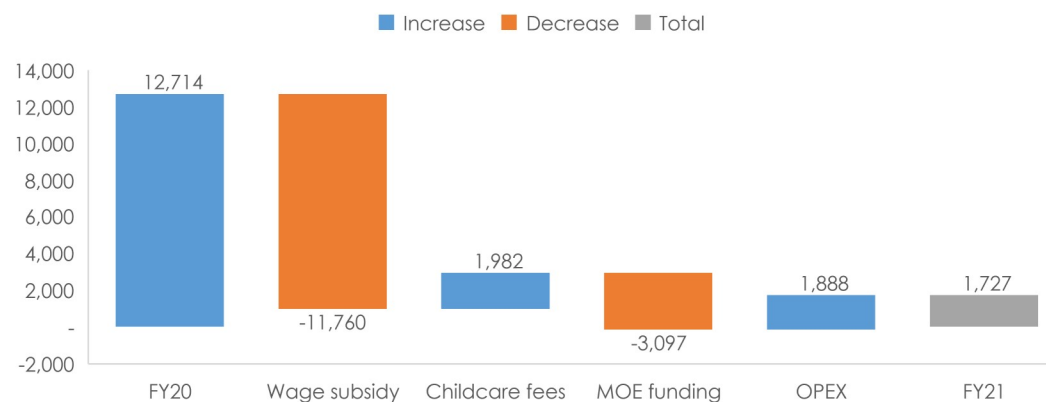
FY21 Revenue Bridge (NZD \$000's)

- Decrease in revenue of \$1.1m (1%) attributable to teacher shortages affecting our ability to hit higher MOE funding band.
- Decrease in number of centres has also reduced MOE funding.



FY21 Underlying EBITDA Bridge (NZD \$000's)

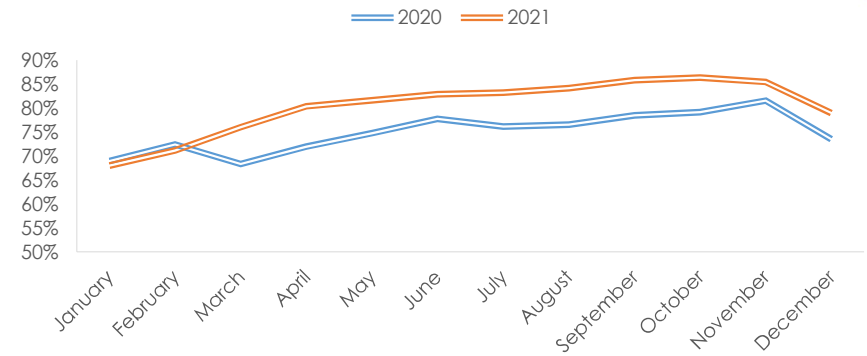
- Underlying EBITDA decreased by \$11.0m due largely to wage subsidies received in 2020.



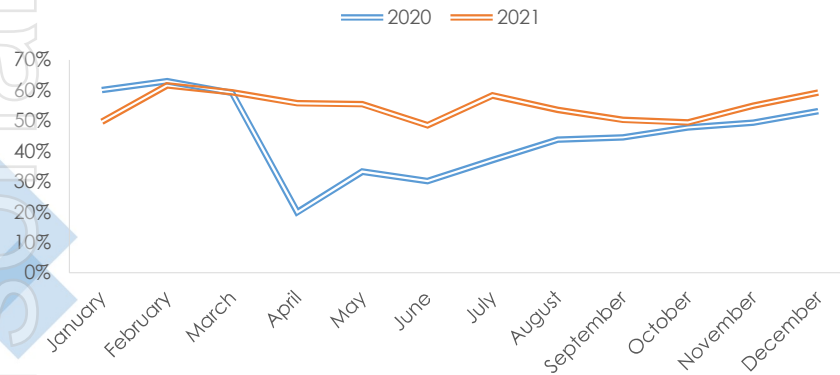
Australia

- Steady increase in occupancy in 2021.
- Covid-19 government support measures ended on 31 October 2021.
- Metrics have been distorted by Covid-19.

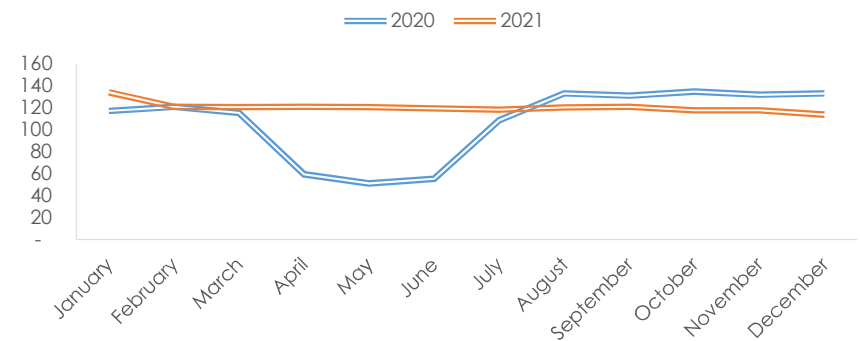
YTD OCCUPANCY



WAGE TO REVENUE RATIO



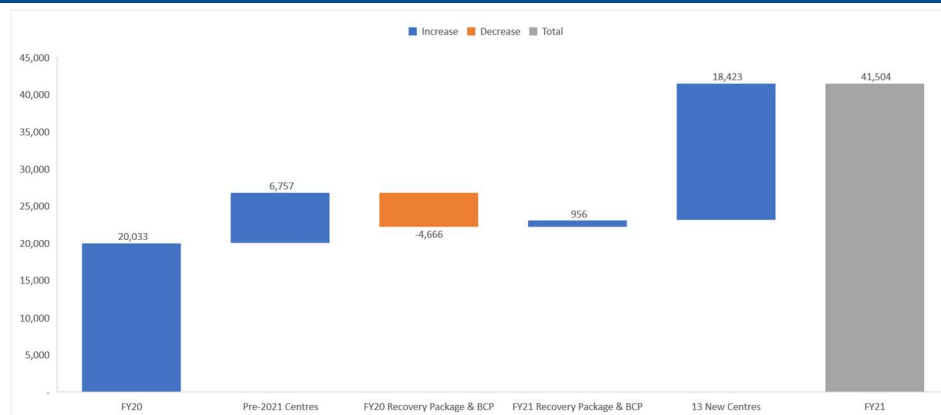
TOTAL REVENUE PER BOOKING PER DAY



Revenue and Underlying EBITDA Reconciliation - Australia

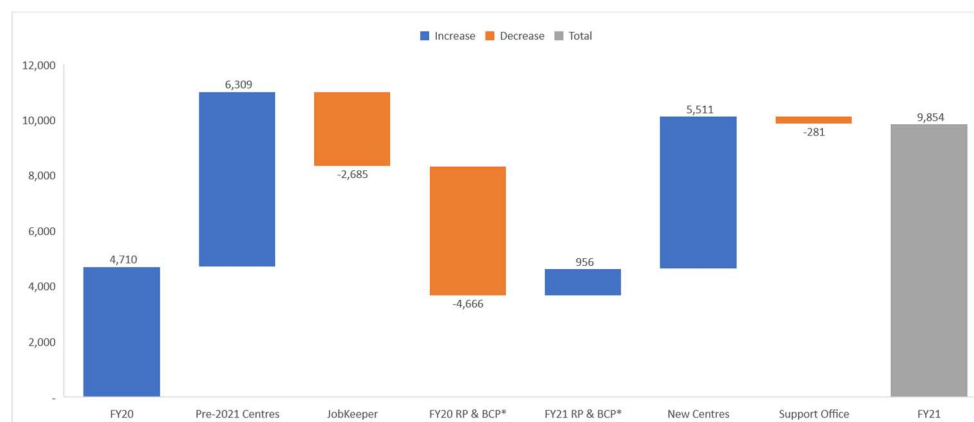
FY21 Revenue Bridge (A\$000's)

- Revenue was \$21.5m, up 107%
- New centres contributed \$18.4m of total revenue (28%)
- Final government support payments of \$0.9m received in 2021.



FY21 Underlying EBITDA Bridge (A\$000's)

- Underlying EBITDA for 2021 is \$9.9m, up 109%
- New centres contributed \$5.5m of total Underlying EBITDA (56%), offset by small increase in support office costs of \$0.3m
- Increases achieved by centres acquired prior to 2021 offset by \$2.7m decrease in JobKeeper payments



*Recovery Package & Business Continuity Payments

Operating Performance

Highlights

- Steady growth in occupancy, disrupted in the second half due to the resurgence of COVID-19
- Evolve has continued to support families by waiving parent fees during centre closures in NZ and maintaining regular contact with families during lockdown
- All staff retained on full pay
- Divestment of poorly performing centres to improve overall earnings
- Acquired centres in Australia performed well



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STRATEGY AND OUTLOOK

Strategy and Outlook

- Further acquisitions are being pursued in Australia
- NZ Centre improvements
 - Strong focus on driving occupancy improvements
 - More efficient staff rostering
 - Centre upgrade projects
- Turnaround or divestment of poorly performing centres



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APPENDIX

Statement of Comprehensive Income (audited)

	12 MONTHS TO 31 DECEMBER 2021	9 MONTHS TO 31 DECEMBER 2020
	\$'000	\$'000
Childcare fees	51,754	28,187
Government funding	106,205	74,452
Total revenue	157,959	102,639
Expenses		
Employee benefits expenses	(97,441)	(53,985)
Building occupancy expenses	(2,661)	(2,053)
Direct expenses of providing services	(17,889)	(10,487)
Acquisition expenses	(1,020)	-
Depreciation	(14,698)	(10,870)
Amortisation	(64)	(60)
Impairment reversal	-	17
Other expenses	(2,498)	(2,282)
Total expenses	(136,271)	(79,720)
Profit before net finance costs and income tax	21,688	22,919
Finance income	230	146
Finance costs	(20,446)	(12,703)
Net finance costs	(20,216)	(12,557)
Profit before income tax	1,472	10,362
Income tax expense	(731)	(2,792)
Profit after income tax attributable to the shareholders of the Company	741	7,570
Other comprehensive income		
<i>Items that may be reclassified to profit or loss</i>		
Exchange differences on translation of foreign operations	(401)	1,158
Total comprehensive income attributable to the shareholders of the Company	340	8,728
All amounts are from continuing operations.		
Earnings per share	Cents	Cents
Basic and diluted earnings per share attributable to the shareholders of the Company	0.5	5.4

Glossary

Term	Definition
EBITDA	Earnings before interest, taxation, depreciation and amortisation
Underlying EBITDA	Earnings before interest, taxation, depreciation and amortisation less the effects of NZ IFRS 16: Leases, gains and losses on the sale or closure of businesses, acquisition and integration costs, impairment losses (or reversals of impairment losses), restructuring costs and non-operational items.
Group	Comprises Evolve Education Group Limited and its subsidiaries across New Zealand and Australia
Occupancy	Number of children attending per period specified as a percentage of the service's licensed places
Wage to Revenue ratio	Employee benefits expense as a percentage of total revenue
Total Revenue per FTE per day	Revenue earned per full-time-equivalent child booking per day
Total Revenue per Booking per day	Revenue earned per child booking per day