

# 2023 Full Year Results

## Investor Presentation



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# Highlights



# CY23 Overview

## AUSTRALIAN BUSINESS SEES STRONG GROWTH

- Revenue growth of 16% in 2023 to \$63.1 million.
- Underlying centre EBITDA growth of 30% to \$17.1 million

## EVENTS

- Renita Garard appointed to the Board 1 January
- Adrian Fonseca retired from Board 6 June
- Michelle Thomsen appointed to the Board 6 June
- Embark delisted from NZX with new parent relisted on ASX on 6 July
- CFO (Edmund Mah) resignation 14 July to remain in NZ
- New AUS CFO (Josie Shawcross) appointed 12 October

## DIVIDENDS PAID

- \$0.02 dividend paid 10 August
- \$0.02 dividend paid 28 November

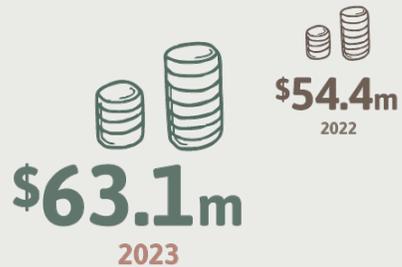


# Financial Highlights

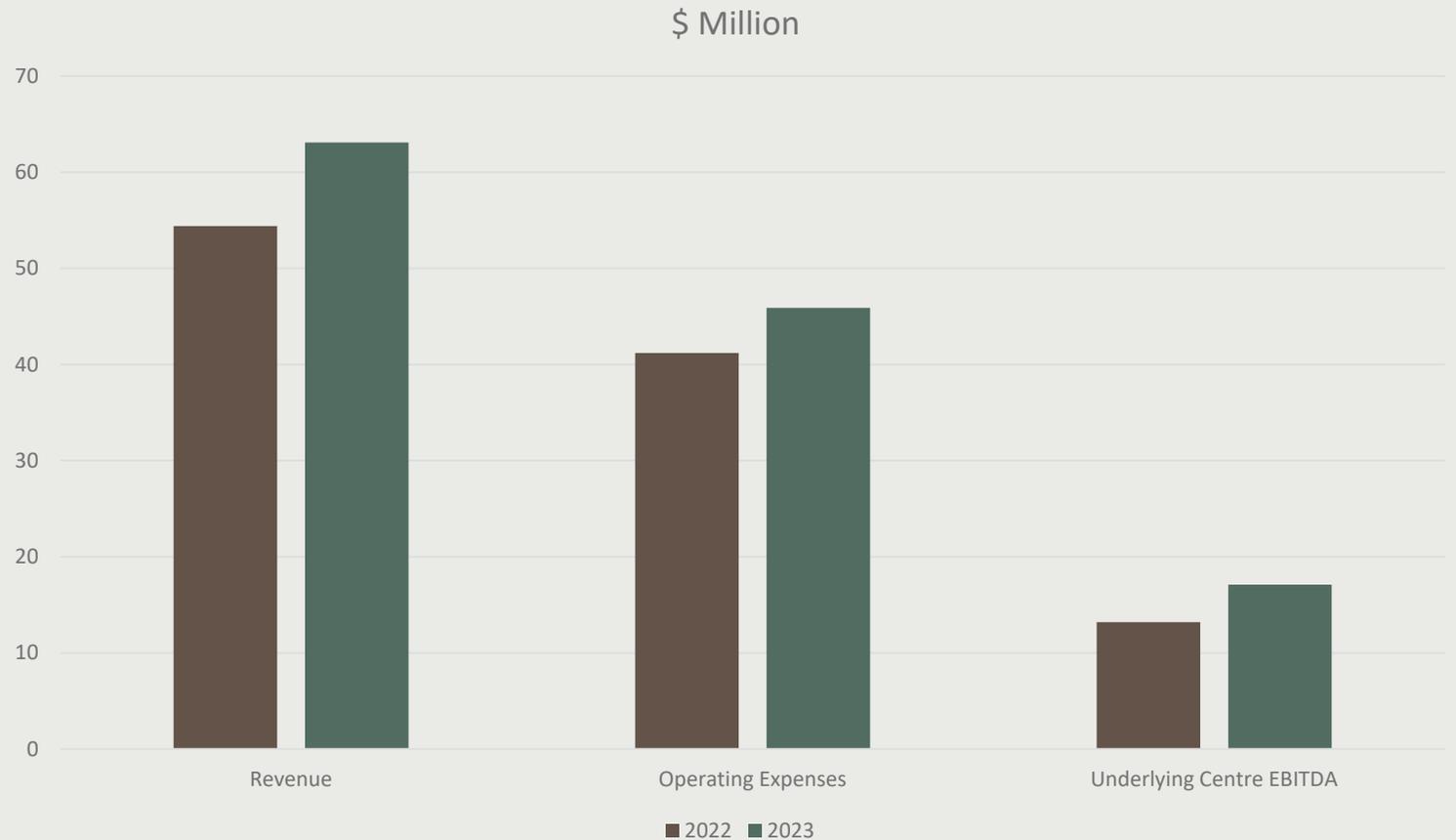
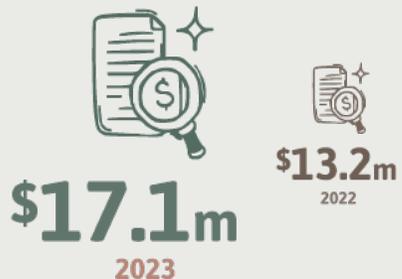
(CY2023 v CY2022)  
(AUSTRALIA ONLY)



- Revenue growth of 16% to \$63.1 million



- Underlying centre EBITDA growth of 30% to \$17.1 million



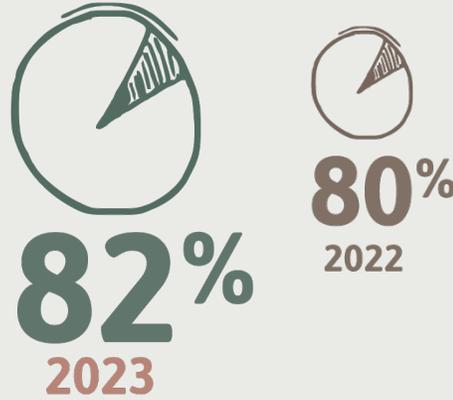
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# Operational Highlights

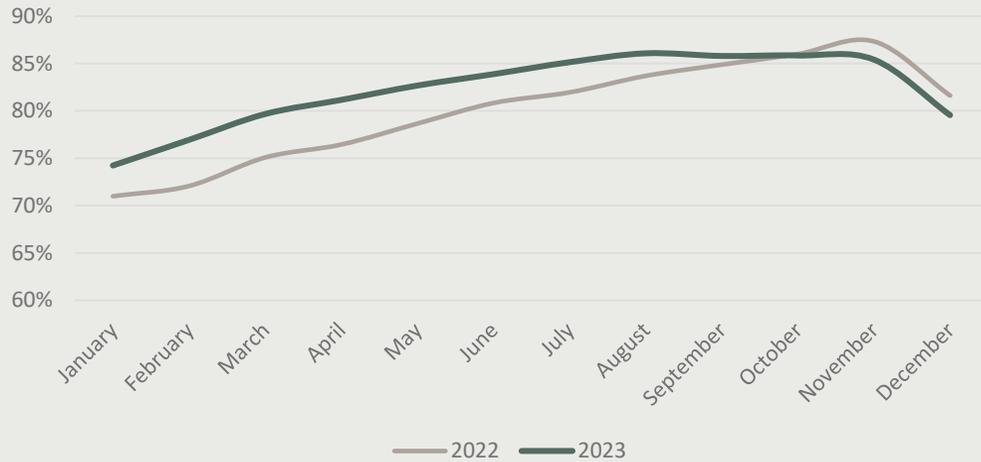
(CY2023 v CY2022)



- Average 2023 Centre Occupancy of 82%
- Peak 2023 Centre Occupancy in week 46 of 86.1%



Monthly Occupancy



Wage to Revenue Ratio



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# Financial Performance



# Financial Summary

## STRONG PERFORMANCE FROM CONTINUING OPERATIONS



- Revenue growth of 16% driven by increased occupancy and fee increases
- WRA 52.6%
- 2022 Corporate Costs included in NZ accounts as EVO was listed in NZ at that time
- Support Office Costs 3.3% of revenue

Non-statutory accounts (pre AASB16)	2023				Consolidated	2022
	Australia (Operating)	Australia (Listed)	Australia Total	New Zealand		Australia (Operating)
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue	63,006	-	63,006	-	63,006	54,443
Centre Wages	(33,114)	-	(33,114)	-	(33,114)	(29,834)
<b>Centre Gross Profit</b>	<b>29,891</b>	-	<b>29,891</b>	-	<b>29,891</b>	<b>24,609</b>
Centre Rent	(6,023)	-	(6,023)	-	(6,023)	(5,564)
Other Centre Expenses	(6,761)	-	(6,761)	-	(6,761)	(5,885)
<b>Centre EBITDA</b>	<b>17,107</b>	-	<b>17,107</b>	-	<b>17,107</b>	<b>13,160</b>
Corporate Costs	-	(996)	(996)	(669)	(1,665)	-
Support Office Costs	(2,078)	-	(2,078)	-	(2,078)	(1,676)
<b>EBITDA (underlying)</b>	<b>15,029</b>	<b>(996)</b>	<b>14,033</b>	<b>(669)</b>	<b>13,364</b>	<b>11,484</b>
Interest	815	-	815	52	867	(2,554)
<b>Underlying PBT (pre-depreciation)</b>	<b>15,844</b>	<b>(996)</b>	<b>14,848</b>	<b>(617)</b>	<b>14,231</b>	<b>8,930</b>

# Financial Summary

## STRONG PERFORMANCE FROM CONTINUING OPERATIONS



- 16% revenue increase in 2023
- 67.6% higher profit before net finance costs and income tax in 2023

	YEAR 31 DECEMBER 2023	RESTATED YEAR 31 DECEMBER 2022
	\$'000	\$'000
Childcare Fees	19,084	18,122
Government Funding	43,896	36,333
Other Revenue	143	-
<b>Revenue</b>	<b>63,123</b>	<b>54,455</b>
<b>Expenses</b>		
Employee benefits expenses	(34,976)	(33,983)
Building occupancy expenses	(774)	(1,192)
Direct expenses of providing services	(5,283)	(6,487)
Depreciation	(3,266)	(2,997)
Acquisition expenses	(58)	-
Other expenses	(2,422)	(3,509)
<b>Total expenses</b>	<b>(46,779)</b>	<b>(48,168)</b>
<b>Profit before net finance expense and income tax</b>	<b>16,344</b>	<b>6,287</b>
Finance income	868	338
Finance costs	(6,201)	(8,320)
<b>Net finance expense</b>	<b>(5,333)</b>	<b>(7,982)</b>
<b>Profit/(loss) before income tax</b>	<b>11,011</b>	<b>(1,695)</b>
<b>Income tax benefit/ (expense)</b>	<b>(2,736)</b>	<b>(655)</b>
<b>(Loss)/Profit after income tax from continuing operations</b>	<b>8,275</b>	<b>(2,350)</b>
Profit/(Loss) after income tax from discontinued operations	-	(37,904)
<b>(Loss)/Profit after income tax attributable to the shareholders of the Company</b>	<b>8,275</b>	<b>(40,253)</b>
Other comprehensive income		
Exchange differences on translation of foreign operations	(114)	(1,537)
<b>Total comprehensive income attributed to the shareholders of the Company</b>	<b>8,161</b>	<b>(41,789)</b>
<b>Earnings per share</b>	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	0.05	(0.25)
Diluted earnings per share	0.05	(0.25)

# Balance Sheet Strong To Pursue Growth



- No borrowing at 31 December 2023
- Cash of \$26.8m and term deposits of \$2.5m at year end

	YEAR 31 DECEMBER 2023	RESTATED YEAR 31 DECEMBER 2022	RESTATED YEAR 1 JANUARY 2022
	\$'000	\$'000	\$'000
Cash and cash equivalents	26,839	16,201	44,824
Assets held for sale	-	-	2,804
Funding Receivable	-	614	-
Current tax asset	-	196	-
Trade and other receivables	2,690	2,862	2,940
<b>Total current assets</b>	<b>29,529</b>	<b>19,873</b>	<b>50,568</b>
Property, plant and equipment	1,582	1,590	7,164
Deferred tax asset	4,949	3,365	13,246
Right-of-use assets	61,332	62,683	173,424
Intangible assets	60,898	60,934	151,201
Term deposit	2,460	8,573	4,806
<b>Total non-current assets</b>	<b>131,221</b>	<b>137,145</b>	<b>349,841</b>
Trade and other payables	2,824	3,661	10,858
Current income tax liabilities	2,403	13	1,684
Contract liability	543	7	7,294
Employee entitlements	3,143	4,868	8,561
Lease liabilities - current	6,278	6,133	7,256
Liabilities held for sale	-	-	4,189
<b>Total current liabilities</b>	<b>15,191</b>	<b>14,682</b>	<b>39,842</b>
Borrowings	-	-	34,118
Employee entitlements - Non-current	299	-	-
Lease liabilities - non current	66,945	65,795	202,200
<b>Total non-current liabilities</b>	<b>67,244</b>	<b>65,795</b>	<b>236,318</b>
<b>Net Assets</b>	<b>78,315</b>	<b>76,541</b>	<b>124,249</b>
Issued share capital	242,428	242,428	242,428
Retained earnings	(171,868)	(165,481)	(119,310)
Current Year Earnings	8,275	-	-
Translation reserve	(520)	(406)	1,131
<b>Total equity</b>	<b>78,315</b>	<b>76,541</b>	<b>124,249</b>

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# Strategy and Outlook



# Acquisitions to Continue

- Acquisition opportunities being pursued that provide additional value to shareholders



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# Encouraging Start to 2024

- 2024 occupancy between 2022 and 2023 levels
  - Staffing issues still affecting small number of centres
  - QLD storms impacted 1 centre January capacity
- Small February 2024 fee increase to offset increased costs
- 2024 January/February\* revenue approximately 10% higher than January/February\* 2023

\*January/February data includes first 6 weeks of the year



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# Appendix



# 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.
Underlying Centre EBITDA	Underlying EBITDA of centres (before Support Office expenses).
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.

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