

28 February 2022

Evolve Financial Results for Financial Year Ended 31 December 2021

Evolve Education Group Limited (ASX/NZX: EVO) has today released its audited full year results for the year ended 31 December 2021.

Total revenue for the year was \$158.0m (pro-forma 12 months \$136.8m; audited 9 months ended 31 December 2020 \$102.6m).

Net profit after tax for the year was \$0.7m (pro-forma 12 months -\$1.73m; audited 9 months ended 31 December 2020 \$7.6m).

(note: EVO changed its balance date from 31 March to 31 December during calendar year 2020)

EVO's underlying EBITDA for the financial year ended 31 December 2021 was \$12.6m, with a significant contribution from its Australian operations. This is in line with guidance provided to the market on 17 December 2021 of between \$11.5m and \$13m.

Key drivers of the financial result are:

- Total revenue was up 15% compared with the previous 12 month period
- Australia underlying EBITDA doubled to \$9.9m from the previous 12 month period
- New Zealand earnings were impacted by government mandated lockdowns and restrictions resulting in a more than \$6m loss of parent revenue.

At 31 December 2021 EVO held \$47m in cash.

Earlier Guidance for FY21 and FY22

On 8 June 2021, EVO gave the following guidance for consolidated underlying EBITDA (amounts in NZD):

- 1 For FY21 - between \$16m and \$18.5m.
- 2 For FY22 - between \$23m and \$25m.

On 26 August 2021, EVO advised that the guidance issued on 8 June 2021 for FY21 was withdrawn due to uncertainty caused by Covid 19 lockdowns although guidance for underlying EBITDA for FY22 was maintained (between \$23m and \$25m).

On 17 December 2021, EVO provided the following guidance for unaudited, consolidated underlying pre IFRS 16/AASB16 EBITDA for FY21 and FY22 (amounts in NZD):

- 1 For FY21- between \$11.5m and \$13m.
- 2 For FY22 - between \$23m to \$25m.

EVO advised that the difference between the 8 June 21 guidance and the expected result for FY21 would be due almost entirely to the financial effects of revenue losses in NZ due to Covid 19 lockdowns (see below).

Guidance for FY22 was provided subject to there being no material Covid 19 related issues in FY22.

2021 Lockdown Effects

Set out below is an outline of Covid-19 lockdowns in New Zealand and the financial effect thereof.

In New Zealand, Covid-19 lockdowns and/or restrictions under Covid-19 alert levels 4 and 3 were in place for the following periods during FY21:

15 Feb to 17 Feb and 28 Feb to 6 Mar	Auckland
18 Aug to 7 Sept	All of NZ except Auckland/Waikato
18 Aug to 1 Sept and 4 Oct to 16 Nov	Waikato
18 Aug to 3 Dec	Auckland

These lockdowns and restrictions led to an estimated negative impact on underlying EBITDA of approximately \$6m in FY21 mainly due to a loss of parents' fees and not qualifying for wage subsidies (due to a change in the eligibility threshold by the New Zealand Government) while staff wages were paid in full throughout. This contrasts with the position in calendar year 2020 where the loss in revenue was offset by wage subsidies. The extended lockdowns and restrictions this year have also had an adverse impact on current occupancy which is lower than anticipated.

Guidance For FY22

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EVO withdraws guidance for the financial year ending 31 December 2022 because of the uncertainty created by the Omicron variant of Covid 19. Whilst Omicron has peaked in Australia, the variant has only just started to spread widely in New Zealand and further temporary centre closures are expected over the coming months.

Centre Acquisition Status

EVO currently operates 109 early childhood education centres in NZ and 23 in Australia. A further centre is under financial/legal due diligence in Australia.

The centre acquisition process in Australia was put on hold during the NZ Covid-19 lockdowns in order to conserve capital.

For any further inquiries please contact:

Chris Scott
Managing Director
Evolve Education Group Limited
cscott@evolveedu.com.au