

## Evolve Education Group Limited

Consolidated Interim Financial Statements  
For the Six Months Ended 30 June 2022

**The Directors present the Interim Financial Statements of Evolve Education Group Limited for the six months ended 30 June 2022.**

The Interim Financial Statements presented are signed for and on behalf of the Board and were authorised for issue on 29 August 2022.



**Hamish Stevens**

Chair  
29 August 2022



**Adrian Fonseca**

Chair of the Audit and Risk Committee  
29 August 2022

## Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2022

		UNAUDITED 6 MONTHS 30 JUNE 2022	UNAUDITED 6 MONTHS 30 JUNE 2021
	Note	\$'000	\$'000
Childcare fees	3	27,165	26,450
Government funding	3	53,687	48,441
<b>Total revenue</b>		<b>80,852</b>	<b>74,891</b>
<b>Expenses</b>			
Employee benefits expenses	4	(51,218)	(47,022)
Building occupancy expenses		(1,207)	(1,278)
Direct expenses of providing services		(9,727)	(8,212)
Acquisition expenses		-	(1,638)
Depreciation		(7,555)	(7,142)
Amortisation		(19)	(34)
Impairment expense		(2,379)	-
Other expenses		(726)	(739)
<b>Total expenses</b>		<b>(72,831)</b>	<b>(66,065)</b>
<b>Profit before net finance expense and income tax</b>		<b>8,021</b>	<b>8,826</b>
Finance income		183	91
Finance costs		(11,479)	(9,820)
<b>Net finance expense</b>		<b>(11,296)</b>	<b>(9,729)</b>
<b>Loss before income tax</b>		<b>(3,275)</b>	<b>(903)</b>
Income tax benefit		1,042	387
<b>Loss after income tax attributable to shareholders of the Company</b>		<b>(2,233)</b>	<b>(516)</b>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		1,719	(16)
<b>Total comprehensive loss attributable to the shareholders of the Company</b>		<b>(514)</b>	<b>(532)</b>
All amounts are from continuing operations			
<b>Earnings per share</b>		<b>Cents</b>	<b>Cents</b>
Basic and diluted (loss)/earnings per share from continuing operations		(1.4)	(0.2)
Basic and diluted (loss)/earnings per share attributable to the shareholders of the Company		(1.4)	(0.2)

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

## Consolidated Statement of Changes in Equity

For the six months ended 30 June 2022

	ISSUED SHARE CAPITAL	FOREIGN CURRENCY TRANSLATION RESERVE	RETAINED DEFICIT	TOTAL
Note	\$'000	\$'000	\$'000	\$'000
As at 31 December 2020 (audited)	237,976	(16)	(128,454)	109,506
Total comprehensive income	-	(16)	(516)	(532)
Issue of ordinary shares for cash, net of transaction costs	22,038	-	-	22,038
<b>As at 30 June 2021 (unaudited)</b>	<b>260,014</b>	<b>(32)</b>	<b>(128,970)</b>	<b>131,012</b>
As at 31 December 2021 (audited)	260,014	(417)	(127,713)	131,884
Total comprehensive loss	-	1,719	(2,233)	(514)
<b>As at 30 June 2022 (unaudited)</b>	<b>260,014</b>	<b>1,302</b>	<b>(129,946)</b>	<b>131,370</b>

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

## Consolidated Statement of Financial Position

As at 30 June 2022

		UNAUDITED AS AT 30 JUNE 2022	AUDITED AS AT 31 DECEMBER 2021
	Note	\$'000	\$'000
<b>Current assets</b>			
Cash and cash equivalents		8,464	47,579
Funding receivable	7	5,908	-
Current income tax assets		1,038	-
Term deposits		5,213	-
Other current assets		6,000	3,121
<b>Total current assets</b>		<b>26,623</b>	<b>50,700</b>
Assets classified as held for sale		-	2,976
<b>Non-current assets</b>			
Property, plant and equipment		8,394	7,604
Right-of-use assets	8	183,258	184,082
Deferred tax assets		15,599	14,061
Intangible assets	6	163,210	160,493
Term deposits		-	5,101
<b>Total non-current assets</b>		<b>370,461</b>	<b>371,341</b>
<b>Total assets</b>		<b>397,084</b>	<b>425,017</b>
<b>Current liabilities</b>			
Trade and other payables	9	5,106	11,526
Current income tax liabilities		-	1,787
Funding received in advance	7	-	7,743
Lease liabilities	8	7,345	7,702
Employee entitlements		10,712	9,087
<b>Total current liabilities</b>		<b>23,163</b>	<b>37,845</b>
Liabilities classified as held for sale		-	4,446
<b>Non-current liabilities</b>			
Borrowings	10	22,387	36,216
Lease liabilities	8	220,164	214,626
<b>Total non-current liabilities</b>		<b>242,551</b>	<b>250,842</b>
<b>Total liabilities</b>		<b>265,714</b>	<b>293,133</b>
<b>Net assets</b>		<b>131,370</b>	<b>131,884</b>
<b>Equity</b>			
Issued share capital		260,014	260,014
Foreign currency translation reserve		1,302	(417)
Retained deficit		(129,946)	(127,713)
<b>Total equity</b>		<b>131,370</b>	<b>131,884</b>

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

## Consolidated Statement of Cash Flows

For the six months ended 30 June 2022

		UNAUDITED 6 MONTHS 30 JUNE 2022	UNAUDITED 6 MONTHS 30 JUNE 2021
	Note	\$'000	\$'000
<b>Cash flows from operating activities</b>			
Receipts from childcare fees		21,257	26,450
Receipts from government funding		45,944	35,368
Wage subsidy received		906	11
Payments to suppliers and employees		(68,013)	(59,497)
Income taxes paid		(2,567)	(1,438)
Interest received		183	91
<b>Net cash flows (used in) / from operating activities</b>	12	<b>(2,290)</b>	<b>985</b>
<b>Cash flows from investing activities</b>			
Payments for purchase of businesses		(5,394)	(30,394)
Proceeds from sale of plant and equipment		206	105
Proceeds from sale of businesses		50	-
Payments for software, property, plant and equipment		(2,346)	(1,769)
Transfer to term deposits		(112)	(550)
<b>Net cash flows used in investing activities</b>		<b>(7,596)</b>	<b>(32,608)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		-	22,038
Interest paid on borrowings		(1,435)	(1,411)
Repayment of borrowings	10	(15,460)	-
Payment of lease liabilities		(13,218)	(12,396)
<b>Net cash flows (used in) / from financing activities</b>		<b>(30,113)</b>	<b>8,231</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(39,999)</b>	<b>(23,392)</b>
Foreign currency translation adjustment		884	240
Cash and cash equivalents at beginning of period		47,579	59,139
<b>Cash and cash equivalents at end of period</b>		<b>8,464</b>	<b>35,987</b>

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

## Notes to the Consolidated Interim Financial Statements

For the six months ended 30 June 2022

### 1. Basis of Presentation and Accounting Policies

#### (a) Reporting Entity

Evolve Education Group Limited (the "Company") is a company incorporated in New Zealand ("NZ"), registered under the Companies Act 1993 and listed on the NZX Main Board ("NZX") and the Australian Stock Exchange ("ASX"). The Company is a FMC Reporting Entity in terms of Part 7 of the Financial Markets Conduct Act 2013 ("the Act"). The registered office is located at Level 15, 16 Kingston Street, Auckland 1010, New Zealand.

The principal activities of the Company and its subsidiaries (the "Group") are to invest in the provision and management of high quality early childhood education centres across New Zealand and Australia (see Note 2, Segment Information).

#### (b) Basis of Preparation

The consolidated interim financial statements of the Group ("the Group interim financial statements") have been prepared in accordance with the requirements of the NZX and ASX Listing Rules, New Zealand Equivalent to International Accounting Standard 34: Interim Financial Reporting and New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). The consolidated interim financial statements are for the Evolve Education Group Limited Group. The Group financial statements comprise the Company and its subsidiaries. The Group is a profit-oriented entity for financial reporting purposes.

These Group interim financial statements are unaudited and have been prepared using the same accounting policies, methods of computation, significant judgements, estimates and assumptions as the financial statements and related notes included in the Group's audited financial statements for the financial year ended 31 December 2021. Accordingly, these Group interim financial statements are to be read in conjunction with those audited financial statements.

These Group interim financial statements were approved for issue on 29 August 2022.

#### (c) Going Concern

The financial statements have been prepared on a going concern basis.

The Board has continued to consider the impact of Covid-19 on the financial position of the Group. This is commented on in more detail in Note 1(g).

The longer-term effects of Covid-19 are still not clear at the present point in time. Acknowledging this inherent uncertainty, and the potential adverse impacts on economic conditions in both New Zealand and Australia, these financial statements have been prepared based on currently available information and the Board's best estimates.

Underlying EBITDA and operating cash flow (adjusted for timing of NZ Ministry of Education bulk funding) for the Group remained positive for the period. Forecasts indicate that the Group will have sufficient cash to discharge its liabilities as they fall due.

Having regard to the above, the Board has concluded that it is appropriate that these financial statements are prepared on a going concern basis, while acknowledging the ongoing uncertainties in the current environment.

#### (d) New and Amended Standards Adopted by the Group

There are no new standards, amendments or interpretations that have been adopted or are not yet effective that are applicable to the Group.

#### (e) Functional and Presentation Currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in New Zealand Dollars (\$), which is the Company's functional currency and Group's presentation currency. Unless otherwise stated, financial information has been rounded to the nearest thousand dollars (\$'000).

## Notes to the Consolidated Interim Financial Statements

For the six months ended 30 June 2022

### 1. Basis of Presentation and Accounting Policies (continued)

#### (f) Comparatives

The comparative period is the six months ended 30 June 2021 for the Statement of Comprehensive Income and Statement of Cash Flows, and 31 December 2021 for the Statement of Financial Position.

#### (g) Covid-19

Covid-19 and flow-on effects have had a significant impact on global economies and financial markets and asset prices have fluctuated and in some cases materially changed.

Unlike the previous two years, there have been no national or regional closures of centres arising from government - mandated lockdowns. However, requirements for teachers to isolate if they contract Covid-19 or become a household contact along with higher levels of non-covid sickness, especially influenza, has resulted in numerous short-term closure of centres in New Zealand.

The ongoing effect of Covid-19 has resulted in occupancy failing to return to pre-pandemic levels.

While there is uncertainty about the longer term impact of Covid-19 on both economies, the NZ Ministry of Education and Australian Government have been very supportive of the early learning services sectors and the role of early childhood education in the community.

The key components of the financial statements potentially impacted by Covid-19 are intangible assets, right-of-use assets and property, plant and equipment. These areas rely upon forecasts of future profitability as a basis for the carrying value of assets, and therefore potential impairment.

### 2. Segment Information

The Group reports operating segments by geographical location, namely New Zealand and Australia.

The Group accounting policies are applied consistently to each reporting segment.

Information regarding the results of each reportable segment is included below. Performance is measured based on NZ GAAP measures of profitability and in relation to the Group's segments, segment profit before income tax. In addition to GAAP measures of profitability, the Group also monitors its profitability using non-GAAP financial measures (that is, operating expenses, earnings before interest, tax, depreciation and amortisation ("EBITDA") and Underlying EBITDA), as described below and as included in the internal management reports that are reviewed by the Group MD and the Board. Operating expenses, EBITDA and Underlying EBITDA are not defined by NZ GAAP, IFRS or any other body of accounting standards and the Group's calculation of this measure may differ from similarly titled measures presented by other companies.

Operating expenses and Underlying EBITDA excludes 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.

The above items can be driven by factors other than those that impact the underlying performance of the business. Operating expenses and Underlying EBITDA excludes the impact of these items to allow the Group MD and the Board to measure the financial performance trends of the underlying businesses from period to period and enable necessary decision-making.

The segment information for the six months ended 30 June 2022 and 30 June 2021 is presented in the following tables.

## Notes to the Consolidated Interim Financial Statements

For the six months ended 30 June 2022

### 2. Segment Information (continued)

UNAUDITED 30 JUNE 2022	Note	New Zealand ECE centres \$'000	Australia ECE centres \$'000	Total \$'000
Childcare fees	3	18,548	8,617	27,165
Government funding	3	36,138	17,549	53,687
<b>Total income</b>		<b>54,686</b>	<b>26,166</b>	<b>80,852</b>
Operating expenses		(51,385)	(20,357)	(71,742)
<b>Underlying Centre EBITDA</b>		<b>3,301</b>	<b>5,809</b>	<b>9,110</b>
Support and Corporate functions		(4,250)	(853)	(5,103)
<b>Underlying EBITDA</b>		<b>(949)</b>	<b>4,956</b>	<b>4,007</b>
NZ IFRS 16 rental expense adjustment		10,382	2,957	13,339
NZ IFRS 16 remeasurement gains		765	-	765
<i>Adjusted for:</i>				
Loss on sale or closure of businesses		(255)	-	(255)
Impairment expense		(2,379)	-	(2,379)
Termination benefit		117	-	117
<b>EBITDA</b>		<b>7,681</b>	<b>7,913</b>	<b>15,595</b>
Depreciation		(5,956)	(1,599)	(7,555)
Amortisation		(19)	-	(19)
<b>Earnings before interest and tax</b>		<b>1,706</b>	<b>6,314</b>	<b>8,021</b>
Net finance expense		(5,948)	(5,348)	(11,296)
<b>Loss before income tax from continuing operations</b>		<b>(4,242)</b>	<b>967</b>	<b>(3,275)</b>
<b>Total assets</b>		<b>250,074</b>	<b>147,009</b>	<b>397,084</b>
<b>Total liabilities</b>		<b>(161,761)</b>	<b>(103,953)</b>	<b>(265,714)</b>

UNAUDITED 30 JUNE 2021	Note	New Zealand \$'000	Australia \$'000	Total \$'000
Childcare fees	3	20,386	6,064	26,450
Government funding	3	38,448	9,993	48,441
<b>Total income</b>		<b>58,834</b>	<b>16,057</b>	<b>74,891</b>
Operating expenses		(52,875)	(12,118)	(64,993)
<b>Underlying Centre EBITDA</b>		<b>5,959</b>	<b>3,939</b>	<b>9,898</b>
Support and Corporate functions		(3,860)	(575)	(4,434)
<b>Underlying EBITDA</b>		<b>2,099</b>	<b>3,364</b>	<b>5,464</b>
NZ IFRS 16 rental expense adjustment		10,504	1,892	12,397
NZ IFRS 16 remeasurement gains		974	-	974
<i>Adjusted for:</i>				
Acquisition expenses		-	(1,638)	(1,638)
Loss on sale or closure of businesses		(475)	-	(475)
Termination benefit	4	(720)	-	(720)
<b>EBITDA</b>		<b>12,383</b>	<b>3,618</b>	<b>16,002</b>
Depreciation		(6,064)	(1,077)	(7,142)
Amortisation		(34)	-	(34)
<b>Earnings before interest and tax</b>		<b>6,285</b>	<b>2,541</b>	<b>8,826</b>
Net finance expense		(6,298)	(3,430)	(9,728)
<b>Loss before income tax from continuing operations</b>		<b>(13)</b>	<b>(889)</b>	<b>(903)</b>
<b>Total assets</b>		<b>254,467</b>	<b>156,423</b>	<b>410,890</b>
<b>Total liabilities</b>		<b>(165,392)</b>	<b>(113,766)</b>	<b>(279,158)</b>



## Notes to the Consolidated Interim Financial Statements

For the six months ended 30 June 2022

### 2. Segment Information (continued)

*Reconciliation of total expenses and operating expenses*

	UNAUDITED 6 MONTHS 30 JUNE 2022	UNAUDITED 6 MONTHS 30 JUNE 2021
	\$'000	\$'000
Total expenses per Statement of Comprehensive Income	72,831	66,065
Less:		
Depreciation	(7,555)	(7,142)
Amortisation	(19)	(34)
NZ IFRS 16 rental expense adjustment	13,339	12,397
NZ IFRS 16 remeasurement gains	765	974
Adjusted for:		
Acquisition expenses/ (reversal)	-	(1,638)
Loss on sale or closure of businesses	(255)	(475)
Impairment expense	(2,379)	-
Termination benefit	117	(720)
<b>Operating expenses</b>	<b>76,844</b>	<b>69,427</b>

### 3. Revenue

#### Accounting Policy

Revenues are recognised when the Group satisfies its performance obligations by providing early childhood education services to customers.

#### Childcare fees

The Group provides early childhood education services for children's various learning and care needs. Revenue from childcare fees are recognised as and when a child attends, or was scheduled to attend, a childcare facility. The performance obligations are satisfied over time as the child simultaneously receives and consumes the benefits.

#### Ministry of Education New Zealand ("MOE NZ") funding

MOE NZ funding relates to funding provided under the Education Act 1989 to eligible early childhood services subject to certain conditions so that they may provide early childhood education. It is recognised initially as funding received in advance and is then recognised in the Statement of Comprehensive Income over the period childcare services are provided. This funding from the MOE NZ is presented separately from the related costs of providing services in the Statement of Comprehensive Income. Income receivable from the MOE NZ by way of a reconciliation payment is recognised as an asset, and is netted off against the income received in advance. There are no unfulfilled conditions or contingencies attached to the funding.

#### Australian Government funding

Australian Government funding relates to fees paid under the Child Care Subsidy and are recognised over time when there is reasonable assurance that the funding will be received. Australian Government funding is received in arrears.

	UNAUDITED 6 MONTHS 30 JUNE 2022	UNAUDITED 6 MONTHS 30 JUNE 2021
	\$'000	\$'000
<b>Revenue from continuing operations:</b>		
Childcare fees	27,165	26,450
NZ Ministry of Education funding	36,139	38,448
Australian Government funding	17,548	9,993
<b>Total revenue</b>	<b>80,852</b>	<b>74,891</b>

## Notes to the Consolidated Interim Financial Statements

For the six months ended 30 June 2022

### 4. Employee Benefits Expenses

	UNAUDITED 6 MONTHS 30 JUNE 2022	UNAUDITED 6 MONTHS 30 JUNE 2021
	\$'000	\$'000
Employee benefits	49,145	44,668
Employer contribution to Kiwisaver and Superannuation	2,190	1,634
Termination benefit	(117)	720
<b>Total employee benefits expenses</b>	<b>51,218</b>	<b>47,022</b>

#### Termination Benefit

Timothy Wong resigned as Chief Executive Officer of the New Zealand operations of the Group on 30 March 2021. Under the terms of his contract, he received 1.25 million share options exercisable at A\$1.20 per share, expiring 31 December 2023. The fair value of the share options was included in employee benefits expense and employee entitlements within liabilities. No share options have been exercised as at 30 June 2022.

### 5. Business Combinations

There were no business combinations for the six months ended 30 June 2022.

## Notes to the Consolidated Interim Financial Statements

For the six months ended 30 June 2022

### 6. Intangible Assets

	UNAUDITED AS AT 30 JUNE 2022	AUDITED AS AT 31 DECEMBER 2021
	\$'000	\$'000
Goodwill	159,995	157,285
Brands	3,104	3,104
Software	111	104
<b>Total Intangible assets (net book value)</b>	<b>163,210</b>	<b>160,493</b>
<b>Movements in goodwill</b>		
Balance at the beginning of the period	157,285	114,509
Acquisition of businesses	85	42,854
Foreign exchange movements	2,625	(78)
<b>Balance at the end of the period</b>	<b>159,995</b>	<b>157,285</b>

### 7. Funding Receivable and Funding Received in Advance

	UNAUDITED AS AT 30 JUNE 2022	AUDITED AS AT 31 DECEMBER 2021
	\$'000	\$'000
Funding received in advance	(738)	(10,940)
Funding receivable	6,646	3,197
<b>Total funding receivable/(received in advance)</b>	<b>5,908</b>	<b>(7,743)</b>

#### Funding from NZ Ministry of Education

Represents NZ Ministry of Education funding received in advance net of amounts owing but not received. Funding is received three times a year on 1 March, 1 July and 1 November. Each funding round includes 75% of the estimated funding for the four months ahead, as well as payment of the remaining 25% payable for the previous funding period, adjusted for any changes in occupancy and other criteria. At 30 June 2022 funding receivable relates to the remaining 25% of funding, adjusted for any changes in occupancy levels, in respect of March to June 2022.

### 8. Right-of-use Assets and Lease Liabilities

#### a) Right-of-use assets

	Leased properties	Leased motor vehicles	Total
	\$'000	\$'000	\$'000
<b>As at 31 December 2021 (audited)</b>	<b>183,667</b>	<b>415</b>	<b>184,082</b>
Additions	2,668	137	2,805
Disposals	(1)	-	(1)
Depreciation and impairment	(8,479)	(111)	(8,590)
Reclassification from assets held for sale	2,216	-	2,216
Foreign exchange movements	2,746	-	2,746
<b>Closing net book value</b>	<b>182,817</b>	<b>441</b>	<b>183,258</b>
Cost	227,771	707	228,479
Accumulated depreciation	(35,872)	(266)	(36,139)
Accumulated impairment	(9,082)	-	(9,082)
<b>As at 30 June 2022 (unaudited)</b>	<b>182,817</b>	<b>441</b>	<b>183,258</b>

#### b) Lease liabilities

	UNAUDITED AS AT 30 JUNE 2022	AUDITED AS AT 31 DECEMBER 2021
	\$'000	\$'000
Current lease liabilities	7,345	7,702
Non-current lease liabilities	220,164	214,626
<b>Total lease liabilities</b>	<b>227,509</b>	<b>222,328</b>

## Notes to the Consolidated Interim Financial Statements

For the six months ended 30 June 2022

### 9. Trade And Other Payables

	UNAUDITED AS AT 30 JUNE 2022	AUDITED AS AT 31 DECEMBER 2021
	\$'000	\$'000
Trade payables	1,461	1,048
Goods and services tax payable	225	3,776
Other payables	3,420	6,702
<b>Total trade and other payables</b>	<b>5,106</b>	<b>11,526</b>

Trade payables are unsecured and are usually paid within 30 days of recognition. The carrying amount of trade and other payables are considered to be the same as their fair value, due to their short-term nature.

### 10. Borrowings

The Group's financing arrangements comprised A\$35 million five year notes issued on 4 December 2020 with a fixed interest rate of 7.50% per annum, payable quarterly in arrears. On 16th June 2022, A\$14.0m of the notes were re-purchased, at a price of 101.5% of face value, and these notes were then cancelled. The notes are secured by way of a first ranking general security agreement over all present and future assets and undertakings of the Group, together with an all obligations cross guarantee and indemnity. The Group was in compliance with all debt covenants throughout the current and previous periods.

### 11. Commitments and Contingencies

There has been no material change in commitments and contingencies during the period.

### 12. Reconciliation of Loss After Tax to Net Operating Cash Flows

	UNAUDITED 6 MONTHS 30 JUNE 2022	UNAUDITED 6 MONTHS 30 JUNE 2021
\$'000		
Loss after income tax	(2,233)	(516)
<b>Adjustments for non-cash items:</b>		
Depreciation and amortisation	7,574	7,176
Impairment of right-of-use assets	2,379	-
Loss/(gain) on disposal of property, plant and equipment	6	(23)
Loss on sale of businesses	255	-
Remeasurement of lease liabilities	(765)	(1,050)
Foreign exchange movements	(120)	-
Employee share-based benefits	(117)	720
Deferred tax	(1,538)	(1,022)
<b>Adjustments for items classified as investing or financing activities:</b>		
Finance expense	11,479	9,820
Acquisition expenses	-	1,638
<b>Working capital movements relating to operating activities:</b>		
Decrease in net funding received in advance	(13,651)	(13,073)
Increase in other current assets	(220)	(737)
(Decrease) / increase in trade and other payables	(3,136)	4,429
Decrease in acquisition earnouts	(3,284)	(7,261)
Increase in current income tax receivables	(2,825)	(807)
Increase in employee entitlements	1,625	1,691
<b>Other items:</b>		
Reclassification from assets held for sale	1,470	-
Bond costs classified as investing	811	-
<b>Net cash flows from operating activities</b>	<b>(2,290)</b>	<b>985</b>

## Notes to the Consolidated Interim Financial Statements

For the six months ended 30 June 2022

### 13. Related Parties

#### Parent entity

Evolve Education Group Limited is the parent entity.

#### Identity of Related Parties

Related parties of the Group are:

- The Board of Directors comprising Hamish Stevens, Adrian Fonseca, Chris Scott, Chris Sacre, and Kim Campbell.
- J 47 Pty Limited, a company of which Chris Scott is the sole director and shareholder.
- Upton124 Pty Limited, a company of which Chris Sacre is a director.
- Sovana Child Care Pty Limited, a company of which Adrian Fonseca is the sole director and shareholder, and is a trustee of Sovana Child Care Trust.
- Vasona Pty Limited, a company of which Adrian Fonseca is a director and sole shareholder.

#### Related party transactions arising during the period:

In addition to salaries paid to certain key personnel of the Group the following related party transactions occurred between 1 January 2022 and 30 June 2022:

- Directors' fees paid of \$237,500 (30 June 2021: \$238,269).

### 14. Events after the Reporting Period

#### Australian Centre Acquisitions

The Group acquired Youngstars, an ECE centre in New South Wales, Australia on 1 July 2022 for A\$2.4m (NZ\$2.6m) total consideration. A summary of the provisional accounting for the acquisition is included in the following table.

	\$'000
<b>Assets</b>	
Property, plant & equipment	22
	<b>22</b>
<b>Liabilities</b>	
Employee entitlements	(42)
Other current liabilities	(12)
	<b>(54)</b>
<b>Total identifiable net liabilities at fair value</b>	<b>(32)</b>
Goodwill arising on acquisition	2,643
<b>Purchase consideration transferred</b>	<b>2,611</b>
<b>Provisional Purchase consideration</b>	
Cash paid	2,633
Cash payable relating to retentions	(22)
<b>Total consideration</b>	<b>2,611</b>