

4 November 2019

### **Acquisition of childcare centres**

Listed New Zealand and Australian childcare and education centre operator Evolve Education Group Limited (ASX/NZX:EVO) is pleased to announce that it has contracted to acquire 5 childcare centres across Queensland and Victoria with a total licence capacity of 456 children per day. All contracts are conditional upon customary approvals (such as licensing etc).

The acquisition price is AUD7.65m upfront with a further payment of AUD1.5m deferred subject to centre based EBIT being no less than AUD2.5m for the year ended 31 December 2020. The upfront purchase price represents 4.2x EBIT for the 12 months ended 30 June 2019.

EVO intends to fund the acquisitions by way of AUD4m cash and AUD3.65m in EVO shares at a confirmed price of AUD0.15 per share. If the \$2.5m EBIT hurdle for CY20 is met, then the deferred consideration component (AUD1.5m) will be settled via EVO shares at AUD0.15 per share. The group also has the flexibility to settle the transaction with all cash.

If the earnout payment is made, the aggregate deal becomes 5 centres for AUD2.5m EBIT (CY20) with a total price of AUD9.15m implying an overall EBIT multiple of 3.66x.

Evolve Education Group Managing Director, Chris Scott said “The acquisition sets up our first cluster in QLD and further strengthens our operational presence in Melbourne “

The centres will add to EBIT from settlement.

Chris Scott  
Managing Director