

Shareholder Update

9 November 2020

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Evolve Education Group Limited (NZX/ASX: EVO) wishes to advise the following:

Guidance for The Period 1 January 2020 to 30 September 2020

EVO advises that underlying EBITDA for the period 1 January 2020 to 30 September 2020 will be within the range NZ\$14.4m to NZ\$14.8m on an unaudited, pre IFRS16 basis.

This result reflects a combination of factors:

- 1 The 10 EVO Australian centres acquired in CY19 have as a group been trading well.
- 2 Post COVID-19 NZ occupancy has been higher than some commentary indicated or expected; the usage of centre labour has been more focussed; the streamlining of centre based and Support Office employees has achieved significant cost savings. EVO believes that "green shoots" can now be clearly seen in its NZ operations.
- 3 COVID-19 related funding from both the NZ and Australian governments enabled EVO to retain and pay all employees and provided financial stabilisation throughout the COVID-19 period. In NZ, EVO received \$11.8m in wage subsidies with EVO paying out \$16.8m to employees during the COVID-19 restriction period.

EVO is providing guidance for the nine months from 1 January 2020 to 30 September 2020 only (being the YTD period of our new financial year following the recent change in balance date). EVO is not providing guidance for CY21.

Acquisitions Going Forward

EVO has previously advised that the company intends to grow by acquiring existing early learning child education centres – particularly in Australia. To that end, EVO raised approximately \$83m from the issue of new equity during CY19. Of the \$83m raised, \$38m was used to partly pay down its debt facility held with ASB Bank with the balance being held in cash for acquisitions.

Ten acquisitions in Australia were settled in the second half of CY19 but further acquisitions were put on hold after the onset of COVID-19 in March 2020. EVO determined that it would be prudent to defer acquisitions until COVID-19 related conditions eased.

EVO has now recommenced acquisition activities and is currently considering potential acquisitions with a value of approximately \$20m which will be funded entirely from existing cash reserves consisting of funds on hand from the \$83m raised in CY19 plus additional cash generated by the profitable ongoing operations of EVO.

EVO expects to provide further information about centre acquisitions in the near future.

This announcement has been authorised for release by the EVO board of directors.

Chris Scott

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