



Evolve Education Group Limited

Interim Financial Statements

For the Six Month Period Ended 30 June 2021

The Directors present the Interim Financial Statements of Evolve Education Group Limited for the six month period ended 30 June 2021.

The Interim Financial Statements presented are signed for and on behalf of the Board and were authorised for issue on 25 August 2021.

A handwritten signature in black ink, appearing to read "Hamish Stevens".

Hamish Stevens

Chair

25 August 2021

A handwritten signature in black ink, appearing to read "Adrian Fonseca".

Adrian Fonseca

Chair of the Audit and Risk Committee

25 August 2021

Consolidated Statement of Comprehensive Income

For the six month period ended 30 June 2021

	Note	UNAUDITED 6 MONTHS 30 JUNE 2021 \$'000	UNAUDITED 6 MONTHS 30 SEPTEMBER 2020 \$'000
Childcare fees	3	26,450	16,175
Government funding	3	48,441	49,031
Total revenue		74,891	65,206
Expenses			
Employee benefits expenses	4	(47,022)	(31,635)
Building occupancy expenses		(1,278)	(1,115)
Direct expenses of providing services		(8,212)	(6,315)
Acquisition expenses		(1,638)	-
Depreciation		(7,142)	(7,289)
Amortisation		(34)	(40)
Other expenses		(739)	(1,553)
Total expenses		(66,065)	(47,947)
Profit before net finance expense and income tax		8,826	17,259
Finance income		91	99
Finance costs		(9,820)	(8,533)
Net finance expense		(9,729)	(8,434)
(Loss)/Profit before income tax		(903)	8,825
Income tax benefit/(expense)		387	(2,595)
(Loss)/Profit after income tax attributable to shareholders of the Company		(516)	6,230
Other comprehensive income			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		(16)	1,630
Total comprehensive (loss)/income attributable to the shareholders of the Company		(532)	7,860

All amounts are from continuing operations

Earnings per share	Cents	Cents
Basic and diluted (loss)/earnings per share from continuing operations	(0.2)	5.4
Basic and diluted (loss)/earnings per share attributable to the shareholders of the Company	(0.2)	5.4

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 month period ended 30 June 2021

	Note	ISSUED SHARE CAPITAL	FOREIGN CURRENCY TRANSLATION RESERVE	RETAINED (DEFICIT)/ EARNINGS	TOTAL
		\$'000	\$'000	\$'000	\$'000
As at 31 March 2020 (audited)		237,976	(1,174)	(136,024)	100,778
Total comprehensive income		-	1,630	6,230	7,860
As at 30 September 2020 (unaudited)		237,976	456	(129,794)	108,638
As at 31 December 2020 (audited)		237,976	(16)	(128,454)	109,506
Total comprehensive loss		-	(16)	(516)	(532)
Issue of ordinary shares for cash, net of transaction costs	11	22,038	-	-	22,038
As at 30 June 2021 (unaudited)		260,014	(32)	(128,970)	131,012

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 2021

	Note	UNAUDITED AS AT 30 JUNE 2021	AUDITED AS AT 31 DECEMBER 2020
		\$'000	\$'000
Current assets			
Cash and cash equivalents		35,987	59,139
Funding receivable	7	8,434	-
Other current assets		3,244	2,507
Total current assets		47,665	61,646
Non-current assets			
Property, plant and equipment		7,438	7,102
Right-of-use assets	8	185,835	170,938
Deferred tax assets		14,044	13,022
Intangible assets	6	153,682	117,697
Term deposits		4,616	4,066
Total non-current assets		365,615	312,825
Total assets		413,280	374,471
Current liabilities			
Trade and other payables	9	11,553	7,124
Current income tax liabilities		1,207	2,014
Funding received in advance	7	-	4,639
Lease liabilities	8	8,381	8,028
Employee entitlements		9,238	6,827
Total current liabilities		30,379	28,632
Non-current liabilities			
Borrowings	10	36,515	36,137
Lease liabilities	8	215,374	200,196
Total non-current liabilities		251,889	236,333
Total liabilities		282,268	264,965
Net assets		131,012	109,506
Equity			
Issued share capital		260,014	237,976
Foreign currency translation reserve		(32)	(16)
Retained deficit		(128,970)	(128,454)
Total equity		131,012	109,506

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

Consolidated Statement of Cash Flows
For the six month period ended 30 June 2021

	Note	UNAUDITED 6 MONTHS 30 JUNE 2021	UNAUDITED 6 MONTHS 30 SEPTEMBER 2020
		\$'000	\$'000
Cash flows from operating activities			
Receipts from childcare fees		26,450	16,921
Receipts from government funding		35,368	39,493
Wage subsidy received		11	11,810
Payments to suppliers and employees		(59,497)	(54,669)
Income taxes paid		(1,438)	-
Interest received		91	99
Net cash flows from operating activities	13	985	13,654
Cash flows from investing activities			
Payments for purchase of businesses		(30,394)	-
Proceeds from sale of plant and equipment		105	67
Payments for software, property, plant and equipment		(1,769)	(1,860)
Transfer to term deposits		(550)	-
Net cash flows from investing activities		(32,608)	(1,793)
Cash flows from financing activities			
Proceeds from issue of shares		22,038	-
Interest paid on borrowings		(1,411)	(317)
Payment of lease liabilities		(12,396)	(11,352)
Net cash flows from financing activities		8,231	(11,669)
Net (decrease)/ increase in cash and cash equivalents		(23,392)	192
Foreign currency translation adjustment		240	94
Cash and cash equivalents at beginning of period		59,139	39,048
Cash and cash equivalents at end of period		35,987	39,334

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 month period ended 30 June 2021

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 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 2020. Accordingly, these Group interim financial statements are to be read in conjunction with those audited financial statements.

Effective from 1 April 2020, the Group's reporting date changed from 31 March to 31 December.

These Group interim financial statements were approved for issue on 25 August 2021.

(c) Going Concern

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

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

The longer-term effects of Covid-19 are not clear at the present point in time. Acknowledging this inherent uncertainty, and the likely 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 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 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 month period ended 30 June 2021

1. Basis of Presentation and Accounting Policies (continued)

(f) Comparatives

The comparative period is for the six months ended 30 September 2020. Due to the seasonality of the Group's operations, these may not be entirely comparable.

(g) Covid-19

Covid-19 has had a significant impact on global economies and financial markets and asset prices have fluctuated and in some cases materially changed. The pandemic and the response to it by the Governments of both New Zealand and Australia resulted in closure of centres in New Zealand in the previous year when the country was in alert level 4. In the current period, stage 4 lockdowns were implemented across various Australian states due to further Covid-19 outbreaks. All centres remained opened however occupancy has not yet returned to pre-pandemic levels.

As part of the recovery package for child care services in Victoria, Australia, 6 centres received 25% payment of fee revenue between 28 September 2020 and 31 January 2021. No further government support measures were provided beyond 31 January 2021.

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's corporate and management costs include certain financing income and expenditure and taxation that are managed on a Group basis and are not allocated to operating segments.

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 2021 and 30 September 2020 is presented in the following tables.

Notes to the Consolidated Interim Financial Statements

For the six month period ended 30 June 2021

2. Segment Information (continued)

UNAUDITED 30 JUNE 2021	Note	New Zealand ECE centres \$'000	Australia ECE centres \$'000	Support and Corporate functions \$'000	Consolidated \$'000
Childcare fees	3	20,386	6,064	-	26,450
Government funding	3	38,448	9,993	-	48,441
Total income		58,834	16,057	-	74,891
Operating expenses		(52,875)	(12,118)	(4,434)	(69,427)
Underlying EBITDA		5,959	3,939	(4,434)	5,464
NZ IFRS 16 rental expense adjustment		10,470	1,834	93	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)
EBITDA		16,928	4,135	(5,061)	16,002
Depreciation		(5,985)	(1,007)	(150)	(7,142)
Amortisation		-	-	(34)	(34)
Earnings before interest and tax		10,943	3,128	(5,245)	8,826
Net finance expense		(6,337)	(1,919)	(1,473)	(9,729)
Profit/(Loss) before income tax from continuing operations		4,606	1,209	(6,718)	(903)
Total assets		233,693	119,137	60,450	413,280
Total liabilities		(167,588)	(76,057)	(38,623)	(282,268)

UNAUDITED 30 SEPTEMBER 2020	Note	New Zealand ECE centres \$'000	Australia ECE centres \$'000	Support and Corporate functions \$'000	Consolidated \$'000
Childcare fees	3	14,689	1,486	-	16,175
Government funding	3	41,365	7,666	-	49,031
Total income		56,054	9,152	-	65,206
Operating expenses		(43,058)	(5,179)	(4,552)	(52,789)
Underlying EBITDA		12,996	3,973	(4,552)	12,417
NZ IFRS 16 rental expense adjustment		10,560	1,392	136	12,088
NZ IFRS 16 remeasurement gains		213	-	-	213
<i>Adjusted for:</i>					
Acquisition expenses		-	(33)	-	(33)
Loss on sale or closure of businesses		(97)	-	-	(97)
EBITDA		23,672	5,332	(4,416)	24,588
Depreciation		(6,279)	(825)	(185)	(7,289)
Amortisation		-	-	(40)	(40)
Earnings before interest and tax		17,393	4,507	(4,641)	17,259
Net finance expense		(6,648)	(1,594)	(192)	(8,434)
Profit/(Loss) before income tax from continuing operations		10,745	2,913	(4,833)	8,825
Total assets		237,024	61,639	53,756	352,419
Total liabilities		(178,196)	(45,101)	(20,484)	(243,781)

Notes to the Consolidated Interim Financial Statements

For the six month period ended 30 June 2021

2. Segment Information (continued)

Reconciliation of total expenses and operating expenses

	UNAUDITED 6 MONTHS 30 JUNE 2021	UNAUDITED 6 MONTHS 30 SEPTEMBER 2020
	\$'000	\$'000
Total expenses per Statement of Comprehensive Income	66,065	47,947
Less:		
Depreciation	(7,142)	(7,289)
Amortisation	(34)	(40)
NZ IFRS 16 rental expense adjustment	12,397	12,088
NZ IFRS 16 remeasurement gains	974	213
Adjusted for:		
Acquisition expenses	(1,638)	(33)
Loss on sale or closure of businesses	(475)	(97)
Termination benefit	(720)	-
Operating expenses	69,427	52,789

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 2021	UNAUDITED 6 MONTHS 30 SEPTEMBER 2020
	\$'000	\$'000
Revenue from continuing operations:		
Childcare fees	26,450	16,175
NZ Ministry of Education funding	38,448	41,365
Australian Government funding	9,993	7,666
Total revenue	74,891	65,206

Notes to the Consolidated Interim Financial Statements

For the six month period ended 30 June 2021

4. Employee Benefits Expenses

	UNAUDITED 6 MONTHS 30 JUNE 2021	UNAUDITED 6 MONTHS 30 SEPTEMBER 2020
	\$'000	\$'000
Employee benefits	44,668	30,234
Employer contribution to Kiwisaver and Superannuation	1,634	1,401
Termination benefit	720	-
Total employee benefits expenses	47,022	31,635

The Group recognised \$11.0 million and \$2.9 million of New Zealand government wage subsidy and Australian JobKeeper payment respectively as a deduction from employee benefits in the six month period to 30 September 2020.

Termination Benefit

Timothy Wong resigned as Chief Executive Officer of the New Zealand operations of the Group on 30 March 2021. As part of his resignation, he received remuneration in the form of share options. The fair value of the share options is included in employee benefits expense and employee entitlements within liabilities. No share options have been exercised as at 30 June 2021.

5. Business Combinations

During the six months ended 30 June 2021, the Group acquired ten centres for a purchase price of \$35.5 million. Total net liabilities acquired were \$0.3 million resulting in goodwill on acquisition of \$35.8 million. No cash was acquired. A summary of the net liabilities acquired is included in the following table.

	UNAUDITED AS AT 30 JUNE 2021
	\$'000
Assets	
Property, plant & equipment	129
	129
Liabilities	
Employee entitlements	(240)
Other current liabilities	(162)
	(402)
Total identifiable net liabilities at fair value	(273)
Goodwill arising on acquisition	35,792
Purchase consideration transferred	35,519
Purchase consideration	
Cash paid	28,267
Contingent consideration	7,253
Total consideration	35,519

The total identifiable net liabilities above are provisional and are subject to the completion of purchase price adjustments and an assessment of the acquisition of subsequent Australian centres (refer Note 15). At balance date, the acquisition has contributed revenue of \$4.5 million and a net profit of \$1.3 million to the Group's results before allowing for upfront acquisition expenses and integration costs. A portion of the consideration was determined to be contingent, based on the performance of the acquired businesses. The total potential contingent consideration payable is A\$7.0 million.

There were no business combinations for the nine months ended 31 December 2020.

Notes to the Consolidated Interim Financial Statements

For the six month period ended 30 June 2021

6. Intangible Assets

	UNAUDITED AS AT 30 JUNE 2021	AUDITED AS AT 31 DECEMBER 2020
	\$'000	\$'000
Goodwill	150,428	114,509
Brands	3,104	3,104
Others	150	84
Total Intangible assets (net book value)	153,682	117,697
Movements in goodwill		
Balance at the beginning of the period	114,509	113,865
Acquisition of businesses	35,792	-
Foreign exchange movements	127	644
Balance at the end of the period	150,428	114,509

7. Funding Receivable and Funding Received in Advance

	UNAUDITED AS AT 30 JUNE 2021	AUDITED AS AT 31 DECEMBER 2020
	\$'000	\$'000
Funding received in advance	(366)	(8,942)
Funding receivable	8,800	4,303
Total funding receivable/(received in advance)	8,434	(4,639)

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 2021 funding receivable relates to the remaining 25% of funding, adjusted for any changes in occupancy levels, in respect of March to June 2021.

8. Right-of-use Assets and Lease Liabilities

a) Right-of-use assets

	Leased properties	Leased motor vehicles	Total
	\$'000	\$'000	\$'000
As at 31 December 2020 (audited)	170,714	224	170,938
Additions	22,942	241	23,183
Disposals	(63)	-	(63)
Depreciation	(5,681)	(110)	(5,791)
Lease remeasurements	(2,723)	-	(2,723)
Foreign exchange movements	291	-	291
Closing net book value	185,480	355	185,835
Cost	217,650	628	218,278
Accumulated depreciation	(24,137)	(273)	(24,410)
Accumulated impairment	(8,033)	-	(8,033)
As at 30 June 2021 (unaudited)	185,480	355	185,835

b) Lease liabilities

	UNAUDITED AS AT 30 JUNE 2021	AUDITED AS AT 31 DECEMBER 2020
	\$'000	\$'000
Current lease liabilities	8,381	8,028
Non-current lease liabilities	215,374	200,196
Total lease liabilities	223,755	208,224

Notes to the Consolidated Interim Financial Statements

For the six month period ended 30 June 2021

9. Trade And Other Payables

	UNAUDITED AS AT 30 JUNE 2021	AUDITED AS AT 31 DECEMBER 2020
	\$'000	\$'000
Trade payables	1,980	1,807
Goods and services tax payable	-	2,850
Other payables	9,573	2,467
Total trade and other payables	11,553	7,124

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 comprise 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. 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. Capital and Reserves

Issued Share Capital

The Group completed an institutional share placement in April 2021, issuing an additional 19,723,845 shares, with proceeds of \$23.5 million being received. Directly attributable issue costs of \$1.5 million were incurred and have been netted off against the proceeds of the capital raising.

12. Commitments and Contingencies

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

13. Reconciliation of (Loss)/Profit After Tax to Net Operating Cash Flows

\$'000	UNAUDITED 6 MONTHS 30 JUNE 2021	UNAUDITED 6 MONTHS 30 SEPTEMBER 2020
(Loss)/Profit after income tax	(516)	6,230
Adjustments for non-cash items:		
Depreciation and amortisation	7,176	7,329
Loss on disposal of property, plant and equipment	(23)	82
Remeasurement of lease liabilities	(1,050)	(213)
Employee share-based payments	720	-
Deferred tax	(1,022)	(870)
Adjustments for items classified as investing or financing activities:		
Finance expense	9,820	8,533
Acquisition expenses	1,638	-
Working capital movements relating to operating activities:		
Decrease in funding received in advance	(13,073)	(9,538)
(Increase)/decrease in other current assets	(737)	11,592
Increase/(decrease) in trade and other payables	4,429	(14,670)
Less increase in acquisition earnouts	(7,261)	-
(Increase)/decrease in current income tax receivables	(807)	3,452
Increase in employee entitlements	1,691	1,727
Net cash flows from operating activities	985	13,654

Notes to the Consolidated Interim Financial Statements

For the six month period ended 30 June 2021

14. 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 relationships that have ceased during the period:

- Timothy Wong resigned as Chief Executive Officer of the New Zealand operations of the Group on 30 March 2021.

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 2021 and 30 June 2021:

- Directors' fees paid of \$238,269 (30 September 2020: \$201,023).
- 1.25 million share options were granted to Timothy Wong as part of his resignation (refer to Note 4).

15. Events after the Reporting Period

Australian Centre Acquisitions

The Group acquired two ECE centres in Queensland, Australia on 9 July and 20 August for A\$4.9 million total consideration. At the date of signing these financial statements, the initial accounting is incomplete and subject to final measurement period adjustments. The Group has also entered into conditional agreements to acquire two centres in Victoria, Australia for A\$4.1 million.

Covid-19

Centres in New Zealand have been closed since 18 August 2021 due to the nationwide Covid-19 alert level 4 lockdown. The government announced on 23 August 2021 the extension of alert level 4 until at least 31 August 2021 and 27 August 2021 for the Auckland region and the rest of New Zealand respectively. During lockdown, centres will continue to be funded by the Ministry of Education. The Group does not currently have sufficient certainty of the length, scope, and government support in respect of this lockdown to determine the full impact on the Group.