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8 May 2019

Evolve Education Group announces NZ$63.5 million fully underwritten capital raising

- **Evolve Education Group acts to strengthen its balance sheet and fund the initial phase of an expansion in Australia**
- **Raising NZ$63.5 million through a fully underwritten 4.4 for 1 pro rata accelerated rights entitlement offer at NZ$0.08 per share**
- **Funds will be applied to repay borrowings (NZ$30.0 million), fund an initial phase of an Australian expansion (NZ$25.0 million) and for working capital and costs of the offer (NZ$8.5 million)**
- **FY19 unaudited underlying EBITDA expected to be NZ$13.3 million, consistent with guidance given with 1H19 results and reconfirmed on 5 April, 2019**
- **FY20 underlying EBITDA for the New Zealand business anticipated to be in the range of NZ$8.5 -$11 million**
- **Board Chair Alistair Ryan to retire from the Board of Evolve upon completion of the offer with a search for a suitable New Zealand-based candidate in progress. Norah Barlow intends to retire and not seek re-election at Evolve's 2019 Annual Meeting, subject to Alistair's replacement having been appointed to the Board at that time**
- **A further goodwill impairment charge of $75 million (taking full year non cash impairment expense to $107.1 million) expected to be reflected in the March 2019 full year result**

Evolve Education Group Limited (Evolve) (ASX, NZX: EVO) announces it is raising equity to strengthen its balance sheet and to fund investment in the initial phase of an Australian expansion alongside its New Zealand turnaround plan already underway. The equity raising is part of the capital management strategy agreed with Evolve's debt funder ASB Bank.

Evolve is raising NZ$63.5 million through a fully underwritten accelerated rights entitlement offer (AREO), enabling eligible shareholders to purchase 4.4 new shares for every 1 existing share held as at 7.00pm (NZ time) on 10 May 2019 at an application price of NZ$0.08 per new share. The application price represents a 25.8% discount to the theoretical ex-rights price. The offer will comprise institutional and retail entitlement offers, with any entitlements not taken up by eligible shareholders and entitlements of ineligible shareholders being offered for sale through bookbuilds run by the lead managers of the offer.

Evolve Board Chair Alistair Ryan says the AREO structure was chosen to ensure all shareholders were treated equally and fairly.

"Shareholders taking up their rights won't face any dilution of their economic interest," he said.

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The offer is fully underwritten by Canaccord Genuity (Australia) Limited and Forsyth Barr Group Limited, reflecting confidence in market appetite for Evolve's strategy in New Zealand and Australia. Chris Scott, Evolve's 19.0% shareholder (via J 47 Pty Ltd) and a director, is supportive of the equity raising and has committed to take up all entitlements. The other shareholding directors, Alistair Ryan and Norah Barlow, have also committed to taking up all entitlements.

The Institutional Entitlement Offer opens today and closes at 4pm (NZ time) tomorrow (9 May) with an institutional book build running 9 – 10 May. The Retail Entitlement Offer will be open from 13 May until 5.00pm 29 May, with a retail book build on 31 May. Allotment of shares and trading of new shares on the NZX and ASX for institutional shareholders is expected on 17 May, and for retail investors, on 6 June.

NZ$30.0 million of the proceeds from the offer will be used to repay borrowings, and a further NZ$8.5 million will be utilised for working capital purposes and to meet the costs of the offer. The reduction in bank debt will allow Evolve to remain within its bank covenants while delivering its business turnaround plan over the next three years.

Evolve's recently-appointed CEO Rosanne Graham and a refreshed management team are focused on restoring the performance of Evolve's New Zealand operations. A business turnaround plan is being implemented and significant progress is being made in addressing a number of fundamental issues that will lead to improved family retentions, employee engagement and occupancy.

Evolve has also identified an opportunity to strengthen and diversify its business by investing in the Australian child care sector. Recent increases in Australian federal government funding for child care and strong historical growth in demand for child care services have increased the attractiveness of this sector. The current timing is believed to be favourable to implement a long-day-care centre acquisition strategy due to the availability of profitable centres for purchase at attractive valuations.

Evolve intends to acquire up to 12 centres in Australia as part of the initial phase of its Australian expansion, funded with NZ$25.0 million (A$24 million[1]) of the offer proceeds. Importantly, it is expected that this initial phase of the Australian expansion will meaningfully contribute to Evolve's earnings, as only profitable centres will be targeted for acquisition. The initial phase will be used to prove up the case for a broader Australian strategy prior to any further investment in that market.

Following the recent appointments of Chris Scott and Chris Sacre to the board, Evolve has developed a strong understanding of the early child care sector in Australia. Chris Scott and Chris Sacre will lead the Australian Initial Phase. An established team in Australia already operational and immediately available, led by Chris Sacre, will enable the initial phase of investment to be pursued. This will allow the management team in New Zealand to continue to fully focus on Evolve's New Zealand operations. Chris Scott and Chris Sacre will remain on the Board and become Executive Directors.

[1] Converted using the AUD/NZD exchange rate on 7 May 2019 of 0.94.

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The company also announces that its Chair Alistair Ryan will be retiring from the Board on 15 June 2019. A search is well underway for a suitable New Zealand-based independent director to fill the vacancy created by Alistair's retirement. Director Norah Barlow intends to retire and not seek re-election at Evolve's 2019 Annual Meeting, subject to Alistair's replacement having been appointed to the Board at that time. Evolve will seek to replace Norah with a further New Zealand based Independent Director.

"Once the Offer has been completed, the time will be right for a new independent director to join the Board as Board Chair," said Mr Ryan. "The recruitment process for my successor is well advanced but will only be concluded following completion of the capital raise. I am confident that, as a result of the additional equity capital we are raising, the progress the management team is making in improving the New Zealand business, and the opportunity for expansion in Australia, Evolve's future prospects are significantly enhanced."

At its half year results in November, 2018, Evolve projected underlying EBITDA for the full year to 31 March 2019 in the range of NZ$12 - $14 million. Evolve then narrowed its earnings guidance, on 5 April, 2019, to between NZ$13.2 - $13.6 million, and now expects underlying EBITDA (earnings before interest, tax, depreciation and amortisation, and before non-recurring items) to be NZ$13.3 million. This result remains subject to confirmation as part of the year-end audit process. Evolve's audited FY19 results will be announced on 27 May. Underlying EBITDA excludes material non-recurring items including goodwill impairment and net gains on sale of assets.

At half-year FY19, Evolve also outlined the initiatives required to turn the business around and to establish a sustainable and quality platform for growth. A slow start to FY19 and a slightly greater than expected seasonal fluctuation since December 2018, has resulted in occupancy at the start of FY20 being 2% lower than this time last year. Evolve is confident that the turnaround plan will stabilise occupancy and that it will start to build from the latter part of FY20 onwards, but it is too early to predict exactly how soon in FY20 occupancy will start to lift. Underlying EBITDA for the New Zealand business for FY20 is expected to be lower than for FY19, and is in the range of NZ $8.5 - $11 million. This reflects the fact that Evolve's business is highly sensitive to small changes in occupancy (and pricing).

In addition, the investment in building the quality platform that supports the turnaround plan is more extensive than originally anticipated (an additional NZ$2.3 million to the NZ$3.3 million invested in FY19). However, this investment is critical for meeting obligations to the Ministry of Education and to deliver quality early childhood education to the children in our care. Results for FY20 will also be impacted by the divestment of the home-based division and other assets which contributed NZ$0.5m EBITDA in FY19. Against this, diversification of revenue streams from the initial phase of Evolve's Australian strategy will provide additional earnings and broaden strategic options. The initial Australian phase is expected to involve the acquisition of NZ$5 - 6 million of additional Underlying EBITDA on an annual basis. The impact on FY20 results will be dependent upon timing of centre acquisitions.

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Recovery in New Zealand earnings from FY21 and beyond is expected as Evolve achieves the benefits of its increased momentum. This will enable Evolve to capitalise on its new platform to achieve greater scale and to improve earnings through targeted acquisitions and developments.

Following the capital raise and the repayment of debt Evolve is expected to be in a position to be able to recommence dividend payments. However, any decision to do so will be determined within a framework consistent with Evolve's most effective deployment of surplus earnings, either for distribution and/or reinvestment in the business. No dividend will be paid in respect of the FY19 year but the directors expect to provide more specific guidance as to future dividend policy at the time of the Annual Meeting.

Evolve also notes that a further unaudited goodwill impairment has been estimated for the FY19 full year results, resulting in a non cash impairment expense for the full year of NZ$107.1m. This relates to the acquisition of early childhood centres in prior periods and reflects declining enrolments in FY18 and FY19 that have reduced the current profitability of the portfolio of centres. The impairment remains subject to the audit process.

"Today's offer announcement follows the review of our capital structure that we committed to last November," said Mr Ryan. "This equity raising will improve Evolve's financial strength as the company continues to execute the business turnaround plan that we outlined to shareholders in November 2018. The equity raising will also fund a focused and tightly managed initial phase of an Australian expansion that will contribute positively to Evolve's earnings, and represents an exciting new phase in Evolve's development."

Further information

Further details of the offer are set out in the Appendix to this announcement. Evolve has also lodged an Investor Presentation and Offer Document with the NZX and ASX today. The Investor Presentation and Offer Document contain important additional information.

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Key dates

Institutional Entitlement Offer and Institutional Bookbuild	**Date (2019)**
Announcement and trading halt	8 May
Institutional Entitlement Offer opens (10am NZST, 8am AEST)	8 May
Institutional Entitlement Offer closes (4pm NZST, 2pm AEST)	9 May
Institutional Bookbuild	9 – 10 May
Record Date (7pm NZST, 5pm AEST)	10 May
Trading halt lifted on NZX / ASX (pre-market open)	13 May
ASX settlement	16 May
NZX settlement	17 May
Allotment and trading of new shares on NZX and ASX	17 May
Retail Entitlement Offer and Retail Bookbuild	
Record Date (7pm NZST, 5pm AEST)	10 May
Retail Entitlement Offer opens	13 May
Retail Entitlement Offer closes (5pm NZST, 3pm AEST)	29 May
Retail Bookbuild (trading halt in place)	31 May
ASX settlement	5 June
NZX settlement	6 June
Allotment and trading of new shares on NZX and ASX	6 June

The above dates and times may be altered by Evolve, subject to the NZX Listing Rules.

ENDS

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Evolve update and rights offer

8 May 2019

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Why is Evolve undertaking a capital raising?

Australian Initial Phase

Evolve intends to acquire up to 12 centres in Australia. This will diversify Evolve's business across two jurisdictions with minimal incremental risk anticipated and is expected to meaningfully contribute to the Evolve Group's profitability. NZ$25m of the capital raising proceeds will be used for the Australian Initial Phase

Turnaround Plan

Evolve has a comprehensive three year Turnaround Plan in place for its New Zealand business which the Board and Management are confident in achieving. The first stage of the plan involves investing in the capability of the organisation

Mature centre occupancy over the last two months is tracking approximately 2% lower than the same period last year. Operational performance improvements are expected to convert into earnings performance improvement from FY21 onwards

NZ$5.5m of the capital raising proceeds will be used for working capital purposes in New Zealand, including increased costs associated with the Turnaround Plan

Requirement to repay bank debt

Evolve has an obligation to repay NZ$30m of bank debt by 30 June 2019. The bank has approved a capital management strategy as required by Evolve's current facilities, of which the Australian strategy is a key component. NZ$30m of the capital raising proceeds will be applied to the repayment of bank debt

Overview

FY19 unaudited results

- Evolve's unaudited FY19 Underlying EBITDA[1] is NZ$13.3m (FY18: NZ$21.6m)
- FY19 Underlying EBITDA excludes non-recurring items including goodwill impairment of NZ$107.1m (FY18: NZ$13.9m) and other net non-recurring items of NZ$0.1m (FY18: NZ$3.0m)
- Goodwill impairment largely relates to goodwill that arose upon the purchase of ECE centres. The additional impairment over and above that recognised at 1H19 is due to occupancy improvements from the Turnaround Plan taking longer to arise than originally expected, combined with an increase in centre support costs. Management is confident in the Turnaround Plan and expects to see financial benefits from FY21 onwards

FY20 outlook

- Evolve Group's FY20 Underlying EBITDA is expected to comprise earnings from both the existing New Zealand business and the Australian Initial Phase. Diversification of revenue streams from the Australian Initial Phase will provide additional earnings to reduce risk and broaden strategic options
- The Board's current expectation, assuming that the capital raising is successful, is that FY20 Underlying EBITDA for the New Zealand business will be in the range of NZ$8.5–11.0m. FY20 Underlying EBITDA will be adversely impacted by:
  - Divestment of the home-based division and other assets (FY19 Underlying EBITDA contribution: NZ$0.5m)
  - Additional NZ$2.3m investment in ongoing operating expenditure, in addition to that incurred in FY19. This additional expenditure is required to build the quality platform for growth and is critical for meeting obligations to the Ministry of Education and delivering quality early childhood education to the children in our care
- The FY20 Underlying EBITDA range is based on a number of key assumptions, outlined on page 15
- Evolve is confident that recovery in NZ earnings will be achieved from FY21 onwards
- The Australian Initial Phase is expected to involve the acquisition of NZ$5–6m of additional Underlying EBITDA on an annual basis. The impact on FY20 results will be dependent upon timing of centre acquisitions

Note: Evolve has a financial year end of 31 March

(1) Underlying EBITDA is a non-NZ GAAP measure. Refer to Glossary for definition

Overview (cont.)

New Zealand operations update

- New CEO and Management team appointed during 2018 / 2019 to develop and lead the Turnaround Plan
- The plan is targeting eight strategic priorities, focusing on staffing, marketing and facilities management
- Good progress to date on operational improvements – centre operations, marketing, property and human resources teams have been restructured, marketing activity refocused, and targeted operating assistance provided to the lower occupancy centres
- Evolve is investing now to support improved revenue performance. Progress on operational improvements is yet to be reflected in financial performance, expected to improve from FY21 onwards

Australian expansion initial phase

- Evolve proposes to trial an Australian expansion. The Australian Initial Phase will involve the acquisition of up to 12 centres
- Evolve will establish and prove up the Australian expansion via the Australian Initial Phase over the course of FY20. The acquisition of additional centres is anticipated, subject to the Australian Initial Phase confirming the strategy
- The Australian Initial Phase will be led by Chris Sacre and Chris Scott, who will be supported by a team of professionals, all of whom have extensive Australian childcare sector experience

Compelling strategic rationale

- Acquisitions in Australia provide exposure to the large Australian market with robust sector demand and favourable timing for acquisitions
- Diversification across two operating jurisdictions is expected to lower the overall risk associated with government, regulation, economic and other market factors
- Australian Initial Phase expected to meaningfully contribute to Evolve Group's profitability
- Execution of strategy will benefit from shared experience and expertise in childcare across both Australia and New Zealand
- The capital raising will reduce exposure to bank debt and enable earnings to be acquired in Australia which together will strengthen the balance sheet. A minimum repayment of NZ$30m is required under Evolve's existing facilities

Overview (cont.)

Funding

- Evolve is seeking to raise up to NZ$63.5m via an underwritten 4.4 for 1 pro rata accelerated rights entitlement offer
- Application Price of NZ$0.08 per share, being a 25.8% discount to TERP of NZ$0.108 per share
- Funds to be applied as follows:
  - Reduction of debt: ~NZ$30.0m
  - Implementation of the Australian Initial Phase: ~NZ$25.0m
  - Working capital: ~NZ$5.5m
  - Costs of the Offer: ~NZ$3.0m
- Chris Scott, Evolve's 19.0% shareholder (via J47 Pty Ltd) and Director, has committed to take up all entitlements under the Offer, as have the other shareholding Directors (Alistair Ryan and Norah Barlow)
- An entity associated with Chris Sacre has participated in sub-underwriting the Offer, and will subscribe for New Shares if there is a shortfall and either Bookbuild does not clear

Expected financial impact

- Immediately following completion of the Offer, Evolve will have a FY19 pro forma Net Cash position of NZ$17.0m
- Following the Australian Initial Phase acquisitions, Evolve is expected to have FY19 pro forma Net Debt of NZ$7.5m
- The existing business (excluding the funds raised for the Australian Initial Phase) will have a FY19 pro forma Net Debt / FY19 Underlying EBITDA ratio of 0.6x immediately following completion of the Offer[1]
- Evolve intends to maintain a conservative long term capital structure, targeting a group Net Debt / Underlying EBITDA ratio of less than 2.0x

Governance

- Rosanne Graham will continue as CEO with a focus on Evolve's New Zealand operations. Chris Sacre and Chris Scott will be Executive Directors with responsibility for the Australian operations during the Australian Initial Phase
- Evolve's Chair Alistair Ryan will retire as Chair and as a Non-Executive Director of Evolve on 15 June 2019, following completion of the capital raise
- The Board is well advanced in a search for a New Zealand-based Independent Director to fill the vacancy that will be created with Alistair's retirement. The focus is on recruiting a new Director to assume the Board Chair position
- Norah Barlow intends to retire and not seek re-election at the Company's 2019 Annual Meeting, subject to Alistair's replacement having been appointed to the Board at that time

(1) Based on unaudited FY19 Underlying EBITDA of NZ$13.3m

New Zealand Turnaround Plan

New Zealand Turnaround Plan

Recently appointed CEO and Management Team are implementing a 3 year business plan

The plan is being actioned to address current performance issues

- The plan focuses on rebuilding capability in the executive leadership of the business
- It outlines 8 strategic goals, each with a defined plan to achieve success
- The Turnaround Plan targets returning occupancy and pricing to that achieved by Evolve in prior years (or better), in addition to capitalising on the established corporate cost base to leverage the inherent business' growth potential
- Remedial actions require significant investment in quality and capability
- The Company is investing now to support improved centre revenue performance, which is expected to result in financial performance improvement from FY21 onwards

Turnaround Plan update (further detail is provided in the following pages and in the Appendix)

- Executive management team restructure completed, bringing new capability into the business
- New management group has identified a range of issues to be addressed to ensure the plan starts to gain traction
- Management retains full confidence in the Turnaround Plan but notes that the necessary business restructuring and other initiatives are taking longer to implement than first envisaged, and that the turnaround in occupancy (and therefore revenue and earnings) is more likely to become evident in the later part of FY20 and thereafter

Refreshed Management team

Evolve's executive team has been refreshed with a number of new key appointments made

Chief Executive Officer
Rosanne Graham
(Commenced 2 July 2018)

Chief Financial Officer and Head of Property
Stephen Davies
(Commenced 21 September 2016)

Chief Information Officer
Paul Matthews
(Commenced 2 May 2016)

GM People & Talent
Bev Davies
(Commenced 6 August 2018)

GM Marketing
Ru Wilkie
(Commenced 1 September 2018)

GM Centre Operations
Kirsten Long
(Commenced 12 November 2018)

GM Quality Assurance & Professional Learning
Karen Shields
(Commenced 11 February 2019)

8 strategic priorities

The Turnaround Plan focuses on eight strategic goals, each with a defined plan to achieve success

Priority	Key Actions
1. Deliver the highest quality outcomes for children	• New GM Quality Assurance reviewing priority areas for quality assurance and professional learning • Centre blueprint being implemented to gain consistency of high-performance • Increase centre support from corporate functions
2. Retain children and families	• Centres experiencing high customer turnover identified and strategies implemented to reduce turnover • Real time customer survey tool introduced (Ask Nicely) • Training underway nationally on engagement and retention • Optimise customer service at each point of engagement
3. Retain staff – reduce turnover levels	• People strategy, employee value proposition completed • Engaged external provider to deliver professional training and education to staff • Review of attraction, recruitment/appointment and induction processes underway • Remuneration strategy and review of staff benefits underway
4. Grow revenue from the existing base	• Competitor analysis and pricing/discount review completed and roll out of new fee schedule and system controls underway • Work underway on optimising funding models with Area/Centre Managers

8 strategic priorities (cont.)

Priority	Key Actions
5. Attract new families	• All centre websites redesigned and updated with ongoing content updates • Advertising optimised to deliver stronger leads • Strengthened sales training with centres • Driving better conversion at every point of sales pipeline • Trial-to-launch new customer relationship management system in Q2’20 • 50% increase in enquiries to our contact centre in Q4’19
6. Invest in the support office operations	• Organisational restructure completed with 4 new GMs • Regional and Area Manager roles reviewed and recruited • Participation in management and leadership development programmes • System and vendor selection for human resources information system
7. Lift the presentation and appeal of Evolve’s centres	• Over 30 centres have been given internal re-paints • Centralised repairs and maintenance function established • Integrated lease management system implemented
8. Improve the portfolio of centres	• Sale of Porse, Au Pair Link and ECE Management completed • 5 centres identified for sale - 1 sold, active marketing for remaining 4 centres ongoing • 1 centre closed

Unaudited FY19 results and FY20 outlook

FY19 unaudited financial performance[1]

NZ$m	FY19	FY18
Total Income (including discontinued operations)	**150.2**	**159.0**
EBITDA (underlying)[2]	13.3	21.6
Net Profit Before Tax and Non-Recurring Items	**7.4**	**16.7**
Less: Porse GST provision[3]	-	(3.0)
Less: Impairment[4]	(107.1)	(13.9)
Add: Other[5]	0.1	-
Net Profit/(Loss) Before Tax	**(99.7)**	**(0.2)**
Less Tax	(2.1)	(4.0)
Net Profit/(Loss) After Tax	**(101.8)**	**(4.2)**
Net Profit After Tax and Before Non-Recurring Items[6]	**5.3**	**12.0**

Commentary

Underlying EBITDA of NZ$13.3m is within current guidance of NZ$13.2 – 13.6m

Profit after tax excluding non-recurring items was NZ$5.3m, with non-recurring items reducing this to a reported loss after tax of NZ$101.8m

Declining occupancy combined with increased support office costs were key factors in booking a further goodwill impairment of NZ$75.0m, taking the total FY19 impairment expense to NZ$107.1m

(1) FY19 unaudited financial information is taken from management accounts and, accordingly, is not audited and has not been reviewed by Evolve's external auditor. Following the audit process, the FY19 unaudited financial information in this presentation may change

(2) EBITDA (underlying) for FY19 is unaudited EBITDA before the after-tax impairment expense of NZ$107.1m, being an impairment of goodwill relating to the acquisition of early childhood education centres in prior periods; for FY18 this is EBITDA before the Porse GST provision, the after-tax impairment expense of NZ$13.2m relating to the Home-Based Division and the closure of one early childhood education centre, acquisition and integration costs. Refer to the Appendix for further detail. EBITDA is a non-GAAP measure and is not prepared in accordance with NZ IFRS. This measure is intended to supplement NZ GAAP measures presented in Evolve Group financial statements, should not be considered in isolation and is not a substitute for those measures

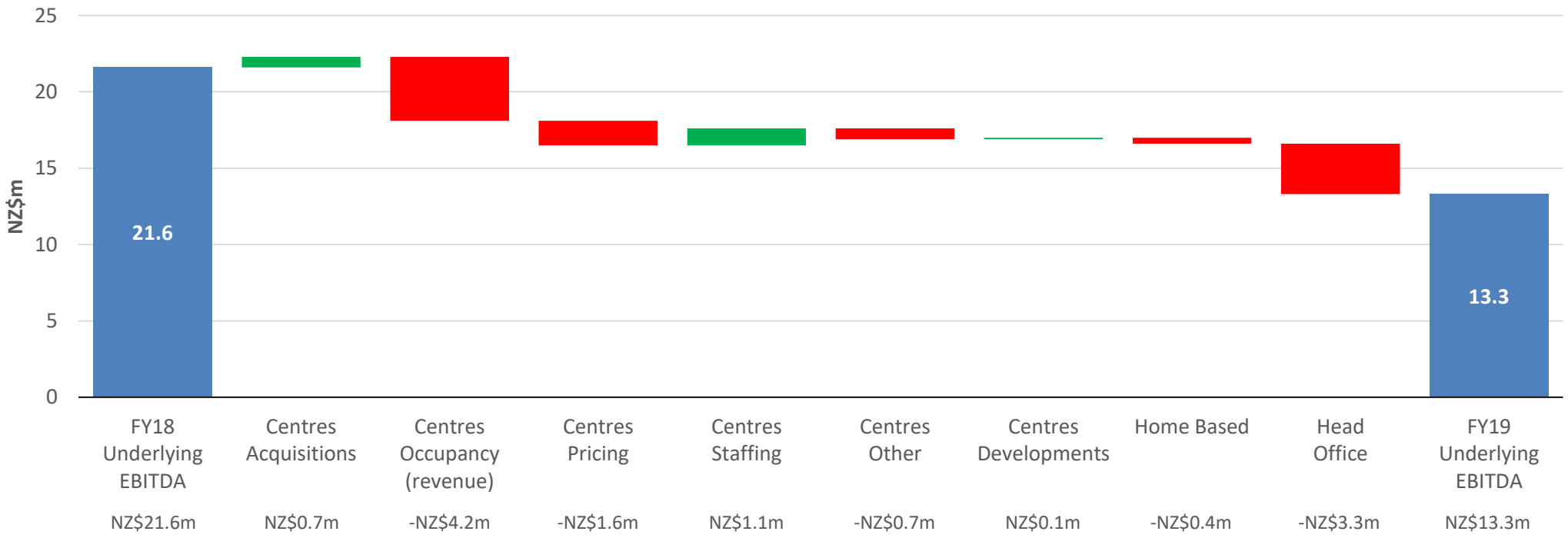
(3) Expense to settle the historic PORSE GST matter, a non-recurring expense

(4) Impairment of NZ$107.1m in respect of centres in FY19 and NZ$13.9m less tax benefit of NZ$0.7m, in respect of Home-Based Division and one ECE Centre in FY18. Refer to Appendix for further detail on the impairment

(5) Net gain on sale of assets sold, including sale of home based division and one ECE centre, and onerous lease expense

(6) Refer to Appendix for reconciliation

Underlying EBITDA movement: FY18 to FY19



- Occupancy declined relative to the prior year during the course of FY19, leading to a loss in revenue of approximately NZ$4.2m. As at the end of FY19, occupancy levels in Mature Centres were approximately 2% lower than the same time last year
- Whilst cost savings were made in response to the lower enrolment levels, the financial benefits of these were offset by other operating cost increases
- Further, as previously advised, investment in improved centre support added NZ$3.3m to head office costs

Mature Centre metrics

	FY19	FY18
Mature Centres – period end	123	126
ECE licensed places – period end	8,825	8,929
Occupancy – average	76.5%	78.6%
Employee expenses/revenue	56.1%	54.6%
Rent expenses/revenue	15.4%	14.4%
Mature Centre revenue	NZ$133.8m	NZ$136.9m
Mature Centre Underlying EBITDA[1]	NZ$22.8m	NZ$28.1m
Mature Centre Underlying EBITDA[1] margin %	17.3%	20.6%

(1) Underlying EBITDA for Mature Centres only, and excludes Head Office costs and Home-based earnings

FY20 outlook

- Evolve Group's FY20 Underlying EBITDA is expected to comprise earnings from both the existing New Zealand business and the Australian Initial Phase. Diversification of revenue streams from the Australian Initial Phase will provide additional earnings to reduce risk and broaden strategic options
- The Board's current expectation, assuming that the capital raising is successful, is that FY20 Underlying EBITDA for the New Zealand business will be in the range of NZ$8.5–11.0m. FY20 Underlying EBITDA will be adversely impacted by:
  - Divestment of the home-based division and other assets (FY19 Underlying EBITDA contribution: NZ$0.5m)
  - Additional NZ$2.3m investment in ongoing operating expenditure, in addition to that incurred in FY19. This additional expenditure is required to build the quality platform for growth and is critical for meeting obligations to the Ministry of Education and delivering quality early childhood education to the children in our care
- The FY20 Underlying EBITDA range is based on the following key assumptions:
  - Successful completion of the capital raising and deployment of the proceeds in the manner outlined in this presentation
  - The lower end of the range assumes there is no improvement from current occupancy levels and that FY20 occupancy remains 2% below FY19. The top end of the range reflects an improvement during the course of FY20 as a result of the Turnaround Plan
  - That staff costs remain in line with forecast
  - That the planned pricing increase is successfully implemented across the portfolio
  - Capex of approximately NZ$3.8m, approximately NZ$1m more than in FY19
- Evolve is confident that recovery in NZ earnings will be achieved from FY21 onwards
- The Australian Initial Phase is expected to involve the acquisition of NZ$5–6m of additional Underlying EBITDA on an annual basis. The impact on FY20 results will be dependent upon timing of centre acquisitions

Evolve gives no assurance that the assumptions upon which it has based its FY20 outlook statement will be correct, or that its business and operations will not be affected in any substantial manner by other factors not currently foreseeable by Evolve or beyond its control. Evolve notes the challenges associated with forming forecasts in the first quarter of the financial year. Accordingly, Evolve can make no assurance that the forward looking statements will be realised and actual results for FY20 may materially differ from those outlined above.

Australian Initial Phase

Outline and acquisition criteria

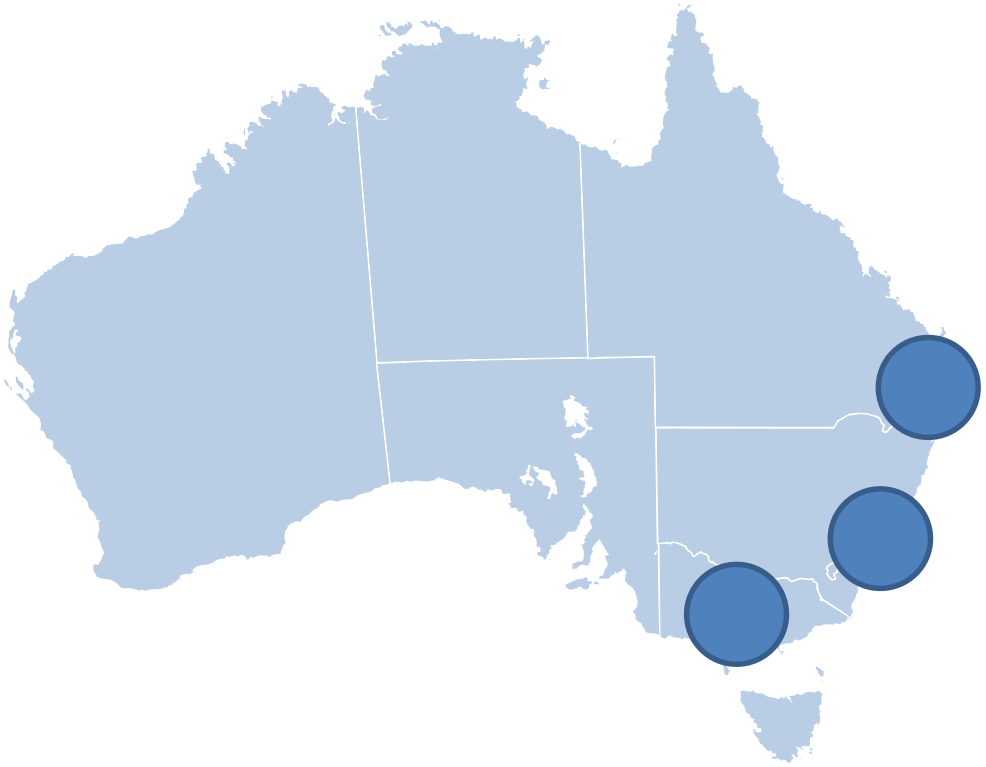
Acquisition of up to 12 centres will diversify Evolve's operations across New Zealand and Australia

Evolve proposes to acquire up to 12 centres in Australia for a total cost of up to ~A$24m[1] (NZ$25m), funded via equity

The intention is to establish and prove up the Australian Initial Phase over the course of FY20. Subsequent expansion through the acquisition of additional centres is anticipated, subject to the Australian Initial Phase confirming the strategy

Status and acquisition criteria:

- Evolve will assess acquisition target centres across Victoria, New South Wales and Queensland
- Focus on centres in inner city (40km radius of CBD)
- Targeting centres in areas with higher relative socio-economic advantage (Top 30% SEIFA[2] ranked) with low supply risk
- Target annual occupancy of at least 80%[3]
- Anticipated annual earnings of approximately A$500k per centre
- High-end positioning (high standard fit-out)
- Objective to establish a cluster of centres in key metro areas (Melbourne, Sydney, Brisbane)



Targeted metro areas

(1) Assuming a NZD/AUD exchange rate of 0.94 as at 7 May 2019
(2) Socio-Economic Indexes for Areas (SEIFA) is an ABS product that ranks areas in Australia according to relative socio-economic advantage and disadvantage. The indexes are based on information from the five-yearly Census of Population and Housing
(3) Based on Australian occupancy calculation standards (children attending per day as a percentage of the number of licensed places)

Execution team

Proven track record of acquiring and integrating childcare centres

- The Australian Initial Phase will be led by Chris Sacre and Chris Scott, who will be supported by a team of professionals, all of whom have extensive Australian childcare sector experience
- Proven track record of commercial performance and ability to drive efficiencies in acquired centres
  - Successfully overseen and negotiated greenfield developments and acquisitions of 500+ childcare centres from 2008 to today
  - Raised over A$1bn in equity and debt
- Execution team to operate the Australian Initial Phase, leaving Evolve's New Zealand operations team fully focused on the New Zealand Turnaround Plan
- Execution team will be directly contracted to Evolve on standard market terms, with the time commitment of the team to increase only if the size of the Australian centre portfolio increases

Chris Sacre

- 12 years CFO and M&A experience
- 8 years experience in ASX-listed G8 Education, where Chris held CFO and COO roles

Chris Scott

- 30+ years experience in senior management positions including as a founder and Managing Director of ASX-listed S8 Limited and founder and Managing Director of ASX-listed G8 Education
- 20+ years experience in acquisition roll-up businesses in Australia and Singapore

Australian Initial Phase execution strategy

Streamlined acquisition process and efficient operational approach

Drive operating efficiencies

- Centre-level operations to be run with the support of specialised staffing management software solutions to minimise centre-level cost base
- Specific focus on customer experience via diligent staff recruitment process and utilisation of customer-facing software

Deliver high quality curriculum

- High quality curriculum in compliance with the Australian National Quality Framework
- Curriculum to be delivered through experienced centre-level staff while maintaining low ratio of operations managers to centres
- Value-added activities (e.g. music, arts, sports and language) to be implemented to supplement the learning environment

Implement targeted marketing strategy

- Marketing strategy to be driven at group level and implemented at local level by centre directors
- Centre-based social media digital strategies expected to attract relevant audience
- Use of third party digital platforms to drive enrolments, leads and casual bookings
- Objective to provide market leading and differentiated family experience

Apply streamlined acquisition process

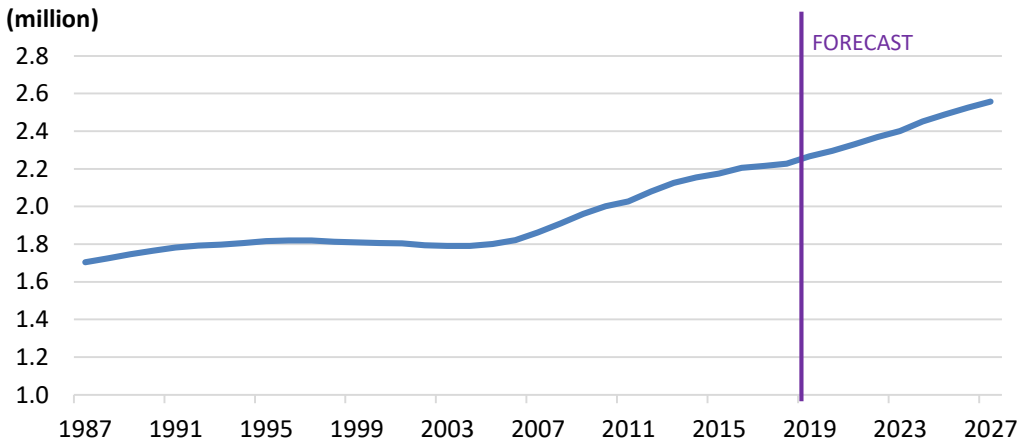
- Extensive experience in identifying pockets of demand supported by software and data analytics tools
- Proven, streamlined acquisition due diligence process:
  - Commercial and financial due diligence to be completed in-house and from a ground-up approach
  - Outsourced legal due diligence for increased efficiency

Australian long day care (LDC) sector dynamics

- Australian Initial Phase strategy targets LDC centres, with a large addressable market of 2.2m children aged birth to 6 years[1]
- LDC is the most popular type of care, with 695k children using LDC services at JunQ 2018 (1.9% growth YoY)[2]
- LDC sector benefits from continued Australian Government support via the CCS (A$8bn in childcare fee assistance in 2018-19, expected to grow to A$9.5bn by 2021-22)[3]
- High sector fragmentation due to a large portion of centres being operated by single-centre operators[4]

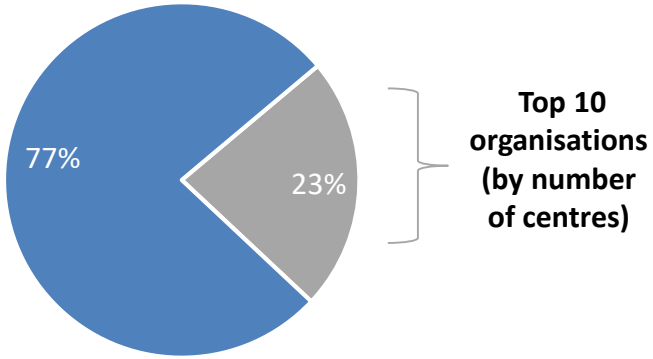
Source: 1. ABS; 2. Department of Education and Training, Early Childhood and Childcare in Summary June quarter 2018; 3. Australian Government; 4. ACECQA, Company analysis

Australian children aged 0-6 years



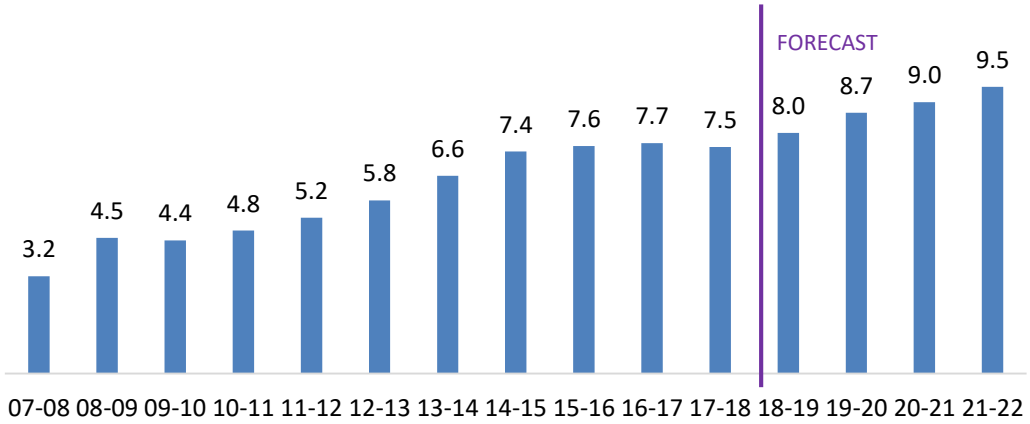
Source: ABS

Industry fragmentation by centres



Source: Company information and Canaccord Genuity (Australia) Limited Research estimates

Australian Government childcare funding

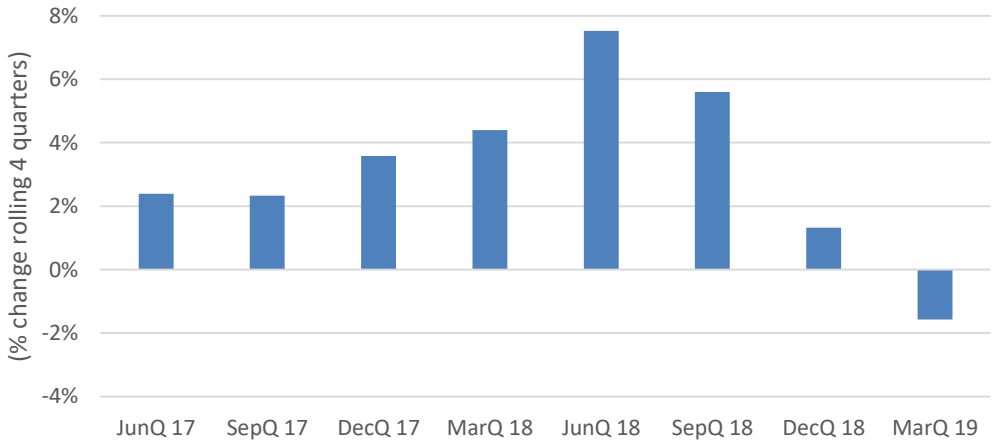


Source: Australian Government

Recent centre supply and demand dynamics

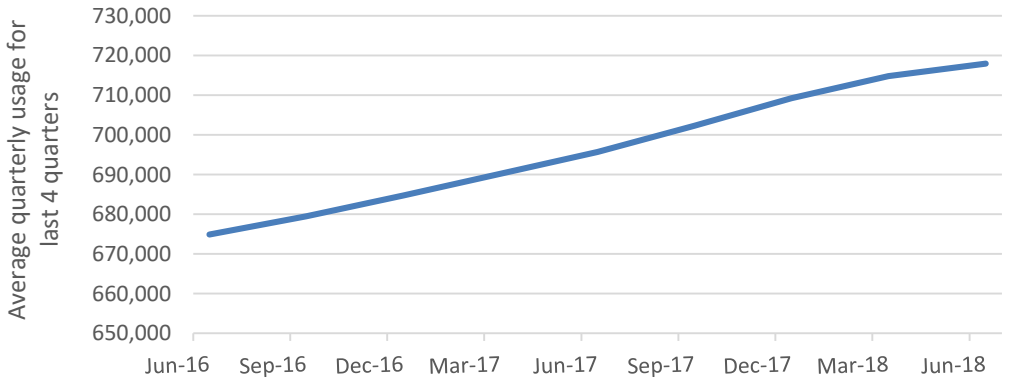
- Whilst the Australian childcare sector has been challenged by oversupply, recent data highlights a decline in supply growth:
  - 121 new LDC centres opened in MarQ 2019 (vs. 127 in MarQ 2018)
  - 27 centres closed in MarQ 2019 (vs. 18 in MarQ 2018)[1,2]
- Signs of moderating supply growth, combined with acceleration of closures and tightening of bank funding offers increased centre acquisition opportunities
- Evolve believes the timing is favourable for the implementation of the Australian Initial Phase
  - Positive impact of the CCS on occupancy is expected to continue
  - Robust supply of acquisition opportunities due to sector fragmentation
  - Limited acquisition competition as Australian childcare incumbents are expected to maintain focus on existing centre occupancy improvements and execute on their development pipelines

LDC supply growth



Source: ACECQA, Canaccord Genuity (Australia) Limited Research estimates

Number of children using approved LDC services



Source: 1. ACECQA; 2. Canaccord Genuity (Australia) Limited Research estimates; 3. Australian Government

Source: Department of Education and Training, Early Childhood and Childcare in Summary June quarter 2018. Note: rolling average of past 4 quarters usage

Governance structure

Existing structure adapted to meet the requirements of the Australian Initial Phase with no additional governance costs

- Evolve's organisational structure to deliver on the New Zealand Turnaround Plan and the Australian Initial Phase will be:
  - Chris Sacre and Chris Scott to become Executive Directors with responsibility for the Australian operations during the Australian Initial Phase
  - If the Australian Initial Phase is deemed successful and the Australian business reaches a scale that requires a full time CEO, the Board will appoint an appropriate candidate
  - Rosanne Graham to continue as CEO of Evolve's New Zealand operations
  - Both the New Zealand and Australian segments will report to the Board on their respective operational responsibilities
- The Board will continue with three New Zealand Independent Directors (including replacements for Alistair Ryan and Norah Barlow) and the two Australian Executive Directors. The Board has determined that the Australian Executive Directors will not receive any remuneration (other than directors' fees) initially, but that this will be kept under review as the Australian Initial Phase progresses

Risk factors

Risk factors

In addition to general risks and the risks facing its existing New Zealand operations, Evolve has identified key risks arising from the Australian Initial Phase and recent developments

Risk	Description
Australian Initial Phase risks	
Due Diligence	When acquiring centres, there is added risk that issues with centres are not discovered. Even where a thorough due diligence process is conducted (as is intended), issues may only come to light following acquisition. Where this is the case, Evolve may have paid too much for a centre and will need to meet the cost of any required remedial action to receive the expected earnings from the acquisition.
Integration	Acquired centres may not perform as well under Evolve's ownership as they did before acquisition. Common risks to performance include staff discontent with new management structures or failure of the culture at the centre to fit with the culture that Evolve will incubate in its Australian Initial Phase. If these risks eventuate, the acquired centres could experience declining occupancy and high staff turnover, both of which will negatively contribute to overall earnings performance.
Growth capacity	An experienced Australian team has been prearranged and right-sized to undertake the acquisition and operation of the proposed Australian ECE centre acquisitions. Despite the depth and substantial expertise of the Australian Initial Phase execution team, there is a risk that there may be insufficient resource available within this team to run the acquired centres efficiently. If this eventuated, Evolve may need to source additional external support for the Australian Initial Phase, which could result in higher costs than anticipated.
Disruption to Turnaround Plan	Although Evolve will use a separate, Australian based execution team to implement the Australian Initial Phase, there is a risk that the Australian Initial Phase could place additional demands upon some of Evolve's New Zealand Management Team and they may therefore have less time available to focus on the New Zealand Turnaround Plan.

This page describes some of the key specific risks of the Australian Initial Phase. It does not purport to list every risk now or in the future, nor general risks of the Australian Initial Phase or risks of Evolve's existing business, and the occurrence or consequences of some of the risks described are partially or completely outside the control of Evolve, its Directors and Management team. The selection of risks described above is based on the knowledge of Evolve as at the date of this document, but there is no guarantee that the importance of different risks will not change or that other risks will not emerge.

Risk factors (cont.)

In addition to general risks and the risks facing its existing New Zealand operations, Evolve has identified key risks arising from the Australian Initial Phase and recent developments

Risk	Description
Existing business risk update	
Execution of the Turnaround Plan	Evolve's Board approved a three year Turnaround Plan for the New Zealand business in November 2018 identifying the steps required to restructure and reinvigorate the business. This plan included a range of initiatives to be implemented in order to restore the business to levels of improved profitability over a three year period, noting that fundamental steps needed to be taken (e.g. senior executive recruitment, staff changes at various key positions throughout the organisation) and plans and initiatives needed to be developed and implemented before improved results could be anticipated to start to be realised. Over the last nine months Rosanne Graham has recruited a strong executive team to provide senior leadership to the organisation and to implement the plan. Actions are well advanced and good progress on operational improvement initiatives has been made. The Company has delivered its FY19 underlying EBITDA guidance and management and the Board remain confident that the plan will deliver the turnaround required for Evolve. Evolve will continue to invest to support the turnaround over FY19-20, which is expected to result in financial performance improvement from FY21 onwards. The risk for Evolve is that despite additional costs being incurred by the business (including among others additional staff and centre remediation expenditure), the performance of the underlying business does not improve to meet or exceed these additional costs. The timing of achieving improvement initiatives may also differ from the plan such that the business performance takes longer to improve than initially expected. Whilst the plan forecasts bank covenant compliance, delay in achieving the expected financial performance improvement may require renegotiation of bank covenants. Uncertainty as to the timing of the expected financial performance improvement could lead to the Company receiving an audit opinion for the year ended 31 March 2019 that comments on these uncertainties.
Government Policy and Funding	Evolve receives approximately 65% of its revenue base from MoE funding. Up until January this year there had been no increase in MoE funding rates for more than three years while costs (mainly teacher salaries and rents) have continued to rise. In addition, since mid last year, Evolve has identified a need to significantly increase its investment in infrastructural support and capability, incurring significant additional costs. The current Government announced a 1.6% increase in funding rates (below the rate of sector cost increases) in its May 2018 Budget but this increase did not apply until January this year. At the same time government policy relating to the early childhood sector is being reviewed and there may be additional requirements into the future. The risk for Evolve is that government funding rates do not keep pace with the costs of operating a childcare business and that compliance requirements may require additional investment and higher costs. Parental fees make up approximately 35% of the Evolve revenue base but there is a limit at which early childhood care might become uneconomic for some parents and caregivers and the Company's ability to increase prices for services might be restricted. There is an additional risk that MoE compliance requirements continue to increase leading to higher costs, and more pressure on licensing conditions.

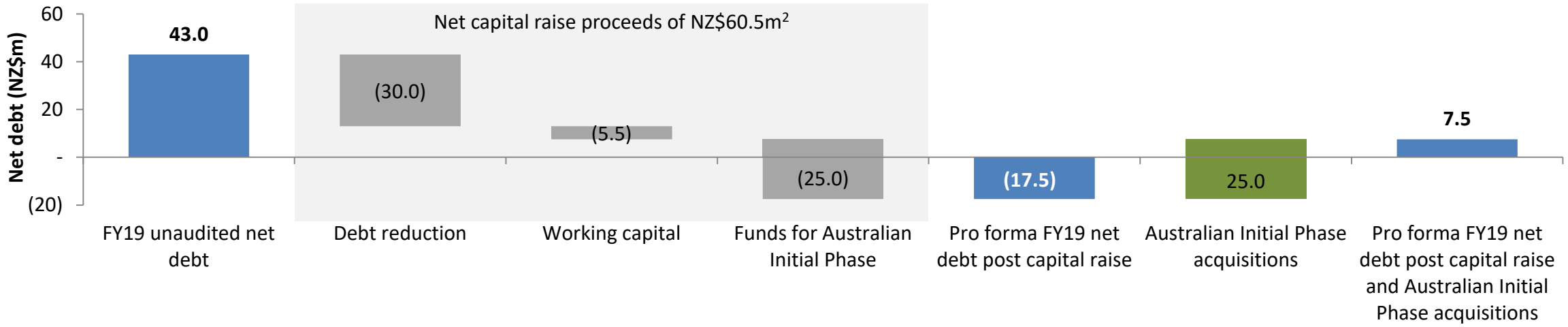
This page describes some of the key specific risks to Evolve's existing business arising from recent developments. It does not purport to list every risk now or in the future, nor risks of the Australian Initial Phase, and the occurrence or consequences of some of the risks described are partially or completely outside the control of Evolve, its Directors and Management team. The selection of risks described above is based on the knowledge of Evolve as at the date of this document, but there is no guarantee that the importance of different risks will not change or that other risks will not emerge.

Capital raising

Capital raising, debt profile and dividend

- Evolve has agreed a capital management strategy with ASB, which was a condition of its re-negotiated banking facilities agreed in November 2018. Some key terms of the strategy are:
  - Evolve is seeking to raise NZ$63m of capital via a fully underwritten offer
  - NZ$30m of Evolve's bank facilities will be repaid and the facility limit reduced by that amount by 30 June 2019
  - Evolve will begin the Australian Initial Phase with NZ$25m of the capital raised to be applied to that purpose
- Capital raise proceeds of NZ$63.5m are to be applied as follows:
  - Reduction of debt: ~NZ$30.0m
  - Implementation of the Australian Initial Phase: ~NZ$25.0m
  - Working capital: ~NZ$5.5m
  - Costs of the Offer: ~NZ$3.0m
- The existing business (excluding the funds raised for the Australian Initial Phase) will have a FY19 pro forma Net Debt / Underlying EBITDA ratio of 0.6x immediately following completion of the Offer[1]
- Immediately following the capital raising Evolve will have a fully drawn acquisition loan of NZ$25.4m and a working capital facility of NZ$8.5m. The facilities expire in April 2022
- Following the capital raise and the reduction of debt, Evolve will be in a position to be able to recommence dividend payments. Dividends will be determined within a framework consistent with Evolve's most effective deployment of surplus earnings, either for distribution and/or reinvestment in the business. No dividend will be paid in respect of the FY19 year but the Directors expect to provide more specific guidance as to future dividend policy at the time of the Annual Meeting in August 2019

Pro forma impact on FY19 Net Debt



(1) Based on unaudited FY19 Underlying EBITDA of NZ$13.3m
(2) Excluding the costs of the Offer

Capital raising details

Offer	▪ 4.4 for 1 pro rata accelerated rights entitlement offer to raise approximately NZ$63.5m ▪ Approximately 793.2m New Shares are to be issued
Application Price	▪ NZ$0.08 or the A$ Price[1] per New Share, representing a 25.8% discount to TERP
Institutional Entitlement Offer	▪ The Institutional Entitlement Offer will be conducted from Wednesday, 8 May to Thursday, 9 May 2019 ▪ Entitlements not taken up and entitlements of Ineligible Institutional Shareholders will be offered for sale in the Institutional Bookbuild to be conducted on Thursday, 9 May and Friday, 10 May 2019
Retail Entitlement Offer	▪ The Retail Offer will open Monday, 13 May 2019 and close Wednesday, 29 May 2019 ▪ Entitlements not taken up and entitlements of Ineligible Retail Shareholders will be offered for sale in the Retail Bookbuild to be conducted on Friday, 31 May 2019
Ranking	▪ New Shares issued under the Offer will rank equally in all respects with Evolve's Existing Shares
Shareholder participation	▪ Chris Scott, Evolve's 19.0% shareholder (via J47 Pty Ltd) and Director, has committed to take up all entitlements under the Offer ▪ Evolve's other Directors who hold shares (Alistair Ryan and Norah Barlow) also intend to take up all entitlements under the Offer ▪ An entity associated with Chris Sacre has participated in sub-underwriting the Offer, and will subscribe for New Shares if there is a shortfall and either Bookbuild does not clear
Underwriting	▪ The Offer is fully underwritten by Forsyth Barr Group Limited and Canaccord Genuity (Australia) Limited

(1) The A$ Price will be the Australian dollar equivalent of NZ$0.08 which will be determined using the RBNZ AUD/NZD exchange rate on Friday 10 May 2019 at 3.00pm NZDT / 1.00pm AEDT

Capital raising timetable

Institutional Entitlement Offer and Institutional Bookbuild	
Announcement and trading halt	Wednesday, 8 May 2019
Institutional Entitlement Offer opens (10.00am NZDT, 8.00am AEDT)	Wednesday, 8 May 2019
Institutional Entitlement Offer closes (4.00pm NZDT, 2.00pm AEDT)	Thursday, 9 May 2019
Institutional Bookbuild	Thursday, 9 May – Friday, 10 May 2019
Record Date (7.00pm NZDT, 5.00pm AEDT)	Friday, 10 May 2019
Trading halt lifted on NZX / ASX (pre-market open)	Monday, 13 May 2019
ASX settlement	Thursday, 16 May 2019
NZX settlement	Friday, 17 May 2019
Allotment and trading of New Shares on NZX and ASX	Friday, 17 May 2019

Retail Entitlement Offer and Retail Bookbuild	
Record Date (7.00pm NZDT, 5.00pm AEDT)	Friday, 10 May 2019
Retail Entitlement Offer opens	Monday, 13 May 2019
Retail Entitlement Offer closes (5.00pm NZT, 3.00pm AEST)	Wednesday, 29 May 2019
Retail Bookbuild (trading halt in place)	Friday, 31 May 2019
ASX settlement	Wednesday, 5 June 2019
NZX settlement	Thursday, 6 June 2019
Allotment and trading of New Shares on NZX and ASX	Thursday, 6 June 2019

Appendix

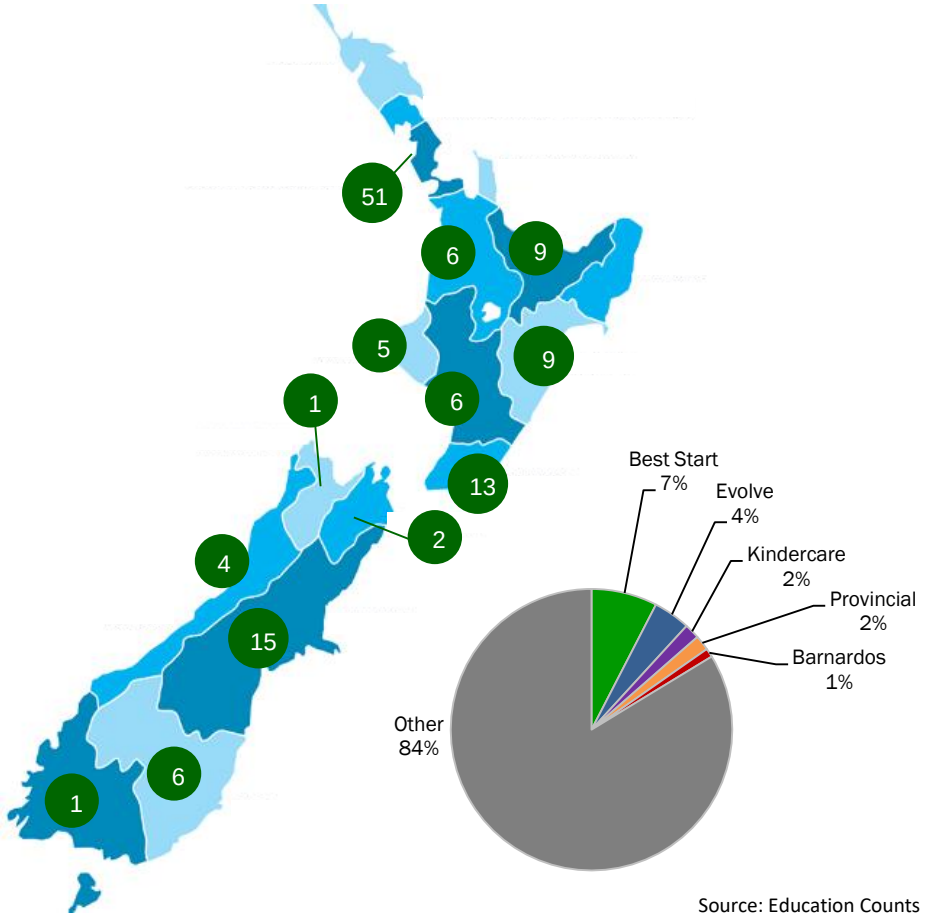
Evolve's New Zealand portfolio

- Evolve operates early childhood education centres throughout New Zealand
- Evolve's centres are predominantly well scaled with over 85% of centres being ≥50 licensed places
- All centres are leased, with stable, long term agreements in place

Key Operating Metrics	ECE Centres
Number of centres	128
Number of licensed child care places	9,218
Average licensed places per centre	74
FY19 blended occupancy[1]	76.5%
Average centre lease term	Approx. 18 years

(1) Blended annual average occupancy across all Mature Centres, based on New Zealand occupancy calculation

Evolve's centre locations and market share



2019

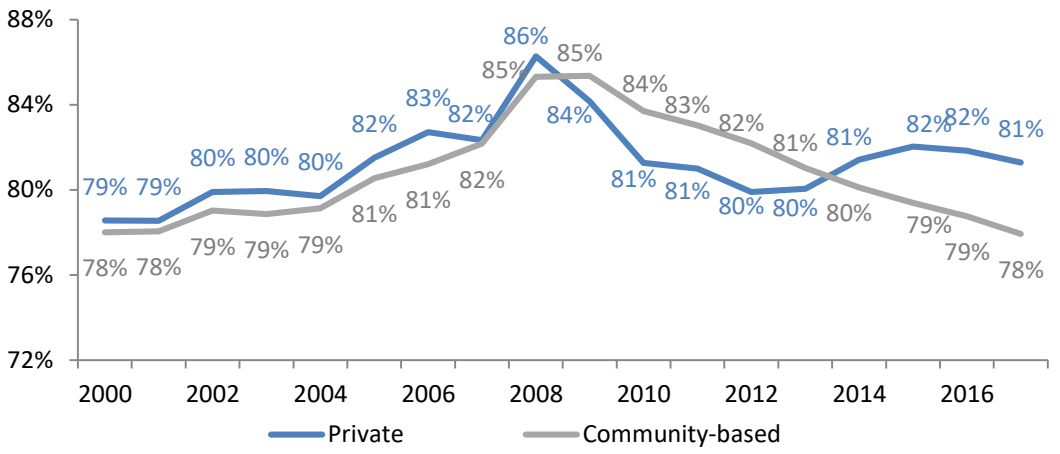
Source: Education Counts ECE Directory
Note: ECE market share by number of licensed places

New Zealand ECE market

- The ECE industry in New Zealand provides care to children until they begin primary school (generally up to age 5 – 6)
- There were approximately 4,500 ECE services in 2018, comprised of:
  - ECE centres: ~2,600, mainly growing
  - Kindergartens: ~650
  - Home based: ~430
  - Parent led[2]: ~860, mainly shrinking
- ~53 net additional ECE centres are opened annually[1]
- Evolve expects the focus on education quality in the Government's Strategic Plan for Early Learning to result in an increase to the currently low barriers to entry in the sector
- Another barrier to entry is capital (particularly to achieve scale)

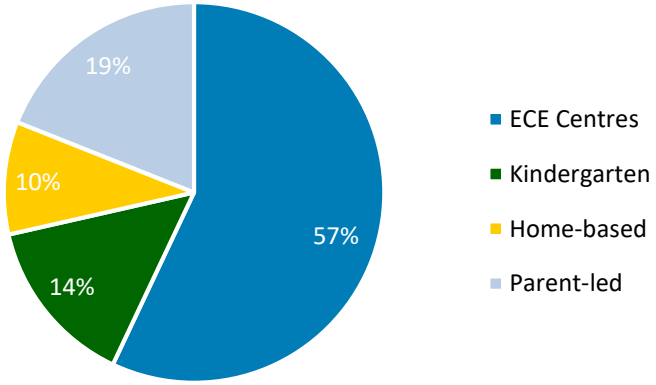
Source: Education Counts
(1) 5 year average (2014 – 2018), Total Education and Care.
(2) Parent-led includes Kōhanga Reo and Playcentre

ECE service occupancy rates[3]



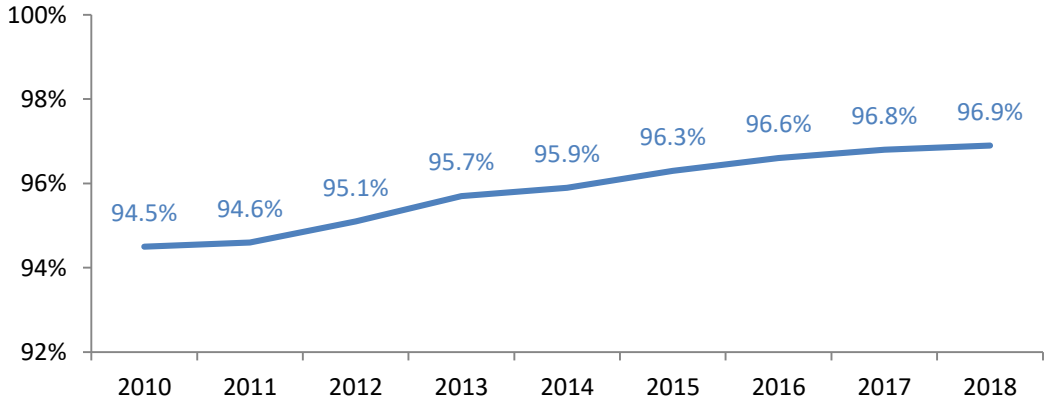
Source: Education Counts, Type: Education and Care, All Day
(3) New Zealand occupancy calculation

ECE industry market share[4]



Source: Education Counts, 2018. Excludes Casual Education and Care, Hospital Based Care and Correspondence School
(4) Market share by number of licensed ECE services

ECE participation prior to primary school[5]

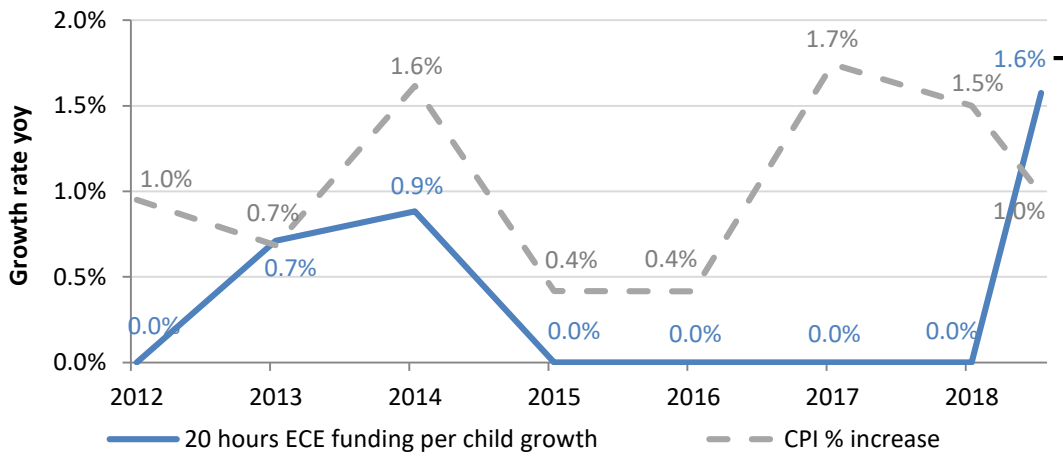


Source: Education Counts, September year end
(5) Participation rates show how many children have regularly attended ECE in the six months prior to starting school

ECE sector funding in New Zealand

- The Ministry of Education provides full funding for 20 hours of ECE per week for children aged 3 and over, and a funding subsidy for up to 30 hours per week for all children up to 6 years old
- ECE services can charge fees to parents in addition to Government funding for children younger than 3, and for hours in excess of 20 per week for children aged 3 and over
- The first funding increase in 3.5 years was announced by the Government in January 2019. This amounts to a 1.6% increase in fees paid per hour

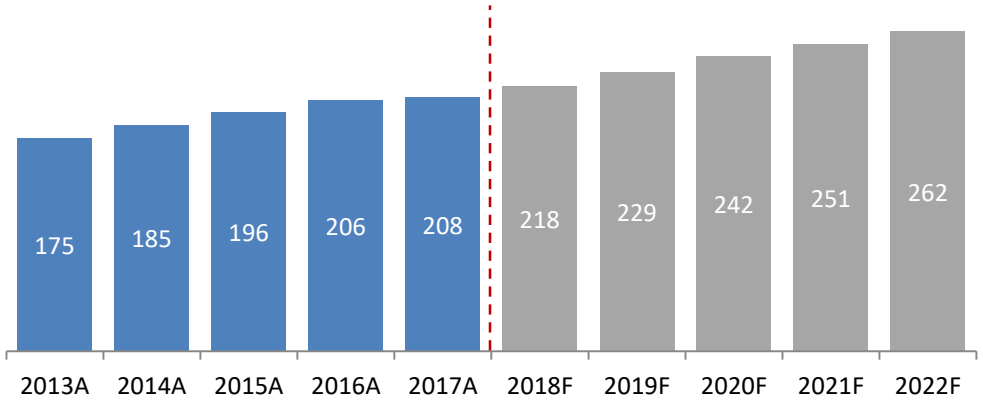
ECE funding rate growth



Fee increase effective 1 January 2019 (CPI shown for half year to 31 December 2018)

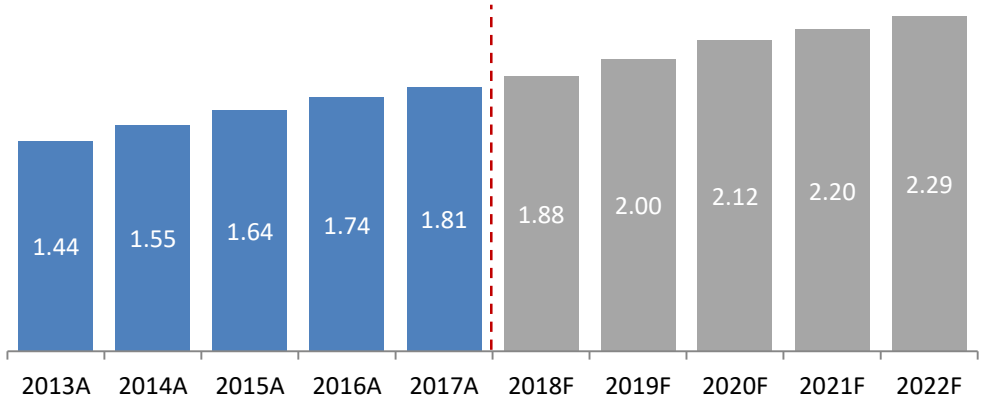
Sources: Education Counts, Statistics NZ. Note: Funding rates are for 20 Hours ECE, Education and Care, All-day Teacher-led 80%+

Number of ECE places provided (000)



Source: New Zealand Treasury

New Zealand Government ECE funding (NZ$bn)



Source: New Zealand Treasury

NZ Turnaround Plan: Progress Update

Goal	Plan	Actions to date
1. Deliver the highest quality outcomes for children	• Gain and maintain consistency of high quality delivery across all sites • Develop a best practice framework for all Evolve centres • Transitioning ERO reviews to 3-4 years for all centres	• GM Quality Assurance recruited • Centre Blueprint being implemented • Review of HR processes with a view to introducing innovation and ensuring best practice • Increase centre support being provided and positively received from People and Performance, Marketing, and Property teams
2. Retain children and families	• Build an awareness in centre managers of why customers choose Evolve centres and what will make them feel Evolve has delivered on its promises • Use real-time customer feedback to better identify, monitor and manage the triggers that cause a child/family to leave a centre prematurely	• Centres experiencing high customer turnover identified and strategies implemented to reduce turnover • Real time customer survey tool introduced (Ask Nicely) • Training sessions underway nationally to upskill centre managers on positive engagement and retention of families

NZ Turnaround Plan: Progress Update (cont.)

Goal	Plan	Actions to date
3. Retain staff – reduce turnover levels	• Develop a people strategy with a clear employment value proposition • Clarify the roles and responsibilities of regional, area and centre managers, ensuring they have the capability, motivation and appropriate support to perform these roles • Invest in the development of staff at all levels of the organisation • Drive organisational change to build a culture of success, accountability and self-leadership	• Senior operations roles appointed include a regional manager for the South Island, area managers for West Auckland, Wellington Central, Waikato and Bay of Plenty • People strategy completed; Evolve value proposition and three-year Turnaround Plan central to the strategy • Extensive support being provided to regional and area managers in all elements of their roles • Vision, values and mission reviewed, ready for relaunch • Work started on management and leadership development programmes • Engaged external provider to deliver professional training and education to staff • New human resources information system planning, process and technology mapping underway for implementation in early FY20
4. Grow revenue from the existing base	• Optimise the fee structure within each centre • Provide training and support to centre managers, assisting them to have appropriate price discussions with parents	• Competitor analysis and pricing/discount review completed and roll out of new fee schedule and systems controls underway

NZ Turnaround Plan: Progress Update (cont.)

Goal	Plan	Actions to date
5. Attract new families	• Better understand what customers are looking for and tailoring the offering and communications to resonate with them • Improve the relevance and quality of marketing to drive a step change in the level of new enquiries and enrolments • Refocus marketing operations to better meet the needs of the organisation, with a particular emphasis on centre-specific marketing	• New marketing team recruited, who are all working effectively with centres • All centre websites redesigned and updated with ongoing content updates • Advertising optimised to deliver stronger leads into the business • Strengthened sales training with centres to drive occupancy where needed • New customer relationship management platform under development, including product testing, user acceptance testing, web form integration, setup and configuration • New offers and channels tested • 50% increase in enquiries to our contact centre in Q4'19
6. Invest in the support office operations	• Build the capability and capacity of the senior and middle managers to better lead and manage • Establish a common centre blueprint of the key components/requirements of a successful centre • Provide head office support when and where it is needed to assist centre operations • Ensure consistent management focus on centre performance and earlier resolution of issues	• Organisational restructure completed with recruitment of 4 new GMs of: Centre Operations, Quality Assurance, People & Talent and Marketing • Regional and Area Manager roles review completed and recruited (with two remaining to fill) • New GM Property appointed and new team recruited • Recruitment for Area Manager roles underway

NZ Turnaround Plan: Progress Update (cont.)

Goal	Plan	Actions to date
7. Lift the presentation appeal of Evolve's centres	• Establish a coordinated and comprehensive maintenance and repairs programme • Invest in the capital expenditure requirements to bring all centres up to a high standard of presentation • Expand the property team to effectively and efficiently manage this programme of work	• Over 30 centres have been given internal re-paints • Property team of 4 established • Centralised repairs and maintenance function up and running to co-ordinate responsive maintenance needs of all centres in the portfolio • Integrated lease management system commissioned and operational • Property assessment of all centres completed by property team - FY20 draft capex plan developed
8. Improve the portfolio of centres	• Divest non-core centres based on agreed strategic criteria • Develop a plan for future acquisitions/developments to be pursued once the existing portfolio has stabilised	• Sale of Porse, Au Pair Link and ECE Management completed • 5 centres identified for sale - 1 sold, active marketing for remaining 4 centres ongoing • 1 centre closed

NZ: Next priority areas

Goal	Next priorities
1. Deliver the highest quality outcomes for children	• Review priority areas for the quality assurance and professional learning team with new GM • Continue to implement centre blueprint to gain consistency of high-performance
2. Retain families	• Continue optimising customer service at each point of engagement e.g. improving communications with parents • Implement retention targets to reduce family turnover rates at a centre level
3. Retain staff	• Review of attraction, recruitment/appointment and induction processes underway • Development of remuneration strategy and review of staff benefits underway • Development of new Evolve website with optimised careers section
4. Grow revenue from the existing base	• Complete revised pricing and discount project, including maximising funding • Work underway on optimising funding models with Area/Centre Managers

NZ: Next priority areas (cont.)

Goal	Next priorities
5. Attract new families	• Continue optimisation of the websites and marketing channels • Drive better conversion at every point of the sales pipeline • Trial-to-launch new customer relationship management system in Q2’20
6. Invest in the support office operations	• Ensure clear priorities and accountabilities for all support office roles • Support office managers to participate in management and leadership development programmes • System and vendor selection for human resources information system
7. Lift the presentation appeal of Evolve’s centres	• New Project Manager to oversee the larger FY19 and FY20 capex projects • Finalise FY20 capex plan
8. Improve the portfolio of centres	• Complete sale of remaining 4 centres identified for sale • Consider sale of other centres that are not showing signs of improved performance

Reconciliation of non-GAAP Financial Information

NZ$m	Underlying (1) FY19 (Unaudited)	Impairment (2)	Net other (3)	FY19 (Unaudited)	Underlying (1) FY18	Porse GST Provision (4)	Impairment (2)	FY18
Total Income	150.2			150.2	159.0			159.0
Operating expenses	(137.0)		(0.1)	(136.9)	(137.3)	3.0	13.9	(154.2)
EBITDA before acquisition and integration expenses	13.3		(0.1)	13.3	21.6	3.0	13.9	4.7
Acquisition expenses					(0.1)			(0.1)
Integration expenses					(0.0)			(0.0)
Depreciation	(2.7)			(2.7)	(2.6)			(2.6)
Amortisation	(0.4)	107.1		(107.6)	(0.6)			(0.6)
EBIT	10.1	107.1	(0.1)	(96.9)	18.2	3.0	13.9	1.4
Funding costs	(2.8)			(2.8)	(1.6)			(1.6)
Profit before taxation	7.4	107.1	(0.1)	(99.7)	16.7	3.0	13.9	(0.2)
Taxation	(2.1)		0.0	(2.1)	(4.6)		(0.7)	(4.0)
Net Profit After Taxation	5.3	107.1	(0.0)	(101.8)	12.0	3.0	13.2	(4.2)

(1) EBITDA (underlying) for FY19 is unaudited EBITDA before the after-tax impairment expense of NZ$107.1m, being an impairment of goodwill relating to the acquisition of early childhood education centres in prior periods; for FY18 this is EBITDA before the Porse GST provision, the after-tax impairment expense of NZ$13.2m relating to the Home-Based Division and the closure of one early childhood education centre, acquisition and integration costs. EBITDA is a non-GAAP measure and is not prepared in accordance with NZ IFRS. This measure is intended to supplement NZ GAAP measures presented in Evolve Group financial statements, should not be considered in isolation and is not a substitute for those measures

(2) For FY19 impairment expense with respect to ECE Centres; for FY18 impairment expense with respect to Home Based ECE division, and closure of one centre. FY19 unaudited impairment figure is an estimate only and, accordingly, is not audited and has not been reviewed by Evolve's external auditor. Following the audit process, the FY19 impairment figure in this presentation may change

(3) Net gain on sale of assets sold, including sale of home based division and one ECE centre, and onerous lease expense

(4) NZ$3m expense to settle the historic PORSE GST matter - a non-recurring expense

Impairment

- The net loss recorded for the year was due to the impairment of a goodwill expense recognised in the financial statements. Evolve recorded a non-cash expense of NZ$107.1m for the impairment of goodwill relating to the acquisition of early childhood education centres in prior periods. Declining enrolments in FY18 and FY19 have reduced the current profitability of the portfolio of centres
- In assessing the carrying value of goodwill, the company undertakes a number of assessments, primarily focusing on a value in use model, which is highly sensitive to relatively small changes in key assumptions. The company also considered the share price movement since the interim result
- Since the interim financial result for FY19, the further decline in occupancy in the final stages of FY19 and further increased investment in head office support have impacted the value in use model for the year ended 31 March 2019 leading to the company recording a further $75m impairment expense in the second half of the 2019 financial year
- Evolve remains confident that the operation and profitability of the centre portfolio will improve over the next three years, however an impairment is required in accordance with financial reporting standards and auditing requirements

Glossary

Term	Description
1H	The first half of a Company financial year, ending 30 September
ABS	Australian Bureau of Statistics
ACECQA	Australian Children's Education & Care Quality Authority
Australian Initial Phase	Refers to the initial phase of the Australian expansion strategy, acquiring up to 12 centres in Australia for a total cost of up to NZ$25m
Australian occupancy calculation	Children attending per day as a percentage of the number of licensed places
CCS	Child Care Subsidy
Company	Evolve Education Group Limited
EBITDA	Earnings before interest, tax, depreciation and amortisation. EBITDA is a non-GAAP measure and is not prepared in accordance with New Zealand IFRS. This measure is intended to supplement New Zealand GAAP measures presented in Evolve Group financial statements, should not be considered in isolation and is not a substitute for those measures
ECE	Early childhood education
ERO	Education Review Office
FTE	Full time equivalent children, based on a 6 hour MoE funded day
FY	Company financial year, ending 31 March
LDC	Long day care, centre based childcare (birth to 12 years) provided by professional staff in Australia
Mature Centres	Centres acquired by Evolve as a going concern from a third party vendor. As at the date of this presentation, Evolve has a total of 128 centres which includes 123 Mature Centres and 5 development centres
MoE	Ministry of Education
Net Cash	The value of cash and cash equivalents and the balance sheet asset for MoE funding receivable, less borrowings and the balance sheet liability for MoE funding received in advance
Net Debt	The value of borrowings and the balance sheet liability for MoE funding received in advance, less cash and cash equivalents and the balance sheet asset for MoE funding receivable
Net Debt / Underlying EBITDA	Ratio of Net Debt at period end to Underlying EBITDA for the last 12 months
New Zealand occupancy calculation	The total MoE funded child hours claimed, as a percentage of the maximum Government funded hours available (licensed capacity x 30 hours/week)
TERP	Theoretical ex-entitlements price, which is equal to the average price of 4.4 New Shares at the Application Price of NZ$0.08 per New Share and 1 Existing Shares of NZ$0.23, being the closing price as at 7 May 2019
Turnaround Plan	The three year plan to improve New Zealand operations announced in the 1H19 results, with eight strategic priorities, focusing on staffing, marketing and facilities management
Underlying EBITDA	EBITDA before any material non-recurring items

Capitalised terms used in this presentation and not otherwise defined above have the specific meaning given to them in the Glossary at the back of the Offer Document

Disclaimer

The information in this presentation is an overview and does not contain all information necessary to make an investment decision. It is intended to provide interested parties with further information about a pro rata accelerated rights entitlement offer of New Shares in Evolve Education Group Limited ("Evolve", the "Company") under clause 19 of Schedule 1 of the FMCA and pursuant to the provisions of section 708AA of the Corporations Act 2001 (Cth) (as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84 and ASIC Instrument 16-0626).

This presentation is not a product disclosure statement or other disclosure document for the purposes of the FMCA. No legal or other obligation will arise between an interested party and any of Evolve, its related companies, or any other person, in relation to the Information. Any decision to acquire New Shares should be made on the basis of the separate offer document to be lodged with NZX (the "Offer Document"). Any Eligible Shareholder who wishes to participate in the Offer should review the Offer Document and apply in accordance with the instructions set out in the Offer Document and the Entitlement and Acceptance Form accompanying the Offer Document or as otherwise communicated to the Eligible Shareholder. This presentation and the Offer Document do not constitute an offer, advertisement or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer, advertisement or invitation.

All of the data provided in this document is derived from publicly available information in relation to Evolve (including Evolve's annual report for its financial year ended 31 March 2018 and Evolve's interim financial report for the six months ended 30 September 2018), unless otherwise indicated. FY19 unaudited financial information is taken from management accounts and, accordingly, is not audited and has not been reviewed by Evolve's external auditor. Following the audit process, the FY19 unaudited financial information in this presentation may change.

The information in this presentation does not purport to be a complete description of Evolve. This presentation does not constitute or include financial product, investment, legal, financial, tax or other advice or any recommendation. In making an investment decision, investors must rely on their own examination of Evolve, including the merits and risks involved. Investors should consult with their own legal, tax, business and/or financial advisors in connection with any acquisition of financial products.

The information contained in this presentation has been prepared in good faith by Evolve. No representation or warranty, expressed or implied, is made as to the accuracy, adequacy or reliability of any statements, estimates or opinions or other information contained in this presentation, any of which may change without notice. To the maximum extent permitted by law, each of Evolve, Forsyth Barr Limited, Forsyth Barr Group Limited, Canaccord Genuity (Australia) Limited and their respective subsidiaries, related companies, shareholders, directors, officers, employees, partners, agents and advisers disclaim all liability and responsibility (including without limitation any liability arising from fault or negligence) for any direct or indirect loss or damage which may be suffered by any person through use of or reliance on anything contained in, or omitted from, this presentation.

This presentation contains forward looking statements with respect to the financial condition, results of operations and business, and business strategy of Evolve. Evolve gives no assurance that the assumptions upon which Evolve based its forward looking statements on will be correct, or that its business and operations will not be affected in any substantial manner by other factors not currently foreseeable by Evolve or beyond its control. Accordingly, Evolve can make no assurance that the forward looking statements will be realised.

A number of financial measures may be used in this presentation. You should not consider any of these in isolation from, or as a substitute for, the information provided in the financial statements available at https://www.evolveeducation.co.nz/investor-relations/investor-information/.

Capitalised terms used in this presentation and not otherwise defined have the specific meaning given to them in the Glossary at the back of the Offer Document.

evolve
education group

Evolve Education Group Limited

OFFER DOCUMENT

4.4 for 1 Accelerated Rights Entitlement Offer Of New Shares

8 May 2019

This Offer Document is an important document. You should read the entire document before deciding what action to take with respect to your Entitlements. If you have any doubts as to what you should do, please consult your broker, financial, investment or other professional advisor.

IMPORTANT NOTICE

GENERAL INFORMATION

The Offer is made under the exclusion in clause 19 of Schedule 1 of the Financial Markets Conduct Act 2013 and pursuant to the provisions of section 708AA of the Corporations Act 2001 (Cth) (as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84 and ASIC Instrument 16-0626).

This Offer Document is not a product disclosure statement or other disclosure document for the purposes of the FMCA, the Corporations Act or any other law, has not been lodged with the Financial Markets Authority or ASIC, and does not contain all of the information that an investor would find in a product disclosure statement or other disclosure document, or which may be required in order to make an informed investment decision about the Offer or Evolve.

ADDITIONAL INFORMATION AVAILABLE UNDER EVOLVE'S CONTINUOUS DISCLOSURE OBLIGATIONS

Evolve is subject to continuous disclosure obligations under the NZX Listing Rules. You can find market releases by Evolve at nzx.com and at asx.com.au under the code "EVO".

Evolve may, during the period of the Offer, make additional releases to the NZX and the ASX. To the maximum extent permitted by law, no release by Evolve to the NZX or the ASX will permit an applicant to withdraw any previously submitted application without Evolve's prior consent.

OFFERING RESTRICTIONS

This Offer Document does not constitute an offer, advertisement or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation.

This Offer Document may not be sent or given to any person who is not an Eligible Shareholder or an Institutional Investor in circumstances in which the Offer or distribution of this Offer Document would be unlawful. The distribution of this Offer Document (including an electronic copy) outside New Zealand or Australia may be restricted by law. In particular, this Offer Document may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside of New Zealand or Australia except to Institutional Investors or as Evolve may otherwise determine in compliance with applicable laws. Further details on the offering restrictions that apply are set out in Part Four.

If you come into possession of this Offer Document, you should observe any such restrictions. Any failure to comply with such restrictions may contravene applicable securities law. Evolve disclaims all liability to such persons.

CHANGES TO THE OFFER

Subject to the NZX Listing Rules, Evolve reserves the right to alter the dates set out in this Offer Document.

Additionally, Evolve reserves the right to withdraw all or any part of the Offer (either generally or in particular cases) and the issue of New Shares at any time before the Allotment Date at its absolute discretion.

NO GUARANTEE

No guarantee is provided by any person in relation to the New Shares to be issued pursuant to the Offer. Likewise, no warranty is provided with regard to the future performance of Evolve or any return on any investments made pursuant to this Offer Document.

DECISION TO PARTICIPATE IN THE OFFER

The information in this Offer Document does not constitute a recommendation to acquire or invest in New Shares nor does it amount to financial product advice. This Offer Document has been prepared without taking into account the particular needs or circumstances of any investor, including an investor's investment objectives, financial and/or tax position.

PRIVACY

Any personal information provided by Eligible Shareholders on the Entitlement and Acceptance Form or via the online application will be held by Evolve or the Registrar at the addresses set out in the Directory.

Evolve and/or the Registrar may store your personal information in electronic format, including in online storage or on a server or servers which may be located in New Zealand, Australia or overseas. The information will be used for the purposes of administering your investment in Evolve.

This information will only be disclosed to third parties with your consent or if otherwise required or permitted by law. Under the New Zealand Privacy Act 1993 and the Australian Privacy Act 1988 (Cth), you have the right to access and correct any personal information held about you.

ENQUIRIES

Enquiries about the Offer can be directed to an NZX Primary Market Participant, or your solicitor, accountant or other professional adviser. If you have any questions about the number of New Shares shown on the Entitlement and Acceptance Form that accompanies this Offer Document, or how to apply online or complete the Entitlement and Acceptance Form, please contact the Registrar.

DEFINED TERMS

Capitalised terms used in this Offer Document have the specific meaning given to them in the Glossary at Part Five of this Offer Document.

CONTENTS

PART 1: LETTER FROM THE BOARD

Dear shareholder

The Directors of Evolve, are pleased to offer you the opportunity to participate in an accelerated rights entitlement offer to raise approximately NZ$63.5 million of new equity.

The Offer proceeds will be used to strengthen the balance sheet, primarily by repaying debt, and will allow Evolve to undertake the initial phase of an Australian expansion by acquiring up to 12 centres. The Offer is part of the capital management strategy agreed with ASB, the need for which was announced as part of Evolve's 1H19 results in November 2018. ASB's agreement to the capital management strategy includes agreement to the initial phase of the Australian expansion.

Evolve's recently appointed CEO Rosanne Graham and a refreshed management team are focused on restoring the performance of Evolve's New Zealand operations. A business turnaround plan is being implemented and significant progress has been made in addressing the fundamental issues identified around family turnover in our centres, employee engagement, and occupancy. With the momentum built by the management team, we believe that Evolve's performance in New Zealand can be restored. As a result, Evolve expects to lift earnings over the next three years.

We have also identified an opportunity to strengthen and diversify Evolve's business by investing in the Australian child care sector. We believe the timing is favourable to implement a long day care centre acquisition strategy. Evolve sees the Australian market as attractive due to:

- recent increases in Australian Federal Government funding for child care;
- strong historical growth in demand for child care services; and
- availability of profitable centres for purchase at attractive valuations.

Evolve is proposing to acquire up to 12 centres in Australia as part of the initial phase of an Australian expansion. This will be fully funded by part of the proceeds from the Offer, with NZ$25 million (A$24 million[1]) allocated for the Australian initial phase. Importantly, we expect the Australian initial phase to meaningfully contribute to Evolve's earnings, as only profitable centres will be targeted for acquisition. The intention is to establish and prove up the Australian initial phase over the course of FY20.

With the recent appointments of Chris Scott and Chris Sacre to the Board, Evolve has a strong understanding and capability to implement a successful child care operation in Australia. Both Chris Scott and Chris Sacre have considerable experience in this sector and were instrumental in the growth of ASX-listed operator G8 Education Limited. With a strong team on the ground in Australia led by Chris Sacre and Chris Scott, we believe the Australian initial phase can be pursued on a standalone basis, allowing the management team in New Zealand to fully focus on Evolve's New Zealand operations.

In addition to the investment in the Australian initial phase, NZ$30.0 million of the equity capital funds raised through the Offer will be used to reduce Evolve's borrowings and NZ$8.5 million will be used for working capital and to pay the costs of the Offer. The reduction in debt will significantly strengthen Evolve's balance sheet and allow Evolve to execute on its New Zealand turnaround plan and undertake the initial phase of its Australian expansion.

[1] Converted using the AUD/NZD exchange rate on 7 May 2019 of 0.94.

We are now in a position to update the $13.2 million to $13.6 million underlying EBITDA guidance for FY19 provided in early April. Evolve's unaudited FY19 underlying EBITDA is $13.3 million. FY19 underlying EBITDA excludes material non-recurring items, including goodwill impairment of $107.1 million and other net non-recurring items of $0.1m.

Today Alistair Ryan has also announced his intention to retire from the Board of Evolve, following completion of the Offer. Once the Offer has been completed, the time will be right to refresh the Board leadership and for a new independent director to join the Board and assume the position of Board Chair. We have commenced a search for a suitable New Zealand-based candidate with strong credentials. Norah Barlow intends to retire and not seek re-election at Evolve's 2019 Annual Meeting, subject to Alistair's replacement having been appointed to the Board at that time.

We are confident that, as a result of the additional equity capital we are raising through the Offer, the progress the management team is making in improving the New Zealand business, and the opportunity for expansion in Australia, Evolve's future prospects will be significantly enhanced.

DETAILS OF THE ENTITLEMENT OFFER

The Offer will be an accelerated rights entitlement offer (AREO). Eligible Shareholders are entitled to acquire 4.4 new shares for every 1 existing share held as at 7.00pm (NZST) on 10 May 2019 at an offer price of $0.08 per new share. The offer price represents a 25.8% discount to TERP[2].

We are pleased to confirm that all Directors of the company who currently hold Evolve shares intend to take up their full entitlements under the Offer, with other Directors intending to participate in any shortfall.

Chris Scott, Evolve's 19.0% shareholder (via J 47 Pty Ltd) and Director, is supportive of the capital raising and has committed to take up all entitlements.

The Offer is fully underwritten by Canaccord Genuity (Australia) Limited and Forsyth Barr Group Limited, reflecting strong investor support for Evolve's strategy in New Zealand and Australia.

The Directors of Evolve invite you to consider this opportunity.

[2] Theoretical Ex Rights Price, calculated as the average price of 4.4 New Shares at the offer price of $0.08 and 1 Existing Share at the last close price of $0.23.

PART 2: OFFER AT A GLANCE

ISSUER	Evolve Education Group Limited
THE OFFER	**Institutional Entitlement Offer and Retail Entitlement Offer** A pro rata entitlement offer of 4.4 New Shares for every 1 Existing Share held by an Eligible Shareholder at 7.00pm (NZST) or 5.00pm (AEST) on the Record Date, with fractional entitlements being rounded down to the nearest share. A shorter than usual offer period will apply to Eligible Institutional Shareholders under the Institutional Entitlement Offer, which will occur over the two Business Days immediately following (and including) the date of announcement of the Offer. If an Eligible Shareholder does not take up all of its Entitlements, its current shareholding will be diluted as a result of the issue of New Shares. **Institutional Bookbuild and Retail Bookbuild** Entitlements cannot be traded on the NZX Main Board, the ASX or otherwise privately transferred. Entitlements not taken up by Eligible Shareholders, or which would have been issued to Ineligible Shareholders had they been entitled to participate, will be offered for sale through Bookbuilds run by the Lead Managers. Any Premium realised for those Entitlements in the Bookbuilds will be paid (net of any applicable withholding tax) on a pro rata basis to those Shareholders who do not take up all of their Entitlements or who are ineligible to do so by virtue of being an Ineligible Shareholder. **Bookbuilds** There will be a bookbuild for the Institutional Entitlement Offer (with any Institutional Premium realised for the Entitlements in the Institutional Bookbuild shared by Eligible Institutional Shareholders who do not take up all of their Entitlements and Ineligible Institutional Shareholders) and a separate Bookbuild for the Retail Entitlement Offer (with any Retail Premium realised for the Entitlements in the Retail Bookbuild shared by Eligible Retail Shareholders who do not take up all of their Entitlements and Ineligible Retail Shareholders). There is no guarantee that there will be any Premium realised for the Entitlements offered for sale in the Bookbuilds, and the Premium realised (if any) in one Bookbuild may be different from the Premium realised (if any) in the other Bookbuild.
APPLICATION PRICE	NZ$0.08 (or the A$ Price) per New Share.
EXISTING SHARES CURRENTLY ON ISSUE	180,278,557 Existing Shares.
MAXIMUM NUMBER OF NEW SHARES BEING OFFERED	793,225,650 New Shares (subject to rounding).

ELIGIBLE RETAIL SHAREHOLDERS	You are an Eligible Retail Shareholder if, as at 7.00pm (NZST) or 5.00pm (AEST) on the Record Date, you are recorded in Evolve's share register as a Shareholder and: (a) your address is shown in Evolve's share register as being in New Zealand or Australia; or (b) Evolve considers, in its discretion, you may be treated as an Eligible Retail Shareholder, and you are not in the United States and not acting for the account or benefit of a person in the United States and not an Eligible Institutional Shareholder or an Ineligible Institutional Shareholder.
OFFER SIZE	The approximate amount to be raised under the Offer is NZ$63.5 million.
NEW SHARES	The same class as, and ranking equally with, Existing Shares.
HOW TO APPLY	**Eligible Retail Shareholders** Applications must be made: (a) online at www.evolveshareoffer.com; or (b) by completing the personalised Entitlement and Acceptance Form and returning it to the Registrar together with payment. If a postal application is made please allow plenty of time for it to be received by us. **Eligible Institutional Shareholders** The Lead Managers will contact Eligible Institutional Shareholders and advise them of the terms and conditions of participation in the Offer and to confirm their application process.
UNDERWRITING	Forsyth Barr Group Limited and Canaccord Genuity (Australia) Limited are fully underwriting the Offer.

PART 3: IMPORTANT DATES

INSTITUTIONAL ENTITLEMENT OFFER AND INSTITUTIONAL BOOKBUILD

This timetable is relevant to participants in the Institutional Entitlement Offer and Institutional Bookbuild. Eligible Retail Shareholders should refer to the important dates for the Retail Entitlement Offer and Retail Bookbuild set out in the "Retail Entitlement Offer and Retail Bookbuild" table on the following page.

KEY EVENT	DATE[3]
Trading halt commences on the NZX Main Board and the ASX (pre-market open)	Wednesday, 8 May 2019
Institutional Entitlement Offer opens at 10.00am (NZST) or 8.00am (AEST)	Wednesday, 8 May 2019
Institutional Entitlement Offer closes at 4.00pm (NZST) or 2.00pm (AEST)	Thursday, 9 May 2019
Institutional Bookbuild opens at 6.00pm (NZST) or 4.00pm (AEST)	Thursday, 9 May 2019
Institutional Bookbuild closes at 2.00pm (NZST) or 12.00pm (AEST)	Friday, 10 May 2019
Record Date 7.00pm (NZST) or 5.00pm (AEST)	Friday, 10 May 2019
Announce Institutional Bookbuild pricing and results of Institutional Entitlement Offer (pre-market open) Announce A$ Price Trading halt lifted by open of trading on the NZX Main Board and ASX	Monday, 13 May 2019
Settlement of Institutional Entitlement Offer and Institutional Bookbuild on ASX	Thursday, 16 May 2019
Settlement of Institutional Entitlement Offer and Institutional Bookbuild on the NZX Main Board and commencement of trading of allotted New Shares on the NZX Main Board and ASX	Friday, 17 May 2019

[3] The dates set out in the table above (and any references to them in this Offer Document) are subject to change and are indicative only. All times and dates refer to NZ time (unless otherwise specified). Evolve reserves the right to amend the timetables (including by extending the closing dates for the Offer or accepting late Applications, either generally or in particular cases) subject to the NZX Listing Rules. Any extension of the closing dates for the Offer will have a consequential effect on the issue date of New Shares.

RETAIL ENTITLEMENT OFFER AND RETAIL BOOKBUILD

The timetable immediately below is relevant to participants in the Retail Entitlement Offer and Retail Bookbuild. Eligible Institutional Shareholders should refer to the important dates for the Institutional Entitlement Offer and Institutional Bookbuild set out in the "Institutional Entitlement Offer and Institutional Bookbuild" table above.

KEY EVENT	DATE[4]
Record Date 7.00pm (NZST) or 5.00pm (AEST)	Friday, 10 May 2019
Expected dispatch of the Offer Document and Entitlement and Acceptance Forms	Monday, 13 May 2019
Retail Entitlement Offer opens	Monday, 13 May 2019
Retail Entitlement Offer closes at 5.00pm (NZST) or 3.00pm (AEST) (last day for online applications, or for receipt of the Acceptance Form, with payment)	Wednesday, 29 May 2019
Announce results of Retail Entitlement Offer Trading halt commences on the NZX Main Board and the ASX (pre-market open) Retail Bookbuild Opening Date	Friday, 31 May 2019
Retail Bookbuild Closing Date	Friday, 31 May 2019
Announce results of Retail Bookbuild (after NZX Main Board market close) Trading halt lifted (after NZX Main Board market close)	Friday, 31 May 2019
Trading recommences on NZX Main Board	Tuesday, 4 June 2019
Settlement of Retail Entitlement Offer and Retail Bookbuild on ASX	Wednesday, 5 June 2019
Settlement of Retail Entitlement Offer and Retail Bookbuild on the NZX Main Board and commencement of trading of allotted New Shares on the NZX Main Board and ASX	Thursday, 6 June 2019
Despatch of holding statements for New Shares issued under the Retail Entitlement Offer	Thursday, 6 June 2019

Applicants are encouraged to submit their personalised Entitlement and Acceptance Forms or apply via the online application process as soon as possible. No cooling-off rights apply to applications submitted under the Offer.

[4] The dates set out in the table above (and any references to them in this Offer Document) are subject to change and are indicative only. All times and dates refer to NZ time (unless otherwise specified). Evolve reserves the right to amend the timetables (including by extending the closing dates for the Offer or accepting late Applications, either generally or in particular cases) subject to the NZX Listing Rules. Any extension of the closing dates for the Offer will have a consequential effect on the issue date of New Shares.

PART 4: DETAILS OF THE OFFER

THE OFFER

The Offer is an offer of New Shares to Eligible Shareholders under an accelerated pro rata entitlement issue. Under the Offer, Eligible Shareholders are entitled to subscribe for 4.4 New Shares for every 1 Existing Share held at 7.00pm (NZST) or 5.00pm (AEST) on the Record Date. The New Shares will be the same class as, and will rank equally with, Existing Shares which are quoted on the NZX Main Board and ASX. It is a term of the Offer that Evolve will take any necessary steps to ensure that the New Shares are, immediately after issue, quoted on the NZX Main Board and ASX.

If you are an Eligible Shareholder you may take up all or some of your Entitlements or do nothing with all or some of your Entitlements. If you are an Eligible Shareholder and you do not take up all of your Entitlements, your current shareholding will be diluted as a result of the issue of New Shares.

The maximum number of New Shares being offered under the Offer is 793,225,650 New Shares (subject to rounding). Evolve will raise a total of approximately NZ$63.5 million through the Offer, which is fully underwritten by the Underwriters.

APPLICATION PRICE

The Application Price is NZ$0.08 (or the A$ Price) per New Share.

The A$ Price will be the Australian dollar equivalent of NZ$0.08 determined using the RBNZ AUD/NZD exchange rate on Friday, 10 May 2019 at 3.00pm (NZST). The A$ Price will be announced by Evolve on Monday, 13 May 2019.

The Application Price must be paid in full on application. Payment of the Application Price must be made, for the Retail Entitlement Offer, together with a completed Entitlement and Acceptance Form delivered (either by mail, delivery or email) to the Registry in accordance with the instructions set out in the Entitlement and Acceptance Form or in accordance with the online application process.

If you elect to apply for New Shares using New Zealand Dollars, any New Shares issued to you will be issued on Evolve's NZX branch register. If you elect to apply for New Shares using the A$ Price, any New Shares issued to you will be issued on Evolve's ASX branch register.

Evolve may accept late applications and application monies, but it has no obligation to do so. Evolve may accept or reject (at its discretion) any Entitlement and Acceptance Form or online application which it considers is not completed correctly, and may correct any errors or omissions on any Entitlement and Acceptance Form or the online application.

An application may not be withdrawn without Evolve's prior consent once submitted.

Application monies received will be held in a trust account with the Registry until the corresponding New Shares are allotted or the application monies are refunded. Interest earned on the application monies will be for the benefit, and remain the property, of Evolve and will be retained by Evolve whether or not the issue of New Shares takes place. Any refunds of application monies (without interest) will be made within 10 Business Days of allotment (or the date that the decision not to accept an application is made, as the case may be).

WITHDRAWAL

Subject to Evolve's compliance with all applicable laws, Evolve reserves the right to withdraw the Offer at any time at its absolute discretion. If any Application is not accepted, all applicable application monies will be refunded, without interest, to the relevant Shareholder.

OVERVIEW OF THE OFFER

Evolve will raise a total of approximately NZ$63.5 million through the Offer, which is fully underwritten by the Underwriters. The maximum number of New Shares that are being offered under the Offer is 793,225,650 New Shares.

The Offer comprises the following components:

- the Institutional Entitlement Offer;
- the Institutional Bookbuild;
- the Retail Entitlement Offer; and
- the Retail Bookbuild,

in each case, as described in further detail below.

PURPOSE OF THE OFFER

Evolve intends that the proceeds raised from the Offer will be applied as follows:

- Repayment of debt outstanding: ~NZ$30.0 million.
- Implementation of the initial phase of its Australian expansion: ~NZ$25.0 million.
- Working capital: ~NZ$5.5 million.
- Costs of the Offer: ~NZ$3.0 million.

THE INSTITUTIONAL ENTITLEMENT OFFER

Overview of the Institutional Entitlement Offer

Evolve is offering Eligible Institutional Shareholders the opportunity to subscribe for 4.4 New Shares for every 1 Existing Share held as at 7.00pm (NZST) or 5.00pm (AEST) on the Record Date, at an Application Price of NZ$0.08 (or the A$ Price). This ratio and the Application Price are the same as for the Retail Entitlement Offer. The Lead Managers will seek to approach Eligible Institutional Shareholders, who may take up all, part or none of their Entitlements.

The Institutional Entitlement Offer opens at 10.00am (NZST) or 8.00am (AEST) on Wednesday, 8 May 2019 and closes at 4.00pm (NZST) or 2.00pm (AEST) on Thursday, 9 May 2019 (subject to Evolve's right to modify these dates).

Entitlements will not be quoted and cannot be traded on the NZX Main Board, the ASX or privately transferred. However, Ineligible Institutional Shareholders and Eligible Institutional Shareholders who have not taken up their full Entitlement may receive some value in respect of those New Shares not taken up if an Institutional Premium is achieved under the Institutional Bookbuild. There is no guarantee that any premium will be achieved, and any Institutional Premium may be different from any Retail Premium.

Eligibility under the Institutional Entitlement Offer

The Institutional Entitlement Offer is only open to Eligible Institutional Shareholders. Evolve and the Lead Managers will determine the Shareholders who will be treated as Eligible Institutional Shareholders for the purpose of determining the Shareholders to whom an offer of New Shares will be made under the Institutional Entitlement Offer. In exercising their discretion, the Lead Managers may have regard to a number of matters, including legal and regulatory requirements and logistical and registry constraints. Evolve and the Lead Managers will agree on which Shareholders will be treated as Ineligible Institutional Shareholders.

Evolve reserves the right to reject any application for New Shares under the Institutional Entitlement Offer that it considers comes from a person who is not an Eligible Institutional Shareholder.

Acceptance of Entitlement under the Institutional Entitlement Offer

The Lead Managers may seek to contact Eligible Institutional Shareholders to inform them of the terms and conditions of participation in the Institutional Entitlement Offer and seek confirmation of their Entitlements under the Offer. Application for New Shares by Eligible Institutional Shareholders can only be made in accordance with that process. Applications in excess of an Eligible Institutional Shareholder's Entitlement will not be accepted. Entitlements are not rounded up to a minimum holding.

The number of New Shares to which an Eligible Institutional Shareholder is entitled under an Entitlement will, in the case of fractions of New Shares, be rounded down to the nearest whole number.

The Institutional Bookbuild

New Shares that are attributable to Entitlements that are not taken up by Eligible Institutional Shareholders under the Institutional Entitlement Offer (together with those attributable to Entitlements of Ineligible Institutional Shareholders) will be offered under the Institutional Bookbuild to Institutional Investors (which may include Eligible Institutional Shareholders whether or not they took up their full Entitlement under the Offer). The Institutional Bookbuild is expected to take place between 9 and 10 May 2019.

The Clearing Price under the Institutional Bookbuild will be equal to or above the Application Price.

The proceeds from each New Share issued under the Institutional Bookbuild (if any) will be paid as follows:

- Evolve will receive the Application Price for all New Shares issued under the Institutional Bookbuild; and
- any Institutional Premium will be paid in proportion to their holdings of Entitlements that were not taken up to:
  - (a) each Eligible Institutional Shareholder who did not take up their Entitlement in full (with respect to the part of the Entitlement they did not take up only); and

(b) each Ineligible Institutional Shareholder (who will be deemed to hold the number of Entitlements they would have received if they were Eligible Institutional Shareholders for the purpose of calculating the amount of any Institutional Premium payable to them).

Allocations of New Shares under the Institutional Bookbuild will be determined by Evolve and the Lead Managers.

Settlement of the Institutional Entitlement Offer and the Institutional Bookbuild

Settlement of the Institutional Entitlement Offer and the Institutional Bookbuild will occur on the Institutional Settlement Date in accordance with arrangements advised by the Lead Managers. Each investor remains responsible for ensuring its own compliance with the Takeovers Code and other applicable legislation. For the purposes of clause 8B of the Takeovers Code (Class Exemptions) Notice (No 2) 2001, Evolve confirms that, to the best of its knowledge, Forsyth Barr Limited, as the NZX trading and advising firm appointed in relation to the Offer, is not being prosecuted for any offence.

THE RETAIL ENTITLEMENT OFFER

Overview of the Retail Entitlement Offer

Evolve is offering Eligible Retail Shareholders the opportunity to subscribe for 4.4 New Shares for every 1 Existing Share held as at 7.00pm (NZST) or 5.00pm (AEST) on the Record Date, at an Application Price of NZ$0.08 (or the A$ Price) per New Share. This ratio and the Application Price are the same as for the Institutional Entitlement Offer. Eligible Retail Shareholders are sent this Offer Document together with a personalised Entitlement and Acceptance Form and may take up all, part or none of their Entitlements.

The Retail Entitlement Offer opens on 13 May 2019 and closes at 5.00pm (NZST) or 3.00pm (AEST) on 29 May 2019 (subject to Evolve's right to modify these dates).

Entitlements will not be quoted and cannot be traded on the NZX Main Board, the ASX or privately transferred. However, Ineligible Retail Shareholders and Eligible Retail Shareholders who have not taken up their full Entitlement may receive some value in respect of those New Shares not taken up if a Retail Premium is achieved under the Retail Bookbuild. There is no guarantee that any premium will be achieved, and any Retail Premium may be different from any Institutional Premium.

Eligibility under the Retail Entitlement Offer

The Retail Entitlement Offer is only open to Eligible Retail Shareholders.

The Retail Entitlement Offer does not constitute an offer to any person who is not an Eligible Retail Shareholder (including any Institutional Shareholder or an Ineligible Retail Shareholder). Any person allocated New Shares under the Institutional Entitlement Offer or Institutional Bookbuild does not have any entitlement to participate in the Retail Entitlement Offer in respect of those New Shares.

Evolve reserves the right to reject any application for New Shares under the Retail Entitlement Offer that it considers comes from a person who is not an Eligible Retail Shareholder.

Acceptance of Entitlement under the Retail Entitlement Offer

The Entitlement and Acceptance Form distributed to Eligible Retail Shareholders with this Offer Document sets out an Eligible Retail Shareholder's Entitlement to participate in the Retail Entitlement Offer. Applications for New Shares by Eligible Retail Shareholders can only be made on an original Entitlement and Acceptance Form sent with this Offer Document or via an online application at www.evolveshareoffer.com.

Entitlements are not rounded up to a minimum holding. The number of New Shares to which an Eligible Retail Shareholder is entitled under an Entitlement will, in the case of fractions of New Shares, be rounded down to the nearest whole number.

Eligible Retail Shareholders are not obliged to subscribe for any or all of the New Shares to which they are entitled under the Offer. They may take up some or all of their Entitlement or allow some or all of their Entitlement to lapse.

Any person outside New Zealand or Australia who takes up an Entitlement in the Retail Entitlement Offer (and therefore applies for New Shares) through a New Zealand or Australian resident nominee, and their nominee, will be deemed to have represented and warranted to Evolve that the Offer can be lawfully made to their nominee pursuant to this Offer Document. None of Evolve, the Lead Managers, the Underwriters, the Registrar or any of their respective directors, officers, employees, agents, or advisers accept any liability or responsibility to determine whether a person is eligible to participate in this Offer.

The Retail Bookbuild

New Shares that are attributable to Entitlements that are not taken up by Eligible Retail Shareholders under the Retail Entitlement Offer (together with those attributable to Entitlements of Ineligible Retail Shareholders) will be offered under the Retail Bookbuild to Institutional Investors.

The Retail Bookbuild is expected to take place on 31 May 2019.

The Clearing Price under the Retail Bookbuild will be equal to or above the Application Price.

The proceeds from each New Share issued under the Retail Bookbuild (if any) will be paid as follows:

- Evolve will receive the Application Price for all New Shares issued under the Retail Bookbuild; and
- any Retail Premium will be paid in proportion to their holdings of Entitlements that were not taken up to:

  (a) each Eligible Retail Shareholder who did not take up their Entitlement in full (with respect to the part of the Entitlement they did not take up only); and

  (b) each Ineligible Retail Shareholder (who will be deemed to hold the number of Entitlements they would have received if they were Eligible Retail Shareholders for the purpose of calculating the amount of any Retail Premium payable to them).

Allocations of New Shares under the Retail Bookbuild will be determined by Evolve and the Lead Managers.

PAYMENT OF PREMIUM

Any Premium will be paid in New Zealand dollars or, for those Shareholders who receive dividends in Australian dollars, in Australian dollars at the prevailing A$:NZ$ exchange rate, in accordance with the direct credit payment instructions provided by the relevant Shareholder to Evolve (if any) and otherwise by cheque sent by ordinary post to their address as recorded in Evolve's share register. No interest will be paid in respect of any Premium payable.

NOMINEES

If you hold Existing Shares as nominee for more than one person, then you may (depending on the nature of each such person) be an Eligible Institutional Shareholder, Ineligible Institutional Shareholder, Eligible Retail Shareholder or Ineligible Retail Shareholder with regard to the Entitlement of each such person.

OVERSEAS SHAREHOLDERS

The Offer is only open to Eligible Shareholders, Institutional Investors and persons that Evolve is satisfied can otherwise participate in the Offer in compliance with all applicable laws. Evolve has determined that it is unreasonable to extend the Retail Entitlement Offer to Ineligible Retail Shareholders because of the small number of such Shareholders, the number and value of Shares that they hold and the cost of complying with the applicable regulations in jurisdictions outside New Zealand and Australia.

This Offer Document is only being sent by Evolve to Eligible Shareholders and Institutional Investors. The distribution of this Offer Document (including an electronic copy) outside New Zealand or Australia may be restricted by law. Any failure to comply with such restrictions may contravene applicable securities law. Evolve disclaims all liability to such persons.

Nominees and custodians may not distribute any part of this Offer Document, and may not permit any beneficial shareholder to participate in the Offer who is located, in the United States or any other country outside New Zealand and Australia except to institutional and professional investors listed in, and to the extent permitted under, this section.

Hong Kong

WARNING: This Offer Document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the **SFO**). No action has been taken in Hong Kong to authorise or register this Offer Document or to permit the distribution of this Offer Document or any documents issued in connection with it. Accordingly, the New Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the Entitlements and the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Entitlements and the New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors.

No person allotted Entitlements or New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this Offer Document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the Offer. If you are in doubt about any contents of this Offer Document, you should obtain independent professional advice.

Singapore

This Offer Document and any other materials relating to the Entitlements and New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this Offer Document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of Entitlements or New Shares, may not be issued, circulated or distributed, nor may the Entitlements or New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the **SFA**), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This Offer Document has been given to you on the basis that you are:

(a) an existing holder of Evolve's shares;

(b) an "institutional investor" (as defined in the SFA); or

(c) an "accredited investor" (as defined in the SFA).

In the event that you are not an investor falling within any of the categories set out above, please return this Offer Document immediately. You may not forward or circulate this Offer Document to any other person in Singapore.

Any offer is not made to you with a view to the Entitlements or the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire Entitlements or New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

United Kingdom

Neither this Offer Document nor any other document relating to the Offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended (**FSMA**)) has been published or is intended to be published in respect of the Entitlements or the New Shares.

This Offer Document is issued on a confidential basis to "qualified investors" (within the meaning of section 86(7) of the FSMA) in the United Kingdom, and these securities may not be offered or sold in the United Kingdom by means of this Offer Document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) of the FSMA. This Offer Document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the Entitlements or the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to Evolve.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (**FPO**), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together **relevant persons**).

The investments to which this Offer Document relates are available only to, and any offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this Offer Document or any of its contents.

UNDERWRITING AGREEMENT

Evolve has requested the Underwriters to underwrite the Offer and the Underwriters have agreed to do so. This means that the Underwriters will subscribe at the Application Price for any New Shares that are not subscribed for by Eligible Shareholders or Institutional Investors under the Offer in accordance with the terms of the Underwriting Agreement. A summary of the principal terms of the Underwriting Agreement are set out immediately below:

- The Underwriters have the power to appoint sub-underwriters.
- The Underwriters will be paid an agreed fee for their services in connection with the Offer.
- The Underwriting Agreement contains termination events, representations, warranties and indemnities that are customary for an offer of this nature.
- The reasons why the Underwriters may terminate their obligations under the Underwriting Agreement include events which have, or are likely to have, a material adverse effect on Evolve, the Shares or the Offer. These may be as a result of events related to Evolve or as a result of external events, such as material or fundamental changes in financial, economic and political conditions in certain countries or financial markets.
- If the Underwriting Agreement is terminated, a termination fee may be payable to the Underwriters.
- Evolve has indemnified the Underwriters and their respective directors, officers, partners, employees, representatives, shareholders, advisers and agents against certain losses sustained, suffered or incurred, arising out of or in connection with the Offer, the allotment of the New Shares or the Underwriting Agreement.
- For a period commencing on the date of the Underwriting Agreement and ending three months after the Allotment Date for the Retail Entitlement Offer, Evolve and its subsidiaries will not, without the prior written consent of the Underwriters:
  - offer for sale or accept offers for any Shares or other equity securities issued by Evolve;
  - allot or issue any Shares or other equity securities of Evolve (whether preferential, redeemable, convertible or otherwise);
  - issue or grant any right or option that entitles the holder to call for the issue of Shares or other equity securities by Evolve or that is otherwise convertible into, exchangeable for or redeemable by the issue of, Shares or other equity securities by Evolve;
  - create any debt instrument or other obligation which may be convertible into, exchangeable for or redeemable by, the issue of Shares or other equity securities by Evolve;
  - otherwise enter into any agreement whereby any person may be entitled to the allotment and issue of any Shares or other equity securities by Evolve; or
  - make any announcement of an intention to do any of the above,

  other than pursuant to its dividend reinvestment plan, existing employee incentive plans, the Offer or in connection with certain acquisitions; or
  - dispose of or charge, or agree to dispose of or charge, the whole or any substantial part of the business; or
  - enter into any commitment that is or may be material in the context of the Offer, the underwriting or the quotation of Shares on the NZX and ASX,

  other than as publicly disclosed or disclosed to the Underwriters prior to the date of the Underwriting Agreement.

TERMS AND RANKING OF NEW SHARES

New Shares will rank equally with, and have the same voting rights, dividend rights and other entitlements as, Existing Shares in Evolve quoted on the NZX Main Board and ASX. Entitlements will not be quoted and cannot be traded on the NZX Main Board, ASX or privately transferred. It is a term of the Offer that Evolve will take any necessary steps to ensure that the New Shares are, immediately after issue, quoted on the NZX Main Board and ASX.

NZX

The New Shares have been accepted for quotation by NZX and will be quoted on the NZX Main Board upon completion of allotment procedures. The NZX Main Board is a licensed market under the FMCA. However, NZX accepts no responsibility for any statement in this Offer Document. It is expected that trading on the NZX Main Board of the New Shares issued under:

- the Institutional Entitlement Offer and Institutional Bookbuild will commence on 17 May 2019; and
- the Retail Entitlement Offer and Retail Bookbuild will commence on 6 June 2019.

ASX

An application has or will be made to ASX for quotation of the New Shares issued under the Offer and Evolve expects that the New Shares will be quoted upon completion of allotment procedures. It is expected that trading on ASX of the New Shares issued under:

- the Institutional Entitlement Offer and Institutional Bookbuild will commence on 17 May 2019; and
- the Retail Entitlement Offer and Retail Bookbuild will commence on 6 June 2019.

ASX accepts no responsibility for any statement in this Offer Document. The fact that ASX may approve the New Shares for quotation is not to be taken in any way as an indication of the merits of Evolve. Holding statements for New Shares allotted under the Offer will be issued and mailed as soon as practicable after allotment. Applicants under the Offer should ascertain their allocation before trading in the New Shares. Applicants can do so by contacting the Registrar, whose contact details are set out in the Directory.

Applicants selling New Shares prior to receiving a holding statement do so at their own risk. No person accepts any liability or responsibility should any person attempt to sell or otherwise deal with New Shares before the holding statement showing the number of New Shares allotted to an applicant is received by the applicant for those New Shares.

NZX WAIVERS

NZX has granted Evolve a waiver from the following NZX Listing Rules in respect of the Offer, subject to certain terms and conditions:

- Waiver from NZX Listing Rule 7.11.1, to enable Evolve to allot the New Shares under the Institutional Entitlement Offer six Business Days after the close of the Institutional Entitlement Offer. The waiver was granted on the condition that allotment of the New Shares to be issued under the Institutional Entitlement Offer occurs six Business Days after the closing date of the Institutional Entitlement Offer.
- Waiver from NZX Listing Rule 9.2.1, to the extent that NZX Listing Rule 9.2.1 would otherwise require prior shareholder approval for any of Chris Sacre or his associated persons to act as a sub-underwriter of the Offer and receive sub-underwriting fees under a sub-underwriting agreement. The waiver is granted on the condition:
  - the non-conflicted independent directors of Evolve certify that the terms of the Underwriting Agreement, including the fees payable under the Underwriting Agreement, have been entered into, and negotiated, on an arm's length commercial basis, and that Evolve was not unduly influenced to enter into the Underwriting Agreement by Chris Sacre or any of his associated persons;
  - that the Underwriters certify that Chris Sacre or any of his Associated Persons did not unduly influence the Underwriters' decision to enter into the sub-underwriting arrangements, the terms of any sub-underwriting agreement with Chris Sacre or any of his associated persons will be negotiated on an arm's length and commercial basis with the Underwriters, and that there will be no material difference (other than differences which would result in the sub-underwriting arrangements to be less favourable to Chris Sacre or any of his associated persons) between the terms of any such sub-underwriting agreement with any other sub-underwriters who are not associated persons of Chris Sacre.

Evolve will also rely on the NZX class waiver for accelerated entitlement offers, dated 13 June 2017, in respect of the Offer. The following is a summary of each aspect of the class waiver relied on, and its corresponding conditions and effect:

- Waiver from NZX Listing Rule 7.3.1(a), permitting Evolve to not obtain Shareholder approval for the issue of New Shares in connection with the Offer. This waiver is subject to the condition that the issue be conducted in accordance with NZX Listing Rule 7.3.4(a) (read in conjunction with NZX Listing Rules 7.3.4(d) to 7.3.4(h)), except for the requirement in NZX Listing Rule 7.4.3(a) that the Offer is renounceable (provided that New Shares not taken up by Eligible Shareholders are offered under the Bookbuilds and that such Bookbuilds are undertaken in accordance with the Offer Document).
- Waiver from NZX Listing Rule 7.10.1, enabling Eligible Institutional Shareholders to be notified of their Entitlement prior to the Record Date and enabling notification to occur by means other than physical letters of entitlement.
- Waiver from NZX Listing Rule 7.10.2, to the extent it would otherwise require the Institutional Entitlement Offer to remain open for 12 Business Days, subject to the condition that Evolve's announcement of the Offer, and this Offer Document, clearly state that a shorter than usual offer period will be available to Eligible Institutional Shareholders under the Institutional Entitlement Offer.
- Waiver from NZX Listing Rule 7.10.8, to the extent it would otherwise require Evolve to notify NZX of the Offer five Business Days prior to the ex-date for the Offer, subject to the condition that the Offer is notified to NZX in accordance with NZX Listing Rule 7.10.8 no later than five Business Days before the ex-date for the Offer.
- Waiver from NZX Listing Rule 9.2.1, to the extent it would otherwise require Evolve to obtain Shareholder approval for the participation of Related Parties of Evolve in the Offer. This waiver is conditional upon the Independent Directors certifying specified matters in relation to the terms of the Offer and the entry into and allocation of shares under the Offer.

PART 5: GLOSSARY

TERM	DEFINITION
A$ Price	The Australian dollar equivalent of the Application Price (as expressed in New Zealand Dollars), calculated in accordance with the terms of this Offer Document.
Allotment Date	In respect of the: (a) Institutional Entitlement Offer and Institutional Bookbuild, Friday, 17 May 2019; and (b) Retail Entitlement Offer and Retail Bookbuild, Thursday, 6 June 2019.
Application Price	NZ$0.08 (or the A$ Price) per New Share.
ASIC	The Australian Securities and Investments Commission.
ASX	ASX Limited or the market it operates (as the context requires).
Bookbuild	The Institutional Bookbuild or the Retail Bookbuild.
Business Day	Has the meaning giving to that term in the NZX Listing Rules.
Clearing Price	The price determined: (a) in respect of the Institutional Bookbuild, through the Institutional Bookbuild process; and (b) in respect of the Retail Bookbuild, through the Retail Bookbuild process, which may be equal to or above the Application Price.
Corporations Act	The Australian Corporations Act 2001 (Cth).
Eligible Institutional Shareholder	A person who, as at 7.00pm (NZST) or 5.00pm (AEST) on the Record Date, was recorded in Evolve's share register as being a Shareholder and: (a) whose address is shown in Evolve's share register as being in New Zealand, Australia, Hong Kong, Singapore or the United Kingdom, or is a person who Evolve is satisfied the Institutional Entitlement Offer may be made to under all applicable laws without the need for any registration, lodgement or other formality (other than a formality with which Evolve is willing to comply), and who is not in the United States and who is not acting for the account or benefit of a person in the United States; and (b) is an Institutional Investor (or the nominee of an Institutional Investor) and is invited to participate in the Institutional Entitlement Offer.

Eligible Retail Shareholder	A person who, as at 7.00pm (NZST) or 5.00pm (AEST) on the Record Date, was recorded in Evolve's share register as being a Shareholder and: (a) whose address is shown in Evolve's share register as being in New Zealand or Australia; or (b) who Evolve considers, in its discretion, may be treated as an Eligible Retail Shareholder, and who is not in the United States and not acting for the account or benefit of a person in the United States and is not an Eligible Institutional Shareholder or an Ineligible Institutional Shareholder.
Eligible Shareholder	An Eligible Retail Shareholder or an Eligible Institutional Shareholder.
Entitlement	A right to subscribe for 4.4 New Shares for every 1 Existing Share held at 7.00pm (NZST) or 5.00pm (AEST) on the Record Date at the Application Price, issued pursuant to the Offer.
Entitlement and Acceptance Form	The personalised entitlement and acceptance form accompanying this Offer Document for Eligible Retail Shareholders.
Evolve	Evolve Education Group Limited (company number 5236543).
Existing Share	A Share on issue on the Record Date.
FMCA	The Financial Markets Conduct Act 2013.
Ineligible Institutional Shareholder	A person who, as at 7.00pm (NZST) or 5.00pm (AEST) on the Record Date, was recorded in Evolve's share register as being a Shareholder who is not an Institutional Investor but, if the Shareholder's address was shown in Evolve's share register as being in New Zealand, Australia, Hong Kong, Singapore or the United Kingdom, would in the opinion of Evolve be an Institutional Investor.
Ineligible Retail Shareholder	A Shareholder who is not an Eligible Institutional Shareholder, Ineligible Institutional Shareholder or an Eligible Retail Shareholder.
Ineligible Shareholder	Shareholders other than Eligible Shareholders.
Institutional Bookbuild	The bookbuild process conducted by the Lead Managers under which New Shares attributable to Entitlements that are not taken up by Eligible Institutional Shareholders, together with New Shares attributable to Entitlements of Ineligible Institutional Shareholders, are offered to Institutional Investors (which may include Eligible Institutional Shareholders, whether or not they took up their full Entitlement under the Offer).
Institutional Entitlement Offer	The offer of New Shares to Eligible Institutional Shareholders.

Institutional Investor	A person: (a) in New Zealand, who Evolve considers is an institutional, habitual, or sophisticated investor (including a wholesale investor as defined in the FMCA); (b) in Australia, who Evolve considers is a person to whom an offer of shares for issue may lawfully be made without a formal disclosure document under Part 6D.2 of the Corporations Act (as modified by any applicable regulatory instrument), including in accordance with applicable exemptions in sections 708(8) (sophisticated investors) or 708(11) (professional investors) of the Corporations Act; (c) in Hong Kong, who Evolve considers is a "professional investor" as defined in the Securities and Futures Ordinance of Hong Kong, Chapter 571 of the Laws of Hong Kong; (d) in Singapore, who Evolve considers is an "institutional investor" or an "accredited investor", as defined in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore; (e) in the United Kingdom, who Evolve considers is a "qualified investor" within the meaning of section 86(7) of the United Kingdom Financial Services and Markets Act 2000; and within the categories of persons referred to in Article 19(5) (investment professionals) or Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the United Kingdom Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended; or (f) who Evolve is satisfied the Institutional Entitlement Offer may be made to under all applicable laws without the need for any registration, lodgement or other formality (other than a formality with which Evolve is willing to comply), and who is not in the United States and who is not acting for the account or benefit of a person in the United States.
Institutional Premium	The amount per New Share, if any, by which the Clearing Price in the Institutional Bookbuild exceeds the Application Price.
Institutional Settlement Date	The date of settlement of New Shares under the Institutional Entitlement Offer and Institutional Offer, expected to be Thursday, 16 May 2019 on ASX and Friday, 17 May 2019 on NZX.
Lead Managers	Forsyth Barr Limited and Canaccord Genuity (Australia) Limited.
New Share	A Share in Evolve offered under the Offer of the same class as, and ranking equally in all respects with, Evolve's quoted Shares at the Allotment Date.
NZX	NZX Limited.
NZX Main Board	The main board equity security market operated by NZX.

NZX Listing Rules	The listing rules of NZX in relation to the NZX Main Board (or any market in substitution for that market) in force from time to time, read subject to any applicable rulings or waivers.
NZX Primary Market Participant	Any company, firm, organisation, or corporation designated or approved as a primary market participant from time to time by NZX.
Offer	The accelerated rights entitlement offer of New Shares detailed in this Offer Document, comprising the Institutional Entitlement Offer, the Institutional Bookbuild, the Retail Entitlement Offer and the Retail Bookbuild.
Offer Document	This document.
Premium	The amount per New Share, if any, by which the Clearing Price exceeds the Application Price.
Record Date	10 May 2019.
Registrar	Link Market Services Limited.
Retail Bookbuild	The bookbuild process conducted by the Lead Managers under which New Shares attributable to Entitlements that are not taken up by Eligible Retail Shareholders, together with New Shares attributable to Entitlements of Ineligible Retail Shareholders, are offered to Institutional Investors (which may include Eligible Institutional Shareholders whether or not they took up their full Entitlement under the Offer).
Retail Entitlement Offer	The offer of New Shares to Eligible Retail Shareholders.
Retail Premium	The amount per New Share, if any, by which the Clearing Price in the Retail Bookbuild exceeds the Application Price.
Share	A fully paid ordinary share in Evolve.
Shareholder	A registered holder of Shares.
Takeovers Code	The Takeovers Code set out in the schedule to the Takeovers Regulations 2000.
Underwriters	Forsyth Barr Group Limited and Canaccord Genuity (Australia) Limited.

NOTE:

- All references to time are to New Zealand time unless stated or defined otherwise.
- All references to currency are to New Zealand dollars unless stated or defined otherwise.
- All references to legislation are references to New Zealand legislation unless stated or defined otherwise.
- This Offer Document, the Offer and any contract resulting from it are governed by the laws of New Zealand, and each applicant submits to the exclusive jurisdiction of the courts of New Zealand.

PART 6: DIRECTORY

ISSUER

Evolve Education Group Limited

Level 2, 54 Fort Street
Auckland 1010
New Zealand
Telephone: +64 9 377 8700
E-mail: enquire@eeg.co.nz

www.evolveeducation.co.nz

LEAD MANAGERS AND UNDERWRITERS

Forsyth Barr Limited (as Lead Manager) and Forsyth Barr Group Limited (as Underwriter)

Level 23
Lumley Centre
88 Shortland Street
Auckland Central
Auckland 1010
PO Box: 97, Shortland Street, Auckland 1140
Telephone: +64 9 368 0000
Fax: +64 9 368 0092

Canaccord Genuity (Australia) Limited (as Lead Manager and Lead Underwriter)

Level 4
60 Collins Street
Melbourne
VIC, 3000
Australia
Telephone: +61 3 8688 9100

DIRECTORS OF EVOLVE EDUCATION GROUP LIMITED

Alistair Ryan, Independent Chairperson
Norah Barlow, Independent Director
Gráinne Troute, Independent Director
Chris Sacre, Director
Chris Scott, Director

LEGAL ADVISORS

Chapman Tripp

Level 35, ANZ Centre
23-29 Albert Street
Auckland 1010
New Zealand
Telephone: +64 9 357 9000

If you have any queries about the Entitlements shown on the Entitlement and Acceptance Form which accompanies this Offer Document, or how to apply online or complete the Entitlement and Acceptance Form, please contact the Registrar at:

SHARE REGISTRAR

Link Market Services Limited

Level 11, Deloitte Centre
80 Queen Street
Auckland 1010
Telephone: +64 9 375 5998

enquiries@linkmarketservices.co.nz

Level 12
680 George Street
Sydney NSW 2000
Telephone: +61 2 8280 7100

evolve
education group

APPENDIX 7 – NZSX Listing Rules

EMAIL: announce@nzx.com

Notice of event affecting securities

NZSX Listing Rule 7.12.2. For rights, NZSX Listing Rules 7.10.9 and 7.10.10.
For change to allotment, NZSX Listing Rule 7.12.1, a separate advice is required.

Number of pages including this one (Please provide any other relevant details on additional pages) 1

Full name of Issuer Evolve Education Group Limited

Name of officer authorised to make this notice Stephen Davies

Authority for event, e.g. Directors' resolution Directors' resolution

Contact phone number +64 9 377 8700

Contact fax number

Date 08 / 05 / 2019

Nature of event
Tick as appropriate

Bonus Issue ☐ *If ticked, state whether:* *Taxable* ☐ */ Non Taxable* ☐ *Conversion* ☐ *Interest* ☐ *Rights Issue Renouncable* ☐

Rights Issue non-renouncable ☒ Capital change ☐ Call ☐ Dividend ☐ If ticked, state whether: Interim ☐ Full Year ☐ Special ☐ DRP Applies ☐

EXISTING securities affected by this

If more than one security is affected by the event, use a separate form.

Description of the class of securities Ordinary Shares

ISIN NZEVOE0001S4
If unknown, contact NZX

Details of securities issued pursuant to this event

If more than one class of security is to be issued, use a separate form for each class.

Description of the class of securities Ordinary Shares

ISIN NZEVOE0001S4
If unknown, contact NZX

Number of Securities to be issued following event Up to 793,225,650 (subject to rounding)

Minimum Entitlement

Ratio, e.g 1 for 2 4.4 *for* 1

Conversion, Maturity, Call Payable or Exercise Date N/A
Enter N/A if not applicable

Treatment of Fractions Rounded down

Strike price per security for any issue in lieu or date Strike Price available. N/A

Tick if pari passu ☒ *OR provide an explanation of the ranking*

Monies Associated with Event

Dividend payable, Call payable, Exercise price, Conversion price, Redemption price, Application money.

In dollars and cents

Amount per security (does not include any excluded income) $0.080

Source of Payment

Excluded income per security (only applicable to listed PIEs) N/A

Currency NZD

Supplementary dividend details - NZSX Listing Rule 7.12.7

Amount per security in dollars and cents

Date Payable

Total monies Approximately $63.5 million

Taxation

Amount per Security in Dollars and cents to six decimal places

In the case of a taxable bonus issue state strike price $

Resident Withholding Tax $

Imputation Credits (Give details)

Foreign Withholding Tax $

FDP Credits (Give details)

Timing (Refer Appendix 8 in the NZSX Listing Rules)

Record Date 5pm
For calculation of entitlements -
10 May 2019 (7.00pm NZ Time)

Application Date
Also, Call Payable, Dividend / Interest Payable, Exercise Date, Conversion Date.
Institutional 9 May 2019; Retail 29 May 2019

Notice Date
Entitlement letters, call notices, conversion notices mailed
13 May 2019

Allotment Date
For the issue of new securities. Must be within 5 business days of application closing date.
Institutional 17 May 2019; Retail 6 June 2019

OFFICE USE ONLY
Ex Date:
Commence Quoting Rights:
Cease Quoting Rights 5pm:
Commence Quoting New Securities:
Cease Quoting Old Security 5pm:

Security Code:

Security Code:

NZX

evolve
education group

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8 May 2019

NOTICE PURSUANT TO CLAUSE 20(1)(a) OF SCHEDULE 8 TO THE FINANCIAL MARKETS CONDUCT REGULATIONS 2014

Evolve Education Group Limited (*Evolve*) has announced that it will undertake an accelerated rights entitlement offer of new fully paid ordinary shares of the same class as already quoted on the NZX Main Board of NZX Limited and the Australian Securities Exchange operated by ASX Limited (the *Offer*).

Pursuant to clause 20(1)(a) of Schedule 8 to the Financial Markets Conduct Regulations 2014 (*FMC Regulations*), the Financial Markets Conduct Act 2013 (*FMCA*) and the Australian Corporations Act 2001 (Cth) (*Corporations Act*), Evolve states that:

1 Evolve is making the Offer in reliance upon the exclusion in clause 19 of Schedule 1 to the FMCA and is giving this notice under clause 20(1)(a) of Schedule 8 to the FMC Regulations.

2 Evolve is giving this notice under sections 708A and 708AA of the Corporations Act (as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84 and ASIC Instrument 16-0626).

3 As at the date of this notice, Evolve is in compliance with:

3.1 the continuous disclosure obligations that apply to it in relation to Evolve's quoted ordinary shares; and

3.2 its financial reporting obligations within the meaning set out in clause 20(5) of Schedule 8 of the FMC Regulations.

4 As at the date of this notice, there is no information that is "excluded information" as defined in clause 20(5) of Schedule 8 to the FMC Regulations.

The Offer is not expected to have any effect on the control of Evolve within the meaning set out in clause 48 of Schedule 1 of the FMCA.

Yours faithfully

Stephen Davies
CFO
Evolve Education Group Limited