

Evolve Education Group Ltd**ASM****18 September 2019****Chair address**

Thank you for attending the fifth annual shareholder meeting since Evolve Education Group Limited (EVO) was admitted to the NZX in December 2014.

My name is Norah Barlow and I have been the Acting Chair of EVO since 15 June 2019 after the previous Chair (Alistair Ryan) stood down on 14 June 2019.

I am joined by my fellow Directors – Hamish Stevens, Chris Sacre and Chris Scott. Two new Directors will join the Board on 19 September 2019 – Adrian Fonseca and Kim Campbell. In addition, I will stand down as Acting Chair and as a director with effect from 19 September 2019. Hamish Stevens will be appointed the new Chair from that date, Adrian Fonseca will assume the role of Chair of Audit & Risk, and Kim Campbell will chair the Remuneration and Nominations Committee.

This will mean that the entire Board will have been renewed since 1 December 2018 when Chris Sacre and Chris Scott joined the Board. It is pleasing to see that the new Board will have significant experience in the early childcare education sector, with three of the five Directors on the Board, Chris, Chris and Adrian, having significant experience in this sector

In addition, from a management standpoint, Chris Scott as Managing Director and Chris Sacre as the Country Manager for Australia have very strong credentials in the sector, as is expected with his counterpart in New Zealand when this appointment is finalised, and announced to the market in the near future.

Furthermore, two of the five Directors have substantial economic interests in EVO via significant shareholdings. While all Directors always work in what they see as the best interests of the company, this added alignment can only be helpful to the company's success.

Also present is the CFO Stephen Davies for Evolve. Stephen has been in the position for some time now and is well versed in the dynamics of the sector.

The important point to note here is that Evolve, from the early education sector viewpoint, will have its most experienced Board/management team since listing on the NZX. The task ahead now is redefine and execute the company's goals and strategies so as to regain ground that has been lost over the past three years. Specifically, the goal must be to return to acceptable levels of profitability because unless this is achieved, other admirable goals simply cannot be achieved.

The agenda today will include my Chair's address, and the opportunity for shareholders to ask questions on the operations and management of the business. We will then cover the formal resolutions as per the Notice of Meeting and questions relating to the resolutions.

Voting for the resolutions will be by poll. I would ask that questions relating to the resolutions are made at that stage of the meeting please.

The results of the voting will be announced to the NZX later today.

It cannot and should not be denied that FY2019 was a disappointment financially. While the underperformance has been reported extensively in market announcements and media comment, it was clearly signalled that 2019 would be the year of consolidation which was needed to reset the company's management and management systems.

The former CEO Rosanne Graham (recruited in July 2018) was tasked with developing that turnaround plan which included divestment of parts of the business which were either under performing or which no longer proved a suitable fit with the overall strategy. The latter category included the sale of in home care operations, Porse and Au Pair Link, which was successfully completed in the second half of financial year 2019. The turnaround plan was provided to the Board, and discussed with the market during the capital raise, and was noted as involving increased costs while the company re established its systems and processes, and reset the management team.

It was however still disappointing to see the profit for the year ended 31 March 2019 (before non recurring items) coming in at \$5.3m (compared to \$12m in 2018). This resulted from the 2% lower average occupancy across all childcare centres on a like for like basis which was not able to be arrested during this year. At the same time as occupancy reduced, Head Office costs to restructure the company increased by \$3m.

In late 2018, Chris Scott and Chris Sacre joined the Board, and provided Evolve with access to people with long and robust early education sector experience in Australia. Chris Sacre was involved (as CFO and then CEO) of Early Learning Services Limited (ASX:ELY) from 2007. Early Learning merged with another business in 2010 and the combined business became known as G8 Education Limited (ASX: GEM). G8 is the largest for profit company in the early education sector in Australia with more than 500 early education centres under management in Australia and Singapore.

Chris Scott was the founder of G8 and the MD of G8 from 2010 until mid 2017. Chris Sacre was CFO and then COO of G8 until departing in 2015 to establish a business providing consulting services in the early education sector as well as developing and incubating new centres.

In the second half of FY19, the Board developed a capital management plan to meet the obligations of the company's funding facility with its banker (ASB) and to provide funding for entry into the Australian early learning sector where the experience of Chris Scott and Chris Sacre could be exploited. The Board took the view that the diversification into Australia would broaden earnings and enhance the stability of the financial performance of Evolve

The capital plan culminated in a \$63m accelerated rights entitlement offer to all eligible shareholders (retail and institutional) as announced to the market on 8 May 2019. Bookbuilds to allocate entitlements not taken up were substantially oversubscribed which highlighted the degree of confidence held by institutional investors in ability of the new Directors to add value to the company.

On 16 August 2019 we announced that CEO Rosanne Graham had made the decision to resign. This led to a management restructure, with Chris Scott then appointed Managing Director of both the NZ and the proposed Australian operations. Chris Sacre was appointed as Country Manager for Australia, and there will follow an announcement of a Country Manager for New Zealand once finalised in the near future.

Chris Scott is now currently undertaking a comprehensive review of the New Zealand operations of Evolve. He will provide an overview of his findings at the presentation of the Evolve half year results in late November 2019.

At this stage we are making time available for questions relating to the management and operations of the business and any other matters which are not specific to the resolutions. Please reserve your questions which are specific to the resolutions until that stage of the meeting.

If you wish to ask a question, please raise your hand and once indicated, please introduce yourself and then address your question to myself as Chair of the meeting. I will either answer your question myself or redirect your question, as may be appropriate.

ENDS