

23 NOVEMBER 2015

## **Evolve announces strong half year results and confirms FY16 Prospectus Guidance**

Evolve Education Group Limited (Evolve) has delivered a strong result in the half year to 30 September 2015 with revenue of \$70.1m and net profit after tax (NPAT) of \$8.4m. Underlying NPAT<sup>1</sup> (which excludes one-off acquisition and integration costs) was \$9.3m.

This positive outcome has resulted from solid operational performance and management, said CEO Alan Wham.

"The commitment from our teaching staff to education outcomes has ensured continued parental support with occupancy of 87% for the half year."

The company's portfolio of Early Childhood Education ("ECE") centres now number 100. Evolve contracted 14 new ECE centres in the six months ended 30 September 2015, a success which Mr. Wham said would be evident in the results for the second half of the year.

Chair, Norah Barlow said, "The Evolve Group continues to grow through acquisitions and maintain its strong performance. We believe Evolve is well placed to meet its PFI target for the year ending 31 March 2016. Evolve's unutilised bank debt facilities in excess of \$40m at the end of September enable continuing acquisitions of quality ECE centres".

### **Dividend**

The directors resolved to pay a fully imputed dividend of 2.38 cents per share, with full imputation credits attached at a tax rate of 28%, to shareholders on the share register at 5 pm on 8 December 2015. The dividend will be paid on 18 December 2015.

Evolve directors have approved a Dividend Reinvestment Plan ("DRP") which will be effective from today. The DRP will enable shareholders to reinvest all or part of their dividend payments into additional fully paid Evolve shares.

ENDS

For any further inquiries please contact:

Alan Wham

Chief Executive

Evolve Education Group Limited

Email: [alan.wham@eeg.co.nz](mailto:alan.wham@eeg.co.nz)

Mobile: +64 27 582 4838

*<sup>1</sup>Underlying Net Profit After Tax is defined as net profit after tax adjusted for acquisition and integration costs. Underlying Net Profit After Tax is a non GAAP financial measures and are not prepared in accordance with NZ IFRS. This measure is intended to supplement the NZ GAAP measures presented in Evolve Group financial statements, should not be considered in isolation and not a substitute for those measures. Refer Appendix A of the Results presentation for reconciliation of Non GAAP financial information.*

Evolve is a New Zealand operated provider of high quality multi-faceted ECE services. Evolve offers both centre-based and home-based ECE, operating under various brands including Lollipops Educare, Leaps and Bounds, Porse and Au Pair Link. Evolve listed on the NZX and ASX on 5 December 2014. Its portfolio currently includes 100 ECE centres and two home-based businesses.

#### **Attachments**

1. NZX Appendix 1 and ASX Appendix 4E
2. NZX Appendix 7 and ASX appendix 3A1
3. Evolve Group's unaudited consolidated financial statements for the 6 month period ended 30 September 2015 with a review opinion from the Auditor.
4. Results presentation
5. Dividend Reinvestment Plan (DRP)
6. DRP Participation Notice

NZX APPENDIX 1 & ASX APPENDIX 4E		
EVOLVE EDUCATION GROUP LIMITED		
Unaudited results for announcement to the market		
Reporting Period	Six months to 30 September 2015	
Previous Reporting Period	20 May 2014 to 30 September 2014*	
	Amount (000s)	Percentage Change
Revenue from ordinary activities	70,093	*
Profit (Loss) from ordinary activities after tax attributable to security holders	8,435	N/A
Net profit (loss) attributable to the security holders	8,435	N/A
Interim/Final Dividend	Amount per Security	Imputed Amount per Security
Interim Dividend - cents per share	2.38	0.93
Record Date	8-Dec-15	
Dividend Payment Date	18-Dec-15	
	31-Mar-15	Previous Corresponding Period
Net tangible assets per security (NZD)	(0.15)	N/A
Details of entities over which control has been gained or lost during the period	Please refer note 3 to Evolve Group's unaudited consolidated financial statements attached.	
Details of associates and joint venture entities	Please refer note 1 to Evolve Group's unaudited consolidated financial statements attached.	
Comments	Refer results presentation attached.	
* The Company was incorporated on 20 May 2014. In the period between 20 May 2014 and 30 September 2014 the Company was preparing for listing. Accordingly the prior year comparatives have no revenue and include costs for preparation to operate. The Company listed on 5 December 2014.		

**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)

Full name of Issuer	EVOLVE EDUCATION GROUP LIMITED		
Name of officer authorised to make this notice	Vivek Singh	Authority for event, e.g. Directors' resolution	Board resolution of 23 November 2015
Contact phone number	+64 27 2000 982	Contact fax number	
		Date	23 / 11 / 2015

<b>Nature of event</b> Tick as appropriate	Bonus Issue <input type="checkbox"/>	If ticked, state whether: <input type="checkbox"/>	Taxable <input type="checkbox"/>	/ Non Taxable <input type="checkbox"/>	Conversion <input type="checkbox"/>	Interest <input type="checkbox"/>	Rights Issue Renounceable <input type="checkbox"/>
	Rights Issue non-renounceable <input type="checkbox"/>	Capital change <input type="checkbox"/>	Call <input type="checkbox"/>	Dividend <input checked="" type="checkbox"/>	If ticked, state whether: Interim <input checked="" type="checkbox"/>	Full Year <input type="checkbox"/>	Special <input type="checkbox"/>
						DRP Applies <input checked="" type="checkbox"/>	

<b>EXISTING securities affected by this</b>		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

<b>Details of securities issued pursuant to this event</b>		NA		If more than one class of security is to be issued, use a separate form for each class.	
Description of the class of securities		ISIN			If unknown, contact NZX
Number of Securities to be issued following event		Minimum Entitlement		Ratio, e.g. ① for ②	
Conversion, Maturity, Call Payable or Exercise Date		Treatment of Fractions			
	Enter N/A if not applicable	Tick if pari passu <input type="checkbox"/>	OR	provide an explanation of the ranking	
Strike price per security for any issue in lieu or date Strike Price available.					

<b>Monies Associated with Event</b>		Dividend payable, Call payable, Exercise price, Conversion price, Redemption price, Application money.	
In dollars and cents		Source of Payment	Dividend
Amount per security (does not include any excluded income)	\$0.0238		
Excluded income per security (only applicable to listed PIEs)			
Currency	NZD	Supplementary dividend details - NZSX Listing Rule 7.12.7	Amount per security in dollars and cents \$0.004199
Total monies	\$4,214,569		Date Payable 18 December 2015

<b>Taxation</b>		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	\$0.001653
		Imputation Credits (Give details)	\$0.009256
		Foreign Withholding Tax	\$
		FWP Credits (Give details)	

<b>Timing</b>		(Refer Appendix 8 in the NZSX Listing Rules)	
<b>Record Date 5pm</b> For calculation of entitlements -	8 December, 2015	<b>Application Date</b> Also, Call Payable, Dividend / Interest Payable, Exercise Date, Conversion Date. In the case of applications this must be the last business day of the week.	9 December 2015 (Last day for DRP election)
<b>Notice Date</b> Entitlement letters, call notices, conversion notices mailed	18 December, 2015	<b>Allotment Date</b> For the issue of new securities. Must be within 5 business days of application closing date.	18 December 2015

**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:



+Rule 3.20.4, 15.3, Appendix 6A paragraph 1

## Appendix 3A.1

### Notification of dividend / distribution

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Please note that two or more corporate actions on the same \*security may not run with different record dates if the timetables result in overlapping (but not identical) ex-periods. It is permissible to run different corporate actions with the same record date except in the case of reorganisations – consolidations/splits which cannot run at the same time as any other corporate action for that entity.

\*Denotes minimum information required for first lodgement of this form.

\*\*Denotes information that must be provided on or before \*business day 0 of the relevant Appendix 6A or Appendix 7A timetable.

The balance of the information, where applicable, must be provided as soon as reasonably practicable by the entity.

Where a dividend/distribution is announced at the same time as Appendix 4D, 4E or 4F the online form relating to the dividend/distribution should be submitted after the Appendix 4D, 4E or 4F and before other material such as media releases or analyst presentations. Refer to [Guidance Note 14 ASX Market Announcements Platform](#).

#### Part 1 – Entity and announcement details

Question no	Question	Answer
1.1	*Name of entity	Evolve Education Group Limited
1.2	*Registration type and number <i>One of ABN/ARSN/ARBN/ACN or other registration type and number (if "other" please specify what type of registration number has been provided).</i>	ARBN 601 709 237
1.3	*ASX issuer code	EVO
1.4	*The announcement is <i>Tick whichever is applicable.</i>	<input checked="" type="checkbox"/> New announcement <input type="checkbox"/> Update/amendment to previous announcement <input type="checkbox"/> Cancellation of previous announcement
1.4a	*Reason for update <i>Mandatory only if "Update" ticked in Q1.4 above. A reason must be provided for an update.</i>	Not Applicable
1.4b	*Date of previous announcement to this update <i>Mandatory only if "Update" ticked in Q1.4 above.</i>	Not Applicable
1.4c	*Reason for cancellation <i>Mandatory only if "Cancellation" ticked in Q1.4 above. If information has previously been provided in Part 3D of the form "Preference *security distribution rate details" please also confirm whether the rate changes remain in place for the *security or are also cancelled.</i>	Not Applicable

1.4d	*Date of previous announcement to this cancellation <i>Mandatory only if "Cancellation" ticked in Q1.4 above.</i>	Not Applicable
1.5	*Date of this announcement <i>The date of lodgement of the form by the entity via ASX Online.</i>	23 November 2015
1.6	*Applicable ASX *security code and description for dividend / distribution <i>Please select the *security to which the notification applies. Only one *security can be selected for each form.</i>	ASX *security code: EVO *Security description: Fully paid ordinary shares

## Part 2 – All dividends / distributions

## Part 2A – Basic details

Question No.	Question	Answer
2A.1	*Type of dividend/distribution <i>Each form can only relate to one *record date and payment date but may have multiple types of payment for example an ordinary and special dividend. Please note that dividends/distributions for units, ETFs and preference *securities are classified as "Ordinary".</i>	<input checked="" type="checkbox"/> Ordinary (must be cash) <i>Please complete Part 3A.</i> <input type="checkbox"/> Special (must be cash) <i>Please complete Part 3B.</i> <input type="checkbox"/> Scrip (must be scrip) <i>Please complete Part 3C.</i>
2A.2	*The dividend/distribution: <i>Tick one only to indicate length of period to which the dividend/distribution applies. ASX's system classifies interim/final dividends/distributions as six monthly if both are paid. If a final only is paid it is classified as relating to a period of twelve months. Where a scrip or special dividend/distribution is paid at the same time as an ordinary dividend/distribution it has the same period classification as the ordinary.</i> <i>If the dividend/distribution is special and/or scrip only then "does not relate to a specific period within the financial year in which it was paid" may be applicable.</i>	<input type="checkbox"/> relates to a period of one month. <input type="checkbox"/> relates to a period of one quarter. <input checked="" type="checkbox"/> relates to a period of six months. <input type="checkbox"/> relates to a period of twelve months. <input type="checkbox"/> does not relate to a specific period within the financial year in which it was paid.
2A.3	*The dividend/distribution relates to the financial reporting or payment period ended/ending (date) <i>The period ended date must match the end date of the reporting period of any Appendix 4D, 4E or 4F lodged by the entity at the same time as this form and which includes the details of the dividend/distribution announced in this form. For preference *securities or units of trusts or ETFs the period ended/ending date may correspond to the payment date and may be a future date. If a special or scrip dividend/distribution is notified at the same time as another dividend/distribution which relates to a period of one month, one quarter, six months or</i>	6 months ended 30 September 2015

	<p><i>twelve months then the special or scrip dividend/distribution will be characterised with the same period type and will have the same period ended as that dividend/distribution. If the dividend/distribution is special and/or scrip only and "does not relate to a specific period within the financial year in which it was paid" has been ticked in Q2A.2, then a period ended date may not be applicable.</i></p>	
2A.4	<p><b>**Record date</b></p> <p><i>The *record date must be at least five *business days from current date (refer Appendix 6A paragraph 1). Please note that the *record date and ex date cannot be changed (even to postpone it or cancel it) any later than 12 noon Sydney time on the day before the previous ex date advised.</i></p>	8 December 2015
2A.5	<p><b>*Ex date</b></p> <p><i>The ex date is two *business days before *record date (i.e. *business day 3 if the *record date is *business day 5). Refer to Appendix 6A paragraph 1. *Securities will trade "ex" dividend/distribution from the ex date. Please note that the *record date and ex date cannot be changed (even to postpone it or cancel it) any later than 12 noon Sydney time on the day before the previous ex date advised.</i></p>	6 December 2015
2A.6	<p><b>*Payment date</b></p> <p><i>The payment date must be after the *record date. Refer to Appendix 6A paragraph 1. For a scrip dividend/distribution this date will be the same as the *issue date referred to in Q3C.4 of this form. Please note that the payment date cannot be changed (even to postpone it or cancel it) any later than 12 noon Sydney time on the day of the previous payment date advised.</i></p>	18 December 2015
2A.7	<p><b>*Are any of the below approvals required for the dividend/distribution before business day 0 of the timetable?</b></p> <ul style="list-style-type: none"> <li>• *Security holder approval</li> <li>• Court approval</li> <li>• Lodgement of court order with *ASIC</li> <li>• ACCC approval</li> <li>• FIRB approval</li> <li>• Another approval/condition external to the entity required to be given/met before business day 0 of the timetable for the dividend/distribution.</li> </ul> <p><i>If any of the above approvals apply to the dividend/distribution before business day 0 of the timetable, please answer 'yes' and provide details at Q2A.7a. If "no" go to Q2A.8.</i></p> <p><i>The purpose of the question is to confirm that relevant approvals are received prior to ASX establishing an ex market in the *securities. If the entity wishes to disclose approvals or</i></p>	Y / N - <b>No</b>

	conditions which are to be resolved at a later date it should use Part 5 "Further information".	
2A.8	<p>*Currency in which the dividend/distribution is made ("primary currency")</p> <p><i>Primary currency will be the currency in which all other questions relating to the dividend/distribution will appear excepting those relating to payment in a different currency. For dividends/distributions paid in a currency other than AUD please answer 2A.9a-2A.9c. If the primary currency is NZD please also complete Part 3F.</i></p>	NZD – New Zealand Dollar
2A.9	<p>*Total dividend/distribution payment amount per *security (in primary currency) for all dividends/distributions notified in this form</p> <p><i>This amount should be the total of any Ordinary, Scrip, Special and Supplementary dividend/distribution announced using this form. An estimate is only permitted in the case of units of trusts, units of ETFs and preference +securities.</i></p>	NZD 0.023800
2A.9a	<p>AUD equivalent to total dividend/distribution amount per *security</p> <p><i>If primary currency is non-AUD.</i></p> <p><i>If more than one dividend/distribution type is included in this announcement (e.g. ordinary and special), this total should be the total of those types.</i></p> <p><i>ASX publishes an AUD equivalent amount for non-AUD *dividends/distributions. If this amount is not provided by the entity it is calculated and published using the RBA rate of exchange on the day before the ex date. The entity should only populate this question if an actual amount is known. If amount not known please answer 2A.9b. If known go to 2A.9c.</i></p>	
2A.9b	<p>If AUD equivalent not known, date for information to be released</p> <p><i>If primary currency is non-AUD.</i></p>	Estimated or actual – <b>Estimated, 18 December 2015</b>
2A.9c	<p>FX rate (in format AUD rate / primary currency rate):</p> <p><i>If primary currency is non-AUD.</i></p>	AUD1.00 /
2A.10	<p>*Does the entity have arrangements relating to the currency in which the dividend/distribution is paid to *security holders that it wishes to disclose to the market?</p> <p><i>If "yes", please complete Part 2B.</i></p> <p><i>It is not mandatory to disclose currency arrangements to the market. In particular, it does not refer to arrangements made between individual *security holders and the share registry or entity on an ad hoc or one-off basis and it does not refer to arrangements offered by the registry</i></p>	Y / N - <b>No</b>



	<p><i>independently of the entity.</i></p> <p><i>If the entity intends to disclose currency arrangements to the market it must do so through this form although it may supplement the information in the form with further PDF announcements.</i></p>	
2A.11	<p><b>*Does the entity have a securities plan for dividends/distributions on this security?</b></p> <p><i>This information is required by Appendix 6A paragraph 1. More than one option may be selected. If the entity has a DRP please answer Q2A.11a, if the entity has a BSP please answer Q2A.11b, if the entity has another *security plan please answer Q2A.11c.</i></p> <p><i>If the entity has a plan but it does not apply to the security which is the subject of this form the entity should answer "We do not have a securities plan for dividends/distributions on this security".</i></p>	<p><input checked="" type="checkbox"/> We have a Dividend/Distribution Reinvestment Plan (DRP)</p> <p><input type="checkbox"/> We have a Bonus *Security Plan or equivalent (BSP)</p> <p><input type="checkbox"/> We have another *security plan (Plan)</p> <p><input type="checkbox"/> We do not have a securities plan for dividends/distributions on this security</p>
2A.11a	<p><b>*If the entity has a DRP, is the DRP applicable to this dividend/distribution</b></p> <p><i>This information is required by Appendix 6A paragraph 1. If "yes", please answer Q2A.11a(i). If "no", ASX will assume the DRP is suspended for this dividend/distribution.</i></p>	Y / N – <b>Yes</b>
2A.11a(i)	<p><b>*DRP Status in respect of this dividend/distribution</b></p> <p><i>Please select one and complete Part 4A. Note that "Full DRP" includes plans which may have limited exceptions for example exclusion of US or other foreign holders. The term is designed primarily to distinguish those plans which apply only to specific subgroups of *security holders such as "retail" holders.</i></p>	<p><input type="checkbox"/> DRP for retail *security holders only</p> <p><i>The entity has a DRP which applies to this dividend/distribution only for retail *security holders.</i></p> <p><input checked="" type="checkbox"/> Full DRP offered</p> <p><i>The entity has a DRP which applies to this dividend/distribution only for all *security holders.</i></p> <p><input type="checkbox"/> DRP subject to *security holder approval</p> <p><i>The entity has a DRP which is active for this dividend/distribution subject to *security holder approval.</i></p>
2A.11b	<p><b>*If the entity has a BSP, is the BSP applicable to this *dividend/distribution?</b></p> <p><i>This information is required by Appendix 6A paragraph 1. If "yes", please answer Q2A.11b(i). If "no", ASX will assume the BSP is suspended for this dividend/distribution.</i></p>	Y / N – <b>Not Applicable</b>
2A.11b(i)	<p><b>*BSP status in respect of this dividend/distribution</b></p> <p><i>Please select one and complete Part 4B. If the entity has a BSP subject to *security holder approval please choose the appropriate box above and make a note of the approval requirement in "Part 5 Further information" at the end of this form.</i></p>	<p><input type="checkbox"/> BSP for retail *security holders only <i>The entity has a BSP which applies to this dividend/distribution only for retail *security holders.</i></p> <p><input type="checkbox"/> Full BSP offered <i>The entity has a BSP which applies to this dividend/distribution only for all *security holders.</i></p>
2A.11c	<p><b>*If the entity has another *security plan, is that *security plan applicable to this *dividend/distribution?</b></p>	Y / N – <b>Not Applicable</b>

	<i>If "yes" please complete Part 4C.</i>	
2A.12	<p>*Does the entity have tax component information apart from franking?</p> <p><i>This refers to the information ordinarily provided under Subdivision 12-H of Schedule 1 to the Tax Administration Act 1953. If "yes" please complete Part 3E.</i></p>	Y / N - <b>No</b>
2A.13	<p>Withholding tax rate applicable to the dividend/distribution</p> <p><i>For non-Australian entities.</i></p> <p><i>ASX only captures the dividend/distribution withholding tax rate in respect of dividends/distributions paid by foreign resident listed entities to Australian resident *security holders. If a dividend/distribution is payable to an Australian resident *security holder, please advise the applicable dividend/distribution withholding tax rate (assuming no exemptions are sought by and granted to the holder). Should you wish to provide further information please use Part 5 - Further information at the end of this form.</i></p>	<b>15%</b>

Amended 29/06/15

## Part 3 – Dividend/distribution amounts per type and other details

*Please state amounts in the dividend/distribution primary currency stated at Q2A.9.*

### Part 3A – Ordinary dividend/distribution

*Part 3A to be completed if "Ordinary" selected in Q2A.1.*

Question No.	Question	Answer
3A.1	<p>*Is the ordinary dividend/distribution estimated at this time</p> <p><i>If "yes" Q3A.1a + 3A.1a(i) must be completed if "no" Q3A.1b must be completed upon the first announcement of a *dividend/distribution. An estimate is only permitted in the case of units of trusts, units of ETFs and preference *securities.</i></p>	Y / N - <b>No</b>
3A.1a	<p>*Ordinary dividend/distribution <b>estimated</b> amount per *security</p> <p><i>Only permitted in the case of units of trusts, units of ETFs and preference *securities.</i></p>	NA
3A.1a(i)	*Date that actual ordinary amount will be announced	Estimated or Actual – <b>Actual, 23 November 2015</b>
3A.1b	<p>*Ordinary dividend/distribution amount per *security</p> <p><i>Please provide the amount in the primary currency.</i></p>	NZD 0.023800
3A.2	*Is the ordinary dividend/distribution franked?	Y / N - <b>No</b>

	<i>If "yes", please answer Q3A.2a. If "no" go straight to Q3A.3. This question is not mandatory in relation to units of trusts, units of ETFs and preference *securities.</i>	
3A.2a	<p>*Is the ordinary dividend/distribution fully franked?</p> <p><i>This question is not mandatory in relation to units of trusts, units of ETFs and preference *securities.</i></p>	Y / N
3A.3	<p>*Percentage of ordinary dividend/distribution that is franked</p> <p><i>Please provide the percentage to which the dividend/distribution is franked. (if 100% franked, then 100%, if 100% unfranked then 0%). This question is not mandatory in relation to units of trusts, units of ETFs and preference *securities.</i></p>	0%
3A.3a	<p>*Applicable corporate tax rate for franking credit (%)</p> <p><i>Do not answer for 100% unfranked dividends/distributions.</i></p> <p><i>Please provide the applicable corporate tax rate. This question is not mandatory in relation to units of trusts, units of ETFs and preference *securities.</i></p>	<p>%</p> <p><b>Not Applicable</b></p>
3A.4	<p>*Ordinary dividend/distribution franked amount per *security</p> <p><i>Amount of dividend/distribution that is franked. Please provide the amount in the primary currency. In the case of dividends announced in conjunction with Appendix 4D and 4E the franked amount per *security must be provided. This question is not mandatory in relation to units of trusts, units of ETFs and preference *securities. If the dividend/distribution is 100% unfranked please answer "\$0.00". 3A.4 franked amount + 3A.6 unfranked amount + 3A.7 conduit foreign income amount should equal 3A.1b dividend/distribution amount per security.</i></p>	<b>Not Applicable</b>
3A.5	<p>*Percentage of ordinary dividend/distribution that is unfranked</p> <p><i>Please provide the percentage to which the dividend/distribution is unfranked (if 100% unfranked, then 100%. If 100% franked then 0%). This question is not mandatory in relation to units of trusts, units of ETFs and preference *securities.</i></p>	100%
3A.6	<p>*Ordinary dividend/distribution unfranked amount per *security excluding conduit foreign income amount</p>	NZD 0.023800

	Amount of dividend/distribution that is unfranked excluding any conduit foreign income. Please provide the amount in the primary currency. This question is not mandatory in relation to units of trusts, units of ETFs and preference *securities. If the dividend/distribution is fully franked please answer "\$0.00". 3A.4 franked amount + 3A.6 unfranked amount + 3A.7 conduit foreign income amount should equal 3A.1b dividend/distribution amount per security.	
3A.7	<p>*Ordinary dividend/distribution conduit foreign income amount per *security</p> <p><i>For Australian entities only.</i></p> <p>Please provide the amount in the primary currency. This information is required by Appendix 6A paragraph 1 in respect of dividends. This question is not mandatory in relation to units of trusts, units of ETFs and preference *securities. 3A.4 franked amount + 3A.6 unfranked amount + 3A.7 conduit foreign income amount should equal 3A.1b dividend/distribution amount per security.</p>	<b>Not Applicable</b>

Amended 29/06/15

## Part 3F – NZD dividend/distribution – supplementary dividend/distribution

Part 3F to be completed for dividends/distributions whose primary currency is NZD.

Question No.	Question	Answer
3F.1	Is a supplementary dividend/distribution payable?  <i>If "yes" please answer 3F.2, if "no", Q3F.2 – 3F.7 are not applicable.</i>	Y / N - <b>Yes</b>
3F.2	Is the supplementary dividend/distribution estimated at this time?  <i>If "yes" please answer Q3F.2a(i) and Q3F.2a(ii). If "no" go to Q3F.2b. Please answer either Q3f.2a + 3F.2a(i) or Q3F.2b. An estimate is only permitted in the case of units of trusts, units of ETFs and preference *securities.</i>	Y / N - <b>No</b>
3F.2a	Supplementary dividend/distribution <b>estimated</b> amount per *security  <i>Please provide the amount in NZD. Please answer Q3F.2a(i). An estimate is only permitted in the case of units of trusts, units of ETFs and preference *securities.</i>	<b>Not Applicable</b>
3F.2a(i)	Date that actual supplementary	

	dividend/distribution amount per *security will be announced	Estimated or actual – <b>Actual, 23 November 2015</b>
3F.2b	Supplementary dividend/distribution amount per *security <i>Please provide the amount in NZD. Please answer either 3Qf.2a + 3F.2a(i) or Q3F.2b.</i>	NZD 0.004199
3F.3	Is the supplementary dividend/distribution franked?	Y / N - <b>No</b>
3F.3a	Is the supplementary dividend/distribution fully franked?	Y / N - <b>No</b>
3F.4	Percentage of supplementary dividend/distribution that is franked <i>Please provide the percentage to which the dividend/distribution is franked. (if 100% franked, then 100%, if 100% unfranked then 0%).</i>	0%
3F.4a	Applicable corporate tax rate for franking credit (%) <i>Do not answer for 100% unfranked dividends/distributions. Please provide the applicable corporate tax rate.</i>	%
3F.5	Supplementary dividend/distribution franked amount per *security <i>Amount of dividend/distribution that is franked. Please provide the amount in the primary currency. In the case of dividends announced in conjunction with Appendix 4D and 4E the franked amount per *security must be provided. If the dividend/distribution is 100% unfranked please answer "\$0.00". 3F.5 franked amount + 3F.7 unfranked amount should equal 3F.2b supplementary dividend/distribution amount per security.</i>	<b>Not Applicable</b>
3F.6	Percentage of supplementary dividend/distribution that is unfranked <i>Please provide the percentage to which the dividend/distribution is unfranked (if 100% unfranked, then 100%).</i>	100%
3F.7	Supplementary dividend/distribution unfranked amount per *security <i>Amount of dividend/distribution that is unfranked. Please provide the amount in the primary currency. In the case of dividends announced in conjunction with Appendix 4D and 4E the unfranked amount per *security must be</i>	

	provided. If the dividend/distribution is 100% unfranked please answer "\$0.00". 3F.5 franked amount + 3F.7 unfranked amount should equal 3F.2b supplementary dividend/distribution amount per security.	
--	--	--

Amended 29/06/15

## Part 4 – Dividend/distribution Reinvestment Plan (DRP) / Bonus +Security Plan (BSP) / Other Plan

Currencies used in this part are primary currency as advised at Q2A.8.

### Part 4A – Dividend/distribution Reinvestment Plan (DRP)

Part 4A to be completed if "DRP" selected at Q2A.11 and you answered "yes" to Q2A.11a – "the DRP applies to this dividend/distribution".

Question No.	Question	Answer
4A.1	*What is the default option if +security holders do not indicate whether they want to participate in the DRP?	<input type="checkbox"/> Participation in DRP (i.e. +securities issued) <input checked="" type="checkbox"/> Do not participate in DRP(i.e. cash payment)
4A.2	*Last date and time for lodgement of election notices to share registry under DRP  <i>This information is required by Appendix 6A paragraph 1. Appendix 6A mandates a last election date of at least 1 +business day after the +record date. Please enter the time in Sydney time (i.e. AEST or, when daylight savings is in operation, AEDST); using 24 hour convention e.g. 6.00pm should be entered as 18:00.</i>	9 December 2015
4A.3	*DRP discount rate  <i>This information is required by Appendix 6A paragraph 1. If there is no discount please answer "0%". One of either Q4A.3 or Q4A.4 must be answered.</i>	0%
4A.4	*Period of calculation of reinvestment price  <i>This information is required by Appendix 6A paragraph 1. One of either Q4A.3 or Q4A.4 must be answered. If you do not know the dates for calculating the reinvestment price but can describe the methodology please answer question Q4A.5.</i>	Start date: 9 December 2015 End date: 15 December 2015
4A.5	*DRP price calculation methodology  <i>Please describe the methodology for determining the DRP period of calculation of reinvestment price or for calculating the DRP price where another methodology is used.</i>	The price at which additional shares will be allotted will be determined by the Board as $P \times E$ (the "Strike Price") where P is the volume weighted average sale price in New Zealand dollars (expressed in cents and fractions of cents) for a share calculated on all trades of Shares which took place through the NZX Main Board over the period of 5 trading days immediately following the Record Date. E is the percentage determined by the Board from

		time to time, in its absolute discretion. Currently the percentage is 100 per cent. For full details please read the DRP offer document.
4A.6	DRP price (including any discount) <i>Please provide the amount in the primary currency.</i>	Refer price calculation methodology in 4A.5 above and period of calculation in 4A.4 above. DRP Price will only be known after 15 December 2015.
4A.7	DRP +securities +issue date <i>This date is the date on which the DRP +securities are entered into the holdings of DRP participants. This is usually the same as the payment date – Q2A.6.</i>	18 December 2015
4A.8	*Will DRP +securities be a new issue? <i>If “yes” please answer Q4A.8a, if “no” go to Q4A.9.</i>	Y / N – <b>Yes</b>
4A.8a	*Do DRP +securities rank pari passu from +issue date <i>Pari passu means “on an equal footing” for example if the +securities will not receive an upcoming payment that existing +securities in the same class will receive, they do not rank pari passu. If “no” please answer Q4A.8b, if “yes” go to Q4A.9.</i>	Y / N - <b>Yes</b>
4A.8b	*Non-ranking period end date <i>The date at the end of the dividend/distribution period (i.e. the period specified in item 2A.3 or another period as the case may be) after which the issued +securities rank equal (i.e. pari passu) for the next announced dividend/distribution. For example, if the new +securities are not entitled to participate in a dividend announced for the period ending 30 June 2013, but are entitled to any dividend announced thereafter, then the answer to this question is 30 June 2013.</i>	30 September 2015
4A.9	Is there a minimum dollar amount or number of +securities required for DRP participation? <i>If “yes”, please answer Q4A.9a-4A.9b, if “no” go to 4A.10.</i>	Y / N - <b>No</b>
4A.9a	Minimum number of +securities required for DRP participation	
4A.9b	Minimum amount for DRP participation <i>Please provide the amount in the primary currency.</i>	
4A.10	Is there a maximum dollar amount or number of +securities required for DRP	Y / N - <b>No</b>

	<p>participation?</p> <p><i>If "yes", please answer Q4A.10a - Q4A.10d, if "no" go to 4A.11.</i></p>	
4A.10a	<p>Maximum number of *securities required for DRP participation</p>	
4A.10b	<p>Maximum amount for DRP participation</p> <p><i>Please provide the amount in the primary currency.</i></p>	
4A.10c	<p>Maximum amount/or number for DRP participation will be applied at beneficial level</p> <p><i>For example if a trustee holds for more than one beneficial owner can the trustee apply for each beneficial owner to have the maximum applied to their beneficial entitlement instead of the maximum being applied to the registered holding of the trustee?</i></p>	Y / N
4A.10d	<p>Instructions regarding application of limits at beneficial level</p> <p><i>Please provide instructions for trustees to notify beneficial holdings for the purpose of applying DRP limits.</i></p>	
4A.11	<p>Are there any other conditions applying to DRP participation?</p> <p><i>If "yes", please answer Q4A.11a, if "no" go to 4A.12.</i></p>	Y / N - <b>Yes</b>
4A.11a	<p>Conditions for DRP participation</p> <p><i>Please describe any other conditions for participation in the DRP for example residence in a certain country.</i></p>	Evolve has a discretion to elect not to offer participation in the DRP to shareholders whose address is outside New Zealand or Australia. Any participant who holds any shares over which Evolve has a lien or charge, those shares will not be eligible to participate in the Plan.
4A.12	<p>Link to a copy of the DRP rules</p> <p><i>Please provide a url link to the DRP rules.</i></p>	Link not available yet. However will be available at: <a href="http://www.evolveeducation.co.nz/en/investor-relations">http://www.evolveeducation.co.nz/en/investor-relations</a>
4A.13	Further information about the DRP	Refer DRP offer document

Amended 29/06/15

## Part 5 – Further Information

Question No.	Question	Answer
5.1	Please provide any further information applicable to this dividend/distribution	<b>Not Applicable</b>

Introduced 22/09/14



**Evolve Education Group Limited**  
**Interim Financial Report**  
**For the Six Month Period Ended 30 September 2015**

**The Directors have pleasure in presenting the Interim Financial Report of Evolve Education Group Limited, for the six month period ended 30 September 2015.**

The Interim Financial Report presented is signed for and on behalf of the Board and was authorised for issue on 23 November 2015.



**Norah Barlow**  
Chair  
23 November 2015



**Alistair Ryan**  
Director  
23 November 2015

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

### FOR THE SIX MONTH PERIOD ENDED 30 SEPTEMBER 2015

\$'000	Note	UNAUDITED 6 MONTHS 30 SEPTEMBER 2015	UNAUDITED PERIOD 30 SEPTEMBER 2014
Revenue	2	70,093	-
Share of profit of equity accounted joint venture		122	-
<b>Total income</b>		<b>70,215</b>	<b>-</b>
<b>Expenses</b>			
Employee benefits expense		(37,910)	(301)
Building occupancy expenses		(8,512)	(10)
Direct expenses of providing services		(7,826)	-
Acquisition expenses		(723)	(2,868)
Integration expenses		(205)	(126)
Depreciation		(779)	-
Amortisation	4	(222)	-
Other expenses		(2,204)	(406)
<b>Total expenses</b>		<b>(58,381)</b>	<b>(3,711)</b>
<b>Profit/(loss) before net finance expense and income tax</b>		<b>11,834</b>	<b>(3,711)</b>
Finance income		102	-
Finance costs		(668)	(802)
Net finance expense		(566)	(802)
<b>Profit/(loss) before income tax</b>		<b>11,268</b>	<b>(4,513)</b>
Income tax expense		(2,833)	-
<b>Profit/(loss) after income tax attributed to the owners of the Company</b>		<b>8,435</b>	<b>(4,513)</b>
Other comprehensive income		-	-
<b>Total comprehensive income/(loss) attributed to the owners of the Company</b>		<b>8,435</b>	<b>(4,513)</b>
<b>Earnings per share</b>			
Basic (and diluted) earnings per share (expressed as cents per share)		4.8	(90.3)

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes. Further to those notes and in relation to the comparative balances, the Company was incorporated on 20 May 2014 and the comparative period is from the date of incorporation to 30 September 2014. During this period the Company was preparing to list and as a result earned no revenue but incurred costs to enable it to commence operations as a listed entity on 5 December 2014 on the NZX and ASX.

## CONSOLIDATED STATEMENT OF MOVEMENTS IN EQUITY

### FOR THE SIX MONTH PERIOD ENDED 30 SEPTEMBER 2015

	ISSUED SHARE CAPITAL	RETAINED EARNINGS/ (ACCUMULATED LOSSES)	TOTAL
<b>\$'000</b>			
<b>Balance at 31 March 2015 (audited)</b>	156,926	(8,058)	<b>148,868</b>
Profit for the period (unaudited)	-	8,435	<b>8,435</b>
Other comprehensive income for the period (unaudited)	-	-	-
<b>Total comprehensive income (unaudited)</b>	-	<b>8,435</b>	<b>8,435</b>
<b>Balance as at 30 September 2015 (unaudited)</b>	<b>156,926</b>	<b>377</b>	<b>157,303</b>

UNAUDITED	ISSUED SHARE CAPITAL	ACCUMULATED LOSSES	TOTAL
<b>\$'000</b>			
<b>Balance at 20 May 2014 (incorporation date)</b>	-	-	-
Loss for the period	-	(4,513)	<b>(4,513)</b>
Other comprehensive income for the period	-	-	-
<b>Total comprehensive loss</b>	-	<b>(4,513)</b>	<b>(4,513)</b>
<b>Balance as at 30 September 2014</b>	-	<b>(4,513)</b>	<b>(4,513)</b>

The above Consolidated Statement of Movements in Equity should be read in conjunction with the accompanying notes. Further to those notes and in relation to the comparative balances, the Company was incorporated on 20 May 2014 and the comparative period is from the date of incorporation to 30 September 2014. During this period the Company was preparing to list and as a result earned no revenue but incurred costs to enable it to commence operations as a listed entity on 5 December 2014 on the NZX and ASX.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

### AS AT 30 SEPTEMBER 2015

\$'000	Note	UNAUDITED AS AT 30 SEPTEMBER 2015	AUDITED AS AT 31 MARCH 2015	UNAUDITED AS AT 30 SEPTEMBER 2014
<b>Current assets</b>				
Cash and cash equivalents		2,717	4,610	193
Other current assets		1,826	1,087	3,784
<b>Total current assets</b>		<b>4,543</b>	<b>5,697</b>	<b>3,977</b>
<b>Non-current assets</b>				
Property, plant and equipment		5,785	5,054	-
Investment in equity accounted joint venture		1,584	1,521	-
Deferred tax asset		826	450	-
Intangible assets	4	182,205	168,525	13
<b>Total non-current assets</b>		<b>190,400</b>	<b>175,550</b>	<b>13</b>
<b>Total assets</b>		<b>194,943</b>	<b>181,247</b>	<b>3,990</b>
<b>Current liabilities</b>				
Trade and other payables	5	5,060	10,968	6,638
Current income tax liabilities		1,101	674	-
Funding received in advance	6	112	15,646	-
Employee entitlements		5,942	5,091	-
Related party borrowings	7	-	-	1,865
<b>Total current liabilities</b>		<b>12,215</b>	<b>32,379</b>	<b>8,503</b>
<b>Non-current liabilities</b>				
Borrowings	7	25,425	-	-
<b>Total non-current liabilities</b>		<b>25,425</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>		<b>37,640</b>	<b>32,379</b>	<b>8,503</b>
<b>Net assets</b>		<b>157,303</b>	<b>148,868</b>	<b>(4,513)</b>
<b>Equity</b>				
Issued share capital		156,926	156,926	-
Retained earnings/(Accumulated losses)		377	(8,058)	(4,513)
<b>Total equity</b>		<b>157,303</b>	<b>148,868</b>	<b>(4,513)</b>

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes. Further to those notes and in relation to the comparative balances, the Company was incorporated on 20 May 2014 and the comparative period is from the date of incorporation to 30 September 2014. During this period the Company was preparing to list and as a result earned no revenue but incurred costs to enable it to commence operations as a listed entity on 5 December 2014 on the NZX and ASX.

## CONSOLIDATED STATEMENT OF CASH FLOWS

### FOR THE SIX MONTH PERIOD ENDED 30 SEPTEMBER 2015

\$'000	Note	UNAUDITED 6 MONTHS 30 SEPTEMBER 2015	UNAUDITED PERIOD 30 SEPTEMBER 2014
<b>Cash flows from operating activities</b>			
Receipts from customers (including Ministry of Education funding)		52,966	109
Dividends received		59	-
Payments to suppliers and employees		(61,372)	(66)
Taxes paid		(2,782)	-
<b>Net cash flows from operating activities</b>	<b>8</b>	<b>(11,129)</b>	<b>43</b>
<b>Cash flows from investing activities</b>			
Payments for purchase of businesses	3	(14,713)	-
Payments for property, plant and equipment		(1,151)	-
Interest received		102	-
<b>Net cash flows from investing activities</b>		<b>(15,762)</b>	<b>-</b>
<b>Cash flows from financing activities</b>			
Interest paid on borrowings		(427)	-
Bank borrowings drawn		45,425	-
Bank borrowings repaid		(20,000)	-
Pre-listing funding received		-	150
<b>Net cash flows from financing activities</b>		<b>24,998</b>	<b>150</b>
<b>Net cash flows</b>		<b>(1,893)</b>	<b>193</b>
Cash and cash equivalents at beginning of period		4,610	-
<b>Cash and cash equivalents at end of period</b>		<b>2,717</b>	<b>193</b>

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes. Further to those notes and in relation to the comparative balances, the Company was incorporated on 20 May 2014 and the comparative period is from the date of incorporation to 30 September 2014. During this period the Company was preparing to list and as a result earned no revenue but incurred costs to enable it to commence operations as a listed entity on 5 December 2014 on the NZX and ASX.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 SEPTEMBER 2015

### 1. BASIS OF PRESENTATION AND ACCOUNTING POLICIES

The principal activities of Evolve Education Group Limited (the “Company”) and its subsidiaries (the “Group”) are the investment in the provision and management of high quality early childhood education services which give parents and caregivers the option of which service best suits their child’s learning and care needs (see Note 2, Segment Information). The Group operates within New Zealand. During the period the Group acquired a number of additional early childhood education centres, as disclosed in Note 3, as part of its strategy to form centrally managed early childhood education services.

The Company is incorporated and domiciled in New Zealand, registered under the Companies Act 1993 and listed on the NZX Main Board and the Australian Stock Exchange (“ASX”). The Company is a FMC Reporting Entity as defined by the Financial Markets Conduct Act 2013. The registered office is located at Level 2, 54 Fort Street, Auckland, New Zealand.

These condensed interim financial statements were approved for issue on 23 November 2015.

The condensed interim financial statements of the Group have been prepared in accordance with the requirements of the NZX and ASX Listing Rules, New Zealand Equivalent to International Accounting Standard 34: Interim Financial Reporting and New Zealand Generally Accepted Accounting Practice (“NZ GAAP”). The interim financial statements are for the Evolve Education Group Limited Group. The Group financial statements comprise the Company and its subsidiaries, including its investments in joint arrangements. The Group is a profit-oriented entity for financial reporting purposes.

These consolidated condensed interim financial statements of the Group are unaudited and have been prepared using the same accounting policies, methods of computation, significant judgements, estimates and assumptions, as the financial statements and related notes included in the Group’s audited financial statements for the period ended 31 March 2015. Accordingly, this report is to be read in conjunction with those audited financial statements.

Certain comparatives have been reclassified to ensure consistency with the current period. These half year financial statements do not include all the notes of the type normally included in an annual financial report.

#### Going Concern

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

#### Functional and Presentation Currency

These financial statements are presented in New Zealand Dollars (\$) which is the Group’s presentation currency. Unless otherwise stated, financial information has been rounded to the nearest thousand dollars (\$’000).

#### Comparative Period

As the Company was incorporated on 20 May 2014 the comparative period is from the date of incorporation to 30 September 2014. During this period the Company was preparing to list and as a result earned no revenue but incurred costs to enable it to commence operations as a listed entity on 5 December 2014 on the NZX and ASX.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE SIX MONTH PERIOD ENDED 30 SEPTEMBER 2015

#### 2. SEGMENT INFORMATION

The Group has two reportable operating segments, as described below, which are the strategic business models the Group invests in within the wider teacher-led early childhood education ("ECE") industry in New Zealand. The Group operates entirely within New Zealand. Each segment is managed separately. For each of the segments, the Group's Chief Executive Officer ("CEO" and the "Chief Operating Decision Maker") reviews internal management reports at least on a monthly basis. The following summary describes the operations in each of the Group's reportable segments:

**ECE Centres** – generally purpose built facilities that offer all day or part-day early childhood services, and  
**Home-based ECE** – involves an educator providing services to a small group of children in a home setting and is supported by a registered teacher coordinator who oversees the children's learning progress.

Other operations include ECE Management, a non-reportable segment, whereby the Group provides management and back-office expertise to ECE centres but it does not own the centre. This activity does not meet any of the quantitative thresholds for determining reportable segments and as such it has been included as an unallocated amount. Unallocated amounts also represent other corporate support services, acquisition and integration costs.

Information regarding the results of each reportable segment is included below. Performance is measured based on NZ GAAP measures of profitability and in relation to the Group's segments, segment profit before income tax. In addition to GAAP measures of profitability, the Group also monitors its profitability using non-GAAP financial measures (that is, earnings before interest, tax, depreciation and amortisation ("EBITDA")) and EBITDA excluding certain items, as included in the internal management reports that are reviewed by the Group's CEO. EBITDA is not defined by NZ GAAP, IFRS or any other body of accounting standards and the Groups' calculation of this measure may differ from similarly titled measures presented by other companies. This measure is intended to supplement the NZ GAAP measures presented in the Group's financial information. EBITDA excluding one-off acquisition and integration costs reflects a number of adjustments including the acquisitions identified in Note 3. These adjustments may be defined as:

- **Acquisition expenses** – in acquiring the businesses and net assets in Note 3 the Group incurred certain expenses directly related to those acquisitions including agents' commissions, legal fees, financing fees and financial, tax and operational due diligence fees.
- **Integration expenses** – non-recurring costs associated with the integration of the businesses acquired.

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

The segments referred to above only came into existence following the acquisition of the initial portfolio of early childhood centres. The activities of the Group between its incorporation date and 30 September 2014, as disclosed in the Statement of Comprehensive Income, are regarded as an unallocated amount.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE SIX MONTH PERIOD ENDED 30 SEPTEMBER 2015

#### 2. SEGMENT INFORMATION (continued)

Unaudited 30 September 2015	ECE Centres \$'000	Home-based ECE \$'000	Unallocated \$'000	Consolidated \$'000
<b>Total revenue</b>	<b>56,085</b>	<b>13,143</b>	<b>865</b>	<b>70,093</b>
Share of profit of equity accounted joint venture	122	-	-	122
<b>Operating expenses</b>	<b>(41,322)</b>	<b>(11,628)</b>	<b>(3,502)</b>	<b>(56,452)</b>
<b>EBITDA before acquisition and integration expenses</b>	<b>14,885</b>	<b>1,515</b>	<b>(2,637)</b>	<b>13,763</b>
Acquisition expenses	-	-	(723)	(723)
Integration expenses	-	-	(205)	(205)
<b>EBITDA</b>	<b>14,885</b>	<b>1,515</b>	<b>(3,565)</b>	<b>12,835</b>
Depreciation	(526)	(226)	(27)	(779)
Amortisation	(30)	(99)	(93)	(222)
<b>Earnings before interest and tax</b>	<b>14,329</b>	<b>1,190</b>	<b>(3,685)</b>	<b>11,834</b>
Net finance expense	-	-	(566)	(566)
<b>Reportable segment profit/(loss) before tax</b>	<b>14,329</b>	<b>1,190</b>	<b>(4,251)</b>	<b>11,268</b>

Unaudited 30 September 2014	ECE Centres \$'000	Home-based ECE \$'000	Unallocated \$'000	Consolidated \$'000
<b>Total revenue</b>	-	-	-	-
Share of profit of equity accounted joint venture	-	-	-	-
<b>Operating expenses</b>	-	-	(717)	(717)
<b>EBITDA before acquisition and integration expenses</b>	-	-	(717)	(717)
Acquisition expenses	-	-	(2,868)	(2,868)
Integration expenses	-	-	(126)	(126)
<b>EBITDA</b>	-	-	(3,711)	(3,711)
Depreciation	-	-	-	-
Amortisation	-	-	-	-
<b>Earnings before interest and tax</b>	-	-	(3,711)	(3,711)
Net finance expense	-	-	(802)	(802)
<b>Reportable segment (loss) before tax</b>	-	-	(4,513)	(4,513)



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE SIX MONTH PERIOD ENDED 30 SEPTEMBER 2015

#### 3. BUSINESS COMBINATIONS

##### Centre Acquisitions

The Company and Group were established to acquire a group of centrally-owned and managed ECE providers. This was achieved by acquiring the assets of or shares in a number of owned ECE centres, home-based ECE providers and other related entities up to and including 31 March 2015. By 31 March 2015 the Group consisted of 86 ECE centres.

During the six months ended 30 September 2015 the Group acquired 13 centres from several separate vendors, for a combined purchase price of \$13.5m payable in cash. Total net liabilities acquired were \$154,000 resulting in goodwill on acquisition of \$13.7m. Total acquisition costs incurred during the period were \$723,000 and these are included in the Statement of Comprehensive Income and cash flows from operating activities in the Statement of Cash Flows. No cash was acquired.

Assets and liabilities acquired and consideration paid	\$'000
<b>Assets</b>	
Other current assets	75
Property, plant and equipment	463
	<b>538</b>
<b>Liabilities</b>	
Funding received in advance	(654)
Employee entitlements	(24)
Other current liabilities	(14)
	<b>(692)</b>
<b>Total identifiable net assets at fair value</b>	<b>(154)</b>
Goodwill arising on acquisition	13,702
<b>Purchase consideration transferred</b>	<b>13,548</b>
<b>Purchase consideration</b>	
Cash paid	13,353
Cash payable relating to retentions	195
<b>Total consideration</b>	<b>13,548</b>

The goodwill of \$13.7m predominantly comprises the future earnings potential of the acquired ECE centres and the value expected from continuing to bring together a group of ECE centres and home-based ECE providers under one centrally managed group. Goodwill is allocated to each of the segments identified at Note 2, as appropriate.

Year to date the acquisitions have contributed revenue of \$4.4m and a net loss after tax of \$262,000 to the Group's results after allowing for upfront acquisition expenses and integration costs, interest and taxation. As the acquisitions were made at different times during the six month period it is anticipated these acquisitions would have contributed revenue of \$5.8m and a net loss after tax of \$91,000 (including upfront and non-recurring acquisition costs of \$723,000 (before tax) and integration expenses of \$205,000 (before tax)) had they all been acquired on 1 April 2015 and operated for the full six month period covered by this interim financial report.

##### Other Transactions Relating to Business Combinations

As disclosed in the Consolidated Statement of Cash Flows the Group made payments of \$14.7m in respect of the purchase of businesses. In addition to the ECE Centre acquisitions referred to above completion payments were also made to the vendors of the Home-based ECE businesses acquired in December 2014.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE SIX MONTH PERIOD ENDED 30 SEPTEMBER 2015

#### 3. BUSINESS COMBINATIONS (continued)

##### Contingent consideration

Further to the disclosure made in the 31 March 2015 financial statements the Group has re-evaluated the amount of contingent consideration to be paid in respect of the acquisition of the Home-based ECE businesses acquired last reporting period.

	\$'000
Contingent consideration liability at 31 March 2015	1,638
Changes in amounts provided arising from amounts settled during the reporting period, unwind of discount and unrealised fair value changes recognised in profit or loss	(626)
<b>Contingent consideration liability at 30 September 2015</b>	<b>1,012</b>

#### 4. INTANGIBLE ASSETS

Intangible assets comprise goodwill, brands, customer lists, software, syllabus material and management contracts.

The total cost of intangible assets has increased by \$13.9m during the period. This is mainly due to the acquisitions detailed in Note 3 which have resulted in additional goodwill of \$13.7m. As at 30 September 2015 goodwill is \$175.9m (31 March 2015: \$162.0m).

The remaining change in the cost of intangible assets is due to other purchase price adjustments, affecting goodwill, relating to business combinations acquired in the prior reporting period and software additions. There have been no additions or disposals relating to brands, customer lists, syllabus material and management contracts during the period.

Amortisation for the six month period is \$222,000.

#### 5. TRADE AND OTHER PAYABLES

	UNAUDITED 30 SEPTEMBER 2015	AUDITED 31 MARCH 2015	UNAUDITED 30 SEPTEMBER 2014
<b>\$'000</b>			
Trade payables	1,135	1,832	-
Amounts accrued in respect of contingent consideration	1,012	1,638	-
Amounts accrued in respect of business combinations	-	1,057	-
Goods and services tax	-	3,737	-
Other payables	2,913	2,704	6,638
<b>Total trade and other payables</b>	<b>5,060</b>	<b>10,968</b>	<b>6,638</b>

The timing of Ministry of Education funding, as disclosed at Note 6, affects the timing of goods and services tax ("GST") payable. Accordingly, as funding was received on 1 March 2015 GST is payable in respect of that funding at 31 March 2015. GST payable in respect of funding received in July 2015 was paid in August 2015.

The amounts accrued in respect of business combinations were settled during the reporting period.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE SIX MONTH PERIOD ENDED 30 SEPTEMBER 2015

#### 6. FUNDING RECEIVED IN ADVANCE

	UNAUDITED 30 SEPTEMBER 2015	AUDITED 31 MARCH 2015	UNAUDITED 30 SEPTEMBER 2014
<b>\$'000</b>			
Funding received in advance	7,256	18,668	-
Funding receivable	(7,144)	(3,022)	-
<b>Total funding received in advance</b>	<b>112</b>	<b>15,646</b>	<b>-</b>

Ministry of Education funding is received three times per year on 1 March, 1 July and 1 November. Each funding round includes 75% of the estimated funding for the four months ahead. At 30 September 2015 funding received in advance relates to October 2015. Funding receivable relates to the remaining 25% of funding, adjusted for any changes in occupancy levels, in respect of June to September 2015.

#### 7. BORROWINGS AND RELATED PARTY BORROWINGS

##### *Borrowings*

The Group's financing arrangements comprise the bank facilities summarised below. The facilities are secured by way of a first ranking general security agreement over all present and future shares and assets and undertakings of the Group, together with an all obligations cross guarantee and indemnity. The Group was in compliance with all bank covenants during the period.

	UNAUDITED 30 SEPTEMBER 2015	AUDITED 31 MARCH 2015	UNAUDITED 30 SEPTEMBER 2014
<b>\$'000</b>			
<b>Facility Limits</b>			
Senior revolving facility	30,000	30,000	-
Acquisition facility	60,000	60,000	-
<b>Total lending facilities</b>	<b>90,000</b>	<b>90,000</b>	<b>-</b>
<b>Utilisation</b>			
Senior revolving facility	8,800	-	-
Acquisition facility	16,625	-	-
<b>Total borrowings</b>	<b>25,425</b>	<b>-</b>	<b>-</b>
<b>Total unused facilities</b>	<b>64,575</b>	<b>90,000</b>	<b>-</b>

##### *Related party borrowings*

	UNAUDITED 30 SEPTEMBER 2015	AUDITED 31 MARCH 2015	UNAUDITED 30 SEPTEMBER 2014
<b>\$'000</b>			
S B James Superannuation Trust	-	-	1,865

The loan from the S B James Superannuation Trust was repaid in December 2014.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE SIX MONTH PERIOD ENDED 30 SEPTEMBER 2015

#### 8. RECONCILIATION OF PROFIT/(LOSS) AFTER TAX TO NET OPERATING CASH FLOWS

	UNAUDITED 6 MONTHS 30 SEPTEMBER 2015	UNAUDITED PERIOD 30 SEPTEMBER 2014
<b>\$'000</b>		
Profit/(loss) after tax	8,435	(4,513)
<b>Adjustments for:</b>		
Depreciation and amortisation	1,001	-
Contingent consideration adjustments	(294)	-
Expenses paid on behalf of the Group	-	890
Net finance expense	412	802
Deferred tax	(376)	-
Share of profits in joint venture	(63)	-
Other	(91)	10
<b>Changes in operating assets and liabilities:</b>		
<i>Working capital movements:</i>		
Increase/(decrease) in funding received in advance	(16,188)	-
(Increase)/decrease in other current assets	(739)	(3,784)
Increase/(decrease) in trade and other payables	(6,043)	6,638
Increase/(decrease) in current income tax liabilities	427	-
Increase/(decrease) in employee entitlements	827	-
<i>Other items:</i>		
Business combination completion payment classified as investing	937	-
Change in contingent consideration provided classified as investing	626	-
<b>Net cash flows from operating activities</b>	<b>(11,129)</b>	<b>43</b>

The contingent consideration adjustments amount of \$294,000 above relates to amounts settled or re-estimated and included in the Statement of Comprehensive Income during the period. As this amount relates to business combinations it is regarded as relating to investing activities for the purposes of the Statement of Cash Flows.

The amount of \$937,000 relating to business combination payments above relates to purchase price completion payments in respect of the home-based ECE businesses acquired in December 2014. The change in contingent consideration of \$626,000 is a result of amounts settled and amounts re-estimated in respect of the business combinations contingent consideration liabilities. Both of these items relate to accruals classified as working capital on the Statement of Financial Position but as they relate to the acquisition of businesses they are investing activities for the purposes of the Statement of Cash Flows.

As per Note 6, Ministry of Education ("MOE") funding is received by Evolve every four months. In the six months to 30 Sept 2015 MOE funding was received on 1 July 2015 only, with the next funding due on 1 November 2015 and then again on 1 March 2016.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 SEPTEMBER 2015

### 9. COMMITMENTS AND CONTINGENCIES

#### Guarantees

In addition to the lending facilities disclosed at Note 7, the Group has a lease guarantee facility of \$3,000,000 (31 March 2015: \$3,000,000; 30 September 2014: Nil). At the reporting date utilisation of the facility was \$2,363,000 (31 March 2015: \$2,042,000; 30 September 2014: Nil).

### 10. RELATED PARTY TRANSACTIONS

#### Parent entity

Evolve Education Group Limited is the parent entity.

#### Identity of Related Parties

Related parties of the Group are:

- The Board of Directors, comprising Norah Barlow, Alistair Ryan, Mark Finlay, Greg Kern, Alan Wham and formerly Russell Daly (who resigned as director on 13 November 2014).
- Executives and senior managers of the Group, including Alan Wham as Chief Executive Officer.
- Kern Group (Paddington) Pty Limited and Kern Group NZ Limited, companies associated with Greg Kern.
- LEP Limited and Wildfire Limited, companies associated with Mark Finlay.
- Wraith Capital Group NZ Limited, one of the Company's shareholders.
- Stuart Bruce James and Gillian Doreen James as trustees of the S.B. James Superannuation Fund, one of the Company's shareholders.

#### Related party transactions arising during the period:

In addition to wages and salaries paid to executives and senior managers of the Group the following related party transactions have occurred between 31 March 2015 and 30 September 2015:

- Directors' fees of \$192,500.
- Acquisition related costs paid or payable to Kern Group of \$211,000 in respect of acquisitions in the current and prior period.
- Acquisition related costs paid to Wraith Capital Group NZ Limited of \$221,000 in respect of acquisitions in the current and prior period.
- Payment for consultancy services relating to the previous financial period to Mark Finlay of \$40,000.
- Rent, in respect of certain ECE centres and the support office, paid to interests of Mark Finlay of \$395,000.
- Rent paid to interests of Jenny Yule, CEO of the PORSE Group of companies, of \$161,000.

### 11. EVENTS AFTER THE REPORTING PERIOD

#### Dividend

On 23 November 2015, the Board approved the payment of a fully imputed dividend of 2.38 cents per share, payable in December 2015. The Company also announced the establishment of a Dividend Reinvestment Plan.

#### Acquisitions

On 6 November 2015 the Group settled the acquisition of a further ECE centre. The acquisition includes \$2.0m of goodwill acquired and this comprises the future earnings potential of the centre acquired. The purchase price was funded by borrowings.

On 17 November 2015 the Group entered into an unconditional agreement for the purchase of an ECE centre. Settlement is due to occur in December 2015. Based on the provisional value of net assets to be acquired the acquisition is likely to result in goodwill of \$850,000 and comprises the future earnings potential of the centre acquired.

Both acquisitions are a continuation of the Group's strategy to form a nationwide group of centrally-owned and managed ECE providers.



## ***Independent Review Report***

to the shareholders of Evolve Education Group Limited

### ***Report on the Interim Financial Statements***

We have reviewed the accompanying consolidated financial statements of Evolve Education Group Limited ("the Company") and its controlled entities ("the Group") on pages 1 to 13, which comprise the consolidated statement of financial position as at 30 September 2015, and the consolidated statement of comprehensive income, the consolidated statement of movements in equity and the consolidated statement of cash flows for the period ended on that date, and a summary of significant accounting policies and selected explanatory notes.

### ***Directors' Responsibility for the Financial Statements***

The Directors of the Company are responsible for the preparation and presentation of these financial statements in accordance with New Zealand Equivalent to International Accounting Standard 34 *Interim Financial Reporting* ("NZ IAS 34") and for such internal controls as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Our Responsibility***

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with the New Zealand Standard on Review Engagements 2410 *Review of Financial Statements Performed by the Independent Auditor of the Entity* ("NZ SRE 2410"). NZ SRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements, taken as a whole, are not prepared in all material respects, in accordance with NZ IAS 34. As the auditors of the Company, NZ SRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial statements.

A review of financial statements in accordance with NZ SRE 2410 is a limited assurance engagement. The auditors perform procedures, primarily consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand). Accordingly we do not express an audit opinion on these financial statements.

We are independent of the Group. Our firm carries out other services for the Group in the areas of tax compliance and advisory. The provision of these other services has not impaired our independence.

### ***Conclusion***

Based on our review, nothing has come to our attention that causes us to believe that these financial statements of the Group are not prepared, in all material respects, in accordance with NZ IAS 34.

### ***Restriction on Use of Our Report***

This report is made solely to the Company's shareholders, as a body. Our review work has been undertaken so that we might state to the Company's shareholders those matters which we are required to state to them in our review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the shareholders, as a body, for our review procedures, for this report, or for the conclusion we have formed.

A handwritten signature in blue ink that reads "PricewaterhouseCoopers".

Chartered Accountants  
23 November 2015

Auckland





# Half Year Results Presentation

Period to 30 September 2015



# Agenda



Result Highlights



Operational Performance



Financial Performance



Strategy and Outlook



Appendices





# Section 1 – Result Highlights

## Operational performance and quality acquisitions anchor Evolve's strong half year results

- Evolve on track to meet FY16 Prospectus in Revenue, Net Profit After Tax and EBITDA<sup>1</sup>
- 15 new acquisitions expand portfolio to 100\* centres nationwide
- Multiples for new purchases average 4.8x EBITDA
- Centre leadership, business efficiencies and professional development key to operational performance
- 2.38 cents per share fully imputed interim dividend to be paid on 18 December 2015

<sup>1</sup>EBITDA is defined as earnings before interest, tax, depreciation, amortisation and adjusted for acquisition and integration costs.

EBITDA is non GAAP financial measures and is not prepared in accordance with NZ IFRS. This measure is intended to supplement the NZ GAAP measures presented in Evolve Group financial statements, should not be considered in isolation and are not a substitute for those measures. Refer Appendix A for reconciliation of Non GAAP financial information.

\*100th centre acquired and settled in November 2015.



# Half Year Result Highlights

## Evolve on Track to Meet FY16 Prospectus Guidance

(NZ\$000s)	6 Months Actual Sept 2015	12 Months PFI FY16
<b>Revenue</b>	<b>70,093</b>	<b>136,221</b>
<b>Net Profit After Tax</b>	<b>8,435</b>	<b>16,627</b>
<b>Net Profit after Tax excluding new acquisitions<sup>1</sup></b>	<b>8,697</b>	<b>16,627</b>
<b>Underlying Net Profit After Tax<sup>2</sup></b>	<b>9,306</b>	<b>16,627</b>
<b>EBITDA<sup>3</sup></b>	<b>13,763</b>	<b>25,705</b>
<b>EBITDA<sup>3</sup> Margin</b>	<b>19.6%</b>	<b>18.9%</b>
<b>Fully imputed interim dividend per share</b>	<b>2.38 cents</b>	<b>2.35 cents</b>

<sup>1</sup>New acquisitions contributed NPAT loss of \$262k in H1. PFI FY16 assumes no acquisitions

<sup>2</sup>Underlying Net Profit After Tax is defined as net profit after tax adjusted for acquisition and integration costs.

<sup>3</sup>EBITDA is defined as earnings before interest, tax, depreciation, amortisation and adjusted for acquisition and integration costs.

Underlying Net Profit After Tax and EBITDA are non GAAP financial measures and are not prepared in accordance with NZ IFRS. These measures are intended to supplement the NZ GAAP measures presented in Evolve Group financial statements, should not be considered in isolation and are not a substitute for those measures. Refer Appendix A for reconciliation of Non GAAP financial information.



## Section 2 – Operational Performance and Focus

### Commitment to education outcomes and operational excellence

- Focus on professional and leadership development
- Cross functional teams to drive engagement, best practice and peer support
- Strong portfolio of 100\* centres across New Zealand
- ECE Centres and Licensed Places exceed PFI by 15\* centres and 806\* licensed places
- Consistent centre occupancy of 87%

*\*Includes a centre acquired and settled in November 2015.*

# Operational Performance and Focus

## Centre example: Key success factors

1. Strong centre leadership +
2. Quality education +
3. Family engagement +
4. Investment in facilities

≡ **Outstanding results**

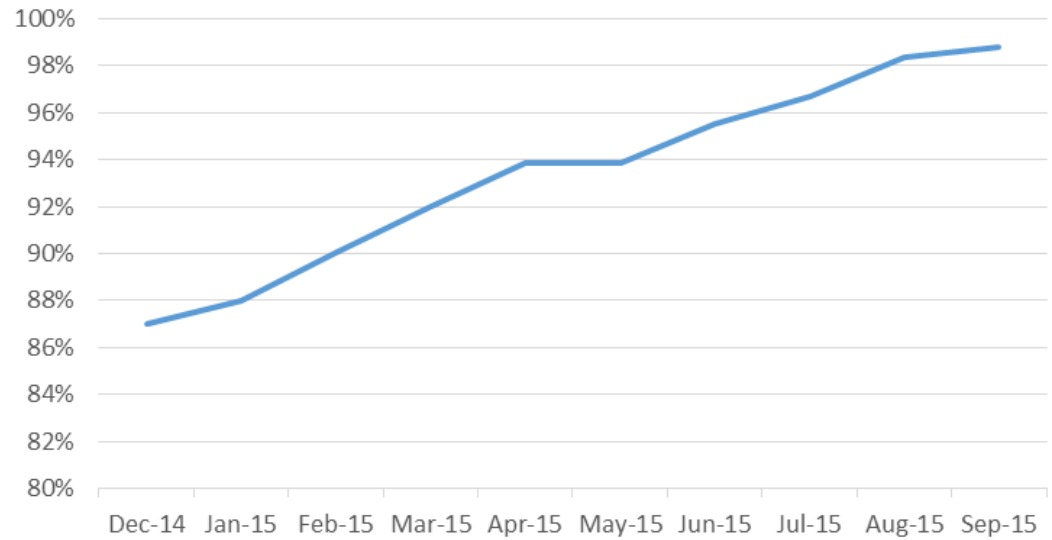
**Storypark**   
Working together to  
extend children's learning

*"The other day I published forty-three stories and by the time I had finished there were comments on seventy percent of the posts," explains Hailee.*

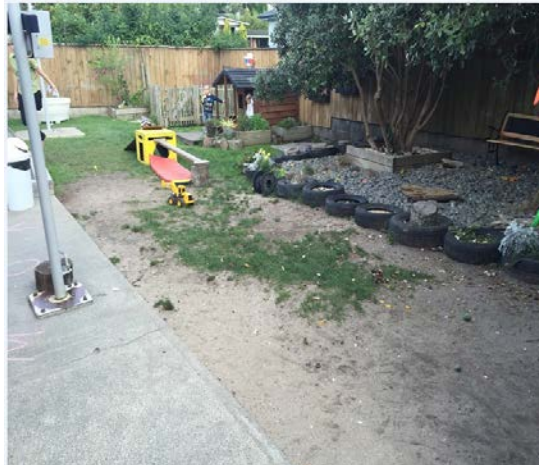
*"Most families are also adding their own content about what they have done at the weekends and during holidays and staff use the information to lead discussions and tap into the individual child's interests."*

*"It really isn't a drama and many of my staff are so enthused that they are writing up learning events from home. We are all just excited!"*

Kids Inn Occupancy Graph



Before



After



# Operational Performance

ECE Centres at 30 September 2015

## ECE Centre Acquisitions impact and Operational results

	6 Months Actual Sept 2015	12 Months PFI FY16
ECE Centres at 30 September 2015	99	85
ECE Licensed Places at 30 September 2015	6,660	5,954
MOE Occupancy (ECE Centres only)	87%	87%
Wage-to-Revenue ratio (ECE Centres only)	51.2%	52.5%
EBITDA Margin	26.5%	26.1%



## Section 3 – Financial Performance

### ECE Centres performance

(NZ\$000s)

	6 Months Actual Sept 2015	12 Months PFI FY16
<b>Total revenue</b>	<b>56,085</b>	<b>105,131</b>
Share of profit of equity accounted joint venture	122	272
<b>Total Operating expenses</b>	<b>(41,322)</b>	<b>(77,943)</b>
<b>EBITDA</b>	<b>14,885</b>	<b>27,460</b>
EBITDA/Revenue %	26.5%	26.1%
Employee expense/Revenue%	51.2%	52.5%
Building occupancy/Revenue %	13.7%	13.3%
Direct and other expenses/Revenue%	8.8%	8.3%
Total operating expenses/Revenue%	73.7%	74.1%



# Home-based ECE Performance

## Home-based ECE performance on track

- EBITDA margin at 30 September 2015: 11.5% vs PFI FY16 10.1%
- Revenue and operating costs down
- EBITDA \$1.5m for H1 vs PFI FY16 of \$3m

## Outlook

- Porse vendor management through 31 December 2015
  - Earn out period
- Develop home-based synergies (Porse and Au Pair Link)

# Funding

## Capacity to fund further acquisitions

- Total undrawn facilities at 30 September 2015
  - Working Capital Facility unutilised: \$21.2m
  - Acquisition Facility unutilised: \$43.4m
- Debt to EBITDA ratio of 0.9 times
- EBITDA to Interest cover of 32 times



# Dividend

## Dividend declared as per PFI

- An interim dividend of 2.38 cents per share, with full imputation credits attached at a tax rate of 28%
- Record date – 8 December 2015
- Payment date – 18 December 2015
- Dividend Reinvestment Plan in place with no discount



## Section 4 - Strategy and Outlook

### Organic Growth and Acquisitions

#### Organic growth focus

- Targeting increased child occupancy January to March 2016 vs 2015
  - Training on inquiry conversion
  - Mystery shopping
  - Websites established by November
- Supporting quality ECE through professional development and growing leadership

---

#### A primary focus of Evolve is adding to its acquisition and development pipeline

- Steady flow of quality centres
- Acquisitions accretive pre one-off acquisition & integration costs
- Full EBITDA contribution in H2 from 14 centres acquired in H1
- Planning for new centre developments in FY17

# Appendices

- A. Reconciliation of Non-GAAP Financial Information
- B. Financial Position
- C. Cash Flows



# Appendix A

## Reconciliation of Non-GAAP Financial Information

### Evolve on track for FY16 PFI forecast NPAT and EBITDA

(NZ\$000s)	6 Months Actual Sept 2015	12 Months PFI FY16
<b>Net Profit After Tax</b>	<b>8,435</b>	<b>16,627</b>
NPAT Loss from new Acquisitions	262	-
<b>Net Profit after Tax excluding new Acquisitions</b>	<b>8,697</b>	<b>16,627</b>
NPAT Loss from new Acquisitions	(262)	-
Acquisition Expenses	723	-
Integration Expenses (net of tax)	148	-
<b>Total Adjustments</b>	<b>609</b>	<b>-</b>
<b>Underlying Net Profit After Tax</b>	<b>9,306</b>	<b>16,627</b>

(NZ\$000s)	6 Months Actual Sept 2015	12 Months PFI FY16
<b>Net Profit After Tax</b>	<b>8,435</b>	<b>16,627</b>
Net Finance Expense	566	674
Income Tax Expense	2,833	6,466
<b>EBIT</b>	<b>11,834</b>	<b>23,767</b>
Depreciation	779	1,520
Amortisation	222	418
<b>EBITDA including Acquisition and Integration Costs</b>	<b>12,835</b>	<b>25,705</b>
Acquisition Expenses	723	-
Integration Expenses	205	-
<b>Total Adjustments</b>	<b>928</b>	<b>-</b>
<b>EBITDA excluding Acquisition and Integration Costs</b>	<b>13,763</b>	<b>25,705</b>

Underlying Net Profit After Tax and EBITDA are non GAAP financial measures and are not prepared in accordance with NZ IFRS. These measures are intended to supplement the NZ GAAP measures presented in Evolve Group financial statements, should not be considered in isolation and are not a substitute for those measures.

# Appendix B

## Financial Position

### Balance Sheets

(NZ\$000s)

30 Sept 2015 31 March 2015

- Acquisitions were the primary reason for increase in intangibles during the 6 months to 30 September 2015
- Bank borrowings increased due to:
  - Borrowings of \$16.6m to fund acquisitions
  - Only one round of MOE Funding<sup>3</sup> in the 6 months to 30 September 2015
- Undrawn facilities of:
  - Senior revolving credit facility: \$21.2m
  - Acquisition facility: \$43.4m

<b>Current assets</b>		
Cash and cash equivalents	2,717	4,610
Trade receivables and other current assets	1,826	1,087
<b>Total current assets</b>	<b>4,543</b>	<b>5,697</b>
<b>Non-current assets</b>		
Property, plant and equipment	5,785	5,054
Investments	1,584	1,521
Deferred tax asset	826	450
Intangibles	182,205	168,525
<b>Total non-current assets</b>	<b>190,400</b>	<b>175,550</b>
<b>Total assets</b>	<b>194,943</b>	<b>181,247</b>
<b>Current liabilities</b>		
Trade and other payables	5,060	10,968
Current tax liabilities	1,101	674
Funding received in advance	112	15,646
Employee entitlements	5,942	5,091
<b>Total current liabilities</b>	<b>12,215</b>	<b>32,379</b>
<b>Non-current liabilities</b>		
Bank borrowings	25,425	-
<b>Total non-current liabilities</b>	<b>25,425</b>	<b>-</b>
<b>Total liabilities</b>	<b>37,640</b>	<b>32,379</b>
<b>Net Assets</b>	<b>157,303</b>	<b>148,868</b>
<b>Total Equity</b>		
	<b>157,303</b>	<b>148,868</b>
<b>Net Cash/(Debt) <sup>1</sup></b>	<b>(22,708)</b>	<b>4,610</b>
<b>Adjusted Net Debt <sup>2</sup></b>	<b>(22,853)</b>	<b>(11,079)</b>

<sup>1</sup> Net Cash/(Debt) is defined as cash and cash equivalents less bank borrowings.

<sup>2</sup> Adjusted net Debt is defined as Net Cash/(Debt) less MOE Funding received in advance.

<sup>3</sup> MOE funding is received by Evolve every 4 months on 1 July 2015, 1 November 2015 and 1 March 2016.

# Appendix C

## Cash Flows

### Statements of Cash Flows

- Operating cash flows impacted due to only one round of MOE funding\* in the 6 months to 30 September 2015
- Bank borrowing drawn includes \$16.6m to fund acquisitions with balance for working capital requirements

(NZ\$000s)	6 Months Sept 2015	12 Months PFI FY16
<b>Cash Flow from Operating Activities</b>		
Receipts from customers	52,966	137,489
Dividends received	59	-
Payments to suppliers and employees	(61,372)	(109,786)
Taxes paid	(2,782)	(4,608)
<b>Net Cash Flow from Operating Activities</b>	<b>(11,129)</b>	<b>23,095</b>
<b>Cash Flow from Investing Activities</b>		
Payments for purchase of businesses	(14,713)	(1,140)
Payments for property, plant and equipment	(1,151)	(764)
Interest received	102	-
<b>Net Cash Flow from Investing Activities</b>	<b>(15,762)</b>	<b>(1,904)</b>
<b>Cash Flow from Financing Activities</b>		
Financing costs	(427)	(540)
Proposed dividend payment	-	(4,154)
Bank Borrowing drawn/(repaid)	25,425	-
<b>Net Cash Flow from Financing Activities</b>	<b>24,998</b>	<b>(4,694)</b>
<b>Net Cash Flow</b>	<b>(1,893)</b>	<b>16,497</b>
<b>Opening balance</b>	<b>4,610</b>	<b>6,325</b>
<b>Closing balance</b>	<b>2,717</b>	<b>22,822</b>

\* MOE funding is received by Evolve every 4 months on 1 July 2015, 1 November 2015 and 1 March 2016.

# Important Notice

The information in this presentation is an overview and does not contain all information necessary to make an investment decision. It is intended to constitute a summary of certain information relating to the performance of Evolve Education Group Limited ("Evolve Education") for the period ended 30 September 2015. Please refer to the unaudited interim financial statements for the period ended 30 September 2015 that have been simultaneously released with this presentation.

The information in this presentation does not purport to be a complete description of Evolve Education. In making an investment decision, investors must rely on their own examination of Evolve Education, 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 Education. 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, Evolve Education, its directors, officers, employees and agents disclaim all liability and responsibility (including without limitation any liability arising from fault or negligence on the part of Evolve Education, its directors, officers, employees and agents) 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 is not a product disclosure statement, prospectus, investment statement or disclosure document, or an offer of shares for subscription, or sale, in any jurisdiction.

This presentation includes non-GAAP financial measures in various sections. This information has been included on the basis that management and the Board believe that this information assists readers with key drivers of the performance of Evolve Education which are not otherwise disclosed as part of the financial statements.

- Evolve Education Group interim report will be available in the third week of December 2015.
- EBITDA before acquisition and integration costs is profit before finance costs, income tax, depreciation and amortisation and adjusted for acquisition and integration. It is reconciled to reported profit in Appendix A. EBITDA is a non-GAAP financial measure and is not prepared in accordance with NZ IFRS. This measure is intended to supplement the NZ GAAP measures presented in Evolve Group's financial statements, should not be considered in isolation and is not a substitute for those measures.



# DIVIDEND REINVESTMENT PLAN OFFER DOCUMENT 23 NOVEMBER 2015



This is an important document. You should read the whole document before making any decisions. If you have any doubts as to what you should do, please consult your broker, financial, investment or other professional adviser.





# Contents

---

04	Key Questions Answered
06	Evolve Education Group Dividend Reinvestment Plan
11	Directory



# Key Questions Answered

---

## What is the Dividend Reinvestment Plan?

The Evolve Education Group Limited ("Evolve") Dividend Reinvestment Plan ("Plan") provides you, as a holder of ordinary shares in Evolve, with an opportunity to reinvest dividends received on some or all of your existing ordinary shares in additional fully paid ordinary shares. This is a convenient method of increasing your investment by acquiring further shares free of brokerage charges.

## Am I eligible to participate?

You are eligible to participate in the Plan if you hold ordinary shares in Evolve and you have an address in New Zealand or Australia.

## How do I elect to participate in the Plan?

You can elect to participate at any time by making an election online.

New Zealand register holders

Visit <https://investorcentre.linkmarketservices.co.nz>. You will require your CSN/Holder Number and Authorisation Code (FIN) to complete the investor validation process.

Australian register holders

Visit <https://investorcentre.linkmarketservices.com.au>. You will require your Holder Number and postcode to complete the investor validation process.

Alternatively, by completing a participation notice (as provided by Evolve from time to time) and returning it to the Share Registrar, Link Market Services Limited.

You have until 5:00pm (New Zealand time) on the business day following a record date for a dividend to elect to participate in the Plan. Any notice received after 5:00pm (New Zealand time) on the business day following a record date will be effective for the next following dividend.

## Can I participate in respect of only a portion of my shares?

Yes, you may elect to participate in the Plan in respect of only some of your ordinary shares in Evolve.

## Do I have to participate at all?

No, participation in the Plan is optional. If you do not wish to participate in the Plan, you do not need to do anything. If you do not participate in the Plan, you will receive in cash any dividends that are paid on your shares.

# Key Questions Answered (continued)

---

## What if I change my mind?

Shareholders can join the Plan, vary their participation, or withdraw from the Plan at any time either online or by forwarding a written notice to the Share Registrar, Link Market Services Limited. Participation will be effective immediately upon receipt by the Share Registrar of the notice (provided that any notice received after 5:00pm on the business day following the Record Date for a dividend will be effective for the next following dividend).

## What will the issue price of the shares be?

Under the Plan, additional shares will be issued at the "Strike Price". The Strike Price will be calculated as the volume weighted average sale price for an ordinary share in Evolve, based on all trades of ordinary shares on the NZX Main Board over a period of five trading days immediately following the relevant record date (subject to adjustment by Evolve for any unusual or exceptional circumstances) less a discount (if any) as determined by the board of directors of Evolve. Any discount will be announced by Evolve no later than 10 trading days prior to the relevant record date.

## What are the terms of the shares issued?

Shares issued under the Plan will be ordinary shares and will rank equally in all respects with each other and with all other ordinary shares on issue at that date.

## Taxation

Shareholders who participate in the Plan are treated, for New Zealand tax purposes, in the same way as if they had received the cash dividend. Australian resident shareholders who participate in the Plan are treated, for Australian tax purposes, in the same way as if they had received the cash dividend. See clause 18 of the Plan for further detail.

## Other key information

Further information about Evolve can be found in the Investor Relations section of its website at [www.evolveeducation.co.nz](http://www.evolveeducation.co.nz).

You can download an electronic copy of Evolve's most recent Annual Report and Evolve's most recent financial statements from Evolve's website at [www.evolveeducation.co.nz](http://www.evolveeducation.co.nz).

Alternatively, you can request a copy of these documents free of charge by writing to Evolve's Company Secretary at the address specified in the Directory to this document.

# Evolve Education Group Dividend Reinvestment Plan

---

## 1. Introduction

This document ("Offer Document") contains the terms and conditions of the Evolve Education Group Limited ("Evolve") Dividend Reinvestment Plan (the "Plan").

This Offer Document is issued in compliance with the exclusion for dividend reinvestment plans contained in Schedule 1 to the Financial Markets Conduct Act 2013. Accordingly, no product disclosure statement is required in respect of the Plan.

Subject to clauses 3 and 4, the Plan is available to you ("you") if you are the holder of ordinary shares in Evolve ("Shares").

Under the Plan, you may elect to reinvest the net proceeds of cash dividends payable or credited on all or some of your fully paid Shares by acquiring further Shares ("Additional Shares").

The record date for determining your entitlement to Additional Shares under the Plan is 5.00pm on the date fixed by Evolve for determining entitlements to dividends payable or credited on Shares ("Record Date").

This Offer Document has been prepared as at 23 November 2015.

Further information about Evolve, including its current dividend policy, can be found in the Investor Relations section of its website at [www.evolveeducation.co.nz](http://www.evolveeducation.co.nz).

## 2. Available options

You may elect to participate in the Plan by exercising one of the following options:

- (a) **Full Participation** - If you choose full participation, the Plan will apply to the net cash dividends payable or credited from time to time in respect of all Shares registered in your name.
- (b) **Partial Participation** - If you choose partial participation, the Plan will only apply to the net cash dividends payable or credited from time to time in respect of your nominated percentage of Shares registered in your name. The Board may specify a minimum percentage for partial participation.

The Shares, if any, which you have chosen to participate in the Plan at each Record Date will be your "Participating Shares".

If you do not wish to participate in the Plan and instead wish to receive any dividends payable or credited in respect of your Shares from time to time in cash you do not need to do anything.

## 3. Overseas Shareholders

3.1 Evolve may, in its absolute discretion, elect not to offer participation in the Plan to shareholders whose address is outside New Zealand or Australia if Evolve considers that to do so would risk breaching the laws of any other relevant jurisdiction and it would be unduly onerous to ensure that the laws of those jurisdictions are complied with. As at the date of this Offer Document, the Plan is only available to holders of Shares who have an address in New Zealand or Australia. However, the Board may amend this policy at any time, in its sole discretion.

3.2 If you do not reside in New Zealand or Australia (or any other jurisdiction in respect of which the Plan is later made available) and you participate in the Plan through a nominee resident in New Zealand, Australia or any other jurisdiction in which the Plan is made available you will be deemed to represent and warrant to Evolve that you can lawfully participate in the Plan through your nominee. Evolve accepts no responsibility for determining whether any person is able to participate in the Plan under laws applicable outside of New Zealand, Australia or any other jurisdiction in respect of which the Plan is made available.

## 4. Exclusion where Liens or Charges over Shares

If you hold any Shares over which Evolve has a lien or charge, those Shares will not be eligible to participate in the Plan.

## 5. Participation Election

5.1 To participate in the Plan you must make a "Participation Election" in one of the following ways:

# Evolve Education Group Dividend Reinvestment Plan

---

## 5. Participation Election (continued)

- (a) **Participation Notice** - by completing a participation notice in a form provided by Evolve from time to time (the "Participation Notice") in accordance with the instructions on that notice and sending the completed Participation Notice to Evolve's Share Registrar at:

Link Market Services Limited  
PO Box 91976  
Auckland 1142  
New Zealand

or such other person or address as Evolve may determine from time to time or by electronic means specified by Evolve from time to time.

- (b) **Online Election** – by visiting the website of Evolve's Share Registrar, Link Market Services: <https://investorcentre.linkmarketservices.co.nz> or <https://investorcentre.linkmarketservices.com.au>

- 5.2 You can make your Participation Election at any time while this Plan is in effect by following the steps in clause 5.1. Participation Notices can be obtained from Evolve's Share Registrar at any time.
- 5.3 If your Participation Election does not specify your degree of participation in the Plan, you will be deemed to have chosen full participation if your Participation Notice is otherwise correctly completed and signed.
- 5.4 The last date for receipt of a Participation Notice for participation in any dividend will be 5:00pm on the first business day (being a day the NZX Main Board is open for trading) after the relevant Record Date or such later date as may be set by the Board and advised to the market. Any notice received after that time will be effective for the next following dividend.
- 5.5 Once effective, the net proceeds of any cash dividends payable or credited on your Participating Shares will be reinvested in Additional Shares.

## 6. Formula for Calculation of Additional Shares

- 6.1 If you choose to participate in the Plan, the number of Additional Shares you will be allotted will be calculated in accordance with the following formula:

$$N = \frac{PS \times D}{P \times E}$$

Where:

**N** is the number of Additional Shares you will receive (with fractional entitlements to be rounded to the nearest whole number. If such a number is 0.5, that number of shares will be round up to the next whole number).

**PS** is the number of your Participating Shares.

**D** is the net proceeds of cash dividends paid or credited per Share by Evolve (expressed in cents and fractions of cents, including any applicable supplementary dividends in respect of Participating Shares payable to non-resident shareholders but excluding any tax credits and after deduction of any withholding or other taxes, if any).

**P** is the volume weighted average sale price in New Zealand dollars (expressed in cents and fractions of cents) for a Share calculated on all trades of Shares which took place through the NZX Main Board over the period of 5 trading days immediately following the Record Date. If no sales of Shares occur during those 5 trading days, then the volume weighted average sale price will be deemed to be the sale price for a Share on the last trade of Shares which took place prior to 5:00pm on the Record Date.

**E** is the percentage determined by the Board from time to time, in its absolute discretion. As at the date of this Offer Document, the percentage is 100 per cent. Any change to this percentage shall be notified to NZX Limited for release to the market not later than 10 trading days prior to the relevant Record Date.

- 6.2 The price at which your Additional Shares will be allotted will be determined by the Board as  $P \times E$  (the "Strike Price"). The price "P" may be reasonably adjusted by Evolve to allow for any bonus issue or dividend or other distribution expectation. If, in the opinion of the Board, any exceptional or unusual circumstances have artificially affected the price "P", Evolve may make such adjustment to that price as it considers reasonable. The determination of the Strike Price of the Additional Shares by the Board, or by some other person nominated by the Board, will be binding on all participants in the Plan.

# Evolve Education Group Dividend Reinvestment Plan

---

## 7. Compliance with Laws, Listing Rules and Constitution

- 7.1 The Plan will not operate to the extent that the allotment of Additional Shares under the Plan would breach any applicable law, any applicable listing rules or any provision of Evolve's constitution.
- 7.2 If, for any reason, Evolve cannot allot your Additional Shares, the relevant dividend on your Participating Shares will be paid or distributed to you in the same manner as to shareholders not participating in the Plan and at the same time as the dividends are paid to those shareholders. You will not be paid interest on any such payment.

## 8. Issue of Additional Shares

Evolve will allot your Additional Shares in accordance with clauses 6 and 7 on the day that you would otherwise have been paid a dividend.

## 9. Share Price Information Publicly Available

Evolve will ensure that at the time the Strike Price is set under clause 6.1 it will have no information that is not publicly available that would, or would be likely to, have a material adverse effect on the realisable price of the Shares if it was publicly available ("material information"). Evolve may suspend the Plan in respect of a dividend in any case where it is not able to ensure that material information has been made publicly available by disclosure to ASX and the NZX Main Board.

## 10. Terms of Issue and Ranking of Additional Shares

Your Additional Shares will be allotted on the terms set out in this Plan, subject to the rights of termination, suspension and modification set out in clause 13. Your Additional Shares will, from the date of allotment, rank equally in all respects with each other and with all other Shares of Evolve on issue as at that date. Your Additional Shares will be subject to the same rights as the Additional Shares issued to all holders of Shares who agree to receive Additional Shares.

## 11. Source of Additional Shares

Your Additional Shares may, at the Board's discretion, be:

- (a) new Shares issued by Evolve;
- (b) existing Shares acquired by Evolve or a nominee or agent of Evolve; or
- (c) any combination of (a) and (b) above.

## 12. Statements

If you choose to participate in the Plan, Evolve will send a statement to your address or electronic mail address (if you have elected to receive communications electronically) as set out in Evolve's share register within 5 trading days of the allotment of Additional Shares detailing:

- (a) the number of your Participating Shares as at the Record Date;
- (b) the amount of your cash dividend reinvested in Additional Shares and the amount paid in respect of any of your Shares that are not participating in the Plan (if applicable);
- (c) the Strike Price and number of Additional Shares you were allotted under the Plan;
- (d) the amount of any tax deductions or withholdings, imputations or other taxation credits in respect of the cash dividend; and
- (e) such other matters required by law with respect to dividends and/or reinvestment.

# Evolve Education Group Dividend Reinvestment Plan

---

## 13. Termination, Suspension and Modification by Evolve

The Board may, in its sole discretion, at any time:

- (a) terminate, suspend or modify the Plan. If the Plan is modified, your Participation Election will be deemed to be a Participation Election under the modified Plan unless you withdraw or modify your Participation Election in accordance with clause 15;
- (b) resolve that some or all of a dividend will be paid in cash only instead of the Plan applying;
- (c) resolve that in the event of the subdivision, consolidation or reclassification of the Shares into one or more new classes of shares, your Participation Election will be deemed to be a Participation Election in respect of the shares as subdivided, consolidated or reclassified unless you withdraw or modify your Participation Election in accordance with clause 15;
- (d) resolve that your Participation Election will cease to be of any effect, for example, if the Participation Notice has been incorrectly completed or is unclear or if the number of Shares you hold is insufficient to enable participation as requested; or
- (e) determine that Additional Shares may be issued at a discount to the market price of Shares and the amount of any such discount.

No decision by the Board to terminate, suspend or modify the Plan will give rise to any liability for Evolve or the Board, or any right of action for you against Evolve or the Board.

## 14. Notice

- (a) If the Plan is modified under clause 13(a) then a Participation Notice will be deemed to be a Participation Notice under the Plan as modified unless such Participation Notice is subsequently changed or withdrawn by you.
- (b) Notice of any modification, suspension or termination under clause 13(a) will be given via the NZX and ASX market announcement platforms prior to the Record Date on which any modification, suspension or termination will take effect.
- (c) Notwithstanding clauses 14(a) and (b), Evolve may at any time, without the need of any notice:
  - (i) modify, suspend, or terminate the Plan to comply with any applicable law, the listing rules of any stock exchange on which Shares are listed, or any provision of Evolve's constitution; and
  - (ii) make minor amendments to the Plan where such amendments are of an administrative or procedural nature.

## 15. Variation or Termination

You may at any time:

- (a) increase or decrease the number of your Participating Shares by submitting a new Participation Notice in accordance with clause 5.1; or
- (b) terminate your participation in the Plan by written notice to Evolve's Share Registrar at the address set out in clause 5.1.

Such variation or termination will take effect immediately upon receipt by Evolve's Share Registrar of the new Participation Notice or the written termination notice, as the case may be, provided that any notice received after 5:00pm on the business day following the Record Date for a dividend will be effective for the next following dividend.

## 16. Partial Dispositions

If you dispose of any of your Participating Shares, you will be deemed to have terminated your participation in the Plan with respect to the Participating Shares you disposed of from the date Evolve's Share Registrar registers a transfer of those Participating Shares.



# Evolve Education Group Dividend Reinvestment Plan

---

## 17. Dispositions of all of your Participating Shares

If you dispose of all of your Participating Shares, you will be deemed to have terminated your participation in the Plan from the date Evolve's Share Registrar registers a transfer of those Shares.

## 18. Taxation

For New Zealand tax purposes, distributions of cash or shares under a dividend reinvestment plan are generally treated as a taxable dividend in the hands of the shareholder. If you reinvest the net proceeds of your cash dividends to acquire Additional Shares, you should be treated in the same way as if you had not participated in the Plan. This means that if you participate in the Plan, you should derive dividend income of the same amount that you would have derived had you not participated in the Plan.

For New Zealand shareholders, any Additional Shares distributed under the dividend reinvestment plan should be taxable as a dividend at their applicable marginal tax rates. For Australian shareholders, New Zealand withholding tax may arise in respect of any additional shares distributed under the dividend reinvestment plan, and a tax credit may be available in Australia in respect of any such New Zealand withholding tax, depending upon the shareholder's circumstances.

If New Zealand imputation credits are attached to Additional Shares distributed under the dividend reinvestment plan, a New Zealand shareholder should be entitled to a tax credit for any such imputation credits. Any such imputation credits may also operate to reduce applicable New Zealand withholding tax, depending upon the circumstances applicable to any particular Australian shareholder.

The taxation summary above is based on New Zealand taxation laws as at the date of this Offer Document and is, of necessity, general. It does not take into account your individual circumstances and the specific tax consequences of your participation or non-participation in the Plan, which may vary considerably. You should not rely on this general summary but should seek your own tax advice. Evolve does not accept any responsibility for the financial or taxation effects of your participation or non-participation in the Plan. Evolve recommends you obtain professional taxation advice.

## 19. Costs

You will not be charged for participation or withdrawal from the Plan. You will not incur any brokerage costs, commissions or other transaction costs on the allotment of your Additional Shares, and no stamp duty is payable in respect of the allotment of Additional Shares.

## 20. Listing Rules

The Plan is subject to the NZX Main Board Listing Rules, to any rules for clearing and/or settlement which apply to the NZX Main Board from time to time and the ASX Listing Rules (together, the "Rules") and in the event of any inconsistency between the Plan and the Rules, the Rules will apply.

## 21. Governing Law

The Plan and its operation will be governed by the laws of New Zealand.

## 22. Other Information

You can download an electronic copy of Evolve's most recent Annual Report and Evolve's most recent financial statements from Evolve's website at [www.evolveeducation.co.nz](http://www.evolveeducation.co.nz).

Alternatively, you can request a copy of these documents free of charge by writing to Evolve's Company Secretary at the address specified in the Directory to this document.

# Directory

---

## Issuer

Evolve Education Group Limited

PO Box 105843  
Auckland City 1143  
New Zealand

Phone +64 9 377 8700  
Email: [info@eeg.co.nz](mailto:info@eeg.co.nz)  
Website: [www.evolveeducation.co.nz](http://www.evolveeducation.co.nz)

## Legal Advisers

Minter Ellison Rudd Watts

Level 20, Lumley Centre  
88 Shortland Street  
Auckland 1010  
New Zealand

PO Box 3798  
Auckland 1140  
New Zealand

Phone: +64 9 353 9700  
Website: [www.minterellison.co.nz](http://www.minterellison.co.nz)

## Share Register

Link Market Services Limited

Level 7, Zurich House  
21 Queen Street  
Auckland 1010

PO Box 91976  
Auckland 1142  
New Zealand

Phone: +64 9 375 5998  
Email: [enquiries@linkmarketservices.co.nz](mailto:enquiries@linkmarketservices.co.nz)  
Website: [www.linkmarketservices.co.nz](http://www.linkmarketservices.co.nz)



# Dividend Reinvestment Plan Participation Notice

Do not complete this form if you wish to receive in cash all dividends declared



Name & Address

Description of Shares

CSN/Holder No.

Shares Held

Registered Holder(s)

The Evolve Education Group Limited ("Evolve") Dividend Reinvestment Plan ("Plan") allows you to elect to forgo your right to receive dividends or distributions on all or any of your fully paid ordinary shares in Evolve in cash, and instead to reinvest all or part of the net proceeds of your cash dividends in fully paid ordinary shares in Evolve. Full details of the Plan are set out in the accompanying Dividend Reinvestment Plan Offer Document dated 23 November 2015 ("Offer Document").

If you wish to participate in the Plan, please complete this Participation Notice, and send it to Evolve's Share Registrar at your earliest convenience.

Alternatively, you may make your Participation Election, or vary an existing Participation Election, online by visiting

<https://investorcentre.linkmarketservices.co.nz> (New Zealand register holders); or

<https://investorcentre.linkmarketservices.com.au> (Australian register holders)

(refer to clause 5.1 of the Offer Document for further details).

## CHOOSE ONE ALTERNATIVE ONLY

I/We elect to participate in the Plan at the level of participation nominated below and elect to renounce my/our right to have dividends or distributions declared in respect of participating share paid in cash accordingly:

► **Full Participation** (including any future Evolve shares acquired)

For full participation please tick (✓) here:

☐

► **Partial Participation** (percentage of your Evolve shares to participate in the Plan)

For partial participation please tick (✓) here:

☐

Insert percentage of shares to participate in the Plan:

Note: If you do not complete the above in relation to full participation or partial participation (but have otherwise completed and signed this notice), you will be deemed to have elected full participation in the Plan.

I/We acknowledge I/we have received and read a copy of the Offer Document.

I/We agree to be bound by the terms and conditions of the Plan as set out in the Offer Document.

I/We acknowledge that this election will continue to apply in respect of any dividend that Evolve determines the Plan will apply until varied or terminated by written notice in accordance with the terms and conditions of the Plan.

Signature(s)

Dated

This Participation Notice is not valid unless duly completed and signed. If shares are held jointly, all holders must sign. Companies must execute by an authorised officer or attorney. If signed by an attorney, the power of attorney must either have been previously produced to Evolve or must accompany this Participation Notice and a certificate of non-revocation of the power of attorney in the usual form must be enclosed.



23 November 2015

Dear Shareholder

#### EVOLVE EDUCATION GROUP LIMITED DIVIDEND REINVESTMENT PLAN

Evolve Education Group Limited ("Evolve") is pleased to introduce a new dividend reinvestment plan ("Plan") pursuant to which Evolve shareholders may choose to reinvest all or part of their net cash dividends in additional ordinary Evolve shares.

Details of the Plan, including a summary of its key features, are set out in the enclosed Offer Document.

The Plan provides a convenient method for increasing your investment in Evolve by reinvesting dividends received on some or all of your existing Evolve shares in further Evolve shares free of brokerage charges or other costs. In respect of the interim dividend for the 2015-16 financial year which is payable on 18 December 2015, shares issued under the Plan will be issued at their market price or at a price as determined by the Evolve board (as detailed in the Plan).

Participation in the Plan is optional and you may elect to participate in respect of all or only some of your shares. If you wish to participate in the Plan, please complete the enclosed Participation Notice in accordance with the instructions on the Notice and return it to Evolve's Share Registrar, Link Market Services Limited. Your completed Participation Notice can be returned at any time. However, in order to participate in the Plan for the 2015-16 interim dividend payable on 18 December 2015, your completed Participation Notice must be received by Link Market Services Limited by no later than 5.00pm, (New Zealand time) on **Wednesday 9 December 2015**.

Please read through the enclosed Offer Document carefully. If you have any questions, please contact your financial adviser, or other professional adviser. Evolve does not assume any liability or responsibility for providing tax or financial advice to any shareholder in respect of participation in the Plan.

Yours sincerely



Vivek Singh  
Chief Financial Officer & Company Secretary