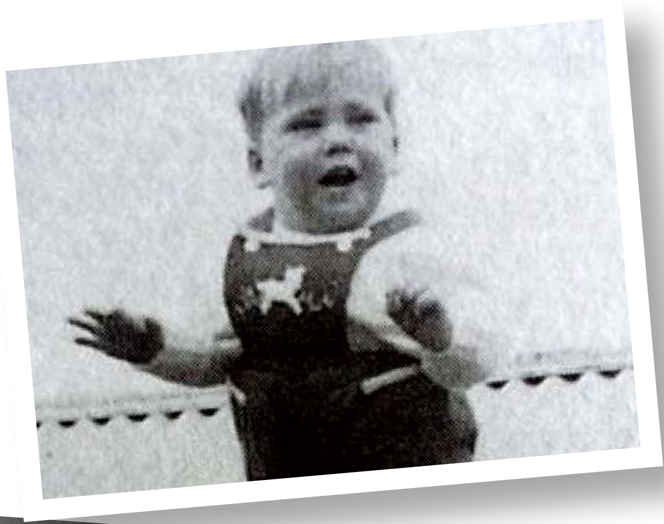
CHAIRMAN AND MANAGING DIRECTOR'S LETTER



Mark Kerr
Chairman

Mathew Edwards
Managing Director

The board and executive leadership team are proud to present the Think Childcare Limited Annual Report for 2018

We are pleased to report that we have achieved the upper end of our market guidance published on 22 August 2018 of earnings before income tax, amortisation and depreciation (underlying EBITDA) of $10.7 million and earnings per share (EPS) of 10.5 cents. Consequently, on 27 February 2019 the Board determined a final fully franked dividend of $3.15 million or 6.5 cents per share (DPS).

Highlights for the year

Delivered a solid financial performance during a period of significant regulatory reform and strong sector headwinds:

- Acquired and developed 12 child care services, a 28% increase on prior year;
- Completed $3.1 million capital investments, to improve our quality of care offerings;
- Invested in our service model which positioned us to deliver a solid second half;
- Raised $10.2 million equity (net of costs) to fund 2018 acquisitions and capital investments; and
- Refinanced our debt facility; increased the headroom to $43 million to support future growth.

Tale of two halves

We experienced a challenging first half of the year, as families facing fee stress reduced their demand for child care services. Coupled with an over-supply of child care services in select markets, this created significant headwinds across the sector.

We chose to invest heavily in our operations platform, building capacity and employing a quality, highly motivated professional team to facilitate growth and to maximise service performance. We continued our capital investment program, moving our services closer to the best in market position.

The second half of the year saw Think Childcare lead the sector in its engagement with families and realignment of operations to accommodate the transition to the new Child Care Subsidy. With our funding secured, the finance team provided operations with data and analysis and in a true partnership, our child care services clawed back some of the first half impact.

Chairman and Managing Director's Letter continued

Shareholder returns

2018 marked four years since we listed on the Australian Securities Exchange (ASX). We are proud to have delivered a total shareholder return of 20.5%* and 26.4%* including franked dividends, compared with the ASX300 Accumulation Index of 11.9%*. This represents an 72.3% outperformance against the index. * 3 year return

Dividend

We have the pleasure of determining a final dividend of 6.5 cents per share fully franked.

The Board recommends your consideration of the Dividend Reinvestment Plan (DRP). Shareholders that elect to take shares instead of cash under the DRP will receive their shares at a discount of 5% to the weighted average market share price for the 10 business days from (and including) 28 February 2019 to 13 March 2019.

Earnings per share

During the financial year, the Board made the strategic decision to strengthen the Company's capital structure by raising equity and increasing its debt funding capacity. This strategy enabled Think Childcare to execute on its acquisition pipeline and invest in operations to support future growth and sustainability of earnings. The short-term outcome of this strategy is a lower 2018 EPS of 10.5 cents, compared with 13.6 cents for the prior year.

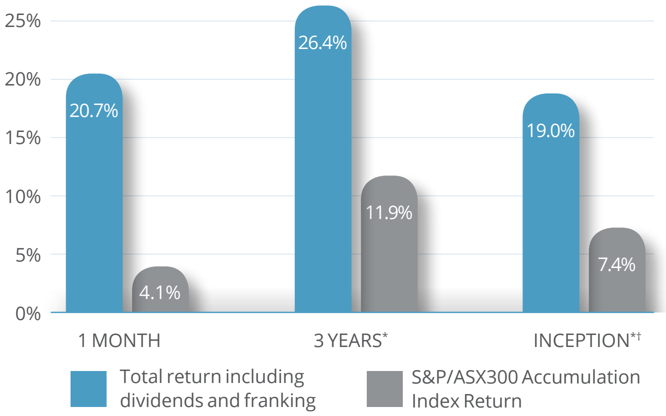
Disciplined strategy and execution

During the financial year we continued to deliver on our stated organic strategy:

- Acquired 9 child care services at four times EBITDA multiples of which 8 are on an earn-out and clawback arrangement;
- Developed and opened 3 best in market greenfield child care services located in Victoria, Western Australia and Queensland; and
- Managed 19 child care services on behalf of incubator partners including opening 4 new services.

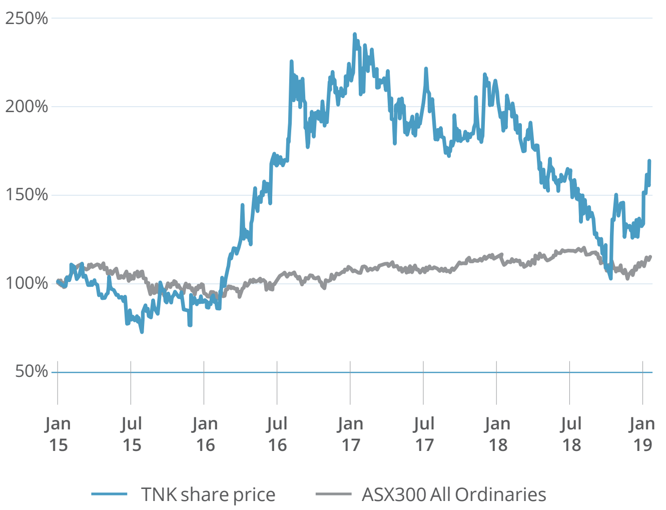
At the time of listing, Think Childcare provided child care

Total shareholder return



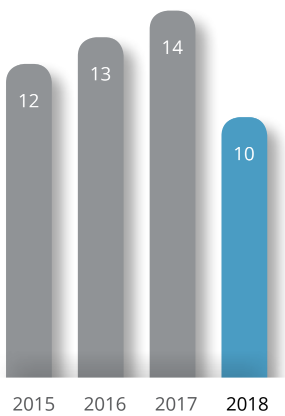
Source: Canaccord Genuity (Australia) Limited. * Annualised.
† Inception date 24 October 2014. Closing prices as of 20 February 2019

Think Childcare vs ASX300

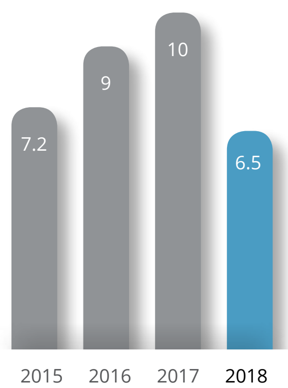


Source: Canaccord Genuity (Australia) Limited

Earnings per share
(cents)



Dividend per share
(cents)



services across 30 sites, predominately located in Victoria. Today our Company provides child care services spanning 55 locations and has a national footprint, resulting in 31% of the portfolio located outside of Victoria.

This diversification strategy, along with Think Childcare's commitment to delivering best in market child care services, has improved the overall quality and performance of Think Childcare's brand and businesses in those local communities.

Transition to Nido well-underway

Think Childcare's strategic objective is to build a best in sector care offering through an exceeding level national curriculum, state of the art environments and a highly motivated and engaged team. Think Childcare is well positioned to deliver a premium service to suburban markets. Our capital investment program creates environments which foster creativity for our children and Educators.

In October 2017, we acquired three Nido Early School (Nido) services along with the Nido brand as a platform to execute on our strategy. During the financial year, Think Childcare embarked on a program of works which will continue into 2019 to transition our existing child care services to the Nido brand.

Project Elevate

Over the four-year period since Think Childcare listed on the ASX, we have increased the number of child care services we operate (owned and managed) from 44 to 74; a 68% increase. Understandably, the communities we service will have a heightened expectation of our service model.

During the financial year we launched Project Elevate which, amongst other things, relaunched our capability across core disciplines in people and performance, education curriculum, service delivery and finance.

Project Elevate comprises a number of phases and our investment is expected to continue beyond the 2019 financial year.

Capital management

The 2018 financial year saw us undertake a review of our capital requirements and we made the strategic decision to refinance our debt facility and raise capital. Although the outcome would be dilutive to EPS (10.5 cents in 2018 compared with 13.6 cents in 2017), the Board took a long-term view to support future growth.

On 10 July 2018 we completed a refinance of a $28 million term ANZ debt facility with a five year syndicated facility with Macquarie Bank Limited for an amount of $58 million plus an additional Accordion of $20 million.

Our Company raised $10.2 million in equity (net of costs) by issuing 5,271,357 million shares on 15 March 2018, at $1.99 per share, to fund strategic initiatives including the 2018 acquisition pipeline and capital investment program.

Outlook

We remain positive about the outlook for the child care services sector and the benefits of the new Child Care Subsidy to our families and the communities we serve. We remain confident in our ability to deliver organic growth from our existing portfolio and the execution of our pipeline.

2019 will see Think Childcare continue to focus on elevating the service model required to support our Educators in the delivery of learning outcomes.

Finally, on behalf of the Board and management we would like to thank our Educators and employees for their commitment and contribution to Think Childcare's success.

Mathew Edwards
Managing Director

27 February 2019 | Sydney

Mark Kerr
Chairman

27 February 2019 | Melbourne