

APPENDIX 4E

Preliminary final report

1. COMPANY DETAILS

Name of entity Think Childcare Group comprises stapled security Think Childcare Limited (ABN: 81 600 793 388) and Think Childcare Development Limited (ABN 55 635 178 166)

ASX Code TNK

Reporting period For the year ending 31 December 2020

Previous period For the year ending 31 December 2019

2. RESULTS FOR ANNOUNCEMENT TO THE MARKET

Key information

	Up / Down	Movement %	2020 \$'000	2019 \$'000
Revenue from ordinary activities	up	20.1%	136,358	113,547
Earnings before interest, tax, depreciation and amortisation (EBITDA)	up	75.3%	44,214	25,226
Underlying EBITDA	up	88.9%	26,804	14,191
Profit from ordinary activities after tax for the year	up	257.6%	7,169	2,005
Net profit for the year attributable to Think Childcare Group stapled security holders	up	257.6%	7,169	2,005

	2020 \$'000	2019 \$'000
Reconciliation of underlying EBITDA		
EBITDA	44,214	25,226
Lease rental expense (pre AASB 16)	(18,831)	(13,062)
Add: Non-underlying costs	1,421	2,027
EBITDA (underlying)	26,804	14,191

	2020 \$'000	2019 \$'000
Reconciliation of underlying NPAT		
NPAT	7,169	2,005
Add: AASB 16 notional interest expense	11,621	7,738
Add: AASB 16 right of use asset depreciation	12,909	8,900
Less: Lease rental expense	(18,831)	(13,062)
Add: Non-underlying costs	1,421	-
Less: Tax impact	(2,136)	(1,073)
NPAT (underlying)	12,153	4,508

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Commentary on results

Net profit for the year attributable to Think Childcare Group stapled security holders of \$7.2 million (previous period profit of \$2.0 million) includes revenue from operations of \$136.4 million (previous period \$113.5 million) and operating expenses of \$127.8 million (previous period \$112.3 million). This represents Think Childcare Group's statutory profit.

EBITDA of \$44.2 million is higher by \$19.0 million (previous period \$25.2 million). In line with AASB 16 Leases, depreciation on right of use assets and interest on lease liabilities expenses are presented rather than lease rental expenses and therefore are not included within EBITDA. The Board and Management consider underlying EBITDA of \$26.8 million to be a correct reflection of the ongoing business which excludes acquisition and integration expense, one-off items, discontinued business and scheme implementation.

Underlying EBITDA of \$26.8 million is a 88.9% increase on the previous period of \$14.0 million (determined on the same basis).

The Board and Management consider underlying NPAT of \$12.2 million to be a correct reflection of the performance of the Group as it excludes the impact of AASB16 notional interest expense of \$11.6 million, right of use assets depreciation of \$12.9 million, non-underlying costs of \$1.4 million and the respective tax impact on the net movement of these costs amounting to \$2.1 million. Non-underlying costs represent those expenses that are not considered to be part of the normal course of business and do not reflect revenue from ordinary activities. Underlying NPAT of \$12.2 million is a 169.6% increase on the previous period of \$4.5 million (determined on the same basis).

Dividend information

	Cents per security	Franked amount per security	Tax rate for franking credit
Final dividend for the year ended 31 December 2019	5.0	5.0	30%

On 24 February 2021, a final dividend for the year ended 31 December 2020 of 12.0 cents per ordinary security, fully franked, was determined, with a record date of 16 March 2021. The dividend of \$7.3 million will be paid on 26 March 2021.

Record date for determining entitlements to the final dividend

Amount per stapled security (cents)	12.0
Record date	16 March 2021
Payment date	26 March 2021
Franked amount per stapled security (cents)	12.0

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3. NET TANGIBLE ASSETS PER SECURITY

Under the listing rules, net tangible asset backing must be determined by deducting from total tangible assets all claims on those assets ranking ahead of the ordinary securities (i.e., all liabilities, preference shares, outside equity interests, etc).

The net tangible assets per stapled security does not reflect the fair value of Think Childcare Group's portfolio of assets. The value of the Group's assets is represented by goodwill arising from business acquisitions.

	2020 cents	2019 cents
Net tangible assets per stapled security ¹	(45.89)	(37.78)

¹ Right of use assets are included in the calculation of net tangible assets per stapled security.

4. CONTROL GAINED OVER ENTITIES

Refer to note 31 and 32 to the financial statements in the annual report for details of entities over which control has been gained during the reporting period.

5. FINANCIAL INFORMATION

This report is based on the Group's audited Financial Report for the year ended 31 December 2020 which can be found on our website: www.thinkchildcare.com.au

6. OTHER FINANCIAL INFORMATION REQUIRED BY LISTING RULE 4.3A

Other information requiring disclosure to comply with Listing Rule 4.3A is contained in the Group's financial report which can be found on our website: www.thinkchildcare.com.au