2020 FULL YEAR RESULTS
INVESTOR PRESENTATION
24 FEBRUARY 2021

THINK Childcare Group

Nido, Airport West, Victoria

WHO ARE WE

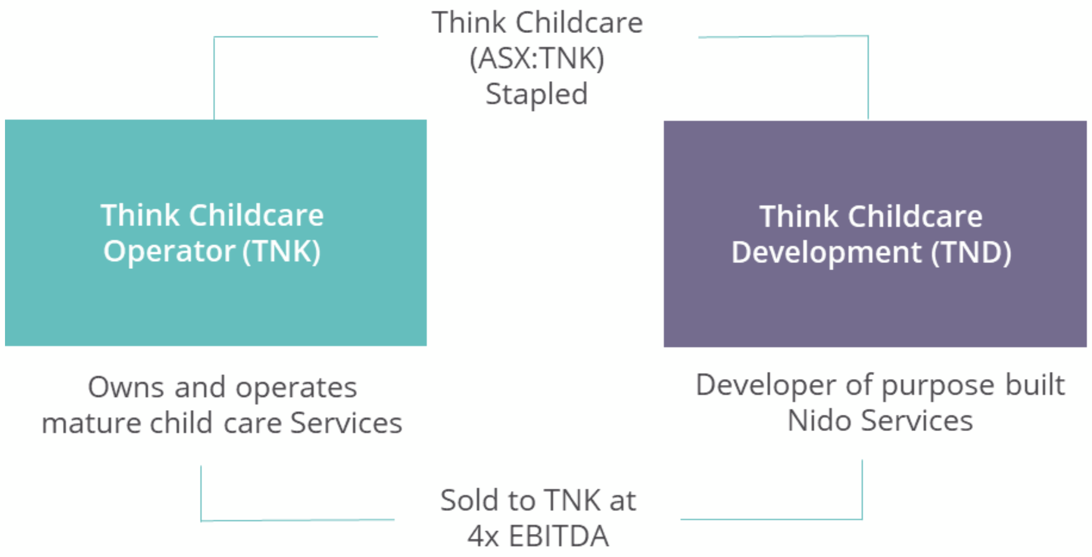
Think Childcare Group operates best in sector premium branded child care Services https://nidoearlyschool.com.au/

Think Childcare (TNK) operates Nido, the only Australian national premium brand

- Owns and operates predominately mature child care Services
- Manages Services on behalf of internal (TND) and external developers of new child care Services (our incubators)
- Acquires high performing developed child care Services from our incubators

Think Childcare Development (TND) is the largest developer of purpose-built leasehold child care Services

- Develops purpose-built Services to meet the Nido brand requirements
- Trades up Services before selling them to TNK at 75% occupancy ~4x EBITDA
- Has a pipeline of 26 leasehold sites to be developed over 24 to 30 months
- 10 new purpose-built Services currently in trade-up
- TNK and TND unique model eliminates business transition risk



WHAT QUALITY LOOKS LIKE

Bringing learning to life

- Think Childcare's strategy is to build a best in sector care offering in predominately suburban locations underpinned by the Reggio Emilia approach to early education
- Environment as the third teacher features:
  - Architecturally designed spaces, ateliers and purposeful structures
  - Interiors feature natural materials, natural light, uplifting colours, uncluttered with diverse experiential activity areas
- Seeks to attract the best in sector Educational Leaders

Nido, Craigie Western Australia

CONTENTS

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CY20 THINK CHILDCARE GROUP RESULTS

Think Childcare is the country's only national premium child care provider

Nido, Gregory Hills, New South Wales

THINK CHILDCARE GROUP - FINANCIAL HIGHLIGHTS

THINK Childcare Group

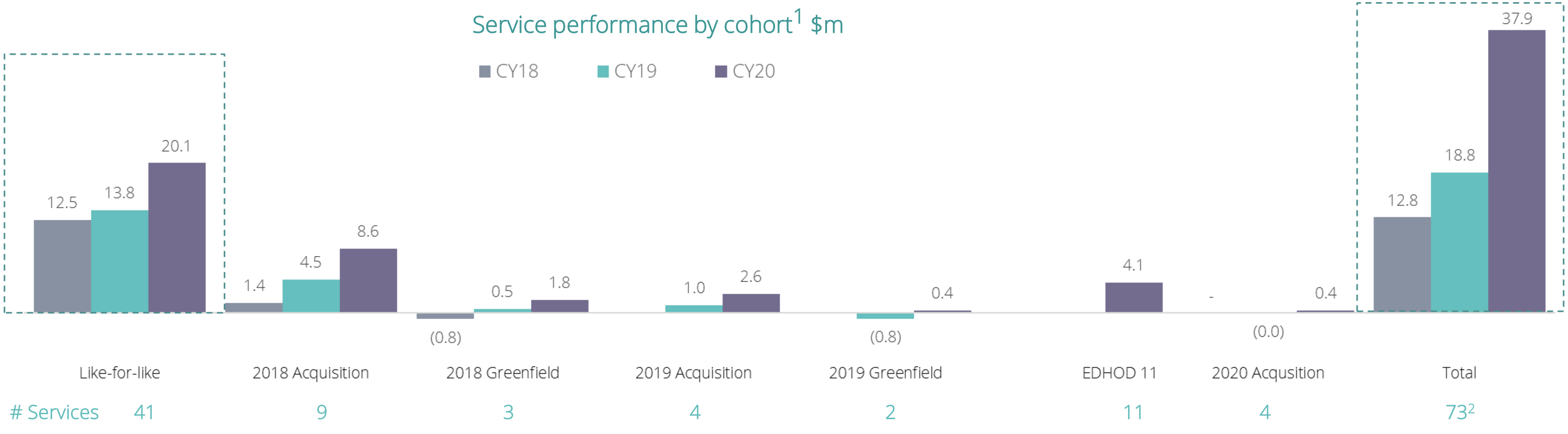
	TNK	TND	Group
EBITDA (underlying)	$30.1m ↑ 104% pcp	$0.9m ↑ 256% pcp	$26.8m ↑ 89% pcp [1]
NPAT (underlying)	$16.3m ↑ 179% pcp	$(0.0m) ↑ 97% pcp	$12.2m ↑ 170% pcp [1]
Closing cash	$15.8m ↑ 96% pcp	$7.1m ↑ 96% pcp	$22.9m ↑ 96% pcp
Earnings per share[2]	$0.27 ↑ 144% pcp	$0.00	$0.20 ↑ 93% pcp

- Our strategy is beginning to pay dividends
- Efficient roster management, cost controls and active marketing during the height of COVID-19 has delivered a strong financial performance

1. *Group column will not add due to eliminations (refer to slide 11)*
2. *EPS calculated on NPAT (underlying)/Weighted average number of securities*

TNK SERVICE PERFORMANCE – BY COHORT

All cohorts achieved a positive year-on-year contribution to earnings. Nov-20 acquisitions will make a full year contribution to CY21 earnings

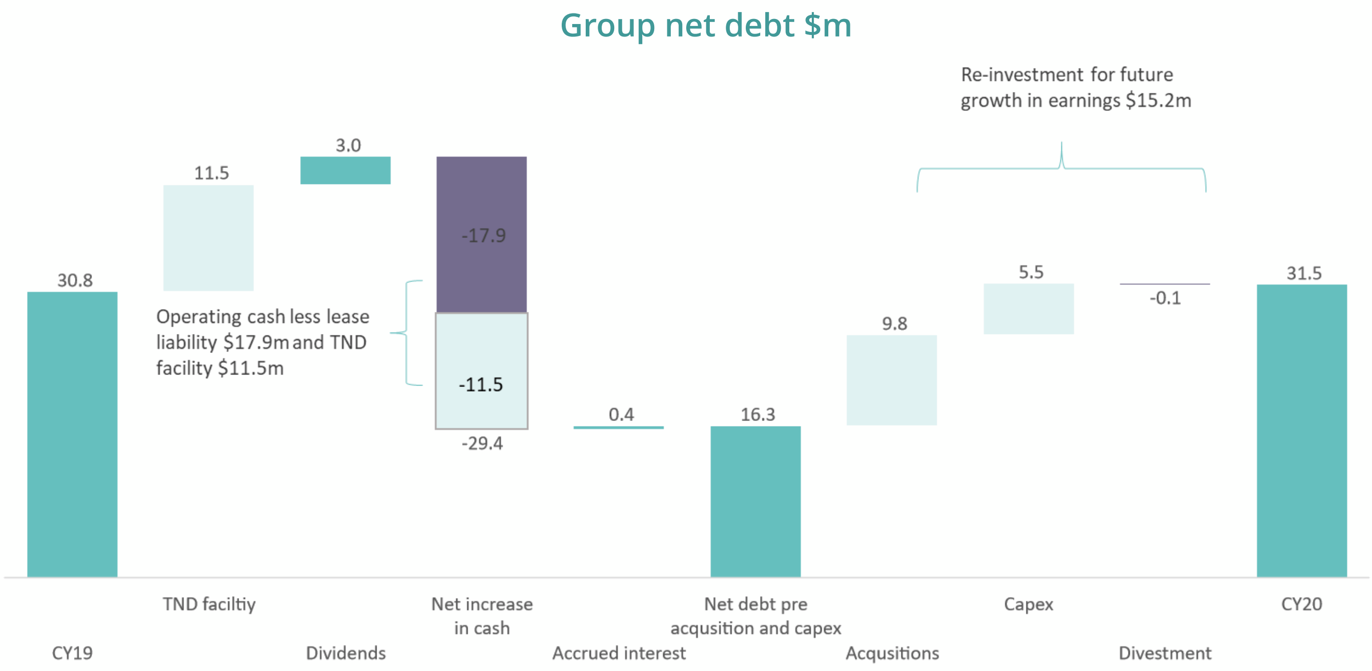


- CY18: 41 Services owned CY20: 73 Services owned
- Think Childcare's unique business model has consistently delivered growth in underlying earnings
- 4 Services acquired in Nov 20 with full year impact expected in CY21

1. *Total includes closed Services (CY18 -0.2m, CY19 -0.3m, CY20 -0.1m). 2 Services closed at the end of lease in CY19 and 1 Service divested in CY20*
2. *Total number of Services excludes 1 Service divested in CY20*

CAPITAL MANAGEMENT

Continuous investment for future growth



- $15.2m invested in future growth
- Net debt lower before capital investment

BUSTING THE MYTH OF GOVERNMENT COVID-19 'HANDOUTS'

THINK Childcare Group

The Child Care Sector supported workforce participation during the biggest health crisis in 100 years

- Operators were required to deliver **"Free" child care** at no expense to families, with no additional charges for meals and/or consumables
- Revenue was **capped at 50%** of Feb-20 income (actual occupancy 67%), which coincided with **the quietest period of the year.** This was utilised as the "reference period"
- **JobKeeper for the child care sector ceased on 20 Jul-20** unlike other sectors. In return, Operators received 25% of Feb-20 reference income
- To qualify for the COVID funding package, Operators had to remain open, albeit at significantly reduced income levels. TNK's attendance fell to a low of 27% in Apr-20 as a result of the lockdowns but were required to maintain staffing levels
- There were restrictions on staff redundancies. **Operators were required to retain their entire workforces to remain eligible for the new funding arrangements**
- In support of families, TNK took new enrolments. Many families increased their days, with TNK's support. However, the increase in occupancy could not be billed and revenue remained at 50% of Feb-20 levels
- **The increase in demand given child care was now "Free" meant we had to increase our workforce. These new employees did not attract any JobKeeper benefits. Costs increased against a static revenue**
- New Services that had just opened or opened after Mar-20 did not qualify for any income or JobKeeper support, yet had full operating expenses to meet
- When child care ceased to be FREE, the Government encouraged the sector to waive the fees parents pay for absent children, and collect only the Child Care Subsidy (even though the staff cost remains). For TNK, the subsidy represents 64% of the normal daily fee, noting the base staff cost is approximately 67% of revenue
- **Where JobKeeper payments were received, 100% of the allowance was paid to employees**
- Legislation prohibited any fee increasees until 1 Feb 2021. For most Operators, it will now be approaching 18 months without a fee increase given traditional fee review cycles
- Since Mar-20, TNK has created an additional 634 new Full Time Equivalent positions within the Group. It supported parents, children and Educators through this difficult period and took on new families

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GROUP FINANCIALS

Child care sector is critical nationally and internationally to support workforce participation

Nido, Seven Hills, NSW

CY20 GROUP RESULTS OVERVIEW

Group EBITDA (underlying) of $26.8m is 7% ahead of guidance range of $24m-$25m[1]

$m	CY20				CY19	Variance	
	TNK	TND	Elim	Group	Group	Group	
Service revenue[3]	129.3	8.8	-	138.1	110.6	27.5	▲
Service performance	37.9	(0.1)	-	37.8	18.6	19.1	▲
EBITDA (underlying)	**30.1**	**0.9**	**(4.1)**	**26.8**	**14.2**	**12.7**	▲
NPAT (underlying)	**16.3**	**(0.0)**	**(4.1)**	**12.2**	**4.5**	**7.7**	▲
AASB 16 Leases	(5.0)	(0.7)	-	(5.7)	(3.6)	(2.1)	
Acqusition expenses	(1.4)	-	-	(1.4)	-	(1.4)	
Tax impact	1.9	0.2	-	2.1	1.1	1.1	
NPAT	**11.8**	**(0.5)**	**(4.1)**	**7.2**	**2.0**	**5.2**	
Service performance margin	29.3%				17.0%		▲
EBITDA (underlying) margin	22.7%	11%		19.2%	12.3%		▲
NPAT (underlying) margin	12.3%	0%		8.7%	5.6%		▲

- Group EBITDA (underlying) of $26.8m is 7% ahead of guidance[1] with both TNK and TND outperforming expectations
- Group NPAT (underlying) of $12.2m (pcp $7.7m), largely driven by the full year impact of CY19 acquisitions and peak occupancy 79% (pcp 81%)
- Group NPAT of $7.2m is a statutory number which includes the impact of AASB 16 Leases of $5.7m[2]
- TNK EBITDA (underlying) of $30.1m is ahead of the top-end of guidance of $28.5m, largely driven by strong trading in Dec-20
- TND EBITDA (underlying) of $0.9m is at the top-end of guidance range and includes profit on sale of 2 Services to TNK of $2.9m
- Group eliminations of $4.1m include profit on sale of 2 Services to TNK of $2.9m plus management fee of $1.2m for services provided by TNK to TND

1. *Guidance issued 21 Dec-20*
2. *AASB16 Leases mandates the reversal of rent expense and replaces this with depreciation of the right of use asset (the lease) and a notional interest expense in respect of a lease liability. The Board and Management consider EBITDA (underlying) and NPAT (underlying) to be a correct reflection of the underlying business*
3. *Service revenue includes government subsidies of $29.3m excluding JobKeeper*

BALANCE SHEET

Group cash of $22.9m plus $24.2m facility headroom

	Dec-20					Dec-19
$m	TNK	TND	AASB 16	Elim	Group	Group
Cash	15.8	7.1	-	-	22.9	11.7
Receivables and other assets	10.0	2.8	-	-	12.8	11.4
Property, plant and equipment	18.3	4.9	-	(1.2)	22.1	18.7
Intangible assets	85.7	4.9	-	(2.9)	87.7	78.1
Right-of-use asset	-	-	200.2	-	200.2	174.5
Total assets	**129.8**	**19.7**	**200.2**	**(4.1)**	**345.6**	**294.4**
Borrowings	42.9	11.4	-	-	54.3	42.5
Other liabilities	18.9	3.2	-	-	22.1	18.7
Lease liability	-	-	209.4	-	209.4	178.1
Total liabilities	**61.8**	**14.7**	**209.4**	**-**	**285.9**	**239.3**
Equity	**68.0**	**5.0**	**(9.3)**	**(4.1)**	**59.7**	**55.2**
Total leverage ratio					1.0x	2.0x
Fixed cover ratio					2.3x	1.9x
Net debt					31.5	30.8
Headroom	24.2	-			24.2	24.5

- Strong balance sheet[1] fundamentals with closing cash of $22.9m and $24.2m facility headroom (pcp[2] of $11.7m and $24.5m, respectively). This result, along with covenant headroom, positions the Group well moving into CY21
- The table provides a bridge for the impact of AASB 16 Leases which recognise a right-of-use asset of $200.2m and lease liability of $209.4m and eliminates intragroup transactions, namely management fees and goodwill arising on sale of 2 Services from TND to TNK
- TNK banking covenants are calculated excluding the impact of AASB 16 Leases and are based upon underlying earnings in line with bank guidelines
- Borrowings of $54.3m include debt drawn of $55.5m, accrued interest of $0.9m offset by pre-paid finance costs $2.1m

1. *Figures may not add due to rounding*
2. *Prior comparative period*

CASHFLOW

Strong operating cashflow enhances closing cash position of the Group

	CY20				CY19
$m	**TNK**	**TND**	**Elim**	**Group**	**Group**
Child care receipts & other revenue	133.6	8.5	(1.2)	140.9	112.9
Operating expenses	(88.0)	(8.9)	-	(96.9)	(85.7)
Interest & finance costs	(13.6)	(1.6)	-	(15.2)	(9.2)
Income tax paid	(4.0)	-	-	(4.0)	(3.7)
Net operating cashflow	**28.1**	**(2.0)**	**(1.2)**	**24.9**	**14.4**
Acquistions and earnouts	(8.2)	(5.3)	3.7	(9.8)	(24.3)
Divestment	0.1	3.7	(3.7)	0.1	-
Nido transition/Capital expenditure	(2.8)	(3.8)	1.2	(5.5)	(7.5)
Net investing cashflow	**(11.0)**	**(5.4)**	**1.2**	**(15.2)**	**(11.1)**
Borrowings	-	11.5	-	11.5	16.1
Repayment of lease liability	(6.9)	(0.3)	-	(7.2)	(5.3)
Shares issued	0.2	0.0	-	0.2	25.0
Dividends paid	(3.0)	-	-	(3.0)	(10.4)
Net financing cashflow	**(9.7)**	**11.2**	**-**	**1.5**	**25.5**
Closing cash	**15.8**	**7.1**	**-**	**22.9**	**11.7**

- Group net operating cashflow of $24.9m includes AASB16 Leases impact, adjusting for these operating cashflow was $17.7m. This is largely the result of prudent working capital management
- Nido transition and capital expenditure of $2.8m represents projects underway prior to COVID-19. In response to COVID-19 capital expenditure was deferred
- TND drew $11.5m of borrowings in Aug-20 of which $5.3m was applied to fund the acquisitions of 6 Nido and 1 pipeline Services, with the balance held in cash to fund the remaining pipeline
- TNK paid a CY19 final dividend in Mar-20. This was settled by $3.0m distribution and $0.2m by way of DRP
- TNK acquired 4 Services in 4Q20 (2 from TND and 2 from a third party incubator and paid cash consideration of $8.2m
- The Group result involves the elimination of $3.7m proceeds from the sale of 2 Services from TND to TNK

1. *Figures may not add due to rounding*

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COVID-19 RESPONSE

Focus on the health, wellbeing and safety of our Educators, families and children resulted in no major COVID-19 incident

Nido, Airport West, Victoria

COVID-19 RESPONSE

Moved before the announcement of government support packages

Government mandated free child care from 6 Apr – 12 Jul 20. The Early Childhood Education and Care Relief Package (ECERP/CCP) was based on 50% of fees generated during the reference fortnight in Feb-20 which is one of the lowest points in the annual cycle for the sector

JobKeeper discontinued on 20 Jul-20 and earlier than the original announcement of Sep-20. In return operators received a transition payments which equated to 25% of fees in the reference period, in lieu of JobKeeper which was extended to 31 Mar-21 for the broader economy

Government support packages (GSP) were designed for operators to achieve 85% of their pre COVID-19 revenue. TNK paid occupancy[1] under GSP for CY20 was 73%

What we did

- Invested $0.2m to actively market free child care. This increased enrolments, reduced margins but positioned us well when conditions improved
- Deferred capital expenditure to preserve cash
- Rostered to attendance whilst optimising wages to $1,500 per fortnight and aligned with JobKeeper subsidy passed on to employees
- Deferred support office roles savings of ~$2m compared to original plan
- Stood down staff on probation and casuals during the height of the pandemic
- Agreed rent abatement of $0.5m with landlords

What we didn't do

- Reduce salaries
- Increase fees
- Turn away families or deny new enrolments
- Abandon our strategy
- Compromise the health, well-being and safety of Educators, families and children
- Experience any major COVID-19 incident

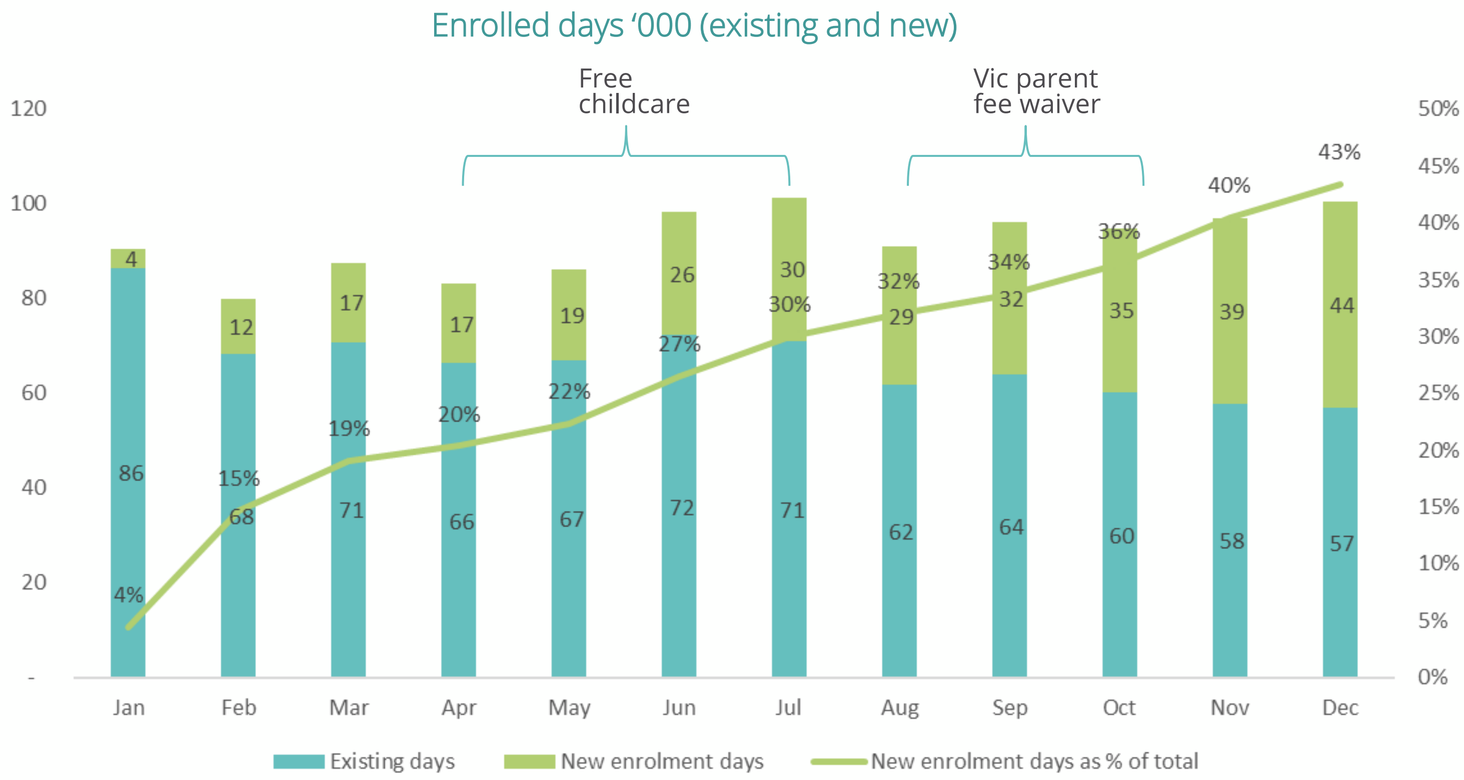
Where we are now

- All cohorts experienced a rebound in trading performance
- ROI hurdle achieved for capital investment
- Enhanced marketing capability which is showing positive new and re-enrolments trends for 1Q21
- Focused on wage management, reducing the cost per child per day by ~10% for LFL in 4Q20, a more normalised environment, compared to 1Q20
- Continued investment in operating platform and strategy execution

1. *Paid occupancy = Total revenue including government subsidies excluding management fees/ (Total capacity * Average fees)*

SOLID REBOUND IN OCCUPANCY

Rebound of new and existing enrolments for both existing and acquired Services

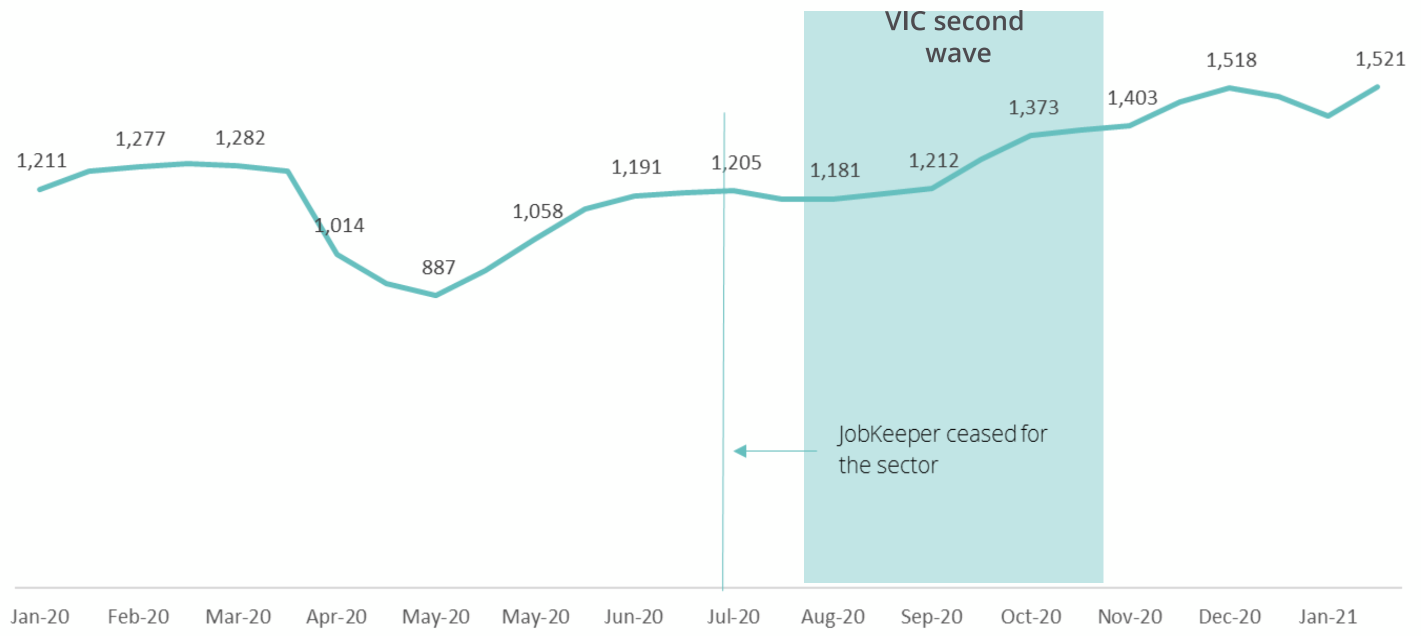


- Extensive marketing campaign, including over 3 million letterbox drops, to increase enrolments during free child care period was successful due to significant retention post 12 Jul-20 when child care ceased to be free
- We took the risk to increase enrolments and did not deny families without knowing the duration of free child care period, JobKeeper or the pandemic
- Attendance rebound driven by existing and new families with 43% of total enrolments being new at 31 Dec-20

CONTRIBUTION TO REBOUND OF ECONOMY

Increased staffing level to meet demand without JobKeeper assistance

Number of full-time equivalent employees[1]

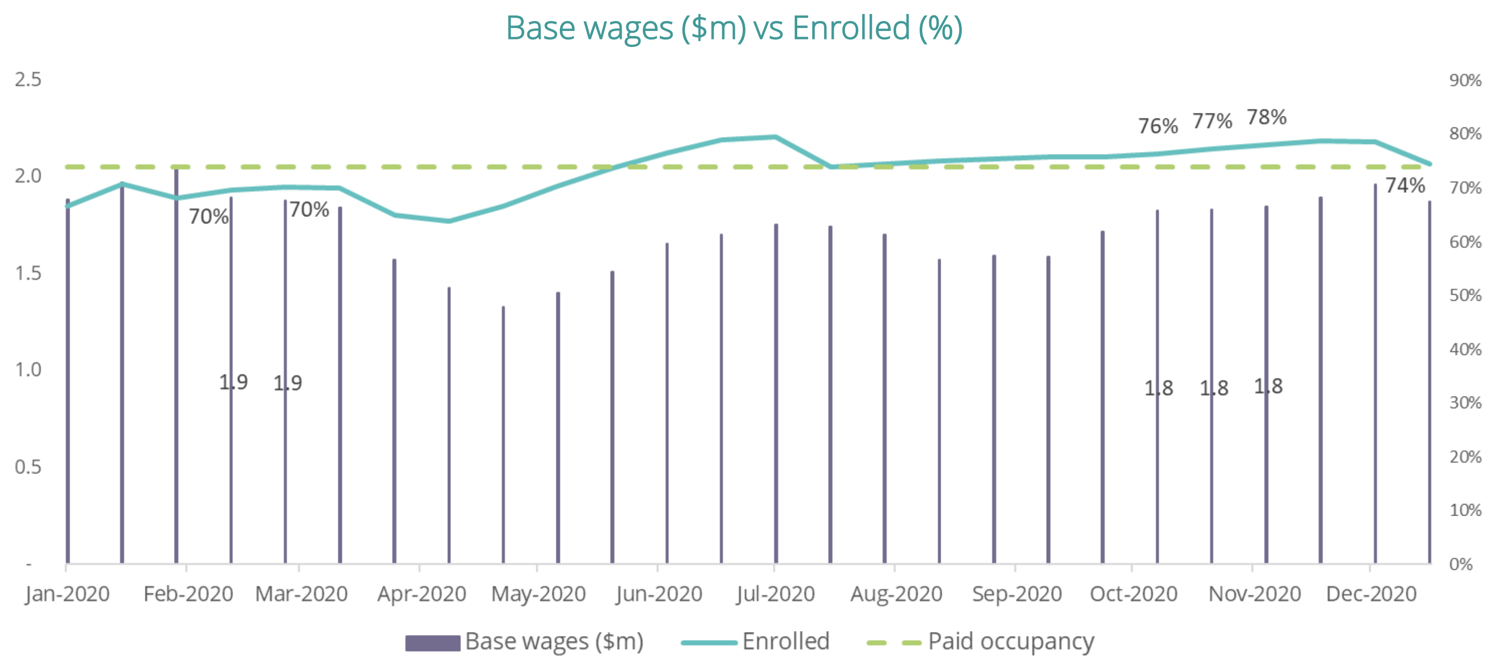


- 634 new full-time- equivalent positions created even during the second wave in Victoria
- JobKeeper for child care sector ceased on 20 Jul-20 whereas it continued till Mar-21 for the broader economy
- Operators were mandated to provide free child care during the peak of the pandemic Apr– Jul-20
- Parent fees were waived during the second wave in Victoria
- Total group headcount ~2,800 which reflects full-time equivalent of 1,521

1. *Total hours paid per fortnight/7.6 hours per day*

WAGE MANAGEMENT

Data and collaborative technologies provided insights and facilitated a "new norm" for roster management

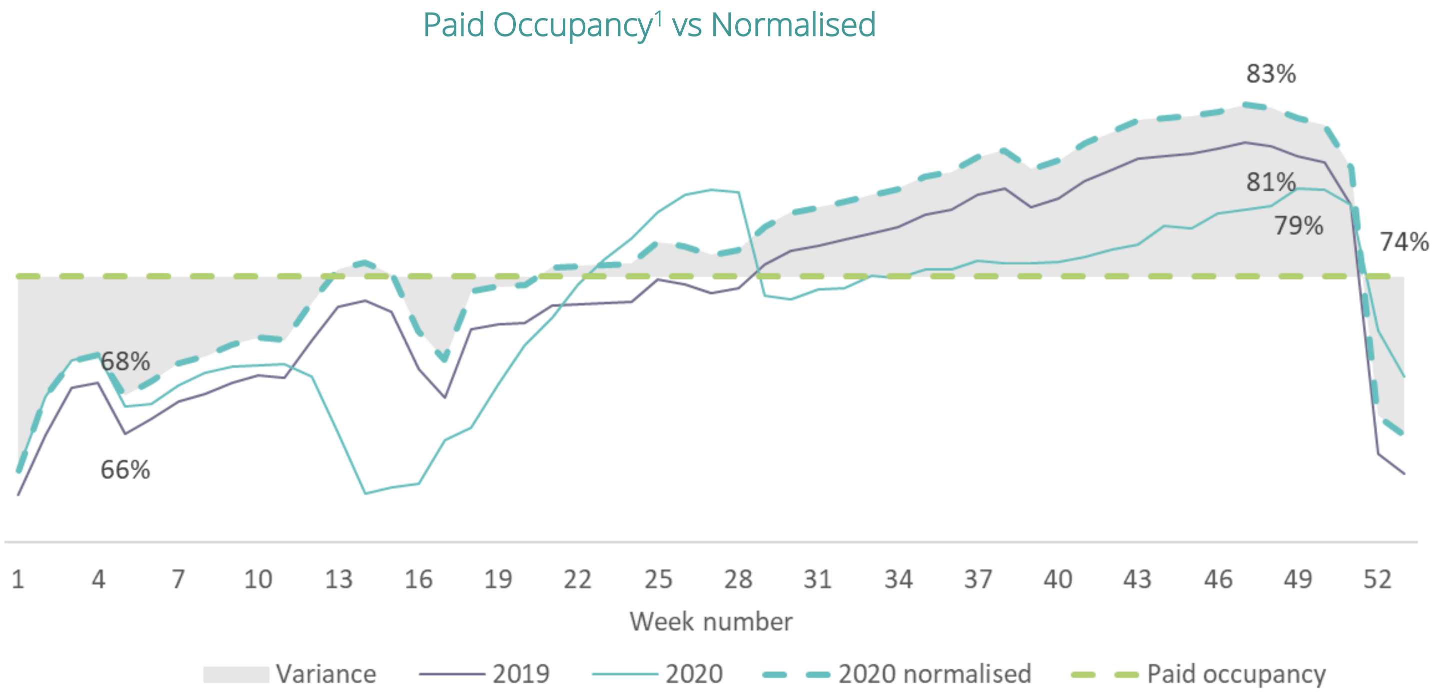


- Wages reduced[1] on a wage per child per day basis by 10% for the LFL Services. This was achieved through roster management and notwithstanding higher attendance levels. Setting a 'new norm'
- Comparing Feb-Mar to Oct-Nov period, real wage costs reduced by 5% (as a result of roster management) whilst occupancy increased 8%
- Increased use of trainees (1 per Service), more effective use of casual pool across Services allowing for flex to attendance and correct balance of qualifications at a Service
- Rostered to attendance, with granular forward-looking analysis
- Encouraged employees to take leave

1. *Base wages per child per day reduced from $62.3 for fortnight ended 08 March to $55.9 for fortnight ended 29 November*

PAID OCCUPANCY LFL SERVICES

Government packages deliver lower than our normalised revenue



- CY19 occupancy for LFL Services (53) trended from week 4 to 48 was 66% - 81% (~15pp[2])
- Equivalent CY20 occupancy for the LFL Services started 2% higher than pcp
- Assuming similar ramp-up to week 48, CY20 normalised occupancy for CY20 would have been ~83%
- Paid occupancy for CY20 averaged at 74% under the government support packages whilst in the ordinary course paid occupancy for CY20 would have averaged 75%
- The paid occupancy under the Government packages was designed to pay us equivalent to 85% of our revenue, however for TNK it was enhanced by our wage management

1. *Paid occupancy = Total revenue including government subsidies excluding management fees/ (Total capacity * Average fees)*
2. *Percentage points*

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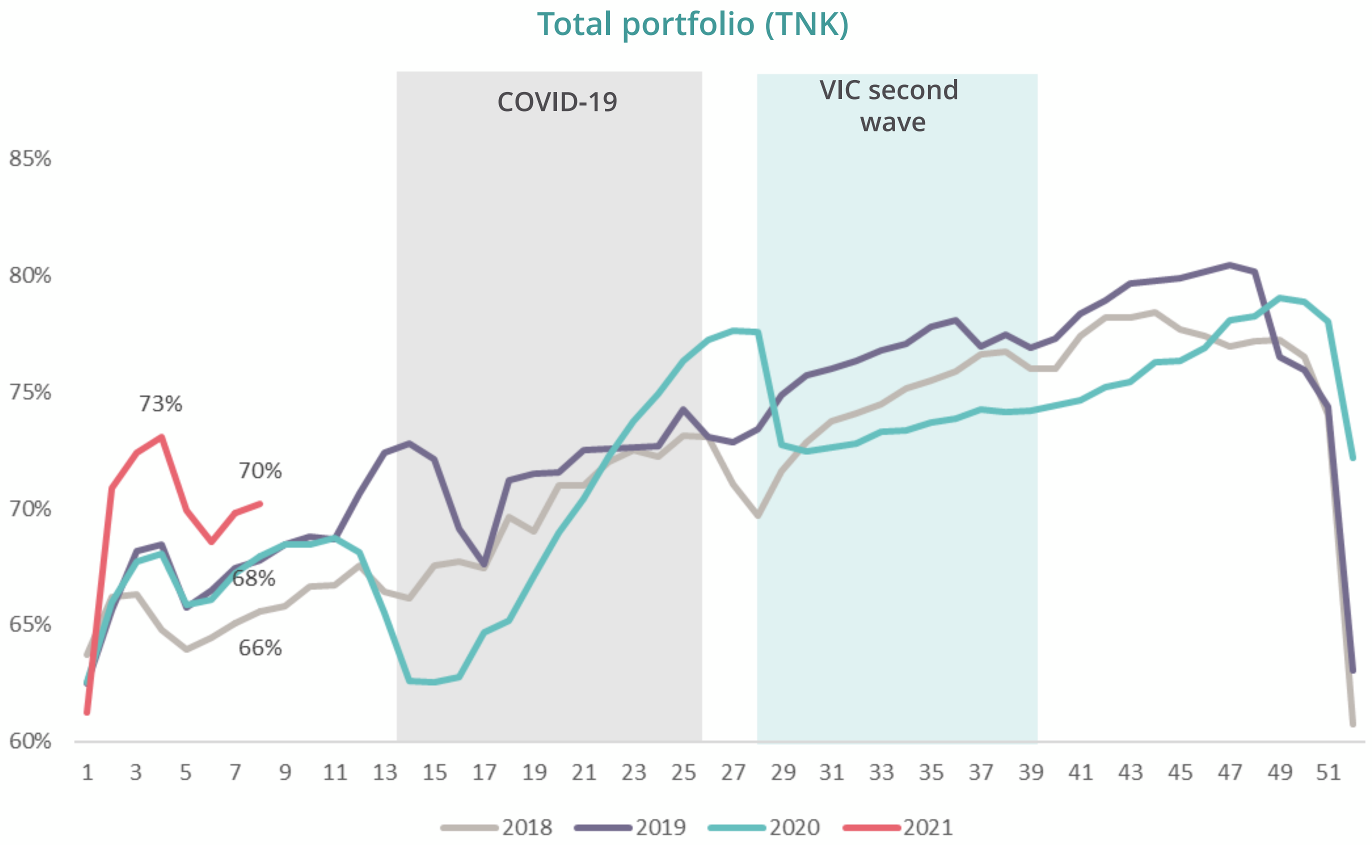
THINK CHILDCARE — OPERATIONS

All cohorts contributed positively to TNK performance, demonstrating the resilience of the business model

Donvale, Victoria

TNK OCCUPANCY GROWTH YOY

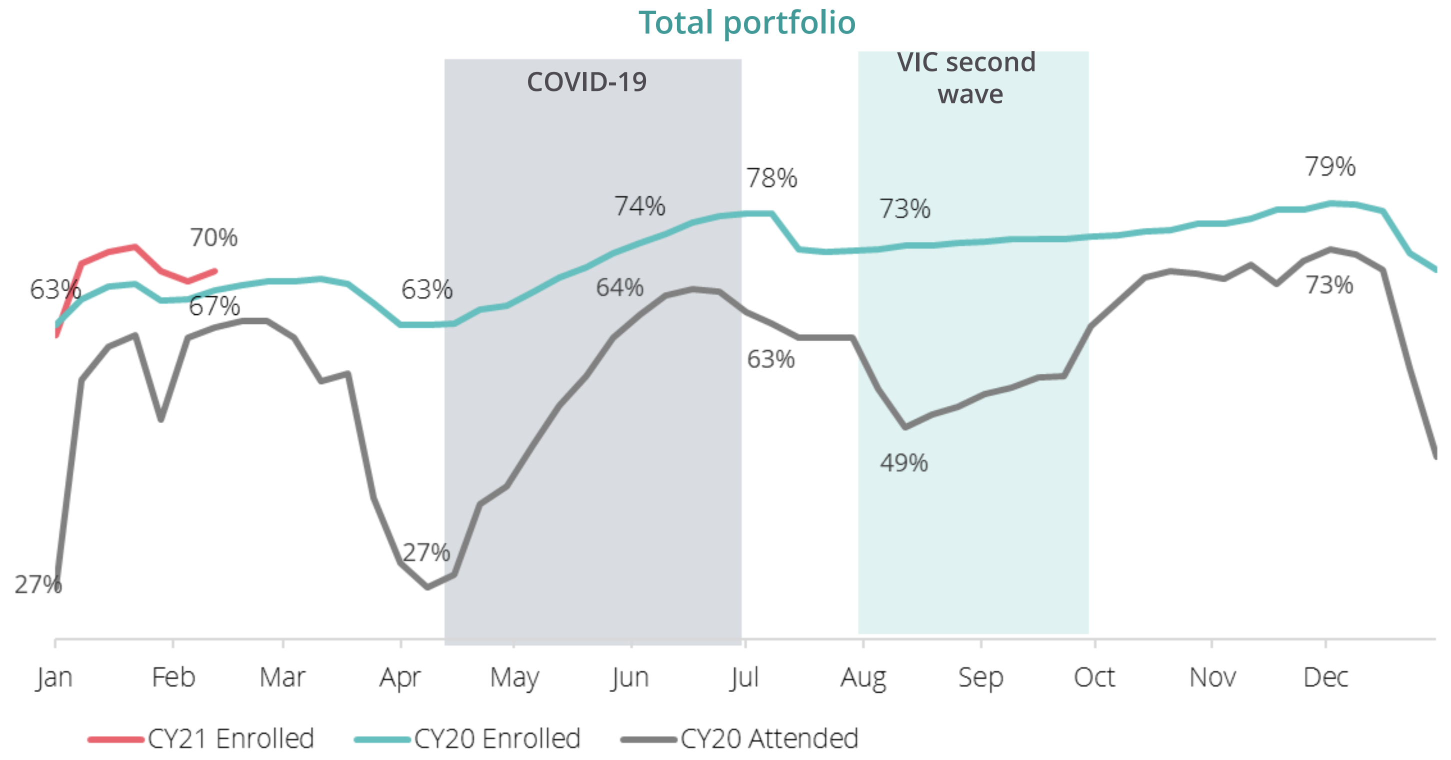
Strong start to CY21 with occupancy 2% points higher than prior year



- CY21 occupancy higher than prior year due to trade-up of Services acquired in CY19
- Positive effect of the CAPEX in transitioning to Nido
- On a like-for-like basis occupancy is in line with prior year despite lockdowns in VIC and WA

TNK OCCUPANCY REBOUND

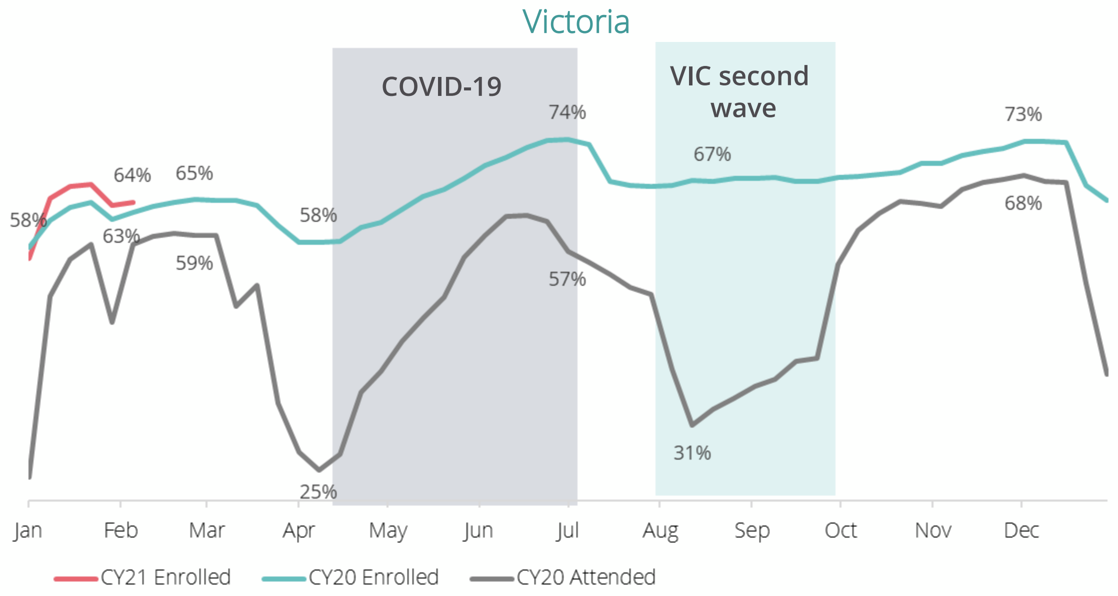
Attendance rebounds 2H20 despite VIC second wave and cessation of free child care

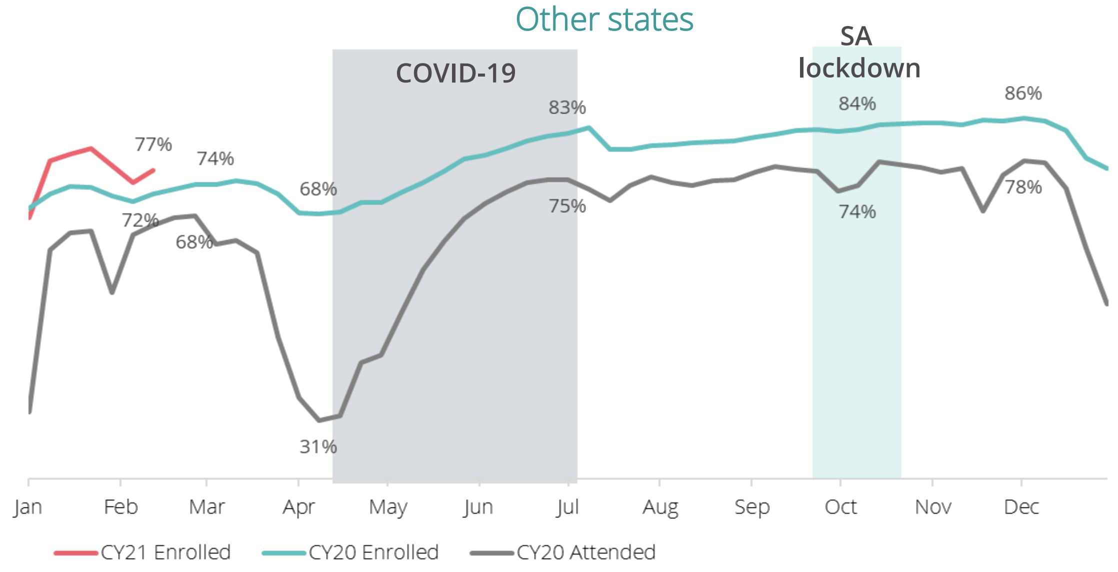


- Attendance bottomed at 27% in Apr-20 and gradually ramped up to close 30-Jun-20 at 78% and 63%, enrolled and attended, respectively
- Victoria's second wave, impacted attended and enrolled adversely. All other states continued to ramp-up
- Gap between enrolled and attended narrowed between Nov-20 and Dec-20
- The seasonal decline in the December holiday occurred a little later in the month than expected

TNK TRADING UPDATE (VICTORIA VS OTHER STATES)

Rebound demonstrates the strength of the COVID-19 response initiatives





- Attendance bottomed in Victoria during the second wave, attended and enrolled of 31% and 67% respectively, however bounced back in 4Q20 which was higher than pre-COVID levels with peak at 68% attended and 73% enrolled
- All other states continued to ramp-up to achieve enrolled of 86% and attended 78% at the peak of the cycle
- Demonstrates the strength of the COVID-19 response initiatives and the resilience of the business

5

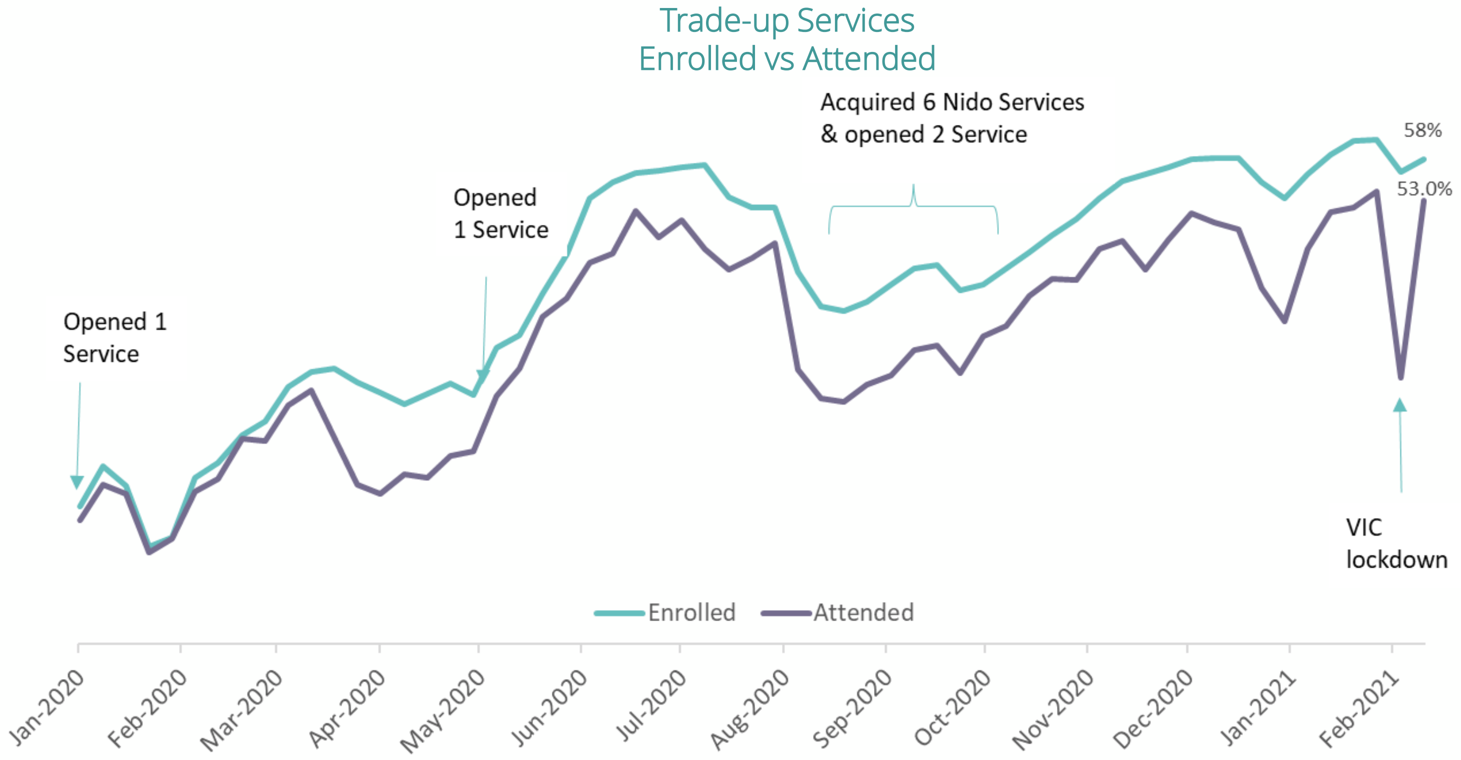
THINK CHILDCARE DEVELOPMENT (TND)

A respected incubator with a pipeline of premium child care Services and the envy of many operators

Noarlunga Downs, South Australia

10 TND SERVICES IN TRADE-UP

Trade-up during COVID-19 demonstrates the quality of the offering

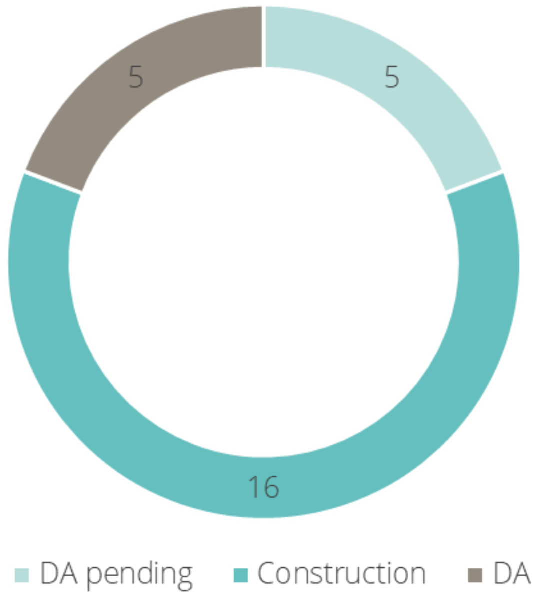


- 10 Nido Services in trade-up at Dec-20 (2 sold to TNK in 2H20)
- Portfolio is performing in line with expectations with 58% enrolled which is above pre-COVID-19 attendance levels
- At least 5 Services are expected to achieve or exceed TNK acquisition metrics and sell to TNK in CY21

THINK CHILDCARE DEVELOPMENT (TND) PIPELINE

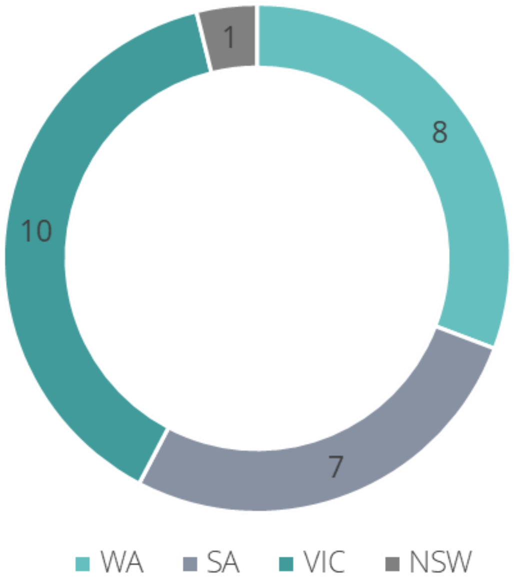
Pipeline fully funded with an end value of ~$60m[1]

Status



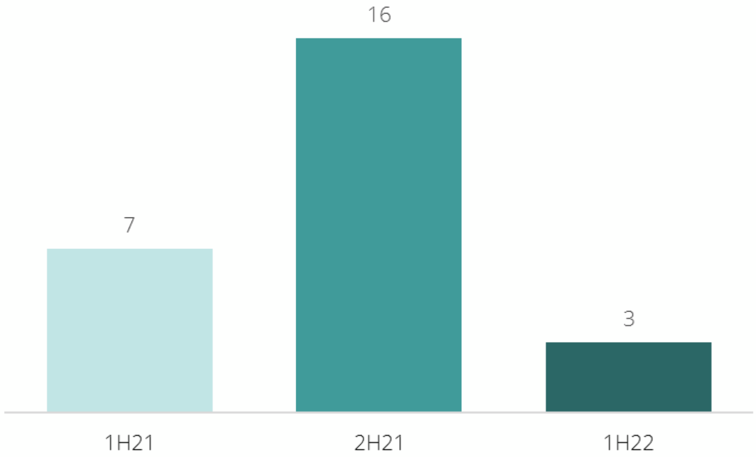
- 10 Services currently trading
- 26 Services[2] in TND pipeline including:
  - 16 Services under construction,
  - 5 Services with development application approved, and
  - 5 Services in planning stage

Diversified pipeline



- Geographic diversification
- Average Service 89 licensed places
- Average fees $135 per day

Services opening



- Forecast end value of the TND pipeline at 4 times EBITDA is ~$60m
- Creating security holder value

1. *The estimated value of the pipeline is subject to the pipeline securing development approval, lease terms being agreed with landlords and the Service trading up to acquisition metrics*
2. *Pipeline as at 31 January 2021*

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STRATEGY AND OPERATING PLATFORM

Operate and develop premium quality Nido branded child care Services in suburban markets

Nido, Airport West Victoria

NATIONAL PREMIUM CHILD CARE PROVIDER

Building a best in market offering that will deliver long-term and consistent profits at scale

Our Services

Since IPO[1] we have invested ~$13m of CAPEX ($400k-$1.3m per Service) in the physical environment. This significantly distinguishes our Service to most operators who do only minor cosmetic improvements

Our systems

We have developed sector leading systems, education curriculum, training, analytics and employee support structures that allow us to deliver quality at scale, we continue to innovate and evolve the platform

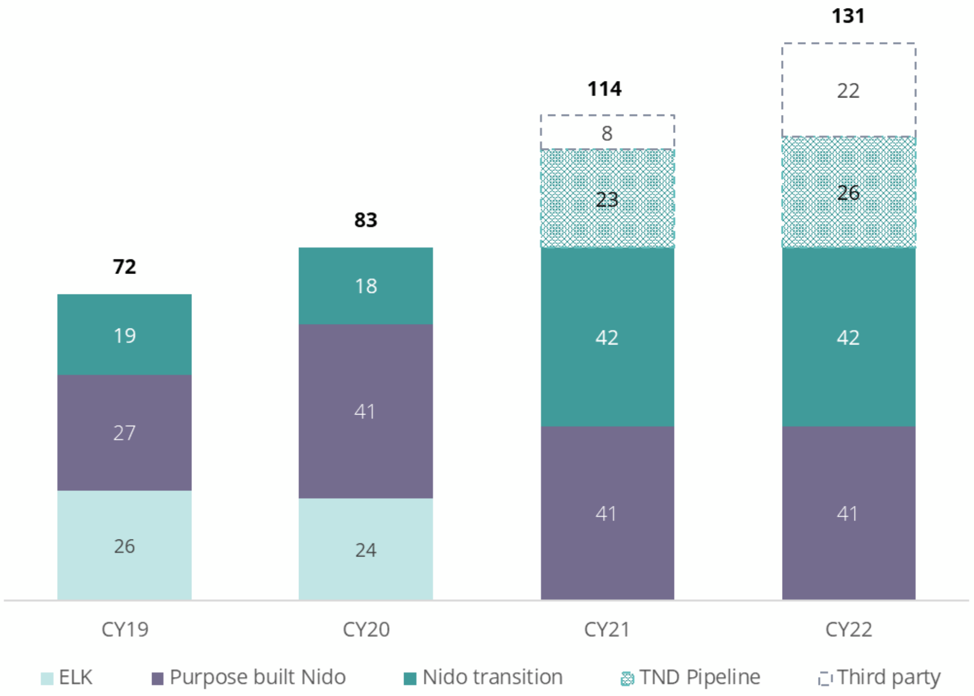
Premium education

We focus on the quality of the education through a specialist Educational Leader at each Service who is supported by a dedicated administrator to focus on finance, enrolments and wage management

Premium environments

Our physical environments sit very comfortably in the strongest demographic area however we operate in suburban markets where demographically weaker. Delivering an aspirational offering to the suburbs

Portfolio growth and Nido transition[2]



1. *Initial public offering October 2014*
2. *TND pipeline of 26 Services in addition to 10 Services currently in trade-up*

HOW WE GROW DISTINGUISHES US FROM OUR COMPETITORS

Pipeline of 50+ purpose built Nido Services

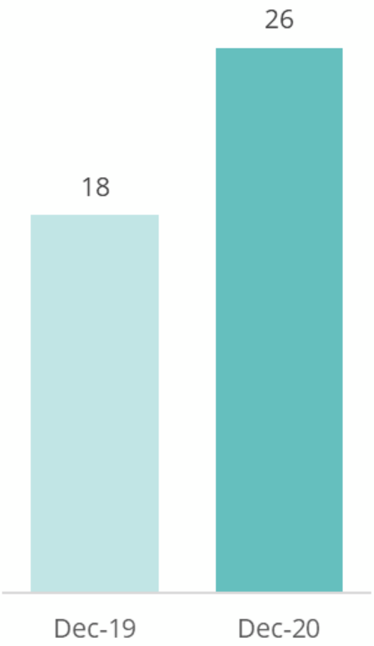
Think Childcare

We control our growth through incubation model:

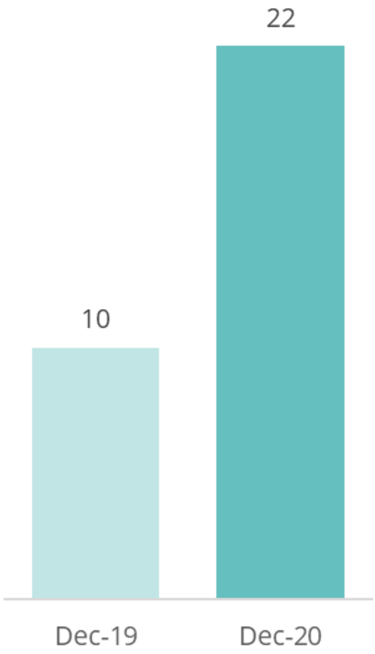
1. Internal development of new Nido Services (internal incubation by TND) estimated value ~$60m (refer slide 25)[1]
2. External development of new Nido Services (external incubation by third parties)

- TNK is uniquely positioned to have the platform to develop our own Services, and not rely on acquisitions
- Our platform comprising internal and external development pipeline of 50+ new Services estimated value ~$100m[1] (generating $25m EBITDA) over the next 36 months
- TNK and TND unique model eliminates business transition risk

Internal incubator (TND)
No. of Services



External incubators
No. of Services



"We have built a pipeline to deliver 50+ new Services worth over $100m ($25m EBITDA) over the next 36 months"

1. *The estimated value of the pipeline is subject to the pipeline securing development approval, lease terms being agreed with landlords and the Service trading up to acquisition metrics*

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OUTLOOK

Continue to execute on our strategy through an integrated business model

Nido, Noarlunga Downs South Australia

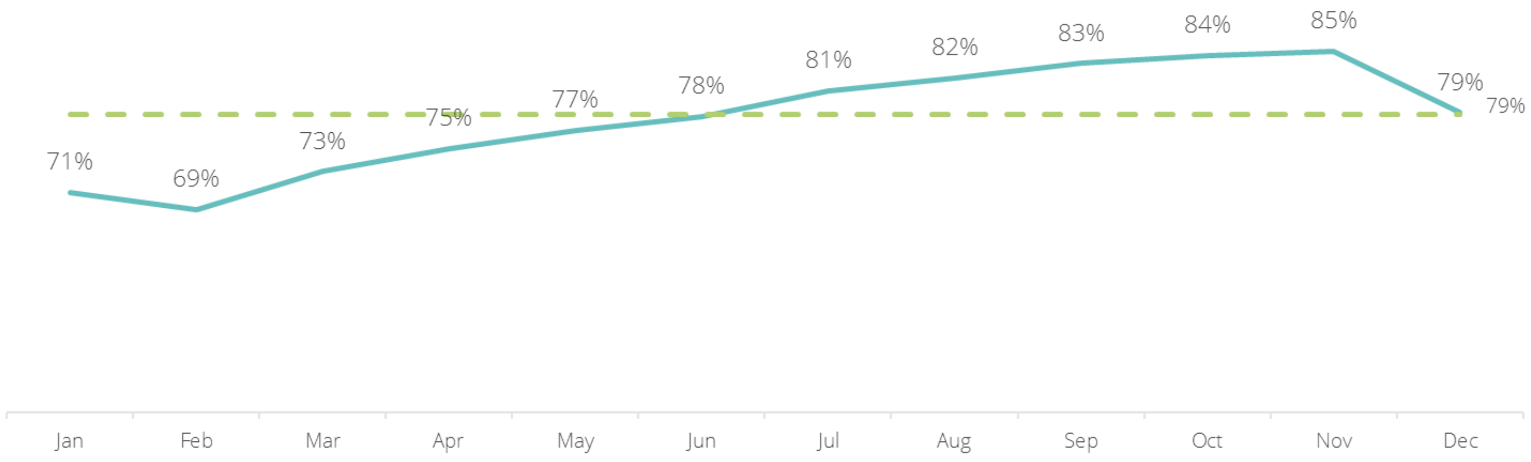
CY21 OUTLOOK FOR THINK CHILDCARE GROUP

Raising the bar higher in CY21

- CY21 Outlook is expected to deliver a TNK Service margin of 22.6% (17.5% CY19)
- Outlook includes increase of ~$2.4m in corporate employee costs in new roles for future growth and ~$1.6m in full year impact of CY20 roles and salary adjustments. Expenditure will be subject to trading performance
- TNK occupancy in week 7 of CY21 was 70% vs 67% pcp is a solid start to the year notwithstanding WA and VIC lockdown

CY21 Outlook EBITDA (underlying)	$
TNK	30m
TND	4m
Group (after elim)	26m

Budgeted CY21 TNK occupancy (enrolled)



1. CY21 guidance assumes no further lockdown in Australia

PEOPLE RETENTION

The Board has been actively engaging with the executive and leadership team to develop and extend our Employee Share Option Plan (ESOP) to provide significant performance based benefits to ensure retention and focus

Aligning rewards and benefits

The objective of the plan is to align performance and rewards for the Think Executive and Leadership team to deliver growth in the Group's share price through building a sustainable quality child care business.

Asking the Executive and Leadership team to have skin in the game

The board is predisposed to an option structure for eligible employees and may include options which are out of the money by between10% and 30%. The options will have an expiry date of 3 years or less.

The board has been working with advisors over the past 2 years and given the COVID-19 environment paused the development of the extension of the ESOP. It is expected that a plan will be presented to security holders for their consideration at the Group's 2021 Annual General Meeting.

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APPENDIX

Building confident, connected and engaged little learners

APPENDIX FINANCIAL PERFORMANCE

Bridging underlying earnings to AASB 16[2]

CY20 ($m)	TNK	TND	Elim	Group
Service revenue	129.3	8.8		138.1
Labour	(61.5)	(5.6)		(67.0)
Occupancy	(22.3)	(2.3)		(24.6)
Service overheads	(7.7)	(1.0)		(8.7)
Service performance	**37.9**	**(0.1)**		**37.8**
Management fees	3.1	(0.6)	(1.2)	1.3
Employee expenses	(7.8)	(0.0)		(7.8)
Corporate overheads	(3.0)	(0.7)		(3.7)
Corporate costs/revenue	**(7.7)**	**(1.4)**	(1.2)	**(10.2)**
Profit on Sale	**(0.1)**	**2.9**	(2.9)	**(0.1)**
Acqusition expenses	-	(0.6)		(0.6)
EBITDA (underlying)	**30.1**	**0.9**	(4.1)	**26.8**
Finance costs	(3.0)	(0.6)		(3.6)
Depreciation and impairment	(3.5)	(0.4)		(3.9)
Tax	(7.2)	0.1		(7.1)
NPAT (underlying)	**16.3**	**(0.0)**	(4.1)	**12.2**

Reconciliations to Financial Report

Revenue	**TNK**	**TND**	**Elim**	**Group**
Service revenue	129.3	8.8	-	138.1
Management fees	3.1	(0.6)	(1.2)	1.3
Rent abatement	0.5	-	-	0.5
Rent abatement - AASB 16	0.0	-	-	0.0
Revenue (including Other income)[1]	133.0	8.2	(1.2)	139.9
EBITDA				
EBITDA (underlying)	30.1	0.9	(4.1)	26.8
AASB 16	16.9	1.9	-	18.8
Non-underlying costs	(1.4)	-	-	(1.4)
EBITDA	45.6	2.8	(4.1)	44.2
NPAT				
NPAT (underlying)	16.3	(0.0)	(4.1)	12.2
AASB 16	(5.0)	(0.7)	-	(5.7)
Acqusition expenses	(1.4)	-	-	(1.4)
Tax impact	1.9	0.2	-	2.1
NPAT	11.8	(0.5)	(4.1)	7.2

- Management fees of $1.2m represent fees charged by TNK to TND for the provision of services (Eliminations)
- Group EBITDA of $44.2m reflects impact of AASB 16 of $18.8m and non-underlying costs of $1.4m
- Group NPAT of $7.2m reflects the impact of AASB 16 of ($5.7m and tax effect of $2.1m)

1. *Revenue including Other income as presented in the Financial Report*
2. *Figures may not add due to rounding*

APPENDIX 1H20 VS 2H20

Group operating and development contribution to earnings[1] explained

$m	TNK			TND			Group (incl elim)			TNK	TNK
	1H	2H	CY20	1H	2H	CY20	1H	2H	CY20	CY19	YOY variance
Service revenue	48.5	80.9	129.3	1.1	7.7	8.8	49.5	88.6	138.1	110.3	19.0
Labour	(34.7)	(39.5)	(74.2)	(1.2)	(4.8)	(5.9)	(35.8)	(44.3)	(80.1)	(66.1)	(8.0)
JobKeeper[2]	10.4	2.3	12.7	0.3	0.1	0.4	10.7	2.3	13.0	-	12.7
Occupancy	(10.7)	(11.6)	(22.3)	(0.5)	(1.8)	(2.3)	(11.3)	(13.4)	(24.6)	(17.9)	(4.4)
Service overheads	(3.6)	(4.1)	(7.7)	(0.2)	(0.8)	(1.0)	(3.8)	(4.9)	(8.7)	(7.0)	(0.6)
Service performance	**9.9**	**28.0**	**37.9**	**(0.5)**	**0.4**	**(0.1)**	**9.4**	**28.4**	**37.8**	**19.2**	**18.6** ▲
Management fees	1.1	2.0	3.1	(0.2)	(0.4)	(0.6)	0.7	0.5	1.3	4.9	(1.9)
Corporate and employee	(4.4)	(6.3)	(10.7)	(0.3)	(0.4)	(0.7)	(4.7)	(6.7)	(11.5)	(9.4)	(1.3)
Profit on Sale	0.0	(0.2)	(0.1)	-	2.9	2.9	0.0	(0.2)	(0.1)	(0.3)	0.2
Acqusition expenses	-	-	-	-	(0.6)	(0.6)	-	(0.6)	(0.6)	-	-
EBITDA (underlying)	**6.6**	**23.5**	**30.1**	**(1.1)**	**1.9**	**0.9**	**5.4**	**21.5**	**26.8**	**14.4**	**15.6** ▲
Service performance margin	20.4%	34.6%	29.3%	-46.0%	5.0%	-1.3%	18.9%	32.1%	27.3%	17.5%	11.8% ▲
EBITDA (underlying) margin	13.3%	28.4%	22.7%	-121.6%	26.5%	10.7%	10.7%	24.1%	19.2%	12.5%	10.2% ▲

1. *Figures may not add due to rounding*
2. *JobKeeper includes total subsidy of $16.2m ($15.7m Service staff and $0.5m corporate staff) offset by top up payments $2.7m made to employees below $1,500 per fortnight. For clarity the table relates to Service staff JobKeeper of $13m = $15.7m - $2.7m. Refer to Note 5 in TNK group financial report*

- 2H20 TNK and Group delivered strong EBITDA (underlying) of $23.5m and $21.5m, respectively
- Performance in 2Q-3Q reflects impact of COVID-19 ECECRP and JobKeeper subsidies offset by Management initiatives
- Group 1H20 Service performance and EBITDA (underlying) of $9.4m and $5.4m respectively, include the impact of TND trade-up losses associated with 4 Services

CAPITAL MANAGEMENT

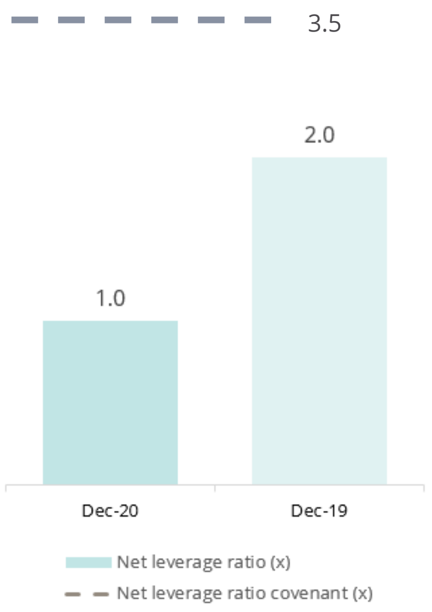
Disciplined capital management through challenging trading conditions

Group liquidity

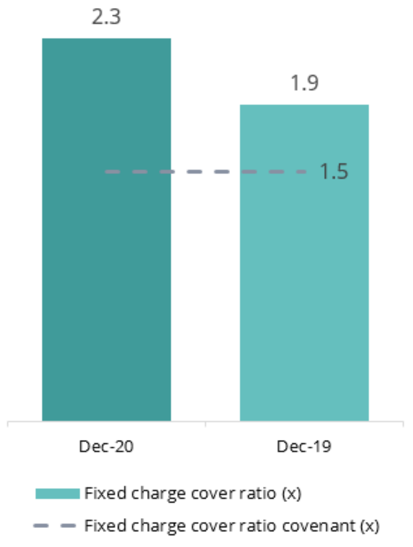
	Dec-20	Dec-19
Cash	22.9	11.7
Facility headroom	24.2	24.5
Net debt	31.5	30.8

- Cash includes balances for TNK of $15.8m and TND of $7.1m
- Think Childcare Limited Syndicated Facility Agreement, covenant compliance and facility headroom ($78m less debt drawn of $44m and bank guarantees of $9.8m)
- TNK and TND Boards have made the decision to determine a dividend of 12 cents fully franked

TNK leverage ratio



TNK fixed cover ratio



COVID-19 GOVERNMENT SUBSIDIES

COVID-19 subsidies supported the provision of free child care to essential workers and enabled operators to remain open during the pandemic

	Ref Period	Start	End	Frequency	Description	1H20 $m	2H20 $m	CY20 $m
Early Childhood Education and Care Relief Package (ECECRP)[1]	17 Feb 20 – 28 Feb 20	6 Apr 20	12 Jul 20	Weekly (in advance)	• Subsidy equates to 50% of daily fees in ref. period • Recognised as assessable income but not as turnover for GST reporting purposes	$15.5	$2.0	$17.5
JobKeeper Subsidy	1 Mar 20	30 Mar 20	20 Jul 20	Monthly (in arrears)	• $1,500 per fortnight, before tax, per eligible employee • Eligible to claim due to turnover decline • Eligible employees include FT, PT and casuals with 12 months of service and that submit declaration forms	$13.6	$2.6	$16.2
Rent Abatement	n/a	From 1 May 20	Up to 31 Mar 21	Monthly (in advance)	• Directly approached landlords on a tenant by tenant basis (where <$50m revenue per tenant) • Abatement periods aimed to achieve 7.5% annualised reduction of rent	$0.3	$0.2	$0.5
Transition Payments	17 Feb 20 – 28 Feb 20	13 Jul 20	27 Sep 20	Weekly (in advance)	• Subsidy equates to 25% of daily fees in ref. period • Additional 5% for Victorian Services impacted by stage 4 lockdown (6 Aug – 16 Sep) • New services will be eligible if in operation for more than 2 weeks before the payment period end	n/a	$7.4	$7.4
Victoria (Recovery Package)	17 Feb 20 – 28 Feb 20	28 Sep 20	31 Jan 21	Weekly (in advance)	• Subsidy equates to 25% of daily fees in ref. period for all Victorian Services • Subsidy granted on the basis that there was a fee freeze at Victorian Services and employment guarantee continued	n/a	$4.8	$4.8
Total						$29.4	$17.0	$46.4

1. *Early Childhood Education and Care Relief Package (ECECRP) is also known as Child Care Package (CCP) and Business Continuity Package (BCP)*

APPENDIX GLOSSARY

Term	Definition
Attended	Number of days attended at our child care Services
Cash conversion	Efficiency at which the business converts sales into cash. It is calculated by dividing net operating cashflow by underlying NPAT less depreciation (excluding impact of AASB 16)
Days of learning	Number of days attended or enrolled at our child care Services
EBITDA	Earnings before interest, taxation, depreciation and amortisation as it pertains to the Australian Accounting Standards Board
EBITDA (underlying)	Earnings before interest, taxation, depreciation and amortisation less any one-off costs such as relating to acquisition, scheme implementation and adjustments due to AASB 16 Leases
ELK Child Care Service or ELK	A child care Service owned and operated under TNK's original 'ELK' model and branding
Enrolled	Number of days enrolled at our child care Services
Fixed charge cover ratio	Ratio of EBITDAR + rent expense : net Interest expense + rent expense (as defined in the Syndicated Facility Agreement) EBITDAR is a financial term referring to earnings before interest, taxation, depreciation, amortisation and rent
Group	A stapled entity comprising Think Childcare Limited (ABN 81 600 793 388) and Think Childcare Development Limited (ABN 55 635 128 166)
Interest rate hedge cover	Percentage of debt that has been hedged against an adverse interest rate movement
Licensed places	Maximum number of children that can attend a Service on one day
Nido Services / Nido	Premium brand for our child care Services

APPENDIX GLOSSARY (CONTINUED)

Term	Definition
NPAT	Net profit after tax as it pertains to the Australian Accounting Standards Board (AASB)
NPAT (underlying)	Net profit after tax less any adjustments due to AASB 16 Leases and any one-off costs
Paid occupancy	Calculated occupancy based on revenue including government subsidies divided by total revenue that could have been earned (capacity * average fees)
Service performance	Operating profit for the business including revenue, net of service level labour, occupancy and service overhead costs
Third party incubator	A third party that has entered into a Centre Management Deed with TNK. Also referred to as managed Services in the context of TNK Group. Third party incubators open greenfield Services with the sole intent to trade-up the Services to bankable metrics for TNK and for TNK to acquire them
Trade-up	A Service reaching 75% occupancy for a minimum 3 month period
TND	Think Childcare Development Limited (ACN 635 178 166)
TNK	Think Childcare Limited (ACN 600 793 388)
Occupancy	Number of children attending per period specified as a percentage of the Service's licensed places

JOINING THE CONFERENCE

Date: Wednesday, 24 February 2021 at 11am AEDT (Sydney, Australia time)

All participants must pre-register to join this conference using the Participant Registration link below.

Once registered, an email will be sent with details for this conference such as the call date and time, as well as a full list of participant dial in numbers to join the call.

Participant Registration: http://apac.directeventreg.com/registration/event/8167324





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This Presentation has been authorised for release by the Board of Think Childcare Limited and the Board of Think Childcare Development Limited.

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