APPENDIX 4D

Interim financial report

1. Company details

Name of entity: **Think Childcare Group, a stapled entity comprising Think Childcare Limited (ABN: 81 600 793 388) and Think Childcare Development Limited (ABN: 55 635 178 166) (ASX: TNK)**

Reporting period: **For the half-year ended 30 June 2021**
Previous period: **For the half-year ended 30 June 2020**

2. Results for announcement to the market

Key information

	Up/ Down	Movement %	30 June 2021 $'000	30 June 2020 $'000
Revenue from ordinary activities	Up	73.7%	84,899	48,872
Earnings before interest, tax, depreciation and amortisation (EBITDA)	Up	35.1%	19,528	14,453
EBITDA (underlying)	Up	71.6%	9,187	5,353
Profit / (loss) from ordinary activities after tax for the period	Up	190.0%	323	(359)
Net profit / (loss) for the period	Up	190.0%	323	(359)

Reconciliation of underlying EBITDA	30 June 2021 $'000	30 June 2020 $'000
EBITDA	19,528	14,453
Lease rental expense (pre AASB 16)	(11,471)	(9,280)
Add: Non-underlying costs	1,130	180
EBITDA (underlying)	9,187	5,353

Reconciliation of underlying NPAT	30 June 2021 $'000	30 June 2020 $'000
Profit / (loss) for the period	323	(359)
Add: AASB 16 notional interest expense	7,188	5,475
Add: AASB 16 right of use asset depreciation	6,992	5,976
Less: Lease rental expense	(11,471)	(9,280)
Add: Non-underlying costs	1,130	180
Less: Tax impact	(1,152)	(721)
NPAT (underlying)	3,010	1,271

Appendix 4D Interim financial report continued

2. Results for announcement to the market (continued)

Commentary on results

Net profit for the period attributable to Think Childcare Group stapled securityholders of $0.3 million (June 2020: loss of $0.4 million) includes revenue from operations and other income of $86.9 million (June 2020: $50.8 million) and operating expenses of $86.6 million (June 2020: $51.3 million). This represents Think Childcare Group's statutory profit.

EBITDA of $19.5 million has increased by $5.1 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 expense, and therefore are not included within EBITDA. The Board and management consider EBITDA (underlying) of $9.2 million to be a correct reflection of the ongoing business which includes lease rental expense and excludes AASB 16 Leases and non-underlying expenses. EBITDA (underlying) of $9.2 million is a 71.6% increase on the previous corresponding period of $5.4 million (determined on the same basis).

The Board and management consider underlying NPAT of $3.0 million to be a correct reflection of the performance of Think Childcare Group as it excludes the impact of AASB 16 notional interest expense of $7.2 million, right of use assets depreciation of $7.0 million, non-underlying costs of $1.1m, the respective tax impact on the net movement of the AASB 16 adjustment ($1.2 million) and replaces these with lease rental expense of $11.5 million. Underlying NPAT of $3.0 million is a 136.8% increase on the previous corresponding period of $1.3 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 2020	12.0	12.0	30%

On 18 August 2021, an interim dividend for the half-year ended 30 June 2021 of 8.0 cents per ordinary stapled security, fully franked, was determined, with a record date of 25 August 2021. The dividend of $4.9 million will be paid on 2 September 2021.

3. Net tangible assets per security

	30 June 2021 Cents	30 June 2020 Cents
Net tangible assets per stapled security*	(56.54)	(42.16)

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

Under the listing rules, net tangible assets per stapled security 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 security, 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 of $87.4m (2020: $87.4) arising from business acquisitions.

Appendix 4D Interim financial report continued

4. Control gained over entities

Not applicable.

5. Financial Information

The financial statements were subject to a review by the Group's auditors and the review report is attached as part of the Interim Financial Report which can be found on our website: www.thinkchildcare.com.au.

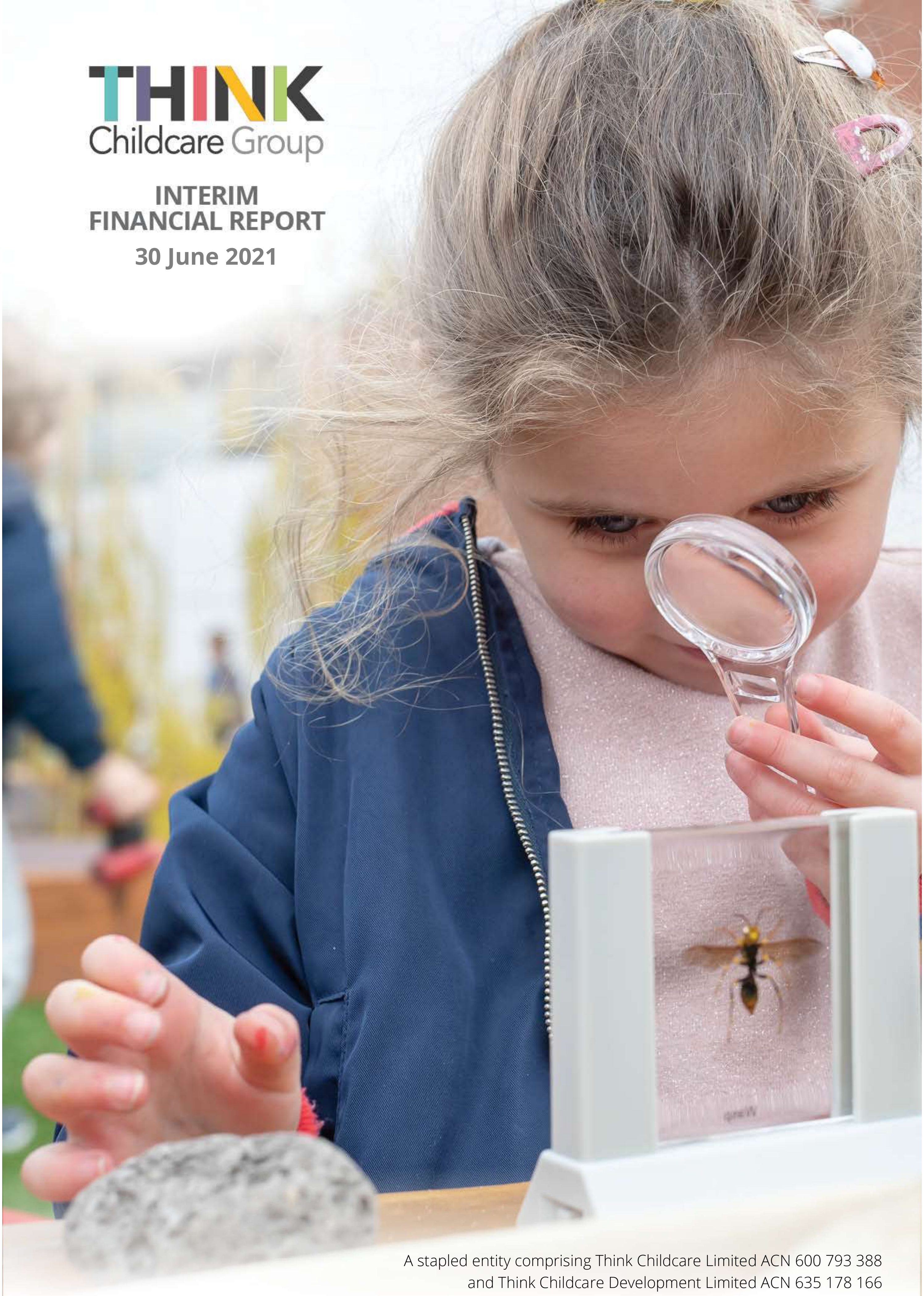
6. Other financial information required by Listing Rule 4.3A

Other information requiring disclosure to comply with Listing Rule 4.3A is contained in Think Childcare Group's Interim Financial Report which can be found on our website: www.thinkchildcare.com.au.

THINK
Childcare Group

INTERIM FINANCIAL REPORT

30 June 2021



A stapled entity comprising Think Childcare Limited ACN 600 793 388
and Think Childcare Development Limited ACN 635 178 166

CONTENTS

DIRECTORS' REPORT

The Directors of Think Childcare Limited and the Directors of Think Childcare Development Limited present their report together with the consolidated interim financial report of Think Childcare Group (the Group) for the half-year ended 30 June 2021. The interim financial report of the Group comprises Think Childcare Limited (TNK) and its controlled entities (together referred to as Think Childcare) and Think Childcare Development Limited (TND) and its controlled entities (together referred to as Think Childcare Development).

TNK and TND have separate Boards of Directors. The term TNK Board hereafter should be read as a reference to the Board of Directors of TNK. The term TND Board hereafter should be read as a reference to the Board of Directors of TND.

The shares of TNK are stapled to the shares of TND and trade on the Australian Securities Exchange (ASX) as one security (ASX code: TNK).

Australian Accounting Standards require one of the entities of a stapled structure to be identified as the parent entity for the purposes of preparing a consolidated financial report. In accordance with this requirement, TNK is deemed to be the parent entity for accounting purposes and therefore TND is consolidated into the Group's financial statements.

DIRECTORS' REPORT CONTINUED

Directors

The Directors of the Group in office at any time during or since the end of the interim period (unless otherwise stated) were as follows:

Mark Kerr	Independent Non-Executive Chairman (TNK and TND) Member of Audit, Risk and Compliance Committee Member of Human Resources and Remuneration Committee Chair of Independent Board Committee
Mathew Edwards	Managing Director and Chief Executive Officer (TNK) Executive Director (TND)
Joe Dicks	Independent Non-Executive Director (TNK and TND) Chair of Audit, Risk and Compliance Committee Member of Human Resources and Remuneration Committee
Evonne Collier	Independent Non-Executive Director (TNK only) Chair of Human Resources and Remuneration Committee Member of Audit, Risk and Compliance Committee Member of Independent Board Committee
Michael Doble	Independent Non-Executive Director (TND only) Deputy Chair of Independent Board Committee
James Spenceley	Independent Non-Executive Director (TNK only) Member of Audit, Risk and Compliance Committee Member of Human Resources and Remuneration Committee
Nick Anagnostou	Independent Non-Executive Director (TND only)

Principal activities

Think Childcare Group operates best in sector child care Services. The principal activities of the Group are summarised as follows:

Think Childcare

- Owns and operates predominately mature child care Services;
- Provides management services to clients, third-party incubator partners and TND;
- Acquires high-performing purpose-built child care Services from third-party incubator partners and TND

Think Childcare Development

- Develops purpose-built child care Services under the "Nido" brand and operating model;
- Trades-up child care Services before selling the child care Service to TNK (at agreed acquisition criteria).

There were no changes in the principal activities of the Group during the half-year ended 30 June 2021.

DIRECTORS' REPORT CONTINUED

Review and results of operations

Think Childcare Group is a stapled entity comprising Think Childcare, an operator of predominately mature child care Services and Think Childcare Development, an incubator of new child care Services expected to be sold to Think Childcare once acquisition criteria are met.

Think Childcare operates child care Services with the objective of delivering value to securityholders with stable earnings growth prospects over the medium to long-term.

Think Childcare's strategy is to operate high quality child care Services under the Nido brand in suburban markets supported by long-term leases. Additionally, Think Childcare provides child care management services to clients, including Think Childcare Development and third-party incubators.

Think Childcare Development's primary objective is to develop leasehold child care Services for Think Childcare, trade-up the Services to pre-agreed trading metrics and to divest the Services to Think Childcare at 4x earnings before interest tax depreciation and amortisation (EBITDA).

Financial overview

Think Childcare Group recorded for the period net profit after tax (NPAT) of $0.3 million (30 June 2020: loss of $0.4 million).

Underlying earnings before interest, tax, depreciation and amortisation (**EBITDA (underlying)**)

- Think Childcare Group's EBITDA (underlying) of $9.2 million (30 June 2020: $5.4 million).
- Think Childcare EBITDA (underlying) of $11.4 million (30 June 2020: $6.6 million).
- Think Childcare Development EBITDA (underlying) of ($1.3) million (30 June 2020: ($1.1) million).

DIRECTORS' REPORT CONTINUED

The following provides a summary of the Group's performance for the half-year ended 30 June 2021.

Operating results

	30 June 2021				30 June 2020
$'000	TNK	TND	Eliminations	Group	Group
Service revenue	75,405	10,594	-	85,999	49,541
Labour	(43,122)	(7,280)	-	(50,402)	(25,116)
Occupancy	(12,548)	(2,618)	-	(15,166)	(11,300)
Service overheads	(4,647)	(1,094)	-	(5,741)	(3,768)
Service performance	15,088	(398)	-	14,690	9,357
Management and other fees	2,334	(575)	(900)	859	712
Employee expenses	(4,096)	(89)	-	(4,185)	(3,127)
Corporate overheads	(1,990)	(218)	-	(2,208)	(1,589)
Corporate costs	(3,752)	(882)	(900)	(5,534)	(4,004)
Profit on sale of assets	31	-	-	31	-
EBITDA (underlying)	11,367	(1,280)	(900)	9,187	5,353
Operating lease costs[1]	9,401	2,070	-	11,471	9,280
Non underlying expenses	(1,130)	-	-	(1,130)	(180)
EBITDA	19,638	790	(900)	19,528	14,453
Finance costs	(6,408)	(2,730)	-	(9,138)	(7,162)
Depreciation and amortisation	(8,081)	(1,332)	-	(9,413)	(7,734)
Tax	(1,636)	982	-	(654)	84
Profit / (Loss) for the period	3,513	(2,290)	(900)	323	(359)
Interest on lease liabilities	5,216	1,972	-	7,188	5,475
Depreciation on right of use assets	5,997	995	-	6,992	5,976
Operating lease costs[1]	(9,401)	(2,070)	-	(11,471)	(9,280)
Non underlying expenses	1,130	-	-	1,130	180
Tax impact	(883)	(269)	-	(1,152)	(721)
NPAT (underlying)	5,572	(1,662)	(900)	3,010	1,271

[1] This caption represents cash out flow for leases for the half-year ended 30 June 2021

DIRECTORS' REPORT CONTINUED

Balance Sheet

	30 June 2021				
$'000	TNK	TND	AASB 16	Eliminations	Group
Cash	10,092	1,565	-	-	11,657
Receivables and other assets	9,638	5,717	-	-	15,355
Property, plant and equipment	18,546	8,999	-	(2,100)	25,445
Intangible assets	85,423	4,940	-	(2,922)	87,441
Right-of-use asset	-	-	215,883	-	215,883
Total assets	123,699	21,221	215,883	(5,022)	355,781
Borrowings	43,225	12,161	-	-	55,386
Other liabilities	14,440	5,186	-	-	19,626
Lease liability	-	-	228,131	-	228,131
Total liabilities	57,665	17,347	228,131	-	303,143
Equity	66,034	3,874	(12,248)	(5,022)	52,638

EBITDA, EBITDA (underlying), NPAT and NPAT (underlying) reflect the results of the ongoing business of the Group as determined by the Board and management. They have been calculated in accordance with ASIC's Regulatory Guide 230 – Disclosing non-IFRS financial information. These financial measures have not been audited by our external auditors; however, the adjustments to profit after tax have been extracted from the books and records that have been reviewed. EBITDA (underlying) and NPAT (underlying) are disclosed as a useful guide for investors to gain a better understanding of the Group's financial results from normal operating activities.

Operations overview

The Group, this period more than any other period, has demonstrated its resilience and the calibre of its people. The teams in the Services and those supporting them, have worked extremely hard and made sacrifices for each other and the greater community. Their dedication to each other, to the families and the children, even with lock downs, has resulted in the Group achieving its highest occupancy at the mid-year on record.

The team has acted quickly to navigate through lock downs, developed and successfully executed on plans to manage costs, risk and revenue through these periods. The team maintained its focus on the transition to Nido, executing on its CAPEX investment and focusing on lifting the quality of its education offering.

The Group's financial performance traded ahead of the prior comparison period (pcp) with the Group delivering a 73.7% increase in revenue and 71.6% growth in EBITDA (Underlying). All cohorts lifting performance against the same period in 2019 and 2020.

DIRECTORS' REPORT CONTINUED

Going concern

As at 30 June 2021, the Group had net current liabilities of $22.1m which include $23.7m of current lease liabilities arising from AASB 16 Leases which will be settled through operating cash flows earned in the next 12 months. The Group recorded a net profit after tax of $0.3m for the half-year period ending 30 June 2021 (30 June 2020: loss of $0.4m).

The Group recorded EBITDA of $19.5m (30 June 2020: $14.5m) and EBITDA (underlying) of $9.2m (30 June 2020: $5.4m) for the period. As at 30 June 2021 Think Childcare had closing cash of $11.7m, facility headroom of $23.8m ($12.2m restricted for acquisitions, $4.2m Accordion facility and $7.4m for working capital and bank guarantees). Think Childcare was compliant with all bank covenants and based on the forecast, is expected to maintain compliance in the next 12 months.

The ongoing impact of COVID-19 remains uncertain as evidenced by the rise in the number of cases in New South Wales and Victoria between June and August 2021. We have reviewed the recent and ongoing impact of recurring lockdowns across Australia. The lockdowns have not and are not expected to have a material impact on the Group's ability to meet its financial obligations as and when they fall due. The Group has determined that if trading conditions materially worsen due to COVID-19; Government relief packages, available financing and cash flow management strategies will provide the ability for the for the Group to meet its financial obligations as and when they fall due.

The contemplated acquisition by Busy Bees will result in alternative cashflow and funding scenarios for the Group than expected under the current ownership structure, if it proceeds. Accordingly, the Group has prepared detailed cashflow scenarios both if the acquisition proceeds and if it does not proceed.

- If the acquisition does not proceed, the Group is expected to generate positive operating cashflow over the following 12 months. Further, the Group has obtained representation from TND's current financier that if the acquisition does not proceed it will be willing to enter into discussions to refinance the TND facility of $12.2m due for repayment in July 2022.

- If the acquisition proceeds, Busy Bees will acquire the Group and will repay all external financing facilities. Mathew Edwards and his controlled entities (the MGE Group) will then acquire TND from Busy Bees. The Group will be de-stapled and de-listed and will then form part of separate group structures from that point onwards.

If for any reason the Group is unable to continue as a going concern, it could have an impact on the Group's ability to realise assets at their recognised value and to extinguish liabilities in the normal course of business at the amounts in the consolidated financial statements.

Based on cash flow forecasts, available financing and government support packages, management are confident the Group will continue as a Going Concern.

DIRECTORS' REPORT CONTINUED

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Group during the half-year except as disclosed in the operations overview above.

Scheme of Arrangement

On 16 June 2021Think Group entered into an Implementation Agreement with Busy Bees Early Learning Australia Pty Ltd (Busy Bees) under which it is proposed that Busy Bees will acquire 77.85% of the issued capital of TNK and its subsidiary, FEL Child Care Developments Pty Ltd (FEL Dev), will acquire 77.85% of the issued capital of TND by way of two inter-conditional schemes of arrangement (Schemes). Concurrently with the Schemes but under separate agreements, Busy Bees will acquire 22.15% of the TNK Shares from Mathew Edwards and his controlled entities, for the same consideration that independent Securityholders will receive for their TNK shares under the Schemes. The consideration to be provided under the Schemes and the separate agreements is $3.20 per Think Group Security less a permitted dividend amount of up to $0.24 per Security. Implementation of these arrangements will also involve the unstapling of TNK Shares from TND Shares.

If the Schemes are approved and implemented and the separate agreements are completed, Busy Bees will own 100% of the TNK Shares, Mathew Edwards and his controlled entities will own 100% of the development arm of the Think Group business, including the TND shares and Think Group will be delisted from ASX.

Concurrently with the Schemes, Busy Bees will acquire 22.15% of the TNK Shares from Mathew Edwards and his controlled entities under a share acquisition agreement which was entered into on the same day as the implementation agreement for the Schemes, for the same consideration that Securityholders will receive under the Schemes.

Mathew Edwards and his controlled entities have agreed to acquire the development business of the Think Group and management rights in respect of 35 Nido Centres. As part of the acquisition arrangements, the 77.85% of the TND Shares acquired by FEL Dev under the TND Scheme will be transferred to Mathew Edwards for nominal consideration after the date that the Schemes are implemented; Mathew Edwards and his Controlled entities will assume all of the corporate and overhead costs and associated liabilities of the development business of Think Group, apart from TND's existing bank facility of approximately $12.2 million and certain accrued entitlements of transferring employees.

The Implementation Agreement contains customary exclusivity provisions, including 'no-shop' and 'no-talk' restrictions and a notification obligation, as well as a matching right. The Implementation Agreement also details circumstances under which the Group may be required to pay Busy Bees a break-fee of $1.95m inclusive of GST. Busy Bees may also be required to pay the Group a reverse break-fee of $1.95m inclusive of GST in certain circumstances.

DIRECTORS' REPORT CONTINUED

Related party transactions

Transactions with Key Management Personnel

Mark Kerr

Mark Kerr (Non-Executive Director), via an indirect interest, has a partial interest as sub-landlord with respect to premises leased to Think Childcare in relation to a Think Childcare operating child care Service. The lease on the property commenced on 7 November 2016 on an outgoings only basis, until February 2017 when rent payments commenced. The lease had a gross commencing rent of $260,000 per annum. The quantum and terms of the lease are commercial and reasonable for the property.

During the half year ended 30 June 2021, Think Childcare paid rent of $144,344. The rent is secured under a standard and commercial rent bond of $143,000.

Below is Think Childcare's assessment of the perceived risks and conflicts associated with the transaction and how such risks/conflicts are managed.

- **Risk of the commercial terms of the lease being less favourable terms (to Think Childcare) than those in similar arm's length transactions between unrelated third parties.**

  The terms of the existing lease were in place prior to Mark Kerr having a partial interest as sub-landlord of the premises on which the Service is located. Think Childcare had negotiated the terms of the lease with an incubator and the head landlord at arm's length. The lease sets out the mechanics for the review of rent which is to be applied at the appropriate time and which does not involve the exercise of any exclusive discretion by Mark Kerr or the Group. Any amendments to the lease will require the head landlord's consent.

- **Perceived conflict with regard to the Board's decisions relating to issues arising from the transaction.**

  If and when the Board of Directors or any Board committee meets to discuss any issues relating to this transaction, Mark Kerr recuses himself from attending the Board or committee meeting while the relevant agenda item is being discussed, and a stand-in Chair is nominated to chair the meeting during Mark Kerr's absence from the meeting. Mark Kerr would also abstain from voting on any question relating to the item.

Mathew Edwards

Management and other services

Think Childcare provides management and establishment services to a child care Service incubator entity of which the siblings (brother and sister) of Mathew Edwards (Managing Director of TNK and Executive Director of TND) are shareholders.

In consideration for the services provided by Think Childcare to the incubator entity, Think Childcare is paid fees in accordance with the agreed terms of engagement and management services.

During the half-year ended 30 June 2021, the incubator entity has not established any new child care Services. The Group expects the incubator entity to open 1 child care Service in late 2021.

DIRECTORS' REPORT CONTINUED

During the half-year ended 30 June 2021, Think Childcare recognised from the incubator entity $30,000 (30 June 2020: $60,000) in management fees and $260,000 (30 June 2020: nil) in establishment fees. The balance outstanding as at 30 June 2021 is $454,000. Think Childcare is not obliged to acquire a child care Service from the incubator entity under the terms of the management services that it provides to the incubator entity. During the half-year ended 30 June 2021, Think Childcare has not acquired any child care Services from the incubator entity.

Below is Think Childcare's assessment of the perceived risks and conflicts associated with the transaction (from a related-party perspective) and how it considers such risk/conflicts are being managed.

- **Risk of the commercial terms of the services being less favourable terms (to Think Childcare) than those in similar arm's length transactions between unrelated third parties.**

  The terms of engagement and management services meet the Think Childcare's base line requirements and are in line with the terms agreed at arm's length with other incubators. There is no obligation on Think Childcare to acquire the child care Services even when certain metrics are met.

- **Perceived conflict with regards to the Board's decisions relating to issues arising from the transaction.**

  If and when the Board of Directors or any Board committee meets to discuss any issues relating to this transaction, Mathew Edwards recuses himself from attending the meeting while the relevant agenda item is being discussed and abstains from voting on any question relating to the transaction.

During the year ended 31 December 2020 (as disclosed in note 29 of the Group's 2020 Annual Report), Think Childcare Development entered into leases and/or agreement for leases in respect of 7 greenfield sites. TND assumed the obligations in respect of establishment services and fees of $1.1m, which has been fully paid as at 31 December 2020.

In relation to 1 of the greenfield sites, notwithstanding that TND had assumed the obligations in respect of that establishment service, the third party landlord only agreed to enter into the transaction with TND on the condition that Mathew Edwards provided a personal guarantee (in addition, to TND as guarantor) for the premises until such time that the third party landlord was comfortable with TND's financial capacity. As this greenfield site has commenced trading, the parties continue to be in discussion in respect to the release of Mathew Edwards' personal guarantee.

Below is Think Childcare's assessment of the perceived risks and conflicts associated with the transaction (from a related-party perspective) and how it considers such risk/conflicts are being managed.

- **Perceived conflict with regards to the Board's decisions relating to subsequent event issues arising from the transaction.**

  If and when the Board of Directors or any Board committee meets to discuss any issues relating to this transaction, Mathew Edwards recuses himself from attending the meeting while the relevant agenda item is being discussed and abstains from voting on any question relating to the transaction.

Mathew Edwards (Managing Director), via an indirect interest (Isamax Pty Ltd), has an established working relationship with a developing landlord with respect to child care freehold properties (Developing Landlord). From time to time Mathew Edwards may (but is not obliged to) introduce freehold properties to the Developing Landlord; such properties may be considered a location for a child care Service to be developed.

Where the Developing Landlord acquires land (whether introduced by Mathew Edwards or not), develops a child care Service, secures a tenancy and then sells the land (Childcare Freehold Property), upon the completion of the sale of the Childcare Freehold Property, the Developing Landlord is required to pay Mathew Edwards 3-5% of the sale price on the contract for sale of the freehold with respect to the Childcare Freehold Property. The Development Landlord is not obliged to sell any Childcare Freehold Property.

DIRECTORS' REPORT CONTINUED

During the half-year ended 30 June 2021, the Developing Landlord has sold 2 Freehold Childcare Properties and Mathew Edwards (personally or via Isamax Pty Ltd) has invoiced the Developing Landlord the amount of $207,800 (exc. GST).

- **Risk of the commercial terms of the tenancy (where Think Childcare is a proposed tenant) being less favourable terms than those in similar arm's length transactions between unrelated third parties.**

  There is no obligation on Think Childcare to become a tenant of the Childcare Freehold Property. Where Think Childcare wishes to own a child care Service located on an Introduced Land, negotiations of the terms of the tenancy must meet Think Childcare's base line requirements and are in line with the terms agreed at arm's length with other landlords. A business case is prepared for consideration of the Board of Think Childcare.

- **Perceived conflict with regards to the Board's decisions relating to issues arising from the transaction.**

  If and when the Board of Directors or any Board committee meets to discuss any issues relating to the Introduced Land, Mathew Edwards recuses himself from attending the meeting while the relevant agenda item is being discussed and abstains from voting on any question relating to the transaction.

Busy Bees Schemes and related transactions

Refer to Scheme of Arrangement section above which includes description of transactions with Mathew Edwards and his controlled entities as part of the Scheme of Arrangement.

There are a number of sites in the TND pipeline in which TNK is in the process of providing establishment services to TND. However, given the Schemes, Eastern Credit Management (ECM), the financier for TND, has not approved the execution by TND of the Agreements for Lease (AFL). As a result, an entity controlled by Mathew Edwards will warehouse the sites pending the outcome of the Schemes. The entity has executed 1 AFL with the intention that the site be warehoused by Mathew Edwards pending the outcome of the Schemes. The entity expects to execute further 6 ALFs in the second half of the current financial year. If the Schemes proceed, those sites will form part of the TND pipeline under Mathew Edwards' control. If the Schemes do not proceed, TND will finalise approval with ECM to enter into the AFLs in which case, the entity will assign the AFLs to TND at cost.

- **Risk of the commercial terms of the services being less favourable terms (to Think Childcare) than those in similar arm's length transactions between unrelated third parties.**

  Mathew Edwards' participation in the Busy Bees Schemes and the various ancillary transactions has been supervised by an Independent Board Committee (IBC) comprised of 3 independent directors of Think Group.

  The IBC has had the benefit of competent and reliable financial and legal advice in the context of its consideration of the various arrangements, which are also subject to the approval by resolution of the independent Securityholders of Think Group including for the purposes of the related party provisions of the Corporations Act and the ASX Listing Rules. The explanatory materials for the general meeting at which such approval will be sought will include a report by an independent expert that will contain an opinion among other things on whether the various transactions are fair and reasonable and in the best interests of independent Securityholders.

DIRECTORS' REPORT CONTINUED

- **Perceived conflict with regards to the Board's decisions relating to issues arising from the transactions.**

  Mathew Edwards is not a member of the IBC and has only attended meetings of the IBC at the specific invitation of the IBC. Whenever the Busy Bees and the various ancillary transactions have fallen to be considered by the Boards of Think Group, Mathew Edwards has recused himself from attendance other than with the express prior approval of the Boards.

Nick Anagnostou

Nick Anagnostou (Non-Executive Director) via an indirect interest provides consultancy services to Think Childcare Development Limited (TND). The services relate in the main to site selection and specialist advice on lease and occupancy terms.

For the half-year ended 30 June 2021, TND paid consultancy fees for these services of $23,000. These are over and above non-executive director's fees paid over the period to Nick Anagnostou via his indirect interest.

Below is the company's assessment of the perceived and conflicts associated with the consultancy (from a related party perspective) and how it considers such risks / conflicts are managed.

- **Risk of the commercial terms of the consultancy being less favourable terms (to the company) than those in similar arm's length transactions between unrelated third parties.**

  Nick Anagnostou via his indirect interest provides equivalent consultancy services to a number of unrelated third parties on substantially the same terms to the terms on which those services are provided to TND. TND has a need for the services that Nick Anagnostou provides, and considers that it obtains those services on similar or better terms (to TND) when compared to what TND is able to obtain from unrelated third parties.

- **Perceived conflict with regards to the Board's decisions relating to issues arising from the transactions.**

  If and when the Board of Directors or any Board committee meets to discuss any issues relating to the engagement of such services, Nick Anagnostou recuses himself from attending the meeting while the relevant agenda item is being discussed. Nick Anagnostou would also abstain from voting on any question relating to the services.

Matters subsequent to the end of the financial half-year

Apart from the dividend determination as disclosed in note 15, no other matter or circumstance has arisen since 30 June 2021 and up to the date of this report that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial periods.

DIRECTORS' REPORT CONTINUED

Rounding of amounts

The Group is of a kind referred to in the Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Lead auditor's independence declaration

The Lead auditor's independence declaration is set out on page 14 and forms part of this Directors' Report for the half-year ended 30 June 2021.

This report is made in accordance with a resolution of Directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the Directors

Mark Kerr

Mark Kerr
Chairman
18 August 2021 | Melbourne

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Think Childcare Limited

I declare that, to the best of my knowledge and belief, in relation to the review of Think Childcare Group for the half-year ended 30 June 2021 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and

ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

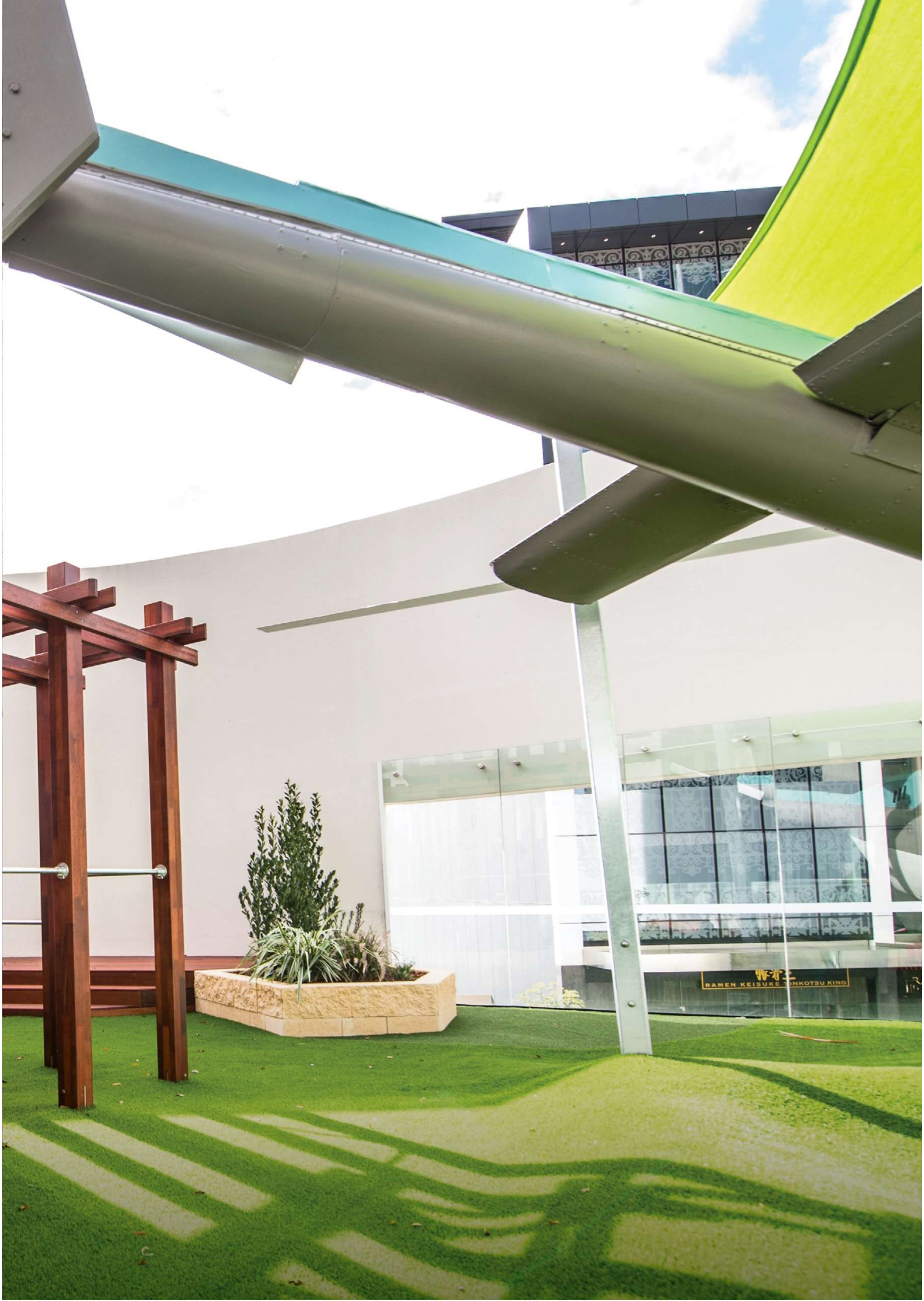
KPMG

Paul Thomas

Partner

Sydney

18 August 2021


RAMEN KEISUKE

Condensed consolidated statement of profit or loss and other comprehensive income

For the half-year ended

	Note	30 June 2021 $'000	30 June 2020 $'000
Revenue	4	84,899	48,872
Other income		1,959	1,917
Expenses			
Employee benefit	5	55,153	28,243
Occupancy		3,829	2,732
Direct expenses of providing services		3,210	1,978
Corporate and marketing		2,743	1,922
Acquisition and integration		83	180
Other		2,312	1,281
Depreciation and amortisation		9,413	7,734
Finance costs	6	9,138	7,162
Profit / (loss) before tax		977	(443)
Income tax (expense) / benefit	7	(654)	84
Profit / (loss) for the period		**323**	(359)
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income / (loss) for the period		**323**	(359)
Profit / (loss) for the period attributable to:			
Members of Think Childcare Limited		2,040	435
Members of Think Childcare Development Limited		(1,717)	(794)
Stapled securityholders of Think Childcare Group		323	(359)
Total comprehensive income / (loss) attributable to:			
Members of Think Childcare Limited		2,040	435
Members of Think Childcare Development Limited		(1,717)	(794)
Stapled securityholders of Think Childcare Group		323	(359)
Earnings per stapled security - Think Childcare Group			
Basic	20	0.53	(0.59)
Diluted	20	0.52	(0.59)

The above condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Condensed consolidated statement of financial position

As at

	Note	30 June 2021 $'000	31 December 2020 $'000
Assets			
Current Assets			
Cash and cash equivalents		**11,657**	22,863
Trade and other receivables	8	**4,630**	4,757
Current tax asset		**426**	-
Other assets		**3,915**	2,272
Total current assets		**20,628**	29,892
Non-current assets			
Property, plant and equipment	9	**241,328**	222,214
Intangible assets	10	**87,441**	87,699
Deferred tax		**6,384**	5,760
Total non-current assets		**335,153**	315,673
Total assets		**355,781**	345,565
Liabilities			
Current liabilities			
Trade and other payables	11	**7,435**	5,663
Borrowings	13	**24,158**	21,622
Current tax liabilities		**-**	2,607
Employee benefits		**9,045**	10,146
Other liabilities		**387**	33
Provisions	12	1,653	2,397
Total current liabilities		**42,678**	42,468
Non-current liabilities			
Borrowings	13	**259,359**	242,162
Derivative financial instruments		**635**	847
Employee benefits		**471**	409
Total non-current liabilities		**260,465**	243,418
Total liabilities		**303,143**	285,886
Net assets		**52,638**	59,679
Equity			
Think Childcare Limited			
Issued capital	14	**73,734**	73,039
Reserves		**(19,852)**	(19,120)
Retained earnings		**(1,498)**	3,789
Equity attributable to members of Think Childcare Limited		52,384	57,708
Think Childcare Development Limited			
Issued capital	14	**6,071**	5,993
Reserves		**95**	173
Retained earnings		**(5,912)**	(4,195)
Equity attributable to members of Think Childcare Development Limited		254	1,971
Total equity		**52,638**	59,679

This condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

Condensed consolidated statement of changes in equity

For the half-year ended

	Think Childcare Limited				Think Childcare Development Limited				
2021	Issued capital $'000	Reserves $'000	Retained earnings $'000	Total equity $'000	Issued capital $'000	Reserves $'000	Retained earnings $'000	Total equity $'000	Total equity $'000
Balance at 1 January 2021	73,039	(19,120)	3,789	57,708	5,993	173	(4,195)	1,971	59,679
Profit / (loss) for the period	-	-	2,040	2,040	-	-	(1,717)	(1,717)	323
Other comprehensive income for the period	-	-	-	-	-	-	-	-	-
Total comprehensive income / (loss) for the period	-	-	2,040	2,040	-	-	(1,717)	(1,717)	323
Contributions of equity, net of transaction costs	695	-	-	695	78	-	-	78	773
Share-based payment	-	(732)	-	(732)	-	(78)	-	(78)	(810)
Dividends	-	-	(7,327)	(7,327)	-	-	-	-	(7,327)
Total contributions and distributions	**695**	**(732)**	**(7,327)**	**(7,364)**	**78**	**(78)**	**-**	**-**	**(7,364)**
Balance at 30 June 2021	**73,734**	**(19,852)**	**(1,498)**	**52,384**	**6,071**	**95**	**(5,912)**	**254**	**52,638**

2020	Issued capital $'000	Reserves $'000	Retained earnings $'000	Total equity $'000	Issued capital $'000	Reserves $'000	Retained earnings $'000	Total equity $'000	Total equity $'000
Balance at 1 January 2020	**72,845**	**(19,109)**	**(3,173)**	**50,563**	**5,971**	**-**	**(1,359)**	**4,612**	**55,175**
Profit / (loss) for the period	-	-	435	435	-	-	(794)	(794)	(359)
Other comprehensive income for the period	-	-	-	-	-	-	-	-	-
Total comprehensive income / (loss) for the period	**-**	**-**	**435**	**435**	**-**	**-**	**(794)**	**(794)**	**(359)**
Contributions of equity, net of transaction costs	194	-	-	194	22	-	-	22	216
Share-based payment	-	69	-	69	-	-	-	-	69
Transfer of assets in specie from TNK to TND	-	(173)	-	(173)	-	173	-	173	-
Dividends	-	-	(3,043)	(3,043)	-	-	-	-	(3,043)
Total contributions and distributions	**194**	**(104)**	**(3,043)**	**(2,953)**	**22**	**173**	**-**	**195**	**(2,758)**
Balance at 30 June 2020	**73,039**	**(19,213)**	**(5,781)**	**48,045**	**5,993**	**173**	**(2,153)**	**4,013**	**52,058**

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Condensed consolidated statement of cash flow

For the half-year ended

	30 June 2021 $'000	30 June 2020 $'000
Cash flows from operating activities		
Receipts from parents and government funding	83,682	31,431
Receipts from child care relief packages	1,449	15,473
Receipts from JobKeeper	-	8,020
Payments to suppliers and employees	(66,958)	(43,866)
Government grants	1,959	1,333
Interest and other finance cost	(8,300)	(6,560)
Income tax	(4,312)	(1,172)
Net cash from operating activities	**7,520**	4,659
Cash flows from investing activities		
Payments for property, plant and equipment	(5,522)	(3,251)
Payments for intangibles	-	(28)
(Payments) / refunds for security deposits	(1,444)	415
Net cash used in investing activities	**(6,966)**	(2,864)
Cash flows from financing activities		
Proceeds from issue of securities (net of transaction costs)	-	216
Proceeds from borrowings	-	4,935
Repayment of lease liabilities principal	(4,433)	(3,806)
Dividends paid	(7,327)	(3,043)
Net cash used in from financing activities	**(11,760)**	(1,698)
Net (decrease) / increase in cash and cash equivalents	(11,206)	97
Cash and cash equivalents at the beginning of the period	22,863	11,685
Cash and cash equivalents at the end of the period	**11,657**	11,782

The above condensed consolidated statement of cash flow should be read in conjunction with the accompanying notes.

Notes to the condensed consolidated interim financial statements

Note 1. General information

These condensed consolidated interim financial statements cover Think Childcare Group (the Group) which comprises Think Childcare Limited (TNK) and its controlled entities (together referred to as Think Childcare) and Think Childcare Development Limited (TND) and its controlled entities (together referred to as Think Childcare Development). The shares of TNK are stapled to the shares of TND and trade on the Australian Securities Exchange (ASX) as one security (ASX code: TNK). The condensed consolidated financial statements are presented in Australian dollars, which is Think Childcare Limited's functional and presentation currency.

Australian Accounting Standards require one of the entities of a stapled structure to be identified as the parent entity for the purposes of preparing a consolidated financial report. In accordance with this requirement, TNK is deemed to be the parent entity for accounting purposes and therefore TND is consolidated into the Group's financial statements. The issued shares and retained earnings of TND, however, are not owned by TNK and are therefore presented separately in the Group's statement of financial position within equity, notwithstanding that the shareholders of TND are also the shareholders of TNK. For the purposes of preparing the consolidated financial statements, the Group is a for-profit entity.

Think Childcare and Think Childcare Development are listed public companies limited by shares, incorporated and domiciled in Australia. Their registered office and principal place of business is:
Suite 3, 1 Park Avenue
Drummoyne, NSW 2047

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 17 August 2021. The Directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

Statement of compliance
This half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 Interim Financial Reporting. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 Interim Financial Reporting. This financial report does not include all of the notes normally included within the annual financial report and should be read in conjunction with the 31 December 2020 annual report of the Group.

Basis of preparation
This half-year financial report has been prepared on the basis of historical cost, except for the fair value of certain financial instruments. Cost is based on the fair values of the consideration given in exchange for assets.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Group's annual report for the financial year ended 31 December 2020 with the exception of the Change to Significant Accounting policy relating to Software-as-a-Service (SaaS) arrangements as outlined on page 21. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. These accounting policies are consistent with the Australian Accounting Standards and with the International Financial Reporting Standards.

Notes to the condensed consolidated interim financial statements continued

Note 2. Significant accounting policies (continued)

Several other amendments and interpretations apply for the first time in 2021, but do not have an impact on the interim condensed consolidated financial statements of the Group.

Standards on issue but not yet effective

Amendments to AASB 101: Classification of Liabilities as Current or Non-current

In January 2020, the AASB issued amendments to paragraphs 69 to 76 of AASB 101 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

AASB 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to AASB standards process the AASB issued amendment to AASB 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact on the Group.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to AASB 116

In May 2020, the AASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. The amendments are not expected to have a material impact on the Group.

Notes to the condensed consolidated interim financial statements continued

Note 2. Significant accounting policies (continued)

Changes to significant accounting policy

Software-as-a-Service (SaaS) arrangements

The International Financial Reporting Standards Interpretations Committee (IFRIC) has issued two final agenda decisions which impact SaaS arrangements:

- Customer's right to receive access to the supplier's software hosted on the cloud (March 2019) – this decision considers whether the customer receives a software asset at the contract commencement date or a service over the contract term.
- Configuration or customisation costs in cloud computing arrangement (April 2021) – this decision discusses whether configuration or customisation expenditure relating to SaaS arrangements can be recognised as an intangible asset and if not, over what period the expenditure is expensed.

The Group's accounting policy has historically been to capitalise all costs related to SaaS arrangements as intangible assets in the Statement of Financial Position. The adoption of the above agenda decision has resulted in reclassification of these intangible assets as an expense in the Statement of Comprehensive Income in the current period and has not had a material impact on the Group.

SaaS arrangements are service contracts providing the Group with the right to access the cloud provider's application software over the contract period. As such the Group does not receive software intangible assets at the contract commencement date.

The following outlines the accounting treatment of costs incurred in relation to SaaS arrangements:

Recognise as an operating expense over the term of the service contract

- Fees for use of application software

Recognise as an operating expense as the service is received

- Configuration costs
- Customisation costs
- Data conversion and migration costs
- Testing costs
- Training costs

Costs incurred for the development of software code than enhances or modifies, or creates additional capability to, existing on-premise systems and meets the definition of and recognition criteria for an intangible asset are recognised as intangible software assets. Refer to the Group's 31 December 2020 full year financial statements for an outline of accounting for intangible assets.

Rounding of amounts

The Group is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to rounding-off. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Notes to the condensed consolidated interim financial statements continued

Note 2. Significant accounting policies (continued)

Going Concern

These financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activities and realisation of assets and settlement of liabilities in the normal course of business.

As at 30 June 2021, the Group had net current liabilities of $22.1m which include $23.7m of current lease liabilities arising from AASB 16 Leases which will be settled through operating cash flows earned in the next 12 months. The Group recorded a net profit after tax of $0.3m for the half-year period ending 30 June 2021 (30 June 2020: loss of $0.4m).

The Group recorded EBITDA of $19.5m (30 June 2020: $14.5m) and EBITDA (underlying) of $9.2m (30 June 2020: $5.4m) for the period. As at 30 June 2021 Think Childcare had closing cash of $11.7m, facility headroom of $23.8m ($12.2m restricted for acquisitions, $4.2m Accordion facility and $7.4m for working capital and bank guarantees). Think Childcare was compliant with all bank covenants and based on the forecast, is expected to maintain compliance in the next 12 months.

The ongoing impact of COVID-19 remains uncertain as evidenced by the rise in the number of cases in New South Wales and Victoria between June and August 2021. We have reviewed the recent and ongoing impact of recurring lockdowns across Australia. The lockdowns have not and are not expected to have a material impact on the Group's ability to meet its financial obligations as and when they fall due. The Group has determined that if trading conditions materially worsen due to COVID-19; Government relief packages, available financing and cash flow management strategies will provide the ability for the for the Group to meet its financial obligations as and when they fall due.

The contemplated acquisition by Busy Bees will result in alternative cashflow and funding scenarios for the Group than expected under the current ownership structure, if it proceeds. Accordingly, the Group has prepared detailed cashflow scenarios both if the acquisition proceeds and if it does not proceed.

- If the acquisition does not proceed, the Group is expected to generate positive operating cashflow over the following 12 months. Further, the Group has obtained representation from TND's current financier that if the acquisition does not proceed it will be willing to enter into discussions to refinance the TND facility of $12.2m due for repayment in July 2022.

- If the acquisition proceeds, Busy Bees will acquire the Group and will repay all external financing facilities. Mathew Edwards and his controlled entities (the MGE Group) will then acquire TND from Busy Bees. The Group will be de-stapled and de-listed and will then form part of separate group structures from that point onwards.

If for any reason the Group is unable to continue as a going concern, it could have an impact on the Group's ability to realise assets at their recognised value and to extinguish liabilities in the normal course of business at the amounts in the consolidated financial statements.

Based on cash flow forecasts, available financing and government support packages, management are confident the Group will continue as a Going Concern.

Notes to the condensed consolidated interim financial statements continued

Note 3. Segment information

Think Childcare Group operates in one geographical segment, being Australia, and the revenue from key services is shown by reportable opearting segments.

Identification of reportable operating segments
Think Childcare Group comprises the following reportable segments:

> Child Care Operations
> Child Care Development

These segments are distinct, based on their nature of operations, and as a result are managed separately. This is also based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Maker (CODM)) in assessing performance and in determining the allocation of resources.

During the period ended 30 June 2021, none of the Group's external revenue was derived from sales to one specific customer or group of customers that comprised more than 10% of total revenue (2020: nil).

EBITDA, EBITDA (underlying), NPAT (underlying) reflect the results of the ongoing business of the consolidated entity as determined by the Board and management. They have been calculated in accordance with ASIC's Regulatory Guide 230 – Disclosing non-IFRS financial information. These financial measures have not been audited by our external auditors; however, the adjustments to profit after tax have been extracted from the books and records that have been reviewed. EBITDA (underlying) and NPAT (underlying) is disclosed as a useful guide for investors to gain a better understanding of the Group's financial results from normal operating activities.

Notes to the condensed consolidated interim financial statements continued

Note 3. Segment information (continued)

Reportable segments

30 June 2021	Operations $'000	Development $'000	Eliminations $'000	Total $'000
Segment revenue				
Service revenue	75,405	10,594	-	85,999
Labour	(43,122)	(7,280)	-	(50,402)
Occupancy	(12,548)	(2,618)	-	(15,166)
Service overheads	(4,647)	(1,094)	-	(5,741)
Service performance	15,088	(398)	-	14,690
Management and other fees	2,334	(575)	(900)	859
Employee expenses	(4,096)	(89)	-	(4,185)
Corporate overheads	(1,990)	(218)	-	(2,208)
Corporate costs	(3,752)	(882)	(900)	(5,534)
Profit on sale of assets	31	-	-	31
EBITDA (underlying)	11,367	(1,280)	(900)	9,187
Operating lease costs[1]	9,401	2,070	-	11,471
Non underlying expenses	(1,130)	-	-	(1,130)
EBITDA	19,638	790	(900)	19,528
Finance costs	(6,408)	(2,730)	-	(9,138)
Depreciation and amortisation	(8,081)	(1,332)	-	(9,413)
Tax	(1,636)	982	-	(654)
Profit / (loss) for the period	3,513	(2,290)	(900)	323
Interest on lease liabilities	5,216	1,972	-	7,188
Depreciation on right of use assets	5,997	995	-	6,992
Operating lease costs[1]	(9,401)	(2,070)	-	(11,471)
Non underlying expenses	1,130	-	-	1,130
Tax impact	(883)	(269)	-	(1,152)
NPAT (underlying)	5,572	(1,662)	(900)	3,010

[1] This caption represents cash out flow for leases for the half-year ended 30 June 2021

Notes to the condensed consolidated interim financial statements continued

Note 3. Segment information (continued)

30 June 2021	Operations $'000	Development $'000	Eliminations $'000	Total $'000
Segment assets and liabilities				
Segment assets	290,840	69,963	(5,022)	355,781
Unallocated assets	-	-	-	-
Total assets	290,840	69,963	(5,022)	355,781
Segment liabilities	235,157	67,986	-	303,143
Unallocated liabilities	-	-	-	-
Total liabilities	235,157	67,986	-	303,143

30 June 2020	Operations $'000	Development $'000	Eliminations $'000	Total $'000
Segment revenue				
Service revenue	48,454	1,087	-	49,541
Labour	(24,245)	(871)	-	(25,116)
Occupancy	(10,762)	(538)	-	(11,300)
Service overheads	(3,588)	(180)	-	(3,768)
Service performance	9,859	(502)	-	9,357
Management and other fees	1,077	(215)	(150)	712
Employee expenses	(3,110)	(17)	-	(3,127)
Corporate overheads	(1,264)	(325)	-	(1,589)
Corporate costs	(3,297)	(557)	(150)	(4,004)
EBITDA (underlying)	6,562	(1,059)	(150)	5,353
Operating lease costs[1]	8,838	442	-	9,280
Acquisition expenses	(180)	-	-	(180)
EBITDA	15,220	(617)	(150)	14,453
Finance costs	(6,697)	(465)	-	(7,162)
Depreciation	(7,378)	(356)	-	(7,734)
Tax	(344)	428	-	84
Loss for the period	801	(1,010)	(150)	(359)
Interest on lease liabilities	5,010	465	-	5,475
Depreciation on right of use assets	5,704	272	-	5,976
Operating lease costs[1]	(8,838)	(442)	-	(9,280)
Acquisition expenses	180	-	-	180
Tax impact	(632)	(89)	-	(721)
NPAT (underlying)	2,225	(804)	(150)	1,271

[1] This caption represents cash out flow for leases for the half-year ended 30 June 2020

Notes to the condensed consolidated interim financial statements continued

Note 3. Segment information (continued)

30 June 2020	Operations $'000	Development $'000	Eliminations $'000	Total $'000
Segment assets and liabilities				
Segment assets	279,055	20,878	(150)	299,783
Unallocated assets	-	-	-	-
Total assets	279,055	20,878	(150)	299,783
Segment liabilities	230,644	17,081	-	247,725
Unallocated liabilities	-	-	-	-
Total liabilities	230,644	17,081	-	247,725

Reconciliation of information on reportable segments to the amounts reported in financial statements

	30 June 2021 $'000	30 June 2020 $'000
Income per reportable segments		
Service revenue	85,999	49,541
Management and other fees	859	712
Rent abatement	-	536
Consolidated income	86,858	50,789
Income per condensed consolidated statement of profit or loss		
Revenue	84,899	48,872
Other income	1,959	1,917
Consolidated income	**86,858**	50,789

Notes to the condensed consolidated interim financial statements continued

Note 4. Revenue

	30 June 2021 $'000	30 June 2020 $'000
Revenue from contracts with customers	84,899	48,872
	84,899	48,872

Revenue from contracts with customers

Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of services over time and at a point in time across the following revenue streams:

	Timing of revenue recognition		
30 June 2021	At a point in time	Over time	Revenue from external customers
Child care services		82,591	82,591
ECEC Relief Package	-	1,449	1,449
Management fees	-	509	509
Establishment fees	350	-	350
Total	350	84,549	84,899

	Timing of revenue recognition		
30 June 2020	At a point in time	Over time	Revenue from external customers
Child care services	-	32,687	32,687
ECEC Relief Package	-	15,473	15,473
Management fees	-	590	590
Establishment fees	122	-	122
Total	122	48,750	48,872

Assets and liabilities related to contracts with customers

The Group has recognised the following assets and liabilities related to contracts with customers:

	Note	30 June 2021 $'000	31 December 2020 $'000
Child care advances	11	833	1,098
Service enrolment advances	11	150	176
Total contract liabilities		**983**	1,274

Notes to the condensed consolidated interim financial statements continued

Note 5. Employee benefits

	30 June 2021 $'000	30 June 2020 $'000
Salaries and wages	**50,822**	36,196
JobKeeper expense	-	2,452
JobKeeper subsidy	-	(13,596)
Defined contribution to superannuation plans	**4,331**	3,191
	55,153	28,243

1. JobKeeper expense refers to payments made to employees during a fortnight, over and above their ordinary salaries and wages up to $1500, as required by the JobKeeper payment scheme. The JobKeeper subsidy was not available to child care providers in the half-year ended 30 June 2021.

Note 6. Finance costs

	30 June 2021 $'000	30 June 2020 $'000
Interest on borrowings	**1,950**	1,687
Interest on lease liabilities	**7,188**	5,475
	9,138	7,162

Note 7. Income tax

	30 June 2021 $'000	30 June 2020 $'000
Income tax		
Current tax	(1,279)	(519)
Deferred tax - origination and reversal of temporary differences	625	595
Adjustment recognised for prior periods	-	8
Aggregate income tax	(654)	84
Deferred tax included in income tax comprises:		
Increase in deferred tax assets	1,006	565
Increase in deferred tax liabilities	(381)	(30)
Numerical reconciliation of income tax and tax at the statutory rate		
Profit / (loss) before tax	977	(443)
Inter-segment profit subject to tax	900	-
Profit before tax including inter-segment profit	1,877	-
Tax at the statutory tax rate of 30%	(563)	133
Tax effect amounts which are (not deductible) / taxable in calculating taxable income:		
Non-deductible expenses	(74)	(45)
Acquisition and integration expenses	(25)	(12)
	(662)	76
Other adjustments	8	8
Aggregate Income tax	(654)	84
Amounts charged directly to equity		
Deferred tax assets	-	-

Notes to the condensed consolidated interim financial statements continued

Note 8. Current assets - trade and other receivables

	30 June 2021 $'000	31 December 2020 $'000
Trade receivables	3,794	4,046
Less: Provision for impairment of receivables	(295)	(295)
Other receivables	1,131	1,006
	4,630	4,757

Note 9. Non-current assets - property, plant and equipment

	30 June 2021 $'000	31 December 2020 $'000
Plant and equipment - at cost	26,836	22,697
Less: Accumulated depreciation	(7,795)	(6,211)
	19,041	16,486
Leasehold improvements - at cost	5,794	5,315
Less: Accumulated depreciation	(1,759)	(1,439)
	4,035	3,876
Motor vehicles - at cost	-	29
Less: Accumulated depreciation	-	(25)
	-	4
Computer equipment - at cost	2,107	1,705
Less: Accumulated depreciation	(861)	(638)
	1,246	1,067
Right of use asset (ROU)	244,015	220,873
Accumulated depreciation	(28,132)	(20,711)
	215,883	200,162
Construction in progress	1,123	619
	241,328	222,214

Notes to the condensed consolidated interim financial statements continued

Note 9. Non-current assets - property, plant and equipment (continued)

Reconciliations

Reconciliations of the written down values at the beginning and end of the period are set out below:

	Plant and equipment $'000	Leasehold Improvements $'000	Motor Vehicles $'000	Computer equipment $'000	Right of Use Asset $'000	Construction in progress $'000	Total $'000
Balance at 1 January 2021	16,486	3,876	4	1,067	200,162	619	**222,214**
Additions	2,898	425	-	322	22,713	1,877	**28,235**
Transfers	1,239	54	-	80	-	(1,373)	**-**
Disposals		-	(3)	-	-	-	**(3)**
Depreciation expense	(1,582)	(320)	(1)	(223)	(6,992)	-	**(9,118)**
Balance at 30 June 2021	19,041	4,035	-	1,246	215,883	1,123	**241,328**

Note 10. Non-current assets - intangible assets

	30-Jun-21 $'000	31-Dec-20 $'000
Goodwill - at cost	**87,441**	87,404
Software - at cost	**-**	551
Less: Accumulated amortisation	**-**	(256)
	-	295
	87,441	87,699

Reconciliations

Reconciliations of the written down values at the beginning and end of the period are set out below:

	Goodwill $'000	Software $'000	Total $'000
Balance at 1 January 2021	87,404	295	**87,699**
Adjustments relating to prior period acquisitions	37	-	**37**
Amortisation expense	-	(295)	**(295)**
Balance at 30 June 2021	87,441	-	**87,441**

Notes to the condensed consolidated interim financial statements continued

Note 11. Current liabilities - trade and other payables

	30 June 2021 $'000	31 December 2020 $'000
Trade payables	4,820	3,134
Service enrolment advances	150	176
Child care advances	833	1,098
Other payables	1,632	1,255
	7,435	5,663

All of the opening contract liabilities (Child care advances) were recognised as revenue during the period.

Note 12. Provisions

	30 June 2021 $'000	31 December 2020 $'000
Contingent consideration	1,653	1,922
Legal	-	475
	1,653	2,397

Refer to note 16 for fair value and movement information in relation to contingent consideration.

Note 13. Borrowings

	30 June 2021 $'000	31 December 2020 $'000
Current		
Secured bank loans	463	475
Lease liability	23,695	21,147
	24,158	21,622
Non-Current		
Secured bank loans	54,923	53,873
Lease liability	204,436	188,289
	259,359	242,162

The unused portion of the bank loan facility is $19.6m (2020: $20.0m) plus an Accordion of $4.2m (2020: $4.2m). The interest rate payable on each loan is based on the base rate (BBSW) plus the lender's margin. Maturity date of the facility is June 2023. As at 30 June 2021, the Macquarie Bank Limited facility was in good order and the Group was not in breach of any covenants.

Assets pledged as security

The bank loans are secured on the assets and undertakings of the Group. The lease liabilities are effectively secured to the leased assets, recognised in the statement of financial position, which revert to the lessor in the event of default.

Notes to the condensed consolidated interim financial statements continued

Note 14. Equity - issued capital

	30 Jun 2021 Securities	31 Dec 2020 Securities	30 Jun 2021 $'000	31 Dec 2020 $'000
Ordinary stapled securities - fully paid	61,557,633	61,058,636	79,805	79,032

Movements in issued capital

Details	Number of Securities	Issue Price	$'000
Think Childcare opening balance	61,058,636		73,039
Issue of shares under Employee Share Option Plan	36,232	$1.24	45
Issue of shares under Employee Share Option Plan	292,349	$1.07	313
Issue of shares under Employee Share Option Plan	170,416	$1.98	337
Think Childcare closing balance	**61,557,633**		**73,734**
Think Childcare Development opening balance	61,058,636		5,993
Issue of shares under Employee Share Option Plan	36,232	$0.14	5
Issue of shares under Employee Share Option Plan	292,349	$0.12	35
Issue of shares under Employee Share Option Plan	170,416	$0.22	38
Think Childcare Development closing balance	**61,557,633**		**6,071**

Note 15. Equity - dividends

Dividends

Dividends paid during the period were as follows:

	30 June 2021 $'000	30-Jun-20 $'000
Final dividend for the year ended 31 December 2020 of 12.0 cents (2020: 31 December 2019 of 5.0 cents) per ordinary stapled security	7,327	3,043
	7,327	3,043

On 18 August 2021, an interim dividend for the half-year ended 30 June 2021 of 8.0 cents per ordinary stapled security, fully franked, was determined, with a record date of 25 August 2021. The dividend of $4.9 million will be paid on 2 September 2021.

Franking credits

	30 June 2021 $'000	30-Jun-20 $'000
Franking credits available for subsequent financial periods based on a tax rate of 30%	7,095	2,550

Notes to the condensed consolidated interim financial statements continued

Note 16. Fair value measurement

The following tables detail the Group's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Unobservable inputs for the asset or liability

30 June 2021	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Liabilities				
Contingent consideration	-	-	1,653	1,653
Derivative financial instruments	-	635	-	635
Total liabilities	**-**	**635**	**1,653**	**2,288**

31 December 2020	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Liabilities				
Contingent consideration	-	-	1,922	1,922
Derivative financial instruments	-	847	-	847
Total liabilities	**-**	**847**	**1,922**	**2,769**

There were no transfers between levels during the financial period.

The carrying amounts of financial instruments reflect their fair value. The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial instruments. The fair values of financial assets and financial liabilities are classified as level 3 fair values due to the significant unobservable inputs used in their valuation, including counter-party and own credit risk.

Note 17. Contingent liabilities

The Group has given corporate guarantees as at 30 June 2021 of $57,646,518 (2020: $53,439,583) to lessors in relation to property leases on a number of child care facilities. The amount is based on lease payments for the next two years. The amount includes $10,207,610 (2020: $9,824,139) in rental bonds.

Notes to the condensed consolidated interim financial statements continued

Note 18. Scheme of Arrangement

On 16 June 2021Think Group entered into an Implementation Agreement with Busy Bees Early Learning Australia Pty Ltd (Busy Bees) under which it is proposed that Busy Bees will acquire 77.85% of the issued capital of TNK and its subsidiary, FEL Child Care Developments Pty Ltd (FEL Dev), will acquire 77.85% of the issued capital of TND by way of two inter-conditional schemes of arrangement (Schemes). Concurrently with the Schemes but under separate agreements, Busy Bees will acquire 22.15% of the TNK Shares from Mathew Edwards and his controlled entities, for the same consideration that independent Securityholders will receive for their TNK shares under the Schemes. The consideration to be provided under the Schemes and the separate agreements is $3.20 per Think Group Security less a permitted dividend amount of up to $0.24 per Security. Implementation of these arrangements will also involve the unstapling of TNK Shares from TND Shares.

If the Schemes are approved and implemented and the separate agreements are completed, Busy Bees will own 100% of the TNK Shares, Mathew Edwards and his controlled entities will own 100% of the development arm of the Think Group business, including the TND shares and Think Group will be delisted from ASX.

Concurrently with the Schemes, Busy Bees will acquire 22.15% of the TNK Shares from Mathew Edwards and his controlled entities under a share acquisition agreement which was entered into on the same day as the implementation agreement for the Schemes, for the same consideration that Securityholders will receive under the Schemes.

Mathew Edwards and his controlled entities have agreed to acquire the development business of the Think Group and management rights in respect of 35 Nido Centres. As part of the acquisition arrangements, the 77.85% of the TND Shares acquired by FEL Dev under the TND Scheme will be transferred to Mathew Edwards for nominal consideration after the date that the Schemes are implemented; Mathew Edwards and his Controlled entities will assume all of the corporate and overhead costs and associated liabilities of the development business of Think Group, apart from TND's existing bank facility of approximately $12.2 million and certain accrued entitlements of transferring employees.

The Implementation Agreement contains customary exclusivity provisions, including ‘no-shop’ and ‘no-talk’ restrictions and a notification obligation, as well as a matching right. The Implementation Agreement also details circumstances under which the Group may be required to pay Busy Bees a break-fee of $1.95m inclusive of GST. Busy Bees may also be required to pay the Group a reverse break-fee of $1.95m inclusive of GST in certain circumstances.

Notes to the condensed consolidated interim financial statements continued

Note 19. Related party transactions

Transactions with Key Management Personnel

Mark Kerr

Mark Kerr (Non-Executive Director), via an indirect interest, has a partial interest as sub-landlord with respect to premises leased to Think Childcare in relation to a Think Childcare operating child care Service. The lease on the property commenced on 7 November 2016 on an outgoings only basis, until February 2017 when rent payments commenced. The lease had a gross commencing rent of $260,000 per annum. The quantum and terms of the lease are commercial and reasonable for the property.

During the half-year ended 30 June 2021, Think Childcare paid rent of $144,344. The rent is secured under a standard and commercial rent bond of $143,000.

Below is Think Childcare's assessment of the perceived risks and conflicts associated with the transaction and how such risks/conflicts are managed.

> Risk of the commercial terms of the lease being less favourable terms (to Think Childcare) than those in similar arm's length transactions between unrelated third parties.

The terms of the existing lease were in place prior to Mark Kerr having a partial interest as sub-landlord of the premises on which the Service is located. Think Childcare had negotiated the terms of the lease with an incubator and the head landlord at arm's length. The lease sets out the mechanics for the review of rent which is to be applied at the appropriate time and which does not involve the exercise of any exclusive discretion by Mark Kerr or the Group. Any amendments to the lease will require the head landlord's consent.

> Perceived conflict with regard to the Board's decisions relating to issues arising from the transaction.

If and when the Board of Directors or any Board committee meets to discuss any issues relating to this transaction, Mark Kerr recuses himself from attending the Board or committee meeting while the relevant agenda item is being discussed, and a stand-in Chair is nominated to chair the meeting during Mark Kerr's absence from the meeting. Mark Kerr would also abstain from voting on any question relating to the item.

Mathew Edwards

Management and other services
Think Childcare provides management and establishment services to a child care Service incubator entity of which the siblings (brother and sister) of Mathew Edwards (Managing Director of TNK and Executive Director of TND) are shareholders.

In consideration for the services provided by Think Childcare to the incubator entity, Think Childcare is paid fees in accordance with the agreed terms of engagement and management services.

During the half-year ended 30 June 2021, the incubator entity has not established any new child care Service. The Group expects the incubator entity to open 1 child care Services in late 2021.

Notes to the condensed consolidated interim financial statements continued

Note 19. Related party transactions (continued)

During the period ended 30 June 2021, Think Childcare recognised from the incubator entity $30,000 (30 June 2020: $60,000) in management fees and $260,000 (30 June 2020: nil) in establishment fees. The balance outstanding as at 30 June 2021 is $454,000. Think Childcare is not obliged to acquire a child care Service from the incubator entity under the terms of the management services that it provides to the incubator entity. During the half-year ended 30 June 2021, Think Childcare has not acquired any child care Services from the entity.

Below is Think Childcare's assessment of the perceived risks and conflicts associated with the transaction (from a related-party perspective) and how it considers such risk/conflicts are being managed.

› Risk of the commercial terms of the services being less favourable terms (to Think Childcare) than those in similar arm's length transactions between unrelated third parties.

The terms of engagement and management services meet the Think Childcare's base line requirements and are in line with the terms agreed at arm's length with other incubators. There is no obligation on Think Childcare to acquire the child care Services even when certain metrics are met.

› Perceived conflict with regards to the Board's decisions relating to issues arising from the transaction.

If and when the Board of Directors or any Board committee meets to discuss any issues relating to this transaction, Mathew Edwards recuses himself from attending the meeting while the relevant agenda item is being discussed and abstains from voting on any question relating to the transaction.

During the year ended 31 December 2020 (as disclosed in note 29 of the Group's 2020 Annual Report), Think Childcare Development entered into leases and/or agreement for leases in respect of 7 greenfield sites. TND assumed the obligations in respect of establishment services and fees of $1.1m, which has been fully paid as at 31 December 2020.

In relation to 1 of the greenfield sites, notwithstanding that TND had assumed the obligations in respect of that establishment service, the third party landlord only agreed to enter into the transaction with TND on the condition that Mathew Edwards provided a personal guarantee (in addition, to TND as guarantor) for the premises until such time that the third party landlord was comfortable with TND's financial capacity. As this greenfield site has commenced trading, the parties continue to be in discussion in respect to the release of Mathew Edwards' personal guarantee.

Below is Think Childcare's assessment of the perceived risks and conflicts associated with the transaction (from a related-party perspective) and how it considers such risk/conflicts are being managed.

› Perceived conflict with regards to the Board's decisions relating to subsequent event issues arising from the

If and when the Board of Directors or any Board committee meets to discuss any issues relating to this transaction, Mathew Edwards recuses himself from attending the meeting while the relevant agenda item is being discussed and abstains from voting on any question relating to the transaction.

Notes to the condensed consolidated interim financial statements continued

Note 19. Related party transactions (continued)

Mathew Edwards (Managing Director), via an indirect interest (Isamax Pty Ltd), has an established working relationship with a developing landlord with respect to child care freehold properties (Developing Landlord). From time to time Mathew Edwards may (but is not obliged to) introduce freehold properties to the Developing Landlord; such properties may be considered a location for a child care Service to be developed.

Where the Developing Landlord acquires land (whether introduced by Mathew Edwards or not), develops a child care Service, secures a tenancy and then sells the land (Childcare Freehold Property), upon the completion of the sale of the Childcare Freehold Property, the Developing Landlord is required to pay Mathew Edwards 3-5% of the sale price on the contract for sale of the freehold with respect to the Childcare Freehold Property. The Development Landlord is not obliged to sell any Childcare Freehold Property.

During the half-year ended 30 June 2021, the Developing Landlord has sold 2 Freehold Childcare Properties and Mathew Edwards (personally or via Isamax Pty Ltd) has invoiced the Developing Landlord the amount of $207,800 (exc. GST).

Below is Think Childcare's assessment of the perceived risks and conflicts associated with the transaction (from a related-party perspective) and how it considers such risk/conflicts are being managed.

› Risk of the commercial terms of the tenancy (where Think Childcare is a proposed tenant) being less favourable terms than those in similar arm's length transactions between unrelated third parties.

There is no obligation on Think Childcare to become a tenant of the Childcare Freehold Property. Where Think Childcare wishes to own a child care Service located on an Introduced Land, negotiations of the terms of the tenancy must meet Think Childcare's base line requirements and are in line with the terms agreed at arm's length with other landlords. A business case is prepared for consideration of the Board of Think Childcare.

› Perceived conflict with regards to the Board's decisions relating to issues arising from the transaction.

If and when the Board of Directors or any Board committee meets to discuss any issues relating to this transaction, Mathew Edwards recuses himself from attending the meeting while the relevant agenda item is being discussed and abstains from voting on any question relating to the transaction.

Busy Bees Schemes and related transactions

Refer to note 18 Scheme of Arrangement which includes description of transactions with Mathew Edwards and his controlled entities as part of the Scheme of Arrangement.

There are a number of sites in the TND pipeline in which TNK is in the process of providing establishment services to TND. However, given the Schemes, Eastern Credit Management (ECM), the financier for TND, has not approved the execution by TND of the Agreements for Lease (AFL). As a result, an entity controlled by Mathew Edwards will warehouse the sites pending the outcome of the Schemes. The entity has executed 1 AFL with the intention that the site be warehoused by Mathew Edwards pending the outcome of the Schemes. The entity expects to execute further 6 ALFs in the second half of the current financial year. If the Schemes proceed, those sites will form part of the TND pipeline under Mathew Edwards' control. If the Schemes do not proceed, TND will finalise approval with ECM to enter into the AFLs in which case, the entity will assign the AFLs to TND at cost.

Notes to the condensed consolidated interim financial statements continued

Note 19. Related party transactions (continued)

› Risk of the commercial terms of the services being less favourable terms (to Think Childcare) than those in similar arm's length transactions between unrelated third parties.

Mathew Edwards' participation in the Busy Bees Schemes and the various ancillary transactions has been supervised by an Independent Board Committee (IBC) comprised of 3 independent directors of Think Group.

The IBC has had the benefit of competent and reliable financial and legal advice in the context of its consideration of the various arrangements, which are also subject to the approval by resolution of the independent Securityholders of Think Group including for the purposes of the related party provisions of the Corporations Act and the ASX Listing Rules. The explanatory materials for the general meeting at which such approval will be sought will include a report by an independent expert that will contain an opinion among other things on whether the various transactions are fair and reasonable and in the best interests of independent Securityholders.

› Perceived conflict with regards to the Board's decisions relating to issues arising from the transactions.

Mathew Edwards is not a member of the IBC and has only attended meetings of the IBC at the specific invitation of the IBC. Whenever the Busy Bees and the various ancillary transactions have fallen to be considered by the Boards of Think Group, Mathew Edwards has recused himself from attendance other than with the express prior approval of the Boards.

Nick Anagnostou

Nick Anagnostou (Non-Executive Director) via an indirect interest provides consultancy services to Think Childcare Development Limited (TND). The services relate in the main to site selection and specialist advice on lease and occupancy terms.

For the half-year ended 30 June 2021, TND paid consultancy fees for these services of $23,000. These are over and above non-executive director's fees paid over the period to Nick Anagnostou via his indirect

Below is the company's assessment of the perceived and conflicts associated with the consultancy (from a related party perspective) and how it considers such risks / conflicts are managed.

› Risk of the commercial terms of the services being less favourable terms (to Think Childcare) than those in similar arm's length transactions between unrelated third parties.

Nick Anagnostou via his indirect interest provides equivalent consultancy services to a number of unrelated third parties on substantially the same terms to the terms on which those services are provided to TND. TND has a need for the services that Mr Anagnostou provides, and considers that it obtains those services on similar or better terms (to TND) when compared to what TND is able to obtain from unrelated third parties.

› Perceived conflict with regards to the Board's decisions relating to issues arising from the transactions.

If and when the Board of Directors or any Board committee meets to discuss any issues relating to the engagement of such services, Nick Anagnostou recuses himself from attending the meeting while the relevant agenda item is being discussed. Mr Anagnostou would also abstain from voting on any question relating to the services.

Notes to the condensed consolidated interim financial statements continued

Note 20. Earnings per stapled security

	30 June 2021 $'000	30 June 2020 $'000
Total comprehensive income / (loss) attributable to:		
Members of Think Childcare Limited	2,040	435
Members of Think Childcare Development Limited	(1,717)	(794)
Stapled securityholders of Think Childcare Group	323	(359)

	Number	Number
Weighted average number of stapled securities used in calculating basic earnings per stapled security	61,204,133	60,966,140
Adjustments for calculation of diluted earnings per stapled security:		
Performance Rights over stapled securities	478,638	15,873
Weighted average number of stapled securities calculating diluted earnings per stapled security	61,682,771	60,982,013

Earnings per stapled security - Think Childcare Group	Cents	Cents
Basic	0.53	(0.59)
Diluted	0.52	(0.59)

Note 21. Events after the reporting period

Apart from the dividend determination as disclosed in note 15, no other matter or circumstance has arisen since 30 June 2021 and up to the date of this report that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial periods.

DIRECTORS' DECLARATION

In the Directors' opinion:

(a) the condensed consolidated financial statements and notes set out on pages 15 to 39, are in accordance with the Corporations Act 2001, including:

- Giving a true and fair view of the Group's financial position as at 30 June 2021 and of its performance, for the six-month period ended on that date; and
- Complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and

(b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.

Mark Kerr

Mark Kerr
Chairman
18 August 2021 | Melbourne

Independent Auditor's Review Report

To the shareholders of Think Childcare Group

Report on the Half-year Financial Report

Conclusion

We have reviewed the accompanying ***Half-year Financial Report*** of Think Childcare Group (the Stapled Group).

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Half-year Financial Report of Think Childcare Group does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the ***Stapled Group's*** financial position as at 30 June 2021 and of its performance for the Half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The ***Half-year Financial Report*** for the Stapled Group comprises:

- Consolidated statement of financial position as at 30 June 2021
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity and Consolidated statement of cash flows for the Half-year ended on that date
- Notes comprising a summary of significant accounting policies and other explanatory information
- The Directors' Declaration.

The ***Stapled Group*** comprises Think Childcare Limited and the entities it controlled at the Half-year's or from time to time during the Half-year and Think Childcare Development Limited and the entities it controlled at the Half-year's or from time to time during the Half-year

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report.

We are independent of the Stapled Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibilities of the Directors for the Half-year Financial Report

The Directors of the Stapled Group are responsible for:

- the preparation of the Half-year Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- such internal control as the Directors determine is necessary to enable the preparation of the Half-year Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Half-year Financial Report

Our responsibility is to express a conclusion on the Half-year Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Half-year Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Stapled Group's financial position as at 30 June 2021 and its performance for the Half-Year ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a Half-year Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

KPMG

KPMG

Paul Thomas

Partner

Sydney

18 August 2021

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