

**Nido Education Limited**  
**ABN 12 650 967 703**  
**Interim Financial Report for the**  
**half year ended**  
**30 June 2023**

## Condensed consolidated interim statement of financial position

As at

		30 June 2023 \$'000	31 December 2022 \$'000
	Note		
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents		1,714	2,312
Trade and other receivables		3,116	2,687
Other assets		1,019	836
<b>Total current assets</b>		<b>5,849</b>	<b>5,835</b>
<b>Non-current assets</b>			
Property, plant and equipment		3,025	2,936
Right-of-use assets		84,432	85,792
Rental bonds	8	4,744	4,718
Deferred tax assets		2,990	2,021
<b>Total non-current assets</b>		<b>95,191</b>	<b>95,467</b>
<b>Total assets</b>		<b>101,040</b>	<b>101,302</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		4,218	2,511
Employee benefits		4,072	3,455
Lease liabilities		10,417	10,110
<b>Total current liabilities</b>		<b>18,707</b>	<b>16,076</b>
<b>Non-current liabilities</b>			
Borrowings	5	12,394	12,518
Employee benefits		89	150
Lease liabilities		80,412	80,219
<b>Total non-current liabilities</b>		<b>92,895</b>	<b>92,887</b>
<b>Total liabilities</b>		<b>111,602</b>	<b>108,963</b>
<b>Net liabilities</b>		<b>(10,562)</b>	<b>(7,661)</b>
<b>Equity</b>			
Issued capital	6	10	10
Prepaid share reserve	6	398	-
Retained earnings / (deficit)		(10,970)	(7,671)
<b>Total equity</b>		<b>(10,562)</b>	<b>(7,661)</b>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

## Condensed consolidated interim statement of profit or loss and other comprehensive income

For the half year ended

	Note	30 June 2023 \$'000	30 June 2022 \$'000
<b>Revenue</b>	4	34,665	25,023
Other income		1,062	483
<b>Expenses</b>			
Employee benefits		26,045	18,344
Occupancy		1,995	1,511
Direct expense of providing services		2,865	3,154
Other		1,419	954
Depreciation and amortisation		2,848	2,296
Finance cost		4,822	3,960
<b>Loss before tax</b>		(4,267)	(4,713)
Income tax		968	617
<b>Loss for the period</b>		(3,299)	(4,096)
Other comprehensive income for the period, net of tax		-	-
<b>Total comprehensive income for the period</b>		(3,299)	(4,096)
<b>Earnings per share</b>			
		<b>Cents</b>	<b>Cents</b>
Basic	10	(32,990.00)	(40,960.00)
Diluted	10	(32,544.32)	(40,960.00)

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

## Condensed consolidated interim statement of cash flow

For the half year ended

	Note	30 June 2023 \$'000	30 June 2022 \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers and government funding		35,847	25,697
Payments to suppliers and employees		(30,824)	(26,010)
Interest and other finance costs		(4,646)	(3,778)
<b>Net cash used in operating activities</b>		<b>377</b>	<b>(4,091)</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(367)	(1,535)
<b>Net cash used in investing activities</b>		<b>(367)</b>	<b>(1,535)</b>
<b>Cash flows from financing activities</b>			
Proceeds from shareholders	6	398	-
(Repayment)/proceeds from borrowings		(300)	6,662
Repayment of lease principal		(706)	(227)
<b>Net cash from financing activities</b>		<b>(607)</b>	<b>6,435</b>
Net increase in cash and cash equivalents		(598)	809
Cash and cash equivalents at the beginning of the period		2,312	1,503
<b>Cash and cash equivalents at the end of the period</b>		<b>1,714</b>	<b>2,312</b>

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified within operating cash flows.

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

## Condensed consolidated interim statement of changes in equity

For the half year ended

2023	Note	Issued capital	Reserves	Retained (deficit)	Total Equity
		\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2023		10	-	(7,671)	(7,661)
Loss for the period		-	-	(3,299)	(3,299)
Other comprehensive income for the period		-	-	-	-
<b>Total comprehensive income for the period</b>		-	-	(3,299)	(3,299)
Prepayment of shares	6	-	398	-	398
<b>Total contributions and distributions</b>		-	398	-	398
<b>Balance at 30 June 2023</b>		<b>10</b>	<b>398</b>	<b>(10,970)</b>	<b>(10,562)</b>

2022	Note	Issued capital	Reserves	Retained (deficit)	Total Equity
		\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2022		10	-	(896)	(886)
Loss for the period		-	-	(4,096)	(4,096)
Other comprehensive income for the period		-	-	-	-
<b>Total comprehensive income for the period</b>		-	-	(4,096)	(4,096)
Issue of share capital		-	-	-	-
<b>Total contributions and distributions</b>		-	-	-	-
<b>Balance at 30 June 2022</b>		<b>10</b>	-	<b>(4,992)</b>	<b>(4,982)</b>

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

## Notes to the condensed consolidated interim financial statements

### Note 1. General information

These consolidated interim financial statements cover Nido Education Limited ('the Company') and its controlled entities (hereafter, referred to as the 'Group' or 'Nido Group'). For the purposes of preparing the consolidated interim financial statements is as at and for the half year ended 30 June 2023. The Group is a for-profit entity primarily involved in childcare services.

Nido Education Limited is a public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Suite 3, 1 Park Avenue  
Drummoyne, NSW 2047

The consolidated annual financial statements of the Group as at and for the year ended 31 December 2022 are available upon request from the company's registered office.

The interim financial statements were authorised for issue, in accordance with a resolution of the Directors, on 12 September 2023. 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 2022 financial report of the Group.

#### Basis of preparation

These interim financial statements have been prepared for the purpose of providing historical financial information of the Group relating to a potential transaction.

The accounting policies and methods of computation adopted in the preparation of the interim financial statements are consistent with those adopted and disclosed in the Group's financial report for the financial year ended 31 December 2022. 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 Standard AASB 134 Interim Financial Reporting.

These interim financial statements are 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.

#### Going Concern

These interim 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. The Group recognised a net loss after tax of \$3.3m for the half year ended 30 June 2023 and, as at that date, current liabilities exceed current assets by \$12.9m which includes \$10.4m of current lease liabilities which will be settled through operating cash flows earned in the next 12 months.

The Group is forecasting positive cash flows for at least the next 12 months after this report is issued. In addition, the Group has access to a shareholder loan facility of \$15.0m with a maturity date of 21 October 2026, of which \$2.6m remains undrawn at balance date and \$2.6m remains undrawn at the date of this report. Based on these factors, management has a reasonable expectation that the Group has and will have adequate resources to continue in operational existence for the foreseeable future.

## Notes to the condensed consolidated interim financial statements (continued)

### New and amended accounting standards and interpretations

The Group applied for the first-time certain standards and amendments, which are effective for periods beginning on or after 1 January 2023. The new and amended standards did not have a significant impact on the Group's consolidated financial statements.

### New accounting standards and interpretations issued but not yet adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the reporting period ended 30 June 2023. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below. Amending accounting standards issued are not considered to have a significant impact on the financial statements of the Group as their amendments provide either clarification of existing accounting treatment or editorial amendments.

### AASB 2020-1 Classification of liabilities as current or non-current

AASB 2020-1 was issued in March 2020 and is applicable to annual periods beginning on or after 1 January 2024, as extended by AASB 2022-6. Early adoption is permitted. This standard amends AASB 101 'Presentation of Financial Statements' to clarify requirements for the presentation of liabilities in the statement of financial position as current or noncurrent. The amendments clarify that a liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. If the deferral right is conditional, the right only exists if, at the end of the reporting period, those conditions have been complied with. Classification of a liability as non-current is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability for at least 12 months after the reporting date or even if the entity settles the liability prior to issue of the financial statements. The meaning of settlement of a liability is also clarified.

### Comparatives

Where necessary, comparative amounts have been reclassified and repositioned for consistency with the current period disclosures.

### 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.

### Uses of judgements and estimates

In preparing these interim financial statements management has made judgements and estimates that affect the application of accounting policies and the reported amount of assets and liabilities, income and expenses. Actual results may differ from these results.

The significant judgements made by management in applying the the Group's accounting policies and the sources of estimation uncertainty were the same as those described in the last annual financial statements.

## Note 3. Operating segments

### Identification of reportable operating segments

The Group operates in one segment being child care services. This is based on the internal reports that are reviewed and used by the CODM in assessing performance and in determining the allocation of resources.

The Group operates in one geographical region being Australia. The operating segment information is the same information as provided throughout these financial statements and therefore not duplicated.

### Major customers

During the period ended 30 June 2023, none of the Group's external revenue was derived from one specific customer or group of customers that comprised more than 10% of total revenue.

## Notes to the condensed consolidated interim financial statements continued

### Note 4. Revenue

	30 June 2023 \$'000	30 June 2022 \$'000
Child care services	31,302	21,711
Management fees	2,863	2,311
Establishment fees	500	1,000
<b>Revenue from contracts with customers</b>	<b>34,665</b>	<b>25,022</b>

#### Revenue from contracts with customers

##### Disaggregation of revenue from contracts with customers

2023	Child care services	Management fees	Establishment fees	Total
Revenue from external customers	31,302	2,863	500	34,665

##### Timing of revenue recognition

Over time	31,302	2,863	500	34,665
	<b>31,302</b>	<b>2,863</b>	<b>500</b>	<b>34,665</b>

2022	Child care services	Management fees	Establishment fees	Total
Revenue from external customers	21,711	2,311	1,000	25,022

##### Timing of revenue recognition

Over time	21,711	2,311	1,000	25,022
	<b>21,711</b>	<b>2,311</b>	<b>1,000</b>	<b>25,022</b>

#### Assets and liabilities related to contracts with customers

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

	30 June 2023 \$'000	31 December 2022 \$'000
Child care advances	83	121
<b>Total contract liabilities</b>	<b>83</b>	<b>121</b>

No information is provided about remaining performance obligations at 30 June 2023 or 31 December 2022 that have an original expected duration of one year or less as allowed by AASB 15.



## Notes to the condensed consolidated interim financial statements continued

### Note 5. Borrowings

	30 June 2023 \$'000	31 December 2022 \$'000
Non-current		
Loans from a related party	12,394	12,518
<b>Borrowings - non current</b>	<b>12,394</b>	<b>12,518</b>

Loans from a related party are drawn from a \$15m facility which matures in 2026. The nominal interest rate is 3.0%.

#### Assets pledged as security

The Directors loan is secured on the assets and undertakings of the Group. The lease liabilities are effectively secured as the rights to the leased assets, recognised in the statement of financial position, which revert to the lessor in the event of default.

### Note 6. Equity

	30 June 2023 Shares	30 June 2023 \$'000	31 December 2022 Shares	31 December 2022 \$'000
Share Capital - fully paid	10,000	10	10,000	10
Prepaid share reserves		398		-

#### Movements in ordinary share capital

Details	Shares	Issue Price	\$'000
1 January 2023	10,000		10
Issue of share capital	-	-	-
<b>30 June 2023</b>	<b>10,000</b>		<b>10</b>

\$398,000 of prepaid shares were issued as share capital subsequent to 30 June 2023. This was paid to the Company during the period and 550 shares were issued as share capital on 13 July 2023.

### Note 7 Equity - dividends

#### Dividends

The company has not paid or declared any dividends during the period (2022: nil)

#### Franking credits

No franking credits were available for distribution as at 30 June 2023 (2022: nil)

## Notes to the condensed consolidated interim financial statements continued

### Note 8. Commitments and contingencies

#### Commitments

At 30 June 2023 the group has nil commitments (2022: nil).

#### Contingent liabilities

The group had no contingent liabilities as at 30 June 2023 (2022: nil).

#### Guarantees

The Company has given a corporate guarantee as at 30 June 2023 of \$4,744,000 (2022: \$4,718,000) to lessors in relation to property leases on a number of child care facilities.

### Note 9. Related party transactions

#### Transactions with related parties

Mathew Edwards, a director of the Company, holds a joint venture interest in AE Early Learning School Holdings Pty Ltd (AES) which was established in 2022. In April 2022, the Group entered into a Centre Management Deed (the Deed) with AES, a related party. The Group develops and manages Nido services on behalf of AES under this Deed.

The following key related party transactions occurred during the half year ended 30 June

	30 June 2023	31 December 2022
	\$'000	\$'000
Borrowings - Interest on the director's Loan	175	182
Purchase of services - Director salary and employment benefits	230	180
Equity contribution - Prepayment of capital	398	-
Income - Rendering of services	1,060	1,058

#### Receivable from and payable to related parties

The following balances are outstanding at the reporting date in relation to trade payables with related parties:

	30 June 2023	31 December 2022
	\$'000	\$'000
Trade payables to related parties	1,284	328

#### Loans to/from related parties

The following balances are outstanding at the reporting date in relation to loans with related parties:

	30 June 2023	31 December 2022
	\$'000	\$'000
Non current borrowings		
Loan from Director	12,394	12,518

#### Terms and conditions

The loan from the director has a fixed interest rate of 3% and is repayable in 2026.

## Notes to the condensed consolidated interim financial statements continued

### Note 10 . Earnings per share

	30 June 2023	30 June 2022
Note	\$'000	\$'000
Total comprehensive income attributable to:		
Members of Nido Education Pty Limited	(3,299)	(4,096)
	Number	Number
Weighted average number of shares used in calculating basic earnings per share	10,000	10,000
Weighted average number of shares used in calculating diluted earnings per share	10,137	10,000
<b>Earnings per share</b>	<b>Cents</b>	<b>Cents</b>
Basic	(32,990.00)	(40,960.00)
Diluted	(32,544.32)	(40,960.00)

### Note 11. Events after the reporting period

On 14 July 2023, the Company adopted an equity incentive plan for eligible Australian based employees, directors and consultants of the Group in order to incentivise employee retention and recognise ongoing contributions to the future success of the Group. Participation in the scheme is at the discretion of the Board. The scheme is delivered as Performance Rights and Premium Options. Each Performance Right has a nil exercise price, and has time and service as a vesting condition. Each Premium Option has a exercise price of \$0.960, and has vesting conditions tied to the Group's performance. The expiry date of the plan is 12 July 2027.

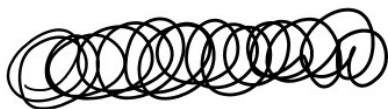
No other matter or circumstance has arisen since 30 June 2023 and up to the date of this report that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial periods.

# MANAGEMENTS DECLARATION

## In the opinion of Management of Nido Education Limited (the 'Company'):

1. the Company is not a reporting entity
2. the attached condensed consolidated interim financial statements and notes set out on page 1 to 10:
  - a. present fairly the financial position of the Group as at 30 June 2023 and of its performance, as represented by the results of its operations and its cash flows, for the half year ended on that date in accordance with the statement of compliance and basis of preparation described in Notes 1 - 2;
  - b. complies with the Australian Accounting Standard AASB 134 *Interim Financial Reporting*; and
3. 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.



**Mathew Edwards**  
Managing Director  
12 September 2023 | Melbourne



**Tom Herring**  
Chief Financial Officer  
12 September 2023 | Sydney



# Independent Auditor's Review Report

To the Directors of Nido Education Limited

## Conclusion

We have reviewed the accompanying **Consolidated Interim Financial Statements** of the Nido Education Group (the **Group**).

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the accompanying Consolidated Interim Financial Statements of the Group do not present fairly, in all material respects, the financial position of the Group as at 30 June 2023, and of its financial performance and its cash flows for the six month period ended on that date, in accordance with *Australian Accounting Standard AASB 134 Interim Financial Reporting*.

The **Consolidated Interim Financial Statements** comprise:

- Condensed consolidated statement of financial position as at 30 June 2023
- Condensed consolidated statement of profit or loss and other comprehensive income, Condensed consolidated statement of changes in equity and Condensed consolidated statement of cash flows for the six month period ended on that date
- Selected explanatory notes on pages 5 to 10

The **Group** consists of Nido Education Limited (the Company) and the entities it controlled as at 30 June 2023 or from time to time during the six month period then ended.

## 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 Consolidated Interim Financial Statements* section of our report.

We are independent of the Group in accordance with 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 these requirements.

## Restriction on use and distribution

The Consolidated Interim Financial Statements have been prepared to assist the Directors of Nido Education Limited for the purpose of providing historical financial information on the Group and their due diligence in relation to an Initial Public Offering.

As a result, the Consolidated Interim Financial Statements and this Auditor's Review Report may not be suitable for other purposes. Our conclusion is not modified in respect of this matter.

Our report is intended solely for the Directors of Nido Education Limited and should not be used by or distributed to parties other than the Directors of Nido Education Limited. We disclaim any assumption of responsibility for any reliance on this report, or on the Consolidated Interim Financial Statements to which it relates, to any person other than the Directors of Nido Education Limited or for any other purposes than that for which they were prepared.

## Responsibilities of the Management for the Consolidated Interim Financial Statements

Management of Nido Education Limited and of each of the entities within the Group are responsible for:

- the preparation and fair presentation of the Consolidated Interim Financial Statements in accordance with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and have determined that this basis of preparation is appropriate to meet the needs of Directors for the purpose of providing historical financial information on the Group and the Directors due diligence in relation to an Initial Public Offering
- implementing necessary internal control to enable the preparation and fair presentation of the Consolidated Interim Financial Statements that are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibilities for the Review of the Consolidated Interim Financial Statements

Our responsibility is to express a conclusion on the Consolidated Interim Financial Statements based on our review. ASRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the Consolidated Interim Financial Statements do not present fairly, in all material respects, the financial position of the Group as at 30 June 2023 and of its financial performance and its cash flows for the six month period ended on that date, in accordance with *Australian Accounting Standard AASB 134 Interim Financial Reporting*.

A review of Consolidated Interim Financial Statements 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

Sydney

12 September 2023