

David Lyons Group
Interim Financial Report
for the half year ended
30 June 2023

Condensed consolidated interim statement of financial position

As at

	Note	30 June 2023 \$'000	31 December 2022 \$'000
Assets			
Current Assets			
Cash and cash equivalents		150	1,452
Trade and other receivables		4,830	3,497
Other assets		2	21
Total current assets		4,982	4,970
Non-current assets			
Property, plant and equipment		755	790
Right-of-use assets		16,019	16,551
Rental bonds	7	531	531
Deferred tax assets		245	198
Total non-current assets		17,550	18,070
Total assets		22,532	23,040
Liabilities			
Current liabilities			
Trade and other payables		1,080	1,640
Income tax payable		1,056	755
Employee benefits		511	443
Lease liabilities		2,353	2,352
Total current liabilities		5,000	5,190
Non-current liabilities			
Borrowings		471	1,000
Employee benefits		20	12
Lease liabilities		16,465	16,709
Total non-current liabilities		16,956	17,721
Total liabilities		21,956	22,911
Net assets		576	129
Equity			
Issued capital	6	-	-
Retained earnings		576	129
Total equity		576	129

The above combined 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
Revenue	4	10,897	10,410
Other income		62	15
Expenses			
Employee benefits		6,522	5,642
Occupancy		683	611
Direct expense of providing services		573	484
Other		588	582
Depreciation and amortisation		586	613
Finance cost		985	990
Profit before tax		1,022	1,503
Income tax		(255)	(495)
Profit for the period		767	1,008
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income for the period		767	1,008

The above combined statement of profit or loss and other comprehensive income should be read in

Condensed consolidated interim statement of changes in equity

For the half year ended

		Contributed Equity	Retained earnings / (deficit)	Total Equity
2023	Note	\$'000	\$'000	\$'000
Balance at 1 January 2023		-	129	129
Profit for the period		-	767	767
Other comprehensive income for the period		-	-	-
Total comprehensive income for the period		-	767	767
Issue of capital		-	-	-
Total contributions and distributions		-	-	-
Balance at 30 June 2023		-	896	896

		Contributed Equity	Retained earnings / (deficit)	Total Equity
2022	Note	\$'000	\$'000	\$'000
Balance at 1 January 2022		-	(2,342)	(2,342)
Profit for the period		-	1,008	1,008
Other comprehensive income for the period		-	-	-
Total comprehensive income for the period		-	1,008	1,008
Issue of capital		-	-	-
Total contributions and distributions		-	-	-
Balance at 30 June 2022		-	(1,334)	(1,334)

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

Condensed consolidated interim statement of cash flow

For the half year ended

	30 June 2023	30 June 2022
Note	\$'000	\$'000
Cash flows from operating activities		
Receipts from parents and government funding	10,674	10,555
Payments to suppliers and employees	(10,200)	(10,294)
Interest and other finance cost	(985)	(990)
Net cash used in operating activities	(511)	(729)
Cash flows from investing activities		
Payments for property, plant and equipment	-	(2)
Net cash used in investing activities	-	(2)
Cash flows from financing activities		
Repayments of borrowings	(529)	-
Repayment of lease principal	(262)	(198)
Net cash from financing activities	(791)	(198)
Net increase in cash and cash equivalents	(1,302)	(929)
Cash and cash equivalents at the beginning of the period	1,452	1,342
Cash and cash equivalents at the end of the period	150	413

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 combined statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the condensed consolidated interim financial statements

Note 1. General information

These Combined Financial Statements are based on the aggregated financial results of Tildamo Pty Ltd, LYTSA1 Pty Ltd, LYTVIC1 Pty Ltd, LYTWA1 Pty Ltd and Matolly Pty Ltd ATF The Lyons Childcare Trust (the Combined Group and hereafter, referred to as the 'Combined Group' or 'David Lyons Group'). Each entity in the combined group is a for-profit entity.

Tildamo Pty Ltd, LYTSA1 Pty Ltd, LYTVIC1 Pty Ltd, LYTWA1 Pty Ltd and Matolly Pty Ltd are proprietary company's limited by shares, incorporated and domiciled in Australia. Their registered office and principal place of business is:

619 Ruthven Street
Toowoomba Queensland 4350

The interim financial statements were authorised for issue, in accordance with a resolution of Management of Nido Education Limited in respect to the combined entities, on 12 September 2023. Management have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

Basis of preparation

These combined interim financial statements are prepared by aggregating the entities that comprise the Combined Group as set out in Note 1. The combined interim financial statements have been prepared for the purpose of providing historical financial information of the Combined Group relating to a potential transaction.

The Combined Group does not have a separate single parent entity. As a result of there being no parent entity, the combined financial statements have not been prepared on a consolidation basis. These have been prepared by combining each entities' assets, liabilities, results and cash flows into a single set of combined financial statements. The aggregation does not meet the definition of a group as defined by AASB 10. In all other respects the Combined interim financial statements have been prepared in accordance with the recognition, measurement and classification aspects of the Australian Accounting Standard AASB 134 Interim Financial Reporting as issued by the Australian Accounting Standards Board.

The financial information included herein may not reflect the combined financial position, results of operations, changes in net investment and cash flows of the Group in the future or what they may have been had the Group been a separate, standalone entity during the periods presented. All inter-entity (between the combining entities) balances and any unrealised gains and losses or income and expenses arising from inter-entity transactions are eliminated in preparing the Combined interim financial statements.

Consistent accounting policies are employed by all entities in the Combined Group in the preparation of the Combined Interim Financial Statements.

The combined interim financial statements have been prepared under the historical cost convention, except for, where applicable, 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 profit after tax of \$1.3m (30 June 2022: \$1.6m) for the half year ended 30 June 2023 and, as at that date, current assets exceed current liabilities by \$0.2m which includes \$2.4m of current lease liabilities which will be settled through operating cash flows earned in the next 12 months.

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

	1 January - 30 June 2023 \$'000	15 February - 30 June 2022 \$'000
Child care services	10,897	10,410
Revenue from contracts with customers	10,897	10,410

Revenue from contracts with customers

Disaggregation of revenue from contracts with customers

2023	Child care services	Total
Revenue from external customers	10,897	10,897

Timing of revenue recognition

Over time	10,897	10,897
	10,897	10,897

2022	services	Total
Revenue from external customers	10,410	10,410

Timing of revenue recognition

Over time	10,410	10,410
	10,410	10,410

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	44	92
Total contract liabilities	44	92

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		
Secured bank loans	471	1,000
Borrowings - non current	471	1,000

Secured bankloans are drawn from a \$3m facility which matures in 2025. The facility is secured against the assets of Tildamo Pty Limited.

Note 6a Equity

	30 June 2023 Number	30 June 2023 \$'000	31 December 2022 Number	31 December 2022 \$'000
Ordinary securities - fully paid	361	-	361	-
Settlement sum - fully paid	10	-	10	-

Movements in ordinary share capital

Details	Ordinary securities	Settlement Sum	Issue Price	\$'000
1 January 2023	361	10		-
Issue of share capital	-	-		-
30 June 2023	361	10		-

Note 6b 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 7. 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 \$531,000 (2022: \$531,000) to lessors in relation to property leases on a number of child care facilities.

Note 8. Related party transactions

Transactions with related parties

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

	30 June 2023 \$'000	30 June 2022 \$'000
Net transactions with related parties	2,051	(200)

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 \$'000	31 December \$'000
Advances to/(from) related parties	3,769	(197)

Loans to/from related parties

There are no balances are outstanding at the reporting date in relation to loans with related parties.

Note 9. Events after the reporting period

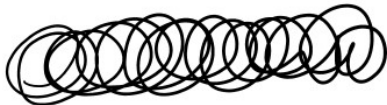
No other matter or circumstance has arisen since 30 June 2023 and up to the date of this report that has significantly affected, or may

MANAGEMENTS DECLARATION

In the opinion of the Management of Nido Education Limited on behalf of the Combined Group compiled of Tildamo Pty Ltd, LYTSA1 Pty Ltd, LYTVIC1 Pty Ltd, LYTWA1 Pty Ltd and Matolly Pty Ltd ATF The Lyons Childcare Trust:

- a)** the Combined Group is not a reporting entity
- b)** the attached combined condensed consolidated interim financial statements and notes set out on page 1 to 9:
 - i.** present fairly the financial position of the Combined 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;
 - ii.** complies with the Accounting Standard AASB 134 *Interim Financial Reporting* to the extent described in Note 2; and
- c)** there are reasonable grounds to believe that the Combined Group will be able to pay its debts as and when they become due and payable.

Signed by Management of Nido Education Limited on behalf of the Combined Group compiled of Tildamo Pty Ltd, LYTSA1 Pty Ltd, LYTVIC1 Pty Ltd, LYTWA1 Pty Ltd and Matolly Pty Ltd ATF The Lyons Childcare Trust



Mathew Edwards

Chief Executive Officer
Sydney
12 September 2023



Tom Herring

Chief Financial Officer
Sydney
12 September 2023



Independent Auditor's Review Report

To the Directors of Nido Education Limited

Conclusion

We have reviewed the accompanying **Combined Interim Financial Statements** of the David Lyons Group (**Combined Group**).

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the accompanying Combined Interim Financial Statements of the Combined Group do not present fairly, in all material respects, the financial position of the Combined 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 the basis of preparation described in Note 2 to the Combined Interim Financial Statements.

The **Combined Interim Financial Statements** comprise:

- Condensed consolidated interim statement of financial position as at 30 June 2023
- Condensed consolidated interim statement of profit or loss and other comprehensive income, Condensed consolidated interim statement of changes in equity and Condensed consolidated interim statement of cash flows for the six month period ended on that date
- Selected explanatory notes on pages 5 to 9

The **Combined Group** consists of the combination of select entities as set out in Note 1 to the Combined Interim Financial Statements and the entities they 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 Combined Interim Financial Statements* section of our report.

We are independent of the Combined 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 Combined Financial Statements in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements.

Emphasis of matter – basis of preparation and restriction on use and distribution

We draw attention to Note 2 to the Combined Interim Financial Statements, which describes their combined basis of preparation, including the approach to and the purpose of preparing them.

Their preparation involved allocations of income, expenses, assets and liabilities. Consequently, the Combined Group's Combined Interim Financial Statements may not necessarily be indicative of the financial performance that would have been achieved if the Combined Group had operated as an



independent entity, nor may it be indicative of the results of operations of the Combined entity for any future period.

The Combined Interim Financial Statements have been prepared to assist the Directors of Nido Education Limited for the purpose of providing historical financial information on the Combined Group and the Directors due diligence in relation to an Initial Public Offering. As a result, the Combined Interim Financial Statements and this Auditor's Review Report may not be suitable for another purpose. 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 Combined Interim Financial Statements to which it relates, to any person other than the Directors of Nido Education Limited or for any other purpose than that for which they were prepared.

Responsibilities of Management for the Combined Interim Financial Statements

Management of Nido Education Limited are responsible for:

- the preparation and fair presentation of the Combined Interim Financial Statements in accordance with the basis of preparation described in Note 2 to the Combined Interim Financial Statements and have determined that this basis of preparation is appropriate to meet the needs of the Directors of Nido Education Limited for the purpose of providing historical financial information on the Combined 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 Combined Interim Financial Statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Combined Interim Financial Statements

Our responsibility is to express a conclusion on the Combined 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 Combined Interim Financial Statements do not present fairly, in all material respects, the financial position of the Combined 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 the basis of preparation described in Note 2 to the Combined Interim Financial Statements.

A review of Combined 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

Sydney

12 September 2023