

**AE Early School Holdings
Pty Limited**

ABN 78 657 335 889

**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		5,785	5,839
Trade and other receivables		1,583	1,683
Other assets		146	274
Total current assets		7,514	7,796
Non-current assets			
Property, plant and equipment		4,432	2,515
Right-of-use assets		39,881	25,421
Rental Bonds	7	2,373	1,930
Deferred tax assets		786	331
Total non-current assets		47,472	30,197
Total assets		54,986	37,993
Liabilities			
Current liabilities			
Trade and other payables		1,738	658
Employee benefits		463	620
Lease liabilities		4,367	2,691
Total current liabilities		6,568	3,969
Non-current liabilities			
Employee benefits		46	8
Lease liabilities		37,431	23,670
Total non-current liabilities		37,477	23,678
Total liabilities		44,045	27,647
Net assets		10,941	10,346
Equity			
Issued capital	5	20,000	6,667
Prepaid share reserve	5	4,000	11,666
Accumulated deficit		(13,059)	(7,987)
Total equity		10,941	10,346

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 period

		1 January - 30 June 2023 \$'000	15 February - 30 June 2022 \$'000
	Note		
Revenue	4	7,776	385
Other income		98	-
Expenses			
Employee benefits		6,957	591
Occupancy		618	45
Direct expense of providing services		2,716	2,645
Other		320	63
Depreciation and amortisation		1,010	108
Finance cost		1,780	216
Loss before tax		(5,527)	(3,283)
Income tax		455	181
Loss for the period		(5,072)	(3,102)
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income for the period		(5,072)	(3,102)

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

Condensed consolidated interim statement of changes in equity

For the period

		Issued capital	Prepaid share reserve	Accumulated deficit	Total Equity
2023	Note	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2023		6,667	11,666	(7,987)	10,346
Loss for the period		-	-	(5,072)	(5,072)
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		-	-	(5,072)	(5,072)
Issue of shares		13,333	(11,666)	-	1,667
Prepayment of shares		-	4,000	-	4,000
Total contributions and distributions		13,333	(7,666)	-	5,667
Balance at 30 June 2023		20,000	4,000	(13,059)	10,941

		Issued capital	Prepaid share reserve	Accumulated deficit	Total Equity
2022	Note	\$'000	\$'000	\$'000	\$'000
Balance at 15 February 2022		-	-	-	-
Loss for the period		-	-	(3,102)	(3,102)
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		-	-	(3,102)	(3,102)
Issue of share capital		6,667	-	-	6,667
Prepayment of shares		-	-	-	-
Total contributions and distributions		6,667	-	-	6,667
Balance at 30 June 2022		6,667	-	(3,102)	3,565

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

Condensed consolidated interim statement of cash flow

For the period

	Note	1 January - 30 June 2023	15 February - 30 June 2022 \$'000
Cash flows from operating activities			
Receipts from customers and government funding		7,823	317
Payments to suppliers and employees		(9,869)	(2,983)
Interest and other finance costs		(1,599)	(133)
Net cash used in operating activities		(3,645)	(2,799)
Cash flows from investing activities			
Payments for property, plant and equipment		(2,076)	(1,211)
Net cash used in investing activities		(2,076)	(1,211)
Cash flows from financing activities			
Proceeds from shareholders	5	5,667	6,667
Net cash from financing activities		5,667	6,667
Net increase in cash and cash equivalents		(54)	2,657
Cash and cash equivalents at the beginning of the period		5,839	-
Cash and cash equivalents at the end of the period		5,785	2,657

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.

Notes to the condensed consolidated interim financial statements

Note 1. General information

These consolidated interim financial statements cover AE Early School Holdings Pty Limited ('the Company') and its controlled entities (hereafter, referred to as the 'Group' or 'AES Group'). For the purposes of preparing the consolidated interim financial statements as at and for the half year ended 30 June 2023. The Group is a for-profit entity primarily involved in childcare services. The Company was incorporated on 15 February 2022 and commenced trading from that date. The Comparative period reflects the financial performance from the date of incorporation to 30 June 2022 and may not be entirely comparable.

AE Early School Holdings Pty Limited is a proprietary company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Suite 3, 1 Park Avenue
Drummoyn, NSW 2047

The consolidated annual financial statements of the Group as at and for the period 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 \$5.0m for the half year ended 30 June 2023 (30 June 2022: \$3.1) and, as at that date, current assets exceed current liabilities by \$1.0m which includes \$4.4m of current lease liabilities which will be settled through operating cash flows earned in the next 12 months.

The Group's principal activities are to establish, develop and operate childcare centres which results in losses in the start-up investment phase of its business life-cycle. The Group has incurred substantial setup cost as it continues to develop new childcare centres. The Group has access to a shareholder funds via the shareholder agreement which will be drawn on as required to fund the Groups development activities. The Company's shareholders have provided the Company with a written letter of financial support confirming the shareholders will continue to provide the necessary level of financial support for a period of not less than twelve months from the date of approval of these financial statements to enable the Company to continue to trade and meet its debts as and when they fall due. 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

	1 January - 30 June 2023 \$'000	15 February - 30 June 2022 \$'000
Child care services	7,776	385
Revenue from contracts with customers	7,776	385

Revenue from contracts with customers

Disaggregation of revenue from contracts with customers

2023	Child care services	Total
Revenue from external customers	7,776	7,776

Timing of revenue recognition

Over time	7,776	7,776
	7,776	7,776

2022	services	Total
Revenue from external customers	385	385

Timing of revenue recognition

Over time	385	385
	385	385

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	11
Total contract liabilities	44	11

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. Equity

	30 June 2023 Shares	30 June 2023 \$'000	31 December 2022 Shares	31 December 2022 \$'000
Share Capital - fully paid	20,000,000	20,000	6,667,000	6,667
Prepaid share reserves		4,000		11,666

Movements in ordinary share capital

Details	Shares	Issue Price	\$'000
1 January 2023	6,667,000		6,667
Issue of share capital	13,333,000	\$ 1.00	13,333
30 June 2023	20,000,000		20,000

\$4,000,000 of prepaid shares will be issued as share capital subsequent to 30 June 2023. \$11,666,000 of prepaid shares as at 31 December 2022 were issued for 11,666,000 shares were issued as share capital on 23 April 2023.

Note 6 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 \$2,373,000 (2022: \$1,930,000) 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

	1 January - 30 June 2023 \$'000	15 February - 30 June 2022 \$'000
Expenses - Fees paid to related parties	560	58
Equity contribution - Capital received from shareholders	5,667	6,667

Centre management deed

In April 2022, the Group entered into a Centre Management Deed (the Deed) with Nido, a related party. The Nido develops and manages services on behalf of the Group under this Deed and the Group pays fees for the services provided.

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 \$'000	31 December 2022 \$'000
Other receivables from related parties	1,284	328

Loans to/from related parties

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

Note 9. Events after the reporting period

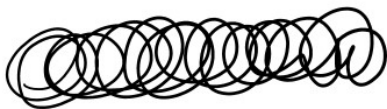
No other matter or circumstance has arisen since 30 June 2023 and up to the date of this report that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial periods.

MANAGEMENTS DECLARATION

In the opinion of Management of AE Early School Holdings Pty 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 9:
 - 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 | Sydney



Tom Herring
Chief Financial Officer
12 September 2023 | Sydney



Independent Auditor's Review Report

To the Directors of AE Early School Holdings Pty Limited

Conclusion

We have reviewed the accompanying **Consolidated Interim Financial Statements** of the AES 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 9

The **Group** consists of AE Early School Holdings Pty 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 AE Early School Holdings Pty 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 AE Early School Holdings Pty Limited and should not be used by or distributed to parties other than the Directors of AE Early School Holdings Pty 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 AE Early School Holdings Pty 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 AE Early School Holdings Pty 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