



CANACCORD SUNSET SERIES INVESTOR PRESENTATION

ASX Announcement - for release to the market

23 November 2023

Nido acknowledges that early childhood education and care is critical for lifelong learning and wellbeing, especially during a child's first five years of brain development where children are wired to learn rapidly. Nido respects the educators and teachers that dedicate their energy and passion to this sector each day and the positive impact on the communities in which each educator serves.

DISCLAIMER

This document dated 23 November 2023 has been prepared by Nido Education Limited ACN 159 858 509 (**Company**) and is provided for information purposes only. This document does not constitute an offer, invitation, solicitation or recommendation with respect to the acquisition, disposal or issue of any security in the Company nor does it constitute financial product advice. This document is not a product disclosure statement or other offer document under Australian law or under any other law. This document has not been filed, registered or approved by regulatory authorities in any jurisdiction. By reading this document you agree to be bound by the limitations set out in this document.

This document and the information contained within it is strictly confidential and is intended for the exclusive benefit of the persons to whom it is given. It may not be reproduced, disseminated, quoted or referred to, in whole or in part, without the express written consent of the Company. By receiving this document, you agree to keep the information confidential, not to disclose any of the information contained in this document to any other person and not to copy, use, publish, record or reproduce the information in this document without the prior written consent of the Company, which may be withheld in its absolute discretion.

The information contained in this document is not intended to be relied upon as advice or a recommendation to investors and does not take into account the investment objectives, financial situation, taxation situation or needs of any particular investor. This document is not, and does not constitute, or form part of, an offer, invitation, solicitation, advice or recommendation to buy or sell or to refrain from buying or selling any securities or other investment product or financial product or entering into any other transaction. This presentation does not constitute an advertisement for an offer or proposed offer of securities. The Company is not licensed to provide financial product advice in relation to its shares or any other financial products. An investor must not act on the basis of any matter contained in this document but must make its own assessment of the Company (and its businesses) and conduct its own investigations and analysis. Investors should assess their own individual financial circumstances and consider talking to a financial adviser, professional adviser or consultant before making any investment decision.

Statements and information in this document are current only as at 31 July 2023 and the information in this document remains subject to change without notice. The information contained in this document is for information purposes only. The document constitutes a high-level overview of the Company and its businesses. This document is not a product disclosure statement, pathfinder document for the purposes of section 734(9) of the Corporations Act 2001 (Cth) (**Corporations Act**) or other offer document or disclosure document under Australian law (or the laws of any other jurisdiction) and does not contain all the information that would be required to be disclosed in a product disclosure statement, pathfinder document for the purposes of section 734(9) of the Corporations Act or other offer document or disclosure document under Australian law (or the laws of any other jurisdiction).

Without limiting the foregoing, the information contained in this document is of a general nature and does not purport to be complete or verified by the Company or any other person. Neither the Company nor any other person has any responsibility or obligation to inform you of any matter arising or coming to its notice after the date of this document which may affect any matter referred to in this document. While reasonable care has been taken in relation to the preparation of this document, none of the Company, its respective directors, officers, employees, contractors, agents, or advisers nor any other person (**Limited Party**) guarantees or makes any representation or warranty, whether express or implied, as to, or takes responsibility for, the accuracy, reliability, completeness or fairness of the information, opinions, forecasts, reports, estimates and conclusions contained in this document. No Limited Party represents or warrants that this document is complete or that it contains all information about the Company that a prospective investor or purchaser may require in evaluating a possible investment in the Company or acquisition of securities in the Company. To the maximum extent permitted by law, each Limited Party expressly disclaims any and all liability, including, without limitation, any liability arising out of fault or negligence, for any loss arising from the use of, or reliance on, information contained in this document, including representations or warranties, or in relation to the accuracy or completeness of the information, statements, opinions, forecasts, reports or other matters, express or implied, contained in, arising out of or derived from, or for omissions from, this document including, without limitation, any financial information, any estimates or projections and any other financial information derived therefrom.

Certain statements in this document constitute forward-looking statements and comments about future events, including the Company's expectations about the performance of its businesses, or the businesses it proposes to acquire. These statements can generally be identified by the use of forward-looking terminology, including, without limitation, the terms "believes", "estimates", "anticipates", "expects", "predicts", "intends", "plans", "proposes", "goals", "targets", "aims", "outlook", "guidance", "forecasts", "likely", "may", "will", "would", "could" and "should" (or, in each case, their negative or comparable terminology) and other similar expressions within the meaning of securities laws of applicable jurisdictions. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward-looking statement. Such statements involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company and which may cause actual results, performance or achievements to differ materially from those expressed or implied by such statements. Forward looking statements are provided as a general guide only, and should not be relied on as an indication or guarantee of future performance. Given these uncertainties, recipients are cautioned to not place undue reliance on any forward-looking statement. Subject to any continuing obligations under applicable law, the Company disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements in this document to reflect any change in expectations in relation to any forward-looking statements or any change in events, conditions or circumstances on which any such statement is based.

Past performance is not indicative of future performance and no guarantee of future returns is implied or given. Nothing contained in this document nor any information made available to you is, or shall be relied upon as, a promise, representation, warranty or guarantee as to the past, present or the future performance of the Company. No Limited Party or any other person makes any representation, or gives any assurance or guarantee, that the occurrence of the events expressed or implied in any forward looking statement in this document will occur.

This document is only being provided to persons who are the holders of an Australian financial services licence and their representatives. It is a condition of your receipt of this document that you fall within, and you warrant and undertake to the Company that you fall within, one of these categories of persons.

By receiving this document, each recipient warrants and represents that it understands the contents of this disclaimer, agrees to abide by the terms and conditions of this disclaimer, makes the representations and warranties contained in this disclaimer and acknowledges and agrees that this document does not, and will not, form the basis of any contract or commitment.

MEET THE PRESENTERS

Mathew Edwards

Founder & Managing Director

- Mathew founded Nido following the sale of Think Childcare to Busy Bees in 2021. Mathew has been involved in the child care sector since 2001 and was the Founder, Managing Director and Chief Executive Officer of Think Childcare
- Mathew was responsible for overseeing the growth of Think Childcare, taking it from 30 Services at IPO to 88 Services on the sale of the business in 2021
- Prior to Think Childcare, Mathew was the former Managing Director of Learning and Education Australia Pty Ltd ("LEA") from 2008, which at the time owned 12 Services
- Mathew has extensive management experience in retail and commercial property, and experience in strategy and management of multi-site business operations

Renee Bowman

Chief Executive Officer

- Renee joined Nido in May 2023 as Chief Executive Officer
- Renee has extensive experience working in public and private companies across strategy, transformation, operational management and governance
- Renee was previously UK CEO of Junior Adventures Group, an international private equity-backed business operating 1,000+ children's services across ANZ, England and Ireland. She led JAG through the pandemic while also overseeing acquisitions in the UK. Renee has held various executive positions at multi-site organisations, including Sally's Beauty Holdings and Virgin Active
- Renee holds a Master of Business Administration and Master of Nutrition and Dietetics from Deakin University and a Bachelor of Applied Science from the University of Ballarat and a Graduate Diploma in Journalism from the University of Queensland

Tom Herring

Chief Financial Officer

- Tom joined Think Childcare in April 2021 as Chief Financial Officer and played a pivotal role in the de-listing and sale of Think Childcare before supporting the establishment of Nido
- Tom has more than 20 years' experience in financial, operational, commercial, planning and audit roles across a range of industry sectors
- Tom was previously the CFO of Think Childcare and was responsible for managing its acquisition by scheme of arrangement by Busy Bees in 2021. Prior to joining Think Childcare, Tom was the Head of Finance for Coates Hire. Before that he was CFO of LINX Cargo Care Group guiding financial performance, leading its corporate and commercial development and overseeing its risk, internal controls, treasury and taxation functions
- Tom holds a Bachelor of Science and Master of Business Administration from Southampton University and is a member of the Institute of Chartered Accountants of England and Wales (ACA)

IPO KEY OFFER STATISTICS

IPO Valuation	
IPO issue price	\$1.00
CY24F AEBITDA (excluding impact of share option expense) ^{1,2}	\$28.0m
AEBITDA multiple	8.0x
Implied enterprise valuation	\$224.0m
Net debt / (cash) ³	\$4.5m
Implied market capitalisation	\$219.5m
CY24F ANPAT (excluding impact of share option expense) ^{2,4}	\$18.2m
Implied Price / CY24F ANPAT	12.0x

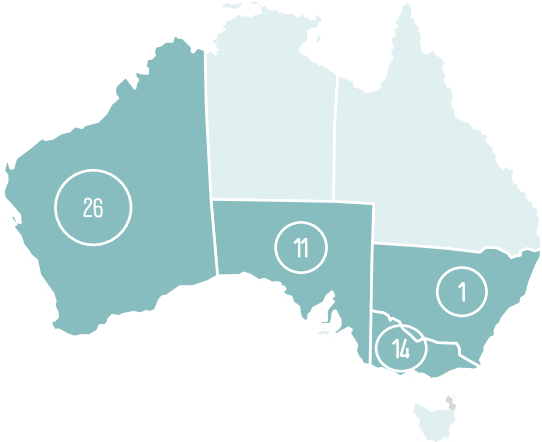
Capital Structure at IPO		
	#m	%
Existing shares on issue ⁵	120.3	54.8%
New shares issued under the IPO	99.2	45.2%
Total shares on issue on IPO⁶	219.5	100.0%

KEY OPERATING METRICS

Key Operating Metrics	CY23F	CY24F
Total number of Services under Incubation	10	32
Total number of Services	52	52
Total number of licensed places	4,591	4,614
Total number of Days available	1,193,732	1,208,868
Total number of Days sold	860,414	987,945
Portfolio average occupancy rate	72%	82%
Key Financial Metrics		
Average daily fee per place (net of discounts)	\$147	\$160
Employee benefits as % of total revenue	74%	60%
Property related costs as % of total revenue	21%	18%
EBITDA	12.9	45.9
EBITDA margin	10%	27%
AEBITDA (ex. impact of share option expense)	(0.3)	28.0
AEBITDA margin (ex. impact of share option expense)	(0%)	16%
NPAT	(13.2)	12.8
ANPAT (ex. impact of share option expense)	(1.5)	18.2
Revenue growth (% increase)	52%	27%

NIDO SNAPSHOT

Geographic Footprint



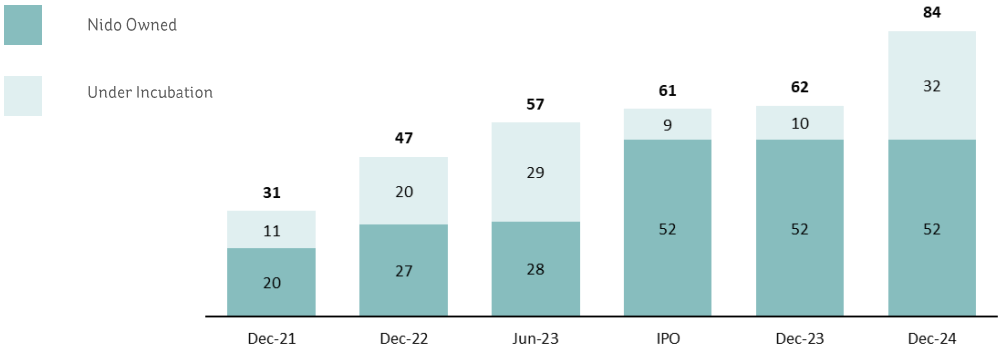
Spot & Forecast Occupancy



Key CY24 Financial Metrics (\$m)



Service Numbers



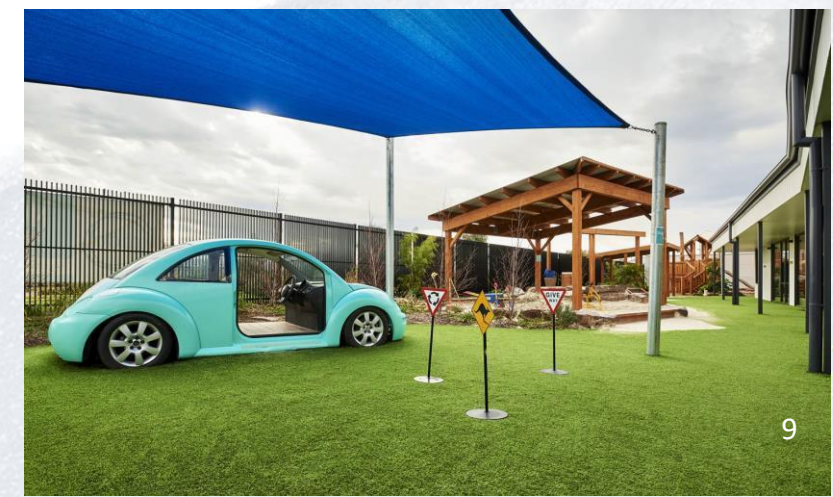
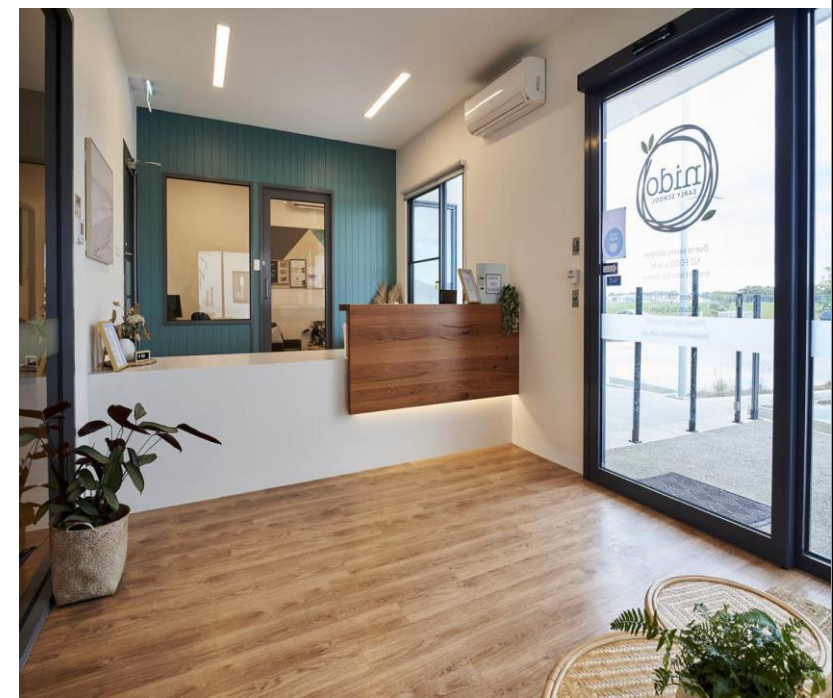
NIDOS PURPOSE (OUR WHY)

To create an environment that supports teachers to rise and make a positive impact on the lives of children.

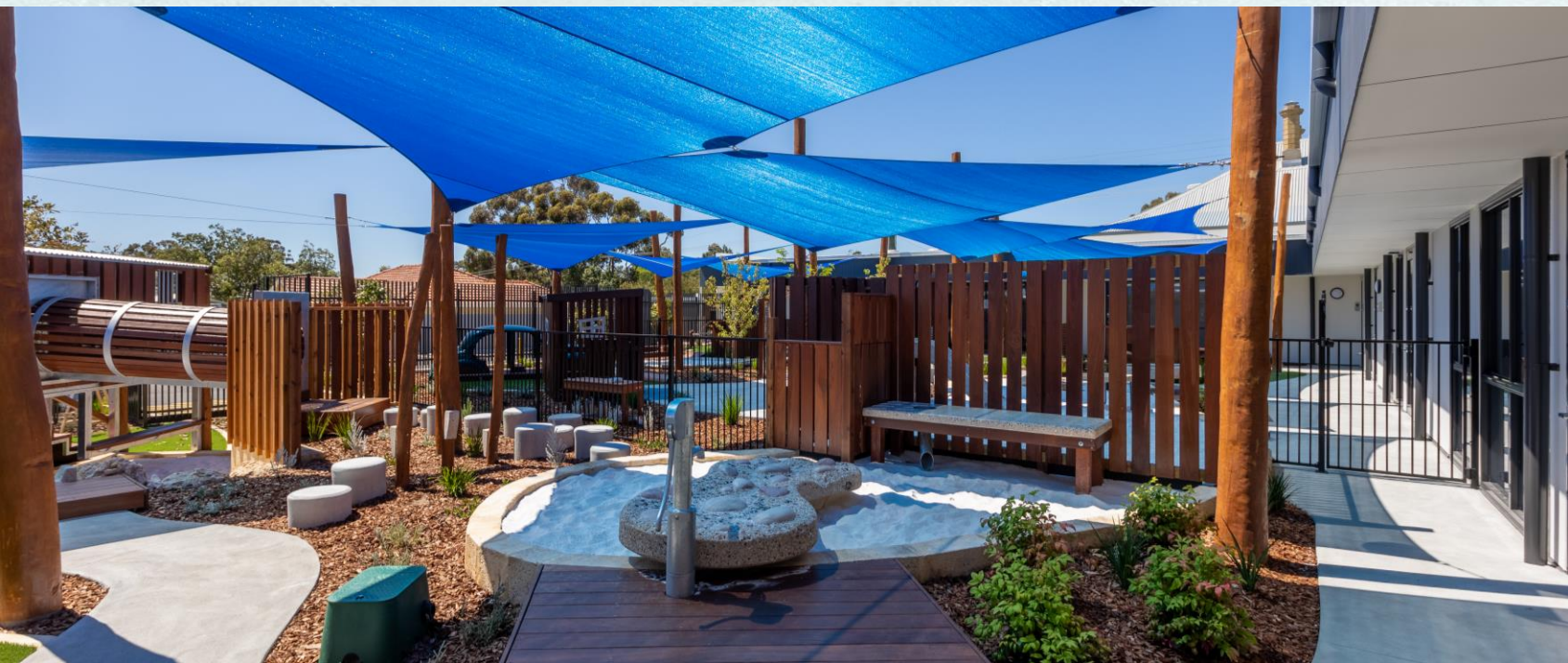
NIDO BELMONT (WA) BUILT 2019



NIDO OCEAN GROVE (VIC) BUILT



NIDO PALMYRA (WA) BUILT 2021



NIDO ORMOND (VIC) BUILT 2022



NIDO EYRE VILLAGE (SA) BUILT 2023





WHY INVEST IN THE CHILD CARE SECTOR?

Franklin

EARLY EDUCATION IS CRITICAL TO BUILDING AN EDUCATED NATION & SUPPORTING WORKFORCE PARTICIPATION

Productivity measure

The percentage of working-age women reached 62.5% in March 2023. The growing level of female participation in the labor force (and the significant barrier to working that “caring for children” represents) underpins the demand for child care services. One of the economic benefits to greater female labour force participation is the widened taxpayer base.

Source: Labour Force, Australia, ABS, April 2023, Seasonally Adjusted

44% of children attending care

Over 800,000 children attended Service-based Care in the June quarter 2023. This represents 44% of children between the age of 0-5 years old in Australia attending Service-based Care.

Source: Child Care Subsidy data report – June quarter 2023

Steady through economic cycles

The Sector is largely not affected through the economic cycles. Coupled with the rising cost of living, this contributes to more families that have both parents working, contributing to higher participation rates for children attending long day care.

Source: Labour Force Status of Families, ABS, October 2022

Population growth

The population growth of children in the 0-5-year age group expands the addressable opportunity for child care services. The population in the 0-5-year age group has grown from 1.77m in June 2012 to 2.03m in June 2022 and is projected to grow to 2.30m by June 2032.

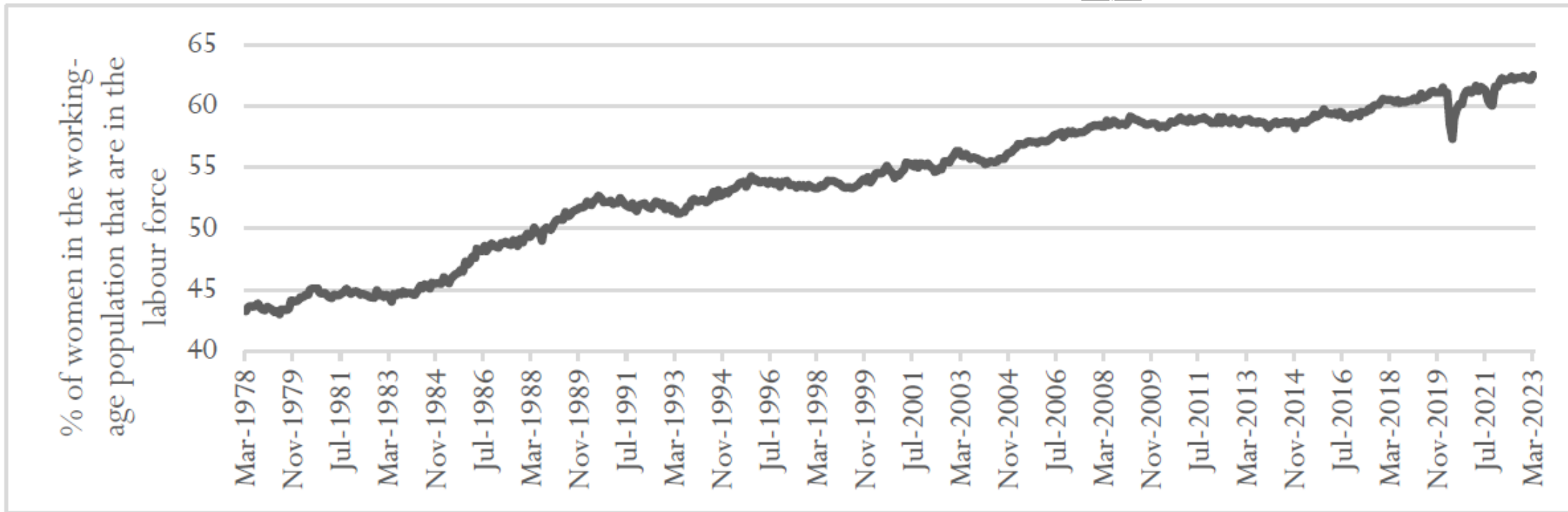
Source: ABS, National, state and territory population and Population Projections, Australia



EARLY EDUCATION IS CRITICAL TO BUILDING AN EDUCATED NATION & SUPPORTING WORKFORCE PARTICIPATION

The percentage of female workforce participation increased to 62.5% in March 2023

Female Participation in the Labour Force, Australia, March 1978 to March 2023

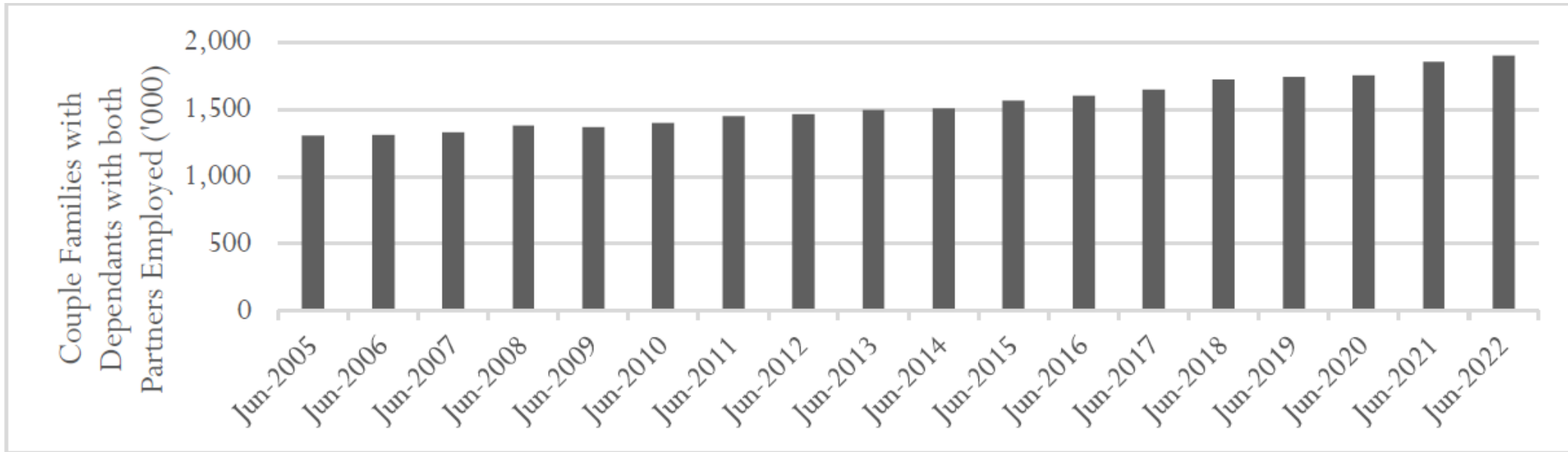


Source: Labour Force, Australia, ABS, April 2023, Seasonally Adjusted

EARLY EDUCATION IS CRITICAL TO BUILDING AN EDUCATED NATION & SUPPORTING WORKFORCE PARTICIPATION

The number of couple families with dependents with both partners working has grown by 46% since 2005

Couple Families with both Partners Employed, Australia, 2005 to 2022



Source: Labour Force Status of Families, ABS, October 2022

CHILD CARE IS CONSIDERED CRITICAL INFRASTRUCTURE (AS SHOWN THROUGH COVID)

Government subsidies continue to increase with \$14bil forecast in FY24

- The Government's aim is to drive greater workforce participation, creating a larger income tax base.
- Government spend on the Child Care Subsidy (CCS) in the June quarter 2023 was \$2.9 billion.
- Total Australian Government funding to the child care sector increased ~6% p.a. from CY13-CY22 (reaching A\$12.8bn) and was estimated to lift a further \$1.1bn pa following the increase to the child care subsidy (CCS) in Jul-23.



WHY IS THE NIDO
MODEL UNIQUE IN
BOTH PUBLIC &
PRIVATE MARKETS?

WHY NIDO IS UNIQUE IN BOTH PUBLIC & PRIVATE MARKETS

All Services are purpose built, designed by Nido and managed by Nido from site selection through to acquisition by Nido

- Nido Services are built to be best in their markets
- Our portfolio is relatively new with the oldest Service opened in 2019.
- Quality focused, with a unique operational model through the Service based leadership triangle
- High occupancy and high profit single brand portfolio of Services
- Already operating at scale with 95 Services (52 owned and 43 managed)

Extensive acquisition pipeline of over 100 Services over 5 years

- Unique growth model, high occupancy acquisitions at a 4.5 x EBIT
- Built with quality and longevity in mind (30+ year leases)
- Our Early Schools are located in suburban areas where there is a high worker population where child care is considered a need rather than a want

HAMMOND PARK



NIDO OWN AND MANAGE SERVICES ACROSS AUSTRALIA

Nido is operating at scale, with 95 Services across their portfolio



WHY NIDO CHOOSES TO BUILD IN SUBURBAN AREAS WITH LOW TO MIDDLE INCOMES

Demographics of a Nido Service as at April 2023

Trade area population	21,895
Number children 0 – 5 years	2,383
Current licensed places in area	314
Supply demand ratio	7.6
Income per household in Area	\$73,063
Fee per day	\$147.15
Average Child Care Subsidy (CCS) % in this area	85%
Out of pocket fee per day for 1x 12 hour session	\$28.33

Nido's business model is to locate Services where there is a high worker population in low to middle income areas.

Typically, in these areas both parents have to work in order to meet the costs of living.

Nido develops Services in these areas that would fit comfortably in Toorak, Peppermint Grove or Unley Park.

In this example, with an 85% CCS, parents pay 15% of the daily fee.



HOW NIDO GROWS

Iluka 

THE NIDO WAY TO GROW OUR BUSINESS — THE INCUBATOR MODEL

- Incubator is expected to open between 20 and 30 Services per year
- All Services are purpose built for Nido
- Incubator bears the trade up risk, set up costs and operating losses
- Nido has a guaranteed \$370k income within 12 months of opening (\$250k for opening and \$120k p/a. to manage a Service)
- Low integration risk – Nido controls all aspects of the Service development and operations from day zero

Once the Service achieves the following acquisition metrics, there is a one to 12 month call option triggered:

- 80% average occupancy for 6 months
- \$5,500 EBIT per licensed place per annum (based on a seasonally adjusted last 6 months and then annualised ("AEBIT"))
- 4.5x AEBIT acquisition price
- Possibility for a 10% earn out and claw back of the acquisition price based on the first 12 months post Nido's ownership

ATHELSTONE

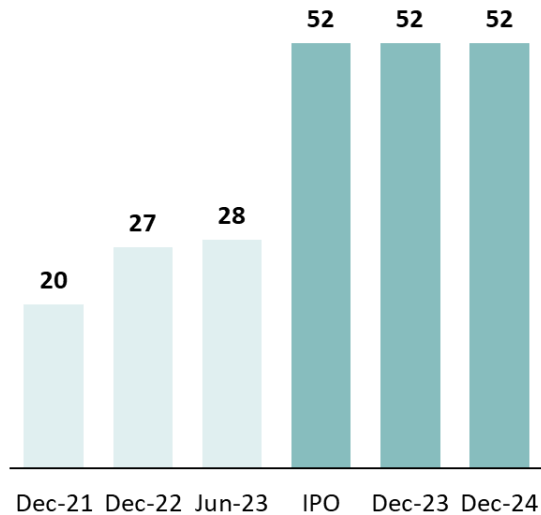


THE INCUBATOR PIPELINE

Indicative pipeline of new Services

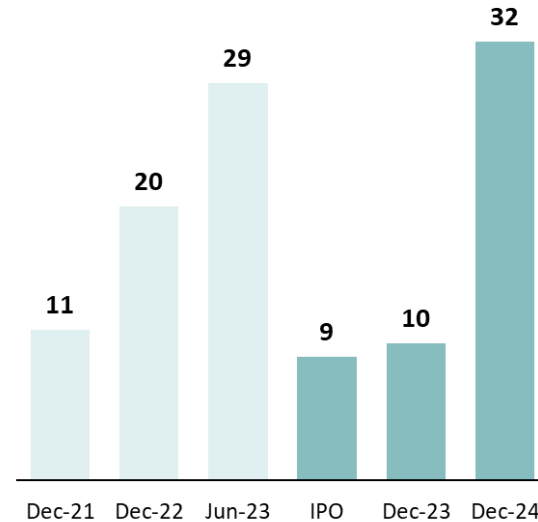
- NAED targets to open 20-30 Services per year
- Trade up is expected to take 18-24 months
- Services under incubation are not owned by Nido, however they are managed by Nido
- By December 2024, it is forecast that there will be 32 Services trading in the incubator,
- Nido will manage 66 Services, growing to 118 Services managed & owned by Dec-24,
- Fees earned through establishment & management fees will be over \$10m in fees from 3rd parties in CY2024
- Net head office costs will be \$5m, which is \$108k cost per owned Service. This is substantially below other larger scale operators

Nido Owned Services



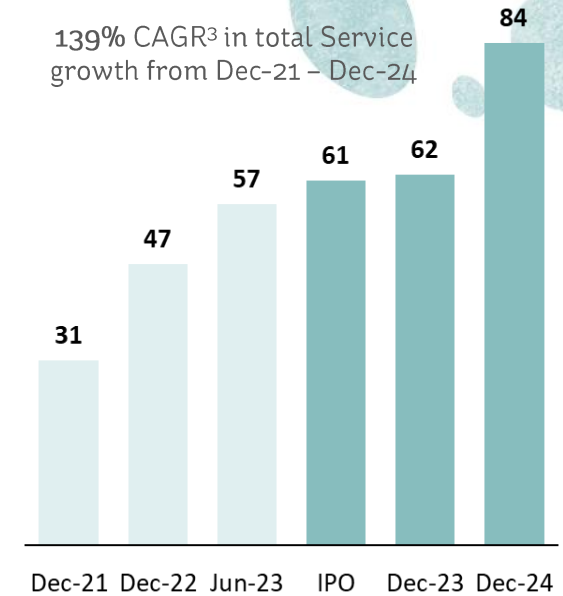
Incubator Services

32 Services forecast to be in incubation by December 2024



Total Services

139% CAGR³ in total Service growth from Dec-21 – Dec-24



Total licensed places

1,793 2,406 2,504 4,614 4,614 4,614

923 1,727 2,533 759 850 2,680

2,716 4,133 5,037 5,373 5,464 7,294

Average licensed places

90 89 89 89 89 89

84 86 87 84 85 84

88 88 88 88 88 87

THE INCUBATOR RELATIONSHIP

Nido's incubation growth model seeks to remove, for Nido, the inherent trade-up risk of opening a brand new Service

The incubator bears most of the development and trade-up risk during the incubator phase whilst paying Nido to manage the Services to the standards expected for a Nido branded Service

ESTABLISHMENT AND TRADE-UP

Developer builds Nido designed Service

NAED opens Service

Service achieves acquisition metrics and triggers call option

Call Option (active for 12 months)

Incubator pays Nido:

- \$250k establishment fee for opening
- \$120k per annum management fee
- Incurs trade up losses
- Assumes most of the business risk

Metrics include:

- 80% average occupancy for 6 months
- \$5,500 EBIT per licensed place per annum (based on a seasonally adjusted last 6 months and then annualised ("AEBIT"))

Nido has a call option (no put option)

- Acquisition multiple of 4.5x AEBIT

Examples:

- 72 place annual AEBIT \$396k
- 82 place annual AEBIT \$451k
- 92 place annual AEBIT \$506k

Once reaching agreed acquisition metric, Nido exercises its call option to acquire the Service with little to no change experienced from the family's perspective

ONGOING MANAGEMENT

Call Option (Exercise by Nido)

Nido acquires Service and pays 4.5x EBIT:

- 72 place AEBIT of \$396k pays \$1.78m to acquire
- 82 place AEBIT of \$451k pays \$2.03m to acquire
- 92 place AEBIT of \$506k pays \$2.27m

Earn out

De-risking the acquisition:

- earnout and claw-back of 10% based on the difference between actual EBIT of the Service post Nido's acquisition compared to the AEBIT on acquisition

FUNDING NAED

NAED is Nido's primary Incubator and will be funded via a loan from Nido and equity from Alceon with NAED set to deliver a pipeline of high performing Services, whilst maintaining alignment for all parties

Nido

Debt ceiling \$25m

- 2023 draw down \$6m
- 2024 draw down \$14m

Terms

- 6 years
- 8% interest (PIK)
- Unsecured

Oversight and management

- Cash flow
- All financial statements
- Sites
- Trading performance of NAED Services

Alignment

- The better the Services that Nido puts into the Incubator, the quicker they trade up, the quicker Nido acquires them, and the less exposed Nido is to debt

Nido will fund 50% of NAED with debt

Alceon will fund 50% of NAED with equity

NAED

Responsibilities

- Capex
- Rent bond
- Trading
- Incurs trading losses

Alceon

Equity ceiling \$25m

- 2023 draw down \$6m
- 2024 draw down \$14m

Terms

- Any dividend or early repayment of debt is 60% Alceon and 40% Nido

Oversight and manage

- Approves all sites

Alignment

- The better the Services that NAED approves, the quicker they trade up, the quicker they divest, the quicker there is a return for Investors

THE PERFORMANCE OF OUR INCUBATOR SERVICES

Incubator Services	31-Mar-23	30-Apr-23	31-May-23	30-Jun-23	31-Jul-23	31-Aug-23	30-Sep-23	31-Oct-23	30-Nov-23	Waitlisted Children
	Occupancy									
Service 1								14.98%	28.83%	90
Service 2				18.82%	37.32%	46.64%	49.84%	57.86%	57.44%	90
Service 3							25.38%	42.59%	49.27%	260
Service 4						13.94%	30.22%	44.11%	52.76%	130
Service 5				24.31%	48.35%	59.30%	61.11%	58.46%	57.37%	130
Service 6					8.09%	16.91%	24.74%	34.42%	39.49%	75
Service 7					3.66%	8.43%	20.21%	27.66%	34.80%	20
Service 8								9.06%	14.38%	60
Service 9	4.88%	5.49%	17.87%	24.56%	31.18%	38.71%	46.05%	48.34%	47.47%	330

WHAT COULD NIDO POTENTIALLY LOOK LIKE IN 6 YEARS TIME?

2023

- 52 Early Schools owned by Nido
- EBITDA per Early School forecast at \$636K
- \$33m Service based EBITDA

2029

- 150 Early Schools owned by Nido
- EBITDA per Early School forecast at \$700K
- \$110m Service based EBITDA



THIS ANNOUNCEMENT HAS BEEN APPROVED BY THE
NIDO BOARD OF DIRECTORS

Enquiries:
P: (02) 9712 7444
E: ir@nido.edu.au