NIDO EDUCATION LIMITED
(ASX: NDO)

2024 Half-year results
15 August 2024

Presented by

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OUR PURPOSE

To support teachers to rise and make a positive impact on the lives of children

OVERVIEW

$7.5m first half EBITDA*	• Consistent week on week revenue growth • Wage efficiencies due to disciplined rostering in the second quarter
$23.2m full year forecast EBITDA*	• Underlying Centre performance in line with Prospectus • $3.5m establishment fees delayed to CY25
18 Centres in incubation by December 2024	• Up to 4 Centres forecast to achieve acquisition metrics prior to December 2024 • 10 Centres forecast to achieve acquisition metrics by June 2025
Forecast full year dividend based on 65% NPAT	• Estimated at 5.8c, payable March 2025 • 5.8% yield on issue price • Will not constrain growth

* *Figures are stated pre-AASB16*

AGENDA

01 Half-year results

02 Business update

03 CY24 forecast

04 Incubation


Riverton WA

01 HALF-YEAR RESULTS

GROUP PERFORMANCE

Performance ($m)[1]	CY24 H1	CY23 H1	Change
Centre revenue	**73.7**	32.4	41.3
Centre EBITDA	**11.9**	1.1	10.8
Net support office costs[2]	**(5.2)**	(3.5)	(1.7)
Establishment fees	**0.8**	0.5	0.3
EBITDA*	**7.5**	(1.9)	9.4
Depreciation	**(0.3)**	(0.3)	-
Net finance costs	**(0.2)**	(0.2)	-
Profit / (loss) before tax	**7.0**	(2.4)	9.4

1 *Figures are stated pre-AASB16*

2 *Support office costs are presented net of management fees*

CENTRE PERFORMANCE

Centre performance[1] ($m)	CY24 H1	CY23 H1	Change
Centre revenue	**72.3**	31.3	131%
Other Centre revenue	**1.4**	1.1	27%
Total Centre revenue	**73.7**	32.4	127%
Centre wage costs	**(43.4)**	(21.5)	(102%)
Other Centre costs	**(18.4)**	(9.8)	(9%)
Centre EBITDA	**11.9**	1.1	980%
Days of learning ('000)	**461**	225	105%
Average occupancy %	**77%**	69%	8 pps
Average daily fee[2] ($)	**157**	139	13%
Wage to revenue ratio	**60%**	68%	8 pps
Centre EBITDA %	**16%**	4%	12 pps

1 *Figures are stated pre-AASB16*

2 *Average daily fee is net of discounts*

FUNDING CAPACITY

Key metrics ($m)	Jun 24
Cash	(3.8)
Drawn debt	5.0
Net debt	1.2
Net Leverage Ratio (NLR)[1]	0.05x

Facility limits	Jun 24
NAB – Facility A	25.0
NAB – Accordion[2]	30.0
Total	55.0

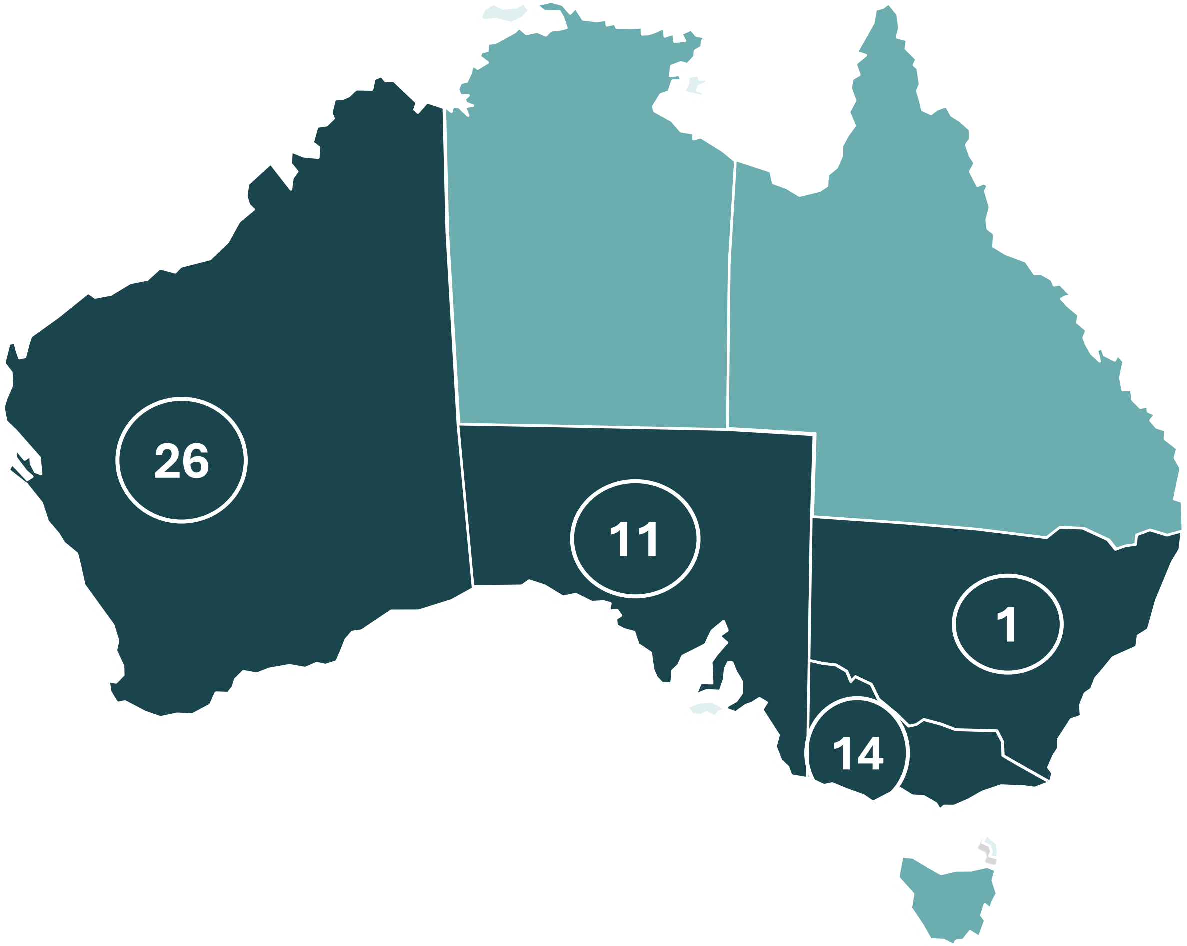
Available debt is expected to fund at least 45 acquisitions ($30m+ Centre EBITDA)

1 *Net leverage calculated by Net debt / CY24 forecast EBITDA**
NLR is expected to be between 1-1.5x upon commencement of acquisitions

2 *The Accordion is an uncommitted facility with pre-agreed terms*

02 BUSINESS UPDATE

OPERATING PROFILE[1]



89 Average licenced places

$171 Average daily fee[2]

70% Average child care subsidy (CCS) rate for families

64% of childcare revenue received through CCS

1 *Information as at 2 August 2024 for Nido's 52 owned centres*
Nido also manages 13 centres in incubation, and 34 centres under an agreement that expires 30 June 2025

2 *Average daily fee is net of discounts*

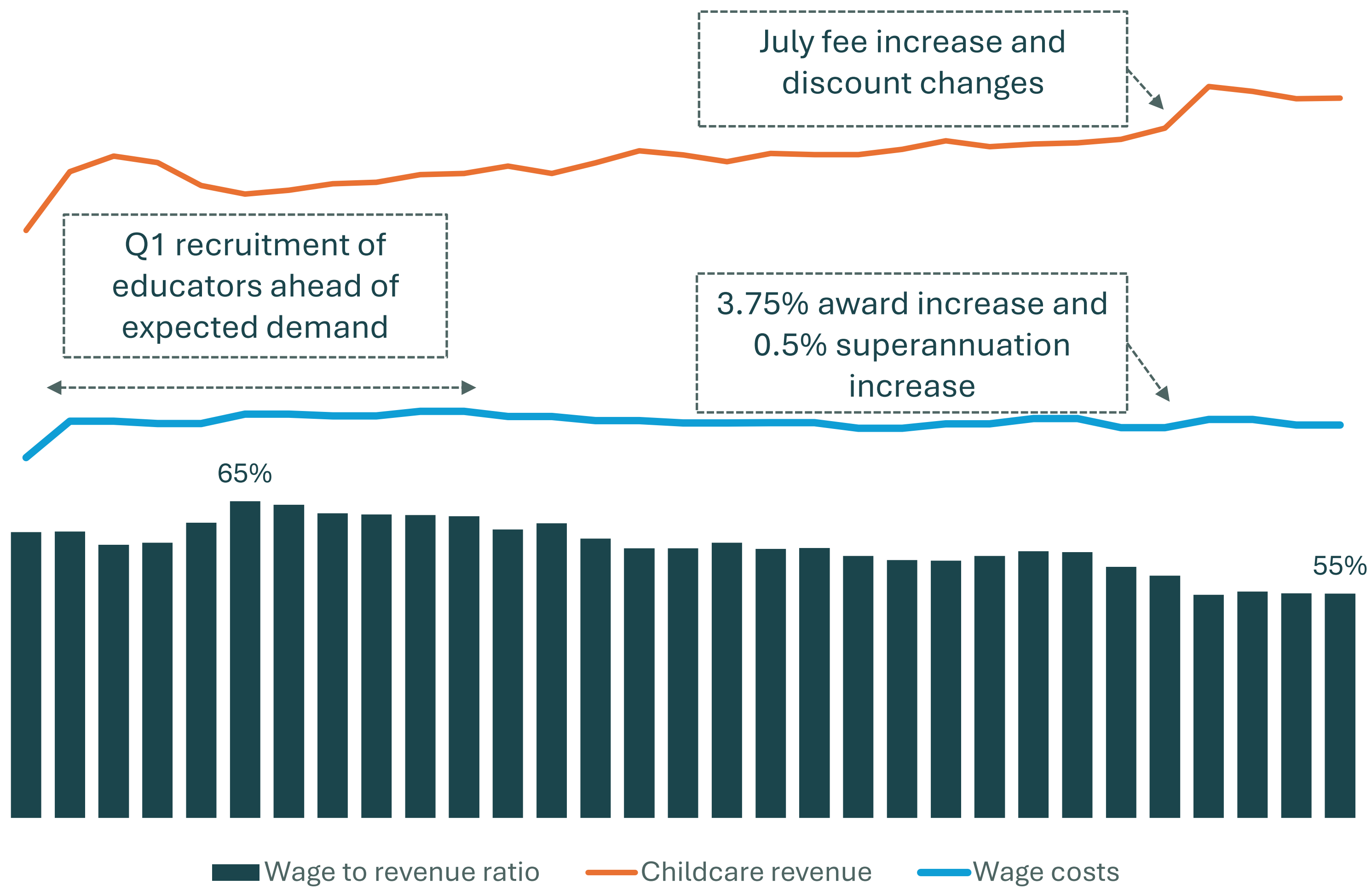
REVENUE GROWTH and WAGE EFFICIENCIES[1]

Revenue has increased steadily week on week

Wages were flat due to disciplined rostering

Wage to revenue ratio has decreased from a peak of 65% to 55%

Weekly revenue and wage costs



1 *Information relates to 30 week period commencing from 1 January 2024 to 2 August 2024*

PEOPLE[1]

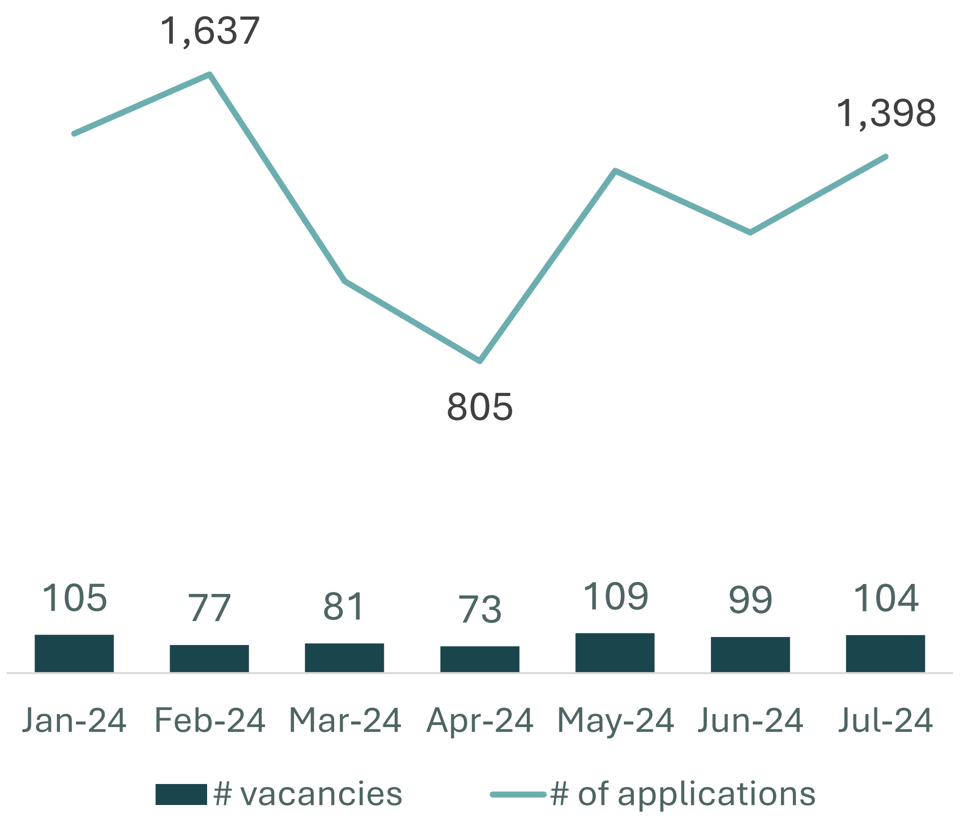
Nido has continued to manage ongoing sector wide challenges with recruitment and retention to minimise the impact on quality and performance

1,821 Employees

71% Permanent employees

55% Wage to revenue ratio

Job vacancies vs applications



1 *Information relates to 52 owned Centres as of 2 August 2024*

Treeby South WA

03 CY24 FORECAST

CY24 FORECAST

Forecast full year Centre EBITDA of $33.1m is consistent with Prospectus

Developer-led construction delays have caused 14 centre openings to be rescheduled to CY25. Resulting in $3.5m of Establishment Fees being delayed

Performance ($m)[1,2]	CY24F	Prospectus	Change	
Centre revenue	**160.9**	161.2	(0.3)	(0%)
Centre EBITDA	**33.1**	33.6	(0.5)	(1%)
Net support office costs	**(11.8)**	(12.3)	0.5	4%
Establishment fees	**1.9**	5.4	(3.5)	(65%)
EBITDA	**23.2**	26.7	(3.5)	(13%)
Depreciation	**(0.9)**	(0.7)	(0.2)	(29%)
Net finance costs	**(0.6)**	(1.9)	1.3	68%
Profit before tax	**21.7**	24.1	(2.4)	(10%)
Tax expense[3]	**(1.5)**	(7.2)	5.7	79%
Net Profit after tax	**20.2**	16.9	3.3	20%
Dividend at 65% payout ratio	**5.8c**	4.9c	0.9c	20%

1 *Figures are stated pre-AASB16*
2 *Support office costs are presented net of management fees*
3 *Sourced from table 23 (page 98) of the Prospectus 'Adjusted Pro-Forma Income statement' which presented figures pre-AASB16 and assumed a 30% corporate tax rate. The CY24 forecast tax expense assumes utilisation of tax losses available and is therefore lower than the 30% corporate tax rate.*

CENTRE PERFORMANCE HALF-YEARLY PHASING

Centre EBITDA is forecast to increase in the second half

- 9% increase in days of learning (seasonal growth trends)
- 8% increase in average daily fee due to fee and discount changes that were effective in July
- 55% wage to revenue forecast (based on current ratio)

Softening of occupancy in the sector has moved CY24 forecast average occupancy from 82% to 80%

This has largely been offset by fees increasing ahead of forecast

Centre performance ($m)[1]	CY24F	H1	H2	Change
Centre revenue	**158.0**	72.3	85.7	19%
Other Centre revenue	**2.9**	1.4	1.5	7%
Total Centre revenue	**160.9**	73.7	87.2	18%
Centre wage costs	**(90.3)**	(43.4)	(47.0)	(8%)
Other Centre costs	**(27.9)**	(18.4)	(19.0)	(3%)
Centre EBITDA	**33.1**	11.9	21.2	78%
Days of learning ('000)	**965**	461	505	9%
Average occupancy %	**80%**	77%	83%	6 pps
Average daily fee[2] ($)	**164**	157	170	8%
Wage to revenue ratio	**57%**	60%	55%	5 pps
Centre EBITDA %	**21%**	16%	24%	8 pps

1 *Figures are stated pre-AASB16*
2 *Average daily fee is net of discounts*

04 INCUBATION

POTENTIAL ACQUISITIONS

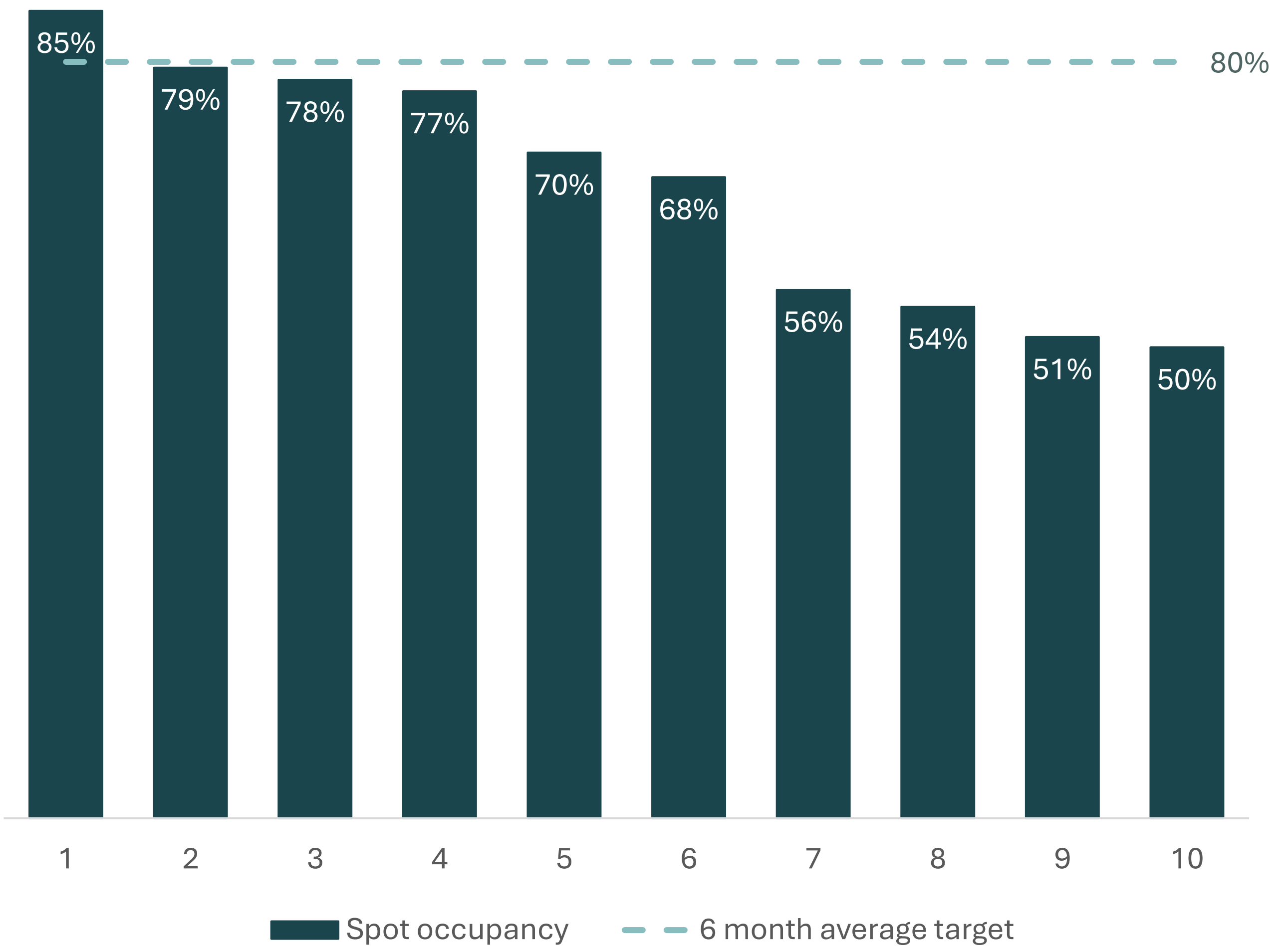
Up to 10 of 13 open centres may reach acquisition metrics by 30 June 2025

Up to 4 centres may achieve acquisition metrics prior to December 2024

Call options are triggered upon the following acquisition metrics:

- average 6 month occupancy of 80%
- average 6 month EBIT of $5,500 per licenced place

Occupancy[1]



1 *Spot occupancy as 9 August 2024 for 10 centres that may reach acquisition metrics by 30 June 2025*

PIPELINE and GROWTH

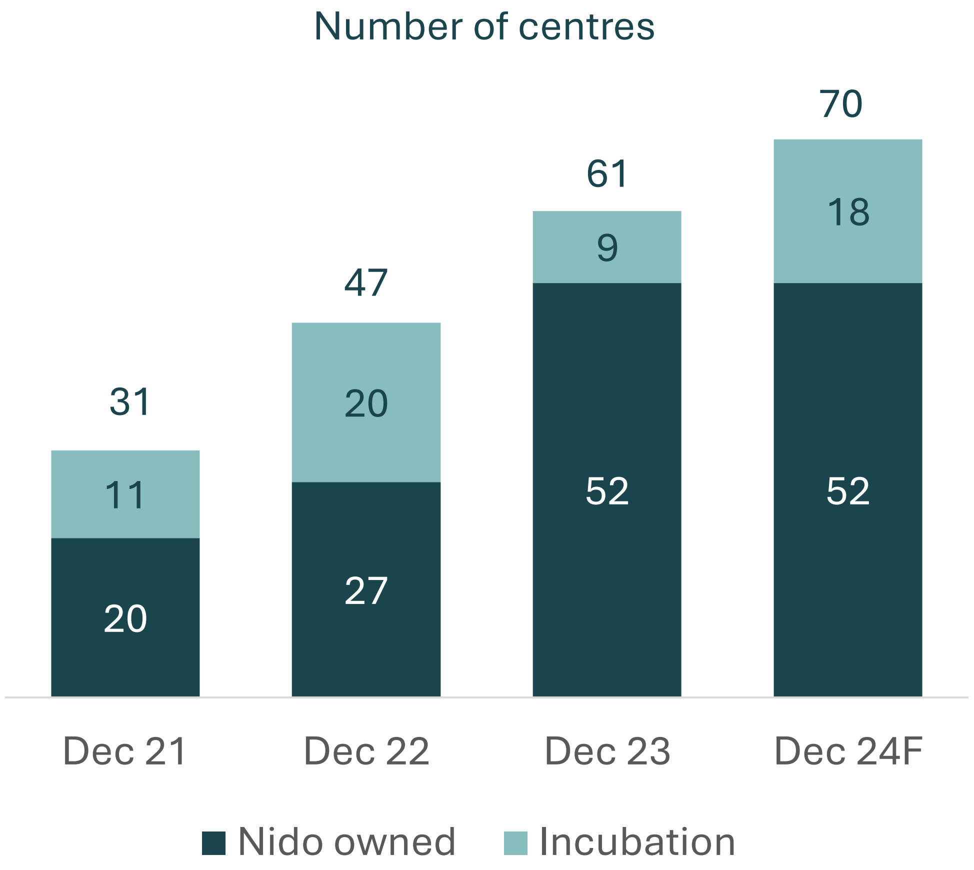
Unprecedented delays in construction since the onset of COVID-19 were expected to dissipate in 2024 but have continued

With the reduction in new homes being built, costs are stabilising, and in some cases, reducing and we are seeing increased availability of trades

By late 2025-26, we anticipate the market will return to pre COVID-19 development levels for Nido

We continue to review 100-200 sites per month, which is a significant increase on sites presented to Nido 12 months ago

This will further lead to greater development opportunities



WHAT NIDO COULD LOOK LIKE IN CIRCA 5 YEARS

2024

52 Centres owned by Nido (excluding potential acquisitions)

$635K EBITDA* forecast per Centre

$33.1m forecast Centre EBITDA

150 Centres owned by Nido

$730K EBITDA* forecast per Centre

$110m forecast Centre EBITDA

2029

QUESTIONS

APPENDICES

Appendix I: GLOSSARY

Term	Definition / Meaning
CY24F	Latest CY24 Forecast. It does not include the impact of acquisitions that may occur in in the period
Prospectus	Nido IPO Prospectus Forecast dated 20 September 2023
EBITDA*	Total Group Earnings before Interest tax depreciation and amortisation before the impact of AASB16
Centre EBITDA	EBITDA* generated from owned Early Schools
Management fees	Fees for managing centres ($100 - $120K per year)
Establishment fees	Fees for opening centres ($250K, recorded upon timing of opening)
NLR	Net leverage ratio (Net debt / EBITDA*)
Nido Early School	Nido branded quality focused long daycare centres
Fee per child	Average daily fee net of discounts
AEBIT – Acquisition price	Seasonally adjusted Earnings before interest and tax, used for calculating acquisition price
Incubators	Owners of greenfield Early schools until acquisition metrics are achieved
NAED	NDO's primary incubator. 100% externally owned by Alceon private equity
Occupancy	Number of children attending per period specified as a percentage of the centre's licenced places
pps	Percentage points

Appendix II: FINANCIAL STATEMENTS

Condensed consolidated half-year statement of profit or loss and other comprehensive income for the half year ended 30 June 2024	30 June 2024 $'000	30 June 2023 $'000
Revenue	75,492	34,665
Other income	1,420	1,062
Expenses		
Employee benefits	50,078	26,045
Occupancy	4,025	1,995
Direct expense of providing services	4,019	2,865
Other	1,301	1,419
Reported EBITDA	**17,489**	**3,403**
Depreciation and amortisation	5,195	2,848
Net finance cost	8,608	4,822
Reported Profit/(Loss) before tax	**3,686**	**(4,267)**
Income tax	(333)	968
Reported Net Profit/(Loss) after tax	**3,353**	**(3,299)**
Earnings per share	**Cents**	**Cents**
Basic	1.47	(3.91)
Diluted	1.45	(3.91)

AASB16 Reconciliations	30 June 2024 $'000	30 June 2023 $'000
Reported EBITDA	**17,489**	**3,403**
Lease rental expense (pre-AASB16)	(9,946)	(5,350)
EBITDA*	**7,543**	**(1,947)**
Reported Profit / (loss) before tax	**3,686**	**(4,267)**
Lease rental expense (pre-AASB16)	(9,946)	(5,350)
Finance cost – leases	8,375	4,647
Depreciation – leases	4,852	2,566
Profit / (loss) before tax[1]	**6,967**	**(2,404)**

1 *Figures are stated pre-AASB16*

Appendix II: FINANCIAL STATEMENTS

Condensed consolidated half-year statement of financial position as at 30 June 2024	30 June 2024 $'000	31 December 2023 $'000
ASSETS		
Cash and cash equivalents	3,841	25,569
Trade and other receivables	3,715	3,953
Other assets	769	1,110
Total current assets	**8,325**	**30,632**
Property, plant and equipment	2,384	2,497
Loan receivable	10,452	6,109
Right-of-use assets	152,091	155,085
Intangible assets	111,126	111,126
Rental bonds	-	9,977
Deferred tax assets	7,892	8,457
Total non-current assets	**283,945**	**293,251**
Total assets	**292,270**	**323,883**
LIABILITIES		
Trade and other payables	5,160	7,035
Borrowings	-	17,987
Employee benefits	7,711	9,163
Lease liabilities	19,239	18,832
Deferred consideration	-	8,141
Total current liabilities	**32,110**	**61,158**
Borrowings	4,350	10,382
Employee benefits	195	119
Lease liabilities	142,653	142,775
Total non-current liabilities	147,198	153,276
Total liabilities	**179,308**	**214,434**
Net assets	**112,962**	**109,449**
EQUITY		
Issued capital	125,222	125,454
Reserves	10,162	9,770
Retained earnings / (deficit)	(22,422)	(25,775)
Total equity	112,962	109,449

Condensed consolidated half-year statement of cashflow for the half year ended 30 June 2024	30 June 2024 $'000	30 June 2023 $'000
Cash flows from operating activities		
Receipts from customers and government funding	77,129	35,847
Payments to suppliers and employees	(52,273)	(30,824)
Interest and other finance costs	(8,608)	(4,646)
Net cash from operating activities	16,248	377
Cash flows from investing activities		
Payments for property, plant and equipment	(231)	(367)
Payment of deferred consideration	(8,141)	-
Loan to related party	(4,000)	-
Net cash used in investing activities	**(12,372)**	**(367)**
Cash flows from financing activities		
Proceeds from shareholders	-	398
(Repayment)/proceeds from borrowings	(24,019)	(300)
Repayment of lease principal	(1,585)	(706)
Net cash (used in)/from financing activities	(25,604)	(608)
Net increase in cash and cash equivalents	**(21,728)**	**(598)**
Cash and cash equivalents at the beginning of the period	25,569	2,312
Cash and cash equivalents at the end of the period	**3,841**	**1,714**

Appendix III

ADDITIONAL INFORMATION

ABOUT NIDO

What does Nido do?

Nido owns, operates and manages childcare centres (Early Schools) and manages the development of new Early Schools)

How does Nido generate revenue?

- Childcare fees from operating and owning 52 Early Schools
- Various Government funding for Kindergarten and Service based programs
- Fees from managing 47 Early Schools ($100-$120K per annum per centre)
- Establishment Fees for opening Early Schools for NAED ($250K per centre)

NIDO (ASX:NDO) “*KNEE-DOH*" ITALIAN FOR NEST

“ The world we are building for tomorrow starts with the Teachers of *today*”

Our Purpose

To support teachers
to rise
and make a
positive impact
on the lives of children

Our Mission

To create an environment where people feel happy and fulfilled in their roles, with all our schools delivering quality education that, in the Nido way,
meets or exceeds
the National Quality Standard

Our Vision

To build the capacity of the world’s teachers, so
they can deliver quality
early education
to children in all places,
and
in all circumstances

NIDO EARLY SCHOOL – THORNLIE WA BUILT 2023

NIDO EARLY SCHOOL – COBURG NORTH BUILT 2022

WHY IS NIDO UNIQUE?

Incubation strategy

Nido has developed a greenfield incubation strategy to mitigate risks associated with the traditional roll up approach

- A third-party incubator initially owns the centres, funds the development and trade up losses.
- Nido manages the development and day to day operations.
- Once acquisition performance hurdles are met Nido has a 12-month option to acquire.

Purpose built

All Nido's Early Schools are designed by Nido and managed by Nido from site selection through to acquisition

- Centres are built to be best in their markets.
- The owned portfolio is relatively new with the oldest opened in 2019.

Consistent growth

Nido has access to a de-risked acquisition pipeline of 110+ Nido centres over the next 5 years

- Proven performance centres acquired at a discounted 4.5 x AEBIT.
- Acquiring at circa 80% occupancy allows Nido to maintain an average occupancy of at least 80%.
- Built with quality and longevity in mind (30+ year leases).

EXPLAINING THE BENEFITS OF NIDO INCUBATION

The incubator bears the development and trade-up risk during the incubation phase whilst paying Nido $250K to open the centre and $120K per annum to manage the centre

Once acquisition metrics are achieved, Nido can exercise its call option to acquire the centre

Establishment and trade-up

Developer builds Nido designed Early School

Nido and NAED:
- Approve sites
- Work with developer and architects to design the centre to meet Nido's standards and needs

Nido opens Early School for NAED

Incubator pays Nido:
- $250k establishment fee for opening
- $120k per annum management fee
- Incurs trade up losses
- Assumes the commercial performance risk

Early School achieves acquisition metrics and triggers call option

Metrics include:
- 80% average occupancy for 6 months
- $5,500 EBIT per licensed place per annum

Call Option (active for 12 months)

Nido has a call option
- Acquisition multiple of 4.5x AEBIT
- No put option from the incubator

Nido ownership

Call Option (Exercised by Nido)

The call option can be exercised within 12 months of acquisition metrics being achieved

Nido acquires and pays 4.5x AEBIT based on the last six months trading

Earn out (de-risk)

Earnout of 10% and claw-back of 10% based on the first 12 months under Nido's ownership

NIDO AND NAED ALIGNMENT

Nido

Terms of NAED debt

- $25m debt ceiling
- 6 years
- 8% interest (PIK)
- Unsecured

Oversight and management

- Site selection
- Licensing
- Opening
- Operating the Early School
- Marketing
- Recruitment
- Finance management
- Payroll
- Day to Day operations

NAED

Equity Terms

- $30m equity ceiling
- Any dividend or early repayment of debt is 60% NAED and 40% Nido

Oversight and management

- Approves all sites

Funds

- Capex
- Rental bonds
- Employee
- Incurs trading losses

NAED is the primary incubator and funded to open 100 centres for Nido to acquire:

- Initially funded by 50% equity from NAED and 50% debt from Nido.
- Proceeds from acquisitions will move NAED to being self-funded.
- The faster the centres trade up, the faster Nido has the option to acquire them thereby reducing Nido’s use of capital to fund the debt.

EARLY EDUCATION IS CRITICAL TO BUILDING AN EDUCATED NATION AND 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.
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.
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.
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.