



ASX Announcement

Nido 2023 Full Year Results Investor Presentation

20 February 2024

Nido Education Limited (NDO.ASX) enclose their Investor Presentation for the Full Year Financial Results ended 31 December 2023.

Mathew Edwards, Founder & Managing Director, Renee Bowman, Chief Executive Officer and Tom Herring Chief Financial Officer will host a conference call and Q&A session for investors at 12.00 pm AEDT on Wednesday 21 February 2024.

Investors who wish to participate in the teleconference can register using this link:

<https://s1.c-conf.com/diamondpass/10036887-jfycq4.html>

Alternatively, if you would like to listen to the audio webcast, register using this link:

<https://loghic.eventsair.com/ndoannualresults/register/Site/Register>

Please note that you will not be able to ask questions in the webcast.

Further information

Investor & Media enquiries

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About Nido

Founded in 2021, Nido Education Limited is a national owner, operator and manager of long day early childhood education and care services, operating under the Nido Early School brand. Visit:

www.nidoeducation.edu.au

This announcement has been authorised for release by Board of Nido Education Limited

—ENDS—



CY2023 ANNUAL RESULTS PRESENTATION

20 February 2024

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

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The Group believes that the forecasts have been prepared with due care and attention and considers all best estimate assumptions, when taken as a whole, to be reasonable at the time of preparing this presentation. However, the forecasts presented in this presentation may vary from actual financial results. These variations may be material and, accordingly, neither the Group nor its Directors give any assurance that the forecast performance in the forecasts or any forward-looking statement contained in this presentation will be achieved.

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This Presentation is authorised for release by the Board of Nido Education Limited.



NIDO OVERVIEW

WHY NIDO EXISTS



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

Our Purpose

To create an environment that supports 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.



FINANCIAL HIGHLIGHTS

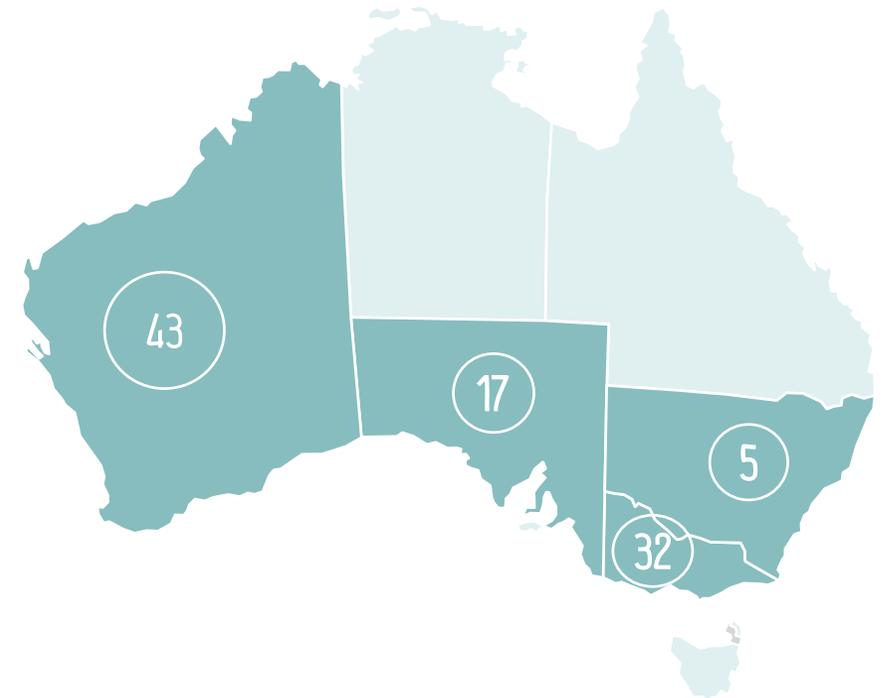


CY23 performance was delivered in line with Prospectus Forecast

Financial Metric	CY23	Prospectus Forecast	Key Highlights
EBITDA (underlying)	\$351k	\$375k	<ul style="list-style-type: none">Underlying EBITDA of \$0.35m in line with Prospectus Forecast
NPAT	(\$18,105k)	(\$19,394k)	<ul style="list-style-type: none">NPAT a loss of \$18.1m inclusive of AASB16, and non underlying costs is \$1.2m favourable to Prospectus Forecast
Closing cash	\$8,069k	n/a	<ul style="list-style-type: none">Weekly utilisation (for the 52 owned services) peaked at 82.5% in week 47
Revenue growth (% increase)	62%	62%	

Snapshot of Portfolio	Owned
Number of Owned Services	52
Number of Services in Incubation ¹	11
Total Number of Licensed Places for Owned Services	4,614
Total number of Teachers ¹	1924
CY23 average daily fee per place ²	\$147
Average Licensed Places	89
February 2024 ³ lowest occupancy	73%
Current Average daily fee per place ⁴	\$153

Nido operates at scale with 97³ Services across its owned and managed portfolio



KEY LEADERSHIP

Nido have an established leadership team with experience building and growing quality Services

Managing Director
Mathew Edwards
20+ years in the sector

Strategy, pipeline development,
coaching, licensee

New Services Director
Amanda Mawer
13+ years at Nido

Management of new Service openings
from design to construction

Operations Director
Kylie Morris
12+ years at Nido

Management of
day to day operations

Chief Executive Officer
Renee Bowman
8+ years in the sector

Strategy, education, quality
operations, coaching

Education & Quality Director
Nadia Wilson-Ali
5+ years at Nido

Management of
National Quality Standards and
education

Marketing Director
Sophie Gawel
4+ years in Nido

Management of
brand, marketing and Public Relations

Chief Financial Officer
Tom Herring
2+ years at Nido

Governance and risk, reporting,
commercial, process Improvement

Chief Technology Officer
Tom Mitchell
2+ years at Nido

Systems and data strategy, cyber
security

Chief of Staff
Naomi Brownie
2+ years at Nido

Strategy, project management, central
operations

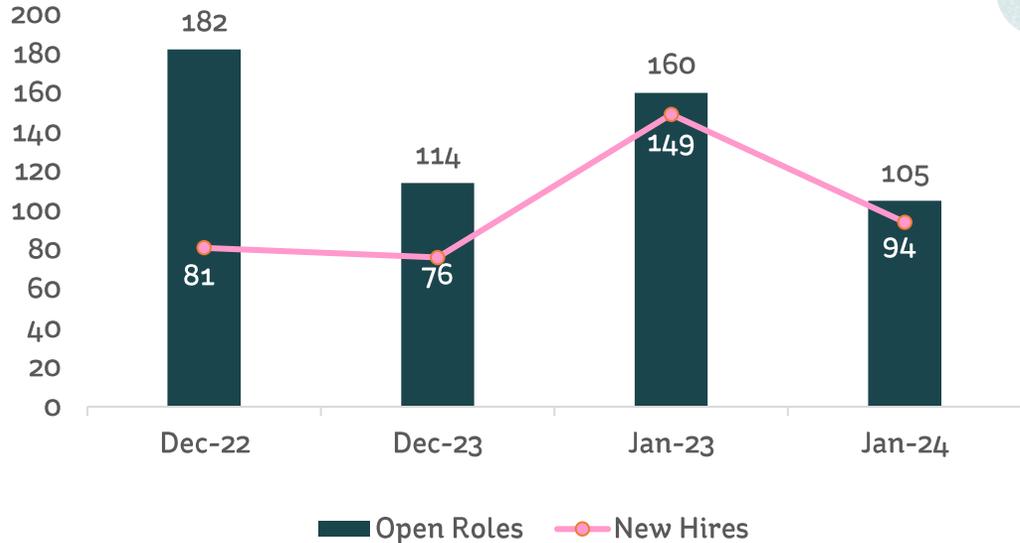
People Director
Megan Rowe
1+ year at Nido

Talent acquisition and retention,
learning and development

SUPPORTING OUR PEOPLE TO RISE



Open roles and new hires across 52 Nido Owned Services



“In January, we had more than 2,500 people apply for roles across our portfolio. We’re seeing this trend continue into February, giving us confidence in our ability to continue to source quality Educators.”

- Megan, People Director



QUALITY FOCUS WITH CHILDREN IN MIND

95% of Nido's assessed portfolio meets or exceeds the National Quality Standard

Nido Owned & Managed Assessed Portfolio

■ Exceeding NQS ■ Meeting NQS ■ Working Towards NQS



“Our quality journey begins before the soil is turned on our new sites and we are so proud of our team who embrace the true meaning of continuous improvement. Every one of our team contributes to this quality rating, whether in our Services or in our support office. The unique way our team commit to continuous reflection for greater development is admirable. Meeting or exceeding, we authentically strive to do and be better for our children, families and educators.”

- Kylie, Operations Director

What is the NQS?

The National Quality Standard (NQS) sets a national benchmark for early childhood education and care services. These standards promote the safety, health and wellbeing of children across 7 quality areas.



CY2023 FINANCIAL RESULTS

STATUTORY PROFIT OR LOSS

62% revenue year on year growth driven by acquisitions and higher days of learning

PROFIT AND LOSS STATEMENT

	2023 \$'000	2022 \$'000
Revenue	93,372	57,944
Other income	2,259	1,194
Expenses		
Employee benefits	76,829	42,446
Occupancy	4,813	3,158
Direct expense of providing services	6,714	6,085
Transaction costs	3,250	-
Other	6,683	2,204
Depreciation and amortisation	6,766	4,996
Net finance costs	12,329	8,543
Loss before tax	(21,753)	(8,294)
Income tax	3,648	1,519
Loss for the period	(18,105)	(6,775)
Other comprehensive income for the period, net of tax	-	-
Total comprehensive loss for the period	(18,105)	(6,775)
Earnings per share	Cents	Cents
Basic	(15.84)	(8.03)
Diluted	(15.84)	(8.03)

Revenue and earnings reflect continued growth from our existing Services, increased contribution from the 24 Services acquired in October and significant non-recurring costs associated with the listing.

PERFORMANCE VERSUS PRIOR YEAR



Underlying EBITDA of \$351K is \$4.5m favourable to prior year

\$'000	2023						2022		
	Underlying	AASB16	Non-underlying			Statutory	Underlying	AASB16	Statutory
			Share Based Payments	Transaction costs	Stamp duty	Other			
Revenue	93,372						93,372	57,944	57,944
Other income	2,259						2,259	1,194	1,194
Expenses									
Employee benefits	66,727		10,102				76,829	42,446	42,446
Occupancy	17,596	(12,783)					4,813	12,578	(9,420)
Direct expense of providing services	6,714						6,714	6,085	6,085
Transaction costs	-			3,250			3,250	-	-
Other	4,243				1,790	650	6,683	2,204	2,204
EBITDA	351	12,783	(10,102)	(3,250)	(1,790)	(650)	(2,658)	(4,175)	9,420
Depreciation and amortisation	630	6,136					6,766	376	4,620
Net Finance costs	1,296	11,033					12,329	324	8,219
Loss before tax	(1,575)	(4,386)	(10,102)	(3,250)	(1,790)	(650)	(21,753)	(4,875)	(3,419)
Income tax	(1,793)	1,316	108	3,285	537	195	3,648	493	1,026
Loss for the period	(3,368)	(3,070)	(9,994)	(35)	(1,253)	(455)	(18,105)	(4,382)	(2,393)

PERFORMANCE VERSUS PROSPECTUS

Underlying EBITDA of \$0.35m in line with Prospectus Forecast



\$'ooo	Actual	Prospectus Forecast	Variance	Notes
Revenue and other income	88,457	87,106	1,351	Service performance is favourable due to higher days of learning. Average occupancy of 75.4% (Prospectus Forecast 74.1%)
Expenses	(78,181)	(77,536)	(645)	
Service based EBITDA	10,276	9,570	706	
Management and development Fees	7,174	7,133	41	Support office costs include additional staff, recruitment and marketing costs incurred in the second half.
Support office costs	(17,099)	(16,327)	(772)	
Net Support office costs	(9,925)	(9,194)	(731)	
Underlying EBITDA	351	376	(25)	
Share based payments	(10,102)	(9,651)	(451)	Transaction costs, share based payment expenses and other one-off costs were above forecast, partly offset by a reduction in stamp duty relating to acquisitions.
Transaction costs	(3,250)	(2,700)	(550)	
Stamp duty	(1,790)	(2,000)	210	
Other non-recurring costs	(650)	-	(650)	
Non-recurring costs	(15,792)	(14,351)	(1,441)	
AASB 16 - rental adjustment	12,783	12,740	43	
EBITDA	(2,658)	(1,235)	(1,423)	Finance costs were unfavourable due to \$17.5 loan drawn at IPO being repaid early (2 January 2024) resulting in \$0.6m of establishment fees fully expensed in 2023 rather than amortised over the life of the loan as assumed in the Prospectus.
Depreciation	(630)	(596)	(34)	
Finance costs	(1,296)	(594)	(702)	
AASB 16 - Depreciation and finance costs adjustment	(17,169)	(16,969)	(200)	
Loss before tax	(21,753)	(19,394)	(2,359)	Nil current tax payable. Deferred tax benefit relates to leases and employee benefits (Prospectus Forecast: \$nil).
Income tax	3,648	-	3,648	
Loss for the period	(18,105)	(19,394)	1,289	

BALANCE SHEET



	2023 \$'000	2022 \$'000	Notes
Cash and cash equivalents	25,569	2,312	Includes \$17.5m drawn from loan on IPO
Trade and other receivables	3,953	2,687	
Other assets	1,110	836	
Total current assets	30,632	5,835	
Property, plant and equipment	2,497	1,679	
Loan receivables	6,109	-	First tranche of Loan to NAED
Right-of-use assets	155,085	87,049	
Intangible assets	111,126	-	
Rental bonds	9,977	4,718	Additional assets relating to October acquisitions
Deferred tax assets	8,457	2,021	
Total non-current assets	293,251	95,467	
Total assets	323,883	101,302	
Trade and other payables	7,035	2,511	
Borrowings	17,987	-	Loan and interest on loan drawn at IPO - repaid 2 January 2024
Employee benefits	9,163	3,455	Additional employee liabilities relating to October acquisitions
Deferred consideration	8,141	-	Deferred consideration for acquisitions due for payment by 31 December 2024
Lease liabilities	18,832	10,110	Additional leases relating to October acquisitions
Provisions	-	-	
Total current liabilities	61,158	16,076	
Non-current liabilities			
Borrowings	10,382	12,518	Loan and interest on related party loan
Employee benefits	119	150	
Lease liabilities	142,775	80,219	
Total non-current liabilities	153,276	92,887	
Total liabilities	214,434	108,963	
15 Net assets/(liabilities)	109,449	(7,661)	

STATUTORY STATEMENT OF CASH FLOW



	2023 \$'000	2022 \$'000	Notes
Cash flows from operating activities			
Receipts from customers and government funding	95,493	58,685	
Payments to suppliers and employees	(83,590)	(53,254)	
Cash flows generated from operations	11,903	5,431	
Interest and other finance costs	(11,610)	(8,093)	Includes interest on lease payments
Net cash from/(used in) operating activities	293	(2,662)	
Cash flows from investing activities			
Loans issued	(6,000)	-	First tranche of NAED loan issued in October 2023
Proceeds from the sale of child care Services	-	-	
Acquisition of subsidiary (net of cash received)	(73,314)	(500)	Excludes \$8m deferred consideration for acquisitions
Payments for property, plant and equipment	(351)	(2,328)	
Net cash used in investing activities	(79,665)	(2,828)	
Cash flows from financing activities			
Proceeds from issue of shares	99,564	-	IPO raise
Payment of transaction costs	(10,951)	-	Total costs of \$10.9m (\$3.2m expensed, \$7.8m classified in equity)
Proceeds from borrowings	17,500	6,299	Loan drawn at IPO
Repayments on borrowings	(478)	-	
Repayment of lease principal	(3,006)	-	
Net cash from financing activities	102,629	6,299	
Net increase in cash and cash equivalents	23,257	809	
Cash and cash equivalents at the beginning of the period	2,312	1,503	
Cash and cash equivalents at the end of the period	25,569	2,312	



GROWTH



WHY NIDO IS UNIQUE IN BOTH PUBLIC & PRIVATE MARKETS

PURPOSE BUILT SERVICES

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

- Nido Services are built to be best in their markets
- The Nido owned 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 97 Services (52 owned and 45 managed)

ACQUISITION PIPELINE

We have access to a pipeline of 100+ Services over the next 5 years

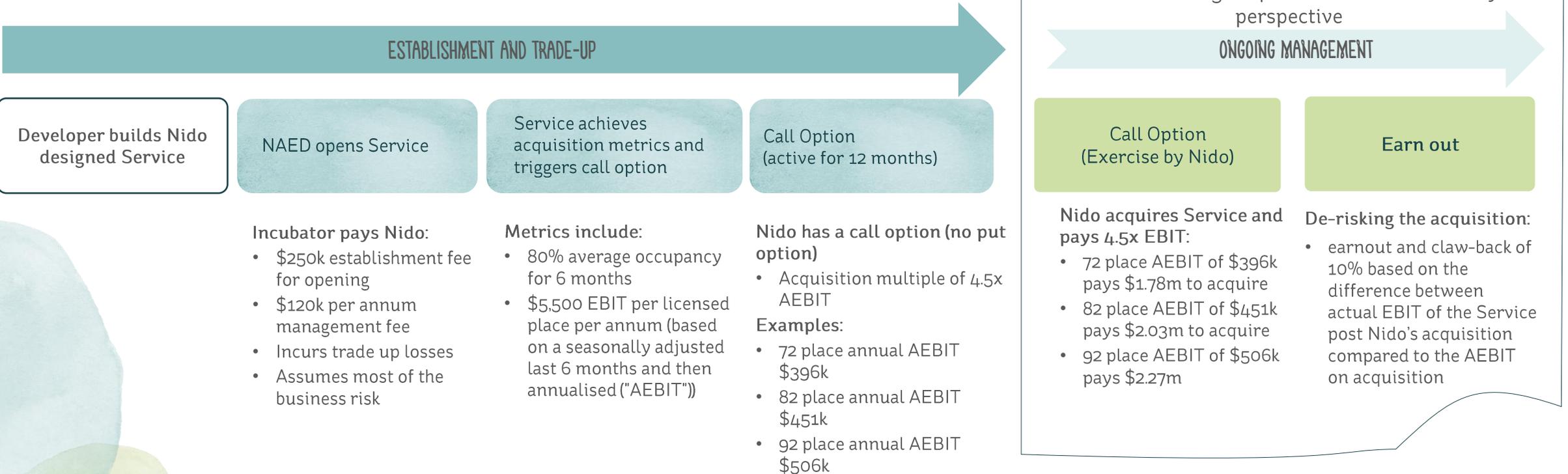
- Unique growth model, high occupancy acquisitions at a 4.5 x EBIT
- Built with quality and longevity in mind (30+ year leases)
- Nido Services are located in suburban areas where there is a high worker population where child care is considered a need rather than a want



THE INCUBATOR RELATIONSHIP

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

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



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

THE NIDO WAY TO GROW OUR BUSINESS

The Incubator model

- Incubator is expected to open 80 to 100 Services over the next four to five years
- 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 each Service)
- Low integration risk – Nido controls all aspects of the Service development and operations from day zero



SERVICES IN INCUBATION

Centre #	# Weeks open	# Licenced places	Current weekly Occupancy ¹	6 month average ¹
Centre 1	47	82	50%	46%
Centre 2	37	92	57%	55%
Centre 3	35	72	67%	60%
Centre 4	31	82	45%	35%
Centre 5	29	78	56%	45%
Centre 6	29	82	50%	32%
Centre 7	24	84	71%	51%
Centre 8	19	95	54%	34%
Centre 9	19	92	29%	18%
Centre 10	7	92	35%	27%
Centre 11	6	91	7%	6%

Acquisition Metrics

- 80% average occupancy for 6 months
- \$5,500 EBIT per licenced 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

\$67M ACQUISITION FACILITIES

Nido has completed the next phase of their capital structure strategy

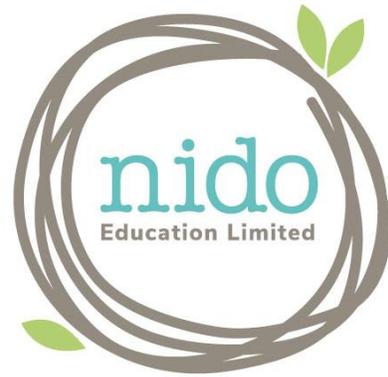
New \$67m facilities signed with NAB
on 8 February 2024

- **Facility A:** \$25m Corporate Market Loan will initially be used to relay the existing related party loan (\$10.5m) and the balance used for future acquisitions.
- **Facility B:** \$12m Bank Guarantee facility will allow the return of the \$9.9mil cash on deposit which is securing existing bank guarantees.
- **Accordion Facility:** \$30m is an uncommitted facility with pre-agreed terms that allow the company to trigger the approval process without affecting Facilities A or B. Fees are not paid for the facility until such time it is drawn down.
- \$17.5m facility drawn on IPO was fully repaid on 2 January ahead of maturity, reducing interest costs in 2024.



SUMMARY

- 1 CY2024 has started in line with Prospectus Forecast
- 2 February seasonal occupancy low of 73%¹ with growth commenced
- 3 \$67m acquisition debt facility reached financial close
- 4 11 Incubator Services in trade up
- 5 Supply of Educators improving



THANK YOU

APPENDIX - GLOSSARY

Term	Definition
EBITDA	Earnings before interest, taxation, depreciation and amortisation as it pertains to the Australian Accounting Standards Board
EBITDA (underlying)	Earnings before interest, taxation, depreciation and amortisation less any one-off costs such as relating to acquisition, scheme implementation and adjustments due to AASB 16 Leases
Group	Nido Education Limited (ACN 650 967 703)
NPAT	Net profit after tax as it pertains to the Australian Accounting Standards Board (AASB)
NPAT (underlying)	Net profit after tax less any adjustments due to AASB 16 Leases and any one-off costs
Service performance	Operating profit for the business including revenue, net of Service level labour, occupancy and Service overhead costs
Occupancy	Number of children attending per period specified as a percentage of the Service's licensed places