



21 October 2019

ASX Limited

Market Announcement

Think Childcare Limited (ASX Code: TNK)

Acquisition of eleven (11) trading child care Services

Think Childcare Limited (ASX: TNK) is pleased to announce that it has entered into binding agreements to acquire eleven (11) trading child care Services from an incubator, Edhod Pty Ltd (Edhod).

Acquisition price: \$16 million
EBITDA in CY2020: \$4 million (based on pre AASB 16)
EBITDA in CY2019: nil impact to underlying
Target settlement: 31 October 2019

The transaction is subject to the approval from the various landlords to assign the leases.

Nine (9) are Nido Early School branded (nidoearlyschool.com.au) and two (2) are purpose-built, only requiring approximately \$50K each in capex to transition to Nido.

Elements of acquisition

As announced to the ASX on 6 June 2019, TNK's largest incubator, Edhod (a controller of a significant majority of TNK's acquisition pipeline), was placed into receivership by its secured creditor. The acquisition of the 11 Services resolves the uncertainty over the control of these Services that was caused by the receivership.

As part of the acquisition, the Edhod group and TNK have agreed as follows:

- Edhod will pay TNK certain outstanding fees and expenses owed to TNK by the Edhod group;
- the parties have agreed to cancel Edhod's put option and TNK's call option rights with respect to any other current or future child care Services owned or developed by Edhod;
- TNK has agreed to forgo any clawback on this acquisition and all other acquisitions that have not traded for 12 months as at the 31 of August 2019;

- Edhod has agreed to forgo any earnout on this acquisition and all other acquisitions that have not traded for 12 months as at the 31 of August 2019; and
- TNK has agreed to continue to provide, at a reduced cost, management services to Edhod in respect of the Edhod Pipeline until the 31 of March 2020.

TNK understands that the Receivers of Edhod are considering a number of options for the remainder of the Edhod assets, including a sale of pipeline Services to one or more third parties or continuing to trade the remaining operating and pipeline Services. TNK has no certainty that an incubator will acquire the pipeline Services or that TNK will be able to secure an agreement to purchase the Services comprising the pipeline or the terms of any such agreement.

Please see accompanying investor presentation for more details and highlights.

Investor briefing call

Shareholders are invited to participate in a conference call briefing in relation to the acquisition.

Details of the conference call are as follows:

Date and time	Monday, 21 October at 11.00am AEST
Participant details	<ol style="list-style-type: none"> 1. All participants must pre-register to join this conference call using the Participant Registration link below. 2. Once registered, an email will be sent with important details for this conference, such as the call date and time, as well as a full list of participant dial-in numbers to join the call. Also included is a unique Registrant ID. This ID is to be kept confidential and not shared with other participants. <p>Participant Registration Site: http://apac.directeventreg.com/registration/event/6259087</p>

Mathew Edwards
 Managing Director and Chief Executive Officer

End



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