

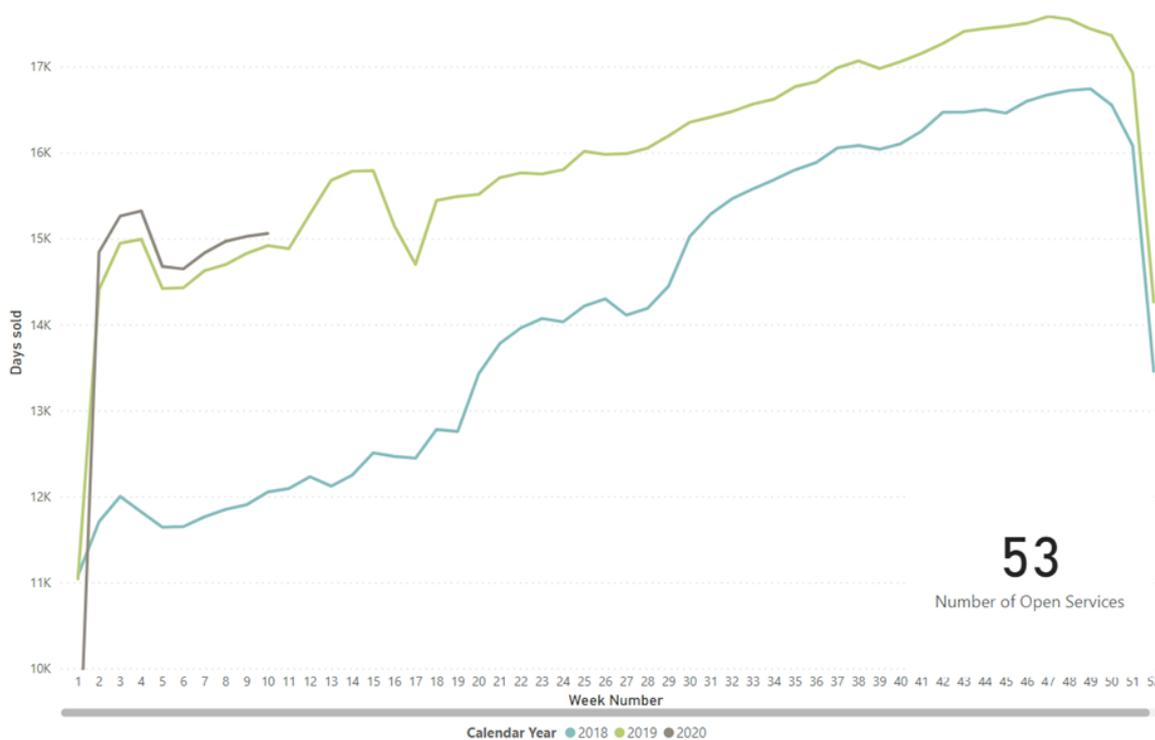
11 March 2020

ASX Limited
Market Announcement

Think Childcare Group (ASX Code: TNK)

Market update – Occupancy continues to trend up against last year

Think Childcare Group (ASX:TNK) (**Group**) is pleased to announce movement in occupancy to date, for the first 10 weeks of the year, on a like-for-like basis across 53 of our 72 Services fully owned for the 2019 year, has continued to trend upwards and there has not been any significant negative impact on demand for our Services from COVID-19.



Flexibility of our workforce

Our workforce is made up of 60% permanent employees with an average of 55 hours annual leave accrued per employee. If we were to see a decline in occupancy because families need to be excluded or choose to self-exclude, we would call on this flexibility in our workforce.

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This work force flexibility enables us the ability to move our cost base with demand. Firstly, on a voluntary basis, moving Educators between Services then reducing part time and casual hours and then annual leave. We do not expect to be negatively impacted from COVID-19.

Structure of our income

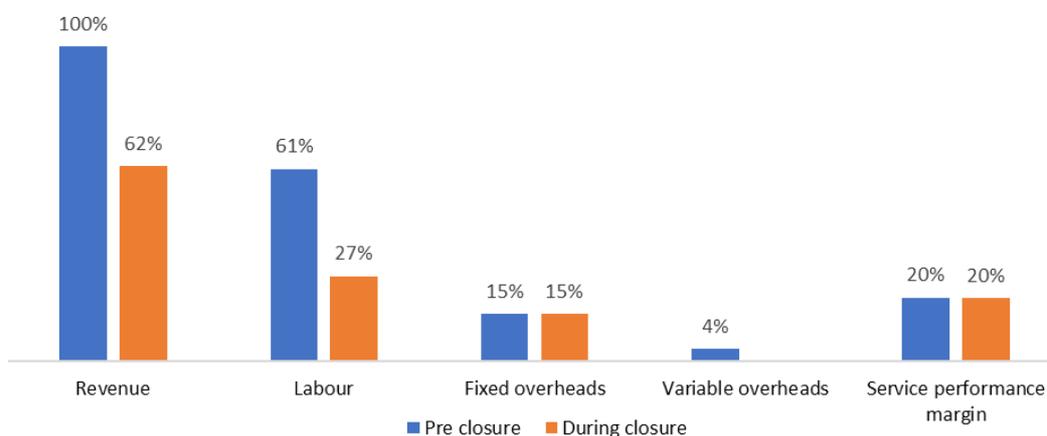
Bushfires experience - on 12 February 2020 The Hon Dan Tehan MP, Federal Minister for Education, announced that bushfire affected families may have their account paid by a third party and still receive the Child Care Subsidy (CCS) for up to 12 months. This allowed operators and/or donors to pay the out of pocket costs for families and for the families to still receive their full CCS.

The Federal Government has acted swiftly and decisively to support these families and protect the incomes of those working in the child care sector by ensuring continuity of income for these Services. We expect that the Government will extend similar programs to families and Services that are negatively affected by COVID-19. In any event, we expect that we will be able to manage without any additional Government assistance.

62% of our income is based on the Child Care Subsidy (CCS) with children having 42 days allowable absences without documentation and unlimited with a medical certificate (or the appropriate statutory declaration). This means that the Service provider can invoice families during these absences and still receive the CCS. We expect to be able to reduce costs on a Service basis in a manner to maintain profitability over the short term.

The Federal Government also further provided funding for the *Community Child Care Fund Special Circumstances Grant Opportunity*. While this fund is yet to provide support to the broader network of child care Services and for COVID-19, it has been highlighted by the Federal Government as a potential vehicle and mechanism to support child care Services affected by COVID-9.

Proforma service performance 3 week closure scenario



Child care continued operations critical to the economy

Child care is a critical factor in driving the productivity of the Australian economy. Putting aside for the moment the benefits to the child from the education curriculum, the opportunity to socialise and develop the skills is needed to navigate life with independence.

Child care in Australia supports 1,000,740 families in order for them to participate in the workforce that otherwise would not have the consistent support structures to provide the care for their children while they are working.

To close down child care Services on masse would mean that potentially a million people would not show up for work the next day. The impact on these families, their place of work and the broader economy would be devastating and far reaching.

Short term closure of a child care Service or school due to infection

The recent incident at a NSW child care Service in Macquarie Park, where staff and children were exposed to an aged care facility with a patient that was confirmed with the virus, saw 17 children and four staff test negative and the **child care Service re-opened the next day.**

As reported in the ABC News online,

"Epping Boys High in Sydney's north reopened on the Monday after closing for the day on Friday when a 16-year-old student tested positive for coronavirus.

Sixty-nine students and staff who had close contact with the teenager will remain in self-isolation for 14 days.

Deputy secretary of the NSW Department of Education Murat Dizdar said the school has been cleaned from top to bottom.

'[It's] business as usual ... staff are looking forward to welcoming them in a couple of hours back into school. The school's been thoroughly cleaned with reinforced infection control procedures, including the promotion of healthy hygiene habits.'

The Australian Government continues to keep child care Services well informed with daily updates on their pandemic plan, infections, recommended hygiene practices and busting myths about the virus.

Whilst we do not expect to see mass closures, we more realistically expect localised closure due to a hot spot located in the area. In the US they have signalled closure of schools in certain districts for up to 14 days and Singapore has taken a similar approach."

Children and COVID-9

Chief medical officer Dr Brendan Murphy said one of the surprising features about the virus was how few children seemed to have been identified as infected.

"It's very unusual compared to influenza," he said.



"We don't know whether children might be getting the disease, but their symptoms are so mild they are not being picked up, or they're not becoming sick, or whether they are somehow less susceptible."

Professor Robert Booy from the National Centre for Immunisation Research and Surveillance said for some reason children appeared to be getting a mild dose of COVID-19.

"Those children who did contract the virus overseas have only had mild symptoms such as fever and upper respiratory symptoms," he said.

So far, no children have been reported as having serious complications, but that is not the case for adults, particularly older ones.

Business as usual: Cleaning and hygiene practices

Under the National Quality Standards (NQS) we are required and adhere to the general hygiene practices. Accompanying this announcement at Annexure A, are references to the Group's hygiene practices, resources and relevant sources referred to in this announcement.

END

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This announcement was authorised for release by Mathew Edwards, Managing Director and CEO, Think Childcare Limited and Director, Think Childcare Development Limited.

Annexure

Sources and resources

Business as usual: Cleaning and hygiene practices

We maintain external cleaners across our Services with weekly visits by the Area Manager of the company to ensure highest quality of cleaning services.

Throughout the day Educators, Cooks and support staff regularly clean rooms, doorknobs, mouthed toys, nappy change areas and continue ongoing cycle of sanitising resources which are used by the children. Our kitchens are thoroughly audited by independent food auditors and Local Council.

The following excerpts will provide a better understanding of some of the practices we follow, and the addition of our actions post COVID-19:

INFECTION CONTROL POLICY *excerpt:*

Prevention of infectious diseases is of the highest priority in our service. Our team will ensure at all times that they;

1. Clean nappy and toilet areas, tables, beds, benches, art & craft on a regular cycle as per the cleaning schedules.
2. Kitchenettes to have food grade cleaning materials available for cleaning in line with food standards.
3. Paper hand towel is used to disinfect nappy change mats.
4. Toilets and toilet areas are disinfected at least twice per day and when needed e.g. a child vomiting, miss of toilet.
5. Children's equipment is sanitised daily. Mouthed toys are removed immediately and disinfected as soon as possible. All small toys in 0-2-year-old room to be disinfected daily.
6. Outdoor equipment is cleaned thoroughly with cleaning materials every six months.
7. Tables, chairs, highchairs are cleaned with warm soapy water/cleaning material after each meal. Floors are swept after each meal. Floors are mopped daily.
8. Stretcher beds/ hanging beds are cleaned after each use, cots will be cleaned between children and once a week for five-day babies. Children will not share beds or bedding.
9. Beds are to be stored in such a way to allow ventilation. At no time will made up beds be stacked unless the sheets aren't touching.
10. Cot sheets, and cot blankets are washed weekly or as required, unless soiled will be washed straight away

11. Dummies are to be labelled, to ensure correct dummies are given to the babies. These are to be stored in individually labelled containers. Dummies on chains are to be removed from the cots to ensure that other children cannot access them.
12. Cups, plates and utensils are washed between children as per food standards.
13. Gloves are worn when wiping noses or hands are to be washed in warm soapy water.
14. Separate washers, tissues and bibs are to be used for each and every child.
15. More than two confirmed cases of an infectious illness need to be reported to the state's

Health Department - the Health Department recommendations override the 'Staying Healthy in Childcare' during an outbreak.

Illness and hygiene standards reference through Staying Healthy in Childcare (SHCC) and/or Public Health unit (PHU) if this exceeds SHCC i.e. vomiting – PHU states 48 hours clearance, SHCC states 24 hours clearance - service follows PHU).

CHILD WELLBEING AND ORAL HEALTH POLICY *excerpt:*

The team will ensure that every step is taken to minimise cross infection within the Service during the nappy change, toileting, mealtimes, routines and programmed times. We will ensure routines are conducted in ways that maintain respect for each child, with interactions that are warm and responsive and support children's growth and learning.

Actions post COVID-19

1. Cease all incursions and excursions
2. Cease allowing non-critical visits to the Service during trading hours, gardeners, maintenance external
3. Cease allowing deliveries into the Services with people to people contact, items to be left outside post a phone call from the delivery person
4. Wiping down all door handles
 - a. every 20 minutes during peak times
 - b. every hour during the day
 - c. external door handles on entry area (pool gate typically), front door, room doors
5. Providing antibacterial – this is already in place however reminders have been posted on electronic communication platforms and in foyer areas
 - a. in the external at the entry gate
 - b. in the foyer
 - c. at the entry of each room

6. Increased attention to children, staff and families presenting with flu like symptoms
 - a. exclusion with the requirement for a Doctors clearance to re-attend
 - b. monitoring family's absences due to holidays or illness and requesting exclusion or clearances as recommended
7. Re-stating the importance of hand washing for children and adults – literature communicated to all families via electronic platforms, staff to re-sit training program and intentional teaching added to programs on the importance of handwashing

Summary of situation

The situation is perfectly articulated by the Ministry of Education in Singapore;

There are two key threats we face in such an outbreak situation.

First is the virus itself. We have various measures based on medical evidence that are targeted at limiting its spread.

Second which is more insidious, is fear. It prevents us from doing the things we love to do and have to do. We must remember that to be deprived of our daily lives and activities – to study, learn, play, socialise with friends, visit places we like, help people in need – over a prolonged period will make life miserable for everyone and disrupt society.

In tackling fear, we must as a society be resilient. We should not let fear of the virus get the better of us and prevent us from going about our daily lives. We should stay vigilant and calm, cooperate as a society, do our part and be socially responsible. Some of the most effective measures are in our own hands – wash them regularly with soap and water, and keep them away from our faces so that we reduce the risk of infection to ourselves and our loved ones, help to contain the threat, while allowing life to go on as normally as possible.

Sources

Dr Brendan Murphy interview

<https://www.health.gov.au/news/doorstop-interview-about-coronavirus-covid-19>

Federal Government daily health alert

<https://www.health.gov.au/news/health-alerts/novel-coronavirus-2019-ncov-health-alert>

World health organisation – Myth Busters

<https://www.who.int/emergencies/diseases/novel-coronavirus-2019/advice-for-public/myth-busters>

Childcare usage

<https://education.govcms.gov.au/child-care-australia-report-september-quarter-2019>

The Hon Dan Tehan MP announcement

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<https://ministers.education.gov.au/tehan/child-care-fee-relief-bushfire-affected-families-and-firefighters>

Community Child Care Fund Special Circumstances Grant Opportunity

<https://www.education.gov.au/cccfspecialcircs>

Ministry of Education in Singapore

<https://www.moe.gov.sg/faqs-covid-19-infection#q3dq2>

FEB 6: Few children got SARS. In a 2007 report, experts from the Centres for Disease Control and Prevention determined that children 12 or younger displayed milder symptoms of SARS than adults did. No children or adolescents died from the virus, and there was only one instance in which a child transmitted SARS to another person. Scientists still aren't sure why that was the case.

<https://www.businessinsider.com.au/coronavirus-case-children-infants-low-disease-expert-explain-why-2020-2?r=US&IR=T>

MARCH 3: No children under 10 appear to have died from the coronavirus, even though kids have been infected

<https://www.businessinsider.com.au/no-children-under-10-died-from-coronavirus-2020-2?r=US&IR=T>

ABC News online, 9 March 2020 at 8:41 am: <https://www.abc.net.au/news/2020-03-09/sydney-morning-briefing-monday-march-9/12037406>

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