



ASX Announcement

ASX Code: NDO

Market Update

16 February 2026

Nido Education Limited ACN 650 967 703 (ASX: NDO) (**Company** or **Nido**) announces three important updates:

1. Provision of a perspective on the current trading conditions in the child care sector.
2. Nido's current performance.
3. Capital management as part of our annual report announcement following the completion of our current review.

Perspective on current trading conditions in child care

Market backdrop: a challenging operating environment

Industry demand conditions have softened in parts of the Australian early childhood education and care market over 2024–2025. This appears to reflect a combination of demographic, affordability, work pattern and local supply factors.

Australian Government population data shows that the Total Fertility Rate (TFR) has been declining to historic lows¹ over the last two consecutive years, moderating growth in the number of children in the 0–5-year-old cohort over the short-term. However, current projections² indicate that the fertility rate is expected to increase over the medium term.

Australian birth rates have been below the 2021 peak in recent years. In 2024, there were 292,318 births registered, an increase of 1.9% (5,320 births) from 2023, but still below 309,996 births in 2021. Consistent with this, Australia's TFR was 1.48 in 2024, compared with 1.70 in 2021.³ Refer to Figure 1 below.

¹Australia Government – Australian Institute of Family Studies: <https://aifs.gov.au/all-research/facts-and-figures/births-australia>.

²Australian Government - Centre for Population, Population Statement 2025 (2026), p. 1: <https://population.gov.au/sites/population.gov.au/files/2026-01/population-statement-2025.pdf>.

³ Australian Bureau of Statistics, Births, Australia (latest release): <https://www.abs.gov.au/statistics/people/population/births-australia/latest-release>.

Figure 1⁴

Year	Total Registered Births	Total Fertility Rate (TFR)
2024	292,318	1.48
2023	286,998	1.50
2022	300,684	1.63
2021	309,996	1.70
2020	294,369	1.59

TFR is the estimate of the number of children a female would have over her lifetime and is projected to fall to 1.42 in 2025–26, which would be the lowest level recorded in Australia.⁵ A TFR of 2.1 would sustain Australia's population size, a level not seen in Australia since the 1970's.⁶ Australia supplements our declining population growth with immigration, however typically immigrants do not receive any child care subsidy (CCS), which means whilst both parents may be working they have to pay full fees, so they tend to not use formal early education.

The downward occupancy pressure on Nido and the broader sector started in 2024 with flat occupancy from the previous year. This was driven by a larger cohort of children going off to school and being replaced with smaller cohorts and in a market that had increased supply. The 2021 cohort of 309,996 children moved into the school system or sessional kindergarten and were replaced with the 2022 cohort of 300,684⁷ children and 2024 newborns of 292,318.

At the same time, cost-of-living pressures and higher out-of-pocket child care costs appear to have influenced utilisation patterns for some families, including a reduction in hours of care in some segments.

Changes in working patterns may also be affecting demand composition. Working from home and hybrid arrangements remain structurally higher than pre-COVID levels⁸, which can reduce the average number of days required by some families and increase demand variability in utilisation.

Importantly, from our analysis, realised demand continues to be constrained by uneven geographic supply, which limit available places despite ongoing parental participation in the workforce and continued population growth supported by net overseas migration.

⁴ Australian Bureau of Statistics, *Births, Australia* (latest release): <https://www.abs.gov.au/statistics/people/population/births-australia/latest-release>.

⁵ Australian Government – Centre for Population, *Population Statement 2025* (2026), p. 1: <https://population.gov.au/sites/population.gov.au/files/2026-01/population-statement-2025.pdf>.

⁶ Australian Government – Centre for Population, *Population Statement 2025* (2026), p. 14: <https://population.gov.au/sites/population.gov.au/files/2026-01/population-statement-2025.pdf>.

⁷ Australian Bureau of Statistics, *Births, Australia* (latest release): <https://www.abs.gov.au/statistics/people/population/births-australia/latest-release>.

⁸ Australian Bureau of Statistics, *Working arrangements* (August 2025): <https://www.abs.gov.au/statistics/labour/earnings-and-working-conditions/working-arrangements/latest-release>.

What is the future of the early education sector

Policy Settings: Supporting Families and Workforce Participation

Looking ahead, a significant supportive reform is the Australian Government's 3-Day Guarantee, effective from 5 January 2026. This measure provides all CCS-eligible families with access to a baseline of 72 subsidised hours per fortnight without having to work, study or volunteer. The policy has the potential to increase utilisation among families previously constrained by the activity test. While implementation is still in its early stages, initial feedback from families indicates strong support for the reform.

More broadly, the Government continues to advance measures aimed at easing cost-of-living pressures for families and supporting parents to start or grow their families, should they choose to do so. These initiatives include further progress toward a more universal early education and care system, alongside the expansion and strengthening of paid parental leave arrangements.

The Australian Labor Government has recognised the need for substantial investment in early childhood education. Survey-based research summarised by the Australian Government's Centre for Population indicates cost pressures can influence the timing of childbearing and, for some families, the number of children they ultimately have.⁹

The Minister for Education and the Minister for Early Childhood Education have articulated a long-term commitment to improving outcomes for children and families. This reflects an understanding that investment in the early years generates enduring benefits for individuals and for the broader economy. It is encouraging to see a policy focus that extends beyond a single electoral cycle and takes a generational view.

There is strong evidence that experiences in the early years significantly influence outcomes later in life. However, participation in early childhood education remains uneven. Many children commence primary school without the foundational skills required to thrive, and school systems are often not structured to fully close these developmental gaps. Over time, while many children go on to thrive, early disparities can shape future educational attainment and pathways.

The Government also recognises that reducing cost pressures for young families, particularly in relation to early education and care, can support earlier workforce re-engagement and increased participation in work or study. In turn, this strengthens household incomes and broadens the tax base, delivering both social and economic dividends.

⁹ Australian Government, Centre for Population (October 2024), *Fertility decline in Australia: Is it here to stay?*: <https://population.gov.au/sites/population.gov.au/files/2024-10/Fertility-decline-Australia-2024.pdf>.

Universal child care: educating more children by making affordable quality child care accessible for all

The Government, Prime Minister – Anthony Albanese, Education Minister – Jason Clare and the Minister for Early Childhood Education – Dr Jess Walsh have all been very focused on the need and the desire to implement a universal child care system in Australia that is predicated on reducing the costs to families and ensuring that the early education delivered is of quality.

The Productivity Commission's, *A Path to Universal Early Childhood Education and Care* inquiry reports¹⁰ contain detailed modelling on the increase in demand from lower fee, alternative subsidy structures, including the impacts of structures similar to those countries like Canada.

Universal child care would go beyond being a driver of work force participation and would be fundamental in delivering a more educated nation that is fit to continue to grow and innovate, punching above its size on the world stage.

Nido trading update

Positioning for performance resilience

Over the past 12 months, Nido has made significant investments to strengthen our operational capabilities. We have been transparent with the market that these investments would impact FY25 earnings and have provided guidance accordingly.

In this context, it is critical for operators to prioritise safeguarding, the quality of the educational offering, employee engagement and disciplined operational performance.

Nido has restructured its service management model to better support these priorities. Training, onboarding, child safety, quality and compliance are central to how we operate.

For example, we have transitioned from a traditional model in which Area Managers were responsible for both commercial and people outcomes, to a structure that separates these accountabilities. Under this model, Area Managers are focused on quality, compliance and child safety, while dedicated roles support commercial performance. This ensures that safeguarding and quality remain at the forefront, without compromising financial discipline.

Supply of new child care services

In this challenging market, we have seen services open in some oversupplied areas, which has diluted demand and led to lower-than-expected occupancy across local catchments, causing services in the area to trade at reduced occupancy levels.

¹⁰ Australian Government Productivity Commission (June 2024), *A path to universal early childhood education and care*: <https://assets.pc.gov.au/inquiries/completed/childhood/report/childhood-volume2-supporting.pdf> and <https://assets.pc.gov.au/inquiries/completed/childhood/report/childhood-volume1-report.pdf>.

Over the past 5 years, the supply of licensed places has increased by around 29% (approximately 5% per annum), against a backdrop of a declining number of children.¹¹

In response our incubator partner is focused on areas with clear under-supply, under-service, and markets with stronger barriers to entry. While over 150 sites are reviewed each month, typically only 5–10 sites are selected to progress for further work and around 20% of those ultimately, turning into executed deals.

2026 outlook

Over the course of 2025, we evolved the Nido brand and aligned our organisation behind a shared belief, shaped and reinforced by our people, that **every day matters**. This clarity of purpose has informed the evolution of our marketing strategy, with refreshed campaigns and an expanded channel approach designed to better connect with families.

While Nido commenced 2026 with lower starting occupancy compared to the prior year, we have recorded year-on-year growth in enquiries and enrolment offers issued to families.

January 2026 delivered an acceptable profit outcome. At a group level, earnings are ahead of the corresponding period last year. Investors should note that a single month is not necessarily indicative of full-year performance.

Looking ahead to 2026, Nido expects the operating environment to remain challenging as we continue to prioritise child safety, quality and compliance. Policy settings remain supportive of utilisation and workforce participation, and we will continue to execute targeted initiatives to drive enrolments and deliver more days of learning across the Nido service network.

Capital Management

Nido expects to provide a further update on capital management as part of our annual report announcement following the completion of our current review. This includes a potential dividend and to continue buying-back shares as part of our current buy-back program, subject to final Board approval. The amount of any dividend remains to be determined. This reflects our intention to continue to manage capital in way that benefits shareholders.

Further updates will be provided as part of our full year results announcement on 25 February 2026.

¹¹ ACECQA national registers: <https://www.acecqa.gov.au/resources/national-registers>.

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This ASX announcement was authorised for release by the Board of Nido Education Limited.

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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.nido.edu.au



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