
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

**CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934**

Date of report (Date of earliest event reported): May 3, 2022

BRIGHT HORIZONS FAMILY SOLUTIONS INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001-35780
(Commission
File Number)

80-0188269
(I.R.S. Employer
Identification Number)

2 Wells Avenue
Newton, Massachusetts
(Address of principal executive offices)

02459
(Zip code)

Registrant's telephone number, including area code: (617) 673-8000

Not Applicable

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.001 par value per share	BFAM	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 1.01 Entry into a Material Definitive Agreement

Share Sale Agreement

On May 3, 2022, Bright Horizons Family Solutions Inc., a Delaware corporation (the “Company”), through Bright Horizons Family Solutions LLC, a Delaware limited liability company (the “Guarantor”), and a wholly-owned subsidiary of the Company, BlueTang OpCo Pty Ltd. (collectively with the Company and the Guarantor, the “Buyer”), entered into a Share Sale Agreement (the “Purchase Agreement”) with Nemo (BC) Cayman, LP, a Cayman Islands limited liability partnership (“Nemo”), to purchase and acquire 100% of the outstanding shares of Nemo (BC) HoldCo Pty Ltd., an Australian private company (“OAC”), which wholly-owns OAC Group Pty Ltd. and its subsidiaries, including Only About Children Pty Ltd., a child care operator in Australia (the “Transaction”).

Pursuant to the Purchase Agreement, and subject to the terms and conditions thereof, the Buyer has agreed to acquire all of the issued and outstanding shares of OAC for aggregate consideration of AUD\$450 million (approximately USD\$320 million), of which AUD\$300 million (USD\$213 million) will be paid upon closing and an additional AUD\$150 million (USD\$106.5 million) will be paid eighteen months after closing as deferred purchase price. The purchase price is subject to customary adjustments at closing, including for net debt and net working capital, and will be financed with cash on hand and amounts borrowed under the Company’s existing revolving credit facility. The Purchase Agreement provides for customary representations, warranties and covenants, with recourse generally limited to a customary warranty and indemnity insurance policy to be purchased by the Buyer, and provides for certain termination rights for each party. Nemo has agreed to conduct the business of OAC in the ordinary course and not to enter into certain arrangements or take certain actions prior to and following closing of the Transaction, including non-solicit and confidentiality provisions.

The Transaction is expected to close in the third quarter of calendar 2022. Closing under the Purchase Agreement is subject to certain conditions, including Australian foreign investment regulatory approval of the Transaction and consents of certain third parties.

The foregoing summary of the principal terms of the Purchase Agreement does not purport to be complete and is qualified in its entirety by reference to the full copy of the Purchase Agreement, which will be filed with the Company’s Quarterly Report on Form 10-Q for the quarter ending June 30, 2022. This summary is intended to provide information regarding the terms of the Purchase Agreement and is not intended to modify or supplement any factual disclosures about the Company or OAC in public reports filed with the Securities and Exchange Commission (“SEC”). In particular, the Purchase Agreement and this summary are not intended to be, and should not be relied upon as, disclosures regarding any facts and circumstances relating to any party to the Purchase Agreement. The Purchase Agreement includes representations, warranties and covenants made solely for the benefit of the parties to the Purchase Agreement. The assertions embodied in those representations and warranties were made solely for purposes of the Purchase Agreement among the parties thereto and may be subject to important qualifications and limitations agreed to by the parties in connection with the negotiated terms, including being qualified by confidential disclosures exchanged between the parties in connection with the execution of the Purchase Agreement. Moreover, some of those representations and warranties may not be accurate or complete as of any specified date, may be subject to a contractual standard of materiality different from those generally applicable to the Company’s filings with the SEC or may have been used for purposes of allocating risk among the parties to the Purchase Agreement rather than establishing matters as facts. Investors should not rely on the representations, warranties and covenants or any description thereof as characterizations of the actual state of facts of the Company, OAC or any of their respective subsidiaries or affiliates.

Item 2.02 Results of Operations and Financial Condition

On May 3, 2022, the Company issued a press release announcing its financial results for the fiscal quarter ended March 31, 2022 and revised financial guidance for the year 2022. A copy of the press release is furnished as Exhibit 99.1 hereto and is incorporated herein by reference.

The information furnished pursuant to this Item 2.02, including Exhibit 99.1 attached hereto, is being furnished and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) or otherwise subject to the liabilities under that Section, and shall not be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended (the “Securities Act”), or the Exchange Act, regardless of any general incorporation language in any such filing.

Item 7.01 Regulation FD Disclosure

On May 3, 2022, the Company issued a press release announcing the entry into the Purchase Agreement, which included commentary regarding the expected financial and strategic impact of the Transaction. The Company has entered into a foreign exchange forward contract arrangement to mitigate the impact of foreign currency fluctuations between signing and closing. A copy of the Company’s press release is being furnished herewith as Exhibit 99.2 and is incorporated herein.

The Company will provide additional information about the Transaction on its earnings call on Tuesday, May 3, 2022 at 5:00 p.m. (ET). Interested parties are invited to listen to the conference call by dialing 1-877-407-9039 or, for international callers, 1-201-689-8323, and asking for the Bright Horizons Family Solutions conference call moderated by Chief Executive Officer Stephen Kramer. A link to the audio webcast of the call is also available through the Investor Relations section of the Company’s web site, www.brighthorizons.com.

The information furnished pursuant to this Item 7.01, including Exhibit 99.2 attached hereto, is being furnished and shall not be deemed “filed” for purposes of Section 18 of the Exchange Act or otherwise subject to the liabilities under that Section, and shall not be deemed to be incorporated by reference into any filing of the Company under the Securities Act or the Exchange Act, regardless of any general incorporation language in any such filing.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

- 99.1 [Press Release of Bright Horizons Family Solutions Inc. dated May 3, 2022 announcing results for Q1 2022.](#)
- 99.2 [Press Release of Bright Horizons Family Solutions Inc. dated May 3, 2022 announcing the Transaction.](#)
- 104 Cover Page Interactive Data File (embedded within the Inline XBRL document).

Forward-Looking Statements

This Current Report on Form 8-K includes forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. The Company’s actual results may vary significantly from the results anticipated in these forward-looking statements, which can be

generally identified by the use of forward-looking terminology, including the terms “believes,” “expects,” “may,” “will,” “should,” “seeks,” “projects,” “approximately,” “intends,” “plans,” “estimates” or “anticipates,” or, in each case, their negatives or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts, including statements regarding the Company’s intentions, beliefs or current expectations concerning, among other things, the likelihood and timing of the closing of the Transaction, warranty and indemnity insurance, and entry into foreign exchange forward contracts. By their nature, forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those projected, including but not limited to, that the closing conditions may not be satisfied when or as the Company expects or may be waived; and other risks and uncertainties more fully described in the “Risk Factors” section of the Company’s Annual Report on Form 10-K filed February 25, 2022, and other factors disclosed from time to time in its other filings with the Securities and Exchange Commission. These forward-looking statements speak only as of the time of this release and the Company does not undertake to publicly update or revise them, whether as a result of new information, future events or otherwise, except as required by law.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

BRIGHT HORIZONS FAMILY SOLUTIONS INC.

Date: May 3, 2022

By: /s/ Elizabeth Boland

Elizabeth Boland
Chief Financial Officer

Bright Horizons Family Solutions Reports First Quarter of 2022 Financial Results

NEWTON, MA - (BUSINESS WIRE) - May 3, 2022 - Bright Horizons Family Solutions® Inc. (NYSE: BFAM), a leading provider of high-quality education and care solutions designed to help employers support employees across life and career stages, today announced financial results for the first quarter of 2022 and revised financial guidance for 2022.

First Quarter 2022 Highlights (compared to First Quarter 2021):

- Revenue of \$460 million (increase of 18%)
- Income from operations of \$31 million (increase of 127%)
- Net income of \$19 million and diluted earnings per common share of \$0.33 (increases of 172% and 175%, respectively)

Non-GAAP measures

- Adjusted income from operations* of \$31 million (increase of 127%)
- Adjusted EBITDA* of \$63 million (increase of 36%)
- Adjusted net income* of \$28 million and diluted adjusted earnings per common share* of \$0.47 (increases of 100% and 104%, respectively)

“We are pleased with our start to 2022, as we continue to make progress from the effects of the COVID-19 pandemic,” said Stephen Kramer, Chief Executive Officer. “Our growing list of client partners demonstrates the increasing focus and impact our services have on working parents, adult learners and the employers who rely on the talent and dedication of their diverse workforces.”

“With each month of the recovery, we see the unique strength and resilience of our business model, and our expanding service offerings are reaching a broader population of workers, thereby meeting the evolving needs of our clients,” Kramer continued. “We are privileged to support families so they can thrive and prosper at work and at home, and to help so many adult learners grow and develop in their careers by advancing their education while they work.”

First Quarter 2022 Results

Revenue increased \$69.6 million, or 18%, in the first quarter of 2022 from the first quarter of 2021, primarily attributable to enrollment gains at our centers, and to a lesser extent, expanded sales and utilization of back-up care and other educational advisory services. While we continued to see steady gains in enrollment in our child care centers during the quarter, our centers are still operating below pre-COVID-19 enrollment levels during this re-ramping phase.

Income from operations was \$31.2 million for the first quarter of 2022 compared to \$13.7 million for the first quarter of 2021, representing a 127% increase. The increase in income from operations reflects improved gross profit contributions in the full service center-based child care segment arising from increased enrollment and a higher level of support from government programs compared to the prior year. This increase was partially offset by a reduction in income from operations in our back-up care services that reflects the shift in service delivery mix back towards pre-COVID-19 levels, with increasing utilization of traditional in-home and center-based care compared to the prior year. Net income was \$19.4 million for the first quarter of 2022 compared to \$7.1 million for the first quarter of 2021, an increase of 172% due to the increase in income from operations noted above, partially offset by a higher effective tax rate. Diluted earnings per common share was \$0.33 for the first quarter of 2022 compared to \$0.12 for the first quarter of 2021.

In the first quarter of 2022, adjusted EBITDA* increased \$16.5 million, or 36%, to \$62.8 million, and adjusted income from operations* increased \$17.5 million, or 127%, to \$31.2 million from the first quarter of 2021, due primarily to the increase in gross profit in the full service center-based child care segment, partially offset by reduced contributions from our back-up care services. Adjusted net income* increased by \$13.9 million, or 100%, to \$27.7 million, due to the increase in income from operations, partially offset by a higher effective tax rate. Diluted adjusted earnings per common share* was \$0.47 for the first quarter of 2022 compared to \$0.23 for the same period in 2021.

As of March 31, 2022, the Company had more than 1,350 client relationships with employers across a diverse array of industries, and operated 1,019 early education and child care centers with the capacity to serve approximately 114,500 children and their families, of which 989 early education and child care centers were open.

**Adjusted EBITDA, adjusted income from operations, adjusted net income and diluted adjusted earnings per common share are non-GAAP measures. Adjusted EBITDA represents earnings before interest, taxes, depreciation, amortization, stock-based compensation expense, and at times, non-recurring costs. Adjusted income from operations represents income from operations before non-recurring costs. Adjusted net income represents net income determined in accordance with GAAP, adjusted for stock-based compensation expense, amortization expense, and non-recurring costs, and the income tax provision (benefit) thereon. Diluted adjusted earnings per common share is a non-GAAP measure, calculated using adjusted net income. These non-GAAP measures are more fully described and are reconciled from the respective measures determined under GAAP in “Presentation of Non-GAAP Measures” and the attached table “Bright Horizons Family Solutions Inc. Non-GAAP Reconciliations,” respectively.*

Balance Sheet and Liquidity

Bright Horizons has a strong balance sheet, with \$257 million of cash and cash equivalents and \$400 million available for borrowing under the revolving credit facility at March 31, 2022. In the three months ended March 31, 2022, we generated approximately \$58.6 million of cash from operations, compared to \$68.3 million for the same period in 2021, and made investments in fixed assets and other investments totaling \$9.4 million, compared to \$22.3 million for the same period in the prior year.

2022 Revised Outlook

Although the ongoing effects of the COVID-19 pandemic continue to affect our global operations, we remain focused on our strategic priorities to deliver high-quality education, care and workforce services. Based on current trends and expectations, we have revised 2022 guidance and we currently expect fiscal year 2022 revenue to be in the range of \$2.0 billion to \$2.1 billion, and diluted adjusted earnings per common share in the range of \$3.05 to \$3.25. The Company will provide additional information on its outlook during its earnings conference call.

Conference Call

Bright Horizons Family Solutions will host an investor conference call today at 5:00 pm ET to discuss the results for the first quarter of 2022, as well as the Company's updated business outlook, its strategy and operating expectations. Interested parties are invited to listen to the conference call by dialing 1-877-407-9039 or, for international callers, 1-201-689-8323, and asking for the Bright Horizons Family Solutions conference call moderated by Chief Executive Officer Stephen Kramer. Replays of the entire call will be available through May 24, 2022 at 1-844-512-2921 or, for international callers, at 1-412-317-6671, conference ID #13726919. A link to the audio webcast of the conference call and a copy of this press release are also available through the Investor Relations section of the Company's web site, www.brighthorizons.com.

Forward-Looking Statements

This press release includes forward looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. The Company's actual results may vary significantly from the results anticipated in these forward-looking statements, which can generally be identified by the use of forward-looking terminology, including the terms "believes," "expects," "may," "will," "should," "seeks," "projects," "approximately," "intends," "plans," "estimates" or "anticipates," or, in each case, their negatives or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts, including statements regarding the Company's intentions, beliefs or current expectations concerning, among other things, our results of operations, financial condition, liquidity, operating expectations, the effects of the COVID-19 pandemic on our operations, our investments, impact of our services, our market position, our client relations and partners, our future opportunities and business model, our post-pandemic recovery, enrollment levels, long-term growth and value, estimated effective tax rate and tax expense and benefits, our care solutions and expanded service offerings, our ability to respond to changing demands, our future business and financial performance, and our 2022 financial guidance. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. The Company believes that these risks and uncertainties include, but are not limited to, prolonged disruptions to our operations as a result of the COVID-19 pandemic, including current conditions and future developments in the public health arena; the continued impact of COVID-19 on the global economy; developments in the persistence and treatment of COVID-19 and its variants; the approval, delivery, effectiveness and public acceptance of vaccines for adults and children; vaccine and workplace mandates; the availability or lack of government support; changes in the demand for child care, dependent care and other workplace solutions, including variations in enrollment trends and lower than expected demand from employer sponsor clients as well as variations in return to work protocols; the constrained labor market for teachers and staff and ability to hire and retain talent; the possibility that acquisitions may disrupt our operations and expose us to additional risk; increased costs resulting from recommended or mandated enhanced health and safety protocols and physical distancing; our ability to pass on our increased costs; our indebtedness and the terms of such indebtedness; our ability to withstand seasonal fluctuations in the demand for our services; our ability to implement our growth strategies successfully; changes in tax rates or policies or in rates of inflation; and other risks and uncertainties more fully described in the "Risk Factors" section of our Annual Report on Form 10-K filed February 25, 2022, and other factors disclosed from time to time in our other filings with the Securities and Exchange Commission. These forward-looking statements speak only as of the time of this release and we do not undertake to publicly update or revise them, whether as a result of new information, future events or otherwise, except as required by law.

Presentation of Non-GAAP Measures

In addition to the results provided in accordance with U.S. generally accepted accounting principles ("GAAP") throughout this press release, the Company has provided non-GAAP measurements - adjusted EBITDA, adjusted income from operations, adjusted net income and diluted adjusted earnings per common share - which present operating results on a basis adjusted for certain items. The Company uses these non-GAAP measures as key performance indicators for the purpose of evaluating performance internally, and in connection with determining incentive compensation for Company management, including executive officers. Adjusted EBITDA is also used in connection with the determination of certain ratio requirements under our credit agreement. We also believe these non-GAAP measures provide investors with useful information with respect to our historical operations. These non-GAAP measures are not intended to replace, and should not be considered superior to, the presentation of our financial results in accordance with GAAP. The use of the terms adjusted EBITDA, adjusted income from operations, adjusted net income and diluted adjusted earnings per common share may differ from similar measures reported by other companies and may not be comparable to other similarly titled measures.

With respect to our outlook for diluted adjusted earnings per common share, we do not provide the most directly comparable GAAP financial measure or corresponding reconciliation to such GAAP financial measure on a forward-looking basis. We are unable to predict with reasonable certainty and without unreasonable effort certain items such as the timing and amount of excess income tax benefits, transaction costs, non-recurring costs, as well as gains or losses from the early retirement of debt and the outcome from legal proceedings. These items are uncertain, depend on various factors outside our management's control, and could significantly impact, either individually or in the aggregate, our future period earnings per common share as calculated and presented in accordance with GAAP.

For more information regarding adjusted EBITDA, adjusted income from operations, adjusted net income and diluted adjusted earnings per common share, please see the reconciliation of GAAP financial measures to the non-GAAP financial measures in the attached table "Bright Horizons Family Solutions Inc. Non-GAAP Reconciliations."

About Bright Horizons Family Solutions Inc.

Bright Horizons[®] is a leading global provider of high-quality early education and child care, back-up care, and workforce education services. For 35 years, we have partnered with employers to support workforces by providing services that help working families and employees thrive personally and professionally. Bright Horizons operates approximately 1,000 early education and child care centers in the United States, the United Kingdom, the Netherlands, and India, and serves more than 1,350 of the world's leading employers. Bright Horizons' early education and child care centers, back-up child and elder care, and workforce education programs help employees succeed at each life and career stage. For more information, go to www.brighthorizons.com.

Contacts:

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BRIGHT HORIZONS FAMILY SOLUTIONS INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

	Three Months Ended March 31,			
	2022	%	2021	%
	(In thousands, except share data)			
Revenue	\$ 460,409	100.0 %	\$ 390,840	100.0 %
Cost of services	350,350	76.1 %	309,482	79.2 %
Gross profit	110,059	23.9 %	81,358	20.8 %
Selling, general and administrative expenses	71,746	15.6 %	60,110	15.4 %
Amortization of intangible assets	7,149	1.5 %	7,540	1.9 %
Income from operations	31,164	6.8 %	13,708	3.5 %
Interest expense — net	(7,046)	(1.6) %	(9,016)	(2.3) %
Income before income tax	24,118	5.2 %	4,692	1.2 %
Income tax benefit (expense)	(4,712)	(1.0) %	2,440	0.6 %
Net income	\$ 19,406	4.2 %	\$ 7,132	1.8 %
Earnings per common share:				
Common stock — basic	\$ 0.33		\$ 0.12	
Common stock — diluted	\$ 0.33		\$ 0.12	
Weighted average common shares outstanding:				
Common stock — basic	59,094,724		60,594,947	
Common stock — diluted	59,415,345		61,325,973	

BRIGHT HORIZONS FAMILY SOLUTIONS INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

	March 31, 2022	December 31, 2021
	(In thousands)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 257,227	\$ 260,980
Accounts receivable — net	187,705	210,971
Prepaid expenses and other current assets	76,141	68,320
Total current assets	521,073	540,271
Fixed assets — net	583,174	598,134
Goodwill	1,470,154	1,481,725
Other intangible assets — net	243,423	251,032
Operating lease right-of-use assets	683,547	696,425
Other assets	92,752	72,460
Total assets	\$ 3,594,123	\$ 3,640,047
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	\$ 16,000	\$ 16,000
Accounts payable and accrued expenses	205,404	197,366
Current portion of operating lease liabilities	90,152	87,341
Deferred revenue and other current liabilities	287,053	321,468
Total current liabilities	598,609	622,175
Long-term debt — net	972,692	976,396
Operating lease liabilities	689,629	703,911
Deferred income taxes	54,932	48,509
Other long-term liabilities	105,755	109,780
Total liabilities	2,421,617	2,460,771
Total stockholders' equity	1,172,506	1,179,276
Total liabilities and stockholders' equity	\$ 3,594,123	\$ 3,640,047

BRIGHT HORIZONS FAMILY SOLUTIONS INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Three Months Ended March 31,	
	2022	2021
(In thousands)		
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 19,406	\$ 7,132
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	25,576	27,282
Stock-based compensation expense	6,096	5,306
Deferred income taxes	376	1,016
Other non-cash adjustments — net	159	(964)
Changes in assets and liabilities	6,945	28,523
Net cash provided by operating activities	<u>58,558</u>	<u>68,295</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of fixed assets — net	(11,595)	(14,054)
Proceeds from the maturity of debt securities and sale of other investments	5,569	6,000
Purchases of debt securities and other investments	(3,180)	(5,269)
Payments and settlements for acquisitions — net of cash acquired	(147)	(8,961)
Net cash used in investing activities	<u>(9,353)</u>	<u>(22,284)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments of long-term debt	(4,000)	(2,688)
Purchase of treasury stock	(39,913)	—
Taxes paid related to the net share settlement of stock options and restricted stock	(3,174)	(5,845)
Proceeds from issuance of common stock upon exercise of options and restricted stock upon purchase	8,823	22,432
Payments of contingent consideration for acquisitions	(13,865)	—
Net cash provided by (used in) financing activities	<u>(52,129)</u>	<u>13,899</u>
Effect of exchange rates on cash, cash equivalents and restricted cash	(605)	(539)
Net increase (decrease) in cash, cash equivalents and restricted cash	<u>(3,529)</u>	<u>59,371</u>
Cash, cash equivalents and restricted cash — beginning of period	265,281	388,465
Cash, cash equivalents and restricted cash — end of period	<u>\$ 261,752</u>	<u>\$ 447,836</u>

BRIGHT HORIZONS FAMILY SOLUTIONS INC.
SEGMENT INFORMATION
(Unaudited)

	Full service center-based child care	Back-up care	Educational advisory and other services	Total
(In thousands)				
Three Months Ended March 31, 2022				
Revenue	\$ 353,932	\$ 80,844	\$ 25,633	\$ 460,409
Income from operations	7,161	20,458	3,545	31,164
Adjusted income from operations	7,161	20,458	3,545	31,164
As a percentage of revenue	2 %	25 %	14 %	7 %
Three Months Ended March 31, 2021				
Revenue	\$ 290,319	\$ 76,355	\$ 24,166	\$ 390,840
Income (loss) from operations	(17,967)	27,190	4,485	13,708
Adjusted income (loss) from operations	(17,967)	27,190	4,485	13,708
As a percentage of revenue	(6)%	36 %	19 %	4 %

BRIGHT HORIZONS FAMILY SOLUTIONS INC.
NON-GAAP RECONCILIATIONS
(Unaudited)

	Three Months Ended March 31,	
	2022	2021
	(In thousands, except share data)	
Net income	\$ 19,406	\$ 7,132
Interest expense — net	7,046	9,016
Income tax expense (benefit)	4,712	(2,440)
Depreciation	18,427	19,742
Amortization of intangible assets ^(a)	7,149	7,540
EBITDA	56,740	40,990
<i>As a percentage of revenue</i>	<i>12 %</i>	<i>10 %</i>
<i>Additional adjustments:</i>		
Stock-based compensation expense ^(b)	6,096	5,306
Other costs	—	—
Total adjustments	6,096	5,306
Adjusted EBITDA	\$ 62,836	\$ 46,296
<i>As a percentage of revenue</i>	<i>14 %</i>	<i>12 %</i>
Income from operations	\$ 31,164	\$ 13,708
Other costs	—	—
Adjusted income from operations	\$ 31,164	\$ 13,708
<i>As a percentage of revenue</i>	<i>7 %</i>	<i>4 %</i>
Net income	\$ 19,406	\$ 7,132
Income tax expense (benefit)	4,712	(2,440)
Income before income tax	24,118	4,692
Amortization of intangible assets ^(a)	7,149	7,540
Stock-based compensation expense ^(b)	6,096	5,306
Other costs	—	—
Adjusted income before income tax	37,363	17,538
Adjusted income tax expense ^(c)	(9,640)	(3,683)
Adjusted net income	\$ 27,723	\$ 13,855
<i>As a percentage of revenue</i>	<i>6 %</i>	<i>4 %</i>
Weighted average common shares outstanding — diluted	59,415,345	61,325,973
Diluted adjusted earnings per common share	\$ 0.47	\$ 0.23

- (a) Represents amortization of intangible assets, including quarterly amortization expense of \$5.0 million associated with intangible assets recorded in connection with our going private transaction in May 2008.
- (b) Represents non-cash stock-based compensation expense in accordance with Accounting Standards Codification Topic 718, *Compensation-Stock Compensation*.
- (c) Represents income tax expense calculated on adjusted income before income tax at an effective tax rate of approximately 26% and 21% for the three months ended March 31, 2022 and 2021, respectively. The tax rate for 2022 represents a tax rate of approximately 27% applied to the expected adjusted income before income tax, less the estimated effect of excess tax benefits related to equity transactions. However, the jurisdictional mix of the expected adjusted income before income tax for the full year, and the timing and volume of the tax benefits associated with future equity activity will affect these estimates and the estimated effective tax rate for the year.

Bright Horizons to Acquire Only About Children, Premier Child Care and Early Education Provider in Australia

Expands Bright Horizons Operations into the Growing Australian Early Childhood Education Market

NEWTON, MA - (BUSINESS WIRE) - May 3, 2022 - Bright Horizons Family Solutions® Inc. (NYSE: BFAM), announced today that it has signed a definitive agreement to acquire all of the outstanding shares of Only About Children (“OAC”), a high-quality operator of child care and early education centers in Australia, for AUD\$450 million (approximately USD\$320 million).

Based outside Sydney, OAC operates approximately 75 campuses located in the Australian states of New South Wales, Victoria and Queensland, with roughly two-thirds located within the greater Sydney area. The transaction diversifies Bright Horizons’ offerings outside of the U.S. and Europe, providing an opportunity to leverage its expertise in child care and global client relationships, while enhancing Bright Horizons’ position as a global leader in delivering high-quality early education and child care services.

“We are excited to welcome Only About Children to the Bright Horizons family,” said Bright Horizons CEO Stephen Kramer. “We have long been interested in Australia as an attractive market for high-quality child care, with strong demand from working parents, an established funding support system, and a long runway for growth and expansion.”

“OAC has a well-established reputation for excellent child care services, an innovative approach to early childhood development and thought leadership in the field,” Kramer continued. “OAC also shares our purpose-driven mission with a deep commitment to supporting children and families across Australia. We are excited to work together to extend OAC’s impact in Australia.”

Founded in 2002, OAC has a strong record of excellence and consistently high ratings from ACECQA, Australia’s child care regulatory authority. Together, OAC and Bright Horizons expect to strengthen their premier early years offerings and extend their global impact on children, families and employers. With the addition of OAC, Bright Horizons will operate nearly 1,100 child care centers across five countries: the United States, the United Kingdom, the Netherlands, Australia and India.

“We are thrilled to join the Bright Horizons family,” said OAC CEO John Burns. “I am very proud of the work the OAC family has accomplished over the last 20 years and very much look forward to our next chapter as part of Bright Horizons. We believe this partnership will allow us to leverage Bright Horizons’ leadership in the early childhood education field and enable us to further capitalize on the growth opportunities we see ahead.”

Financial Impact

OAC generated approximately USD\$140 million in revenue in calendar year 2021. The transaction is expected to be approximately neutral to Bright Horizons’ adjusted earnings per share in the first year as the integration of this full service child care business is completed, and to be accretive thereafter.

The transaction is expected to close in the third quarter of calendar 2022, subject to certain customary closing conditions, including Australian foreign investment regulatory approval, customary purchase price adjustments, and will be financed with cash on hand and amounts borrowed under Bright Horizons’ existing revolving credit facility. Under the terms of the transaction, Bright Horizons will pay AUD\$300 million (USD\$213 million) upon closing and an additional AUD\$150 million (USD\$106.5 million) will be paid eighteen months after closing as deferred purchase price. Bright Horizons has entered into a foreign exchange forward contract arrangement to mitigate the impact of foreign currency fluctuations between signing and closing.

Bright Horizons management will discuss the transaction further on its Q1 2022 earnings call on Tuesday, May 3, 2022 at 5:00 p.m. ET. Interested parties are invited to listen to the conference call by dialing 1-877-407-9039, or for international callers, 1-201-689-8323, and asking for the Bright Horizons Family Solutions conference call moderated by Chief Executive Officer Stephen Kramer. A link to the audio webcast of the conference call will be available through the Investor Relations section of the Company’s web site, www.brighthorizons.com.

Advisors

Citi is serving as exclusive financial advisor and Herbert Smith Freehills is serving as legal adviser to Bright Horizons. Allens is serving as legal advisor to Bain Capital LLC. Since 2016, OAC has been owned by funds affiliated with Bain Capital LLC.

Forward-Looking Statements

This press release includes forward looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. The Company’s actual results may vary significantly from the results anticipated in these forward-looking statements, which can generally be identified by the use of forward-looking terminology, including the terms “believes,” “expects,” “may,” “will,” “should,” “seeks,” “projects,” “approximately,” “intends,” “plans,” “estimates” or “anticipates,” or, in each case, their negatives or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts, including statements regarding our intentions, beliefs or current expectations concerning, among other things, the likelihood and timing of the closing of the acquisition, the effect of the acquisition on our future growth, financial results and financial performance, including our adjusted earnings per share, use of cash, entry into foreign exchange forward contracts, deferred purchase price payments, the expected strategic value and impact of the acquired business, the growth opportunities in Australia and elsewhere, number of centers, future operating expectations, our market position in Australia and globally, and our long-term growth and value. By their nature, forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those projected, including but not limited to, that the closing conditions may not be satisfied when or as we expect or may be waived; the acquired business may not provide new customers or growth in the market as we expect; we may be unable to integrate the acquired business when or as we expect, which could adversely affect our results of operations; key OAC employees may not stay with Bright Horizons, which could disrupt the OAC business and our ability to successfully integrate and operate the OAC business; we may incur unanticipated costs associated with the integration of OAC which would impact our earnings; and other risks and uncertainties more fully described in the “Risk Factors” section of our Annual Report on Form 10-K filed February 25, 2022, and other factors disclosed from time to time in our other filings with the Securities and Exchange Commission. These forward-looking statements speak only as of the time of this release and we do not undertake to publicly update or revise them, whether as a result of new information, future events or otherwise, except as required by law.

About Bright Horizons Family Solutions Inc.

Bright Horizons® is a leading global provider of high-quality early education and child care, back-up care, and workplace education services. For 35 years, we have partnered with employers to support workforces by providing services that help working families and employees thrive personally and professionally. Bright Horizons operates approximately 1,000 early education and child care centers in the United States, the United Kingdom, the

Netherlands, and India, and serves more than 1,350 of the world's leading employers. Bright Horizons' early education and child care centers, back-up child and elder care, and workforce education programs help employees succeed at each life and career stage. For more information, go to www.brighthorizons.com.

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