ASX Announcement

G8 Education Limited
(ASX:GEM)

24 August 2022

The Manager
Market Announcements Office
ASX Limited
20 Bridge Street
Sydney NSW 2000

Dear Sir / Madam

In accordance with ASX Listing Rule 4.2A, I enclose the 2022 Interim Financial Report (including the Appendix 4D) for the half year ended 30 June 2022 for G8 Education Limited.

A briefing will be held at 9.00am on Wednesday 24 August 2022. You can register for this briefing as follows:

Participants can register for the conference by navigating to:
https://s1.c-conf.com/diamondpass/10024533-io7d45.html

Please note that registered participants will receive their dial in number upon registration.

The webcast can be viewed on the day by navigating to:
https://ccmediaframe.com/?id=OMRNl1g6

Yours sincerely

Tracey Wood
Chief Legal, Quality & Risk Officer
G8 Education Limited

Authorised for release by G8 Education Limited's Board of Directors.

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G8 Education[ltd]

Appendix 4D

Name of Entity:	G8 Education Ltd
ABN:	95 123 828 553
Current Financial Period Ended:	Half-Year ended 30 June 2022
Previous Corresponding Reporting Period	Half-Year ended 30 June 2021

Results for Announcement to the Market

	Percentage change Up or Down	%		$'000
Revenue from ordinary activities	Down	2%	to	$419,432
Profit from ordinary activities after tax attributable to members	Down	64%	to	$8,497
Profit for the period attributable to members	Down	64%	to	$8,497

	June 2022	Restated June 2021
Net Tangible Assets (Liabilities) per Security	**(33) Cents**	**(30) Cents**

Dividends	**Amount per Security**	**Franked amount per security**

Subsequent to the half year, G8 Education Ltd declared an interim dividend, being 1 cent per share, fully franked, to be paid on 7 October 2022. The record date for entitlement to the dividend is 9 September 2022.

Brief explanation of any figures reported above necessary to enable the figures to be understood

Refer to attached Directors report.

Compliance Statement

This report is based on the interim financial report that has been reviewed by our external auditors.

Gary Carroll

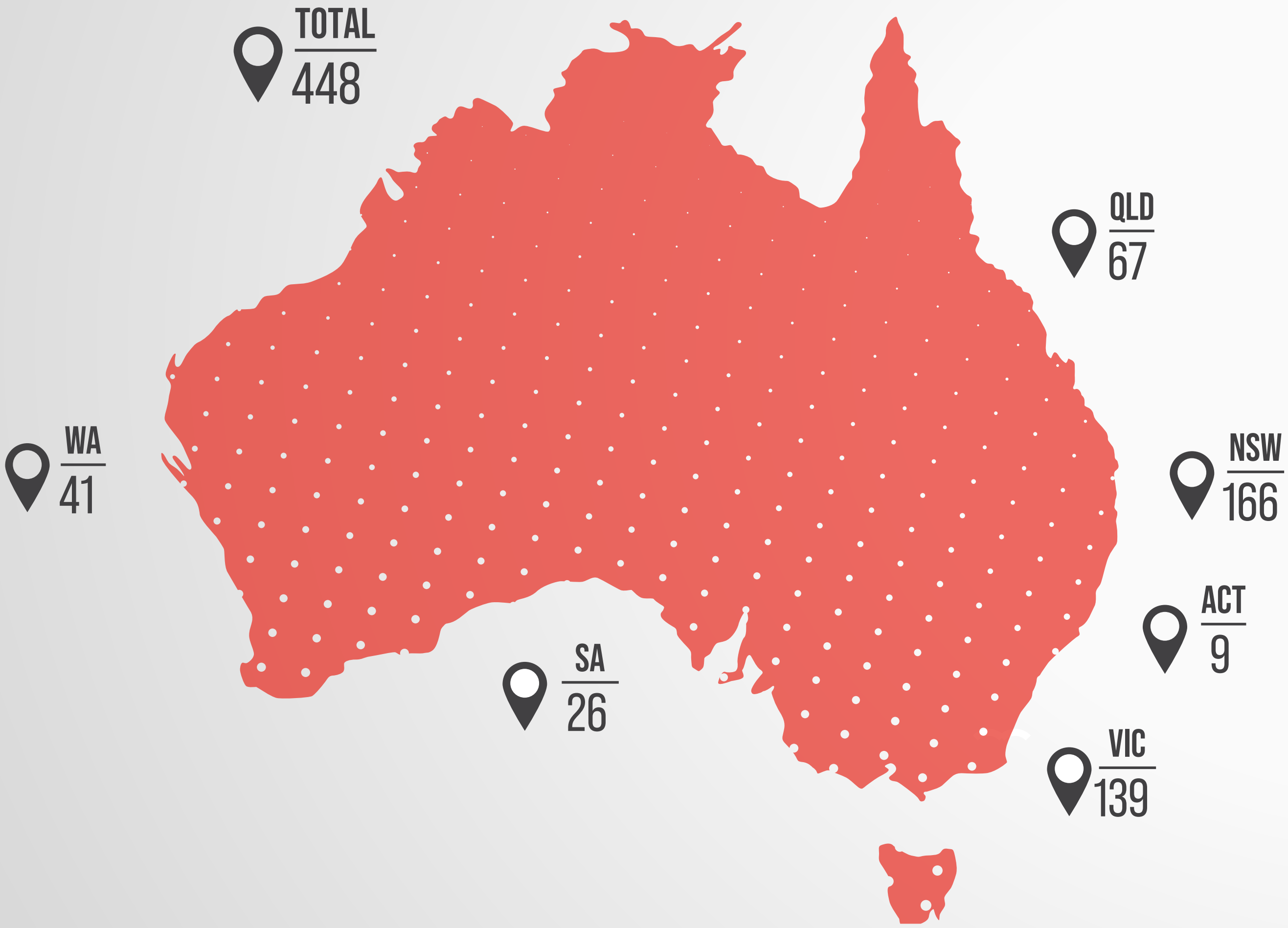
Gary Carroll
Managing Director
24 August 2022

G8 Education ltd

INTERIM FINANCIAL REPORT

2022

OUR **BUSINESS**



CENTRES BY BRAND

Bambino's	10
Creative Garden Early Learning Centre	18
FirstGrammar Early Education Centre	24
headstart Early Learning Centres	15
buggles early learning and kindy	11
Community Kids	74
Great Beginnings Early Education for Life	45
jellybeans Child Care & Kindy	10
Casa Bambini Early Education Centre	5
Early Learning Services Committed to Child Care	40
Greenwood Early Education Centres	25
Kinder Haven	13
Kindy Patch Kids	30
Pelicans Learning for Life	3
Sandcastles	6
NurtureOne "Nurturing Enquiring Minds"	22
Kool Kids early learning centres	9
Pelican Childcare Early Learning Centres	9
The Learning Sanctuary	20
World of Learning	54
Penguin Childcare Early Learning Centres	5

Contents

Directors' Report	4
Auditor's Independence Declaration	7
Financial Report	8
Directors' Declaration	25
Independent Auditor's Review Report	26
Corporate Directory	28

Directors' Report

Your Directors present their report on the consolidated entity (referred to hereafter as the Group) consisting of G8 Education Limited (G8 Education) and the entities it controlled at the end of, or during, the half-year ended 30 June 2022.

Directors

The following persons were Directors of G8 Education during the whole of the period and up to the date of this report unless otherwise stated:

- David Foster (Chair)
- Gary Carroll (Managing Director)
- Professor Julie Cogin
- Debra Singh
- Toni[1] Thornton
- Peter Trimble
- Margaret Zabel

[1]Full name Antonia Thornton

Principal activities

The principal continuing activities of the Group during the half-year was the operation of early education centres owned by the Group.

There has been no significant change to the Group's activities during the half-year ended 30 June 2022.

Review of operations

The Group continued to play a key role in supporting the broader community and economic recovery during the ongoing COVID-19 pandemic, providing continuity of care with protocols in place to ensure the safety of our families and team members. The Group also provided support to families and team members impacted by the flood events, through waiving of fees, disaster relief payments and participating in local community support initiatives.

The Group reported a statutory NPAT of $8 million, 63% lower than the prior comparative period driven predominantly by a reduction in Quarter 1 earnings.

In the quarter ended 31 March 2022, earnings were materially lower than the prior corresponding period (PCP). Revenues were impacted by:

- families deferring enrolments due to increased omicron case numbers;
- higher discounting for families during Omicron and flood-related centre closures and Omicron-related isolation requirements;
- the absence of $5 million in COVID-19 government subsidy provided in the PCP.

Employment costs were an incremental $2 million driven by additional agency costs and sick leave as a result of COVID-19 and flood-related team member shortages.

To respond to the challenging environment, the Group implemented a cost reduction program, targeted at $13 million - $15 million for the remainder of CY22, predominantly realised in H2. Restructuring costs of $1 million are included in the half-year ended 30 June 2022 result.

The quarter ended 30 June 2022 saw the seasonal trend reinstated and occupancy increase, beginning to close the gap on prior year, as COVID-19 restrictions reduced and the economic recovery continued.

Core Occupancy for the period averaged 67.1%, 0.9ppts down on the prior comparative period. Wages performed ahead of expectations, with wage hours per booking levels below the prior year. This increased efficiency is a result of improved systems, training and processes and an effective response to the challenging environment, despite lower occupancy levels that cause inefficiencies in a regulated ratio wage environment.

The Group's employee payment remediation program announced in December 2020 continues and the remediation program costs remain within the previously estimated range of $50 million to $80 million, with those costs fully provided for in CY20.

During the period the Group closed 3 centres and opened a further 4 greenfield centres.

As part of the Group's capital management strategy, the junior debt facility was repaid in June 2022 by utilising senior debt, to reduce the overall cost of debt, including the cost of unused capacity. In addition, the share buy-back program announced in February 2022 commenced during the period, with 12 million shares repurchased for a cost of $13 million to June 2022.

The Investor Presentation for the half year ended 30 June 2022, released 24 August 2022, outlines further detail on the Group's performance.

Matters subsequent to the end of the half-year

Refer note 14 of the Financial Statements

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Group during the half-year period.

Rounding amounts

The amounts contained in this report and in the financial report have been rounded to the nearest $1,000 (unless otherwise stated) under the option available to the Company under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Company is an entity to which the legislative instrument applies.

Audit

Ernst & Young were appointed as auditor on 25 May 2016 and continue in office in accordance with section 237 of the *Corporations Act 2001*.

Auditor's independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 7.

This report is made in accordance with a resolution of Directors.

Gary Carroll

Gary Carroll
Managing Director
24 August 2022

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Building a better working world

Auditor's independence declaration to the directors of G8 Education Limited

As lead auditor for the review of the half-year financial report of G8 Education Limited for the half-year ended 30 June 2022, I declare to the best of my knowledge and belief, there have been:

a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review;

b. No contraventions of any applicable code of professional conduct in relation to the review; and

c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

This declaration is in respect of G8 Education Limited and the entities it controlled during the financial period.

Ernst & Young

Ernst & Young

KMcKenzie

Kellie McKenzie
Partner
24 August 2022

Consolidated Income Statement
For the half-year ended 30 June 2022

	Notes	Consolidated 30 June 2022 $'000	Consolidated Restated 30 June 2021 $'000
Continuing operations			
Revenue	1	416,398	421,500
Other income	2(a)	3,034	7,279
Total revenue		**419,432**	**428,779**
Expenses			
Employment costs		(265,781)	(262,303)
Property, utilities and maintenance costs		(27,990)	(22,362)
Direct costs		(16,514)	(16,875)
Software development expenses	17(b)	(2,343)	(2,777)
Depreciation and amortisation		(45,738)	(43,085)
Other expenses		(23,000)	(20,664)
Finance costs	2(c)	(25,736)	(27,135)
Total expenses		**(407,102)**	**(395,201)**
Profit before income tax		**12,330**	**33,578**
Income tax expense		(3,833)	(10,121)
Profit for the year attributable to members of the parent entity		**8,497**	**23,457**

	Cents	Cents
Basic earnings per share	1.01	2.77
Diluted earnings per share	1.00	2.76

The above Consolidated Income Statement should be read in conjunction with the accompanying notes.

Refer to note 17(b) for restatement details.

Consolidated Statement of Comprehensive Income
For the half-year ended 30 June 2022

	Consolidated 30 June 2022 $'000	Consolidated Restated 30 June 2021 $'000
Profit for the half year	8,497	23,457
Total comprehensive income for the year	**8,497**	**23,457**

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Refer to note 17(b) for restatement details.

Consolidated Balance Sheet
As at 30 June 2022

	Notes	Consolidated 30 June 2022 $'000	Consolidated 31 December 2021 $'000
ASSETS			
Current assets			
Cash and cash equivalents		41,969	74,131
Trade and other receivables		22,586	19,604
Other current assets		11,414	12,299
Current tax asset	3	27,054	17,582
Total current assets		**103,023**	**123,616**
Non-current assets			
Property, plant and equipment	4	114,311	107,458
Right of use assets	5	412,589	441,161
Deferred tax assets		104,256	108,089
Intangible assets	6	1,057,961	1,057,494
Investment in an associate		1,000	1,000
Other non-current assets		6,585	7,211
Total non-current assets		**1,696,702**	**1,722,413**
Total assets		**1,799,725**	**1,846,029**
LIABILITIES			
Current liabilities			
Trade and other payables		63,764	78,265
Borrowings	8	4,706	-
Contract liabilities		15,211	12,343
Current lease liabilities	5	74,835	73,207
Current provisions	9	84,558	90,098
Total current liabilities		**243,074**	**253,913**
Non-current liabilities			
Other payables		5,054	6,867
Borrowings	8	128,337	96,055
Lease liabilities	5	523,322	559,651
Provisions	9	14,802	14,832
Total non-current liabilities		**671,515**	**677,405**
Total liabilities		**914,589**	**931,318**
Net assets		**885,136**	**914,711**
EQUITY			
Contributed equity	10	1,196,260	1,209,227
Reserves		50,451	65,316
Retained earnings		(361,575)	(359,832)
Total equity		**885,136**	**914,711**

The above Consolidated Balance Sheet should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity
For the half-year ended 30 June 2022

Consolidated	Contributed Equity $'000	Share Based Payment Reserve $'000	Profits Reserve $'000	Retained Earnings $'000	Total $'000
Balance 1 January 2021	**1,209,227**	**174**	**16,764**	**(357,635)**	**868,530**
Profit / (loss) for the half year (restated)			26,433	(2,976)	23,457
Total comprehensive income / (loss) for the half year (restated)	**-**	**-**	**26,433**	**(2,976)**	**23,457**
Transactions with owners in their capacity as owners					
Share based payment expense		101			101
Total	**-**	**101**	**-**	**-**	**101**
Balance 30 June 2021	**1,209,227**	**275**	**43,197**	**(360,611)**	**892,088**
Balance 1 January 2022	**1,209,227**	**675**	**64,641**	**(359,832)**	**914,711**
Profit / (loss) for the half year	-	-	10,240	(1,743)	8,497
Total comprehensive income for the half year	**-**	**-**	**10,240**	**(1,743)**	**8,497**
Transactions with owners in their capacity as owners					
Buy back of equity, including transaction costs and net of tax	(12,967)	-	-	-	(12,967)
Share based payment expense	-	317	-	-	317
Dividends provided for or paid	-	-	(25,422)		(25,422)
Total	**(12,967)**	**317**	**(25,422)**	**-**	**(38,072)**
Balance 30 June 2022	**1,196,260**	**992**	**49,459**	**(361,575)**	**885,136**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Refer to note 17(b) for restatement details.

Consolidated Statement of Cash Flows
For the half-year ended 30 June 2022

	Consolidated	
	30 June 2022	Restated 30 June 2021
	$'000	$'000
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	414,552	425,976
Payments to suppliers and employees (inclusive of GST)	(342,598)	(341,080)
Interest received	31	80
Interest paid (non-leases)	(5,338)	(5,882)
Interest paid (leases)	(18,039)	(20,019)
Income taxes paid	(9,472)	(13,469)
Net cash inflows from operating activities	**39,136**	**45,606**
Cash flows from investing activities		
Payments for purchase of intangible assets	(598)	(983)
Payments for divestments	(49)	(1,341)
Payments for property plant and equipment	(24,925)	(16,796)
Net cash outflows from investing activities	**(25,572)**	**(19,120)**
Cash flows from financing activities		
Dividends paid	(25,422)	-
Principal portion of lease payments	(37,355)	(35,485)
Repurchase of own shares	(12,967)	-
Proceeds from borrowings	30,018	-
Payments of borrowings	-	(201,539)
Net cash outflows from financing activities	**(45,726)**	**(237,024)**
Net decrease in cash and cash equivalents	(32,162)	(210,538)
Cash and cash equivalents at the beginning of half year	74,131	316,989
Cash and cash equivalents at the end of the financial year	**41,969**	**106,451**

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Refer to note 17(b) for restatement details.

Index to Notes to the Financial Statements

NOTE 1: REVENUE	13
NOTE 2: RESULT FOR THE HALF-YEAR	13
NOTE 3: CURRENT TAX ASSET	14
NOTE 4: NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT	15
NOTE 5: RIGHT OF USE ASSETS AND LEASE LIABILITIES	16
NOTE 6: NON-CURRENT ASSETS - INTANGIBLES	17
NOTE 7: CONTRACTUAL COMMITMENTS	18
NOTE 8: BORROWINGS	19
NOTE 9: CURRENT AND NON-CURRENT LIABILITIES - PROVISIONS	20
NOTE 10: CONTRIBUTED EQUITY	20
NOTE 11: DIVIDENDS	21
NOTE 12: COMMITMENTS	21
NOTE 13: OTHER MATTERS	21
NOTE 14: EVENTS OCCURRING AFTER THE BALANCE SHEET DATE	21
NOTE 15: RELATED PARTY TRANSACTIONS	22
NOTE 16: OTHER SIGNIFICANT ACCOUNTING POLICIES	22
NOTE 17: CHANGES IN ACCOUNTING POLICIES	23

Note 1: Revenue

	Consolidated	
	30 June 2022	30 June 2021
	$'000	$'000
From continuing operations		
Sales revenue		
Revenue from child care centres	408,131	408,199
Government Assistance	-	5,303
Funding relating to child care operations	8,267	7,998
	416,398	**421,500**

[1]Government assistance in the current period was provided through claiming child care subsidy for Covid-19 and flood related absences. Child care subsidies are recorded as revenue from child care centres.

(a) Description of segments

The Executive Team (the Chief Operating Decision Maker) considers the business as one Group of centres, and regularly reviews operating results as a portfolio, to assist with making decisions about the allocation of resources. The Executive Team has therefore identified one operating segment, being the management of child care centres. All revenue in this report relates to the single operating segment and the segment disclosure has not altered from the last Annual Report.

(b) Seasonality

The child care industry is normally seasonal as a large group of children leave child care to commence school at the beginning of the year and then revenue increases with new enrolments as the calendar year progresses. As such, historically, the second half of the year contributes more than half of the annual reported revenue and profit.

Note 2: Result for the half-year

(a) Other Income

	Consolidated	
	30 June 2022	30 June 2021
	$'000	$'000
Other Income		
Interest	33	80
Gain on sale of centres	-	2,425
Gain on lease event[1]	2,451	3,639
Gain on surrender / termination of leases	255	1,135
Other income	295	-
Total other income	**3,034**	**7,279**

[1]The gain on lease event is resulting from the reduction in lease options taken up for centres that have been marked for closure / divestment.

Note 2: Result for the half-year (continued)

(b) Non-trading items (before tax)

Profit for the half-year includes the following items that are unusual because of their nature, size or incidence.

	Consolidated 30 June 2022 $'000	Consolidated Restated 30 June 2021 $'000
Non-trading income		
Gain on sale of centres	-	2,425
Gain on lease event	2,451	3,639
Gain on surrender / termination of leases	255	1,135
Total non-trading income	**2,706**	**7,199**
Non-trading expenses		
Loss on disposal of assets / centres	(174)	(3,122)
Redundancy costs	(1,288)	-
Software development expenses	(2,343)	(2,777)
Total non-trading expenses	**(3,805)**	**(5,899)**
Net non-trading items	**(1,099)**	**1,300**
Income tax expense/ (benefit)	330	(390)
Net non-trading items after tax	**(769)**	**910**

(c) Finance expenses

	Consolidated 30 June 2022 $'000	Consolidated 30 June 2021 $'000
Interest expense on lease liabilities	18,168	20,019
Interest and finance charges	6,146	7,085
Facility early repayment expense	1,425	-
Foreign exchange (gain) / loss	(3)	31
Total finance expenses	**25,736**	**27,135**

Note 3: Current tax asset

	Consolidated 30 June 2022 $'000	Consolidated 31 December 2021 $'000
Current tax asset[1]	27,054	17,582

[1]Current tax asset relates to amendments to previous years' tax returns and the current period tax installments.

Note 4: Non-current assets – property, plant and equipment

	Consolidated			
	Buildings	Vehicles	Furniture, fittings and equipment	Total
	$'000	$'000	$'000	$'000
At 31 December 2021				
Cost	3,690	593	240,378	244,661
Accumulated depreciation and impairment	(1,014)	(509)	(135,680)	(137,203)
Net book amount	**2,676**	**84**	**104,698**	**107,458**
Half-year ended 30 June 2022				
Opening net book amount	2,676	84	104,698	107,458
Additions	-	-	18,653	18,653
Disposals[1]	-	-	(137)	(137)
Depreciation charge	(58)	(27)	(11,578)	(11,663)
Closing net book amount	**2,618**	**57**	**111,636**	**114,311**
At 30 June 2022				
Cost[1]	3,690	390	202,918	206,998
Accumulated depreciation and impairment[1]	(1,072)	(333)	(91,282)	(92,687)
Net book amount	**2,618**	**57**	**111,636**	**114,311**

[1]At the beginning of the period, assets with a net book value of nil that were no longer in use were disposed of. This reduces the total cost and accumulated depreciation and impairment by $56 million.

Impairment of property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation and impairment.

Property, plant and equipment (including leasehold improvements) are tested for impairment as part of the cash generating units (CGU) to which they relate, usually a child care centre.

At each balance date the Group reviews whether the triggers indicating a risk of impairment exist. The review considered the ongoing impact of the COVID-19 pandemic on the operating environment, the risk of delays in economic recovery and subsequent impact on performance. As a result of this review, the Group identified indicators of potential impairment for CGUs to which property, plant and equipment relate and tested the carrying values of these CGUs. No impairment losses were recognised in 2022 (2021: Nil).

Note 5: Right of use assets and lease liabilities

Set out below are the carrying amounts and movements during the period:

(a) Right of use assets

	Consolidated		
	Leased property $'000	Leased vehicle $'000	Total $'000
Consolidated			
At 31 December 2021			
Cost	748,021	3,451	751,472
Accumulated depreciation and impairment loss	(307,401)	(2,910)	(310,311)
Net book amount	**440,620**	**541**	**441,161**
Half-year ended 30 June 2022			
Opening net book amount	440,620	541	441,161
Additions	9,304	140	9,444
Disposals	(1,172)	(1)	(1,173)
Depreciation charge	(33,459)	(487)	(33,946)
Modification to lease terms	(7,130)	276	(6,854)
Variable lease payments reassessment	3,956	1	3,957
Closing net book amount	**412,119**	**470**	**412,589**
Cost	752,985	3,867	756,852
Accumulated depreciation and impairment loss	(340,866)	(3,397)	(344,263)
As at 30 June 2022	**412,119**	**470**	**412,589**

(b) Lease liabilities

	Consolidated	
	30 June 2022 $'000	31 December 2021 $'000
Current lease liabilities	74,835	73,207
Non-current lease liabilities	523,322	559,651
Total lease liabilities	**598,157**	**632,858**

	Total $'000
At 31 December 2021	**632,858**
Additions	9,397
Disposals	(1,400)
Accretion of interest	18,038
Payments	(55,393)
Modification to lease terms	(9,352)
Variable lease payments reassessment	4,009
Closing net book amount as at 30 June 2022	**598,157**

Note 5: Right of use assets and lease liabilities (continued)

(c) Impairment of right of use assets

Right of use assets are tested for impairment as part of the CGU to which they relate, usually a child care centre.

At each balance date, the Group assesses for indicators of impairment. During the current period the Group assessed that indicators for impairment did exist for certain CGUs, to which right of use assets related. A test of the carrying values was performed, based upon forecast cashflows, to measure recoverable value in use. No impairment losses were recognised in 2022 (2021: Nil).

In addition, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount, being the higher of fair value less cost of disposal or value in use. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. The assessment did not result in the reversal of impairment losses during the current period.

(d) Significant judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases to lease the assets for additional terms. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew.

Note 6: Non-current assets - intangibles

	Consolidated		
	6 months ended 30 June 2022		
	Goodwill[1] $'000	Software $'000	Total $'000
At 31 December 2021			
Cost	1,207,938	2,713	1,210,651
Accumulated amortisation and impairment	(153,087)	(70)	(153,157)
Closing net book amount	**1,054,851**	**2,643**	**1,057,494**
Half-year ended 30 June 2022			
Opening net book amount	1,054,851	2,643	1,057,494
Additions	-	597	597
Amortisation	-	(130)	(130)
Closing net book amount	**1,054,851**	**3,110**	**1,057,961**
Cost[2]	1,196,885	3,310	1,200,195
Accumulated amortisation and impairment[2]	(142,034)	(200)	(142,234)
Net book amount	**1,054,851**	**3,110**	**1,057,961**

[1]The Group divested or closed 3 centres during the period ended 30 June 2022 (2021: 13). Goodwill is only attributed to divested centres, of which there were none during the period.

[2]At the beginning of the period, assets with a net book value of nil that were no longer in use were disposed of. This reduces the total cost and accumulated depreciation and impairment by $11 million.

Note 6: Non-current assets – intangibles (continued)

(a) Impairment tests for goodwill

Goodwill and software are monitored and tested for impairment on an operating segment level. The recoverable amount of the child care centre assets is determined based on value-in-use calculations. These calculations use cash flow projections based on budgets for 2022 and then extrapolated using estimated growth rates. The growth rate does not exceed the long-term average growth rate for the business. For the purposes of intangible assets impairment testing, the recoverable amount is compared to the carrying amount of the assets of the Group, which aside from goodwill, also includes the fixed and right of use assets of the child care centres and working capital.

(b) Impairment

The Group identified there to be indicators of impairment, as first quarter occupancy was impacted by delays in enrolment, caused by increased omicron case numbers and widespread weather events. The second quarter saw the historical seasonal trend reinstated and occupancy increase. Management assessed asset balances for impairment and concluded no impairment expense was required. This is because there was no significant change in the expected current year, and future, cash flows relative to those used in the impairment assessment at 31 December 2021.

Note 7: Contractual commitments

Contractual maturities of financial liabilities

	Consolidated 30 June 2022 $'000						
	0 to 6 months	**6 to 12 months**	**Between 1 and 2 years**	**Between 2 and 5 years**	**>5years**	**Total contractual cash flows**	**Carrying amount**
Non-derivatives							
Borrowings	6,041	3,940	132,574	-	-	142,555	133,043
Contingent consideration	75	2,000	2,575	3,225	375	8,250	6,956
Trade and other payables	61,862	-	-	-	-	61,862	61,862
Lease liabilities	55,207	54,921	106,391	254,827	307,769	779,115	598,157

	Consolidated 31 December 2021 $'000						
	0 to 6 months	**6 to 12 months**	**Between 1 and 2 years**	**Between 2 and 5 years**	**>5years**	**Total contractual cash flows**	**Carrying amount**
Non-derivatives							
Borrowings	3,245	3,262	6,418	109,436	-	122,361	100,000
Contingent consideration	-	75	2,075	5,725	375	8,250	6,942
Trade and other payables	60,799	-	-	-	-	60,799	60,799
Lease liabilities	54,798	54,204	108,090	274,198	335,107	826,397	632,858

Note 8: Borrowings

	Current $'000	Non-current $'000	Total $'000
At 31 December 2021			
Total secured borrowings	-	100,000	100,000
Borrowing costs	-	(3,945)	(3,945)
Total borrowings	**-**	**96,055**	**96,055**
Half-year ended 30 June 2022			
Drawings	6,722	130,000	136,722
Repayments	(2,016)	(100,000)	(102,016)
Write off of borrowing costs	-	2,282	2,282
Total borrowings	**4,706**	**128,337**	**133,043**
At 30 June 2022			
Total secured borrowings	-	130,000	130,000
Unsecured	4,706	-	4,706
Borrowing costs	-	(1,663)	(1,663)
Total borrowings	**4,706**	**128,337**	**133,043**

[1]Current borrowing is annual insurance premium funding

(a) Syndicated debt facilities

The Group had $130 million drawn from the $300 million syndicated debt facilities as at 30 June 2022. During the period, the Group made a $100 million drawdown of the Senior facility to make a full repayment and cancel the subordinated debt facility.

	30 June 2022 $'000	31 December 2021 $'000
Syndicated debt facilities		
Total facilities	300,000	400,000
Used at balance date	(130,000)	(100,000)
Unused at balance date	**170,000**	**300,000**

Note 9: Current and Non-Current Liabilities - Provisions

	Consolidated	
	30 June 2022	31 December 2021
	$'000	$'000
Current liabilities		
Employee benefits	39,961	41,613
Remediation program[1]	38,206	41,819
Other provisions	6,391	6,666
Total current	**84,558**	**90,098**
Non-current liability		
Employee benefits	4,877	5,027
Make good provision	9,925	9,805
Total non-current	**14,802**	**14,832**

[1]During 2020, as part of implementing a new Human Resources Information System ("HRIS") and rostering system, the Group had conducted a review of award and legislative requirements. This review had identified inadvertent non-compliance with some requirements of the Children's Services Award and the Educational Services (Teachers) Award for a number of the Group's team members in Australia.

The remediation of these issues, which occurred over seven financial years, was estimated to be a one-off cost before tax of $80 million and after tax of $57 million. Payments have been made to current and former team members amounting to $41 million to date. The total remediation program cost estimate remains $80 million, with those costs fully provided for in prior reporting periods.

Note 10: Contributed equity

(a) Share capital

	Consolidated		Consolidated	
	June 2022 No. of Shares	December 2021 No. of Shares	June 2022 $'000	December 2021 $'000
Ordinary shares fully paid	835,606,401	847,390,315	1,196,260	1,209,227

(b) Movements in ordinary share capital

Details	Number of Shares '000	$'000
31 December 2020 balance	**847,390**	**1,209,227**
31 December 2021 balance	**847,390**	**1,209,227**
Share buyback, including transaction costs net of tax	(11,784)	(12,967)
30 June 2022 balance	**835,606**	**1,196,260**

In the reported period, the Group has conducted an on-market buyback of 1.4% of issued capital. G8 intends to buy back up to 10% of issued capital, determined by a number of balancing factors.

Note 11: Dividends

G8 paid a full year CY2021 dividend on 1 April 2022. There were no dividends paid or issued in the prior year.

Dividends	**CPS**	**Total dividend $'000**
Financial year 2022		
2021 final franked dividend (paid in cash on 1 April 2022)	3.0	25,422
Franked dividend paid during the half year ended 30 June 2022		**25,422**

Note 12: Commitments

Capital commitments

There is no capital expenditure unconditionally contracted at the reporting date but not recognised as a liability.

Note 13: Other Matters

Class Action

G8 Education has been served with a class action filed by Slater and Gordon in the Supreme Court of Victoria. The claim alleges breaches of the company's continuous disclosure obligations between 23 May 2017 and 23 February 2018. The Group is defending the proceedings.

Note 14: Events occurring after the balance sheet date

The following material matters have taken place after the balance sheet date:

- The Board declared a 1.00 cent fully franked dividend on 24 August 2022 to be paid on 7 October 2022.
- On 21 July 2022 the Group announced that Managing Director and Chief Executive Officer, Gary Carroll had resigned, effective 31 December 2022. Pejman Okhovat has been appointed Managing Director and CEO, effective from 3 January 2023.

Note 15: Related party transactions

(a) Parent entity

The parent entity within the Group is G8 Education Limited.

(b) Key management personnel

Related party transactions are consistent with 31 December 2021, no material related party transactions occurred during the half-year period.

Note 16: Other significant accounting policies

The principal accounting policies adopted in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The consolidated financial statements are for the consolidated entity consisting of G8 Education and its subsidiaries.

(a) Basis of preparation

This consolidated interim financial report for the half-year reporting period ended 30 June 2022 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. Compliance with AASB 134 ensures compliance with IAS 134 *Interim Financial Reporting*.

This consolidated interim financial report does not include all notes of the type normally included in an annual financial report. Accordingly, it is to be read in conjunction with the annual report for the year ended 31 December 2021 and any public announcements made by G8 Education during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and the ASX listing rules.

(b) Going concern basis of accounting

The Group recognised a net profit after tax of $8 million for the period while current liabilities exceed current assets by $140 million, as at 30 June 2022. Cashflows from operations were $39 million for the six-months.

Management expects the cash reserves and undrawn debt facilities, together with the forecast cash flow generation from operations will allow the Group to fulfil the Group's remediation program obligations and meet its debts for the 12 months from the date of this report. On this basis, the Directors have concluded that there are reasonable grounds to believe that the going concern basis is appropriate.

The assets are likely to be realised, and liabilities are likely to be discharged at the amounts recognised in the financial statements in the ordinary course of business. As a result, the financial statements have been prepared on a going concern basis.

Note 17: Changes in accounting policies

(a) Accounting standards and interpretations applied from 1 January 2022

The accounting policies adopted in the preparation of the interim consolidated financial report are consistent with those followed in the preparation of the Group's annual report for the year ended 31 December 2021. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments apply for the first time in 2022, but do not have an impact on the interim condensed consolidated financial statements of the Group.

(b) Restatement due to Change in Accounting Policy – Prior year Software-as-a-Service (SaaS) arrangements

In April 2021, the IFRS Interpretations Committee (IFRIC) published an agenda decision for configuration and customisation costs incurred related to a Software as a Service (SaaS) arrangement. In H2 2021 the Group changed its accounting policy in relation to configuration and customisation costs incurred in implementing SaaS arrangements. The nature and effect of the changes, as a result of changing this policy, is described below, including the impact upon the prior comparative period.

SaaS arrangements are arrangements in which the Group does not currently control the underlying software used in the arrangement.

Where costs incurred to configure or customise SaaS arrangements result in the creation of a resource which is identifiable, and where the company has the power to obtain the future economic benefits flowing from the underlying resource and to restrict the access of others to those benefits, such costs are recognised as a separate intangible software asset and amortised over the useful life of the software on a straight-line basis. The amortisation is reviewed at least at the end of each reporting period and any changes are treated as changes in accounting estimates.

Where costs incurred to configure or customise do not result in the recognition of an intangible software asset, then those costs that provide the Group with a distinct service (in addition to the SaaS access) are now recognised as expenses when the supplier provides the services. When such costs incurred do not provide a distinct service, the costs are now recognised as expenses over the duration of the SaaS contract. Previously some costs had been capitalised and amortised over its useful life.

The change in accounting policy has been applied by restating each of the affected financial statement line items for the prior comparative period as follows:

Consolidated Income Statement Extract	**2021**	**SaaS Policy movement**	**Restated 30 June 2021**
	$'000	**$'000**	**$'000**
Software development expenses	-	(2,777)	(2,777)
Depreciation and amortisation	(43,479)	394	(43,085)
Profit / (loss) before income tax	**35,961**	**(2,383)**	**33,578**
Income tax expense	(10,836)	715	(10,121)
Profit / (loss) for the year attributable to members of the parent entity	**25,125**	**(1,668)**	**23,457**

Basic and diluted earnings per share for the prior year have also been restated. The amount of the correction for both basic and diluted earnings per share was a decrease of 0.20 cents per share.

Note 17: Changes in accounting policies (continued)

Consolidated Statement of Cash Flows	31 December 2021 $'000	Consolidated SaaS Policy movement $'000	Restated 2021 $'000
Cash flows from operating activities			
Payments to suppliers and employees (inclusive of GST)	(338,303)	(2,777)	(341,080)
Net cash inflows from operating activities	**(338,303)**	**(2,777)**	**(341,080)**
Cash flows from investing activities			
Payments for purchase of intangible assets	(3,760)	2,777	(983)
Net cash outflows from investing activities	**(3,760)**	**2,777**	**(983)**

(c) Change to accounting policy not yet adopted

There were no changes to accounting policies not yet adopted, expected to have a material impact on the Group, as at 30 June 2022.

Directors' Declaration

In the Directors' opinion:

(a) the financial statements and notes set out on pages 8 to 24 are in accordance with the *Corporations Act 2001*, including:

(i) complying with Accounting Standard *AASB 134 Interim Financial Reporting*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

(ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2022 and of its performance for the half-year ended on that date.

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

This declaration is made in accordance with a resolution of the Directors.

Gary Carroll
Managing Director
24 August 2022

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Independent auditor's review report to the members of G8 Education Limited

Conclusion

We have reviewed the accompanying half-year financial report of G8 Education Limited (the Company) and its subsidiaries (collectively the Group), which comprises the statement of financial position as at 30 June 2022, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group does not comply with the *Corporations Act 2001*, including:

a. Giving a true and fair view of the consolidated financial position of the Group as at 30 June 2022 and of its consolidated financial performance for the half-year ended on that date; and

b. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (*including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' responsibilities for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Ernst & Young

Ernst & Young

McKenzie

Kellie McKenzie
Partner
Brisbane
24 August 2022

Corporate Directory

Directors
D Foster, Chair

G Carroll, Managing Director and Chief Executive Officer

Prof J Cogin, Non-Executive Director

D Singh, Non-Executive Director

A Thornton, Non-Executive Director

P Trimble, Non-Executive Director

M Zabel, Non-Executive Director

Company Secretary
T L Wood

Principal registered business office in Australia
G8 Education Limited is a Company limited by shares, incorporated, and domiciled in Australia. Its registered office and principal place of business is:

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Telephone: 07 5581 5300
Facsimile: 07 5581 5311
www.g8education.edu.au

Share registry:
Link Market Services Limited
Level 21, 10 Eagle Street
Brisbane QLD 4000

Auditor:
Ernst & Young
111 Eagle Street
Brisbane QLD 4001

Lawyers:
Allens Linklaters Lawyers
Level 26, 480 Queen Street,
Brisbane QLD 4000

Securities exchange listing:
G8 Education Limited shares are listed on the Australian Securities Exchange under the ticker code GEM


G8 Education ltd