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

I enclose the Investor Presentation for the half year ended 30 June 2022 for G8 Education Limited, which includes a trading update and outlook.

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

2022 HALF YEAR RESULT

INVESTOR PRESENTATION
24 AUGUST 2022

G8 EDUCATION LTD
ASX: GEM

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Acknowledgement of country

We would like to acknowledge the traditional owners of the land on which we meet and also acknowledge the elders past, present and emerging. We ask all people that walk, work and live on traditional Aboriginal lands, to be respectful of culture and traditions and work, learn and grow as a united community.

AGENDA

CY22 H1 HIGHLIGHTS
Gary Carroll

OPERATING AND FINANCIAL PERFORMANCE
Sharyn Williams

MEDIUM TERM OUTLOOK AND STRATEGY
Gary Carroll

CURRENT TRADING & OUTLOOK
Gary Carroll

Q&A
Gary Carroll & Sharyn Williams

APPENDIX

CY22 H1 HIGHLIGHTS

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FINANCIAL SUMMARY

- H1 occupancy of 67.1% (down 0.9%pts vs pcp) recovered strongly from the low in early March (down 2.1%pts vs the pcp)
  - This momentum has continued with 'spot' occupancy at 73.8% up 0.8%pts vs the pcp
- Operating EBIT (after lease interest) was significantly impacted in Q1 by Omicron and floods but recovered in Q2 with 'Core' centres delivering higher EBIT than the pcp
- The cost reduction program[4] was implemented in Q2 with $2.8m in costs removed in H1 and the remainder to be realised H2
- Statutory NPAT of $8.5m includes non operating expenses of $1.2m (CY21 H1: non operating gain $1.8m)
- Strong balance sheet with the increase in net debt driven by capital management initiatives and a seasonally weaker H1

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$M	CY22 H1	CY21 H1 Restated[1]	% Change
Metrics			
Occupancy (Core)[2]	67.1%	68.0%	(0.9%pts)
Operating Revenue[3]	416.7	421.5	(1.1%)
Statutory NPAT	8.5	23.5	(63.8%)
Basic Earnings (cps)	1.01	2.77	(63.5%)
Net (Debt)[5] / Cash	(86.3)	6.5	n.m
Leverage (Net Debt/EBITDA)	1.0	0.2	n.m
Excluding non-operating items			
Operating EBITDA[3] (after lease interest and depreciation)	32.8	49.6	(33.9%)
Operating EBIT[3] (after lease interest)	21.0	38.9	(46.0%)
Quarter 1	1.0	16.9	(94%)
Quarter 2	20.0	22.0	(8%)

1. CY21 financials restated to include software development expenses, previously capitalised, to align with the change in accounting policy in CY21H2. 2. "Core" includes all centres excluding the 14 centres in the greenfield portfolio 3. "Operating" excludes non-trading items. Refer to Note 2 of 2022 Interim Report. 4. Refer to ASX announcement dated 12 April, 2022 5. 'Spot' occupancy for the week ended 21 August 2022. 5. Excludes insurance premium funding loan which is offset by prepaid insurance.

STRATEGY BUILDING POSITIVE MOMENTUM

Capitalising on strong structural support

Execution	Financial strength	Network optimisation	Strong structural support
Disciplined response to challenging external environment and continuation of the Improvement Program drives solid second quarter performance	On-market share buyback underway funded by strong balance sheet, balancing network investment and shareholder returns	Network optimisation program continued, with improved operational performance for several of the impaired centres	Strong long-term fundamentals underpinning the sector with enhanced subsidy arrangements improving affordability

DRIVERS OF GROUP MOMENTUM

Lead indicators supportive of improved occupancy outcomes

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Quality

- 92% of G8 centres rated in CY22 H1 as 'Meeting' or 'Exceeding' versus national LDC average of 88% reflecting improved outcomes from key investment areas:
  - As part of the Improvement Program (IP), learning environments and practices were refreshed delivering 95%[1] 'Meeting' or 'Exceeding' in Quality Area 1 (educational program and practices)
  - Property investment supported the delivery of 100%[1] 'Meeting' or 'Exceeding' in Quality Area 3 (physical environment)

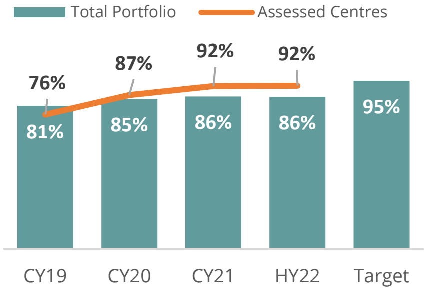
Team

- Sector-wide workforce shortages is the Group's key strategic challenge and an inhibitor to occupancy growth
- Key initiatives to enhance team retention include embedding the Improvement Program, ongoing training and professional development and strengthening the employee value proposition
- Credible retention outcomes in both CM and ECT retention following implementation of a targeted framework
- CM 'First Steps' induction program assisted CM retention in the first 12 months by circa 5%pts
- Focused recruitment reduced the number of centres with multiple vacancies by 55% in H1; and increased the number of roles filled by 49% in CY22 H1 compared to pcp

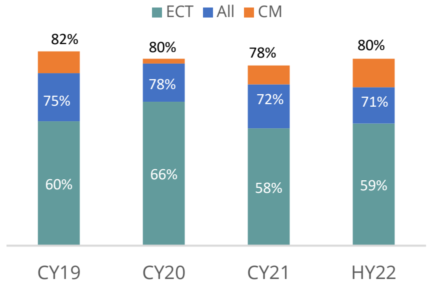
Family

- Continued strong growth in new customer enquiry volumes. Conversion impacted by COVID-19 related deferred starts and team constraints with 56% more families entering the waitlist during the half
- Days in care increased 3.8%, driven by the introduction of the sibling subsidy
- Childcare Saver retention app launched with 8,530 families joined and over $150,000 in transactions to date
- G8 supported families by waiving parent gap fees during Q1

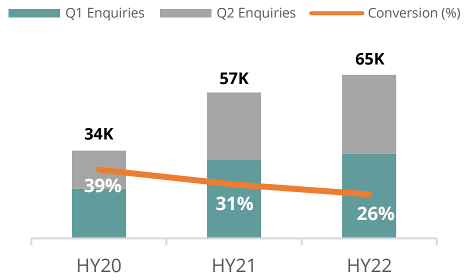
Quality (NQF)



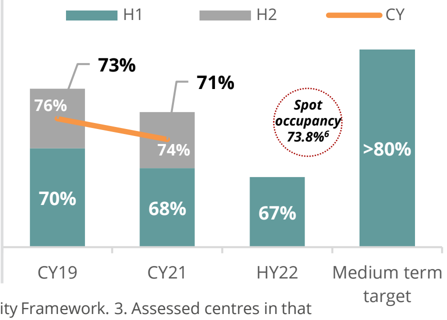
Team retention (LTM)



Enquiries/ conversion[5]



Core occupancy



1. CY19 + CY20 IP centres assessed under the NQF in CY21 and H122; and CY21 H1 IP centres assessed in CY22 H1. 2. 'Meeting' or 'Exceeding' National Quality Standards under the National Quality Framework. 3. Assessed centres in that period. 4. CM = Centre Manager and ECT = Early Childhood Teacher 5. Enquiries not available for CY19 – platform progressively rolled out from April 2019. 6. Spot occupancy as at week ended 21 August 2022

IMPROVEMENT PROGRAM

Evolving from project approach to embedded BAU model

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Improvement Program (IP)

> 85% centres network (361 centres) completed, in line with target

Centre "Field" Support

Practice Partners

HR Business Partners

Quality Partners

Operation Coaches

Key Program Elements

Learning Environments: **Resources**, **Tools and training**

Centre Manager (CM) Development: **One-on-one coaching**, **Support to manage teams**, **Performance management**, **Accountability**

CM Weekly Work Routines: **Consistency of process**, **Embedded with guides/checklist**

√ Quality	√ Occupancy	√ EBIT margin
7 out of 8 Meeting/ Exceeding NQS[1]	1H22 occupancy is in line with expectation	1.2% pts above 'Core' in 1H22

'Business as Usual' Model

Centre "Field" Support

Practice Partners

HR Business Partners

Quality Partners

Area Managers

Centre Support Plan

Identify centres for focus → Prioritise centre needs → Centre field support → Education, training and resources → Capital Investment → Identify centres for focus

- Embedding the IP into 'BAU' to deliver sustained quality enhancements across the network through on-going improvements and support to centres
- Transitioning from the IP project structure to a BAU approach improves effectiveness and efficiency while also reducing costs

1. CY19, CY20, CY21 Improvement Program Centres assessed in 1H22. 2. CY19 and CY20 Improvement Program Centres. 3. 106 completed in CY19 and CY20 and 118 completed in CY21 and 137 in 1H22.

ENVIRONMENT, SOCIAL & GOVERNANCE

Targeting continuous improvement

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Our sustainability achievements (CY22 H1)

- ✓ **92% 'Meeting' or 'Exceeding' rating** for centres assessed under the **National Quality Standard** (NQS) in CY22 H1
- ✓ **Study Pathways Program** enrolments increased a further 5% in CY22H1 to 1,131 active enrolments; a total increase of 45% since 2019
- ✓ **Child safety and protection training** programs completed by 89% of the team
- ✓ **Educational programs in place** for > 45K children regarding climate change and ways to reduce impacts to the environment
- ✓ **Modern Slavery Supply Chain Review -** Supplier Code of Conduct & Procurement Policy in development; standard contract terms updated to include modern slavery provisions
- ✓ **Strong Diversity** – Head of People Connection & Belonging appointed; 62.5% Female Executive Leaders; 66% Female Non-Executive Directors
- ✓ **Executive remuneration -** linked to key sustainability focus areas
- ✓ **Environment** – Reporting on Scope 1 and Scope 2 emissions, broader Scope 3 disclosures in CY22

What's next for sustainability

Below are the key next steps which build upon the important work already being undertaken in this space, including the sustainability initiatives driven by the children and team in our Centres:

- **Reconciliation Action Plan** – G8 will embark on a journey to further its inclusion, awareness and engagement with Aboriginal and Torres Strait Islander peoples and contribute to national reconciliation
- **Reduction in Carbon Emissions** – G8 will target a reduction in Scope 1 and Scope 2 carbon emissions across 2023-2025
- **Inclusion** – Leor In-Centre Allied Health Hub pilot is underway
- **Waste reduction** – expansion of recycling initiatives

OPERATING AND FINANCIAL PERFORMANCE

OPERATING AND FINANCIAL PERFORMANCE

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KEY TAKEAWAYS

- Earnings recovered strongly in Quarter 2 with occupancy narrowing the gap on 1H22 and 1H19 and Core centre earnings and margin above pcp
- Quarter 1 heavily impacted by COVID-19 isolations and flood impacts resulting in a material reduction in occupancy and earnings compared to pcp
- Geographic portfolio diversification, provided some insulation against lockdowns and isolation requirements with regional centres outperforming
- Greenfield cohort includes 4 new centres and 6 centres matured to the Core at 1 January 2022
- Wage performance reflects effective response to challenging environment relating to absenteeism and labour market headwinds
- Targeted cost reductions in response to the challenging environment implemented with benefits predominantly realised in 2H

OPERATING PERFORMANCE

Half on half

- Revenue and margins significantly improved in quarter 2 (as outlined in the following slide)
- Core centre revenue impacted vs pcp by lower bookings ($7.1m), divested centres ($5.6m) and the removal of temporary COVID-19 government support ($5.1m) partially offset by higher net fees ($17.5m)
- Disciplined cost management partially offset increased investment in cleaning and property maintenance in response to flood events
- Rent proxy[1] broadly in line with pcp due to annual increases offset by three divested centres
- Depreciation increasing in line with increased capex investment in educational resources and centre improvements
- Greenfield portfolio performance reflects 6 centres maturing to the Core and 4 new centres opened in the period
- On track to deliver the targeted cost reduction of $13-15m to mitigate inflationary impacts. $2.8m realised in H1 with the balance to be realised in H2
- CY22 support office costs expected to be circa $60m, down from an expected $65m driven by cost reductions

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$M	CY22 H1	CY21 H1	CY22 H1 vs. CY21 H1
Core Centres			
No. of centres	434	444	-2.9%
No. of LP	35,769	36,884	-3.0%
Core Revenue	**403.5**	**403.5**	**0.0%**
Wages	(236.9)	(235.4)	0.6%
Wages Subsidies	1.1	1.5	-27.9%
Rent Proxy	(54.7)	(54.3)	0.7%
Depreciation	(10.5)	(9.2)	14.1%
Other	(47.6)	(41.2)	15.7%
Centre Expenses	**(348.6)**	**(338.6)**	**2.9%**
Core Centre NPBT	**54.9**	**64.8**	**-15.3%**
Core Centre NPBT Margin	***13.6%***	***16.1%***	
Greenfield Centres			
No. of centres	14	15	-15.6%
No. of LP	1,323	1,636	-19.1%
Greenfield Centre NPBT	**(1.5)**	**0.7**	**-308.4%**
Total Centre NPBT	**53.4**	**65.5**	**-18.4%**
Network Support Costs	(32.4)	(26.6)	21.8%
Operating EBIT (after lease interest)	**21.0**	**38.9**	**-45.9%**
Margin	***5.1%***	***9.2%***	
Core Costs as a % of Revenue			
Wages (including Subsidy)	58.4%	57.6%	0.8%pts
Rent	13.6%	13.5%	0.1%pts
Depreciation	2.6%	2.3%	0.3%pts
Other	11.8%	10.6%	1.2%pts
Support Office as % Total Revenue			
Network support costs	7.8%	6.3%	1.5%pts

1. Proxy for rent expense comprising lease depreciation, lease interest and outgoings
2. Operating EBIT (after lease interest) equivalent to NPBT before finance costs (non-lease) and non-operating items

OPERATING PERFORMANCE

Quarter on quarter

- Q1 Core centre revenue reflects negative impacts from Omicron and floods but rebounded solidly in Q2 as the slightly lower bookings (relative to the pcp) were offset by higher net fees. This drove a H1 result in line with the pcp
- Q1 core centre margins reflect the lower occupancy but were managed in response to booking and attendance levels
- Q2 Core centre earnings were higher than CY21 Q2 predominantly due to disciplined cost management and a strong wage performance
- Increase in Q2 centre expenses driven by:
    - Wages and consumables tracking in line with occupancy growth
    - Recommencement of reactive maintenance
- Network support costs reduced by $2.5m in Q2 as a result of the cost reduction program

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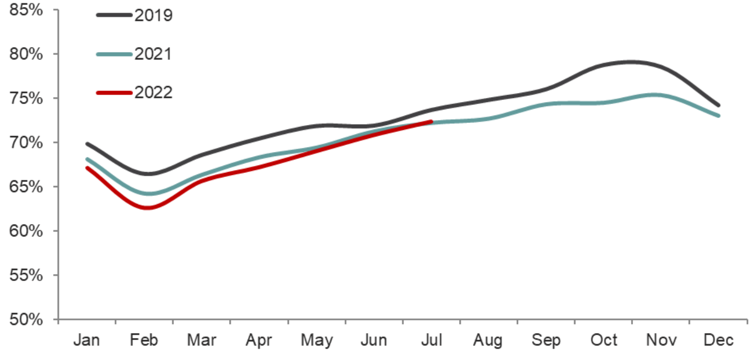
$M	CY22 Q1	CY21 Q1	CY22 Q1 vs. CY21 Q1	CY22 Q2	CY21 Q2	CY22 Q2 vs. CY21 Q2
Core Revenue	188.7	196.6	**-4.0%**	214.8	206.8	**3.9%**
Core Centre Expenses	(169.3)	(166.5)	**1.7%**	(179.3)	(172.1)	**4.2%**
Core Centre NPBT	**19.4**	**30.1**	**-35.6%**	**35.6**	**34.8**	**2.3%**
Core Centre NPBT Margin	***10.3%***	***15.3%***		***16.6%***	***16.8%***	
Greenfield Centres						
Greenfield Centre NPBT	**(0.9)**	**0.2**	**NM**	**(0.7)**	**0.5**	**NM**
Total Centre NPBT	**18.5**	**30.2**	**-38.8%**	**34.9**	**35.3**	**-1.2%**
Network Support Costs	(17.5)	(13.3)	**32.2%**	(14.9)	(13.3)	**12.0%**
Operating EBIT (after lease interest)	**1.0**	**16.9**	**-94.2%**	**20.0**	**22.0**	**-9.2%**
Margin	***0.5%***	***8.4%***		***9.0%***	***10.4%***	
Core Costs as a % of Revenue						
Wages (including Subsidy)	61.0%	57.6%	3.4%	56.2%	57.5%	-1.3%
Rent	14.6%	13.8%	0.9%	12.6%	13.2%	-0.6%
Depreciation	2.6%	2.3%	0.3%	2.6%	2.3%	0.3%
Other	12.2%	11.1%	1.2%	11.4%	10.2%	1.3%
Support Office as % Total Revenue						
Network support costs	9.0%	6.6%	2.4%	6.7%	6.3%	0.5%

1. Proxy for rent expense comprising lease depreciation, lease interest and outgoings
2. Operating EBIT (after lease interest) equivalent to NPBT before finance costs (non-lease) and non-operating items

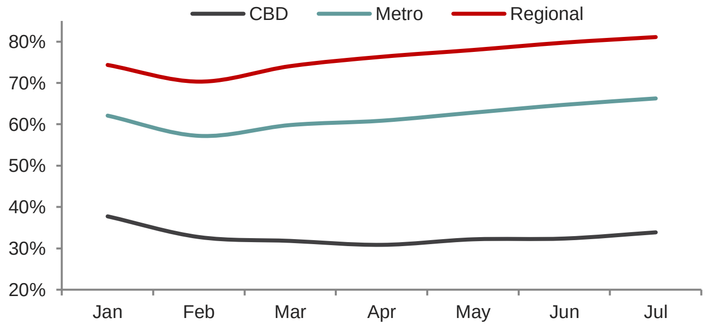
CORE[1] OCCUPANCY TREND

- Occupancy in the first half of 67.1% narrowed the gap on CY22 H1 and CY19 H1, driven by the strategic change programs and re-establishment of the seasonal uplift trend
- Following significant impact in Q1 due to Omicron cases and flooding, Q2 rebounded, performing well against a seasonally strong CY21 H1
- Sector shortages exacerbated by absenteeism continue to impact occupancy with a portion of the network constrained by team numbers
- Enquiry levels are above the pcp. Omicron related deferrals and delayed commencement dates, along with workforce shortages and absenteeism, have resulted in an increase in waitlists and impacted conversion during the period

Monthly Core[1] Occupancy (%)



Monthly Core[1] Occupancy – Region Breakdown (%)



1. "Core“ includes all centres excluding the 14 centres in the greenfield portfolio

CORE[1] OCCUPANCY

Regional outperformance maintained

Geographic portfolio diversification, with limited CBD exposure, provided some insulation against lockdowns and isolation requirements

- Regional centres outperformance continued reflecting strong net migration to the regions since CY20, with occupancy 1.8% pts higher than CY21
- Queensland, NSW and WA ended the half higher than both CY21 H1 and CY19 H1 with COVID-19 impacts mitigated by the Improvement Program and lower supply growth (ex-WA)
- Victoria was significantly impacted by the cumulative effect of lockdowns and while it is closing the gap on CY21, remains behind pre-COVID levels
- Recovery has been slower in South Australia as a result of market impacts and ACT due to G8 specific issues
- Supply of net new centres is lower than prior year, driven by the COVID-19 environment, increased construction and funding costs and labour shortages

Occupancy by region

	Core Average Occupancy						
Region	**CY22 H1**	**CY21 H1**	**CY22 v CY21**	**CY19 H1**	**CY22 v CY19**	**Centres[2]**	**Licenced Places[2]**
CBD	32.9%	43.7%	(10.8%pts)	76.9%	(44.0%pts)	7	510
Metro	61.3%	63.9%	(2.6%pts)	69.0%	(7.6%pts)	239	19,635
Regional	75.5%	73.7%	1.8%pts	70.9%	4.6%pts	186	15,864
National	**67.1%**	**68.0%**	**(0.9%pts)**	**70.0%**	**(2.8%pts)**	**432**	**36,009**

Occupancy by state

	Core Average Occupancy							
State	**CY22 H1**	**CY21 H1**	**CY22 v CY21**	**CY19 H1**	**CY22 v CY19**	**Supply YoY**	**Centres[2]**	**Licenced Places[2]**
ACT	48.0%	57.0%	(8.9%pts)	76.7%	(28.6%pts)	(0.6%)	9	894
NSW	70.2%	70.0%	0.2%pts	70.1%	0.0%pts	1.6%	164	11,576
QLD	70.0%	71.9%	(1.9%pts)	72.3%	(2.3%pts)	2.1%	61	5,283
SA	67.7%	70.0%	(2.3%pts)	72.8%	(5.1%pts)	3.5%	25	2,005
VIC	64.4%	64.9%	(0.5%pts)	70.3%	(5.9%pts)	4.8%	135	13,176
WA	68.1%	68.6%	(0.5%pts)	63.2%	4.9%pts	4.4%	38	3,075
National	**67.1%**	**68.0%**	**(0.9%pts)**	**70.0%**	**(2.8%pts)**	**2.7%**	**432**	**36,009**

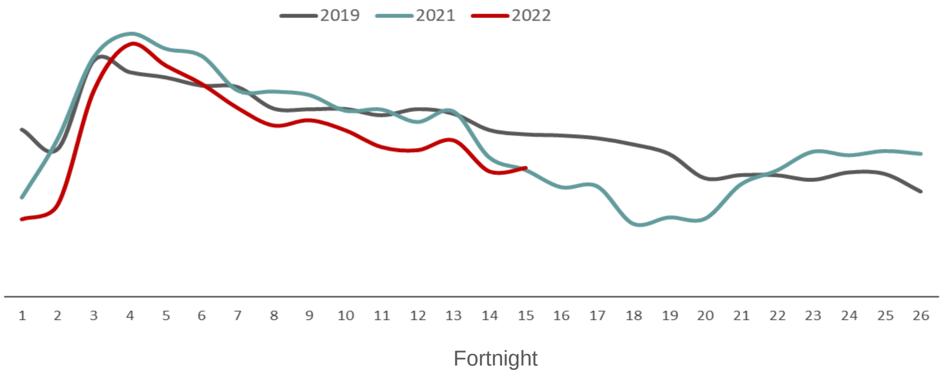
1. "Core" includes all centres excluding the 14 centres in the greenfield portfolio
2. Includes all operational Non-Greenfield centres as at 30 June 2022

WAGE PERFORMANCE

Wages managed to attendance levels

- Improved systems, training and processes have resulted in positive wage performance
- Wage hours per booking is lower than the prior year driven by an effective response to the challenging environment and despite lower occupancy levels that cause inefficiencies in a regulated ratio wage environment
- Absenteeism levels and growth in occupancy will influence wage hours per booking in future periods
- In the prior year, Fortnights 14 to 22 reflect reduced hours as COVID-19 movement restrictions impact attendance levels and Fortnights 23 onwards reflect normalisation of attendances and lower occupancy levels
- Above award remuneration position maintained for CM's and ECT's
- From a wage rate perspective, a 4.6% increase in the Child Services Award was effective 1 July 2022

Wage hours per booking by fortnight

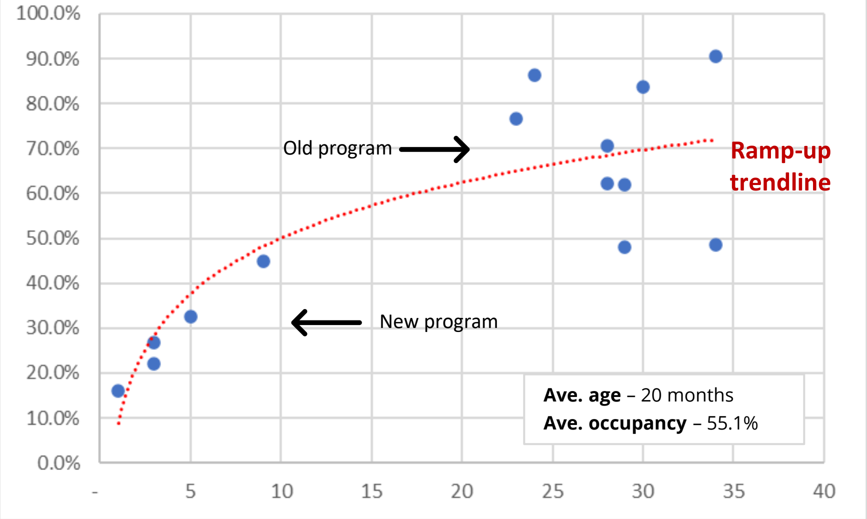


GREENFIELDS

Changing portfolio shape in CY22 reflecting mature centre exits and openings

- Refreshed Greenfield approach to further enhance the centre network
  - New centre openings subject to robust market assessment including supply/demand, site location and demographics
  - Capital light approach to deliver strong returns at occupancy maturity
  - Improved lease terms
  - Revised operational approach
- The pipeline of planned new CY22 centres has been impacted by COVID-19 with 6 centres now targeted
- The targeted openings and removal of 6 maturing centres (transferred to the Core at 1 January 2022) is expected to drive a CY22 greenfield loss of circa $3m

Greenfield Occupancy (as at 30 June 2022)



Greenfield portfolio movements

	# Centres	# LP's	1H21 NPBT
Portfolio at open	16	1730	0.7
Centres transferred to core 31 Dec	(6)	(394)	(0.7)
Portfolio at open 1 January	10	2124	-
Centres opened	4	615	
Portfolio at next open period	**14**	**1509**	

CY22 H1 performance

1. **H1 average occupancy - 55.1%**
2. **H1 NPBT[1] $1.5m loss vs. $0.7m profit in HY21**
3. **4 greenfield centre opened in H1, 2 centres to open H2**

[1] *NBPT includes $200k field support team employment expenses and $63k setup costs for GF centres yet to open*

IMPAIRED CENTRES

Exit program progressing

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1. **Potential exit process continued for remaining impaired centres, however no impaired centres were exited in the period**
2. **23 centres completed to date with the sales process continuing for the remaining portfolio**
3. **Of the impaired portfolio's CY19 EBIT losses (pre-AASB 16) of $12m, the exited centres accounted for $3.3m**
4. **Net cash outflows were immaterial related to divestments/surrenders during the half**

- 44% of the impaired centres have been either divested, leases surrendered, or conditional, indicative agreements are in place
- Portfolio optimisation progress slowed by COVID-19 and more complex exit negotiations
- On a statutory basis, the impaired portfolio contributed a c.$1m profit due to:
  - Lower lease depreciation of $4.2m ($4.5m CY21H1) as a result of the CY20 impairment
  - Improved operational performance from a number of centres
- Completion of this program will drive an improvement in operating cash flow
- A commercial approach, guided by return on capital, will continue to be employed when assessing exit alternatives, taking into consideration
  - Lease tail of the centre
  - Trading performance of the centre
- Cash impact of divestments and lease exit payments were immaterial in HY22

CASH CONVERSION

Managed well with timing impacts

- Cash conversion 117%, after adjustments for non-operating items
- Reduction in gross operating cash flow driven predominantly by lower EBITDA
- Insurance premiums paid in advance in the 2021 year resulted in improved cash conversion for CY22H1
- Change from fortnightly to weekly wage payments to drive team engagement resulted in one-off $2.2m working capital impact for centres transitioned in the period
- Engagement with the Fair Work Ombudsman is ongoing following G8 self-reporting the employee underpayments announced in December 2020

EBITDA to Cash Flow Conversion

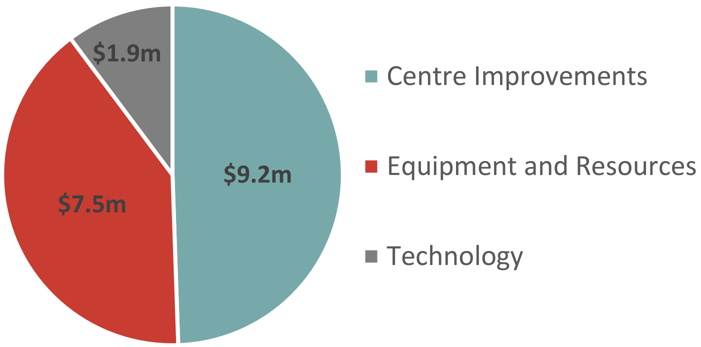
$M	Rolling 12 Mth CY22H1	12Mth CY21
Operating cash flow	77.9	84.3
+ Net interest (non-leases)	10.6	11.1
+ Tax paid / (received)	24.6	28.6
- Lease principal portion of lease payments	(74.2)	(72.3)
Adjustments		
+CY20 Rent relief unwind	1.4	2.5
+Wage remediation payments	41.0	37.9
+Restructing costs	1.3	-
+Saas outflows	6.4	6.9
Gross operating cash flow	**89.0**	**99.0**
Operating EBITDA	190.9	208.4
Finance costs - leases	(65.8)	(67.6)
Depreciation - leases	(40.7)	(39.6)
Depreciation - leases impairment	(8.4)	(8.7)
Operating EBITDA (adj. lease int. & depr.)	**76.0**	**92.5**
Cash flow conversion	**117.1%**	**107.0%**

CAPEX

Property Investment supporting quality outcomes

- Total CY22 H1 capex of $18.6m excludes $2.3m in software development costs that previously would have been capitalised
- CY22 Capex (including SaaS) expected to be $60m - $65m, subject to supply chain constraints (and noting the carry over of $10m in capex from CY21)
- Under Quality Area 3 (Property standard), 100% centres audited under the National Quality Framework (NQF) over the last 18 months received 'Meeting' or 'Exceeding'

Total H1 CY22 Capex[1] = $18.6 million



1. 'Equipment and Resources' includes $3.9 m total capex for the H1CY22 Improvement Program

FUNDING AND CAPITAL MANAGEMENT

Strong balance sheet

G8 Education Ltd

Dividend

- CY21 fully franked dividend of 3.0 cents per share paid in April 2022
- CY22 fully franked interim dividend of 1.0 cents per share to be paid in October

On-Market Buyback

- On-market share buyback implemented as part of a balanced capital management strategy
- Circa 12m shares repurchased to 30 June 2022, totalling $13m

Sources of funding and liquidity remain strong

- Net debt[1] position of $86m, with $170m of undrawn funds
- Higher interest subordinated facility repaid using lower cost senior facility
- Conservative leverage of 1x Net Debt/EBITDA[2]
- Senior facilities to be refinanced in CY22 H2
- Non-cash share capital reduction in CY22 H2 to simplify the balance sheet

Gearing Ratios

$M	30 June 2022	31 December 2021
Non-current borrowings	128.3	96.1
Cash and cash equivalents	42.0	74.1
Net Debt[1,5]	**86.3**	**22.0**
Operating EBITDA (last 12 months) [2]	84.4	101.2
Net Debt/Operating EBITDA (x)	**1.0**	**0.2**
Net interest[3] (last 12 months)	12.7	13.5
Operating EBITDA/Net Interest (x)	**6.6**	**7.5**
Fixed charge cover (x)	**1.32**	**1.42**
Gearing ratio[4] (%)	**9%**	**2%**

1. Net debt excludes lease liabilities
2. Operating EBITDA is after lease interest and depreciation – rolling 12 months
3. Net interest excludes remediation program interest and lease interest
4. Gearing ratio = Net Debt (excludes lease liabilities) / Net Debt (excludes lease liability) + Equity
5. Excludes insurance premium funding loan which is offset by prepaid insurance.

MEDIUM TERM OUTLOOK AND STRATEGY

STRATEGIC DIRECTION

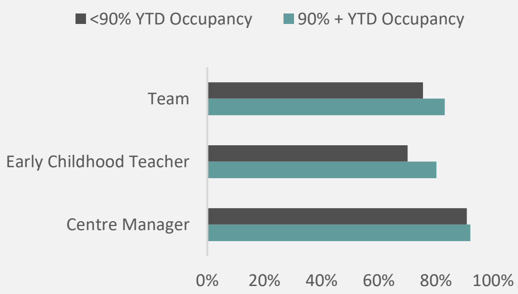
Pathway to above 80% occupancy

Leading contributing factors | **Sustainable outcomes**

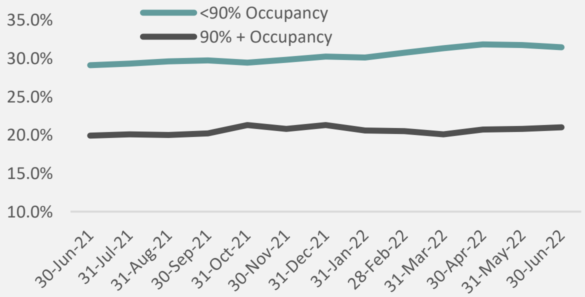
Increasing sector demand + Increasing stable engaged team + Pursuing high quality + Optimising location + Strong operational execution = More enquiries & higher family retention & **>80% network occupancy**

Selected characteristics of centres with >90% occupancy

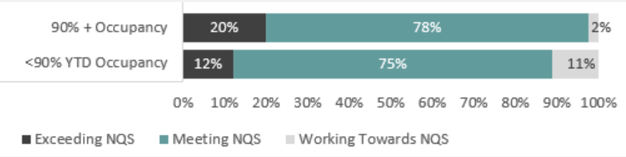
Team engagement



Team turnover



Quality area 1 – Education & practice



Earnings per licenced place is 42% greater for centres where occupancy is >90%

STRONG FUNDAMENTALS DRIVING LONG TERM DEMAND

Recognising the critical role of ECEC to families, society and the economy

G8 Education

STRONG BI-PARTISAN SUPPORT

- Early Childhood Education and Care (ECEC) sector is recognised, as evidenced through the pandemic, as critical to Australia's ongoing economic recovery
- Government funding for the ECEC sector has grown steadily at circa 9% CAGR since CY10
- To improve affordability, the Federal Liberal Government announced in May 2021, $1.7bn in incremental funding as part of the *'Women's Economic Security Package'* , which increased the subsidy to families with more than one child under 5 years old and removed the cap on the CCS
- The Federal Labor government is considering fast tracking its election promise of providing incremental childcare subsidies totalling $5.4 billion

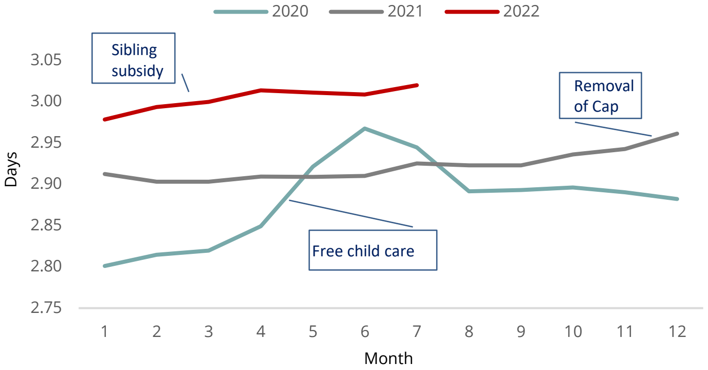
POSITIVE DEMAND SIGNALS

- An extensive and growing body of research is supportive of the long-lasting benefits of formal Early Learning to children and society
- The unemployment rate, at 3.4% (July 2022), is at its lowest level in 48 years with labour force participation at the highest levels in 112 years
- Growth in the female workforce participation rate is expected to continue given strong support from government and business
- Long-run positive net migration trend is expected to re-stablish once international borders reopen
- The uplift in average weekly bookings to circa 3 days includes the stimulatory effect of the incremental CCS funding, announced in May 2022

Employed people[1] (June 2012 – June 2022)

1. Source: ABS

G8 weekly attendance frequency (average days per week)



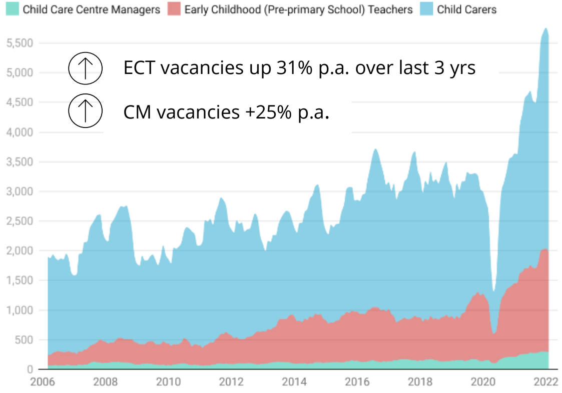
WORKFORCE MACRO CHALLENGE

Multifaceted response to sector-wide issue

Sector challenge

- All states experiencing increased vacancy rates
- ECT value proposition competes with primary schools
- Lack of immigration reduces international ECT's
- Increase demand for ECT's in NSW, VIC due to new regulations

Childcare Worker Vacancies[1]
(3 month average of internet vacancies)



1. National Skills Institute. Chart: Peter Hurley, Mitchell Institute

Macro Response

Tertiary - Bachelor qualifications

- NSW & Victorian governments funding scholarships up to $25,000
- Accelerated degrees funded by state governments via approved grants to universities

Vocational Education & Training – Certificate III and Diploma qualifications

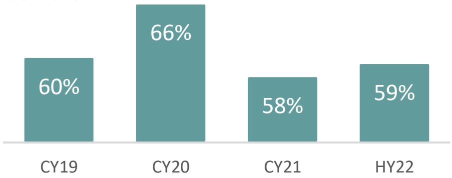
- Various State-based funding for VET qualifications
- Australian Apprentice Training Support Payment
- "Boosting Apprenticeships Commencement", "Completing Apprenticeship Commencements" and "Apprenticeship Incentive Scheme" subsidies

G8 Response

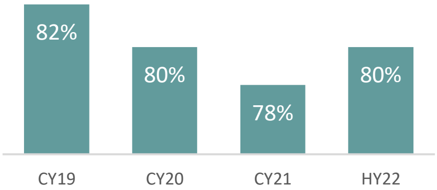
Multi-year response underway

- Above market remuneration in CM, ECT and trainee roles
- Recognition and benefit programs
- Comprehensive induction programs for CMs and ECTs
- Funding for Bachelor scholarship and trainee study
- Knowledge sharing portal
- Pedagogical support, university partnerships, study tours
- Weekly wage payments
- Recruitment initiatives

ECT retention
(LTM)



CM retention
(LTM)



CURRENT TRADING AND OUTLOOK

CURRENT TRADING & OUTLOOK

G8 Education Ltd

- Solid occupancy momentum built in the half supported by additional Child Care Subsidy (CCS) for siblings, low unemployment, growth in female workforce participation rates, improvement program outcomes and a strong enquiry pipeline
- The occupancy seasonal trend has been reinstated with ‘Core’ occupancy currently at 73.8%[1], 0.8%pts above pcp and 1.4%pts below the comparative week in CY19
- 3.5% mid-year fee increase in response to the inflationary environment and the cost out program is on-track
- Workforce shortages and absenteeism levels will continue to be challenging from an occupancy perspective
- Continuing occupancy trend coupled with strong cost and wage management is expected to drive a stronger H2 performance
- The near-term focus is on improving conversions from the enquiry pipeline and execution of the Group’s key strategic initiatives aimed at building on the credible team retention outcomes
- The Group's balance sheet is strong with the on-market buyback continuing in line with capital management strategy

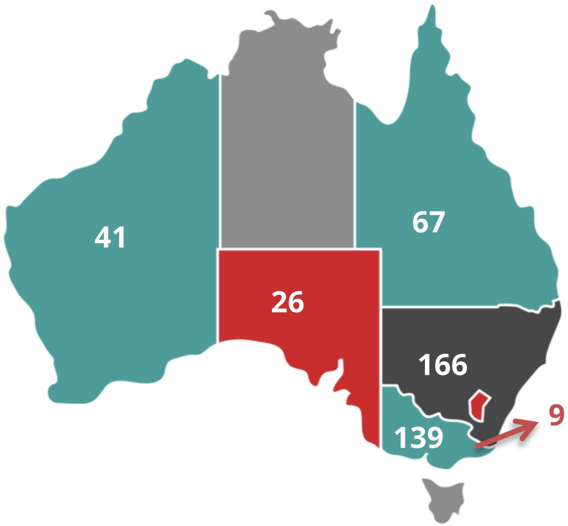
1. For week ended 21 August 2022

Q&A

APPENDIX

GROUP OVERVIEW

448 CENTRES
Diversified geographic footprint across Australia



MOBILSATION & BROADER CARE

MOBILISATION
In-home and specialised early learning
leor

BROADER CARE

Kiddo.

AUSTRALIA'S LARGEST
Listed Early Childhood Education & Care (ECEC) provider

37K+
Licensed places across Australia

8K+
Early Childhood Educators

45K+
Children per week

$131
Average daily fee (from July 2022)

SUPPLY DYNAMICS

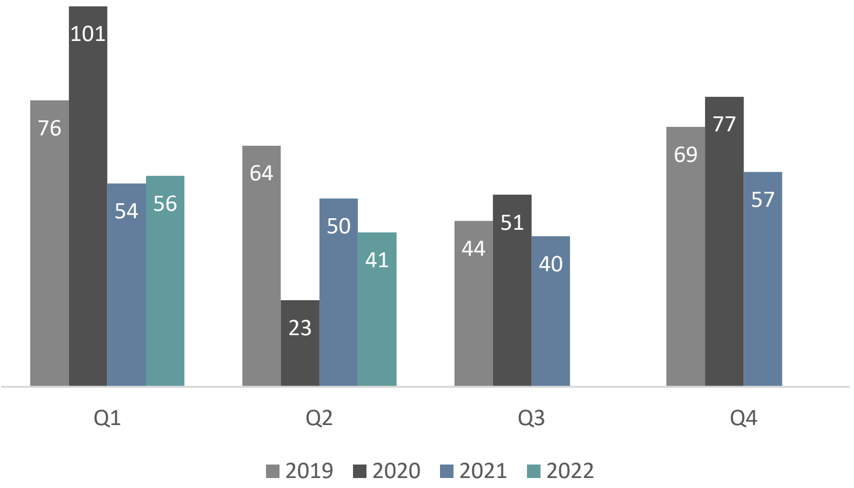
Macro

- LDC net supply annualised growth was 2.7% (vs 3.7% in H1 CY21)

Micro

- G8 centres impacted by supply within 2km up to H1 CY22 decreased by 18% when compared to H1 CY21.
- Since January 2017, 322 G8 centres have been impacted by supply within 2km

Supply – Net New Centre Openings[1]



[1] Net new centre openings is the net result of the new centres opened and closed during the period

FINANCIAL OVERVIEW

G8 Education Ltd

- Revenues were impacted by parent gap fee waivers to support families (where children did not attend due to COVID-19) combined with the seasonal uplift trend not occurring for COVID-19 affected states, partially offset by a February fee increase
- Operating EBIT (less lease interest) was 46% lower than CY21 driven by materially lower earnings in quarter 1 as outlined on slide 13
- Property, utilities and maintenance costs have increased by 25.6% as a result of the introduction of cleaning across the network ($3.4m) and reintroduction post COVID-19 of scheduled and reactive maintenance ($2.2m)
- "Other expenses" driven by increases in
  - IT (websites, internet, cyber, systems)
  - Insurance cost escalation
  - Travel and conference returned after a pause to these activities during COVID-19
- Operating EBIT (after lease interest) was impacted by higher depreciation as a result of increased capital works vs CY21.
- Non-lease finance costs includes the early repayment costs $1.4m for extinguishing the $100m subordinated facility, will result in comparatively lower interest cost using the senior facility

$M	CY22H1	CY21H1 Restated[1]	% change
Total operating revenue	**416.7**	**421.5**	**(1.1%)**
Employment costs	(265.8)	(262.3)	1.3%
Property, utilities and maintenance costs[2]	(28.0)	(22.3)	25.6%
Direct costs	(16.5)	(16.9)	(2.4%)
Other expenses	(21.5)	(17.6)	22.2%
Total operating expenses	**(331.8)**	**(319.1)**	**4.0%**
Operating EBITDA	**84.9**	**102.4**	**(17.1%)**
Depreciation and amortisation	(11.8)	(10.7)	10.3%
Depreciation - leases	(33.9)	(32.8)	3.4%
Operating EBIT	**39.2**	**58.9**	**(33.4%)**
Finance costs - leases	(18.2)	(20.0)	(9.0%)
Operating EBIT (adj. lease int.)	**21.0**	**38.9**	**(46.0%)**
Net finance costs - non-lease	(7.5)	(7.1)	5.6%
NPBT excl. non-operating items	**13.5**	**31.8**	**(57.5%)**
Non-operating items[3]	(1.2)	1.8	(166.7%)
NPBT	**12.3**	**33.6**	**(63.4%)**
Income tax benefit/(expense)	(3.8)	(10.1)	(62.4%)
NPAT	**8.5**	**23.5**	**(63.8%)**

1. Restated for Software Development Expenses and reclassifications (note 17 Interim Financial Report 2022)
2. Includes rates, utilities, services, outgoings, cleaning, maintenance, variable rent etc.
3. Refer to Financial Report CY22 Note 2.

BALANCE SHEET

- $100m junior debt facility repaid in June, $170m revolver facilities undrawn
- Reduction in non-current assets relates to the amortisation of the right of use assets and remeasurement of leases options
- Reduction in trade and other payables due to payment of accrued liabilities in the current period, resulting from the implementation of a new finance system on 1 January 2022
- Reduction in provisions is due to wage remediation payments made during the year and support office restructure
- Increase in borrowings due to payment of dividends and buy back to optimise capital management structure
- Reduction in lease liabilities reflects payments made during the period and remeasurement of lease options

$M	30 June 2022	31 December 2021
ASSETS		
Current assets		
Cash and cash equivalents	42.0	74.1
Trade and other receivables	22.6	19.6
Other current assets	11.3	12.3
Current tax asset	27.1	17.6
Total current assets	**103.0**	**123.6**
Non-current assets		
Property plant and equipment	114.3	107.5
Right of use assets	412.5	441.1
Deferred tax assets	104.3	108.1
Intangible assets	1,058.0	1,057.5
Investment in an associate	1.0	1.0
Other non-current assets	6.6	7.2
Total non-current assets	**1,696.7**	**1,722.4**
Total assets	**1,799.7**	**1,846.0**
LIABILITIES		
Current liabilities		
Trade and other payables	63.8	78.3
Borrowings	4.7	-
Contract liabilities	15.2	12.3
Current lease liabilities	74.8	73.2
Current provisions	84.6	90.1
Total current liabilities	**243.1**	**253.9**
Non-current liabilities		
Other payables	5.1	6.9
Borrowings	128.3	96.1
Lease Liabilities	523.3	559.6
Provisions	14.8	14.8
Total non-current liabilities	**671.5**	**677.4**
Total liabilities	**914.6**	**931.3**
Net assets	**885.1**	**914.7**
EQUITY		
Contributed equity	1,196.2	1,209.2
Reserves	50.5	65.3
Retained earnings	(361.6)	(359.8)
Total equity	**885.1**	**914.7**

G8 Education[ltd]

CASH FLOW

- Operating cashflows of $39m, a decrease of 14% on CY21 H1
  - Lower cashflows from trading due to lower operating EBITDA (after lease interest and depreciation), $12m (net of tax decrease)
  - Partially offset by lower interest ($2.6m) due to the repayment of debt in February 2021 and reduced lease interest
- PP&E and intangible payments of $25.5m reflect investment in centre maintenance and strategic projects
- Share buy back resulted in payments of $13m
- Proceeds from borrowing of $30m relates to draw down from the senior debt facility
- Principal lease repayments variance driven by increases in base rent at renewals

$M	CY22H1	CY21H1 Restated	% change
Cash flows from operating activities			
Receipts from customers (inclusive of GST)	414.6	426.0	(2.7%)
Payments to suppliers and employees (inclusive of GST)	(342.6)	(341.1)	0.4%
Interest received	-	0.1	(100.0%)
Interest paid (non-leases)	(5.3)	(5.9)	(10.2%)
Interest paid (leases)	(18.0)	(20.0)	(10.0%)
Income taxes received (paid)	(9.5)	(13.5)	(29.6%)
Net cash inflows from operating activities	**39.2**	**45.6**	**(14.0%)**
Cash flows from investing activities			
Payments for purchase of intangible assets	(0.6)	(1.0)	(40.0%)
Payments for divestments	-	(1.3)	(100.0%)
Payments for property plant and equipment	(24.9)	(16.8)	48.2%
Net cash outflows from investing activities	**(25.5)**	**(19.1)**	**33.5%**
Cash flows from financing activities			
Dividends paid	(25.4)	-	-
Principal portion of lease payments	(37.4)	(35.5)	5.4%
Repurchase of own shares	(13.0)	-	-
Proceeds from borrowings	30.0	-	-
Payments of borrowings	-	(201.5)	(100.0%)
Net cash (outflows)/inflows from financing activities	**(45.8)**	**(237.0)**	**(80.7%)**
Net (decrease)/ increase in cash and cash equivalents	(32.1)	(210.5)	(84.8%)
Cash and cash equivalents at the beginning of the period	74.1	317.0	(76.6%)
Cash and cash equivalents at the end of the period	**42.0**	**106.5**	**(60.6%)**

UPDATE ON COVID-19 GOVERNMENT SUPPORT

Gap fee waivers and increased allowable absences

Gap Fee Waiver

- The period during which services can elect to provide Gap Fee Waivers has been extended to 30 June 2023. Services can currently elect to waive the gap fee and retain the CCS if a child is unable to attend care for one of the following reasons:

  1. The child, or a member of their immediate household, must isolate with COVID-19

  2. The child is at a higher risk of severe disease from COVID-19.

  3. The service, or a room at the service, is closed due to COVID-19.
  This includes where:
  - The service, or a part of the service, closed because educator to child ratios cannot be safely met due to the educator/s isolating.
  - A Family Day Care or In Home Care educator can't provide their usual service because they, or a member of their immediate household must isolate due to COVID-19.

- Services must not waive the gap fee for families in any other circumstances
- If a family chose to keep their child at home because they were concerned about COVID-19 (but are not at higher risk of severe disease or required to isolate) they could use their allowable absences, but must pay a gap fee to the service.
- Services must accurately reflect waived gap fees in the fee statements provided to parents.

Allowable absences

Families have 52 allowable absences in FY22

- Up to 52 allowable absence days per child in FY22
- Families can access additional absences if they have used their annual allocation in certain circumstance, including if a child is ill and a medical certificate is provided.
- From 1 March 2022, if a child or a member of their immediate household has COVID-19, the family may also provide evidence of a positive COVID-19 test result from a government agency in place of a medical certificate

Absences at the start or end of an enrolment

- CCS is not normally paid for any absences before a child's first, or after their last, physical attendance. There are exceptions to this rule to support families who start or end an enrolment between 1 December 2021 and 30 June 2023.
- For enrolments between 1 December 2021 and 30 June 2023, CCS may be paid for absences that occur in the 7 days:
  - before the child's first day of care (inclusive of their first day)
  - after their last day of care (inclusive of their last day).
- The absences will only be paid if a child, or a member of their immediate household, must isolate with COVID-19.