ASX Announcement

G8 Education Limited
(ASX:GEM)

22 August 2023

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 2023 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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2023 HALF YEAR RESULTS

Investor Presentation

22 August 2023
ASX:GEM

G8 Education ltd

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Acknowledgement OF COUNTRY

G8 Education acknowledges the Traditional Owners of the lands on which we operate and pays our respects to Elders past, present and emerging.

We recognise that Aboriginal and Torres Strait Islander peoples have been nurturing and teaching children on these lands for thousands of years.

We are grateful for the opportunity to work, learn and grow connections together as a united community.

AGENDA

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H1 SUMMARY & PROGRESS

Pejman Okhovat

OPERATING & FINANCIAL PERFORMANCE

Sharyn Williams

CURRENT TRADING & MEDIUM-TERM OUTLOOK

Pejman Okhovat

Q&A

Pejman Okhovat & Sharyn Williams

APPENDIX

H1 SUMMARY & PROGRESS

KEY MESSAGES

Balanced H1 with improved performance from focused operational execution

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SOLID EARNINGS RECOVERY UNDERPINNED BY STRONG COST MANAGEMENT

- Revenue and earnings growth reflect improved operating performance vs. flood and Omicron impacted pcp
- Occupancy constrained by workforce in some areas of the network
- Frequency[1] continues to trend higher, supporting occupancy
- Solid wage and other cost management in an inflationary environment

PRIORITISING "HIGH IMPACT" AREAS TO DRIVE OPERATIONAL EXECUTION

- Centre based focus on operational efficiency and consistency of execution
- Achieved improved team retention and vacancy results, in a very challenging workforce environment
- Committed to enhancing our families' experience:
  - 'Always on' NPS surveys commenced
  - Family support team brought in house
- Continued focus on educational program and quality
- Renewed focus on property network optimisation

STRONG CASH GENERATION AND BALANCE SHEET POSITION

- Strong cash generation driven by improved earnings and disciplined cost and capital management:
  - Reduced capital profile in H1
- Capital allocated to enhance shareholder returns by paying dividends and buying back stock
- Balance sheet approach will remain conservative

"Creating the foundations for learning for life"

1. Frequency refers to average bookings per child per week.

FINANCIAL OVERVIEW

Stronger performance underpinned by solid cost management

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GROUP OCCUPANCY

Includes Greenfield centres

Average – H1

67.4%[1]

↑ 0.6%pts

↓ 2.1%pts *vs. H19*

Spot[2] – as at 20 August

73.0%

↓ 0.3%pts

↓ 1.6%pts *vs. CY19 H1*

OPERATING

Excludes non-trading[3] items and Kiddo and includes lease interest expense

Revenue	$456.1m	↑ 9.5%
EBIT	$32.7	↑ 55.7%
NPAT	$19.6m	↑ 110.8%
EPS	2.4c	↑ 118.2%

REPORTED

In accordance with IFRS

Revenue	$455.3	↑ 9.3%
EBIT	$46.6m	↑ 22.2%
NPAT	$15.0m	↑ 76.5%
EPS	1.9c	↑ 83.2%
DPS	1.5c	↑ 50%

Revenue growth combined with improved operational performance drove a strong earnings recovery

- Occupancy remains somewhat constrained, although not uniformly across our network; sector-wide workforce shortages remain a challenge to occupancy
- Solid cost management and proactive response to inflationary environment supported earnings performance
- Interim dividend of 1.5c up 50% on pcp reflecting improved performance, representing 81% of reported NPAT

Note: All measures are relative to the prior corresponding period unless otherwise stated. Small differences due to rounding. 1. Comparable 'Core' occupancy is 67.5%, 0.4%pts above the pcp, and 2.5% below CY19 H1. 2. Spot 'Core' occupancy is 73.7%, 0.8%pts below pcp and 1.9%pts below CY19 H1. 3. Refer to Note 2(b) of G8 Interim Financial Report for non-trading items.

DRIVERS OF GROUP MOMENTUM

Focused activities delivering improved results in a challenging environment

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TEAM

- Team retention and vacancies improved, resulting in lower agency usage and reduced caps[1] on occupancy
- Navigating shortages through multi-faceted attraction and retention strategy that is yielding early results
- Recruitment strategy driving better vacancy outcomes relative to December 2022 and the sector trend

70.2%
↑ 0.7%pts
Team retention[2]

742
↓ 24%pts
Vacancies

QUALITY

- G8 'meeting/exceeding' centres are in line with CY22 and the sector average
- 'Around centre' structure embedded, supporting centre teams to improve quality
- Work routines simplified to improve consistency across the network
- Operational execution to drive better occupancy outcomes including rigorous monitoring of performance

89%
⟷ flat
Meeting/exceeding centres[3]

89%
⟷ inline
Relative to sector[4]

FAMILY

- Deliberate focus on higher quality enquiries and improved marketing investment returns
- Family support team brought in house to enhance the enrolment experience and lower future operating costs
- 'Always on' family survey approach introduced to gain better insights into ongoing family experience

87k
↓ 12k
Enquiries[5]

29%
↑ 2%pts
Conversion

Note: All measures are relative to CY22 unless otherwise stated.
1. Capped centres have had occupancy restriction in place 2. Retention figures reflect voluntary turnover (previously disclosed all retention) CY23 H1 total retention 67% vs pcp 67% 3. G8 centres assessed as 'meeting' or 'exceeding' the National Quality Standard (NQS). 4. All ECEC services assessed as meeting or exceeding the NQS. 5. 12 month rolling enquires and conversion includes CY22 H2 and CY23 H1 enquires).

H1 ENVIRONMENTAL, SOCIAL & GOVERNANCE HIGHLIGHTS

Continued progress against our Sustainability Pillars

- Voluntarily joined Multi-Employer Bargaining in Early Childhood Education & Care sector
- Implemented new "procure to pay" system with associated policies and procedures to improve visibility and controls over the supplier engagement process
- Evolving our sustainability strategy and further aligning our reporting with the ISSB Climate Standard in preparation for mandatory reporting

- Extensive training on Child Protection and Mandatory Reporting obligations
- Strong Child Protection culture
- 92% of centres assessed in H1 are "meeting" or "exceeding" NQS Quality Area 1 – Educational program and practice
- Commenced Education Advisory Committee to provide thought leadership advice and guidance to the Early Learning and Education Team and Board of G8
- Developed draft Reconciliation Action Plan – currently in consultation phase

- Maintained strong leadership diversity of 62.5% Female Executive Leaders; 66% Female Non-Executive Directors
- Achieved target overall team retention in H1
- LTIFR of 4.33 at 30 June down from 5.54 at 31 December 2022
- Piloting strategic partnerships with indigenous employment groups to leverage employment and development opportunities
- Providing flexible working arrangements to support wellbeing and life balance increasing flexible agreements to 14% in H1 (from below 10%)

- Progressed the first phase of national solar rollout targeting at least 10% for installation by 31 December 2023
- Commenced fleet refresh to conventional hybrid vehicles
- Achieved H1 target reduction in Scope 1 and 2 emissions and remain on track to achieve full year Scope 1 and 2 emissions reduction target[1]

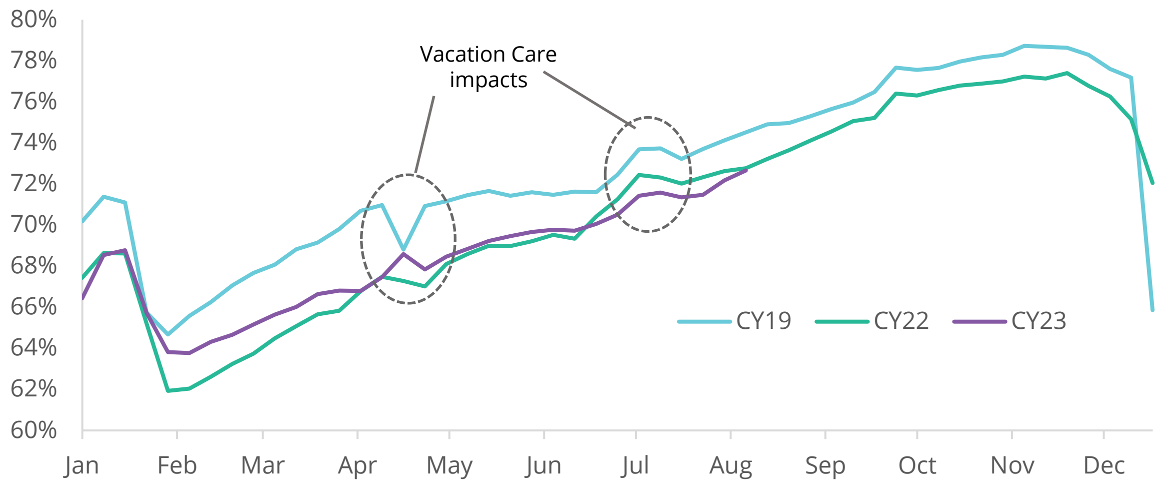
1. Scope 1 and 2 emissions targets align with the Paris Agreement to limit global average temperature rise to well below 2 degrees Celsius.

OCCUPANCY

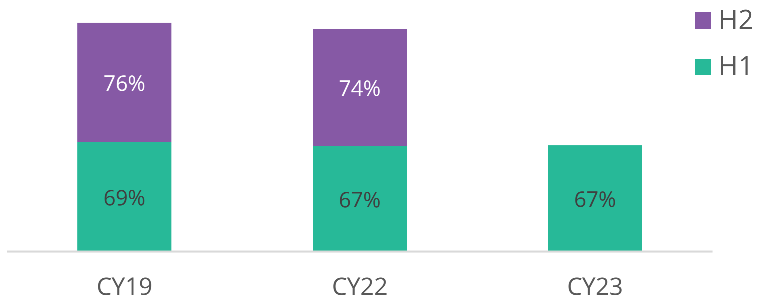
Steady progress toward CY19 despite sector challenges

- Occupancy[1] for the half was 67.4%, 0.6%pts above the pcp and 2.1%pts below CY19 H1
- Occupancy performance remains variable across the network predominantly due to three factors – workforce shortages, location dynamics (supply/demand) and operational execution
- Workforce shortages remain a constraint on occupancy in a regulated ratio environment:
  - Over 100 recruitment 'priority' centres face challenges
  - Occupancy for 'capped' centres was significantly impacted in H1 (refer slide 11)
- Good results achieved in the larger states (NSW, VIC and QLD):
  - Strong performance in NSW and QLD – occupancy was above CY19
  - Parts of Victoria are exhibiting positive momentum, but performance is not uniform
  - WA whilst performing above CY19 remains challenging
  - ACT and SA continue to face market and operational issues
- Vacation care bookings are lower than pcp as a result of a commercially driven decision to reduce outside school hours care

Group average occupancy[1]



Group average occupancy[1] – Half-on-half



1. Group average occupancy includes Greenfield centres. Comparable Core occupancy is 67.5%, 0.4%pts above the pcp, and 2.5% below CY19 H1 2. 'Capped' centres is defined as centres that have had enrolment restriction i.e. bookings can not be taken because of team shortages.

OCCUPANCY

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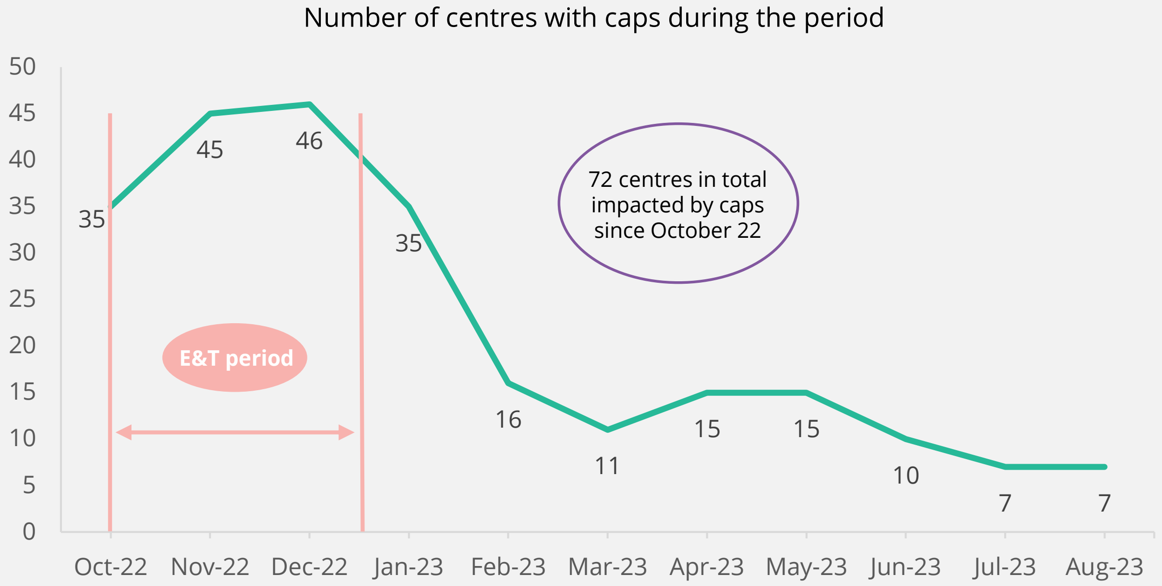
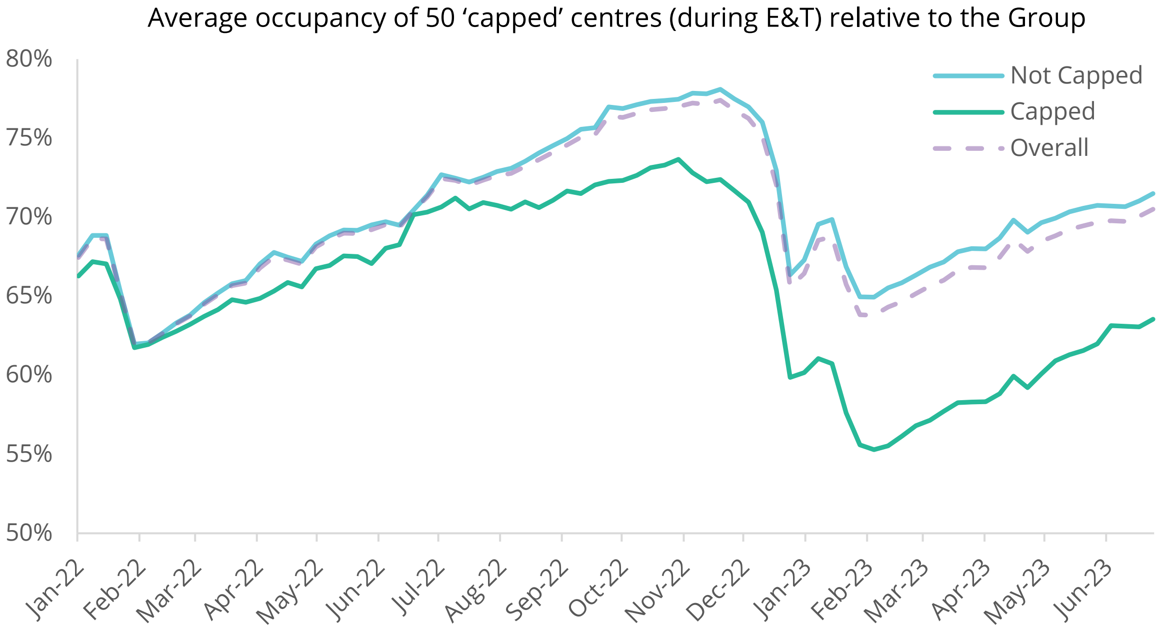
Capped centres have been impacted during crucial enrolment and transition (E&T) period

Significant reduction in 'capped' centres ahead of crucial CY23/24 E&T period



- 72 centres with 'caps' on bookings resulted in a persisting shortfall in CY23 bookings that negatively impacted Group H1 occupancy by 1.3%pts
- Number of 'capped' centres are reducing reflecting improving vacancy and retention outcomes (7 centres remain with caps)

Centres that experienced 'caps' during CY22/23 E&T have underperformed



- 50 of the 72 centres that experienced caps in Q4 CY22 were not able to accept enrolments during the E&T period
- These 50 centres are tracking c. 8%pts below Group occupancy

CHILD CARE SUBSIDY (CCS)

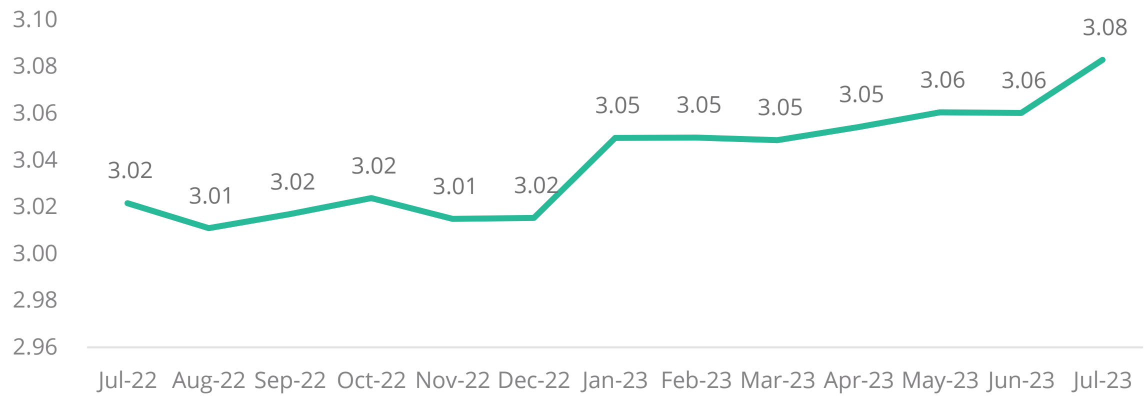
Families benefitting from CCS changes slowly building momentum

- G8's CCS support team was established to help families through the transition to the new CCS:
  - Developed family friendly calculator
  - Held family information workshops in every centre
  - One-on-one meetings with families
- Initial estimates for G8 families (noting it is very early in the CCS change period and therefore impact based on early data):
  - 81%[1] of families are better off
  - Average reduction in gap fees[2] of c.17%
- Early positive signs of improved affordability reflected in the increase in average bookings per child to 3.08 days, up 2% on pcp since the CCS change

CCS rates from 10 July 2023

Family income	Subsidy rate
$0 - $80,000	90%
More than $80,000 to below $530,000	Decreasing from 90% The percentage decreases by 1% for every $5,000 of income a family earns
$530,000 or more	0%

G8 frequency – days per week



1. Includes all families however some families who have not submitted their income estimates for 2023/2024 will have CCS reduced to zero and adjusted once complete 2. Gap fee is G8 fee charged less the CCS received.

TEAM RETENTION & ATTRACTION

Strong tactical response has reduced impact of sector-wide shortages

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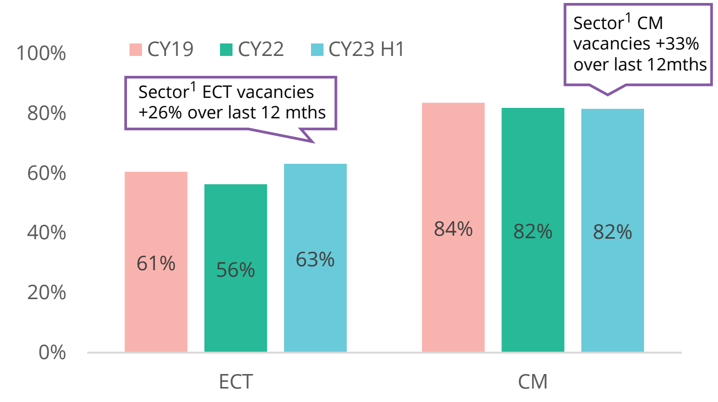
RETAINING QUALITY TEAM

To build family experiences and child outcomes

- Retention initiatives are longer dated but delivering positive early results with all H1 retention targets exceeded
- Continued investment in professional development focusing on leadership
- Enhanced network workforce planning (rostering, flexibility and mobility)

Centre Manager (CM) and ECT retention



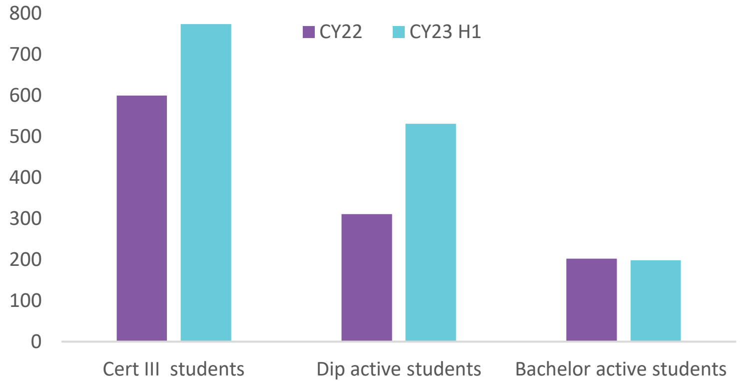
Strong retention outcomes against backdrop of high sector vacancies

GROWING OUR OWN TALENT

Addressing sector shortages and supporting early learning for future years

- Circa 16% of the G8 team (c. 1,400 in total) is currently enrolled in further education, +27% on CY22
- Government funding utilised to support ECT professional development

G8 student enrolments – CY23 H1 vs. CY22



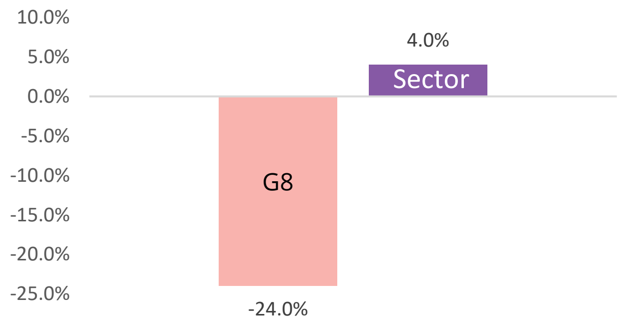
Building talent pipeline from grass-roots to address future projected needs

ATTRACTING QUALITY TEAM

To support quality outcomes and become the employer of choice

- Delivering a more targeted EVP[2] for key roles is improving vacancy outcomes relative to December 2022 and the sector trend
- More efficient recruitment process is reflected in improved "time to fill", down 16% on the pcp
- Increased focus on the internal referral program is resulting in high quality team and lower recruitment costs

Growth in vacancies vs. CY22 – G8 and ECEC sector[1]



G8 vacancies outcomes are better than the ECEC sector

1.Sector vacancies taken from Jobs and Skills Australia (internet vacancies - https://www.jobsandskills.gov.au/work/internet-vacancy-index). 2. Employee Value Proposition.

REGULATORY UPDATE

Significant activity requires higher levels of involvement, advocacy and resourcing

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ACCC
Child Care Inquiry

- Interim Report Released in July 2023 with observations to date
- Focus areas for ACCC ahead of the consultation report to be released in September include:
  - the relationship between prices and provider size and status
  - fee changes since 2018 and policy settings
  - the effectiveness of existing price regulations and interaction with CCS
  - viability, quality and profits of providers
- Final report due December 2023

Productivity Commission
ECEC Inquiry

- Inquiry considers cost and availability barriers that affect access to ECEC services and ways to support better outcomes for children and families
- Terms of reference released 9 February 2023 with initial submissions submitted by 19 May 2023
- Expected release of a draft report in late November 2023
- Public hearings and draft report submissions due in early 2024
- Final inquiry report to be handed to the Australian Government by 30 June 2024

Multi-Employer Bargaining

- Application made to the Fair Work Commission for Multi-Employer Bargaining in the ECEC sector in June 2023
- Facilitates tripartite negotiations between educators, employers and government
- G8 voluntarily consented to be involved in this application along with other employers in the sector
- Fair Work Commission hearing listed for August 2023

NSW IPART
ECEC Review

- IPART review into the NSW ECEC sector on affordability, accessibility, consumer choice
- Public submissions made in May 2023 and expressed concern about:

  "…workforce shortages in the sector; affordability of early childhood education and care services; increasing costs of operating early childhood education and care services; barriers to inclusion of children experiencing vulnerability and/or with additional needs."
- Interim report August 2023
- Final report December 2023

South Australian
Royal Commission into ECEC

- Inquiry established in October 2022 into how South Australian families are supported to further leverage ECEC to enable equitable and improved outcomes for SA children
- Interim Report Released April 2023 with observations to date
- Final report delivered August 2023

NETWORK UPDATE

More focused approach to network optimisation as an ongoing enterprise activity

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Current network

434 centres	36,982 licensed places
$145[1] average daily fee	3.08 Frequency
9,656 team	42,988 children per week

Continuous review and optimisation of the network

Divestments

- 5 centres exited in H1
- 8 centres exited YTD representing c$2m CY22 losses

- 25 of 52 impaired CY20 centres exited to date
- The remaining cohort have overall improved performance and are now part of BAU network optimisation

- Established a network optimisation disciplines
- Proactively divesting under-performing centres

All commercial outcomes being considered

Greenfields (GF)

- Total 10 centres in cohort
- 1 greenfield centre opened in H1
- Targeting 3 GF openings in CY23

- Average occupancy – 65.2% (spot 74.4%)
- $1.4m loss[2] vs. $1.5m loss[2] in pcp

- Pipeline of 7 greenfield centres, over next 2 years, will continue to be subject to robust commercial review

Reduced pipeline, any new GF to optimise existing footprint

1. Includes fee increase of 3.8% on 10 July 2023. 2. Operating EBIT (adjusted for leases).

OPERATING & FINANCIAL PERFORMANCE

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GROUP PERFORMANCE

Solid group performance driven by disciplined cost management and operational execution

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- Improved Operating and Statutory NPAT and margins driven by improved centre performance, reduced Support Office costs and lower net finance costs
- Network support costs down 4.5%:
  - Support office wages down due to annualisation of the CY22 cost out program
  - Compliance, cyber and risk related costs continued to trend higher but was offset by good cost management
  - Higher regulatory costs as a result of multiple ECEC inquiries of c.$1m
- Lower 'other' government subsidies in H1 reflects the reduction of the Boosting Apprenticeship Commencement (BAC) subsidy
- Lower net finance costs due to extinguishing the subordinated debt facility in June 2022 (CY22 included a $1.4m write down of borrowing costs)
- Increase in non-operating items predominantly driven by software development on the HRIS, procurement and finance systems that are Software as a Service (SaaS) and no longer capitalised:
  - SaaS expenses expected to reduce in H2 as these systems exit the development phase

$M	CY23 H1	CY22 H1	Change
Group revenue[1]	**456.1**	**416.7**	**9.5%**
Centre operating EBIT[2]	64.8	53.4	21.3%
Network support costs[1]	(33.9)	(35.5)	(4.5%)
Other subsidies/incentives	1.8	3.1	(41.9%)
Group operating EBIT[2]	**32.7**	**21.0**	**55.7%**
Group operating EBIT[2] margin	*7.2%*	*5.0%*	
Net finance costs[3]	(4.7)	(7.5)	(37.3%)
Tax[4]	(8.4)	(4.2)	100.0%
Operating NPAT	**19.6**	**9.3**	**110.7%**
Operating NPAT margin	*4.3%*	*2.2%*	
SaaS expense	(3.2)	(1.7)	
Acquisition and divestment costs	(0.2)	(0.1)	
Restructuring costs	-	(0.9)	
(Losses)/gains on leases	(1.2)	1.9	
Total non-trading items (after tax)	**(4.6)**	**(0.8)**	
Reported NPAT	**15.0**	**8.5**	**76.5%**

1. Includes Leor. 2. Operating EBIT (adjusted for leases). 3. Excludes interest expense on lease liabilities. 4. Tax before non-trading items. Refer to Note 2(b) of G8 Interim Financial Report for tax benefit from non-operating items.

CENTRE PERFORMANCE[1]

Solid performance through focus on operational execution and cost management vs impacted pcp

- Improved centre performance reflected in both revenue and margin growth
- Centre revenue growth of 9.3% reflects:
  - Higher average occupancy relative to Omicron and flood impacted pcp
  - Average fees in response to wage and cost inflation
  - Increased government funding (+$1.7m) for Kindergarten in Victoria and NSW
- Improved centre EBIT margins of 14.3% reflect:
  - Disciplined management of centre expenses to occupancy levels and improved procurement outcomes
  - Continued focus on wage efficiency and workforce planning
- Employment costs as % of revenue reduced by 0.2%pts primarily reflecting lower agency usage (down 1.6%pts vs pcp):
  - WHPB[4] increased as result of vacancies being filled (replacing agency staff)
  - Employment costs increased 9% including the July 2022 annual award increase (4.6%)
- Increased depreciation reflects increased capital investment in centre quality partially offset by reduced reactive property spend (reflected in 'other' expenses, down 4%)

Centre performance[1]

$M	CY23 H1	CY22 H1	Change
Group occupancy	**67.4%**	**66.8%**	**0.6%**
Revenue	**454.5**	**415.8**	**9.3%**
Employment costs	266.8	244.7	9.0%
Rent Proxy[2]	61.6	57.7	6.7%
Depreciation	14.2	10.9	30.3%
Other	47.1	49.1	(4.0%)
Centre Expenses	**389.6**	**362.4**	**7.5%**
Centre operating EBIT[3]	**64.8**	**53.4**	**21.3%**
Centre EBIT[3] Margin	*14.3%*	*12.8%*	*1.4%*

Centre costs as a % of centre revenue

%	CY23 H1	CY22 H1	Change
Employment costs	58.7%	58.9%	(0.2%)pts
Rent	13.5%	13.9%	(0.4%)pts
Depreciation	3.1%	2.6%	0.5%pts
Other	10.4%	11.8%	(1.4%)pts

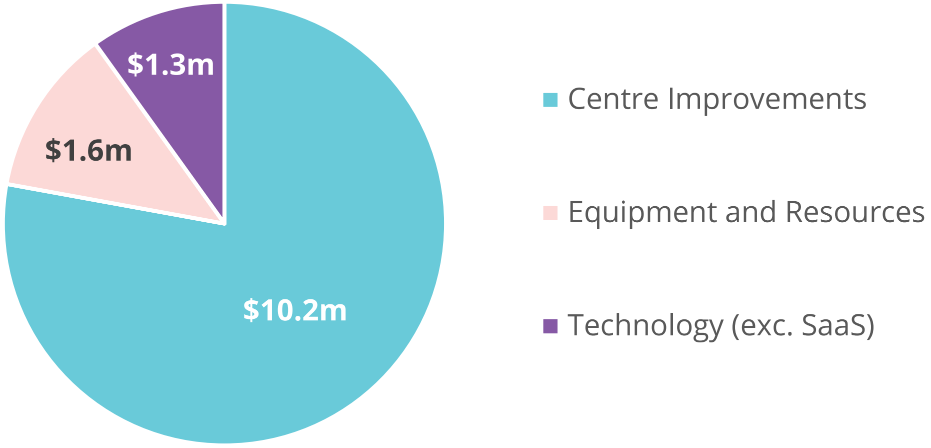
1. Centre Performance includes greenfield centres: CY23 H1 Operating EBIT $1.4m loss and CY22 H1 $1.5m loss.
2. Proxy for rent expense comprising lease depreciation, lease interest and outgoings.
3. Centre Operating EBIT (adjusted for leases).
4. Wage hours per booking (WHPB) was 1.9% higher vs pcp.

CAPITAL | CASHFLOW

Capital allocation to sustain and strengthen the business and support shareholder returns

- Capex focused on sustaining and enhancing the quality of the network:
  - CY23 H1 capex materially lower than pcp, particularly relating to centre equipment and resources
  - CY23 capex forecast reduced by $10m to $50m - 55m
- Stronger operating cashflow resulting from improved financial performance
- Cash conversion remains strong, ahead of the pcp
- Capital allocated to enhance shareholder returns via dividends, buyback (completed in Q1) and divestment of underperforming centres

Total capex = $13.1m (ex SaaS $4.6m) vs $18.6m (ex SaaS $2.3m) in pcp
(excludes new centre fit outs)



Cash flow

$M	CY23 H1	CY22 H1
Operating cash flow before interest and tax	**80.9**	**54.0**
Principal portion of lease payments	(39.3)	(37.4)
Software development and non-trading adjustments[1]	5.3	7.0
Operating cash flow after lease payments and before interest and tax	**46.9**	**23.6**
Net interest	(4.7)	(5.3)
Net income tax	0.3	(9.5)
Operating cash flow after lease payments, interest and tax	**42.5**	**8.8**
Capex	(21.6)	(25.5)
Payments for divestments	(9.4)	-
Dividends paid	(16.2)	(25.4)
Repurchase of own shares	(6.6)	(13.0)
Software development and non-trading adjustments[1]	(5.3)	(7.0)
Net cash flow[2]	**(16.6)**	**(62.1)**
Cash conversion[3]	**102%**	**82%**
Free cash flow ($m)[4]	**20.9**	**(16.7)**

1. Cashflow non-trading and other adjustments in CY23 H1: wage remediation payments ($0.7m) & SaaS outflows ($4.6m). CY22 H1: CY20 rent relief unwind ($0.3m), wage remediation payments ($3.1m), restructuring costs ($1.3m) and SaaS outflows ($2.3m)
2. Excludes net proceeds from borrowings
3. Cash conversion = (Operating cash flow after lease payments and before interest and tax)/Operating EBITDA adjusted for lease expenses. Refer to slide 27 for cash conversion calculation
4. Free Cash Flow = Operating cash flow after lease payments, interest and tax less capex payments.

FUNDING AND CAPITAL MANAGEMENT

Strong balance sheet with conservative leverage

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Dividend

- Interim fully franked dividend of 1.5 cents, up 50% reflecting strong NPAT growth
- Payout represents 81% of H1 reported NPAT

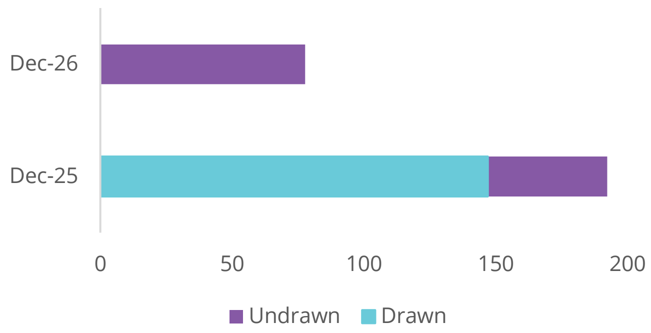
Sources of funding and liquidity remain strong

- Increase in net debt reflects final buyback outflow and payment of final dividend during seasonally weaker H1
- Current undrawn funds of $123m
- Conservative balance sheet approach reflected in conservative leverage:
  - Net debt/Operating EBITDA of 0.9x
- Staggered debt profile to December 2026 with sustainability linked targets

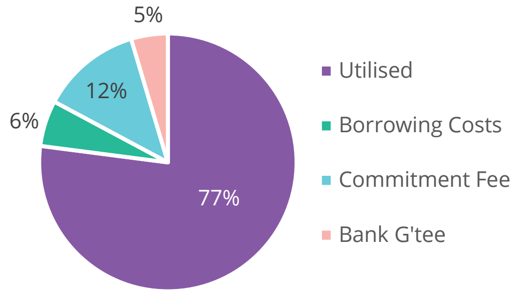
Balance sheet ratios

$M	30 June 2023	31 December 2022
Non-current borrowings	145.2	127.9
Cash and cash equivalents	41.8	37.8
Net Debt[1]	**103.4**	**90.1**
Operating EBITDA[2]	119.7	106.5
Net Debt[1]/Operating EBITDA[2] (x)	**0.9**	**0.8**
Net interest[3]	10.6	10.9
Operating EBITDA[2]/Net Interest[3] (x)	**11.3**	**9.8**
Fixed charge cover (x)	**1.6**	**1.5**
Gearing ratio (%)[4]	**11%**	**9%**

Debt Maturity Profile



H1 interest expense



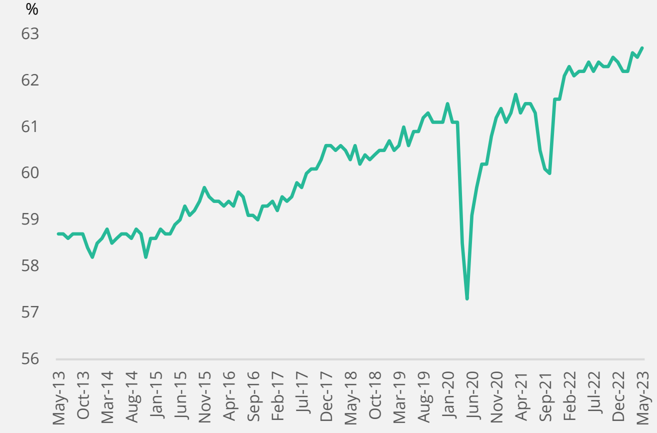
1. Net debt excludes lease liabilities and insurance premium funding loan (which is offset by prepaid insurance)
2. Operating EBITDA is rolling 12 months and excludes non-trading items and Kiddo and is after lease interest and depreciation. Refer to Note 2(b) of G8 Interim Report for non-trading items
3. Net Interest is rolling 12 months and includes interest on tax refund of $0.4m
4. Gearing ratio = Net Debt (excludes lease liabilities) / Net Debt (excludes lease liability) + Equity.

CURRENT TRADING & MEDIUM TERM OUTLOOK

FUNDAMENTALS SUPPORTING DEMAND GROWTH

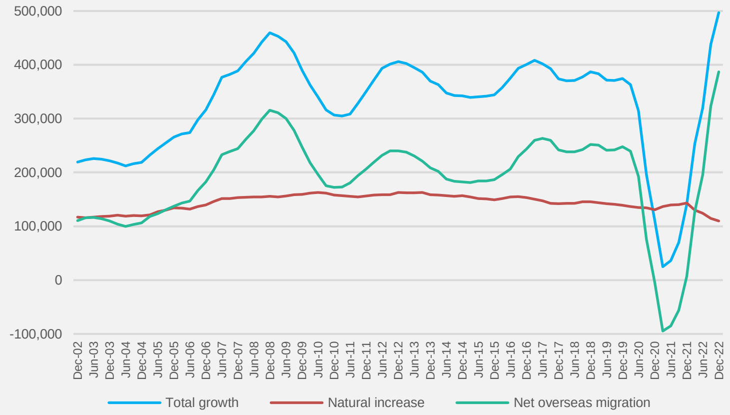
ECEC sector is viewed as critical to the Australian economy and has strong bi-partisan support

Female participation continues to increase



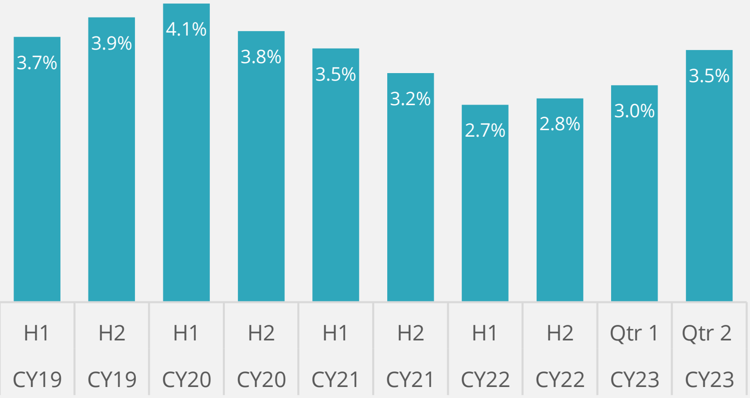
Female employment-to-population ratio
Source: ABS

Net migration continues to recover



Components of annual population change
Source: ABS

Net supply growth[1] trending higher



- Government support continues to target affordability and female workforce participation
- Positive net migration trend has re-established following the re-opening of international borders
- More widespread acceptance of the long-lasting benefits of formal Early Learning to children and society is expected to support longer term demand
- Net supply increased in the half by 3.25% with Q2 seeing growth at its highest since CY21, increasing by 3.5%. All states are seeing supply growth gain momentum except NSW where supply growth was 2.6% in Q2

1. Net of centre closures.

CURRENT TRADING & OUTLOOK

Cautiously optimistic with the backdrop of increased demand in a challenging environment

Trading update

- Group 'spot' occupancy[1] is 73.0%, 0.3%pts lower than CY22 and 1.6%pts lower than CY19:
  - Steady progress towards CY19 occupancy levels with 46% of centres performing above CY19
  - More than 80% of centres, as a cohort, have an overall 'spot' occupancy of c. 80%
- Fee increase of 3.8% implemented in July to mitigate cost inflation including record Child Services Award rate increase of 5.75% on 1 July 2023
- Frequency showing early signs of parents benefitting from the new CCS changes, into H2 CY23
- Cash flow to remain robust in seasonally stronger H2 CY23:
  - Capex reduced to an estimated $50m - $55m
  - Network optimisation ongoing with a further 3 centres exited post 30 June
- Group balance sheet remains strong following the completion of the c. $40m on-market buyback as part of the Group's capital management strategy

Outlook

- Demand outlook for the ECEC sector is improving, with momentum slowly building due to the recent changes to the CCS
- Net centre supply growth increased in H1 CY23 with Qtr 2 growth at 3.5%, the largest increase since H1 CY21
- Workforce shortages remain a sector challenge, however our staff retention and attraction places G8 in an improved position
- Inflation will continue to play a role in our families' affordability, partially offset by the CCS changes and continued cost base management
- Regulatory focus on the sector will continue through CY23 and CY24. G8 will continue to play a role by advocating for the sector and our team
- G8's near term focus on 'high impact' areas:
  - **TEAM**: attracting and retaining team to support seasonal occupancy growth
  - **FAMILIES**: assisting families in benefiting from the CCS changes and improving their experience
  - **QUALITY**: delivering high quality education and care
  - **OPERATIONAL EXECUTION**: consistent operational execution to further support occupancy through the critical enrolment and transition period
  - **COST MANAGEMENT**: prudent approach to variable costs and procurement savings
  - **PROPERTY**: Network optimisation discipline and capabilities
  - **CAPABILITY**: onboarding new COO and CIO into our executive team

1. Group spot occupancy for week ending 20 August 2023.

Q&A

APPENDIX

G8 Education ltd

FINANCIAL STATEMENTS

G8 Education ltd

Financial Overview

$M	CY23 H1	CY22 H1	Change
Total Operating Revenue[2]	**456.1**	**416.7**	**9.5%**
Employment costs	(288.4)	(265.8)	8.5%
Property, utilities and maintenance costs[1]	(25.5)	(28.0)	(8.9%)
Direct costs	(16.4)	(16.5)	(0.6%)
Other expenses	(24.5)	(21.5)	14.0%
Total operating expenses[2]	**(354.8)**	**(331.8)**	**6.9%**
Operating EBITDA[2]	**101.3**	**84.9**	**19.3%**
Depreciation and amortisation	(15.0)	(11.8)	27.1%
Depreciation - leases	(35.7)	(33.9)	5.3%
Operating EBIT[2]	**50.6**	**39.2**	**29.1%**
Finance costs - leases	(17.9)	(18.2)	(1.6%)
Operating EBIT (adjusted for lease interest)[2]	**32.7**	**21.0**	**55.7%**
Net finance costs - non-lease	(4.7)	(7.5)	(37.3%)
NPBT excl. non-operating items	**28.0**	**13.5**	**107.4%**
Non-trading items[3]	(6.6)	(1.2)	450.0%
NPBT	**21.4**	**12.3**	**74.0%**
Income tax benefit/(expense)	(6.4)	(3.8)	68.4%
Reported NPAT	**15.0**	**8.5**	**76.5%**

1. Includes rates, utilities, services, outgoings, cleaning, maintenance, variable rent etc
2. Operating excludes non-operating items and Kiddo and is after lease interest and depreciation
3. Refer to Note 2(b) of G8 Interim Financial Report for non-trading items.

Balance Sheet

$M	30 June 2023	31 December 2022
ASSETS		
Current assets		
Cash and cash equivalents	41.8	37.8
Trade and other receivables	24.4	22.5
Other current assets	11.8	12.7
Current tax asset	5.6	11.4
Total current assets	**83.6**	**84.4**
Non-current assets		
Property plant and equipment	135.0	136.3
Right of use assets	466.5	401.8
Deferred tax assets	101.3	102.4
Intangible assets	1,051.4	1,051.6
Investment in an associate	0.9	0.9
Other non-current assets	5.5	6.2
Total non-current assets	**1,760.6**	**1,699.2**
Total assets	**1,844.2**	**1,783.6**
LIABILITIES		
Current liabilities		
Trade and other payables	64.7	73.5
Contract liabilities	14.9	11.2
Borrowings	4.5	0.9
Lease liabilities	77.6	81.2
Provisions	82.1	85.8
Total current liabilities	**243.8**	**252.6**
Non-current liabilities		
Other payables	0.4	0.4
Borrowings	145.2	127.9
Lease Liabilities	562.2	503.5
Provisions	16.0	15.8
Total non-current liabilities	**723.8**	**647.6**
Total liabilities	**967.6**	**900.2**
Net assets	**876.6**	**883.4**
EQUITY		
Contributed equity	897.7	1,174.5
Reserves	77.9	73.3
Retained earnings	(99.0)	(364.4)
Total equity	**876.6**	**883.4**

CASH FLOW

G8 Education ltd

Cash flow

$M	HY23	HY22	Change
Cash flows from operating activities			
Receipts from customers (inclusive of GST)	456.8	414.6	10.2%
Payments to suppliers and employees (inclusive of GST)	(358.1)	(342.6)	4.5%
Interest received	0.9	-	-
Interest paid (non-leases)	(5.6)	(5.3)	5.7%
Interest paid (leases)	(17.8)	(18.0)	(1.1%)
Income taxes paid	0.3	(9.5)	(103.2%)
Net cash inflows from operating activities	**76.5**	**39.2**	**95.2%**
Cash flows from investing activities			
Payments for purchase of intangible assets	(0.4)	(0.6)	(33.3%)
Net proceeds / (payments) for divestments	(9.4)	-	-
Proceeds from the sale of property, plant and equipment	0.1	-	-
Payments for property plant and equipment	(21.2)	(24.9)	(15.3%)
Net cash outflows from investing activities	**(30.9)**	**(25.5)**	**21.2%**
Cash flows from financing activities			
Dividends paid	(16.2)	(25.4)	(36.2%)
Principal elements of lease payments	(39.3)	(37.4)	5.1%
Buy back of equity (including transaction costs)	(5.2)	(13.0)	(60.0%)
Payments for purchase of treasury shares	(1.5)	-	-
Net proceeds from borrowings	20.6	30.0	(31.3%)
Net cash outflows from financing activities	**(41.6)**	**(45.8)**	**(9.2%)**
Net increase/(decrease) in cash and cash equivalents	4.0	(32.1)	(112.5%)
Cash and cash equivalents at the beginning of the financial year	37.8	74.1	(49.0%)
Cash and cash equivalents at the end of the financial year	**41.8**	**42.0**	**(0.5%)**

Cash conversion calculation

$M	CY23 H1	CY22 H1
EBITDA	96.4	83.8
Net non-trading items[1]	6.6	1.2
Finance costs - leases	(17.9)	(18.2)
Depreciation - leases	(35.7)	(33.9)
Depreciation - leases impairment	(3.6)	(4.2)
Operating EBITDA adjusted for lease expense	**45.8**	**28.7**
Operating cash flow before interest and tax	**80.9**	**54.0**
Principal portion of lease payments	(39.3)	(37.4)
Non trading and other adjustments[2]	5.3	7.0
Operating cash flow after lease payments and before interest and tax	**46.9**	**23.6**
Cash conversion[3]	**102%**	**82%**

1. Refer to note 2(b) of G8 Interim Financial Report for non-trading items
2. Cashflow non-trading and other adjustments in CY23 H1: wage remediation payments ($0.7m) & SaaS outflows ($4.6m). CY22 H1: CY20 rent relief unwind ($0.3m), wage remediation payments ($3.1m), restructuring costs ($1.3m) & SaaS outflows ($2.3m)
3. Cash conversion = (Operating cash flow after lease payments and before interest and tax)/Operating EBITDA adjusted for lease expenses.