ASX Announcement

G8 Education Limited
(ASX:GEM)

22 August 2024

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 2024 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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2024 HALF YEAR RESULTS

Investor Presentation

22 August 2024

ASX:GEM

G8 Education ltd

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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 and present.

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

G8 Education ltd

SUMMARY AND PROGRESS

Pejman Okhovat

FINANCIAL PERFORMANCE

Sharyn Williams

CURRENT TRADING AND OUTLOOK

Pejman Okhovat

QUESTIONS

Pejman Okhovat and Sharyn Williams

APPENDIX

SUMMARY AND PROGRESS

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KEY MESSAGES

Progress on delivering a 'fit core' with a key focus on operational imperatives, delivering earnings growth in a challenging environment

SOLID EARNINGS PERFORMANCE

- Strong revenue and earnings growth vs pcp
- Occupancy above prior year and remains a key focus with sector seeing softening from May and enquiries down vs pcp
- Frequency[1] higher vs pcp supporting occupancy
- Strategic procurement activity along with ongoing cost disciplines delivering benefits
- Proactive network optimisation with 15 centres divested, 3 surrenders and 2 new centres during the half

BUILDING CAPABILITY RESULTING IN IMPROVED TEAM, FAMILY AND OCCUPANCY

- Balanced scorecard overall has a positive trend on prior year
- Continued focus on consistency of execution as affordability and lower enquiries impact the sector
- Better team retention and vacancy results supporting materially reduced agency usage
- Family and team experience initiatives delivering improved engagement results
- Continued focus on educational program and quality

STRONG BALANCE SHEET ENABLING CAPITAL MANAGEMENT OPTIONALITY

- Strong operating cash generation[2] vs pcp driven by improved earnings and portfolio optimisation
- As is usual in the first half, net debt increased due to first half seasonal earnings profile and final dividend payment
- Capital management ratios conservative supporting dividend growth
- On market buy-back of up to 5% of issued capital

Creating the foundations for learning for life while placing the child at the heart of everything we do

1. Frequency refers to average bookings per child per week
2. Before impact of tax timing

FINANCIAL OVERVIEW

Earnings growth driven by operational efficiencies, focused execution and improvement in occupancy

OPERATING

Excludes non-trading[1] items and includes lease interest expense

	% change vs pcp
Revenue $481.7m	↑ 5.6%
Operating Costs $442.3m	↑ 4.5%
EBIT $39.4m	↑ 20.5%
NPAT $23.9m	↑ 21.8%

REPORTED

Statutory

	% change vs pcp
Revenue $480.4m	↑ 5.5%
EBIT $55.4m	↑ 18.9%
NPAT $20.0m	↑ 33.6%
EPS 2.5c	↑ 33.5%
DPS 2.0c	↑ 33.3%

GROUP OCCUPANCY

All references to occupancy include all centres

Occupancy

68.2% ↑ 0.8% pts *vs. CY23 H1*

Current Occupancy - week ended 16 August

72.7% (Spot) ↓ 0.1% pts *vs. PCP*

69.0% (YTD) ↑ 0.7% pts *vs. PCP*

Key factor of driving our growth:

- Improved enrolment and transition period led to a positive start to occupancy in CY24; coupled with portfolio optimisation
- Disciplined wage management (including reduced agency usage), strategic procurement activities and stable support office headcount
- Fully franked interim dividend of 2.0c up 33% on pcp reflecting solid earnings, representing 81% of reported H1 NPAT

Note: All measures are relative to the prior corresponding period unless otherwise stated.
1. Refer to Note 2b of G8 Interim Financial Report for non-trading items.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE HIGHLIGHTS

Driving progress across our sustainability pillars in CY24 H1

Materiality Assessment
Commenced Materiality Assessment refresh and Value Chain Mapping to identify key ESG priorities

Sector Advocacy
Continued active participation in Multi-Employer Bargaining process, advocating for a fully funded wage subsidy for the best outcome for our educators

Compliance Management System
Implementing digitised compliance management system to provide visibility and real time information

Quality Centres
91% of centres are “meeting” or “exceeding” the NQS

Reconciliation Action Plan
Joined Supply Nation to promote economic empowerment of Aboriginal and Torres Strait Islander communities and in support of our Reconciliation Action Plan

Educational Program
94% of centres are “meeting” or “exceeding” NQS Quality Area 1 – Educational program and practice

Team Engagement
Q2 engagement score of **75%** which is 4% above the sector and 3% above Australian benchmark[1]

Workplace Recognition
Ranked **5th** in Randstad's Australia's Top 10 desirable workplaces

Study Pathways
Funding towards qualifications for over **1,400** team members and **200** high school students through strategic partnership with TAFE Queensland

WGEA
Commitment to equality has seen a reduction in overall gender pay gap

Emissions
More than **10%** reduction in Scope 1 and Scope 2 emissions compared to pcp[2]

Hybrid Fleet
Transitioned **61%** of car fleet to hybrid vehicles in CY24 H1

Renewable Energy
Generated **~470,000 kWh** of solar power in CY24 H1, the equivalent of around 24 average G8 centres for an entire year[3]

1. Benchmarking conducted by Qualtrics. Sector benchmark is a global benchmark covering education, care and broader not-for profit. Australian benchmark is across all sectors.
2. Does not include any bottled LPG or consumption met by on-site solar generation.
3. Assumes average daily consumption of ~54kWh per day.

BALANCED SCORECARD

Improved results across all KPI's reflecting strong execution of strategic initiatives

Strategic focus area	Measure	CY24 H1 (Actual)	Progress CY23 H1 to CY24 H1
Team	Team retention	76%	↑ 6% pts
Family Experience	NPS	48	↑ 16 pts
Quality	% of centres meeting or exceeding National Quality Standard (NQS)	91%	↑ 2% pt
Education & Inclusion	% of centres meeting or exceeding Quality Area 1 of NQS[1]	94%	↑ 2% pt
Operating Model	Occupancy	68.2%	↑ 0.8% pt
Financial Sustainability	EBIT margin[2]	8.2%	↑ 1% pt

1. Quality Area 1 – Educational program and practice of NQS. The aim of Quality Area 1 is to ensure that the educational program and practice is stimulating and engaging and enhances children's learning and development. 2. Operating EBIT less lease interest, comparative relative to CY23 H1.

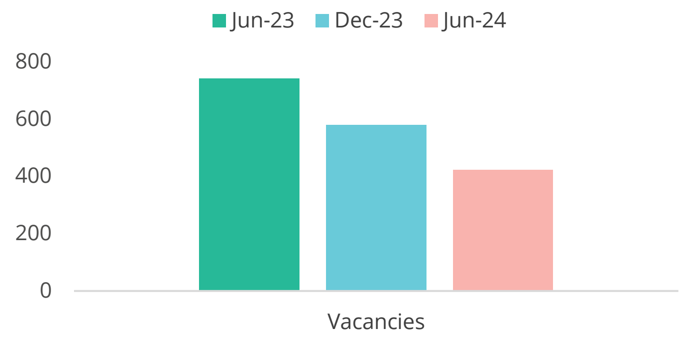
TEAM

Focusing on improved employment value proposition is contributing to lower vacancies and higher team retention

ATTRACTING TEAM

- Vacancies continue to trend down with a strong employer brand and a proactive attraction methodology
- Overall vacancies dropped by 43% including ECT's and CM's vs pcp
- Time to fill rates improved by 22% vs pcp

G8 vacancies

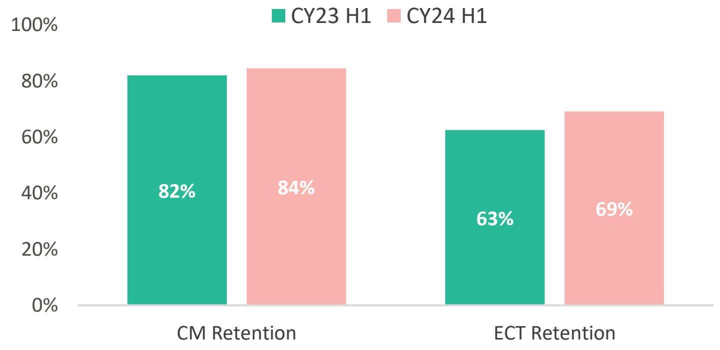


Strong employer branding attracting new talent

RETAINING TEAM

- Team engagement initiatives continue to improve retention rates for CM's and ECT's
- Continuing to invest in the professional development of our broader team

Centre Manager (CM) and ECT retention

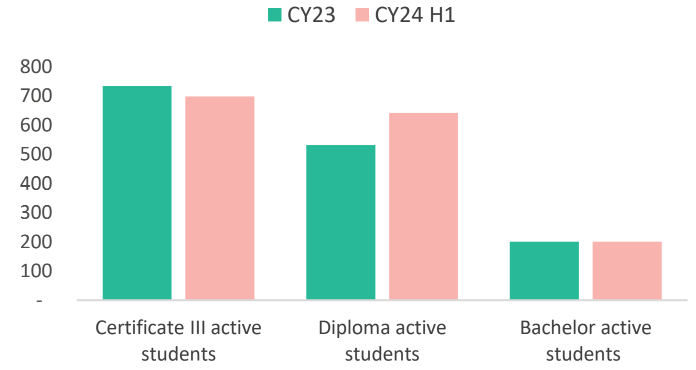


Retention continues to improve as sector challenges starting to ease

GROWING OUR OWN TALENT

- Strengthening educator capability through G8's study pathways and Teach@G8 programs
- Leveraging State based professional development programs such as Queensland's Qualifications Pathway Program

G8 student enrolments



Building the team from within

FAMILY EXPERIENCE

Improved NPS and family retention driven by focus on enhanced family experience and process embedment

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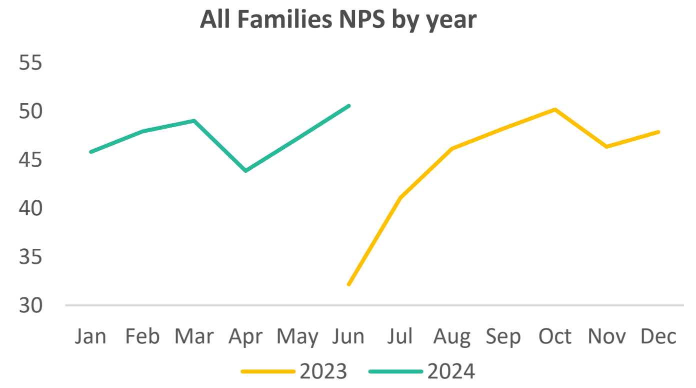
NPS

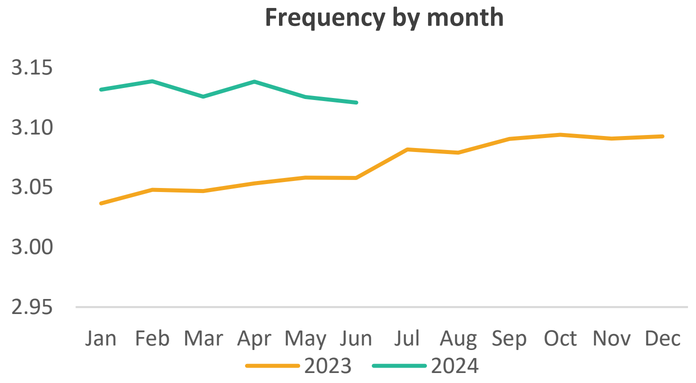
- Improvements in the key driver of family communication and education delivered strong NPS in the half
- Embedded process for actioning family feedback on a weekly basis is reflected in improved family retention



Actioning feedback & focusing on key drivers has led to improvement in overall experience

FREQUENCY[1]

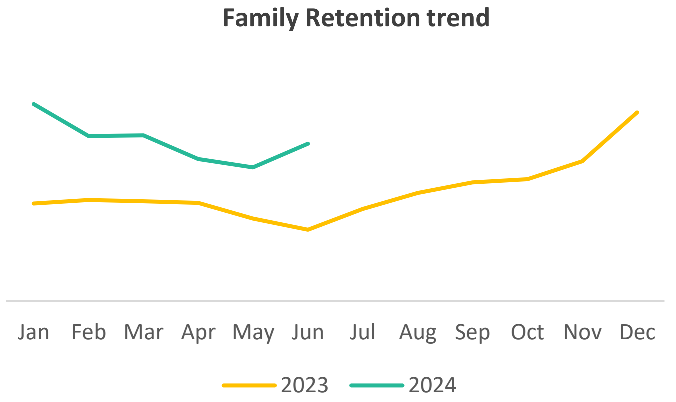
- Continues to trend above pcp supporting occupancy
- Affordability impacting families as evident in enquiries and flattening frequency



Frequency flattening as affordability impacts

FAMILIES – NEW AND EXISTING

- Enquiries down year on year consistent with the broader sector
- Conversion is higher year on year driven by in-housing call centre improving family experience
- Family retention has improved with 3–5-year-olds a key focus



Focus on retention drivers for 3-5yo has maintained year-on-year retention improvement for H1

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

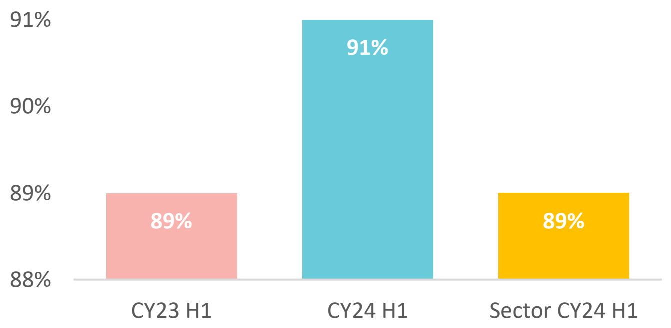
QUALITY, EDUCATION AND INCLUSION

Furthering trust and confidence in our centres, developing innovative programs for an inclusive environment

QUALITY

- Quality ratings remain above sector with focus on:
  - internal quality measures to drive opportunity areas
  - working closely with “working towards” centres to improve quality rating
- Implementing digitised compliance management system to provide visibility and real time information
- Ongoing focus on child protection and safety across the network

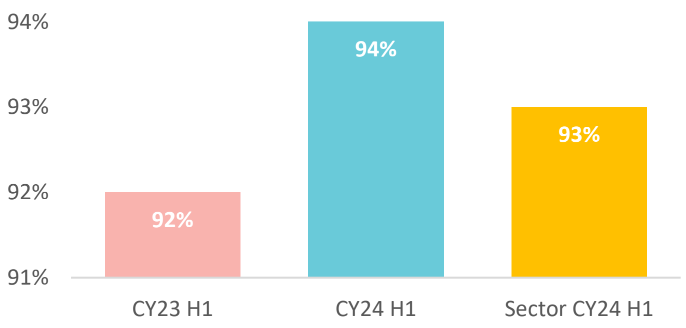
G8 meeting/exceeding % vs. sector average[1]



EDUCATION

- Group’s strategic focus is on strengthening the 3–5-year-old offer and promoting inclusive and diverse educations programs delivered by qualified and proficient educators
- ECT teacher registration/accreditation increasing a key driver in building a competitive 3–5-year-old program
- Teacher workforce has grown due to improved ECT retention, an increase to qualified teachers and team studying towards their qualification
- Family feedback regarding their child’s learning program has improved

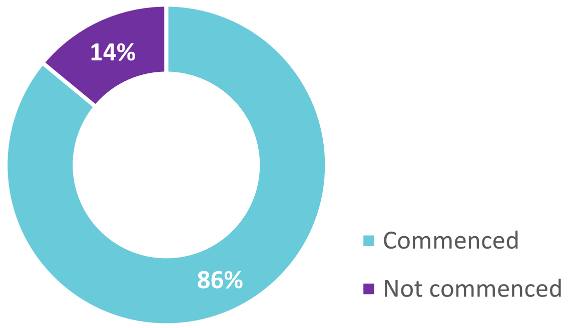
G8 meeting/exceeding QA1[2] % vs. sector average



INCLUSION

- Reconciliation Action Plan (RAP) has been launched, embedding practices alongside the updated national curriculum
- Education team supporting centres in providing responsive inclusive programs
- Connecting our services with the federal inclusion support program and “Be YOU” initiative
- Partnering with experts to better support understanding of neuroscience and behaviour guidance

% of G8 network with commenced or published RAP



1. For long day care services 2. Quality Area 1 – Educational program and practice of NQS 3. https://youtu.be/ZfE45vM344A.

OPERATING MODEL

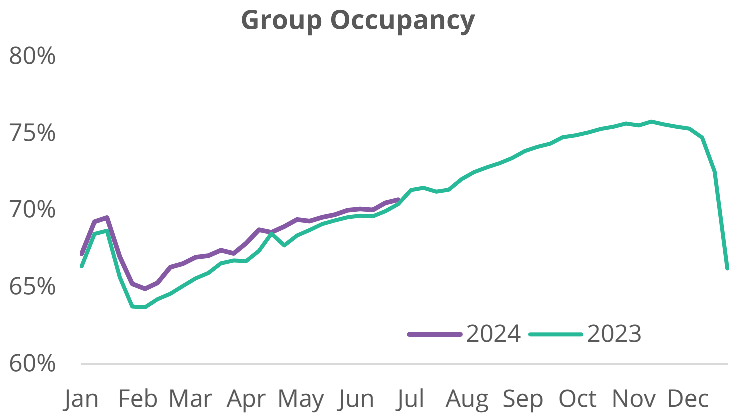
CY24 opening occupancy and improved retention rates contributing to positive occupancy outcomes

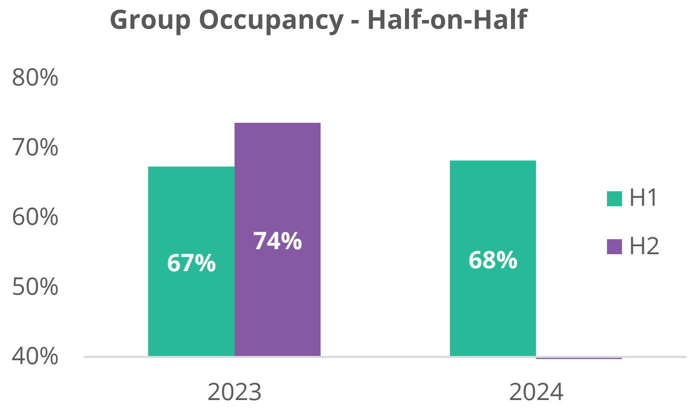
OPERATING MODEL

- Strengthening operational execution and consistency though the network remains a focus
- Introduction of Area Manager and Centre Manager playbook to drive improved operational efficiency and tighten the range of performance
- Focused efforts are underway to boost occupancy and increase efficiency through targeted wrap around support
- Talent and succession planning for critical roles enabling future planning and backfill
- Disciplined workforce planning routines resulting in reduced agency usage
- Introduction of digital dashboards and better reporting enabling targeted approach

OCCUPANCY

- Occupancy for the half was 68.2%, 0.8% pts above CY23 H1
- Lower enquiries across the broader sector resulted in softening occupancy growth in Q2
- Supply has continued to increase in CY24 H1 with WA, SA and Victoria experiencing the highest growth
- Portfolio optimisation contributed to positive occupancy results in the half and will continue through H2
- Market share remained consistent year on year





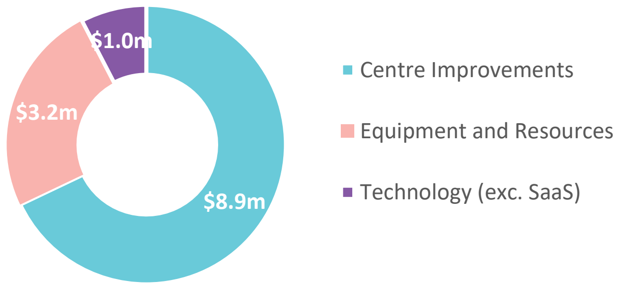
FINANCIAL SUSTAINABILITY

Balance sheet remains strong underpinned by strong operating cashflow and earnings growth

CAPITAL ALLOCATION

- Balance sheet approach remains conservative as reflected in leverage and gearing ratios
- Operating cash flow position pre-tax is 14% higher than pcp (post-tax is lower vs pcp due to timing of wage remediation related tax refunds)
- Capex in CY24 H1 in line with pcp, focused on maintenance capex and equipment and resources
- Fully franked interim dividend 2.0c up 33% and representing 81% of reported NPAT
- Net debt increased vs CY23 due to typical first half seasonal lower earnings and higher dividend payment

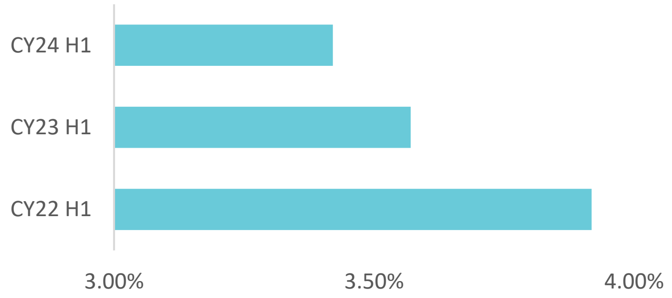
Capex (excl SaaS) = $13.1m vs $13.1 in pcp



COST MANAGEMENT

- Strategic procurement continues to reduce the cost base especially in childcare, property maintenance and capex
- Effective centre wage management resulting in decreased wages as a % of revenue (1.1% pts) and reducing agency usage 1.9% pts vs pcp
- Support office headcount remains stable vs pcp

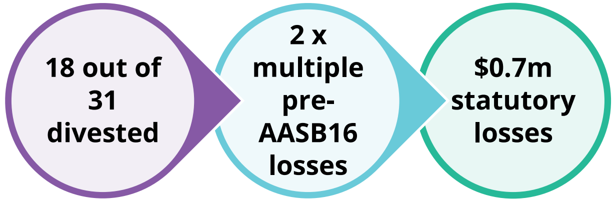
Childcare expenses as a % revenue



NETWORK OPTIMISATION

- During the half, network optimisation saw 15 centres divested, 3 surrendered and 2 new centres
- Focusing on the 31 group of centres announced in CY23, YTD 18 of those have been divested / surrendered removing **annualised $0.7m of statutory losses** and $5m of pre-AASB16 losses for a multiple of 2x
- The remaining centres will now form part of the ongoing network optimisation

Network optimisation delivers positive earnings outcomes



FINANCIAL PERFORMANCE

GROUP PERFORMANCE

Solid centre performance and controlled underlying support office costs deliver strong earnings growth

- Operating and Statutory NPAT growth and margin expansion driven by improved centre performance coupled with well managed Support Office costs
- Underlying support office costs increased 4.1% primarily driven by:
  - Support office head count remained steady with base wages increasing 1.3%
  - Increased incentive ($3.5m) included in CY24 H1 due to improved performance offset by procurement activity driving savings in other expenses
  - Inflationary costs offset by reduced legal fees as a result of finalised government enquiries
- Non-trading items includes portfolio optimisation and reduced SaaS expenses as the HRIS and procurement systems have exited the development phase

$m	CY24 H1	CY23 H1	Change
Group revenue	**481.7**	**456.1**	**5.6%**
Centre operating EBIT[2]	72.5	64.8	11.9%
Network support costs[1]	(35.3)	(33.9)	4.1%
Other subsidies/incentives	2.2	1.8	22.2%
Group operating EBIT[2]	**39.4**	**32.7**	**20.5%**
Group operating EBIT[2] margin	*8.2%*	*7.2%*	*1.0%*
Net finance costs[3]	(4.7)	(4.7)	0.0%
Tax[4]	(10.8)	(8.4)	28.9%
Operating NPAT	**23.9**	**19.6**	**21.8%**
Operating NPAT margin	*5.0%*	*4.3%*	*0.7%*
SaaS expense	(0.1)	(3.2)	
Net loss on centre exits	(1.6)	(1.2)	
Net restructuring, regulatory and legal costs	(1.3)	(0.2)	
Net impairment expense	(0.9)	-	
Total non-trading items (after tax)	**(3.9)**	**(4.6)**	**(14.9%)**
Reported NPAT	**20.0**	**15.0**	**33.6%**

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 2b of the G8 Interim Financial Report for tax benefit from non-operating items.

CENTRE PERFORMANCE

Strong financial performance driven by efficient operating and strategic cost management

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- Operating and statutory NPAT deliver solid results with centre margin improving by 0.9%pt vs pcp driven by:
  - Revenue growth primarily driven by occupancy improvements and realisation of fee increase from CY23
  - Workforce optimisation continuing to deliver efficient wage results with centre wages as % revenue reducing by 1.1%pts
  - Reduced dependence on agency usage reducing 1.9% pts vs pcp
  - Other expenses increase as results of improving property related maintenance schedules smoothing the costs more evenly over the year
  - Procurement activity focused on high impact costs driving childcare expense saving and greater value for money for property related costs
  - Divestments have contributed to positive EBIT and margin outcomes which will continue in CY24 H2

Centre performance

$m	CY24 H1	CY23 H1	Change
Group occupancy	**68.2%**	**67.4%**	**0.8%**
Revenue	**479.7**	**454.5**	**5.5%**
Employment costs	276.3	266.8	3.5%
Rent Proxy[1]	63.9	61.6	3.7%
Depreciation	14.4	14.2	1.6%
Other	52.6	47.1	11.8%
Centre Expenses	**407.2**	**389.7**	**4.5%**
Centre operating EBIT[2]	**72.5**	**64.8**	**11.9%**
Centre EBIT[2] Margin	**15.1%**	**14.3%**	**0.8%**

Centre costs as a % of centre revenue

%	CY24 H1	CY23 H1	Change
Employment costs	57.6%	58.7%	(1.1%) pts
Rent	13.3%	13.6%	(0.2%) pts
Depreciation	3.0%	3.1%	(0.1%) pts
Other	11.0%	10.4%	0.6% pts

1. Proxy for rent expense comprising lease depreciation, lease interest and outgoings
2. Centre Operating EBIT (adjusted for leases).

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CURRENT TRADING AND OUTLOOK

CURRENT TRADING AND OUTLOOK

Improved performance in a very challenging environment

TRADING UPDATE

Maintaining our rigor on execution and family experience.

- Group '**spot**' occupancy 72.7%, 0.1% pts lower than pcp and 69.0% **YTD** 0.7% pts higher than pcp[1]
  - Family experience measured by NPS continues to improve
  - Optimising our conversion and turnover in a lower enquiry environment
- Fee increase of 2.4% implemented at mid-year mitigating inflationary impacts
- Operationalising our capital allocation framework:
  - Capex for 2024 estimate remains circa $40m - $45m, contingent on construction capacity, timing and cost
  - Network optimisation ongoing, with 3 centres divested and 1 centre exited post 30 June, totalling 22 YTD
- Currently net debt is $90m, maintaining a conservative leverage position to support the commencement of an on market buy-back up to 5%
- The volume of the buyback will be determined by appropriately balancing:
  - Shareholder returns and leverage levels
  - Funding strategic priorities
  - Other funding needs, including network optimisation and dividend payments

OUTLOOK

CY24 H2 sector conditions are anticipated to be more challenging:

- Sector enquiries remain lower than pcp
- Net supply growth remains steady at 3.3% yoy
- Cost of living pressures continue to be a key factor for our families, resulting in lower occupancy expectations

Government and regulatory environment is evolving slowly:

- The Federal Government announcement to fund a 15% wage increase for ECEC over two years with the condition of capping fee increase at 4.4% for 12 months from 8 August 2024
- Productivity Commission final report and Multi-employer Bargaining details are still to be released

Our near-term focuses are:

- **Team:** Maintaining our team engagement momentum
- **Family**: Improving our family experience and delivering an improved "Enrolment & Transition" program
- **Operational execution:** Targeted focus on underperforming centres
- **Cost Management**: Maintaining capital and cost disciplines
- **Strategy**: Implementing 'fit core' strategic plan initiatives leading into 2025

We remain focused on delivering full year outcomes.

1. For week ending 16 August 2024

QUESTIONS

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APPENDIX

FINANCIAL STATEMENTS

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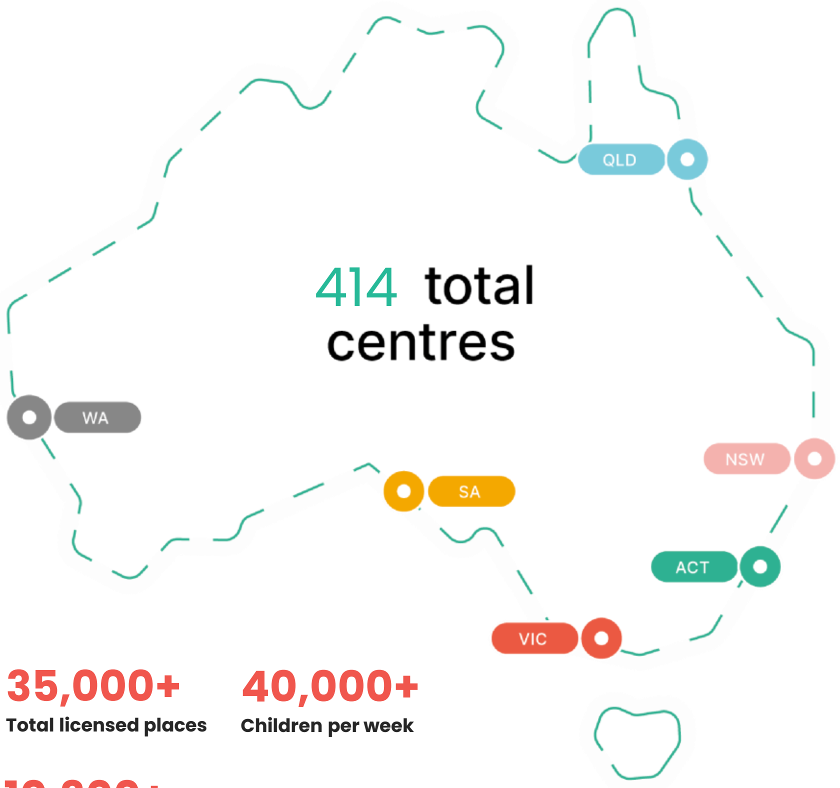
Consolidated Income Statement

$m	CY24 H1	CY23 H1	% change
Continuing operations			
Revenue	480.4	455.3	5.5%
Other income	2.9	1.9	52.6%
Total	**483.3**	**457.2**	**5.7%**
Expenses			
Employment costs	(301.7)	(288.4)	4.6%
Property, utilities and maintenance costs	(28.0)	(25.5)	9.8%
Direct costs	(16.4)	(16.4)	-
Software as a service (SaaS) expense	(0.1)	(4.6)	(97.8%)
Depreciation and amortisation	(51.1)	(50.7)	0.8%
Impairment expense	(1.3)	-	-
Other expenses	(28.5)	(24.9)	7.1%
Finance costs	(27.1)	(25.3)	4.2%
Total expenses	**(454.2)**	**(435.8)**	**36.0%**
Income tax benefit/(expense)	(9.1)	(6.4)	42.2%
Reported NPAT	**20.0**	**15.0**	**33.6%**



35,000+
Total licensed places

40,000+
Children per week

10,300+
Total team members

Queensland
60 centres
1,820 team members

New South Wales
147 centres
3,293 team members

ACT
2 centres
64 team members

Victoria
134 centres
3,460 team members

South Australia
25 centres
549 team members

Western Australia
46 centres
1,164 team members

FINANCIAL STATEMENTS

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Balance Sheet

$m	30 June 2024	31 December 2023
ASSETS		
Current assets		
Cash and cash equivalents	45.5	40.3
Trade and other receivables	23.8	23.7
Other current assets	24.7	14.4
Assets classified as held for sale	5.5	-
Total current assets	**99.5**	**78.4**
Non-current assets		
Property plant and equipment	132.8	138.8
Right of use assets	529.8	528.0
Deferred tax assets	104.6	101.6
Intangible assets	1,049.0	1,049.4
Investment in an associate	0.9	0.8
Other non-current assets	4.5	5.9
Total non-current assets	**1,821.6**	**1,824.4**
Total assets	**1,921.1**	**1,902.8**
LIABILITIES		
Current liabilities		
Trade and other payables	63.6	72.2
Contract liabilities	21.7	11.4
Current tax liability	5.5	13.0
Borrowings	6.0	1.3
Lease liabilities	77.1	81.3
Provisions	112.9	106.1
Liabilities classified as held for sale	10.7	-
Total current liabilities	**297.5**	**285.3**
Non-current liabilities		
Borrowings	114.0	99.0
Lease liabilities	591.6	596.6
Provisions	15.8	16.4
Total non-current liabilities	**721.4**	**712.0**
Total liabilities	**1,018.9**	**997.3**
Net assets	**902.2**	**905.5**
EQUITY		
Contributed equity	897.8	897.8
Reserves	107.7	108.5
Retained earnings	(103.3)	(100.8)
Total equity	**902.2**	**905.5**

Balance sheet ratios

$m	30 June 24	31 December 2023
Non-current borrowings	114.0	99.0
Cash and cash equivalents	45.5	40.3
Net Debt[1]	**68.5**	**58.7**
Operating EBITDA[2]	138.5	131.7
Leverage (Net Debt[1]/Operating EBITDA[2]) (x)	**0.5**	**0.4**
Net interest[3]	8.7	9.7
Operating EBITDA[5]/Net Interest[6] (x)	**15.8**	**13.6**
Fixed charge cover (x)	**1.7**	**1.6**
Gearing ratio (%)[4]	**7%**	**6%**

1. Net Debt excludes lease liabilities and current borrowings for insurance premium funding
2. Operating EBITDA is rolling 12 months and excludes non-operating items and is after lease interest and depreciation. Refer to Note 2b of CY24 Interim Financial Report for non-operating items
3. Net interest is rolling 12 months and excludes lease interest
4. Gearing ratio = Net Debt (excludes lease liabilities) / (Net Debt (excludes lease liability) + Equity).

CASH FLOW

CASHFLOW ALLOCATION

G8 Education ltd

Cash flow

$m	CY24 H1	CY23 H1	% change
Cash flows from operating activities			
Receipts from customers (inclusive of GST)	487.0	456.8	6.6%
Payments to suppliers and employees (inclusive of GST)	(374.8)	(358.1)	4.7%
Interest received	0.7	0.9	(22.2%)
Interest paid (non-leases)	(4.7)	(5.6)	(16.1%)
Interest paid (leases)	(21.6)	(17.8)	21.3%
Income taxes (paid) / received	(19.6)	0.3	(6633.3%)
Net cash inflows from operating activities	**67.0**	**76.5**	**(12.4%)**
Cash flows from investing activities			
Payments for purchase of intangible assets	(0.1)	(0.4)	(75.0%)
Payments for divestments and surrender fees	(6.1)	(9.4)	(35.1%)
Proceeds from the sale of property, plant and equipment	-	0.1	-
Payments for property plant and equipment	(14.8)	(21.2)	(30.2%)
Acquisition of investment in associate	(0.1)	-	-
Net cash outflows from investing activities	**(21.1)**	**(30.9)**	**(31.7%)**
Cash flows from financing activities			
Dividends paid	(24.3)	(16.2)	50.0%
Principal elements of lease payments	(36.1)	(39.3)	(8.1%)
Buy back of equity (including transaction costs)	-	(5.2)	-
Payments for purchase of treasury shares	-	(1.5)	-
Net proceeds from borrowings	19.7	20.6	(4.4%)
Net cash outflows from financing activities	**(40.7)**	**(41.6)**	**(2.2%)**
Net increase in cash and cash equivalents	5.2	4.0	30.0%
Cash and cash equivalents at the beginning of the half-year	40.3	37.8	6.6%
Cash and cash equivalents at the end of the half-year	**45.5**	**41.8**	**8.9%**

Operating cash flow
$31m

Strong cash conversion[1]
105%

Capital related outflows
$15m[3]

Dividend Payout ratio % NPAT
$24m

Free cash flow [2]
($8m)

Investment in growth

Software Development $0.1m
Divestments and surrenders $6.1m

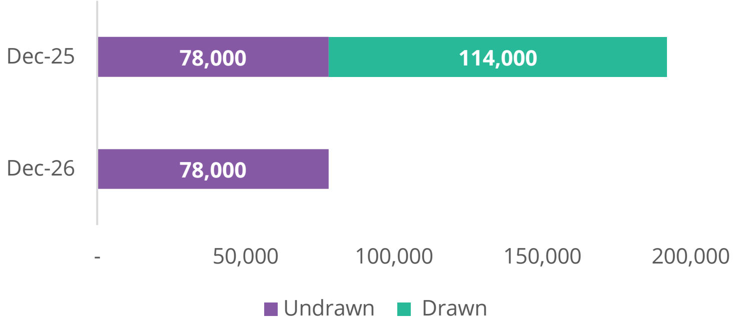
Return excess capital

Share buy-backs NIL

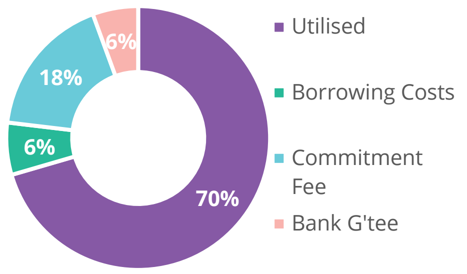
Reduce debt

Leverage	Fixed cover	Gearing
CY24 H1 0.5x	CY24 H1 1.7	CY24 H1 7%
CY23 0.4x	CY23 1.6	CY23 6%

Debt Maturity Profile



CY24 H1 interest expense

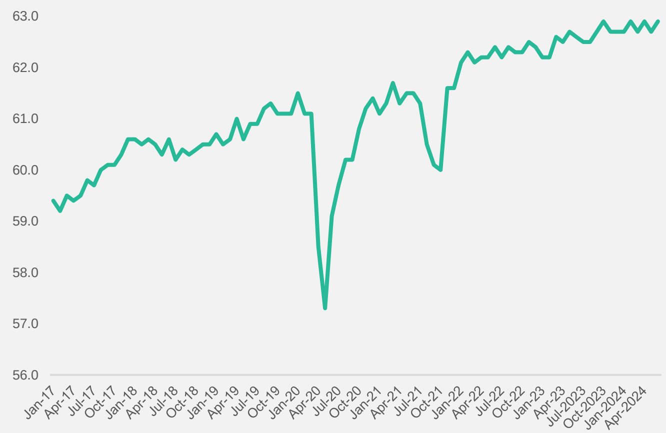


1. Cash conversion = (Operating cash flow plus SaaS after lease payments, plus wage remediation and before interest and tax)/Operating EBIT plus depreciation non-leases.
2. Free cashflow = (Operating cash flow after lease payments, interest and tax) less capex and dividends
3. Cash outflow flow relating to capex including payments for purchase of intangible assets, proceeds from the sale of property, payments for property, plant and equipment. See cash flow.

FUNDAMENTALS SUPPORTING DEMAND GROWTH

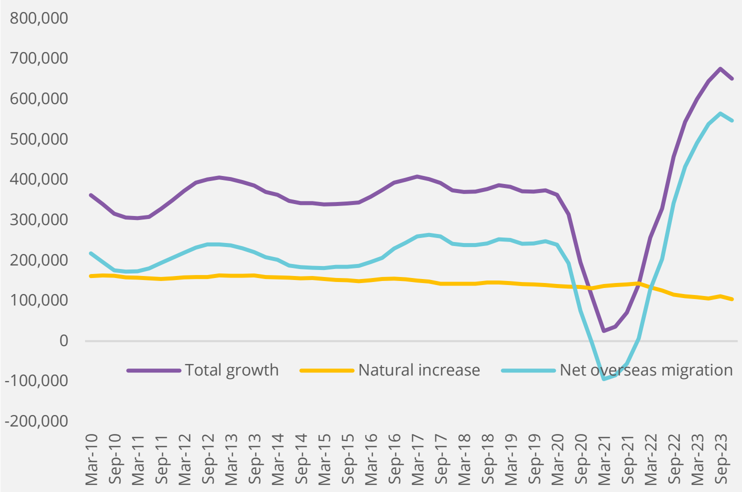
G8 Education ltd

Female participation continues to increase



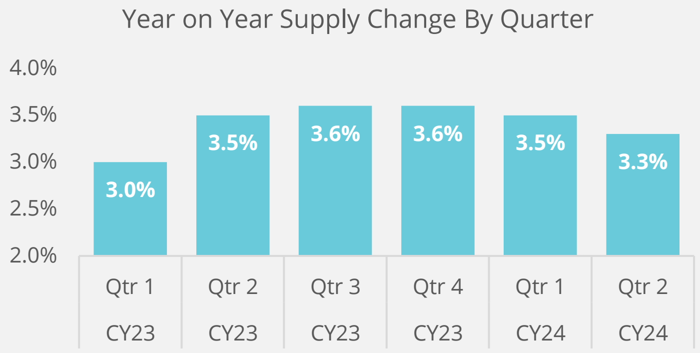
Female employment-to-population ratio
Source: ABS

Net migration continues to recover



Components of annual population change
Source: ABS

Net supply growth trending higher



UPDATE ON KEY ONGOING INQUIRIES/MULTI-EMPLOYER BARGAINING

G8 Education ltd

Government remains dedicated to actively engaging with key ECEC stakeholders to drive better outcomes for team and families

ACCC
Child Care Inquiry

- First Interim Report - July 2023 - Sector observations
- Second Interim Report - September 2023 - 18 findings and 7 draft recommendations
- Final Report – January 2024 Key recommendations/ findings:
  - Current demand-side support (Child Care Subsidy) remain for adequately served markets
  - For under-served and unserved markets, Government to perform a market stewardship role and subsidise the supply of services in these areas
  - Profits are not excessive
  - Not recommending the introduction of direct price controls

Productivity Commission
ECEC Inquiry

- Terms of reference - February 2023
- Initial submissions – May 2023
- Draft report - November 2023 Key recommendations/ findings:
  - Provision of universal ECEC access to all children, supported by the Government funding for thin markets
  - Promoting greater affordability among lower income families
  - Exploring improved governance effectiveness
- Public hearings and draft report submissions by end of February 2024
- Final inquiry report handed to Government on 28 June 2024

Observations

- Key ACCC and Productivity Commission recommendations are largely aligned
- Resolving workforce shortage is the commanding priority to enabling universal ECEC access
- Current mixed-market critical to the delivery of quality education and care services

Next steps

- Awaiting Government view of Productivity Commission recommendations to be adopted following their consideration of the final inquiry report

Multi-Employer Bargaining

- Application made to the Fair Work Commission (**FWC**) for participation in Multi-Employer Bargaining
- This process facilitates tripartite negotiations between unions, employers and government (as the funder of the increase)
- G8 voluntarily consented to be involved and advocate strongly
- FWC approved authorisation - September 2023
- Draft Multi-employer Bargaining Agreement well progressed
- Government have confirmed in May Budget commitment to fund much of substantial wage increase

Observations

- Government has committed to a 15% pay increase over 2 year to ECEC workers with a condition that any fee increase in the next 12 months from 8 August 2024 will be capped at 4.4%
- The first wage increase of 10% will come into effect in December 2024 with a further 5% in December 2025

Next steps

- G8 continues to engage with government and supports announcement