# ASX Announcement

G8 Education Limited
(ASX:GEM)

26 August 2025

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 2025 for G8 Education Limited, which includes a trading update and outlook.

Yours sincerely

**Josie King**
**Company Secretary**

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

**For further information, contact:**

| | |
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# G8 EDUCATION LIMITED

## 2025 Half Year Results Presentation

26 August 2025

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.

Walking together. Learning together. Growing together.

# AGENDA

## SUMMARY AND PROGRESS
Pejman Okhovat

## FINANCIAL PERFORMANCE
Steven Becker

## CURRENT TRADING AND OUTLOOK
Pejman Okhovat

## QUESTIONS
Pejman Okhovat and Steven Becker

## APPENDIX

# SUMMARY AND PROGRESS

G8 Education ltd

# EVERYTHING IN OUR WORLD STARTS WITH CHILDREN

We are driven by our purpose in ***"To nurture the greatness in every child to grow, thrive and learn"***

## Our values

**Safety, First and Always**
We are committed to the highest standards of safety and wellbeing—first and always—and we speak up for the children in our care, their families, and our team.

**Owning the Outcome**
We take ownership and responsibility to achieve quality outcomes – leading with courage and holding each other accountable.

**Thriving Together**
We believe in teamwork, connection and collaboration - creating a community where learning, belonging and success is shared and celebrated.

**Being the Difference**
We embrace change with resilience and positivity, making every moment - big or small - count toward excellence.

**Building Bright Futures**
We build trusting, supportive and joyful relationships with families and communities, empowering children to learn and grow.

## Strategic focus areas

**1 Team**
Having a capable and confident team, motivated by their passion, aligned by our culture and values

**2 Safety & Compliance**
...delivers a high-quality environment that protects children and team, that is safe and enables wellbeing

**3 Education & Quality**
...and delivers pedagogy and developmental programs that are differentiators, preparing children for school and beyond...

**4 Family & Branding**
...creates great experiences for our families, building trust and confidence in our services, to become top of mind

**5 Operating Model**
...combined with an efficient operating model that supports the team to be productive, deal with challenges and deliver great outcomes

**6 Financial Sustainability**
...ensures G8 is serving its communities for decades, while being sustainable, regenerative and financially strong


## 2025 Measures

Team retention

% of centres meeting or exceeding National Quality Standard (NQS)

High quality education – % of centres meeting or exceeding Quality Area 1 of NQS

Net Promoter Score (NPS)

Occupancy

EBIT margin

# CHILD SAFETY – VICTORIA INCIDENT

We would like to acknowledge the profound impact the situation in Victoria has had on our community. The allegations are deeply upsetting, and our hearts go out to the children and families affected. Please know that the safety and wellbeing of every child in our care is, and always will be, our highest priority.

We recognise that safeguarding children is not just a regulatory obligation, it is an ethical and social licence imperative.

# KEY MESSAGES

"Enhancing our core" has resulted in improved business operations, and financial performance has been managed well in a tough market

### POSITIVE TREND IN BALANCED SCORECARD

- Continued to see positive momentum in our controllable balanced scorecard metrics, marking the second consecutive year of sustained improvement
- Ensuring the highest standards of safety remains our primary focus
- Our NQF quality ratings remain above sector average
- Embedding core values and a strong cultural foundation is driving sustained improvements in team retention and engagement
- NPS growth is being consistently driven by positive family sentiment

### STEADY PERFORMANCE IN TOUGH MARKET

- Moderate earnings improvement delivered in CY25 H1 on the backdrop of tough market conditions
- Occupancy remained challenged due to ongoing macroeconomic conditions and cost-of-living pressures and expectations of changes to operating regulations creating some uncertainty
- Core business continues to be effectively managed
- Value-enhancing procurement initiatives provide ongoing financial support

### STRONG BALANCE SHEET

- Balance sheet remained conservative, underpinned by strong liquidity and low leverage
- Maintained a disciplined capital management approach, and balanced improvements in operational practices and resources
- Driving long-term shareholder value through
  - Consistent dividends and;
  - Share buy back
- Network optimisation continued with 4 centres divested and 3 leases surrendered

**At G8 Education we are committed to providing safe, high-quality care and education that empowers children to thrive**

# FINANCIAL OVERVIEW

Achieved moderate earnings improvement despite challenging trading conditions

## OPERATING

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

| | % change vs pcp |
|---|---|
| **Revenue** $464.7m | ↓ 3.5% |
| **Operating Costs** $424.2m | ↓ 4.1% |
| **EBIT (lease adjust)** $40.5m | ↑ 2.8% |
| **NPAT** $25.5m | ↑ 6.6% |

## REPORTED

Statutory

| | % change vs pcp |
|---|---|
| **Revenue** $465.4m | ↓ 3.7% |
| **EBIT** $58.6m | ↑ 5.8% |
| **NPAT** $22.5m | ↑ 12.4% |
| **EPS** 2.9c | ↑ 16.2% |
| **DPS** 2.0c | ↑ Nil |

## GROUP OCCUPANCY

All references to occupancy include all centres

**Occupancy**

64.5% ↓ 3.7% pts *vs. CY24 H1*

**Current Occupancy - week ended 22 August 2025**

67.0% (Spot) ↓ 5.9% pts *vs. PCP*

65.0% (YTD) ↓ 4.1% pts *vs. PCP*

Key factor of driving our financial performance:

- Occupancy for the half was lower than pcp, with affordability continuing to impact families
- Spot occupancy is trending lower than pcp
- Cost base has been well managed with benefits from strategic procurement and further reduction in agency usage
- Fully franked interim dividend of 2c, flat vs pcp, representing 69% of reported NPAT

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

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE HIGHLIGHTS

Enabling a future built on inclusion and sustainability for our entire stakeholder community

## Governance

**Focus on Safety**
Refreshed Accountability and Consequence Frameworks to ensure focus on the value of Safety First and Always

**Mandatory Reporting Readiness**
Refreshed gap analysis and continued preparation for AASB S2 climate reporting

**Property Systems**
Delivered purpose-built CCMS to streamline maintenance workflows and improve compliance

**G8 Connect**
Launched a secure, mobile-first platform unifying team communications and learning

## Service Quality

**Network Quality**
**94%**[4] of centres are "meeting" or "exceeding" the NQS

**Safety and Compliance**
**96%** of centres are "meeting" or "exceeding" NQS Quality Area 2 – Health and Safety

**Family Engagement**
NPS **51** up 4pts vs pcp

**Reconciliation Action Plan**
Since launching our RAP in 2024, 96% of our centres now operate with RAPs in place

## Our People

**Team Engagement**
**4%** above sector benchmark and **5%** above the national average[1]

**Recruitment Vacancies**
Stable H1 result with a **54%** reduction in ECT vacancies vs pcp

**Bachelor Scholarships**
26 team members completed G8 funded Bachelor degrees with partner universities in H1

**Board Diversity**
**>50%** female Board

## Environment

**Emissions**
**5%** reduction in Scope 1 and Scope 2 emissions compared to pcp[2]

**Climate Risk Planning**
Scheduled scenario-planning workshop to assess and respond to climate-related risks

**Hybrid Fleet**
**95%** of our car fleet are hybrid vehicles[3]

**Renewable Energy**
Estimated avoidance of **260** tonnes of $CO_2$ emissions through renewable solar generation

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. Excludes novated leases and fuel cards for personal vehicles.
4. Actual result is 93.7% and excludes two centres that have not yet been rated.

# BALANCED SCORECARD

Delivered strong progress across most core strategic priorities, although occupancy remains a challenge

| Strategic focus area | Measure | CY25 H1 (Actual) | Progress CY24 H1 to CY25 H1 |
|---|---|---|---|
| Team | Team retention | 79% | ↑ 3% pts |
| Family Experience | NPS | 51 | ↑ 4 pts |
| Quality | % of centres meeting or exceeding National Quality Standard (NQS) | 94%[3] | ↑ 3% pt |
| Education & Inclusion | % of centres meeting or exceeding Quality Area 1 of NQS[1] | 95% | ↑ 1% pt |
| Operating Model | Occupancy | 64.5% | ↓ 3.7% pt |
| Financial Sustainability | EBIT margin[2] | 8.7% | ↑ 0.5% pt |

1. 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 3. Actual result is 93.7% and excludes two centres that have not yet been rated.

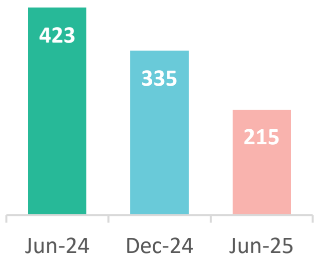
# TEAM

Embedding new core values is strengthening G8 culture and driving improvements in employee retention and engagement

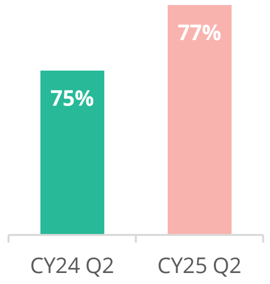
## ATTRACTING TEAM

- Effective recruitment strategies have contributed to a more stable workforce, leading to further reduced vacancy rates and a continued decline in agency dependency
- Employee engagement increased from 75% to 77%, continuing to outperform sector averages
- Overall recruitment process enhancements to further support rigorous candidate screening

**Vacancies**




**Team engagement**

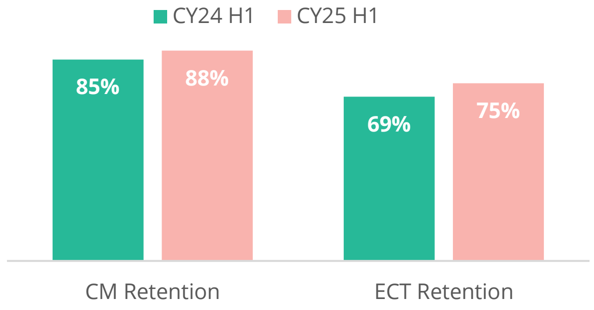



**Team vacancies continue to reduce further stabilising workforce**

## RETAINING TEAM

- Successfully launched in May updated organisational purpose and values, strengthening the cultural foundation and alignment across the organisation
- Introduction of Centre Manager leaders connect, virtually connecting all centre managers weekly on key focus areas including safety
- Enhancement of our Learning Offer through our Learning Management System and alignment to our People Capability Framework

**Centre Manager (CM) and ECT retention**

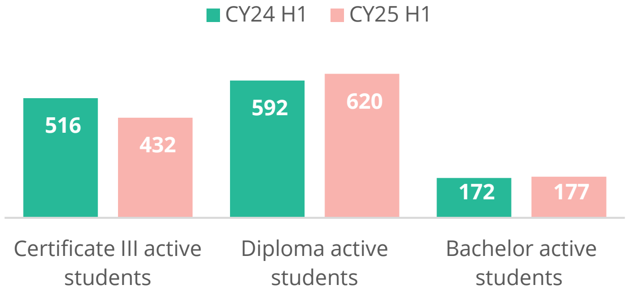



**Connecting team to align focus and improve culture**

## GROWING OUR OWN TALENT

- Sector leading professional development programmes focusing on future pipeline
  - ECTs and Educational Leaders first steps programs lifting quality in teaching programs
  - Enhancing Bachelor program to better align with ECT requirements across network
  - Focus on regional professional development for all centre team, with a focus on supervision, program quality, inclusion, and enriching learning environments

**G8 student enrolments**



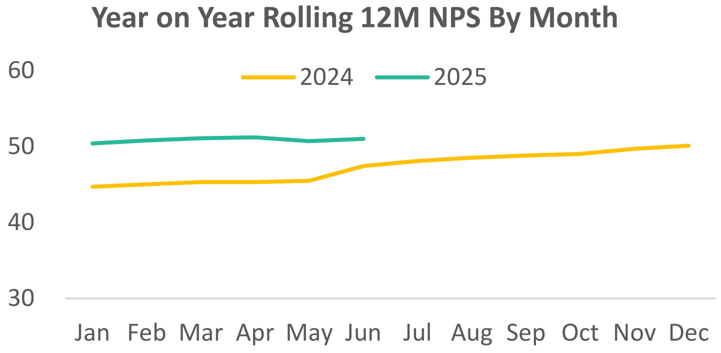

**Sector leading professional development to improve workforce capability**

# FAMILY EXPERIENCE

Family sentiment remains positive, supported by continued improvement in NPS

## NPS

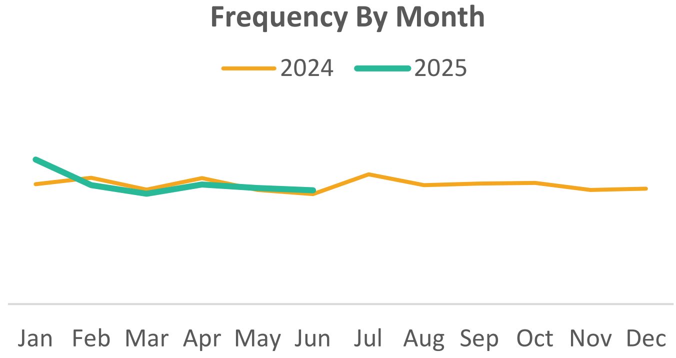
- Targeted focus on key drivers of family experience has continually improved NPS in CY25 H1
- Enhanced family value proposition to be launched in H2 with key focus on value-add family drivers
- Retention activity for 3-5 years has notably improved NPS for this cohort of families




**Positive family sentiment driving improvements in NPS outcomes**

## FREQUENCY[1]

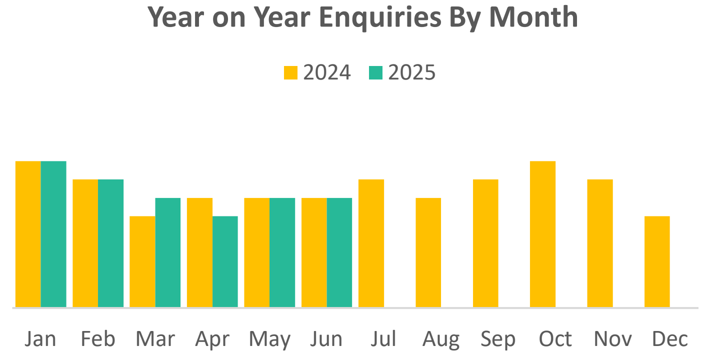
- Frequency has flattened vs pcp impacted by affordability
- Uplift in CCS hourly cap was lower than expected and no CCS benefits changes as seen in previous years which did not provide significant relief to cost of living pressures




**Frequency flat vs pcp with no sustainable change to CCS**

## FAMILIES – NEW AND EXISTING

- Enquiries have remained at the same level as pcp however affordability has impacted conversion
- Website unification project has successfully driven an increased organic conversion rate and improved our search rankings
- Undertaking targeted marketing initiatives in regions identified as having high conversion potential




**Enquiries remain in line with pcp, affordability impacting conversion**

1. Frequency refers to average bookings per child per week

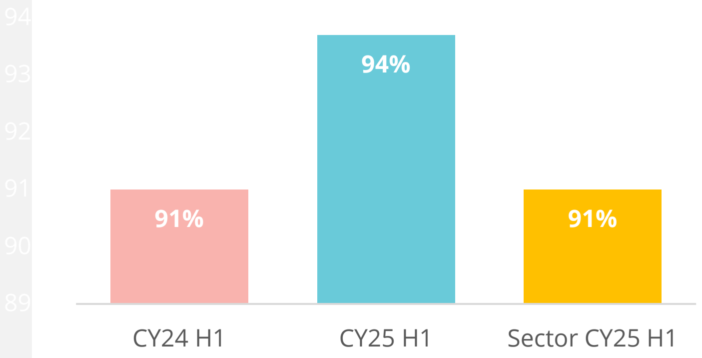
# QUALITY, EDUCATION AND INCLUSION

Continuing to strengthen educational programs, quality, inclusion, and teacher proficiency

## QUALITY

- Efforts continued to focus on converting 'working towards' centres, with several centres currently awaiting government reassessment
- Educational Leader First Steps program introduced to support Educational Leaders in lifting quality with teams
- 96% of G8 centres assessed during CY25 H1 rated meeting or exceeding

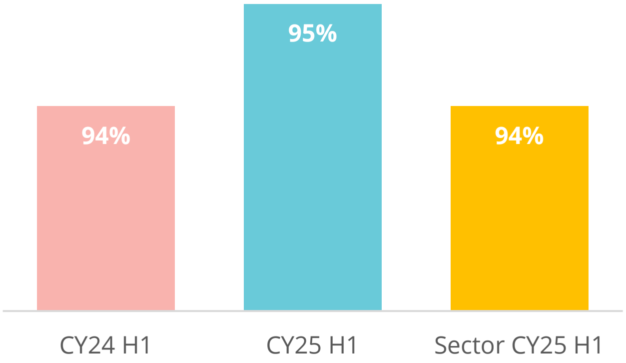
**G8 meeting/exceeding[1] % vs. sector average[2] to date**




## EDUCATION

- Launched the initial phase of the family value proposition, embedding individual learning plans to support children's learning, development and wellbeing.
- Delivered 49 professional learning sessions across regional centres in CY25 H1
- 98% of centres assessed in CY25 H1 rated meeting or exceeding in QA 1
- Body safety resources and training have been implemented as part of Child Safe Organisation program

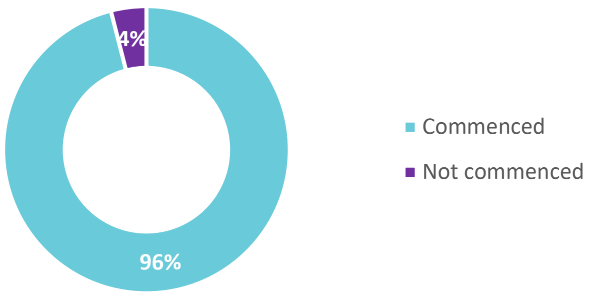
**G8 meeting/exceeding QA1[2] % vs. sector average to date**




## INCLUSION

- Inclusion and behaviour guidance policy suite updated including training and resources for team
- Pathways to Resilience sessions have been implemented with focused trauma informed training in NSW and Victoria
- Reconciliation Action Plans continue to strengthen across the network aligned to policy and curriculum

**% of G8 Network with commenced or published RAP**




1. . Actual result is 93.7% and excludes two centres that have not yet been rated. 2. For long day care services 2. Quality Area 1 – Educational program and practice of NQS

# OCCUPANCY PERFORMANCE

Occupancy has been challenged in a tough macro environment

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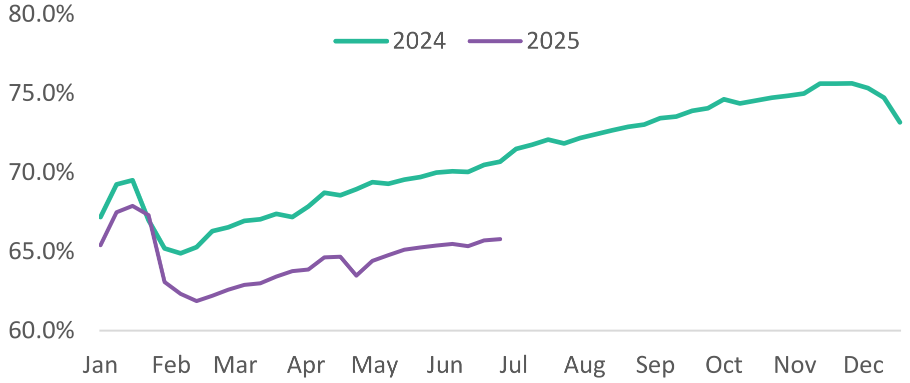
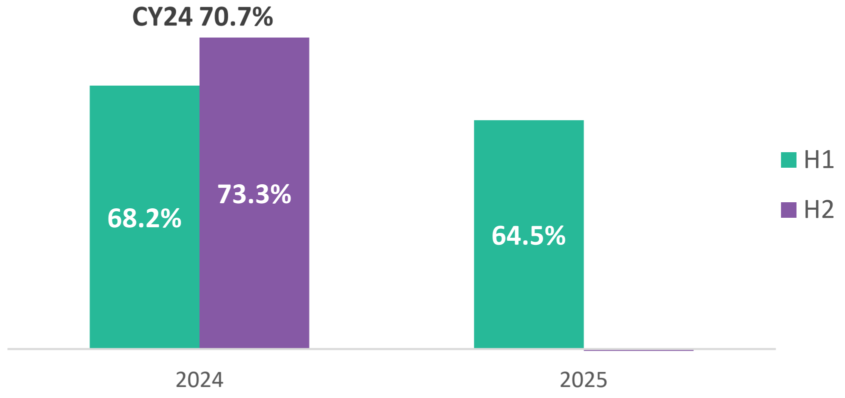
## OCCUPANCY

- Occupancy for CY25 H1 was 64.5%, 3.7% pts below CY24 H1
- The occupancy gap vs pcp widened during H1 impacted by the following:
  - Macro factors whilst slowly improving continued to impact family's affordability particularly frequency and conversion
  - Ongoing cost-of-living pressures on families, combined with minimal increase to CCS this year, have resulted in limited uplift in frequency
- New South Wales and Queensland have been the better performing states partly supported by divestment strategy. A high number of centres in NSW are performing at 75% occupancy or above
- Western Australia and Victoria have experienced the most significant impact on occupancy levels primarily due to:
  - Competitive nature of government-funded kindergarten
  - Supply growth in these regions has been higher than other states
- Enquiry levels have been in line with pcp however conversion rates across our centre network have been adversely affected in all states, primarily due to ongoing cost-of-living pressures

Group Occupancy




Group Occupancy - Half-on-Half



# OPERATING MODEL

We continue to enhance our core operations through strategic initiatives

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## OPERATING MODEL IMPROVEMENTS

*Performance monitoring systems*

- New property and safety systems being embedded to strengthen data-driven decision-making, improve operational efficiency, and enhance support across our centre network.

*Enrolment, transitions and growth*

- Continued improvement initiatives to support enrolment, streamline transitions, and accelerate growth. These efforts are designed to drive occupancy in CY25 H2 and set a strong foundation for CY26.

*Agile Network Planning*

- Effective network planning embedded to align efforts across teams, enabling greater agility and responsiveness in a challenging operating environment.

*Turnaround Program*

- Launched pilot program aimed at delivering tailored support to turnaround centres, focused on enhancing service quality and driving improved occupancy outcomes.

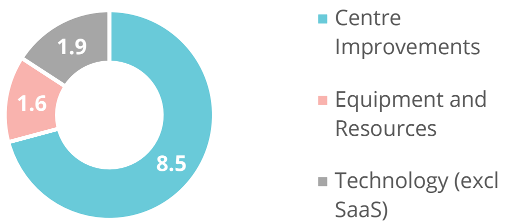
# FINANCIAL SUSTAINABILITY

Building financial sustainability through earnings improvement and strong balance sheet

## CAPITAL ALLOCATION

- Operating cash flow remains robust, supported by strong cash conversion and conservative leverage
- Capex in CY25 H1 was slightly lower than pcp, primarily due to the timing of completion of major property works. Total expected capex c$40-45m is committed for the full year
- Interim fully franked dividend of 2c flat pcp, representing 69% of reported NPAT
- Net debt increased in the first half, as typically expected, due to the seasonal distribution of revenue and the share buy back

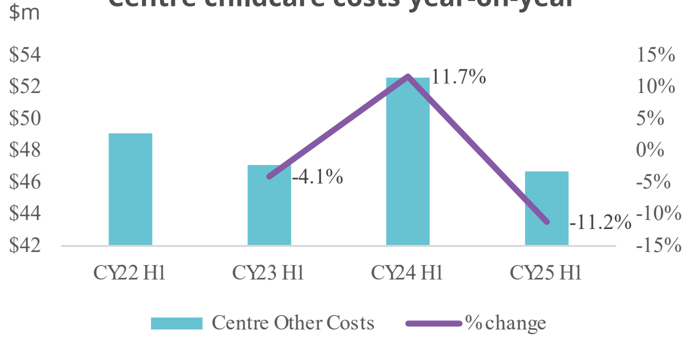
**Capex (excl SaaS) = $12m vs $13.1m in pcp**




## COST MANAGEMENT

- Cost base has been strategically and effectively managed, reflecting strong financial discipline and a continued focus on operational efficiency
- Continued reduction in agency usage with wages as a % of revenue performing in line with pcp
- Support office costs have reduced vs pcp

**Centre childcare costs year-on-year**




## NETWORK OPTIMISATION

- CY25 H1 network optimisation saw 4 x centres divested and 3 x surrendered centres
- Divestment strategy complete to remove footprint in ACT
- Strategic opportunities for further divestment and acquisition are being reviewed against defined operational metrics

**Network optimisation delivers positive earnings outcomes**

**4** Centres divested

**3** Leases surrendered

**0** New centres

# FINANCIAL PERFORMANCE



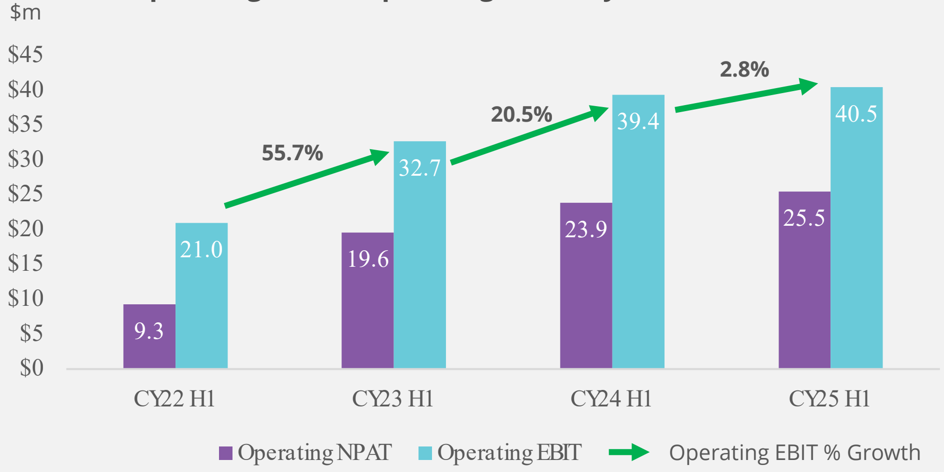
# GROUP PERFORMANCE

Modest earnings improvement underpinned by cost management

Operating and statutory NPAT grow modestly in a tough market:

- Revenue was lower vs pcp as a result of lower occupancy and divestments
- Effective cost management in non-safety and regulatory requirements, combined with procurement savings helped to mitigate the shortfall in revenue
- Underlying network support office costs were effectively managed, resulting in a decrease vs pcp
- Finance costs decreased as result of improved borrowing rates from debt refinance
- Effective tax rate remained consistent year-on-year
- Non-trading items primarily relate to insurance recoveries, portfolio optimisation, impairment and SaaS expenses as a result of implementing a new payroll system

Operating EBIT & Operating NPAT 3 year trend




| $m | CY25H1 | CY24H1 | Change |
|---|---|---|---|
| **Group operating revenue** | **464.7** | **481.7** | **(3.5%)** |
| Centre operating EBIT | 71.4 | 72.5 | (1.5%) |
| Network support costs[1] | (30.9) | (33.1) | (6.6%) |
| **Group operating EBIT[2]** | **40.5** | **39.4** | **2.8%** |
| *Group operating EBIT[2] margin* | *8.7%* | *8.2%* | *0.5%* |
| Net finance costs[3] | (3.9) | (4.7) | (17.0%) |
| Tax[4] | (11.1) | (10.8) | 2.9% |
| **Operating NPAT** | **25.5** | **23.9** | **6.6%** |
| *Operating NPAT margin* | *5.5%* | *5.0%* | *0.5%* |
| SaaS expense | (1.6) | (0.1) | |
| Net loss on centre exits | (1.2) | (1.6) | |
| Net restructuring, regulatory and legal costs | 3.8 | (1.3) | |
| Net impairment expense | (4.0) | (0.9) | |
| **Total non-trading items (after tax)** | **(3.0)** | **(3.9)** | **(23.1%)** |
| **Reported NPAT** | **22.5** | **20.0** | **12.4%** |

1. Includes Leor (ceased operation CY24 Q1) 2. Operating EBIT (adjusted for leases) = Reported EBIT ($58.6m) – Lease Interest (note 5 of the Interim Financial Report $22.5m) + Non-trading items (note 2 of the Interim Financial Report $4.4m) 3. Excludes interest expense on lease liabilities. 4. Tax before non-trading items. Refer to note 2 of the Interim Financial Report for tax benefit from non-operating items.

# CENTRE PERFORMANCE

Consistency in core operations of our centres delivering improved centre EBIT margin

- Centre performance delivered a slight improvement in centre margin of 0.3%pt vs pcp driven by:
  - Revenue was lower than pcp mainly due to lower occupancy
  - Employment costs have decreased vs pcp, driven by lower booking volumes; however, wages as % of revenue remains consistent year on year
  - Other expenses are lower than pcp as a result of:
    - occupancy related expenditure reducing due to lower bookings
    - continued  benefits from strategic procurement activity

## Centre performance

| $m | CY25 H1 | CY24 H1 | Change |
|---|---|---|---|
| **Group occupancy** | **64.7%** | **68.2%** | **(3.7%)** |
| **Revenue** | **462.1** | **479.7** | **(3.7%)** |
| Employment costs | 262.9 | 276.3 | (4.8%) |
| Rent Proxy[1] | 66.5 | 63.9 | 4.1% |
| Depreciation | 14.7 | 14.4 | 1.9% |
| Other | 46.7 | 52.6 | (11.2% |
| **Centre Expenses** | **390.8** | **407.2** | **(4.0)** |
| **Centre operating EBIT[2]** | **71.4** | **72.5** | **(1.6%)** |
| *Centre EBIT[2] Margin* | **15.4%** | **15.1%** | **0.3%** |

## Centre costs as a % of operating centre revenue[3]

| % | CY25 H1 | CY24 H1[4] | Change |
|---|---|---|---|
| Employment costs | 58.2% | 58.2% | - |
| Rent | 14.7% | 13.5% | 1.2% |
| Depreciation | 3.3% | 3.0% | 0.3% |
| Other | 10.3% | 11.1% | (0.8%) |

1. Proxy for rent expense comprising lease depreciation, lease interest and outgoings
2. Centre Operating EBIT (adjusted for leases)
3. Operating centre revenue excludes centre funding income
4. Based on % of operating centre revenue

# CURRENT TRADING AND OUTLOOK

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# CHILD SAFETY AND PROTECTION

Safety, first and always

At G8 Education, we are committed to upholding the highest standards of governance and social responsibility. Child safety is embedded into every aspect of our leadership, values and operations. We are continuously reviewing and strengthening our practices to ensure transparency, accountability, and trust.

As part of our operating procedures and through our ESG commitments, we continuously review our child protection policies to ensure they reflect best practice. You can view our policies, including our Child Protection Statement of Commitment, Child Protection and Safeguarding Policy, and Child Safe Organisation Framework, at *https://g8education.edu.au/policies*.

All our policies align with national and state laws and regulations,  and we do not tolerate any behaviours that compromises the safety or wellbeing of children, and we fully support Government decisions that strengthen protections for children across the sector.

**We have continued to improve our child safe policies and procedures over the last 3 years including:**

- prohibiting personal devices in rooms in centres;
- delivering thorough and ongoing education and training with centre teams, including mandatory training in respect of Child Safety and Child Safeguarding;
- ensuring that physical and online environments promote child safety and wellbeing, including investment in cyber security measures;
- ensuring that all required team member reference and background checks are performed, including ensuring that valid Working with Children Checks (WWCC) are in place during employment and that all Early Childhood Teachers hold state specific teacher registration;
- introduction of parents and carers having greater choice over their child’s personal care routines, including nappy changes and toileting;
- all centres have dedicated safety leaders;
- implementation of new compliance system over the last 12 months, provides visibility of safety and compliance matters across our network;
- our training and policies ensure all team members are designated Mandatory Reporters and are legally required to report any disclosure, concern or reasonable suspicion that a child is experiencing harm or if they are at risk of harm; and
- we actively encourage the confidential and anonymous reporting of any concerns related to reportable conduct, in accordance with our Whistleblower Policy.

# LEARNING FROM VICTORIAN SITUATION

Our commitment to future improvement

G8 Education is committed to continuous improvement in its policies and processes and as previously announced, will be taking the following actions:

1. We will accelerate the rollout of CCTV to all of our centres.
2. Following the conclusion of the police investigation, G8 Education will commission an independent review into the incident to inform further changes and improvements to our child safety procedures within the organisation.
3. We will continue our commitment to working with all levels of Government across Australia to urgently consider what more can be done to better protect children including continuing to advocate for:
    - A national registry for working with vulnerable people including, working with children, NDIS and aged care, with higher threshold.
    - National Teachers registration and a national Educators registration.
    - A national register of early childhood workers employment history.
    - Alignment of all State regulations, prioritising those regarding child safety and protection, ensuring national consistency.
    - Delivering on the Productivity Commission’s recommendations, in particular initiatives relating to improving quality, workforce and child safety and protection.

# CURRENT TRADING AND OUTLOOK

Sector softness remains; we are focused on maximising our opportunities in H2 leading to a more optimistic CY26

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## TRADING UPDATE

- Group '**spot**' occupancy 67.0%, 5.9% pts lower than pcp and 65.0% **YTD** 4.1% pts lower than pcp[1]
  - Market softness has persisted during the first half
  - The seasonal curve for occupancy remains, however lower than pcp
  - Impact of Victorian incident on occupancy is localised to the impacted centres thus far, and we are not seeing wider trends across the state or the network
- A strategic focus on high-impact initiatives is continuing to help support occupancy growth in H2 and into CY26, including:
  - Enrolment, transition and growth plan with new and improved components
  - Targeted marketing activity to drive share of enquiries
  - Turnaround centre initiatives
- Capital allocation remains consistent with our capital management policy of appropriately balancing improvements in operations, strategic initiatives and shareholder returns
  - We anticipate CY25 capex to be circa $40-45m
  - We plan to put in place a further on market buy-back of up to 5% of issue capital from mid-September 2025

1. For week ending 22 August 2025

## OUTLOOK

The sector is currently operating within a challenging environment characterised by:

- Macro environment remains challenging
- Affordability and cost-of-living pressure continues to impact families
- Recent sector wide events and expected changes to operating regulations has created some degree of uncertainty

Macro indicators remain encouraging over medium-term horizon:

- Further interest rate cuts
- CPI reducing
- Unemployment and female participation remain steady
- Introduction of activity test changes in CY26 boosting demand
- Data indicates improving birth rates

We remain confident in our core operations and will continue to control the controllables and expect our full year earnings result to be similar to CY24.

Our near-term focuses are:

***Safety and Compliance:*** continue to enhance and uplift child safety practices and processes

***Quality and Education*:** continue to drive above sector performance, including uplifting our small number of working towards centres

***Team*:** embed our strengthened purpose and values and improve capability

***Family experience*:** focus on key drivers, education, relationships and practice

***Operations*:** continued focus on occupancy through enrolment and transition period

# QUESTIONS

# APPENDIX

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# FINANCIAL STATEMENTS

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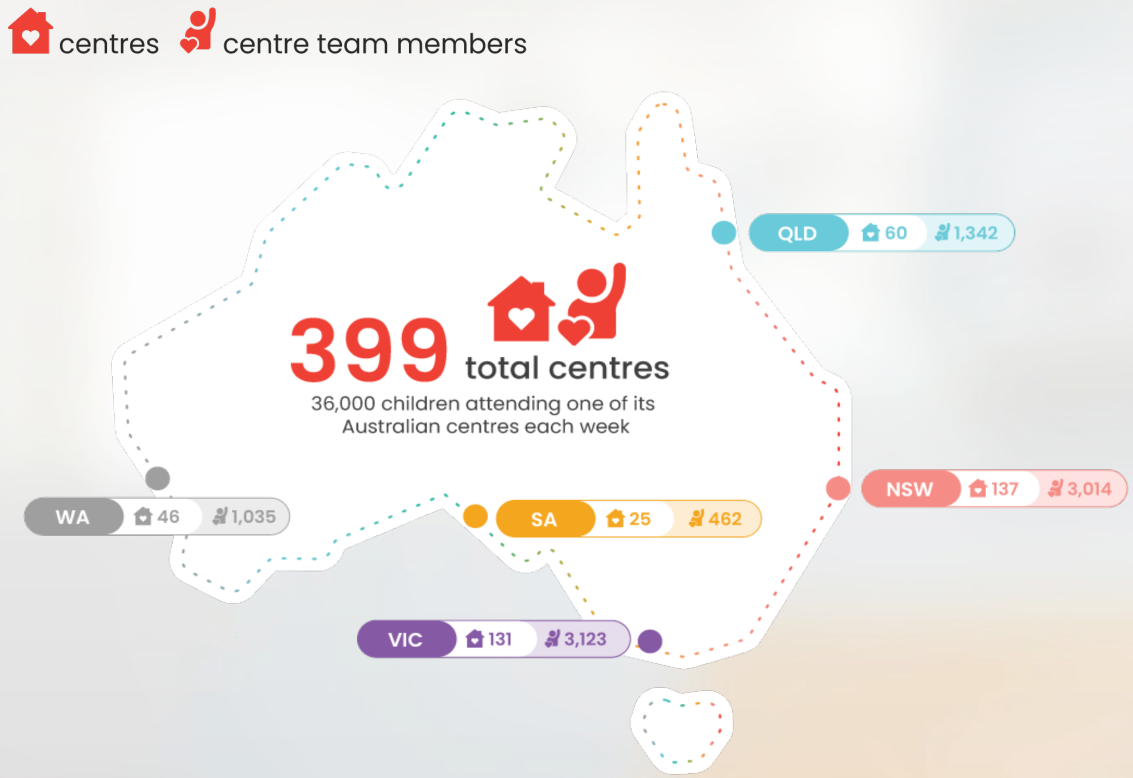
## Consolidated Income Statement

| $m | CY25 H1 | CY24 H1 | % change |
|---|---|---|---|
| **Continuing operations** | | | |
| Revenue | 464.6 | 480.4 | (3.3%) |
| Other income | 0.8 | 2.9 | (72.4%) |
| **Total** | **465.4** | **483.3** | **(3.7%)** |
| **Expenses** | | | |
| Employment costs | (285.3) | (301.7) | (5.4%) |
| Property, utilities and maintenance costs | (24.9) | (28.0) | (11.1%) |
| Direct costs | (13.8) | (16.4) | (15.9%) |
| Software development expenses | (2.2) | (0.1) | 2100.0% |
| Depreciation and amortisation | (53.3) | (51.1) | 4.3% |
| Net impairment expense | (5.7) | (1.3) | 338.5% |
| Other expenses | (20.9) | (28.5) | (26.7%) |
| Finance costs | (27.0) | (27.1) | (0.4%) |
| **Profit before income tax** | **32.3** | **29.1** | **11.0%** |
| Income tax expense | (9.8) | (9.1) | 7.7% |
| **Reported NPAT** | **22.5** | **20.0** | **12.4%** |

## Total centres and centre team members




**33,000+** Total licensed places

**36,000+** Children per week

**8,970+** Total team members

# FINANCIAL STATEMENTS

## Balance Sheet

| $m | 30 June 2025 | 31 December 2024 |
|---|---|---|
| ASSETS | | |
| **Current assets** | | |
| Cash and cash equivalents | 37.8 | 47.7 |
| Trade and other receivables | 19.1 | 20.7 |
| Government funding receivables | 5.6 | 9.0 |
| Other current assets | 8.6 | 13.5 |
| **Total current assets** | **71.1** | **90.9** |
| **Non-current assets** | | |
| Property plant and equipment | 131.9 | 136.3 |
| Right of use assets | 527.6 | 529.2 |
| Deferred tax assets | 99.7 | 97.5 |
| Intangible assets | 1,048.6 | 1,048.7 |
| Investment in an associate | 0.9 | 0.9 |
| Other non-current assets | 2.8 | 3.9 |
| **Total non-current assets** | **1,811.5** | **1,816.5** |
| **Total assets** | **1,882.6** | **1,907.4** |
| LIABILITIES | | |
| **Current liabilities** | | |
| Trade and other payables | 77.9 | 83.5 |
| Contract liabilities | 9.2 | 6.9 |
| Government funding liabilities | 13.0 | 13.9 |
| Current tax liability | 1.2 | 10.2 |
| Borrowings | - | 0.6 |
| Lease liabilities | 71.4 | 71.9 |
| Provisions | 72.5 | 75.5 |
| **Total current liabilities** | **245.2** | **262.5** |
| **Non-current liabilities** | | |
| Borrowings | 140.0 | 114.0 |
| Lease liabilities | 602.1 | 597.5 |
| Provisions | 17.3 | 17.1 |
| **Total non-current liabilities** | **759.4** | **728.6** |
| **Total liabilities** | **1,004.6** | **991.1** |
| **Net assets** | **878.0** | **916.3** |
| EQUITY | | |
| Contributed equity | 847.7 | 879.4 |
| Reserves | 133.9 | 140.0 |
| Retained earnings | (103.6) | (103.1) |
| **Total equity** | **878.0** | **916.3** |

## Gearing ratio

| $m | 30 June 2025 | 31 December 2024 |
|---|---|---|
| Non-current borrowings | 140.0 | 114.0 |
| Cash and cash equivalents | 37.8 | 47.7 |
| **Net Debt[1]** | **102.2** | **66.3** |
| **Gearing ratio (%)[2]** | **10%** | **7%** |
| **Leverage (Net Debt[1]/Operating EBITDA[3]) (x)** | **0.7** | **0.5** |

1. Net Debt excludes lease liabilities and current borrowings for insurance premium funding
2. Gearing ratio = Net Debt (excludes lease liabilities) / (Net Debt (excludes lease liability) + Equity).
3. Operating EBITDA = EBITDA is rolling 12 months and excludes non-operating items and is after eases interest and depreciation

# CASH FLOW

# CASH FLOW ALLOCATION

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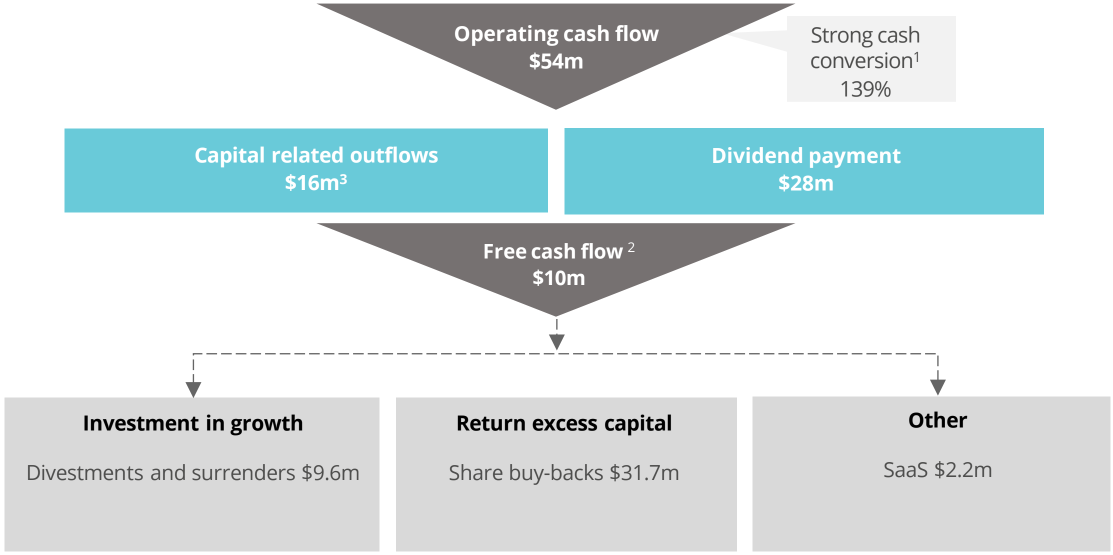
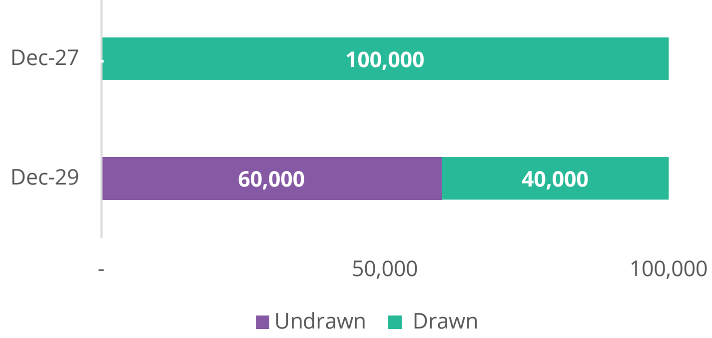
## Cash flow

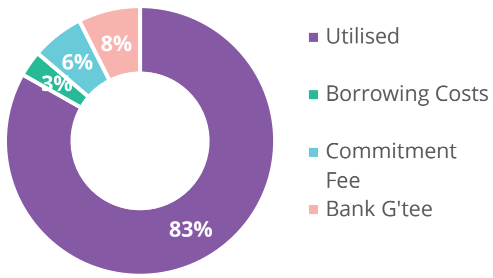
| $m | CY25 H1 | CY24 H1 | % change |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Receipts from customers (inclusive of GST) | 472.0 | 487.0 | (3.1%) |
| Payments to suppliers and employees (inclusive of GST) | (340.1) | (374.8) | (9.3%) |
| Interest received | 0.7 | 0.7 | |
| Interest paid (non-leases) | (4.0) | (4.7) | |
| Interest paid (leases) | (22.2) | (21.6) | |
| Income taxes paid | (21.0) | (19.6) | |
| **Net cash inflows from operating activities** | **85.4** | **67.0** | **27.5%** |
| | | | |
| **Cash flows from investing activities** | | | |
| Payments for purchase of intangible assets | (0.2) | (0.1) | |
| Payments for divestments and surrender fees | (9.6) | (6.1) | |
| Payments for property plant and equipment | (15.9) | (14.8) | |
| Acquisition of investment in associate | - | (0.1) | |
| **Net cash outflows from investing activities** | **(25.7)** | **(21.1)** | **21.8%** |
| | | | |
| **Cash flows from financing activities** | | | |
| Dividends paid | (27.6) | (24.3) | |
| Principal elements of lease payments | (33.8) | (36.1) | |
| Buy back of equity (including transaction costs) | (31.7) | - | |
| Payments for purchase of treasury shares | (1.8) | - | |
| Net proceeds / (repayments) from borrowings | 25.4 | 19.7 | |
| **Net cash outflows from financing activities** | **(69.5)** | **(40.7)** | **70.8%** |
| | | | |
| **Net (decrease) / increase in cash and cash equivalents** | (9.8) | 5.2 | |
| Cash and cash equivalents at the beginning of the half-year | 47.6 | 40.3 | |
| **Cash and cash equivalents at the end of the half-year** | **37.8** | **45.5** | **(16.9%)** |




### Debt Maturity Profile




### CY25 H1 interest expense




1. Cash conversion = (Operating cash flow plus SaaS and after lease payments 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 relating to capex including payments for purchase of intangible assets, payments for property, plant and equipment. See cash flow.

# FUNDAMENTALS SUPPORTING DEMAND GROWTH

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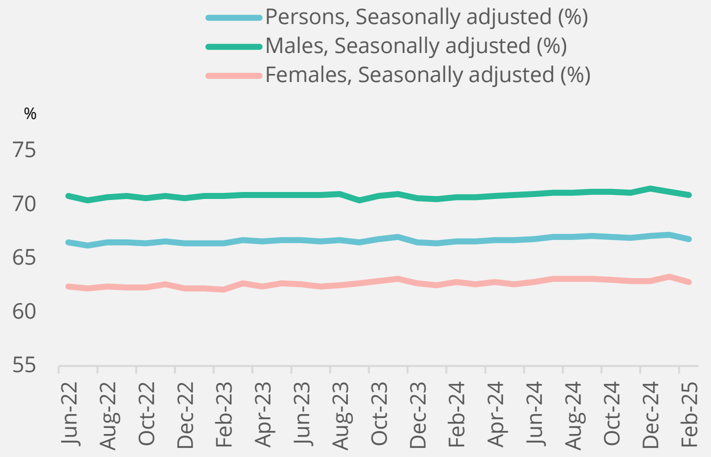
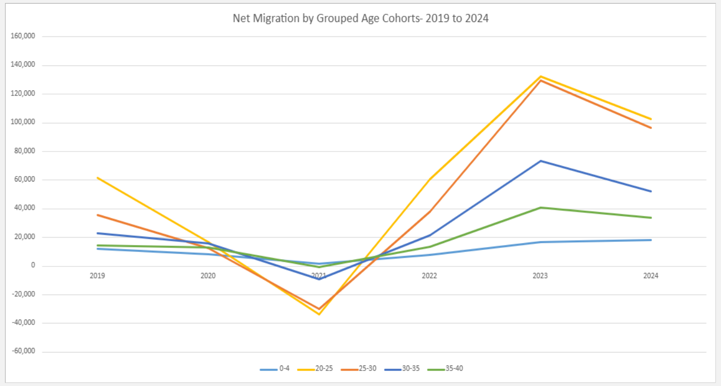
## Female participation continues to increase




**Female employment-to-population ratio**
Source: ABS

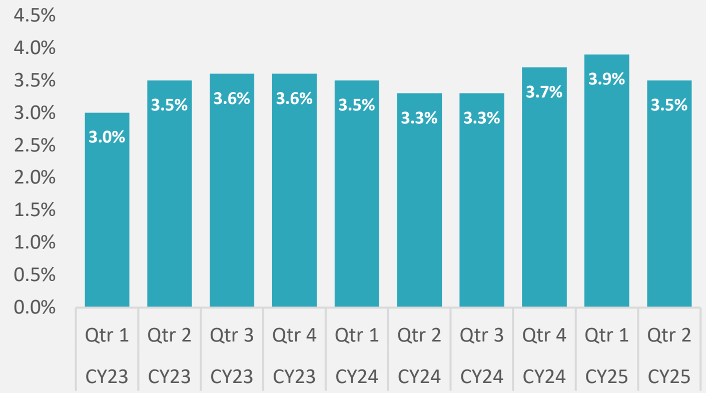
## Net migration trending higher




**Components of annual population change**
Source: ABS

## Net supply growth trending at historical rates

Year on Year Supply Change By Quarter




**Female participation remains steady assisting in childcare participation**

**Net migration levels improved, primarily driven by migrants aged 20 to 30**

**Net supply growth has remained consistent however WA and Vic have been more impacted**

# MACRO DYNAMIC INFLUENCING AFFORDABILITY

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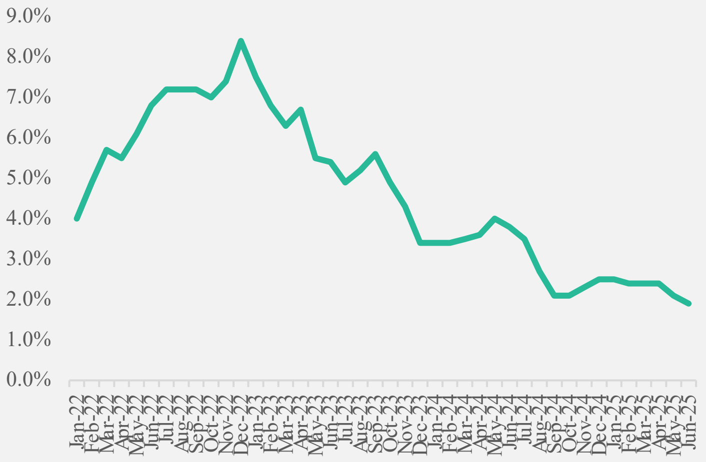
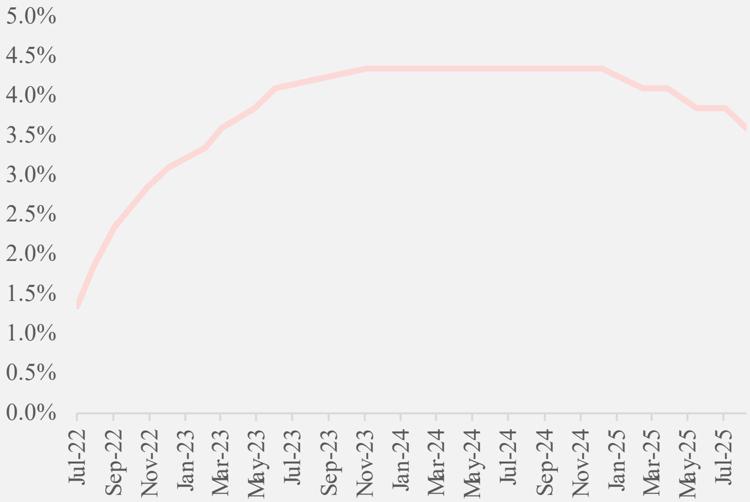
### CPI trending downwards



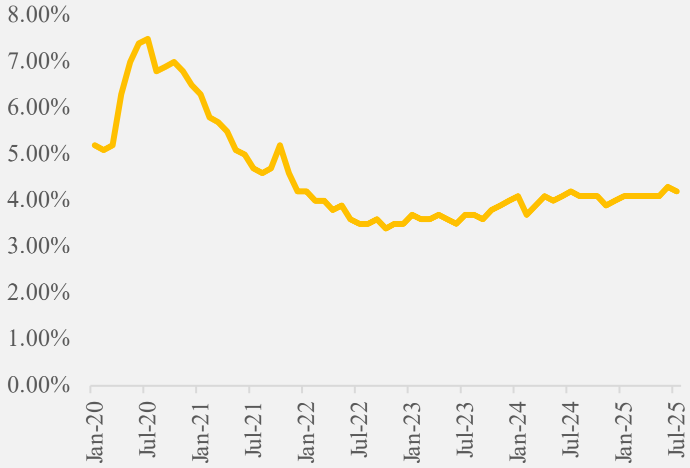

**All groups CPI – Annual change %**
Source: ABS

### Cash rate remains high




**Cash rate**
Source: RBA

### Unemployment remains low




**Unemployment rate %**
Source: ABS

**CPI continuing to easing**

**Easing of cash rate helping ease cost of living pressures**

**Unemployment trended slightly upwards in Qtr 2**

# GOVERNMENT REFORMS

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Government remains committed to establishing a universal early learning and care system and to strengthening child safety

## Building a universal, affordable ECEC system

1. **Three-day guarantee**
   - From January 2026, all children will be entitled to at least 3 days' subsidised ECEC each week, regardless of activity levels
   - In its first full financial year the 3 Day Guarantee is expected to benefit around 66,700 families

2. **Establishment of a "Building early education fund"**
   - A $1 billion fund established to build ECEC centres including in the outer suburbs and regional Australia
   - $500 million in grants for providers and state and local governments to establish new services. Grants will be targeted to priority and underserved markets

3. **Service delivery prices project**
   - A project to gain a data-driven understanding of the reasonable costs for ECEC service delivery
   - The project will enable Government to make further decisions about the pathway toward universal early childhood education and care
   - Deloitte Access Economics engaged to support delivering the project
   - Data to be collected from all services to understand existing costs, quality practices and cost benchmarks during third quarter 2025
   - Report and findings to be delivered to Government by end of 2026

## Strengthening child safety

1. **Enacted changes**
   - The Early Childhood Education and Care (Strengthening Regulation of Early Education) Bill 2025 was recently passed
   - Key reforms include:
     - Mandatory 24-hour reporting of allegations, complaints or incidents of physical or sexual abuse (replacing the current seven-day reporting window)
     - Power to withdraw Child Cares Subsidy (CCS) funding to a childcare centre that operates in a way that places children at risk
     - Ability for Commonwealth officers to perform spot-checks without prior warning to support earlier detection of fraud or non-compliance

2. **Proposed reforms**
   - At the August 2025 Education Ministers' Meeting, they endorsed:
     - Creation of a nationwide register of all centre team members, including teachers, educators and cooks
     - Trial of CCTV cameras in 300 centres
     - Mandatory child safety training for educators
     - Banning of use of personal mobile phones
   - At the August 2025 Standing Council of Attorneys-General meeting, the Attorney-Generals agreed to urgently implement mutual recognition of negative Working with Children Checks by the end of 2025