ASX Announcement

G8 Education Limited
(ASX:GEM)

23 February 2021

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

Dear Sir / Madam

I enclose the Investor Presentation for the full year ended 31 December 2020 for G8 Education Limited.

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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2020 FULL YEAR RESULT

Investor Presentation
23 February 2021

G8 EDUCATION LTD
ASX: GEM

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AGENDA

OVERVIEW & CEO COMMENTARY
Gary Carroll

FULL YEAR RESULTS
Sharyn Williams

STRATEGY UPDATE
Gary Carroll

CURRENT TRADING
Gary Carroll

Q&A
Gary Carroll & Sharyn Williams

APPENDIX

OVERVIEW & CEO COMMENTARY

CY20 HIGHLIGHTS

G8 Education

- Occupancy and attendance better than expected
- Underlying EBIT of $105.2m[1] ahead of consensus
- Reinvestment of Q4 subsidy in team retention and Centre quality
- Strong balance sheet, net cash $21.8m
- Improved Centre Quality - 85% 'Meeting' or 'Exceeding' NQF
- Improvement Program delivering
- Rostering efficiency benefits captured
- Portfolio Optimisation on track & new greenfield model adopted

1. Non-IFRS financials (pre AASB 16 lease standard, excludes acquisition, establishment & divestment and impairment expenses)

FINANCIAL SUMMARY

G8 Education

Key Financial Results – Proforma[1]

$M	CY20	Restated CY19[2]	% change
Revenue	788.1	920.6	(14.4%)
Underlying EBITDA[1]	126.6	141.5	(10.5%)
Underlying EBIT[1]	105.2	119.4	(11.9%)
Underlying NPAT[1]	60.0	67.7	(11.3%)
NPAT (Statutory)	(187.0)	52.0	nm
Underlying EPS[1,3]	8.1	13.0	(37.7%)
Net Cash / (Debt)	21.8	(347.1)	nm

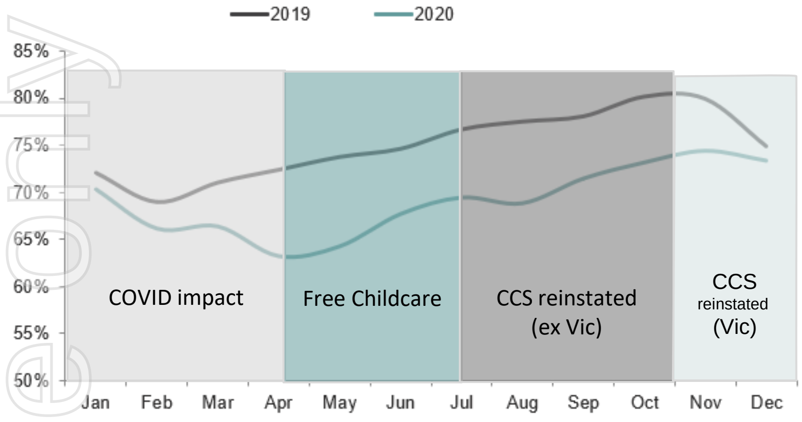
- Revenue and costs were underpinned by government support and facilitated investment in centre quality and educational resources in Q4 CY20
- Underlying EBIT of $105.2m, includes $12m relating to the employee payment remediation program
- Statutory loss after tax of $187m driven by $237m non-cash impairment expense
- Strong balance sheet - net cash, following $301m equity raise
- Refinance completed in February 2021 delivering lower interest costs, increased flexibility and increased tenor
- Dividend policy remains temporarily suspended and will be reviewed in August 2021

1. Non-IFRS unaudited financials (pre AASB 16 lease standard, excludes acquisition, establishment & divestment and impairment expenses).
2. CY19 restated to reflect wage remediation employment costs – refer Annual Report Note 14.
3. 2019 EPS restated to reflect bonus element included in share issuance.

OCCUPANCY TRENDS

Seasonal growth trend reinstated

Monthly Like-for-Like Occupancy (%)



- Occupancy recovered well from the April low finishing the year better than expected
- The occupancy gap relative to CY19 narrowed significantly with December 1.5%pts below prior year as children remained in care longer
- Occupancy continued to grow even after parent co-payments returned
- COVID disrupted the usual seasonal uplift that occurs during February to July, but this normalised during H2 as COVID movement restrictions were lifted
- The usual conversion of occupancy to revenue was impacted by the various subsidy packages[1]

1. Refer to slide 28 and 29 for details of the various government support packages

OCCUPANCY BY STATE

Like-for-Like Occupancy (%)

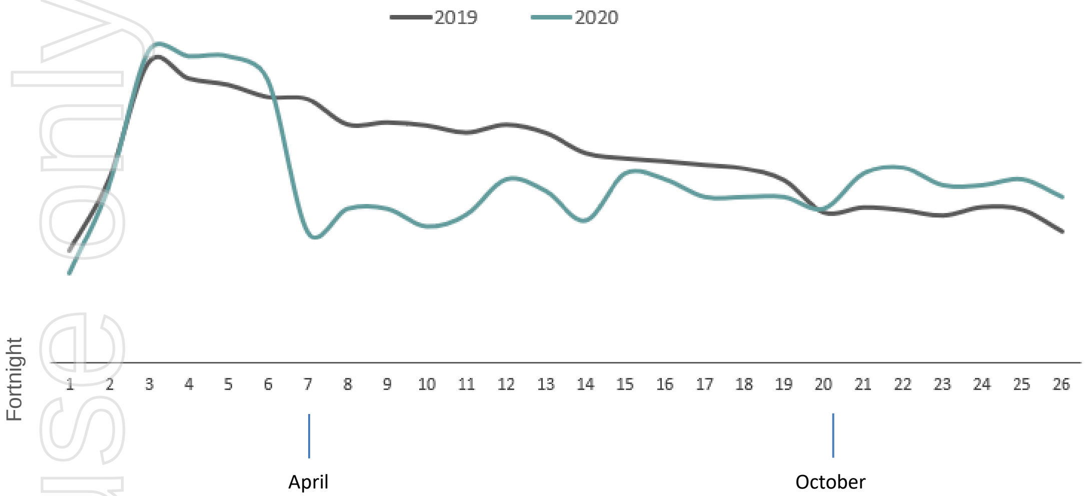
	Occupancy			Supply Growth	Centres	Licenced Places
State	2019	2020	% change	YoY	#	#
ACT	78.2%	62.4%	(15.7%)	5.0%	9	894
NSW	75.7%	70.6%	(5.1%)	2.9%	182	12,872
QLD	76.7%	73.0%	(3.7%)	3.2%	74	6,475
SA	75.6%	72.5%	(3.2%)	3.9%	28	2,269
VIC	73.2%	65.5%	(7.7%)	5.2%	141	13,835
WA	76.8%	71.4%	(5.4%)	5.5%	38	3,073
National	**75.1%**	**69.2%**	**(5.9%)**	**3.7%**	**472**	**39,418**

- National CY20 LFL occupancy of 69.2%
- State-based occupancy trends were broadly consistent, with the exception of Victoria (due to extended mobility restrictions) and the ACT
- ACT occupancy was largely impacted by centre manager and team turnover across the nine centres

WAGE EFFICIENCY

Effective rostering reflected in improved efficiency

Wage hours per booking by fortnight



- Expected rostering benefits captured during CY20
  - Efficiency improvements reflected in lower wage hours per booking in CY20 relative to the same occupancy level in CY19
  - Relative efficiency improvements not impacted by the employee payment remediation program
- Reduced attendance levels in centres from April (due to movement restrictions) resulted in lower wage hours per booking (WHB) compared to the prior year
- From October, increased WHB reflects normalisation of attendance levels
- The “inefficiency” driven by lower occupancy, in a regulated wage environment, is reflected in higher WHB from October compared to prior year

EMPLOYEE PAYMENTS REMEDIATION PROGRAM

- The employee payments remediation program announced on 8 December 2020 remains on track, with payments to impacted team members[1] expected to be substantially completed by 31 July 2021
- As announced in December 2020, total program costs were estimated at between $50-$80 million. Analysis and validation work is ongoing, and the Group has recognised a provision of $80 million pre-tax ($57m after tax) in its CY20 financial statements
- G8 continues to engage with the Fair Work Ombudsman regarding the matter following voluntarily self-reporting last year
- The overall remediation program, covering training, reporting and system enhancements to achieve the targeted controls, is on track

1. Team members for whom G8 has current contact and bank details

FULL YEAR RESULTS

FINANCIAL DRIVERS

G8 Education Ltd

P&L

- Statutory loss after tax of $187m driven by $237m non-cash impairment expense
- Underlying EBIT of $105.2m, includes CY20 employment costs ($12m) relating to the employee payment remediation program
- Revenue and cost model impacted by various government COVID support packages in CY20
- Effective cost management and government support allowed reinvestment in centre quality in Q4
- Finance costs reduced by c. $9m, realising savings from the prior year restructuring of borrowing facilities

CY20 SNAPSHOT

Statutory and Pre-AASB16 results

G8 Education

- Statutory loss after tax of $187m was materially impacted by a non-cash impairment expense of $237m (post tax)[1]
- Revenue and underlying EBIT[2] reflect a combination of COVID impacts
  - Revenue decreased 14%
  - Underlying EBIT[1] of $105.2m, down 12% on prior year
- Revenue model affected by various government support packages aimed at sector viability
- Costs were efficiently managed in response to "capped" revenue period, changing occupancy and attendance levels, regulatory ratios and employment guarantees
- Decrease in net finance costs of c.$9m reflects the restructuring of borrowing facilities (from corporate notes to syndicated banking facilities)
- Strong second half earnings performance driven by easing of movement restrictions coupled with government support
- The Group will report on a statutory post-AASB16 basis only from 1 January 2021

$M	CY20 Statutory	CY20 Proforma^	CY19 Statutory restated[4]	CY19 Proforma restated^[4]	Proforma % change
Total Revenue	**787.5**	**787.2**	**921.7**	**920.1**	**(14.4%)**
Employee expenses[3]	(423.0)	(423.0)	(555.8)	(555.8)	(23.9%)
Occupancy	(7.7)	(116.0)	(11.8)	(119.2)	(2.7%)
Direct costs	(77.3)	(77.3)	(67.6)	(67.6)	14.3%
Other costs	(51.0)	(52.6)	(40.0)	(41.6)	26.4%
Total Expenses	**(559.0)**	**(668.9)**	**(675.2)**	**(784.2)**	**(14.7%)**
EBITDA	**228.5**	**118.3**	**246.5**	**135.9**	**(13.0%)**
Depreciation and amortisation	(91.6)	(21.4)	(100.1)	(22.1)	(3.2%)
Impairment Loss[1]	(275.2)	(175.0)	-	-	-
Reported EBIT	**(138.3)**	**(78.1)**	**146.4**	**113.8**	**-**
Net finance costs[5]	(65.8)	(22.1)	(75.5)	(30.5)	(27.5%)
(Loss)/profit before income tax	**(204.2)**	**(100.2)**	**70.9**	**83.3**	**-**
Income tax benefit/(expense)	17.2	(14.0)	(18.9)	(22.6)	-
(Loss)/profit for the year	**(187.0)**	**(114.2)**	**52.0**	**60.7**	**-**
Add non-operating transactions		174.2		7.0	-
Underlying NPAT[2]		**60.0**		**67.7**	**(11.3%)**
Underlying EBIT[2]		**105.2**		**119.4**	**(11.9%)**
Underlying EBITDA[2]		**126.6**		**141.5**	**(10.5%)**

^Proforma refers to non IFRS financials (pre AASB 16 Lease standard)
1. Refer to ASX release dated June 11, 2020
2. Non IFRS financials (pre AASB 16 lease standard, excludes acquisition, establishment & divestment and impairment expenses)
3. JobKeeper subsidies were $102.9m gross and $85.9m net of top-up amounts
4. CY19 restated to reflect wage remediation impact, refer to ASX release dated December 8, 2020
5. Finance costs include interest relating to wage remediation

OPERATING PERFORMANCE

- Underlying Group EBIT of $105.2m, down 12% on prior year
- Revenue and costs were underpinned by government support with CY20 subsidies totalling $246.2m
- Slightly improved organic centre margins reflect
  - government subsidies
  - wage optimisation[1]
  - lower attendances
  - rental relief
- Investment of additional $10m in centre resources and facilities in Q4 reflected in “ Other” cost line
- The March 2020 fee increase was not implemented as a mandatory requirement of the Government relief packages[3]
- Support office costs are net of $2.7m of JobKeeper wage subsidies

$M	CY20	Restated CY19	% YoY
Total Organic Revenue	**613.5**	**720.7**	**(14.9%)**
Wages	(394.5)	(403.9)	(2.3%)
Wage subsidies	84.9	0.0	0.0%
Rent	(77.2)	(78.5)	(1.7%)
Depreciation	(15.8)	(14.3)	10.5%
Other	(74.4)	(66.2)	12.4%
Centre Expenses	(477.0)	(562.9)	(15.3%)
Organic Centre EBIT[2]	**136.5**	**157.8**	**(13.5%)**
Organic Centre EBIT margin	*22.2%*	*21.9%*	
2017 Acquisitions	13.3	10.9	
2018 Acquisitions	4.6	2.8	
2019 Acquisitions	2.8	(1.9)	
LFL Centre EBIT[2]	**157.2**	**169.6**	**(7.3%)**
2020 Acquisitions	(1.5)	0.0	
Impaired Centres	(9.6)	(11.3)	
Divested Centres	(0.8)	(0.5)	
Total Centre EBIT[2]	**145.3**	**157.8**	**(7.9%)**
Support Office Costs	(40.1)	(38.4)	4.3%
Underlying Group EBIT[2]	**105.2**	**119.4**	**(11.9%)**
EBIT margin	*11.4%*	*13.9%*	

Organic Costs as % Organic Revenue			% pt YoY
Wages (exc. Subsidies)	64.3%	56.0%	8.3%
Rent	12.6%	10.9%	1.7%
Depreciation	2.6%	2.0%	0.6%
Other	12.1%	9.2%	2.9%

Support Office as % Total Revenue			% pt YoY
Support Office	4.4%	4.5%	(0.1%)

1. To take account of changing attendance levels and JobKeeper
2. Non IFRS financials (pre AASB 16 lease standard, excludes acquisition, establishment & divestment and impairment expenses).
3. As detailed on slide 28.

FINANCIAL DRIVERS

G8 Education Ltd

Cashflow & Capital

- Strong balance sheet, net cash of $21.8m
- $301m equity raise completed in response to COVID, significantly reducing the Group's leverage
- Debt refinance completed in February 2021 - reduces finance costs and results in average debt expiry of 3 years
- Well positioned to capitalise on sensible growth opportunities
- Deferred CY19 final dividend paid on 30 October 2020
- Dividend policy remains temporarily suspended, and will be reviewed in August 2021
- Employee Remediation Program was estimated to be $50m-$80m pre-tax ($35m–$57m post-tax), with an $80m provision recognised in the CY20 financial statements

CASH FLOW

G8 Education[ltd]

- Lease adjusted proforma operating cashflows of $131m, an increase on prior year, included:
  - ECEC revenue package in lieu of parent co-payments and child care subsidies
  - JobKeeper subsidy totalling $86m, as a partial offset to employee payments
  - Lower interest payments due to transition from corporate bonds to bank debt
- PP&E and intangible payments of $27m reflect investment in critical centre maintenance, resources and strategic projects
- Purchase of businesses of $11m reflects the acquisition of 4 greenfield centres. The historical greenfield pipeline has now been completed
- Proceeds from the issue of shares of $301m relates to the capital raising undertaken in April
- Net decrease in borrowings of $95m reflects repayment of the $200m revolving facility in full

$M	CY20 Statutory	CY20 Proforma	CY19 Statutory	CY19 Proforma
Cash flows from operating activities				
Receipts from customers (inclusive of GST)	785.4	785.4	923.1	923.1
Payments to suppliers and employees (inclusive of GST)	(515.7)	(617.7)	(670.6)	(779.2)
Interest received	0.9	0.9	0.5	0.5
Interest paid	(63.0)	(19.5)	(69.4)	(24.6)
Income taxes paid	(18.1)	(18.1)	(29.6)	(29.6)
Net cash inflows from operating activities	**189.6**	**131.1**	**154.0**	**90.2**
Cash flows from Investing Activities				
Payments for purchase of businesses (net of cash acquired)	(11.3)	(11.3)	(49.5)	(49.5)
Payments for purchase of intangible assets	(5.5)	(5.5)	-	-
Net proceeds / (payments) for divestments	7.6	7.6	5.6	5.6
Payments for property plant and equipment	(21.5)	(21.5)	(39.8)	(39.8)
Net cash outflows from investing activities	**(30.6)**	**(30.6)**	**(83.7)**	**(83.7)**
Cash flows from Financing Activities				
Share issue costs	(11.1)	(11.1)	-	-
Dividends paid	(19.1)	(19.1)	(44.5)	(44.5)
Principal elements of lease payments	(58.5)	-	(63.7)	-
Repayment of corporate note	-	-	(269.9)	(269.9)
Proceeds from issue of shares	301.2	301.2	-	-
Inflows from Borrowings	65.0	65.0	295.0	295.0
Outflows of Borrowings	(160.0)	(160.0)	(2.1)	(2.1)
Net cash (outflows) / inflows from financing activities	**117.5**	**176.0**	**(85.2)**	**(21.5)**
Net increase in Cash and Cash Equivalents	276.5	276.5	(15.0)	(15.0)
Cash and cash equivalents at the beginning of financial year	40.6	40.6	55.5	55.5
Effects of exchange rate changes on cash	(0.1)	(0.1)	-	-
Cash and cash equivalents at the end of financial year	**317.0**	**317.0**	**40.6**	**40.6**

BALANCE SHEET

- Cash and cash equivalents of $317m largely offset by borrowings of $295m, resulting in a net cash position
- Equity raise of $301m in April 2020
- Decrease in trade and other receivables reflect improved debtor recovery and timing of government payment cycles
- Intangibles decreased during the year reflecting the non-cash impairment of $150m[1]
- Trade and other payables increased due to increased accruals relating to investment in final quarter
- Liabilities of circa $1.2bn comprised of:
  - Syndicated facility $295m
  - AASB 16 lease liability $681m
  - Wage remediation provision of $80m (pre tax)

1. $100.2m impairment of right of use (ROU) assets included in the CY20 statutory numbers

$M	CY20 Statutory	CY20 Proforma	CY19 Statutory Restated	CY19 Proforma Restated
ASSETS				
Current assets				
Cash and cash equivalents	317.0	317.0	40.6	40.6
Trade and other receivables	17.4	20.7	29.9	37.8
Other current assets	10.3	10.3	11.2	11.2
Current tax asset	-	(2.8)	1.9	1.9
Total current assets	**344.6**	**345.2**	**83.7**	**91.5**
Non-current assets				
Property plant and equipment	87.4	95.1	103.9	112.9
Right of use assets	468.7	-	606.2	-
Deferred tax assets	117.1	83.4	72.8	39.9
Intangible assets	1,055.2	1,055.2	1,193.2	1,193.2
Other non-current assets	1.0	1.0	5.9	5.9
Total non-current assets	**1,729.4**	**1,234.7**	**1,981.9**	**1,351.9**
Total assets	**2,074.0**	**1,579.9**	**2,065.6**	**1,443.3**
LIABILITIES				
Current liabilities				
Trade and other payables	73.9	78.6	54.8	56.7
Contract liabilities	9.1	9.1	7.1	7.1
Current tax liability	2.8	-	-	-
Lease liabilities	69.4	-	68.5	-
Provisions	120.6	120.6	97.0	97.0
Total current liabilities	**275.8**	**208.3**	**227.5**	**160.8**
Non-current liabilities				
Other payables	0.7	8.9	0.7	7.1
Borrowings	295.1	295.1	387.8	387.8
Lease Liabilities	611.8	-	640.7	-
Provisions	16.2	16.2	13.1	13.1
Total non-current liabilities	**923.8**	**320.2**	**1,042.2**	**407.9**
Total liabilities	**1,199.6**	**528.4**	**1,269.7**	**568.8**
Net assets	**874.5**	**1,051.4**	**796.0**	**874.6**

CAPITAL MANAGEMENT

Equity Raise

- Completed underwritten $301m equity raising significantly reducing the Group's leverage

Debt Facilities

- February 2021 refinance of debt facilities maintains a staggered debt profile with next expiry date in October 2023
  - $300m revolving facility, replaces $200m term loan and $200m revolver
  - includes sustainability-linked performance targets
- CY21 borrowing costs are forecast to reduce by circa $6m to circa $14m

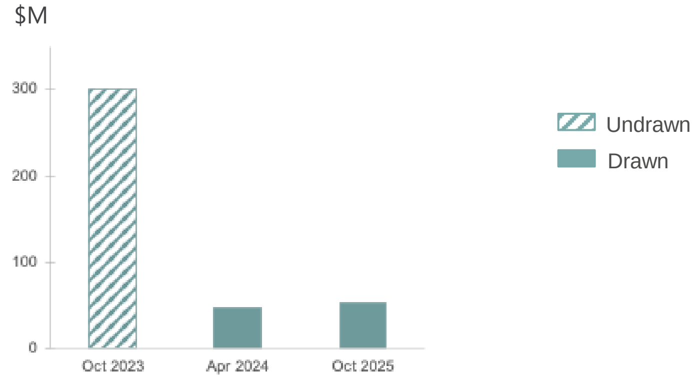
Dividend

- Dividend policy remains temporarily suspended and will be reviewed in August 2021
- CY19 fully franked final dividend of 6 cents per share paid on 30 October 2020 (circa $19m)

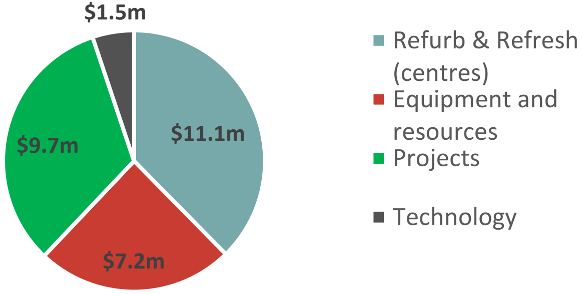
CY21 Capex

- Total CY21 capex of $50m to $65m focused on continued investment in centre quality

Debt Facility Profile ($M)



Total CY20 Capex = $29.6 million



GEARING RATIOS & CAPITAL RETURNS

Strong balance sheet, prudent gearing and solid returns

Gearing Ratios – Lease-Adjusted

$M	Proforma CY20	Proforma CY19 Restated
Borrowings	295.1	387.8
Cash and cash equivalents	(317.0)	(40.6)
Net (Cash)/Debt	**(21.8)**	**347.1**
Underlying EBITDA[1]	126.6	141.5
Net Debt/EBITDA[1] (x)	**(0.2)**	**2.5**
Net interest[2]	19.9	28.6
EBITDA[1]/Net Interest (x)	**6.4**	**4.9**
Fixed charge cover (x)	**1.6**	**1.6**
Gearing ratio[3] (%)	**nm**	**28.4%**

1. Underlying and non IFRS financials (pre AASB 16 lease standard, acquisition, establishment and divestment costs)
2. Net interest excludes remediation program interest
3. Gearing ratio = Net Debt/Net Debt + Equity

Return on Capital Employed – Lease-adjusted

$M	Proforma CY20	Proforma CY19 Restated
Underlying EBIT[1]	105.2	119.4
Shareholders' equity[4]	963.0	884.0
Debt liabilities[4]	341.4	379.8
Capital Employed	**1,304.4**	**1,263.8**
Return on Capital Employed (ROCE) %	**8.1%**	**9.4%**

4. Average last 12 months

STRATEGY UPDATE

G8 Education

REFRESHED STRATEGIC DIRECTION

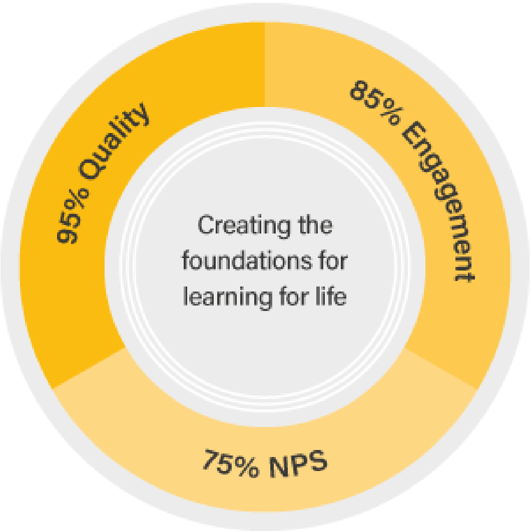
G8 Education Ltd

Purpose

Our reason for being
Creating the foundations for learning for life

Vision

What we want to be known for
To be a best-in-class early childhood educator that's the first choice for parents to care for their child



- Recent strategy focused on building a scaleable foundation
  - Securing scale advantages through integrating onto a single set of systems e.g. Xplor for CCS, rostering etc
  - Driving quality standards in centres, including roll-out of a curriculum framework
  - Implementing support structures for centres in HR, education and quality
  - Conducting foundation research on the family customer experience
- Strategic direction refreshed and refined
- The strategic direction through to 2023 is focused on further lifting quality and continuing to build a great team, to support delivering a world class differentiated education and care offering to G8's families

ACHIEVING THE STRATEGIC OBJECTIVES

Key programs and measures in place to support achievement of updated strategic objectives

G8 Education

FULFILL children's learning potential

Embrace the natural way to learn

KEY PROGRAMS

Team & child safety

Our priority is to be a Child and Team Safe organization, with a safety first culture

Education program

Delivering consistent high quality programming, embedded practice and collaborative partnerships

KEY MEASURES

- Child tenure
- Child safety

SUPPORT and build the team

Our team is the heart – and delivers it all

KEY PROGRAMS

People pathways

Delivery of system and efficiency improvements across recruitment, people services (policies and procedures), rostering and payroll

People program

Building strong foundations to grow, support and attract a strong and capable team

KEY MEASURES

- Employee engagement
- Centre manager turnover

DELIVER operational excellence

Accelerate capability, delivery & culture

KEY PROGRAMS

Improvement program

Dedicated support and investment to elevate the quality and experience in all centres

KEY MEASURES

- Occupancy
- Quality

DRIVE profitable growth

Sustainable, attractive growth

KEY PROGRAMS

Network growth & optimisation

Creating a high quality and profitable network of well located centres across Australia

Finance management system

An integrated finance and procurement system that streamlines work effort and improves governance

KEY MEASURES

- EBIT
- EBIT margin

CREATE differentiation

We make it work for families & raise the bar in the sector

KEY PROGRAMS

Create differentiation

Reimagining the childcare experience through design, technology, engagement, products and services

KEY MEASURES

- Net Promoter Score (NPS)
- Innovation pilots

GREENFIELD PORTFOLIO DESIGN

Future reporting will be enhanced to include a separate view on Greenfield portfolio performance

G8 Education

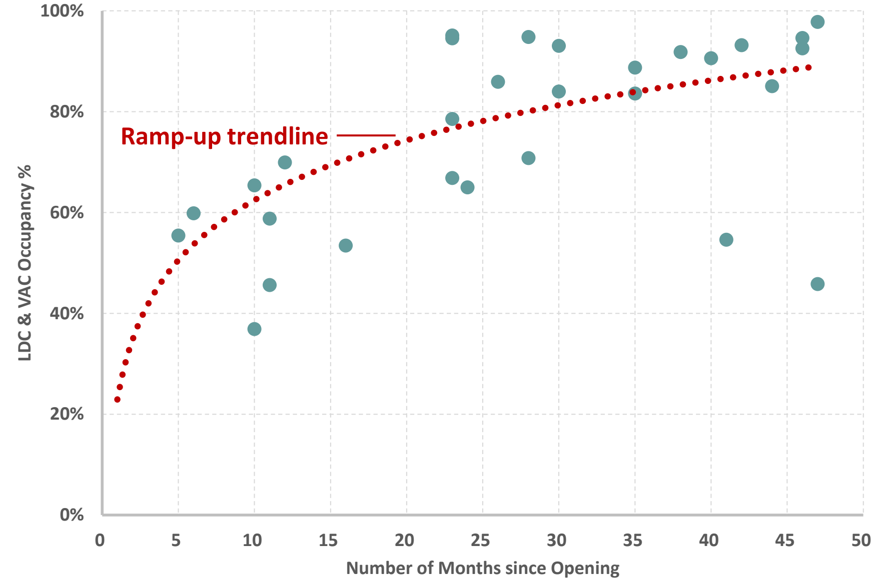
Greenfield portfolio objectives

1. Enable separation of the greenfield portfolio from the core or "main" portfolio
2. Enable transparency of development performance
3. Support funding of future greenfield development
4. Provide a growth pipeline for the core portfolio

Greenfield portfolio parameters

1. Portfolio to house all greenfield development centres
2. A mature centre hurdle range of 80% to 90% occupancy to identify candidates for potential transfer to the core portfolio
3. 'Mature' greenfield centres to be transferred to core (main) portfolio
4. Greenfield centres that fail to meet mature hurdle range within 36 months will be reviewed for either turnaround or exit

Greenfield occupancy ramp-up profile over last four years*



Key metrics

Number of centres*	31	Average age	28 months
Total CY20 EBIT	$10.6m	Average occupancy	77%

* Excludes impaired centres

CURRENT TRADING

CURRENT TRADING

G8 Education Ltd

- The Group expects CY21 to be a recovery year given the absence of additional government subsidies and the continued impact of COVID-19, particularly on occupancy - either directly through movement restrictions or indirectly through economic impacts such as higher unemployment
- COVID-related movement restrictions continue to impact revenue and EBIT with $0.8m of fees waived YTD CY21 to support families
  - The current position is the provider funds these fee waivers; Victorian Government COVID support measures ceased on 31 January 2021
  - Sector-level discussions continue with the Federal Government relating to subsidies being paid to providers where movement restrictions are in place
- The occupancy gap relative to 2019 levels has continued to narrow, with the circa 4.5% pts gap that was present in November 2020, reducing to circa 4.0% pts in February 2021, in line with expectations
- YTD wage performance is tracking to expectations
- Strategic earnings growth priorities in CY21 remain the Improvement Program, network growth and exiting impaired centres
- The Improvement Program is expected to gain momentum in CY21, based on positive results to date and the medium-term earnings potential of this program. The costs of this increased activity will be managed to ensure they are funded by the benefits of the strategic programs
- Approximately 10 new greenfield centres are expected to open in CY21 for a capital outlay of circa $4m. Start-up trading losses in CY21 are expected to be circa $4m based on current centre opening dates, with strong returns expected over the medium term as the centres mature
- Capex deferred from CY20 of $10m will be released in CY21, taking the expected total to $50m to $65m

Q&A

G8 Education ltd

APPENDIX

G8 Education ltd

COVID-19 FINANCIAL IMPACTS

Subsidies and financial management

Revenue

- **Phase 1** - Early Childhood Education & Care Relief Package revenue - $100.8m CY20
- **Phase 2 and 3** - Transition Payment revenue - $59.4m expected in CY20 ($5.3m in CY21)

Wages

- Optimised rostering to take account of changing attendance levels and JobKeeper
- JobKeeper program contributed net $70.8m in H1, and $15.1m in H2
- Employment guarantee in place until 31 January 2021 in Victoria (condition of receipt of the Transition Payment)
- Temporary 20% pay reduction for Non-executive Directors and Executive KMP for a 6-month period and no short-term incentives were paid

Rental Concessions

- Arrangements for rental waivers or deferrals in place with 301 landlords totaling $8.2m
- Waivers of $5.0m and deferrals of $3.2m for predominantly 3 to 6 month rent concessions
- $2.5m of deferrals will be repaid by December 2021 with the remainder in future years
- Negotiations resulted in extensions or exercise of existing options on c. 65 centres

GOVERNMENT SUPPORT

Strong support keeps sector viable, retains employees & highlights resilience of ECEC

G8 Education[ltd]

Phase 1 (6 Apr to 12 July) | **Phase 2** (13 Jul – 27 Sep) | **Victorian Lockdown** (13 July – 31 Dec) | **Phase 3** (28 Sep – 31 Jan)

Phase 1 (6 Apr to 12 July)

Relief Package

- Revenue capped at 50% of revenue (CCS and Gap Fee) during the Reference Period[1] in lieu of Child Care Subsidy (CCS) and Additional Child Care Subsidy (ACCS)
- Families not permitted to be charged gap fees
- Package equated to **$100.8m** for G8
- Ceased 12 July 2020

JobKeeper Package

- G8 eligible for the JobKeeper payment for average 8,577 team members
- Subsidy received $102.9m, net of top-up payments **$85.9m**
- Ceased 20 July 2020

Phase 2 (13 Jul – 27 Sep)

Transition Package

- Transition Payment of 25% of revenue (CCS and Gap Fee) during the Reference Period[1] in addition to CCS and ACCS
- Not eligible for JobKeeper from 20 July 2020
- Families Gap Fees recommence along with normal CCS arrangements
- Gap Fees not permitted to be increased and no CY20 fee increase implemented
- Activity test requirements eased until 4 April 2021
- Employment guarantee (Centres to maintain employment levels)
- Transition Package and Transition Payment Plus equated to **$42.8m** in support for G8

Victorian Lockdown (13 July – 31 Dec)

Transition Payment Plus

Stage 3 & 4 Restricted Areas – From 13 July to 31 Dec

- Where a child does not attend for a Covid-19 related reason until 9 November 2020 or a Centre is closed on public health advice until 31 December 2020, Gap Fees can be waived whilst CCS and ACCS continue.
- Additional 30 days allowable absences (a total of 72 allowance absences)

Stage 4 Restricted Areas – from 5 August

- Transition Payment increased to 30% for Metro Melbourne Centres, plus further top up payments for Centres with low CCS payments until 27 September
- Only children of permitted workers and vulnerable children can attend until 26 October

Phase 3 (28 Sep – 31 Jan)

Recovery Package - Victoria

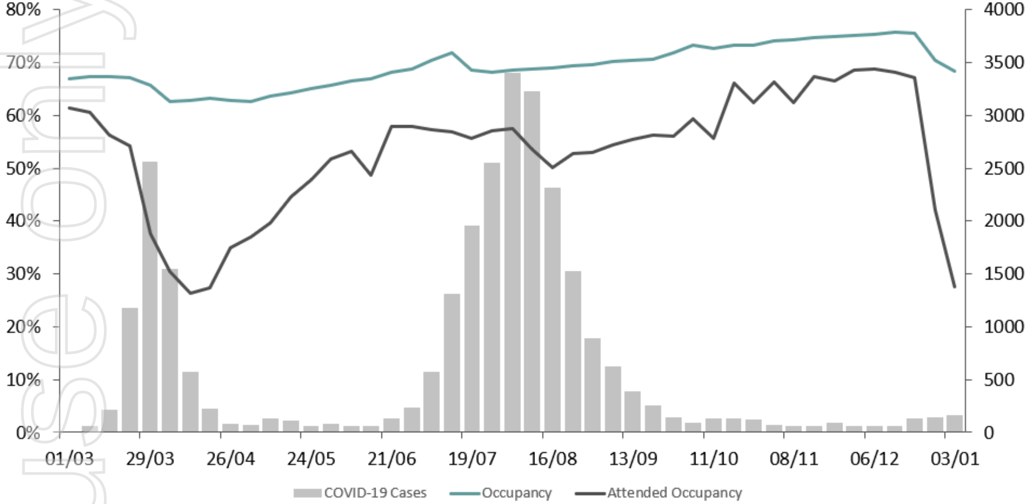
- Recovery Payment of 25% of revenue (CCS and Gap Fee) during the Reference Period1 in addition to CCS and ACCS for Victorian Centres on similar conditions to Phase 2 Transition Package.
- Package equates to **$22.0m** in support for G8

1. During Phase 1 and Phase 2 weekly payments of 50% and 25% respectively of average centre revenues for the fortnight leading into 2 March 2020 subject to the existing hourly rate cap. This Reference Period relates to a point in time before parents started withdrawing their children in large numbers

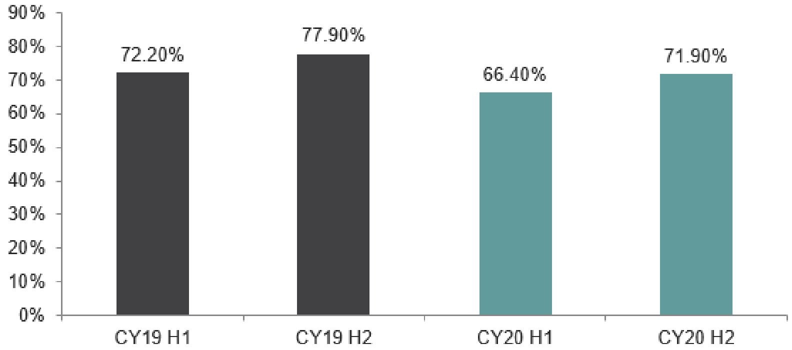
OCCUPANCY & ATTENDANCE TRENDS

COVID-19 impacts occupancy

Booked weekly occupancy, attendance (%) and reported new COVID cases – National



Half-Yearly Like-for-Like Occupancy (%)



1. Occupancy restated to allow for a like-for-like comparison

- Both H1 and H2 were c. 6%pts lower than prior year
- COVID-19 movement restrictions impacted occupancy in both periods, particularly in Q2 and Q3

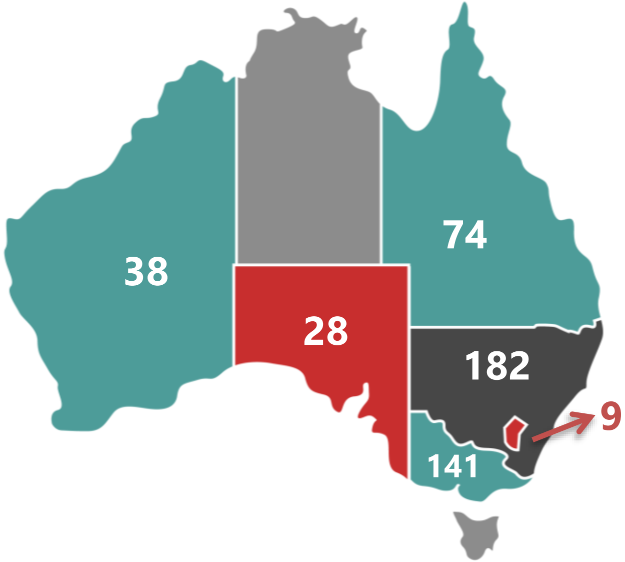
[1] All occupancy figures are like-for-like i.e. an average occupancy that includes all brownfield centres owned for at least 12 months and greenfield centres owned for at least 15 months. Divested or closed centres are excluded from the data, i.e. excludes any benefit from divestment.

G8 IS A MARKET LEADER

With significant competitive advantages

472 CENTRES

Diversified geographic footprint across Australia



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

39K+
Licensed places across Australia

8K+
Early Childhood Educators

46K
Children per week

$118
Average daily fee

SUPPLY / DEMAND DYNAMICS
New centre opening increase, offsetting H1 reduced growth

G8 Education Ltd

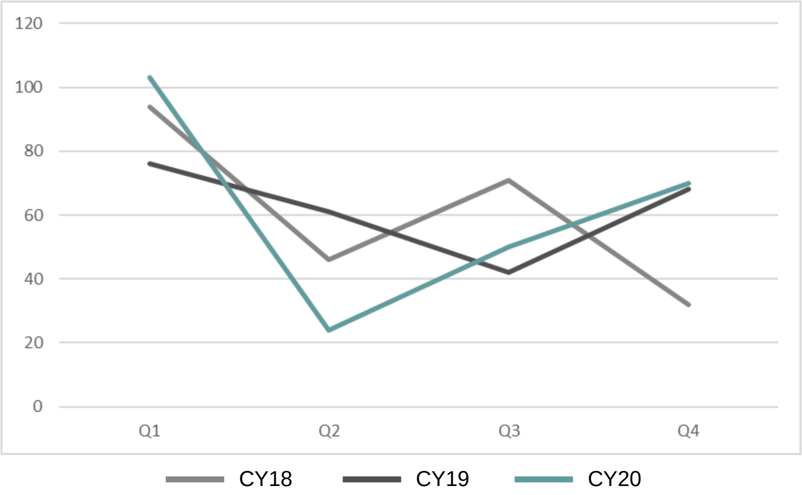
Macro

- LDC net supply annualised growth increased to 3.7% (vs 4.2% in CY19), the decrease in net new centres in Q2 offset in Q3 and Q4.
- Unemployment levels have decreased from 7.5% to 6.6% from July 2020 to December 2020[1].

Micro

- G8 centres impacted by supply within 2km up to Q4 CY20 decreased by 14% YoY.
- Since January 2017, 306 G8 centres have been impacted by supply within 2km.
- Countering the impact of this supply growth is a key focus of the Improvement Program; the evidence continues to demonstrate that high quality centres can successfully mitigate the impact of new supply.

Supply – Net New Centre Openings[2]



[1] https://tradingeconomics.com/australia/unemployment-rate

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

CASH CONVERSION

Consistent and strong cash conversion

G8 Education Ltd

- Cash flow generation remained strong in CY20 as G8 adapted to the COVID-19 funding models
- In future reporting periods, the cash flow conversion table will reflect Statutory numbers (i.e. post adoption of AASB 16 leases standard)

EBITDA to Cash Flow Conversion – Pre-AASB 16

$M	CY20 Proforma	CY19 Proforma Restated
Operating cash flow	131.1	90.2
+ Net interest	18.6	24.1
+ Tax paid	18.1	29.6
Gross operating cash flow	**167.8**	**143.9**
EBITDA	118.3	135.9
Cash flow conversion	**142%**	**106%**

AASB 16 Leases Impact on Consolidated Income Statement
(Unaudited, Non IFRS)

G8 Education Ltd

Consolidated Full Year	31-Dec-20 Statutory $'000	31-Dec-20 AASB16 Adjustment $'000	31-Dec-20 AASB16 Impairment $'000	31-Dec-20 pre-AASB16 $'000	31-Dec-19 Restated Statutory $'000	31-Dec-19 AASB16 Adjustment $'000	31-Dec-19 pre-AASB16 $'000
Revenue	**788,358**	**(216)**	**-**	**788,142**	**922,202**	**(1,588)**	**920,614**
Expenses							
Employment costs	(422,984)	-	-	(422,984)	(555,841)	-	(555,841)
Occupancy	(7,705)	(108,309)	-	(116,014)	(11,752)	(107,451)	(119,203)
Direct costs of providing services	(77,310)	-	-	(77,310)	(67,632)	-	(67,632)
Depreciation	(91,609)	70,206	-	(21,403)	(100,117)	78,029	(22,088)
Impairment loss	(275,217)	-	100,250	(174,967)	-	-	-
Other expenses	(50,989)	(1,585)	-	(52,574)	(39,986)	(1,576)	(41,562)
Finance costs	(66,721)	43,684	-	(23,037)	(75,974)	45,010	(30,964)
Total expenses	**(992,535)**	**3,996**	**100,250**	**(888,289)**	**(851,302)**	**14,012**	**(837,290)**
Profit before income tax	**(204,177)**	**3,780**	**100,250**	**(100,147)**	**70,900**	**12,424**	**83,324**
Income tax expense	17,167	(1,122)	(30,075)	(14,030)	(18,881)	(3,727)	(22,608)
Profit for the year attributable to members of the parent entity	**(187,010)**	**2,658**	**70,175**	**(114,177)**	**52,019**	**8,697**	**60,716**

Reconciliation to Underlying Results
(Unaudited, Non IFRS)

Consolidated Full Year	2020 pre-AASB16 $'000	2019 Restated pre-AASB16 $'000
Net Profit / (loss) after income tax (Pre-AASB 16)	**(114,177)**	**60,716**
Add/(Less) non-operating transactions:		
Contingent consideration not paid	(64)	(681)
Acquisition related expenses[2]	2,425	5,088
Borrowing costs expense[3,4]	-	2,476
(Gain)/loss on disposal of assets/centres	(9,035)	4,034
Foreign currency translation (gain)/loss[4,3]	-	(1,967)
Impairment loss and non-trading expenses[4]	180,878	1,442
Recognition of tax losses from acquired entities	-	(3,435)
Underlying net profit after tax	60,027	67,673
Underlying EPS (cents per share)[5]	8.06	13.02
Net Profit / (loss) before income tax (Pre-AASB 16)	(100,147)	83,324
Add Finance costs	22,152	30,470
Add/(Less) non-operating transactions:		
Contingent consideration not paid	(64)	(681)
Acquisition related expenses[2]	2,425	5,088
(Gain)/loss on disposal of assets/centres	(9,035)	4,034
Foreign currency translation (gain)/loss[3]	-	(2,810)
Impairment loss and non-trading expenses	189,874	-
Underlying earnings before interest and tax[7]	**105,205**	**119,425**

AASB 16 Leases Impact on Consolidated Balance Sheet (Unaudited, Non IFRS)

Consolidated Full Year	31-Dec-20 Statutory $'000	31-Dec-20 AASB16 Adjustment $'000	31-Dec-20 pre-AASB16 $'000	31-Dec-19 Restated Statutory $'000	31-Dec-19 AASB16 Adjustment $'000	31-Dec-19 pre-AASB16 $'000
ASSETS						
Current assets						
Cash and cash equivalents	316,989	-	316,989	40,603	-	40,603
Trade and other receivables	17,383	3,293	20,677	29,936	7,833	37,769
Other current assets	10,268	-	10,268	11,232	(53)	11,179
Current tax asset	-	(2,773)	(2,773)	1,938	-	1,938
Total current assets	**344,640**	**520**	**345,160**	**83,709**	**7,780**	**91,489**
Non-current assets						
Property plant and equipment	87,419	7,655	95,074	103,864	8,994	112,858
Right of use assets	468,655	(468,655)	-	606,219	(606,219)	-
Deferred tax assets	117,104	(33,717)	83,388	72,789	(32,899)	39,890
Intangible assets	1,055,242	-	1,055,242	1,193,160	-	1,193,160
Other non-current assets	987	-	987	5,894	53	5,947
Total non-current assets	**1,729,408**	**(494,717)**	**1,234,691**	**1,981,926**	**(630,071)**	**1,351,855**
Total assets	**2,074,048**	**(494,197)**	**1,579,851**	**2,065,635**	**(622,291)**	**1,443,344**
LIABILITIES						
Current liabilities						
Trade and other payables	73,892	4,680	78,572	54,840	1,854	56,694
Contract liabilities	9,105	-	9,105	7,148	-	7,148
Current tax liability	2,773	(2,773)	-	-	-	-
Lease liabilities	69,435	(69,435)	-	68,482	(68,482)	-
Provisions	120,581	-	120,581	97,007	-	97,007
Total current liabilities	**275,786**	**(67,528)**	**208,258**	**227,477**	**(66,628)**	**160,849**
Non-current liabilities						
Other payables	657	8,238	8,896	696	6,394	7,090
Borrowings	295,139	-	295,139	387,750	-	387,750
Lease liabilities	611,815	(611,815)	-	640,655	(640,655)	-
Provisions	16,153	-	16,153	13,087	-	13,087
Total non-current liabilities	**923,765**	**(603,577)**	**320,188**	**1,042,188**	**(634,261)**	**407,927**
Total liabilities	**1,199,551**	**(671,105)**	**528,447**	**1,269,665**	**(700,889)**	**568,776**
Net assets	**874,497**	**176,908**	**1,051,405**	**795,970**	**78,598**	**874,568**

AASB 16 Leases Impact on Consolidated Cash Flows
(Unaudited, Non IFRS)

Consolidated Full Year	31-Dec-20 Statutory $'000	31-Dec-20 AASB16 Adjustment $'000	31-Dec-20 pre-AASB16 $'000	31-Dec-19 Statutory $'000	31-Dec-19 AASB16 Adjustment $'000	31-Dec-19 pre-AASB16 $'000
Cash flows from operating activities						
Receipts from customers (inclusive of GST)	785,430	-	785,430	923,056	-	923,056
Payments to suppliers and employees (inclusive of GST)	(515,683)	(102,020)	(617,703)	(670,585)	(108,575)	(779,160)
Interest received	885	-	885	494	-	494
Interest paid	(62,960)	43,534	(19,426)	(69,388)	44,827	(24,561)
Income taxes paid	(18,107)	-	(18,107)	(29,587)	-	(29,587)
Net cash inflows from operating activities	**189,565**	**(58,486)**	**131,080**	**153,990**	**(63,748)**	**90,242**
Cash flows from investing activities						
Payments for acquisition of businesses (net of cash acquired)	(11,300)	-	(11,300)	(49,506)	-	(49,506)
Payments for purchase of intangible assets	(5,464)	-	(5,464)	-	-	-
Payments for divestments	7,608	-	7,608	5,553	-	5,553
Proceeds from the sale of property, plant and equipment	6	-	6	-	-	-
Payments for property, plant and equipment	(21,451)	-	(21,451)	(39,767)	-	(39,767)
Net cash outflows from investing activities	**(30,601)**	**-**	**(30,601)**	**(83,720)**	**-**	**(83,720)**
Cash flows from financing activities						
Share issue costs	(11,139)	-	(11,139)	(33)	-	(33)
Debt issue costs	-	-	-	-	-	-
Dividends paid	(19,057)	-	(19,057)	(44,490)	-	(44,490)
Principal portion of lease payments	(58,486)	58,486	-	(63,748)	63,748	-
Repayment of corporate notes	-	-	-	(269,892)	-	(269,892)
Proceeds from issue of shares	301,215	-	301,215	-	-	-
Inflows from borrowings	65,000	-	65,000	295,000	-	295,000
Outflows of borrowings	(160,004)	-	(160,004)	(2,058)	-	(2,058)
Net cash outflows from financing activities	**117,529**	**58,486**	**176,015**	**(85,221)**	**63,748**	**(21,473)**
Net decrease in cash and cash equivalents	276,493	-	276,493	(14,951)	-	(14,951)
Cash and cash equivalents at the beginning of the financial year	40,603	-	40,603	55,521	-	55,521
Effects of exchange rate changes on cash	(107)	-	(107)	33	-	33
Cash and cash equivalents at the end of the financial year	**316,989**	**-**	**316,989**	**40,603**	**-**	**40,603**