ASX Announcement

G8 Education Limited
(ASX:GEM)

22 February 2022

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 2021 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.

For further information, contact:

Investors
Gary Carroll, CEO
+61 7 5581 5313
gary.carroll@g8education.edu.au

Sharyn Williams, Chief Financial Officer
+61 7 5581 5404
Sharyn.Williams@g8education.edu.au

Media
Chloe Rees
Cato & Clive
0417 665 416 / chloe@catoandclive.com

2021 FULL YEAR RESULT

Investor Presentation
22 February 2022

G8 EDUCATION LTD
ASX: GEM

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G8 Education[ltd]

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Acknowledgement of country

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

AGENDA

G8 Education Ltd

CY21 HIGHLIGHTS
Gary Carroll

OPERATING AND FINANCIAL PERFORMANCE
Sharyn Williams

MEDIUM TERM OUTLOOK AND STRATEGY
Gary Carroll

CURRENT TRADING
Gary Carroll

Q&A
Gary Carroll & Sharyn Williams

APPENDIX

CY21 HIGHLIGHTS

FINANCIAL SUMMARY

Performance measured against "pre COVID-19" CY19

$M	CY21	CY20 Restated[1]	CY19	CY21 vs CY19
Metrics				
Occupancy (Core[2])	70.9%	67.8%	73.0%	(2.1%)
Operating Revenue[3]	866.3	777.1	918.9	(5.7%)
Statutory NPAT	45.7	(189.0)	52.0	(12.1%)
Basic earnings / (loss) (cps)	5.4	(25.4)	10.0	(46.1%)
Net Cash / (Debt)	(25.9)	21.8	(347.1)	n.m.
Excluding non-operating items				
Operating EBITDA[3] (after lease interest and depreciation)	101.2	122.2	129.1	(21.6%)
Operating EBIT[3] (after lease interest)	80.1	101.4	107.0	(25.1%)

- Following a strong H1 occupancy performance, the seasonal trend in occupancy and revenue was heavily impacted by COVID-19 movement restrictions and isolation requirements in the crucial Q3 and Q4 enrolment periods
- Government support continued and is currently provided in the form of Gap Fee Waivers
- Operating EBITDA was underpinned by optimising costs to attendance levels and government support, albeit on lower revenues
- Operating EBIT[1,3] (after lease interest) benefited from lower lease depreciation, predominantly driven by the CY20 impairment
- Cashflow conversion remains strong, with the net debt position predominantly driven by circa $37.9m wage remediation costs

1. Note all references to CY20 financials are restated to include software development expenses, previously capitalised, to align with the change in accounting policy. 2. "Core" includes all centres excluding the 16 centres in the greenfield portfolio 3. "Operating" excludes non-operating items. Refer to Note 7 of 2021 Annual Report.

FOCUSED STRATEGY DELIVERING RESULTS

Momentum has the Group well positioned for sector recovery

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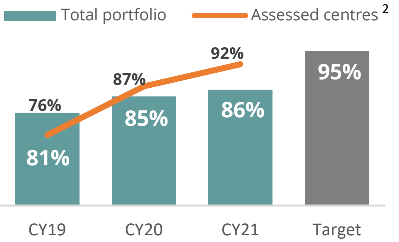
Execution	Financial strength	Network optimisation	Strong structural support
Strategic priorities, with Improvement Program at the heart, delivering strong momentum in key occupancy lead indicators	Strong balance sheet provides resilience; 3c per share fully franked final dividend declared and on-market share buyback to be implemented	Network optimisation program progressing to drive portfolio quality and increased returns	Strong long-term fundamentals underpinning the sector but short term COVID-19 headwinds remain

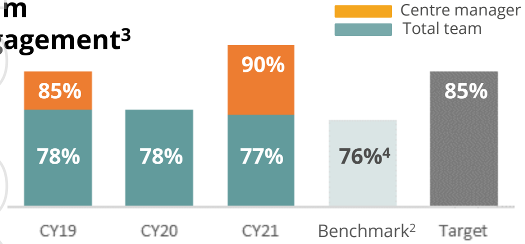
GROUP PROGRESSING TOWARDS MEDIUM TERM TARGETS

Positive momentum in key occupancy lead indicators

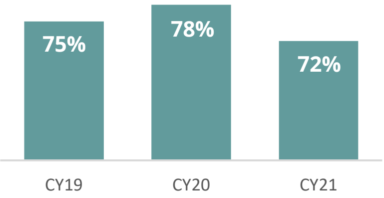
Quality[1] (NQF)



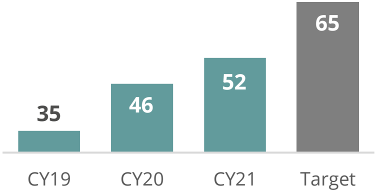
Team engagement[3]



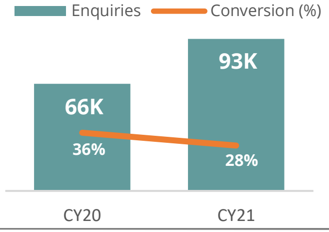
Team retention



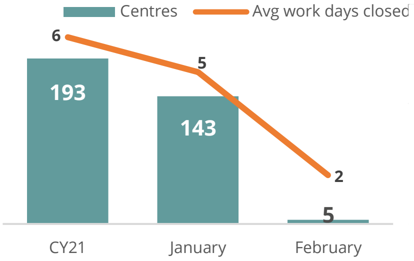
Net promoter score (NPS)



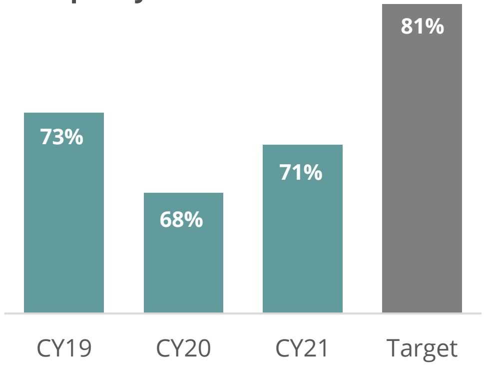
Enquiries/ conversion[5]



Centre closures (at 17/2/22)



Core occupancy



1. 'Meeting' or 'Exceeding' National Quality Standards under the National Quality Framework.
2.. Assessed centres in that year.
3. Engagement by role not measured during CY20.
4. Australian and global engagement benchmark.
5. Enquiries not available for CY19 – platform progressively rolled out from April 2019. Note CY21 conversion was severely COVID-19 impacted.

IMPROVEMENT PROGRAM DELIVERING

Increases in Occupancy lead indicators - Quality, Team Engagement and NPS

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Centre "Field" Support

- Practice Partners
- Operations Coaches
- HR Business Partners
- Quality Partners
- Resource Investment

Support Office

CY21 investment - $3.5m Opex and $4.7m Capex

Key Program Elements

Element	Details
Learning Environments	Resources Tools and training
Centre Manager (CM) Development	One-on-one coaching Support to manage teams Performance management Accountability
CM Weekly Work Routines	Consistency of process Embedded with guides/checklist

224 centres completed[3] + 137 centres targeted in H1 CY22

100% of IP centres Meeting/ Exceeding NQS[1]

+

Team Engagement[2] +6pts

=

NPS[2] +8pts

⇩

Occupancy
H1 on target,
CY22 1%pt below

⇩

EBIT Growth on CY19[2]
2%pts above Core
H1 CY21 +8%pts

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

DRIVERS OF GROUP MOMENTUM

Lead indicators supportive of occupancy uplift

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Quality

- As part of the Improvement Program (IP), learning environments and practices were refreshed delivering 100%[1] 'Meeting' or 'Exceeding' in Quality Area 1 (educational program and practices)
- Property investment totalling ($27.5m) was undertaken, delivering 100% 'Meeting' or 'Exceeding' in Quality Area 3 (physical environment)
- These activities contributed to the Group result of 92%[2] of centres assessed under the National Quality Framework (NQF) rated 'Meeting' or 'Exceeding'

Team Engagement & Turnover

- Key initiatives for team engagement and turnover include IP, training and professional development, property investment as well as remuneration and benefits
- Improvement Program centres lifted team engagement by 6% pts contributing to engagement at the Group level remaining stable, despite the difficult environment where vacancies have doubled across the sector
- CM 'First Steps' induction program has reduced CM turnover in the first 6 months by circa 5%pts on run rate basis
- Centres where material property refurbishment were completed achieved higher employee engagement scores
- ECT retention improved in Q4 following the roll out of the remuneration and benefit initiatives

Family Engagement

- Improvement Program centres delivered improved family engagement scores - NPS increased 8 points, contributing to a Group family NPS improvement of 6 points to 52 in CY21, despite COVID-19 related impacts over this period
- Property investment has delivered immediate and significant uplift in NPS[2]
- Enhancements to websites and lead pipeline processes contributed to strong growth in new customer enquiry volumes, albeit conversion was impacted by COVID-19 related deferred starts

1. CY19 and CY20 Improvement Program centres assessed under the National Quality Framework in CY21. 2. G8 centres assessed as "Meeting' or 'Exceeding' under NQF in CY21.

ENVIRONMENT, SUSTAINABILITY & GOVERNANCE

Targeting continuous improvement

Our sustainability achievements[1]

- ✓ **92% 'Meeting' or 'Exceeding' rating** for centres assessed under the **National Quality Standard** (NQS) in 2021
- ✓ **Study Pathways Program** enrolments increased 20% on prior year (to 1084 active enrolments) and 40% increase on 2019
- ✓ **New child safety and protection training** programs completed by 92% of the team
- ✓ **Educational programs in place** for > 50K children regarding climate change and ways to reduce impacts to the environment
- ✓ **Completed Materiality Assessment -** refer to Sustainability Report for details
- ✓ **Sustainability-Linked Loan executed** – the first of its kind for an Australian ECEC provider
- ✓ **Strong gender diversity** on the Board (57% female Non-Executive Directors) and Executive Leadership Team (55%)[2]
- ✓ **Linked executive remuneration to key sustainability focus areas**
- ✓ **Scope 1 and Scope 2 emissions measured**

What's next for sustainability

- Continuous improvement approach to sustainability - **reporting to align with the Sustainable Development Goals**
- **Governance** – Deeper review of G8's operations and supply chain to ensure modern slavery risks are identified and reduced
- **Service Quality** - Expand the offering to our families and serve a broader range of families through Leor, our recently acquired in-home and specialised care business
- **Our People** – Further promote diversity and inclusion amongst team members and within centres
- **Our Environment** – Reporting on Scope 1 and Scope 2 emissions, along with broader Scope 3 disclosures, in CY22
- **Executive remuneration** continues to be **linked** to improvement in key sustainability focus areas
- **Materiality assessment** used to drive focus and prioritisation

1. Refer to the Sustainability Report for more detailed information
2. At 31 December 2021 including CEO, 62.5% excluding CEO

OPERATING AND FINANCIAL PERFORMANCE

G8 Education ltd

OPERATING AND FINANCIAL PERFORMANCE

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KEY TAKEAWAYS

- Occupancy in the first half narrowed the gap on CY19, disrupted in the second half due to the resurgence of COVID-19
- Geographic portfolio diversification, provided some insulation against lockdowns and isolation requirements with regional centres outperforming
- Core centre margins were flat on CY19 reflecting government support and effective cost management in response to attendance levels
- Improved earnings from the greenfield portfolio as occupancy matured
- Centre performance and improvements in occupancy lead indicators underpinned by investment in network support

OPERATING PERFORMANCE

- Core centre revenue impacted vs CY19 by lower bookings ($50m) and divested centres ($48m) partially offset by higher net fees ($16m) and temporary COVID-19 government support ($20m)
- Despite significant COVID-19 impacts, Core centre margins were flat on CY19 reflecting:
  - Disciplined cost management in response to booking and attendance levels
  - Roster optimisation and compliance activities that mitigated prior year wage remediation costs
  - Lower rent proxy[1] due to lower lease depreciation, primarily due to the impairment (circa $9m) coupled with a reduced number of centres
  - Divestment of lower margin centres
- Improved earnings from the Greenfield portfolio reflects continued growth in occupancy as centres mature
- Network support costs enabled the Group to maintain core centre margins, build greenfield earnings and be positioned for strong occupancy growth as market conditions return to normal

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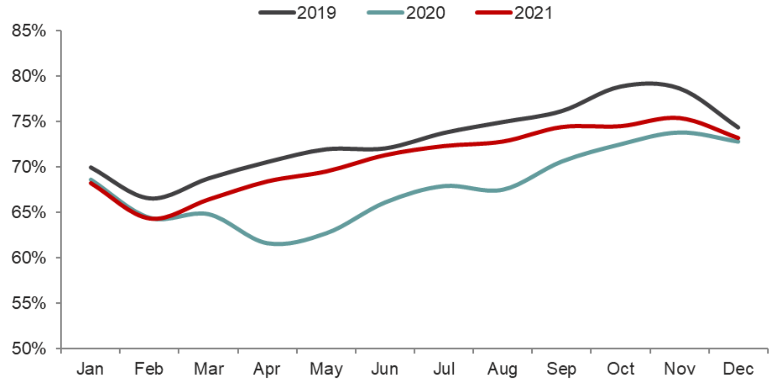
$M	CY21	CY20 Restated	CY19	CY19 vs CY21
Core Centres				
No. of centres	429	454	482	(11.0%)
No. of LP	35,367	37,103	37,913	(6.7%)
Core Revenue	828.0	741.2	889.7	(6.9%)
Wages	(475.1)	(479.1)	(514.5)	(7.7%)
Wage Subsidies	3.5	101.1	3.4	3.6%
Rent Proxy[1]	(109.3)	(115.2)	(129.6)	(15.7%)
Depreciation	(18.9)	(18.0)	(19.0)	(0.2%)
Other	(90.3)	(86.4)	(80.7)	11.9%
Centre Expenses	(690.2)	(597.7)	(740.4)	(6.8%)
Core Centre NPBT	**137.8**	**143.5**	**149.3**	**(7.7%)**
Core Centre NPBT Margin	***16.6%***	***19.4%***	***16.8%***	
Greenfield Centres				
No. of centres	16	15	8	100.0%
No. of LP	1,730	1,636	875	97.7%
Greenfield NPBT	**1.5**	**(2.0)**	**(3.9)**	**nm**
Network Support Costs	(59.3)	(40.1)	(38.4)	54.4%
Operating EBIT (after lease interest)	**80.1**	**101.4**	**107.0**	**(25.1%)**
Margin	***9.2%***	***12.9%***	***11.6%***	
Core Costs as a % of Revenue				**% pt change**
Wages (including Subsidy)	57.0%	51.0%	57.4%	(0.5%)
Rent	13.2%	15.5%	14.6%	(1.4%)
Depreciation	2.3%	2.4%	2.1%	0.2%
Other	10.9%	11.7%	9.1%	1.8%
Support Office as % Total Revenue				**% pt change**
Network support costs	6.8%	5.1%	4.2%	2.6%

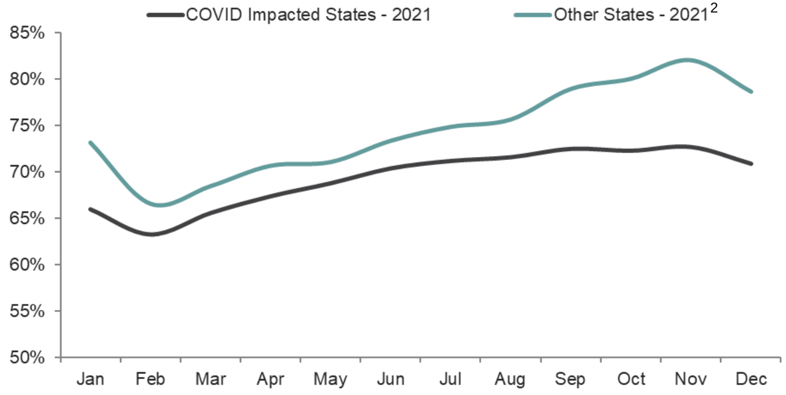
1. Proxy for rent expense comprising lease depreciation, lease interest and outgoings
2. Operating EBIT (after lease interest) equivalent to NPBT before finance costs (non-lease) and non-operating items

CORE[1] OCCUPANCY TREND

- Occupancy in the first half narrowed the gap on CY19, driven by the strategic change programs and re-establishment of the seasonal uplift trend
- H1 occupancy recovery disrupted in H2 due to resurgence in COVID-19 impacts that reduced attendances and new enrolments
  - Widespread movement restrictions then turned to COVID-19 related centre closures driven by isolation requirements
- Strong occupancy growth was achieved in the states not impacted materially by COVID-19 ahead of CY19 seasonal trend
- Enquiry levels are strong and in line with prior year. COVID-19 related deferrals and delayed commencement dates are impacting occupancy conversion at the start of CY22
- G8 has continued to support families by waiving parent gap fees, maintaining regular contact with families, retaining enrolments and rebuilding attendances after lockdowns and shadow lockdowns



Monthly Core[1] Occupancy (%)



Monthly Core[1] Occupancy – COVID-19 Breakdown (%)

1. "Core" includes all centres excluding the 16 centres in the greenfield portfolio

2. "Other States" includes WA, SA and QLD

CORE[1] OCCUPANCY

Regional outperformance maintained

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- Geographic portfolio diversification, with limited CBD exposure, provided some insulation against lockdowns and isolation requirements
- Regional centres outperformed reflecting strong net migration to the regions over 2020 and 2021, with occupancy 2.5% pts higher than CY19
- Occupancy in Victoria was impacted by the cumulative effect of mobility restrictions
- Improved occupancy in WA driven by divestment of 25 centres in CY19 and occupancy growth in greenfield centres
- NSW COVID-19 impact mitigated by Improvement Program and lower supply growth
- NPS scores of the ACT centres have improved significantly following the improvement plans focused on team and the physical appeal of the centres
- Supply of net new centres is lower than prior year, likely as a result of the COVID-19 environment

Occupancy by region

	Core Average Occupancy						
Region	**CY21**	**CY20**	**CY21 v CY20**	**CY19**	**CY21 v CY19**	**Centres**	**Licenced Places**
CBD	43.9%	51.8%	(7.9%)	74.0%	(30.1%)	7	510
Metro	66.3%	64.5%	1.8%	71.6%	(5.3%)	236	19,254
Regional	77.3%	72.3%	5.0%	74.8%	2.5%	186	15,900
National	**70.9%**	**67.8%**	**3.1%**	**73.0%**	**(2.1%)**	**429**	**35,664**

Occupancy by state

	Core Average Occupancy							
State	**CY21**	**CY20**	**CY21 v CY20**	**CY19**	**CY21 v CY19**	**Supply YoY**	**Centres**	**Licenced Places**
ACT	57.1%	62.4%	(5.3%)	78.3%	(21.2%)	3.6%	9	894
NSW	72.1%	68.8%	3.3%	73.5%	(1.4%)	1.6%	162	11,393
QLD	76.0%	73.1%	2.9%	76.3%	(0.3%)	3.4%	62	5,314
SA	72.7%	72.5%	0.2%	75.5%	(2.8%)	2.6%	25	2,005
VIC	67.9%	63.4%	4.5%	72.3%	(4.4%)	4.9%	134	13,100
WA	73.1%	71.3%	1.8%	67.4%	5.7%	4.3%	37	2,958
National	**70.9%**	**67.8%**	**3.1%**	**73.0%**	**(2.1%)**	**3.1%**	**429**	**35,664**

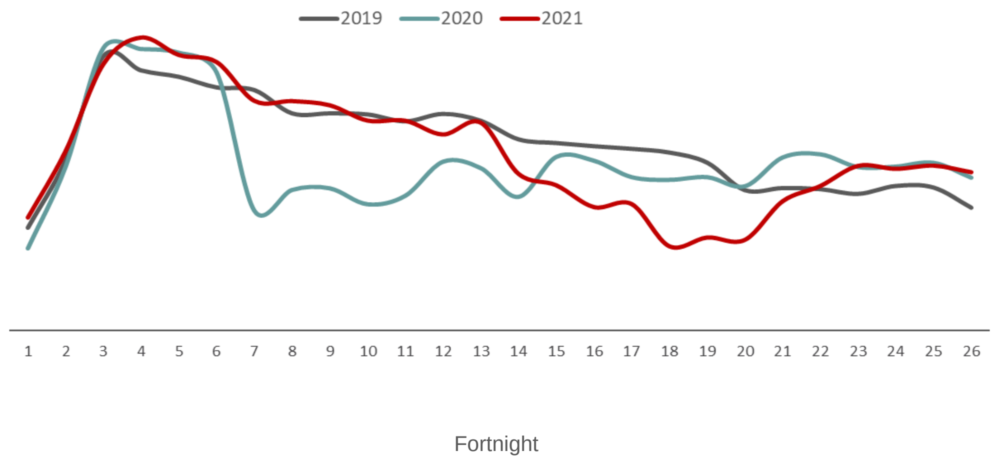
1. "Core" includes all centres excluding the 16 centres in the greenfield portfolio

WAGE OPTIMISATION

Wages managed to attendance levels

- Improved systems, training and processes relating to award compliance have resulted in positive wage performance
- Improvements in efficiency were achieved despite lower occupancy levels with CY21 WHB at CY20 levels
- Roster optimisation and compliance activities mitigated wage remediation impacts
- Fortnights 14 to 22 reflect reduced hours as COVID-19 movement restrictions impact attendance levels
- Fortnights 23 onwards reflect normalisation of attendances and lower occupancy levels that cause inefficiencies in a regulated ratio wage environment
- From a wage rate perspective, a 2.5% increase in the Child Services Award was effective 1 July 2021 and increased remuneration structures for Centre Manager and ECT roles were implemented during the year

Wage hours per booking by fortnight

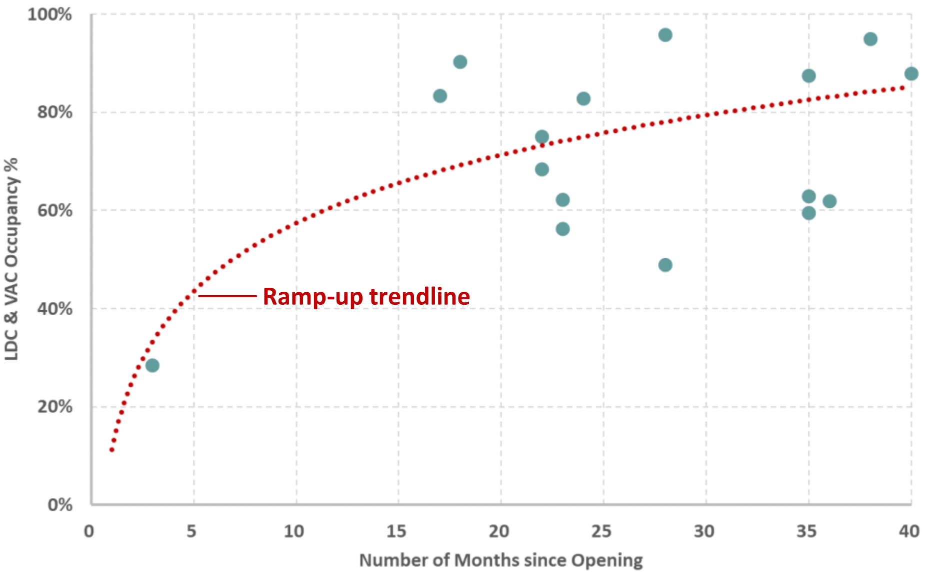


GREENFIELDS

Changing portfolio shape in CY22 reflecting mature centre exits and openings

- Refreshed Greenfield approach to further enhance the centre network
  - New centre openings subject to robust market assessment including supply/demand, site location and demographics
  - Capital light approach to deliver strong returns at occupancy maturity
- COVID-19 disruptions have impacted planned new CY22 centres - 9 centres now targeted
- The targeted openings and removal of the 6 maturing centres as they transfer to Core is expected to drive a CY22 greenfield loss of circa $3m

Greenfield Occupancy (as at 31 December 2021)



Key metrics

Number of centres	16	Average age	27 months
Total CY21 NPBT[1]	$1.5m	Cohort average occupancy	74%

CY21 performance

1. CY21 average occupancy of 74%
2. CY21 NPBT[1] $1.5m (+$0.8m in H2), vs. $3.0m loss in CY20
3. 6 centres will mature to the Core from January 22
4. 1 greenfield centre opened in CY21

[1] NBPT includes $420k SO team member employment expenses and $203k setup costs for GF centres yet to open

IMPAIRED CENTRES

Divestment program progressing

1. **19 centres divested during the year**
2. **21 centres completed to date with the sales process continuing for the remaining portfolio**
3. **Of the impaired portfolio's CY19 EBIT losses (pre-AASB 16) of $12m, the completed centres accounted for $3m**
4. **Net cash outflows of $7m related to divestments/surrenders during the year**

- Portfolio optimisation progress was slowed by COVID-19
- 19 of the 52 impaired centres have been either divested, leases surrendered or conditional, indicative agreements are in place
- On a statutory basis, the impaired portfolio contributed a c.$2m profit and already reflects the P&L benefit of the intended exit from the portfolio of 52 centres due to
    - Lower lease depreciation of $9m as a result of the CY20 impairment
    - Lower EBIT losses from improved operational performance
- Completion of this program will drive an improvement in operating cash flow
- A commercial approach, guided by return on capital, will continue to be employed when assessing exit alternatives, taking into consideration
    - Lease tail of the centre
    - Trading performance of the centre
- Cash impact of divestments and lease exit payments $7m in CY21

NETWORK SUPPORT

Supporting improved centre outcomes in Engagement, NPS and Quality

Network Support Investment

$M	CY20	CY21	Change
Centre support team & programs	50.4	64.5	9.9
Corporate Costs			4.2
COVID cash conservation	(5.1)		5.1
Apprenticeship subsidy		(5.2)	(5.2)
JobKeeper	(2.7)		2.7
Singapore subsidised earnings	(2.5)		2.5
Total Network Support	40.1	59.3	19.2

Field-based and centralised teams *working closely with the centres across pedagogy, operations, compliance, safety and quality*

Scalable platforms *for team and family experience*

Centre Support

- Improvement Program (IP)
- Workforce Optimisation/Compliance
- Study Pathways Program
- First steps CM induction Program
- Quality Assurance Program
- Team Service Recognition
- Centralised Recruitment Model
- HR Business Partners

NPS +17pt *uplift vs CY19*

Stable team engagement *vs CY19 despite COVID-19 challenges*

Lower CM turnover of 5%pts[2] *for CM's in 'First Steps' program*

92% NQF *'exceeding' & 'meeting' ratings* [1] *(CY19: 76%)*

Incremental corporate costs

- Insurance $2.3m
- IT systems & cyber $0.9m
- COVID-19 support team $1.0m

- Investment in support costs have delivered improved performance in key occupancy lead indicators such as NPS, engagement and quality
- Initiatives aimed at driving reductions in CM and ECT turnover have delivered promising results, particularly in Q4
- To ensure improvements across the portfolio are sustainable, certain 'around-centre' support roles, currently part of the Improvement Program, may be retained in the post-IP structure

1. Centres assessed under the NQF in CY21. 2. in the first 6 months on a run rate basis.

CASH CONVERSION

Managed well with timing impacts

- Cash conversion strong at 107%
- Reduction in Gross operating cash flow driven predominantly by lower EBITDA and timing of receipts and prepayments
- Additional creditors carried into January 2022 due to transition to new finance system
- Remediation program costs totalling circa $38m, including payments to 18,677 active and former team members as at 31 January 2022. Circa 7,400 team members remain to be paid
- Engagement with the Fair Work Ombudsman is ongoing following G8's self-reporting of the employee underpayments announced in December 2020

EBITDA to Cash Flow Conversion

$M	CY21	CY20 Restated	CY19 Restated
Operating cash flow	84.3	185.4	154
+ Net interest	11.1	18.5	23.9
+ Tax paid	28.6	18.1	29.6
- Lease principal portion of lease payments	(72.3)	(58.5)	(63.7)
Adjustments			
+ CY20 Rent relief unwind	2.5	(8.2)	-
+ Wage remediation payments	37.9	-	-
+ SaaS outflows	6.9	4.1	-
Gross operating cash flow	**99.0**	**159.4**	**143.8**
Operating EBITDA	208.4	236.7	252.2
Finance costs - leases	(39.6)	(43.7)	(45.0)
Depreciation - leases	(67.6)	(70.8)	(78.0)
Depreciation – leases impairment	(8.7)	(6.6)	-
+ Wages remediation expenses	-	15.0	13.0
Operating EBITDA (adj. lease interest. & depreciation)	**92.5**	**130.6**	**142.2**
Cash flow conversion	**107%**	**122%**	**101%**

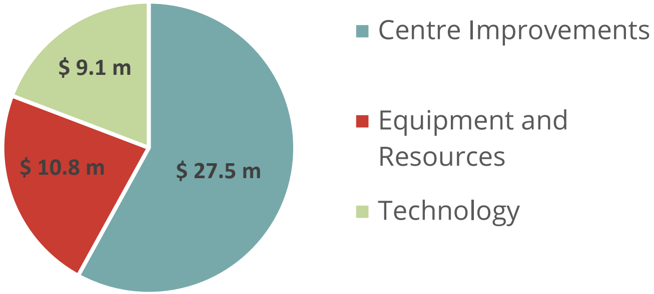
1. Gross cashflow is Operating cashflow + Net interest + Tax paid + wage remediation payments + SaaS outflows – Lease principal payments

CAPEX

Property Investment driving uplift in occupancy lead indicators

- Total CY21 capex of c. $47.4m excludes $6.9m in software development costs that previously would have been capitalised
- Expected CY22 Capex (including SaaS) of $65m with $10m in property works carried over from CY21
- Property investment is driving positive momentum in occupancy lead indicators of NPS, Engagement and Quality ratings
    - All centres audited under the NQF in CY21 received 100% 'Meeting' or 'Exceeding' in the QA3 Property standard
    - Centres with medium and major property investment, NPS increased by 6 points and 17 points respectively
    - Higher employee engagement scores were achieved in centres with 'high' to 'medium' levels of spend

Total CY21 Capex[1] = $47.4 million



1. 'Equipment and Resources' includes $4.7m total capex for the CY21 Improvement Program

FUNDING AND CAPITAL MANAGEMENT

Strong balance sheet

G8 Education Ltd

Dividend

- CY21 fully franked dividend of 3.0 cents per share declared, to be paid in April 2022
- Represents 56% payout of CY21 NPAT, in line with the dividend policy of 50-70%
- DRP suspended

On-Market Buyback

- On-market share buyback to be implemented as part of a balanced capital management strategy
- Volume of buyback to be determined by appropriately balancing:
  - Shareholder returns and leverage levels
  - Uncertain earnings recovery outlook driven by COVID-19
  - Funding strategic priorities including the IP and property investment program
  - Other funding needs, including wage remediation and network optimisation

Sources of funding and liquidity remain strong

- Net debt position of $26m at end of CY21, with $300m of undrawn funds
- Net debt is currently circa $45m largely reflecting delayed creditor payments to January following the roll out of a new finance system
- Strong balance sheet to withstand short term challenges

Gearing Ratios

$M	CY21	CY20
Non-current borrowings	96.1	295.1
Cash and cash equivalents	(74.1)	(317.0)
Net Debt/(Cash)	**22.0**	**(21.9)**
Operating EBITDA[1]	101.2	122.2
Net Debt/EBITDA[1] (x)	**0.2**	**(0.2)**
Net interest[2] (last 12 months)	13.5	21.2
EBITDA[1]/Net Interest (x)	**7.5**	**5.8**
Fixed charge cover (x)	**1.42**	**1.67**
Gearing ratio[3] (%)	**2%**	**n.m.**

1. Operating EBITDA after lease interest and depreciation
2. Net interest excludes remediation program interest and lease interest
3. Gearing ratio = Net Debt (excludes lease liabilities) / Net Debt (excludes lease liability) + Equity

MEDIUM TERM OUTLOOK AND STRATEGY

G8 Education™

STRONG FUNDAMENTALS DRIVING LONG TERM DEMAND

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

G8 Education Ltd

POSITIVE DEMAND SIGNALS

- Extensive and growing body of research supportive of the long-lasting benefits of formal Early Learning to children and society
- Growth in female workforce participation rate is expected to continue given strong support from government and business
- Continued positive momentum in ECEC enrolment rates is supported by Australia lagging many OECD peers
- Growth rate in 0-4-year-old population is forecast by the ABS (source: JLL Australian Childcare Update, Aug. 2021) to double to 1.4% CAGR CY21-31 (vs c.0.7% in the prior decade)
- Long-run positive net migration trend expected to re-stablish once international borders reopen
- Unemployment rate 4.2% (Dec 2021), the lowest in 13 years

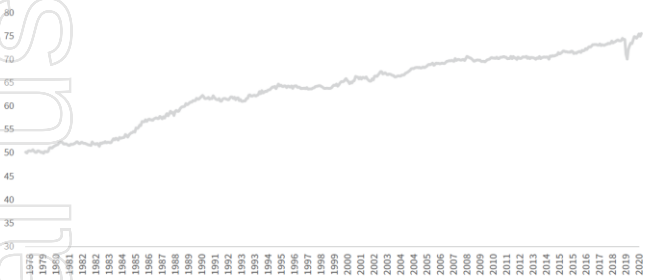
STRONG BI-PARTISAN SUPPORT

- ECEC sector recognised, particularly during the pandemic, as critical to Australia's ongoing economic recovery
- To improve affordability, the Federal Government announced in May 2021, $1.7bn in incremental funding as part of the *'Women's Economic Security Package'*
- The *'Womens Economic Opportunities Review'* announced February 7, 2022, by the NSW Government is aimed at supporting women "to enter, re-enter and stay in the workforce...and improve affordability of childcare"
- Government funding for the ECEC sector has grown steadily at circa 9% CAGR since CY10

SECTOR CHALLENGES

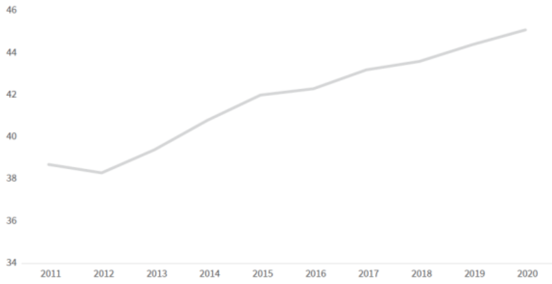
- Net new LDC centres +3.1% in Q4 CY21, the slowest rate of growth in 5 years although development pipelines are suggestive of continued new supply
- Attracting and retaining skilled educators remains the sector's greatest challenge, exacerbated by the temporary drop in net migration (the first recorded since WW2) reflected in a doubling of vacancy rates across the sector

Female Workforce Participation Rate (1978-2020)



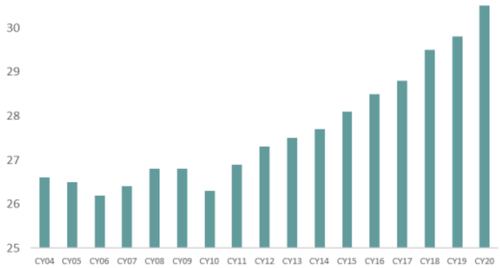
Source: ABS

Proportion of children in child care (0-5)



Source: Department of Education

LDC - Average weekly hours (per enrolled child)

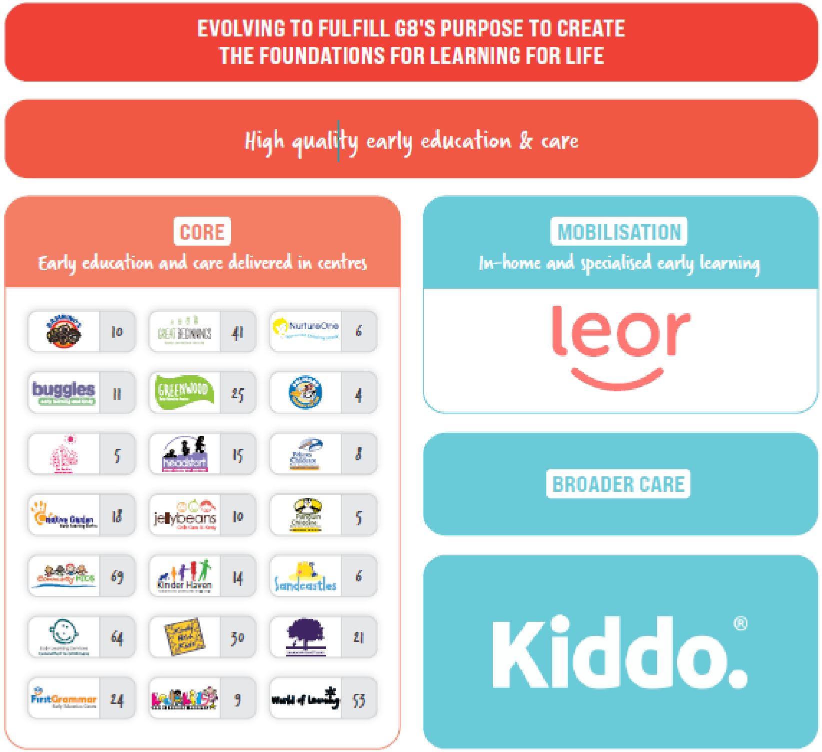


Source: ACECQA

STRATEGIC DIRECTION

Evolving to fulfill G8's purpose to create the foundations for learning for life

- Creating great teams remains a key strategic priority, recognising that educators are at the heart of delivering the highest quality learning and care offering to children
- Changing workforce and childcare patterns are influencing the delivery of early learning services and these strategic considerations are at the core of acquiring Leor and investing in Kiddo
- Both Leor and Kiddo support the mobilisation of an early learning and broader care offering to create differentiation for families
- Leor and Kiddo also support a differentiated offering for educator team members
- Total investment to date of $3m (Leor $2m and Kiddo $1m)



Note: Kiddo is an on demand booking app connecting parents with carers instantly. G8 is a strategic investor in Kiddo with a 20% shareholding

KEY STRATEGIC PROGRAMS CY22

Focus on quality and creating great teams to drive performance

	Program and Description	
Quality & Experience Improvement	Team & child safety	Safety first culture to drive continued improvement in child and team safety and wellbeing
	Improvement Program	Dedicated support and investment to elevate the quality and experience in all centres
Network Optimisation & Growth	Greenfields	Opening of a measured number of attractive greenfield centres each year in a capital 'lite' manner
	Underperforming centres	Pursue disciplined turnaround or exit of underperforming centres in a manner that minimises exit costs
	Leor	Support Leor to grow its presence in the in-home and specialist care segments
Systems & Platforms	HRIS	Roll-out of the Human Resource Information and rostering system across the network
	FMS	Implementation of an integrated financial management system

CURRENT TRADING AND OUTLOOK

G8 Education

COVID-19 IMPACTS

Looking after team and families

Jul – Sep
Widespread lockdown

- Downside risk to earnings, flagged in August, materialised in H2 as movement restrictions were followed by centre closures impacting occupancy growth
- Average Work-days Closed peaked during Aug-Oct, representing an estimated loss in revenue of $3.3k per day

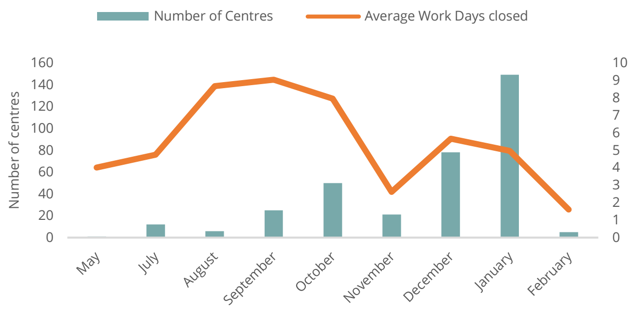
Oct – Mid Nov
Initial reopening in NSW, VIC, QLD

- Centres re-opened as states re-opened post the Delta lock downs
- Average Work-days Closed dropped significantly from c. 8 to c. 3

Mid Nov – Current
Omicron – Restrictions reinstated to initial easing

- Closures escalated materially during January, but have dropped in February as isolation requirements eased and case numbers decreased
- COVID-19 related isolation requirements continue to impact revenue with gap fees waived in January and February to support families and retain enrolment

Centre closures by month (as at 17/2/22)



Looking after our team and families remain our priority

- Keeping our doors open to support families, in line with Government requirements
- Ensuring a safe and trusted environment for children and team
- Providing employment surety and wellbeing support
- Waiving the gap or discounting parent fees for impacted families to the extent of $28m in CY21
- Additional contract cleaners for centres (incremental $1.3m vs CY21) and dedicated central COVID-19 support team

1. Refer to slide 40 in the appendix for an update on government COVID-19 support for the early childhood education and care sector

CURRENT TRADING & OUTLOOK

- Strong sector fundamentals remain with ongoing government support, increasing female workforce participation and a growing awareness of the benefits of early learning and education on life outcomes for children
- Across the sector however, there are near-term COVID-19 headwinds including:
  - unprecedented increase in closures during January 2022 without corresponding Business Continuity Payment support;
  - isolation requirements causing lower attendances or centre closures - both resulting in gap fee waivers as G8 continues to support its families;
  - delayed enrolments, resulting in softer occupancy levels; and
  - team member shortages resulting in attraction and retention challenges
- The resulting impact on current core occupancy[1] for the Group is 3.6%pts lower than CY19 and 1.9%pts lower than CY21
- This subdued occupancy level is expected to be temporary as the impacts of COVID-19 moderate and businesses normalise
- The enquiry pipeline is strong, in line with January 2021, positioning the Group well to translate this into occupancy as demonstrated in H1 CY21
- Strong underlying momentum in the portfolio, particularly in occupancy lead indicators, despite the challenging environment, positions the Group well for a COVID-19 normal environment
- Focus in the near-term is on driving occupancy by converting enquiries and deferrals and continued investment in attracting and retaining talent
- The Group's balance sheet is strong providing support for short term challenges. On-market buyback to be implemented as part of the Group’s capital management strategy

1. For week ended 20 February 2022

Q&A

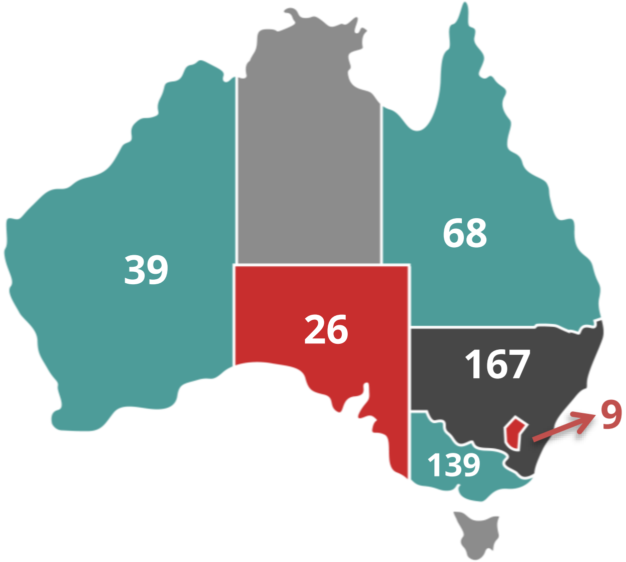
G8 Education

APPENDIX

G8 IS A MARKET LEADER

448 CENTRES

Diversified geographic footprint across Australia



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

37K+
Licensed places across Australia

8K+
Early Childhood Educators

50K+
Children per week

$126
Average daily fee

INTRODUCING LEOR & KIDDO

G8 Education[Ltd]

Overview

leor

- Leor is a home based education and care service founded in 2018 to give children access to early childhood education in the home
- Leor has supported many children with complex needs, including those accessing the NDIS
- Most of Leor services involve delivering early childhood education to children who would otherwise be unable to access it.

Kiddo®

- Kiddo is an on demand in-home care platform for parents and a community of carers to instantly match
- Parents are provided with a professional, seamless experience to book and manage their care for children
- Carers are offered a solution to manage their availability, charge rates and build a brand

Services & presence

leor

- Private clients (full fees)
- In-home care (Child Care Subsidy, families pay out of pocket expenses)
- NDIS care for children (fully covered by NDIS)
- In-home care provided across all states/territories except SA and an approved national provider of NDIS

Kiddo®

- Launched in-home care offering in South East QLD in October 2019
- Gross Marketplace Revenue in excess of $800,000 and over 12,000 registered users since launch
- Services offered on the platform include babysitting, ongoing care and NDIS care for children (launching 2022)

CY22 key focus areas

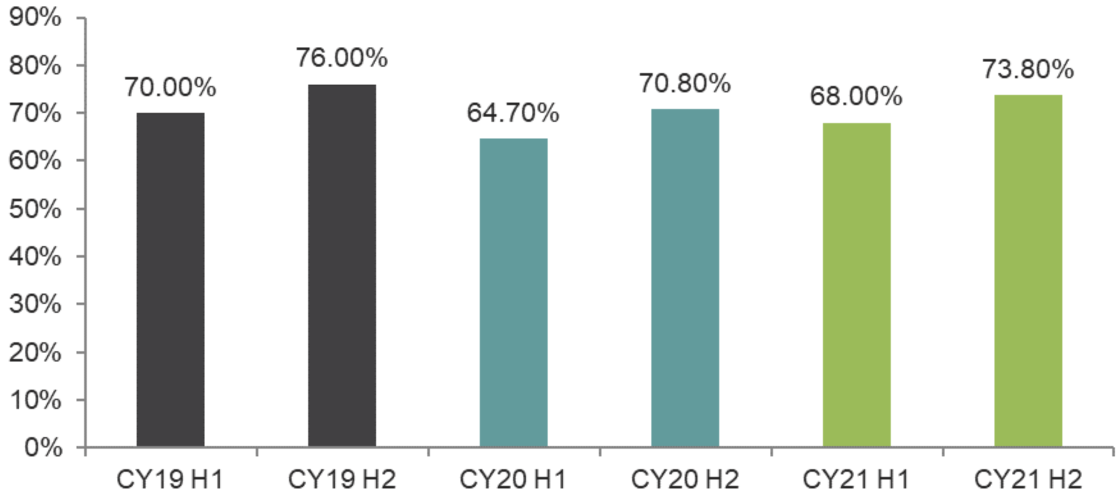
leor

- G8 educators working with Leor families to support meeting in-home care demand
- Further build out of NDIS team and capabilities
- Integration onto key G8 platform administration systems

Kiddo®

- Grow and scale the in-home care offering Australia wide
- Launch a NDIS care for children offering
- Continued development of the technology platform

HALF YEARLY CORE OCCUPANCY



SUPPLY / DEMAND DYNAMICS

G8 Education

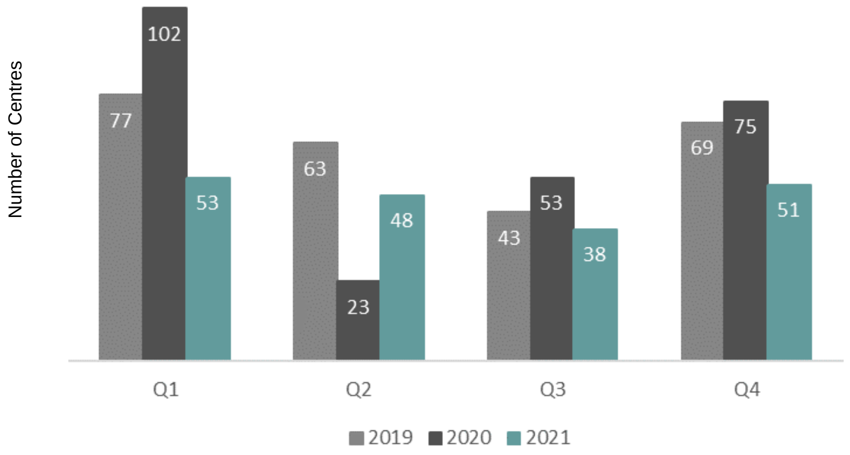
Macro

- LDC net supply annualised growth was 3.09% (vs 3.72% in CY20)
- Unemployment levels have decreased from 6.6% to 4.2% from December 2020 to December 2021[1]
- Temporary impact of no net overseas migration stemming from the impact of the COVID-19 pandemic

Micro

- G8 centres impacted by supply within 2km up to H2 CY21 decreased by 25% when compared to H2 CY20.
- Since January 2017, 314 G8 centres have been impacted by supply within 2km

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

FINANCIAL OVERVIEW

- Revenues were impacted by parent gap fee waivers to support families (where children did not attend due to COVID-19) combined with the seasonal uplift trend not occurring for COVID-19 affected states, partially offset by a February fee increase
- Operating EBITDA was 17% lower than CY19 driven by lower revenue partially offset by lower employment costs
- Savings in the direct cost of services funded increases in property, utilities and maintenance costs
- “Other expenses” driven by increases in
  - Customer Engagement Team (increased activity and full year vs 9 months in CY19)
  - IT (websites, internet, cyber, systems)
  - Insurance cost escalation
- Operating EBIT (after lease interest) benefited from lower lease depreciation, primarily due to the impairment (circa $8.7m) coupled with a reduced number of centres
- Lower non-lease finance costs reflects the restructuring of borrowing facilities and repayment of drawn debt post the CY20 capital raising

G8 Education Ltd

Financials versus “pre-COVID-19” CY19

$M	CY21	CY20 Restated[1]	CY19	CY21 vs. CY19
Total Operating Revenue	**866.3**	**777.1**	**918.9**	**(5.7%)**
Employment costs	(537.6)	(423.8)	(557.5)	(3.6%)
Property, utilities and maintenance costs[2]	(48.2)	(43.0)	(39.7)	21.4%
Direct costs	(33.7)	(35.9)	(41.0)	(17.8%)
Other expenses	(38.4)	(37.7)	(28.6)	34.3%
Total operating expenses	**(657.9)**	**(540.4)**	**(666.8)**	**(1.3%)**
Operating EBITDA	**208.4**	**236.7**	**252.1**	**(17.3%)**
Depreciation and amortisation	(21.1)	(20.8)	(22.1)	(4.5%)
Depreciation - leases	(67.6)	(70.8)	(78.0)	(13.3%)
Operating EBIT	**119.7**	**145.1**	**152.0**	**(21.2%)**
Finance costs - leases	(39.6)	(43.7)	(45.0)	(12.0%)
Operating EBIT (after lease interest)	**80.1**	**101.4**	**107.0**	**(25.1%)**
Net finance costs - non-lease	(13.6)	(22.1)	(30.5)	(55.4%)
NPBT excl. non-operating items	**66.5**	**79.3**	**76.5**	**(13.1%)**
Impairment loss	-	(275.2)	-	-
Non-operating items[3]	(0.9)	(11.1)	(5.6)	(83.9%)
NPBT	**65.6**	**(207.0)**	**70.9**	**(7.5%)**
Income tax benefit/(expense)	(19.9)	18.0	(18.9)	5.3%
NPAT	**45.7**	**(189.0)**	**52.0**	**(12.1%)**

1. Restated for Software Development Expenses and reclassifications (note 14 Interim Financial Report 2021)
2. Includes rates, utilities, services, outgoings, cleaning, maintenance, variable rent etc.
3. Refer to Financial Report CY21 Note 7.

BALANCE SHEET

- Cash and cash equivalents of $74m, a reduction of $243m due to a voluntary $200m repayment of borrowings
- Refinance completed in February 2021
  - $300m revolver facilities undrawn
  - $100m subordinated facility remains drawn
- Increase in other non-current assets reflects an increase in prepayments relating to insurance
- Increase in intangibles assets and non-current other payables relates to the Leor acquisition and contingent consideration
- Increase in trade and other payables relates to capital accruals for improvement works completed in Q4 CY21
- Reduction in provisions is due to wage remediation payments made during the year
- Reduction in lease liabilities reflects 25 centres divested or closed during the year

$M	31 December 2021	Restated 31 December 2020
ASSETS		
Current assets		
Cash and cash equivalents	74.1	317.0
Trade and other receivables	19.6	17.4
Other current assets	12.3	10.3
Current tax asset	17.6	-
Total current assets	**123.6**	**344.7**
Non-current assets		
Property plant and equipment	107.5	84.9
Right of use assets	441.2	468.6
Deferred tax assets	108.1	119.7
Intangible assets	1,057.4	1,049.2
Investment in an associate	1.0	-
Other non-current assets	7.2	1.0
Total non-current assets	**1,722.4**	**1,723.4**
Total assets	**1,846.0**	**2,068.1**
LIABILITIES		
Current liabilities		
Trade and other payables	78.3	73.9
Contract liabilities	12.3	9.1
Current tax liability	-	2.8
Lease liabilities	73.2	69.4
Provisions	90.1	120.6
Total current liabilities	**253.9**	**275.8**
Non-current liabilities		
Other payables	6.9	0.7
Borrowings	96.1	295.1
Lease Liabilities	559.6	611.8
Provisions	14.8	16.2
Total non-current liabilities	**677.4**	**923.8**
Total liabilities	**931.3**	**1,199.6**
Net assets	**914.7**	**868.5**
EQUITY		
Contributed equity	1,209.2	1,209.2
Reserves	65.3	16.9
Retained earnings	(359.8)	(357.6)
Total equity	**914.7**	**868.5**

G8 Education[ltd]

CASH FLOW

- CY21 cashflows were neutral prior to the wage remediation payments of c. $38m
- Operating cashflows of $84.3m, a decrease of 45% on CY19
  - Lower cashflows from trading due to lower occupancy
  - Remediation payments (- c.$38m)
  - Lower interest payments due to refinance (- c.$8m)
  - Timing of insurance prepayments (+ c.$8m)
  - Timing of payroll and creditor payments relating to CY20 accruals (+ c.$12m)
- PP&E and intangible payments of $42.7m reflect investment in centre maintenance and strategic projects
- Payments for divestments of $7.0m relates to the exit of underperforming centres
- Payment of borrowings of $201.5m reflects repayment of the revolving facility in full
- Principal lease repayments variance driven by
  - Rent deferral repayments of $2.4m during CY21
  - Cash relief in the form of $4.8m in rent waivers and $3.1m in deferrals in CY20
  - Rent increases $1.2m

G8 Education[ltd]

$M	CY21	CY20 Restated	CY19	CY21 vs. CY19
Cash flows from operating activities				
Receipts from customers (inclusive of GST)	868.5	785.4	923.1	(5.9%)
Payments to suppliers and employees (inclusive of GST)	(704.9)	(519.9)	(670.6)	5.1%
Interest received	0.1	0.9	0.5	(80.0%)
Interest paid (non-leases)	(11.2)	(19.4)	(24.4)	(54.1%)
Interest paid (leases)	(39.6)	(43.5)	(45.0)	(12.0%)
Income taxes paid	(28.6)	(18.1)	(29.6)	(3.4%)
Net cash inflows from operating activities	**84.3**	**185.4**	**154.0**	**(45.3%)**
Cash flows from Investing Activities				
Payments for purchase of businesses (net of cash acquired)	(2.6)	(11.3)	(49.5)	(94.7%)
Payments for purchase of intangible assets	(1.3)	(1.6)	-	-
Net proceeds / (payments) for divestments	(7.0)	7.6	5.6	n.m.
Payments for property plant and equipment	(41.4)	(21.1)	(39.8)	4.0%
Acquisition of investment in associate	(1.0)	-	-	-
Net cash outflows from investing activities	**(53.3)**	**(26.4)**	**(83.7)**	**(36.3%)**
Cash flows from Financing Activities				
Share issue costs	-	(11.1)	-	-
Dividends paid	-	(19.1)	(44.5)	-
Principal elements of lease payments	(72.3)	(58.5)	(63.7)	13.5%
Repayment of corporate note	-	-	(269.9)	-
Proceeds from issue of shares	-	301.2	-	-
Inflows from Borrowings	-	65.0	295.0	-
Outflows of Borrowings	(201.5)	(160.0)	(2.1)	n.m.
Net cash (outflows) / inflows from financing activities	**(273.9)**	**117.5**	**(85.2)**	**221.5%**
Net increase in Cash and Cash Equivalents	(242.9)	276.5	(14.9)	n.m.
Cash and cash equivalents at the beginning of the financial year	317.0	40.6	55.5	n.m.
Effects of exchange rate changes on cash	-	(0.1)	-	-
Cash and cash equivalents at the end of the financial year	**74.1**	**317.0**	**40.6**	**82.5%**

UPDATE ON COVID-19 GOVERNMENT SUPPORT

Gap fee waivers and increased allowable absences

G8 Education

Gap Fee Waiver

- Until 30 June 2022, services can waive the gap fee and retain the CCS if a child is unable to attend care for one of four reasons:

    1. Household isolation including awaiting test results. From 9 November 2021

    2. The child is at a higher risk of severe disease from COVID-19. From 27 January 2022.

    3. The service, or a room at the service, is closed due to COVID-19.

    This includes where:

    - The service, or a part of the service, closed based on general guidance from a state or territory government agency, such as a health, education, or regulatory agency, due to a COVID-19 case.
    - The service, or a part of the service, closed because educator to child ratios cannot be safely met due to the educator/s isolating.
    - A Family Day Care or In Home Care educator can't provide their usual service because they, or a member of their immediate household must isolate due to COVID-19. Written advice from a state agency is no longer required from 27 January 2022. This applies from 1 October 2021.
    - An Outside School Hours Care service operating on a school campus closed as part of a direction to the school to close. This applies from 1 October 2021.
    - Services are encouraged to explore all options to remain open and provide care for vulnerable children and children of essential workers.

    4. The state or territory has restricted access to child care in a region due to COVID-19.

    This includes where the state or territory has restricted school attendance, in the case of Outside School Hours Care.

    This applies from the first day the restrictions are in force.

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

Allowable absences

Families have 52 allowable absences in FY22

- up to 42 allowable absence days per child each financial year
- all families can access 10 extra allowable absences per child to help families affected by COVID, but can be used for any reason
- these 10 extra allowable absences are on top of the additional allowable absences provided to families in New South Wales, Victoria and the Australian Capital Territory during the extended lockdowns of 2021
- if a state or territory restricts access to child care in a region for more than 7 days, more absences will be provided.

Unlimited absences in January/February 2022

- Families won't have to use their 52 allowable absences for FY22 during this period
- Services may be back paid if a child had already exceeded their 52 absences in January. Services must pass on the benefit of the fee reduction to the family.
- Unlimited absences do not apply in Western Australia.

Absences at the start or end of an enrolment

- CCS is not normally paid for any absences before a child's first, or after their last, physical attendance. There are exceptions to this rule to support families who start or end an enrolment between 1 December 2021 and 30 June 2022.
- Enrolment starts or ends between 1 January and 28 February 2022
- If an enrolment starts or ends between 1 January and 28 February 2022, CCS can be paid if Gap Fees are charged or a Gap Fee waiver is permitted for any absences that occur before the child's first day, or after their last day of care.
- While the support is in recognition of the impact of the Omicron wave, the absences can be taken for any reason.
- This does not apply in Western Australia as COVID-19 has not had a significant impact on child-care attendance.