

ASX Announcement

G8 Education Limited
(ASX:GEM)



20 April 2023

Market Announcements Office
ASX Limited
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

2023 AGM – CHAIR’S AND MANAGING DIRECTOR’S ADDRESSES & PRESENTATION

Attached are the following documents to be presented at G8 Education Limited’s 2023 Annual General meeting (**AGM**) being held today:

1. Chair’s Address;
2. Managing Director’s Address;
3. AGM Proxy Results; and
4. AGM Presentation Slides.

The results of the AGM will be communicated to the ASX shortly after conclusion of the AGM.

Yours sincerely

Tracey Wood
Chief Legal, Quality & Risk Officer
G8 Education Limited

This document has been authorised for release by the Board of Directors.

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2023 AGM – CHAIR'S ADDRESS

David Foster

I will begin with an overview of the Group's 2022 performance from an operational and strategic perspective.

Our Managing Director and Chief Executive Officer Pejman Okhovat will then provide an update on the Group's trading performance for the year to date and the market operating environment, as well as progress in relation to execution of the Group's strategic focus areas. Following Pejman's presentation, we will then move to the formal items of business for this meeting.

First to an overview of 2022. We faced several tough challenges in our external environment, particularly early in the year. However, the Group responded well to deliver continued improvement in the quality ratings across our network and achieve a solid financial performance.

The start of 2022 presented temporary, yet significant challenges, as our network felt the impacts of the COVID-19 Omicron wave and significant rain and flooding along the east coast of Australia. These weather impacts caused devastation in many of our communities, and I am incredibly proud of the organisation's response to support directly impacted team members and families. As a result of these events, centre closures were elevated in the first quarter, temporarily impacting occupancy and earnings.

The Group's disciplined response, including through workforce planning and cost management, mitigated the impact on the Group's full year performance. A strong second half performance delivered core¹ occupancy for the year ended December 2022 of 71%, an Operating EBIT² of \$80.3 million and a full year Net Profit After Tax of \$36.6 million.

Cash flow generation continued to be strong, with \$136.8 million in operating cash flows being generated and share buybacks of \$34.8 million undertaken up to 31 December 2022. The Group also continued to maintain a strong balance sheet, with net debt of \$91 million at the end of 2022 and access to a further \$140 million of committed bank debt facilities. This balance ensures G8 has sufficient capital to deliver its current strategy. A final dividend of 2.0 cents per share was declared in respect of the 2022 full year, resulting in full year dividends of 3.0 cent per share.

I would also like to touch on some of the challenges we faced at a sector level in 2022, including cost pressures, affordability challenges and workforce shortages. We were pleased to join others across the sector in welcoming affordability and accessibility measures included in the Federal Government's Budget in October 2022. We are also currently working to support state government reforms that will improve access to kinder and preschool programs for families in New South Wales, Victoria and Queensland from this year.

¹ "core" excludes greenfields.

² "Operating" excludes non-operating items and Kiddo and is after lease interests and depreciation.

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The success of these national and state government reforms relies heavily on the availability of trained educators and early childhood teachers. Workforce shortages continue to challenge the sector. We have joined with other providers and sector bodies in calling for the government to fund an increase in educator wages in a way that won't see overwhelming cost passed on to families and providers. We remain focused on the issue of workforce shortages as a priority in 2023 and Pejman will provide further details on our response to this.

Despite these challenges, our team can be proud to have delivered strong improvements across the G8 network in 2022, and they have done so with a firm focus on our purpose, creating the foundations for learning for life. Amongst our highlights for 2022 was a solid improvement in Quality, with 89% of services meeting or exceeding the National Quality Standards. This is up from 86% a year earlier and is a result of a continued focus on embedding quality practices in our services. The release of the next phase of our Education Strategy last year was also a significant milestone in the continuous improvement of our practice and in delivering sector-first innovations in educational programming.

I'm pleased to report that we have continued to strengthen our focus on sustainability. We renewed our Sustainability Linked Loan in 2022 linked to three performance indicators, including carbon emission reduction, quality improvement and implementing a Reconciliation Action Plan.

I'd also like to provide a brief update on our employee wage remediation program. This is well progressed with 80% of team members having been fully remediated, and an outreach and advertising process continuing to connect with the remaining former team members. We are continuing to engage with the Fair Work Ombudsman in connection with the matter.

The shareholder class action proceedings which were filed against the Company in late 2020 remain ongoing and we continue to vigorously defend that claim.

Before I conclude, I'd like to acknowledge the leadership transition from our former Managing Director and CEO Gary Carroll to our newly appointed CEO and Managing Director Pejman Okhovat.

On behalf of the Board, I would like to note our thanks to Gary for his leadership over six years with G8 Education, initially as our Chief Financial Officer before taking on the role of CEO in January 2017. Gary was a steadfast champion of our purpose as he led through periods of significant challenges and change for our organisation.

We took the opportunity to formally welcome Pejman to G8 Education when we presented our full year results in February. Since then, Pejman has continued to immerse himself in our business, engaging widely and visiting our centres across Australia, to support a smooth leadership transition and gain first-hand insights into our purpose, operations and the opportunities within the business.

In closing, I would like to thank all G8 Education team members for your dedication and contributions throughout 2022. Through your education and care of children in our services every day, you bring to life our purpose and make a positive and lifelong impact on our future generations.

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I would also like to thank you, our shareholders, for your continued commitment and support. I will now hand over to our Managing Director and Chief Executive Officer, Pejman Okhovat, to deliver his address.

Thank you.
David Foster
Chair

2023 AGM – MANAGING DIRECTOR’S ADDRESS

Pejman Okhovat

Thank you, David, and thank you to the Board and our G8 Education team across the country, for the warm welcome and great induction over the last 3 months. It has been a pleasure to get to know the G8 team and witness the amazing work they are doing to support our families.

As David outlined, I will now provide you with an update in three areas:

1. Trading performance for Q1 CY23;
2. G8’s strategic priorities; and
3. The sector operating environment.

Starting with the current trading, the Group’s first quarter profit performance was substantially stronger compared to the prior corresponding period (**pcp**) as the Group cycled the impact of Omicron and flooding. Q1 earnings returned to a more normalised range of between \$9-10m operating EBIT³.

The factors contributing to this stronger first quarter earnings result included higher occupancy, lower agency usage of 2.6% (versus 3.4% in the pcp) and a continued focus on workforce planning, cost disciplines and effectively managing the business within an inflationary environment.

Group occupancy improved steadily in the first quarter in line with expected seasonality. However, occupancy remains constrained, although not uniformly across our portfolio, due to sector-wide workforce shortages. Group core⁴ occupancy for March was 66.2%, 0.5% pts above CY22 and 2.5% pts below CY19. March has been used as a reference month given it captures “back to school” and removes the seasonality associated with the Easter holidays.

The March occupancy performance demonstrates the variability in G8’s network:

- As compared with prior year, QLD, NSW and VIC performed stronger than the other states in which G8 operates;
- 46% of centres were above CY19 occupancy levels;

³ “Operating” excludes non-operating items and Kiddo and is after lease interests and depreciation.

⁴ “core” excludes greenfields.

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- 34% of centres were below CY19 occupancy levels and are impacted by sector workforce constraints, including formal and informal occupancy caps and high team turnover;
- The remaining centres were negatively impacted by centre specific issues such as operational challenges, location and competition.

The operational focus in the short-term revolves around getting the core operating model working efficiently and driving operational improvements centre by centre. We are also assessing the changing family enrolment patterns, changes to the Government kindy funding programs, and adjusting our Enrolment and Transition processes across the network.

Turning now to our strategic priorities. As David mentioned, and as evidenced by G8's Q1 occupancy outcomes, workforce shortages remain the sector's greatest challenge.

Our effort to attract and retain great talent is a multi-year strategy which includes:

- advocating and participating in sector-level conversations with government;
- offering above award remuneration for key roles;
- competitive team recognition, flexibility, benefits and incentive programs; and
- incremental recruitment resources and initiatives.

This multi-pronged strategy is yielding strong results with placement of Early Childhood Teachers increasing by 15% year on year as at December 2022. This pleasing performance has continued into CY23 with a further improvement of 16% at the end of Q1, compared to Q1 2022.

We have continued to focus on improving the quality of our centre offering by investing in team members' education through better training programs, funding for study pathway support and specialised around-centre support filed teams in quality, education and human resources.

Optimising the centre network remains an important element of the Group's strategy and is a fundamental basis of creating a profitable portfolio for G8. The principle of optimisation will be anchored in investing and growing G8's great centres, improving underperforming centres and divesting poor performing centres in poor locations. A range of options will be explored to deliver the most prudent financial outcome for the Group, which is a common practice across other distributed networks.

The approach to Greenfields will be considered and we will continue to assess our reduced pipeline of 11 centres, with negotiations currently underway. Any new Greenfields locations will be targeted at replacing existing centres with optimised locations as part of the Group's broader leasing strategy.

Capital and cost management discipline will continue to be a focus as the Group builds capability towards a more consistent and efficient operating model. Under this model, fixed costs are expected to be maintained or reduced while variables costs will be flexed in an efficient manner, which is fundamental for leveraging a distributed network with scale. Furthermore, we will develop data-analytics foundations and capability to further enhance our operating model.

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Lastly, with respect to the sector's operating environment, changes to the Child Care Subsidy (**CCS**), as part of the 'Cheaper Childcare Bill' come into effect from 10 July 2023. These affordability measures are expected to elevate demand by increasing the maximum CCS percentage available to eligible families. The G8 team has worked hard in preparing for these changes so that we can assist families in benefiting from these upcoming reforms.

G8, along with the sector, remains focused on engaging constructively with Government and Regulators to ensure the right settings are in place for families and sector participants. Multiple inquiries and potential reforms, including the ACCC inquiry and Productivity Commission review, as well as potential multi-employer bargaining reforms, remain a significant focus this year and will require careful navigation. G8 welcomes these changes and the growing recognition that investing in the sector is an investment in our future generations and our economy. The Group remains supportive of measures that improve accessibility, affordability and inclusion for all families.

We look forward to providing a further trading update at the Group's Half Year results in August and intend to provide a Strategic Update in Q3.

In closing, I would like to once again thank the G8 Education team for the warm welcome I have received since joining the business in January. I have been incredibly impressed with the professionalism and dedication of our team members as I have visited our services and I am delighted to be part of a truly purpose-led organisation.

I would like to thank our team for the support they provide to our children and our families each and every day – it is a privilege to create the foundations for learning for life for the next generation of Australian children. I would also like to thank our shareholders for their ongoing commitment and support.

Thank you.
Pejman Okhovat
CEO & Managing Director

2023 ANNUAL GENERAL MEETING PROXY VOTING RESULTS

RESOLUTION	VOTES FOR	VOTES AGAINST	VOTES OPEN	TOTAL	ABSTAIN
Resolution 1 Remuneration Report	508,315,510 93.04% 155 holders	36,674,979 6.71% 170 holders	1,379,436 0.25% 77 holders	546,369,925 67.49% of issued capital	518,328 36 holders
Resolution 2 Re-election of Professor Julie Cugin	540,415,367 98.80% 260 holders	5,203,027 0.95% 72 holders	1,364,279 0.25% 78 holders	546,982,673 67.57% of issued capital	219,369 28 holders
Resolution 3 Re-election of Mr Peter Trimble	540,307,901 98.77% 261 holders	5,368,543 0.98% 72 holders	1,364,279 0.25% 78 holders	547,040,723 67.58% of issued capital	161,319 27 holders
Resolution 4 G8 Education Executive Incentive Plan Approval	535,773,806 98.19% 135 holders	8,519,613 1.56% 193 holders	1,367,748 0.25% 78 holders	545,661,167 67.41% of issued capital	1,377,884 29 holders
Resolution 5 Issue of Performance Rights to CEO and MD	540,990,552 99.12% 116 holders	3,372,024 0.62% 208 holders	1,442,217 0.26% 86 holders	545,804,793 67.42% of issued capital	1,234,258 24 holders

ANNUAL GENERAL MEETING

G8 Education Limited (ASX:GEM) | 20 April 2023



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DISCLAIMER

The material in this presentation has been prepared by G8 Education Limited (**G8**) and is general background information about G8's activities current as at the date of this presentation. The presentation does not purport to be complete and should be read in conjunction with G8's other periodic and continuous disclosure announcements which are available via www.asx.com.au

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This presentation may contain certain "forward-looking statements". The words "expect", "should", "could", "may", "predict", "plan" and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements.

Forward-looking statements, opinions and estimates provided in this presentation are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. Forward-looking statements including projections, guidance on future earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Actual results, performance or achievements may vary materially for many projections because events and actual circumstances frequently do not occur as forecast and these differences can be material. This presentation contains such statements that are subject to risk factors associated with the industry in which G8 operates which may materially impact on future performance. Investors should form their own views as to these matters and the assumptions on which any forward-looking statements are based. G8 assumes no obligation to update or revise such information to reflect any change in expectations or assumptions. The inclusion of forward-looking statements in this presentation should not be regarded as a representation, warranty or guarantee with respect to its accuracy or the accuracy of the underlying assumptions or that G8 will achieve, or is likely to achieve, any particular results.

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Acknowledgement **OF COUNTRY**

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

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

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

G8 EDUCATION

BOARD OF DIRECTORS



David Foster
Chair & Non-Executive Director



Pejman Okhovat
CEO & Managing Director



Julie Cugin
Non-Executive Director



Debra Singh
Non-Executive Director



Toni Thornton
Non-Executive Director



Peter Trimble
Non-Executive Director



Margaret Zabel
Non-Executive Director



CHAIR'S ADDRESS



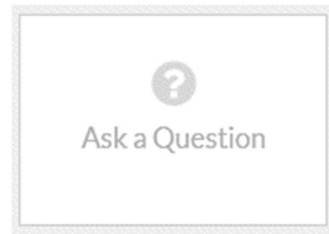
MANAGING DIRECTOR'S ADDRESS



PROCEDURAL MATTERS

HOW TO ASK QUESTIONS

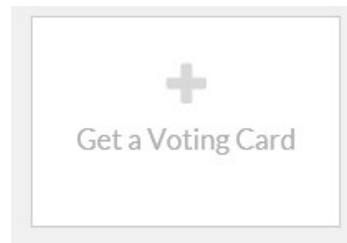
1. Click “**Ask a Question**”



2. Select the **item of business** from the drop-down menu and type your question in the space provided
3. Once you have typed your question, click “**Submit Question**”

HOW TO VOTE

1. Click **“Get a Voting Card”**



2. Enter your Shareholder Number (SRN/HIN) or Proxy Number and click **“Submit Details and Vote”**
3. Fill out your voting card for each item of business
4. Click **“Submit Vote”** or **“Submit Partial Vote”**



BUSINESS OF MEETING

ITEM 1 – ANNUAL REPORTS

To receive and consider the Company's Annual Financial Report, Directors' Report and Auditors' Report for the financial year ended 31 December 2022.

There is no vote on this item.



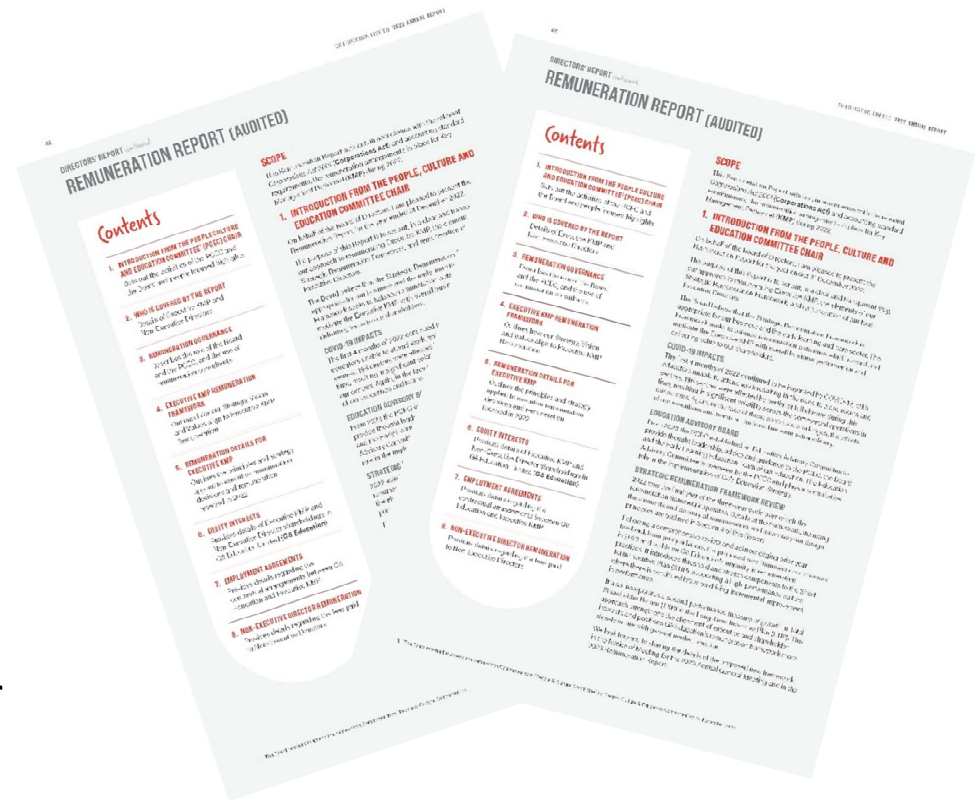
RESOLUTION 1 – REMUNERATION REPORT

To consider and, if thought fit, pass the following resolution as a non-binding ordinary resolution in accordance with section 250R(2) of the *Corporations Act 2001* (Cth) (**Corporations Act**):

‘That the Remuneration Report for the year ended 31 December 2022 be adopted.’

Please note that the vote on this Resolution is advisory only and does not bind the Directors or the Company.

An explanatory note and voting exclusions appear in the Notice of Annual General Meeting.



RESOLUTION 1 – REMUNERATION REPORT

Votes For	508,315,510	93.04% ¹
Votes Against	36,674,979	6.71%
Open Proxies held by the Chair (to be voted at Chair's Discretion)	895,450	0.16%
Open Proxies held by other Proxy-holders (to be voted at that Proxy-holder's discretion)	483,986	0.09%
Votes Abstain	518,328	-

1. Percentage Total Available Votes

RESOLUTION 2 – RE-ELECTION OF A DIRECTOR PROFESSOR JULIE COGIN

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

‘That Professor Julie Cugin who, having been re-elected on 17 June 2020 as a Director in accordance with the Company’s constitution, retires as a Director of the Company and being eligible offers herself for re-election as a Director of the Company, be elected as a Director of the Company.’

Professor Cugin’s background, qualifications and experience appear in the explanatory note to the Notice of Annual General Meeting.



RESOLUTION 2 – RE-ELECTION OF A DIRECTOR PROFESSOR JULIE COGIN

Votes For	540,415,367	98.80% ¹
Votes Against	5,203,027	0.95%
Open Proxies held by the Chair (to be voted at Chair's Discretion)	880,243	0.16%
Open Proxies held by other Proxy-holders (to be voted at that Proxy-holder's discretion)	484,036	0.09%
Votes Abstain	219,369	-

1. Percentage Total Available Votes

RESOLUTION 3 – RE-ELECTION OF A DIRECTOR MR PETER TRIMBLE

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That Mr Peter Trimble who, having been elected on 17 June 2020 as a Director in accordance with the Company’s constitution, retires as a Director of the Company and being eligible offers himself for re-election as a Director of the Company, be elected as a Director of the Company.”

Mr Trimble’s background, qualifications and experience appear in the explanatory note to the Notice of Annual General Meeting.



RESOLUTION 3 – RE-ELECTION OF A DIRECTOR MR PETER TRIMBLE

Votes For	540,307,901	98.77% ¹
Votes Against	5,368,543	0.98%
Open Proxies held by the Chair (to be voted at Chair's Discretion)	880,243	0.16%
Open Proxies held by other Proxy-holders (to be voted at that Proxy-holder's discretion)	484,036	0.09%
Votes Abstain	161,319	-

1. Percentage Total Available Votes

RESOLUTION 4 – G8 EDUCATION EXECUTIVE INCENTIVE PLAN APPROVAL

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That, for the purposes of Listing Rule 7.1 and in accordance with Listing Rule 7.2 (Exception 13) and for all other purposes, the G8 Education Executive Incentive Plan (GEIP) as described in section 3.1 of the Explanatory Statement be approved for the issue of securities under the GEIP.”

An explanatory note and voting exclusions appear in the Notice of Annual General Meeting

RESOLUTION 4 – G8 EDUCATION EXECUTIVE INCENTIVE PLAN APPROVAL

Votes For	535,773,806	98.19% ¹
Votes Against	8,519,613	1.56%
Open Proxies held by the Chair (to be voted at Chair's Discretion)	883,712	0.16%
Open Proxies held by other Proxy-holders (to be voted at that Proxy-holder's discretion)	484,036	0.09%
Votes Abstain	1,377,884	-

1. Percentage Total Available Votes

RESOLUTION 5 – ISSUE OF PERFORMANCE RIGHTS TO CHIEF EXECUTIVE OFFICER AND MANAGING DIRECTOR

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That approval be given:

- (a) for the purposes of Listing Rule 10.14 and for all other purposes, to the grant of 774,119 Performance Rights to the Company’s Chief Executive Officer and Managing Director, Mr Pejman Okhovat; and***
 - (b) for the purpose of section 200E of the Corporations Act, to the giving of a benefit to the Company’s Chief Executive Officer and Managing Director, Mr Pejman Okhovat, in connection with any vesting of those Performance Rights on the cessation of Mr Okhovat’s employment with the Company or a related body corporate of the Company,***
- in each case under the G8 Education Executive Incentive Plan and on the basis described in section 3.2 of the Explanatory Statement.”***

An explanatory note and voting exclusions appear in the Notice of Annual General Meeting.

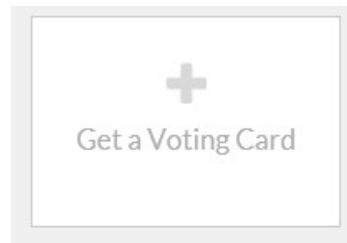
RESOLUTION 5 – ISSUE OF PERFORMANCE RIGHTS TO CHIEF EXECUTIVE OFFICER AND MANAGING DIRECTOR

Votes For	540,990,552	99.12% ¹
Votes Against	3,372,024	0.62%
Open Proxies held by the Chair (to be voted at Chair's Discretion)	949,011	0.17%
Open Proxies held by other Proxy-holders (to be voted at that Proxy-holder's discretion)	493,206	0.09%
Votes Abstain	1,234,258	-

1. Percentage Total Available Votes

HOW TO VOTE

1. Click **“Get a Voting Card”**



2. Enter your Shareholder Number (SRN/HIN) or Proxy Number and click **“Submit Details and Vote”**
3. Fill out your voting card for each item of business
4. Click **“Submit Vote”** or **“Submit Partial Vote”**

ANNUAL GENERAL MEETING

G8 Education Limited (ASX:GEM) | 20 April 2023

