ASX Announcement

G8 Education Limited
(ASX:GEM)

22 August 2023

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

Dear Sir / Madam

In accordance with ASX Listing Rule 4.2A, I enclose the 2023 Interim Financial Report (including the Appendix 4D) for the half year ended 30 June 2023 for G8 Education Limited.

A briefing will be held at 9.00am on Tuesday 22 August 2023. You can register for this briefing as follows:

Participants can register for the conference by navigating to:
https://s1.c-conf.com/diamondpass/10031436-ui12gf.html

Please note that registered participants will receive their dial in number upon registration.

The webcast can be viewed on the day by navigating to:
https://ccmediaframe.com/?id=wljp9DAK

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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G8 Education[ltd]

Appendix 4D

Name of Entity:	G8 Education Ltd
ABN:	95 123 828 553
Current Financial Period Ended:	Half-Year ended 30 June 2023
Previous Corresponding Reporting Period	Half-Year ended 30 June 2022

Results for Announcement to the Market

	Percentage change Up or Down	%		$'000
Revenue from ordinary activities	Up	9%	to	$457,208
Profit from ordinary activities after tax attributable to members	Up	76%	to	$14,993
Profit for the period attributable to members	Up	76%	to	$14,993

	June 2023	June 2022
Net Tangible Assets (Liabilities) per Security	**(34) Cents**	**(33) Cents**

Dividends	Amount per Security	Franked amount per security
Subsequent to the half year, G8 Education Ltd declared an interim dividend, being 1.5 cent per share, fully franked, to be paid on 6 October 2023. The record date for entitlement to the dividend is 8 September 2023.		

Brief explanation of any figures reported above necessary to enable the figures to be understood

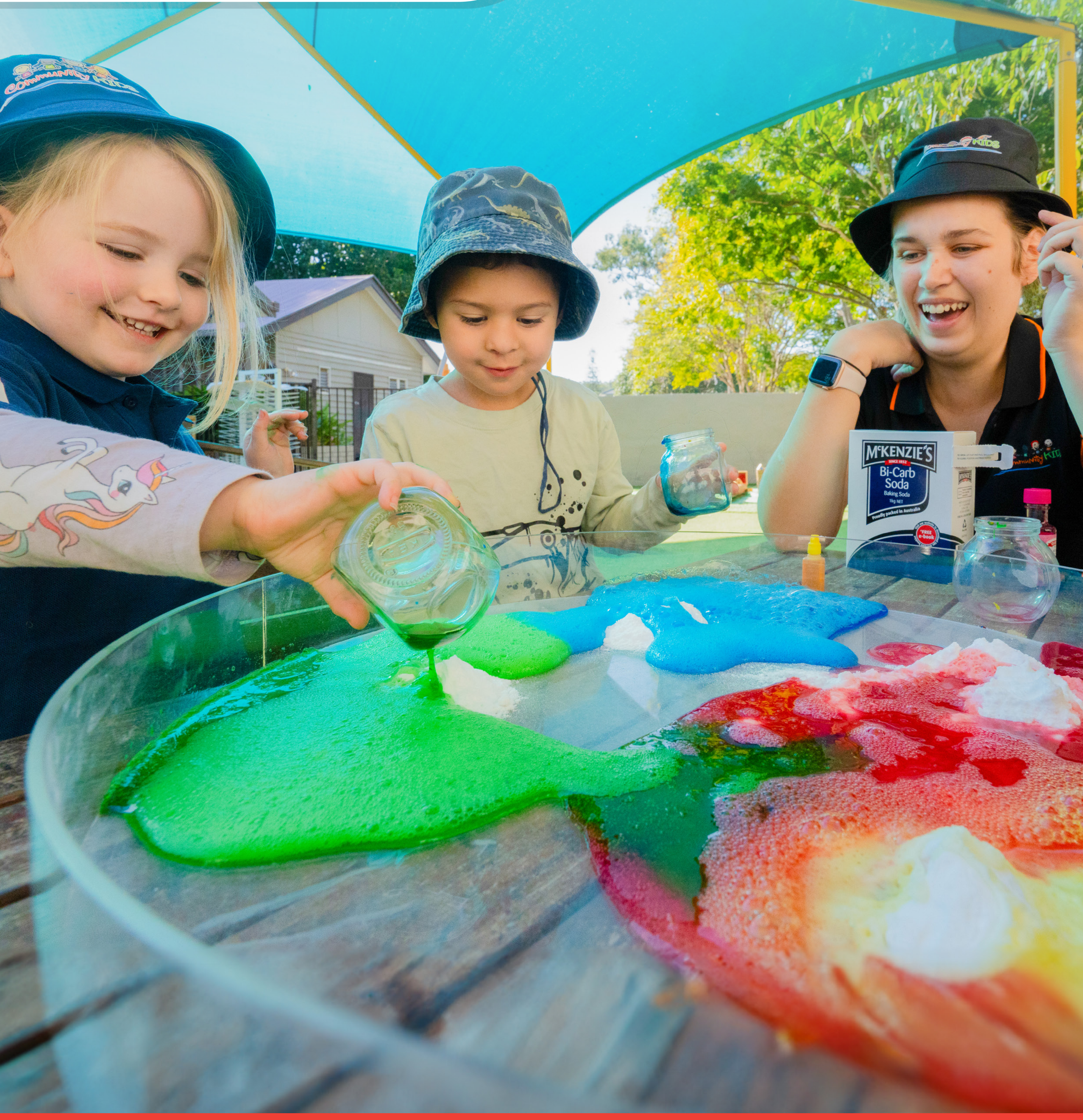
Refer to attached interim financial report

Compliance Statement

This report is based on the interim financial report that has been reviewed by our external auditors.

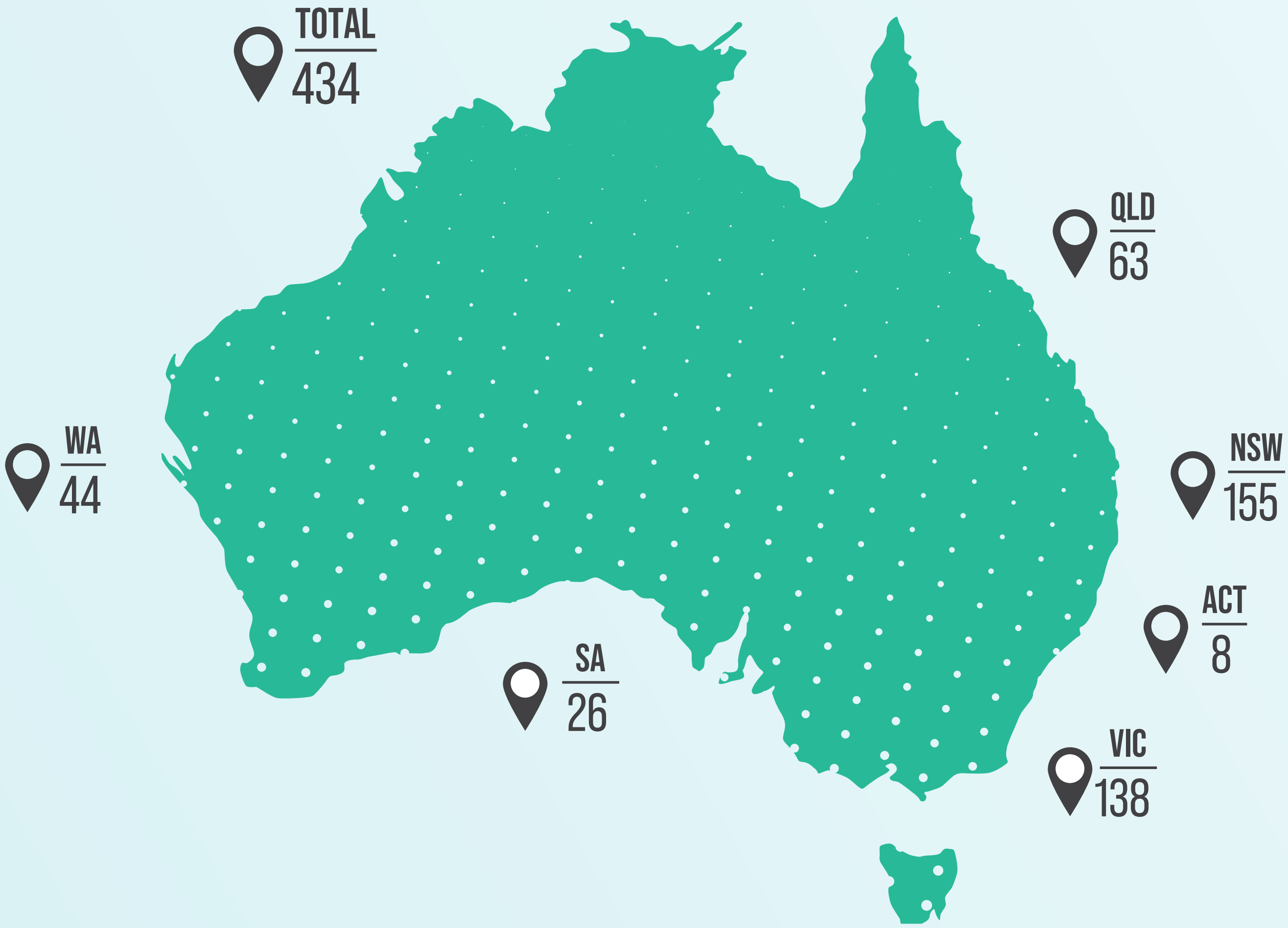
Pejman Okhovat
Managing Director
22 August 2023

2023 Interim Financial Report



G8 Education ltd

OUR **BUSINESS**



CENTRES BY BRAND

Bambino's	9	Creative Garden Early Learning Centre	18	FirstGrammar Early Education Centre	22	headstart Early Learning Centres	15
buggles early learning and kindy	11	Community Kids	73	Great Beginnings Early Education for Life	48	jellybeans Child Care & Kindy	10
Casa Bambini Early Education Centre	5	Early Learning Services Committed to Child Care	35	Greenwood Early Education Centres	22	Kinder Haven	12
Kindy Patch Kids	29	Pelicans Learning for Life	3	Sandcastles	5	NurtureOne "Nurturing Enquiring Minds"	22
Kool Kids early learning centres	9	Pelican Childcare Early Learning Centres	9	The Learning Sanctuary	20	World of Learning	52
Penguin Childcare Early Learning Centres	5						

Contents

Directors' Report

The Directors present their report on the consolidated entity (referred to hereafter as the Group) consisting of G8 Education Limited (G8 Education) and the entities it controlled at the end of, or during, the half-year ended 30 June 2023.

Directors

The following persons were Directors of G8 Education during the whole of the period and up to the date of this report unless otherwise stated:

- David Foster (Chair)
- Pejman Okhovat (Managing Director)[1]
- Professor Julie Cogin
- Debra Singh
- Toni Thornton[2]
- Peter Trimble
- Margaret Zabel

[1]Pejman Okhovat was appointed Managing Director and Chief Executive Officer (CEO) on 3 January 2023 and continues in office at the date of this report

[2]Full name Antonia Thornton

Principal activities

The principal continuing activities of the Group during the half-year were:

- operation of early education centres owned by the Group; and
- operation of in-home childcare and specialised NDIS segments for children.

There has been no significant change to the Group's activities during the half-year ended 30 June 2023.

Review of operations

The Group reported a net profit after tax of $15.0 million, 76.5% higher than the prior comparative period (pcp) driven by increased revenues and disciplined cost management, particularly labour-related costs, resulting in improved earnings and margins.

Higher occupancy, lower agency usage and a continued focus on workforce planning, cost disciplines and effectively managing the business within an inflationary environment contributed to the improved performance of the half-year ended 30 June 2023. The Group's first quarter profit performance was substantially stronger compared to the pcp as the Group cycled the impact of Omicron and flooding. Whilst occupancy continues to improve, the growth was not uniform across the network with team constraints and turnover in parts of the network continuing to impact occupancy performance.

The $40.0 million share buy-back program completed during the period, with 4.3 million shares repurchased for a cost of $5.2 million. In addition, a non-cash share capital reduction totalling $271.5 million was completed during the reported period. The reduction was wholly contained within equity and simplified the balance sheet presentation relating to retained earnings and capital contributions to reflect the net equity of the Group more closely.

The Investor Presentation for the half-year ended 30 June 2023, released 22 August 2023, outlines further detail on the Group's performance.

Matters subsequent to the end of the half-year

Refer Note 14 of the Financial Statements.

Significant changes in the state of affairs

A significant change in the state of affairs of the Group during the half-year ended 30 June 2023 was as follows:

- Effective 3 January 2023, Pejman Okhovat was appointed Managing Director and CEO.

Rounding amounts

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' reports) Instrument 2016/191, relating to the "rounding off" of amounts in the financial reports. In certain instances, amounts in the financial statements have been rounded off in accordance with that Instrument to the nearest thousand dollars, or in certain cases, the nearest tenth of a million dollars.

Audit

Ernst & Young were appointed as auditor on 25 May 2016 and continue in office in accordance with section 237 of the *Corporations Act 2001*.

Auditor's independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 6.

This report is made in accordance with a resolution of Directors.

Pejman Okhovat

Managing Director
22 August 2023

Ernst & Young
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Auditor's independence declaration to the directors of G8 Education Limited

As lead auditor for the review of the half-year financial report of G8 Education Limited for the half-year ended 30 June 2023, I declare to the best of my knowledge and belief, there have been:

a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review;

b. No contraventions of any applicable code of professional conduct in relation to the review; and

c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

This declaration is in respect of G8 Education Limited and the entities it controlled during the financial period.

Ernst & Young

Ernst & Young

McKenzie

Kellie McKenzie
Partner
22 August 2023

Consolidated Income Statement
For the half-year ended 30 June 2023

	Notes	Consolidated Half-year 2023 $'000	Consolidated Half-year 2022 $'000
Continuing operations			
Revenue	1	455,339	416,398
Other income	2(a)	1,869	3,034
Total revenue		**457,208**	**419,432**
Expenses			
Employment costs		(288,351)	(265,781)
Property, utilities and maintenance costs		(25,526)	(27,990)
Direct costs		(16,419)	(16,514)
Software development expenses		(4,627)	(2,343)
Depreciation and amortisation	4,5,6	(50,660)	(45,738)
Other expenses		(24,955)	(23,000)
Finance costs	2(c)	(25,253)	(25,736)
Total expenses		**(435,791)**	**(407,102)**
Profit before income tax		**21,417**	**12,330**
Income tax expense		(6,424)	(3,833)
Profit for the year attributable to members of the parent entity		**14,993**	**8,497**
		Cents	Cents
Basic earnings per share		1.85	1.01
Diluted earnings per share		1.84	1.00

The above Consolidated Income Statement should be read in conjunction with the accompanying notes.

Consolidated Statement of Comprehensive Income
For the half-year ended 30 June 2023

	Consolidated Half-year 2023 $'000	Consolidated Half-year 2022 $'000
Profit for the half-year	**14,993**	**8,497**
Total comprehensive income for the half-year	**14,993**	**8,497**

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Balance Sheet
As at 30 June 2023

	Notes	Consolidated 30 June 2023 $'000	Consolidated 31 December 2022 $'000
ASSETS			
Current assets			
Cash and cash equivalents		41,833	37,826
Trade and other receivables		24,350	22,530
Other current assets		11,761	12,710
Current tax asset	3	5,640	11,294
Total current assets		**83,584**	**84,360**
Non-current assets			
Property, plant and equipment	4	134,960	136,250
Right of use assets	5(a)	466,488	401,834
Deferred tax assets		101,306	102,385
Intangible assets	6	1,051,414	1,051,614
Investment in an associate		932	932
Other non-current assets		5,470	6,196
Total non-current assets		**1,760,570**	**1,699,211**
Total assets		**1,844,154**	**1,783,571**
LIABILITIES			
Current liabilities			
Trade and other payables		64,695	73,421
Contract liabilities		14,878	11,234
Borrowings	8	4,510	920
Lease liabilities	5(b)	77,583	81,168
Provisions	9	82,087	85,832
Total current liabilities		**243,753**	**252,575**
Non-current liabilities			
Other payables		395	378
Borrowings	8	145,238	127,935
Lease liabilities	5(b)	562,152	503,532
Provisions	9	15,986	15,788
Total non-current liabilities		**723,771**	**647,633**
Total liabilities		**967,524**	**900,208**
Net assets		**876,630**	**883,363**
EQUITY			
Contributed equity	10	897,741	1,174,419
Reserves		77,875	73,297
Retained earnings		(98,986)	(364,353)
Total equity		**876,630**	**883,363**

The above Consolidated Balance Sheet should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity
For the half-year ended 30 June 2023

Consolidated	Notes	Contributed Equity $'000	Share Based Payment Reserve $'000	Profits Reserve $'000	Retained Earnings $'000	Total $'000
Balance 1 January 2022		**1,209,227**	**675**	**64,641**	**(359,832)**	**914,711**
Profit / (loss) for the half-year		-	-	10,240	(1,743)	8,497
Total comprehensive income / (loss) for the half-year		**-**	**-**	**10,240**	**(1,743)**	**8,497**
Transactions with owners in their capacity as owners						
Buy back of equity, including transaction costs and net of tax	10	(12,967)	-	-	-	(12,967)
Share based payment expense		-	317	-	-	317
Dividends provided for or paid	11	-	-	(25,422)	-	(25,422)
Total		**(12,967)**	**317**	**(25,422)**	**-**	**(38,072)**
Balance 30 June 2022		**1,196,260**	**992**	**49,459**	**(361,575)**	**885,136**
Balance 1 January 2023		**1,174,419**	**1,218**	**72,079**	**(364,353)**	**883,363**
Profit / (loss) for the half-year		-	-	21,126	(6,133)	14,993
Total comprehensive income / (loss) for the half-year		**-**	**-**	**21,126**	**(6,133)**	**14,993**
Transactions with owners in their capacity as owners						
Buy back of equity, including transaction costs and net of tax	10	(5,152)	-	-	-	(5,152)
Purchase of treasury shares	10	(1,470)	-	-	-	(1,470)
Issue of treasury shares to employees	10	1,444	(1,444)	-	-	-
Share based payment expense		-	1,086	-	-	1,086
Dividends provided for or paid	11	-	-	(16,190)	-	(16,190)
Share capital reduction	10	(271,500)	-	-	271,500	-
Total		**(276,678)**	**(358)**	**(16,190)**	**271,500**	**(21,726)**
Balance 30 June 2023		**897,741**	**860**	**77,015**	**(98,986)**	**876,630**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows
For the half-year ended 30 June 2023

	Notes	Consolidated Half-year 30 June 2023 $'000	Consolidated Half-year 30 June 2022 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		456,764	414,552
Payments to suppliers and employees (inclusive of GST)		(358,051)	(342,598)
Interest received	2(a)	908	31
Interest paid (non-leases)		(5,656)	(5,338)
Interest paid (leases)		(17,822)	(18,039)
Income taxes paid (net of refunds)		310	(9,472)
Net cash inflows from operating activities		**76,453**	**39,136**
Cash flows from investing activities			
Payments for purchase of intangible assets	6	(392)	(598)
Payments for divestments		(9,367)	(49)
Proceeds from the sale of property, plant and equipment		75	-
Payments for property plant and equipment		(21,237)	(24,925)
Net cash outflows from investing activities		**(30,921)**	**(25,572)**
Cash flows from financing activities			
Dividends paid	11	(16,190)	(25,422)
Principal elements of lease payments		(39,303)	(37,355)
Buy back of equity (including transaction costs)	10(b)	(5,152)	(12,967)
Payments for purchase of treasury shares	10(b)	(1,470)	-
Net proceeds from borrowings	8	20,590	30,018
Net cash outflows from financing activities		**(41,525)**	**(45,726)**
Net (decrease)/increase in cash and cash equivalents		4,007	(32,162)
Cash and cash equivalents at the beginning of the half-year		37,826	74,131
Cash and cash equivalents at the end of the half-year		**41,833**	**41,969**

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Index to Notes to the Financial Statements

Note 1: Revenue

	Consolidated	
	Half-year 2023 $'000	Half-year 2022 $'000
From continuing operations		
Sales revenue		
Revenue from child care centres[1]	445,725	408,131
Funding relating to child care operations	9,614	8,267
	455,339	**416,398**

[1]Government assistance in the half-year ended 30 June 2022 was provided through child care subsidies relating to COVID-19 and flood related absences. Child care subsidies are recorded as revenue from child care centres.

(a) Description of segments

The Executive Team (the Chief Operating Decision Maker) considers the business as one Group of services, and regularly reviews operating results as a portfolio, to assist with making decisions about the allocation of resources. The Executive Team has therefore identified one operating segment, being the management of child care services. All revenue in this report relates to the single operating segment in Australia and the segment disclosure has not altered from the last Annual Report.

(b) Seasonality

The child care industry is normally seasonal as a large group of children leave child care to commence school at the beginning of the year and then revenue increases with new enrolments as the calendar year progresses. As such, historically, the second half of the year contributes more than half of the annual reported revenue and profit.

Note 2: Result for the Half-Year

(a) Other Income

	Consolidated	
	Half-year 2023 $'000	Half-year 2022 $'000
Other Income		
Interest	908	33
Gain on sale of centres	146	-
Gain on lease modifications[1]	-	2,451
Gain on surrender / termination of leases	19	255
Insurance proceeds	317	30
Vendor rebates	479	265
Total other income	**1,869**	**3,034**

[1]The gain on lease modifications is primarily resulting from the reduction in lease term recognised.

Note 2: Result for the Half-Year (continued)

(b) Non-trading items

Profit for the half-year includes the following items that are unusual because of their nature, size or incidence.

	Consolidated	
	Half-year 2023 $'000	Half-year 2022 $'000
Non-trading income		
Gain on sale of centres	146	-
Gain on lease modifications	-	2,451
Gain on surrender / termination of leases	19	255
Total non-trading income	**165**	**2,706**
Non-trading expenses		
Loss on lease modifications[1]	(1,637)	-
Divestment / acquisition related expenses	(308)	(15)
Loss on disposal of assets / centres	(194)	(174)
Redundancy costs	-	(1,288)
Software development expenses	(4,627)	(2,343)
Total non-trading expenses	**(6,766)**	**(3,820)**
Net non-trading items	**(6,601)**	**(1,114)**
Income tax benefit	1,980	334
Net non-trading items after tax	**(4,621)**	**(780)**

[1]The loss on lease modifications is primarily resulting from the increase in lease term recognised.

(c) Finance expenses

	Consolidated	
	Half-year 2023 $'000	Half-year 2022 $'000
Interest expense on lease liabilities and make good provision	19,555	18,168
Interest expense	5,370	5,376
Borrowing costs expense	328	767
Facility early repayment expense	-	1,425
Total finance expenses	**25,253**	**25,736**

Note 3: Current Tax Asset

	Consolidated	
	30 June 2023	31 December 2022
	$'000	$'000
Current tax asset[1]	5,640	11,294

[1]Current tax asset for 31 December 2022 includes approximately $8.6 million relating to refunds arising in relation to prior years' adjustments for the Employee Payments Remediation Program. The refunds were received during the reported period.

Note 4: Non-Current Assets – Property, Plant and Equipment

	Consolidated		
	Half-year ended 30 June 2023		
	Buildings	Furniture, fittings and equipment	Total
	$'000	$'000	$'000
At 31 December 2022			
Cost	3,690	236,746	240,436
Accumulated depreciation and impairment	(1,142)	(103,044)	(104,186)
Net book amount	**2,548**	**133,702**	**136,250**
Half-year ended 30 June 2023			
Opening net book amount	2,548	133,702	136,250
Additions	-	13,565	13,565
Disposals[1]	-	(289)	(289)
Depreciation charge	(64)	(14,502)	(14,566)
Closing net book amount	**2,484**	**132,476**	**134,960**
At 30 June 2023			
Cost	3,690	249,296	252,986
Accumulated depreciation and impairment	(1,206)	(116,820)	(118,026)
Net book amount	**2,484**	**132,476**	**134,960**

[1]During the reported period, the Group disposed of property, plant and equipment of $1.0 million net of accumulated depreciation and impairment of $0.7 million.

Impairment of property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation and impairment.

Property, plant and equipment (including leasehold improvements) are tested for impairment as part of the cash generating units (CGU) to which they relate, usually a child care centre.

At each balance date the Group reviews whether indicators of impairment exist. As a result of this review, the Group identified indicators of potential impairment for CGUs to which property, plant and equipment relate and tested the recoverable amounts of these CGUs. No impairment losses were recognised in the half-year ended 30 June 2023 (30 June 2022: Nil).

Note 5: Right of Use Assets and Lease Liabilities

Set out below are the carrying amounts and movements during the period:

(a) Right of use assets

	Consolidated		
	Half-year ended 30 June 2023		
	Leased property $'000	Leased vehicle $'000	Total $'000
Consolidated			
At 31 December 2022			
Cost	758,533	3,286	761,819
Accumulated depreciation and impairment	(357,020)	(2,965)	(359,985)
Net book amount	**401,513**	**321**	**401,834**
Half-year ended 30 June 2023			
Opening net book amount	401,513	321	401,834
Additions	9,809	-	9,809
Remeasurement of make-good provision	(13)	-	(13)
Disposals[1]	(3,257)	-	(3,257)
Depreciation charge	(35,446)	(264)	(35,710)
Modification to lease terms	84,064	291	84,355
Variable lease payments reassessment	9,472	(2)	9,470
Closing net book amount	**466,142**	**346**	**466,488**
Cost	840,606	3,381	843,987
Accumulated depreciation and impairment	(374,464)	(3,035)	(377,499)
As at 30 June 2023	**466,142**	**346**	**466,488**

[1]During the reported period, the Group disposed of right of use assets of $21.5m million net of accumulated depreciation and impairment of $18.2 million.

(b) Lease liabilities

	Consolidated	
	30 June 2023 $'000	31 December 2022 $'000
Current lease liabilities	77,583	81,168
Non-current lease liabilities	562,152	503,532
Total lease liabilities	**639,735**	**584,700**

	Total $'000
At 31 December 2022	**584,700**
Additions	9,520
Disposals	(12,066)
Interest expense: accretion of interest	19,324
Payments	(57,125)
Modification to lease terms	85,593
Variable lease payments reassessment	9,789
Closing net book amount as at 30 June 2023	**639,735**

Note 5: Right of Use Assets and Lease Liabilities (continued)

(c) Impairment of right of use assets

Right of use assets are tested for impairment as part of the CGU to which they relate, usually a child care centre.

At each balance date, the Group assesses for indicators of impairment. During the current period the Group assessed that indicators for impairment did exist for certain CGUs, to which right of use assets related. A test of the recoverable amount was performed, based upon forecast cashflows, to measure recoverable value in use. The value-in-use calculations are based on cashflow projections which are a function of each of the following key assumptions: occupancy, wages and other centre expenses. No impairment losses were recognised in the half-year ended 30 June 2023 (30 June 2022: Nil).

In addition, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount, being the higher of fair value less cost of disposal or value in use. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. The assessment did not result in the reversal of impairment losses during the half-year ended 30 June 2023 (2022: Nil).

(d) Significant judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases, to lease the assets for additional terms. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that effects its ability to exercise (or not to exercise) the option to renew.

Note 6: Non-current assets - Intangibles

	Consolidated		
	Half-year ended 30 June 2023		
	Goodwill[1] $'000	Software $'000	Total $'000
At 31 December 2022			
Cost	1,190,293	3,838	1,194,131
Accumulated amortisation and impairment	(142,035)	(482)	(142,517)
Closing net book amount	**1,048,258**	**3,356**	**1,051,614**
Half-year ended 30 June 2023			
Opening net book amount	1,048,258	3,356	1,051,614
Additions	-	392	392
Disposals[1,2]	-	(208)	(208)
Amortisation	-	(384)	(384)
Closing net book amount	**1,048,258**	**3,156**	**1,051,414**
Cost	1,190,293	4,022	1,194,315
Accumulated amortisation and impairment	(142,035)	(866)	(142,901)
Net book amount	**1,048,258**	**3,156**	**1,051,414**

[1]The Group divested or closed five centres during the half-year ended 30 June 2023 (2022: three). Goodwill is only attributed to divested centres, of which there were none during the period.

[2]During the reported period, the Group disposed of intangible assets of $0.2 million net of accumulated depreciation of nil.

Note 6: Non-Current Assets – Intangibles (continued)

(a) Impairment tests for goodwill

Goodwill and software are monitored and tested for impairment on an operating segment level. The recoverable amount of the child care centre assets is determined based on value-in-use calculations. These calculations use cash flow projections based on forecasts for the remainder of 2023 and then extrapolated using estimated growth rates. The growth rate does not exceed the long-term average growth rate for the business. For the purposes of intangible assets impairment testing, the recoverable amount is compared to the carrying amount of the assets of the Group, which aside from goodwill, also includes the fixed and right of use assets of the child care centres and working capital.

(b) Impairment

Management assessed asset balances for impairment and concluded no impairment was required. There was no significant change in key assumptions or the expected cash flows relative to those used in the impairment assessment at 31 December 2022.

Note 7: Contractual Commitments

Contractual maturities of financial liabilities

	Consolidated 30 June 2023 $'000						
	0 to 6 months	6 to 12 months	1 to 2 years	2 to 5 years	>5years	Total contractual cash flows	Carrying amount
Non derivative							
Syndicated debt facilities	4,575	4,946	10,125	152,453	-	172,099	147,000
Other unsecured borrowings	4,088	511	-	-	-	4,599	4,510
Contingent consideration	75	-	75	225	300	675	470
Trade and other payables[1]	46,102	-	-	-	-	46,102	46,102
Lease liabilities	57,104	56,687	106,787	282,889	332,092	835,559	639,735

	Consolidated 31 December 2022 $'000						
	0 to 6 months	6 to 12 months	1 to 2 years	2 to 5 years	>5years	Total contractual cash flows	Carrying amount
Non derivative							
Syndicated debt facilities	3,669	3,689	7,257	137,257	-	151,872	130,000
Other unsecured borrowings	920	-	-	-	-	920	920
Contingent consideration	-	75	75	225	300	675	453
Trade and other payables[1]	57,919	-	-	-	-	57,919	57,919
Lease liabilities	56,817	56,013	105,058	252,403	286,247	756,538	584,700

[1]Excludes employee related payables

Note 8: Current and Non-Current Liabilities - Borrowings

	Consolidated		
	Current[1] $'000	Non-current $'000	Total $'000
At 31 December 2022			
Total unsecured borrowings	920	-	920
Total secured borrowings	-	130,000	130,000
Borrowing costs	-	(2,065)	(2,065)
Total borrowings	**920**	**127,935**	**128,855**
Half-year ended 30 June 2023			
Opening net book amount	920	127,935	128,855
Drawings	5,002	25,000	30,002
Repayments	(1,412)	(8,000)	(9,412)
Increase of borrowing costs	-	(25)	(25)
Amortisation of borrowing costs	-	328	328
Total borrowings	**4,510**	**145,238**	**149,748**
At 30 June 2023			
Total secured borrowings	-	147,000	147,000
Total unsecured borrowings	4,510	-	4,510
Borrowing costs	-	(1,762)	(1,762)
Total borrowings	**4,510**	**145,238**	**149,748**

[1]Current borrowing relates to insurance premium funding.

(a) Syndicated debt facilities

The Group had $147.0 million drawn from the $270.0 million syndicated debt facilities as at 30 June 2023.

	30 June 2023 $'000	31 December 2022 $'000
Syndicated debt facilities		
Total facilities	270,000	270,000
Used at balance date	(147,000)	(130,000)
Unused at balance date	**123,000**	**140,000**

Note 9: Current and Non-Current Liabilities - Provisions

	Consolidated	
	30 June 2023 $'000	31 December 2022 $'000
Current liabilities		
Employee benefits	42,083	42,495
Remediation program[1]	34,227	37,163
Other provisions	5,777	6,174
Total current	**82,087**	**85,832**
Non-current liability		
Employee benefits	4,816	5,001
Make good provision	11,170	10,787
Total non-current	**15,986**	**15,788**

[1]During 2020, as part of implementing a new Human Resources Information System ("HRIS") and rostering system, the Group had conducted a review of award and legislative requirements. This review had identified inadvertent non-compliance with some requirements of the Children's Services Award and the Educational Services (Teachers) Award for a number of the Group's team members in Australia.

The remediation of these issues, which occurred over seven financial years, was estimated to be a one-off cost before tax of $80.0 million and after tax of $56.9 million. Payments have been made to current and former team members amounting to approximately $38.5 million to date (as at 31 December 2022: $37.8 million to date). The total remediation program cost estimate remains $80.0 million, with those costs fully provided for in prior reporting periods.

Note 10: Contributed Equity

(a) Share capital

	Consolidated		Consolidated	
	30 June 2023 No. of Shares	31 December 2022 No. of Shares	30 June 2023 $'000	31 December 2022 $'000
Ordinary shares fully paid	809,506,134	813,837,307	897,741	1,174,419

(b) Movements in ordinary share capital

	Consolidated		Consolidated	
	Half-year 30 June 2023 No. of Shares	Half-year 30 June 2022 No. of Shares	Half-year 30 June 2023 $'000	Half-year 30 June 2022 $'000
31 December balance	**813,837**	**847,390**	**1,174,419**	**1,209,227**
Share buyback, including transaction costs net of tax[1]	**(4,331)**	(11,784)	**(5,152)**	(12,967)
Purchase of treasury shares	**(1,180)**	-	**(1,470)**	-
Issue of treasury shares to employees	**1,180**	-	**1,444**	-
Share capital reduction[2]	**-**	-	**(271,500)**	-
30 June balance	**809,506**	**835,606**	**897,741**	**1,196,260**

[1] The Group completed the share buy-back program in January 2023. Over the period of the share buy-back program between April 2022 and January 2023 there were a total of 37.9 million shares repurchased for $40.0 million (including transaction costs).

[2] A non-cash share capital reduction totalling $271.5 million was resolved by the Board on 21 February 2023 in accordance with section 258F of the *Corporations Act 2001*. The reduction was wholly contained within equity and simplified the balance sheet presentation relating to retained earnings and capital contributions to reflect the net equity of the Group more closely.

Note 11: Dividends

Dividends	CPS	Total dividend $'000
Financial year 2023		
2022 final fully franked dividend (paid in cash on 6 April 2023)	2.0	16,190
Franked dividend paid during the half-year ended 30 June 2023		**16,190**
Financial year 2022		
2021 final fully franked dividend (paid in cash on 1 April 2022)	3.0	25,422
Franked dividend paid during the half-year ended 30 June 2022		**25,422**

Note 12: Commitments

Capital commitments

There is no capital expenditure unconditionally contracted at the reporting date but not recognised as a liability.

Note 13: Other Matters

Class Action

In 2020, G8 Education Limited was served with a class action filed by Slater and Gordon in the Supreme Court of Victoria. The claim alleges breaches of the company's continuous disclosure obligations between 23 May 2017 and 23 February 2018. The Group is defending the proceedings, and on this basis no further information is disclosed.

Note 14: Events Occurring After the Balance Sheet Date

The following material matters have taken place after the balance sheet date:

- The Board declared a 1.5 cent fully franked dividend on 22 August 2023 to be paid on 6 October 2023.

Note 15: Related Party Transactions

(a) Parent entity

The parent entity within the Group is G8 Education Limited.

(b) Key management personnel

Related party transactions are consistent with 31 December 2022, no material related party transactions occurred during the half-year ended 30 June 2023.

Note 16: Other Significant Accounting Policies

The principal accounting policies adopted in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The consolidated financial statements are for the consolidated entity consisting of G8 Education Limited and its subsidiaries.

(a) Basis of preparation

This consolidated interim financial report for the half-year reporting period ended 30 June 2023 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the C*orporations Act 2001*. Compliance with AASB 134 ensures compliance with IAS 134 *Interim Financial Reporting*.

This consolidated interim financial report does not include all notes of the type normally included in an annual financial report. Accordingly, it is to be read in conjunction with the annual report for the year ended 31 December 2022 and any public announcements made by G8 Education Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and the ASX listing rules.

(b) Going concern basis of accounting

The Group recognised a net profit after tax of $15.0 million for the half-year ended 30 June 2023 (2022: $8.5 million) while current liabilities exceed current assets by $160.2 million as at 30 June 2023 (31 December 2022: $168.2 million). Cashflows from operating activities were $76.5 million for the half-year ended 30 June 2023 (2022: $39.1 million).

Management expects the cash reserves and undrawn debt facilities, together with the forecast cash flow generation from operations will allow the Group to fulfil the Group's obligations and meet its debts for the 12 months from the date of this report. On this basis, the Directors have concluded that there are reasonable grounds to believe that the going concern basis is appropriate.

Further, the Group expects to realise its assets, and extinguish its liabilities in the ordinary course of business. As a result, the financial statements have been prepared on a going concern basis.

Note 17: Changes in Accounting Policies

(a) Accounting standards and interpretations applied from 1 January 2023

The accounting policies adopted in the preparation of the interim consolidated financial report are consistent with those followed in the preparation of the Group's annual report for the year ended 31 December 2022. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments apply for the first time in 2023, but do not have a significant impact on the interim condensed consolidated financial statements of the Group.

(b) Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, that may be relevant to G8 Education Limited up to the date of issuance of the Group's interim financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

AASB 2020-1 Amendments to AASs – Classification of Liabilities as Current or Non-current

The narrow-scope amendments to AASB 101 *Presentation of Financial Statements* clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity's expectations or events after the reporting date (e.g., the receipt of a waver or a breach of covenant). The amendments also clarify what AASB 101 means when it refers to the 'settlement' of a liability.

AASB 2021-2 Amendments to AASB 7, AASB 101, AASB 134 Interim Financial Reporting and AASB Practice Statement 2 Making Materiality Judgements – Disclosure of Accounting Policies

The amendments to AASB 101 Presentation of Financial Statements require disclosure of material accounting policy information, instead of significant accounting policies. Unlike 'material', 'significant' was not defined in Australian Accounting Standards. Leveraging the existing definition of material with additional guidance is expected to help preparers make more effective accounting policy disclosures. Entity-specific accounting policy information is emphasised as being more useful than generic information or summaries of the requirements of Australian Accounting Standards.

The amendments to AASB Practice Statement 2 supplement the amendments to AASB 101 by illustrating how the four-step materiality process can identify material accounting policy information.

AASB 2021-2 Amendments to AASB 108 – Definition of Accounting Estimates

An accounting policy may require items in the financial statements to be measured using information that is either directly observable or estimated. Accounting estimates use inputs and measurement techniques that require judgements and assumptions based on the latest available, reliable information. The amendments to AASB 108 clarify the definition of an accounting estimate, making it easier to differentiate it from an accounting policy. The distinction is necessary as their treatment and disclosure requirements are different. Critically, a change in an accounting estimate is applied prospectively whereas a change in an accounting policy is generally applied retrospectively.

The new definition provides that 'Accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty.' The amendments explain that a change in an input or a measurement technique used to develop an accounting estimate is considered a change in an accounting estimate unless it is correcting a prior period error.

AASB 2021-5 Amendments to AASs – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments to AASB 112 clarify the accounting for deferred tax on transactions that, at the time of the transaction, give rise to equal taxable and deductible temporary differences. In specified circumstances, entities are exempt from recognising deferred tax when they recognise assets or liabilities for the first time. The amendments clarify that the exemption does not apply to transactions for which entities recognise both an asset and a liability and that give rise to equal taxable and deductible temporary differences. This may be the case for:

Note 17: Changes in Accounting Policies (continued)

(b) Standards issued but not yet effective (continued)

- Initial recognition of a right-of-use asset and a lease liability when commencing a lease
- Recognising a make good provision with corresponding amounts included in the cost of the related asset

Entities will be required to recognise deferred tax on such transactions.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice.

Directors' Declaration

In the Directors' opinion:

(a) the financial statements and notes set out on pages 7 to 23 are in accordance with the *Corporations Act 2001*, including:

(i) complying with Accounting Standard *AASB 134 Interim Financial Reporting*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

(ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2023 and of its performance for the half-year ended on that date.

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

This declaration is made in accordance with a resolution of the Directors.

Pejman Okhovat
Managing Director
22 August 2023

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Independent auditor's review report to the members of G8 Education Limited

Conclusion

We have reviewed the accompanying half-year financial report of G8 Education Limited (the Company) and its subsidiaries (collectively the Group), which comprises the statement of financial position as at 30 June 2023, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group does not comply with the *Corporations Act 2001*, including:

a. Giving a true and fair view of the consolidated financial position of the Group as at 30 June 2023 and of its consolidated financial performance for the half-year ended on that date; and

b. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' responsibilities for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is

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substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Ernst & Young

Ernst & Young

KMcKenzie

Kellie McKenzie
Partner
Brisbane
22 August 2023

Corporate Directory

Directors
D Foster, Chairman

P Okhovat, Managing Director and Chief Executive Officer

Prof J Cogin, Non-Executive Director

D Singh, Non-Executive Director

A Thornton, Non-Executive Director

P Trimble, Non-Executive Director

M Zabel, Non-Executive Director

Company Secretary
T L Wood

Principal registered business office in Australia
G8 Education Limited is a Company limited by shares, incorporated, and domiciled in Australia. Its registered office and principal place of business is:

159 Varsity Parade, Varsity Lakes
Telephone: 07 5581 5300
Facsimile: 07 5581 5311
www.g8education.edu.au

Share registry:
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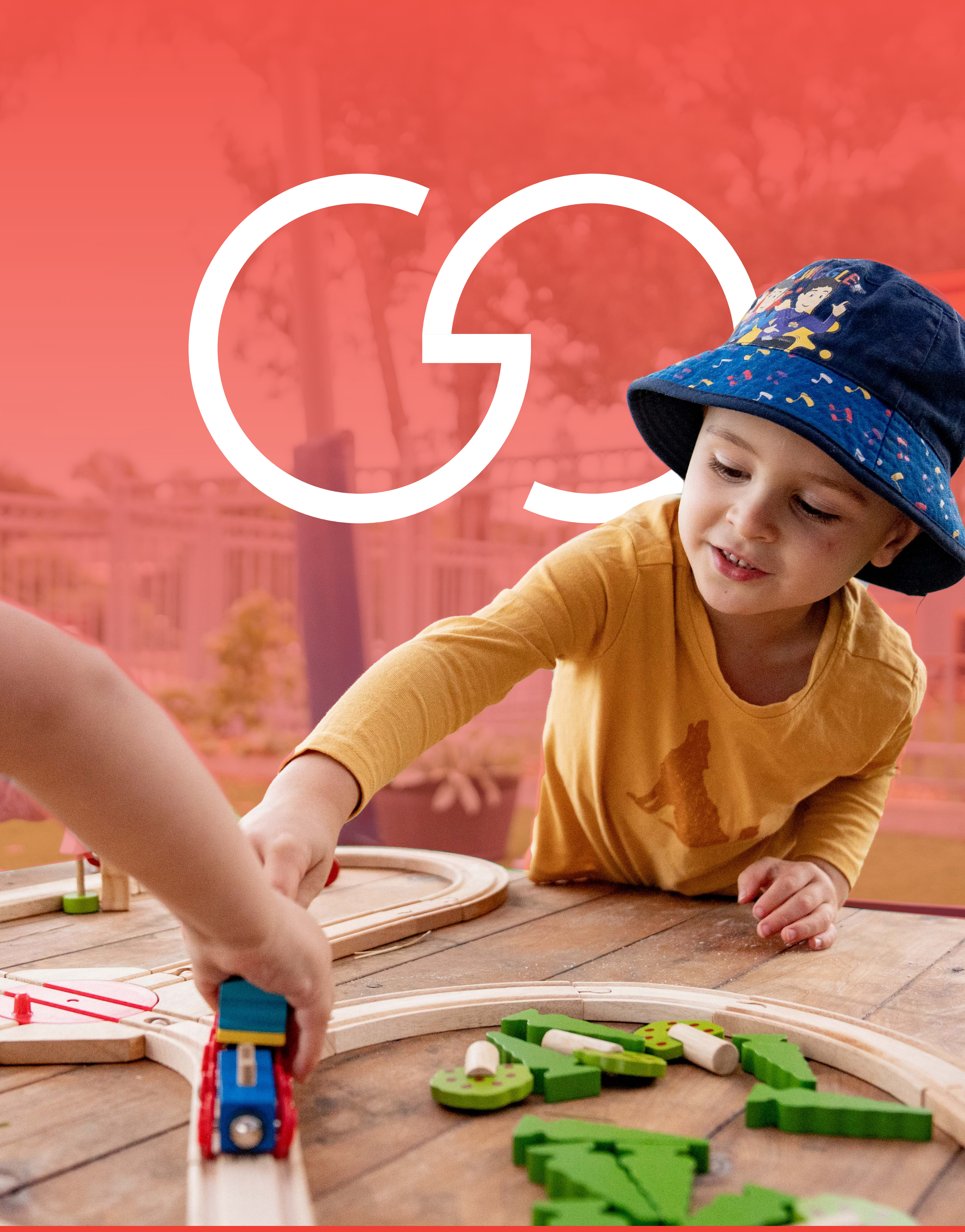
Level 21, 10 Eagle Street
Brisbane QLD 4000

Auditor:
Ernst & Young
111 Eagle Street
Brisbane QLD 4001

Lawyers:
Allens Linklaters Lawyers
Level 26, 480 Queen Street,
Brisbane QLD 4000

Securities exchange listing:
G8 Education Limited shares are listed on the Australian Securities Exchange under the ticker code GEM



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G8 Education Limited (ABN 95 123 828 553)