

ASX Announcement

G8 Education Limited
(ASX:GEM)



21 July 2022

ANNOUNCEMENT OF CHANGE TO MANAGING DIRECTOR AND CEO AND TRADING UPDATE

G8 Education Limited (the “Group” or “G8”, ASX: GEM) today announces that the Board and Gary Carroll, G8's Managing Director and Chief Executive Officer (“CEO”) have agreed to begin a transition to a new Managing Director and CEO, Pejman Okhovat. Mr Carroll will remain with the Group until 31 December 2022 to ensure a smooth transition to the incoming Managing Director and CEO.

Mr Carroll's Transition

G8's Chairman, David Foster, said: “On behalf of the Board, I would like to thank Gary for his outstanding commitment and contribution to G8 over the last six years, initially as Chief Financial Officer before taking the role of Managing Director and CEO in January 2017. Gary has overseen a period of significant change for the Group through a very challenging operating environment, including most recently during COVID-19. During this time, Gary has been an excellent leader and champion of our purpose, creating the foundations for learning for life. He has executed and delivered solid results with the Group's strategic transformation program while ensuring G8 has the right structures and team in place to drive quality outcomes for our children, families, and team members.”

Mr Carroll said: “It has been a privilege to lead the G8 team and I am very proud of what we have achieved over that time. Having navigated the COVID-19 pandemic and with the Group's Improvement Program progressing as planned and producing results in line with expectations, it is the right time for me to step down and for someone else to guide the company through its next chapter. I look forward to continuing to work with the team for the remainder of CY 2022 and, following the transition, wish Pejman and the G8 team well in continuing G8's journey of becoming the centre of choice for families.”

Appointment of Mr Okhovat

Pejman Okhovat has been appointed Managing Director and CEO, effective from 3 January 2023. A summary of the material terms of Mr Okhovat's Employment Agreement is outlined in the Appendix.

Mr Okhovat brings over 27 years of leadership and executive experience in retail, operations, customer experience and strategy. He is currently the Managing Director of BIG W. Prior to that he was the Chief Executive Officer of NZX-listed retailer The Warehouse Group's value retailing businesses – The Warehouse and Warehouse Stationery. Between 2005 and 2020, Mr Okhovat held various leadership positions within The Warehouse Group.

Mr Okhovat spent 10 years in the UK working in senior and executive roles for leading UK retailers, including Marks and Spencer, ASDA Walmart, Sainsburys and Iceland. He holds a BA Hons in Business Studies from Leeds Business School and has completed INSEAD's Advanced Management Programme.

Mr Foster said: “Following a comprehensive global search process, the Board is delighted to welcome Pejman as G8's new Managing Director and CEO. Pejman is an accomplished leader and a veteran of the retail and consumer space and has significant experience driving business performance, delivering exceptional consumer outcomes and experiences and leading teams to achieve excellent results.”

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Mr Okhovat said: "It is an honour to be appointed Managing Director and CEO of G8 Education. I am attracted to G8 and the early education and care sector because of the opportunity it provides to make a long-term difference. It will be a privilege to lead the G8 team and be part of delivering such an important service to the communities that G8 serves. I am committed to being agile and responsive, and continuing to deliver quality outcomes for all G8 stakeholders, including our children, families and team members."

Trading Update

As outlined in the April 2022 trading update, the first quarter operating environment was very challenging. During the second quarter to 30 June 2022, the effects of the various omicron variants abated, with occupancy reinstating seasonal growth in line with the prior year. Core occupancy for the 4 weeks ended 17 July 2022 is 72%, bringing occupancy back in line with the prior corresponding 2021 period and circa 1%pts behind the 2019 period.

Team member shortages remain the sector's greatest challenge, exacerbated in CY 2022 by higher levels of sick leave. We continue to mitigate these impacts partially through rostering, and while absenteeism has improved since Q1, it remains a challenge that the team is, to date, managing well.

The level of gap fee waivers decreased materially in the second quarter, with gap fee waivers currently being negligible. The Group's targeted cost reductions remain on track.

The Group's Improvement Program (IP) has experienced continued momentum, with approximately 85% of the program completed to date and the remaining centres on track to be completed by early 2023.

The Group will provide a further update at the Half Year Results on 24 August 2022.

Appendix

A. Summary of material terms of Mr Okhovat's Employment Agreement

Commencement Date	3 January 2023. It is not a fixed-term contract.
Position	Managing Director & Chief Executive Officer
Fixed Remuneration	\$950,000 per annum inclusive of minimum statutory superannuation contributions (capped at statutory level)
Sign-on Entitlements	<p>In recognition of the forfeiture of certain incentives, or amounts to be repaid to Mr Okhovat's prior employer, the following:</p> <ul style="list-style-type: none">• a cash sign-on bonus of up to \$170,000;• a one-time cash bonus for an amount equivalent to the short-term incentive that Mr Okhovat would otherwise have received from his prior employer had he not resigned;• equity grants of G8 shares equivalent to forfeited long-term incentives, valued on a 5-day volume weighted average price (VWAP) to be granted at the applicable time of vesting and following notification of the relevant vesting outcomes; and• a one-time performance rights grant for an amount equivalent to the long-term incentive grant that Mr Okhovat would otherwise have

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received from his prior employer had he not resigned, valued on a 5-day VWAP on the Commencement Date.

If Mr Okhovat's employment is terminated prior to 31 December 2024, the sign-on entitlements received by Mr Okhovat must be repaid to G8, and any unvested equity grants will lapse.

Short Term Incentive	Participation in G8's annual short term incentive scheme with an on-target incentive opportunity of up to 60% of Fixed Remuneration per annum with the ability to earn up to 75% of Fixed Remuneration for stretch performance.
Long Term Incentive	<p>Participation in G8's annual long term incentive scheme (LTI) with the ability to earn up to 100% of Fixed Remuneration per annum based on both internal and external performance conditions.</p> <p>Any grants of securities to Mr Okhovat under the LTI will be disclosed in future Annual Reports, and grants will be subject to shareholder approval where required in accordance with applicable law and the ASX Listing Rules.</p>
Year 3 Outperformance Incentive	Mr Okhovat will be entitled to a one-off cash incentive of up to 40% of Fixed Remuneration following the end of CY 2025 measured against a stretch target of the LTI metrics.
Notice Periods	<p>Six months by Mr Okhovat or G8.</p> <p>One month by G8 in some circumstances, including unpaid absenteeism of three months in a 12-month period due to sickness or injury.</p> <p>Nil by G8 in some circumstances, including serious misconduct or gross negligence.</p>
Termination Payments	<p>G8 may, at its discretion, elect to pay Mr Okhovat an amount in lieu of notice for the notice period (or any remaining part of the notice period).</p> <p>No payment will be made on termination of employment exceeding any applicable statutory cap including those set out in 200AA(1) of the <i>Corporations Act 2001</i> (Cth).</p>
Post-employment Restraints	A six-month non-solicitation and non-compete restraint provision will apply after termination of employment.

ENDS

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

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