

Company: G8 Education Limited
Title: G8 Education Annual General Meeting
Date: 27 April 2022
Time: 11:00AM AEST

Start of Transcript

David Foster: Good morning, ladies and gentlemen. It's 11 o'clock so we'll get started. My name's David Foster and I'm the Chair of G8 Education Limited. It's my pleasure this morning to welcome all shareholders, guests to the G8 Education Limited 2022 Annual General meeting. It is a great privilege for me to be addressing you for the first time as your Chair since taking over the position in November last year. A quorum is present, so I'll declare the meeting open.

Firstly through, I'd like to acknowledge the traditional owners of the land in which we meet today. Today we're in Brisbane so I'd like to acknowledge the Turbul and Jagera peoples and also acknowledge the Elders, past, present and emerging.

In the interests of health and safety relating to COVID, shareholders, G8 team members and other stakeholders, in the context of G8 and the pandemic, the Company is delivering its 2022 Annual General Meeting as a hybrid meeting, comprising a virtual meeting as well as in person meeting. The Company is pleased to provide shareholders with the opportunity to attend and participate in the meeting either in person or through an inline meeting platform where shareholders will be able to watch, listen, ask questions, submit written questions and vote online. I thank you for those that are in attendance today.

This year we introduced a new functionality to allow shareholders to dial in and ask questions over the phone lines. To utilise this teleconference facility, shareholders must use the unique pin provided to them by Link Market Services. If you don't have a phone pin and would like to ask a question via the phone lines, please contact Link on 1800 990 363 now to get your pin. When you dial in online, you'll be able to mute your online sound - asked to mute your online sound - and listen to the meeting via meeting phone. Full details of this facility are outlined in the online meeting guide available on our website.

I'd now like to introduce my fellow directors who are here with me today in Brisbane from right to left. So we have Gary Carroll, Professor Julie Cogin, our two new directors Debra Singh and Toni Thornton, Peter Trimble and Margaret Zabel. I'd also like to welcome Kellie McKenzie, our Auditor from Ernst and Young that's sitting at the front here, who's available to answer questions if you would like.

Today though I'd like to start with the Chair's address followed by a presentation from our Managing Director and Chief Executive, Gary Carroll and then I'll move into the procedural matters of the meeting.

I'd like to start with an overview of the Group's 2021 performance, from both an operational and a strategic perspective. I will also provide an update on Board renewal activity. Our Managing Director and Chief Executive Officer Gary Carroll will then provide an update on the Group's trading performance for the year to date, as well as progress in relation to execution of the Group's strategic focus areas. Following Gary's presentation, we will then move to the formal items of business for this meeting.

First, to an overview of our 2021 performance, which like 2020, was significantly disrupted by the COVID-19 pandemic, with the effects being felt in every community in which we operate.

An improved health and economic environment in the first half of 2021, together with the Group's Improvement Program initiatives, enabled G8 to grow occupancy back to be broadly in line with pre-COVID-19 levels by the middle of 2021.

However, with the onset of new COVID-19 variants in the second half of the year, this resulted in lengthy and extensive lockdowns, particularly in New South Wales and Victoria. These lockdowns significantly impacted attendance levels and core growth, with occupancy ending the 2021 year about 3.1% above 2020 but 2.1% below pre-COVID-19 levels.

The care, skill and dedication of the entire G8 Education team to adapt and do whatever was necessary to protect the health and safety of our team members, children and families ensured that infection risks were minimised throughout our network. I was also inspired by numerous stories of our teams providing additional care and support to those most in need. On behalf of the Board, I would like to sincerely thank every member of our team for their tireless efforts in supporting our children, families and communities throughout this period.

The financial performance of the business in 2021, however, was significantly impacted by the COVID-19 and the operating environment, with Government relief subsidies largely offsetting the impacts on occupancy on lockdown measures. Net profit after tax was \$45.7 million. Cash flow generation continued to be strong, with \$84.3 million in operating cash flows being generated. The Group also continued to maintain a strong balance sheet, with a net debt of \$25.9 million at the end of 2021 and access to \$300 million of committed bank debt facilities.

In light of the challenging and uncertain environment, no interim dividend was paid for H1 2021. The Board declared a current year '21 fully franked dividend of \$0.03 per share, which was paid this month. Given our sound capital position, the Group also announced an on-market buyback which commenced last week.

I would also like to acknowledge the support of both the Federal and State Governments during this year. The Federal Government moved swiftly to implement a sector-specific support package to mitigate the effects of reduced attendance for all sector participants, while State Governments supported those in the sector in responding to the rapidly evolving crisis on an everyday basis. The support packages reinforced the essential role our sector and the role it plays in the broader economy, in addition to the important role we play in the cognitive, social and emotional development of Australian children.

The prioritisation of COVID-19 response activities held had an impact on the pace of some of our planned strategic initiatives, such as the refurbishment of our centre network. Despite these challenges, excellent progress was made in two of our key strategic focus areas, being team member and child safety.

Our emphasis on team member safety during the year focused on supporting the mental health and wellbeing of our team during the pandemic. Various activities were undertaken during the year, from specific training for our leaders, increased investment in professional support networks, as well as numerous recognition and support events throughout the network. The results and feedback received from these activities have been very positive. Then from a child safety viewpoint, we leveraged our partnership with Bravehearts to further develop our child safety program, with a number of new training modules being completed in 2021. We also appointed child safety champions throughout all of our centres, to drive increased focus and capability on an everyday basis.

Turning now to progress being made on the Group's Improvement Program. The team delivered the Improvement Program to 118 centres in 2021, building on the 94 centres that were completed in 2020. Results have been very encouraging, with the Improvement Program centres delivering above-network results in key occupancy lead indicators such as quality, team engagement and family feedback. While occupancy and EBIT results for this cohort were impacted by lockdowns in the second half of 2021, there was noticeable improvement in occupancy and EBIT performance in the first half of 2021, providing us confidence that the program will continue to deliver strong results once the normal operating conditions return.

The employee wage remediation program is well progressed with over 70% of team members having been fully remediated, and an outreach and advertising program underway to connect with the remaining former team members.

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

Finally, I wanted to provide an update on Board renewal activity in November 2021. Mark Johnson retired from his position as Chair and Non-Executive Director of G8. Mr Johnson was Chair of G8 Education for nearly six years and retired in accordance with the Group's Board succession plans. On behalf of the Board, I want to again thank Mark for his leadership of the Board and the Group during a period of significant transformation.

We also welcomed two new board members, as I introduced earlier, in late 2021. Debra Singh and Toni Thornton as Non-Executive Directors, following an extensive search and recruitment process. Debra and Toni bring a range of skills, financial, operational, strategic, property, risk management and leadership across several industries, including childcare. Both are already making valuable contributions to the Board.

We take our sustainability pillars - which are Governance, Service Quality, People and Environment - very seriously, and have detailed the initiatives and commitments we have undertaken, and the progress we have made to date and our future targets in the Sustainability Report and within the Annual Report. Our Sustainability Working Group has been established and we look forward to continuing to work towards our sustainability goals and providing more detailed disclosures to our stakeholders in future years.

In closing, I would like to thank all G8 Education team members for their contributions throughout 2021 in what's been an extremely challenging environment. Their passion, dedication and skill make all of us very proud. I would also like to thank you, our shareholders, for your continued commitment and support.

I would now like to our Managing Director and Chief Executive Officer, Gary Carroll, to deliver his address. Thank you.

Gary Carroll: Thanks, David, and welcome, everyone. As David outlined, I will spend the next few minutes providing you with an update in three areas. Firstly, current trading performance; secondly, progress regarding implementation of the Group's key strategic initiatives; and thirdly, the market operating environment.

Starting with current trading performance, the Group provided a detailed trading update to the market on 12 April, which outlined the impact of omicron cases and floods in parts of Queensland and New South Wales on revenue, occupancy and profit performance for the first quarter of 2022. These events resulted in occupancy falling to 2.1% behind 2021 levels in early March, before recovering in the following weeks to be 0.8% behind the prior corresponding period as at 3 April.

When combined with increased employment costs due to team member shortages and sick leave increasing the usage of agency team members, G8 Education's operating profit after lease interest was approximately \$16 million behind the prior corresponding period.

This variance was driven by four key factors. Firstly, \$6 million in incremental discounting versus the pcp - predominantly gap fee waivers to support families during COVID-19 or where flooding either closed or impacted access to a centre. These gap fee waivers thankfully have reduced in recent weeks from an average of around \$500,000 per week to around \$125,000 per week.

Secondly, the absence of \$5 million in COVID-19 government subsidies that were received in the prior corresponding period. Thirdly, an incremental \$2 million in employment costs driven by additional agency costs and sick leave as a result of COVID-19 and flood-related team member shortages. Lastly, delays in the lead pipeline, omicron cases numbers and widespread weather events impacting enrolments.

The Group has continued its momentum in relation to our Improvement Program, with the current cohort of approximately 140 centres due to be completed by mid-2022. The approach to the remaining 15% of centres provides

the opportunity to embed the practices and capabilities developed over time using a business-as-usual structure in response to feedback received from the program. This therefore provides the opportunity to improve effectiveness and efficiency, while also reducing cost.

While we believe the Q1 impacts are largely expected to be temporary, the COVID-19 operating environment does remain uncertain, including the potential continuation of the impacts seen in Q1 of current year 2022 particularly in the absence of additional government support.

To respond to the challenging environment, the savings achieved through transitioning the Improvement Program from a project structure to a business-as-usual model have been augmented by an additional cost reduction program, including reprioritising discretionary spending and programs. Total cost reductions are targeted at between \$13 million and \$15 million for the remainder of CY22, predominantly realised in H2.

The recent school and public holiday period makes point in time comparisons to prior year challenging, given timing differences. What we can say is occupancy growth over the four-week period to 24 April was in line with the prior corresponding period.

Turning now to our strategic priorities. I would like to provide an update on three of our key strategic focus areas namely, driving operational excellence via our Improvement program which involves the re-engineering of our learning environments and centre operating routines and the development of centre manager leadership capability. Secondly, implementation of professional development and leadership development programs to increase team capability and engagement and reduce team turnover. Lastly, network growth and optimisation, covering both the measured rollout of our new greenfield centres and the divestment of previously impaired centres.

Firstly, to the Improvement Program. As noted, we continue to make very good progress on the program, with approximately 140 centres to be completed by mid-2022. This brings the total number of centres covered by the program to around 370, or about 85% of the network.

While the impacts on occupancy have been really difficult to measure, due to the omicron and flood impacts, the cohort of centres that have been through the program have delivered above-network results in quality, team engagement and family engagement during 2021. That provides us with confidence that the latest cohort will deliver similar results during the course of 2022.

Secondly, I am pleased to report positive progress in relation to the Group's people development programs. Educator shortages have remained a key challenge for the entire sector, so we remain very focused on providing a market-leading employment offer and providing our team with genuine career pathways.

Our Centre Manager induction and onboarding program which was launched in July 2021 has produced some really strong results. With turnover of centre managers that have been part of the program being demonstrably lower than historical turnover rates contributing, thankfully, to a small reduction in Centre Manager turnover for the year to date. Similarly, changes to our Early Childhood Teacher remuneration that were implemented in late 2021 have led to a small reduction in ECT turnover for the year to date.

Finally, enrolments and progress on our study pathways programs, covering Certificate III, Diploma and Bachelor students, is in line with expectations. We have around 950 team members currently enrolled in such programs and we continue to see turnover performance of this student cohort being significantly lower than the rest of the network.

The Group's greenfield development program has been impacted by COVID-related delays to construction activity. With a total of six centres forecast for the year. Three centres have been opened for the year to date, with two of those centres recording occupancy in line with expectations and one centre being impacted by COVID-related delays in conversion of enquiries. As noted above, we do believe this is expected to be a temporary phenomenon.

The Group continues to chip away at its impaired portfolio with one agreement being signed for the year to date to add to the total of 19 sales or lease surrenders that have already been completed. Market activity was somewhat subdued in the first quarter, given the operating environment. With increased activity expected over the coming months as market conditions normalise.

Turning now to the changes that have been announced this year, relating to the Child Care Subsidy framework. In March, the Federal Government brought forward the effective date of the increase to the Child Care Subsidy for families with multiple children in care to 7 March. Four months earlier than originally announced. In addition, the removal of the annual CCS cap was implemented from 10 December 2021 and will apply retrospectively for the full '21/'22 financial year.

We welcome these changes and the support for the early education sector as well as the recognition that investing in the sector is not only an investment in the Australian economy but an investment, as David pointed it out, in the learning and development of our future generations.

We are very supportive of any measures designed to remove structural barriers and facilitate improved accessibility and affordability for families. Along with the sector, we continue to engage constructively with government to ensure the right settings are in place for all stakeholders.

I look forward to providing you with a further update and the Group's full [sic -"half"] year results announcement in August.

In closing, I'd like to thank all of the G8 Education team for their expertise, their compassion and their commitment during an incredibly challenging period. Our team have been front line workers during the whole pandemic and the support that they provided our families and the broader population was truly inspirational.

I'd also like to thank you, our shareholders, for the ongoing commitment and support. Thank you. Hand back to David.

David Foster: Thanks very much, Gary, for those words. Before moving to the specific business of the meeting, I will summarise the shareholder question and voting procedures which apply to this meeting.

As set out in the notice of meeting, there are six resolutions to be considered today, the resolutions have been outlined and explained in the explanatory statement accompanying the Notice of Meeting. If there is no objection, I'd like to propose that the Notice of Meeting be taken as read. Thank you.

For each of the six resolutions, I'll put each resolution to the meeting and ask for questions. In terms of the shareholder questions, only shareholders or corporate representatives of shareholders or those holding a valid proxy from a shareholder are entitled to submit questions.

I'll ask for questions in the following order. Firstly if there's any from the room, they can ask questions by raising their yellow or blue attendance card and a microphone will be brought over to you.

Secondly, if you're dialling in, I'll ask for the questions via the phone. Then thirdly, if you have joined us online, you can submit questions at any time. Your questions will be read out by a Company Secretary and addressed at the relevant resolution.

For those of you who have joined us online, instructions for how to lodge a question online, I've set out in the presentation today. There is also an online guide available via a link at the bottom of your screen. That guide is also available on our corporate website under the 2022 AGM tab. So if you've joined us online, I encourage you to submit your questions as soon as possible.

The procedure for voting will be as follows. The proxy votes are contained in our presentation today which will be displayed on the screen at the appropriate time. All resolutions below put to the meeting today will be determined by a poll. All undirected proxies will be voted by myself in favour of the resolutions, the extent I am permitted to do so.

For those of you who are attending in person, I will ask all in attendance that have been issued with a yellow shareholder or proxy holder card to complete the voting form on the reverse of the card. At the completion of the voting for the final resolution, you will be asked to place the voting cards in the boxes carried by Link Share registry staff. For those of you who have joined us online, you may place your votes at any time using the voting card on your screen. For assistance with voting, there are instructions in our presentation today. There is also an online guide available via a link at the bottom of your screen. Again, that guide is also available on our corporate website under the 2022 AGM tab.

Each resolution set out in the Notice of Meeting, other than Resolution 6, is to be considered as an ordinary resolution and as such must be approved by a simple majority of the votes cast by the shareholders entitled to vote and voting on the resolution. Resolution 6, which relates to proposed amendments to the Company's constitution, is being put as a special Resolution which in order to pass must be approved by at least 75% of votes cast by shareholders entitled to vote and voting on the resolution. Shareholders can simply submit their votes online until five minutes after the close of the meeting.

Once the voting is closed, our share registry provider, Link Market Services will tabulate the results which will be released as soon as possible today on the Australian Securities Exchange. These results will also be displayed on our corporate website once available.

Before proceeding to the first item of business, let me again introduce our auditor for the 2021 financial statements, Miss Kellie McKenzie from Ernst & Young, sitting in the front of the room here, Kellie, who has joined us in person today and is available to take questions on the conduct of the audit and the preparation and content of the independent external auditor's report.

All questions should be directed to myself as Chair of the meeting and I will then invite any other Directors or relevant person to respond as appropriate.

So, moving to Resolution 1. Ladies and gentlemen, I now turn to the financial statements for G8 Education. You have received the annual financial report, director's report and auditor's report for the year ended 31 December 2021. I now invite discussion on the financial statements and annual report, including questions on the business or operations of G8 Education Limited or on the management of the Company generally.

Questions that have been submitted regarding other items of business will be held until we get to that item. I'd like to remind you that only shareholders or corporate representative shareholders, or those holding a valid proxy from a shareholder are entitled to speak. Could you please address all your questions through me as Chair? Are there any comments or questions relating for those in the room? We don't appear to have any questions. So Operator, any questions on the phone line?

Operator: No questions, Mr Chair.

David Foster: Thank you. So we'll move - I do believe we've got a couple of questions online. So I'll hand over to Tracey.

Tracey Wood: Thank you, Mr Chair. The first question's from Stephen Mayne. The question is, many thanks to the Board for agreeing for the request to disclose the proxy position to the ASX, along with the formal address at the head

of the AGM. As a bonus you've also voluntarily thrown in the shareholder voting numbers. Well done for the strong support for all resolutions. Are you prepared to also publish a full transcript of today's AGM today like you did last year?

David Foster: Yes, it will be published as per last year.

Tracey Wood: Thank you, Mr Chair. The second question is from Stephen Mayne again. What is the G8 Education policy position on making political donations? Will we be making any related to the current Federal election? Have we historically made any political donations? Given that we do build childcare centres, are we classified as a property developer and therefore banned from making political donations in some states?

David Foster: We don't make political donations and haven't historically. We, as Gary alluded to, have a good relationship with both sides of government and we're collaboratively working on policy. The second topic, we aren't a property developer. We obviously engage with people who do develop properties, potentially on our behalf for greenfield expansion. But we ourselves are not property developers.

Tracey Wood: Thank you. We have a further question from Stephen Mayne. I'm a City of Manningham Councillor in Melbourne's eastern suburbs and we own 25 kindergartens. all of which are run by independent, not for profit community committees. Are we competitors to G8 Education? How prominent are councils across Australia in the childcare sector? Do you have any views on how competent the local government sector are when it comes to building, maintaining and running kindergartens and childcare centres?

David Foster: Well, I think by the nature the structure of the industry is quite a fragmented one. There are a lot of participants, whether they be public, private or government related entities. Certainly it is a community-based business that we're in and we do compete on a local basis. So in that context, yes, they certainly are a relevant participant in the sector.

I probably couldn't provide a specific view on the quality of the ones called out. But again, because of that fragmentation, as we do with our own portfolio, have a range of performance right across the sector.

Tracey Wood: Thank you. We have a further question from Stephen Mayne. Camp Australia is the largest external provider of after school care programs and is owned by private equity firm Bain. It has recently gone broke, defaulting on its debt, which is for sale for less than \$0.50 in the dollar. Is this a business that we have looked a buying or that competes with us? Are there any implications for our sector from the Camp Australia collapse?

David Foster: Obviously that's a very targeted business focused on after school and holiday care. We have a very small number of centres that do provide that as a small part of the services. But at our heart we're a long day care business. So not a big component of our particular business.

Probably the second part of the question. Do we look at those type of assets? Well I think we've got a reasonable example that from a strategic point of view we do look at a number of opportunities on an ongoing basis in adjacent areas relevant to our core business. A good example of that is the investment that we've made in Leor and Kiddo's which are both related to childcare. Leor specifically being focused on home care. So we do look broadly across the market but not specifically at Camp. It doesn't have any real relevance and a bearing on our industry.

Tracey Ward: Thank you. Next question is from [Geoffrey Orack]. [Refer] five-year performance table on page 55. Companies often show underlying NPAT, believing that it gives a better indication of performance e.g. the table shows that the three years prior to COVID, the average statutory NPAT was \$68.1 million and the underlying NPAT was \$80 million. In 2020 a large impairment expense resulted in a statutory NPAT loss of \$189 million and an underlying NPAT of 62.6 million. In 2021 statutory NPAT of \$45.7 million and underlying NPAT was \$39.5 million. Please explain, on an underlying basis, why performance in 2021 appears to be lower than in 2020.

David Foster: Thanks. Gary, I might get you to address that.

Gary Carroll: Thank you. So thanks for the question. The primary driver in the different between financial results for 2020 and 2021 was the level of government subsidies that were received by the Company. We received more in the way of government subsidy funding in 2020.

It's probably also worth noting that our occupancy performance improved in 2021, as David called out in his address. That was despite on a net basis lockdown periods being slightly longer than they were in 2020. So we're certainly comfortable that the underlying performance of the business from an operational perspective was excellent in both years. If anything, slightly better in 2021. But the financials were very much driven by government subsidies.

David Foster: Thanks Gary. Are there any further questions?

Tracey Ward: Yes, there's one further question from Stephen Mayne. Whose idea was it to limit retail shareholders to additional shares equivalent to only 25% of their entitlement in last year's \$301 million capital raising? Retail owned about 45% of G8 before this raising and were diluted down to closer to 30% partly because the retail offer finished \$50 million short, which was partly because of the 25% limit on [owners]. You owe retail shareholders a make good capital raising to offset for the dilution caused by the \$134 million placement at \$0.80 last year. Will you consider launching a retail only [30,000] SPP?

David Foster: Thanks for that question. Obviously balancing the need for both our institutional and shareholders, together with the specific needs of the business at the time absolutely paramount and certainly part of our considerations. We did deliberately provide an opportunity, notwithstanding significant institutional support, to provide some opportunity, albeit not as requested, for our retail shareholders. They certainly are front of line, as evidenced by reintroducing the dividend most recently.

We obviously, having recently announced a share buyback, which hopefully will drive shareholder value over time. We don't have a need for capital raising at this moment in time but will certainly keep that suggestion in mind if that eventuated in the future.

Any other questions Tracey?

Tracey Ward: No, that's all.

David Foster: All right. Thank you for those questions. As there is no further questions, we will now move on to the formal resolutions. As a reminder, if you are joining online, you can place your vote at any time using the virtual voting card.

The first resolution on the Notice of Meeting is a non-binding resolution to adopt the remuneration report. Please note that the vote on this resolution is advisory only and does not bind the Directors of the Company. Voting exclusions apply to this resolution as set out in the Notice of Meeting.

The resolution is that the resolution [sic - "remuneration"] report for the year ended 31 December 2021 be adopted and I now welcome questions with respect to the remuneration report for those in the room. We don't appear to have questions in the room. So Operator do we have any questions on the phone line?

Operator: No questions, Mr Chair.

David Foster: Okay and online?

Tracey Ward: We have a question from Geoffrey Orack. I understand that the short-term incentive gateway is based on double-digit growth of NPAT. Can you explain why the gateway was opened and despite three of the four non-financial measures not being achieved, an STI payment of about 70% of maximum was made to KMP in 2021. e.g. the Managing Director received \$488 million over the same two year period underlying EPS fell from \$0.074 per share to \$0.047 per share. No dividend was paid to shareholders in either 2020 or 2021. Did the Board consider discretion it has in this situation?

David Foster: I'll probably answer that in three parts and I'll start with the last question first. Absolutely it is within the Board's mandate to consider judgement and we do discuss that and have applied that frankly in previous years that I can recall. In one particular instance this year where we actually outlaid greater in this financial year than we did receive in government subsidies we didn't modify that, for example, to the favour of the management team here. We accepted that this balance as [unclear] in the P&L this year.

But to explain the STI scheme. It's sort of got two parts to it. So the pool itself around the STI is created by the profit result against the Board agreed budget. Within that we do look at variables and factors, both within and without our control that may or may not have impacted the result during the year. But in this case, we didn't apply any modifiers to that. We took the raw result as it was, as I mentioned before. Then once that pool is created, which commences at sort of 90% of the target that we set, because we set a stretched target, there is then a tiered opening up of the size of the pool up to 100% which creates the pool.

From there, the balanced scorecard kicks in and the weightings of the balanced scorecard vary by team member. So Gary has the - as you would expect - has the highest percentage relating to financial performance. Then other factors - a number of which did received good results during the course of this year and a couple as called out, did not. The result of that calculation then results in a formulaic outcome of the proposed STI which again is then considered by the Board for any subjective overlays or modifiers. So it's perhaps a little bit more nuanced than the question [suggested].

But the other relevant point I think is the long-term incentive scheme, which hasn't vested for some time and rightly so, given the performance of the share price which does indicate good alignment with shareholders on their LTI. But two flags, based on some discussions that we've had. We are reviewing the LTI for future years to see if there's ways we can enhance the metrics to even further align those outcomes with shareholder outcomes. So you will hear about that during the course of the year as we head into next year's AGM.

Any other questions?

Tracey Ward: Not on that item.

David Foster: Okay, great. So that's it for questions. So proxy votes have been received in respect of this resolution. The results of the proxy votes appear on the presentation. The resolution will be determined by a poll. So I can ask if all in attendance that have been issued with a yellow shareholder card or proxyholder card to complete the voting form on the reverse of the card. I'll just give anyone a minute to do that.

So we'll now move to Resolution 2, the re-election of myself David Foster. So I will shortly invite my fellow Director, Professor Julie Cogin to share Resolution 2, given it relates to my own re-election as a Director of the Company. But before doing so I'd like to provide a little background about myself.

Ladies and gentlemen, my careers include 25 years in banking and financial services. For the last seven years I've been a professional company director and chair in a range of industries including financial services, retail, professional services, government and education. I have a broad range of experience but bring specific skills in finance, strategy and operating a business with a distributed network to assist the Board. I've been fortunate enough to serve on your Board at G8 education for the last six years, including as Chair since the end of November last year.

The purpose of our organisation, to provide quality education, care, including the flow on benefits it provides to the broader community, is critical. This is at the absolute core and the reason why I'm committed to this Company and focused on its future success.

Notwithstanding a couple of challenging years for our industry and Company, I am very confident about the future of the organisation and I'm committed to ensuring the delivery of our strategy and results for all of our stakeholders. I look forward to serving you, our shareholders, for a further term. Thank you and I'll now invite Julie to come up.

Julie Cogin: Thank you David. Resolution 2 is the re-election of David Foster. As stated in the Notice of Meeting, David Foster is seeking re-election as a Director of the Company. David has the full support of the Board for his re-election. I confirm that the Board considers him to be an independent Non-Executive Director. David's background, qualifications and experience appear in the Notice of the Annual General Meeting.

The Company seeks members' consideration and if thought fit, to pass the following resolution as an ordinary resolution. That Mr David Foster, who having been re-elected on the 17 April 2019 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.

Are there any comments or questions from the room? Doesn't look like it. So Operator, do we have any questions on the phone line in relation to this resolution?

Operator: No questions, Miss Cogin.

Julie Cogin: Are there any comments or questions from those joining us online?

Tracey Ward: Hi, yes, thank you Miss Chair. Stephen Mayne has posed a question. The question is we received \$103.2 million in JobKeeper which put us in the top 10 for listed companies. Could David and the other candidates for election today comment on whether the Board had any discussions about repaying any of this figure given that the scheme is now regarded as having been widely [rorted] with \$38 billion of the \$89 billion going to applicants which didn't qualify under the rules of the scheme.

Julie Cogin: Okay, David I'll pass to you to answer that.

David Foster: Thank you. Thanks again for the question, Stephen. That question relates to the FY20 financial year and I guess signifies the importance around - and speed at which the government introduced measures albeit for a relatively short period of time to sustain the viability of the industry. Ours, as a sort of an essential industry, is very much impacted, whether it be through families, our staff and this ability to keep the doors open, keep staff employed was absolutely critical.

JobKeeper itself was only a very short term and interim measure before recognising that importance of the sector - sector-wide measures were introduced and support that was specific and tailored to the industry itself which carried on. As we then tipped into financial year '21, again I think I mentioned this a little bit earlier, we received about \$20 million in support measures, again to support families and staff and keep services open and functioning through an ongoing, challenging period. But we, on balance, reinvested about \$28 million in various activities to support staff and our families in the provision of those services in a subsidised way. That was the right thing to do during that period.

If I look back to FY20, it was a year that shareholders certainly didn't enjoy benefit. There was no dividend paid. There was no LTI paid out, there was no STI paid out. Therefore there wasn't any consideration necessary, specifically on those particular items. But we're very cognisant of the broader community implications. A number of organisations who enjoyed super normal profits during that period and that should well and truly be considered.

But on balance, given where the money went and what it was used for around supporting families and our staff, we didn't think it was necessary or appropriate to repay it. But as indicated, when we had some further levers available in FY21 we did overinvest in our stakeholders to retain services and quality.

Do you want to add anything, Gary?

Gary Carroll: I'm conscious that there was a reference around reporting. Given that sector occupancy reduced from around 60% to 30% in a one-week period in March 2020, we're very comfortable that all sector participants, including G8 easily qualified for whatever the JobKeeper criteria was at the time. So we felt we appropriately applied the rules of that scheme.

To David's point, I think we got the balance right because it was a real flowthrough to maintain employment levels and to ensure that families were not paying in a situation where they were unable to attend. So we actually think we got the balance pretty right.

Julie Cugin: Thanks, David, thanks, Gary. Proxy votes have been received in respect of this resolution. The results of the proxy votes appear on the presentation. Mr Foster will not vote on this item and the resolution will be determined by a poll. Can I ask all in attendance that have been issued with a yellow shareholder or proxyholder card to complete the voting form on the reverse of the card. I'll now hand back the meeting to the Chair, David Foster.

David Foster: Thanks very much, Julie. We'll now move to Resolution 3, the Election of Miss Debra Singh. The Company seeks members' consideration and if thought fit, to pass the following resolution as an ordinary resolution. That Miss Debra Singh, who has been appointed by the Board as a Director on 29 November 2021, in accordance with the Company's constitution, retire as a Director of the Company and being eligible, offers herself election as Director of the Company - be elected as Director of the Company.

As stated in the Notice of Meeting, Miss Singh is seeking election as a Director of the Company. Miss Singh has the full support of the Board for her election and I confirm that the Board considers her to be an independent Non-Executive Director.

Miss Singh's background, qualifications and experience appears in the explanatory notes of the Notice of Annual General Meeting. I now invite Miss Singh to give comment in relation to her election.

Debra Singh: Thank you, David. Good morning, fellow shareholders and guests. I'm really delighted to join you today to put myself forward for election to the Board of G8 Education. Since joining the Board in November last year, I've been truly inspired by the commitment of my fellow directors and passion and energy of the leadership team. In my recent visits to some of our centres in Sydney, I was extremely impressed with the calibre of our centre managers and their teams and the incredible education and care that they provide to so many children, every day.

You can see from my bio I have over 35 years' experience working in retail. I was at Woolworths for 11 years in senior executive roles and more recently Greenlit Brands as Group CEO of Household Goods which included Fantastic Furniture, Plush, Freedom and OMF. I have specialisation across operations, human resources, business transformation and strategic change.

I also understand the nuances and challenges of operating a large, distributed network. With my years of experience as a CEO across listed and private companies, I feel confident that I will be able to hold - add value to the Board and the broader business. In addition to my responsibilities at G8 Education, I'm a Board member of the Shaver Shop and the Kids' Cancer Project.

If elected, I promise you my full commitment and I will work diligently to create value for all shareholders. Thank you.

David Foster: Thank you, Debra. I'll just now go to questions or comments. Are there any in the room? Doesn't appear so. So Operator, do we have any questions on the phone line?

Operator: No questions Mr Chair.

David Foster: Online?

Tracey Ward: Mr Chair, we have a question from Stephen Mayne. RBC and UBS made millions of dollars underwriting last year's \$301 million capital raising. Have either of these firms offered any entertainment or corporate hospitality to Debra or any of the other directors or senior executives since that capital raising was launched? Could Debra also comment on how involved the Non-Executive Directors were in the allocation decisions with the raising?

David Foster: Well, I'll let - well, Debra wasn't part of the Group at that particular time. I can say that the other Directors haven't participated in any activities as questions. As I think a little bit earlier - we certainly, as part of the strategy for the capital raising explicitly discussed participants and the profile of that capital raising based on the circumstances and appetite at the particular time.

Tracey Ward: There's no further questions.

David Foster: Thank you. Proxy votes have been received in respect of this resolution. The results of the proxy votes appear on the presentation. Miss Singh will not vote on this item and the resolution will be determined by a poll. Can I ask all in attendance that have been issued with a yellow shareholder card or proxyholder card to complete the voting form on the reverse of the card. I'll just give you a minute or two.

We'll now move on to Resolution 4, the Election of Antonia Thornton. The Company seeks members' consideration and if thought fit, to pass the following resolution as an ordinary resolution. That Miss Antonia Thornton, who has been appointed by the Board as a Director on 29 November 2021, in accordance with the Company's constitution, retire as a Director of the Company and being eligible, offers herself for election as Director of the Company - be elected as a Director of the Company.

As stated in the Notice of Meeting, Miss Thornton is seeking election as a Director of the Company. Miss Thornton has the full support of the Board for her election, and I confirm that the Board considers her to be an independent Non-Executive Director.

Miss Thornton's background, qualifications and experience appeared in the explanatory note to the Notice of Annual General Meeting. So I now invite Toni to give comment in relation to her election.

Antonia Thornton: Thank you, David. Good morning, everyone, thank you for joining us. My name is Toni, I endorse Debra's comments earlier and I'm delighted to put myself forward for election. I come from a 20-year career in investment market with JBWere, Goldman Sachs and [NAM] on the investment side. I was advising listed entities, non-profit groups and most major hospital groups in Queensland.

I was also employed in an executive function, I used to run the Queensland business until I left financial markets to focus on my private investments, which by then included a significant childcare business which operates in the Montessori and emergent curriculum space.

During this time I've been a Non-Executive Director across multiple businesses including property, energy and renewables, placemaking and master planning.

My time with Goldman exposed me to the world of risk across most of the major asset classes. As a result I've been involved with audit and risk for nearly 15 years. During the COVID-19 pandemic I obtained a Master's in Law and Enterprise Governance to further my skills in this evolving space.

My focus, as a Non-Executive Director for G8 Education is on guiding the Group towards achieving the balance between operational excellence, profitability, risk, commercial opportunity, ESG factors. In order to drive revenue growth and enterprise value for shareholders. Thank you.

David Foster: Thanks very much, Toni. Any questions in the room? Operator, do we have any questions on the phone line?

Operator: No questions, Mr Chair.

David Foster: Tracey?

Tracey Ward: No questions, Mr Chair.

David Foster: All right well given that there's no further questions. Proxy votes have been received in respect of this resolution. The results of the proxy votes appear on the presentation. Miss Thornton will not vote on this item and the resolution will be determined by a poll. Can ask if all in attendance that have been issued with a yellow shareholder card or policyholder [sic - "proxyholder"] card to complete the voting form on the reverse of the card? I'll just give you a couple of minutes to do that.

All right. we'll now move to Resolution 5 regarding the issue of performance rights to the Managing Director and Chief Executive Officer. This resolution relates to the granting of performance rights pursuant to the G8 Education Executive Incentive Plan.

G8 Education Limited seeks members' consideration and if thought fit, to pass the following resolution as an ordinary resolution. That approval be given for the purpose of the listing rule 10:14 and for all other purposes to grant 490,886 performance rights to the Company Chief Executive Officer and Managing Director, Mr Gary Carroll. Also for the purpose of Section 200E of the *Corporations Act*, to the giving of a benefit to the Company Chief Executive and Managing Director, Mr Gary Carroll in connection with any vesting of those performance rights on the cessation of Mr Carroll's employment with the Company or related body corporate of the Company. In each case, under the G8 Executive Incentive Plan and on the basis described in Section 3.1 of the explanatory statement.

Are there any comments or questions in the room? Operator, do we have any questions on the phones?

Operator: No questions, Mr Chair.

David Foster: Tracey, online?

Tracey Ward: No questions, Mr Chair.

David Foster: Right, thank you. Given there's no further questions. Proxy votes have been received in respect of this resolution. The resolutions [sic] of the proxy votes appear on the presentation. Voting exclusions apply as set out in the notice of Meeting.

The resolution will be determined by a poll, so I now ask shareholders in attendance that have been issued with a yellow shareholder card or proxyholder card to complete the voting form on the reverse of the card and place it in the boxes carried by the registry staff.

So we now move to Resolution 6 regarding the approval of the amendment of the Company's constitution. As outlined in the explanatory statement to the Notice of Meeting, the Board and the Company's legal adviser reviewed the Company's constitution to consider whether any amendments were necessary or desirable, given developments and potential future developments in the corporate law and governance since the constitution was last amended.

The amendments proposed to the constitution relate to the changes to the ASX CHES system which is due to be implemented in April 2023. The new Chess replacement will allow for up to four joint holders of a share and the ASX recommends listed entities amend their constitution to remove or amend restrictions on the number of joint holders of the securities.

Accordingly, the Company proposes to amend its constitution to allow that it can register up to four individuals as joint holders. The Company seeks members' consideration and if thought fit, to pass the following resolution as a special resolution with effect from the conclusion of the Company's 2022 Annual General Meeting.

The constitution of the Company is amended in the manner described in section 3.2 of the explanatory statement and as shown in the markup in the attachment to the explanatory statement.

Are there any comments or questions in the room about this resolution? Operator, any questions on the phones?

Operator: No questions, Mr Chair.

David Foster: Tracey?

Tracey Ward: No questions, Mr Chair.

David Foster. All right, thank you. So proxy votes have been received in respect of this resolution. The results of the proxy votes appear on the presentation. No restriction on the voting applied to this resolution and the resolution will be determined by a poll.

I now ask shareholders in attendance that have been issued with a yellow shareholder card or proxyholder card to complete the voting form on the reverse of the card and place it in the boxes carried by the registry staff.

Shareholders, this is the end of the business being put to the meeting today. So please ensure that you do submit your votes online using the online voting card, if you've not done so already. As mentioned earlier, shareholders can submit their votes online until five minutes after the meeting closes. The results of the four polls taken today will be announced to the market as soon as practical after the meeting.

So thank you, ladies and gentlemen. That brings us to the end of the meeting today. I certainly thank you all for your attendance, live and virtual and your interest in the Company. We look forward to your ongoing support in the coming year and I now declare the meeting closed.

For those in attendance, please, you're welcome to join us for a cup of coffee or tea and something to eat just to the left as I look at the doors at the back of the room.

Thank you again.

End of Transcript