


# G8 EDUCATION LIMITED

## 2025 Full Year Results Presentation

23 February 2026

 G8 Education<sup>ltd</sup>



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## Acknowledgement of Country

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

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

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

# AGENDA



## SUMMARY AND PROGRESS

Pejman Okhovat

## FINANCIAL PERFORMANCE

Steven Becker

## CURRENT TRADING AND OUTLOOK

Pejman Okhovat

## QUESTIONS

Pejman Okhovat and Steven Becker

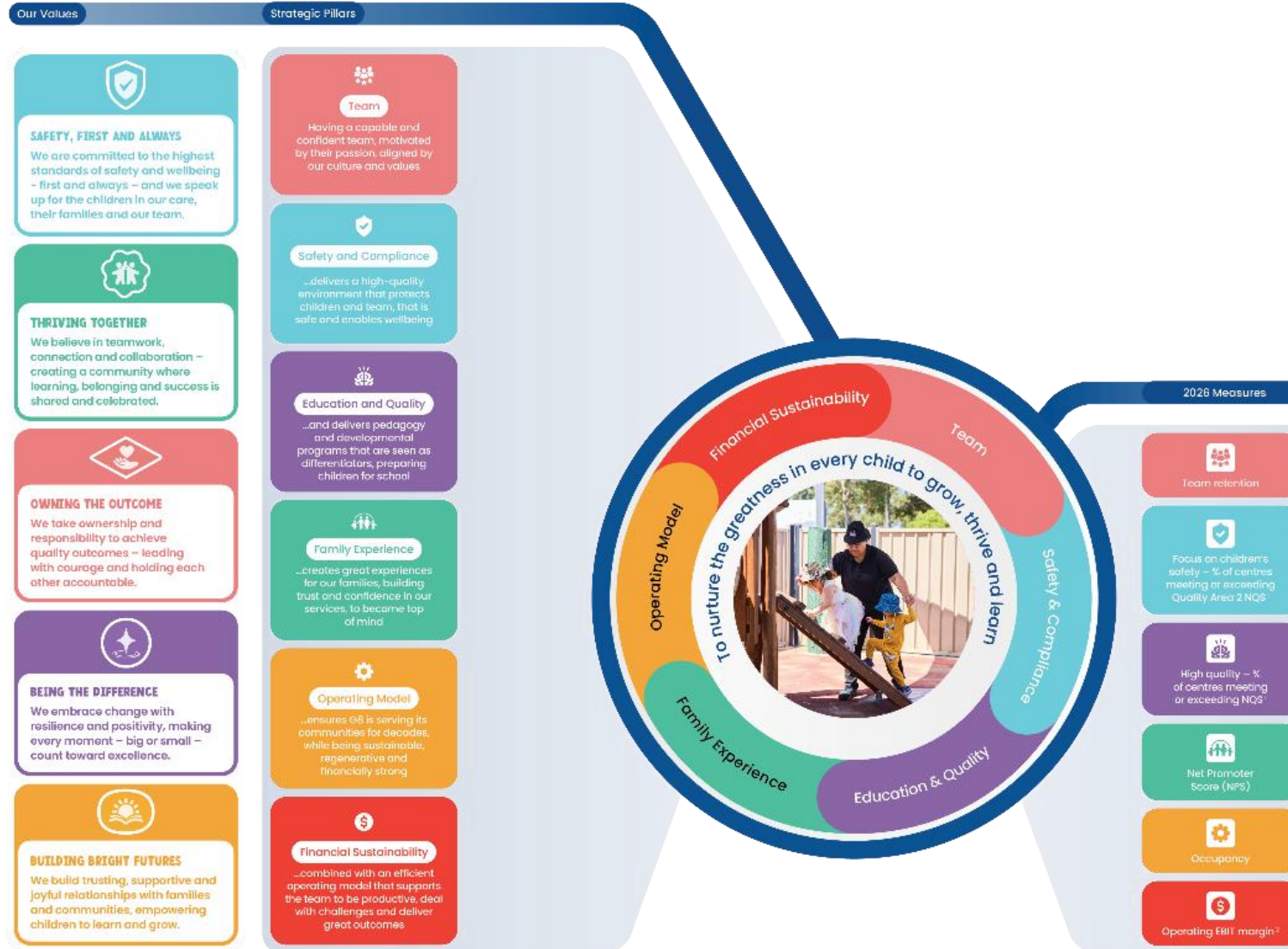
## APPENDIX

# SUMMARY AND PROGRESS



# EVERYTHING IN OUR WORLD STARTS WITH CHILDREN

We are driven by our purpose in *"To nurture the greatness in every child to grow, thrive and learn"*



# KEY MESSAGES

Strong operational execution and safety focus underpin resilience in a challenging market

## POSITIVE BALANCED SCORECARD MOMENTUM

- Performance across the controllable balanced-scorecard metrics remained strong, supported by consistent operational focus and execution
- Occupancy continued to be affected by tough market conditions, with birth rates continuing to fall year on year, increased supply, sector trust and confidence impacted by media coverage and families experiencing sustained affordability pressures,
- Strong progress in improving network quality, with continued uplift in the Group overall NQS toward all centres rated 'Meeting' or above
- Team retention continued to strengthen, underpinned by positive engagement and an additional 5% wage uplift for award-based team members through the ECEC Worker Retention Grant
- Family engagement continued to improve, with positive momentum across key experience drivers, particularly individual learning, educational programs and safety

## SAFETY, REGULATORY AND COMPLIANCE

- Unwavering commitment to continuously strengthening child-safe policies and procedures, aligned with national and state regulation, including the following:
- Dedicated safety leaders in every centre, supported by mandatory training and clear accountability
- Strong compliance and oversight through enhanced systems, regular reviews and independent assurance
- Active engagement with governments and regulators to support reforms that strengthen child safety and transparency
- Ongoing oversight and governance provided through the Board Safety Committee

## PRUDENT CAPITAL MANAGEMENT

- Earnings were affected by the challenging operating environment, with prudent cost management helping to maintain EBIT margin stability
- Ongoing, targeted efforts are supporting greater value and efficiency across our cost base
- A conservative balance sheet was maintained, with stable liquidity and low gearing
- Maintained a cautious capital management approach, balancing operational needs with shareholder returns in a challenging market
- Network optimisation continued with 5 centres divested and 6 leases surrendered or expired



At G8 Education we are committed to providing safe, high-quality care and education that empowers children to thrive

# FINANCIAL OVERVIEW

Earnings impacted by softer occupancy

## OPERATING

Excludes non-trading<sup>1</sup> items and includes lease interest expense

Revenue	% change vs pcp
\$946.9m	↓ 7.0%
<b>Operating Costs</b>	
\$853.6m	↓ 5.4%
<b>EBIT (lease adjust)</b>	
\$93.3m	↓ 18.9%
<b>NPAT</b>	
\$59.0m	↓ 18.4%

## REPORTED

Statutory

Revenue	% change vs pcp
\$948.2m	↓ 7.2%
<b>EBIT</b>	
(\$234.7)m	↓ 253.6%
<b>NPAT</b>	
(\$303.3)m	↓ 548.1%
<b>EPS</b>	
(39.2)c	↓ 568.1%
<b>DPS</b>	
2.0c	↓ 63.6%

## GROUP OCCUPANCY

All references to occupancy include all centres

Occupancy	
65.8%	↓ 4.9% pts vs CY24

### Current Occupancy - week ended 15 February 2026

54.4% (Spot)	↓ 7.5% pts vs. PCP
57.2% (YTD)	↓ 7.8% pts vs. PCP

Key factor of driving our financial performance:

- Occupancy in CY25 H2 continued to be constrained by affordability pressures and confidence and trust in the sector, which contributed to reduced enquiry levels across the sector. CY26 has also seen a softer start to occupancy levels
- The main difference between operating and reported NPAT relates to the goodwill impairment of c\$350m
- Operating cost lower than pcp with ongoing cost discipline ensured a well-controlled cost base, consistent with our focus on operational efficiency
- Fully franked total dividend of 2c (paid 3<sup>rd</sup> October 25), representing 34% of reported NPAT excluding goodwill impairment expense. No final dividend will be paid.

Note: All measures are relative to the prior corresponding period unless otherwise stated

1. Refer to Note 7 of G8 Financial Report for non-trading items

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE HIGHLIGHTS

Delivering long term value through disciplined governance, service quality, workforce stability and environmental commitments



## Governance

- ✓ **Established Safety Committee**  
Dedicated Board Committee responsible for oversight of child safety governance, compliance and safeguarding performance
- ✓ **Inaugural Climate Disclosure**  
Published first climate-related financial report in compliance with new Australian standard
- ✓ **Climate Risk Framework**  
Developed and implemented a structured framework to identify, assess, manage and report climate-related risks and opportunities
- ✓ **Enterprise Risk Management**  
Comprehensive refresh of enterprise risk management framework and risk registers to strengthen governance and risk oversight



## Service Quality

- ✓ **Network Quality**  
**95%** of centres are “meeting” or “exceeding” the overall NQS
- ✓ **CCTV Rollout**  
Finalising scope and implementation for network-wide CCTV program
- ✓ **Family Engagement**  
NPS **53** up 3pts vs pcp
- ✓ **Educational Excellence**  
**96%** of centres are “meeting” or “exceeding” the NQS Quality Area 1 – Educational program and practice
- ✓ **Reconciliation Action Plan**  
100% of RAP deliverables completed for Reflect RAP



## Our People

- ✓ **Strong Career Pathways**  
**55%** of Centre Manager appointments filled through internal promotion
- ✓ **ECEC Wage Uplift**  
Additional ECEC Worker Retention Grant uplift totalling **15%** wage increase since December 2024
- ✓ **Faster, stronger hiring**  
Average speed to hire improved by **14%** yoy, achieved alongside enhanced screening and governance processes
- ✓ **ECT Vacancy Reduction**  
Early Childhood Teacher (ECT) vacancies reduced by **25%**, reflecting improved teacher retention
- ✓ **Board Diversity**  
**>50%** female Board















## Environment

- ✓ **Emissions**  
**9.4%** reduction in Scope 1 and Scope 2 emissions compared to FY24
- ✓ **Scenario Analysis**  
Completed scenario analysis to assess and respond to climate-related risks and opportunities
- ✓ **Solar generation**  
Generated **1,146,365 kWh** power, equivalent to offsetting **758.28** tonnes of CO<sub>2</sub>-e (or **287** homes<sup>1</sup>)

1. Electricity used by 287 homes based on avg. 4,000 kWh per home  
2. Does not include any bottled LPG or consumption met by on-site solar generation

# BALANCED SCORECARD

Strong results in controllable strategic focus areas with occupancy and margin being impacted by market conditions and sector confidence

Strategic focus area	Measure	CY25 (Actual)	Progress CY24 to CY25
 <p>Team</p>	Team retention	79%	 2% pts
 <p>Family Experience</p>	NPS	53	 3 pts
 <p>Quality</p>	% of centres meeting or exceeding overall National Quality Standard (NQS)	95%	 2% pt
 <p>Education &amp; Inclusion</p>	% of centres meeting or exceeding Quality Area 1 of NQS <sup>1</sup>	96%	 2% pt
 <p>Operating Model</p>	Occupancy	65.8%	 4.9% pt
 <p>Financial Sustainability</p>	EBIT margin <sup>2</sup>	9.9%	 1.4% pt

1. Quality Area 1 – Educational program and practice of NQS. The aim of Quality Area 1 is to ensure that the educational program and practice is stimulating and engaging and enhances children's learning and development. 2. Operating EBIT less lease interest



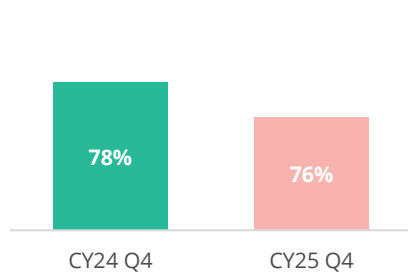
# TEAM

Solid employer brand supporting attraction, higher retention and a robust internal talent pipeline

## ATTRACTING TEAM

- Strengthened employer brand through targeted storytelling and clear career pathways, supported by a strong recruitment process, resulting in:
  - Effective career website for attraction
  - Enhanced screening and governance processes
  - 33% reduction in permanent vacancies vs pcp
  - Average time to hire rates improving 14% vs pcp
- Team Engagement has seen a marginal decrease on CY24 however still well exceeds Australia and Sector Benchmarks

Team engagement

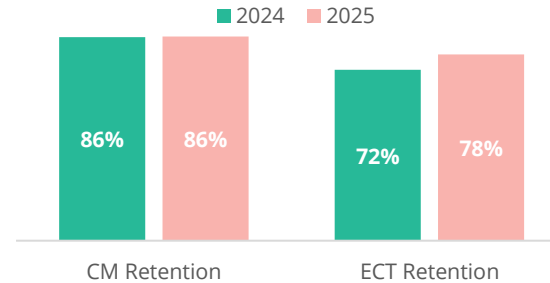


Team vacancies continue to reduce further stabilising workforce

## RETAINING TEAM

- Embedded culture and values delivering stronger centre outcomes
- The introduction of Employee Lifecycle surveying has strengthened our understanding of the drivers of retention across onboarding and exit points, providing deeper insight into engagement factors such as inclusion, psychological safety and trust in leadership
- Additional 5% fully funded ECEC Worker Retention Grant uplift totalling an extra 15% wage increase since Dec 24

Centre Manager (CM) and ECT retention

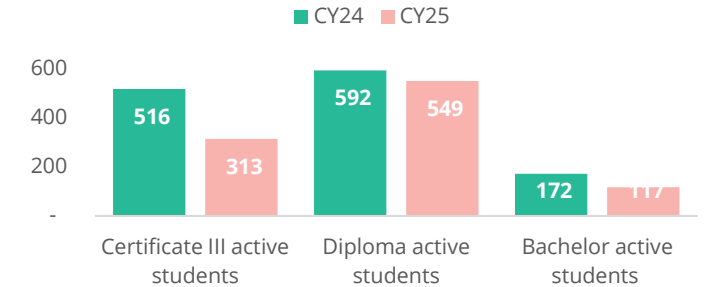


Connecting team to align focus and improve culture

## GROWING OUR OWN TALENT

- Strong internal career pathways and succession planning, with 55% of Centre Manager appointments filled through internal promotion
- Redesigned talent pathway program to better identify future leaders and develop our own talent

G8 student enrolments



Sector leading professional development to improve workforce capability



# FAMILY EXPERIENCE

Improved family sentiment driven by trust, quality education and safety, despite affordability pressures and sector confidence

## NPS

- NPS reached its highest level since the launch of Voice of Customer program in May 2023
- Family Value Proposition successfully launched and is in the process of being embedded, targeting key family drivers
- Key drivers of family experience continue to trend positively, particularly understanding individual child needs and safety
- NPS for families with children aged 3–5 years continued to improve, especially with school readiness and quality of educational programs

All families NPS (Rolling 12 Months)

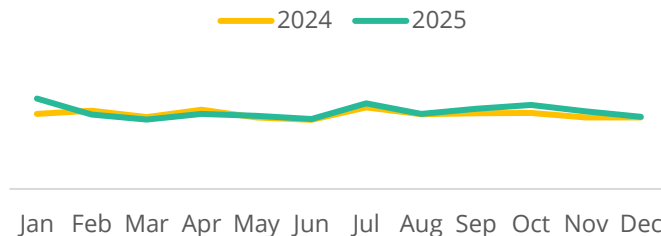


Positive family sentiment driving improvements in NPS outcomes

## FREQUENCY<sup>1</sup>

- Affordability has impacted the ability for families to commit to uplift in permanent days
- Discounted casual day offer drove increase frequency in CY25 Q4
- CCS hourly cap is impacting family's frequency as a result of higher out of pocket fees

Frequency By Month

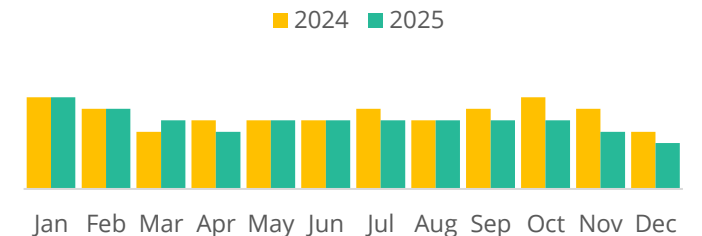


Frequency flat vs pcp with no sustainable change to CCS

## FAMILIES – NEW AND EXISTING

- Enquiry levels in CY25 H2 softened vs pcp, reflecting affordability challenges for families and competitive market conditions and sector confidence
- Marketing spend was comparable to pcp reflecting a consistent approach to enquiry generation
- Conversion has remained steady in a tough market

Year on Year Enquiries By Month



Enquiries remain in line with pcp, affordability impacting conversion

1. Frequency refers to average bookings per child per week

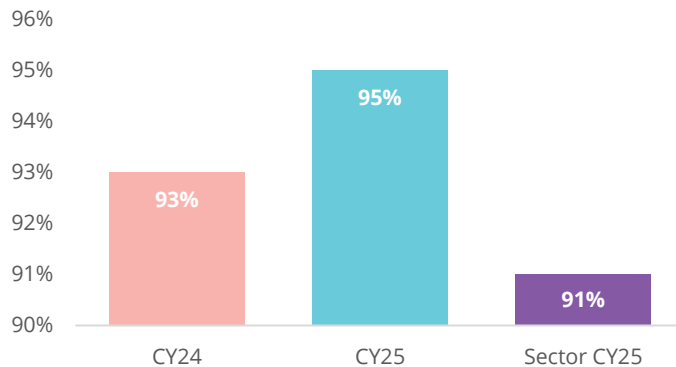
# QUALITY, EDUCATION AND INCLUSION

Outperforming the sector with 95% of centres meeting or exceeding NQS

## QUALITY

- 95% Meeting or Exceeding across the G8 network which is 4% pts above the sector average
- Monthly learning communities held to support Educational Leaders in driving continuous improvement
- Centres rated Working Towards continued to receive additional support and have reduced in numbers

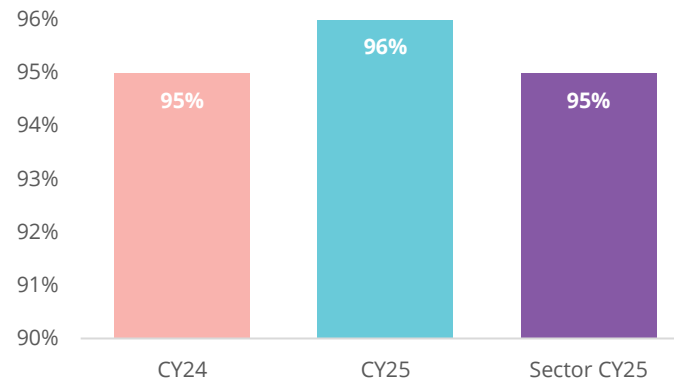
G8 meeting/exceeding<sup>1</sup> % vs. sector average<sup>2</sup> to date



## EDUCATION

- Teacher retention improved 6%pts vs pcp underpinned by ECT First Steps and Teach@G8 programs. These initiatives continue to support the delivery of funded programs for 3- and 4-year-olds and ensure centres meet the requirement for two ECTs
- Digital Literacies @ Play continued to expand in NSW and Victoria as a differentiated program in the year prior to school

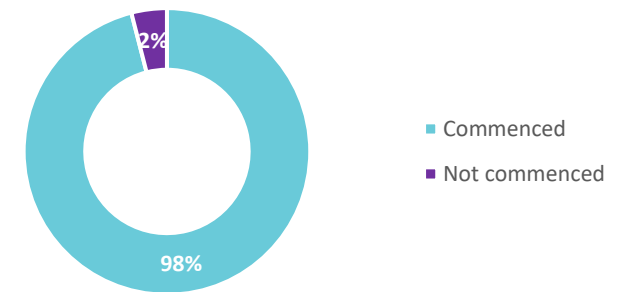
G8 meeting/exceeding QA1<sup>2</sup> % vs. sector average to date



## INCLUSION

- Inclusion support plan templates implemented to support children with additional needs and support team with responsive practices
- Interactions with children resource guide developed to support responding to children's more complex behaviours and co regulation
- Reconciliation Action Plans lifted to 98% of all centres commenced or published

% of G8 Network with commenced or published RAP



1. For long day care services 2. Quality Area 1 – Educational program and practice of NQS



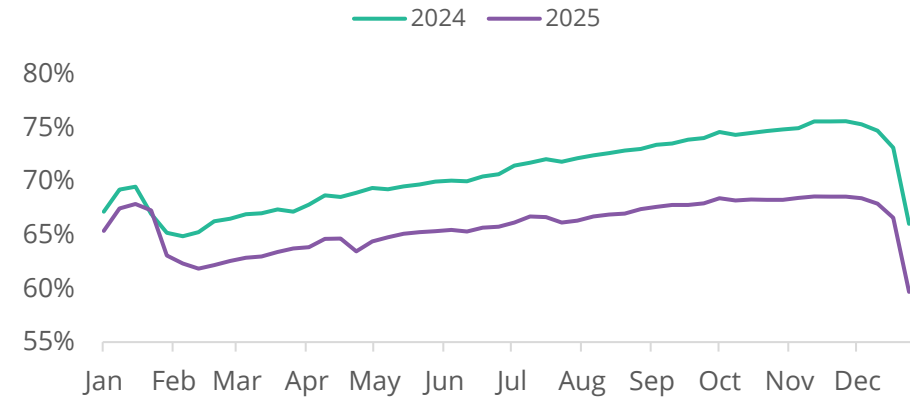
# OCCUPANCY PERFORMANCE

Economic headwinds have softened enquiry levels, impacting occupancy

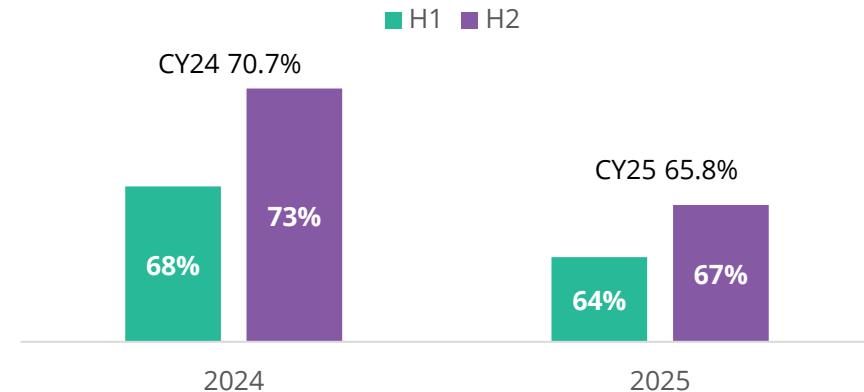
## OCCUPANCY

- Occupancy for CY25 was 65.8%, 4.9% pts below CY24
- Western Australia and Victoria experienced the most significant occupancy pressures with impacts of softening demand more limited in Queensland and NSW
- Macros have continued to impact occupancy outcomes:
  - Affordability pressures contributed to challenging operating conditions
  - Supply pressures remained evident in Victoria and WA, alongside difficult supply-demand conditions across the rest of the network
  - LDC childcare participation has been impacted by cost-of-living pressures and declining birth rates
  - Trust and confidence in the sector has been impacted by recent events and media coverage

### Group Occupancy



### Group Occupancy - Half-on-Half





## OPERATING MODEL

Disciplined execution and focused initiatives to strengthen core operations

### OPERATING MODEL IMPROVEMENTS

#### *Safety*

- Our Safety Leader Program has been embedded across the network, underpinned by consistent meeting and training rhythms that strengthen safety leadership and ensure centres remain closely connected to support structures. Our CCTV project has gone through a rigorous procurement process and will start to be rolled out in CY26.

#### *Agile Network Planning*

- We have streamlined meeting patterns to better deliver training and initiatives through the network including enhancing centre leadership meetings.

#### *Systems and efficiencies*

- Improved system rollout strengthening insight into centre performance and enabling faster action

#### *Enrolment, transitions and growth (ET&G)*

- Strong cross-functional execution—particularly of the ET&G operational plan—enhanced performance across core occupancy drivers. These improvements were partially offset by softer market conditions that reduced enquiries.

#### *Turnaround Program*

- Program was extended to include 2 new waves focusing on team, capability, family experience and facilities targeting occupancy growth.



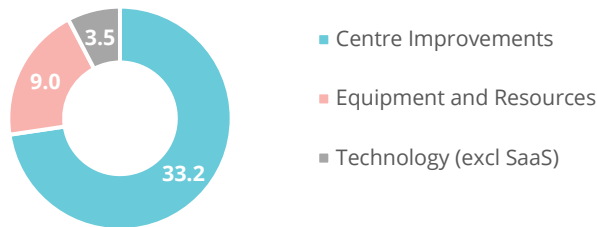
# FINANCIAL SUSTAINABILITY

Disciplined capital and cost management underpinning a strong balance sheet without compromising safety and compliance

## CAPITAL ALLOCATION

- Operating cash flow continued to be strong, supported by effective cost management and solid cash conversion
- Capex delivered in line with target, supporting strategic centre improvement and uplift in centre based resources
- Fully franked total dividend of 2c (paid 3<sup>rd</sup> October 2025), representing 34% of reported NPAT excluding goodwill impairment expense
- Share buyback of 38.4m shares (\$42.6m) during the year
- Net debt increased as a result of increase capex spend and share buy back

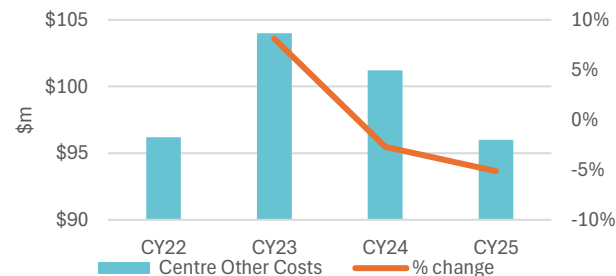
Capex (excl SaaS) = \$45.7m vs \$34.6m in pcp



## COST MANAGEMENT

- Cost base remained well controlled, supported by ongoing focus on operating discipline and continued benefit from strategic procurement activities
- Wages as % revenue was slightly higher yoy with continued wage optimisation supporting additional safety training
- Prudent management of support office costs resulted in a 3.6% reduction

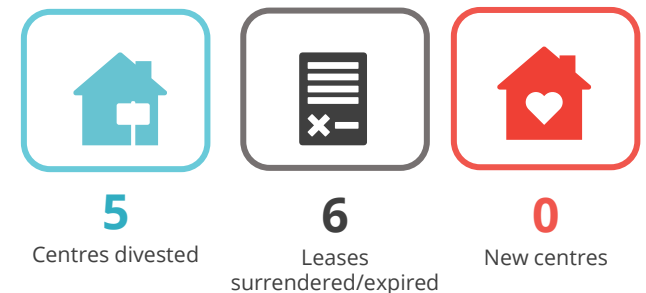
Centre overhead costs (excl wages) year-on-year



## NETWORK OPTIMISATION

- CY25 network optimisation saw 5 centres divested, 4 surrendered leases and 2 expired leases
- Portfolio optimisation activity will continue, assessing underperforming centres to refine and strengthen the network footprint

Network optimisation delivers positive earnings outcomes



# FINANCIAL PERFORMANCE

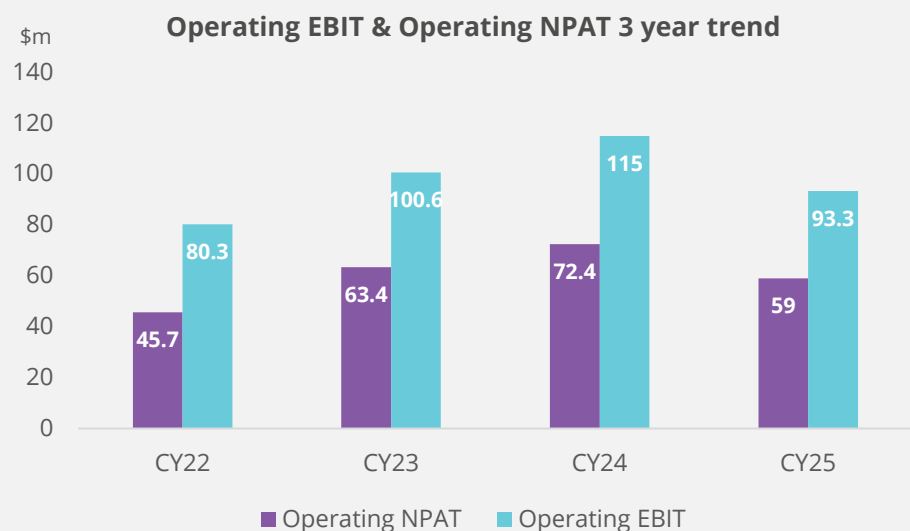


# GROUP PERFORMANCE

Group performance impacted by softer occupancy, partially offset by disciplined cost management

Operating and statutory NPAT was impacted in challenging market conditions:

- Revenue was lower vs pcp as a result of occupancy shortfall vs pcp
- Disciplined procurement efforts supported a well-controlled cost base, delivering value for money and savings
- Underlying network support office costs reduced yoy
- Finance costs decreased as result of improved borrowing rates from debt refinance
- Effective tax rate excluding non-trading items remained consistent year-on-year
- Non-trading items primarily relate to goodwill impairment expense, portfolio optimisation and SaaS expenses as a result of new systems. The goodwill impairment expense that was recognised in the current year, reflects a prudent re-assessment of underlying performance.



\$m	CY25	CY24	Change
<b>Group operating revenue</b>	<b>946.9</b>	<b>1017.7</b>	<b>(7.0%)</b>
Centre operating EBIT	155.3	179.3	(13.4%)
Network support costs <sup>1</sup>	(62.0)	(64.3)	(3.6%)
<b>Group operating EBIT<sup>2</sup></b>	<b>93.3</b>	<b>115.0</b>	<b>(18.9%)</b>
<i>Group operating EBIT<sup>2</sup> margin</i>	<b>9.9%</b>	<b>11.3%</b>	<b>(1.4%)</b>
Net finance costs <sup>3</sup>	(7.9)	(10.6)	(25.5%)
Tax <sup>4</sup>	(26.4)	(32.0)	(17.5%)
<b>Operating NPAT</b>	<b>59.0</b>	<b>72.4</b>	<b>(18.4%)</b>
<i>Operating NPAT margin</i>	6.2%	7.1%	(0.9%)
SaaS expense	(3.7)	(0.7)	
Net loss on centre exits	(2.0)	(1.2)	
Net restructuring, regulatory and legal recovery	2.3	(0.0)	
Net impairment expense	(358.8)	(2.8)	
<b>Total non-trading items (after tax)</b>	<b>(362.2)</b>	<b>(4.7)</b>	
<b>Reported Net (Loss) / Profit After Tax</b>	<b>(303.3)</b>	<b>67.7</b>	<b>(548.1%)</b>

1. Includes Leor (ceased operation CY24 Q1)

2. Operating EBIT (adjusted for leases) = Reported EBIT (\$234.7m) – Lease Interest (note 21 of the Annual Financial Report \$41.5m) + pre-tax non-trading items (note 7 of the Annual Financial Report \$369.5m)

3. Excludes interest expense on lease liabilities. 4. Tax before non-trading items. Refer to note 7 of the Annual Financial Report for tax benefit from non-trading items.

# CENTRE PERFORMANCE

Consistent centre execution delivering resilient margins despite occupancy pressure

- Centre performance was impacted primarily by the occupancy shortfall vs pcp.
  - Employment costs have decreased vs pcp, driven by lower booking volumes
  - Wages as % of revenue increased slightly
  - Operating expenses decreased yoy driven by lower bookings and continued cost discipline
  - Rent as % of revenue has increased as a result of CPI and market reviews c5%
  - Depreciation has increased slightly due to the increased investment in capital works completed on centre upgrades and centre-based resources

## Centre performance

\$m	CY25	CY24	Change
<b>Group occupancy</b>	<b>65.8%</b>	<b>70.7%</b>	<b>-4.9%</b>
<b>Revenue</b>	<b>946.7</b>	<b>1014.2</b>	<b>-6.7%</b>
Employment costs	537.0	573.2	-6.3%
Rent Proxy <sup>1</sup>	127.3	129.6	-1.7%
Depreciation	31.2	31.0	0.4%
Other	96.0	101.2	-5.1%
<b>Centre Expenses</b>	<b>791.4</b>	<b>834.9</b>	<b>-5.2%</b>
<b>Centre operating EBIT<sup>2</sup></b>	<b>155.3</b>	<b>179.3</b>	<b>-13.4%</b>
<i>Centre EBIT<sup>2</sup> Margin</i>	<b>16.4%</b>	<b>17.7%</b>	<b>-1.3%</b>

## Centre costs as a % of operating centre revenue<sup>3</sup>

%	CY25	CY24 <sup>4</sup>	Change
Employment costs	58.2%	57.9%	0.3%
Rent	13.8%	13.1%	0.7%
Depreciation	3.4%	3.1%	0.2%
Other	10.4%	10.2%	0.2%

1. Proxy for rent expense comprising lease depreciation, lease interest and outgoings
2. Centre Operating EBIT (adjusted for leases)
3. Operating centre revenue excludes centre funding income
4. Based on % of operating centre revenue

# CURRENT TRADING AND OUTLOOK



# CHILD SAFETY AND PROTECTION

Safety, first and always

- At G8 Education, we remain committed to upholding the highest standards of governance and social responsibility.
- A key strategic priority for 2026 is to continue to raise the bar on safety and compliance.
- We are working alongside all governments and regulatory authorities to strengthen the protection and wellbeing of children and our team, and we welcome changes to legislation and regulations that meaningfully improve all aspects of safety, wellbeing and compliance. G8 Education appeared before the NSW Senate Inquiry on 23 September 2025 and will be appearing before both the Federal Senate Inquiry and the Victorian Select Committee Inquiry on Tuesday 24 February 2026.
- In the latter part of 2025, our sector has seen significant sector regulatory reforms and strengthened child safety regulations. Heightened compliance expectations of regulators has shaped operational priorities, and we have worked across our network to prepare for, and implement, these changes. We anticipate more reforms to come during 2026.
- Reviewing and strengthening our practices and operational procedures is an “always on commitment” to drive transparency, accountability, and trust.
- During 2025 and the early part of 2026, we have continued to review and enhance our child safe policies and procedures.
- Key highlights include:
  - All our policies and procedures align with national and state laws and regulations and have been updated to comply with recent and upcoming changes such as:
    - Prohibiting personal devices in rooms in centres (*in force*)
    - National register of educators (*commencing February 2026*)
    - National mandatory safety training (*commencing February 2026*)
    - The best interests of children are paramount in decision making at all levels (*commencing February 2026*)
    - Increased transparency regarding compliance history (*in force*)
  - Increased training and education of our team in respect of Child Safety and Child Safeguarding
  - Investment in physical and online environments to secure and promote child safety and wellbeing
  - Providing parents and carers with greater choice over their child's personal care routines
  - Investing in dedicated safety leaders in all our centres with protected time to support team and child safety
  - Implementation of a new compliance system over the last 18 months, providing visibility of safety and compliance matters across our network
  - We actively encourage the confidential and anonymous reporting of any concerns related to reportable conduct, in accordance with our Whistleblower Policy

# CURRENT TRADING UPDATE

Soft occupancy amid headwinds, disciplined capital response

## TRADING UPDATE

- Group 'spot' occupancy 54.4%, 7.5% pts lower than pcp and 57.2% YTD 7.8% pts lower than pcp
- A challenging operating environment has impacted occupancy in 2025 driven by:
  - Ongoing affordability challenges for our families
  - Continued trend of declining birth rates over the past 5 years
  - Confidence and trust in sector has been impacted by recent events and media coverage
  - Supply increasing and female workforce participation decreasing impacting demand
- Significant changes to national law and regulatory operating environment requiring additional focus and resources
- Changes to CCS activity test showing early signs of increase in frequency particularly in new families, slow uptake likely due to lack of awareness
- A cautious approach to capital allocation was taken in response to softer sector conditions balancing operational priorities and shareholder returns
  - We anticipate CY26 capex to be circa \$50m
  - No final dividend is to be paid in respect to year ended 31 December 2025
  - Market buy back is currently paused

# OUTLOOK

Focusing on improving our controllables, whilst prudently adapting to a new operating environment despite ongoing macro headwinds

Near-term operating conditions remain challenging, with ongoing cost-of-living pressures and no material relief from inflation or interest rates.

Factors continuing to impact occupancy and operating environment in near terms;

- Female work participation starting to flatten
- Softer demand due to lower birthrates with Total Fertility Rate (TFR) declining to historic lows over the past two consecutive years<sup>1</sup>
- Ongoing significant change to regulation and compliance impacting operating environment and creating complexity
- Supply into sector continues (albeit slowing down)
- Cost of living issues with increasing inflation and interest rates impacting parents' affordability
- Cost base increasing in attracting talent, regulatory compliance and other operating costs

Medium to long-term dynamics remain encouraging:

- Supporting participation via the three-day guarantee and further investment in kindy programs
- State and federal government intention to create a more equitable and affordable early childhood
- Current projections indicate the TFR is expected to increase over the medium term<sup>2</sup>
- Investment in uplifting quality and rebuilding trust in the sector
- Supply starting to decline and some operators deciding to exit the sector

## OUTLOOK (CONTINUED)

Given this backdrop to macro factors and conditions, we are actively adjusting to operate effectively in this new normal. We remain focused on strong execution and continue to further strengthen our core operations with initiatives focused on key safety and occupancy drivers.

- Safety remains our top priority, supported by continuous improvement and strong regulatory adjustments
- Deliver on family attraction and retention drivers
- Continue to promote 3-day guarantee activity test changes
- Strengthen team capability and attracting top talent
- Positioned for performance resilience with proven ability to deliver cost base and remain diligent to managing costs to occupancy levels
- Portfolio optimisation ongoing
- Commitment to network efficiency as we navigate the new norm

# QUESTIONS





# FINANCIAL STATEMENTS

## Consolidated Income Statement

\$m	CY25	CY24	% change
<b>Continuing operations</b>			
Revenue	946.8	1,015.3	(6.7%)
Other income	1.3	6.5	(80.0%)
<b>Total</b>	<b>948.2</b>	<b>1,021.8</b>	<b>(7.2%)</b>
<b>Expenses</b>			
Employment costs	(578.5)	(621.2)	(6.9%)
Property, utilities and maintenance costs	(53.0)	(53.1)	(0.2%)
Direct costs	(29.3)	(34.2)	(14.3%)
Software development expenses	(5.3)	(1.0)	430.0%
Depreciation and amortisation	(106.5)	(104.6)	1.8%
Net impairment expense	(364.6)	(4.0)	9015.0%
Other expenses	(44.6)	(49.6)	(10.1%)
Finance costs	(50.6)	(56.5)	(10.4%)
<b>(Loss) / Profit before income tax</b>	<b>(284.2)</b>	<b>97.7</b>	<b>(390.9%)</b>
Income tax expense	(19.1)	(30.0)	(36.3%)
<b>Reported Net (Loss) / Profit after income tax</b>	<b>(303.3)</b>	<b>67.7</b>	<b>(548.1%)</b>

## Total centres and centre team members

 centres  centre team members



# FINANCIAL STATEMENTS

## Balance Sheet

\$m	31 December 2025	31 December 2024
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	38.1	47.7
Trade and other receivables	11.9	20.7
Government funding receivables	6.6	9.0
Other current assets	15.9	13.5
<b>Total current assets</b>	<b>72.5</b>	<b>90.9</b>
<b>Non-current assets</b>		
Property plant and equipment	150.6	136.3
Right of use assets	513.9	529.2
Deferred tax assets	103.6	97.5
Intangible assets	699.5	1,048.7
Investment in an associate	-	0.9
Other non-current assets	2.7	3.9
<b>Total non-current assets</b>	<b>1,470.3</b>	<b>1,816.5</b>
<b>Total assets</b>	<b>1,542.8</b>	<b>1,907.4</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables	79.6	83.5
Contract liabilities	6.7	6.9
Government funding liabilities	14.6	13.9
Current tax liability	2.2	10.2
Borrowings	-	0.6
Lease liabilities	70.2	71.9
Provisions	77.1	75.5
<b>Total current liabilities</b>	<b>250.4</b>	<b>262.5</b>
<b>Non-current liabilities</b>		
Borrowings	155.0	114.0
Lease liabilities	593.9	597.5
Provisions	17.8	17.1
<b>Total non-current liabilities</b>	<b>766.7</b>	<b>728.6</b>
<b>Total liabilities</b>	<b>1,017.1</b>	<b>991.1</b>
<b>Net assets</b>	<b>525.7</b>	<b>916.3</b>
<b>EQUITY</b>		
Contributed equity	836.8	879.4
Reserves	116.2	140.0
Retained losses	(427.3)	(103.1)
<b>Total equity</b>	<b>525.7</b>	<b>916.3</b>

## Gearing ratio

\$m	31 December 2025	31 December 2024
Non-current borrowings	155.0	114.0
Cash and cash equivalents	38.1	47.7
<b>Net Debt<sup>1</sup></b>	<b>116.9</b>	<b>66.3</b>
<b>Gearing ratio (%)<sup>2</sup></b>	<b>18%</b>	<b>7%</b>

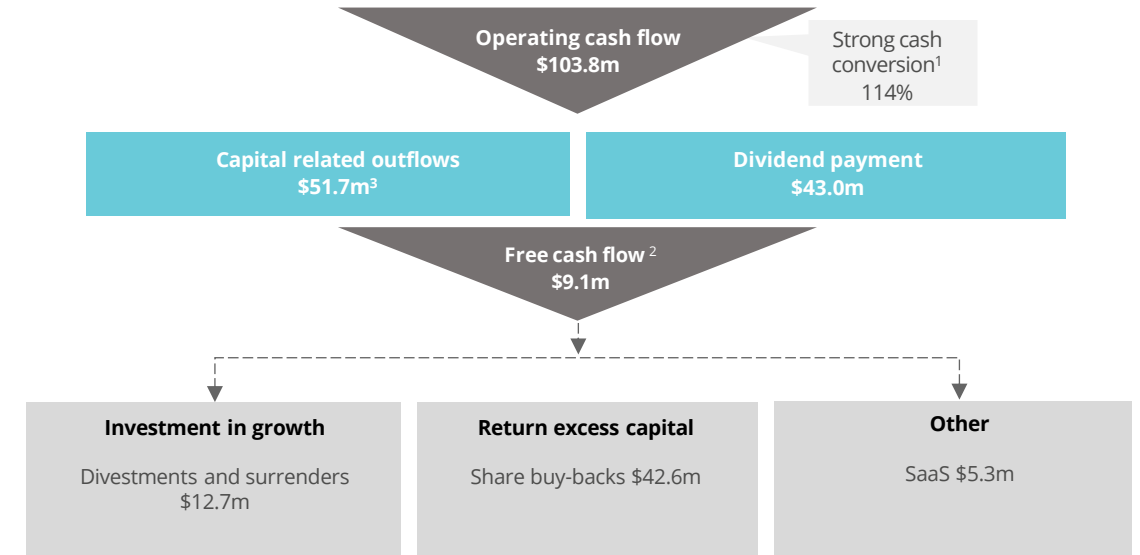
1. Net Debt excludes lease liabilities and current borrowings for insurance premium funding
2. Gearing ratio = Net Debt (excludes lease liabilities) / (Net Debt (excludes lease liability) + Equity).

# CASH FLOW

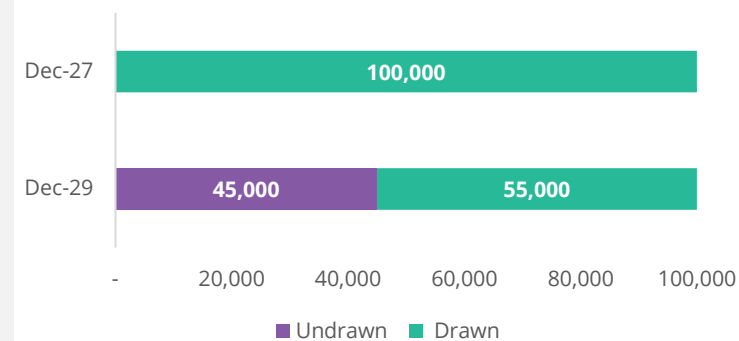
# CASH FLOW ALLOCATION

## Cash flow

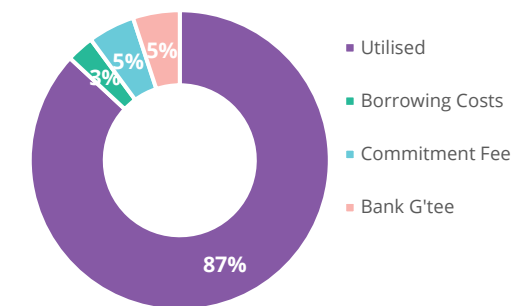
\$m	CY25	CY24	% change
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)	957.1	1,021.7	(6.3%)
Payments to suppliers and employees (inclusive of GST)	(703.4)	(772.8)	(9.0%)
Interest received	1.2	1.4	(14.3%)
Interest paid (non-leases)	(8.7)	(9.9)	(12.1%)
Interest paid (leases)	(45.1)	(44.5)	1.3%
Income taxes paid	(33.1)	(28.8)	14.9%
<b>Net cash inflows from operating activities</b>	<b>168.0</b>	<b>167.1</b>	<b>0.5%</b>
<b>Cash flows from investing activities</b>			
Payments for purchase of intangible assets	(0.7)	(0.6)	16.7%
Payments for divestments and surrender fees	(12.7)	(11.7)	8.5%
Payments for property plant and equipment	(51.0)	(31.9)	59.9%
Acquisition of investment in associate	-	(0.1)	
<b>Net cash outflows from investing activities</b>	<b>(64.4)</b>	<b>(44.3)</b>	<b>45.4%</b>
<b>Cash flows from financing activities</b>			
Dividends paid	(43.0)	(40.5)	6.2%
Principal elements of lease payments	(66.3)	(69.9)	(5.2%)
Buy back of equity (including transaction costs)	(42.6)	(18.4)	131.5%
Payments for purchase of treasury shares	(1.8)	-	
Net proceeds from borrowings	40.4	14.3	182.5%
Borrowing costs paid	-	(0.9)	
<b>Net cash outflows from financing activities</b>	<b>(113.3)</b>	<b>(115.4)</b>	<b>(1.8%)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(9.6)</b>	<b>7.4</b>	<b>(229.7%)</b>
Cash and cash equivalents at the beginning of the year	47.7	40.3	18.4%
<b>Cash and cash equivalents at the end of the year</b>	<b>38.1</b>	<b>47.7</b>	<b>(20.1%)</b>



## Debt Maturity Profile

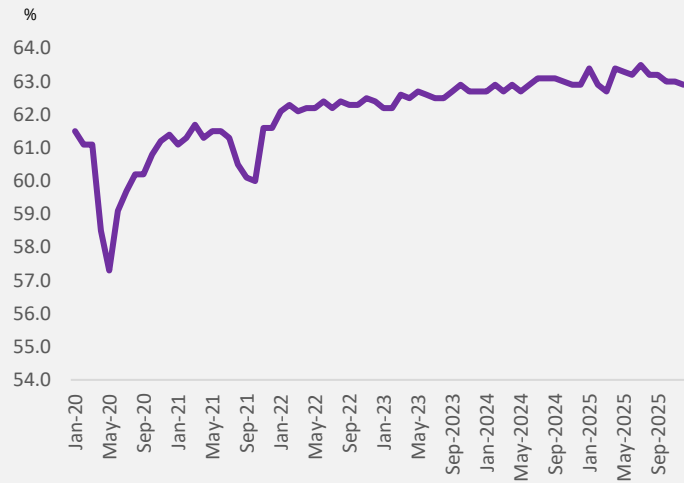


## CY25 interest expense



- Cash conversion = (Operating cash flow plus SaaS and non operating payments/receipts, and after lease payments and before interest and tax)/Operating EBIT plus depreciation non-leases.
- Free cashflow = (Operating cash flow after lease payments, interest and tax) less capex and dividends.
- Cash outflow relating to capex including payments for purchase of intangible assets, payments for property, plant and equipment. See cash flow.

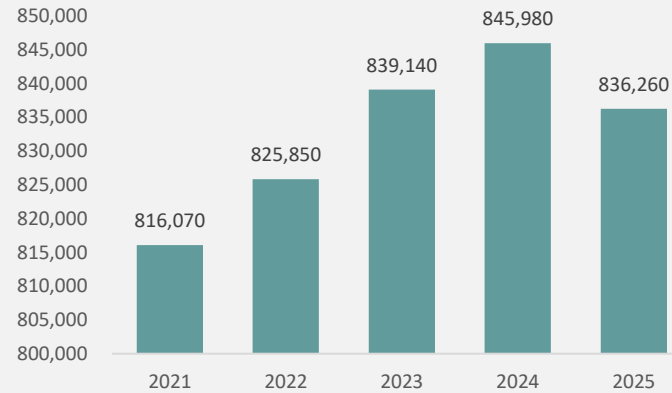
### Female participation declining in CY25



**Female employment-to-population ratio**  
Source: ABS

Female participation declining along with increased flexible working arrangements

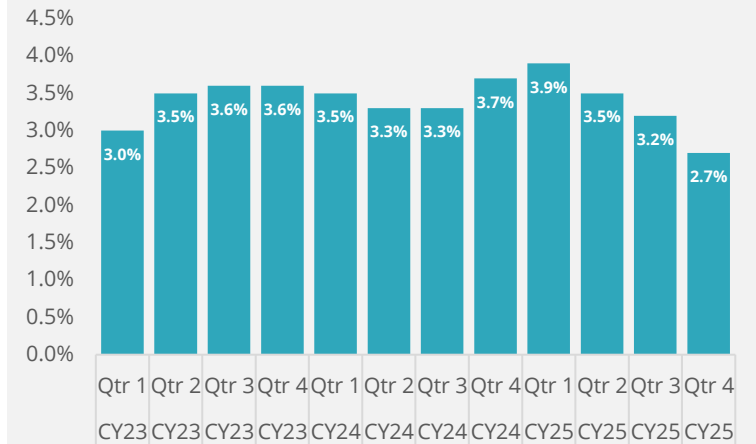
### Childcare participation



**Children accessing centre-based care**  
Source: Department of Education

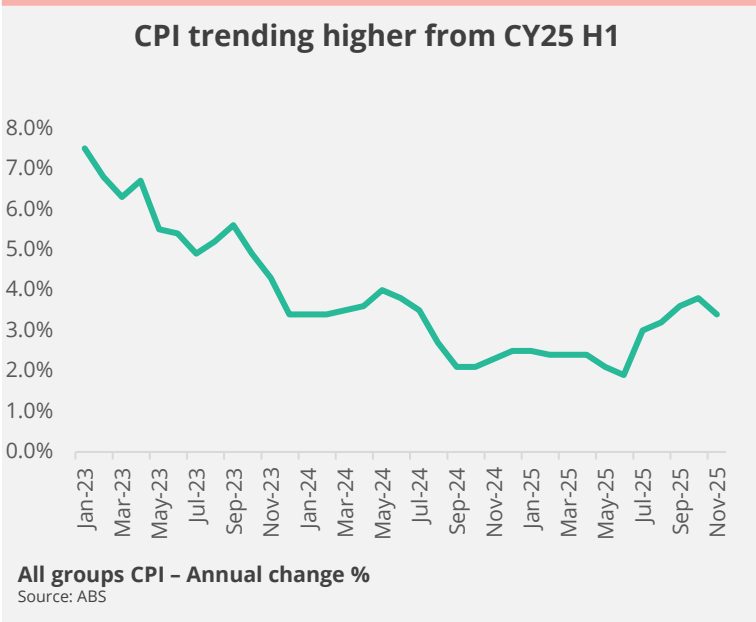
Birth rates steadily declining since 2018, with childcare participation also declining

### Net supply growth slowly declining

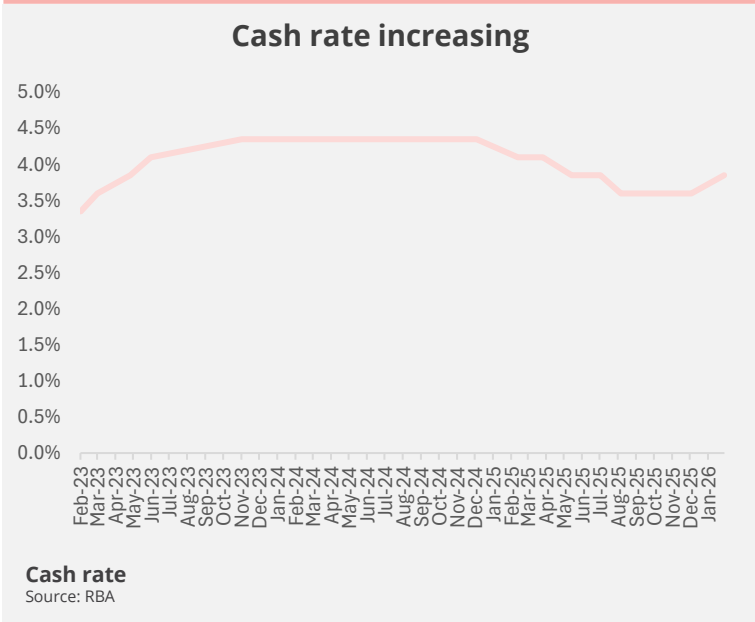


Net supply is starting to show signs of slowing

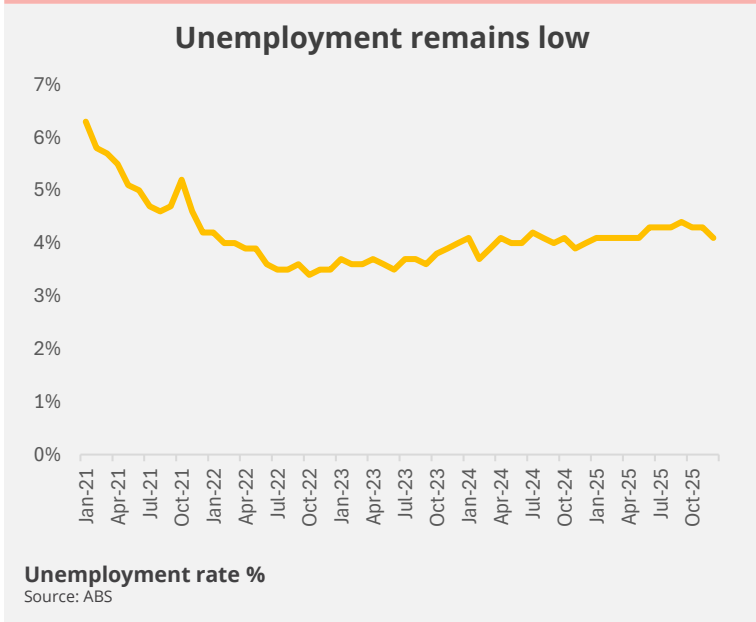
# MACRO DYNAMIC INFLUENCING AFFORDABILITY



**CPI increased in CY25 H2**



**Cash rate remained flat in CY25 Q4 and is continuing to impact family's affordability**



**Unemployment has remained relatively unchanged**

# GOVERNMENT REFORMS

Government remains committed to establishing a universal early learning and care system and to strengthening child safety

## Building a universal, affordable ECEC system

### 1. Three-day guarantee

- From January 2026, all children will be entitled to at least 3 days' subsidised ECEC each week, regardless of activity levels
- In its first full financial year the 3 Day Guarantee is expected to benefit around 66,700 families

### 2. Establishment of a "Building early education fund"

- A \$1 billion fund established to build ECEC centres including in the outer suburbs and regional Australia
- \$500 million in grants for providers and state and local governments to establish new services. Grants will be targeted to priority and underserved markets

### 3. Service delivery prices project

- A project to gain a data-driven understanding of the reasonable costs for ECEC service delivery
- The project will enable Government to make further decisions about the pathway toward universal early childhood education and care
- Deloitte Access Economics engaged to support delivering the project
- Data to be collected from all services to understand existing costs, quality practices and cost benchmarks during third quarter 2025
- Report and findings to be delivered to Government by end of 2026

## Strengthening child safety

### 1. Enacted changes

- The Early Childhood Education and Care (Strengthening Regulation of Early Education) Bill 2025 was recently passed
- Key reforms include:
  - Mandatory 24-hour reporting of allegations, complaints or incidents of physical or sexual abuse (replacing the current seven-day reporting window)
  - Power to withdraw Child Cares Subsidy (CCS) funding to a childcare centre that operates in a way that places children at risk
  - Ability for Commonwealth officers to perform spot-checks without prior warning to support earlier detection of fraud or non-compliance

### 2. Proposed reforms

- At the August 2025 Education Ministers' Meeting, they endorsed:
  - Creation of a nationwide register of all centre team members, including teachers, educators and cooks
  - Trial of CCTV cameras in 300 centres
  - Mandatory child safety training for educators
  - Banning of use of personal mobile phones
- At the August 2025 Standing Council of Attorneys-General meeting, the Attorney-Generals agreed to urgently implement mutual recognition of negative Working with Children Checks by the end of 2025