

Embark Early Education Limited

Annual General Meeting

13 May 2025



Embark Early Education Limited (ASX:EVO)

12 May 2025

Chair Address For EVO AGM 13 May 2025

Good morning everyone and welcome to Embark Early Education's eleventh annual general meeting.

I'm Hamish Stevens, and I am the chairman of Embark. It is my pleasure to chair this annual general meeting. I welcome all those attending.

I am delighted to introduce my fellow Directors and senior management.

In attendance today



Board of Directors

- Hamish Stevens - Chair
- Chris Scott – Managing Director
- Kim Campbell – Independent Director
- Renita Garard – Independent Director
- Michelle Thomsen – Independent Director

Senior management

- Gregory Scott – Chief Operations Officer
- Josie Shawcross – Chief Financial Officer

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- Managing director Chris Scott.
- Independent director Kim Campbell who was re-elected a director in June 2023. Kim chairs the Company's Remuneration Committee.
- Renita Garard who was elected a director in June 2023. Renita chairs the Company's Audit and Risk Committee.
- Michelle Thomsen who was elected a director in June 2023.

Also in attendance is our Chief Operations Officer Gregory Scott and our Chief Financial Officer Josie Shawcross

Also joining us is Cameron Smith Audit Partner from Grant Thornton.

We're all available to answer any questions you may have.

I wish to talk about the 2024 year in review and then we have five resolutions to be put to the meeting in line with the notice of meeting.

FY 31 December 2024 Australia growth strategy

- In 2019 Embark embarked on the strategy of broadening and strengthening the company's earnings through the expansion into the Australian ECE sector.
- 10 centres were acquired in 2019 and 13 were acquired in 2021. Evolve acquired one further Australian centre in 2022.
- At December 2023 Embark operated 24 centres with a total of 2,198 licenced places.
- 14 centres were acquired 2024. We are now operating 38 centres with a total of 3,476 licenced places. Further acquisitions are being pursued.



2024 saw strong growth in Embark's operations with an additional 14 centres acquired during the year. This brings the total number of centres to 38 providing 3,476 licensed places. The consideration for the 14 2024 acquisitions was \$37m and the average centre EBITDA multiple was 4.1. The acquisitions were funded by a combination of operating cash flows, additional equity, and a small amount of bank debt.

The board acknowledges the efforts of our management team not only in identifying great locations but also ensuring we have integrated the centres well into the Embark family.

The Company continues to seek further acquisitions. Our focus will continue to be on identifying existing good quality centres, and which show further opportunity for growth.

Embark is not intending to undertake greenfield developments.

FY 31 December 2024 Centre EBITDA



\$Am	12 months to 31 Dec 2023	12 months to 31 Dec 2024	Change
Centres at year end	24	38	-
Average occupancy	82%	80%	-2%
Revenue	63.0	81.6	+18.6
Operating costs	(45.9)	(60.0)	-14.1
Centre EBITDA	17.1	21.6	+4.5

Centre EBITDA is the key measure used within the business to monitor performance.

2024 has been a particularly strong year for Embark. While average annual occupancy declined by 2% points to 80%, this is still ahead of the industry average. Particularly, it is the highest occupancy disclosed by the four ASX listed ECE entities. It truly reflects our great staff and centres.

For the 12 months to 31 December 2024 revenue increased 29% to \$81.6m and Centre EBITDA increased 26% to \$21.6m. This strong result was due to increased fees, minimising discounting, lower staff vacancies, and careful control of centre operating costs.


Further, our support office costs at under 3% of revenue are well below the relative level of our peers in the sector.

Notably Embark’s underlying profit in 2024 was higher than the last pre-Covid financial year 2019 when the company operated 130 centres in New Zealand and Australia. This represents a substantial turn around following our strategic reset in 2022.

It’s a great result and one achieved only by the efforts of our terrific teaching staff across all our centres and our support office team. Their tireless dedication and commitment to our children and families every day of the year has been outstanding. It also a reflection of Embark’s approach to empower centres to operate in their best way with a strong focus on meeting the needs of their own communities and families.

During the year Embark secured a \$25m borrowing facility with National Australia Bank to fund the acquisition of additional centres, and \$4m of this facility had been drawn to the end of December 2024. Evolve elected to fund one of its key centre acquisitions during the year through an equity rights issue and will use this funding mechanism again where appropriate. Evolve is in a particularly strong financial position with pre AASB16 operating cash flow of \$12.0m during the year and cash reserves of \$13.3m at December 2024.

FY 2025 April YTD Centre EBITDA



\$Am	4 months to 30 April 2024	4 months to 30 April 2025	Change
Centres at period end	27	38	+11
Revenue	20.7	31.5	+10.8
Operating costs	(16.0)	(24.9)	-8.9
Centre EBITDA	4.7	6.6	+1.9

We are not providing guidance for the coming year. But I can tell you we are off to a solid start to 2025. On a same centre basis Centre EBITDA is 8% higher than the previous year as at 30 April 2025.

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Dividends

Embark was pleased to pay four fully franked dividends during 2024 totalling 6c per share or \$10m. Since Embark reset its strategic focus in 2022 it has returned over \$21m to shareholders. The Company is continuing to target regular quarterly dividends going forward.

Thank you

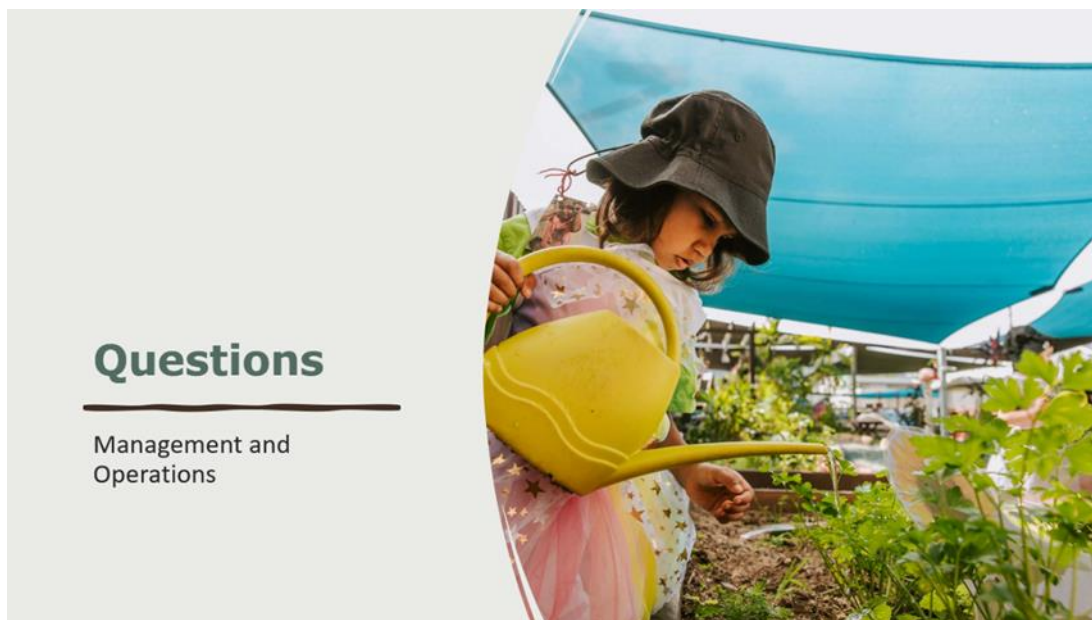
Thanks to all our wonderful teaching and support staff and a particular welcome to the 400 team members who joined the Embark family through our acquisitions during the year. You all do a terrific job in providing our children with a safe, stimulating and fun learning environment. Embark will always uphold its philosophy of empowering our centre teams to operate in their own best way and to meet the specific needs of their communities and families. Thank you for your terrific dedication and commitment.

I would also like to thank all our wonderful families that have continued supporting. Our number one priority will always be to provide your children with a secure, safe, and stimulating environment.

And a huge thanks to Managing Director Chris Scott, his great leadership team, and my fellow board members who have all worked tirelessly over the past year to help drive this excellent result.

And a very sincere thank you to you, our shareholders for your ongoing support.

It has been a year of growth for Embark and we are excited about our opportunities in 2025 to deliver further for shareholders.



I would now like to open the meeting to questions relating to the management and operations of the business. If I can answer your question, I will do so but may also redirect your question to one of our directors or senior managers as appropriate.

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