

Embark Early Education Limited

Annual General Meeting

11 May 2026



Embark Early Education Limited (ASX:EVO) 11 May 2026

Chair address for EVO AGM 11 May 2026

Good morning everyone and welcome to Embark Early Education’s twelfth annual general meeting.

I’m Hamish Stevens, and I am the chairman of Embark and it is my pleasure to chair this annual meeting. I welcome all those attending. I can confirm we have a quorum and I declare the meeting open.

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

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In attendance today



Board of Directors

- Hamish Stevens - Chair
- Chris Scott – Managing Director
- Renita Garard – Independent Director
- Kim Campbell – 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.
- Renita Garard who was re-elected a director in June 2023. Renita chairs the Company's Audit and Risk Committee.
- Independent director Kim Campbell who was re-elected a director in May 2025. Kim chairs the Company's Remuneration Committee.
- Michelle Thomsen who was re-elected a director in May 2025.

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.

I wish to talk about the 2025 year in review and then we have six resolutions to be put to the meeting in line with the notice of meeting.

FY 31 December 2025 Centre EBITDA



\$Am	12 months to 31 Dec 2024	12 months to 31 Dec 2025	Change
Centres at year end	38	39	-
Average daily occupied places	2,153	2,606	+453
Revenue	81.6	104.7	+23.1
Operating costs	(60.0)	(79.6)	-19.6
Centre EBITDA	21.6	25.1	+3.5
Revenue per occ. place \$000s	\$37.9	\$40.2	+6%
Gross profit per occ. place \$000s	\$17.7	\$18.2	+3%

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2025 saw solid growth in Embark's operations with the full 12 months results from the 14 centres acquired in 2024 and an additional centre acquired in 2025. This brought the total number of centres to 39.

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

2025 has been a solid year for Embark. Average daily occupied places increased from the previous year primarily due to the full year effect of the 14 centres acquired in 2024.

For the 12 months to 31 December 2025 revenue increased 28% to \$104.7m and Centre EBITDA increased 16% to \$25.1m.

Gross contribution (revenue less direct wages) per occupied place was ahead of the previous year.

Further, our support office costs at 2.5% of revenue and corporate costs at 1% of revenue are well below the relative level of our peers in the sector. Embark's decentralised model keeps costs low and allows greater flexibility by our centre managers. Embark's approach is to empower centres to operate in their best way with a strong focus on meeting the needs of their own communities and families.

Embark maintained its strong focus on health and safety with all centres demonstrating 100% health and safety compliance in independent regulatory audits.

The Company continues to seek further acquisitions. Our focus will continue to be on identifying existing good quality centres, those which show further opportunity for growth, and transacting at realistic values. Embark is not intending to undertake greenfield developments.

During the year Embark renewed its \$25m borrowing facility with National Australia Bank to fund the potential acquisition of additional centres. Only \$6.4m of this facility had been drawn to the end of December 2025. Evolve is in a strong financial position with pre AASB16 operating cash flow of \$15.2m (including the repayment of leases) during the year and cash reserves of \$20.7m at December 2025.

Current operating environment



The Australian ECE sector continues to face strong head winds

- Subdued demand has persisted, driven by lower post-COVID birth rates and cost-of-living pressures.
- Supply has continued to grow, with 867 new centres added between Dec 2022 and Dec 2025, a 9.7% increase (although the rate of increase has begun to fall).
- Demand grew by less than 1% over the same period, creating oversupply and sector-wide occupancy pressure.

Embark has responded by:

- Continuing to focus on providing a safe environment for our families, with no regulatory safety issues.
- Ensuring our operating cost structure remains flexible and aligns with more variable demand.
- Empowering our centre managers' to meet the requirements of their families and communities in the way they do best.

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The ECE sector is currently facing challenges. This is largely a combination of subdued demand due primarily to lower birth rates after covid, cost of living pressures, and the continued increase in the number of centres and licenced places. Many of these new centres were planned and underway prior to the decline in demand and only recently has the rate of new centre builds begun to ease back. It is likely that marginal centres will exit the sector.

Between December 2022 and December 2025, 867 new centres entered the ECE sector. A 9.7% increase in just 3 years. However demand (number of enrolled children multiplied by average hours attended per child per week) increased by less than 1% over the same period. This resulted in a significant oversupply of licensed places leading to falling occupancy across the ECE sector over the past three years. In summary, the ECE occupancy challenge has resulted from a material increase in supply and static demand.

But the positive news is that the supply of new centres has fallen off quite dramatically over the past eight months. This should result in better balanced demand and supply over the next 18 to 24 months. (Data: Federal Department of Education).

Embark has responded to these tougher market conditions by ensuring we continue to communicate strongly with our families and communities and undertake effective marketing efforts that engage with the communities in which we operate.

Our operating model also allows us to retain a flexible cost structure so that our people and property resources are better matched toward the variable demand for places.

While there has been a decline in the average daily number of occupied places in the first quarter of the year, Embark has ensured it has responded in a way that has limited the impact on our business.

We continue to deliver strong operating cash flows and we have a good level of cash reserves.

Update on offer for shares in Mayfield Childcare Ltd (MFD)



In December 2025 Embark offered to purchase all the shares it didn't currently own in MFD.

- The MFD directors responded to Embark's offer stating that in their view the 50c per share offer did not reflect the underlying value of MFD, and recommended shareholders reject the offer.
- Embark's own due diligence did not however substantiate the MFD directors' view of value.
- At the close of the offer period, Embark held 49.8% of the shares in MFD.
- As the largest shareholder in MFD, Embark is supportive of MFD's intent to improve its profitability and has nominated Gary Scott to the board of MFD. Gary is an experienced ECE operator.
- Embark still believes that shareholders in both companies would benefit from a merger of the two organisations at an appropriate transaction value.

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On 28 October 2025 Embark purchased 19.9% of the shares in Mayfield Childcare Ltd. On 7 November we advised our intention to make a full takeover bid for Mayfield at a price of 50c per Mayfield share. This price compared with the 37c per share at which Mayfield shares traded just prior to Embark's initial acquisition. The Mayfield directors however subsequently advised its shareholders to reject the offer as they believed the bid price did not provide sufficient premium.

Embark's own due diligence indicated however there was no justification for a price higher than our 50c bid price. Over a third of the remaining shareholders accepted our offer and at the close of offer in early March 2026 Embark held 49.8% of the shares in Mayfield.

As the largest shareholder in MFD, Embark is of course supportive of MFD's intent to improve its profitability and has nominated Gary Scott to the board of MFD. Gary is an experienced ECE operator and currently holds the position of operations manager at Embark. His nomination is supported by the Mayfield board.

We believe there are good economic and strategic reasons why Embark and Mayfield operations should be combined. This outcome would be advantageous to shareholders of both companies, but the interests of Embark shareholders require that such a transaction be undertaken at appropriate values.

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Dividends

Embark was pleased to pay four fully franked dividends during 2025 totalling 6c per share or \$11m. Since Embark reset its strategic focus in 2022 it has returned over \$35m to shareholders.

Thank you

Thanks to all our great teaching and support staff. You all do a terrific job in providing our children with a safe, stimulating and fun learning environment every day. 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 dedication and commitment.

I would also like to thank all our families who have continued to support us. Our 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.

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

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Questions

Management and
Operations

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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.