

2023 Full Year Results

Investor Presentation



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The information in this presentation is an overview and does not contain all information necessary to make an investment decision. It is intended to constitute a summary of certain information relating to the performance of Embark Early Education Limited ("Embark Education") for the current period. Please refer to the audited financial statements for the period ended 31 December 2023 that have been simultaneously released with this presentation.

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Highlights



CY23 Overview

AUSTRALIAN BUSINESS SEES STRONG GROWTH

- Revenue growth of 16% in 2023 to \$63.1 million.
- Underlying centre EBITDA growth of 30% to \$17.1 million

EVENTS

- Renita Garard appointed to the Board 1 January
- Adrian Fonseca retired from Board 6 June
- Michelle Thomsen appointed to the Board 6 June
- Embark delisted from NZX with new parent relisted on ASX on 6 July
- CFO (Edmund Mah) resignation 14 July to remain in NZ
- New AUS CFO (Josie Shawcross) appointed 12 October

DIVIDENDS PAID

- \$0.02 dividend paid 10 August
- \$0.02 dividend paid 28 November

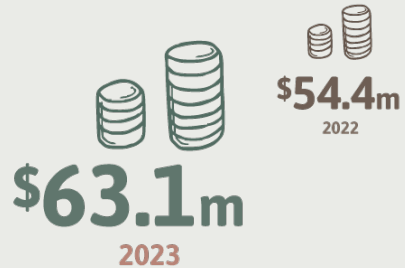


Financial Highlights

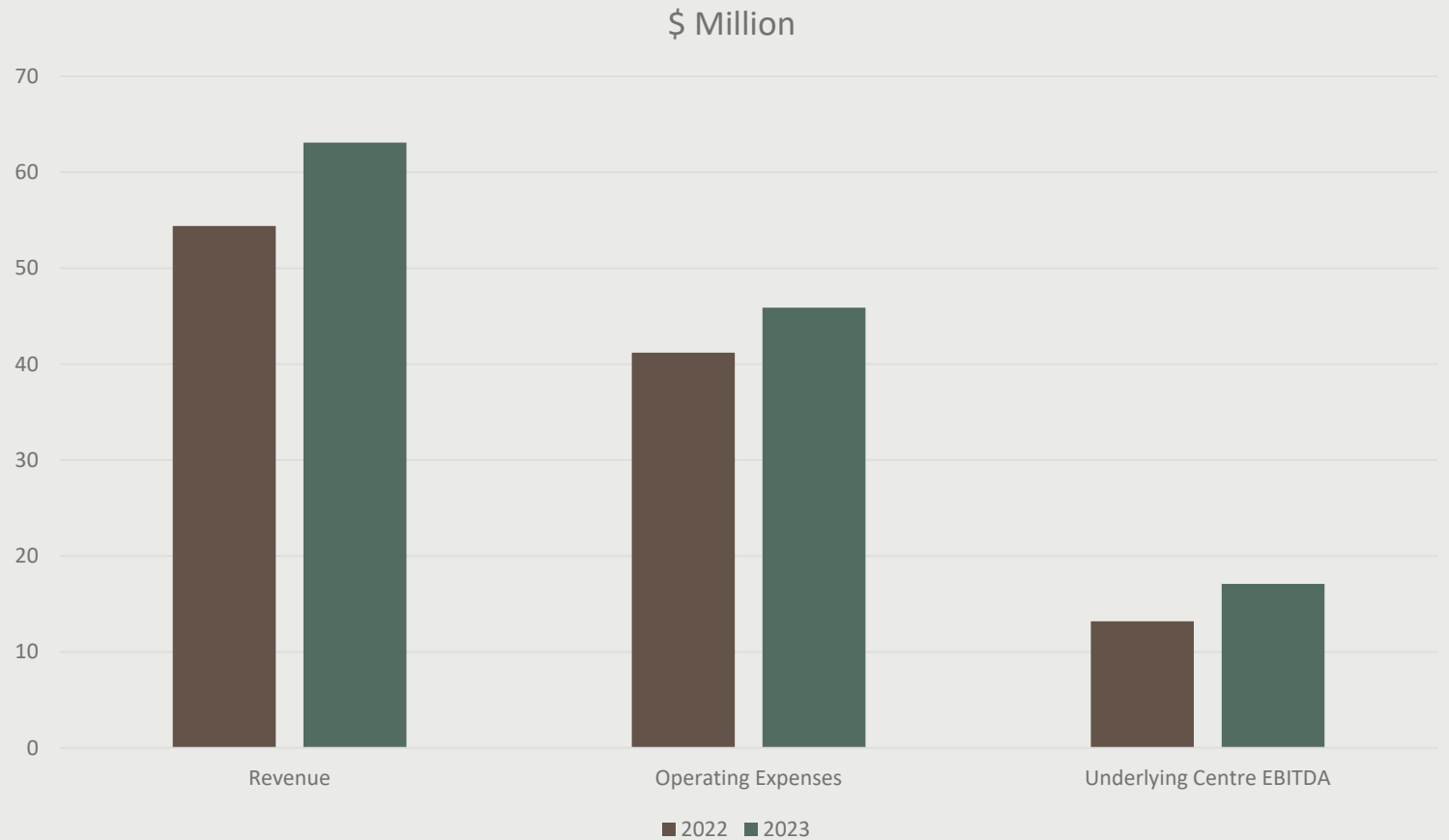
(CY2023 v CY2022)
(AUSTRALIA ONLY)



- Revenue growth of 16% to \$63.1 million



- Underlying centre EBITDA growth of 30% to \$17.1 million



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Operational Highlights

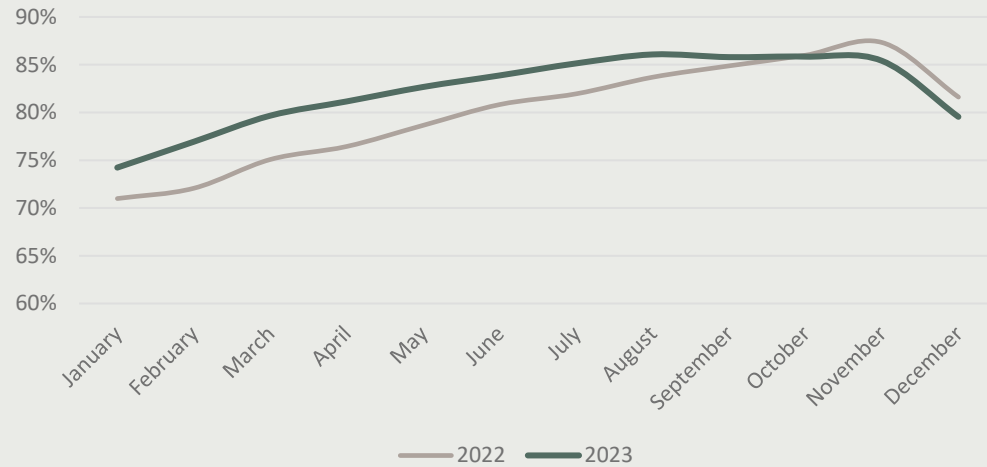
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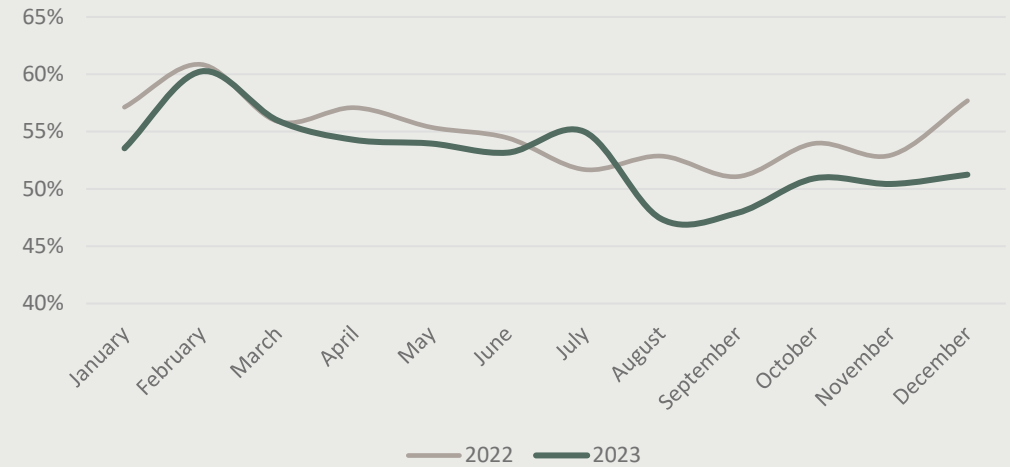
- Average 2023 Centre Occupancy of 82%
- Peak 2023 Centre Occupancy in week 46 of 86.1%



Monthly Occupancy



Wage to Revenue Ratio



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Financial Performance



Financial Summary

STRONG PERFORMANCE FROM CONTINUING OPERATIONS



- Revenue growth of 16% driven by increased occupancy and fee increases
- WRA 52.6%
- 2022 Corporate Costs included in NZ accounts as EVO was listed in NZ at that time
- Support Office Costs 3.3% of revenue

Non-statutory accounts (pre AASB16)	2023				Consolidated	2022
	Australia (Operating)	Australia (Listed)	Australia Total	New Zealand		Australia (Operating)
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue	63,006	-	63,006	-	63,006	54,443
Centre Wages	(33,114)	-	(33,114)	-	(33,114)	(29,834)
Centre Gross Profit	29,891	-	29,891	-	29,891	24,609
Centre Rent	(6,023)	-	(6,023)	-	(6,023)	(5,564)
Other Centre Expenses	(6,761)	-	(6,761)	-	(6,761)	(5,885)
Centre EBITDA	17,107	-	17,107	-	17,107	13,160
Corporate Costs	-	(996)	(996)	(669)	(1,665)	-
Support Office Costs	(2,078)	-	(2,078)	-	(2,078)	(1,676)
EBITDA (underlying)	15,029	(996)	14,033	(669)	13,364	11,484
Interest	815	-	815	52	867	(2,554)
Underlying PBT (pre-depreciation)	15,844	(996)	14,848	(617)	14,231	8,930

Financial Summary

STRONG PERFORMANCE FROM CONTINUING OPERATIONS



- 16% revenue increase in 2023
- 67.6% higher profit before net finance costs and income tax in 2023

	YEAR 31 DECEMBER 2023	RESTATED YEAR 31 DECEMBER 2022
	\$'000	\$'000
Childcare Fees	19,084	18,122
Government Funding	43,896	36,333
Other Revenue	143	-
Revenue	63,123	54,455
Expenses		
Employee benefits expenses	(34,976)	(33,983)
Building occupancy expenses	(774)	(1,192)
Direct expenses of providing services	(5,283)	(6,487)
Depreciation	(3,266)	(2,997)
Acquisition expenses	(58)	-
Other expenses	(2,422)	(3,509)
Total expenses	(46,779)	(48,168)
Profit before net finance expense and income tax	16,344	6,287
Finance income	868	338
Finance costs	(6,201)	(8,320)
Net finance expense	(5,333)	(7,982)
Profit/(loss) before income tax	11,011	(1,695)
Income tax benefit/ (expense)	(2,736)	(655)
(Loss)/Profit after income tax from continuing operations	8,275	(2,350)
Profit/(Loss) after income tax from discontinued operations	-	(37,904)
(Loss)/Profit after income tax attributable to the shareholders of the Company	8,275	(40,253)
Other comprehensive income		
Exchange differences on translation of foreign operations	(114)	(1,537)
Total comprehensive income attributed to the shareholders of the Company	8,161	(41,789)
Earnings per share	Cents	Cents
Basic earnings per share	0.05	(0.25)
Diluted earnings per share	0.05	(0.25)

Balance Sheet Strong To Pursue Growth



- No borrowing at 31 December 2023
- Cash of \$26.8m and term deposits of \$2.5m at year end

	YEAR 31 DECEMBER 2023	RESTATED YEAR 31 DECEMBER 2022	RESTATED YEAR 1 JANUARY 2022
	\$'000	\$'000	\$'000
Cash and cash equivalents	26,839	16,201	44,824
Assets held for sale	-	-	2,804
Funding Receivable	-	614	-
Current tax asset	-	196	-
Trade and other receivables	2,690	2,862	2,940
Total current assets	29,529	19,873	50,568
Property, plant and equipment	1,582	1,590	7,164
Deferred tax asset	4,949	3,365	13,246
Right-of-use assets	61,332	62,683	173,424
Intangible assets	60,898	60,934	151,201
Term deposit	2,460	8,573	4,806
Total non-current assets	131,221	137,145	349,841
Trade and other payables	2,824	3,661	10,858
Current income tax liabilities	2,403	13	1,684
Contract liability	543	7	7,294
Employee entitlements	3,143	4,868	8,561
Lease liabilities - current	6,278	6,133	7,256
Liabilities held for sale	-	-	4,189
Total current liabilities	15,191	14,682	39,842
Borrowings	-	-	34,118
Employee entitlements - Non-current	299	-	-
Lease liabilities - non current	66,945	65,795	202,200
Total non-current liabilities	67,244	65,795	236,318
Net Assets	78,315	76,541	124,249
Issued share capital	242,428	242,428	242,428
Retained earnings	(171,868)	(165,481)	(119,310)
Current Year Earnings	8,275	-	-
Translation reserve	(520)	(406)	1,131
Total equity	78,315	76,541	124,249

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Strategy and Outlook



Acquisitions to Continue

- Acquisition opportunities being pursued that provide additional value to shareholders



Encouraging Start to 2024

- 2024 occupancy between 2022 and 2023 levels
 - Staffing issues still affecting small number of centres
 - QLD storms impacted 1 centre January capacity
- Small February 2024 fee increase to offset increased costs
- 2024 January/February* revenue approximately 10% higher than January/February* 2023

*January/February data includes first 6 weeks of the year



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Appendix



Glossary



Term	Definition
EBITDA	Earnings before interest, taxation, depreciation and amortisation.
Underlying EBITDA	Earnings before interest, taxation, depreciation and amortisation less the effects of NZ IFRS 16: Leases, gains and losses on the sale or closure of businesses, acquisition and integration costs, impairment losses (or reversals of impairment losses), restructuring costs and non-operational items.
Underlying Centre EBITDA	Underlying EBITDA of centres (before Support Office expenses).
Occupancy	Number of children attending per period specified as a percentage of the service's licensed places.
Wage to Revenue ratio	Employee benefits expense as a percentage of total revenue.