



Embark Early Education Limited
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Embark Early Education Limited (ASX:EVO) 3 June 2024
Chair Address For EVO AGM 4 June 2024

Embark Early Education Limited provides below a copy of the Chair address to be given at the EVO AGM being held tomorrow 4 June 2024.

This announcement has been authorized for release by the Board of Directors of Embark Early Education Limited.

For further information, please contact:

Chris Scott MD
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Annual General Meeting 4 June 2024

Good morning everyone and welcome to Embark Education Group's tenth annual general meeting. The second under our new name and the first to be held in Australia.

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:

Hamish Stevens	Chair
Chris Scott	MD (Re-elected as a director in June 2022)
Kim Campbell	Independent Director (Re-elected as a Director in June 2023) Kim is also the Chair of the Remuneration Committee.
Renita Garard	Independent Director (Elected as a Director in June 2023). Renita is also the Chair of the Audit Committee.

Unfortunately, Michelle Thomsen (non executive Director) is an apology for this AGM.

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Also in attendance is our Chief Financial Officer Josie Shawcross and our Chief Operations Officer Gregory Scott. Both were appointed to their respective roles in the past year and are a key part of our strengthened senior leadership team.

Also joining us is Cameron Smith Audit Partner from Grant Thornton

I wish to talk about the 2023 year in review and then we have two resolutions to be put to the meeting in line with the notice of meeting.

FY 31 December 2023 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.
- Five more centres acquired to date in 2024. Now operating 29 centres with a total of 2,627 licenced places. Further acquisitions are in the pipeline.



2023 was Embark's first year as an Australia focused early childhood education provider, following the strategic sale of our New Zealand centres in 2022. This process was formally completed in June 2023 with shareholders approving the redomicile of the Company to Australia. Embark was admitted to the ASX on 27 June 2023.

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Five years ago, in the months before the pandemic, we commenced our Australian acquisition strategy with the objective of broadening and strengthening the Company's earnings, and in calendar year 2019 we acquired 10 centres. The acquisition programme was placed on hold in 2020 due to the pandemic but in March 2021 we resumed our programme resulting in the purchase of 13 centres in 2021. A further centre was purchased in the second half of 2022 bringing our total number of centres to 24 at December 2023. This year to date we have acquired a further five centres. Now a total of 29 centres.

Acquisitions have to date been funded solely from internal cash reserves. Additionally, the Company is in the final stages of confirming a long term debt facility which will allow further acquisitions to be funded.

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 has further acquisition opportunities under negotiation. 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.

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FY 31 December 2023 Centre EBITDA



\$Am	12 months to 31 Dec 2022	12 months to 31 Dec 2023	Change
Centres at year end	24	24	-
Average occupancy	80%	82%	+2%
Revenue	54.4	63.1	+8.7
Operating costs	(41.2)	(46.0)	-4.8
Centre EBITDA	13.2	17.1	+3.9

Centre EBITDA is the best comparison with the previous year due to the change in company structure. In 2022 the company incurred a higher level of corporate costs which were recorded against the New Zealand operations. Centre EBITDA is a prime financial measure used within the business.

2023 has been a particularly strong year for Embark with average annual occupancy increasing by 2% points to 82%. This is well above the industry average and is a reflection on our great staff and centres.

For the 12 months to 31 December 2023 revenue increased 16% to \$63.0m and Centre EBITDA increased 30% to \$17.1m. This strong result was due to the increase in occupancy, increased fees, minimising discounting, lower staff vacancies, and careful control of centre operating costs. Additionally, our support office costs are well below the relative level of our peers in the sector.

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.

The Company is in a sound financial position with \$26m and no debt at December 2023. These cash reserves provide a strong base with which to continue our centre acquisition strategy.

FY 2024 April YTD Underlying EBITDA



\$Am	4 months to 30 April 2023	4 months to 30 April 2024	Change
Centres at period end	24	29	+5
Revenue	18.5	21.4	+2.9
Operating costs	(14.5)	(16.6)	-2.1
Centre EBITDA	4.0	4.8	+0.8
Support costs	-0.6	-0.7	-0.1
Underlying EBITDA*	3.4	4.1	+0.7

* Before corporate costs

We are not providing guidance for the coming year. But I can tell you we are off to a strong start to 2024. For the four months to April 2024 revenue is 16% ahead of last year and underlying EBITDA before corporate costs is 21% ahead of last year. Further, due to timing of settlements, the full impact of the five new acquisitions made recently is still to be seen fully in the YTD operating results.



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FY 2024 Week ended 19 May Centre EBITDA



\$Am	2022	2023	2024
Centres at period end	24	24	29
Occupancy	79.0	83.0	81.1
Revenue	1.0	1.2	1.5
Centre EBITDA	\$262k	\$307k	\$410k

Centre EBITDA 33% above last year and 56% above 2022.

Occupancy in 2024 not directly comparable with 2023 and 2022 due to additional centres.

Our weekly financial results are showing solid growth on the previous year. Results for the latest completed week in late May show a centre EBITDA of \$410k, which is 33% ahead of the same week last year, and 56% ahead of the same week in 2022.

Dividends

The directors are delighted to have reinstated the Company's regular dividend payments following the special dividend paid in 2022. Embark paid a dividend of 2c per share in August 2023 and 2c per share November 2023. In 2024 we to date have paid quarterly dividends of 1.5c per share in March and 1.5c per share in June. That's over \$11m returned to shareholders since the beginning of 2023. The Company is targeting regular quarterly dividends going forward.

Thank you

I now want now to acknowledge the huge support we have received from our 850 employees across our centres during the 2023 year. Our teaching and support teams have at all times ensured throughout that our children and families' safety and well-being was paramount. Thank you for your terrific dedication and commitment.



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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 both consolidation and strong earnings growth for Embark and we are excited about our opportunities in 2024 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.

Thank you and if there are no further questions, I will turn now to the resolutions in the notice of meeting.

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