



Information Memorandum

Embark Early Education Limited
ACN 667 611 752

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1 Purpose of Information Memorandum

This Information Memorandum has been prepared by Embark Early Education Limited ACN 667 611 752 (**Embark**) in connection with its application for:

- (a) admission to the official list of the Australian Securities Exchange (**ASX**); and
- (b) fully paid ordinary shares in the capital of Embark (**Embark Shares**) to be granted official quotation on the securities exchange operated by the ASX.

This document is not a disclosure document lodged with the Australian Securities and Investments Commission (**ASIC**) under the *Corporations Act 2001* (Cth) (**Corporations Act**).

This document does not constitute or contain any offer of Embark Shares for issue or any invitation to apply for the issue of Embark Shares.

Neither ASX nor any of its officers takes any responsibility for the contents of this Information Memorandum.

2 Incorporation of Notice of Meeting

Embark Education Group Limited (**Embark Education Group**) prepared a notice of meeting dated 19 May 2023 in connection with its proposal to establish a non-operating holding company, Embark, as the new listed parent company of Embark Education Group (**Notice of Meeting**).

The following parts of the Notice of Meeting are taken to be included in this Information Memorandum:

- (a) Important information to the extent it relates to Embark;
- (b) Section 1 (Letter from the Chair) to the extent it relates to Embark;
- (c) Section 2 (Key dates) to the extent it relates to Embark;
- (d) Section 3 (Overview of the Scheme) to the extent it relates to Embark;
- (e) Section 4 (Other important questions) to the extent it relates to Embark;
- (f) Section 5 (Further detail of the Scheme and redomiciling) to the extent it relates to Embark;
- (g) Section 6 (What will the Group look like after the Scheme is implemented) to the extent it relates to Embark;
- (h) Section 7 (Taxation implications for Shareholders) to the extent it relates to Embark;
- (i) Section 8 (Information equivalent to Schedule 1 and 2 of the Takeovers Code) to the extent it relates to Embark;
- (j) Annexure 9 (Information for Shareholders outside of New Zealand and Australia) to the extent it relates to Embark;
- (k) Glossary to the extent it relates to Embark;
- (l) Schedule 1 (Scheme plan pursuant to Part 15 of the Companies Act 1993). This annexes the terms of the Options in Schedule 1; and
- (m) Schedule 2 (Key differences between New Zealand and Australian law).

Words defined in the Notice of Meeting have the same meaning where used in this Information Memorandum (unless otherwise defined or the context otherwise requires).

3 Matters in relation to the Scheme of Arrangement

Embark confirms that the Scheme Implementation Agreement and Scheme Plan relating to the scheme of arrangement (**Scheme**) remain in force and effect.

On the Scheme Implementation Date (anticipated to be 5 July 2023), each eligible Embark Education Group Shareholder will receive one Embark Share for each Embark Education Group Share they hold on the Scheme Record Date (28 June 2023).

Holding statements in respect of these Embark Shares will be despatched on or about 6 July 2023.

4 ASX listing

An application has been made to ASX on or about the date of this Information Memorandum for Embark to be admitted to the official list of ASX and for Embark Shares to be granted official quotation on the securities exchange operated by ASX.

Neither ASIC nor ASX accepts responsibility for any statement in this Information Memorandum. The fact that ASX may admit Embark to the official list of ASX is not to be taken in any way as an indication of the merits of Embark.

5 Capital structure

- (a) The table below sets out the indicative capital structure of Embark immediately following implementation of the Scheme.

Type of Security	Number on issue
Embark Shares	159,549,484
Embark Options	1,250,000

- (b) The terms of issue of the Embark Options are contained in Annexure A to Schedule 1 of the Notice of Meeting.
- (c) Annexure A of this Information Memorandum sets out an indicative:
- (i) statement of names of the 20 largest holders of Embark Shares, and the number and percentage of Embark Shares held by those holders; and
 - (ii) distribution schedule of Embark Shares, setting out the number of holders in certain categories and the total percentage of Embark Shares held in each category, immediately following implementation of the Scheme.
- (d) As at the date of issue of the Embark Shares and on admission to the ASX, Embark's free float will be not less than 20% on the basis that all Embark Shares will be freely tradeable on the ASX.

6 Capital raisings

Embark has not raised any capital for the three months before the date of this Information Memorandum and the board of Embark does not anticipate the need to raise any capital for three months after the date of this Information Memorandum.

Embark may, however, issue Embark Shares on exercise of any Embark options on issue as at the date of this Information Memorandum.

7 Compliance with the NZX Main Board

Embark confirms that so far as it is aware, Embark Education Group Limited was in compliance with the listing rules of the NZX Main Board at the date of this Information Memorandum.

8 Risk factors

The future performance of Embark and its securities may be influenced by a range of factors. Some of these factors can be mitigated by Embark's actions. However, many are outside the control of the Embark and its Directors. Some of the more significant risks are highlighted below at clause 8.1 "Specific risks regarding Embark". However, the list may not be exhaustive and other less significant or less probable factors may also impact the financial performance, position or cash flow of Embark, which may in turn adversely affect the value of its securities.

The following is a summary of the more material matters to be considered and should be read in conjunction with specific matters referred to in the Embark's announcements and reports. The summary is not exhaustive and you should examine the contents of this Information Memorandum in its entirety, rely on your own knowledge of Embark, and consult your professional advisor. Nothing in this Information Memorandum constitutes financial or investment advice.

8.1 Specific risks regarding Embark

Changes in regulations: Embark operates in the Australian childcare sector which is highly regulated. Changes in regulated staff ratios, staff qualification criteria, Government policy or legislation impacting the childcare sector may have a material impact on Embark's operations and costs.

Changes in Government funding: A significant proportion of Embark's revenue comes from child care subsidies (CCS) funded by the Government. Any change to CCS eligibility criteria or CCS funding rates could have a material impact on Embark's profitability and financial position.

Acquisition risk: Embark may not be able to acquire additional early learning centres at targeted price multiples, and this could affect future inorganic growth. There is also the risk that due diligence checks may not pick up a potentially adverse issue at a target centre.

Integration risk: While Embark has a track record of integrating acquired centres well, there is a risk of unanticipated complications in integrating an acquired centre (or centres). These could include centre manager, centre staff and/or processes.

Occupancy risk: There is no assurance that future occupancy levels at Embark's centres will at least remain at current levels.

Competition risk: New entrants to the childcare sector could add to supply of licensed places and this could increase competition. New or existing centres operating near an Embark centre could have an impact on pricing and/ or staffing.

Pandemic risk: The risk of another pandemic (like Covid-19) which could result in lockdowns and restrictions imposed by Government authorities and impact attendance at centres.

8.2 Risks affecting the general economy and share market

The performance of Embark and the price at which its Shares may trade on ASX may be impacted by a range of factors including movements in inflation, interest rates, exchange rates, general economic conditions and outlooks, changes in government, fiscal, monetary and regulatory policies, prices of commodities, global geo- political events and hostilities and acts of terrorism. Certain of these factors could affect the trading price of the Options and Shares, regardless of its operating performance. Embark will attempt to mitigate these factors

by implementing appropriate safeguards and commercial actions but these factors are largely beyond the control of Embark.

8.3 Speculative nature of investment

An investment in Embark should be considered speculative because of the nature of Embark's business. There are numerous risk factors involved. Some of these risks can be mitigated by the use of safeguards and appropriate systems and controls, but some are outside the control of Embark and cannot be mitigated. Accordingly, an investment in Embark carries no guarantee with respect to the payment of dividends, return of capital or price at which Shares or Options will trade

9 ASX waivers and confirmations

The ASX Listing Rule waivers and confirmations provided by ASX to Embark in relation to its admission to the official list of the ASX are set out below:

- (a) confirmation that the ASX will agree to accept this Information Memorandum for the purposes of satisfying ASX Listing Rule 1.1 condition 3, on the condition that the Information Memorandum complies with the requirements of ASX Listing Rule 1.4 (other than ASX Listing Rule 1.4.1); and
- (b) a waiver from ASX Listing Rule 1.4.1 to the extent necessary to permit this Information Memorandum not to state that it contains all the information required under section 710 of the Corporations Act subject to the following conditions:
 - (i) the Information Memorandum incorporates by reference the relevant sections of the Scheme Booklet, being the Notice of Meeting.
 - (ii) Embark releases all of the documents incorporated into the Scheme Booklet, being the Notice of Meeting, by reference to the ASX as pre-quotation disclosure;
 - (iii) Embark provides a statement to the ASX confirming that Embark was in compliance with the Listing Rules of the NZX Main Board at the time Embark ceased trading on ASX.

10 Disclosure of interests

10.1 Directors

Other than as set out below and in the Notice of Meeting, no Director or proposed Director of Embark or any entity in which any such Director or proposed Director is a member or partner has at the date of this Information Memorandum, or within two years before the date of this Information Memorandum had, any interests in the promotion of Embark or in any property acquired or proposed to be acquired by Embark and no amounts, whether in cash or securities or otherwise, have been paid or agreed to be paid by any person to any Director or proposed Director or to any entity in which a Director or proposed Director is a member or partner, either to induce them to become, or to qualify them as, a Director, or otherwise for services rendered by them or by the entity in connection with the promotion or formation of Embark.

- (a) J47 Pty Ltd, an entity controlled by Director, Mr Chris Scott, was the initial Shareholder of Embark for administrative efficiency only and Mr Chris Scott did not receive any consideration or benefit in connection with incorporation of Embark or acting as the sole Shareholder of J47 Pty Ltd, other than participating in the Scheme the subject of the Notice of Meeting in the exact same manner as every other eligible Shareholder of the Embark Education Group.
- (b) The \$1.00 Share on issue in Embark held by J47 Pty Ltd will be bought back by Embark for nil consideration by way of a selective share buy-back completed at the

same time the Embark Shares are issued under the Scheme the subject of the Notice of Meeting.

- (c) The base fees payable to Non-Executive Directors, Executive Directors and proposed Directors of Embark will not change as a result of the Scheme the subject of the Notice of Meeting and are as follows:
- (i) Hamish Stevens – Chairman and Non-Executive Director – AU\$127,000;
 - (ii) Chris Scott – Managing Director and Executive Director – AU\$75,000;
 - (iii) Renita Garard – Non-Executive Director – AU\$75,000;
 - (iv) Kim Campbell – Non-Executive Director – AU\$75,000; and
 - (v) Michelle Thomsen, proposed to be appointed on 6 June 2023 following appointment to the Board of Embark Education Group – Non-Executive Director – AU\$75,000.

10.2 Experts

Other than as set out in the Notice of Meeting or as set out below, no expert named in the Notice of Meeting or entity in which any such expert is a member or partner has any interest in the promotion of Embark or in any property acquired or proposed to be acquired by Embark and no amounts, whether in cash or securities or otherwise, have been paid or agreed to be paid by any person to any such expert or to any entity in which any such expert is a member or partner for services rendered by him or her or the entity in connection with the promotion or formation of Embark.

- (a) Chapman Tripp has been paid AU\$165,000 plus GST for its advisory role as New Zealand lawyers in connection with this Information Memorandum, the Scheme and the Notice of Meeting.
- (b) Thomson Geer has been paid AU\$55,000 plus GST for its advisory role as Australian lawyers in connection with this Information Memorandum, the Scheme and the Notice of Meeting.

11 Statement from Directors

Each Director of Embark believes that Embark will have enough working capital to carry out its stated objectives.

12 Supplementary information announced to the ASX

Embark will announce to the ASX if it becomes aware of any of the following between the date of this Information Memorandum and the date on which Embark Shares are quoted:

- (a) a material statement in this Information Memorandum is misleading or deceptive;
- (b) there is a material omission from this Information Memorandum;
- (c) there has been a significant change affecting a matter included in this Information Memorandum; or
- (d) a significant new circumstance has arisen and it would have been required to be included in this Information Memorandum if it had arisen prior to the date of this Information Memorandum.

13 Embark Shareholder Information Line

If you have any questions about the Scheme, please contact the Embark Shareholder Information Line on 07 5551 6763 (within Australia) or +617 5551 6763 (outside Australia). This line is open between 8.30am and 5.00pm, Monday to Friday (excluding public holidays).

14 Authorisation

Each Director of Embark has approved and authorised the release of this Information Memorandum, and has given written authorisation to the Chairman to sign and deliver this Information Memorandum.

A handwritten signature in black ink, appearing to read 'H Stevens', is written over a light grey rectangular background.

Hamish Stevens
Chairman
Embark Early Education Limited and Embark Education Group Limited

DATED: 27 May 2023

Annexure A

Capital Structure

20 largest holders

Name	Number of Shares	% of shares
1 Citicorp Nominees Pty Limited	27,608,310	17.30%
2 J 47 Pty Ltd	21,727,514	13.62%
3 National Nominees Limited	10,055,200	6.30%
4 Upton124 Pty Ltd	7,772,563	4.87%
5 Bnp Paribas Nominees Pty Ltd <IB AU Noms Retailclient DRP>	6,937,160	4.35%
6 A & J Online Investments Pty Ltd	3,620,248	2.27%
7 New Zealand Central Securities Depository Limited	3,601,766	2.26%
8 Nge Capital Limited	3,200,000	2.01%
9 HSBC Custody Nominees (Australia) Limited	2,529,541	1.59%
10 Vasona Pty Ltd <Oxanda Super A/C>	2,156,250	1.35%
11 Portman Trading Pty Ltd	2,058,500	1.29%
12 Broadgate Investments Pty Ltd	1,899,323	1.19%
13 Bnp Paribas Noms(Nz) Ltd	1,747,088	1.10%
14 Opm Super Co Pty Ltd <M M Superannuation Fund A/C>	1,707,750	1.07%
15 Aaron Mark Morris	1,400,132	0.88%
16 Kimberley Yin	1,330,000	0.83%
17 Duncan Fraser Forrest & Judy Marie Forrest	1,274,678	0.80%
18 Glenelg Farm Pty Ltd	1,106,334	0.69%
19 Forsyth Barr Custodians Limited	983,718	0.62%
20 Dencliff Investments Pty Ltd <Hodgetts Fam SF A/C>	908,334	0.57%
Total for 20 largest shareholders	103,624,409	64.96%

Distribution schedule

Range	Total holders	Number of shares	% of shares
1 - 1,000	529	216,580	0.13
1,001 – 5,000	593	1,499,201	0.94
5,001 – 10,000	272	2,055,913	1.29
10,001 – 100,000	553	18,949,970	11.88
100,001 and over	142	136,827,820	85.76
Total	2,089	159,549,484	100%