

2023 Interim 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 unaudited financial statements for the period ended 30 June 2023 that have been simultaneously released with this presentation.

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1H23 Overview*

*Information on this page relates to Australian operations and figures are pre AASB16

- Strong start to the year driven by a 5.42% increase in 1H occupancy vs PCP
- Revenue growth of 21.2% vs PCP to \$29.2 million
- Underlying centre EBITDA growth of 38% vs PCP to \$6.76 million (from 24 centres)
- No centres were acquired during the half year
- Delisting of Embark from NZX on 6 July
- \$0.02 dividend paid on 10 August 2023
- Appointment of Renita Gerard and Michelle Thomsen to the board on 1 January and 6 June respectively
- Resignation of Adrian Fonseca from board on 6 June



Financial Performance

Australian Operations Only

- 21% revenue increase vs PCP driven by higher occupancy, fee increase due to inflationary costs, and acquisition of 1 additional centre in July 2022
- Underlying centre EBITDA growth of 26.9% vs PCP to \$6.76 million

Comparative margin increases – Australia Only (Organic growth plus 1 extra centre acquired July 22)

Interim	Revenue	Centre EBITDA	Margin
2022	\$24.1m	\$4.89m	20.3%
2023	\$29.2m	\$6.76m	23.2%
Increase	21.2%	38.3%	

Statutory Consolidated Accounts (Australia and NZ)

		AUDITED 6 MONTHS 30 JUNE 2023	RESTATE 6 MONTHS 30 JUNE 2022
AUD	Note	\$'000	\$'000
From continuing operations			
Childcare fees	3	9,608	7,952
Government funding	3	19,501	16,181
Other revenue	3	135	-
Total Revenue		29,244	24,133
Expenses			
Employee benefits expenses		(16,962)	(16,008)
Building occupancy expenses		(540)	(379)
Direct other expenses of providing services		(2,551)	(3,246)
Depreciation		(1,629)	(1,506)
Amortisation		-	(17)
Other expenses		(1,149)	(828)
Total expenses		(22,831)	(21,984)
Profit before net finance expense and income tax		6,414	2,149
Finance income		345	169
Finance costs		(3,045)	(4,955)
Net finance expense		(2,700)	(4,786)
Profit/(loss) before income tax		3,714	(2,637)
Income tax benefit/ (expense)		(1,328)	941
(Loss)/Profit after income tax from continuing operations		2,386	(1,696)
Total gain/(loss) from discontinued operations			
Profit/(loss) from discontinued operations net of tax	2	-	(385)
Profit/(loss) for the period		2,386	(2,081)
Other comprehensive income			
Exchange differences on translation of foreign operations		(93)	(3,293)
Total comprehensive income attributed to the shareholders of the Company		2,293	(5,374)
Earnings per share		Cents	Cents
Basic and diluted (loss)/earnings per share from continuing operations		0.01	(0.01)
Basic and diluted (loss)/earnings per share attributable to the shareholders of the Company		0.01	(0.01)

Balance Sheet

- No borrowing as at 30 June 2023
- Cash of \$24.3m and term deposits of \$3.3m as at 30 June 2023

Statutory Consolidated Accounts (Australia and NZ)

		AS AT 30 JUNE 2023	RESTATED AS AT 31 DECEMBER 2022	RESTATED AS AT 1 JANUARY 2022
AUD	Note	\$'000	\$'000	\$'000
Cash and cash equivalents		24,290	16,201	44,824
Assets held for sale		-	-	2,804
Funding receivable		-	614	-
Current tax asset		-	196	-
Other current assets		2,238	2,862	2,940
Total current assets		26,527	19,873	50,568
Property, plant and equipment	4	1,744	1,590	7,164
Deferred tax asset		3,939	3,364	13,246
Right-of-use assets	5(a)	62,111	62,683	173,424
Intangible assets	6	60,934	60,934	151,201
Term deposit		3,346	8,573	4,806
Total non-current assets		132,074	137,144	349,840
Trade and other payables	7	2,083	3,661	10,858
Current income tax liabilities		(45)	13	1,684
Funding received in advance		747	6	7,294
Employee entitlements	8	4,281	4,868	8,561
Lease liabilities - current	5(b)	6,028	6,133	7,256
Liabilities held for sale		-	-	4,189
Total current liabilities		13,094	14,681	39,843
Borrowings		-	-	34,118
Lease liabilities - non-current	5(b)	66,403	65,795	202,200
Employee entitlements - non-current	8	271	-	-
Total non-current liabilities		66,674	65,795	236,318
Net Assets		78,833	76,541	124,248
Issued share capital		242,428	242,428	242,428
Retained earnings		(165,366)	(165,366)	(119,310)
Current year earnings		2,386	-	-
Translation reserve		(614)	(522)	1,131
Total equity		78,833	76,541	124,248

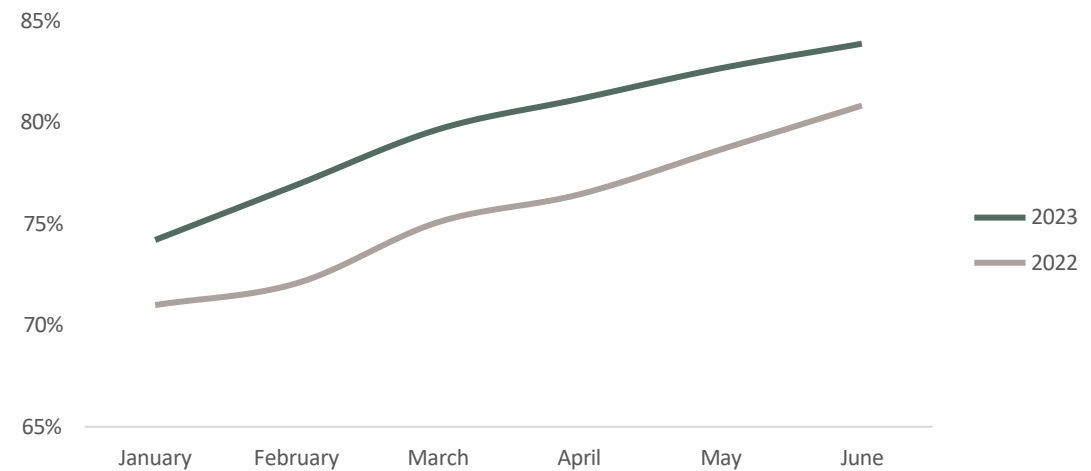
Operating Performance

Australian Operations Only

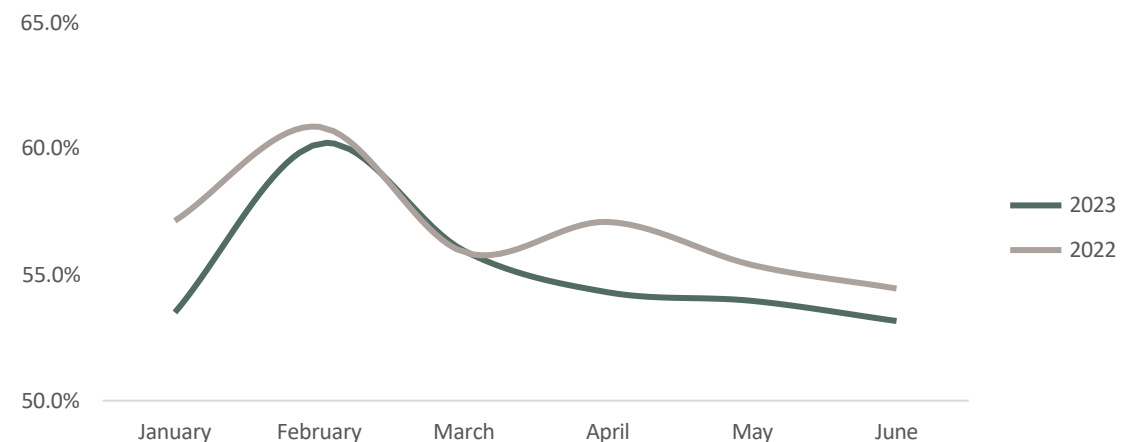
- 1H2023 average occupancy was 80%, up 5.42% vs PCP

- 1H2023 average Wages to Revenue was 55.1%, compared to 56.7% PCP

Monthly Occupancy



Wage to Revenue Ratio



Strategy and Outlook

Australian Operations Only

- Strong start to occupancy in 1H2023 continuing with 'spot' occupancy¹ at 85.8%
- New Government CCS implemented 10 July 2023 creating greater affordability for families
- Growing female labour force participation up to 62.5% in 2023
- 0-5 year age group population projected growth from 2.03 million (2022) to 2.30 million (2032)
- Award wage increase of 5.75% implemented July 1
- Fee increases implemented in February and July to cover rising operational costs
- Further acquisitions planned for 2H2023
- Educator shortages impacting small number of centres likely to continue in the near term

1. Spot occupancy for week ending 20 August 2023.

