



.....

Annual Report

31 December 2025

.....





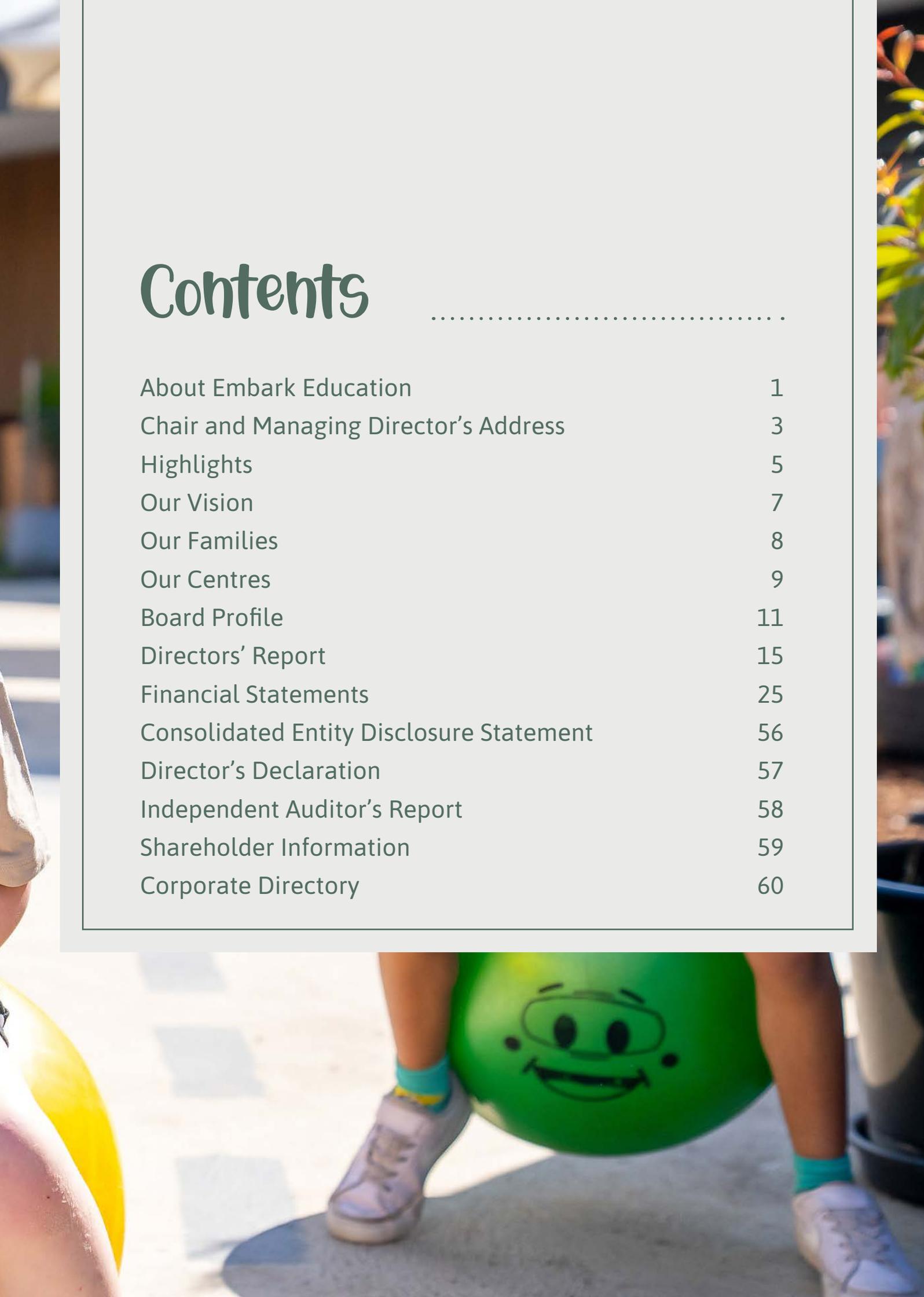
This Annual Report of Embark Early Education Limited is dated 24 February 2026 and is signed by the Board of Directors by:

Hamish Stevens
Chair of the Board

Chris Scott
Managing Director

Contents

About Embark Education	1
Chair and Managing Director's Address	3
Highlights	5
Our Vision	7
Our Families	8
Our Centres	9
Board Profile	11
Directors' Report	15
Financial Statements	25
Consolidated Entity Disclosure Statement	56
Director's Declaration	57
Independent Auditor's Report	58
Shareholder Information	59
Corporate Directory	60



About Embark Education

Embark Education is one of Australia's leading providers of early childhood education and care, supporting families and communities through safe, high-quality, locally led early learning centres.

Our approach is built on trust, flexibility, and autonomy. We empower our centres and leadership teams to operate in ways that best reflect their local communities, while being supported by a highly experienced Support Office that provides guidance, systems, and expertise where it adds the most value.

This balance allows our centres to remain deeply connected to the families they serve, while benefiting from the strength, scale, and shared knowledge of a national organisation.

Strengthening Performance and Foundations

Throughout the year, Embark maintained a strong focus on operational excellence and long-term sustainability. While sector-wide pressures continued, our centres demonstrated resilience and adaptability, supported by disciplined operational frameworks and consistent leadership support.

A key focus was refining and strengthening core processes across the network, ensuring centres are equipped with clear systems, practical tools, and responsive support. These improvements were designed to enhance the experience for families, educators, and leadership teams alike, while creating a stable foundation for future growth.

.....

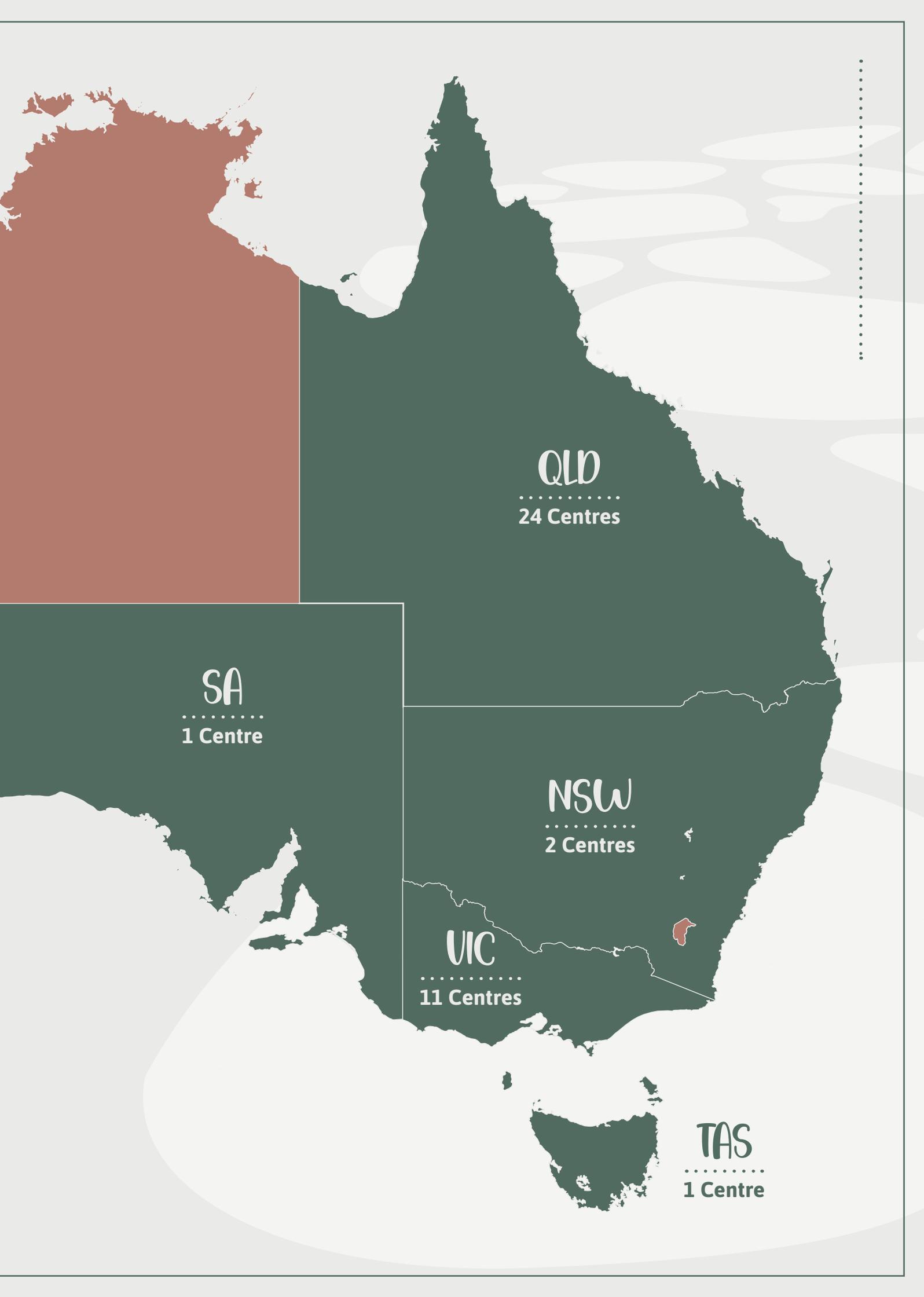
Snapshot as at 31 December 2025

39 Number of early
childhood centres

3,562 Number of licensed
child care places

1,100 Number of staff

6.0c Fully franked full-year
dividend



QLD
.....
24 Centres

SA
.....
1 Centre

NSW
.....
2 Centres

VIC
.....
11 Centres

TAS
.....
1 Centre

Chair and Managing Director's Address

.....



Hamish Stevens
Chair



Chris Scott
Managing Director

Welcome to Embark's twelfth annual report covering the year ended 31 December 2025.

Embark continued to build earnings during 2025 despite head winds affecting the broader ECE sector. 2025 revenue increased 29% to \$104.9m owing primarily to a 21% growth in the number of children cared for during the year. Centre EBITDA grew 16% to \$25.1m.

Embark acquired one centre during the year bringing our total number of centres to 39 and 3,562 licenced places.

The ECE sector faced several challenges over the past year including the effects of a substantial decline in the Australian birth rate since 2023 and media publicity around non-compliance incidents in some parts of the sector.

Embark has responded to softer market conditions through a continued focus on maintaining revenue and cost control. Embark's decentralised model allows it to respond quickly and flexibly to changes in market circumstances. Gross contribution per occupied place was slightly ahead of last year.

Our operating model ensured support office and corporate costs were well managed at 2.5% and 1.1% of revenue respectively. This is substantially lower than the company's listed peers.

Embark remains in a strong financial position with pre AASB16 operating cash flow of \$15.2m (including repayment of leases) during the year and cash reserves of \$20.7m at December 2025. The company renewed its \$25m borrowing facility with the National Australia Bank during the year to March 2028 and currently has \$6.4m drawn against this facility.

The company maintained its strong focus on health and safety with all centres demonstrating full health and safety compliance in independent regulatory audits.



Embark was pleased to pay four fully franked dividends during 2025 totalling 6c per share or \$11.0m. Since Embark reset its strategic focus in 2022 it has returned over \$32m to shareholders. The Company is continuing to target regular quarterly dividends going forward.

In January 2026 Embark formally announced its bid for all the shares in Mayfield Childcare Ltd. The bid price of 50c per share represents a 33% premium above the Mayfield share price prior to Embark taking a 19.9% stake in the company. We believe this is an attractive offer for Mayfield shareholders and also a great outcome for Embark shareholders to be part of a substantially larger entity. The offer closes on 5 March 2026.

Thanks to all our great teaching and support staff. Every day you do a wonderful job in looking after our children in a safe and learning filled environment. Embark treasures its approach of empowering our centre teams to operate in their own best way and to meet the specific needs of their communities and families.

Thanks to our supportive shareholders and we look forward to seeing you at the annual meeting to be held in 2026.

Hamish Stevens
Chair

Chris Scott
Managing Director

Highlights

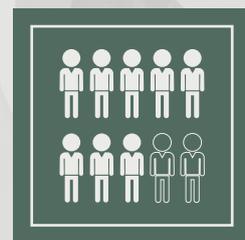
People & Families

NPS
(Net Promoter Score)
(+8.0% YoY)



Team Satisfaction Score
(-3.7% YoY)

Calculated based on positive responses to the question, "I would recommend my centre as a great place to work"



79%
2025

Highlights

Financial

Revenue
(+29% YoY)



\$104.9m
2025

.....

NPAT
(+18% YoY)



\$10.7m
2025

.....

EPS
(+18% YoY)



5.81c
2025

Centre EBITDA*
(+16% YoY)



\$25.1m
2025

*Centre EBITDA is a non-GAAP measure used by Embark to monitor its financial performance. This measure is calculated on a pre-IFRS16 basis and excludes acquisition and integration costs, impairment losses (or reversals of impairment losses) and restructuring costs.

.....

Vision

Creating centres that parents want their children to be at and children want to stay at because our people love what they do and where they work.

.....

Values



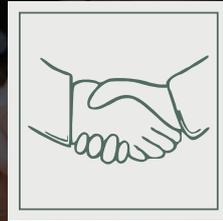
Belonging



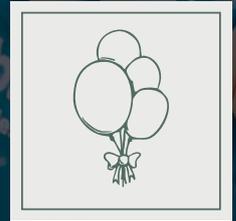
Nurturing



Learning



Respectful



Playful

Mission

Understand the needs and aspirations of our children and families and exceed their expectations.

Create an environment and team culture that supports every staff member to excel and feel valued for their achievements.

Take a leadership position in the ECE sector for delivering the highest quality early childhood education.

Provide a healthy, happy, safe and inclusive environment for all our children and staff.

Contribute to the development and success of the communities we serve.

Deliver value to all Embark stakeholders by growing a strong and sustainable organisation.

Our Families

"A home away from home for my little guy! Apple Berries provides my son safe and comfortable care with lots of love, laughs and great food! From painting to sand and water play, the activities are always so fun and so good for his development. We get regular updates every day which makes being away from him a little easier! We're very lucky to have found a home away from home in Apple Berries!"

The CamilleFamily
AppleBerries Burnside, QLD



.....

"This place has been a well loved second home to my 2 kids since before they could talk. They have grown so much in every way thanks to the love, care, and guidance of the truly wonderful educators. Plenty of fun incursions every week, from music, to yoga, wild animals, scientists, Bollywood dancing and more. The kindergarten program and teachers are top notch. Kids are very well prepared for school by the time they finish. The food is freshly prepared daily by in-house chef, and the kids love it.. they try to get me to cook them at home. Thank you Brighthouse for 8 years of amazing experience. We will miss you when we leave!"

The Foo Family
Brighthouse Braybrook, VIC



.....

"We're so glad we found Cubby Care. After looking around for a long time, it's clear they really put the kids first. The staff are always welcoming, polite, and easy to deal with, and you can tell they genuinely care about the children. It's such a relief knowing our kids are in a happy, supportive environment"

Joseph G
Cubby Care Beenleigh, QLD



.....

"Our children have been attending Cubby Care since they were babies, and now they're in Schoolies after starting school. We've always felt so supported by the wonderful educators and the caring management team. The environment is calm, natural, and full of warmth. We truly feel like part of a family here."

Yejin H
Cubby Care Coomera, QLD



Our Centres



IMAGINATION GARDEN GEELONG



ROSEBERRY HOUSE BEENLEIGH



APPLEBERRIES KALLANGUR





HIDDEN VALLEY EARLY LEARNING



ROSEBERRY HOUSE WATERFORD WEST

"I absolutely love Roseberry House! From day one, we've felt so welcomed and comfortable, it truly feels like a second home.

The educators and managers are incredibly warm and caring, and you can tell they genuinely love what they do.

I'm so grateful that my daughter's first experience with early childhood education is at Roseberry House."

Armas Family - Roseberry House
Glen Huntly



CUBBY CARE BROWNS PLAINS

Board Profile



Hamish Stevens

Independent Director and Chair of the Board

Hamish has held independent directorships on several boards since 2010 and is currently Chair of Pharmaco and East Health Services, and a director of Radius Residential Care, Counties Energy, Governance & Advisory and newly appointed as a director of Napier Port Holdings as of 12 August 2025. Prior to his governance career Hamish held senior finance positions with Heinz Watties, Tip Top Ice Cream and DB Breweries. Hamish is a qualified Chartered Accountant and is a Chartered Fellow of the Institute of Directors.



Chris Scott

Managing Director and Executive Director (Non-Independent)

Chris Scott has over 39 years experience in senior management positions. He has spent over 35 years in business in Singapore where he founded a number of successful businesses. Chris founded S8 Limited which listed on the ASX in 2001. S8 was an integrated travel Company that acquired 36 businesses over a 5 year period and was capitalised at \$700 million. S8 Limited was the subject of a successful takeover bid in late 2006.

Chris was the Founder and, from 2010 to 2016, the Managing Director of ASX listed G8 Education which evolved into Australia's largest listed early education and child care provider.

During this period, the G8 Education Limited portfolio grew from 38 to over 500 pre-school education centres in Australia (plus 20 in Singapore). Chris was also instrumental in raising over \$500 million in equity capital and more than \$500 million in debt (including Singapore dollar bonds). G8 Education's market capitalisation grew from \$4 million in 2010 to a peak of approximately \$1.9 billion.



Kim Campbell

Independent Director, Chair of Remuneration and People Committee

Kim Campbell attended the University of Canterbury completing a Bachelor of Arts majoring in Geography. Kim was the CEO of the Employers & Manufacturers Association. Kim is currently a Director of Douglas Pharmaceuticals, Director of EMH Trade Ltd, Chair of Auckland Manufacturers Association and a Director of New Image International Limited.



Michelle Thomsen

Independent Director

Michelle Thomsen was appointed as an Independent Director with effect from 6 June 2023.

Michelle has significant experience as a legal counsel and practitioner.

An Australian citizen, Michelle is currently General Counsel Pacific, Marsh McLennan (NYSE: MMC) and was the Group Executive, General Counsel of QIC between August 2018 and July 2023. In addition, Michelle was the Interim Chief Risk Officer of QIC from August 2020 to February 2021. Created in 1991 by the Queensland Government to serve its long-term investment responsibilities, QIC has grown into a leading long-term specialist manager in alternative investments. Immediately prior to her role at QIC, Michelle was the Group Executive, Group General Counsel and Company Secretary of Bank of Queensland. Before that, Michelle was Executive General Manager, Associate General Counsel – Group Services at Suncorp Group and the Head of Legal, Australia/ New Zealand at Transpacific Industries Group Ltd. Michelle also has extensive experience as a legal practitioner in Australia and the United Kingdom.

Michelle graduated from Griffith University with Bachelor of Laws/ Bachelor of Commerce and is admitted as a solicitor in England, Wales, Queensland and New South Wales. She holds a current practising certificate in England and Wales and Queensland. Michelle was an Audit and Risk Committee member of Queensland Rugby League and was a Non Executive Director of Engeny Water Management Pty Ltd and Chair of the HR and Remuneration Committee. Michelle was a Non-Executive Director of Queensland Rugby Union from July 2016 to July 2018.



Renita Garard

Independent Director

Renita has significant experience in financial governance, risk management and stakeholder engagement across various industry sectors. Renita is currently the Managing Director of Aspire 2 Thrive Pty Ltd and a Director of Queensland Rugby Football League Limited, The Energy Collective Limited, Queensland Academy of Sport and 4 Aussie Heroes Foundation Limited. Renita is also the Chair of the Audit Committee of Townsville City Council.

Renita is a Fellow of the Institute of Chartered Accountants of Australia and New Zealand (FCA) and received the Order of Australia medal in 1996. In addition to her accomplishments in business and governance, Renita is a successful athlete, captaining the Australian women's hockey team to the Olympic gold medal in 2000.

Renita is a member of Embark Education's Audit and Risk Committee.

Consolidated Financial Statements

EMBARK EARLY EDUCATION LIMITED



Item	Page No.
Directors' Report	15
Remuneration Report - Audited	20
Consolidated Statement of Profit or Loss and Comprehensive Income	25
Consolidated Statement of Financial Position	26
Consolidated Statement of Changes in Equity	27
Consolidated Statement of Cash Flows	28
Note 1 - General information	29
Note 2 - Basis of preparation	29
Note 3 - Material accounting policies	30
Note 4 - Critical accounting judgements, estimates and assumptions	37
Note 5 - Revenue	38
Note 6 - Disclosure of Items in the Consolidated Statement of Profit or Loss and Comprehensive Income	38
Note 7 - Taxation	39
Note 8 - Cash and cash equivalents	40
Note 9 - Trade and other receivables	40
Note 10 - Property, plant and equipment	41
Note 11 - Right-of-use Assets	42
Note 12 - Intangible Assets	42
Note 13 - Impairment	43
Note 14 - Trade and other payables	44
Note 15 - Employee Entitlements	44
Note 16 - Borrowings	45
Note 17 - Lease Liabilities	46
Note 18 - Issued Capital	46
Note 19 - Dividends	47
Note 20 - Financial Assets and Liabilities	47
Note 21 - Auditors Remuneration	50
Note 22 - Related Party Transactions	50
Note 23 - Parent entity information	51
Note 24 - Business Combinations	52
Note 25 - Capital Management	53
Note 26 - Reconciliation of Profit/(Loss) After Tax to Net Operating Cash Flows	54
Note 27 - Earnings per Share (EPS)	54
Note 28 - Commitments and Contingencies	54
Note 29 - Events After the Reporting Period	55
Consolidated Entity Disclosure Statement	56
Director's Declaration	57

Directors' Report

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Embark Early Education Limited (referred to hereafter as the 'parent entity') and the entities it controlled at the end of, or during, the year ended 31 December 2025.

Directors

The following persons were directors of Embark Early Education Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

- Hamish Stevens (Chair)
- Christopher Scott (Managing Director)
- Kim Campbell (Chair of Remuneration and People Committee)
- Renita Garard (Chair of Audit and Risk Committee)
- Michelle Thomsen

Principal activities

The principal business of Embark Early Education Limited was the operation of early education centres owned by Embark Early Education subsidiaries. There was no significant change for the continuing operations of the Embark business during the year ended 31 December 2025.

Dividends

Dividends paid during the year ended were as follows:

	2025	2024
	\$'000	\$'000
Interim dividend paid for year ending 31 December 2023 of 1.5 cents per ordinary share		2,392
Final dividend for the year ended 31 December 2023 of 1.5 cents per ordinary share		2,396
Interim dividend for the year ended 31 December 2024 of 1.5 cents per ordinary share		2,393
Interim dividend for the year ended 31 December 2024 of 1.5 cents per ordinary share		2,754
Interim quarterly dividend for the year ended 31 December 2024 of 1.5 cents per ordinary share	2,754	
Final dividend for the year ended 31 December 2024 of 1.5 cents per ordinary share	2,753	
Interim quarterly dividend for the year ended 31 December 2025 of 1.5 cents per ordinary share	2,752	
Interim quarterly dividend for the year ended 31 December 2025 of 1.5 cents per ordinary share	2,752	
	11,011	9,935

Operational and financial review

Embark Early Education Limited owns and operates 39 early learning centres across Australia, representing 3,562 licensed places and employing approximately 1,100 team members who care for around 2,700 children daily. The Group operates 24 centres in Queensland, 11 in Victoria, 2 in New South Wales, 1 in Tasmania and 1 in South Australia. The Support Office is located in Helensvale, Queensland.

The early childhood education sector is characterised by recurring revenue, a regulated operating framework and a largely fixed cost base. Financial performance is primarily driven by occupancy levels, daily fee rates and the effective management of labour, which represents the Group's most significant expense. Given the operating leverage inherent in the model, relatively small movements in enrolments or wage costs can have a material impact on earnings.

For the year ended 31 December 2025, the Group reported a profit after tax of \$10.7 million. This performance reflected resilient demand across the portfolio, continued government support through the Child Care Subsidy (CCS) regime and disciplined cost management. Earnings in the sector are seasonally weighted, with approximately 40% typically generated in the first half of the year due to lower occupancy in January and early February when children transition to primary school. Second-half occupancy recovery therefore remains a key determinant of full-year outcomes.

The Board declared and paid four fully franked dividends of 1.5 cents per share during FY2025. Dividend decisions are assessed having regard to operating cash flow, capital expenditure requirements, acquisition opportunities and balance sheet capacity. The Board remains committed to maintaining flexibility in capital allocation while supporting sustainable returns to shareholders.

Material business risks

Changes in regulation and changes in Government funding

The Group operates within a highly regulated environment. Changes to educator-to-child ratios, qualification requirements and other regulatory settings may increase operating costs or reduce available capacity. In addition, a significant proportion of revenue is indirectly supported by government funding through the CCS. Any adverse change to funding levels or eligibility settings could affect enrolments and profitability. A significant portion of sector demand is

Directors' Report

supported by Government funding through the Child Care Subsidy. Changes to funding rates or eligibility criteria could impact enrolments and profitability and are outside the Group's control.

Occupancy risk, competition risk and risks affecting the general economy

Occupancy remains the most significant earnings driver. Localised increases in supply, demographic shifts or economic pressures affecting household participation in childcare may reduce centre utilisation and impact margins. Labour availability and wage inflation also present ongoing cost pressures, particularly given the labour-intensive nature of the business. Management continues to monitor wage-to-revenue ratios and centre-level performance closely to preserve operating leverage.

Acquisition risk and integration risk

Future growth may include acquisitions; however, acquisition pricing, due diligence outcomes and integration execution carry inherent risk. Broader macroeconomic factors, including inflation, interest rates and consumer confidence, may also influence both demand and operating costs. While many of these factors are outside the Group's direct control, the Board seeks to mitigate their impact through disciplined capital management, geographic diversification and operational oversight.

The Group enters FY2026 with an established operating footprint, in an environment where occupancy remains a key earnings driver. Sustaining enrolments, effective labour management and continued regulatory compliance will remain central to maintaining earnings performance.

Alternative performance measure – Centre EBITDA

The Group uses certain alternative performance measures in addition to statutory measures determined in accordance with Australian Accounting Standards. These measures are used internally by management to assess performance and support decision making and are also under the Directors' Report and operational and financial review.

Centre EBITDA represents earnings before interest, tax, depreciation and amortisation attributable to centre level operations and excludes:

- Support office and corporate costs
- The impact of lease accounting under AASB 16 Leases; and
- Other items which management considers non-recurring or not representative of underlying centre operating performance (for example acquisition expenses).

Centre EBITDA is reconciled to profit after income tax attributable to shareholders of the company as follows:

	Note	2025 \$'000	2024 \$'000
Profit after income tax attributable to shareholders of the company		10,709	9,036
Income tax expense	7a	4,638	3,575
Interest ¹	6b	226	(587)
AASB 16 interest	6b	10,572	7,718
AASB 16 depreciation	11	4,653	3,240
Depreciation and amortisation ²		850	520
AASB 16 rent add back ³		(10,418)	(7,545)
Acquisition expenses ⁴		141	1,059
Redomiciling costs including wind up of NZ entity ⁵		(262)	1,024
Fair value adjustment to earnout payable ⁶	24	(230)	-
Costs associated with investment in Mayfield Childcare Limited ⁷	20a	402	-
Underlying EBITDA		21,281	18,040
Support office costs ⁸		2,628	2,304
Corporate costs ⁹		1,146	1,293
Centre EBITDA		25,055	21,637

1. Bank deposits and interest on acquisitions facility borrowings as per note 6b
2. Depreciation and amortisation as per the Consolidated Statement of Profit or Loss and Comprehensive Income less AASB 16 depreciation (above)
3. Included under building occupancy expenses on the Consolidated Statement of Profit or Loss and Comprehensive Income
4. Acquisitions expenses as per the Consolidated Statement of Profit of Loss and Comprehensive Income
5. Costs associated with redomiciling and the wind up of the NZ entities included under other expenses on the Consolidated Statement of Profit or Loss and Comprehensive Income
6. Fair value adjustment to earnout payable included under other revenue on the Consolidated Statement of Profit or Loss and Comprehensive Income
7. Brokerage Fees associated with the purchase of 19.9% of shares in Mayfield Childcare Limited (MFD), fair value adjustment to Investment in MFD as at 31 December 2025 and legal fees associated with the Bidder's Statement as per note 20

Directors' Report

8. Support office costs included under employee benefits expense, building occupancy expenses, centre operations expenses and other expenses on the Consolidated Statement of Profit or Loss and Comprehensive Income
9. Corporate/public company costs included under employee benefits expense, centre operations expenses and other expenses on the Consolidated Statement of Profit or Loss and Comprehensive Income

Centre EBITDA is a non-IFRS measure and should not be considered a substitute for statutory profit.

Matters subsequent to the end of the financial year

Subsequent to 31 December 2025, on 5 January 2026, the Group lodged a bidder's statement and announced a takeover offer for all issued shares in Mayfield Childcare Limited not already owned by the Group. The offer is scheduled to close on 5 March 2026. As at the date of signing these financial statements, the outcome of the offer is not yet known. No business combination had occurred as at 31 December 2025 and accordingly no adjustments have been made to the consolidated financial statements in respect of this transaction.

Environmental regulation

The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law for the 2025FY.

Information on directors

Hamish Stevens Independent Director and Chair of the Board	
Experience and expertise	Hamish has held independent directorships on several boards since 2010 and is currently Chair of East Health Services Ltd, Director of Radius Residential Care, Director of Counties Energy Ltd, Director of Pharmco NZ Ltd, Chair of The Kennedy's Ltd, Director of Governance & Advisory Limited and newly appointed as Director of Napier Port Holding Ltd as of 12 August 2025. Prior to his governance career Hamish held senior finance positions with Heinz Watties, Tip Top Ice Cream and DB Breweries. Hamish is a qualified Chartered Accountant and is a Chartered Fellow of the Institute of Directors.
Former directorships	Marsden Maritime Holdings Limited
Special responsibilities	Chair of the Board
Interests in shares & options	None
Contractual rights to shares	None
Chris Scott Independent Director and Chair of the Board	
Experience and expertise	<p>Chris Scott has over 40 years experience in senior management positions. He has spent over 35 years in business in Singapore where he founded several successful businesses. Chris founded S8 Limited which listed on the ASX in 2001. S8 was an integrated travel Company that acquired 36 businesses over a 5 year period and was capitalised at \$700 million. S8 Limited was the subject of a successful takeover bid in late 2006.</p> <p>Chris was also the Founder and, from 2010 to 2016, the Managing Director of ASX listed G8 Education which evolved into Australia's largest listed early education and child care provider.</p> <p>During this period, the G8 Education Limited portfolio grew from 38 to over 500 pre-school education centres in Australia (plus 20 in Singapore). Chris was also instrumental in raising over \$500 million in equity capital and more than \$500 million in debt (including Singapore dollar bonds). G8 Education's market capitalisation grew from \$4 million in 2010 to a peak of approximately \$1.9 billion.</p>
Former directorships	None
Special responsibilities	Managing Director
Interests in shares & options	26,227,514 ordinary shares, no options
Contractual rights to shares	None

Directors' Report

Kim Campbell Independent Director, Chair of Remuneration and People Committee	
Experience and expertise	Kim Campbell attended the University of Canterbury completing a Bachelor of Arts majoring in Geography. Kim was the CEO of the Employers & Manufacturers Association. Kim is currently a Director of Douglas Pharmaceuticals, Chair of Auckland Manufacturers Association, Director of Blackwood Bay Investments Ltd, Director to New Image International Limited, Director of Novalab Systems Limited, and Chair of Pathways to Employment Trust.
Former directorships	None
Special responsibilities	Chair of the Remuneration and People Committee
Interests in shares & options	3,750 ordinary shares, no options
Contractual rights to shares	None
Renita Garard Independent Director, Chair of the Audit and Risk Committee	
Experience and expertise	<p>Renita has significant experience in financial governance, risk management and stakeholder engagement across various industry sectors. Renita is currently the Director of Aspire 2 Thrive Pty Ltd, Director of Queensland Rugby Football League Limited, Director of Sigsense Pty Ltd and Director of 4 Aussie Heroes Foundation Limited.</p> <p>Renita is a Fellow of the Institute of Chartered Accountants of Australia and New Zealand (FCA) and received the Order of Australia medal in 1996. In addition to her accomplishments in business and governance, Renita is a successful athlete, captaining the Australian women's hockey team to the Olympic gold medal in 2000.</p>
Former directorships	None
Special responsibilities	Chair of the Audit and Risk Committee
Interests in shares & options	None
Contractual rights to shares	None
Michelle Thomsen Independent Director	
Experience and expertise	<p>Michelle has significant experience as a legal counsel and practitioner.</p> <p>Michelle has been the Group Executive, General Counsel of QIC since August 2018. In addition, Michelle was the Interim Chief Risk Officer of QIC from August 2020 to February 2021. Created in 1991 by the Queensland Government to serve its long-term investment responsibilities, QIC has grown into a leading long-term specialist manager in alternative investments. Immediately prior to her current role, Michelle was the Group Executive, Group General Counsel and Company Secretary of Bank of Queensland. Before that, Michelle was Executive General Manager, Associate General Counsel – Group Services at Suncorp Group and the Head of Legal, Australia/New Zealand at Transpacific Industries Group Ltd. Michelle also has extensive experience as a legal practitioner in Australia and the United Kingdom.</p> <p>Michelle graduated from Griffith University with Bachelor of Laws/Bachelor of Commerce and is admitted as a solicitor in England, Wales, Queensland and New South Wales. She holds a current practising certificate in England and Wales and Queensland. Michelle is the current General Counsel of Marsh McLennan - Pacific. Michelle was an Audit and Risk Committee member of Queensland Rugby League and a former Non-Executive Director of Engeny Water Management Pty Ltd and Chair of the HR and Remuneration Committee to mid 2024. Michelle was a Non-Executive Director of Queensland Rugby Union from July 2016 to July 2018.</p>
Former directorships	None
Special responsibilities	None
Interests in shares & options	None
Contractual rights to shares	None

'Former directorships' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company secretary

Christopher Scott has held the role of Company Secretary since July 2023.

Directors' Report

Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 31 December 2025, and the number of meetings attended by each director were:

	Full Board		Remuneration and People Committee		Audit and Risk Committee	
	Attended	Held	Attended	Held	Attended	Held
Hamish Stevens	8	8	1	1	-	-
Kim Campbell	8	8	1	1	3	3
Renita Garard	8	8	1	1	3	3
Michelle Thomsen	8	8	1	1	3	3
Christopher Scott	8	8	1	1	3	3

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

Remuneration Report - Audited

The Directors present the Embark Early Education Limited remuneration report, which has been audited, for the year ended 31 December 2025, outlining key aspects of the consolidated entity's remuneration policy and framework and remuneration awarded this year. This Remuneration Report outlines the Key Management Personnel ("KMP") remuneration arrangements of the Group in accordance with the requirements of the Corporations Act 2001 (Cth) and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration

The Board is committed to an executive remuneration framework that is focused on achieving a high-performance culture and linking executive pay to the achievement of the Company strategy and business objectives which, ultimately, create sustainable long-term value for shareholders.

As part of ensuring that management is motivated to create and deliver sustainable shareholder wealth, the Board utilises a Remuneration and People Committee which operates under the delegated authority of the Board. The committee did not engage external remuneration consultants.

The Committee ensures that rewards for executives are strongly aligned with the Company's performance. The Company is committed to ensuring clarity and transparency about its remuneration policy and practice. The objectives of the Committee are to:

- establish a clear framework for oversight and management of the Company's remuneration structures, policies, procedures and practices;
- consider and recommend new appointments to the Board and oversee management succession planning;
- fairly and responsibly reward directors and senior management and other employees of the Company having regard to the performance of the Company, the performance of these officers and employees and the general pay environment; and
- implement policies, procedures and practices for the Company and Board to ensure compliance with all laws, rules and regulations which are applicable to the Company and the directors, including the Corporations Act 2001 and the ASX Listing Rules.

The number of committee meetings and attendance records of committee members is specified on page 19.

The performance of all directors and senior management is reviewed periodically in accordance with the terms of the Remuneration and People Committee Charter.

Directors' remuneration

Fees and payments to directors reflect the demands and responsibilities of their role. Directors' fees and payments are reviewed annually by the Remuneration and People Committee. The Remuneration and People Committee may, from time to time, receive advice from independent remuneration consultants to ensure directors' fees and payments are appropriate and in line with the market. The chairman's fees are determined independently to the fees of other directors based on comparative roles in the external market. The chairman is not present at any discussions relating to the determination of his own remuneration. Non-executive directors do not receive share options or other incentives.

The director's fee pool is currently \$465,000 per annum (plus GST, if any), with the amount of fees paid during the period disclosed in the remuneration tables below. The Directors are also entitled to be paid for reasonable travel, accommodation and other expenses incurred by them in connection with their attendance at Board or Shareholder meetings, or otherwise in connection with the Group's business.

Remuneration Report - Audited

KMP remuneration

The Company's total remuneration policy for KMP provides the opportunity for them to be paid, where performance merits, at the market median for equivalent market-matched roles. In determining an executive's total remuneration, external benchmarking is undertaken where necessary to ensure comparability and competitiveness, along with consideration of an individual's performance, skills, expertise, and experience.

Total executive remuneration may incorporate fixed and variable components. Executive remuneration may contain any or all of the following:

- fixed remuneration;
- performance-based remuneration;
- equity-based remuneration; and
- termination payments.

There are no performance share rights or long-term incentive scheme in place for the current senior management team.

Voting and comments made at the company's 2025 Annual General Meeting ('AGM')

Embark Early Education Ltd received more than 99% of "yes" votes on its remuneration report for the 2024 financial year. The company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

Details of remuneration

Amounts of remuneration

The key management personnel of the consolidated entity consisted of the following:

- Hamish Stevens - Non-Executive Chairman
- Kim Campbell - Non-Executive Director, Chair of Remuneration and People Committee
- Renita Garard - Non-Executive Director, Chair of Audit and Risk Committee
- Michelle Thomsen - Non-Executive
- Chris Scott - Managing Director and Executive Director
- Josie Shawcross - Chief Financial Officer
- Greg Scott - Chief Operating Officer

Details of the remuneration of key management personnel of the consolidated entity are set out in the following tables:

	Short-Term Benefits			Post-employment benefits	Long-term benefits	Share-based payments		Total
	Cash salary and fees	Cash bonus	Non-monetary	Superannuation	Long service leave	Equity-settled shares	Equity-settled options	
2025	\$	\$	\$	\$	\$	\$	\$	\$
Non-executive Directors:								
Hamish Stevens	127,000	-	-	-	-	-	-	127,000
Kim Campbell	85,050	-	-	-	-	-	-	85,050
Renita Garard	80,731	-	-	3,773	-	-	-	84,504
Michelle Thomsen	71,652	-	-	3,348	-	-	-	75,000
Executive Directors:								
Christopher Scott	75,000	-	-	-	-	-	-	75,000
Other Key Management Personnel:								
Josie Shawcross	189,767	4,000	-	22,765	-	-	-	216,532
Gregory Scott	158,139	7,000	-	19,408	-	-	-	184,547
	787,339	11,000	-	49,294	-	-	-	847,633

Remuneration Report - Audited

	Short-Term Benefits			Post-employment benefits	Long-term benefits	Share-based payments		Total
	Cash salary and fees	Cash bonus	Non-monetary	Superannuation	Long service leave	Equity-settled shares	Equity-settled options	
2024	\$	\$	\$	\$	\$	\$	\$	\$
Non-executive Directors:								
Hamish Stevens	127,000	-	-	-	-	-	-	127,000
Kim Campbell	83,045	-	-	-	-	-	-	83,045
Renita Garard	84,504	-	-	-	-	-	-	84,504
Michelle Thomsen	75,000	-	-	-	-	-	-	75,000
Executive Directors:								
Christopher Scott	75,000	-	-	-	-	-	-	75,000
Other Key Management Personnel:								
Josie Shawcross	187,652	1,500	-	21,302	-	-	-	210,454
Gregory Scott ¹	129,519	7,507	-	15,471	-	-	-	152,497
	761,720	9,007	-	36,773				807,500

1. Represents remuneration from 19 February 2024 to 31 December 2024.

The Group has no short, medium or long term incentive plans. Bonuses paid were discretionary payments which did not have specific performance obligations attached to them.

The proportion of the cash bonus paid/payable or forfeited is as follows:

	Cash bonus paid/payable		Cash bonus forfeited	
	2025	2024	2025	2024
Other Key Management Personnel:				
Josie Shawcross	100%	100%	-	-
Gregory Scott	100%	100%	-	-

Additional disclosures relating to key management personnel

Shareholding

The number of shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Additions	Disposals/other	Balance at the end of the year
Ordinary shares				
Hamish Stevens	-	-	-	-
Kim Campbell	3,750	-	-	3,750
Renita Garard	-	-	-	-
Michelle Thomsen	-	-	-	-
Christopher Scott	26,227,514	-	-	26,227,514
Josie Shawcross	-	-	-	-
Gregory Scott	-	-	-	-

No other options were given to directors or KMP during the year.

This concludes the remuneration report.

Directors' Report

Changes since the end of the reporting period

There have been no changes since the end of the reporting period.

Indemnity and insurance of officers

The Group has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Group paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

The Group has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the Group has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings.

Non-audit services

There were no non-audit services provided by the auditor.

There are no officers of the Group who are former partners of Grant Thornton.

Rounding of amounts

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

Auditor

Grant Thornton Audit Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors:



Hamish Stevens

Chair

Embark Early Education Limited

24 February 2026

Grant Thornton Audit Pty Ltd
King George Central
Level 18
145 Ann Street
Brisbane QLD 4000
GPO Box 1008
Brisbane QLD 4001
T +61 7 3222 0200

Auditor's Independence Declaration

To the Directors of Embark Early Education Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of Embark Early Education Limited for the year ended 31 December 2025, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.



Grant Thornton Audit Pty Ltd
Chartered Accountants



CDJ Smith
Partner – Audit & Assurance

Brisbane, 24 February 2026

www.grantthornton.com.au
ACN-130 913 594

Grant Thornton Audit Pty Ltd ACN 130 913 594 a subsidiary or related entity of Grant Thornton Australia Limited ABN 41 127 556 389 ACN 127 556 389. Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton Australia Limited is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate one another and are not liable for one another's acts or omissions. In the Australian context only, the use of the term 'Grant Thornton' may refer to Grant Thornton Australia Limited ABN 41 127 556 389 ACN 127 556 389 and its Australian subsidiaries and related entities. Liability limited by a scheme approved under Professional Standards Legislation.

Consolidated Statement of Profit or Loss and Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2025

	Note	2025 \$'000	2024 \$'000
Revenue	5	104,905	81,611
Total revenue		104,905	81,611
Expenses			
Employee benefits expenses	6a	(59,673)	(45,754)
Building occupancy expenses		(1,601)	(1,112)
Centre operations expenses		(9,924)	(6,676)
Depreciation and amortisation		(5,502)	(3,759)
Acquisition expenses		(141)	(1,059)
Other expenses		(1,920)	(3,460)
Total expenses		(78,761)	(61,820)
Profit before net finance expense and income tax		26,144	19,791
Finance income	6b	405	718
Finance costs	6b	(11,202)	(7,898)
Net finance expense		(10,797)	(7,180)
Profit before income tax		15,347	12,611
Income tax benefit/ (expense)	7a	(4,638)	(3,575)
Profit after income tax attributable to the shareholders of the Company		10,709	9,036
Other comprehensive income			
Exchange differences on translation of foreign operations		-	810
Total comprehensive income attributed to the shareholders of the Company		10,709	9,846
Earnings per share		Cents	Cents
Basic earnings per share	27	5.81	4.92
Diluted earnings per share	27	5.81	4.92

Consolidated Statement of Financial Position

AS AT 31 DECEMBER 2025

		31 December 2025	31 December 2024
	Note	\$'000	\$'000
Cash and cash equivalents	8	20,660	13,348
Trade and other receivables	9	4,999	4,813
Total current assets		25,659	18,161
Property, plant and equipment	10	2,430	2,259
Financial assets at fair value through profit or loss	20a	7,280	-
Deferred tax asset	7c	8,218	6,190
Right-of-use assets	11	97,292	95,721
Intangible assets	12	103,041	101,065
Total non-current assets		218,261	205,235
Total assets		243,920	223,396
Trade and other payables	14	2,015	2,365
Current income tax liabilities		1,132	1,430
Contract liabilities		508	507
Employee entitlements	15	7,048	5,290
Other current liabilities	24c	2,227	2,457
Borrowings - current	16	-	4,260
Lease liabilities - current	17	10,393	9,799
Total current liabilities		23,323	26,108
Borrowings - non-current	16	6,410	-
Employee entitlements - non-current	15	558	488
Lease liabilities - non current	17	107,010	101,226
Total non-current liabilities		113,978	101,714
Total liabilities		137,301	127,822
Net assets		106,619	95,574
Issued share capital	18	271,003	259,656
Retained earnings		(175,093)	(171,206)
Current year earnings		10,709	9,036
Translation reserve		-	(1,912)
Total equity		106,619	95,574

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2025

AUD	Note	Issued Share Capital \$'000	Foreign Currency Translation Reserve \$'000	Accumulated Losses \$'000	Total \$'000
Balance at 1 January 2024		242,428	(2,722)	(161,271)	78,435
Profit/(loss) after income tax		-	-	9,036	9,036
Other comprehensive income		-	810	-	810
Total comprehensive income (loss)		-	810	9,036	9,846
Issue of ordinary shares for cash, net of transaction costs	18	17,228	-	-	17,228
Dividends declared	19			(9,935)	(9,935)
As at 31 December 2024		259,656	(1,912)	(162,170)	95,574
Balance at 1 January 2025		259,656	(1,912)	(162,170)	95,574
Profit/(loss) after income tax		-	-	10,709	10,709
Other comprehensive income		-	-	-	-
Total comprehensive income (loss)		-	-	10,709	10,709
Issue of ordinary shares for cash, net of transaction costs	18	11,347	-	-	11,347
Dividends declared	19			(11,011)	(11,011)
Transfer from Foreign Currency Translation Reserve on windup of subsidiary		-	1,912	(1,912)	-
As at 31 December 2025		271,003	-	(164,384)	106,619

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2025

		2025	2024
	Note	\$'000	\$'000
Cash flows from operating activities			
Receipts from customers		104,223	80,252
Payments to suppliers and employees		(71,957)	(57,034)
Transaction costs associated with the acquisition of childcare centres		(141)	(1,059)
Interest received		405	718
Income tax paid		(6,965)	(5,954)
Net cash provided by operating activities	26	25,565	16,923
Cash flows from investing activities			
Purchase of property, plant and equipment		(911)	(916)
Acquisition of subsidiary, net of cash acquired	24a	(1,839)	(35,928)
Transfer (to) / from term deposit		-	2,460
Investment in Mayfield Childcare Limited		(7,505)	-
Net cash (used in) investing activities		(10,255)	(34,384)
Cash flows from financing activities			
Drawdown from borrowings		2,060	4,260
Issue of shares	18	12,000	18,189
Share issue transaction costs	18	(653)	(961)
Dividend paid	19	(11,011)	(9,935)
Repayment of leases (principal and interest)		(10,394)	(7,579)
Net cash (used in) financing activities		(7,998)	3,974
Net change in cash and cash equivalents held		7,312	(13,487)
Increase/(decrease) effect of FX		-	(4)
Cash and cash equivalents at beginning of financial year	8	13,348	26,839
Cash and cash equivalents at end of financial year		20,660	13,348

Notes to the Consolidated Financial Statements

Note 1: General information

Embark Early Education Limited (the "Company") or ("Embark") is a company incorporated and domiciled in Australia. The address of the Company's registered office is Suite 102, 120-122 Siganto Drive, Helensvale Queensland, 4212, Australia. The consolidated financial statements of the Company as at and for the year ended 31 December 2025 comprise the Company and its subsidiaries, together referred to as "the Group". The principal activities of the Company and its subsidiaries (the "Group") are to invest in the provision and management of high-quality early childhood education centres.

The financial statements were approved by the Board of Directors on 24 February 2026.

Note 2: Basis of preparation

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 23.

a) Statement of Compliance

The financial report is a general-purpose financial report, which:

- has been prepared in accordance with the requirements of the Corporations Act 2001(Cth), Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board ("AASB") and International Financial Reporting Standards as issued by the International Accounting Standards Board as applicable to a for-profit entity.
- adopts all new and amended Accounting Standards and Interpretations issued by the AASB that are relevant to the operations of the Group and effective for reporting periods beginning on or before 1 January 2025.

b) New or amended Accounting Standards and Interpretations adopted

The company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

c) Going concern

These statements have been prepared on a going concern basis.

The Group's current assets exceed current liabilities at reporting date by \$2.34 million. As at reporting date the current liabilities includes \$10.39 million of lease liabilities which are expected to be settled through operating cash flows earned in the next reporting year.

Profit and cashflow for the group remained positive for the period. Forecasts indicate that the Group will have sufficient cash to settle liabilities as they fall due.

Having regard to the above, the Board has concluded that it is appropriate that these financial statements are prepared on a going concern basis.

d) Basis of measurement and presentation currency

The Consolidated financial statements have been prepared on the historical cost basis, with the exception of certain items for which specific accounting policies are identified, as noted below.

The Consolidated financial statements are presented in Australian dollars, which is the Group's functional currency and Group's presentation currency.

Notes to the Consolidated Financial Statements

Note 2: Basis of preparation (continued)

e) Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

f) Rounding of amounts

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Note 3: Material accounting policies

a) Basis of consolidation

Business Combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The Group measures goodwill at the acquisition date as the difference between:

- The fair value of the consideration transferred; less
- The net recognised amount of the identifiable assets acquired, the liabilities assumed, measured at fair value, and any non-controlling interest in the acquiree.

When the excess is negative, a bargain purchase gain is recognised immediately in the profit or loss.

Consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in the profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured, and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in the profit or loss.

Business combinations are initially accounted for on a provisional basis if the related initial accounting is incomplete by the end of the accounting period. The Group retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition date. The measurement period ends on either the earlier of (i) 12 months from the date of acquisition or (ii) when the acquirer receives all information possible to determine fair value.

Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the financial statements from the date that control commences until the date that control ceases.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Notes to the Consolidated Financial Statements

Note 3: Material accounting policies (continued)

b) Segment Information

An operating segment is a component of an entity that engages in business activities from which it may earn and incur expenses. The operating results of a segment are regularly reviewed by the entity's Chief Operating Decision Maker to make decisions about resources to be allocated to the segment and assess its performance, for which discrete financial information is available. The Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the Group, has been identified as the Managing Director ("Group MD").

The Group considers the business as one Group of centres and therefore have identified one operating segment of which the principal activity is the operation of childcare centres. The Group currently operates in one geographical segment in Australia.

c) Foreign currency translation

The financial statements are presented in Australian dollars, which is Embark Early Education Limited's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses are presented in the statement of comprehensive income, on a net basis, within other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

d) Revenue recognition

Revenues are recognised when the Group satisfies its performance obligations by providing early childhood education services to customers.

Childcare Revenue

The Group provides early childhood education services for children's various learning and care needs. Revenue from childcare fees are recognised as and when a child attends, or was scheduled to attend, a childcare facility. The performance obligations are satisfied over time as the child simultaneously receives and consumes the benefits.

Australian Government funding

Childcare revenues from Australian Government funding relates to fees paid under the Child Care Subsidy and are recognised over time when there is reasonable assurance that the funding will be received. Australian Government funding is received in arrears.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Notes to the Consolidated Financial Statements

Note 3: Material accounting policies (continued)

e) Government grants

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

During the year, the Group received funding under the Early Childhood Education and Care (ECEC) Worker Retention Payment program. The grant is recognised in accordance with the Group's accounting policy for government grants, with amounts recognised over the period in which the related employee benefit expenses are incurred and presented as a reduction of employee benefits expense.

f) Taxation

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Notes to the Consolidated Financial Statements

Note 3: Material accounting policies (continued)

g) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

h) Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

i) Property, plant and equipment

Items of property, plant and equipment are stated at cost, less accumulated depreciation, and impairment losses. Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in the profit or loss.

Depreciation is charged based on the cost of an asset less its residual value. Depreciation is charged to the profit or loss on a straight-line basis over the estimated useful lives of each item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. Useful lives as at balance date were:

Plant and equipment	2 to 10 years
Leasehold improvements	3 to 10 years
Motor vehicles	10 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is de-recognised upon disposal or when there is no future economic benefit to the company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

j) Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

Notes to the Consolidated Financial Statements

Note 3: Material accounting policies (continued)

The company has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

k) Intangible assets

Goodwill

Goodwill initially represents amounts arising on acquisition of a business and is the difference between the cost of acquisition and the fair value of the net identifiable assets acquired.

Goodwill is subsequently measured at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units, or groups of cash-generating units, and is not amortised, but is reviewed at each balance date to determine whether there is any objective evidence of impairment.

Other intangible assets

Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

l) Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit. Subject to an operating segment ceiling test, CGUs to which goodwill has been allocated are grouped so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal management purposes. Goodwill acquired in a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

m) Trade and other payables

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. They are measured at amortised cost and are not discounted due to their short term nature. The amounts are unsecured and are usually paid within 30 days of recognition.

Notes to the Consolidated Financial Statements

Note 3: Material accounting policies (continued)

n) Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short term leases of properties (i.e. those leases that have a lease term of 12 months or less from the date of inception).

The Group applies the low-value assets recognition exemption to leases of office equipment that are considered of low value (\$10,000 or less). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

o) Finance costs

Finance costs attributable to qualifying assets (if any) are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

p) Provisions

Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

q) Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Notes to the Consolidated Financial Statements

Note 3: Material accounting policies (continued)

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

r) Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: unobservable inputs for the asset or liability.

Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

s) Financial Instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial Assets

Financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset, except for financial assets measured at fair value through profit or loss (FVTPL), in which case transaction costs are expensed as incurred.

Financial assets are subsequently measured at:

- amortised cost;
- fair value through other comprehensive income (FVOCI); or
- fair value through profit or loss (FVTPL),

based on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Notes to the Consolidated Financial Statements

Note 3: Material accounting policies (continued)

Financial Assets at fair value through profit or loss (FVTPL)

Financial assets are classified at FVTPL if they do not meet the criteria for measurement at amortised cost or FVOCI, or if they are designated at FVTPL on initial recognition.

Financial assets at FVTPL are subsequently measured at fair value at each reporting date. Gains and losses arising from changes in fair value are recognised in profit or loss in the period in which they arise.

Equity investments are measured at FVTPL unless the Group elects at initial recognition to present changes in fair value in other comprehensive income (FVOCI). The Group did not elect FVOCI classification for equity investments.

Transaction costs related to the acquisition of financial assets measured at FVTPL are expensed to profit or loss as incurred.

t) Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

u) Dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the company.

v) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Embark Early Education Ltd, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Note 4: Critical accounting judgements, estimates and assumptions

Identification of Cash Generating Units

In order to complete an impairment assessment, the Group must identify individual cash generating units ("CGUs") that best represent the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Identifying CGUs requires judgement and must be at the lowest level to minimize the possibility that impairments of one asset or group will be masked by a high-performing asset.

Notes to the Consolidated Financial Statements

Note 5: Revenue

	2025	2024
	\$'000	\$'000
Revenue from continuing operations recognised over time:		
Childcare fees	29,920	22,969
Government funding	74,560	58,439
Other revenue	425	203
Total Revenue	104,905	81,611

Revenues are recognised when the Group satisfies its performance obligations by providing early childhood education services to customers.

Note 6: Disclosure of Items in the Consolidated Statement of Profit or Loss and Comprehensive Income

a) Employee benefits expense

	2025	2024
	\$'000	\$'000
Wages and salaries	50,930	39,748
Superannuation fund contributions	6,452	4,222
Payments to agency contractors	779	970
Government wage subsidy	(3,133)	(2,378)
Other employee benefits expense	4,645	3,192
Total employee benefits expense	59,673	45,754

b) Net finance costs

	2025	2024
	\$'000	\$'000
Interest received		
Bank deposits	405	718
Total finance income	405	718
Interest expense		
Interest on acquisition facility borrowings	(630)	(131)
Interest expense - IFRS 16 leases	(10,572)	(7,718)
Other items	-	(49)
Total finance costs	(11,202)	(7,898)
Net finance costs	(10,797)	(7,180)

Notes to the Consolidated Financial Statements

Note 7: Taxation

a) Income tax expense

The major components of income tax expense for the year are:

	2025	2024
	\$'000	\$'000
Current income tax:		
Current income tax expense	6,667	5,247
Prior year adjustments	-	(245)
	6,667	5,002
Deferred tax:		
Relating to origination and reversal of temporary differences	(2,029)	(1,427)
Prior year adjustments	-	-
	(2,029)	(1,427)
Total income tax expense	4,638	3,575

b) Reconciliation of tax expense

Tax expense is reconciled to accounting profit as follows:

	2025	2024
	\$'000	\$'000
Profit before income tax from continuing operations	15,347	12,611
At the statutory income tax rate of 30%	4,604	3,783
Non-assessable income and non-deductible expenses for tax purposes:	-	(288)
Non-deductible expenses/(non-assessable income)	34	325
Prior year adjustment	-	(245)
Total income tax expense	4,638	3,575

c) Deferred tax

Deferred tax relates to the following:

	2025		2024	
	Consolidated Statement of Comprehensive Income	Consolidated Statement of Financial Position	Consolidated Statement of Comprehensive Income	Consolidated Statement of Financial Position
	\$'000	\$'000	\$'000	\$'000
Right-of-use assets	471	(29,188)	10,317	(28,716)
Lease liabilities	(1,913)	35,221	(11,340)	33,308
Employee entitlement provisions	(455)	1,754	(387)	1,337
Other temporary differences	(132)	431	(17)	261
Tax losses carried forward	-	-	-	-
Deferred tax benefit	(2,029)	-	(1,427)	-
Net deferred tax assets	-	8,218	-	6,190

Deferred tax assets are expected to be utilised by the reversal of taxable temporary differences as well as the generation of taxable profits.

Notes to the Consolidated Financial Statements

Note 8: Cash and cash equivalents

	2025	2024
	\$'000	\$'000
Cash at banks and on hand	20,660	12,305
Restricted cash ¹	-	1,043
Total cash and cash equivalents	20,660	13,348

1. Restricted cash represents amounts held as security for bank guarantees.

Note 9: Trade and other receivables

	2025	2024
	\$'000	\$'000
Goods and services tax payable	57	-
Trade receivables	3,721	3,696
Prepayments and sundry receivables	1,436	1,219
Allowance for expected credit losses	(215)	(102)
Total trade and other receivables	4,999	4,813

Allowance for expected credit losses

The consolidated entity has recognised a loss of \$294,133 in profit or loss in respect of the expected credit losses for the year ended 31 December 2025.

The ageing of the receivables and allowance for expected credit losses provided for above are as follows:

	Expected credit loss rate		Carrying amount		Allowance for expected credit losses	
	2025	2024	2025	2024	2025	2024
Consolidated	%	%	\$'000	\$'000	\$'000	\$'000
0 to 3 months overdue	0%	0%	637	681	-	-
Over 3 months overdue	30%	25%	716	407	215	102

The Group has increased its monitoring of debt as there is an increased probability of customers delaying payment or being unable to pay, due to the current economic environment. This relates to parent gap fees only.

The movements in expected credit losses are as follows:

	2025	2024
	\$'000	\$'000
Opening balance	102	63
Additional provisions recognised	294	202
Receivables written off during the year as uncollectable	(181)	(163)
Closing balance	215	102

Notes to the Consolidated Financial Statements

Note 10: Property, Plant and Equipment

31 December 2025	Plant and Equipment	Leasehold Improvements	Motor Vehicles	Total
	\$'000	\$'000	\$'000	\$'000
Cost				
Opening balance	1,944	2,276	119	4,339
Additions/transfers	630	279	2	911
Acquisition of businesses	20	-	-	20
Disposals	(1)	-	-	(1)
Closing balance	2,593	2,555	121	5,269
Depreciation and impairment				
Opening balance	(1,119)	(952)	(9)	(2,080)
Depreciation charge for period	(462)	(285)	(12)	(759)
Disposals	0	-	-	0
Closing balance	(1,581)	(1,237)	(21)	(2,839)
Net book value	1,012	1,318	100	2,430

31 December 2024	Plant and Equipment	Leasehold Improvements	Motor Vehicles	Total
	\$'000	\$'000	\$'000	\$'000
Cost				
Opening balance	1,292	1,851	-	3,143
Additions/transfers	372	425	119	916
Acquisition of businesses	280	-	-	280
Disposals	-	-	-	-
Closing balance	1,944	2,276	119	4,339
Depreciation and impairment				
Opening balance	(843)	(717)	-	(1,560)
Depreciation charge for period	(276)	(235)	(9)	(520)
Disposals	-	-	-	-
Closing balance	(1,119)	(952)	(9)	(2,080)
Net book value	825	1,324	110	2,259

Notes to the Consolidated Financial Statements

Note 11: Right-of-use Assets

31 December 2025	Leased properties	Total
	\$'000	\$'000
Opening net book value	95,721	95,721
Additions	6,224	6,224
Disposals	-	-
Depreciation	(4,653)	(4,653)
Closing net book value	97,292	97,292
Cost	115,953	115,953
Accumulated depreciation	(16,718)	(16,718)
Accumulated impairment	(1,943)	(1,943)
As at 31 December 2025	97,292	97,292

31 December 2024	Leased properties	Total
	\$'000	\$'000
Opening net book value	61,332	61,332
Additions	37,629	37,629
Disposals	-	-
Depreciation	(3,240)	(3,240)
Closing net book value	95,721	95,721
Cost	109,730	109,730
Accumulated depreciation	(12,065)	(12,065)
Accumulated impairment	(1,943)	(1,943)
As at 31 December 2024	95,721	95,721

Impairment testing of right-of-use assets

As detailed in Note 13, non-financial assets including right-of-use assets are reviewed annually for indicators of impairment. Where there is an indicator of impairment, the carrying value of the asset is compared to its recoverable amount. There are no indicators of impairment for the current year.

Note 12: Intangible Assets

31 December 2025		Goodwill	Total
	Note	\$'000	\$'000
Cost			
Opening Balance		101,065	101,065
Acquisition of businesses	24a	1,976	1,976
Closing Balance		103,041	103,041
Amortisation and impairment			
Opening balance		-	-
Closing Balance		-	-
Net book value		103,041	103,041

31 December 2024		Goodwill	Total
	Note	\$'000	\$'000
Cost			
Opening Balance		60,898	60,898
Acquisition of businesses	24a	40,167	40,167
Closing Balance		101,065	101,065
Amortisation and impairment			
Opening balance		-	-
Closing Balance		-	-
Net book value		101,065	101,065

Notes to the Consolidated Financial Statements

Note 13: Impairment

Impairment assessment of goodwill

The goodwill balance of \$103.0m (2024: \$101.1m), has been tested for impairment as at 31 December 2025. Impairment of goodwill cannot be reversed in subsequent years.

The Group has allocated goodwill to individual childcare centres, which represent the Group's CGUs. The recoverable amount of each CGU was determined using a value-in-use discounted cash flow methodology using Board approved cash flow forecasts covering a five-year period.

No impairment has been recognized in the year ended 31 December 2025.

	31 December 2025	31 December 2024
	\$'000	\$'000
Goodwill	103,041	101,065

Key assumptions used in value-in-use calculations

The key "base" assumptions used in the calculation of value-in-use are:

- Revenue growth through the forecast period
- Wages growth through the forecast period
- Discount rates
- Growth rates used to extrapolate cash flows beyond the forecast period

The table below sets out the key assumptions:

	2025	2024
Revenue growth attributable to price (% per annum on average)	3.00%	3.00%
Revenue growth attributable to increase in occupancy (% per annum on average)	0.60%	0.00%
Total revenue growth (% per annum on average)	3.60%	3.00%
Wages growth (% per annum on average)	3.60%	3.00%
Pre-tax discount rate (%)	14.50%	16.30%
Long-term growth rate (%)	2.50%	1.50%

Revenue: Revenue growth at an average of 3.0% per year from price increases assumed in the forecast. Revenue growth at an average of 0.6% per year from occupancy increases.

Wages: Wages are assumed to increase at an average of 3.6% per annum. No material structural margin expansion is assumed in terminal value.

Pre-tax discount rate: While forecast EBITDA growth exceeds the terminal growth rate, a pre-tax discount rate of 14.5% has been applied to reflect the sector's risk profile, including wage cost volatility, regulatory considerations, and competitive dynamics.

Long-term growth: Terminal growth reflects long-term macroeconomic drivers, including expected inflation and population growth in the Australian childcare market, rather than operational leverage or margin expansion.

The aggregate excess of recoverable amounts over carrying values across all CGUs was \$89.4m.

Notes to the Consolidated Financial Statements

Note 13: Impairment (continued)

Sensitivity to changes in key assumptions

The most sensitive assumption in the calculation of value-in-use is revenue growth, followed by wage costs. The following summarizes the amounts by which the key assumptions would need to change, with all other assumptions remaining constant, for impairment to arise in at least one CGU:

	Headroom/ (Impairment) \$'000
Base assumption (\$'000)	89,364
Revenue growth	-1.53%
Wages growth	2.53%
Pre-tax discount rate	0.81%
Long term growth rate	-1.38%

Sensitivities were applied to each CGU individually, with the aggregate impact of the noted changes in the base assumptions, holding all other assumptions constant, presented below:

	Aggregate Impairment \$'000	Aggregate Headroom \$'000
Base assumption	-	89,364
Revenue growth increased by 2.0%	-	109,303
Revenue growth decreased by 2.0%	(337)	69,762
Wages growth increased by 2.0%	-	78,403
Wages growth decreased by 2.0%	-	100,326

Under the revenue downside scenario, impairment arises in certain CGUs, resulting in aggregate impairment of \$0.3m.

Note 14: Trade and other payables

	2025 \$'000	2024 \$'000
Goods and services tax payable	-	39
Other payables	458	1,159
State Government funding	1,557	1,151
Trade payables	-	16
Total trade and other payables	2,015	2,365

Trade payables are unsecured and are usually paid within 30 days of recognition. The carrying amount of trade and other payables are considered approximate to their fair value, due to their short-term nature.

Note 15: Employee Entitlements

	2025 \$'000	2024 \$'000
Accrued wages and salaries	2,295	1,756
Employee leave provisions - current	4,753	3,534
Total employee entitlements - current	7,048	5,290
Employee leave provisions - non-current	558	488
Total employee entitlements - non-current	558	488

Notes to the Consolidated Financial Statements

Note 16: Borrowings

	2025	2024
	\$'000	\$'000
Corporate markets loan drawn down - current	-	4,350
Borrowing costs	-	(90)
Total current borrowings	-	4,260
Corporate markets loan drawn down - non current	6,410	-
Total non-current borrowings	6,410	-

Bank Loans

The loans are secured on the assets and undertakings of the Group.

	2025	2024
	\$'000	\$'000
Total secured corporate markets loan facility	25,000	25,000
Less amounts used	(6,410)	(4,350)
Unused loan facility	18,590	20,650

During the reporting period the Group amended the NAB bank loan facility, extending the review date to 31 March 2028. The repayments are interest only, paid on a quarterly basis. The \$18.59 million unused loan facility is only available for future acquisitions with specific criteria to be met prior to any drawdown.

The Group has complied with the financial covenants of its bank loan during the year. The financial covenants are:

- (a) The fixed charges cover ratio must not be less than 1.5:1
- (b) The operating leverage ratio must not exceed 2.5:1
- (c) The occupancy ratio is to be equal to or greater than 75%.

The bank loan of \$6.41m (2024: \$4.35m) is secured by the first priority general security agreement over all present and after-acquired property of Evolve Early Education Pty Ltd and Embark Early Education Limited, and the guarantee and indemnity for \$33.49 million and other liabilities of Embark Early Education Limited.

Bank Guarantee facility

The guarantees are secured on the assets and undertakings of the Group.

	2025	2024
	\$'000	\$'000
Total bank guarantee facility	8,400	9,443
Less amounts used	(4,701)	(4,419)
Unused bank guarantee facility	3,699	5,024

The bank guarantee facility is secured by the first priority general security agreement over all present and after-acquired property of Evolve Early Education Pty Ltd and Embark Early Education Limited, and the guarantee and indemnity for \$33.49 million and other liabilities of Embark Early Education Limited.

Notes to the Consolidated Financial Statements

Note 17: Lease Liabilities

	2025	2024
	\$'000	\$'000
Current lease liabilities	10,393	9,799
Non-current lease liabilities	107,010	101,226
Total lease liabilities	117,403	111,025

The Group leases childcare centres, and lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. As at 31 December 2025, the Group's leases had an average remaining lease term of 22.73 years (2024: 23.73 years) and a weighted average incremental borrowing rate of 9.30% (2024: 9.27%).

The table below sets out the maturity analysis of lease liabilities on an undiscounted basis. The lease liability recognised in the statement of financial position represents the present value of these payments.

	2025	2024
	\$'000	\$'000
1 year or less	10,859	10,166
Between 1 and 5 years	45,920	42,660
Over 5 years	250,561	247,118
Total undiscounted lease payments	307,340	299,944
Less: future finance charges	189,937	188,919
Present value of lease liabilities	117,403	111,025

Amounts recognised in the Statement of Comprehensive Income

The statement of comprehensive income shows the following amounts relating to leases:

	2025	2024
	\$'000	\$'000
Depreciation charge of right-of-use assets	4,653	3,240
Interest expense (included in finance cost)	10,394	7,579

The total cash outflow for leases during the year was \$10.4 million (2024: \$7.6 million). Refer to note 20 for further information on the financial instruments.

Note 18: Issued Capital

Authorised shares

	31 December 2025		31 December 2024	
	Number	\$'000	Number	\$'000
Ordinary shares authorised, issued and fully paid				
Opening balance	183,481,906	259,656	159,549,484	242,428
Issue of ordinary shares, net of transaction costs	20,000,000	11,347	23,932,422	17,228
Closing balance	203,481,906	271,003	183,481,906	259,656

During the year, the Company issued 20,000,000 ordinary fully paid shares at an issue price of \$0.60 per share via a share placement, raising gross proceeds of \$12.0 million. Transaction costs of \$0.653 million were deducted from equity.

Notes to the Consolidated Financial Statements

Note 19: Dividend

Dividends paid

	2025		2024	
	Cents per share	\$'000	Cents per share	\$'000
Interim dividend for the year ended 31 December 2023 paid on 26 March 2024			1.50	2,392
Final dividend for the year ended 31 December 2023 paid 3 June 2024			1.50	2,396
Interim quarterly dividend for the year ended 31 December 2024 paid 23 September 2024			1.50	2,393
Interim quarterly dividend for the year ended 31 December 2024 paid 9 December 2024			1.50	2,754
Interim dividend for the year ended 31 December 2024 paid 19 March 2025	1.50	2,754		
Final dividend for the year ended 31 December 2024 paid 17 June 2025	1.50	2,753		
Interim dividend for the year ended 31 December 2025 paid 19 September 2025	1.50	2,752		
Interim dividend for the year ended 31 December 2025 paid 17 December 2025	1.50	2,752		
Total dividend paid		11,011		9,935

Franking Credits

	2025	2024
	\$'000	\$'000
Franking credits available for subsequent financial years based on a tax rate of 30%	10,987	8,723

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

- franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date

Note 20: Financial Assets and Liabilities

a) Financial assets at fair value through profit or loss

Investment in Mayfield Childcare Limited

On 27th of October 2025, the Group acquired a 19.9% shareholding in Mayfield Childcare Limited with the purchase of 15,009,497 fully paid ordinary shares at \$0.50 per share for total consideration of \$7,504,749 (excluding transaction costs).

The investment is classified as a financial asset at fair value through profit or loss in accordance with AASB 9 Financial Instruments. The Group does not control, jointly control, or have significant influence over Mayfield Childcare Limited.

At 31 December 2025, the investment was remeasured to fair value based on the quoted closing price (\$0.485). The net fair value loss of \$225k has been recognised within Other expenses in the Consolidated Statement of Profit or Loss.

On 7 November 2025, the Group announced its intention to make a takeover bid for Mayfield Childcare Limited. As at 31 December 2025, no business combination has occurred and the investment continued to be measured at FVTPL.

Notes to the Consolidated Financial Statements

Note 20: Financial Assets and Liabilities (continued)

Movement in financial assets measured at FVTPL

	2025	2024
	\$'000	\$'000
Opening balance	-	-
Additions - Mayfield Childcare Limited	7,505	-
Net fair value profit/(loss) recognised in profit or loss	(225)	-
Closing balance	7,280	-

Fair value measurement

The fair value of the listed equity investment has been determined with reference to the quoted closing price of Mayfield Childcare Limited shares in an active market at 31 December 2025 (\$0.485).

The investment is classified as a Level 1 fair value measurement under the fair value hierarchy in AASB 13 Fair Value Measurement, as the valuation is based on quoted prices (unadjusted) in an active market for identical instruments.

	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
Listed equity investment - FVTPL	7,280	-	-	7,280

There were no transfers between Level 1, Level 2 or Level 3 during the period.

Transaction costs

Transaction costs associated with the acquisition of financial assets designated at FVTPL are expensed as incurred in accordance with AASB 9 and are not included in the carrying value of the financial asset. Transaction costs incurred during the year were not material.

b) Financial risk management objectives

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's overall level of financial risk is not significant and risk management is carried out by senior finance executives and the Board of Directors.

c) Market risk

Price risk

The Group is not currently exposed to any significant price risk.

Interest rate risk

The Group is exposed to interest rate risk associated with the variable interest rate on the bank loan and interest on cash deposits.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provision for impairment of those assets, as disclosed in the Consolidated Statement of Financial Position and Notes to the Consolidated Financial Statements. The Group has no significant credit risk exposure. The Standard & Poors credit ratings of the banks where the Group holds cash are all AA.

Notes to the Consolidated Financial Statements

Note 20: Financial Assets and Liabilities (continued)

Liquidity risk

Liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable. The Group manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

d) Financial arrangements

The Group's financing arrangements comprise the following facilities:

Lease guarantee facility – provided by NAB for \$8.4 million (2024: \$8.4 million) for guarantees required for certain leasehold properties.

NAB Corporate markets loan facility – provided by NAB for \$25 million, \$6.41 million drawn down as at 31 December 2025.

e) Remaining contractual maturities

The following tables detail the Group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

2025	Weighted average interest rate	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Remaining contractual liabilities
	%	\$'000	\$'000	\$'000	\$'000	\$'000
Non-derivatives						
<i>Non-interest bearing</i>						
Trade and other payables		1,958	-	-	-	1,958
Contract liabilities		508	-	-	-	508
<i>Interest-bearing - fixed rate</i>						
Lease liabilities	9.25%	10,859	11,115	34,805	250,561	307,340
Borrowings - Undrawn	1.50%	279	279	70	-	628
<i>Interest-bearing - variable rate</i>						
Borrowings - Drawn	6.20%	398	398	6,509	-	7,305
Total non-derivatives		14,002	11,792	41,384	250,561	317,739

2024	Weighted average interest rate	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Remaining contractual liabilities
	%	\$'000	\$'000	\$'000	\$'000	\$'000
Non-derivatives						
<i>Non-interest bearing</i>						
Trade and other payables		2,365	-	-	-	2,365
Contract liabilities		507	-	-	-	507
<i>Interest-bearing - fixed rate</i>						
Lease liabilities	9.23%	10,166	10,376	32,284	247,118	299,944
Borrowings - Undrawn	1.50%	258	-	-	-	258
<i>Interest-bearing - variable rate</i>						
Borrowings - Drawn	6.97%	4,603	-	-	-	4,603
Total non-derivatives		17,899	10,376	32,284	247,118	307,677

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Notes to the Consolidated Financial Statements

Note 21: Auditors Remuneration

During the year, the following fees were paid or payable for services provided by the Group's auditor, Grant Thornton Australia:

	2025	2024
	\$	\$
Assurance services:		
Audit and review of the consolidated financial statements	200,392	190,504
Total assurance	200,392	190,504

Note 22: Related Party Transactions

Parent entity

The parent entity of the Group is Embark Early Education Limited.

Subsidiaries

Interests in subsidiaries are set out in note 23.

Key Management Personnel

Directors

The following persons were Directors of Embark Early Education Limited during the year:

- Hamish Stevens (Chair)
- Christopher Scott (Managing Director)
- Kim Campbell
- Renita Garard
- Michelle Thomsen

Other Key Management Personnel

The following persons also had authority and responsibility for planning, directing and controlling activities of the Group, directly or indirectly during the year:

- Josie Shawcross – Chief Financial Officer
- Gregory Scott – Chief Operations Officer

Key Management Personnel Compensation

	2025	2024
	\$'000	\$'000
Short-term benefits ¹	787	762
Cash bonus	11	9
Termination benefits	-	-
Post-employment benefits	49	37
	847	808

1. Includes Director's Fees

There were no other transactions with related parties during the financial year. There was nil outstanding at the reporting date in relation to other transactions with related parties.

Notes to the Consolidated Financial Statements

Note 23: Parent entity information

Set out below is the supplementary information about the parent entity.

	2025	2024
	\$'000	\$'000
Statement of profit or loss and other comprehensive income:		
Profit/(loss) after income tax	(900)	68,072
Other comprehensive income	-	-
Total comprehensive income/(loss) for the year	(900)	68,072
Statement of financial position:		
Current assets	14,196	852
Non-current assets	86,128	331,831
Total assets	100,324	332,683
Current liabilities	251	3,142
Non-current liabilities	13,524	-
Total liabilities	13,775	3,142
Share capital	286,917	275,570
Retained profits	(200,368)	53,971
Total equity	86,549	329,541

a) Contingent liabilities

The parent entity had no contingent liabilities as at 31 December 2025.

b) Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 31 December 2025.

c) Material accounting policy information

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 3, except for the following:

- Investments in subsidiaries are accounted for at fair value in the parent entity.

d) Deed of Cross Guarantee

Embark Early Education Ltd, Evolve Early Education Pty Ltd and Childcare Holdings Pty Ltd are parties to a deed of cross guarantee under which each company guarantees the debts of others. By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare a financial report and directors' report under ASIC Corporations (Wholly-owned Companies) Instrument 2016/785.

e) Closed group results

The consolidated statement of comprehensive income and consolidated statement of financial position for the closed group are equal to the consolidated group (see page 25 & 26).

Notes to the Consolidated Financial Statements

Note 24: Business Combinations

a) Business Combinations

During the year ended 31 December 2025, the Group acquired 1 (2024: 14) early childhood centre for a total consideration of \$1.8 million. Total net liabilities acquired were \$0.14 million (2024: \$0.04 million) resulting in goodwill on acquisition of \$1.97 million (2024: \$40.16 million). No cash was acquired. The primary reason for the business combination was to increase the size of the group and realise synergies from combining operations, utilizing the benefits of the group's corporate centre.

		QLD 1 Centre 6/06/25	YEAR ENDED 31 DECEMBER 2025
	Note	\$'000	\$'000
Assets			
Cash and cash equivalents		-	-
Other current assets		-	-
Property, plant and equipment		20	20
Right-of-use assets		1,518	1,518
		1,538	1,538
Liabilities			
Employee entitlements		147	147
Other current liabilities		10	10
Lease liabilities		1,518	1,518
		1,675	1,675
Total identifiable net assets (liabilities) at fair value			
Goodwill arising on acquisition	12	(137)	(137)
		1,976	1,976
Purchase consideration transferred			
		1,839	1,839
Acquisition costs expensed to profit or loss¹			
		115	115
Purchase consideration			
Cash paid		1,839	1,839
Contingent consideration		-	-
Retentions		-	-
Total consideration			
		1,839	1,839
Contribution to the group			
Revenue contributed since acquisition		1,054	1,054
Profit/(loss) contributed since acquisition		95	95
Revenue contributed if acquisition had occurred at beginning of period		1,847	1,847
Profit/(loss) contributed if acquisition had occurred at beginning of period		166	166

1. Acquisition costs expensed to profit or loss in the above table only include settled acquisitions. The acquisition costs listed in The Consolidated Statement of Comprehensive Income also include costs relating to abandoned acquisitions and potential acquisitions.

The goodwill acquired of \$1.97 million predominantly comprises the future earnings potential of bringing together a group of early childhood centres under one centrally managed group.

Assessment of the business acquired did not identify any separate intangible assets other than goodwill.

As at 31 December 2025, the centre acquired contributed revenue of \$1.05 million and a net profit after tax of \$0.1 million to the Group's results before allowing for acquisition expenses of \$0.12 million.

Notes to the Consolidated Financial Statements

Note 24: Business Combinations (continued)

b) Significant Judgement

As part of the accounting for business combinations, the Group reviews each acquisition on a case-by-case basis to determine the nature and value of any intangible assets acquired. Different factors are considered including market presence of the acquired entity, the existence of any specialised or developed assets (e.g. software and training materials), the nature and longevity of the acquired customer-base. Following this assessment, the Group determines if the value of the intangible assets acquired can or should be allocated between fixed life or indefinite life intangible assets and goodwill.

c) Contingent Consideration

As part of the acquisition of six AppleBerries centres in November 2024, the Group agreed to pay contingent consideration in respect of one acquired centre during the earn-out period ending 31 October 2026. The contingent consideration arrangement provides for alternative outcomes depending on operational performance:

- Occupancy hurdle outcome: If the centre achieves at least 80% occupancy for two full consecutive calendar months during the earn-out period, an additional fixed amount of \$2,457,100 is payable in cash; or
- EBITDA outcome: If the occupancy hurdle is not achieved by the end of the earn-out period, an amount remains payable and is determined with reference to an EBITDA-based formula, calculated as the annualised EBITDA for the final two months of the earn-out period, adjusted for contractual deductions and multiplied by a contractual multiple.

The contingent consideration arrangement is classified as a financial liability and is measured at fair value, both at acquisition date and subsequently at each reporting date, with movements recognised in profit or loss. The fair value is determined using a probability-weighted assessment of potential earn-out outcomes, which incorporates forecast occupancy performance, forecast EBITDA outcomes and expected timing of settlement.

During the current reporting period, revised operational forecasts indicate that achievement of the occupancy hurdle is no longer expected. However, an EBITDA-based payout remains expected under the contractual terms. Accordingly, the fair value of the contingent consideration liability decreased by \$230,000, with the remeasurement gain recognised in other revenue.

Note 25: Capital Management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence, and to sustain future development of the business. Capital consists of share capital, accumulated net earnings/deficits of the Group, as well as available cash and cash equivalents and borrowings. The Board of Directors monitors the return on capital as well as the level of cash and dividends to ordinary shareholders.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of any financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

Dividend Policy

The current dividend policy of the Group is to pay dividends between 50% and 75% of pre-AASB 16 net profit after tax (excluding non-operational items) in respect of the preceding period subject to the discretion of the Board.

Financial Covenants

The Group's capital management policy, amongst other things, aims to ensure that it meets its financial covenants attached to any interest bearing loans and borrowings that support capital structure requirements. Refer note 16 for details of borrowings and associated financial covenants.

Notes to the Consolidated Financial Statements

Note 26: Reconciliation of Profit/(Loss) After Tax to Net Operating Cash Flows

	2025	2024
	\$'000	\$'000
Reconciliation of cash flow from operations with profit after income tax		
Profit after income tax	10,709	9,036
Non-cash flows in profit:		
· depreciation and amortisation	5,502	3,759
· disposal of property, plant and equipment	1	-
· fair value remeasurements of contingent consideration	(230)	-
· fair value remeasurements of financial assets	225	-
Adjustments for items classified as investing or financing activities:		
· lease financing costs	10,549	7,751
Changes in assets and liabilities:		
· decrease / (increase) in trade and other receivables	(341)	(1,106)
· increase / (decrease) in trade and other payables	(219)	(1,083)
· increase / (decrease) in income taxes payable	(298)	(1,133)
· increase / (decrease) in deferred taxes	(2,028)	(1,240)
· increase / (decrease) in employee entitlements	1,695	939
Net cash provided by operating activities	25,565	16,923

Note 27: Earnings per Share (EPS)

Basic and diluted EPS amounts are calculated by dividing the profit or loss for the year for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year. The following reflects the income and share data used in the basic and diluted EPS computations:

	2025	2024
Profit/(loss) after income tax from continuing operations (\$'000s)	10,709	9,036
Profit/(loss) after income tax attributable to the shareholders of the Company (\$'000s)	10,709	9,036
Weighted average number of ordinary shares for basic and diluted EPS	184,194,235	183,481,906
Basic (and diluted) EPS from continuing operations (cents per share)	5.81	4.92
Basic and diluted EPS attributable to the shareholders of the Company (cents per share)	5.81	4.92

Note 28: Commitments and Contingencies

Capital commitments

There were no estimated capital commitments for centre upgrades not yet completed at 31 December 2025 and not provided for (2024: none).

Guarantees

The Group has a bank guarantee facility of \$8.4 million of which a total of \$4.7 million (2024: \$4.41 million) has been utilised.

Contingencies

There are no material contingent liabilities not already disclosed as at 31 December 2025.

Notes to the Consolidated Financial Statements

Note 29: Events After the Reporting Period

Subsequent to 31 December 2025, on 5 January 2026, the Group lodged a bidder's statement and announced a takeover offer for all issued shares in Mayfield Childcare Limited not already owned by the Group. The offer is scheduled to close on 5 March 2026. As at the date of signing these financial statements, the outcome of the offer is not yet known. No business combination had occurred as at 31 December 2025 and accordingly no adjustments have been made to the consolidated financial statements in respect of this transaction.

There are no other events that have occurred since the end of the year which significantly affected or could significantly affect the operations of the Group, the result of those operations, or the state of the affairs of the Group in future reporting periods.

Consolidated Entity Disclosure Statement

Name of entity	Type of entity	Trustee, partner, or participant in joint venture	% of share capital held	Country of Incorporation	Australian resident or foreign resident (for tax purpose)	Foreign tax jurisdiction(s) of foreign residents
Embark Early Education Ltd	Company	n/a	100.00%	Australia	Australian*	n/a
Evolve Early Education Pty Ltd	Company	n/a	100.00%	Australia	Australian*	n/a
Childcare Holdings Pty Ltd	Company	n/a	100.00%	Australia	Australian*	n/a

* Embark Early Education Ltd (the "head entity") and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime.

Director's Declaration

In the Director's opinion:

- a) The financial statements and notes set out above are in accordance with the *Corporations Act 2001*, including:
 - i. Complying with the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - ii. Giving a true and fair view of the consolidated entity's financial position as at 31 December 2025 and of its performance for the financial year ended on that date;
- b) The Remuneration Report as set out in the Director's Report complies with Section 300A of the *Corporations Act 2001*;
- c) The persons performing the roles of Managing Director and Chief Financial Officer have declared that:
 - i. The financial records of the Company for the year have been properly maintained in accordance with Section 286 of the *Corporations Act 2001*;
 - ii. The financial statements and notes for the year comply with the Australian Accounting Standards (including Australian Accounting Interpretations);
 - iii. The Directors have received a declaration from the Managing Director and Chief Financial Officer that the consolidated entity disclosure statement is true and correct for the year ended 31 December 2025 as required by section 295A of the *Corporations Act 2001*(Cth);
 - iv. The financial statements and notes for the year give a true and fair view; and
 - v. The consolidated entity disclosure statement is true and correct.
- d) The consolidated entity disclosure statement on page 56 is true and correct;
- e) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Hamish Stevens

Chair

24 February 2026

Independent Auditor's Report

To the Shareholders of Embark Early Education Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Embark Early Education Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, the consolidated entity disclosure statement and the Directors' declaration.

In our opinion, the financial report of Embark Early Education Limited has been prepared in accordance with the Corporations Act 2001, including:

- a giving a true and fair view of the Group's financial position as at 31 December 2025 and of its performance for the year ended on that date; and
- b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter

How our audit addressed the key audit matter

Revenue Recognition (Note 5)

Revenue is recognised by the Group when the underlying childcare service has been provided. Revenues from childcare services, for the Group for the financial year was \$104.905 million.

Childcare services are generally invoiced in advance, alongside subsequent processing of a corresponding Child Care Subsidy ("CCS") by Services Australia.

The Group focuses on revenue as a key performance measure, we have therefore consider revenue to be a key audit matter.

Our procedures included, amongst others:

- Obtaining an understanding of management's processes and policies related to revenue recognition.
- Assessing revenue recognition policies for appropriateness and compliance with AASB 15 *Revenue from Contracts with Customers*.
- Performing a proof in total over revenue recognised by reconciling amounts recorded in the general ledger to receipts in each early childhood centre's bank account.
- Selecting a sample of individual attendance records and inspecting supporting documents such as signed enrolment form, parent statement and payment, including CCS statement and payment.
- Evaluating the adequacy of related disclosures in the financial report.

Business Combination (Note 24)

During the year, the Group acquired an early childhood centre for a total consideration of \$1.839 million.

Business combinations involve a level of judgement in evaluating the Group's purchase price allocation, including the assessment of identifiable assets and liabilities arising on acquisition in accordance with AASB 3 *Business Combinations*.

Further, AASB 3 requires extensive disclosures in relation to the acquisition, which are both quantitatively and qualitatively material to the financial report.

As a result, this area has been determined to be a key audit matter.

Our procedures included, amongst others:

- Reviewing management's acquisition accounting treatment for consistency with the requirements of AASB 3.
- Obtaining management's calculations for the acquisitions, ensuring mathematical accuracy and agreeing inputs to the signed sales agreements.
- Considering the appropriateness of the fair values adopted by Management for the assets and liabilities acquired.
- Considering the appropriateness of the amounts recognised as purchase consideration, including contingent consideration.
- Evaluating management's allocation of the purchase price to identifiable intangible assets and goodwill.
- Evaluating the adequacy of related disclosures in the financial report.

Goodwill Impairment (Note 13)

The Group's consolidated statement of financial position includes a material goodwill balance arising from the acquisition of childcare services businesses.

Management is required to assess goodwill for impairment annually, or more frequently if indicators of impairment exist, in accordance with AASB 136 *Impairment of Assets*.

Our procedures included, amongst others:

- Obtaining management's position paper and supporting calculations in relation to goodwill impairment.
- Assessing whether indicators of impairment existed for the Group in accordance with AASB 136, including consideration of relevant internal and external indicators.

The impairment assessment involves significant management judgement and estimation uncertainty, particularly in relation to forecast revenue growth, centre occupancy rates, operating margins, and the selection of discount rates applied to future cash flows.

Given the magnitude of the goodwill balance and the high degree of judgement involved in the impairment assessment, this matter is determined to be a key audit matter.

- Evaluating management's determination of the Group's cash generating units (CGUs) based on our understanding of the nature of the Group's business and the underlying intangible assets.
- Identifying the key assumptions used in the impairment model, including forecast revenue growth, operating margins, occupancy levels, discount rates and terminal growth rates, and evaluating their reasonableness by reference to historical performance, approved budgets and external market data where available.
- Assessing the reliability of management's ability to forecast by comparing prior year forecasts to actual results for each CGU.
- Performing sensitivity analyses to assess the impact of reasonably possible changes in key assumptions on the carrying value of goodwill, including evaluating the level of headroom.
- Evaluating the adequacy of related disclosures in the financial report.

Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 31 December 2025 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial report

The Directors of the Company are responsible for the preparation of:

- a) the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 (other than the consolidated entity disclosure statement); and
- b) the consolidated entity disclosure statement that is true and correct in accordance with the Corporations Act 2001, and

for such internal control as the directors determine is necessary to enable the preparation of:

- i) the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- ii) the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://auasb.gov.au/media/bwvjcgre/ar1_2024.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in the Directors' report for the year ended 31 December 2025. In our opinion, the Remuneration Report of Embark Early Education Limited, for the year ended 31 December 2025 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



Grant Thornton Audit Pty Ltd
Chartered Accountants



CDJ Smith
Partner – Audit & Assurance

Brisbane, 24 February 2026

Shareholder Information

The shareholder information set out below was applicable as at 31 December 2025.

Distribution of equitable securities

Range	Number of holders	%	Securities
100,001 and Over	170	6.93%	175,424,097
10,001 to 100,000	698	28.47%	23,457,820
5,001 to 10,000	333	13.58%	2,569,403
1,001 to 5,000	692	28.22%	1,777,918
1 to 1,000	559	22.80%	252,668
Total	2,452	100.00%	203,481,906

Equity security holders

Substantial holders in the company are set out below:

Name	Ordinary Shares	
	Number held	% of total shares issued
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	23,356,125	11.48%
J 47 PTY LTD	21,727,514	10.68%
CITICORP NOMINEES PTY LIMITED	19,122,635	9.40%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	12,840,374	6.31%
BNP PARIBAS NOMINEES PTY LTD	9,729,739	4.78%
BNP PARIBAS NOMS PTY LTD	7,946,349	3.91%
UBS NOMINEES PTY LTD	6,233,792	3.06%
A & J ONLINE INVESTMENTS PTY LTD	3,620,248	1.78%
NGE CAPITAL LIMITED	3,450,000	1.70%
GRK SUPER PTY LTD	2,601,367	1.28%
263 FINANCE PTY LTD	2,573,465	1.26%
BNP PARIBAS NOMS (NZ) LTD	2,481,740	1.22%
MRS KIMBERLEY YIN	2,330,000	1.15%
FERGUSLIE PTY LIMITED	2,240,000	1.10%
VASONA PTY LTD	2,156,250	1.06%
PORTMAN TRADING PTY LIMITED	2,058,500	1.01%
MOORGATE INVESTMENTS PTY LTD	1,979,761	0.97%
MRS JUWARSEH SCOTT	1,751,906	0.86%
STROUD AGRICULTURAL COMPANY PTY LTD	1,666,667	0.82%
MR AARON MARK MORRIS	1,400,132	0.69%

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.

Corporate Directory

Embark Early Education Limited / Support Office

PO Box 484, Oxenford QLD 4210, Australia

Suite 102, Level 1, M1 Connect Business Hub
120-122 Siganto Drive, Helensvale QLD 4212, Australia
Phone: +61 7 5322 5245

Directors

Hamish Stevens (Chair)
Chris Scott (Managing Director)
Kim Campbell
Renita Garard
Michelle Thomsen

Senior Management Team

Chris Scott (Managing Director)
Josie Shawcross (Chief Financial Officer)
Greg Scott (Chief Operating Officer)

Solicitors

Thomson Geer
Level 28, One Eagle – Waterfront Brisbane
1 Eagle Street, Brisbane QLD, Australia
Phone: +61 7 3338 7500

SPG Lawyers
Wyndham Corporate Centre
Level 7/1 Corporate Court, Bundall QLD, Australia
Phone: +61 7 5538 227

Australian Share Registrar

Link Market Services Limited
Level 12, 680 George Street, Sydney, New South Wales 2000, Australia
Phone: +61 1300 554 474

Australian Banker

National Australia Bank
27 Scarborough Street, Southport QLD 4215, Australia
Phone: +61 13 22 65

Auditor

Grant Thornton Audit Pty Ltd
King George Central | Level 18, 145 Ann Street, Brisbane QLD, Australia
Phone: +61 7 3222 0200

