Embark
EDUCATION

Acquisition and Capital Raising

Investor Presentation

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Executive Summary

Embark has announced a takeover bid to acquire 100% of the shares in Mayfield Childcare Limited (ASX: MFD).

Transaction Overview	▪ On 7 November 2025, Embark announced the intention to make an off-market takeover bid for all of the ordinary shares it does not already own in Mayfield Childcare Limited (ASX:MFD) (**Mayfield**). Embark currently owns approximately 19.9% of Mayfield's issued shares. Embark plans on lodging a Bidder's Statement with ASIC on Friday 19 December 2025 (**Takeover**). ▪ Under the Takeover, Embark will offer to pay Mayfield shareholders either: ○ A cash price of $0.50 per Mayfield share (**Cash Consideration**); or ○ ordinary shares in Embark (**Embark Shares**) with the ratio for the share consideration to be determined on the basis of $0.50 per Mayfield share, with the number of Embark Shares to be offered to be valued in reliance of ASIC Corporations (**Minimum Bid Price**) Instrument 2015/1068, namely on the basis of the VWAP of Embark calculated over a two-trading day period during the 5 trading days before the date of the Offer (**Share Consideration**).
Mayfield Overview	▪ Mayfield's core business involves the ownership and operation of long-day care centres that deliver early childhood education and care for children from infancy to school age. These services typically encompass full-day care; kindergarten or preschool-style educational programs; play-based learning; school-readiness initiatives; and additional offerings such as meals, outdoor activity spaces, and age-appropriate structured curricula.
Acquisition Rationale	▪ The successful completion of the Takeover will lead to a larger company (39 centres to 84 centres) with more resources to satisfy the aims of EVO – improved educational and care outcomes for the children within our care whilst ensuring financial robustness.
Funding	▪ Embark considers that it has adequate funding sources to complete the Takeover via: ○ Share Consideration; and ○ Cash Consideration.

Executive Summary (cont'd)

Embark has announced a takeover bid to acquire 100% of the shares in Mayfield Childcare Limited (ASX: MFD).

Equity Raising Overview	▪ Embark has undertaken an institutional placement (**Placement**) comprising the issue of 20.0 million new fully paid ordinary shares to raise $12 million at the Offer Price to professional, sophisticated and institutional investors using Embark's placement capacity under ASX Listing Rule 7.1 and/or 7.1A. ▪ The Placement was conducted at an issue price of $0.60, representing a: ○ 5.5% discount to the last closing price of $0.635; ○ 4.7% discount to the 5-day VWAP of $0.62991; ○ 5.7% discount to the 10-day VWAP of $0.63594.
Financial Impact	▪ Embark estimates that the Takeover will be accretive in CY26 inclusive of synergies across operational efficiencies and cost savings.
Timing and Conditions	▪ Bidder Statement lodged with ASIC on Friday 19 December, 2025 ▪ Bidders Statement targeted for mailout on Monday 5 January, 2025 ▪ Conditions of the Takeover include: ○ that during, or at the end of, the bid period, Embark and its associates together have relevant interests in at least 90% of Mayfield's issued shares; ○ no 'prescribed occurrences' as detailed in section 652C of the Corporations Act 2001 (Cth) (Corporations Act) have occurred in relation to Mayfield during the bid period; and ○ the 'quotation condition' in section 625(3) of the Corporations Act has been satisfied; and ○ Embark has satisfied all requirements of the ASX, including but not limited to, any requirements of ASX Listing Rule 11.1.
Lead Manager & Financial Advisor	▪ Unified Capital Partners Pty Ltd are acting as Sole Lead Manager and Bookrunner to the Offer and Financial Adviser for the takeover.

Overview of Mayfield Childcare Limited

Company Overview

Mayfield Childcare Limited (ASX: MFD) owns and operates 45 childcare centres across Victoria, Queensland, and South Australia.

- ✓ Mayfield Childcare was incorporated in 2015 and became publicly listed on the Australian Securities Exchange in November 2016.
- ✓ Mayfield has expanded to own and operate 45 childcare centres, providing more than 4,000 registered places across Victoria, Queensland, and South Australia.
- ✓ Mayfield offers high-quality care and early education for children aged six weeks to six years, with many centres also featuring a fully accredited kindergarten program.

Connected by Community

Mayfield centres are closely connected to their communities, providing welcoming environments and tailored programs that keep them at the heart of every child's daily experience.

In Safe Hands

Mayfield centres uphold trust through consistent, reliable, and carefully managed practices, maintaining rigorous standards to ensure every child's safety and wellbeing.

Reliable Quality Education

Mayfield is dedicated to exceeding expectations through exceptional care, programs, and governance, delivered by a continually developing team committed to quality each day.

Home Away From Home

Mayfield places care at its core, creating warm, supportive environments through experienced community-based teams that nurture each child's independence, confidence, and sense of belonging.

45
Centres

3,600+
Children

4,000+
Places

1,100+
Educators

3,000+
Families

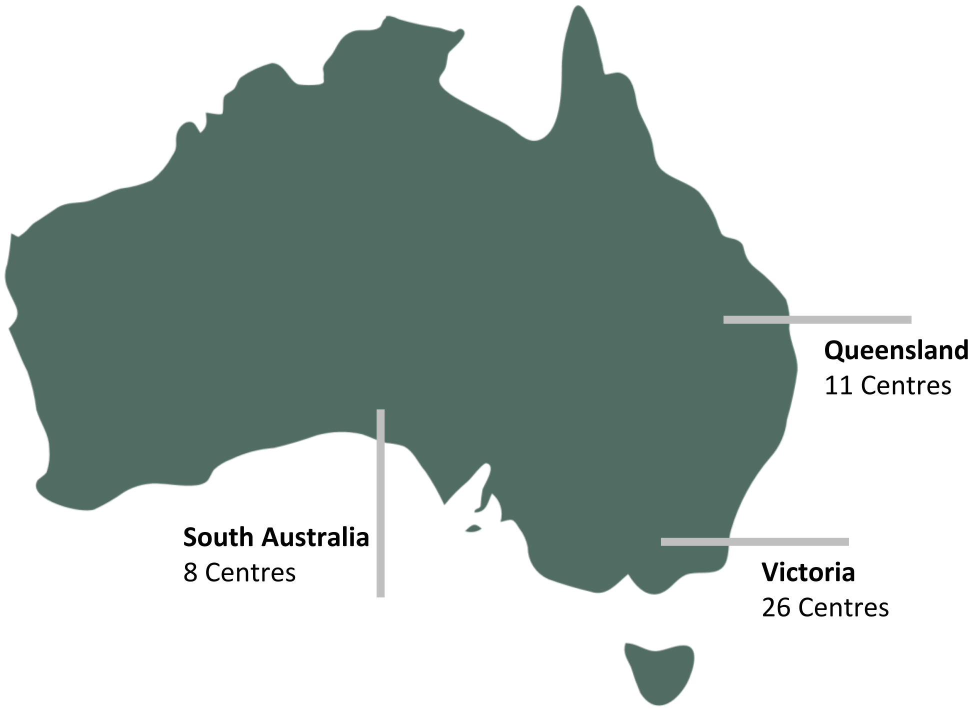
$88m
FY24 Revenue[1]

1. *Source: Mayfield Childcare Limited FY24 annual report.*

Childcare Centres & Brands

Mayfield Childcare Limited (ASX: MFD) owns and operates 45 childcare centres across Victoria, Queensland, and South Australia.

- ✓ Mayfield operates long-day care centres catering to children from infancy through to school age, providing a safe, nurturing, and developmentally appropriate environment.
- ✓ Many centres deliver fully accredited kindergarten programs designed to promote school readiness and foster early learning outcomes.
- ✓ Centres implement a structured play-based curriculum that supports children's social, emotional, cognitive, and physical development while encouraging independence and curiosity.
- ✓ Mayfield provides nutritious meals, including morning tea, lunch, and afternoon tea, with careful attention to individual dietary requirements and allergies.
- ✓ Centres offer a range of additional services, including outdoor play, excursions and incursions, cultural and community activities, and programs designed to support holistic child development.



Mayfield Childcare Centre Brands[1]

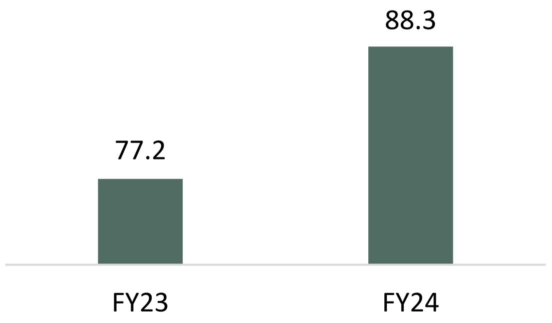
- ✓ Officer Childcare & Swim School
- ✓ Pebble Patch Early Learning Centre
- ✓ Lyrebird Early Learning Centre
- ✓ Waverley Kidz Children's Centre
- ✓ Ryan Road Childcare & Swim School
- ✓ Balnarring Early Leaning Centre
- ✓ Macedon Early Learning Centre
- ✓ Clever Kids Early Learning Centre
- ✓ Rainbow Developmental Learning Centre
- ✓ Mayfield Early Education
- ✓ Tullamarine Early Learning Centre
- ✓ Paradise Kids Children's Centre
- ✓ Precious Cargo

1. *Source: https://investor.mayfield.com.au/centres*

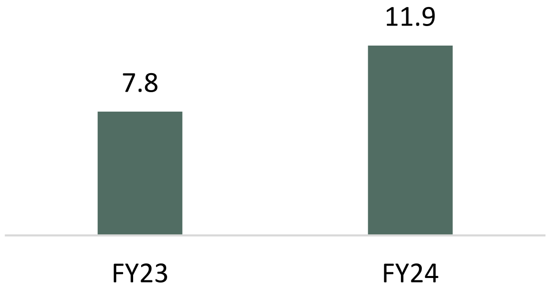
Operations and Financial Summary

Mayfield Childcare Limited (ASX: MFD) owns and operates 45 childcare centres across Victoria, Queensland, and South Australia.

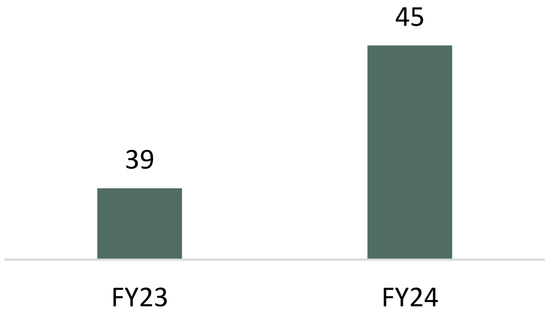
Revenue (A$m)[1]



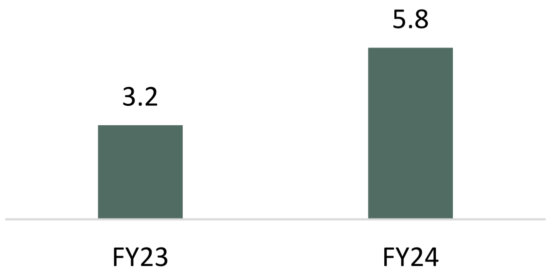
Centre EBITDA (A$m)[1]



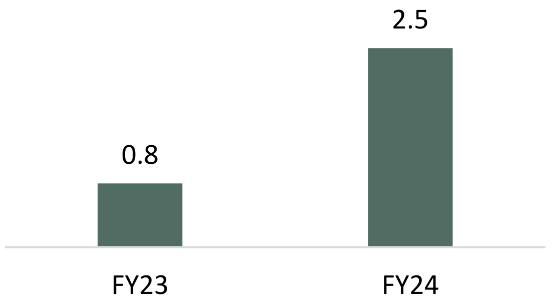
Childcare Centres[1]



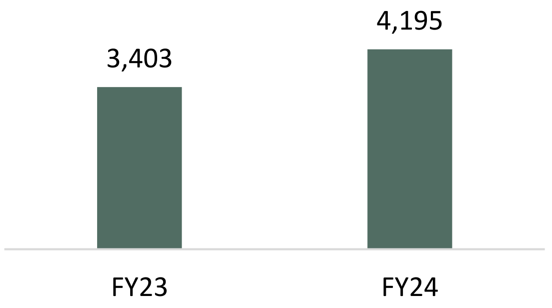
EBITDA (A$m)[1,2]



NPAT (A$m)[1,2]



Licensed Places[1]



1. *Source: Mayfield Childcare Limited FY24 Annual Report. Centre EBITDA, EBITDA and NPAT are non-statutory financial concepts and measures which are not prescribed by Australian Accounting Standards (AAS).*
2. *Excluding the impact of AASB 16.*

Acquisition Rationale of Mayfield Childcare Limited

Acquisition Rationale

Embark's acquisition of Mayfield offers the potential to create substantial value for shareholders.

1	Embark has a clear acquisition-driven growth strategy and acquiring Mayfield would immediately increase its footprint. With the takeover, Embark's centre network would grow significantly — from its existing number to roughly doubling once Mayfield's centres are integrated.
2	By combining both networks under one operator, Embark could streamline administration, centralise back-office functions, reduce duplicated overheads, and better leverage shared resources. That scale can help improve profitability and operational resilience in a fragmented sector.
3	Mayfield operates in multiple Australian states (Victoria, Queensland, South Australia) and serves thousands of families across many licensed places. Integrating that network would give Embark broader geographic reach and a more diversified customer base, reducing geographic-concentration risk.
4	The early childhood education and care sector is increasingly consolidating as providers seek scale to withstand cost pressures, staffing shortages, regulatory complexity and funding uncertainty. Acquiring Mayfield enables Embark to position itself as a stronger, larger player in a consolidating market.
5	Mayfield's established network and market presence present a compelling acquisition opportunity at a price point that offers potential value for Embark, supporting both growth and long-term strategic objectives.

Combined Centre Distribution

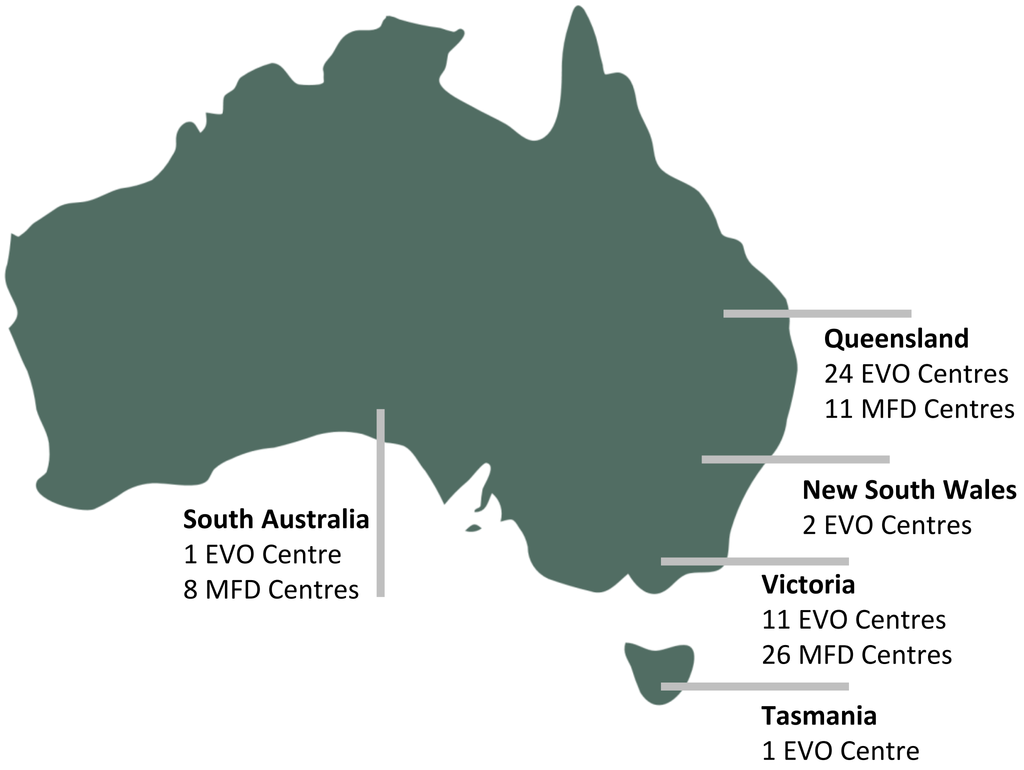
The acquisition of Mayfield by Embark would result in a combined organisation overseeing 84 childcare centres across Queensland, New South Wales, Victoria, Tasmania, and South Australia.

Embark Childcare Centre Brands[1]

AppleBerries
cubby care
Parkhurst
Peanut Kids
Imagination Garden Geelong
Kitiwah Place
kidzplay learning centre
Roseberry House
little Peanuts
Hidden Valley Early Learning
Little Zebra Childcare & Kindergarten
Haven Early Learning
Moreton Drive Early Learning Centre
Carlton House
Youngstars Early Learning Centre
Brighthouse

Mayfield Childcare Centre Brands[2]

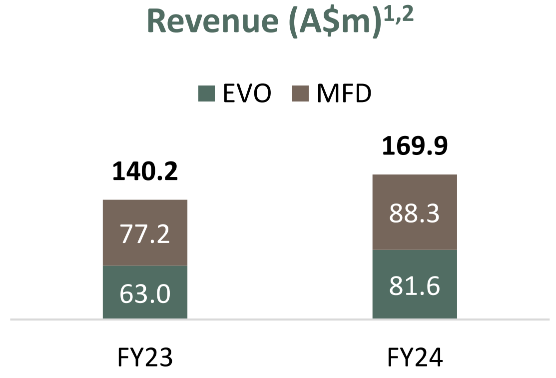
- ✓ Officer Childcare & Swim School
- ✓ Pebble Patch Early Learning Centre
- ✓ Lyrebird Early Learning Centre
- ✓ Waverley Kidz Children's Centre
- ✓ Ryan Road Childcare & Swim School
- ✓ Balnarring Early Leaning Centre
- ✓ Macedon Early Learning Centre
- ✓ Clever Kids Early Learning Centre
- ✓ Rainbow Developmental Learning Centre
- ✓ Mayfield Early Education
- ✓ Tullamarine Early Learning Centre
- ✓ Paradise Kids Children's Centre
- ✓ Precious Cargo

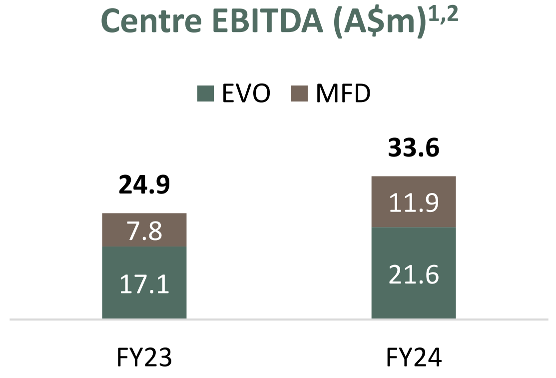


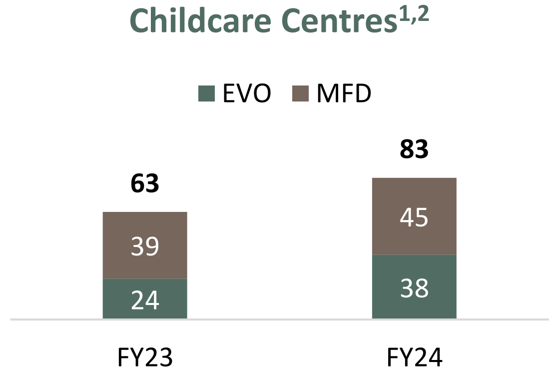
1. Source: https://embarkeducation.com.au/our-centres/
2. Source: https://investor.mayfield.com.au/centres

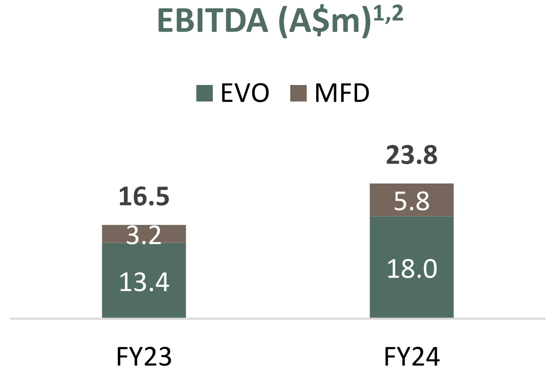
Pro Forma Summary

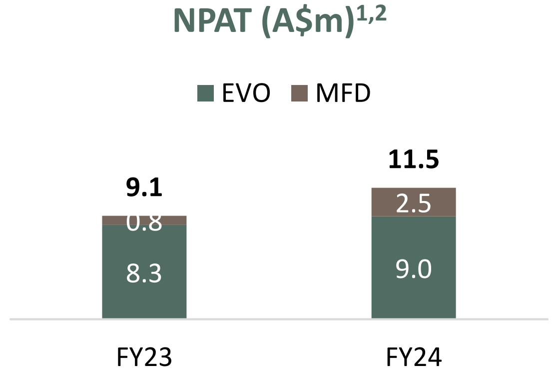
The combined group would have pro forma centre EBITDA of greater than $20 million with over 7,000 licensed places available.

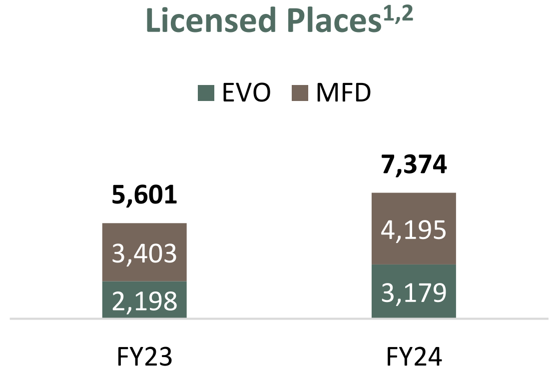












1. *Source: Mayfield Childcare Limited and Embark Early Education Limited FY24 Annual Report. Centre EBITDA, EBITDA and NPAT are non-statutory financial concepts and measures which are not prescribed by Australian Accounting Standards (AAS).*
2. *Excluding the impact of AASB 16 and pre synergies.*

Estimated Synergies & Integration

The combination of Embark and Mayfield is expected to be accretive.

- Embark and management has a long and successful track record in identifying and integrating acquisitions.
- Embark plans to apply the same integration principles that have served it well in previous acquisitions.
- Embark will leverage the experience and expertise of Mayfield, with no anticipated changes to management, brands and operations.
- Embark expects to operate Mayfield as a wholly own subsidiary similar to its current structure should Embark be successful in the Takeover.

Operational Synergies

- ✓ Optimisation and efficiencies through shared knowledge and best practice of childcare centre operation
- ✓ Focused improvement on occupancy to drive revenue growth

Cost Synergies

- ✓ Public listing costs
- ✓ Potential reduction in operational costs as a result of the use of Embark's current operating teams
- ✓ Reduction of head office / office costs

1. *Excluding the impact of AASB 16.*

Equity Raising Overview

Equity Raise Overview

Embark has completed an institutional placement (**Offer**) to fund the acquisition of Mayfield Childcare Limited.

Offer Size and Structure	▪ $12 million placement comprising the issue of 20.0 million new fully paid ordinary shares at the Offer Price to professional, sophisticated and institutional investors using Embark's placement capacity under ASX Listing Rule 7.1 and/or 7.1A.
Offer Price	The Offer was conducted at an Offer Price of A$0.60 representing a: ▪ 5.5% discount to the last closing price of $0.635; ▪ 4.7% discount to the 5-day VWAP of $0.62991; ▪ 5.7% discount to the 10-day VWAP of $0.63594; ▪ 6.7% discount to the 15-day VWAP of $0.64280;
Use of Proceeds	▪ Proceeds will be used to partially fund the acquisition of Mayfield Childcare Limited (ASX: MFD) along with transaction costs.
Ranking	▪ New shares will rank pari passu with existing shares on issue.
Lead Manager	▪ Unified Capital Partners Pty Ltd are acting as Sole Lead Manager and Bookrunner to the Offer.

Sources and Uses

Embark has completed an institutional placement (**Offer**) to fund the acquisition of Mayfield Childcare Limited.

Sources of Funds	A$m	%
Placement	12.0	100%
Total Sources of Funds	**12.0**	**100%**

Uses of Funds	A$m	%
Partially Fund Mayfield Acquisition[1]	11.4	95%
Transaction Costs	0.6	5%
Total Uses of Funds	**12.0**	**100%**

1. *Subject to the conditions of the Takeover being satisfied or waived and the Takeover completing.*

Equity Raising Timetable[1]

Embark has completed an institutional placement (**Offer**) to partially fund the acquisition of Mayfield Childcare Limited.

Event	Date
Trading halt	Friday, 12 December 2025
Offer bookbuild conducted	Friday, 12 December 2025
Trading halt lifted, announce completion of Offer	Monday, 15 December 2025
Settlement of New Securities under the Placement	Thursday 18 December 2025
Allotment and normal trading of New Securities under the Placement	Friday 19 December 2025

1. *Indicative only and subject to change by the Company or the Lead Manager*

Key Risks

Key Risks

There are a number of risks that are both specific to Embark and of a general nature, which may affect the future operating and financial performance of the Company and the outcome of any investment in the Company, including as a result of the Takeover Bid. This section describes some, but not all, of the material business risks that may be associated with an investment in the Company or in New Shares. You should consult your financial or other professional adviser and carefully consider the risks described in this section, as well as other information in this presentation.

1. Risks from the proposed Takeover Bid

Takeover Bid Completion Risk: The Takeover Bid is being conducted by way of an off-market takeover offer under Chapter 6 of the Corporations Act. As a result, there is no certainty that Embark will receive sufficient acceptances for the Takeover Bid to become unconditional or to acquire control of Mayfield. If Embark does not achieve the required level of acceptances (including the 90% threshold required for compulsory acquisition), the Takeover Bid may not complete at all; complete only in part, resulting in Embark holding less than 100% of Mayfield; or result in Embark acquiring a minority or non-controlling stake. If the Takeover Bid does not complete, or if Embark does not obtain full ownership: (a) anticipated benefits of the Takeover Bid may not be realised and anticipated financial outcomes, scale advantages and network efficiencies may not eventuate; (b) Embark may not be able to implement strategic, operational, or integration initiatives; and (c) Embark may incur costs associated with the Takeover Bid without achieving the expected return. Failure of the Takeover Bid to complete, or completion on a less than 90% basis only, could adversely affect Embark's strategic plans, growth profile, and anticipated benefits from the Takeover Bid.

Regulatory conditions: The Takeover Bid is subject to certain conditions, including minimum acceptance requirements and the absence of prescribed occurrences. There is a risk that one or more of these conditions may not be satisfied or waived within the relevant timeframe, which may result in the offer lapsing or in completion being delayed. Any delay or failure to satisfy conditions may lead to increased uncertainty for staff, parents and suppliers, potential disruption to Mayfield's operations and additional transaction costs. If the Takeover Bid does not proceed because a condition is not met, Embark will not realise the expected strategic or financial benefits of the transaction.

Less than 100 per cent ownership risk: As the Takeover Bid is being pursued through an off-market takeover offer, there is no certainty that Embark will achieve sufficient acceptances to obtain full ownership of Mayfield. If Embark acquires less than 90 per cent of Mayfield, it will not be able to compulsorily acquire the remaining shares, and minority shareholders may remain in the company. The presence of minority shareholders may limit Embark's ability to implement operational, structural or strategic changes, reduce flexibility in executing integration initiatives and require ongoing compliance with listed-company obligations at the Mayfield level. In addition, Embark may not be able to realise the full financial and operational benefits anticipated from the acquisition. Any such partial outcome may affect the strategic rationale for the transaction and reduce expected benefits for Embark and its shareholders.

Historical liability risk: If the Takeover Bid completes, Embark may become directly or indirectly exposed to liabilities arising from Mayfield's operations prior to completion. These may relate to regulatory compliance under the National Quality Framework, historical incidents or complaints, employee or payroll matters, lease or landlord obligations, unresolved tax or financial reporting issues, or centre-level safety, maintenance or operational concerns. As Embark has not had full access to non-public due diligence information, not all historical liabilities or operational issues may be identifiable before completion of the Takeover Bid. There is no assurance that any such matters have been fully disclosed or are reflected in publicly available information.

Key Risks (cont'd)

If previously unidentified or underestimated liabilities emerge following completion, Embark may be required to incur additional expenditure, operational remediation or management attention, which could adversely affect the financial performance, reputation or operating position of Embark and the combined group.

Disclosure Risk: As this proposed Takeover Bid is being undertaken by way of an off-market takeover, Embark has been in the main, limited to information that is publicly available or disclosed by Mayfield under its continuous disclosure obligations. Embark has not had complete access to non-public due diligence materials and has not been therefore able to independently verify the completeness, accuracy or reliability of all relevant financial, operational, regulatory or centre-level information. Public disclosures may not capture all matters affecting Mayfield's performance, including detailed occupancy trends, staffing conditions, wage and cost pressures, capital expenditure requirements, or pending regulatory or accreditation issues that have not yet required market disclosure. There is therefore a risk that the information available to Embark is incomplete, inaccurate, outdated or otherwise insufficient to fully assess Mayfield's financial or operational position. Unlike a private acquisition, Embark will not receive warranties, indemnities or other contractual protections for historical liabilities or undisclosed matters. If the Takeover Bid completes and any of the publicly available information on which Embark has relied proves to be incorrect or misleading in any material respect, the actual condition, performance or prospects of the Mayfield centres may differ significantly from Embark's expectations and assumptions. This may result in unforeseen operational issues, higher-than-expected operating or integration costs, additional regulatory compliance obligations, or lower financial returns, any of which could adversely affect Embark's operations, financial performance and strategic outcomes following completion.

Integration and synergy risk: The Takeover Bid of Mayfield is intended to be complementary to Embark's existing operations, expanding Embark's national footprint and combining Mayfield's centre network with Embark's established operating model, quality framework and support-office capability. The integration is expected to create operational efficiencies, improve centre performance over time, enhance educator capability, and support long-term occupancy and revenue growth through a more scalable and consistent platform. There is a risk that the success and profitability of Embark following completion may be adversely affected if Mayfield's centres, systems, processes or workforce are not integrated effectively. This includes the risk of execution challenges in delivering anticipated synergies, harmonising centre operations, aligning compliance and quality frameworks, embedding Embark's culture and educational philosophy, and managing integration across staffing, rostering, systems, reporting and regulatory processes. Integration may prove to be more complex, time-consuming or costly than anticipated and may encounter unexpected challenges or divert management attention from Embark's ongoing operations. Additionally, the expected benefits, efficiencies and operating improvements may be less than estimated or may take longer to realise.

Strategic growth initiative risk: A key strategic rationale for the proposed acquisition is the opportunity to accelerate Embark's growth by expanding its centre network, increasing scale, and improving long-term operational and financial performance through the addition of Mayfield's centres. The acquisition is expected to enhance Embark's market presence across key states, broaden revenue sources, and support the development of a more efficient and resilient operating platform. There is a risk, however, that the Takeover Bid if it completes may not generate the strategic or financial benefits anticipated. Existing families and communities at Mayfield centres may respond unpredictably to a change in ownership, resulting in lower parent engagement, reduced occupancy, or a deterioration in centre performance during or following the transition period. Mayfield's centres may also require greater-than-expected investment in compliance, staffing, quality improvement or capital works to achieve Embark's expected operational standards or performance levels. Any shortfall in anticipated growth, centre performance, or financial contribution from the acquired centres could adversely affect the combined group's revenue profile, reduce expected diversification and scalability benefits, and impact the overall success of Embark's long-term growth initiatives.

Transitional disruption risk: If the Takeover Bid completes, there is a risk of short term disruption to centre communities, families and local stakeholders as Mayfield transitions to Embark's ownership. Changes in centre leadership, educator turnover, communication processes or branding may cause uncertainty for parents and may temporarily influence enrolment decisions or attendance patterns.

Key Risks (cont'd)

Parent sentiment can be sensitive to perceived instability or organisational change, particularly in early learning settings where continuity of care is highly valued. Any reduction in family engagement or short term occupancy volatility during the transition period may affect revenue, centre performance and the realisation of expected financial and operational benefits.

Risks associated with existing contracts and agreements: If the Takeover Bid completes, Embark will assume responsibility for a wide range of Mayfield's existing commercial agreements, including centre leases, supplier arrangements, service contracts and other operational commitments. Many of these agreements may contain restrictions on assignment or change of control, or may require the consent of landlords, counterparties or regulators prior to being transferred or continuing under Embark's ownership. There is a risk that such consents may be delayed, withheld, or granted only on terms that are less favourable than those currently in place. Where consents cannot be obtained, Embark may be required to implement transitional arrangements or alternative structures to maintain continuity of operations, which may increase operational complexity, administrative burden or cost. In addition, some centres may be subject to contractual obligations that require ongoing investment, remediation or compliance work that was not fully identifiable through publicly available information. Unexpected obligations of this nature may require additional capital expenditure or operating cost increases, which could impact Embark's financial performance following completion. If any key contractual relationships are impaired, terminated or renewed on less favourable terms after the acquisition, or if consent-related delays disrupt operational continuity, the financial and operational benefits expected from the Mayfield Acquisition may be reduced, and Embark's broader network performance may be adversely affected.

Risks associated with employees: If the Takeover Bid completes, the retention and effective transition of Mayfield's employees, particularly centre directors, educators and key support-office personnel, will be critical to maintaining business continuity and achieving the operational and quality outcomes anticipated from the acquisition. here is a risk that some key Mayfield personnel may depart during or after the integration period. Loss of experienced educators, centre directors or administrative staff may reduce institutional knowledge, disrupt centre operations and delay the implementation of Embark's operating model, compliance framework and educational approach. **Impairment of intangible asset risk:** If the Takeover Bid completes, Embark will be required to undertake a fair value assessment of the assets and liabilities acquired from Mayfield, including the identification and measurement of intangible assets such as goodwill, brand value, centre licences and customer relationships. Any goodwill or identifiable intangible assets recognised as part of the acquisition will be subject to annual impairment testing in accordance with applicable accounting standards. Factors such as changes in occupancy, increases in operating costs, regulatory outcomes, competitive pressures or broader economic conditions may also negatively influence the recoverable value of these assets. If the carrying value of goodwill or other intangible assets exceeds their recoverable amount in future periods, Embark may be required to recognise an impairment charge. Any impairment of intangible assets would be recorded as an expense in Embark's income statement and may reduce reported profitability. Although impairment is a non-cash accounting adjustment, it may impact investor perception of Embark's performance and reduce the expected financial benefits of the acquisition.

Regulatory and accreditation risk: If the Takeover Bid completes, Embark will assume responsibility for ensuring that the acquired Mayfield centres meet all applicable regulatory, licensing and accreditation requirements under the National Quality Framework and related state and federal legislation.

While publicly available information indicates Mayfield's general compliance status, some centre-specific regulatory issues or quality concerns may not be identifiable prior to completion. These may include pending assessments or investigations, staffing or ratio compliance risks, safety incidents, or maintenance and facility issues that require remediation. There is a risk that regulatory non-compliance or adverse quality ratings emerge or continue after the acquisition, resulting in the need for corrective action, increased oversight or temporary operational restrictions. Required improvements may involve higher-than-expected staffing costs, additional training, capital expenditure or changes to centre operations.

Key Risks (cont'd)

Any regulatory deterioration or failure to meet compliance obligations may also affect parent confidence, occupancy levels and Embark's reputation. If unforeseen regulatory issues arise following completion, Embark may need to devote significant management resources and investment to resolve them, and the anticipated benefits of the acquisition may be reduced.

Funding risk: If the Takeover Bid completes, Embark will issue new Embark Shares as consideration to Mayfield shareholders (that elect share consideration). This will result in dilution to existing Embark shareholders and exposes Embark to movements in its share price prior to completion, which may affect the perceived value of the transaction. Following completion, Embark may require additional capital to support integration activities, centre upgrades, regulatory remediation, staff training, systems transition or other operational initiatives associated with the enlarged group.

There is a risk that additional equity or debt funding may not be available when required, or may only be available on terms that are less favourable than anticipated. If Embark is unable to secure further funding on acceptable terms, it may be required to delay, scale back or modify elements of its integration plan or broader strategy. Any such outcomes may adversely affect Embark's financial position, reputation, operational momentum or ability to realise the expected benefits of the Mayfield Takeover Bid.

Analysis of synergy risk: Embark has undertaken high level financial, operational, regulatory and commercial analysis to assess the potential benefits of the proposed acquisition and to model the expected performance of the combined group. This analysis is based on a range of assumptions regarding occupancy levels, cost structures, staffing requirements, regulatory outcomes, integration timing and the ability to align Mayfield's centres with Embark's operating model. As Embark has had access only, in the main, to publicly available information, these assumptions may not fully reflect the underlying performance or condition of the Mayfield network.

If the Takeover Bid completes, there is a risk that the conclusions drawn from this analysis may prove to be inaccurate, incomplete or not capable of being realised in full. Actual outcomes may differ materially from expectations due to variations in centre quality, local market dynamics, educator turnover, wage pressures, regulatory issues, capital expenditure needs or the complexity of integration activities. Any shortfall in anticipated cost efficiencies, margin improvements, occupancy uplift or other synergy benefits may negatively affect the financial performance of the combined group and reduce the strategic and economic rationale of the Takeover Bid.

2. Company specific risks

Changes in Government funding: A significant proportion of Embark's revenue comes from child care subsidies (**CCS**) funded by the Government. Any change in CCS eligibility, subsidy rates, activity test requirements, payment mechanisms or compliance obligations may materially affect family affordability and centre utilisation. Government reviews of early childhood policy, budgetary pressures, or shifts in social policy priorities may also result in structural changes to the sector. Any adverse change to Government funding arrangements may reduce demand, increase administrative burden or affect Embark's financial performance.

Acquisition risk: Embark has an active consolidation strategy and seeks to acquire early learning centres that complement its portfolio. There is a risk that suitable opportunities cannot be identified or acquired at acceptable valuations, which may limit Embark's growth. There is also a risk that future due diligence processes may not reveal all operational, regulatory or financial issues at a target centre. If an acquired centre underperforms relative to expectations or requires more extensive remediation or investment than anticipated, this may adversely affect returns and reduce the effectiveness of Embark's acquisition strategy.

Key Risks (cont'd)

Occupancy risk: Occupancy is a key driver of revenue and profitability in early childhood education. Demand for Embark's services may fluctuate due to local competition, demographic trends, economic conditions, parent preferences, regulatory ratings, service quality or community sentiment. There is no assurance that future occupancy levels at Embark's centres (including the centres proposed to be acquired) remain stable or increase across Embark's centres.. Any decline in occupancy, or slower than expected growth following acquisitions or centre improvements, may adversely affect Embark's revenue and financial performance.

Pandemic or public health risk: Future public health events may lead to Government-imposed restrictions, temporary closures, reduced attendance or increased operating costs. As demonstrated during the COVID-19 pandemic, sector-wide disruption can affect occupancy, staffing availability, compliance obligations and family demand. Embark may be required to implement additional health and safety measures, modify service delivery or absorb increased operational costs. Any significant public health event may negatively impact operations and financial outcomes.

Reputational damage Embark's reputation is critical to maintaining family trust and attracting educators and centre leaders. Any adverse publicity relating to safety incidents, compliance breaches, educator conduct, poor quality ratings or negative parent experiences may harm Embark's brand. Issues arising at a single centre may affect the broader network due to heightened public sensitivity in the early childhood sector. Reputational damage may reduce occupancy, increase regulatory scrutiny and weaken Embark's competitive position. Any negative publicity regarding the Company, Embark or its Board, officers or employees, or the performance of the Company, will adversely affect the Company's ability to generate revenue and shareholder value.

Macroeconomic risks: Demand for early learning services may be affected by economic conditions including inflation, rising interest rates, employment trends and consumer confidence. For many families, spending on centre-based early education is a discretionary component of the household budget. In periods of financial pressure, families may reduce their use of paid childcare, switch to lower cost providers, rely more on informal care or delay enrolment decisions. Economic conditions may also affect Embark's cost base through higher wages, insurance premiums, food costs, utilities and other operating expenses. Any deterioration in macroeconomic conditions may negatively affect Embark's revenue, profitability and overall financial performance.

Liability and service quality damage: Embark operates in a tightly regulated environment where safety, wellbeing and educational outcomes are central to service delivery. Failure to meet expected standards, including incidents involving children, non-compliance with regulations, or allegations of inadequate care, may result in legal claims, increased oversight or reputational harm. Parents may also seek remedies or change providers if they perceive service quality to be inadequate. Any significant incident or pattern of service failures may materially impact Embark's financial and operational position.

Competitive market and changes to market trends: Embark operates in a highly competitive market. New entrants to the childcare sector could add to supply of licensed places and this could increase competition. New or existing centres operating near an Embark centre could have an impact on pricing and/or staffing. Embark manages this risk through maintaining teams that are highly experienced. Embark also continues to invest in its brand to ensure it continues to be well regarded within Australia.

Reliance on key personnel: Embark is dependent on its existing personnel as well as its ability to attract and retain skilled employees. Loss of key employees or under-resourcing and inability to recruit suitable staff within a reasonable time period may cause disruptions to the Embark's operations and growth initiatives and adversely impact Embark's operations and financial performance.

Key Risks (cont'd)

Compliance and change to laws and regulations: Embark operates in the Australian childcare sector which is highly regulated. There is a risk that new laws or regulations may be enacted or existing laws or regulations amended in such a way that impose regulations on the Company. Changes in regulated staff ratios, staff qualification criteria, Government policy or legislation impacting the childcare sector may have a material impact on Embark's operations and costs. The Company maintains sufficient internal controls to ensure continued compliance.

Intellectual property rights risk: Embark relies on proprietary educational content, operational processes, branding and systems. Its ability to protect these intellectual property rights is important to maintaining differentiation in a competitive market. There is a risk of infringement, misuse or misappropriation by third parties or former employees, and a risk that Embark may inadvertently infringe the rights of others. Any resulting disputes may require significant management attention and costs, and could adversely affect Embark's reputation or its ability to operate certain programs.

Third-party provider and vendor reliance risk: Embark depends on a range of external service providers, including food suppliers, maintenance contractors, educational program partners, technology vendors, insurance providers and training organisations. Underperformance, disruption, labour shortages or financial distress affecting any key provider may impact the quality or continuity of services within Embark's centres. Any such disruption may lead to increased costs, operational inefficiencies, or reputational impacts, and may require Embark to source and transition to alternative suppliers at short notice.

3. General risks

General economic conditions: Changes in the general economic climate in which Embark operates may adversely affect the financial performance of Embark. Factors that may contribute to that general economic climate include the level of direct and indirect competition against Embark; general economic conditions; changes in, or introduction of, government policies, taxation and other laws; the strength of the equity and share markets in Australia and throughout the world; movement in, or outlook on, exchange rates, interest rates and inflation rates; industrial disputes in Australia and overseas; changes in investor sentiment toward particular market sectors; increases in expenses; financial failure or default by an entity with which the Company may become involved in a contractual relationship; and natural disasters, social upheaval or war.

Share market conditions: Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as general economic conditions (see above); the introduction of tax reform or other new legislation; interest rates and inflation rates; currency fluctuations; changes in investor sentiment toward particular market sectors in Australia and/or overseas; the demand for, and supply of, capital; and terrorism or other hostilities. The market price of the New Shares can fall or rise, and may be subject to varied and unpredictable influences on the market for equities in general, which influences are beyond the Company's control and which are unrelated to the Company's performance.

Taxation risk: The acquisition and disposal of New Shares will have tax consequences which will differ for each investor depending on their individual financial circumstances. All potential investors in the Company are urged to obtain independent financial advice regarding the tax and other consequences of acquiring Shares.

Liquidity Risk: There may be relatively few buyers or sellers of securities on ASX at any given time. This may affect the volatility of the market price of the securities and the prevailing market price at which Shareholders are able to sell their New Shares.