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Market Update – 28 August 2026

Section 1 NAB Facility Agreements Renewed

On 31 July 2026, EVO renewed three facility agreements with NAB. Two agreements covered bank guarantees for centre rental deposits (renewed until 30/10/27) and credit cards for centre/area managers. The third agreement consisted of a $25m facility for acquisitions (renewed until 31/3/28). This facility is currently drawn to $6.4m and is subject to two covenants only: a Fixed Charges Cover ratio and an Operating Leverage Ratio. Embark is operating well within the limits of these covenants.

Embark interest cover on NAB drawn facility at 31 July 2026 was 46 times.

Embark has negative net debt as cash on hand exceeds drawn debt by $12.2m at 28 August 26.

Embark cash on hand at 28 August 26 was $14.6m (before Mayfield Rights Issue obligation met).

Section 2 Dividend Payment

The Board of Embark Early Education Limited has resolved to pay a further quarterly dividend of AUD0.015 (one and a half cents) per share as an interim dividend for FY25/26. This dividend will be fully franked. Details as follows: ex-dividend date will be 4 September 26; record date will be 7 September 26; and the payment date will be 21 September 26.

Section 3 Interim Accounts – Page 3

	Note	Half Year 30 June 2026 $'000	Half Year 30 June 2025 $'000
Profit after income tax attributable to shareholders of the company		**(12,743)**	**4,036**
Income tax expense		793	2,035
AASB 16 interest		5,183	5,313
Net finance expenses[1]		222	80
AASB 16 depreciation	5a	2,324	2,303
Depreciation and amortisation[2]		417	413
AASB 16 rent add back[3]		(5,433)	(5,085)
Impairment - right-of-use assets	5a	823	-
Impairment - goodwill	6	3,042	-
Impairment - investment in associate (Mayfield Childcare Limited)		11,399	-
Mayfield Childcare Limited investment adjustments[4]	7	725	4
Acquisition expenses		-	126
Redomiciling costs including wind up of NZ entity[5]		-	(263)
Underlying EBITDA		**6,752**	**8,962**
Support office costs[6]		1,294	1,289
Corporate costs[7]		612	556
Centre EBITDA		**8,658**	**10,807**

1. Net finance expense excluding AASB 16 lease interest, comprising interest income on bank deposits and interest expense on acquisition facility borrowings.

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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.Includes transaction costs associated with increasing the Group's investment in Mayfield Childcare Limited (including ASX, share registry, brokerage and legal fees) together with the fair value loss recognised on remeasurement of the previously held investment upon obtaining significant influence.

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. 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

7. 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

Section 4 Occupancy

Occupancy is a tale of two cities: as at 23 August 2026, spot occupancy for 30 centres was 80% with 9 centres performing less well largely due to oversupply. New centres established in just the past three years have lifted local capacity by up to 44% in the most affected catchments compared with 14% nationally over the same period.

However, occupancy growth from May 2026 is materially higher than PCP. This is encouraging and probably reflects the reduced levels of new supply plus the closure of marginally profitable existing centres. This trend is expected to continue.

Section 5 Points Of Interest

Embark applied an average fee increase of 5.3% from 8 August 26 to cover the Fair Work Australia increase of 4.75% to award wages from early July 2026. It should be noted that the actual wage increase exceeds 4.75% once oncosts are included.

Centre EBITDA for week ending 16 August 26 exceeded centre EBITDA for the same week in 2025.

Wages to revenue (WRA) was 53.0% for the week ending 23 August 2026.

Free operating cash flow (FOCF) for 1HFY25 was $9.8m whilst FOCF for 1HFY26 was $8.9m. It is important to note that FOCF for 2H2025 was $15.7m. FOCF for FY25 averaged $2.12m per month. The increased FOCF in the second half of the financial year reflects the fact that occupancy/ebitda are usually higher in the second half of the calendar year than in the first half due to children leaving childcare for primary school in the first week of February each year. Occupancy then grows on a monthly basis reaching a peak in November of each year.

Section 6 Further Improvement In Family NPS

Evolve's 2026 Net Promoter Score increased to 70, up from 66 in 2025, representing another strong improvement in family satisfaction and advocacy across our network. NPS is measured on a scale from -100 to +100, making a score of 70 an outstanding result and reflecting the high level of trust families place in our centres and teams. It reinforces the strength of the experience we are delivering every day - providing high-quality early learning and care that families value, trust and are confident recommending to others.

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Section 7 Impairment totaling $15.265m

The table in section 3 shows three impairment items:

1)	Investment in associate (Mayfield - MFD)	$11.399m
2)	Goodwill	$ 3.042m
3)	Right of Use assets	$ 0.823m

Impairment 1 – The impairment of the Group's investment in Mayfield Childcare Limited (MFD) reflects the decline in MFD's share price since the investment was acquired. MFD shares were acquired at $0.50 per share and were trading at $0.18 per share at 30 June 2026.

The impairment is a non-cash accounting adjustment to the carrying value of the investment and has no impact on Group operating cash flows.

Impairment 2 & 3 – The EVO childcare centre portfolio has significant headroom on an **aggregate** basis with the estimated recoverable amount of the portfolio exceeding its carrying value by approximately **$90 million.** For impairment testing purposes, EVO centres are assessed at the **individual** centre level. This assessment resulted in an impairment of $3.866 million relating to three centres with no impairment identified for the remaining 36 centres.

The impairment is a non-cash accounting adjustment and does not impact Group operating cash flows.