

Financial Statements of

EMBARK SELECT CONSERVATIVE PLAN

Education savings program provided by Embark Student Foundation

Annual Financial Statements

For the year ended December 31, 2024, and the period from August 25, 2023 to December 31, 2023

Management's Responsibility for Financial Reporting

The accompanying financial statements of the Embark Select Conservative Plan (the "Plan") have been prepared by management and approved by the Board of Directors of Embark Student Foundation. The Board of Directors is responsible for reviewing and approving the financial statements and overseeing management's performance of its financial reporting responsibilities.

Embark Student Foundation, through Embark Student Corp., its wholly owned subsidiary which administers the Plan, maintains appropriate processes to ensure that relevant and reliable financial information is produced. The financial statements have been prepared in accordance with International Financial Reporting Standards and include certain amounts that are based on estimates and judgments. The material accounting policies, which management believe are appropriate for the Plan, are described in Note 3 to the financial statements.

KPMG LLP is the independent auditor of the Plan. They have audited the financial statements in accordance with Canadian generally accepted auditing standards to enable them to express to the Trustee and the Subscribers and the Beneficiaries of the Plan their opinion on the financial statements. Their report follows.

Board of Directors
Mississauga, Ontario
March 25, 2025



KPMG LLP
Bay Adelaide Centre
333 Bay Street, Suite 4600
Toronto, ON M5H 2S5
Canada
Telephone 416 777 8500
Fax 416 777 8818

INDEPENDENT AUDITOR'S REPORT

To the Trustee and the Subscribers and Beneficiaries of Embark Select Conservative Plan

Opinion

We have audited the financial statements of Embark Select Conservative Plan (the "Plan"), which comprise:

- the statements of financial position as at December 31, 2024 and December 31, 2023
- the statements of comprehensive income (loss) for the year ended December 31, 2024 and for the period from August 25, 2023 to December 31, 2023
- the statements of changes in net assets attributable to subscribers and beneficiaries for the year ended December 31, 2024 and for the period from August 25, 2023 to December 31, 2023
- the statements of cash flows for the year ended December 31, 2024 and for the period from August 25, 2023 to December 31, 2023
- and notes to the financial statements, including a summary of material accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Plan as at December 31, 2024 and December 31, 2023, its financial performance and its cash flows for the year ended December 31, 2024 and for the period from August 25, 2023 to December 31, 2023 in accordance with IFRS Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of the Plan in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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



Other Information

Management is responsible for the other information. Other information comprises:

- the information included in the Management Report of Fund Performance filed with the relevant Canadian Securities Commissions.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information or appears to be materially misstated.

We obtained the information included in Management Report of Fund Performance filed with the relevant Canadian Securities Commissions as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of a financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Plan'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 management either intends to liquidate the Plan or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Plan's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements 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 Canadian generally accepted 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 the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.



Page 3

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Plan's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Plan to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and extends to the right, ending under the 'P'.

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Canada

March 25, 2025

EMBARK SELECT CONSERVATIVE PLAN

Statements of Financial Position

As at December 31, 2024 and December 31, 2023

(All amounts in Canadian dollars)

	2024	2023
Assets		
Cash	\$ 4,269,793	\$ 10,834
Investments (Note 5)	833,348,133	—
Interest and Dividends Receivable	2,691,860	—
Due From Affiliate (Note 8)	2,213,261	—
Subscriptions Receivable	1,613,993	—
Other Receivable	381,696	—
Total Assets	\$ 844,518,736	\$ 10,834
Liabilities		
Due to Affiliate (Note 8)	1,422,149	—
Bank Indebtedness	1,317,159	—
Payable for Investments Purchased	1,160,100	—
Redemptions Payable	125,676	—
Accrued Liabilities	106,888	—
Total Liabilities	\$ 4,131,972	\$ —
Net Assets Attributable to Subscribers and Beneficiaries	\$ 840,386,764	\$ 10,834
Net Assets Attributable to Subscribers and Beneficiaries for each unit class		
Embark Student Graduation	\$ 1,517,196	\$ 5,417
Embark Select Conservative	838,869,568	5,417
	\$ 840,386,764	\$ 10,834
Units Outstanding per unit class (Note 7)		
Embark Student Graduation	141,822	—
Embark Select Conservative	80,083,128	—
Net Assets Attributable to Subscribers and Beneficiaries per unit		
Embark Student Graduation	10.70	—
Embark Select Conservative	10.47	—

Approved by the Board of Directors of Embark Student Foundation

Alice Keung, Director

Andrea Bolger, Director

The accompanying notes are an integral part of these financial statements.

EMBARK SELECT CONSERVATIVE PLAN

Statements of Comprehensive Income (loss)

For the year ended December 31, 2024, and the period from August 25, 2023 to December 31, 2023

(All amounts in Canadian dollars)

	2024	2023
Income		
Interest Income	\$ 10,097,978	\$ —
Dividend Income	1,812,590	—
Other Income	860,889	—
Net Realized Gain on Investments	3,862,564	—
Net Change in Unrealized Appreciation on Investments	34,678,198	—
Total Income	\$ 51,312,219	\$ —
Expenses		
Management fees (Note 8)	7,757,560	—
Management fee rebates (Note 8)	(4,033,210)	—
Transaction costs	75,006	—
Independent Review Committee fees	13,117	—
Other expenses	5,042	166
Total Expenses	\$ 3,817,515	\$ 166
Increase (decrease) in Net Assets Attributable to Subscribers and Beneficiaries	\$ 47,494,704	\$ (166)
Increase (decrease) in Net Assets Attributable to Subscribers and Beneficiaries for each unit class		
Embark Student Graduation	\$ 2,033	\$ (83)
Embark Select Conservative	47,492,671	(83)
	\$ 47,494,704	\$ (166)
Weighted Average Number of units outstanding		
Embark Student Graduation	9,666	—
Embark Select Conservative	65,120,221	—
Increase in Net Assets attributable to Subscribers and Beneficiaries per unit		
Embark Student Graduation	0.21	—
Embark Select Conservative	0.73	—

The accompanying notes are an integral part of these financial statements.

EMBARK SELECT CONSERVATIVE PLAN

Statements of Changes in Net Assets Attributable to Subscribers and Beneficiaries

For the year ended December 31, 2024, and the period from August 25, 2023 to December 31, 2023

(All amounts in Canadian dollars)

	Total	Embark Select Conservative	Embark Student Graduation
Net Assets Attributable to Subscribers and Beneficiaries, January 1, 2024	\$ 10,834	\$ 5,417	\$ 5,417
Increase in Net Assets attributable to Subscribers and Beneficiaries	\$ 47,494,704	\$ 47,492,671	\$ 2,033
Redeemable Unit Transactions			
Issuance of redeemable units issued	841,310,960	838,439,101	2,871,859
Redemption of redeemable units	(48,429,734)	(47,067,621)	(1,362,113)
Reinvestments of distributions to holders of redeemable units	13,872,274	13,865,974	6,300
Net increase from redeemable unit transactions	\$ 806,753,500	\$ 805,237,454	\$ 1,516,046
Distributions to holders of redeemable units			
From net investment income	(6,577,754)	(6,573,388)	(4,366)
From net realized capital gains	(3,261,310)	(3,260,255)	(1,055)
Management fee rebate	(4,033,210)	(4,032,331)	(879)
Total distributions to holders of redeemable units	\$ (13,872,274)	\$ (13,865,974)	\$ (6,300)
Increase in Net Assets attributable to holders of redeemable units during the Year	\$ 840,375,930	\$ 838,864,151	\$ 1,511,779
Net Assets Attributable to Subscribers and Beneficiaries, December 31, 2024	\$ 840,386,764	\$ 838,869,568	\$ 1,517,196

The accompanying notes are an integral part of these financial statements.

EMBARK SELECT CONSERVATIVE PLAN

Statements of Changes in Net Assets Attributable to Subscribers and Beneficiaries

For the year ended December 31, 2024, and the period from August 25, 2023 to December 31, 2023

(All amounts in Canadian dollars)

	Embark Select Conservative		Embark Student Graduation			
	Total					
Net Assets Attributable to Subscribers and Beneficiaries, August 25, 2023	\$	—	\$	—	\$	—
Initial Subscription	\$	11,000	\$	5,500	\$	5,500
Increase (decrease) in Net Assets attributable to Subscribers and Beneficiaries from operations	\$	(166)	\$	(83)	\$	(83)
Redeemable Unit Transactions						
Issuance of redeemable units issued	\$	—	\$	—	\$	—
Redemption of redeemable units	\$	—	\$	—	\$	—
Reinvestments of distributions to holders of redeemable units	\$	—	\$	—	\$	—
Net increase from redeemable unit transactions	\$	—	\$	—	\$	—
Distributions to holders of redeemable units						
From net investment income	\$	—	\$	—	\$	—
From net realized capital gains	\$	—	\$	—	\$	—
Management fee rebate	\$	—	\$	—	\$	—
Total distributions to holders of redeemable units	\$	—	\$	—	\$	—
Decrease in Net Assets attributable to holders of redeemable units during the Period	\$	—	\$	—	\$	—
Net Assets Attributable to Subscribers and Beneficiaries, December 31, 2023	\$	10,834	\$	5,417	\$	5,417

The accompanying notes are an integral part of these financial statements.

EMBARK SELECT CONSERVATIVE PLAN

Statements of Cash Flows

For the year ended December 31, 2024, and the period from August 25, 2023 to December 31, 2023

(All amounts in Canadian dollars)

Cash Provided by (Used in)	2024	2023
Operating activities		
Increase (Decrease) in Net Assets Attributable to Subscribers and Beneficiaries	\$ 47,494,704	\$ (166)
Adjustments for:		
Realized Gain on Sale of Investments	(3,862,564)	—
Change in Unrealized Appreciation in the Value of Investments	(34,678,198)	—
Purchase of Investments	(762,506,664)	—
Proceeds from Sale of Investments	725,794,075	—
Increase in Payable for Investments Purchased	1,160,100	—
Increase in Interest and Dividends Receivable	(2,691,860)	—
Increase in Due from Affiliate	(2,213,261)	—
Increase in Other Receivable	(381,696)	—
Increase in Due to Affiliate	1,422,149	—
Increase in Accrued Expenses	106,888	—
Net Cash Used in operating activities	\$ (30,356,326)	\$ (166)
Financing Activities		
Proceeds from Sale of Redeemable Units	81,602,184	11,000
Amounts Paid for Redemption of Redeemable Units	(48,304,058)	—
Net Cash Provided by Financing Activities	\$ 33,298,126	\$ 11,000
Net Increase in Cash	2,941,800	10,834
Cash, Beginning of Period/Year	10,834	—
Cash, End of Period/Year*	\$ 2,952,634	\$ 10,834
Supplementary Disclosure of Cash Flow Information:		
Investments Received via Plan Asset Transfer	\$ 783,056,235	\$ —
Dividends and Interest Received, Net of Withholding Taxes**	9,218,708	—
Interest Paid**	5,042	—

*Balance is comprised of cash and bank indebtedness.

**included in operating activities

EMBARK SELECT CONSERVATIVE PLAN

Notes to the Financial Statements

For the year ended December 31, 2024, and the period from August 25, 2023 to December 31, 2023

(All amounts in Canadian dollars)

1 General Information

Embark Select Conservative Plan (the “Plan”) is established by Embark Student Foundation (the “Foundation”) as a savings vehicle for subscribers to save for a designated student’s (beneficiary) post-secondary education. The opening Statement of Financial Position was prepared on August 25, 2023. The Plan was registered with the Ontario Securities Commission (the “OSC”) on October 18, 2023. The Plan’s primary place of business is 50 Burnhamthorpe Road West, Mississauga, Ontario, Canada.

The distribution and general administration of the Plan is carried out on behalf of the Foundation by Embark Student Corp., (the “Manager”), a wholly owned subsidiary of the Foundation. The Manager carries out the general administration of the Plan on its behalf that includes processing and call center services related to new agreements, payments, government grants, plan modifications, terminations, maturities and Education Assistance Payments (“EAPs”) and other back-office functions such as accounting, reporting, compliance, legal and human resources. The Plan commenced its operations on May 24, 2024.

The Trustee of the Plan is Bank of Nova Scotia Trust Company. The Custodian of the Plan is RBC Investor Services Trust.

The Plan meets its investment objectives for subscribers by investing contributions, government grants and earnings, according to a glide path long-term investment approach that seeks to match the age of beneficiaries and their expected date to attend post-secondary education with appropriate asset classes and investment mix. The Plan's investment manager, BMO Asset Management Inc. (“BMO”), invests primarily in a diversified mix of Exchange Traded Funds (“ETFs”) providing exposure to fixed income, money market, and equity securities. BMO will seek to achieve its objectives where considered appropriate by investing in ETFs, cash, and cash equivalents.

Each class of units represents a glide path beneficiary age group. When an account is opened, each beneficiary is issued units of a class of units based on their date of birth. When a particular class of units reaches the maturity date, it is merged with the Embark Student Graduation class of units, which has an asset mix intended for capital preservation. The actual asset mix of each unit class may vary based on changes in the market value of underlying securities and will be rebalanced periodically to maintain the target asset mix.

As at December 31, 2024, the Plan consists of two different classes of units to which each beneficiary is assigned to based on their date of birth: Embark Select Conservative, and Embark Student Graduation.

EMBARK SELECT CONSERVATIVE PLAN

Notes to the Financial Statements

For the year ended December 31, 2024, and the period from August 25, 2023 to December 31, 2023

(All amounts in Canadian dollars)

On December 12, 2023, subscribers of the Family Single Student Education Savings Plan and Flex First Plan (collectively, the “Terminating Plans”) voted in favour of winding-up and transferring their assets to the Plan or Embark Student Plan (collectively, the “Embark Plans”) in the manner described in the Vote Information Circular dated September 20, 2023. As part of the vote, Family Single Student Education Savings Plan subscribers are entitled to a management fee rebate of 0.66% beginning July 1, 2024 until January 1, 2026. Flex First Plan subscribers are entitled to a lifetime management fee rebate of 1.16% and enrollment fee refund and loyalty bonus features will be removed effective December 31, 2023. The transfer of all assets, termination of Education Savings Plan contracts, and creation of Education Assistance Agreements by the Foundation were completed on July 2, 2024. Based on its authority the Foundation amended the Trust Agreement to permit the transfer of assets held to the appropriate Embark Plan.

The asset transfer from Flex First Plan and Family Single Student Education Savings Plan to the Plan totaled \$783,056,236, see Note 11 for details.

In connection with the transfer of net assets to the Plan:

- (1) the assets of Flex First Plan and Family Single Student Education Savings Plan were transferred at fair value; and,
- (2) the components of the subscribers’ principal and income that were transferred into the Plan included: subscribers’ contributions; government grants; and accumulated income associated with the Plan.

The financial statements were authorized for issue by the Audit, Finance and Risk Management Committee of the Board of Directors of the Foundation on March 25, 2025.

2 Basis of Accounting

These annual financial statements have been prepared in accordance with IFRS Accounting Standards. The Plan has consistently applied the accounting policies used in the preparation of its financial statements.

3 Material Accounting Policies

The material accounting policies followed by the Plan are as follows.

EMBARC SELECT CONSERVATIVE PLAN

Notes to the Financial Statements

For the year ended December 31, 2024, and the period from August 25, 2023 to December 31, 2023

(All amounts in Canadian dollars)

Financial instruments

The financial instruments held by the Plan include financial assets and liabilities such as investments (third-party ETFs), cash, interest and dividend receivable, subscription receivable, receivable for investments sold, due from affiliate, other receivable, payable for investments purchased, due to affiliate, redemptions payable and accrued liabilities. The Plan recognizes financial instruments at fair value upon initial recognition, plus transaction costs in the case of financial instruments not measured at fair value through profit or loss. Regular purchases and sales of financial assets are recognized at their trade date. The Plan's investments are classified as fair value through profit or loss ("FVTPL"). All other financial assets and liabilities are measured at amortized cost. The Plan's obligation for net assets attributable to subscribers and beneficiaries is presented at the distribution amount, which is the residual amount of assets of the Plan after deducting all of its liabilities.

Fair Value Measurement

For ETFs, the Plan uses the last traded market price where the last traded price falls between that day's bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Plan determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances. The Plan's policy is to recognize transfers into and out of the fair value hierarchy levels as of the date of the event or change in circumstances giving rise to the transfer.

Income Recognition, Transaction Costs and Expenses

Interest income for distribution purposes from investments in fixed income securities and short-term investments represents the coupon interest received by the Plan accounted for on an accrual basis. Interest receivable is recognized based on the debt instruments' stated rates of interest. Dividends are recognized as income on the ex-dividend date. The cost of investments is determined using the average cost method. Average cost includes amortization of premiums and discounts on the Plan's debt securities. Transaction costs represent broker's commissions.

Foreign Currency

The financial statements are presented in Canadian dollars, which is the Plan's functional and presentation currency.

Cash

Cash is comprised of demand deposits with financial institutions.

EMBARK SELECT CONSERVATIVE PLAN

Notes to the Financial Statements

For the year ended December 31, 2024, and the period from August 25, 2023 to December 31, 2023

(All amounts in Canadian dollars)

Funds Transferred In / (Out)

During the life of an agreement, subscribers of other plans managed by the Manager or subscribers at another provider may choose to transfer their agreement to the Plan. Alternatively, subscribers of the Plan may choose to transfer their agreements to another provider. Contributions, government grants and income transferred in/out are reported as changes in net assets attributable to subscribers and beneficiaries.

These transfers are presented as Proceeds from Redeemable Units Issued in the Statements of Changes in Net Assets Attributable to Subscribers and Beneficiaries.

Management Fee Rebates

The Manager may reduce the management fees based on the size of a unitholder investment or participation in a program offered by the Manager. Following the end of each quarter, the amount of any management fee rebate is distributed to qualified unitholders by the Plan in the form of a reinvestment in additional units of the respective unit class of the Plan. The management fee rebate, if applicable, is included in “Due to Affiliate” and in “Management fees” in the Statements of Financial Position and Statements of Comprehensive Income (Loss) of each unit class, respectively, if applicable. The Manager may reduce or waive the management fees without giving notice to unitholders.

Net Assets Attributable to Subscribers and Beneficiaries

Net assets attributable to subscribers and beneficiaries are comprised of subscribers’ contributions, government grants and income earned on both subscribers’ contributions and government grants. Net assets attributable to subscribers and beneficiaries are classified as a liability as subscribers have the option to withdraw at any point prior to maturity. If a subscriber withdraws before maturity, the subscriber’s contributions are returned to the subscriber, and income earned on that subscriber’s contributions is due and payable to the subscriber in the form of an accumulated income payment or payable to a designated educational institution. Government grant contributions are returned to the government and forfeited income on the government grants is owed to a designated educational institution.

Subscribers’ contributions are comprised of deposits received from subscribers. During the life of an agreement, subscribers may choose to change the amount of their contributions.

Government grants represent contributions received from federal and provincial governments. Government grants are recognized upon receipt of an eligible contribution to a registered education savings plan by a subscriber to the Plan.

Accumulated income includes the increase (decrease) in net assets attributable to subscribers and beneficiaries. EAPs, and payments of grant income to beneficiaries and designated educational institutions reduce the accumulated income account.

EMBARC SELECT CONSERVATIVE PLAN

Notes to the Financial Statements

For the year ended December 31, 2024, and the period from August 25, 2023 to December 31, 2023

(All amounts in Canadian dollars)

Taxation

The income on subscribers' contributions is currently exempt from income taxes under the Income Tax Act (Canada) prior to the maturity of the plan. Education Assistance Payments, comprising government grants and all accumulated income, made to qualified nominees will be included in their income for the purposes of the Income Tax Act (Canada). The amounts deposited by subscribers are not deductible to the subscribers for tax purposes and are not taxable when returned to subscribers or their designated nominees.

The Plan is exempt from income taxes under Section 146.1 of the Income Tax Act (Canada).

Interests in Unconsolidated Structured Entities

A structured entity is an entity that has been designed so that voting or similar rights are not dominant factors in deciding who controls the entity, or when voting rights relate to administrative tasks only and the relevant activities are directed by means of a contractual arrangement. The Plan invests in ETFs which are disclosed on the Schedule of Investment Portfolio, and the Plan has determined that these investments are unconsolidated structured entities. The Plan accounts for its investments in unconsolidated structured entities at FVTPL. The ETFs are domiciled in Canada and listed on the Toronto Stock Exchange.

New and Revised Standards and Interpretations Issued but Not Yet Effective

The IASB has issued the following new standard amendments to existing standards that will become effective in future years:

- IFRS 18, *Presentation and Disclosure in Financial Statements* (replacing IAS 1, *Presentation of Financial Statements*), with an aim to improve how information is communicated in the financial statements, with a focus on information in the statement of income (January 1, 2027).
- Amendments to IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, clarifying both the classification of financial assets linked to environmental, social, and governance (January 1, 2026).

We are assessing the impacts of IFRS 18 and the amendments to IFRS 9 and IFRS 7 will have on our consolidated financial statements. We do not expect the amendments to have a material impact.

4 Critical Accounting Estimates and Judgments

The preparation of financial statements requires management to use judgment in applying its accounting policies and to make estimates and assumptions about the future. The following discusses the most significant judgments and estimates that the Plan has made in preparing the financial statements.

EMBARK SELECT CONSERVATIVE PLAN

Notes to the Financial Statements

For the year ended December 31, 2024, and the period from August 25, 2023 to December 31, 2023

(All amounts in Canadian dollars)

Investment Entity Status

A significant judgment made in preparing the Plan's financial statements relates to the determination that the Plan meets the definition of an investment entity as described in IFRS 10, Consolidated Financial Statements. The Plan's objective is to invest subscribers' contributions to maximize their investment return over the long term for the purpose of generating investment income. Fair value is the primary measurement used to evaluate the performance of substantially all investments.

Classification and Measurement of Financial Instruments

In classifying and measuring financial instruments held by the Plan, the Manager is required to make significant judgments in determining the most appropriate classification in accordance with IFRS 9, Financial Instruments. In making this judgment, the Manager has assessed the Plan's business model for managing the portfolio and the contractual cash flow characteristics and determined the investments are managed on a fair value basis, and that fair value is used to assess performance and make investment decisions. Consequently, all investments are measured at FVTPL.

5 Financial Instruments Risks

The Plan's investment activities expose it to a variety of risks associated with financial instruments, as follows: credit risk, liquidity risk and market risk (including price risk, currency risk and interest rate risk). The Plan does not conduct any activities in currencies other than the Canadian dollar and is therefore not subject to significant direct currency risk. The Plan's overall risk management approach includes investment guidelines, objectives, and limits which are designed to ensure that risk is mitigated through allocation of investments across different market sectors, maturity segments and issuers. The Plan employs a third-party investment manager and monitors the investments for compliance with the stated investment guidelines and relevant securities and tax regulations. Oversight responsibility and authority rests with the Foundation's Board of Directors and its Investment Committee. An Independent Review Committee is also in place.

Credit Risk

The Plan is exposed to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Plan is indirectly exposed to credit risk, to the extent that its investment in the ETFs have underlying investments in debt instruments, preferred securities and derivatives.

EMBARK SELECT CONSERVATIVE PLAN

Notes to the Financial Statements

For the year ended December 31, 2024, and the period from August 25, 2023 to December 31, 2023

(All amounts in Canadian dollars)

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Plan has current exposure to the subscribers' contributions and government grant balances as subscribers can cancel or terminate their agreement at any time at which point the full balance would become immediately payable to the subscribers or the government. The Plan is also exposed to agreement maturities and obligations with respect to the accumulated income accounts. Therefore, the Plan invests its assets in investments that are traded in an active market and can be easily liquidated. In addition, the Plan endeavors to retain cash positions to maintain adequate liquidity.

EAPs (accumulated income and government contributions) are paid upon submission of required documentation to the Manager. Subscriber's principal is paid upon maturity of a respective agreement.

If a subscriber cancels an agreement, subscriber's principal and associated government grants are due upon demand. Income on the subscriber's principal and returned government grants become immediately payable to the subscriber or to a designated educational institution, as applicable, and is included in accounts payable and other liabilities in the Statements of Financial Position.

All other liabilities of the Plan are due within three months.

EMBARK SELECT CONSERVATIVE PLAN

Notes to the Financial Statements

For the year ended December 31, 2024, and the period from August 25, 2023 to December 31, 2023

(All amounts in Canadian dollars)

Concentration Risk

The table below summarizes the Plan's concentration risk as a percentage of investments as at December 31, 2024.

	Percentage of Investments (%) as at December 31, 2024	
	Conservative	Graduation
Canadian Fixed Income	75.1%	49.2%
BMO Aggregate Bond Index ETF	49.3%	—%
BMO Mid Corporate Bond Index ETF	18.0%	—%
BMO Mid Federal Bond Index ETF	5.5%	—%
BMO Short Corporate Bond Index ETF	2.3%	39.1%
BMO Canadian MBS Index ETF	—%	5.1%
BMO Ultra Short Term Bond ETF	—%	5.0%
Money Market	4.4%	39.0%
BMO Money Market ETF	4.4%	39.0%
RBC 3.20% Term Deposit		
U.S Equities	7.8%	4.1%
BMO S&P 500 Index ETF	6.3%	4.1%
BMO US Dividend ETF	1.5%	—%
Canadian Equities	7.0%	4.0%
BMO Canadian Dividend ETF	1.4%	—%
BMO S&P/TSX Composite Index ETF	5.6%	4.0%
International Equities	4.8%	3.7%
BMO MSCI EAFE Index ETF	4.8%	3.7%
Cash Equivalents	0.8%	—%
RBC Term Deposits	0.8%	—%
Total	100%	100%

The plan did not hold investments in the comparative period.

Market Risk

The Plan's investments are subject to market risk, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The following includes sensitivity analysis, as applicable that show how the net assets attributable to subscribers and beneficiaries would be affected by a reasonably possible change in the relevant risk variable at each reporting date. In practice, the actual results may differ, and the differences could be material.

EMBARC SELECT CONSERVATIVE PLAN

Notes to the Financial Statements

For the year ended December 31, 2024, and the period from August 25, 2023 to December 31, 2023

(All amounts in Canadian dollars)

a) Interest Rate Risk

Interest rate risk is the risk of a change in the fair value or cash flows of a Plan's investments in interest-bearing financial instruments due to fluctuations in market interest rates. There is an inverse relationship between changes in interest rates and changes in the fair value of interest-bearing securities. The Plan manages interest rate risk through its portfolio manager by diversifying in various investments, as well as through Investment Committee oversight. The Plan is indirectly exposed to interest rate risk, to the extent that the underlying ETFs have invested in interest bearing financial instruments.

b) Currency Risk

Currency risk is the risk that the value of investments denominated in currencies, other than the functional currency of the Plan, will fluctuate due to changes in foreign exchange rates. The value of investments denominated in a currency other than the functional currency is affected by changes in the value of the functional currency in relation to the value of the currency in which the investment is denominated. When the value of the functional currency falls in relation to foreign currencies, then the value of the foreign investments rises. When the value of the functional currency rises, the value of the foreign investments falls.

As at December 31, 2024, the Plan is indirectly exposed to currency risk, to the extent that the underlying ETFs have invested in financial instruments that were denominated in a currency other than the functional currency of the ETF.

c) Other Price Risk

The Plan is exposed to other price risk, which is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, whether the changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. Financial instruments held by the Plan are susceptible to market price risk arising from uncertainties about future prices of those instruments. Market prices of these instruments are predominantly a function of interest rate movements, credit risks, unemployment rates in the North American economy, general business conditions, commodity prices and corporate profits. The maximum risk resulting from financial instruments held by the Plan is equivalent to their fair value. The investment managers manage this risk through the selection of securities within the parameters of the investment strategy. As at December 31, 2024, if the fair value of the ETFs had increased or decreased by 5%, with all other variables held constant, the net assets attributable to subscribers and beneficiaries would have increased or decreased by approximately \$41.3 million (2023- nil).

EMBARC SELECT CONSERVATIVE PLAN

Notes to the Financial Statements

For the year ended December 31, 2024, and the period from August 25, 2023 to December 31, 2023

(All amounts in Canadian dollars)

Capital Risk Management

The capital of the Plan is represented by the net assets attributable to subscribers and beneficiaries. The capital of the Plan can change daily as the Plan is subject to ongoing contributions and cancellations. In addition, EAPs and maturities occur at specified times during the year. The Plan is not subject to externally imposed capital requirements. The Plan's objective, when managing capital risk, is to safeguard subscribers' contributions and government grants received and earn income on those amounts in order to pay EAPs to qualified beneficiaries. The Plan endeavors to invest subscribers' contributions, government grants received, and income earned in appropriate investments while maintaining sufficient liquidity to meet maturities, EAPs, cancellations and expenses in accordance with its investment objectives and risk management policies as described above. In order to manage the Plan's capital, the Plan's policy is to perform the following:

- Monitor the level of daily subscriber contributions and withdrawals relative to the liquid assets and adjust the amount of cash invested accordingly.
- Monitor the level of expected future payments for maturities and EAPs based on maturity and student applications received, and historical beneficiary qualification rates, and adjust the investment portfolio accordingly.
- Invest in securities which are traded in an active market and can be easily liquidated. There has been no change with respect to the overall capital risk management strategy during the period.

6 Fair Value Measurement

The Plan classifies fair value measurements within a hierarchy which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are:

Level 1	Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
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	Inputs are unobservable for the asset or liability.

If inputs of different levels are used to measure an asset's or liability's fair value, the classification within the hierarchy is based on the lowest level input that is significant to the fair value measurement. The following table illustrates the classification of the Plan's assets and liabilities measured at fair value within the fair value hierarchy as at December 31, 2024.

EMBARK SELECT CONSERVATIVE PLAN

Notes to the Financial Statements

For the year ended December 31, 2024, and the period from August 25, 2023 to December 31, 2023

(All amounts in Canadian dollars)

December 31, 2024	Level 1	Level 2	Level 3	Total
Term Deposits	\$ —	\$ 5,850,000	\$ —	\$ 5,850,000
Exchange-Traded Funds	827,498,133	—	—	827,498,133
Investments at Fair Value	\$ 827,498,133	\$ 5,850,000	\$ —	\$ 833,348,133

There were no transfers between Level 1, Level 2 and Level 3 for the year ended December 31, 2024.

7 Net Assets Attributable to Subscribers and Beneficiaries

For the year ended December 31, 2024, changes in outstanding units were as follows:

Class of Units	Number of Units, Beginning of Period	Units Issued	Units Redeemed	Units Reinvested	Number of Units, End of Period
Embark Student Graduation	—	268,977	(127,700)	545	141,822
Embark Select Conservative	—	83,332,558	(4,506,162)	1,256,732	80,083,128

No comparative information applicable.

8 Related Party Transactions

Management fees

The Manager is entitled to receive from the Plan annual management fees. These fees can increase or decrease but will not exceed 1.99% per annum plus applicable taxes. The management fee is based on the total net asset value of the Plan and is deducted before income is allocated to the subscribers. The actual management fees charged for the year ended December 31, 2024 were \$7,757,560 – 1.65%, plus applicable taxes, as described in Note 1. The management fee rebates for the year ended December 31, 2024 were \$4,033,210 (2023 – nil) as described in Note 3, resulting in net management fees of \$3,724,350.

At December 31, 2024, management fee payable of \$1,387,650 (2023 – nil) to the Manager is included in “Due to Affiliate” in the Statements of Financial Position. At December 31, 2024, management fee rebate receivable of \$2,069,340 (2023 – nil) is included in “Due from Affiliate”.

Due from Affiliate also includes \$143,921 (2023 – nil) relating to BMO investment management fees to be reimbursed by the Manager.

EMBARK SELECT CONSERVATIVE PLAN

Notes to the Financial Statements

For the year ended December 31, 2024, and the period from August 25, 2023 to December 31, 2023

(All amounts in Canadian dollars)

9 Investments in Underlying Funds

The Plan invests in ETFs which provide access to the returns of stock indices, bond indices, money market instruments, or a basket of assets and are intended to replicate the performance that would apply had the Plan directly purchased the underlying basket of assets. An investment in an ETF is subject to all of the risks of investing in the securities held by the ETF. The plan can also invest in cash and cash equivalents.

The Plan accounts for its investments in these ETFs at fair value. The fair value of such securities, as disclosed in the Schedule of Investment Portfolio, represents the maximum exposure to losses at that date. During the year ended December 31, 2024, the Plan did not provide financial support to underlying ETFs and has no intention of providing financial or other support.

Investments in Unconsolidated Structured Entities

Underlying Fund as at December 31, 2024	Country of Establishment and Principal Place of Business	% Ownership in the Underlying Fund	Plan's Shares in the Underlying Fund
BMO Aggregate Bond Index ETF	Canada	4.28%	29,420,504
BMO Mid Corporate Bond Index ETF	Canada	10.20%	9,611,639
BMO Mid Federal Bond Index ETF	Canada	6.00%	3,134,176
BMO MSCI EAFE Index ETF	Canada	0.48%	1,765,411
BMO S&P/TSX Capped Composite Index ETF	Canada	0.49%	1,405,015
BMO Short Corporate Bond Index ETF	Canada	0.73%	1,401,663
BMO Money Market Fund ETF Series	Canada	1.12%	748,595
BMO S&P 500 Index ETF	Canada	0.28%	572,238
BMO Canadian Dividend ETF	Canada	1.03%	519,856
BMO US Dividend ETF	Canada	2.05%	272,677
BMO Canadian MBS Index ETF	Canada	0.02%	2,530
BMO Ultra Short Term Bond ETF	Canada	0.00%	1,554

EMBARK SELECT CONSERVATIVE PLAN

Notes to the Financial Statements

For the year ended December 31, 2024, and the period from August 25, 2023 to December 31, 2023

(All amounts in Canadian dollars)

10 Scholarship Plan Summary

For the year ended December 31, 2024, changes in the Plan as it pertains to contributions, grants, and accumulated income were as follows.

	2024	2023
Net Assets Attributable to Subscribers and Beneficiaries, Beginning of Year	\$ 10,834	\$ —
Subscribers' Contributions		
Contributions	495,467,441	—
Return of Contributions and Transfers Out	(28,727,342)	—
Initial Subscription	—	11,000
	\$ 466,740,099	\$ 11,000
Government Grants		
Government Grant Contributions	8,711,460	—
Government Grant Repayments	(812,959)	—
Government Grant Transfers In	186,021,863	—
Government Grant Payments to Beneficiaries	(109,873)	—
	\$ 193,810,491	\$ —
Accumulated Income		
Increase in Net Assets Attributable to Subscribers and Beneficiaries	47,494,704	(166)
Income Transferred In, Net	132,489,806	—
Education Assistance Payments	(51,407)	—
Accumulated Income Payments	(875)	—
Payments of Government Grant Income to Educational Institutions	(106,888)	—
	\$ 179,825,340	\$ (166)
Net Assets Attributable to Subscribers and Beneficiaries, End of Year	\$ 840,386,764	\$ 10,834

11 Plan Asset Transfer

As discussed in Note 1, effective July 2, 2024, the Embark Plans acquired all of the net assets and assumed all of the liabilities of the Terminating Plans' active and matured agreements in exchange for units in the Plan based on the net asset value of the respective glide path unit class as at July 2, 2024. The asset transfer was affected by transferring the net assets of the Terminating Plans in exchange for units in the Embark Plan at fair market value as at July 2, 2024.

The financial statements of the Embark Plans do not include the operating results of the Terminating Plans prior to the asset transfer date. The appropriate Embark plan was determined based on the subscriber's risk profile with lower risk subscribers being allocated to the Embark Select Conservative Plan and the remaining subscribers to the Embark Student Plan. The appropriate Embark unit class was determined based on the beneficiary's age and corresponding time to post-secondary education. This transaction is considered to be a related party transaction given that all Plans were established by the Foundation and administered by the Manager. The non-cash portions of the asset transfer consisted of ETFs which were transferred at fair market value to the appropriate Embark plan and unit class on July 2, 2024.

EMBARK SELECT CONSERVATIVE PLAN

Notes to the Financial Statements

For the year ended December 31, 2024, and the period from August 25, 2023 to December 31, 2023

(All amounts in Canadian dollars)

Terminating Plan	Units issued by Plan	Assets transferred into the Plan	
Flex First Plan	11,350,189	\$	113,451,948
Family Single Student Education Savings Plan	66,989,904		669,604,288
	78,340,093	\$	783,056,236

EMBARC SELECT CONSERVATIVE PLAN

Schedule of Investment Portfolio

For the year ended December 31, 2024

(All amounts in Canadian dollars)

	Number of Units	Average Cost \$	Fair Value \$	% of Investments
Canadian Money Market Securities				
Royal Bank of Canada, 3.20%, Jan-02-2025	5,850,000	5,850,000	5,850,000	0.70
		5,850,000	5,850,000	0.70
Exchange-Traded Funds				
BMO Aggregate Bond Index ETF	29,420,504	398,296,913	410,416,031	48.83
BMO Mid Corporate Bond Index ETF	9,611,639	143,391,316	149,941,568	17.84
BMO S&P 500 Index ETF	572,238	46,791,341	52,851,902	6.29
BMO S&P/TSX Capped Composite Index ETF	1,405,015	41,146,809	46,449,796	5.53
BMO Mid Federal Bond Index ETF	3,134,176	44,674,883	46,072,387	5.48
BMO MSCI EAFE Index ETF	1,765,411	40,010,527	40,622,107	4.83
BMO Money Market Fund ETF Series	748,595	37,357,573	37,414,778	4.45
BMO Short Corporate Bond Index ETF	1,401,663	18,923,345	19,539,182	2.33
BMO US Dividend ETF	272,677	11,474,798	12,611,311	1.50
BMO Canadian Dividend ETF	519,856	10,649,741	11,426,435	1.36
BMO Canadian MBS Index ETF	2,530	76,541	76,583	0.01
BMO Ultra Short-Term Bond ETF	1,554	76,097	76,053	0.01
Total Exchange-Traded Funds		792,869,884	827,498,133	98.46
Embedded Broker Commissions		(49,949)	—	
Total Investments		798,669,935	833,348,133	99.16
Other Assets Less Liabilities			7,038,631	0.84
Net Assets attributable to Subscribers and Beneficiaries			840,386,764	100.00