23 February 2022

Mayfield Childcare Limited

Financial Results for the Full Year ended 31 December 2021

Mayfield Childcare Limited (ASX:MFD) is pleased to announce its results for the Calendar Year 2021.

Statutory revenue before stimulus package income was $38.6m (up 56.2%). With the addition of various Industry Support Packages, totalling $1.4m, revenue was $40.0m (up 7.9%), delivering Net Profit After Tax (NPAT) of $2.6m (down 31.2%).

Net Profit after Tax (NPAT), includes $1.1m of one-off transaction costs associated with the acquisition of the 14 Genius Learning childcare centres, adjusting for these costs results in NPAT of $3.6m, (down 2.9%) to CY 2020.

Reversing the application of AASB 16 *Leases*, Underlying Results are as follows:

CY 2021 Full Year Underlying Results:

	CY 2021	CY 2020	PCP Variance %
Revenue from continuing operations	**$38.6m**	**$24.7m**	**+56.2%**
Industry Support & Gov't Stimulus Packages	$1.4m	$12.4m	(88.5%)
Total Revenue	**$40.0m**	**$37.1m**	**+7.9%**
Centre EBITDA	**$9.6m**	**$9.3m**	**+4.0%**
Group EBITDA	**$7.0m**	**$6.8m**	**+3.7%**
Group EBIT	**$6.3m**	**$6.2m**	**+1.6%**
NPAT	**$4.2m**	**$4.5m**	**(4.6%)**

Mayfield Childcare has again exceeded market expectations, notwithstanding the fact that the CY 2021 year has proven to be the tale of two halves, characterised by the level of restrictions and challenges associated with the COVID-19 pandemic, faced by our communities, our people, and the economy.

The first half of CY 2021 was a stark contrast to the previous 12 month reflecting a more normalised trading environment, COVID restrictions lifting, with families accustomed to the new 'COVID Normal', stabilising attendance rates and occupancy progressively strengthening, all the signs of a welcomed recovery from 2020.

Unfortunately, this operating environment was to be short lived with Victoria plunged back into lockdown from mid-July. Once again, our families were confronted with 18 weeks of COVID restrictions, including restrictions on access to childcare and permits for authorised workers, all of which restrained the recovery growth experienced during the first half.

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CY 2021 In Review

As the country worked its way out of a gruelling 2020 year with the extraordinary situation and challenges imposed on our community and economy with the COVID-19 pandemic, expectations were for a return to pre-COVID operating performance levels.

While there were some lingering restrictions around return-to-work levels for private office and public service workers during the month of January, there was an overwhelming desire by our families to get back to a sense of normality, with an end to home schooling and a return to childcare.

The business experienced solid occupancy growth during the first half, attendance levels normalised, many of the educational and care activities associated with childcare that had been put on hold during 2020 were re-activated, and our capital centre improvement programs recommenced.

On the back of this recovery performance and reflecting the underlying strength of the business, the Board announced its inaugural interim fully franked dividend of 2.47 cents per share.

Late in the first half, Mayfield negotiated the acquisition of two Victorian based centres, with a combined 12-month EBITDA forecast of $985K, reflecting an average 4.3x purchase multiple, though settlements were to occur in the second half of the year.

The return to state-wide lockdowns in July, particularly in Victoria, defined a very different second half for the Early Childhood Education and Care sector, and the Mayfield business. An initial 7-day snap lockdown, turned into 18 weeks of work from home orders, restrictions on access to childcare and permits for authorised workers, along with a return to home schooling. All of which stemmed the occupancy growth experienced during the first half, along with operators once again supporting families with the waiving of parent co-payments for non-attendance.

Now well experienced in the management of the COVID-19 pandemic at centre level, the business implemented its protective strategies both around the health and safety needs of our children and our team of educators, while safeguarding the economics of the business and continuity of operations. This experience also extended to our families who were now accustomed to the new 'COVID Normal' in dealing with permit requirements to access childcare, if eligible.

The Federal Government initiated funding support for operators, with the introduction of the Business Continuity Package.

ECEC Business Continuity Package

Announced on 23 August, the ECEC Business Continuity package provided operators, if eligible, with 10-weeks of support payments, structured over 5 fortnights, equal to 25% of their fee revenue based on a pre-determined reference period.

To be eligible, attendance levels for each fortnight had to be below 50%, operators were to waive the gap-payment made by parents who didn't attend, with no fee increase during the period.

While the business welcomed the funding support, for Mayfield and many operators generally, not all childcare services would qualify, based on the attendance eligibility requirement. Though there was a clear expectation from parents, that regardless, the gap-payment would be waived for non-attendance, as had been the case since the start of the pandemic.

Genius Learning Acquisition

The acquisition of the 14 Genius Learning childcare centres, which was completed by the end of December, heralds an exciting new phase of operations and growth for Mayfield, as the business expands its operations around Australia. This transformational acquisition, along with the 2 centre acquisitions earlier in the year, now positions Mayfield as a leading Australian childcare operator, with a portfolio of 36 centres across Victoria, Queensland, and South Australia.

Further, the incubator arrangements that Mayfield and Genius have entered into, will deliver certainty of growth, providing ongoing and exclusive access to a pipeline of premium, high performing centres.

Representing a substantial step change in the business both physically and economically, the overwhelming support received from existing shareholders, and new institutional investors, is testament to the value this transaction represents to Mayfield's future growth.

CY 2021 Key Underlying Operational Results:

Acquisition Growth: +16	• 16 new centres acquired – 7 in Victoria, 8 in Queensland and 1 in South Australia • Significant change in the size, scale and geographical footprint.
Occupancy: 70.1%	• Up 2.9% vs pcp. • Weekly occupancy trended from 64.0% in January to 75.2% in December.
Revenue: $40.0m	• Up 7.9% vs pcp, reflecting occupancy growth, government support payments and acquisitions.
Total Wages: $22.4m	• Up 9.6% vs pcp. • The 2020 year was lower due to lower attendance levels.
EBIT: $6.3m	• Up 1.6% vs pcp, though with a slight drop in centre operating margins of 0.9% to 24.1%.
NPAT: $4.2m	• Down 4.6% vs pcp, reflecting flow-through of EBIT performance, offset by depreciation and effective tax rate increases.
Net Debt: $6.2m	• Down $2.1m or 25.6% on pcp, • Cash holdings of $2.3m and available loan facilities of $21.9m.
Net Assets: $67.1m	• Up $36.1m reflecting 2021 acquisitions of 16 centres.
ACECQA Quality Rating	• 90% of services rated Meeting or Exceeding the National Quality Framework.

Mindful of the recent substantial increase in issued capital in determining the dividend, the Board has elected to reverse the impact of the one-off Genius acquisition costs and, as such, is pleased to announce a final fully franked divided of 2.00 cents per share (cps) payable in April 2022. The Board recommends your consideration of the Dividend Reinvestment Plan (DRP). Shareholders who elect to take shares instead of cash under the DRP will receive shares at a discount of 5% to the VWAP share price over the pricing period.

CY 2022 Outlook

The 2021 year has heralded a significant step change in the business with 16 new centres acquired, positioning Mayfield as a leading Australian childcare operator with a portfolio of premium centres and a strong growth pipeline. The estimated incremental earnings of $8.0m EBITDA for CY22 from the Genius transaction will substantially increase the financial scale and balance sheet strength of the business.

Future acquisitions opportunities associated with the incubator arrangements between Mayfield and Genius are under assessment, with new additions to the portfolio expected early in the second half of 2022.

The rapid spread of the Omicron strain amongst our parents, our children, and our educators has presented a new set of challenges for the business. Increased levels of isolation, along with extended work from home arrangements amongst families, is causing a slower return of exiting families to childcare, and a more cautious approach to starting childcare for new families.

While the business has seen small occupancy gains compared to the beginning of the 2021 year, we expect the trading environment to be tempered in the short term as the impact of Omicron moderates.

The Federal government's revised Child Care Subsidy policy announced in December 2021, which provides increased subsidies for families with two or more children, while removing the subsidy cap for all families, will further contribute to the positive underlying demand trends for the sector, stimulating growth during 2022.

Mayfield Childcare Chief Executive Officer Dean Clarke said:

"The business has performed extremely well despite the challenges we continue to face with COVID and the restrictions placed on our communities and economy. The recovery we experienced in the first half was certainly dampened in the second half, though the resilience of our people and strength of the business has again shone through."

"The acquisitions secured in 2021 are a great step forward for the Mayfield business that substantially change the economics and financial standing of our business. This is an exciting time for the business as we expand around Australia and with the strength of our balance sheet, and increased debt capacity, we are well placed to leverage the incubator growth opportunities that we have entered into with Genius."

Please direct any further enquiries to:

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ASX Preliminary Final Report

Year ended 31 December 2021

Lodged with the ASX under Listing Rule 4.3A

Contents

Company details

Name of reporting entity:	The Mayfield Group comprises Mayfield Childcare Limited (ABN: 53 604 970 390) and its fully owned subsidiary Genius Education Pty Ltd (ABN: 39 653 437 935).
ASX Code:	MFD
Reporting period:	Year ended 31 December 2021
Previous corresponding reporting period (pcp):	Year ended 31 December 2020

Results for announcement to the market

	Movement	***%***	***$***
Revenue from ordinary activities	Up	6.7	40,062,379
Profit after tax attributable to members	Down	31.2	2,571,327
Net Profit for the period attributable to members	Down	31.2	2,571,327

Dividend type	*Amount per security (cents)*	*Franked amount per security (cents)*
Final dividend for the year ended 31 December 2021	2.00	2.00
Interim dividend for the half-year ended 30 June 2021	2.47	2.47

The Company has a Dividend Reinvestment Plan ('DRP'), shareholder participation in which is optional.

On 24 September 2021 the Company paid its inaugural interim dividend for the half-year ended 30 June 2021 of 2.47 cents per ordinary share, fully franked, amounting to $796,557. Cash dividend payments totalled $613,850 and 172,365 ordinary shares were issued under the DRP at $1.06 per share.

On 23 February 2022 the company is pleased to declare its final dividend for the year ended 31 December 2021 of 2.00 cents per ordinary share, fully franked, with a record date of 3 March 2022. The dividend will be paid on 4 April 2022, the total cost of which is estimated to be $1,268,180 which is expected to be satisfied by a combination of cash payments and the issue of DRP shares which rank equally with all other fully paid-up ordinary shares of the Company. The DRP is offered by the Company to all its shareholders.

Brief explanation of results

Please refer to the accompanying announcement.

	31 Dec 2021 (cents)	*31 Dec 2020 (cents)*

Net tangible assets

Net tangible asset backing per ordinary share[1]	**(239.93)**	(111.62)

1. Right-of-use assets are excluded from, whilst lease liabilities are included in, the calculation of net tangible asset (NTA) backing per ordinary share.
   Underlying (pre-AASB 16 *Leases*) NTA is (26.09) cents (2020: (28.86) cents).

Control over other entities

On 10 December 2021 Mayfield Childcare acquired fourteen Genius Childcare centres through the acquisition of all of the shares in Genius Education Pty Ltd (ABN: 39653 437 935).

Please refer to Note 7 of the notes to and forming part of the preliminary consolidated financial statements for the year ended 31 December 2021, and to the Company's ASX announcements, for further details of the childcare centres purchased during the reporting period.

No control was gained or lost over any other entity during the reporting period.

Associates and joint venture entities

The Company has no associates, nor has it formed any joint ventures with any other entity/s during the reporting period.

Compliance statement

This report is based on accounts which are in the process of being audited.

Mayfield Childcare Limited

ABN: 53 604 970 390

Preliminary Financial Report

Year ended 31 December 2021

PRELIMINARY CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2021

	Note	2021 (unaudited) $	2020 $
Revenue	2	**40,062,379**	37,536,185
Net loss on closure of centre		**-**	(272,369)
Employees		**(24,275,378)**	(21,939,717)
Centre operations		**(1,918,584)**	(2,132,988)
Facilities		**(1,291,646)**	(1,616,096)
Administration		**(821,496)**	(905,749)
Acquisition costs		**(1,286,498)**	-
Depreciation and amortisation of plant and equipment	3	**(692,144)**	(542,055)
Depreciation charge on right-of-use assets	6	**(4,400,658)**	(3,907,186)
Finance costs		**(1,360,319)**	(1,284,918)
Profit before income tax		**4,015,656**	4,935,107
Income tax expense		**(1,444,329)**	(1,196,388)
Profit after income tax for the year entirely attributable to the owners of Mayfield Childcare Limited		**2,571,327**	3,738,719
Other comprehensive income for the year, net of tax		**-**	-
Total comprehensive income for the year entirely attributable to the owners of Mayfield Childcare Limited		**2,571,327**	3,738,719

	Note	Cents	Cents
Basic and diluted earnings per share	9	**7.53**	11.72

The above preliminary consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

PRELIMINARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2021

	Note	2021 (unaudited) $	2020 $
ASSETS			
Current assets			
Cash and cash equivalents		**2,265,096**	1,569,464
Trade and other receivables		**2,052,723**	1,034,217
Prepayments		**773,826**	268,588
Total current assets		**5,091,645**	2,872,269
Non-current assets			
Plant and equipment	3	**3,759,649**	2,558,724
Intangibles	4	**82,611,833**	39,638,275
Right-of-use assets	6	**133,539,678**	25,409,674
Deferred tax		**1,611,186**	923,941
Total non-current assets		**221,522,346**	68,530,614
Total assets		**226,613,991**	71,402,883
LIABILITIES			
Current liabilities			
Trade and other payables		**3,708,072**	1,323,465
Contract liabilities		**875,662**	907,917
Borrowings	5	**409,081**	1,599,000
Leases	6	**6,321,503**	3,441,626
Current tax liabilities		**576,297**	781,933
Provisions		**2,606,566**	1,682,373
Total current liabilities		**14,497,181**	9,736,314
Non-current liabilities			
Borrowings	5	**8,076,600**	8,297,400
Leases	6	**129,274,190**	23,159,028
Provisions		**9,160,435**	106,206
Total non-current liabilities		**146,511,225**	31,562,634
Total liabilities		**161,008,406**	41,298,948
Net assets		**65,605,585**	30,103,935
EQUITY			
Contributed equity	8	**58,469,660**	24,100,720
Retained earnings		**7,135,925**	6,003,215
Total equity		**65,605,585**	30,103,935

The above preliminary consolidated statement of financial position should be read in conjunction with the accompanying notes.

PRELIMINARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2021

	Share Capital ***$***	***Retained Earnings*** ***$***	***Total*** ***$***
2020			
Balance as at 1 January 2020	23,839,313	4,718,878	28,558,191
Profit after income tax expense for the year	-	3,738,719	3,738,719
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	3,738,719	3,738,719
Transactions with owners in their capacity as owners			
Contributions of equity, net of transaction costs (Note 8)	261,407	-	261,407
Dividend paid		(2,454,382)	(2,454,382)
Balance as at 31 December 2020	24,100,720	6,003,215	30,103,935
2021 (unaudited)			
Profit after income tax expense for the year	**-**	**2,571,327**	**2,571,327**
Other comprehensive income for the year, net of tax	**-**	**-**	**-**
Total comprehensive income for the year	**-**	**2,571,327**	**2,571,327**
Transactions with owners in their capacity as owners			
Contributions of equity, net of transaction costs (Note 8)	**34,368,940**	**-**	**34,368,940**
Dividend paid		**(1,438,617)**	**(1,438,617)**
Balance as at 31 December 2021	**58,469,660**	**7,135,925**	**65,605,585**

The above preliminary consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

PRELIMINARY CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2021

	2021 (unaudited) ***$***	*2020* *$*
Cash flows from operating activities		
Receipts from customers, including government funding	**39,669,518**	37,726,243
Payments to suppliers and employees	**(26,951,669)**	(25,324,684)
	12,717,849	12,401,559
Other receipts	**372,310**	20,156
Interest paid on lease liabilities	**(897,512)**	(825,684)
Net interest paid on borrowings	**(340,894)**	(402,723)
Net income tax paid	**(2,039,088)**	(739,175)
Net cash inflow from operating activities	**9,812,665**	10,454,133
Cash flows from investing activities		
Payments for purchases of businesses plus associated costs	**(10,568,304)**	-
Payments for plant and equipment	**(1,031,480)**	(1,010,711)
Centre closure costs	**(45,922)**	(65,120)
Proceeds from the disposal of plant and equipment	**-**	636
Net cash outflow from investing activities	**(11,645,706)**	(1,075,195)
Cash flows from financing activities		
Proceeds from the issue of shares	**9,750,002**	-
Repayment of lease liabilities	**(3,644,178)**	(3,373,851)
Repayment of borrowings	**(1,819,800)**	(2,891,608)
Dividends paid	**(1,124,566)**	(2,190,152)
Share issue costs	**(619,785)**	(2,823)
Payment of borrowing costs	**(13,000)**	-
Net cash inflow / (outflow) from financing activities	**2,528,673**	(8,458,434)
Net increase in cash and cash equivalents	**695,632**	920,504
Cash and cash equivalents at the beginning of the year	**1,569,464**	648,960
Cash and cash equivalents at the end of the year	**2,265,096**	1,569,464

The above preliminary consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE PRELIMINARY CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2021

Note 1. Summary of Significant Accounting Policies

The preliminary consolidated financial statements are for the consolidated entity consisting of Mayfield Childcare Limited ("Company") and its subsidiary Genius Education Pty Ltd (hereinafter collectively referred to as the "Group"), and are prepared on a going concern basis and under the historical cost convention.

There have been no material changes to the Group's application of its significant accounting policies as presented in the Company's financial statements for the year ended 31 December 2020, hence readers of this preliminary consolidated report should refer to Note 1 *Summary of significant accounting policies* in the Company's financial statements for the year ended 31 December 2020 for details of those accounting policies.

The preparation of current financial information, and the presentation of any prior reporting period comparatives, is consistent from one reporting period to the next.

Going concern

Current liabilities exceed current assets at reporting date by $9.4 million, including $6.3 million of lease liabilities which are expected to be settled through operating cash flows earned in the next twelve months. The Group generated a net operating cash inflow of $9.8m during the reporting period and is forecasting that it will continue to generate strong net operational cash inflow, and be profitable, for the next 12 months. The Group had up to $6.6 million (at reporting date) available to be drawn down from its lending facility for working capital requirements and it closely monitors its cash resources.

In considering the ongoing pandemic and its expected impact upon the future cash flows of the Group, the directors of the Company have assumed that funding will continue to be received from both the federal (CCS) and state (Kindergarten) governments in a timely manner, and in accordance with currently legislated funding models and that occupancy, after the usual dip in late January as our oldest cohort move on to commence primary school, will gradually recover and then grow over the course of 2022 as the ongoing effects of the pandemic diminish.

Whilst uncertainties in forecasting do and always will exist (and are greater than would normally be the case), they do not constitute material uncertainty in relation to going concern. Therefore, having regard to all of the above, the directors believe it appropriate to prepare the preliminary consolidated financial statements on a going concern basis.

Amendments to Accounting Standards and new Interpretations that are mandatory, effective from the current reporting period

The Company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current reporting period.

Any new, revised or amending Accounting Standards and Interpretations that are not yet mandatory have not been adopted early.

New Accounting Standards and Interpretations published but not yet adopted

There have been no new standards published but not yet adopted that would have a material impact upon either the Company's reported financial performance or its financial position.

NOTES TO THE PRELIMINARY CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2021

	2021 (unaudited) $	2020 $

Note 2. Revenue

Childcare services	**39,734,148**	32,786,428
Other income	**328,231**	18,420
JobKeeper wages subsidy	**-**	4,336,500
Property rent reductions	**-**	348,630
Early termination of property leases	**-**	46,207
	40,062,379	37,536,185

Note 3. Non-current assets – Plant and equipment

Plant and equipment – at cost	**5,488,365**	3,615,858
Less: Accumulated depreciation	**(1,728,716)**	(1,057,134)
Net book amount	**3,759,649**	2,558,724
Reconciliation		
Opening net book amount at beginning of year	**2,558,724**	2,151,207
Net additions through business combinations (Note 7)	**870,903**	-
Adjustments from finalised prior period business combinations	**-**	2,511
Additions	**1,031,479**	1,036,961
Disposals	**(9,313)**	(89,900)
Depreciation expense	**(692,144)**	(542,055)
Closing net book amount at end of year	**3,759,649**	2,558,724

Note 4. Non-current assets – Intangibles

Goodwill – at cost	**82,611,833**	39,638,275
Reconciliation		
Balance at beginning of year	**39,638,275**	39,740,835
Additions through business combinations (Note 7)	**42,973,558**	-
Adjustments from prior period business combinations	**-**	(2,511)
Closure of centre	**-**	(100,049)
Balance at end of year	**82,611,833**	39,638,275

NOTES TO THE PRELIMINARY CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2021

	2021 (unaudited)	*2020*
	$	*$*
Note 5. Current & Non-current liabilities – Borrowings		
Current	**409,081**	1,599,000
Non-current	**8,076,600**	8,297,400
	8,485,681	9,896,400
Bank Loans		
Balance at beginning of year	**9,896,400**	12,550,000
Net repayments	**(1,819,800)**	(2,653,600)
Balance at end of year	**8,076,600**	9,896,400
WorkCover Premium Funding		
Balance at beginning of year	**-**	238,008
Net borrowings	**813,393**	-
Net repayments	**(404,312)**	(238,008)
Balance at end of year	**409,081**	-

Financing arrangements

Bank loans

The bank loans are secured on the assets and undertakings of the Company.

Facility at end of year		
Total bank loan facility	**30,019,000**	18,571,400
Less amount used	**(8,076,600)**	(9,896,400)
Unused facility	**21,942,400**	8,675,000

Of the $21.9 million unused, $15.3 million is only available for future acquisitions and there are specific criteria which need to be met prior to any draw-down. There have been no events of default on the financing arrangements of the Company during the year.

Note 6. Leases

A. Expenses

Expenses from transactions not recognised as leases:		
Rental expense relating to leases of low-value assets	**55,661**	54,378

B. Cash flows

Total cash outflow for leases	**4,541,690**	4,199,535

NOTES TO THE PRELIMINARY CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2021

Note 6. Leases (continued)

C. Right-of-use assets

(unaudited)	Property $	Motor Vehicles $	Total $
Right-of-use assets	**144,563,786**	**101,006**	**144,664,792**
Less: Accumulated depreciation	**(11,045,124)**	**(79,990)**	**(11,125,114)**
Net book amount at end of year	**133,518,662**	**21,016**	**133,539,678**
Reconciliation			
Opening net book amount at beginning of year	**25,371,823**	**37,851**	**25,409,674**
Additions	**110,347,734**	**-**	**110,347,734**
Increase due to addition of next further term	**1,701,623**	**-**	**1,701,623**
Increase due to market reviews and further terms exercised	**345,950**	**-**	**345,950**
Increase due to remeasurement of lease liabilities upon increase of variable lease payments	**135,355**	**-**	**135,355**
Depreciation charge	**(4,383,823)**	**(16,835)**	**(4,400,658)**
Closing net book amount at end of year	**133,518,662**	**21,016**	**133,539,678**

D. Lease Liabilities

	$
Current	**6,321,503**
Non-current	**129,274,190**
Balance at end of year	**135,595,693**

Additional information

Unavoidable future payments

For the purpose of calculating unavoidable future lease payments, only the current term of each property lease has been considered, unless the option to exercise the next further term falls within 3 years of reporting date, in which case exercise of the next further term is considered to be reasonably certain, thus both the current and subsequent further term lease payments are considered to be unavoidable.

Weighted average property lease term

The average unavoidable property lease term, weighted for the number of licensed places, is 12.7 years (Dec 2020: 6.2 years).

Including all further terms, the weighted average term increases to 29.1 years (Dec 2020: 22.5 years).

NOTES TO THE PRELIMINARY CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2021

Note 7. Business combinations

During the year the Company acquired a total of 16 childcare centres in 3 Australian states, from 3 unrelated vendors.

The centres in Carrum Downs and Dandenong were acquired through contracts of sale to acquire the childcare businesses, whereas the 14 Genius Childcare centres were acquired via the acquisition of 100% of the issued share capital of Genius Education Pty Ltd (ABN: 39 653 437 935).

Childcare centre acquisitions

(unaudited)	**Clever Kids ELC**	**CREST Children's Sanctuary**	**Genius Childcare Centres**	**Total**
Location	Carrum Downs	Dandenong	Queensland, Victoria & South Australia[1]	
Number of centres	1	1	14	16
Licensed places	70	111	1,347	1,528
Acquisition Date	16 Jul 2021	1 Oct 2021	10 Dec 2021	

1. Genius Childcare centres located in:
   - Queensland: Allenstown, Brinsmead, Clifton Beach, Rockhampton, Cannonvale, White Rock (2) & Wulguru;
   - Victoria: Cheltenham, Clyde North, Maddingley, Mooroolbark & Seaford; and
   - South Australia: Oakbank.

The provisional, initial fair values ascribed to the assets acquired and liabilities assumed are as follows:

(unaudited)	**Clever Kids ELC**	**CREST Children's Sanctuary**	**Genius Childcare Centres**	**Total**
	$	***$***	***$***	***$***
Goodwill	2,241,013	1,889,237	38,843,308	42,973,558
Right-of-use assets (Note 6)	666,332	6,188,177	103,493,225	110,347,734
Property lease liability	(666,332)	(6,188,177)	(103,493,225)	(110,347,734)
Plant and equipment (Note 3)	5,000	5,000	860,903	870,903
Provisions for employee benefits	(68,561)	(5,357)	(919,820)	(993,738)
Prepayments	-	-	258,979	258,979
Trade and other payables	-	-	(39,809)	(39,809)
Deferred tax asset	20,568	1,607	275,946	298,121
Acquisition-date fair value of total consideration	2,198,020	1,890,487	39,279,507	43,368,014
Representing				
Cash paid to vendor	2,198,020	1,890,487	5,319,507	9,408,014
Shares issued to vendor	-	-	24,960,000	24,960,000
Provision for earn-out	-	-	9,000,000	9,000,000
Total consideration paid or payable	2,198,020	1,890,487	39,279,507	43,368,014

NOTES TO THE PRELIMINARY CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2021

Note 8. Contributed equity

(a) Share capital

The share capital account of Mayfield Childcare Limited (the Company) consists of 63,409,023 fully paid up, ordinary shares as at 31 December 2021.

(b) Movements in ordinary share capital

Movements in the ordinary share capital of the Company during the past two years were as follows:

Date	Details	Number of shares	Amount $
1 Jan 2020	Opening balance	31,833,763	23,839,313
25 Sep 2020	Issued under Dividend Reinvestment Plan	266,899	264,230
	Less: Share issue transaction costs, net of tax		(2,823)
31 Dec 2020	Balance	32,100,662	24,100,720
(unaudited)			
26 Mar 2021	Issued under Dividend Reinvestment Plan	145,938	131,344
24 Sep 2021	Issued under Dividend Reinvestment Plan	172,365	182,707
10 Dec 2021	Issued to Vendor of Genius Childcare centres	21,704,347	24,960,000
10 Dec 2021	Issued via Placement	7,619,048	7,999,998
10 Dec 2021	Issued under Share Purchase Plan	1,666,663	1,750,004
	Less: Share issue transaction costs, net of tax		(655,113)
31 Dec 2021	**Closing balance**	**63,409,023**	**58,469,660**

Note 9. Earnings per share

	2021 (unaudited) Cents	*2020 Cents*
Basic and diluted earnings per share	**7.53**	11.72
	Number	*Number*
Weighted average number of shares		
Weighted average number of shares used as the denominator in calculating basic and diluted earnings per share	**34,127,659**	31,905,228
	$	*$*
Earnings used in calculating basic and diluted earnings per share		
Profit after tax attributable to the ordinary equity holders of the Company	**2,571,327**	3,738,719

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