

27 April 2022

Mayfield Childcare Limited

CY 2022 First Quarter Trading Update

Mayfield Childcare Limited (ASX:MFD) is pleased to provide a trading update for Q1 CY 2022.

Underlying revenue for the consolidated Mayfield Group, including the 14 Genius Learning centres acquired in CY 2021, was \$15.4m (up 92.9%). Allowing for \$0.6m in COVID-19 subsidies received in 1Q CY 2021, total revenue for the Group was up 79.5%, delivering Group EBITDA of \$2.3m (up 58.8%)

Mayfield Group Q1 CY 2022 Underlying Results:

	Q1 CY 2022	Q1 CY 2021	PCP Var %
Revenue from continuing operations	\$15.4m	\$8.0m	+92.9%
<i>COVID-19 Government Subsidies</i>	\$0.0m	\$0.6m	(100.0%)
Total Revenue	\$15.4m	\$8.6m	+79.5%
EBITDA	\$2.3m	\$1.4m	+58.8%

Breaking out the core Mayfield Group, from the 14 acquired Genius Learning centres, highlights the following results

Mayfield and Genius Q1 CY 2022 Underlying Results:

	MFD Q1 CY 22	MFD Q1 CY 21	PCP Var %	Genius Q1 CY 22	Group Q1 CY 22
Revenue from continuing operations	\$9.0m	\$8.0m	+12.2%	\$6.4m	\$15.4m
<i>COVID-19 Government Subsidies</i>	\$0.0m	\$0.6m	(100.0%)	\$0.0m	\$0.0m
Total Revenue	\$9.0m	\$8.6m	+4.4%	\$6.4m	\$15.4m
EBITDA	\$1.3m	\$1.4m	(10.1%)	\$1.0m	\$2.3m

Underlying revenue for the core Mayfield Group, was \$9.0m (up 12.2%), reflecting non-Genius acquisitions in CY 21 and current occupancy growth, offset by \$0.6m in COVID-19 subsidies received in 1Q CY 2021, resulting in total revenue for the core Group up 4.4%. The minor shortfall in EBITDA against pc, reflects in the main, costs associated with back filling staff impacted by omicron and the necessary use of Agency staff.

During 1Q CY 2022, the 14 Genius Learning centres have generated \$6.4m in revenue, delivering \$1.0m in EBITDA. The business is pleased with the performance to date and is on track with the acquisition business case, notwithstanding, having 8 centres located in Queensland, the escalation of omicron and the state government's decision to delay the start of the school year tempered performance early, along with increased Agency staff costs.

1Q CY 2022 occupancy for the core Mayfield Group (excl Genius) has performed well despite the challenges associated with omicron, up 0.7% against pcg to 63.8%

While there is no comparative data for the 14 Genius Learning centres, occupancy for the 1Q CY 2022 was 62.1%, though Queensland enquires have strengthen with current trading at 66.1%.

1Q CY 2022 In Review

The 2022 year so far has been an exciting change of pace for the Company as it beds down the newly acquired Genius Learning centres. The transitional arrangements between Genius Learning and Mayfield are working well and the business is well progressed with its integration planning moving forward.

The rapid spread of the omicron strain amongst our parents, children, and educators once again presented a new set of challenges for the business. Isolation requirements on educators resulted in a substantial increase in the use of Agency staff, though the business was able to minimise closures with only a few centres closing for 1 to 2 days. Labour shortages across the sector, as with many industries, continue to present operational challenges, though the recent changes to isolation rules, should provide some relief to the business.

Overall Mayfield is pleased with its performance. As highlighted previously, the estimated incremental earnings of \$8.0m EBITDA for CY22 from the Genius transaction will substantially increase the financial scale of the business. Continued strong cash flows have further improved the net debt position, coupled with low gearing levels and significant available loan facilities, characterises Mayfield's balance sheet strength.

Future acquisitions opportunities associated with the incubator arrangements between Mayfield and Genius are under assessment, with new additions to the portfolio expected in Q3 of CY 2022.

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