

ASX Announcement

Mayfield Childcare Limited (ASX:MFD)

22 December 2023

Update on Investigation and Settlement with Former CEO

Mayfield Childcare Limited (the “Company”, “Mayfield”) provides this update in relation to its internal investigation and settlement with former CEO, Dean Clarke, as announced to ASX on 20 October 2023.

Final Payment Received

The Company has now received the final settlement amount of \$693,623 from Dean Clarke as required under the settlement deed finalised on 20 October 2023.

Investigation & Remedial Actions

As announced on 31 August 2023, following the independent investigation into misappropriations by Dean Clarke, the Company completed a thorough internal review led by CEO, Ashok Naveinthiran and including newly appointed leadership, CFO, Chris Hayes, who has extensive experience in audit and governance, and Head of Childcare Operations, Michelle Scott. Following the review, the Company has implemented a number of remedial actions to strengthen the Company’s risk and governance capabilities:

- **People and Controls:** As previously announced, additional investments have been made to address areas of past control failures. These include hiring a Financial Controller and a Facilities Manager to ensure appropriate separation of duties.
- **Enhanced Systems and Procedures:** To enhance the control environment, systems and procedures have been implemented that maintain an adequate audit trail for material payments to suppliers and ensure necessary approvals are documented.
- **Policy Revisions and Training:** A number of non-compliant policies implemented under the former CEO, and former Executive Director and Quality Improvement Officer, have been rectified with further training and support provided to staff.
- **Active Stakeholder Engagement:** Ongoing engagement with key stakeholders and regulatory bodies continues to be a priority. Management is committed to maintaining open communication and rebuilding trust through transparency and proactive dialogue.

Regulatory Concerns & Provision

To address potential regulatory concerns relating to a non-compliant fee billing policy implemented in 2018 and now rectified, the Company has determined it is appropriate to raise a provision of up to \$1.5M in the financial accounts for the financial year ended



31 December 2023 reflecting historic amounts received in funding that Mayfield may not have been entitled to receive. Further details will be provided in due course and be set out in the Company's FY23 financial report. The Company will review its avenues for recourse under the warranties and indemnities secured as part of the settlement deed with Dean Clarke.

Chief Executive Officer, Ashok Naveinthiran said: "We are pleased to reach the successful resolution of our settlement with former CEO Dean Clarke. This marks a significant step in reinforcing Mayfield's commitment to integrity and financial responsibility. Having completed a thorough internal investigation, we have also identified and rectified non-compliant policies and procedures to ensure ethical practices are upheld and intend to cooperate fully with regulatory bodies in this regard. I want to thank our stakeholders for their support and look forward to a future of continued excellence and trust."

Mayfield is committed to maintaining transparency and will continue to provide timely updates regarding this matter as necessary.

This ASX announcement has been approved for release by the Board of Directors of Mayfield Childcare Limited.

For further information, please contact:

Ashok Naveinthiran
Chief Executive Officer
anavein@mayfield.com.au

Andrew Angus
Investor Relations
andrewangus@overlandadvisers.com.au

