



ABN 53 604 970 390

NOTICE OF MEETING BOOKLET
**INCORPORATING DIRECTORS' STATEMENT, NOTICE OF MEETING, EXPLANATORY MEMORANDUM,
PROXY FORMS AND MEMBER'S STATEMENT**

Meeting to be held at

Suite 2, Ground Floor
207-213 Waverley Road
Malvern East, Victoria, 3145

on

Tuesday 9 April 2024

commencing at

2:00 pm (AEST)

**The Directors of Mayfield Childcare Limited unanimously recommend
Shareholders vote:**

AGAINST all six resolutions

This is an important document that requires your immediate attention.

You should read this document in its entirety before deciding whether or not to vote for or against any resolution at the Meeting. If you are in doubt as to how you should vote, you should seek advice from your accountant, solicitor or other professional adviser prior to voting.

If you have questions about the Meeting or the resolutions to be voted on, please call the Company Information Line on 03 9576 3156 within Australia or +61 3 9576 3156 from outside of Australia.

STATEMENT OF MAYFIELD CHILDCARE LIMITED DIRECTORS

MR DAVID NIALL, MR ASHOK NAVEINTHIRAN AND MS ROSEANNE HEALY

1 March 2024

Dear Shareholders,

As you are likely aware, Mayfield Childcare Limited (“Mayfield” or the “Company”) has received a request from Riversdale Road Shareholding Company Pty Ltd (“Riversdale”), one (1) of Mayfield’s approximately 740 shareholders, that the Company call a meeting of shareholders for the purposes of considering resolutions that Chairman, Mr David Niall and Chief Executive Officer, Mr Ashok Naveinthiran be removed from the Board, along with any director appointed on or after 7 February 2024, and that Mr Stephen Kerr, Mr Reginald Foley and Mr Peter Mason be appointed to the Board.

Riversdale’s directors are Mr Michael Kroger, the widely known political commentator, and his son, Mr Jack Kroger. Riversdale is 100% owned by Mr Jack Kroger.

The resolutions will be considered at a general meeting of shareholders to be held at Suite 2, Ground Floor, 207-213 Waverley Road, Malvern East, Victoria, 3145 on Tuesday, 9 April 2024 commencing at 2:00 pm AEST (“Meeting”).

We – Messrs David Niall and Ashok Naveinthiran, the Directors the subject of removal resolutions – and Ms Roseanne Healy who is Mayfield’s only other Director and who is not the subject of a removal resolution, are strongly united in the view that the six resolutions are not in the best interests of the Company and should be rejected by shareholders.

Our reasons for forming this view are as follows:

1. Mayfield’s financial results for the Year Ended 31 December 2023 reflect a turnaround of the business following an exceptionally challenging period as the Board worked to rebuild the Company’s foundations and reputation having identified misconduct and misappropriations by the former CEO and executive director, Mr Dean Clarke. The Board considers that the outlook for the Company is very positive. The turnaround has been achieved through the Board having a clear vision and strategy, and subsequently delivering on its plan. Now is certainly not the time to be passing effective control to Riversdale which does not seem to have a plan.
2. Riversdale and Mr Michael Kroger are associates. Riversdale and Mr Michael Kroger have long-standing connections with Mr Dean Clarke, the disgraced former CEO and executive director who left the company in December 2022 and was subsequently found to have misappropriated substantial funds during his time as CEO of the Company. The Directors were successful in recovering over \$1.1 million in settlement funds from Mr Clarke. Mr Michael Kroger continues to meet with Mr Clarke regularly despite the former CEO’s misconduct and misappropriations from the Company.
3. The Board genuinely considers that it has all the credentials, experience and skill to enable Mayfield to achieve its highest potential. On the other hand, we are not aware of Riversdale’s nominees having any experience within the childcare industry or in the governance of an ASX-listed company. Riversdale does not have a future vision for the Company – there is nothing in the statement received from Riversdale that articulates any real plan or strategy for the Company or its business. There is further concern that Mr Jack Kroger could be appointed as the new chief executive officer of the Company. Mayfield’s head-office employees are very concerned and, of their own volition, have written an open letter to you, our shareholders, in opposition of Riversdale’s intended resolutions. A copy of this letter is set out as Annexure 1.
4. Despite the Board’s best endeavours to promote an open and competitive bid process in late 2022 and early 2023, its efforts to see Mayfield acquired at \$1.35 per share or above proved unsuccessful due to circumstances beyond its control. The Board is not opposed to a genuine offer for Mayfield on terms which are demonstrably fair and reasonable to the Company’s shareholders. However, Riversdale’s efforts to take control of the Mayfield Board, whilst holding only approximately 12% of the Company’s capital is entirely disproportionate. Effective control of Mayfield should not pass to Riversdale by stealth.

Further information in support of each of these reasons is set out in the accompanying attachment which we urge you to read.

The Directors will certainly be voting all their shares **AGAINST** all six resolutions.

You can vote **AGAINST** all six resolutions by completing and returning the **green proxy form** which is enclosed with this booklet.

Every single vote is important, no matter how big or small your shareholding - so please vote.

Finally, let us say that we respect the right of every shareholder to be heard. Equally, we have an obligation to act without fear or favour, and not to override the interests of Mayfield and its shareholders in favour of one opportunistic shareholder.

We are pleased that this matter will soon be behind us so we can continue with the important task of running Mayfield with a view to adding considerable value to your shareholding.

We offer you our sincerest thanks for your ongoing support.

Yours faithfully



Mr David Niall
Non-Executive Chairman



Mr Ashok Naveinthiran
Executive Director & Chief Executive Officer



Ms Roseanne Healy
Non-Executive Director

ATTACHMENT

1. **MAYFIELD'S FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023 REFLECT A TURNAROUND OF THE BUSINESS FOLLOWING AN EXCEPTIONALLY CHALLENGING PERIOD AS THE BOARD WORKED TO REBUILD THE COMPANY'S FOUNDATIONS AND REPUTATION HAVING IDENTIFIED MISCONDUCT AND MISAPPROPRIATIONS BY THE FORMER CEO AND EXECUTIVE DIRECTOR, MR DEAN CLARKE. THE BOARD CONSIDERS THAT THE OUTLOOK FOR THE COMPANY IS VERY POSITIVE. THE TURNAROUND HAS BEEN ACHIEVED THROUGH THE BOARD HAVING A CLEAR VISION AND STRATEGY, AND SUBSEQUENTLY DELIVERING ON ITS PLAN. NOW IS CERTAINLY NOT THE TIME TO BE PASSING EFFECTIVE CONTROL TO RIVERSDALE WHICH DOES NOT SEEM TO HAVE A PLAN.**

On 29 February 2024, Mayfield released its Annual Report for the Year Ended 31 December 2023 and announced a strong turnaround in results as the Company moved from Q4 into the new year. In addition, the Company noted FY24 underlying Group EBITDA guidance of \$9M - \$9.5M, with further upside anticipated from the sale of centres approved for divestment.

Key line items from the announcement were as follows:

- **Return to Normalised Performance in Q4:** As anticipated in the Company's half-year update, the Company is pleased to have achieved a strong uplift in trading results in Q4 with underlying Centre EBITDA improving 87% to \$3.7M (Q3 2023: \$1.9M) and underlying Group EBITDA improving 254% to \$2.1M (Q3 2023: \$0.6M) which excludes \$1.1M of recoveries received under the settlement with the former CEO, Dean Clarke.
- **Continued Momentum in 2024:** The Company has achieved continued momentum in January, generating underlying Centre EBITDA of \$0.8M and underlying Group EBITDA of \$0.4M reflecting a 31.6% and 77.1% increase on respective pcp. January results are notwithstanding weather disruption at five centres in Far North Queensland and Victoria which resulted in temporary closures.
- **FY24 Guidance:** The Company has provided FY24 underlying Group EBITDA guidance of \$9M - \$9.5M. Centres approved for divestment, of which three are currently under offer but remain subject to lease assignment negotiations, will provide additional upside of \$1.0M - \$1.5M underlying Centre EBITDA on an annualised basis in FY24 once divested. The Company continues to work to divest all approved centres as a matter priority.
- **Occupancy:** Core portfolio occupancy (excluding approved divestments) was 75.2% (CY22: 75.3%). As a cohort, 80% of the core portfolio had an occupancy of approximately 80%. Occupancy of the Group was 67.8% (CY22: 69.0%) reflecting the underperformance of centres approved for divestment. The Company anticipates further upside in occupancy growth as it continues to resolve staff shortages at a number of centres.
- **Strong Acquisition Performance:** The four centre acquisitions completed in 2023 performed strongly, delivering occupancy of 78.4% and trading ahead of forecast, resulting in a post-trading acquisition multiple of 4.5 times on an annualised basis.
- **Capital Management & Dividend Status:** The Company's improved trading results and healthy free cashflow has resulted in the further reduction of debt drawn on its available bank loan facilities net of cash at hand to \$7.2M as at 31 December 2023 (30 June 2023: \$11.6M) allowing for a potential reinstatement of the dividend at 30 June 2024 subject to bank approval.
- **Quality Rating Uplift:** The Group continues to achieve uplift in quality assessments with 92% of centres now 'meeting' or 'exceeding' the National Quality Standards, reflecting a 14% increase on the prior year.

This turnaround has been achieved through the Board having a clear vision and strategy, and subsequently delivering on its plan.

The Board has steered Mayfield through challenges and addressed issues arising from previous management and has implemented remedial actions to strengthen the Company's risk and governance capabilities. In addition to remediating the issues of previous management, the Board successfully completed a strategic rebrand, which saw the business refresh its identity and consolidate a number of its micro brands to drive cost efficiencies and to unite a group of disparate centres. The rebranding of centres has injected renewed energy into the business and unified the entire team.

The Board is committed to further growth through the acquisition of new childcare centres in order to leverage Mayfield's operating model and capabilities. This will enable the Company to further strengthen its economies of scale, expand its geographic footprint and deliver a superior value proposition to families and communities.

At the same time, Mayfield is continuing to make investments in its people and culture, technology innovation, curriculum enhancement, and brand awareness.

The recent appointment of Ms Roseanne Healy as Director with extensive Board experience will complement Directors Niall and Naveinthiran in positioning Mayfield for continued success going forward.

The Board considers that a strong foundation has been laid for 2024 and that the outlook is very positive, positioning Mayfield to become a Top-5 operator in the country within the next three to five years.

In its Member's Statement which is included in the Notice of Meeting booklet, Riversdale was afforded the opportunity to set out for all shareholders its own strategy and plan for Mayfield to deliver value to the Company.

However, other than a litany of complaints, Riversdale did not state a single word about what it would do differently should its resolutions for Board change succeed. The only conclusion one can reasonably draw is that Riversdale does not have a clear strategy or alternate plan for Mayfield.

Your Directors consider it would be foolhardy for shareholders to support resolutions to change the Board in these circumstances.

2. RIVERSDALE AND MR MICHAEL KROGER ARE ASSOCIATES. RIVERSDALE AND MR MICHAEL KROGER HAVE LONG-STANDING CONNECTIONS WITH MR DEAN CLARKE, THE FORMER CEO AND EXECUTIVE DIRECTOR WHO LEFT THE COMPANY IN DECEMBER 2022 AND WAS SUBSEQUENTLY FOUND TO HAVE MISAPPROPRIATED SUBSTANTIAL FUNDS DURING HIS TIME AS CEO OF THE COMPANY. THE DIRECTORS WERE SUCCESSFUL IN RECOVERING OVER \$1.1 MILLION IN SETTLEMENT FUNDS FROM MR CLARKE. MR MICHAEL KROGER CONTINUES TO MEET WITH MR CLARKE REGULARLY DESPITE THE FORMER CEO'S MISCONDUCT AND MISAPPROPRIATIONS FROM THE COMPANY.

To understand what this attempt to take control of the Board is all about, it is useful to provide some background.

Riversdale, together with its associates, was a promoter of the float of Mayfield onto the Australian Securities Exchange ("ASX") in November 2016.

The directors of Mayfield at the time, were Mr Peter Lowe, Chairman, Mr Dean Clarke, executive director & chief executive officer and Ms Michelle Clarke, executive director (the latter two, husband and wife). Riversdale and Mr Michael Kroger have long-standing connections with Mr Clarke. By illustration, Mayfield's IPO Prospectus disclosed that 100,000 shares in the Company were held by Riversdale on trust for Mr Clarke's family trust.

On 1 November 2021, Mayfield entered into an agreement with Genius Childcare Pty Ltd ("Genius") to acquire 14 premium childcare centres in what at the time was referred to as a "transformational acquisition" such was its size in the context of the Company pre-acquisition.

The arrangements also encompassed Mayfield entering into a five-year Incubator Agreement with Genius to provide a pipeline of premium childcare centres for future growth.

Riversdale supported the Genius transaction along with a majority of Mayfield shareholders.

Whilst neither of the two Directors the subject of removal resolutions were involved with Mayfield when the transaction was undertaken, all three current Directors at face value consider the Genius transaction to be a sensible one for the Company to have undertaken from a strategic perspective.

For Mayfield, having in Genius a counterparty with expertise in identifying and developing childcare centres (i.e. an incubator) which can subsequently be acquired by the Company, without Mayfield taking on the trade-up risk, is a proven business model in the childcare centre industry (for example, the ASX-listed Nido Education Ltd has an incubator arrangement).

Unfortunately for Mayfield, the acquisition of the 14 centres from Genius completed by the former CEO, Mr Dean Clarke, was not without significant financial challenges.

The under-performance of the acquisitions relative to the business case supporting the acquisition stem from Mr Dean Clarke's failures to exert appropriate due diligence and care.

Criticism from Riversdale that Mr Niall and Mr Naveinthiran were somehow responsible for the failure of the transactions and involved in the business case and implementation plan presented by Mayfield Executives to the Board and shareholders is absurd – neither Mr Niall nor Mr Naveinthiran were involved in the transaction for the Company to any extent.

A further major challenge which arose shortly thereafter concerned Mr Clarke who retired as executive director and chief executive officer of the Company, effective October 2022.

Subsequently, on 28 February 2023, as a result of an internal report in relation to the conduct of Mr Clarke, Mayfield appointed KordaMentha to conduct an independent forensic investigation into the Company's financial affairs in relation to the period between 1 January 2020 and 31 December 2022. KordaMentha's final report, announced to the market by Mayfield on 29 March 2023, found that Mr Clarke had misappropriated considerable Company funds.

Significantly, it was on Mr Naveinthiran's watch that financial irregularities concerning Mr Clarke were first identified – in fact, on 11 January 2023 – and subsequently attended to and, similarly, it was on Mr Naveinthiran's watch that the integration challenges of the 14 centre acquisitions are being remedied.

As such, in the first half of CY23, Mayfield had no option but to incur considerable one-time expenses as it remediated a number of issues, as well as the cost of investigating Mr Clarke's activities.

It is noted that, on December 2023, Mayfield announced that it had received the final payment in settlement of Mr Clarke's activities. The Directors, led by Mr Naveinthiran and Mr Niall, were successful in recovering over \$1.1m in settlement proceeds from Mr Dean Clarke, the CEO appointed by Riversdale.

The Directors are aware of the long-standing close relationship between Mr Michael Kroger and Mr Dean Clarke and Mr Michael Kroger's influence throughout the tenure of Mr Clarke's role as CEO of the Company. Mr Michael Kroger has advised Mr Ashok Naveinthiran that he continues to meet with Mr Clarke regularly, despite the former CEO's misconduct and misappropriations from the Company.

Against that background, in Riversdale's Member's Statement to which we now turn, many of the comments made by Riversdale reference the Genius transaction and the poor financial performance of Mayfield in the period since.

For example, with respect to financial performance, there are a number of points made including:

- At clause 2.c. – *“NPAT loss of \$1.2m in 1H23 from a profit of \$2.4 m in 1H22”*
- At clause 2.e. – *“EBITDA severely declined to only \$848k in 1H23, down from \$5.2 m in 1H22”*
- At clause 2.f. – *“Costs increased unsustainably in 1H23, up \$8.5m against a revenue increase of only \$4m, reflecting extremely poor cost control”*
- At clause 4. – *“HQ Cost Control: Head office and corporate costs (up 31.9%) and agency costs (up 194.6%) have surged to unsustainable levels between 1H22 and 1H23”¹*

In fact, amid all the noise, Mayfield has performed reasonably well over this period, with Underlying Centre EBITDA (i.e. excluding abnormal items) declining only marginally – from approximately \$4.9 million in 1H22 to approximately \$4.5 million in 1H23 – adversely impacted in the amount of approximately \$0.7 million due largely to certain underperforming centres which have since been approved for divestment.

A specific grievance of Riversdale (refer Clause 2.a.) concerns what it refers to as the underperformance of the 14 childcare centres acquired from Genius and, in particular, the reasons why these centres delivered a contribution to EBITDA for CY22 of approximately \$4.4 million, well short of Mayfield's 23 February 2022 Investor Presentation forecast of \$8.0 million.

The facts are, Mayfield's CY21 forecast for the 14 centres prior to their acquisition was EBITDA of \$3.6 million. As such, an EBITDA forecast for CY22 of \$8.0 million was a significant stretch and, realistically, never going to be achievable. We agree with Riversdale – the performance of these centres fell well short of forecasts prepared by Mr Clarke and presented to shareholders through the acquisition process.

However, what Riversdale has overlooked is that the forecast was prepared by Mr Clarke during the transaction process. Furthermore, as outlined above, Riversdale supported the Genius transaction at the time. Accordingly, it is not clear on what basis Riversdale is seeking to attribute blame for the shortfall to current Directors.

Messrs Niall and Naveinthiran's duty is to act in the best interests of all Mayfield shareholders. Any suggestions to the contrary are ill-founded.

At clause 5, Riversdale refers to the fact that the Board of Mayfield approved the acquisition of a further three centres from Genius without seeking shareholder approval as 'Related Party Acquisitions'. Genius is, in fact, not a related party of the Company.

At clause 6, Riversdale states its concerns that the Incubator Agreement with Genius has been ignored with not a single centre offered to Mayfield on the agreed terms. The fact is, centres have been offered to the Company on the terms of

¹ We agree with Riversdale on the unsustainability of agency costs. Unfortunately, this is an industry-wide problem arising from workforce shortages and, of course, is a matter beyond Mayfield's control.

the Incubator Agreement. However, the Company negotiated to acquire centres from Genius on terms it considered favourable to Mayfield shareholders.

Specifically, the requisite structure for an acquisition under the Incubator Agreement is to be a share sale (and not an asset sale) and consideration for an acquisition to be a mix of cash and Mayfield shares. Mayfield has been reluctant to further concentrate the register through the issuance of more shares to Genius. Feedback from shareholders is that the Company should work to diversify its share register to enhance liquidity and to gain institutional support. To be clear, the Incubator Agreement provides Mayfield with the right of first refusal over Genius' centres but does not limit the Company's ability to acquire centres from Genius through alternate arrangements or from other vendors.

At clause 7, Riversdale refers to an 'uncommercial' transaction between the Company and Genius, however has misrepresented events and included a number of factually incorrect statements. The proposed acquisition multiple was not 13.5x EBITDA as claimed, but more accurately 5x EBITDA. The Board never approved any transaction, and in any event no transaction was ever consummated.

At clause 9, Riversdale refers to an unexplained loan to Genius in the amount of \$1.25 million. In fact, the Board has never granted a loan to Genius Learning – the loan balance arose as part of settlement adjustments made following the acquisition of Genius centres in 2021 and miscellaneous costs which were re-allocated to Genius Learning during the period in which Genius Learning managed Mayfield's Genius Education centres. Genius Learning has agreed to settle this amount within the period requested by the Company's auditors. This has been set out in a letter sent to Riversdale previously.

3. THE BOARD GENUINELY CONSIDERS THAT IT HAS ALL THE CREDENTIALS, EXPERIENCE AND SKILL TO ENABLE MAYFIELD TO ACHIEVE ITS HIGHEST POTENTIAL. ON THE OTHER HAND, WE ARE NOT AWARE OF RIVERSDALE'S NOMINEES HAVING ANY EXPERIENCE WITHIN THE CHILDCARE INDUSTRY OR IN THE GOVERNANCE OF AN ASX-LISTED COMPANY. RIVERSDALE DOES NOT HAVE A FUTURE VISION FOR THE COMPANY – THERE IS NOTHING IN THE STATEMENT RECEIVED FROM RIVERSDALE THAT ARTICULATES ANY REAL PLAN OR STRATEGY FOR THE COMPANY OR ITS BUSINESS. THERE IS FURTHER CONCERN THAT MR JACK KROGER COULD BE APPOINTED THE NEW CHIEF EXECUTIVE OFFICER OF THE COMPANY. MAYFIELD'S HEAD-OFFICE EMPLOYEES ARE VERY CONCERNED AND OF THEIR OWN VOLITION HAVE WRITTEN AN OPEN LETTER TO YOU, OUR SHAREHOLDERS, IN OPPOSITION OF RIVERSDALE'S INTENDED RESOLUTIONS.

Mayfield considers that the Board has all the credentials, experience and skill required to manage an ASX-listed childcare centre business.

Mr David Niall holds an MBA from Harvard Business School and has extensive experience as a director of ASX-listed public companies. David has been a Director of Mayfield since December 2021, including as Chairman since August 2022. He has been a Non-Executive Director of the ASX-listed Rewardle Holdings Limited for nearly seven years.

David has over 30 years of experience in developing and implementing strategy with a focus on growth and value creation. He brings strategic knowledge and skill sets across risk management and governance, people and culture and building successful teams and has a deep knowledge of high growth and early-stage companies with extensive experience in developing and launching innovative products.

David has experience within the childcare sector through his role at Mayfield since 2021.

Mr Ashok Naveinthiran has been CEO of Mayfield since August 2022 and has been involved within the childcare sector since 2019, when he co-founded a company that developed a specialised childcare platform designed to improve roster efficiencies for multi-site operators.

In 2022, prior to joining Mayfield, Ashok was brought in to serve as the CEO of Genius Childcare after the completion of the sale of 14 Genius Education Centres to Mayfield. He has managed a portfolio of greenfield and trade-up childcare assets and early education investments across Australia.

Ashok has experience as a director of an ASX-listed public company in his position as Managing Director of Mayfield since August 2022.

Ms Roseanne Healy, Mayfield's only other Director, was appointed to the Board on 8 November 2023 following an independent search process.

Whilst Ms Healy is not the subject of a removal resolution, it is noted that a key element of the search process involved seeking a candidate with complementary skills to Messrs Niall and Naveinthiran with a view to achieving an optimal Board skills matrix in accordance with "Principle 2 – Structure The Board To Be Effective And Add Value" of the "ASX's Corporate Governance Principles and Recommendations".

The loss of Messrs Niall and Naveinthiran will put an end to the balanced Board outcome that has been achieved.

Shareholders would be interested to know that, during the independent search process, Mr Michael Kroger sought to weigh in by seeking the appointment of a personal friend as a director of Mayfield.

With respect to the Board nominees, no information has been provided for the benefit of shareholders in Riversdale's Member's Statement.

"Consent to Act as a Director" forms received from Riversdale state that:

- **Mr Kerr** is 56 years of age and lives in Melbourne. Mayfield is not aware of Mr Kerr having any experience within the childcare sector or, from an ASIC search, any experience as a director of an ASX-listed company. Mayfield understands that Mr Kerr is the brother of the Non-Executive Chairman of Nido Education Ltd, which is Mayfield's most direct competitor, which has the potential to represent a conflict of interest.
- **Mr Foley** is 79 years of age and lives in Melbourne. Mayfield is not aware of Mr Foley having any experience within the childcare sector or, from an ASIC search, any experience as a director of an ASX-listed company.
- **Mr Mason** is 68 years of age and lives in Yarrawonga. Mayfield is not aware of Mr Mason having any experience within the childcare sector or, from an ASIC search, any experience as a director of an ASX-listed company.

Further, Riversdale's Member's Statement makes no mention of the role of Mr Ashok Naveinthiran as Chief Executive Officer of Mayfield. Mr Naveinthiran has an employment contract with Mayfield which would remain in place irrespective of the outcome of proposed resolutions.

The Directors have been made aware of discussions involving Mr Michael Kroger that should the resolutions be passed, his son, Mr Jack Kroger would likely be appointed as the Company's replacement chief executive officer. In the absence of any statement from Riversdale regarding a strategy for the Company and the lack of information concerning Mr Ashok Naveinthiran's role as Chief Executive Officer going forward, it is not unreasonable for the Directors to believe that this could occur.

If this decision has already been made, Mayfield queries why Riversdale has not disclosed it in its Member's Statement.

Upon announcement of Riversdale's meeting request, a number of Mayfield's employees expressed concern.

This culminated in Mayfield's entire management team co-signing a letter to you, our shareholders, in opposition of Riversdale's intended resolutions. With the employees' consent, a copy of the letter is set out as Annexure 1.

The Board reiterates that the letter was not its initiative but that of the relevant Mayfield employees.

4. DESPITE THE BOARD'S BEST ENDEAVOURS TO PROMOTE AN OPEN AND COMPETITIVE BID PROCESS IN LATE 2022 AND EARLY 2023, ITS EFFORTS TO SEE MAYFIELD ACQUIRED AT \$1.35 PER SHARE PROVED UNSUCCESSFUL DUE TO CIRCUMSTANCES BEYOND ITS CONTROL. THE BOARD WOULD WELCOME AN OFFER FOR MAYFIELD ON WHICH THE TERMS ARE DEMONSTRABLY FAIR AND REASONABLE TO THE COMPANY'S SHAREHOLDERS. HOWEVER, RIVERSDALE'S EFFORTS TO TAKE CONTROL OF THE MAYFIELD BOARD, WHILST HOLDING ONLY APPROXIMATELY 12% OF THE COMPANY'S CAPITAL IS ENTIRELY DISPROPORTIONATE. EFFECTIVE CONTROL OF MAYFIELD SHOULD NOT PASS TO RIVERSDALE BY STEALTH.

At clause 3 of its Member's Statement, Riversdale states that, in early 2023, the Board failed to close bids from both Genius and Busy Bees Early Learning Australia Pty Ltd ("Busy Bees") at an offer price of \$1.35 per share. Riversdale states that it is further concerned that Mayfield subsequently announced Genius' intention to use its 34.7% shareholding to block any further offers, deflating Mayfield's share price.

Riversdale is correct that, despite the Board's best endeavours to promote an open and competitive bid process for the sale of the Company, neither of the two proposed offers proceeded.

As disclosed at the time, given the terms of the respective offers and with Busy Bees already in the data room, Mayfield was not in a position to grant Genius exclusive access to information as was a condition of its revised offer. Despite engaging with Genius to the maximum extent possible, Genius was not willing to drop this condition and, accordingly, it chose not to proceed with an offer.

In advising of this in January 2023, Genius further stated that it would not sell its Mayfield shares into a rival offer. Complying with its continuous disclosure obligations, Mayfield was required to disclose this information.

The Company advised Busy Bees that it would continue to provide access to its data room and support any reasonable request for information in the hope of a revised bid for shareholders. It was not until July 2023, and only after Busy Bees CEO, Mr Robert Hughes, departed the Company, that Busy Bees withdrew its offer, noting in its letter to the Company that it *“would like to thank the MFD board and management team for their time and cooperation to date.”*

With the Mayfield share price having increased in response to the announcements of proposed offers, it was to be expected that the share price would decrease when the offers did not proceed.

This was a matter beyond Mayfield’s control.

For the avoidance of doubt, the Board has no fundamental objection to a bona fide control transaction involving a share acquisition for Mayfield on terms that are demonstrably fair and reasonable, including an appropriate control premium which is in the best interests of all shareholders.

On the other hand, what Riversdale is currently proposing – taking three seats of a Board of four – and, hence, effective control of the Board and, in turn, of Mayfield is entirely disproportionate to its approximately 12% shareholding. This is particularly the case where Riversdale has not articulated any plan or strategy for Mayfield going forward.

To be clear, effective control of Mayfield should not pass to Riversdale by stealth.

ANNEXURE 1

28 February 2024

Mayfield Employee Letter: Resolute Opposition to Section 249D

Dear Shareholders,

We, the employees of Mayfield Childcare Limited ('Mayfield' or 'the Company'), wish to express our united stance in encouraging Shareholders to reject the Resolutions proposed under the recent S249D notice seeking to remove current Directors. The proposed motion is not only disruptive to the Company and unsettling to the team; it also poses a threat to the positive momentum and progress Mayfield is achieving.

The Company and employees are thriving under the guidance of our current Board and leadership team. We wish to express our unwavering support for the direction, strategy, and vision the Directors have entrusted us to implement. Their leadership and support has demonstrated a deep commitment to the wellbeing of both the Company and its employees, fostering a workplace culture that supports best outcomes for children and families, that we are proud to be a part of whilst creating value for our Shareholders.

Our Board's strategic approach has propelled the Company forward, positioning us as a leader in the childcare sector. The current Directors have established transparent communication, collaborative decision-making, and a cohesive leadership structure. The announcement of the proposed removal of the current Directors has created uncertainty and has disrupted the positive direction we are currently on.

As employees and leaders in the Company, we strongly support the current Board's ability to navigate challenges and make informed decisions which benefit the Company, our early childhood sector, its workforce, and its Shareholders. Their dedication to maintaining a supportive and secure work environment is evident, and we have confidence in their continued leadership.

We request that you, our Shareholders, consider and reject the Resolutions from Riversdale Road Shareholding Company Pty Ltd.

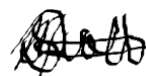
We appreciate the opportunity to consider our perspective, and we hope to gain your support in preserving the stability and success of Mayfield.



Chris Hayes
Chief Financial Officer



Simone Lethaus
Head of Quality and Compliance



Michelle Scott
Head of Childcare Operations



Scott Conway
Financial Controller



Emma Green
Finance Manager



Francis Truong
Head of Marketing & Communications



Ashleigh McNeilly
Quality and Curriculum Manager



Josh Mulder
Business Services Manager



Kristen Dacey
Recruitment Manager



NOTICE OF MEETING AND AGENDA

Notice is hereby given that a general meeting of Mayfield Childcare Limited (“Mayfield” or the “Company”) will be held at Suite 2, Ground Floor, 207-213 Waverley Road, Malvern East, Victoria, 3145 on Tuesday, 9 April 2024 commencing at 2:00 pm Australian Eastern Standard Time (“AEST”) (“Meeting”).

The Explanatory Memorandum that accompanies and forms part of this Notice of Meeting provides additional information on matters to be considered at the Meeting. The Proxy Forms also form part of this Notice of Meeting.

The Directors have determined pursuant to regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders at 2:00 pm AEST on Sunday, 7 April 2024.

Shareholders are urged to vote by attending the Meeting in person or by returning a completed Proxy Form. Instructions on how to complete the Proxy Forms are set out in the Explanatory Memorandum.

Proxy Forms must be received by no later than 2:00 pm AEST on Sunday, 7 April 2024.

Terms and abbreviations used in this Notice of Meeting and Explanatory Memorandum are defined in the Glossary of the Explanatory Memorandum.

Shareholders should read the Explanatory Memorandum before deciding how to vote.

AGENDA

Resolution 1: Removal of Mr David Niall as a Director (Non-Board Endorsed)



To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

“That Mr David Niall be removed as a Director of the Company effective immediately on passing this resolution (or if this resolution takes effect at a later time pursuant to section 203D(1) of the Corporations Act 2001 (Cth), effective immediately upon this resolution taking effect).”

The Board recommends you vote AGAINST this resolution.

The Chair intends to vote all undirected proxies **against** Resolution 1.

Resolution 2: Removal of Mr Ashok Naveinthiran as a Director (Non-Board Endorsed)



To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

“That Mr Ashok Naveinthiran be removed as a Director of the Company with immediate effect.”

The Board recommends you vote AGAINST this resolution.

The Chair intends to vote all undirected proxies **against** Resolution 2.

Resolution 3: Removal of Directors appointed on or after 7 February 2024 (Non-Board Endorsed)



To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

“That any Director of the Company appointed on or after 7 February 2024 other than any person elected as a director of the Company following their nomination by Riversdale Road be removed as a Director of the Company with immediate effect.”

The Board recommends you vote AGAINST this resolution.

The Chair intends to vote all undirected proxies **against** Resolution 3.

Resolution 4: Appointment of Mr Stephen Kerr as a Director (Non-Board Endorsed)



To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

“That, Mr Stephen James Kerr, having consented to act, be appointed as a Director of the Company.”

The Board recommends you vote AGAINST this resolution.

The Chair intends to vote all undirected proxies **against** Resolution 4.

Resolution 5: Appointment of Mr Reginald Foley as a Director (Non-Board Endorsed)



To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

“That, Mr Reginald Michael Foley, having consented to act, be appointed as a Director of the Company.”

The Board recommends you vote AGAINST this resolution.

The Chair intends to vote all undirected proxies **against** Resolution 5.

Resolution 6: Appointment of Mr Peter Mason as a Director (Non-Board Endorsed)



To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

“That, Mr Peter Robert George Mason, having consented to act, be appointed as a Director of the Company.”

The Board recommends you vote AGAINST this resolution.

The Chair intends to vote all undirected proxies **against** Resolution 6.

Proxies, attorneys and corporate representatives

A member entitled to attend and vote at the general meeting may appoint a proxy, attorney or representative to give its vote and, if entitled to cast two or more votes, is entitled to appoint no more than two proxies. If two proxies are appointed, each proxy may be appointed to represent a specified proportion of the member's voting rights. If such proportion is not specified, each proxy may exercise half of the Shareholder's voting rights. Fractions shall be disregarded. A proxy may, but need not be, a member of the Company and a member may appoint an individual or a body corporate to act as its proxy.

The instrument appointing the proxy must be in writing, executed by the appointor or his attorney duly authorised in writing or, if such appointor is a corporation, executed in accordance with the Corporations Act.

For the convenience of Shareholders, two proxy forms have been included with this Explanatory Memorandum, a green proxy form and a white proxy form.

The green proxy form has been completed in line with the recommendation of the Board and has been paid for by the Directors the subject of removal Resolutions out of their personal funds. If you wish to vote in accordance with the recommendations of the Board, **you should execute the green proxy form and return it in accordance with the instructions on the form.** If you execute and return the green proxy form, you do not need to complete the white proxy form.

If you want to appoint a proxy and do not wish to vote in accordance with the recommendations of the Board, you should follow the instructions on the white proxy form to indicate your voting directions and return it following the instructions on the form.

Proxy forms and, if applicable, the powers of attorney (or a certified copy of the powers of attorney) under which they are signed must be lodged directly by the member making the appointment at least 48 hours before the appointed time of the Meeting.

Lodgment details for proxy forms are as follows:

Post	Link Market Services Limited Tower 4, 727 Collins Street Melbourne VIC 3000
Hand Delivery	Mayfield Childcare Limited Suite 2, Ground Floor 207-213 Waverley Road Malvern East VIC 3145
Email	proxies@linkgroup.com

Voting

Each Resolution that is moved at the Meeting will be the subject of a poll. Voting results will be announced to the ASX as soon as practicable after the Meeting.

Entitlement to attend and vote

All Shareholders may attend the General Meeting.

The Directors have determined pursuant to regulation 7.11.37 of the *Corporations Regulations 2001 (Cth)* that the persons eligible to vote at the Meeting are those who are registered as Shareholders of the Company at 2:00 pm AEST on Sunday, 7 April 2024. Accordingly, share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

ASX

A copy of this Notice of Meeting and Explanatory Memorandum has been lodged with ASX. Neither ASX nor any of its officers take any responsibility for the contents of this document.

By order of the Board:

Ms Tamara Barr

Company Secretary

Dated: 1 March 2024

EXPLANATORY MEMORANDUM

Introduction

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting of the Company to be held at Suite 2, Ground Floor, 207-213 Waverley Road, Malvern East, Victoria, 3145 on Tuesday, 9 April 2024 commencing at 2:00 pm AEST, as well as at any adjournment of the Meeting.

The purpose of the Explanatory Memorandum is to explain the background to the General Meeting and the Resolutions, and to provide information that your Directors consider is material to Shareholders in relation to the Resolutions.

The Company recommends that Shareholders read this Explanatory Memorandum and the Directors' Statement (which is included in this Notice of Meeting Booklet) before making any decisions in relation to the Resolutions.

Background to special business being put to the Meeting

On 7 February 2024, Riversdale Road Shareholding Company Pty Ltd, one of Mayfield's approximately 740 registered Shareholders representing approximately 6.4% of the Company's fully paid ordinary shares on issue ("Riversdale"), lodged with Mayfield a notice under section 203D of the Corporations Act advising of its intention to move resolutions at a general meeting to remove as Directors the Company's Chairman, Mr David Niall and Chief Executive Officer, Mr Ashok Naveinthiran, and also any director(s) appointed on or after 7 February 2024.

Riversdale's Directors are Mr Michael Kroger, the well-known political commentator, and his son, Mr Jack Kroger.

On 12 February 2024, Riversdale lodged with Mayfield a notice under section 249D of the Corporations Act requesting the Company convene a general meeting of the Company. The notice proposed the resolutions referred to in the section 203D notice, as well as resolutions for the appointment of Messrs Stephen Kerr, Reginald Foley and Peter Mason as Directors of the Company.

In compliance with the above, the Company has issued this Notice of Meeting in which is included the following items of special business:

- Resolution 1 – Removal of current Director, Mr David Niall
- Resolution 2 – Removal of current Director, Mr Ashok Naveinthiran
- Resolution 3 – Removal of any Director appointed on or after 7 February 2024
- Resolution 4 – Appointment of Mr Stephen Kerr as a Director
- Resolution 5 – Appointment of Mr Reginald Foley as a Director
- Resolution 6 – Appointment of Mr Peter Mason as a Director

The Directors the subject of removal Resolutions – Mr Niall and Mr Naveinthiran, together with Ms Roseanne Healy, who is the only other Director of the Company and who is not the subject of a removal Resolution – are unanimous in recommending that Shareholders vote **AGAINST** all six Resolutions.

Voting by the majority of Shareholders in accordance with the recommendation of the Directors (to vote against the Resolutions) will result in a Board comprising Mr David Niall, Mr Ashok Naveinthiran and Ms Roseanne Healy (i.e. retention of the current Board).

Voting by the majority of Shareholders contrary to the recommendations of the Directors will result in a Board comprising Mr Stephen Kerr, Mr Reginald Foley, Mr Peter Mason and Ms Roseanne Healy.

Frequently asked questions

<p>On what basis has the Meeting been called and the Resolutions been requested?</p>	<p>Any shareholder (or group of shareholders) holding more than 5% of the votes that may be cast at a general meeting is entitled to call and arrange to hold a general meeting to have resolutions considered. All Resolutions are being put before the Meeting as a result of a request from Riversdale which holds more than 5% of the Company's shares.</p>
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Why does Riversdale wish to remove Messrs Niall and Naveinthiran from the Board, as well as any Director appointed on or after 7 February 2024 and, instead, appoint Messrs Kerr, Foley and Mason to the Board?	<p>Riversdale has given to Mayfield a statement under section 249P of the Corporations Act setting out its reasons for requesting the Meeting and the six Resolutions.</p> <p>The statement is included in this Notice of Meeting booklet.</p> <p>The Directors do not agree with the information in the statement provided by Riversdale. The Company is not responsible for the content of the statement from Riversdale.</p>
Why does the Board recommend Shareholders vote against all Resolutions?	<p>The Board recommends Shareholders vote AGAINST all Resolutions put forward by Riversdale for the reasons set out in the Directors' Statement to Shareholders which is included in this Notice of Meeting Booklet.</p>

Further information

If you have questions about the Meeting or the Resolutions to be voted on, please call the Company Information Line on 03 9576 3156 within Australia or +61 3 9576 3156 from outside of Australia.

Important dates and times

Last time/date for receipt of valid proxies	2:00 pm (AEST) on Sunday, 7 April 2024
Record time/date to determine Shareholders eligible to vote	2:00 pm (AEST) on Sunday, 7 April 2024
Meeting	2:00 pm (AEST) on Tuesday, 9 April 2024

Nature of Resolutions

All of the Resolutions are ordinary resolutions, meaning they can be passed by a simple majority of votes cast by Shareholders entitled to vote.

Special Business

Resolution 1 – Removal of Mr David Niall as a Director (Non-Board Endorsed)

Resolution 1 relates to the removal of Mr David Niall as a Director.

Mr Niall was appointed as a Director of the Company on 10 December 2021 and Chairman on 22 August 2022.

He is an experienced executive and company Director and has an MBA from Harvard Business School.

He brings over 30 years of experience in developing and implementing strategy with a focus on growth and value creation.

Mr Niall brings strategic knowledge and skill sets across risk management and governance, people and culture, and building successful teams.

He has a deep knowledge of high-growth and early-stage companies with extensive experience in developing and launching innovative products.

He has been responsible for establishing and driving implementation of complex strategic programs across the telecommunications, technology, childcare and management consulting industries.

He is also a Non-Executive Director of ASX-listed Rewardle Holdings Limited (ASX: RXH).

Mr Niall holds 22,988 Shares in the Company.

Information as to why the Directors, Mr Niall abstaining, recommend Shareholders vote **against**, and will be voting all Shares held **against**, the removal of Mr Niall is set out in detail in the Directors' Statement which is included in this Notice of Meeting Booklet.



The Directors of Mayfield do not support this Resolution and will be voting their Shares AGAINST the removal of Mr David Niall as a Director.

Resolution 2 – Removal of Mr Ashok Naveinthiran as a Director (Non-Board Endorsed)

Resolution 2 relates to the removal of Mr Ashok Naveinthiran as a Director.

Mr Naveinthiran was appointed as Managing Director and Chief Executive Officer of the Company on 22 August 2022.

He brings deep knowledge and experience in corporate finance, private equity and early education, being a seasoned leader with a proven track record of leading teams and driving business growth. He undertook undergraduate finance and actuarial studies at the University of Melbourne and has worked in Equities, Institutional Banking and Capital Advisory for large financial institutions in the UK and Australia.

Mr Naveinthiran has gained extensive experience in risk management at large institutions where he managed the due diligence of complex securities, listed companies and unlisted funds. Before joining Mayfield, Mr Naveinthiran invested, founded and consulted early-stage technology companies for a number of years, including startups focused on driving operational efficiencies within the early education sector.

In 2022, Mr Naveinthiran was brought in to serve as the CEO of Genius Childcare after the completion of the sale of 14 Genius Education Centres to Mayfield. During his period at Genius he managed a portfolio of greenfield and trade-up childcare assets and early education investments across Australia.

Information as to why the Directors, Mr Naveinthiran abstaining, recommend Shareholders vote **against**, and will be voting all Shares held **against**, the removal of Mr Naveinthiran is set out in detail in the Directors' Statement which is included in this Notice of Meeting Booklet.



The Directors of Mayfield do not support this Resolution and will be voting their Shares AGAINST the removal of Mr Ashok Naveinthiran as a Director.

Resolution 3 – Removal of any directors appointed on or after 7 February 2024 (Non-Board Endorsed)

Resolution 3 relates to the removal of any director appointed on or after 7 February 2024, being the date the Company first received a notice under section 203D of the Corporations Act.

Information as to why the Directors recommend Shareholders vote **against**, and will be voting all Shares held **against**, the removal of any director appointed on or after 7 February 2024 is set out in detail in the Directors' Statement which is included in this Notice of Meeting Booklet.



The Directors of Mayfield do not support this Resolution and will be voting their Shares AGAINST the Resolution.

Resolution 4 – Appointment of Mr Stephen Kerr as a Director (Non-Board Endorsed)

Resolution 4 relates to the appointment of Mr Stephen Kerr as a Director.

In respect of Mr Kerr, all Riversdale has advised is that:

“Stephen Kerr [is a] businessman with more than 30 years’ in the strategic communications industry”

Mayfield is not in a position to verify this information.

Mayfield is not aware of Mr Kerr holding any Shares in the Company.

Information as to why the Directors recommend Shareholders vote **against**, and will be voting all Shares held **against**, the appointment of Mr Kerr is set out in detail in the Directors' Statement which is included in this Notice of Meeting Booklet.



The Directors of Mayfield do not support this Resolution and will be voting their Shares AGAINST the appointment of Mr Stephen Kerr as a Director.

Resolution 5 – Appointment of Mr Reginald Foley as a Director (Non-Board Endorsed)

Resolution 5 relates to the appointment of Mr Reginald Foley as a Director.

In respect of Mr Foley, all Riversdale has advised is that:

“Michael Foley [has] spent over 30 years in property and property finance”

Mayfield is not in a position to verify this information.

Mayfield is not aware of Mr Foley holding any Shares in the Company.

Information as to why the Directors recommend Shareholders vote **against**, and will be voting all Shares held **against**, the appointment of Mr Foley is set out in detail in the Directors’ Statement which is included in this Notice of Meeting Booklet.



The Directors of Mayfield do not support this Resolution and will be voting their Shares AGAINST the appointment of Mr Reginald Foley as a Director.

Resolution 6 – Appointment of Mr Peter Mason as a Director (Non-Board Endorsed)

Resolution 6 relates to the appointment of Mr Peter Mason as a Director.

In respect of Mr Mason, all Riversdale has advised is that:

“Peter Mason [is a] prominent Melbourne solicitor who has been practising law for 46 years”

Mayfield is not in a position to verify this information.

Mayfield is not aware of Mr Mason holding any Shares in the Company.

Information as to why the Directors recommend Shareholders vote **against**, and will be voting all Shares held **against**, the appointment of Mr Mason is set out in detail in the Directors’ Statement which is included in this Notice of Meeting Booklet.



The Directors of Mayfield do not support this Resolution and will be voting their Shares AGAINST the appointment of Mr Peter Mason as a Director.

GLOSSARY

In this Notice of Meeting and Explanatory Memorandum:

AEST	means Australian Eastern Standard Time.
ASX	means ASX Limited or the Australian Securities Exchange operated by ASX Limited, as the context requires.
Board	means the board of Directors.
Chair	means the Chair of the Meeting.
Corporations Act	means the <i>Corporations Act 2001</i> (Cth) as amended.
Director	means a director of Mayfield Childcare Limited.
Directors' Statement	means the statement prepared by Mr David Niall, Mr Ashok Naveinthiran and Ms Roseanne Healy relating to the proposed Resolutions, as set out at the front of this Notice of Meeting Booklet.
Explanatory Memorandum	means this explanatory memorandum.
Mayfield or Company	means Mayfield Childcare Limited (ABN 53 604 970 390).
Meeting	means the general meeting of shareholders of the Company to be held at Suite 2, Ground Floor, 207-213 Waverley Road, Malvern East, Victoria, 3145 on Tuesday, 9 April 2024 commencing at 2:00 pm AEST.
Member's Statement	means the statement provided by Riversdale and included in this Notice of Meeting Booklet.
Notice of Meeting	means this Notice of Meeting.
Ordinary Resolution	means a resolution requiring to be passed by a majority of such shareholders, as being entitled to do so, voting in person or by proxy on such resolution.
Resolution	means a resolution set out in the Notice of Meeting.
Riversdale	means Riversdale Road Shareholding Company Pty Ltd.
Share	means a fully paid ordinary share in the capital of the Company.
Shareholder	means a holder of a Share.

Member's Statement

21/02/2024

Dear Shareholder,

We have requisitioned a meeting of Mayfield's shareholders to propose the removal of two current directors, David Niall and Ashok Naveinthiran, and the appointment of three new independent directors; Stephen Kerr, a businessman with more than 30 years' experience in the strategic communications industry, Michael Foley, who spent over 30 years in property and property finance, and Peter Mason, a prominent Melbourne solicitor who has been practising law for 46 years. We do not seek the removal of Roseanne Healy.

Our proposal is based on our genuine concerns about Mayfield's performance under the current Board and Management, and its ongoing and historical relationship with Genius. These concerns include:

1. **Historical Ties to Genius:** Mr Niall and Mr Naveinthiran have historical links with Genius. Mr Niall was appointed by Genius. Mr Niall and Mr Naveinthiran were previously in management or partners of Sprint Capital Partners, a company controlled by Genius' major shareholder. Before joining Mayfield, Mr Naveinthiran was the CEO of Genius;
2. **Major Deterioration under Current Board:** Since the original deal with Genius was announced in November 2021 for which Genius received \$31.2m in cash and scrip (**2021 Transaction**):
 - a. the deal proved disastrous for shareholders with a derisory \$4.4m CY22 EBITDA achieved against a forecast of \$8m;
 - b. our share price has declined from \$1.20 (when the transaction was announced in 2021) to \$0.71 (when our motions were proposed);
 - c. NPAT loss of \$1.2m in 1H23 from a profit of \$2.4m in 1H22;
 - d. debt increased dramatically from \$5.1m to \$11.9m as at 30 June 2023, and \$8.5m net of cash at 13 November 2023;
 - e. EBITDA severely declined to only \$848k in 1H23, down from \$5.2m in 1H22;

- f. Costs increased unsustainably in 1H23, up \$8.5m against a revenue increase of only \$4m, reflecting extremely poor cost control;
 - g. Dividends have been halted;
 - h. Mayfield's occupancy now the lowest of the 4 ASX listed childcare companies (approximately 72% at 3 November 2023), below Embark (86.2% at 8 October), Nido (82.3% at 19 November) and G8 (74.8% at 17 December);
 - i. multiple resignations have occurred, including:
 - i. Chief Financial Officer
 - ii. independent director
 - iii. Genius appointed director
 - iv. Company Secretary, and
 - v. National Operations Manager;
- 3. **Potential bids to acquire Mayfield failed to close:** The Board failed to close multiple potential bids from Busy Bees and Genius at the final price of \$1.35 in early 2023. Mayfield subsequently announced Genius' intention to use its 34.7% shareholding to block any further bids, deflating Mayfield's share price;
- 4. **HQ Cost Control:** Head office and corporate costs (up 31.9%) and agency costs (up 194.6%) have surged to unsustainable levels between 1H22 and 1H23;
- 5. **Continued Related Party Acquisitions with Genius:** Despite the disastrous 2021 Transaction, the Board approved the acquisition of a further 3 centres from Genius in 2023 without seeking shareholder approval;
- 6. **Key Incubator Agreement Ignored:** The Incubator Agreement with Genius, which provides for Mayfield to acquire "premium centres" at 4.25x EBITDA, has been ignored. Not a single centre has been offered to Mayfield on these terms;
- 7. **Another Uncommercial Genius Proposal:** In 2H22, we were canvassed to support another Genius proposal to sell Mayfield 8 centres, 5 of which Genius did not appear to own at the time of the proposal. Genius could not vote on the proposal. The proposal forecasted group EBITDA would climb from \$1.3m in CY21 to \$3.1m in CY23 (later revised down to \$2.5m) and required Mayfield to contribute \$1.5m CAPEX, \$1.5m to acquire "intellectual property" and to either rebrand 10 centres from Mayfield to Genius or acquire a 50 centre Genius IP licence for a fee of \$2.28m! The overall deal cost would have been \$17.5m, representing an historic multiple of 13.5x EBITDA. The Board approved the deal but we considered it absurd, refused to support it and it was dropped by the Board. Nevertheless, 3 centres from this proposal were subsequently acquired by Mayfield in 2023 without shareholder approval;

8. **CAPEX Expenditure:** The 1H23 results disclosed \$1.2m spent on centre remediation. Given Genius has previously provided commitments to Mayfield that it would undertake capital work at centres acquired by Mayfield, we believe the Board should disclose where CAPEX was allocated;
9. **Unexplained Loan to Genius:** The 1H23 results disclosed loans of \$1.25m to Genius at the reporting date (\$750k at announcement of results). The Board has not explained to shareholders why Mayfield became a creditor to its major shareholder or why this loan was not offset against cash subsequently paid to Genius for acquisitions;
10. **Undisclosed Salary Hikes:** We understand the Board has approved an increase in the salary of Mayfield's CEO from approximately \$220,000 to \$300,000 pa, which we strongly believe was neither warranted nor appropriate;
11. **Centres now for sale:** Mayfield have disclosed plans to divest 6 centres, which may include centres Mayfield bought only 2 years ago from Genius. Shareholders should be informed if this is the case.

General Notes & Conclusion

We also want to note the following:

- Mayfield's CY23 accounts could show an uplift in revenue and profit in 2H23, thanks to increases in subsidies and the second half of the year generally being seasonally stronger for childcare businesses. Whilst such a result is expected, it does not negate our concerns in this statement;
- nothing in this statement is a reflection on the wonderful staff at Mayfield, including its head office and centre-based staff, who we know are the beating heart of Mayfield.

The current trajectory under the existing Board and Management is unsustainable and the concerns outlined in this statement underscore the urgent need for a reconstituted Board. **We ask you to support our resolutions to (a) remove Mr Niall and Mr Naveinthiran, and (b) elect three new independent directors.**

Please ensure you attend the meeting or submit your votes via proxy accordingly.

If you have any questions or would like to add your support, please email us at info@mfdshareholders.com.au.

Yours sincerely,

Riversdale Road Shareholding Company Pty Ltd (ACN 601107733)

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LODGE YOUR VOTE



BY MAIL

Mayfield Childcare Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia



BY FAX

+61 2 9287 0309



BY HAND*

Link Market Services Limited
Parramatta Square, Level 22, Tower 6,
10 Darcy Street, Parramatta NSW 2150

*During business hours Monday to Friday



ALL ENQUIRIES TO

Telephone: 1300 554 474

Overseas: +61 1300 554 474

LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given above by **2:00pm (AEST) on Sunday, 7 April 2024**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope.

HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- return both forms together.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" must be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at www.linkmarketservices.com.au.

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**

SRN/HIN

PROXY FORM

I/We being a member(s) of Mayfield Childcare Limited and entitled to attend and vote hereby appoint:

STEP 1

APPOINT A PROXY

the Chairman of the Meeting (mark box)

OR if you are NOT appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the General Meeting of the Company to be held at **2:00pm (AEST) on Tuesday, 9 April 2024 at Suite 2, Ground Floor, 207-213 Waverley Road, Malvern East, Victoria, 3145** (the **Meeting**) and at any postponement or adjournment of the Meeting.

The Chairman of the meeting intends to vote undirected proxies AGAINST each item of business

STEP 2

VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting. Please read the voting instructions overleaf before marking any boxes with an ☒

RECOMMENDATION

The Mayfield Childcare Board unanimously recommends that you vote AGAINST all resolutions.

	Against	Abstain*	For
	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolutions	<input checked="" type="checkbox"/>		
1 Removal of current Director – Mr David Niall	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Removal of current Director – Mr Ashok Naveinthiran	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Removal of any Director appointed on or after 7 February 2024	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Election of new Director – Mr Stephen Kerr	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Election of new Director – Mr Reginald Foley	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6 Election of new Director – Mr Peter Mason	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the meeting intends to vote undirected proxies AGAINST each item of business

☒ * If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

STEP 3

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)	Joint Shareholder 2 (Individual)	Joint Shareholder 3 (Individual)
<div></div>	<div></div>	<div></div>
Sole Director and Sole Company Secretary	Director/Company Secretary (Delete one)	Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).