Mayfield Childcare Limited
2023 Full Year Results

Investor Presentation
5 March 2024

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Contents

Appendix

We nurture. It’s our nature.

At Mayfield, our centres help every child reach their natural potential. A place to grow and discover. Grounded in each community. Where experienced educators, deliver quality education and care for every child. Where you are family, and each day is full of joyful possibilities.
A place to be all that they can be.

01 Foundations

Our Vision & Philosophy
Our Strategy
Our Values
Our Team

Our Vision & Philosophy

Where every child reaches their natural potential.

Pillar 1
Connected by Community

Every Mayfield centre is grounded in its location, providing warm and inviting spaces that welcome every child. We tailor programs that reflect each community's unique character.

Whether it's a warm hello at the morning drop-off, sharing the adventures of the day with the children, or catching up with educators, Mayfield is at the heart of every child's community.

After all, it takes a village.

Pillar 2
In Safe Hands

The most important thing in any relationship is trust. Mayfield centres deliver on this promise through consistency, reliability, and attention to detail. As an ASX listed company, every action and process is rigorously assessed to ensure a safe, nurturing environment for every child.

Pillar 3
Quality Education You Can Count On

At Mayfield, we aim to deliver the best quality care, programs, and governance, exceeding all expectations in everything we do.

To achieve this, we are passionate about elevating and developing our experienced team. We want our people to take pride in being a part of Mayfield and to deliver on our promise of quality every day.

Pillar 4
Home Away from Home

Care is at the heart of everything we do. Through our incredibly experienced team embedded in each community, Mayfield delivers warm and familiar learning environments that make every child feel like they are in a home away from home.

We are protective, encouraging, supportive, and helpful. We are motivated by togetherness and inclusiveness, encouraging every child's independence, self-esteem, and sense of belonging.

Our Strategy

Our strategy is to expand our existing areas of operation, strengthen our brand presence without losing our community connections, invest in our people and culture, and to leverage innovation to drive operational efficiencies.

We aim to achieve sustainable growth, while leaving a positive impact.

Our Values

1. **Lead with Heart**
   Focus on the child at the heart of everything we do.

2. **Achieve with Integrity**
   Dream big, while staying true to our principles of honesty and respect in every interaction.

3. **Be authentic, be respectful**
   We are committed to open and honest communication that builds trust, while treating everyone with kindness and valuing diverse perspectives.

4. **Spark Greatness**
   Encourage a mindset where 'good enough' is never enough, inspiring our team to continually explore new possibilities to strive for greatness.

Our Team– Experienced Leadership

Ashok Naveinthiran
Chief Executive Officer

Experienced leader with a background in early education, corporate finance and private equity. Served as CEO at Genius Childcare managing a portfolio of greenfield and trade-up centre assets. Founded, consulted and invested in early-stage companies, including startups focused on driving operational efficiencies within the early education sector. Past roles at Westpac Institutional Bank and BT Financial Group include experience in capital advisory, corporate banking, and equities.

Chris Hayes
Chief Financial Officer

Seasoned CFO, CCO, and Corporate Strategy professional. Served as CCO at Spirit Technology Solutions and CFO & CoSec at Vivid Technology Limited. With expertise in M&A, contributed to strategic projects for ASX-listed IT&T companies and led finance transformation initiatives, including NetSuite implementations. Demonstrated success in governance, business planning, and managing stakeholder relationships.

Michelle Scott
Head of Childcare Operations

Childcare industry leader with previous experience at G8 Education Ltd and Tribe Early Learning. Expertise in operations and leadership development with extensive experience managing multi-site childcare operations and driving operational excellence. Accomplished in mentoring teams and fostering positive culture.

Francis Truong
Head of Marketing & Communications

Skilled in multi-brand strategy, developing and executing integrated marketing initiatives, brand management, and digital campaigns in the allied health and medical sector with OPED Australia, OPC Health & oapl. Accomplished in eCommerce strategies, client relations and sales growth. Proven ability to lead implementation projects, ensuring smooth transitions and optimising system functionalities.

Simone Lethaus
Head of Quality & Compliance

Previous experiences include Guardian Childcare & Education and Department of Education and Early Childhood. Experience in management, educational leadership, early childhood education, mentoring, and compliance. Adept at policy development, auditing, and ensuring regulatory compliance. Extensive experience in team leadership, operations, and program management.

Scott Conway
Financial Controller

Experienced finance professional with roles including Financial Accounting Manager at Sensis, Group Accountant at Tiger Resources Limited, Assistant Accountant at Chevron, Financial Accountant at Straits Resources Ltd, Senior Manager, Group Finance at Sprint Capital Partners, and Senior Audit Accountant at Ernst & Young. Specialises in financial reporting, process & control improvements and technical accounting.

02 Operational Review

CY23 Snapshot
People & Culture
Quality & Compliance
Centre Review
Support Infrastructure

Note from CEO

"Despite the challenging start to the year, I'm proud of the team for their resilience and diligence in laying the groundwork for what would become a notable turnaround in performance."

"As we look ahead to 2024, we shift our focus to performance and initiatives to unlock long-term value for shareholders and the potential reinstatement of a dividend at 30 June 2024, which will be subject to bank approval."

"I extend my gratitude to you, our shareholders, for your faith in the Board and the Mayfield team, supporting us through this challenging period as we remediate the past and lay the foundations for the future."

– CEO, Ashok Naveinthiran

CY23 Snapshot

- Core portfolio occupancy[1] performed in-line with the prior year with occupancy of 75.2%.
- Four acquisitions were completed, delivering occupancy of 78.4% and a post-trading multiple of 4.5 times.
- Investments in people and culture led to a decline in staff turnover.
- Quality remained a key focus resulting in 92% of centres 'Meeting' or 'Exceeding' the NQS.
- Exceptional family NPS reflects the quality of education and care provided at a centre level.
- The Operations and Finance teams underwent an extensive restructure, with new leadership, systems and processes now in place.

4
Centre acquisitions completed

4.5x
Post acquisition trading multiple

53.1
Family NPS
(CY22: N/A)

75.2%
Core occupancy[1]
(CY22: 75.3%)

18
Centres rebranded

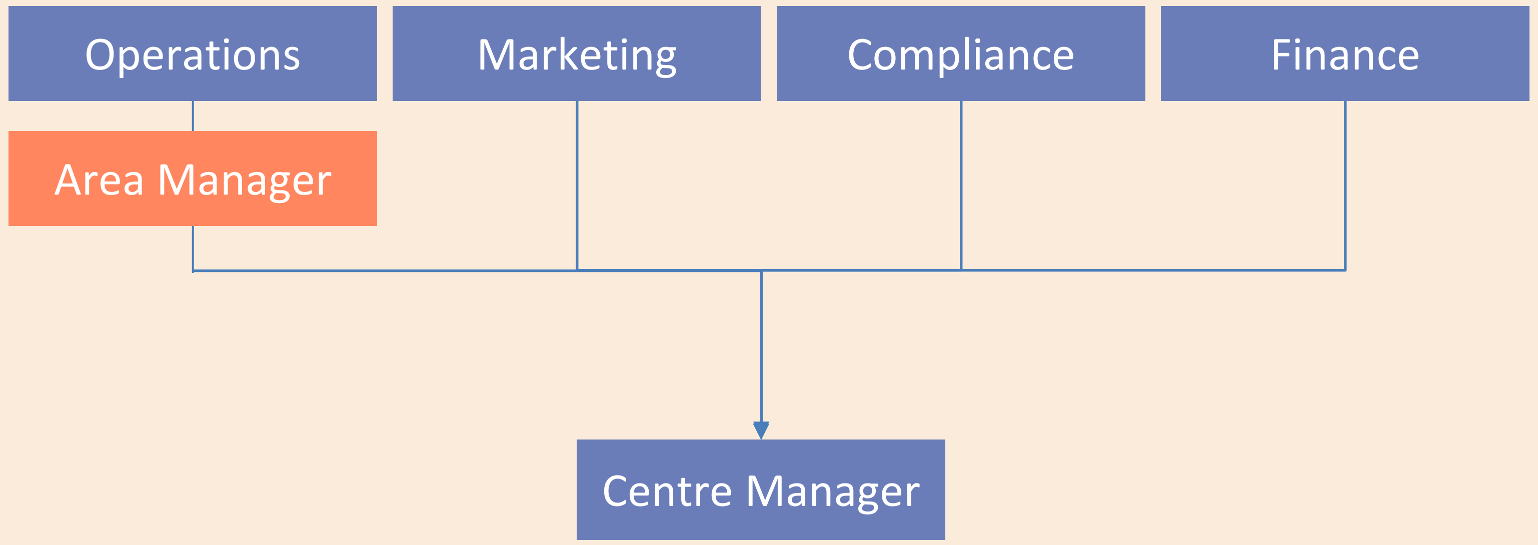
92%
Meeting or Exceeding NQS
(CY22: 78.2%)

1. Excludes centres approved for divestment

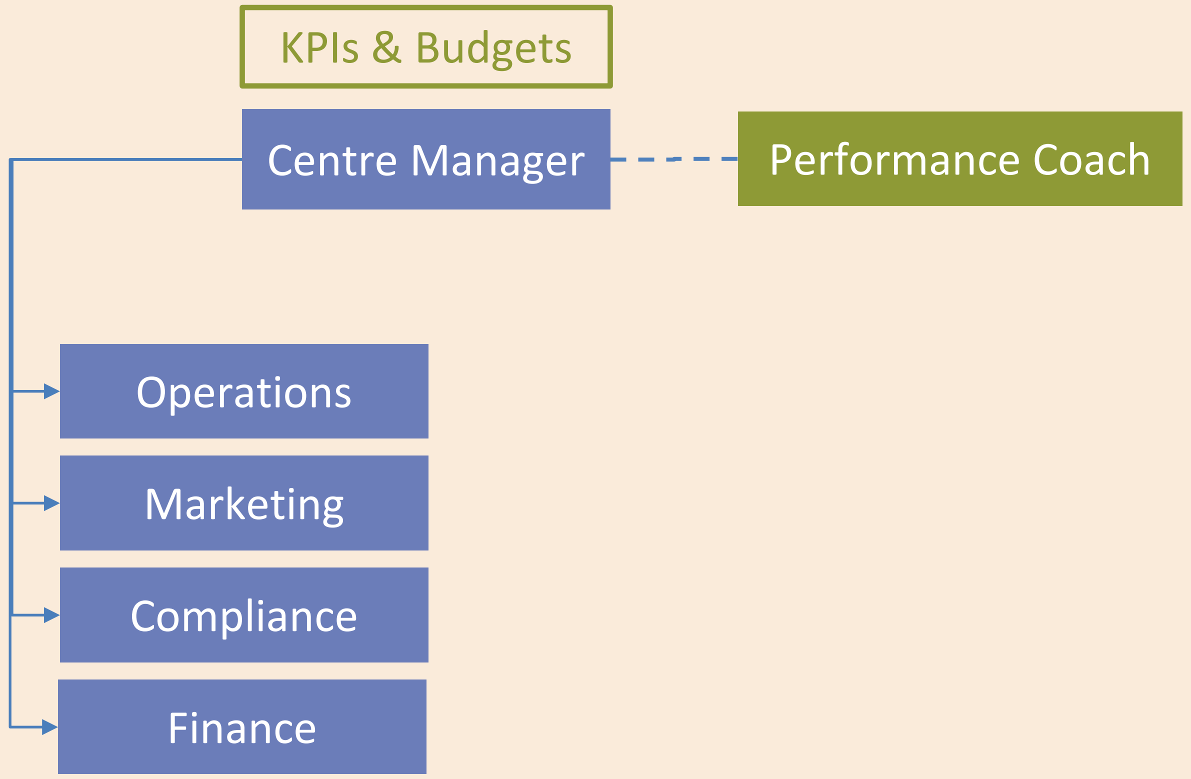
People & Culture

Centre Managers are the heart of our business, so we have restructured the operational framework around them. By providing Centre Managers with a strong support network, coupled with KPIs and incentives, they are empowered and motivated to run their centres with the entrepreneurial spirit of owning their own business.

Previous: Head office structure

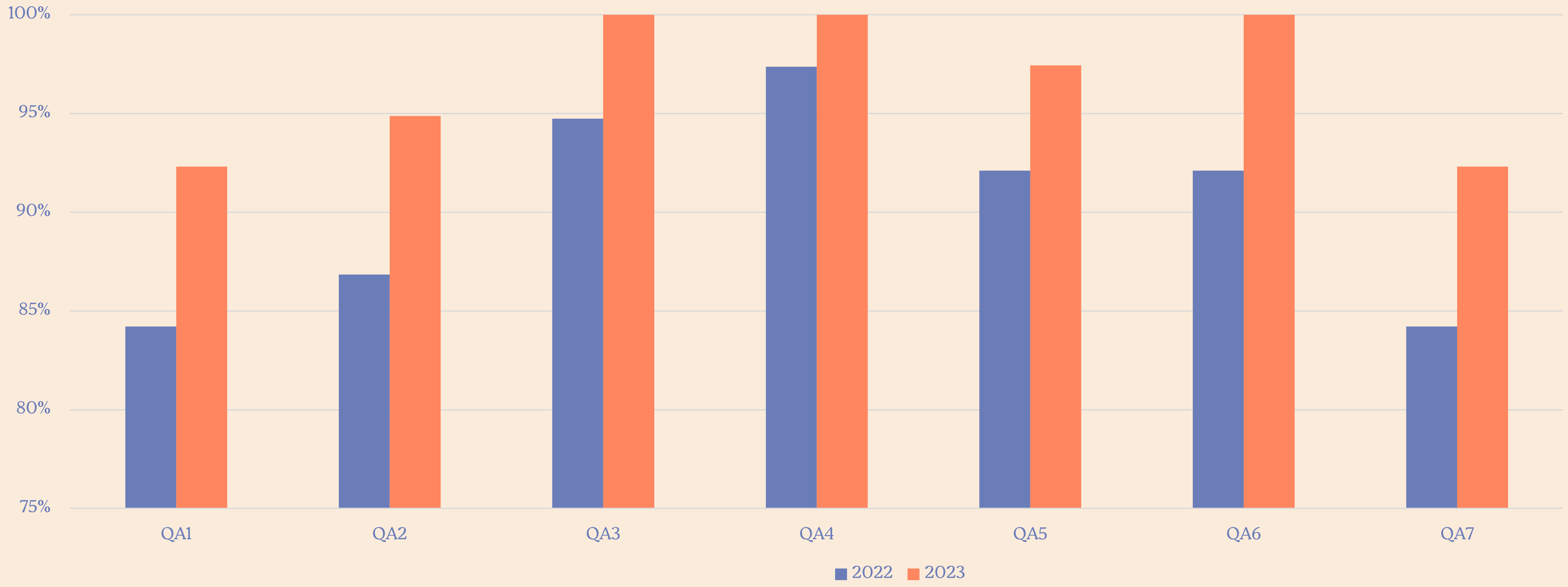


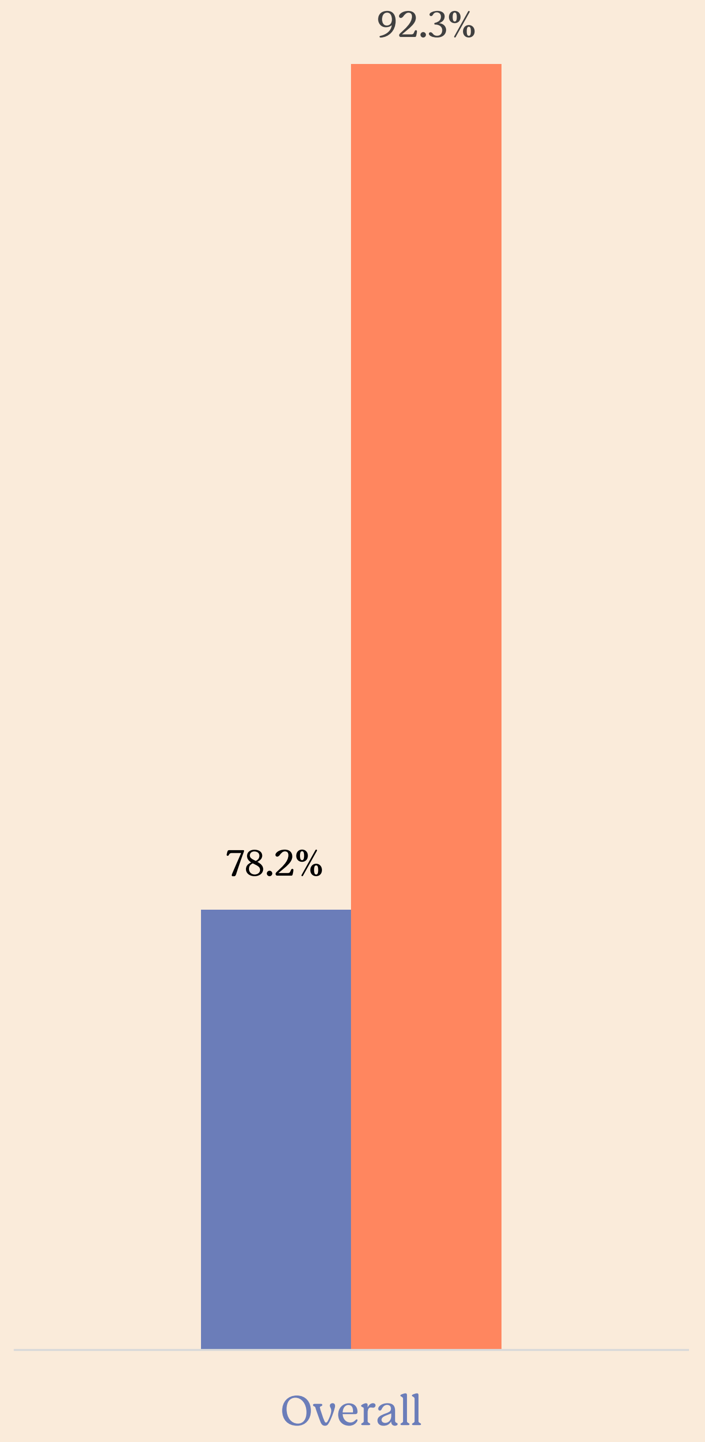
Now: Support office structure



Quality & Compliance

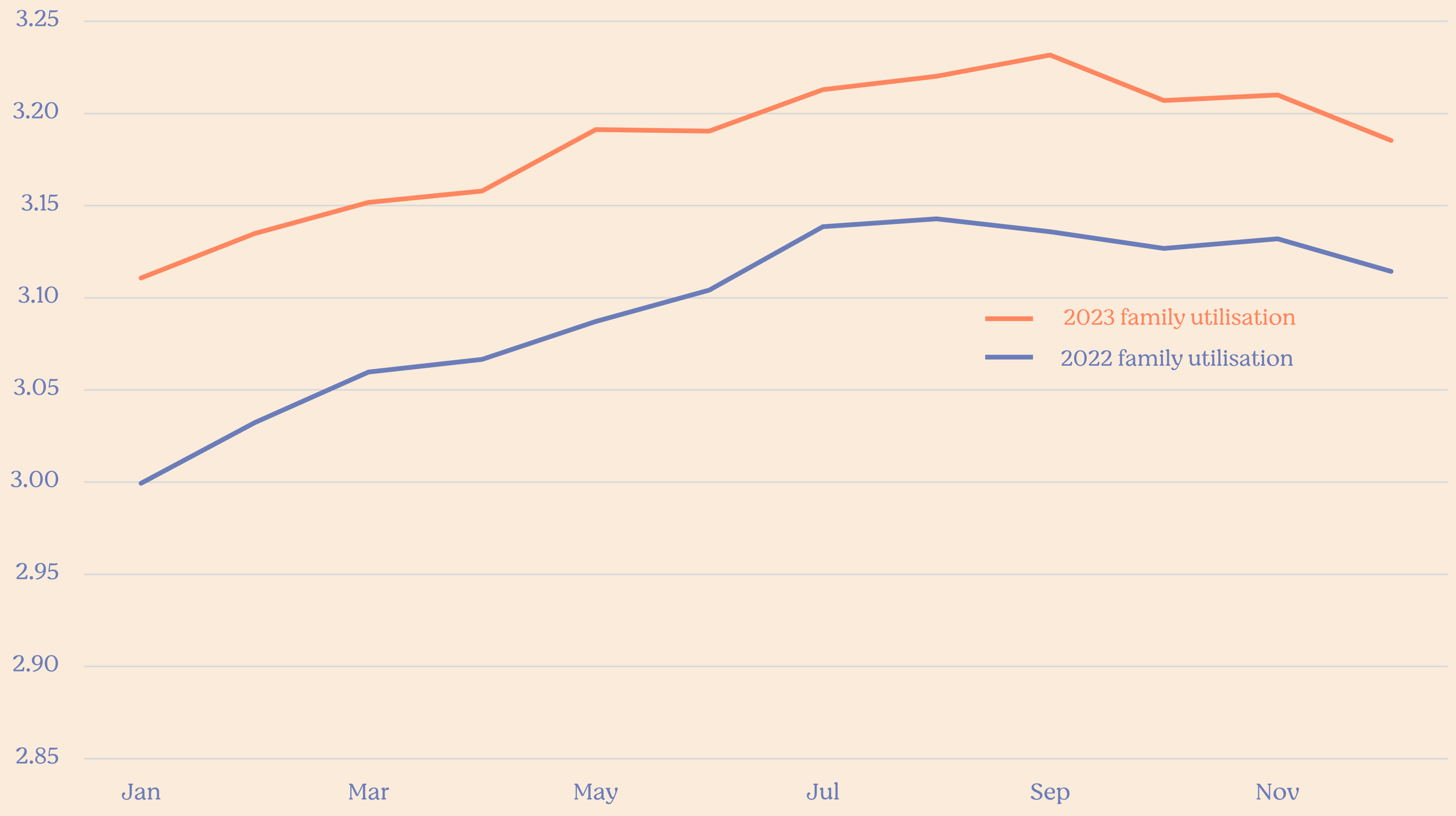
- Reinforced our commitment to child safety and quality standards by investing in Mayfield's first dedicated Quality and Compliance role.
- Fostered a culture that promotes proactive disclosure and cooperation with the Department of Education.
- Achieved improvements across all Quality Areas (QA).
- A significant improvement to 92% of centres now 'Meeting' or 'Exceeding' the National Quality Standard.





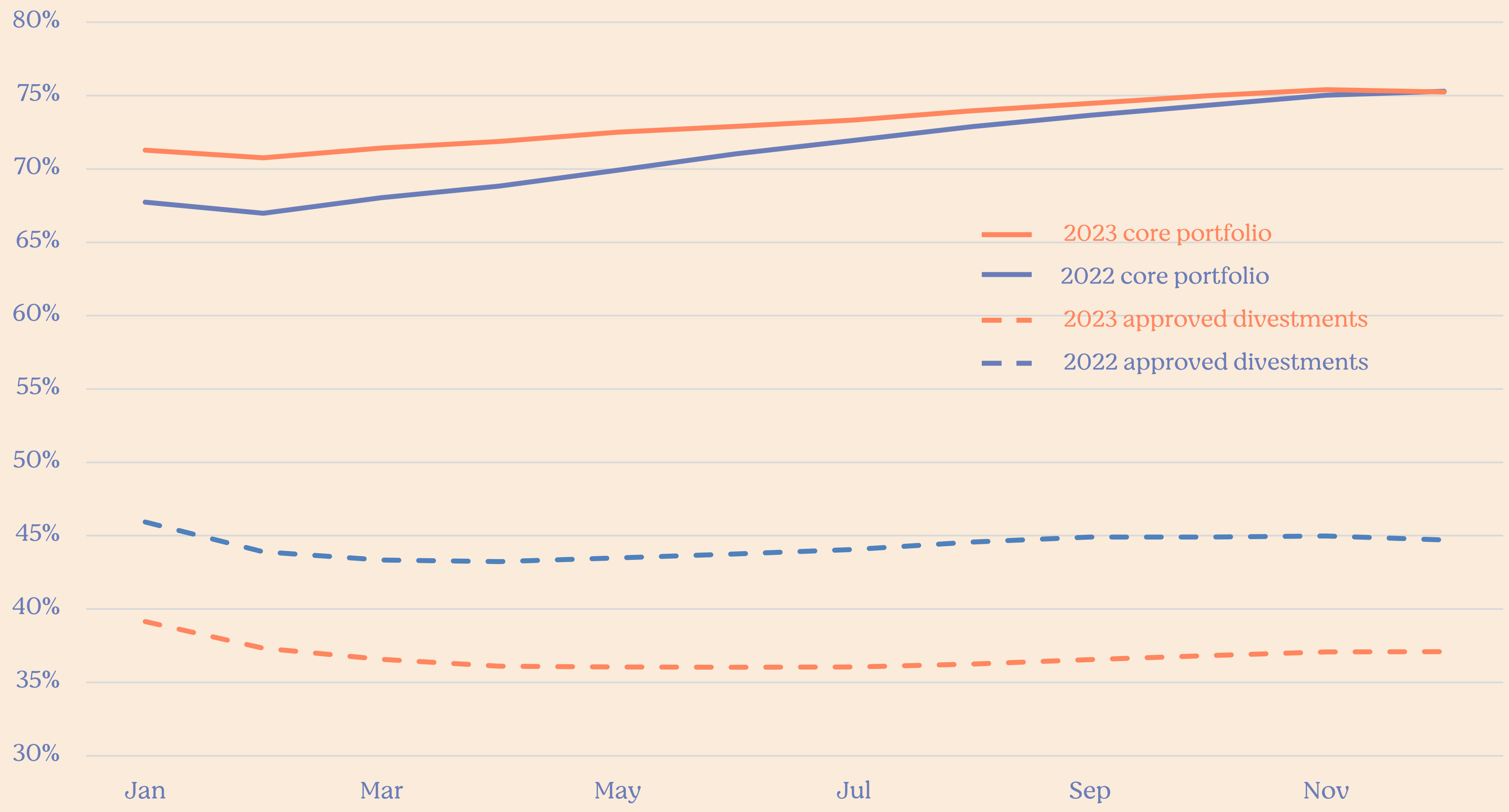
Centre Overview – Bookings

Family Utilisation
Days per week



- Family utilisation improved on the prior year, driven by engagement with families to increase attendance days and the flow on benefits of CCS affordability changes.

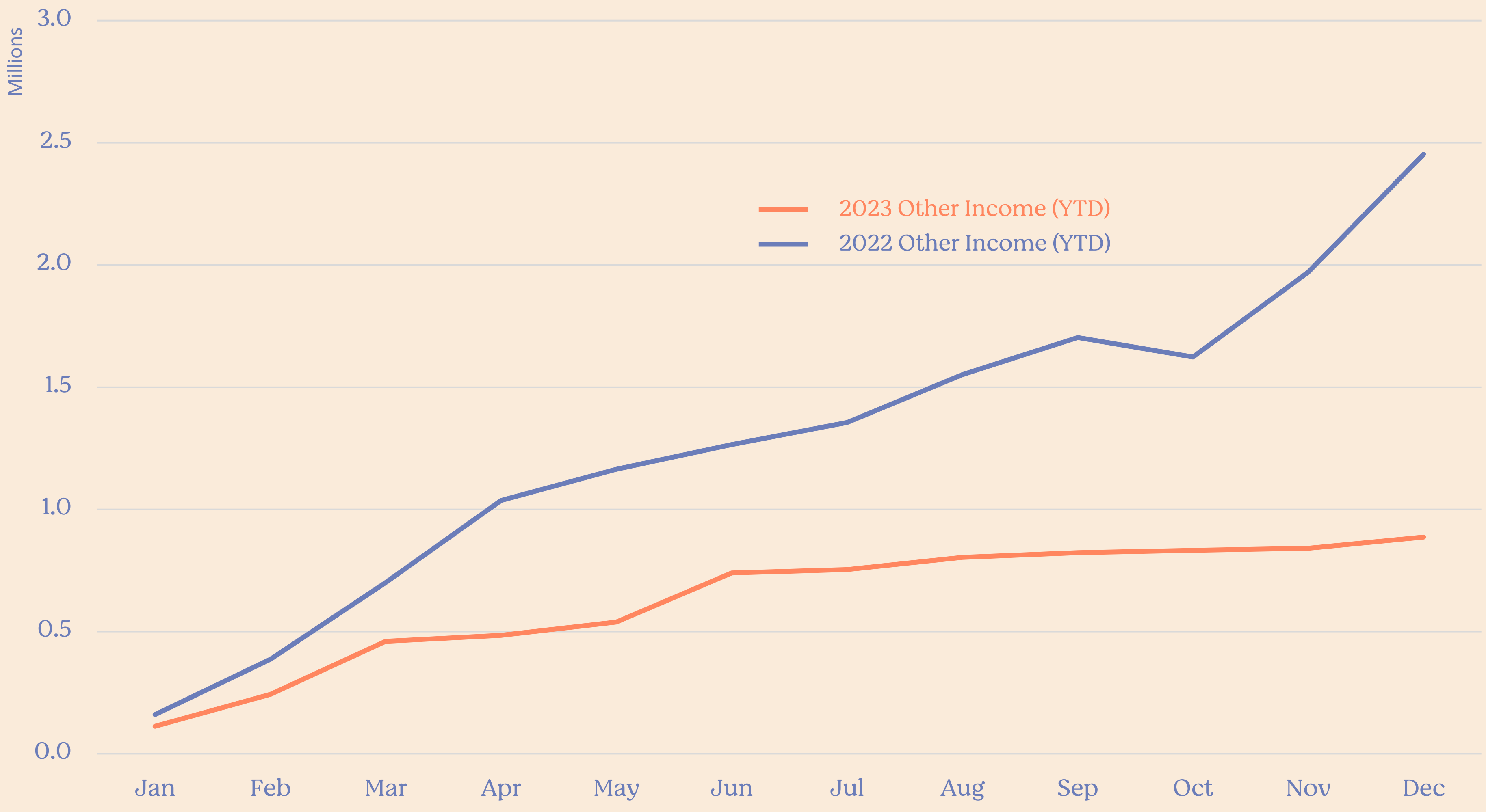
Centre performance
YTD Occupancy (%)



- Core portfolio growth in the second half curtailed by staffing constraints and the decision to reduce reliance on agency staff as a workforce solution.
- Centres approved for divestment continued to underperform due to underlying catchment factors and staffing constraints at one centre.

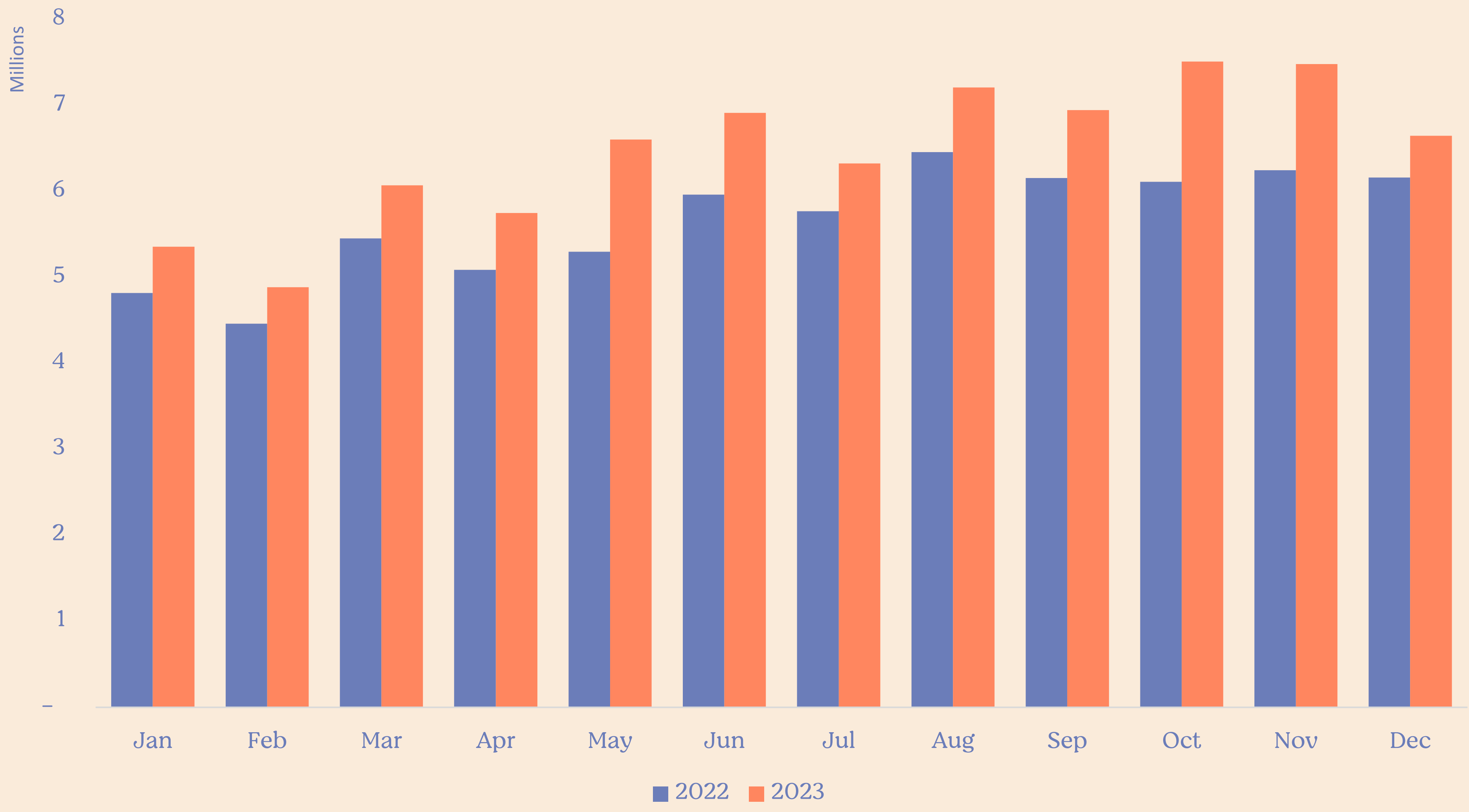
Centre Overview – Income

Other Income
Year to date ($M)



- Prior years included a significant portion of other income and related party management fees, thereby distorting overall Group Revenue.
- 2022 included approximately $1.5M in non-continuing sundry income, primarily relating to insurance payments from a centre closed due to a fire in 2021.

Long Day Care Income
Monthly

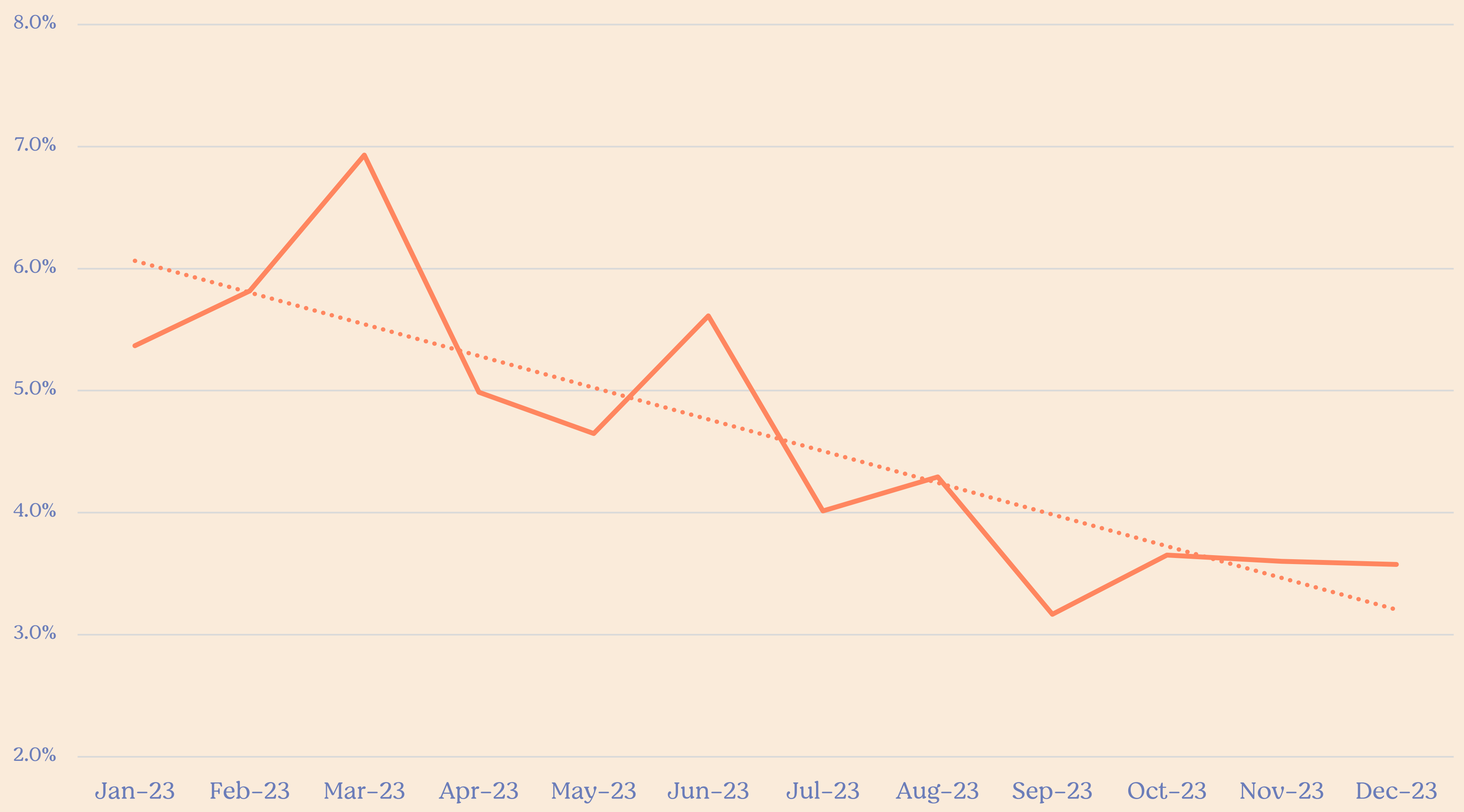


- Long Day Care Income improved year on year, driven by the contribution of new centre acquisitions in Q1 & Q2.
- In response to cost pressures, the Group implemented two price increases – the first in May of ~4.5% and the second in October ~5.5%

Centre Overview – Workforce

Staff turnover

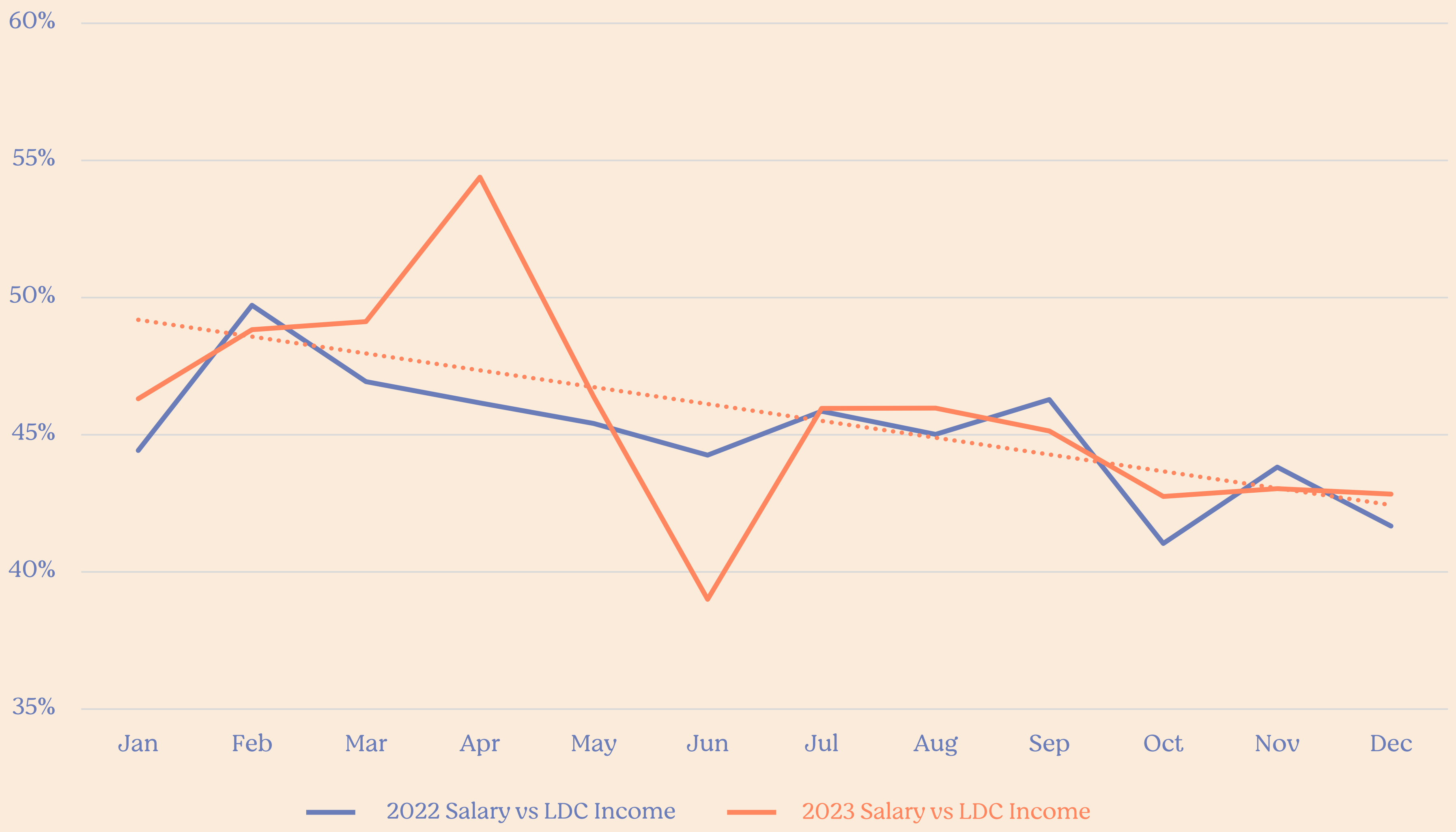
Staff terminations as a pct by month



- Declining staff turnover driven by investments in centre rebrand and refresh, remediation of facilities and further support to centre staff.
- Inaugural Mayfield Centre Manager conference in October was received positively by staff

Roster Efficiency

Salaries as a pct of Long Day Care Income (ex agency)



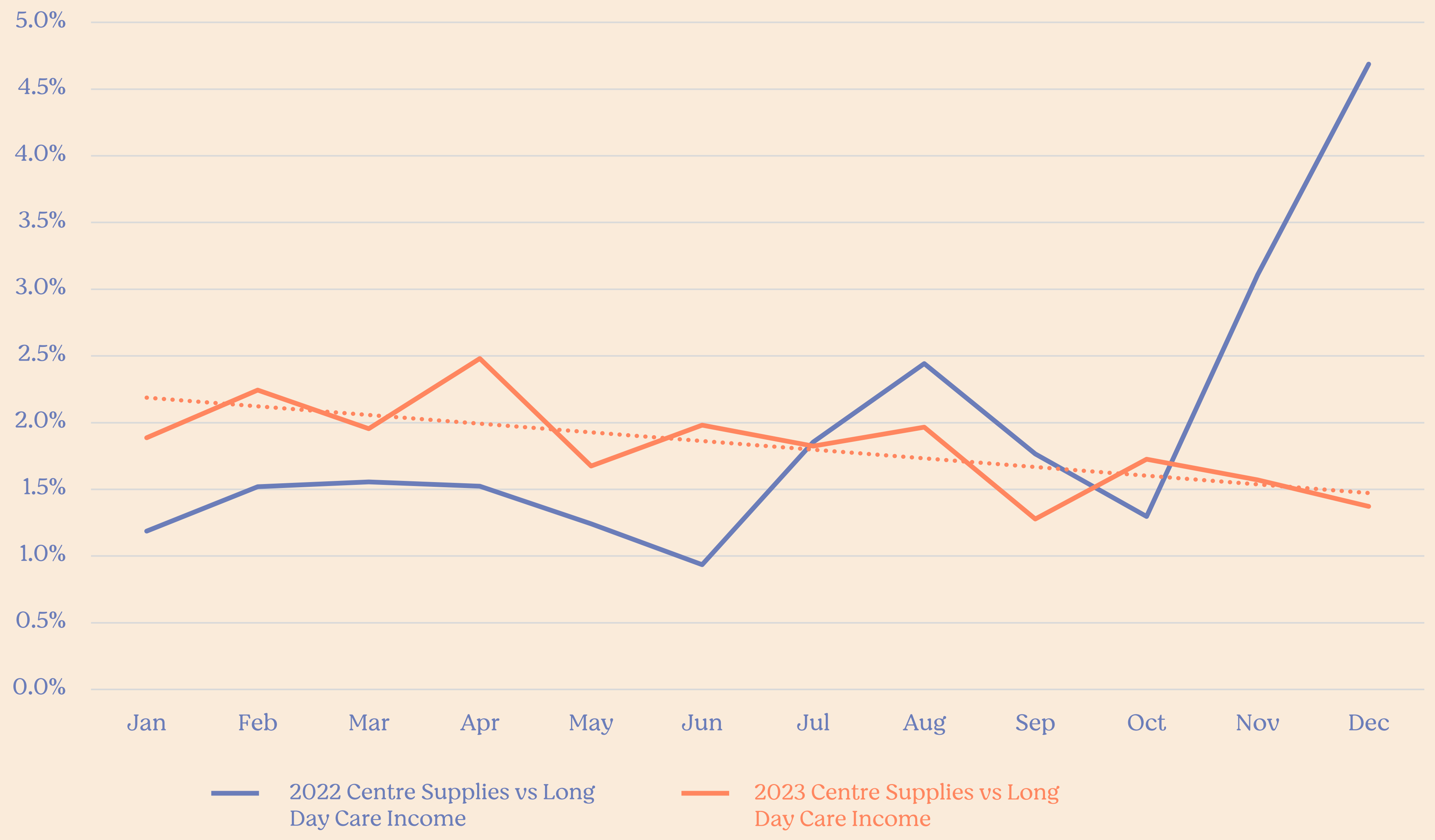
- Roster efficiency improved throughout the year, in-line with various workforce initiatives and a general seasonal uplift in occupancy.
- April – June reflects income accrual timing from acquisitions.
- The appointment of a recruitment manager in Q4 and various workforce initiatives has seen a significant reduction in agency utilisation.

02 Operational Review

Centre Overview – Remediation & Investments

Centre Supply Expense

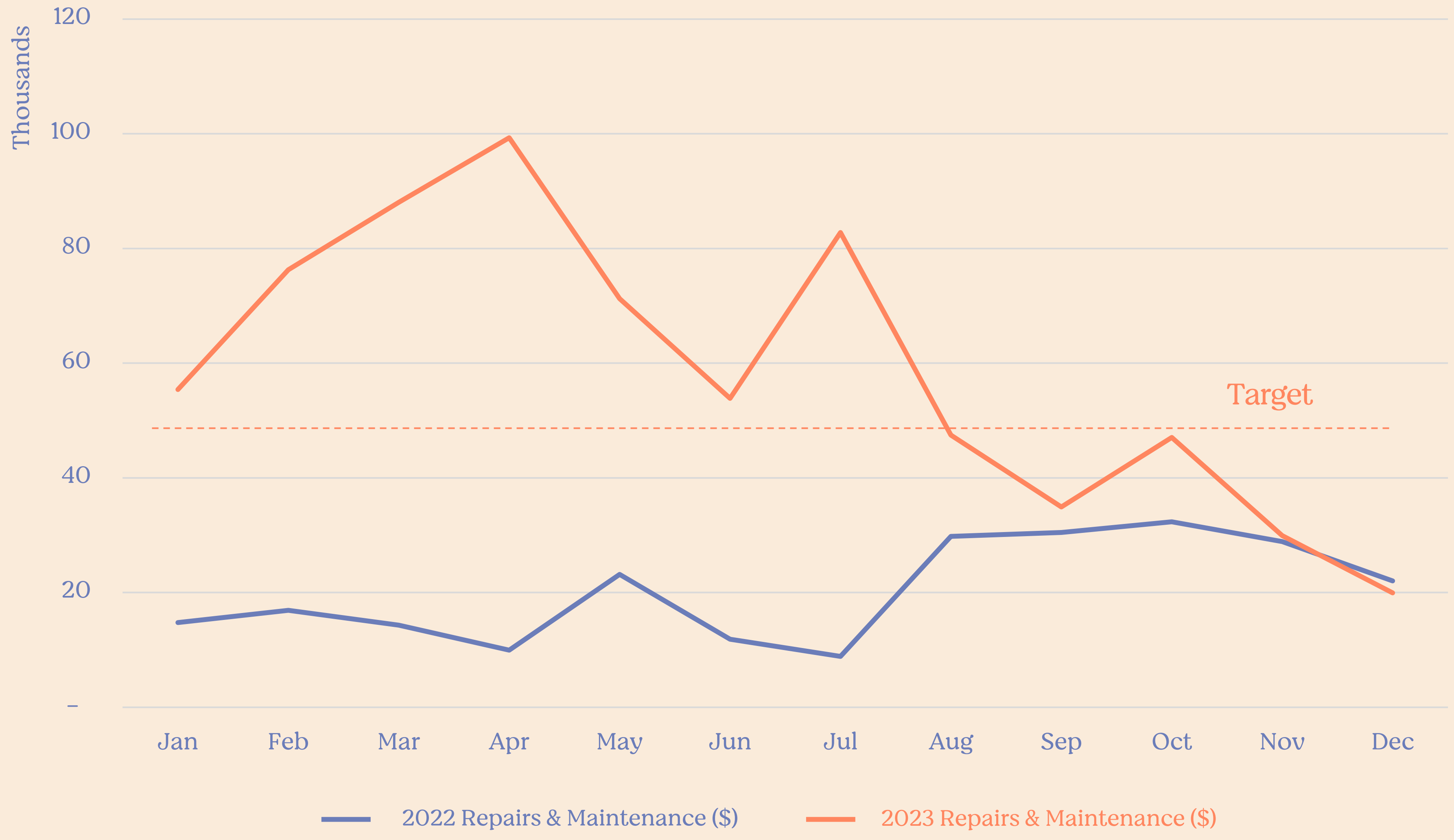
Centre supply expense as a pct of Long Day Care Income



- Underinvestment in centre supplies was identified through the centre rebrand and refresh process with catch-up investments commencing in Q4 2022.
- Centre supply expense normalised in Q4 following multiple periods of investment.

Repairs & Maintenance ($)

Repairs and maintenance expense by month

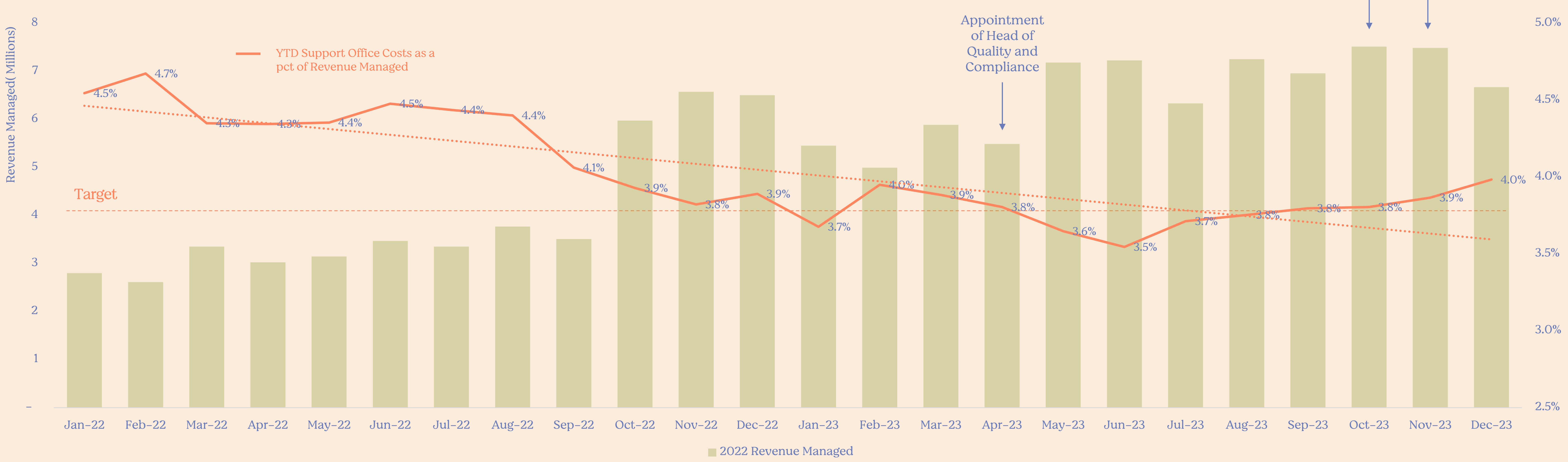


- Significant multi-year underinvestment into centres required rectification and remediation works.
- Appointed a dedicated Facilities Manager to oversee expenditure to ensure separation of duties and rationalise suppliers to drive cost savings.
- 2023 Q4 expenditure reflects normalised run-rate which continued into January 2024.

02 Operational Review

Support Infrastructure – Centre Support Team

Mayfield has invested in its support office team commensurate to the number of centres under management. Between Jan'22 – Sep'22 Mayfield outsourced the management of its 14 recently acquired Genius centres for no cost. Investments have subsequently been made to ensure that Centre Staff had an adequate level of operational support on a day-to-day basis.



Mayfield manages 20 centres.
14 centres acquired in 2021 managed by Genius Learning operations team at no cost to Mayfield under Transitional Services Agreement.

Mayfield manages 35 centres
Transitional Services Agreement terminates, Mayfield increases operational resources accordingly.

Mayfield manages 39 centres
Group acquires four additional centres and appoints three critical roles following the completion of remediation work

03 Financial Performance

Earnings Review
EBITDA Drivers
Balance Sheet

03 Financial Performance

Earnings Review

- **Long Day Care Revenue Growth:** An $8.2M increase from $67.9M to $76.1M, driven by increased family utilisation, daily fees and revenue contribution from new acquisitions.
- **Underlying Centre EBITDA[2]:** A $2.1M decrease to $9.7M year-over-year, primarily due to underperforming centres approved for divestment, which delivered ($2.0M) and a $1.9M increase in agency staff costs primarily across seven locations which accounted for 75% of costs. Margins were compressed by a decision to withhold a major fee increase in Q1 to support families in a high inflation environment.
- **Abnormal Expenses Impacting EBITDA:** Notable expense of $1.3M for remedial actions related to past issues, including facility maintenance and centre related costs.
- **Other Income:** Prior year included approximately $1.5M in non-continuing sundry income, primarily relating to insurance payments from a centre closed due to a fire in 2021.
- **Financial Governance:** Investments in head office staff and governance capabilities contributing to increased operational costs but fortifying financial oversight and providing infrastructure to support future growth.

A$000's	Underlying 1H 2023	Underlying 2H 2023	Underlying CY 2023	Underlying CY 2022 (Restated)
Long Day Care Revenue	35,654	40,421	76,075	67,895
Other Childcare Income	669	455	1,124	2,554
Revenue & other income	36,323	40,876	77,199	70,449
Adjusted EBITDA[1] including abnormal items	848	3,704	4,552	11,345
Insurance and other income	(669)	(455)	(1,124)	(2,554)
(Recoveries)/Misappropriated Funds	0	(441)	(441)	105
Remediation costs	1,253	0	1,253	0
IP Agreement & Branding	234	113	347	0
Genius Transitional Management Benefit	0	0	0	(746)
Support Office Costs	1,312	1,965	3,277	2,188
Other corporate overheads	960	843	1,803	1,387
Underlying Centre EBITDA[2]	4,544	5,124	9,667	11,725

1. Adjusted EBITDA reflects the reversal of the impact of AASB 16 Leases, for an explanation of the impact of this standard please refer to Note 1 of the 2023 Annual Financial Statements.
2. Underlying Centre EBITDA reflects the reversal of the impacts of AASB 16 Leases and additionally the impact of abnormal items during the period.
3. EBITDA, Adjusted EBITDA and Underlying Centre EBITDA are non-statutory financial concepts and measures which are not prescribed by Australian Accounting Standards (AAS). The Directors consider that these measures are useful in gaining an understanding of the performance of the entity, consistent with internal reporting.

EBITDA Drivers

Adjusted Group EBITDA[1] excluding the end of year CCS provision, was primarily impacted by once off remediation costs, catch-up investments required at a centre level, inflationary pressure in supplies and lease renewals and the reliance on agency costs to address staff shortages.

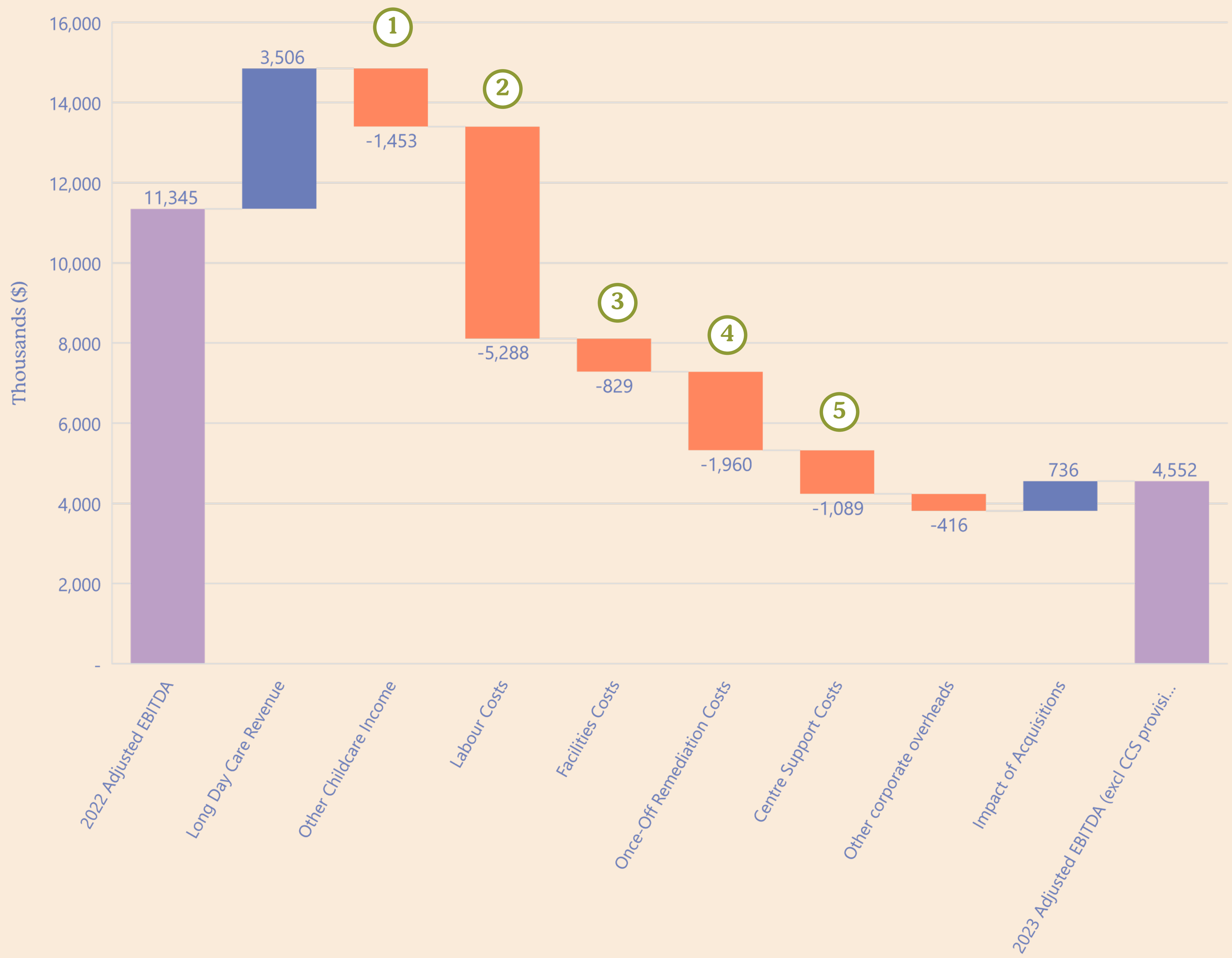
1. Other Childcare Income – refer slide 17
2. Labour Costs

Re-opened Fire Damaged Centre	1,213
Statutory Award & Other Increases	2,323
Agency Staff Costs	1,752
Total Increase in Labour	**5,288**

3. Facilities Costs – cost increases driven by re-opened fire damaged centre, market reviews and CPI
4. Abnormal & Once Off Costs

Abnormal Income & Expenses	707
Once-Off Remediation Costs	1,253
Total Abnormal & Once Off Costs	**1,960**

5. Centre Support Costs – refer slide 20



1. Adjusted EBITDA reflects the reversal of the impact of AASB 16 Leases, for an explanation of the impact of this standard please refer to Note 1 of the 2023 Annual Financial Statements.
2. Adjusted EBITDA is a non-statutory financial concept and measure which is not prescribed by Australian Accounting Standards (AAS). The Directors consider that this measure is useful in gaining an understanding of the performance of the entity, consistent with internal reporting.

Balance Sheet

- **Cash and cash equivalents**: Refer to the Consolidated Statement of Cash Flows in the 2023 Annual Financial Statements for detailed movements.
- **Trade and other receivables**: The balance has decreased, largely due to $0.8M reductions to the loan to Genius Learning Pty Ltd as a result of repayments during the period. The remaining $0.5M is expected to be recovered within 12 months of the reporting date.
- **Intangibles**: Movements relate to goodwill additions during the period as a result of four centre acquisitions.
- **Right-of-use assets**: $12.3M of new leases were entered into during the period, as well as $10.2M of increases as a result of changes to variable lease terms and monthly lease payments across a number of the Group's leases. These are offset by $9.6M straight-line amortisation.
- **Deferred tax**: $1.0M of this movement relates to the tax treatment of the above Right-of-use asset balances. and $0.7M relates to increases in provision balances. These are partially offset by small movements in other balance sheet items.
- **Borrowings:** Loans are classified as current at reporting date on the basis that the company was not in compliance with certain financial covenants for the covenant reporting period ended 31 December 2023 prima. Refer to Note 13 in the 2023 Annual Financial Statements for further explanation.
- **Current Provisions**: $1.4M of the increase in this balance relates to a provision raised in relation to funding that the Group may not have been entitled to receive in previous periods. Refer to Note 15 in the 2023 Annual Financial Statements for further explanation. The remainder of the movement relates to increased employee leave provisions as a result of taking on additional centres as well as a 5.75% award rate increase during the year.
- **Lease Liabilities**: Increases are the same as the Right of Use asset (new leases along with changes to lease terms and lease payments), which are then offset by payments to landlords.

A$ 000's	31-Dec-23	31-Dec-22
Cash and cash equivalents	363	2,657
Trade and other receivables	2,993	3,981
Prepayments	571	597
Other	184	–
Total current assets	4,111	7,235
Plant and equipment	4,455	3,857
Intangibles	78,689	74,111
Right-of-use assets	144,321	131,410
Deferred tax	4,127	2,608
Other	5	–
Total non-current assets	231,597	211,985
Total assets	235,708	219,220
Trade and other payables	4,160	4,729
Contract liabilities	1,111	812
Borrowings	7,547	–
Leases	6,823	6,354
Current tax liabilities	–	368
Provisions	4,495	2,434
Total current liabilities	24,135	14,697
Borrowings	–	4,327
Leases	146,045	130,412
Provisions	145	106
Total non-current liabilities	146,190	134,845
Total liabilities	170,324	149,541
Net assets	65,383	69,679

04 Acquisitions & Incubator

Acquisition Risks
Enhanced Due Diligence
Revised Incubator Terms
2024 Childcare Development Plan
Divestments

Acquisition Risks – Historical Review

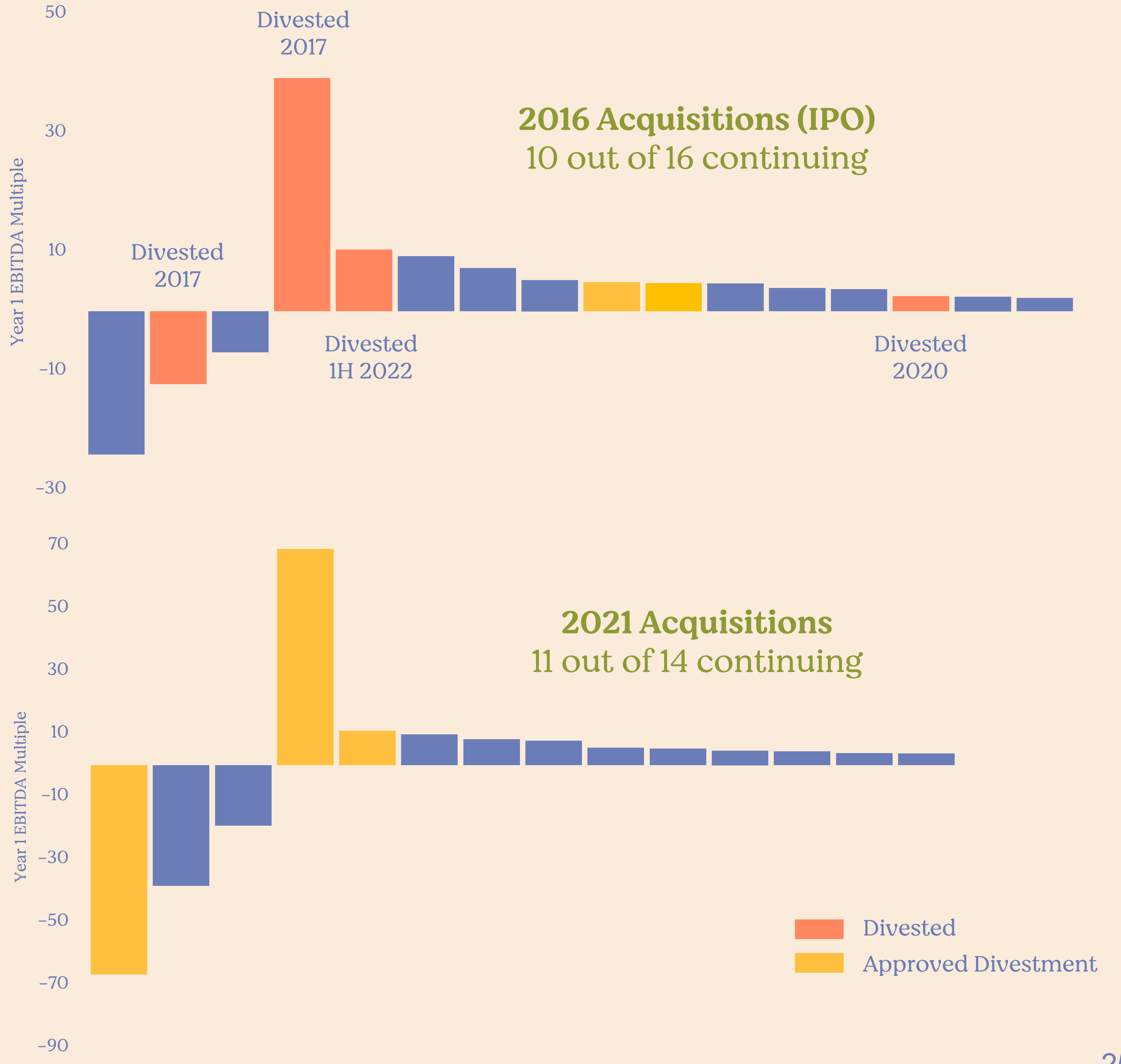
- The trading performance of acquisitions is highly volatile and subject to integration and performance risk.
- The 16 centres acquired in 2016 by former management as part of the IPO resulted in 4 divestments plus 2 approved for sale in 2023. Two centres were divested in the year immediately following acquisition, reflecting the uncertainty of acquisitions sourced from unknown counterparties.
- The 2021 transaction completed by former management, resulted in a significant underperformance to internal targets.
- The underperformance of past acquisitions can be attributed to the lack of a holistic due diligence framework, overly concentrated on financial analysis only. Many of the previously acquired centres would not have satisfied the comprehensive due diligence approach established this year.

De-risking three key issues:

1. Valuation risk – while management have undertaken an enhanced due diligence approach with 2023 acquisitions, valuation risk will remain an issue.
2. Integration risk – migrating centres and staff into a new operating environment can create uncertainty and adversely impact performance.
3. Counterparty risk – acquiring centres from vendors without a proven track record creates an additional layer of integration risk and leaves open risk to historical issues.

Historical Acquisition Performance

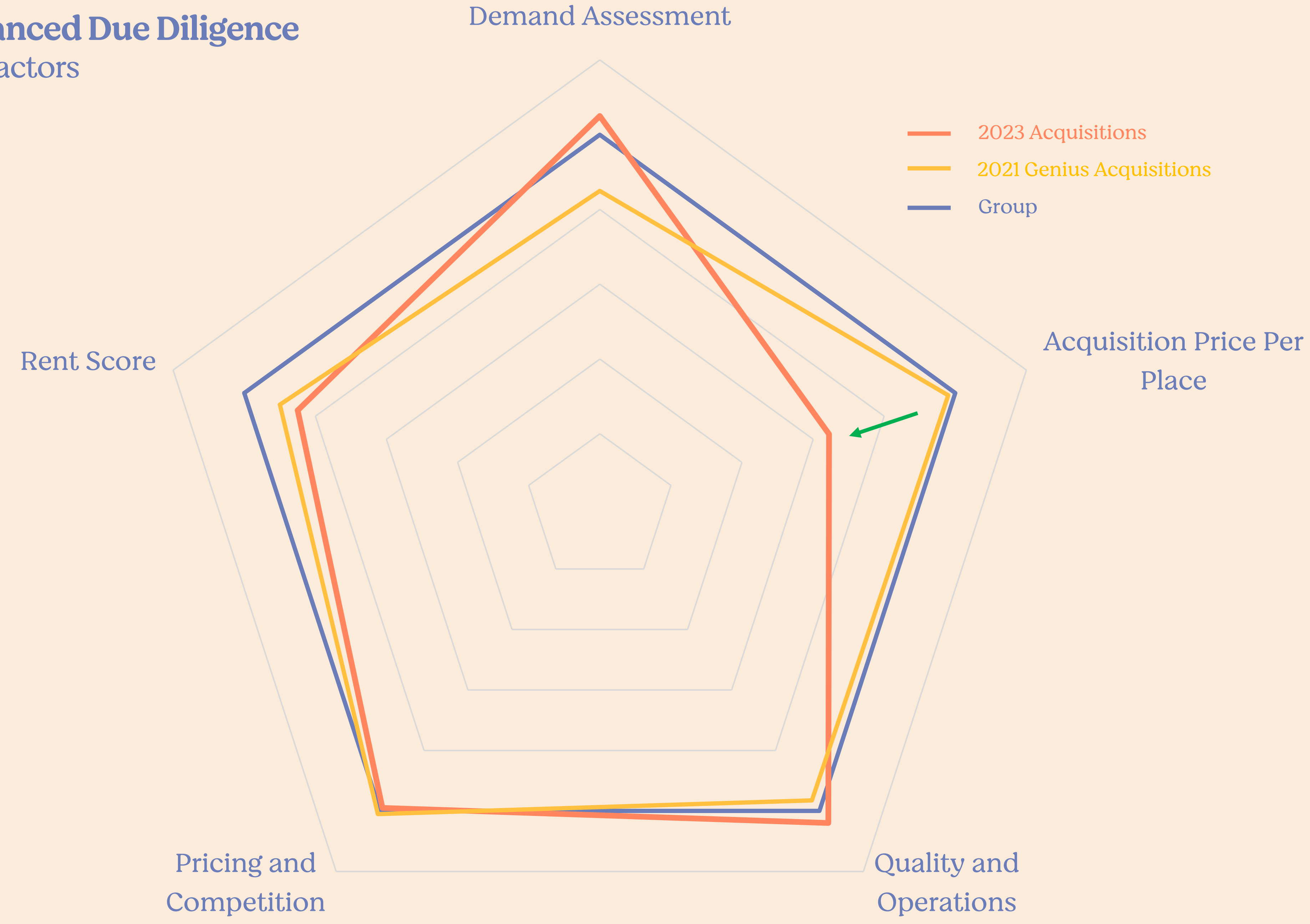
Year 1 EBITDA Trading Multiples



04 Acquisitions & Incubator

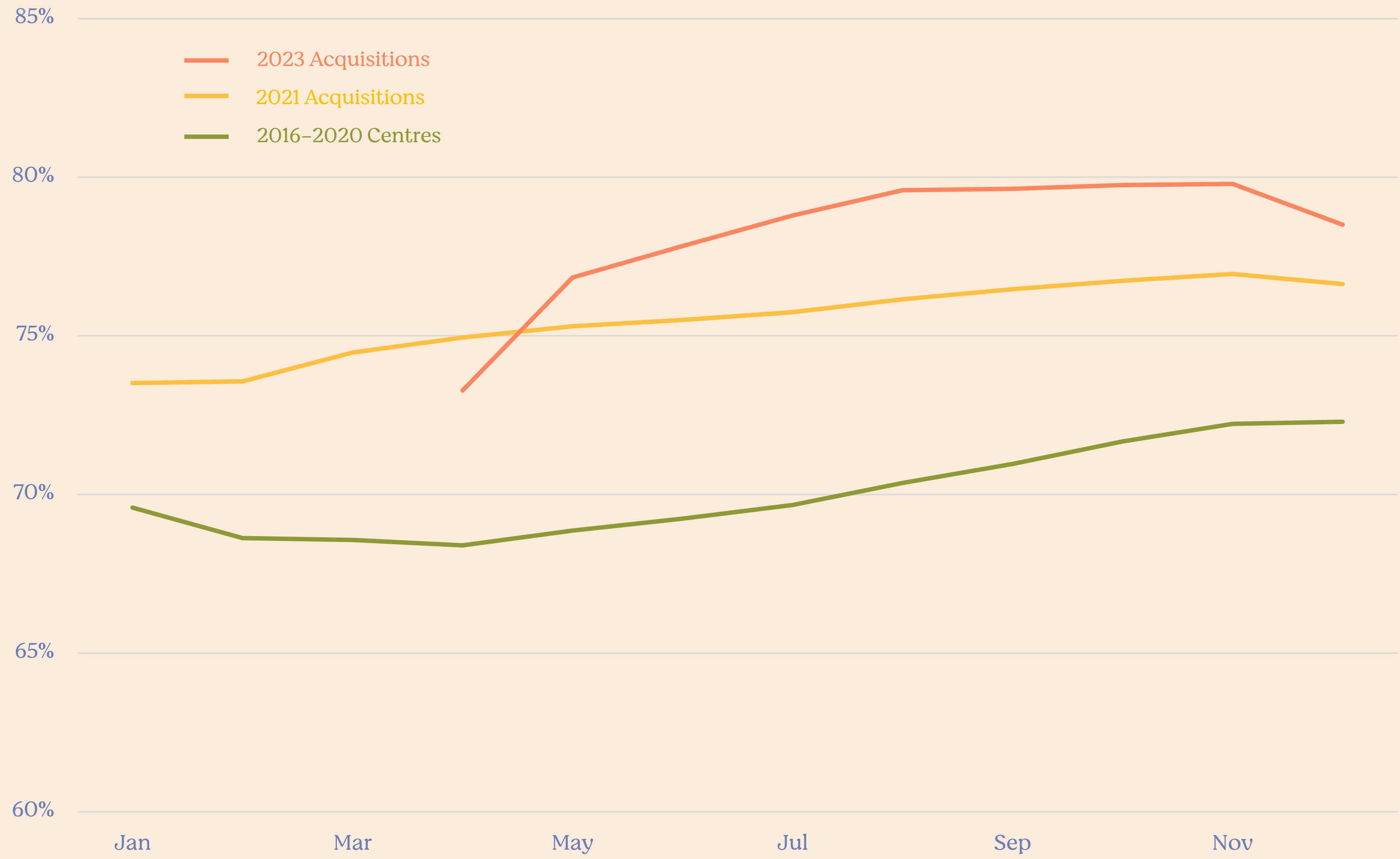
Enhanced Due Diligence

Enhanced Due Diligence
Key factors



- Due diligence process was enhanced from prior years, resulting in successful post-acquisition trading results.
- 2023 acquisitions were at a substantially lower acquisition price per licensed place ($15k pp) than previous cohorts, including the 2021 acquisitions ($24k pp) and 2016 IPO ($27k pp) transactions.

Acquisition Performance
Occupancy (YTD)



- 2023 acquisition occupancy traded in-line with expectations resulting in a post-acquisition trading multiple of 4.5 times.

Revised Incubator Terms – Controlled Growth through Incubation

A market-leading approach which uniquely provides Mayfield the ability to grow earnings and substantially mitigate acquisition risk, with deferred consideration – minimising the Company's capital requirements or the need for dilutionary capital raisings

Proposed Terms:

1. Deferred Consideration	Acquisitions will be on a 100% deferred basis for 24-months with no upfront consideration payable to Genius Learning. Mayfield will benefit from the earnings during this period.
2. Earn Out – 24 Months	Consideration will be calculated based on end of year 2 actual trading results, thereby substantially mitigating the valuation risk present when acquiring new centres.
3. Valuations	Acquisitions will be subject to an Independent Due Diligence Report and Shareholder Approval with valuation multiples to range from 4.25 times for scrip only and 5 times for cash – consideration method to be at Mayfield's discretion and subject to shareholder approval.
4. Reporting & Management Rights	Further rights to reporting and Mayfield management control of incubator centres prior to acquisition. Structured management fee payable to Mayfield during the incubator period managed by Mayfield.

2024 Childcare Development Plan

- The Childcare Development Plan submitted for CY2024[1] incorporates a number of centres within regions complementary to Mayfield's existing footprint.
- The 2024 Childcare Development Plan excludes all centres recently acquired by Genius Learning from G8 Education (ASX:GEM).

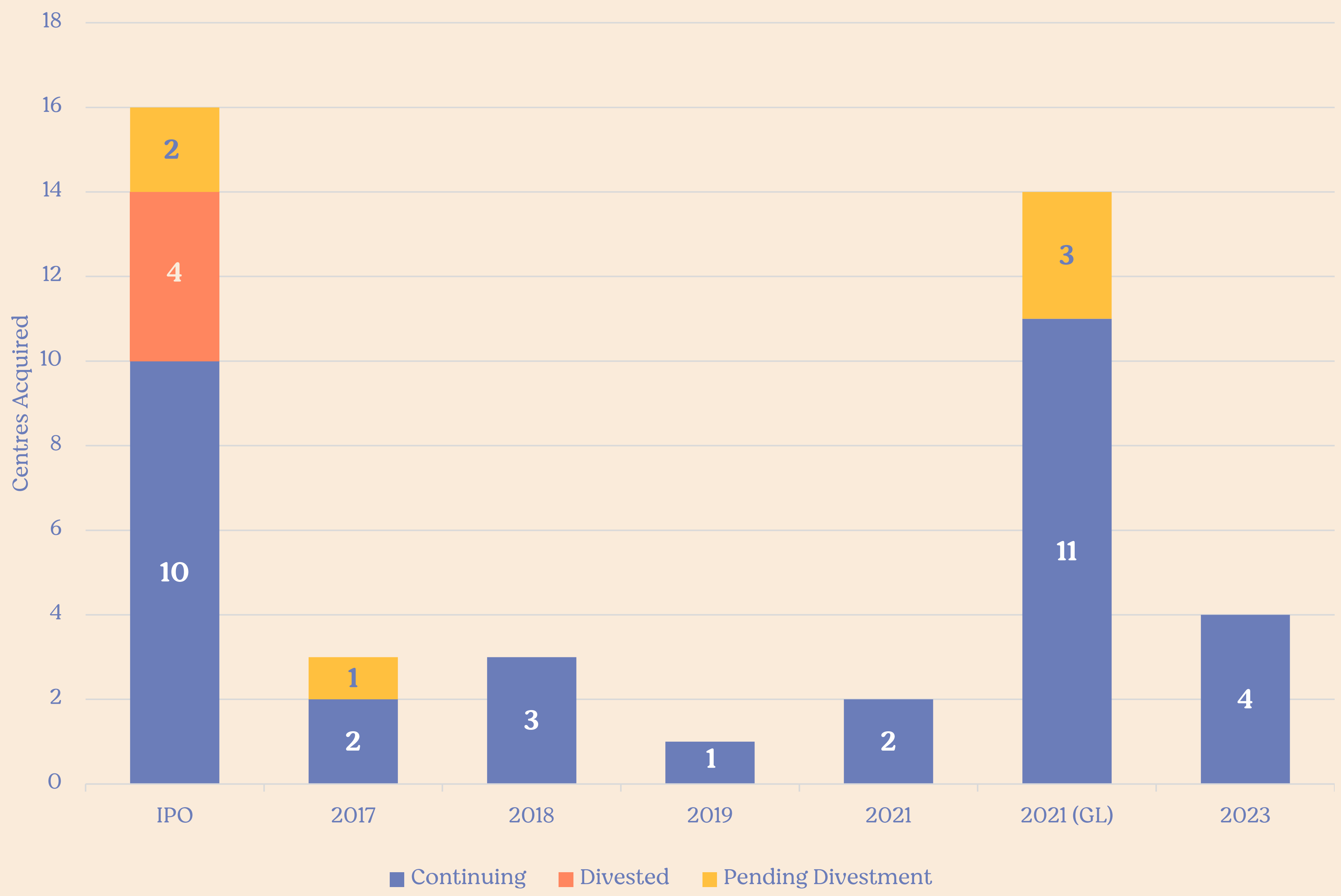
Centre	Feb 24[1]	April 24[1]	July 24[1]
Centre 1 – VIC	74.2%	77.8%	83.3%
Centre 2 – VIC	65.8%	69.5%	75.0%
Centre 3 – VIC	65.9%	73.1%	78.6%
Centre 4 – VIC	62.3%	73.4%	82.7%
Centre 5 – NSW	75.7%	79.3%	84.8%
Centre 6 – NSW	67.4%	71.0%	76.5%
Centre 7 – NSW	70.0%	70.0%	70.0%
Centre 8 – NSW	79.8%	83.4%	85.0%
Centre 9 – QLD	64.7%	68.3%	73.8%

1. Forecast as at December 2023
2. Subject to review with revised incubator agreement

04 Acquisitions & Incubator

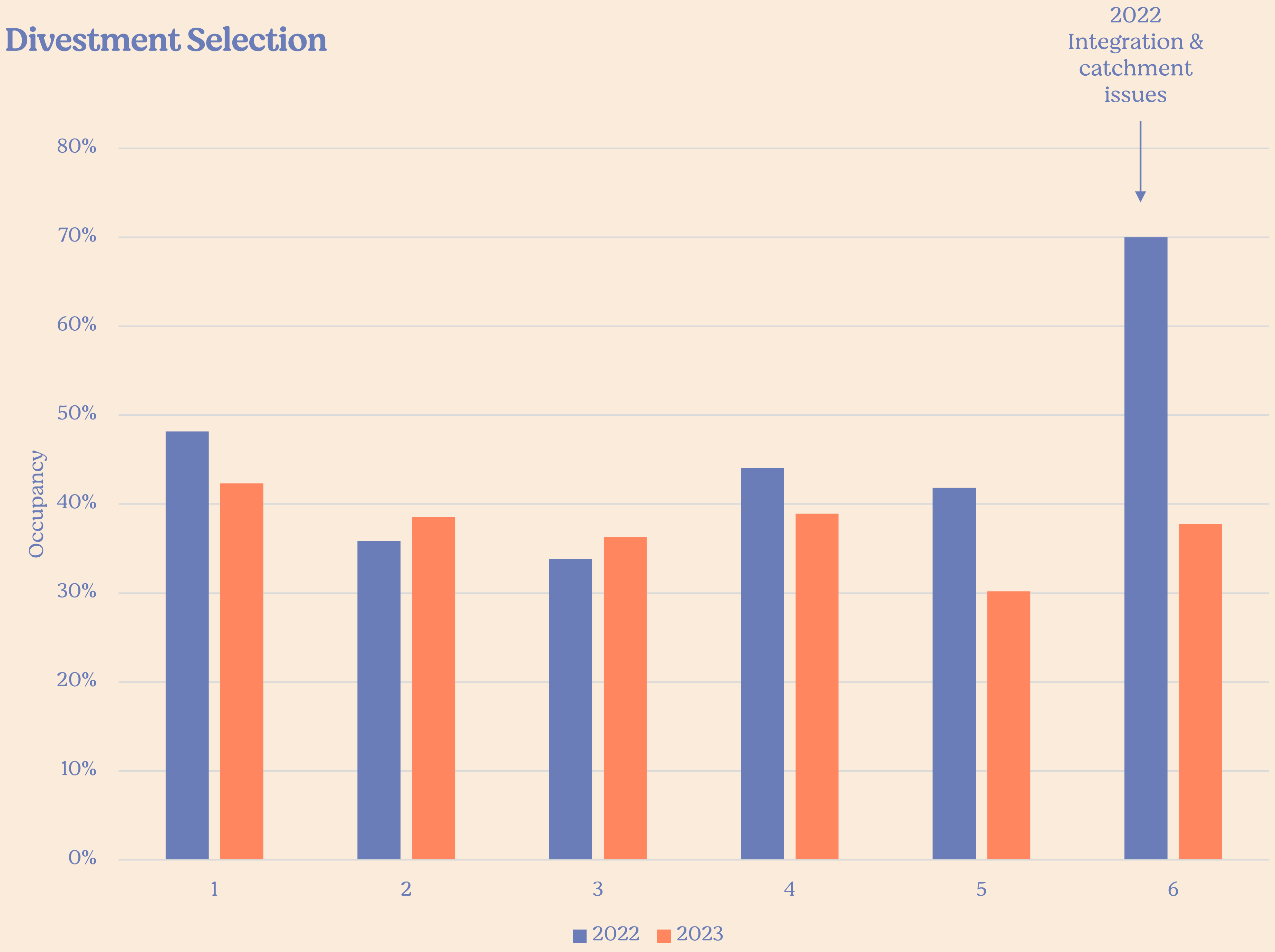
Divestments – Portfolio Optimisation

Acquisition & Divestment History



- Our strategic portfolio optimisation continues to be a primary focus as a lever to drive Group operational efficiency and resource allocation.
- Divested centres reflect shifting dynamics such as catchment, staffing, or performance, now better suited for owner-operator management

Divestment Selection



- Divestment targets were primarily centres with persistent underperformance coupled with challenging centre level circumstances.
- One centre acquired in 2021 from Genius was affected by integration challenges when transitioning to Mayfield in Q3 2022, which were exacerbated by changing dynamics within the local catchment.

05 Focus Areas for FY24

Operational Excellence
Performance Management
Organic Growth

Operational Excellence – Catalysing Success

We have refined our operational framework to better support our Centre Managers, providing them with the technology and data they need for efficient management. This approach is about enabling our teams to deliver high-quality, high-performing services more effectively.

1. Operating Framework	We have flattened our organisational structure and invested in specialist roles to enhance the support available to Centre Managers and their teams. These changes allow Centre staff to spend less time burdened with administrative work and more time focusing on service quality and performance.
2. Technology & Innovation	A number of technology and process improvement initiatives are underway which will enable us to expand our support capability and drive efficiencies, without requiring additional FTE (e.g. recruitment platform, customer relationship tool).
3. Data-Driven Decision Making	The data and analytics layer has taken the guess work out of decision making. By bringing together the data generated by various platforms in use, we will leverage insights to inform our strategies, enhance decision-making processes, and improve the overall efficiency and effectiveness of our operational framework.

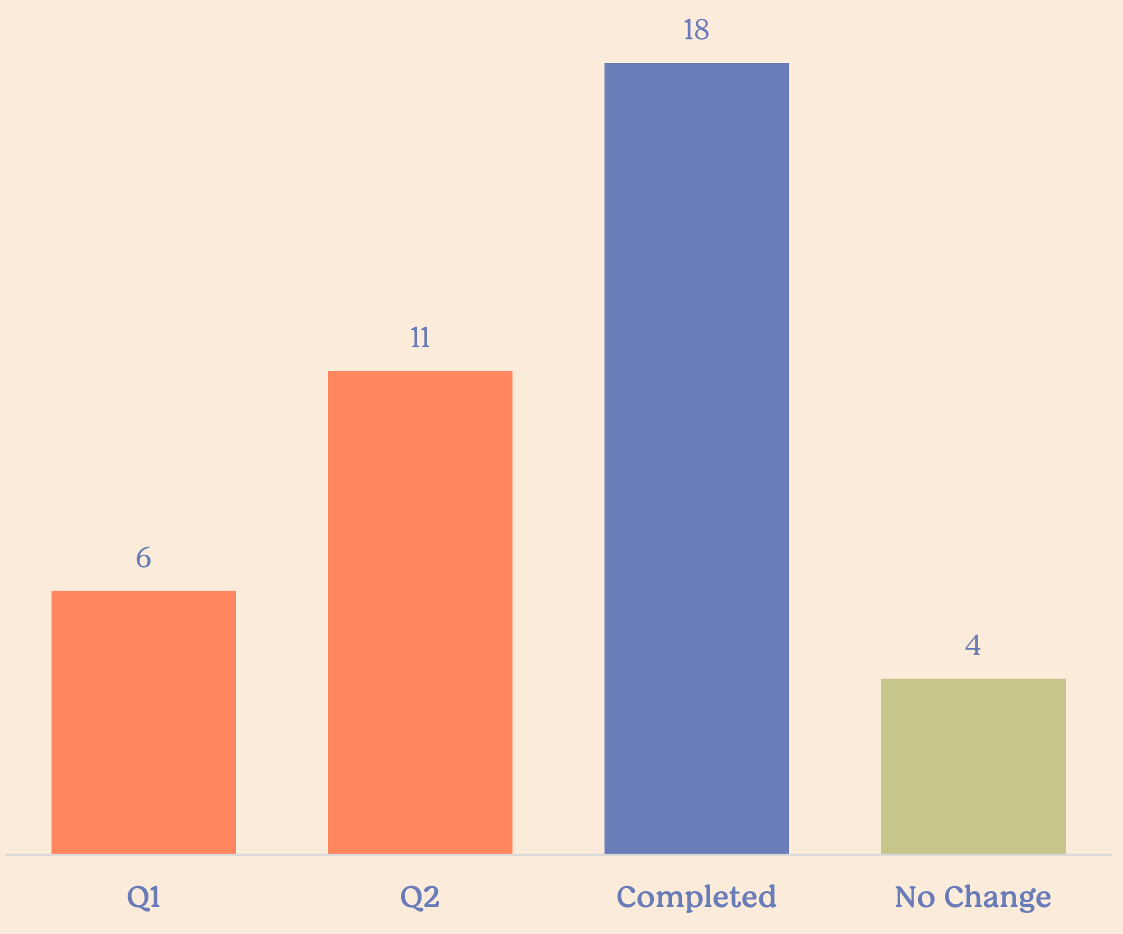
Performance Management – Aligning ambitions with outcomes

We have implemented performance-based initiatives, which are directly aligned with our Group objectives. These have been designed to not only uplift our service quality and performance, but to also bolster team morale and commitment, cultivating an environment that values and recognises each individual's contribution to our collective success.

	Performance Incentives
	Occupancy Incentives
	New Enrolment Incentive
Gateopeners	Wage Performance KPIs
	Weekly Budget Trackers
	Compliance Hurdles
	Quality Overlay

Organic Growth

Rebranding & Refresh

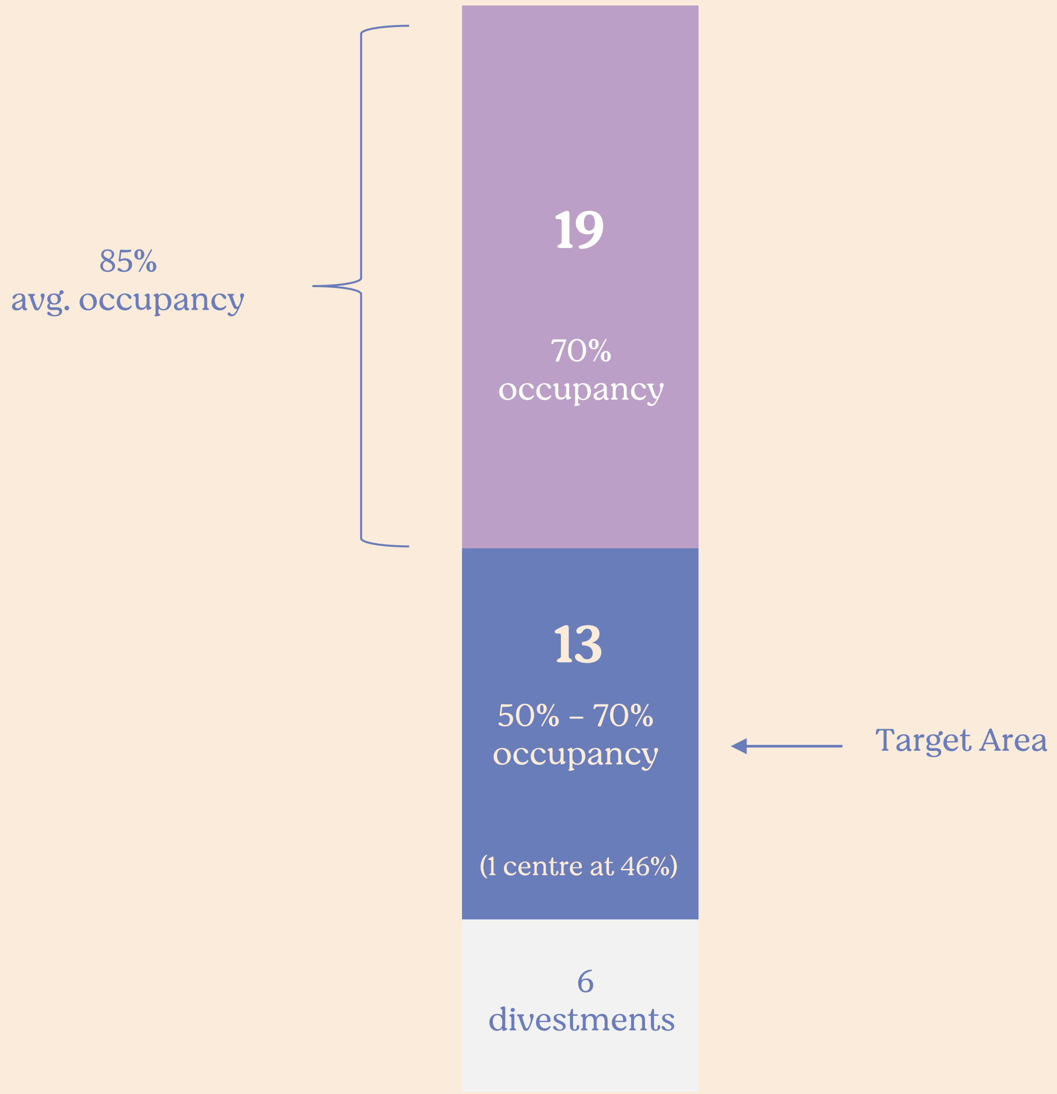


- 14 further centres anticipated to be rebranded and refreshed in 1H 2024 – 4 centres will retain their brand identity.
- As demonstrated in 2023, the program is expected to drive staff engagement, retention and appeal to new families.

Conversion Optimisation

- Further training, support and focus will be placed to convert pipeline of interested families.
- Recently implemented incentive program expected to improve conversion rates.
- Workforce management will be a critical focus to remove bottlenecks.

Organic Target Area



- Portfolio includes 14 centres which are operating at a below optimal occupancy level which represent opportunities to enhance earnings.
- Multi-faceted organic growth strategy, lead by digital and local marketing efforts and fostering community relationships to naturally augment our word-of-mouth referrals and NPS.

06 Outlook & CY24 Guidance

Outlook
CY24 Guidance
Capital Management Plan

Outlook

- **Regulatory Changes** – The Productivity Commission review outcomes will likely be of benefit to the industry, with further support to families, staffing and/or operators being likely outcomes.
- **Focus Areas** – Having completed an extensive program of work in 2023 we maintain a positive outlook for 2024. Our efforts for the upcoming year will be focused on organic growth by driving enrolment conversion rates, implementing further recruitment initiatives to remove staff bottlenecks and roster efficiency, and a focus on operational excellence and performance management at a centre level.
- **Cost Pressures** – We anticipate cost pressures to persist at a centre level for a longer duration than what inflation trends may indicate. Rationalising suppliers and refining our procurement strategy to drive cost savings will be a key focus area in this regard.
- **Demand & Staffing** – The CCS affordability improvements implemented in 2023 are expected to continue to drive demand, however, we anticipate that some of this will be curtailed by continued staffing shortages across the industry which will limit our ability to maximise our enrolment pipeline. Workforce management will be a critical area of focus.

CY24 Guidance

We are pleased to provide FY24 underlying **Group EBITDA[1] guidance of $9.0M – $9.5M.** Centres approved for divestment will provide additional upside of $1.0M – $1.5M underlying Centre EBITDA[2] on an annualised basis in FY24 once divested.

The Key drivers for the FY24 are detailed below and follow the Company's completion of an extensive program of work and investment to establish foundation for growth and sustained profitability:

1. Operational management	Our efforts for the upcoming year will be focused on organic growth by driving enrolment conversion rates, implementing further recruitment initiatives to remove staff bottlenecks and a focus on operational excellence and performance management at a centre level.
2. Cost Management	Whilst we anticipate cost pressures to persist at a centre level for a longer duration than what inflation trends may indicate we are rationalising suppliers and refining our procurement strategy to drive cost savings will be a key focus area in this regard.
3. Occupancy & Fees	The Company's investment in re-branding, Centre incentive initiatives and other promotional activities will further drive occupancy and family utilisation. Accompanied by moderate fee increases whilst being understanding of the needs of our families.
4. Divestment of underperforming Centres	On the basis that the six centres identified are divested, additional underlying Centre EBITDA[2] in the range of $1.0-$1.5M (over and over the forecast $9.0 – 9.5M) is expected on an annualised basis. Active sale programs have begun and offers have been received on 3 Centres (subject to landlord lease and other terms being successfully negotiated).

1. Underlying Group EBITDA reflects the reversal of the impact of AASB 16 Leases, for an explanation of the impact of this standard please refer to Note 1 of the 2023 Annual Financial Statements.
2. Underlying Centre EBITDA reflects the reversal of the impacts of AASB 16 Leases and additionally the impact of abnormal items during the period.
3. Underlying Group EBITDA and Underlying Centre EBITDA are non-statutory financial concepts and measures which are not prescribed by Australian Accounting Standards (AAS). The Directors consider that these measures are useful in gaining an understanding of the performance of the entity, consistent with internal reporting.

Capital Management Plan

Operating Cashflow

1 Reinvestment
$1.5M budgeted for
centre works and projects

2 Debt Reduction
Target Net Debt $3.0M
by 31 Dec 2024

3 Acquisitions
Opportunistic targets external to Incubator.
Revised Incubator requires no upfront capital.

Excess Capital

4 Return of Capital / Reserves

5 Dividends
Potential to reinstate at 30 June 204
Subject to Lender approval and cash reserves

Appendix

Fraud Investigation Governance Review

Fraud Investigation

As part of the Company preparing its 2023 capital expenditure budget, a review was conducted on prior period supplier payments which uncovered misappropriations and misallocations by the Company's former CEO and director, Dean Clarke.

The investigation uncovered that the former CEO had been misappropriating funds through three mechanisms:

1. **Doctored Invoices** by changing the site address on the original invoices from a personal residence to a Mayfield centre and subsequently sending it to Mayfield accounts for payment.
2. **Misdirecting Prepayments** by prepaying sums with Mayfield funds to contractors and then requesting them to complete work at non-Mayfield relates sites.
3. **Directing Contractors** to change invoice site details from personal addresses to Mayfield centres.

The Company appointed KordaMentha to conduct an independent forensic investigation within the period 2020–2022 which confirmed internal findings.

The Company has recovered misappropriated funds and investigation and related costs through the engagement of a litigation firm.

While the Company has not yet investigated the period prior to 2020, it has reserved its rights and has obtained warranties and indemnities under its settlement deed with Dean Clarke.

Appendix

Governance Review

The Company continues to prioritise best practice governance and Board operations.

As per ASX Guidance, and in-light of prior period issues stemming from Governance failures under previous management, the Board initiated an independent review of Board practices and policies[1].

The Board is committed to the implementation of all recommendations of the Independent Review.

- Conducted an independent search for new Independent Non-Executive Director:
  - Advertised through Australian Institute of Company Directors for qualified applicants with the following Required and Highly Regarded attributes:
    - Required:
      - Experienced public company director
      - Demonstrated governance expertise
      - An ability to contribute to the growth and performance of the company
    - Highly Regarded:
      - ASX experience
      - Childcare sector experience
      - Graduate AICD Company Director Course
      - Commercial/legal experience
      - M&A experience and/or capital market experience
      - Shareholder relations experience
- Our independent Executive Recruitment Advisor[2] screened the candidates and selected a shortlist of highly qualified candidates that were then interviewed by the full Board.
- As a result of the search, the Company appointed Ms Roseanne Healy to join the Board on 8 November 2023
- On 18 July 2023, appointed an experienced ASX Chief Financial Officer, Mr Chris Hayes
- Ongoing search for a second Non-Executive Director

1. Conducted by Trish Ridsdale, Managing Director, Board Business
2. Conducted by Jennifer Galvin-Rowley, Director of Galvin-Rowley Executive

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