

ASX Announcement

Mayfield Childcare Limited (ASX:MFD)

13 August 2024

Agreement to Acquire 7 Centres in South Australia

Mayfield Childcare Limited (the “Company”, “Mayfield”) is pleased to announce that it has executed binding agreements, subject to customary completion conditions, for the acquisition of seven operating centres and the business assets of Precious Cargo, an established early childhood education and care provider in South Australia.

Execution of binding agreements follows an exclusive period of comprehensive financial and legal due diligence, conducted in conjunction with the Company’s external advisors, BDO and Steinepreis Paganin.

Mayfield is pleased to have successfully negotiated favourable acquisition terms, including a strong acquisition multiple:

- The acquisition purchase price of \$4.8M is subject to agreed settlement adjustments in Mayfield’s favour, estimated to be in the range of \$2.2M to \$2.4M primarily related to parent bonds and staff entitlements.
- The consideration payable at Completion of between \$2.4M and \$2.6M will be funded from existing working capital facilities.
- The seven centres, representing 882 licensed places, generated EBITDA of \$1.3M and occupancy of 61% in the 12 months ending 31 May 2024. This represents a 3.8 times multiple on the acquisition price of \$4.8M and a 1.9 – 2.0 times multiple on the anticipated cash consideration.
- The acquisition includes the well-established Precious Cargo brand, along with its associated intellectual property, developed over the past 18 years. The Precious Cargo intellectual property includes capabilities enabling Montessori pedagogy and curriculum to be rolled out to differentiate Mayfield’s existing operations in selected markets.

The acquisition, anticipated to complete by 31 August 2024, will mark the achievement of a significant strategic milestone by expanding the Company’s footprint in South Australia from a single centre with 60 licensed places to a total of 942 licensed places across the region.

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

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