

## ASX Announcement

Mayfield Childcare Limited (ASX:MFD)

29 May 2025

## Business Update - Delivering Through Disciplined Execution

Mayfield Childcare Limited (the **Company** or **Mayfield**) is pleased to provide a business update:

Independent Chair, Roseanne Healy, said:

*“The performance of Mayfield in recent years has been shaped by several key dynamics including declining occupancy, cost efficiency, portfolio performance, and operational execution challenges.*

*Q1 FY25 performance also reflected sector-wide pressures, including a late start to the calendar year for family engagement and continued cost-of-living impacts on families which saw Mayfield<sup>2</sup> Q1 FY25 Occupancy of 54.3% (Q1 FY24 of 58.5%).*

*Notwithstanding these headwinds, which remain prevalent, we have observed a material positive shift in the profitability and performance of the business under Daniel Stone’s leadership and strategic re-set, since he commenced as Mayfield’s Chief Executive Officer (CEO) on 31 March 2025.”*

### Key Highlights

- Group<sup>1</sup> Occupancy 53.6% - up 1.7% in current weekly reporting (versus Q1 FY25).
- Group<sup>1</sup> Wages to Revenue (**WTR**) ratio of 62.7%<sup>4</sup> - reduced by 6.0% from Q1 FY25.
- Group<sup>1</sup> Underlying Centre EBITDA Margin 12.0% - up 6.4% from Q1 FY25, with 172.0% improvement on weekly EBITDA contribution between week 1 and 4 of turnaround implementation.
- Mayfield<sup>2</sup> Portfolio Underlying Centre EBITDA Margin 14.0% - up 5.5% on Q1 FY25.
- Overhead reduction of **\$1.1M** annualised - due to take full effect from 30 June 2025.
- Cost rationalisation underway with \$1.5M of total contract values currently under review and negotiation.
- Underlying Group<sup>1</sup> EBITDA Margin seeing positive momentum with cost savings and efficiency programs - current reporting showing positive 5.6% - up from Q1 FY25 of **(negative 3.3%)**.
- Positive signs in family engagement and conversion with metrics materially improving in pre-enrolments and new family starts throughout the network.

### Occupancy and Earnings Performance

Q1 FY25 Group<sup>1</sup> Occupancy was 51.9% (Mayfield<sup>2</sup> Portfolio 54.3%, Precious Cargo<sup>3</sup> Portfolio 42.7%).

The Precious Cargo (PC) Portfolio continues to drag on overall performance, driven by legacy challenges, including under-integration and operational misalignment.



Since the commencement of Q2 FY25, focused programs of work have enabled the re-orientation of Mayfield for performance and delivery for children, families and staff - this approach is driving weekly performance uplift.

The Company is delivering improved earnings compared to the prior corresponding period (PCP), despite reduced occupancy of 4.0% (compared to the same time last year).

## Prior Corresponding Period Comparison

(May 2024 vs May 2025)

KPI	May-24	May-25	Variance
Occupancy	59.8%	55.8%	-4.0%
Wage to Revenue % (WTR)	63.3%	59.7%	-3.6%
Underlying Centre EBITDA	12.7%	14.0%	+1.3%
Weekly Contribution (\$ K)	189	200	+5.8%

PCP comparison representing performance Mayfield Portfolio<sup>2</sup>

Source: unaudited weekly management reporting, w/e 25<sup>th</sup> May 2025

## Q2 FY25 Performance Metrics

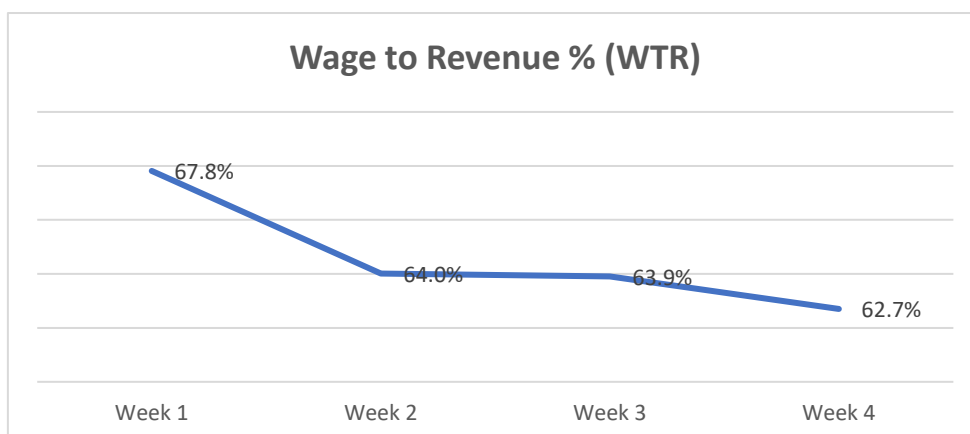
Weekly contributions at the Centre level have shown consistent and material improvement, with week-on-week contribution uplifts across the Group and Weekly Underlying Centre EBITDA of 12% (up from 5.6% in Q1 FY25).

Underlying Group<sup>1</sup> EBITDA has strengthened significantly to positive 5.6% in the current period from **negative (3.3%)** in Q1 FY25.

Pleasingly over the implementation period of the turnaround strategy, Underlying Centre EBITDA weekly \$ contribution has improved 172.0%, based on unaudited weekly management performance reporting Week 1 to Week 4 of the turnaround implementation.

## Execution of Turnaround Strategy

- Enhanced rostering efficiency, labour planning, and enrolment processes at the Centre level have delivered significant improvement to the Wage to Revenue (WTR) Ratio – reflecting 62.7%<sup>4</sup> for the Group<sup>1</sup>.
- Revised operations structure with emphasis on accountability and discipline at the Support and Centre level.



Week 1 represents first trading week of May 2025

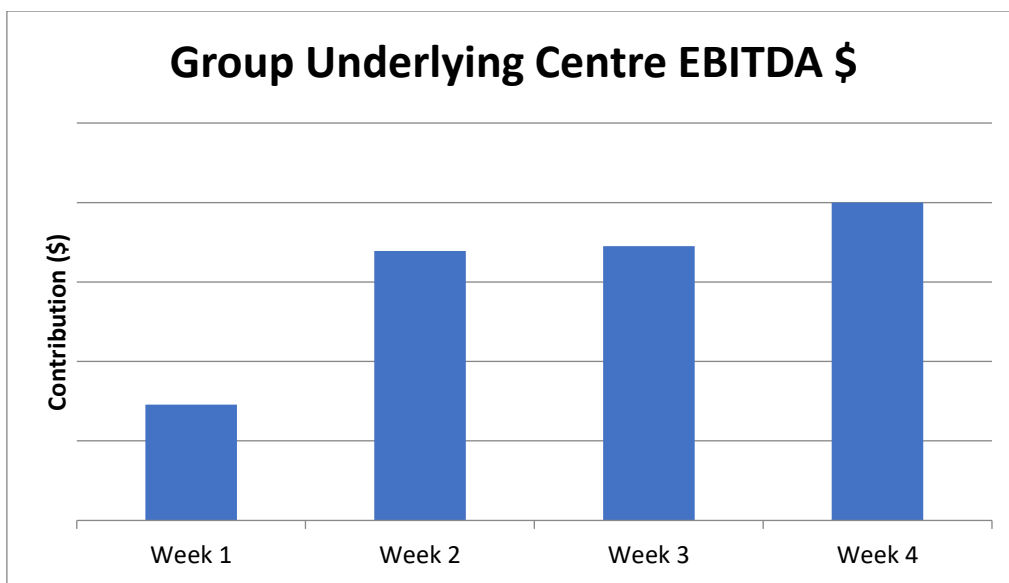


## Operational Improvements and Cost Efficiencies

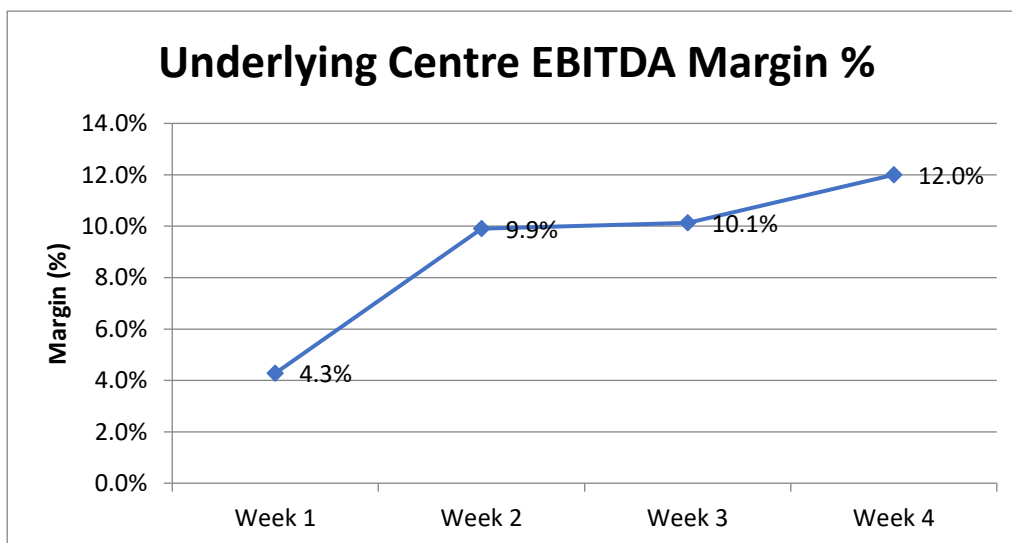
To complement trading gains, the Company has accelerated operational efficiency initiatives.

- Restructured operating model delivering reduced overhead requirements and annualised savings of **\$1.1M**.
- Contract renegotiations with **\$1.5M** in contracts currently under review.
- Further operational reviews underway to optimise support services and supplier relationships.

These steps are critical in ensuring earnings improvements are durable and not reliant solely on top-line, "occupancy-led" recovery.



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## Divestment Strategy - Under Review

As part of the 2024 Strategic Review, selective divestment opportunities of 10 centres were identified.

In light of the performance rebound observed since the commencement of this strategy in Q2 FY25, this is now under review.

Current improvements achieved to date demonstrate a fundamental shift in profitability at both the Group and Centre levels - prompting a re-assessment as to whether divestment remains the most value-accretive path.

We remain focused on maximizing shareholder value and will continue to monitor performance closely before making any final determinations.

## Closing Remarks from Mayfield's CEO

CEO, Daniel Stone, said:

*"We expect the sector to benefit from anticipated interest rate relief, easing inflation, and the mid-year Child Care Subsidy uplift, which will support family affordability and increase participation in early learning.*

*Combined; these tailwinds, the leadership team now in place, and a sharper and more disciplined approach, Mayfield is now well positioned to deliver improved earnings in H2 FY25.*

*Our focus remains on disciplined execution, operational excellence, and unlocking long-term value across our portfolio. Most importantly, this will be achieved by our valued staff providing excellent service to the children and families in our care.*

*In short, through the recent changes we have made to reposition the business, we are now more profitable than at this time last year, despite the lower levels of occupancy. New management initiatives to lift occupancy to more attractive levels are underway, gaining traction and delivering improved and profitable outcomes already.*

*I am pleased and encouraged by the improvements and value that we have begun to deliver in a relatively short time. I look forward to discussing our progress with you regularly."*

*This announcement has been approved for release by the Board*

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