



ASX Announcement

Mayfield Childcare Limited (ASX:MFD)

28 February 2023

Update on independent forensic investigation

Mayfield Childcare Limited (ASX:MFD) (**Company**) provides this update about an independent forensic investigation commissioned by the Company as referred to in its request for trading halt dated 24 February 2023 relating to potentially incorrect accounting treatment and misappropriation of Company funds by a former employee of the Company.

On 24 January 2023 the Company engaged KordaMentha to conduct an independent forensic investigation in relation to the period between 1 January 2020 and 31 December 2022, following the Company's review of historical supplier payments made for the purposes of preparing the Company's CY2023 CAPEX budget.

On 24 February 2023 the Company received a copy of KordaMentha's interim independent forensic accountant's report (**Interim Independent Forensic Report**), as a result of which the Company requested an immediate trading halt be granted in respect of its quoted securities.

The Interim Independent Forensic Report identified that between 1 January 2020 and 31 December 2022 there were apparent misappropriations by a former employee of the Company (**Former Employee**) relating to:

1. funds which were invoiced to, and paid, by the Company, but for which evidence existed that the expenditure did not relate to childcare centres owned and operated by the Company (**Mayfield Centres**); and
2. invoices for goods provided to, or services rendered at, locations other than Mayfield Centres against amounts paid by the Company in advance.

The Company has engaged external legal advisers, King & Collins, to advise the Company in relation to the apparent misappropriations by the Former Employee.

On 24 February 2023 the Company made demand on the Former Employee in order to protect the Company's position. The initial response by the Former Employee has been to the Company's satisfaction.

The Company expects that KordaMentha's independent forensic investigation will continue for several weeks, following which the Company will receive a final report from KordaMentha. If necessary, the Company will provide a further update to the market at that time.

The Company expects to release its preliminary financial report for the full year ended 31 December 2022 to the market later today. The apparent misappropriations identified in the Interim



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Independent Forensic Report are not expected to have a material impact on the Company's accounts.

The Company's 36 long day care childcare centres will continue to operate as usual. The Company remains steadfast in its commitment to deliver the highest quality education and care to the families attending its centres and will continue to pursue its strategy of expanding its geographical footprint through targeted acquisitions of established childcare centres.

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

For further information, please contact:

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