

**MindChamps PreSchool Limited
and its Subsidiary Corporations**
(Incorporated in Singapore)
(Company Registration No: 200814577H)

**Condensed Interim Financial Statements
For the six months and full year ended 31 December 2024**

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MindChamps PreSchool Limited and its Subsidiary Corporations

Condensed Interim Consolidated Statement of Comprehensive Income

For the six months and full year ended 31 December 2024

	Note	6 months ended		+/- %	12 months ended		+/- %
		31 Dec 24	31 Dec 23		31 Dec 24	31 Dec 23	
		\$'000	\$'000		\$'000	\$'000	
Revenue	4	33,816	31,147	9%	62,958	60,123	5%
Cost of sales		(16,819)	(16,278)	3%	(32,780)	(31,722)	3%
Gross profit		16,997	14,869	14%	30,178	28,401	6%
Other income							
- Interest income		599	200	N.M.	723	225	N.M.
- Others		305	331	(8%)	520	469	11%
		904	531	70%	1,243	694	79%
Other gains and losses							
- Exclusive territory business sales	6.2	-	4,834	N.M.	4,934	12,785	(61%)
- Gain from corporate transactions	14	884	295	N.M.	884	3,235	(73%)
- Impairment loss on financial assets		(630)	(3,089)	(80%)	(718)	(3,101)	(77%)
- Other gains / (losses) - net		208	(483)	N.M.	199	(477)	N.M.
Expenses							
- Administrative		(16,831)	(16,864)	(0%)	(31,823)	(31,407)	1%
- Finance		(1,362)	(1,043)	31%	(2,318)	(2,132)	9%
- Marketing		(634)	(772)	(18%)	(1,331)	(1,478)	(10%)
Share of losses from associates and joint ventures	12,13	(490)	(209)	N.M.	(700)	(437)	60%
(Loss) / Profit before income tax	6	(954)	(1,931)	(51%)	548	6,083	(91%)
Income tax expense	7	(204)	(166)	23%	(311)	(926)	(66%)
Net (loss) / profit		(1,158)	(2,097)	(45%)	237	5,157	(95%)
Other comprehensive loss:							
Items that may be reclassified subsequently to profit or loss:							
Currency translation differences arising from consolidation – loss		(4,522)	(412)	N.M.	(4,487)	(1,138)	N.M.
Total comprehensive (loss) / income		(5,680)	(2,509)	N.M.	(4,250)	4,019	N.M.
(Loss) / Profit attributable to:							
Equity holders of the Company		(1,348)	(1,714)	(21%)	12	5,432	(100%)
Non-controlling interests		190	(383)	N.M.	225	(275)	N.M.
		(1,158)	(2,097)	(45%)	237	5,157	(95%)
Total comprehensive (loss) / income attributable to:							
Equity holders of the Company		(5,870)	(2,126)	N.M.	(4,475)	4,294	N.M.
Non-controlling interests		190	(383)	N.M.	225	(275)	N.M.
		(5,680)	(2,509)	N.M.	(4,250)	4,019	N.M.
Earnings per share for net (loss) / profit attributable to equity holders of the Company							
- Basic earnings per share (cents per share)		(0.56)	(0.71)		0.00	2.24	
- Diluted earnings per share (cents per share)		(0.56)	(0.71)		0.00	2.24	

The accompanying notes form an integral part of these financial statements.

MindChamps PreSchool Limited and its Subsidiary Corporations

Condensed Interim Consolidated Statement of Comprehensive Income

For the six months and full year ended 31 December 2024

COMMENTARY ON THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

6 months ended 31 December 2024 ("2H 2024") and 31 December 2023 ("2H 2023")

- (1) For the 6 months ended 31 December 2024, the Group recorded a loss before tax of \$1.0 million in 2H 2024, a decrease of approximately \$0.9 million from a loss before tax of \$1.9 million in 2H 2023 and a loss after tax of \$1.2 million in 2H 2024, a decrease of approximately \$0.9 million from loss after tax of \$2.1 million in 2H 2023.
- (2) Revenue increased by approximately \$2.7 million or 9%, from \$31.1 million in 2H 2023 to \$33.8 million in 2H 2024. The increase was mainly attributable to:
 - a) an increase of \$2.9 million in school fees revenue mainly attributable to an increase in preschool fees; and
 - b) a decrease of \$0.3 million in commission income mainly attributable to the divestment of the childcare enrolment centre in 2H 2024.
- (3) Cost of sales increased by approximately \$0.5 million or 3%, from \$16.3 million in 2H 2023 to \$16.8 million in 2H 2024. The increase was mainly attributable to an increase in centre teachers' costs.
- (4) Other income increased by approximately \$0.4 million or 70%, from \$0.5 million in 2H 2023 to \$0.9 million in 2H 2024. The increase was mainly attributable to an increase in interest income from lease receivables resulting from the renewal of the lease in 2H 2024.
- (5) Exclusive territory business sales decreased by approximately \$4.8 million from \$4.8 million in 2H 2023 to \$Nil in 2H 2024. There was no exclusive territory business sale in 2H 2024.
- (6) Gain from corporate transactions increased by approximately \$0.6 million from \$0.3 million in 2H 2023 to \$0.9 million in 2H 2024. The increase was attributable to the divestment of a subsidiary corporation and the disposal of a preschool centre business in 2H 2024.
- (7) Impairment of financial assets decreased by approximately \$2.5 million or 80%, from \$3.1 million in 2H 2023 to \$0.6 million in 2H 2024. The decrease was attributable to lower specific provisions of doubtful debts required to be made in 2H 2024, as the majority of the specific provisions had been made in 2H 2023.
- (8) Finance expenses increased by approximately \$0.4 million or 31%, from \$1.0 million in 2H 2023 to \$1.4 million in 2H 2024. The increase was mainly attributable to an increase in interest expenses from lease liabilities due to the renewal of certain leases of preschool centres in 2H 2024.
- (9) Marketing expenses decreased by approximately \$0.2 million or 18%, from \$0.8 million in 2H 2023 to \$0.6 million in 2H 2024. The decrease was mainly attributable to a decrease in marketing activities with better cost control in 2024.
- (10) Share of losses from associates and joint ventures increased by \$0.3 million from \$0.2 million in 2H 2023 to \$0.5 million in 2H 2024. The increase was mainly attributable to new investment in joint ventures which are in their initial start-up stage.
- (11) Currency translation arising from consolidation increased by approximately \$4.1 million from a loss of \$0.4 million in 2H 2023 to a loss of \$4.5 million in 2H 2024. These exchange differences arose from the translation of financial statements of the Group's Australian operations which functional currencies are different from the Group's presentation currency.

MindChamps PreSchool Limited and its Subsidiary Corporations

Condensed Interim Consolidated Statement of Comprehensive Income

For the six months and full year ended 31 December 2024

COMMENTARY ON THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Continued)

12 Months Ended 31 December 2024 ("2024") and 31 December 2023 ("2023")

- (1) For the full year ended 31 December 2024, the Group recorded a profit before tax of \$0.5 million, a decrease of approximately \$5.6 million from \$6.1 million in 2023 and a profit after tax of \$0.2 million, a decrease of approximately \$5.0 million from \$5.2 million in 2023.
- (2) Revenue increased by approximately \$2.9 million or 5%, from \$60.1 million in 2023 to \$63.0 million in 2024. The increase was mainly attributable to:
 - a) an increase of \$3.5 million in school fees revenue mainly attributable to an increase in preschool fees; and
 - b) offset by a decrease of \$0.6 million in service income in 2024.
- (3) Cost of sales increased by approximately \$1.1 million or 3%, from \$31.7 million in 2023 to \$32.8 million in 2024. The increase was mainly attributable to an increase in centre teachers' costs.
- (4) Other income increased by approximately \$0.5 million or 79%, from \$0.7 million in 2023 to \$1.2 million in 2024. The increase was mainly attributable to an increase in interest income from lease receivables resulting from the renewal of the lease in 2024.
- (5) Exclusive territory business sales decreased by approximately \$7.9 million or 61%, from \$12.8 million in 2023 to \$4.9 million in 2024. The decrease was attributable to a decrease in exclusive territory business sales in 2024.
- (6) Gain from corporate transactions decreased by approximately \$2.3 million or 73%, from \$3.2 million in 2023 to \$0.9 million in 2024. The decrease was mainly attributable to a decrease in divestment of subsidiary corporations in 2024.
- (7) Impairment of financial assets decreased by approximately \$2.4 million or 77%, from \$3.1 million in 2023 to \$0.7 million in 2024. The decrease was attributable to lower specific provisions of doubtful debts required to be made in 2024, as the majority of the specific provisions had been made in 2023.
- (8) Administrative expenses increased by approximately \$0.4 million or 1%, from \$31.4 million in 2023 to \$31.8 million in 2024. The increase was mainly attributable to higher amortisation on courseware development costs resulting from the addition in 2023.
- (9) Finance expenses increased by approximately \$0.2 million or 9%, from \$2.1 million in 2023 to \$2.3 million in 2024. The increase was mainly attributable to higher interest expenses from lease liabilities due to the renewal of certain leases of preschool centres offset by lower interest expenses from borrowings resulting from the repayment of existing borrowings in 2024.
- (10) Marketing expenses decreased by approximately \$0.2 million or 10%, from \$1.5 million in 2023 to \$1.3 million in 2024. The decrease was mainly attributable to a decrease in marketing activities with better cost control in 2024.
- (11) Share of losses from associates and joint ventures increased by \$0.3 million from \$0.4 million in 2023 to \$0.7 million in 2024. The increase was mainly attributable to new investment in joint ventures which are in their initial start-up stage.
- (12) Currency translation arising from consolidation increased by approximately \$3.4 million from a loss of \$1.1 million in 2023 to a loss of \$4.5 million in 2024. These exchange differences arose from the translation of financial statements of the Group's Australian operations which functional currencies are different from the Group's presentation currency.

MindChamps PreSchool Limited and its Subsidiary Corporations

Condensed Interim Consolidated Statement of Financial Position - Group

As at 31 December 2024

	Note	31 Dec 2024 \$'000	31 Dec 2023 \$'000
ASSETS			
Current assets			
Cash and short-term deposits		4,524	7,731
Trade and other receivables		14,873	16,252
Inventories		444	571
Lease receivables		215	271
		<u>20,056</u>	<u>24,825</u>
Non-current assets			
Property, plant and equipment		25,597	25,260
Intangible assets	9	68,251	76,010
Lease receivables		1,149	-
Trade and other receivables		3,841	4,116
Deferred income tax assets		1,630	1,696
Investments in associates	12	76	100
Investments in joint ventures	13	8,254	6,238
		<u>108,798</u>	<u>113,420</u>
Total assets		<u>128,854</u>	<u>138,245</u>
LIABILITIES			
Current liabilities			
Trade and other payables		14,577	21,651
Contract liabilities		5,940	2,345
Borrowings	10	7,436	7,419
Lease liabilities		5,571	5,468
Current income tax liabilities		494	650
		<u>34,018</u>	<u>37,533</u>
Non-current liabilities			
Borrowings	10	7,120	10,211
Lease liabilities		20,045	17,527
Deferred income tax liabilities		-	36
Provision for reinstatement costs		754	803
		<u>27,919</u>	<u>28,577</u>
Total liabilities		<u>61,937</u>	<u>66,110</u>
NET ASSETS		<u>66,917</u>	<u>72,135</u>
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	11	49,530	49,530
Currency translation reserve		(12,313)	(7,913)
Other reserve		(1,491)	(950)
Retained profits		31,730	31,718
		<u>67,456</u>	<u>72,385</u>
Non-controlling interests		<u>(539)</u>	<u>(250)</u>
TOTAL EQUITY		<u>66,917</u>	<u>72,135</u>

The accompanying notes form an integral part of these financial statements.

COMMENTARY ON THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(1) Current assets

The Group's current assets decreased by approximately \$4.7 million or 19%, from \$24.8 million as at 31 December 2023 to \$20.1 million as at 31 December 2024. The decrease was mainly attributable to a decrease in cash and cash equivalents resulting from repayments of borrowings and lease liabilities. Additionally, collections from trade and other receivables also contributed to the decrease in current assets.

(2) Non-current assets

The Group's non-current assets decreased by approximately \$4.6 million or 4%, from \$113.4 million as at 31 December 2023 to \$108.8 million as at 31 December 2024. The decrease was mainly attributable to:

- (a) a decrease in intangible assets of \$7.8 million mainly attributable to the divestment of subsidiary corporations and currency translation loss arising from the weakening of the Australian dollar against the Singapore dollar in 2024;
- (b) an increase in investments in joint ventures of \$2.1 million in Queensland and South Australia; and
- (c) an increase in non-current lease receivables of \$1.1 million.

(3) Current liabilities

The Group's current liabilities decreased by approximately \$3.5 million or 9%, from \$37.5 million as at 31 December 2023 to \$34.0 million as at 31 December 2024. The decrease was mainly attributable to:

- (a) a decrease in trade and other payables of \$7.1 million; and
- (b) an increase in contract liabilities of \$3.6 million mainly attributable to the new franchise license sales for which performance obligations have yet to be satisfied.

(4) Non-current liabilities

The Group's non-current liabilities decreased by approximately \$0.7 million or 2%, from \$28.6 million as at 31 December 2023 to \$27.9 million as at 31 December 2024. The decrease was mainly attributable to:

- (a) a decrease in non-current borrowings of approximately \$3.1 million resulting from the repayments of borrowings; and
- (b) an increase in non-current lease liabilities of approximately \$2.5 million due to the renewal of certain leases of preschool centres in 2024, offset with repayments of lease liabilities.

MindChamps PreSchool Limited and its Subsidiary Corporations

Condensed Interim Statement of Financial Position – Company
As at 31 December 2024

	Note	31 Dec 2024 \$'000	31 Dec 2023 \$'000
ASSETS			
Current assets			
Cash and cash equivalents		2,320	2,680
Trade and other receivables		16,445	13,691
Inventories		-	4
Lease receivables		645	802
		<u>19,410</u>	<u>17,177</u>
Non-current assets			
Property, plant and equipment		3,097	1,028
Intangible assets	9	865	1,613
Lease receivables		3,448	-
Trade and other receivables		1,683	2,938
Deferred income tax assets		113	113
Investments in subsidiary corporations		81,677	81,677
Investments in associates	12	76	100
		<u>90,959</u>	<u>87,469</u>
Total assets		<u>110,369</u>	<u>104,646</u>
LIABILITIES			
Current liabilities			
Trade and other payables		11,310	35,521
Contract liabilities		200	-
Borrowings		6,846	6,346
Lease liabilities		1,075	1,244
		<u>19,431</u>	<u>43,111</u>
Non-current liabilities			
Borrowings		6,648	8,994
Lease liabilities		5,747	53
Provision for reinstatement costs		49	44
		<u>12,444</u>	<u>9,091</u>
Total liabilities		<u>31,875</u>	<u>52,202</u>
NET ASSETS		<u>78,494</u>	<u>52,444</u>
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital		49,530	49,530
Retained profits		28,964	2,914
TOTAL EQUITY		<u>78,494</u>	<u>52,444</u>

The accompanying notes form an integral part of these financial statements.

MindChamps PreSchool Limited and its Subsidiary Corporations

Condensed Interim Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

	Attributable to equity holders of the Company				Non-controlling interests	Total
	Share capital	Currency translation reserve	Other reserve	Retained profits		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
31 December 2024						
As at 1 January 2024	49,530	(7,913)	(950)	31,718	(250)	72,135
Total comprehensive (loss) / profit for the financial year	-	(4,487)	-	12	225	(4,250)
Divestment of subsidiary corporation (Note 14(b))	-	-	-	-	(295)	(295)
Transfer of currency translation reserve upon divestment	-	87	(87)	-	(42)	(42)
Acquisition from non-controlling interests (Note 14(a)(ii))	-	-	(454)	-	*	(454)
Acquisition of subsidiary corporation (Note 14(a)(i))	-	-	-	-	(177)	(177)
As at 31 December 2024	49,530	(12,313)	(1,491)	31,730	(539)	66,917
31 December 2023						
As at 1 January 2023	49,301	(6,775)	-	26,286	(510)	68,302
Total comprehensive (loss) / profit for the financial year	-	(1,138)	-	5,432	(275)	4,019
Share-based payment transactions	229	-	-	-	-	229
Dividend paid to non-controlling interests	-	-	-	-	(25)	(25)
Acquisition from non-controlling interests	-	-	(950)	-	560	(390)
As at 31 December 2023	49,530	(7,913)	(950)	31,718	(250)	72,135

* Less than \$1,000

The accompanying notes form an integral part of these financial statements.

MindChamps PreSchool Limited and its Subsidiary Corporations

Condensed Interim Statement of Changes in Equity - Company

For the year ended 31 December 2024

	Share capital	Retained profits	Total
	\$'000	\$'000	\$'000
31 December 2024			
As at 1 January 2024	49,530	2,914	52,444
Total comprehensive income for the financial year	-	26,050	26,050
As at 31 December 2024	49,530	28,964	78,494
31 December 2023			
As at 1 January 2023	49,301	3,957	53,258
Total comprehensive loss for the financial year	-	(1,043)	(1,043)
Share-based payment transactions	229	-	229
As at 31 December 2023	49,530	2,914	52,444

The accompanying notes form an integral part of these financial statements.

MindChamps PreSchool Limited and its Subsidiary Corporations

Condensed Interim Consolidated Statement of Cash Flows

For the year ended 31 December 2024

	Note	12 months ended	
		31 Dec 2024 \$'000	31 Dec 2023 \$'000
Cash flows from operating activities			
Net profit		237	5,157
Adjustments for:			
- Amortisation of intangible assets		2,067	1,513
- Depreciation of property, plant and equipment		6,875	6,706
- Gain from corporate transactions	14	(884)	(3,235)
- Gain from bargain purchase		-	(768)
- Loss / (Gain) on disposal of property, plant and equipment		2	(61)
- Interest expense		2,318	2,132
- Impairment of financial assets		718	3,101
- Write off of intangible assets	9	-	80
- Write off of property, plant and equipment		-	275
- Write off of investment in joint venture		-	936
- Interest income		(723)	(225)
- Income and deferred tax expense	7	311	926
- Share based payment expenses		-	229
- Share of losses from associates and joint ventures	12,13	700	437
- Unrealised currency translation gains		(32)	-
		11,589	17,203
Change in working capital, net of effects from acquisitions of subsidiary corporations and divestment of subsidiary corporations:			
- Contract liabilities		3,588	560
- Inventories		120	45
- Trade and other receivables		713	(6,465)
- Trade and other payables		(7,366)	2,072
Cash generated from operations		8,644	13,415
Income tax paid		(485)	(83)
Net cash from operating activities		8,159	13,332
Cash flows from investing activities			
Acquisition of subsidiary corporations, net of cash acquired	14(a)(i)	62	3
Additions to intangible assets		-	(1,182)
Additions to property, plant and equipment		(371)	(897)
Disposal of property, plant and equipment		11	281
Proceeds from divestment of subsidiary corporations	14(b)	825	5,171
Proceeds from disposal of business	14(c)	1,249	-
Interest received		565	225
Investment in joint ventures	13	(2,835)	-
Sublease income received		159	-
Net cash (used in) / from investing activities		(335)	3,601

The accompanying notes form an integral part of these financial statements.

MindChamps PreSchool Limited and its Subsidiary Corporations

Condensed Interim Consolidated Statement of Cash Flows

For the year ended 31 December 2024

	12 months ended	
	31 Dec 2024	31 Dec 2023
	\$'000	\$'000
Cash flows from financing activities		
Dividend paid to non-controlling interests	-	(25)
Interest paid for loans and leases	(2,318)	(2,132)
Proceeds from refinancing borrowings	-	15,884
Repayments of borrowings	(2,919)	(21,834)
Repayment of principal amount of lease liabilities	(5,686)	(5,762)
Fixed deposit pledged	-	(2,000)
Transfer from reserve account	-	2,509
Net cash used in financing activities	(10,923)	(13,360)
Net (decrease) / increase in cash and cash equivalents	(3,099)	3,573
Cash and cash equivalents		
Beginning of financial year	5,731	2,371
Effects of currency translation on cash and cash equivalents	(108)	(213)
End of financial year	2,524	5,731
	31 Dec 2024	31 Dec 2023
	\$'000	\$'000
Cash and cash equivalents in the consolidated statement of financial position	4,524	7,731
Less: Fixed deposit pledged	(2,000)	(2,000)
Cash and cash equivalents in the consolidated statement of cash flows	2,524	5,731

The accompanying notes form an integral part of these financial statements.

MindChamps PreSchool Limited and its Subsidiary Corporations

Condensed Interim Consolidated Statement of Cash Flows

For the year ended 31 December 2024

COMMENTARY ON THE CONSOLIDATED STATEMENT OF CASH FLOWS

12 months ended 31 December 2024 ("2024")

The Group's cash and cash equivalents in the consolidated statement of cash flows decreased by \$3.2 million from \$5.7 million as at 31 December 2023 to \$2.5 million as at 31 December 2024.

Major cash inflows in 2024 were:

- (a) net cash provided by operating activities of approximately \$8.2 million;
- (b) proceeds from the divestment of subsidiary corporations of approximately \$0.8 million; and
- (c) proceeds from the disposal of business of approximately \$1.2 million.

Major cash outflows in 2024 were:

- (a) repayments of the principal element of borrowings of approximately \$2.9 million;
- (b) repayments of the principal element of lease liabilities in relation to the leasing of preschool centres and corporate offices of approximately \$5.7 million;
- (c) repayments of interests in relation to borrowings and lease payments of approximately \$2.3 million; and
- (d) investment in joint ventures of approximately \$2.8 million.

1 General information

MindChamps PreSchool Limited (the “Company”) is incorporated and domiciled in Singapore and whose shares are publicly traded on the Mainboard of the Singapore Exchange. These condensed interim consolidated financial statements as at and for the six months and full year ended 31 December 2024 comprise the Company and its subsidiaries (collectively, the Group).

The principal activities of the Company are those relating to childcare services and investment holding.

The principal activities of the Group are:

- (a) Provision of childcare services;
- (b) Franchising of childcare services for preschool children;
- (c) Commercial school offering higher education services;
- (d) Business and management consultancy services and investment holding;
- (e) Asset management;
- (f) Operation and management of preschool centres; and
- (g) Music, dancing, art, speech, and drama instruction.

2 Basis of preparation

The condensed interim financial statements for the six months and full year ended 31 December 2024 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance since the last annual financial statements for the year ended 31 December 2023.

The accounting policies and method of computation adopted are consistent with the most recently audited financial statements for the year ended 31 December 2023 which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim financial statements are presented in Singapore dollars (\$) which is the Company’s functional currency.

Going concern assumption

As at 31 December 2024, the Group and the Company were in a net current liabilities position of \$13.9 million and \$20 thousand, respectively.

This represents the existence of conditions that may cast significant doubt about the Group’s and the Company’s ability to continue as a going concern. Nevertheless, the financial statements are prepared on a going concern basis taking into consideration the following:

- (a) Excluding:
 - (i) the Group’s net current lease liabilities of \$5.6 million and the Company’s net current lease liabilities of \$1.1 million (the rent commitment for the next 12 months post statement of financial position date which will be funded by the business performance or earned for the same period);
 - (ii) the Group’s current contract liabilities of \$5.9 million and the Company’s current contract liabilities of \$0.2 million (the deferred revenue for the next 12 months post statement of financial position date which will be recognised by the business performance or earned for the same period);

2 Basis of preparation (continued)

Going concern assumption (continued)

(a) Excluding (continued):

- (iii) the Group's related party payables of \$0.2 million and the Company's related party payables of \$8.1 million within the Group (the treasury management function is centrally managed within the Group, where the related party repayments are at the Group's and the Company's sole discretion and assessment); and
- (iv) the Group's deposits received from customers of \$2.7 million and the Company's deposits received from customers of \$0.6 million for which are not expected to be refundable within the next 12 months; and
- (v) the Group's current non-financial assets (inventories and prepayments) of \$1.7 million and the Company's current non-financial assets (prepayments) of \$0.1 million,

the Group and the Company would have recorded an adjusted net current liabilities of \$1.2 million and adjusted net current assets of \$9.9 million respectively.

- (b) The Board and the management have deliberated the Group's business plans and operation budgets and are of the view that the Group is able to generate positive operating cash flows at least for the next twelve months.

2.1 New and amended standards adopted by the Group

Certain amendments to standards have become applicable for the current reporting period. The Group did not change its accounting policies or make retrospective adjustments as a result of adopting those standards.

The Group refined the classification of exclusive territory business sales to better align with the substance of the transaction as disposal of business. Comparative amounts in the statement of profit or loss were reclassified for consistency. As a result, \$12.8 million was reclassified from "revenue" to "other gains and losses – exclusive territory business sales".

2.2 Use of judgements and estimates

In the process of applying the Group's accounting policies, there is no instance of application of judgement resulting in significant updates since the last audited financial statements as at 31 December 2023 which will result in significant effects to amounts recognised in the condensed consolidated financial statements.

Information about assumptions and estimation uncertainties that have a significant risk or result in a material adjustment to the carrying amounts of assets and liabilities within the next interim period are included in Note 9(a) – impairment of goodwill.

3 Seasonal operations

We have experienced, and expect to continue to experience, seasonal fluctuations in our results of operations, primarily due to seasonal changes in student enrolments. The number of students at our preschool centres in Singapore and Australia is typically the lowest at the start of each calendar year, due to the graduation of kindergarten 2 students at the end of the preceding year, before gradually being replaced over the course of the year by new enrolments. As our revenue is directly affected by the headcount of students at our preschool centres, such seasonal fluctuations in student enrolments generally give rise to a corresponding seasonal fluctuation in our revenue over the course of a year.

4 Segment and revenue information

The Key Management ("KM") is the Group's chief decision-maker. The KM comprises the Founder Chief Executive Officer & Executive Chairman, the Chief Financial Officer, and the Global Chief Brand Officer and Chief Operating Officer.

The KM considers the business from both a geographic and business segment perspective. Geographically, the KM manages and monitors the business in the two primary geographic areas namely, Singapore and Australia. From a business segment perspective, the KM separately considers the education and franchise activities in these geographic areas.

Operating segments that have similar economic characteristics and similar nature of products and services are aggregated into a single reportable segment. The following summary describes the operations in each of the Group's reportable segments:

(i) Education

Provision of childcare, education and learning-related services for preschool children.

(ii) Franchise

Franchising of childcare services, enrichment classes and provision of administrative support services.

(iii) Corporate

Corporate office and exclusive territory business sales.

(iv) Others

Provision of commercial schools offering higher education programmes, business and management consulting services.

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For the six months and full year ended 31 December 2024

4 Segment and revenue information (Continued)

4.1 Reportable segments

The segment information provided to the KM for the reportable segments is as follows:

	Singapore				Australia				Group
	Education \$'000	Franchise \$'000	Corporate \$'000	Others \$'000	Education \$'000	Franchise \$'000	Corporate \$'000	Others \$'000	Total \$'000
6 months ended 31 Dec 2024									
Sales									
Total segment sales	4,349	7,923	-	-	21,901	2,481	-	515	37,169
Inter-segment sales	(122)	(813)	-	-	-	(2,151)	-	(267)	(3,353)
Sales to external parties	4,227	7,110	-	-	21,901	330	-	248	33,816
EBITDA	1,479	162	884	(14)	4,770	(2,594)	-	(42)	4,645
As at 31 Dec 2024									
Segment assets	6,826	4,049	17,049	577	55,953	43,318	-	1,082	128,854
Segment liabilities	(3,273)	-	(27,909)	(18)	(17,432)	(12,820)	-	(485)	(61,937)
6 months ended 31 Dec 2023									
Sales									
Total segment sales	2,407	7,239	-	-	20,836	248	-	1,020	31,750
Inter-segment sales	-	(416)	-	-	291	-	-	(478)	(603)
Sales to external parties	2,407	6,823	-	-	21,127	248	-	542	31,147
EBITDA	1,395	(6,466)	5,022	(169)	5,396	(2,046)	107	(155)	3,084
As at 31 Dec 2023									
Segment assets	4,594	4,022	20,810	1,069	70,806	35,242	-	1,702	138,245
Segment liabilities	(6,676)	-	(22,491)	(19)	(28,890)	(7,196)	-	(838)	(66,110)

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For the six months and full year ended 31 December 2024

4 Segment and revenue information (Continued)

4.1 Reportable segments (Continued)

	← Singapore →				← Australia →				Group
	Education \$'000	Franchise \$'000	Corporate \$'000	Others \$'000	Education \$'000	Franchise \$'000	Corporate \$'000	Others \$'000	Total \$'000
12 months ended 31 Dec 2024									
Sales									
Total segment sales	7,149	14,257	-	-	41,406	4,698	-	1,783	69,293
Inter-segment sales	(121)	(1,197)	-	-	-	(4,110)	-	(907)	(6,335)
Sales to external parties	7,028	13,060	-	-	41,406	588	-	876	62,958
EBITDA	2,597	(503)	884	(12)	7,394	(3,734)	4,934	(475)	11,085
As at 31 Dec 2024									
Segment assets	6,826	4,049	17,049	577	55,953	43,318	-	1,082	128,854
Segment liabilities	(3,273)	-	(27,909)	(18)	(17,432)	(12,820)	-	(485)	(61,937)
12 months ended 31 Dec 2023									
Sales									
Total segment sales	6,039	13,717	-	-	39,388	488	-	2,311	61,943
Inter-segment sales	-	(760)	-	-	-	-	-	(1,060)	(1,820)
Sales to external parties	6,039	12,957	-	-	39,388	488	-	1,251	60,123
EBITDA	1,433	(5,503)	12,617	(32)	9,110	(4,823)	3,403	4	16,209
As at 31 Dec 2023									
Segment assets	4,594	4,022	20,810	1,069	70,806	35,242	-	1,702	138,245
Segment liabilities	(6,676)	-	(22,491)	(19)	(28,890)	(7,196)	-	(838)	(66,110)

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4 Segment and revenue information (Continued)

4.1 Reportable segments (Continued)

In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

	12 months ended			
	Sales		EBITDA	
	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
By business segment				
Education				
- Singapore	11%	10%	23%	9%
- Australia	66%	66%	67%	56%
Franchise				
- Singapore	21%	22%	(5%)	(34%)
- Australia	*	*	(34%)	(30%)
Corporate				
- Singapore	*	*	8%	78%
- Australia	*	*	45%	21%
Other				
- Singapore	*	*	*	*
- Australia	2%	2%	(4%)	*
	100%	100%	100%	100%

* Less than 1%

By business segment, the Education segment remained as the largest contributor to the Group's turnover and earnings in 2024 and 2023.

By geographical segment:

- the Australia segment was the largest contributor to the Group's turnover in 2024 and 2023.
- the Australia segment was the largest contributor to the Group's earnings in 2024 while the Singapore segment was the largest contributor to the Group's earnings in 2023.

	12 months ended			
	Sales		EBITDA	
	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
- Singapore	32%	32%	27%	53%
- Australia	68%	68%	73%	47%
	100%	100%	100%	100%

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4 Segment and revenue information (Continued)

4.1 Reportable segments (Continued)

(a) *Reconciliation*

Segment profit

A reconciliation of EBITDA to profit before income tax is as follows:

	6 months ended		12 months ended	
	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
	\$'000	\$'000	\$'000	\$'000
EBITDA for reportable segments	4,701	3,408	11,572	16,237
EBITDA for other segments	(56)	(324)	(487)	(28)
Depreciation of property, plant and equipment	(3,720)	(3,297)	(6,875)	(6,706)
Amortisation of intangible assets	(1,116)	(875)	(2,067)	(1,513)
Interest expense	(1,362)	(1,043)	(2,318)	(2,132)
Interest income	599	200	723	225
(Loss) / Profit before income tax	(954)	(1,931)	548	6,083

(b) *Revenue from major services*

Revenues from external customers are mainly school fees, royalty fees and franchise income. The breakdown of the revenue from the respective segment is as follows:

	6 months ended		12 months ended	
	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
	\$'000	\$'000	\$'000	\$'000
<u>Revenue</u>				
Education	26,128	23,534	48,434	45,427
Franchise	7,440	7,071	13,648	13,445
Others	248	542	876	1,251
	33,816	31,147	62,958	60,123

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4 Segment and revenue information (Continued)

4.2 Disaggregation of Revenue

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major revenue streams and geographical regions. Revenue is attributed to countries by source of revenue generation.

	At a point in time \$'000	Over time \$'000	Total \$'000
6 months ended 31 Dec 2024			
Singapore			
- School fees	-	4,069	4,069
- Royalty fees	-	4,708	4,708
- Franchise income	428	-	428
- Sale of merchandise	538	-	538
- Others	1,594	-	1,594
Sales to external parties	<u>2,560</u>	<u>8,777</u>	<u>11,337</u>
Australia			
- School fees	-	21,861	21,861
- Royalty fees	-	271	271
- Franchise income	13	-	13
- Sale of merchandise	2	-	2
- Management service income	24	-	24
- Commission income	247	-	247
- Others	61	-	61
Sales to external parties	<u>347</u>	<u>22,132</u>	<u>22,479</u>
Total	<u>2,907</u>	<u>30,909</u>	<u>33,816</u>
6 months ended 31 Dec 2023			
Singapore			
- School fees	-	2,117	2,117
- Royalty fees	-	4,790	4,790
- Franchise income	192	-	192
- Sale of merchandise	691	-	691
- Others	1,440	-	1,440
Sales to external parties	<u>2,323</u>	<u>6,907</u>	<u>9,230</u>
Australia			
- School fees	-	20,898	20,898
- Royalty fees	-	210	210
- Sale of merchandise	3	-	3
- Management service income	33	-	33
- Commission income	542	-	542
- Others	231	-	231
Sales to external parties	<u>809</u>	<u>21,108</u>	<u>21,917</u>
Total	<u>3,132</u>	<u>28,015</u>	<u>31,147</u>

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For the six months and full year ended 31 December 2024

4 Segment and revenue information (Continued)

4.2 Disaggregation of Revenue (Continued)

	At a point in time \$'000	Over time \$'000	Total \$'000
12 months ended 31 Dec 2024			
Singapore			
- School fees	-	6,713	6,713
- Royalty fees	-	9,215	9,215
- Franchise income	469	-	469
- Sale of merchandise	992	-	992
- Others	2,699	-	2,699
Sales to external parties	<u>4,160</u>	<u>15,928</u>	<u>20,088</u>
Australia			
- School fees	-	41,317	41,317
- Royalty fees	-	488	488
- Franchise income	13	-	13
- Sale of merchandise	3	-	3
- Management service income	53	-	53
- Commission income	876	-	876
- Others	120	-	120
Sales to external parties	<u>1,065</u>	<u>41,805</u>	<u>42,870</u>
Total	<u>5,225</u>	<u>57,733</u>	<u>62,958</u>
12 months ended 31 Dec 2023			
Singapore			
- School fees	-	5,577	5,577
- Royalty fees	-	9,011	9,011
- Franchise income	392	-	392
- Sale of merchandise	974	-	974
- Others	3,042	-	3,042
Sales to external parties	<u>4,408</u>	<u>14,588</u>	<u>18,996</u>
Australia			
- School fees	-	38,985	38,985
- Royalty fees	-	409	409
- Sale of merchandise	16	-	16
- Management service income	59	-	59
- Commission income	1,251	-	1,251
- Others	407	-	407
Sales to external parties	<u>1,733</u>	<u>39,394</u>	<u>41,127</u>
Total	<u>6,141</u>	<u>53,982</u>	<u>60,123</u>

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For the six months and full year ended 31 December 2024

5 Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 31 December 2024 and 31 December 2023:

	Group		Company	
	31 Dec 2024 \$'000	31 Dec 2023 \$'000	31 Dec 2024 \$'000	31 Dec 2023 \$'000
Financial assets, at amortised cost	23,286	27,472	24,443	19,994
Financial liabilities, at amortised cost	54,749	62,276	31,626	52,158

6 (Loss) / Profit before income tax

6.1 Significant items

	Group			
	6 months ended		12 months ended	
	31 Dec 2024 \$'000	31 Dec 2023 \$'000	31 Dec 2024 \$'000	31 Dec 2023 \$'000
Income				
Government grants	305	273	520	438
Expenses				
Amortisation of intangible asset	1,116	875	2,067	1,513
Depreciation of property, plant and equipment	3,720	3,297	6,875	6,706
Employee compensation	21,976	23,525	43,224	44,526
Interest expenses:				
- Lease liabilities	930	481	1,411	868
- Term loans	386	389	823	1,021
- Miscellaneous	46	173	84	243

6.2 Related party transactions

	Group and Company			
	6 months ended		12 months ended	
	31 Dec 2024 \$'000	31 Dec 2023 \$'000	31 Dec 2024 \$'000	31 Dec 2023 \$'000
Sale to joint ventures				
- Exclusive territory business sales	-	4,834	4,934	12,785

The Group recognised gains from the sale of the franchising business to its joint ventures. The control over assets and processes is transferred to the buyer at the date of completion of the respective Exclusive Business Sale Agreements. Consequently, management has determined that the sale constitutes a business.

The Group had no material related party transactions apart from the above and those already disclosed in the audited 31 December 2023 financial statements.

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For the six months and full year ended 31 December 2024

7 Income tax expense

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	Group and Company			
	6 months ended		12 months ended	
	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
	\$'000	\$'000	\$'000	\$'000
Current income tax expense	239	68	381	697
Deferred income tax (credit) / expense relating to origination and reversal of temporary differences	(35)	98	(70)	229
	204	166	311	926

8 Net asset value

	Group		Company	
	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
Net asset value per ordinary share (cents per share)	28	30	32	22

9 Intangible assets

	Group		Company	
	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
	\$'000	\$'000	\$'000	\$'000
<u>Composition</u>				
Goodwill arising on consolidation (Note (a))	65,471	71,206	-	-
Student base	1,244	1,658	-	-
Courseware development cost	1,333	2,880	663	1,349
Computer software licences	203	254	202	252
Copyrights	-	12	-	12
	68,251	76,010	865	1,613

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9 Intangible assets (Continued)

(a) Goodwill arising on consolidation

	Group	
	31 Dec 2024	31 Dec 2023
	\$'000	\$'000
<u>Cost</u>		
Beginning of financial year	71,833	75,718
Acquisition of subsidiary corporation (Note 14(a))	711	-
Divestment of subsidiary corporations (Note 14(b))	(1,410)	(3,118)
Disposal of business (Note 14(c))	(711)	-
Write off for the year	-	(80)
Currency translation differences	(4,359)	(687)
End of financial year	66,064	71,833
<u>Accumulated impairment</u>		
Beginning of financial year	627	632
Currency translation differences	(34)	(5)
End of financial year	593	627
Net book value	65,471	71,206

Goodwill arising from the acquisition of a subsidiary corporation

Goodwill arising from the subsidiary corporation, MindChamps PreSchool @ Changi Airport Pte. Ltd. ("CT3") acquired on 3 July 2024. Subsequently, the goodwill was disposed of resulting from the disposal of CT3's preschool centre on 31 July 2024.

Impairment tests for goodwill

Goodwill that has an indefinite useful life are not subject to amortisation and are tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. The Group performed its annual impairment test as at 31 December 2024. The key assumptions used to determine the recoverable amount for the CGU were disclosed in the annual consolidated financial statements for the year ended 31 December 2023. No impairment indicators were identified as at 31 December 2024 based on the allocated CGU's business performance.

10 Borrowings

	Group	
	31 Dec 2024	31 Dec 2023
	\$'000	\$'000
Secured		
Amount repayable in one year or less, or on demand		
- Revolving credit	4,500	4,000
- Term loan	2,936	3,419
	7,436	7,419
Amount repayable after one year		
- Term loan	7,120	10,211
	14,556	17,630

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10 Borrowings (Continued)

Details of collaterals

The Group's borrowings consist of term loans and revolving credit and are secured by means of fixed deposit and corporate guarantee by the following subsidiary corporations:

- MindChamps Early Learning Australia Pty. Limited
- MindChamps Preschool Singapore Pte. Limited

11 Share capital

	Group and Company			
	31 Dec 2024		31 Dec 2023	
	No. of ordinary shares issued ('000)	Amount \$'000	No. of ordinary shares issued ('000)	\$'000
Beginning of the financial year	242,871	49,530	241,600	49,301
Shares issued	-	-	1,271	229
End of the financial year	<u>242,871</u>	<u>49,530</u>	<u>242,871</u>	<u>49,530</u>

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

The holder of ordinary shares is entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction.

The Company did not have any outstanding options, rights, subsidiary holdings, convertibles, or treasury shares as at 31 December 2024 and 31 December 2023.

12 Investments in associates

	Group and Company			
	6 months ended		12 months ended	
	31 Dec 2024 \$'000	31 Dec 2023 \$'000	31 Dec 2024 \$'000	31 Dec 2023 \$'000
<i>Equity accounting</i>				
Beginning of financial period / year	88	110	100	122
Addition	-	-	*	-
Share of losses	(12)	(10)	(24)	(22)
End of financial period / year	<u>76</u>	<u>100</u>	<u>76</u>	<u>100</u>

* Less than \$1,000

Addition of an associate

On 8 March 2024, the Group through its wholly owned subsidiary, Champion Mindset Academy Pte. Limited ("CMA") and a related party, MindChamps Academy Pte. Limited, has entered into a share purchase agreement to jointly acquire a total of 60% of the total issued ordinary shares of MindFORCE Academy Pte. Limited (formerly known as Arium School of Arts And Sciences Pte. Ltd.) ("MFA") for a total consideration of \$2. CMA acquires 30% of the ordinary shares of MFA for a total consideration of \$1.

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13 Investments in joint ventures

	Group			
	6 months ended		12 months ended	
	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
	\$'000	\$'000	\$'000	\$'000
<i>Equity accounting</i>				
Beginning of financial period / year	9,001	4,022	6,238	1,035
Additions	-	2,483	2,835	6,607
Transfer	*	(2)	*	(936)
Share of losses	(478)	(199)	(676)	(415)
Currency translation differences	(269)	(66)	(143)	(53)
End of financial period / year	8,254	6,238	8,254	6,238

* Less than \$1,000

Set out below are the new joint ventures of the Group as at 31 December 2024:

Name of entity	Place of business / country of incorporation	% of effective ownership Interest 31 December 2024	% of effective ownership Interest 31 December 2023
<u>Held by the Group</u>			
MCMF South Australia Pty Ltd ^(a)	Australia	45	-
QLD MF Pty Ltd ^(b)	Australia	50	-

Addition of joint ventures

- (a) On 17 January 2024, the Group entered into a joint venture agreement with Holywell Pty Ltd ("Holywell") through its newly incorporated subsidiary MindChamps SA Pty Ltd ("MCSA") to incorporate a joint venture company, MCMF South Australia Pty Ltd ("SAMF"). The total issued capital of SAMF is AU\$1,500,000, of which MCSA holds 50% and Holywell holds 50%. MCSA acquired 750,000 ordinary shares in MCMF for a total consideration of AU\$750,000 (approximately S\$675,000). The principal activity of MCMF is the franchising of MindChamps Early Learning & PreSchool centres in South Australia.
- (b) On 27 June 2024, the Group, through its wholly-owned subsidiary corporation, MindChamps Early Learning Australia Pty. Limited and together with Lynswag Pty. Limited ("Lynswag"), have incorporated a joint venture company, QLD MF Pty. Limited ("QAMF") in Australia. The total issued capital of QAMF is AU\$4,800,000, of which, the Group holds 50% and Lynswag holds 50% of the paid-up share capital respectively. The Group's subsidiary corporation acquired 24,000 ordinary shares in QLDMF for a total consideration of AU\$2,400,000 (approximately S\$2,160,000). The principal activity of QAMF is the franchising of MindChamps Early Learning & PreSchool centres in Queensland, Australia.
- (c) There are no contingent liabilities relating to the Group and Company's interest in the above joint ventures.

14 Corporate transactions

(a) Acquisition of subsidiary corporations

(i) Acquisition of MindChamps PreSchool @ Changi Airport Pte. Ltd.

On 3 July 2024, the Group's wholly owned subsidiary corporation, MindChamps PreSchool Singapore Pte. Ltd. exercised its rights to convert 1,200,400 units of Class A preference shares in MindChamps PreSchool @ Changi Airport Pte. Ltd. ("CT3") into ordinary shares. Subsequent to the conversion, CT3 ceased to be a joint venture and became an 80% owned subsidiary. The principal activity of CT3 is the provision of childcare, education and learning related services for preschool children.

The effects of the acquisition on the cash flows of the Group were as follows:

	CT3 \$'000
Fair value of identifiable assets acquired and liabilities assumed as at the date of acquisition:	
Cash and cash equivalents	62
Property, plant and equipment	553
Trade and other receivables	310
Inventories	1
Total assets	<u>926</u>
Trade and other payables	1,086
Contract liabilities	150
Lease liabilities	566
Provision for reinstatement costs	12
Total liabilities	<u>1,814</u>
Total identifiable net liabilities at fair value	(888)
Non-controlling interests	177
Goodwill (Note 9(a))	711
Fair value of interests held	*
Fair value of consideration for all interests acquired	<u>-</u>
Add: Cash and cash equivalents in subsidiary corporation acquired	<u>62</u>
Net cash inflow on acquisition	<u>62</u>

* Less than \$1,000

No acquisition related cost was incurred as due diligence was conducted internally.

The fair value of plant and equipment was \$553,000. The fair value was determined based on the depreciated replacement cost and reflects adjustments for physical deterioration as well as functional and economic obsolescence.

The fair value of trade and other receivables was \$310,000. The gross contractual amount for trade and other receivables due was \$310,000 and at the acquisition date, the entire contractual amount was expected to be collectable.

The fair value of trade and other payables was \$1,086,000. The gross contractual amount for trade and other payables due was \$1,086,000 and at the acquisition date, the entire contractual amount was expected to be settled.

14 Corporate transactions (Continued)

(a) Acquisition of subsidiary corporations (Continued)

(i) Acquisition of MindChamps PreSchool @ Changi Airport Pte. Ltd. (Continued)

Contract liabilities refer to school fees collected in advance ahead of the provision of services. Lease liabilities represent obligations for leasing preschool premises while provision for reinstatement costs represents an obligation to reinstate the leased premise to its original condition upon termination.

The Group recognised 20% non-controlling interests in CT3 at the date of acquisition at its proportionate share of CT3's identifiable net liabilities of \$177,000.

Goodwill recognised for CT3 of \$711,000 arising from the acquisition was attributable to the synergies of the business combination by leveraging CT3's business to maximise occupancy rates in MindChamps Preschool businesses. It is not deductible for tax purposes.

The acquired subsidiary corporation contributed revenue of \$145,000 and a net profit of \$638,000 to the Group for the financial year ended 31 December 2024. The contribution to net profits mainly arises from the disposal of the preschool centre as disclosed in note 14(c).

Had CT3 been acquired from 1 January 2024, there would be no significant impact on the consolidated revenue and consolidated net profit for the financial year ended 31 December 2024.

(ii) Acquisition of ELMSS Pty Ltd

On 30 September 2024, the Group's wholly owned subsidiary corporation, MindChamps Early Learning Australia Pty. Limited ("MCELA") entered into a Share Swap Agreement to transfer its 51% equity interest in The Enrolment Hub Pty Ltd ("TEH") in exchange for an additional 20% of ELMSS Pty Ltd ("ELMSS"). As a result, the Group acquired fully the remaining 20% equity interest in ELMSS. The change in the Group's interest in ELMSS does not result in a loss of control. The principal activity of ELMSS is investment holding and technology development.

No acquisition-related cost was incurred as due diligence was conducted internally.

Other reserve of \$541,000 arising from the difference between the carrying amount of the non-controlling interests and the fair value of the consideration paid recognised within equity attributable to the equity holders of the Company. This was attributable to the transaction with non-controlling interests that did not result in a change of control over ELMSS.

There would be no significant impact on the consolidated revenue and consolidated net profit to the Group for the financial year ended 31 December 2024.

Had ELMSS been acquired from 1 January 2024, there would be no significant impact on the consolidated revenue and consolidated net profit for the financial year ended 31 December 2024.

(b) Divestment of subsidiary corporations

(i) On 30 September 2024, the Group's wholly owned subsidiary corporation, MCELA entered into a Share Swap Agreement to transfer its 51% equity interest in TEH in exchange for an additional 20% of ELMSS. As a result, the Group fully divested its equity interest in TEH.

(ii) The Group divested 100% of its equity interest in its wholly owned subsidiary corporation, MindChamps PreSchool @ Woodlands Pte. Ltd. ("WDL") on 31 December 2024.

MindChamps PreSchool Limited and its Subsidiary Corporations

Notes to the condensed interim consolidated financial statements

For the six months and full year ended 31 December 2024

14 Corporate transactions (Continued)

(b) Divestment of subsidiary corporations (Continued)

The effects of the divestment on the cash flows of the Group were as follows:

	TEH \$'000	WDL \$'000	Total \$'000
Carrying amounts of assets and liabilities as at the date of divestments:			
Cash and cash equivalents	462	13	475
Property, plant and equipment	-	1,029	1,029
Trade and other receivables	491	417	908
Intangible assets	-	200	200
Goodwill (Note 9(a))	148	1,262	1,410
Inventories	-	7	7
Current income tax assets	-	3	3
Deferred tax assets	-	5	5
Total assets	1,101	2,936	4,037
Trade and other payables	302	388	690
Contract liabilities	-	119	119
Current income tax liabilities	51	6	57
Lease liabilities	-	947	947
Bank loans	-	155	155
Provision for reinstatement costs	-	59	59
Total liabilities	353	1,674	2,027
Net assets divested of	748	1,262	2,010
Cash inflows arising from divestments:			
Net assets divested of (as above)	748	1,262	2,010
Less: Net assets divested of (NCI)	(294)	-	(294)
Currency translation reserve	87	-	87
Net assets divested of	541	1,262	1,803
Fair value of investment divested [^]	(541)	-	(541)
Gain on divestments	-	213	213
Proceeds on divestments	-	1,475	1,475
Less: Cash and cash equivalents in subsidiary corporations divested of	(462)	(13)	(475)
Less: Deferred considerations [*]	-	(175)	(175)
Net cash (outflow) / inflow on divestments	(462)	1,287	825

[^] Fair value of investment divested to share swap for an additional 20% of ELMSS (Note 14(a)(ii)).

^{*} Deferred considerations are expected to be payable within three years from the completion date.

(c) Disposal of business

On 19 July 2024, the Group's subsidiary corporation, MindChamps PreSchool @ Changi Airport Pte. Ltd. ("CT3") entered into a Business and Asset Sale Agreement with House of Wisdom ("HOW") to dispose of the business of the preschool centre for total consideration of \$1,250,000. The transaction was completed on 31 July 2024.

MindChamps PreSchool Limited and its Subsidiary Corporations

Notes to the condensed interim consolidated financial statements

For the six months and full year ended 31 December 2024

14 Corporate transactions (Continued)

(c) Disposal of business (Continued)

The effects of the disposal on the cash flows of the Group were as follows:

	CT3 \$'000
Carrying amounts of assets and liabilities as at the date of divestments:	
Cash and cash equivalents	1
Property, plant and equipment	544
Goodwill (Note 9(a))	711
Inventories	1
Total assets	1,257
Trade and other payables	107
Contract liabilities	24
Lease liabilities	535
Provision for reinstatement costs	12
Total liabilities	678
Net assets divested of	579
Gain on divestment	671
Proceeds on divestment	1,250
Less: Cash and cash equivalents in preschool centre divested of	(1)
Net cash inflow on divestment	1,249

15 Contingent liabilities

There are no material contingent liabilities apart from those already disclosed in the audited 31 December 2023 financial statements.

16 Subsequent events

As disclosed in the FY2023 Annual Report, a wholly owned subsidiary of the Group, MindChamps Early Learning Australia Pty. Limited ("MCELA") entered into a legally binding term sheet on 14 May 2024 to acquire the business and assets of MindChamps Early Learning & Preschool @ Frenchs Forest ("MCFF") from Dream Big Education Pty Ltd ("Dream Big").

On 22 November 2024, MCELA formalised the acquisition through a Share Purchase Agreement, with a total consideration of A\$3,149,000 (approximately S\$2,662,000), offset against the receivable balance as of 31 December 2024. MCELA assumed operational control of the centre on 1 February 2025. However, the acquisition's final completion remains subject to the fulfilment of conditions precedent outlined in the agreement, after which MCFF will become a fully owned subsidiary of the Group.

There are no other known subsequent events which led to adjustments to this set of interim financial statements.

Other Information Required by Listing Rule Appendix 7.2

OTHER INFORMATION

1. Review

The condensed consolidated statement of financial position of MindChamps PreSchool Limited and its subsidiary corporations as at 31 December 2024 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the twelve-month period then ended and certain explanatory notes have not been audited or reviewed.

2. Review of performance of the Group

Please refer to the interim financial statements of the Group for the six months and full year ended 31 December 2024 on pages 1 to 11.

3. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable. The Company did not issue any forecast or prospect statement to shareholders previously.

4. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months.

(a) 2025's Outlook

The Group continues to navigate through a challenging operating environment characterised by workforce shortages, rising costs, and increasing salary pressures. These challenges are consistent with broader trends in the early childhood education ("ECE") sector across key markets, including Singapore and Australia. In response, the Group remains committed to maintaining a diligent cost management system and driving higher occupancy rates across its centres to ensure a healthy balance sheet and sustainable growth.

According to research by The Business Research Company, published in January 2025, the global ECE market is projected to expand from \$282.46 billion in 2024 to \$310.14 billion in 2025, reflecting a compound annual growth rate (CAGR) of 9.8%. This growth underscores the increasing recognition of early education's importance worldwide.

In Singapore, the ECE sector continues to receive robust government support, particularly through initiatives designed to assist parents. The recent 2025 budget announcements by Singapore's Prime Minister further underscore this commitment, creating a highly favourable environment for ECE providers. Key measures, such as the introduction of third-child benefits, the SG60 Baby Gift, and Child LifeSG credits, are expected to positively impact the birth rate in Singapore, thereby driving increased demand for ECE services. As a premium provider, MindChamps is strategically positioned to attract families seeking high-quality education for their children.

In Australia, the Group is cautiously optimistic about the outlook for FY2025 amidst stable inflation, lower interest rates and rising operational costs. The Australian government has introduced supportive measures, such as the Worker Retention Payment, which provides financial incentives to early childhood educators to remain in the sector. This initiative, coupled with the Group's strategic adjustments to school fees since the end of FY2024, will help mitigate some of the financial pressures. Further bolstering the sector, the introduction of the 3-day guarantee legislation ensures that all Australian families have access to at least three days of subsidised early childhood education and care per week. This initiative is likely to drive increased demand for high-quality early learning services, as parents seek out premium providers like MindChamps to maximize the benefits of this guarantee. Additionally, the Group's recent exclusive business sales in Queensland and South Australia in FY2024 have laid a strong foundation for further expansion. MindChamps plans to capitalise on this momentum by continuing to grow its franchise business both domestically and internationally, ensuring a more sustainable growth trajectory in the coming years.

OTHER INFORMATION (Continued)

4. **A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months.** (Continued)

(a) **2025's Outlook** (continued)

In the United States, the ECE sector is experiencing similar challenges, including workforce shortages and rising operational costs. Nevertheless, increasing awareness of the importance of ECE and government funding initiatives, such as the Preschool Development Grants, present opportunities for growth. MindChamps' proven curriculum and innovative approach position it well to explore potential expansion opportunities in this market.

Looking ahead, the Group will remain focused on strategic initiatives to address workforce challenges, optimize operational efficiency, and expand its footprint in key markets. By leveraging government support, adjusting fee structures, and enhancing its franchise model, MindChamps is confident in its ability to deliver long-term value to stakeholders while maintaining its commitment to providing high-quality ECE.

5. **If a decision regarding dividend has been made:-**

(a) **Current Financial Period Reported on**

No dividends were recommended in the current reported financial period.

(b) **Corresponding Period of the Immediate Preceding Financial Year**

No dividends were recommended in the immediate preceding reported financial year.

(c) **The date the dividend is payable**

Not applicable.

(d) **Books Closure Date**

Not applicable.

6. **If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.**

No dividend has been declared for the current reported financial period as the Company intends to retain the profits generated in the current financial period for operational needs.

7. **If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

The Group has not obtained a general mandate from shareholders for Interested Person Transactions.

8. **Confirmation that the Company has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).**

The Company has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1) of the Listing Manual of the SGX-ST.

9. **Review of performance of the Group – turnover and earnings**

Please refer to the interim financial statements of the Group for the six months and full year ended 31 December 2024 on pages 1 to 11.

OTHER INFORMATION (Continued)

10. Disclosure of persons occupying managerial positions who are related to a director, CEO or substantial shareholder

Pursuant to Rule 704(13) of the Listing Manual, The Company confirms that there is no person occupying a managerial position in the Company or in any of its principal subsidiary corporations who is a relative of a director, chief executive officer or substantial shareholder of the Company.

11. Negative confirmations pursuant to Rule 705(5).

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge, nothing has come to the attention of the Board of Directors which may render the interim financial statements to be false or misleading in any material aspect.

On behalf of the Board of Directors

Mr. David Chiem Phu An
Executive Chairman

BY ORDER OF THE BOARD

Yeo Hui Leng
Company Secretary
28 February 2025