

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

**Condensed Interim Financial Statements
For the six months ended 30 June 2025**

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MindChamps PreSchool Limited and its Subsidiary Corporations

Condensed Interim Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2025

	Note	6 months ended		+/- %
		30 Jun 25 \$'000	30 Jun 24 \$'000	
Revenue	4	32,183	29,142	10%
Cost of sales		(15,537)	(15,961)	(3%)
Gross profit		16,646	13,181	26%
Other income				
- Interest income		307	124	N.M.
- Others		183	215	(15%)
		490	339	45%
Other gains and losses				
- Exclusive territory business sales	6.2	-	5,282	N.M.
- Gain from corporate transactions	14	2,904	-	N.M.
- Impairment loss on financial assets		(443)	(88)	N.M.
- Other losses - net		(301)	(9)	N.M.
Expenses				
- Administrative		(14,712)	(15,340)	(4%)
- Finance		(1,095)	(956)	15%
- Marketing		(502)	(697)	(28%)
Share of losses from associates and joint ventures	12,13	(404)	(210)	92%
Profit before income tax	6	2,583	1,502	72%
Income tax credit / (expense)	7	15	(107)	N.M.
Net profit		2,598	1,395	86%
Other comprehensive (loss) / income:				
Items that may be reclassified subsequently to profit or loss:				
Currency translation differences arising from consolidation – (loss) / income		(907)	35	N.M.
Total comprehensive income		1,691	1,430	18%
Profit / (Loss) attributable to:				
Equity holders of the Company		2,635	1,360	94%
Non-controlling interests		(37)	35	N.M.
		2,598	1,395	86%
Total comprehensive income / (loss) attributable to:				
Equity holders of the Company		1,728	1,395	24%
Non-controlling interests		(37)	35	N.M.
		1,691	1,430	18%
Earnings per share for net profit attributable to equity holders of the Company				
- Basic earnings per share (cents per share)		1.08	0.56	
- Diluted earnings per share (cents per share)		1.08	0.56	

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

COMMENTARY ON THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

6 months ended 30 June 2025 ("1H 2025") and 30 June 2024 ("1H 2024")

- (1) For the 6 months ended 30 June 2025, the Group recorded a profit before tax of \$2.6 million in 1H 2025, an increase of approximately \$1.1 million from a profit before tax of \$1.5 million in 1H 2024 and a profit after tax of \$2.6 million in 1H 2025, an increase of approximately \$1.2 million from a profit after tax of \$1.4 million in 1H 2024.
- (2) Revenue increased by approximately \$3.0 million or 10%, from \$29.1 million in 1H 2024 to \$32.1 million in 1H 2025. The increase was mainly attributable to:
 - a) an increase of \$3.6 million in franchise income, mainly attributable to sales of franchise licences in 1H 2025; and
 - b) a decrease of \$0.6 million in commission income, mainly attributable to the divestment of the childcare enrolment business in 2H 2024.
- (3) Cost of sales decreased by approximately \$0.5 million or 3%, from \$16.0 million in 1H 2024 to \$15.5 million in 1H 2025. The decrease was mainly attributable to a decrease in centre teachers' costs.
- (4) Other income increased by approximately \$0.2 million or 45%, from \$0.3 million in 1H 2024 to \$0.5 million in 1H 2025. The increase was mainly attributable to an increase in interest income arising from the unwinding of discount from the financing component of the prior years' exclusive territory business sales.
- (5) Exclusive territory business sales decreased by approximately \$5.3 million from \$5.3 million in 1H 2024 to \$Nil in 1H 2025. There was no exclusive territory business sale in 1H 2025.
- (6) Gain from corporate transactions increased by \$2.9 million from \$Nil in 1H 2024 to \$2.9 million in 1H 2025. The increase was attributable to the disposal of a preschool centre business in 1H 2025.
- (7) Impairment of financial assets increased by approximately \$0.3 million from \$0.1 million in 1H 2024 to \$0.4 million in 1H 2025. The increase was attributable to specific provisions of doubtful debts made in 1H 2025, in line with the Group's credit risk assessment.
- (8) Other losses increased by approximately \$0.3 million in 1H 2025. The increase was attributable to unrealised foreign exchange loss recognised in 1H 2025.
- (9) Administrative expenses decreased by approximately \$0.6 million or 4%, from \$15.3 million in 1H 2024 to \$14.7 million in 1H 2025. The decrease was mainly attributable to:
 - a) a decrease of \$0.4 million in manpower expenses in 1H 2025; and
 - b) a decrease of \$0.2 million in amortisation of intangible assets.
- (10) Finance expenses increased by approximately \$0.1 million or 15%, from \$1.0 million in 1H 2024 to \$1.1 million in 1H 2025. The increase was mainly attributable to an increase in interest expenses from lease liabilities attributable to the renewal of certain leases of preschool centres in 2H 2024.

MindChamps PreSchool Limited and its Subsidiary Corporations

Condensed Interim Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2025

COMMENTARY ON THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Continued)

6 months ended 30 June 2025 ("1H 2025") and 30 June 2024 ("1H 2024") (Continued)

- (11) Marketing expenses decreased by approximately \$0.2 million or 28%, from \$0.7 million in 1H 2024 to \$0.5 million in 1H 2025. The decrease was mainly attributable to a decrease in marketing activities with better cost control in 1H 2025.
- (12) Share of losses from associates and joint ventures increased by \$0.2 million from \$0.2 million in 1H 2024 to \$0.4 million in 1H 2025. The increase was mainly attributable to new investment in joint ventures, which are in their initial start-up stage.
- (13) Currency translation loss arising from consolidation increased by approximately \$0.9 million in 1H 2025. These exchange differences arose from the translation of financial statements of the Group's Australian operations, in 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 30 June 2025

	Note	30 Jun 2025 \$'000	31 Dec 2024 \$'000
ASSETS			
Current assets			
Cash and short-term deposits		4,182	4,524
Trade and other receivables		17,695	14,873
Inventories		407	444
Lease receivables		250	215
Total current assets		22,534	20,056
Non-current assets			
Property, plant and equipment		22,718	25,597
Intangible assets	9	69,130	68,251
Lease receivables		1,023	1,149
Trade and other receivables		4,044	3,841
Deferred income tax assets		1,645	1,630
Investments in associates	12	64	76
Investments in joint ventures	13	7,562	8,254
Total non-current assets		106,186	108,798
Total assets		128,720	128,854
LIABILITIES AND EQUITIES			
Current liabilities			
Trade and other payables		19,460	14,577
Contract liabilities		3,843	5,940
Borrowings	10	6,907	7,436
Lease liabilities		5,236	5,571
Current income tax liabilities		441	494
Total current liabilities		35,887	34,018
Non-current liabilities			
Borrowings	10	5,714	7,120
Lease liabilities		17,700	20,045
Provision for reinstatement costs		811	754
Total non-current liabilities		24,225	27,919
Total liabilities		60,112	61,937
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	11	49,530	49,530
Currency translation reserve		(13,262)	(12,355)
Other reserve		(1,449)	(1,449)
Retained profits		34,365	31,730
		69,184	67,456
Non-controlling interests		(576)	(539)
Total equity		68,608	66,917
Total liabilities and equity		128,720	128,854

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 increased by approximately \$2.4 million or 12%, from \$20.1 million as at 31 December 2024 to \$22.5 million as at 30 June 2025. The increase was mainly attributable to:

- (a) an increase in trade and other receivables of \$2.8 million, mainly attributable to the balance purchase consideration receivable in relation to the disposal of a preschool centre business in 1H 2025; and
- (b) a decrease in cash and cash equivalents of \$0.3 million resulting from repayments of borrowings and lease liabilities.

(2) Non-current assets

The Group's non-current assets decreased by approximately \$2.6 million or 2%, from \$108.8 million as at 31 December 2024 to \$106.2 million as at 30 June 2025. The decrease was mainly attributable to:

- (a) a decrease in property, plant and equipment of \$2.9 million, mainly attributable to the depreciation charged during the financial period; and
- (b) an increase in non-current trade and other receivables of \$0.2 million.

(3) Current liabilities

The Group's current liabilities increased by approximately \$1.9 million or 5%, from \$34.0 million as at 31 December 2024 to \$35.9 million as at 30 June 2025. The increase was mainly attributable to:

- (a) an increase in trade and other payables of \$4.9 million;
- (b) a decrease in contract liabilities of \$2.1 million, mainly attributable to the revenue recognised from franchise licenses; and
- (c) a decrease in borrowings and lease liabilities of approximately \$0.9 million resulting from the repayments.

(4) Non-current liabilities

The Group's non-current liabilities decreased by approximately \$3.7 million or 13%, from \$27.9 million as at 31 December 2024 to \$24.2 million as at 30 June 2025. The decrease was mainly attributable to a decrease in non-current borrowings and lease liabilities of approximately \$3.7 million, resulting from the repayments.

MindChamps PreSchool Limited and its Subsidiary Corporations

Condensed Interim Statement of Financial Position – Company
As at 30 June 2025

	Note	30 Jun 2025 \$'000	31 Dec 2024 \$'000
ASSETS			
Current assets			
Cash and cash equivalents		2,494	2,320
Trade and other receivables		18,462	16,445
Inventories		5	-
Lease receivables		749	645
Total current assets		21,710	19,410
Non-current assets			
Property, plant and equipment		2,797	3,097
Intangible assets	9	629	865
Lease receivables		3,069	3,448
Trade and other receivables		1,708	1,683
Deferred income tax assets		113	113
Investments in subsidiary corporations		81,678	81,677
Investments in associates	12	64	76
Total non-current assets		90,058	90,959
Total assets		111,768	110,369
LIABILITIES			
Current liabilities			
Trade and other payables		17,156	11,310
Contract liabilities		245	200
Borrowings		6,446	6,846
Lease liabilities		1,248	1,075
Total current liabilities		25,095	19,431
Non-current liabilities			
Borrowings		5,476	6,648
Lease liabilities		5,115	5,747
Provision for reinstatement costs		49	49
Total non-current liabilities		10,640	12,444
Total liabilities		35,735	31,875
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital		49,530	49,530
Retained profits		26,503	28,964
Total equity		76,033	78,494
Total liabilities and equity		111,768	110,369

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 30 June 2025

	Attributable to equity holders of the Company					Non-controlling interests	Total
	Share capital	Currency translation reserve	Other reserve	Retained profits	Total		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
30 June 2025							
As at 1 January 2025	49,530	(12,355)	(1,449)	31,730	67,456	(539)	66,917
Total comprehensive (loss) / income for the financial period	-	(907)	-	2,635	1,728	(37)	1,691
As at 30 June 2025	49,530	(13,262)	(1,449)	34,365	69,184	(576)	68,608
30 June 2024							
As at 1 January 2024	49,530	(7,913)	(950)	31,718	72,385	(250)	72,135
Total comprehensive income for the financial period	-	35	-	1,360	1,395	35	1,430
As at 30 June 2024	49,530	(7,878)	(950)	33,078	73,780	(215)	73,565

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 30 June 2025

	Share capital	Retained profits	Total
	\$'000	\$'000	\$'000
30 June 2025			
As at 1 January 2025	49,530	28,964	78,494
Total comprehensive loss for the financial period	-	(2,461)	(2,461)
As at 30 June 2025	49,530	26,503	76,033
30 June 2024			
As at 1 January 2024	49,530	2,914	52,444
Total comprehensive income for the financial period	-	28,441	28,441
As at 30 June 2024	49,530	31,355	80,885

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 six months ended 30 June 2025

		6 months ended	
	Note	30 Jun 2025	30 Jun 2024
		\$'000	\$'000
Cash flows from operating activities			
Net profit		2,598	1,395
Adjustments for:			
- Amortisation of intangible assets		764	951
- Depreciation of property, plant and equipment		3,476	3,155
- Gain from corporate transactions	14	(2,904)	-
- Gain from exclusive territory business sales		-	(5,282)
- Loss on disposal of property, plant and equipment		-	2
- Interest expense		1,095	956
- Impairment of financial assets		443	88
- Interest income		(307)	(124)
- Income and deferred tax (credit) / expense	7	(15)	107
- Share of losses from associates and joint ventures	12,13	404	210
- Unrealised currency translation losses		306	31
Operating cash flows before movements in working capital		5,860	1,489
Change in working capital:			
- Contract liabilities		(1,831)	1,899
- Inventories		27	24
- Trade and other receivables		(3,387)	(927)
- Trade and other payables		5,058	(2,367)
Cash generated from operations		5,727	118
Income tax paid		(73)	(289)
Net cash from / (used in) operating activities		5,654	(171)
Cash flows from investing activities			
Acquisition of subsidiary corporation, net of cash acquired	14(a)	(2,564)	-
Additions to property, plant and equipment		(97)	(261)
Proceeds from exclusive territory business sales		-	5,282
Proceeds from the disposal of a preschool centre	14(b)	2,464	-
Interest received		59	124
Investment in joint ventures	13	-	(2,835)
Sublease income received		105	-
Net cash (used in) / from investing activities		(33)	2,310
Cash flows from financing activities			
Interest paid for loans and leases		(1,095)	(956)
(Repayments of) / Proceeds from short-term borrowings		(400)	500
Repayments of borrowings		(1,536)	(1,698)
Repayment of principal amount of lease liabilities		(2,936)	(2,572)
Net cash used in financing activities		(5,967)	(4,726)

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 six months ended 30 June 2025*

	6 months ended	
	30 Jun 2025	30 Jun 2024
	\$'000	\$'000
Net decrease in cash and cash equivalents	(346)	(2,587)
Cash and cash equivalents		
Beginning of financial period	2,524	5,731
Effects of currency translation on cash and cash equivalents	4	139
End of financial period	2,182	3,283

	30 Jun 2025	30 Jun 2024
	\$'000	\$'000
Cash and cash equivalents in the consolidated statement of financial position	4,182	5,283
Less: Fixed deposit pledged	(2,000)	(2,000)
Cash and cash equivalents in the consolidated statement of cash flows	2,182	3,283

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 six months ended 30 June 2025

COMMENTARY ON THE CONSOLIDATED STATEMENT OF CASH FLOWS

6 months ended 30 June 2025 ("1H 2025")

The Group's cash and cash equivalents in the consolidated statement of cash flows decreased by \$0.3 million from \$4.5 million as at 31 December 2024 to \$4.2 million as at 30 June 2025.

Major cash inflows in 1H 2025 were:

- (a) net cash provided by operating activities of approximately \$5.7 million; and
- (b) proceeds from the disposal of the preschool centre business of approximately \$2.5 million.

Major cash outflows in 1H 2025 were:

- (a) repayments of the principal element of borrowings of approximately \$1.5 million;
- (b) repayments of the principal element of lease liabilities in relation to the leasing of preschool centres and corporate offices of approximately \$2.9 million;
- (c) repayments of interests in relation to borrowings and lease liabilities of approximately \$1.1 million;
- (d) net cash outflows on acquisition of subsidiary corporation of approximately \$2.6 million; and
- (e) repayments of the short-term borrowings of approximately \$0.4 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 ended 30 June 2025 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 ended 30 June 2025 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 2024.

The accounting policies and method of computation adopted are consistent with the most recently audited financial statements for the year ended 31 December 2024, 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 30 June 2025, the Group and the Company were in a net current liabilities position of \$13.4 million and \$3.4 million, 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 \$5.2 million and the Company's net current lease liabilities of \$1.3 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 \$3.8 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 \$4.9 million and the Company's related party payables of \$13.3 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 \$2.5 million and the Company's deposits received from customers of \$0.6 million, 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 \$1.0 million and the Company's current non-financial assets (prepayments) of \$0.1 million,

the Group and the Company would have recorded adjusted net current assets of \$2.0 million and \$11.9 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 comparative figures of the gains from the exclusive territory business sales of \$5.3 million have been reclassified from "revenue" to "other gains and losses – exclusive territory business sales" to reflect the transactions as disposal of businesses instead of revenue.

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 2024, 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 is 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 and asset management.

MindChamps PreSchool Limited and its Subsidiary Corporations

Notes to the condensed interim consolidated financial statements

For the six months ended 30 June 2025

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	Franchise	Corporate	Others	Education	Franchise	Corporate	Others	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
6 months ended 30 Jun 2025									
Sales									
Total segment sales	2,825	7,631	-	-	18,988	7,602	-	-	37,046
Inter-segment sales	(41)	(642)	-	-	-	(4,180)	-	-	(4,863)
Sales to external parties	2,784	6,989	-	-	18,988	3,422	-	-	32,183
EBITDA	1,035	90	2,904	(19)	2,515	1,087	-	(1)	7,611
As at 30 Jun 2025									
Segment assets	7,092	3,575	20,898	434	50,592	45,063	-	1,066	128,720
Segment liabilities	(1,227)	-	(30,823)	(48)	(15,353)	(12,182)	-	(479)	(60,112)
6 months ended 30 Jun 2024									
Sales									
Total segment sales	2,800	6,334	-	-	19,505	2,217	-	1,268	32,124
Inter-segment sales	1	(384)	-	-	-	(1,959)	-	(640)	(2,982)
Sales to external parties	2,801	5,950	-	-	19,505	258	-	628	29,142
EBITDA	1,118	(665)	-	2	2,624	(1,488)	5,282	(433)	6,440
As at 30 Jun 2024									
Segment assets	4,404	4,337	17,500	824	64,937	41,744	-	1,509	135,255
Segment liabilities	(3,972)	(34)	(26,278)	(39)	(22,961)	(7,969)	-	(437)	(61,690)

Notes to the condensed interim consolidated financial statements

For the six months ended 30 June 2025

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	
	30 Jun 2025	30 Jun 2024
	\$'000	\$'000
EBITDA for reportable segments	7,631	6,871
EBITDA for other segments	(20)	(431)
Depreciation of property, plant and equipment	(3,476)	(3,155)
Amortisation of intangible assets	(764)	(951)
Interest expense	(1,095)	(956)
Interest income	307	124
Profit before income tax	2,583	1,502

(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	
	30 Jun 2025	30 Jun 2024
	\$'000	\$'000
<u>Revenue</u>		
Education	21,772	22,306
Franchise	10,411	6,208
Others	-	628
	32,183	29,142

Notes to the condensed interim consolidated financial statements

For the six months ended 30 June 2025

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 30 Jun 2025			
Singapore			
- School fees	-	2,640	2,640
- Royalty fees	-	4,479	4,479
- Franchise income	315	-	315
- Sale of merchandise	665	-	665
- Management service income	1,415	-	1,415
- Others	259	-	259
Sales to external parties	<u>2,654</u>	<u>7,119</u>	<u>9,773</u>
Australia			
- School fees	-	18,956	18,956
- Royalty fees	-	79	79
- Franchise income	3,311	-	3,311
- Sale of merchandise	3	-	3
- Management service income	37	-	37
- Others	24	-	24
Sales to external parties	<u>3,375</u>	<u>19,035</u>	<u>22,410</u>
Total	<u>6,029</u>	<u>26,154</u>	<u>32,183</u>
6 months ended 30 Jun 2024			
Singapore			
- School fees	-	2,644	2,644
- Royalty fees	-	4,507	4,507
- Franchise income	41	-	41
- Sale of merchandise	454	-	454
- Management service income	1,074	-	1,074
- Others	31	-	31
Sales to external parties	<u>1,600</u>	<u>7,151</u>	<u>8,751</u>
Australia			
- School fees	-	19,456	19,456
- Royalty fees	-	217	217
- Sale of merchandise	1	-	1
- Management service income	55	-	55
- Commission income	629	-	629
- Others	33	-	33
Sales to external parties	<u>718</u>	<u>19,673</u>	<u>20,391</u>
Total	<u>2,318</u>	<u>26,824</u>	<u>29,142</u>

MindChamps PreSchool Limited and its Subsidiary Corporations

Notes to the condensed interim consolidated financial statements

For the six months ended 30 June 2025

5 Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 June 2025 and 31 December 2024:

	Group		Company	
	30 Jun 2025	31 Dec 2024	30 Jun 2025	31 Dec 2024
	\$'000	\$'000	\$'000	\$'000
Financial assets, at amortised cost	26,616	23,286	26,365	24,443
Financial liabilities, at amortised cost	55,017	54,749	35,441	31,626

6 Profit before income tax

6.1 Significant items

	Group	
	6 months ended	
	30 Jun 2025	30 Jun 2024
	\$'000	\$'000
Income		
Government grants	183	215
Expenses		
Amortisation of intangible asset	764	951
Depreciation of property, plant and equipment	3,476	3,155
Employee compensation	19,844	21,248
Interest expenses:		
- Lease liabilities	713	481
- Term loans	356	437
- Miscellaneous	26	38

6.2 Related party transactions

	Group	
	6 months ended	
	30 Jun 2025	30 Jun 2024
	\$'000	\$'000
Exclusive territory business sales	-	5,282
Franchise income	2,076	-
Disposal of a preschool business	2,464	-

The exclusive territory business, which operates franchise services for preschoolers in a territory, is sold to a buyer upon execution of the exclusive territory business sales agreement. This constitutes a disposal of business, and the Group derecognises the assets and liabilities relating to the business, and recognises the gain or loss arising from the disposal, as well as a remeasurement gain or loss from recognising any retained interest in the business at its fair value.

Notes to the condensed interim consolidated financial statements

For the six months ended 30 June 2025

6.2 Related party transactions (Continued)

Gain from the exclusive territory business sale is recognised when the contractual rights and obligations stipulated in the exclusive territory business sale agreement are fulfilled, such as the buyer obtaining full control of the business. Control is considered transferred when the buyer has the ability to direct the use of and obtain substantially all of the remaining benefits from the business.

The Group had no material related party transactions apart from the above and those already disclosed in the audited 31 December 2024 financial statements.

7 Income tax (credit) / 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	
	30 Jun 2025	30 Jun 2024
	\$'000	\$'000
Current income tax (credit) / expense	(35)	142
Deferred income tax expense / (credit) relating to origination and reversal of temporary differences	20	(35)
	(15)	107

8 Net asset value

	Group		Company	
	30 Jun 2025	31 Dec 2024	30 Jun 2025	31 Dec 2024
Net asset value per ordinary share (cents per share)	28	28	31	32

9 Intangible assets

	Group		Company	
	30 Jun 2025	31 Dec 2024	30 Jun 2025	31 Dec 2024
	\$'000	\$'000	\$'000	\$'000
<u>Composition</u>				
Goodwill arising on consolidation (Note (a))	67,070	65,471	-	-
Student base	1,036	1,243	-	-
Courseware development cost	832	1,334	477	663
Computer software licences	152	203	152	202
Copyrights	40	-	-	-
	69,130	68,251	629	865

MindChamps PreSchool Limited and its Subsidiary Corporations

Notes to the condensed interim consolidated financial statements

For the six months ended 30 June 2025

9 Intangible assets (Continued)

(a) Goodwill arising on consolidation

	Group	
	30 Jun 2025	31 Dec 2024
	\$'000	\$'000
Cost		
Beginning of financial period / year	66,064	71,833
Acquisition of subsidiary corporation (Note 14(a))	2,532	711
Divestment of subsidiary corporations	-	(1,410)
Disposal of business	-	(711)
Currency translation differences	(940)	(4,359)
End of financial period / year	67,656	66,064
Accumulated impairment		
Beginning of financial period / year	593	627
Currency translation differences	(7)	(34)
End of financial period / year	586	593
Net book value	67,070	65,471

Goodwill arising from the acquisition of a subsidiary corporation

The addition to goodwill arises from the acquisition of subsidiary corporation, MindChamps Frenchs Forest Pty. Ltd. ("MCFF"), acquired on 1 February 2025.

Impairment tests for goodwill

Goodwill that has an indefinite useful life is not subject to amortisation and is 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 30 June 2025. 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 2024. No impairment indicators were identified as at 30 June 2025 based on the allocated CGU's business performance.

10 Borrowings

	Group	
	30 Jun 2025	31 Dec 2024
	\$'000	\$'000
Secured		
Amount repayable in one year or less, or on demand		
- Revolving credit	4,100	4,500
- Term loan	2,807	2,936
	6,907	7,436
Amount repayable after one year		
- Term loan	5,714	7,120
	12,621	14,556

MindChamps PreSchool Limited and its Subsidiary Corporations

Notes to the condensed interim consolidated financial statements

For the six months ended 30 June 2025

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			
	30 Jun 2025		31 Dec 2024	
	No. of ordinary shares issued ('000)	Amount \$'000	No. of ordinary shares issued ('000)	\$'000
Beginning / End of the financial period / year	242,871	49,530	242,871	49,530

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

The holders of ordinary shares are 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 30 June 2025 and 31 December 2024.

12 Investments in associates

	Group and Company	
	30 Jun 2025 \$'000	31 Dec 2024 \$'000
<i>Equity accounting</i>		
Beginning of financial period / year	76	100
Addition	-	*
Share of losses	(12)	(24)
End of financial period / year	64	76

* Less than \$1,000

MindChamps PreSchool Limited and its Subsidiary Corporations

Notes to the condensed interim consolidated financial statements

For the six months ended 30 June 2025

13 Investments in joint ventures

	Group	
	30 Jun 2025	31 Dec 2024
	\$'000	\$'000
<i>Equity accounting</i>		
Beginning of financial period / year	8,254	6,238
Additions	2,276	2,835
Transfer to subsidiary	-	*
Elimination of unrealised profit	(2,260)	-
Share of losses	(392)	(676)
Currency translation differences	(316)	(143)
End of financial period / year	7,562	8,254

* Less than \$1,000

Set out below is the new joint venture of the Group as at 30 June 2025:

Name of entity	Place of business / country of incorporation	% of effective ownership Interest 30 June 2025	% of effective ownership Interest 31 December 2024
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Held by the Group

MC Victoria Pty. Ltd. ^(a)	Australia	50	-
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Addition of a joint venture

- (a) On 28 February 2025, the Group, through its wholly owned subsidiary corporation, MindChamps Early Learning Australia Pty. Limited ("MCELA") and together with JAGM Capital Pty. Ltd. ("JAGM"), incorporated a joint venture company, MC Victoria Pty. Ltd. ("McVic") in Australia. The total issued capital of McVic is AU\$5,400,000, of which the Group holds 50% and JAGM holds 50% of the paid-up share capital, respectively. MCELA acquired 2,700,000 ordinary shares in McVic for a total consideration of AU\$2,700,000 (approximately S\$2,276,000). The principal activity of McVic is the franchising of MindChamps Early Learning & PreSchool centres in Victoria, Australia.
- (b) 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 corporation

On 14 May 2024, the Group's wholly owned subsidiary, MCELA entered into a legally binding and enforceable term sheet with Dream Big Education Pty Ltd ("Dream Big") where MCELA will acquire the business and assets of MindChamps Early Learning & Preschool @ Frenchs Forest ("FFR"), a preschool centre wholly owned and operated by Dream Big.

On 22 November 2024, MCELA formalised the acquisition through a Share Purchase Agreement, with a total consideration of AU\$3,149,000 (approximately S\$2,662,000), offset against the receivable balance as of 31 December 2024. MCELA assumed operational control of MindChamps Frenchs Forest Pty. Ltd. ("MCFF") on 1 February 2025, and the transaction was completed on 1 February 2025. The principal activity of MCFF is the provision of childcare, education and learning related services for preschool children.

14 Corporate transactions (Continued)

(a) Acquisition of subsidiary corporation (Continued)

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

	MCFF \$'000
Fair value of identifiable assets acquired and liabilities assumed as at the date of acquisition:	
Cash and cash equivalents	1
Property, plant and equipment	1,893
Total assets	<u>1,894</u>
Trade and other payables	79
Contract liabilities	30
Lease liabilities	1,711
Provision for reinstatement costs	41
Total liabilities	<u>1,861</u>
Total identifiable net assets at fair value	33
Provisional Goodwill (Note 9(a))	2,532
Fair value of consideration for all interests acquired	<u>2,565</u>
Add: Cash and cash equivalents in subsidiary corporation acquired	(1)
Net cash outflow on acquisition	<u><u>2,564</u></u>

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

The fair value of plant and equipment was \$1,893,000. 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 payables was \$79,000. The gross contractual amount for trade and other payables due was \$79,000, and at the acquisition date, the entire contractual amount was expected to be settled.

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.

Provisional goodwill recognised for MCFF of \$2,532,000 arising from the acquisition was attributable to the synergies of the business combination by leveraging MCFF's business to maximise occupancy rates in MindChamps Preschool businesses. It is not deductible for tax purposes.

The acquired subsidiary corporation contributed revenue of \$1,386,000 and a net loss of \$65,000 to the Group for the financial period ended 30 June 2025.

Had MCFF been acquired from 1 January 2025, there would be no significant impact on the consolidated revenue and consolidated net profit for the financial period ended 30 June 2025.

14 Corporate transactions (Continued)

(b) Disposal of a preschool centre business

On 30 June 2025, the Group's wholly owned subsidiary corporation, MindChamps PreSchool @ BGK Pte. Ltd. ("BGK"), through a Business and Asset Sale Agreement, disposed of its business of the preschool centre. The transaction was completed on 30 June 2025.

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

	BGK \$'000
Carrying amounts of assets and liabilities as at the date of disposal:	
Property, plant and equipment	1,147
Trade and other receivables	156
Inventories	10
Total assets	<u>1,313</u>
Trade and other payables	256
Contract liabilities	296
Lease liabilities	1,201
Total liabilities	<u>1,753</u>
Net liabilities disposed off	(440)
Gain on disposal	<u>2,904</u>
Proceeds from disposal / Net cash inflow on disposal	<u><u>2,464</u></u>

15 Contingent liabilities

There are no material contingent liabilities apart from those already disclosed in the audited 31 December 2024 financial statements.

16 Subsequent events

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 30 June 2025 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 six-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 ended 30 June 2025 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) 2025/2026's Outlook

The Group continues to operate in a dynamic and challenging macroeconomic environment, with ongoing pressures from workforce shortages, rising operational costs, and wage inflation across its key markets, namely Singapore and Australia. These challenges are reflective of broader structural issues within the early childhood education ("ECE") sector globally. For that reason, the Group remains focused on prudent cost management, operational optimisation, and strategic enrolment growth to sustain financial health and support long-term expansion.

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 operating environment remains favourable, underpinned by strong government support for early childhood development. Policy enhancements announced in the 2025 Budget, such as the introduction of third-child benefits, SG60 Baby Gift, and enhanced Child LifeSG credits, are expected to contribute positively to national birth rates and, by extension, demand for early childhood education services. These developments reinforce MindChamps' strategic positioning as a premium provider for discerning parents seeking holistic and high-quality preschool education.

The Group will continue to invest in quality enhancement and curriculum innovation while ensuring fee structures remain competitive and sustainable. Efforts are also underway to strengthen educator retention and recruitment, in line with government incentives aimed at bolstering the ECE workforce.

In Australia, the Group maintains a cautiously optimistic outlook for Australia. While inflationary pressures have stabilised, rising wage costs and regulatory compliance continue to present operational challenges. Nevertheless, recent government initiatives, such as the Worker Retention Payment and the legislated 3-day access guarantee, have created a more supportive framework for early learning providers.

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) 2025/2026's Outlook (continued)

These measures are expected to stimulate greater enrolment demand, particularly among dual-income families. MindChamps, with its premium positioning and commitment to educational excellence, is well-placed to capture this demand. In addition, the successful conclusion of exclusive business sales in Queensland and South Australia during FY2024 has provided a solid platform for future franchise-led expansion. The Group will continue to pursue growth opportunities in underserved markets, supported by ongoing optimisation of its franchise systems and fee models.

The ECE landscape in the United States mirrors global trends, with staff shortages and cost escalations continuing to pressure operators. However, expanding federal and state-level funding, such as the Preschool Development Grants and universal Pre-K initiatives, offers promising opportunities for market entry and partnership.

MindChamps' research-backed pedagogy and proprietary Champion Mindset curriculum have resonated well with early adopters, and the Group remains actively engaged in developing pilot models and franchise partnerships in key regions. Particular attention is being given to scalable formats and market customisation, to ensure operational feasibility and educational excellence across diverse U.S. contexts.

In the second half of FY2025 and into FY2026, the Group will continue to focus on the following key strategic priorities:

- Workforce sustainability: Strengthening talent acquisition, training, and retention, particularly in high-cost markets.
- Operational efficiency: Streamlining centre operations and back-office functions to maintain profitability despite rising costs.
- Franchise network growth: Scaling the franchise model across domestic and international markets to achieve capital-light expansion.
- Parent engagement and brand differentiation: Enhancing value propositions through digital platforms, community outreach, and curriculum innovation.
- Capital and resource allocation: Ensuring a disciplined approach to investment while maintaining balance sheet strength.

The Group acknowledges the recent increase in public and regulatory attention on the early childhood education sector in Australia, following isolated incidents involving a few operators. MindChamps stands firm in our commitment to child safety, educator integrity, and regulatory compliance—setting us apart as a trusted leader in early childhood education.

The Group remains confident in its ability to navigate sector-wide challenges and capitalise on structural growth trends in the ECE industry. By leveraging its global brand equity, premium positioning, and proven curriculum, MindChamps is well-placed to deliver sustainable value to stakeholders in FY2025/2026 and beyond.

OTHER INFORMATION (Continued)

5. If a decision regarding dividends 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 ended 30 June 2025 on pages 1 to 11.

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.

OTHER INFORMATION (Continued)

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
13 August 2025