TAKING SINGAPORE’S NO. 1 PREMIUM PRESCHOOL TO THE WORLD

Annual General Meeting
30 April 2019
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Video: 2018 Highlights
Video: Australia’s Entrepreneurs TV
Our Founder CEO David Chiem
Featured on Australia's Entrepreneurs TV as a
"VISIONARY WHO IS TRANSFORMING
THE WORLD OF EDUCATION."
Business Updates

Presented by Mr David Chiem Phu An
Chief Executive Officer
Did You Know?
MindChamps is THE ONLY...
Emeritus Professor Allan Snyder FRS
Mr Trevor H. Caimey OAM

• Accoded the Order of Australia Medal (OAM) in 2012
• Adjunct Professor at the University of New South Wales, Department of Education
• President of the New South Wales Business Chamber
• Written nine books and over 200 reports, articles and book chapters on early learning, training, language acquisition and development
Ms Libby Gleeson AM

- Member of the Order of Australia (2007)
- Adjunct Associate Professor at the University of Sydney, Department of Education and Social Work
- Award-winning writer for picture books and fiction titles, including Hannah and the Tomorrow Room, An Ordinary Day, and Amy and Louis
- Chair of WestWords, Western Sydney’s Literature Development Organization for Young People
Oscars nominated director
Dr Scott Hicks
“One of the year’s best films. It’s brilliant, electrifying acting and filmmaking.”
—Jay Carr, THE BOSTON GLOBE

7 Academy Award Nominations

Best Picture  Best Director  Best Actor  Best Original Screenplay  Best Supporting Actor  Best Original Score  Best Editing

Shine
Dr Joseph Michelli
#1 NYT & WSJ Best-selling author
World-renowned master trainer

Books written by Dr Joseph Michelli

- Driven to Delight: Delivering World-Class Customer Experience the Mercedes-Benz Way
- The National Bestseller: The Starbucks Experience - 5 Principles for Turning Ordinary into Extraordinary
- The New Gold Standard: 5 Leadership Principles for Creating a Legendary Customer Experience Courtesy of The Ritz-Carlton Hotel Company
- The MindChamps Way: How to Turn An Idea Into A Global Movement
While the companies featured in my prior books demonstrate impressive brand power, none of them have been in a position to fundamentally shape society on par with MindChamps. Given its industry, MindChamps is influencing the future of individuals, families, communities, countries, and the education system worldwide. The former President of South Africa, anti-apartheid crusader, and revolutionary Nelson Mandela put it this way:

“Education is the most powerful weapon which you can use to change the world.”

Joseph A. Michelli
The MindChamps Way

How to Turn An Idea Into A Global Movement

Joseph A. Michelli

#1 New York Times & Wall Street Journal Bestselling Author
Almost a century ago, Mahatma Gandhi published a short newspaper article. Gandhi was not concerned with petty politics, sports or the latest fad. His topic was sin. Not religious transgressions, but social evils such as wealth without work, commerce without morality, and knowledge without character.

Gandhi acknowledged that most people understood these sins intellectually, but few dedicated their hearts to eliminating them. The MindChamps team is clearly among those few. MindChamps has a moral vision and is driven by a mission — to provide high-quality education from the very earliest years of life. Placing integrity and ethics foremost, MindChamps provides the highest form of education, one that focuses on character as well as knowledge. As the MindChamps Way demonstrates, it is possible to be financially successful and still live up the highest virtues and ideals. MindChamps is changing the world one child at a time. Gandhi would have loved this book.

Emeritus Professor Steven Schwartz AM, FASSA
Former Chairman of the Australian Curriculum Assessment and Reporting Authority and former Vice-Chancellor of Macquarie University, Brunel University and Murdoch University
Performance Highlights

Presented by Mr Teo Wee Jone
Chief Financial Officer
<table>
<thead>
<tr>
<th>Key Financial Highlights (S$Mil)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
</tr>
<tr>
<td>$37.0</td>
</tr>
<tr>
<td>62%</td>
</tr>
<tr>
<td><strong>Gross Profit</strong></td>
</tr>
<tr>
<td>$22.3</td>
</tr>
<tr>
<td>47%</td>
</tr>
<tr>
<td><strong>PBT</strong></td>
</tr>
<tr>
<td>$6.8</td>
</tr>
<tr>
<td>31%</td>
</tr>
<tr>
<td><strong>Ops Profit</strong></td>
</tr>
<tr>
<td>$8.1</td>
</tr>
<tr>
<td>29%</td>
</tr>
<tr>
<td><strong>PAT</strong></td>
</tr>
<tr>
<td>$6.5</td>
</tr>
<tr>
<td>33%</td>
</tr>
</tbody>
</table>
Growth of MindChamps Centres and Preschool Students

**Total Number of MindChamps Centres**

- **2016**
  - FOFO Centres (Overseas): 44
  - FOFO Centres (Singapore): 5
  - COCO Centres (Australia): 36
  - COCO Centres (Singapore): 3

- **2017**
  - FOFO Centres (Overseas): 59
  - FOFO Centres (Singapore): 4
  - COCO Centres (Australia): 43
  - COCO Centres (Singapore): 6

- **2018**
  - FOFO Centres (Overseas): 74
  - FOFO Centres (Singapore): 11
  - COCO Centres (Australia): 45
  - COCO Centres (Singapore): 11

+ **15** (34%)

**Total Number of Preschool Students**

- **2016**
  - FOFO Centres (Overseas): 2,721
  - FOFO Centres (Singapore): 52
  - COCO Centres (Australia): 615
  - COCO Centres (Singapore): 4

- **2017**
  - FOFO Centres (Overseas): 3,304
  - FOFO Centres (Singapore): 86
  - COCO Centres (Australia): 654
  - COCO Centres (Singapore): 6

- **2018**
  - FOFO Centres (Overseas): 4,199
  - FOFO Centres (Singapore): 206
  - COCO Centres (Australia): 757
  - COCO Centres (Singapore): 7

+ **583** (21%)
+ **895** (25%)
Revenue Trend

Total Revenue (S$Mil)

2016 2017 2018

Singapore

$18.4
+$4.3 (23%)
$18.4
100%

Australia

$0.8
+$14.2 (62%)
$22.8
4%

$11.8
32%

$25.2
68%

$37.0

MindChamps preschool
Revenue Mix (S$Mil)

2017
Total: $22.8
- SG Education: $13.5 (59%)
- AU Education: $0.8 (4%)
- SG Franchise: $8.5 (37%)

2018
Total: $37.0
- SG Education: $15.2 (41%)
- AU Education: $11.8 (32%)
- SG Franchise: $10.0 (27%)

MindChamps preschool
Healthy Organic Revenue Growth

Revenue (S$Mil)

- 2017: $22.8
- Organic: $7.1 (31%)
- Inorganic: $7.1 (31%)
- 2018: $37.0

Increase: $14.2 (62%)
Gross Profit Analysis

Group GP (S$mil)

<table>
<thead>
<tr>
<th>Segment</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>COCO</td>
<td>$7.6</td>
<td>$9.2</td>
</tr>
<tr>
<td>FOFO</td>
<td>$7.5</td>
<td>$13.1</td>
</tr>
</tbody>
</table>

Group GP Margin (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>COCO</th>
<th>FOFO</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>56%</td>
<td>89%</td>
</tr>
<tr>
<td>2018</td>
<td>49%</td>
<td>92%</td>
</tr>
</tbody>
</table>

Gross Profit Mix (S$Mil)

2017: COCO $7.6 (50%), FOFO $7.5 (50%)
2018: COCO $9.2 (59%), FOFO $13.1 (41%)

2017 Group GP (S$mil): $15.1 (66%)
2018 Group GP (S$mil): $22.3 (60%)

Gross Profit Analysis

47% increase in Group GP Margin from 66% in 2017 to 60% in 2018.
Healthy Organic Profit Growth

Operating Profit (S$Mil)

- 2017: $6.3
- Organic: $1.3 (21%), Inorganic: $0.5 (8%), Total: $8.1

Profit Before Tax (S$Mil)

- 2017: $5.2
- Organic: $1.1 (21%), Inorganic: $0.5 (10%), Total: $6.8

Profit After Tax (S$Mil)

- 2017: $4.9
- Organic: $1.2 (25%), Inorganic: $0.4 (8%), Total: $6.5
2018 Financial Performance

- Revenue: 62%
- Gross profit: 47%
- Operating profit: 29%
- Profit before taxation: 31%
- Profit after taxation: 33%
## Consolidated Income Statement
### 2018 vs 2017

<table>
<thead>
<tr>
<th></th>
<th>2018 (S$’000)</th>
<th>2017 (S$’000)</th>
<th>Variance (S$’000)</th>
<th>Variance (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>36,960</td>
<td>22,791</td>
<td>14,169</td>
<td>62%</td>
</tr>
<tr>
<td>Cost of Sales</td>
<td>(14,639)</td>
<td>(7,656)</td>
<td>(6,983)</td>
<td>(91%)</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>22,321</td>
<td>15,135</td>
<td>7,186</td>
<td>47%</td>
</tr>
<tr>
<td>GP Margin</td>
<td>60%</td>
<td>66%</td>
<td>(6%)</td>
<td></td>
</tr>
<tr>
<td>Other Income</td>
<td>3,427</td>
<td>1,442</td>
<td>1,985</td>
<td>N.M</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>(17,655)</td>
<td>(10,302)</td>
<td>(7,353)</td>
<td>(71%)</td>
</tr>
<tr>
<td>Operating Profit</td>
<td>8,093</td>
<td>6,275</td>
<td>1,818</td>
<td>29%</td>
</tr>
<tr>
<td>OP Margin</td>
<td>22%</td>
<td>28%</td>
<td>(6%)</td>
<td></td>
</tr>
<tr>
<td>Foreign Exchange Loss</td>
<td>(198)</td>
<td>(13)</td>
<td>(185)</td>
<td>N.M</td>
</tr>
<tr>
<td>Non-Operating Expenses</td>
<td>(1,072)</td>
<td>(1,060)</td>
<td>(12)</td>
<td>(1%)</td>
</tr>
<tr>
<td>Profit Before Taxation</td>
<td>6,823</td>
<td>5,202</td>
<td>1,621</td>
<td>31%</td>
</tr>
<tr>
<td>PBT Margin</td>
<td>18%</td>
<td>23%</td>
<td>(5%)</td>
<td></td>
</tr>
<tr>
<td>Income Tax Expense</td>
<td>(336)</td>
<td>(312)</td>
<td>(24)</td>
<td>(8%)</td>
</tr>
<tr>
<td>Profit After Tax</td>
<td>6,487</td>
<td>4,890</td>
<td>1,597</td>
<td>33%</td>
</tr>
<tr>
<td>PAT Margin</td>
<td>18%</td>
<td>21%</td>
<td>(3%)</td>
<td></td>
</tr>
</tbody>
</table>

N.M: Not Meaningful
### Consolidated Balance Sheet

<table>
<thead>
<tr>
<th></th>
<th>31.12.18 (S$’000)</th>
<th>31.12.17 (S$’000)</th>
<th>Variance (S$’000)</th>
<th>Variance (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Assets</td>
<td>47,584</td>
<td>47,411</td>
<td>173</td>
<td>0%*</td>
</tr>
<tr>
<td>Non-Current Assets</td>
<td>46,144</td>
<td>23,792</td>
<td>22,352</td>
<td>94%</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>93,728</strong></td>
<td><strong>71,203</strong></td>
<td><strong>22,525</strong></td>
<td><strong>32%</strong></td>
</tr>
<tr>
<td>Current Liabilities</td>
<td>17,174</td>
<td>9,718</td>
<td>7,456</td>
<td>77%</td>
</tr>
<tr>
<td>Non-Current Liabilities</td>
<td>15,868</td>
<td>4,817</td>
<td>11,051</td>
<td>N.M</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td><strong>33,042</strong></td>
<td><strong>14,535</strong></td>
<td><strong>18,507</strong></td>
<td><strong>N.M</strong></td>
</tr>
<tr>
<td><strong>Net Assets</strong></td>
<td><strong>60,686</strong></td>
<td><strong>56,668</strong></td>
<td><strong>4,018</strong></td>
<td><strong>7%</strong></td>
</tr>
<tr>
<td>Capital and Reserves Attributable to Equity Holders of the Company</td>
<td>60,735</td>
<td>56,700</td>
<td>4,035</td>
<td>7%</td>
</tr>
<tr>
<td>Non-Controlling Interests</td>
<td>(49)</td>
<td>(32)</td>
<td>(17)</td>
<td>N.M</td>
</tr>
<tr>
<td><strong>Total Equity</strong></td>
<td><strong>60,686</strong></td>
<td><strong>56,668</strong></td>
<td><strong>4,018</strong></td>
<td><strong>7%</strong></td>
</tr>
</tbody>
</table>

* Variance less than 1%
N.M: Not Meaningful
### Consolidated Statement of Cash Flows 2018 vs 2017

<table>
<thead>
<tr>
<th>Description</th>
<th>2018 (S$’000)</th>
<th>2017 (S$’000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Cash Provided by Operating Activities</td>
<td>7,467</td>
<td>5,494</td>
</tr>
<tr>
<td>Net Cash Used in Investing Activities</td>
<td>(24,293)</td>
<td>(18,906)</td>
</tr>
<tr>
<td>Net Cash Provided by Financing Activities</td>
<td>13,098</td>
<td>48,919</td>
</tr>
<tr>
<td><strong>Net (Decrease)/Increase in Cash and Cash Equivalents</strong></td>
<td>(3,728)</td>
<td>35,507</td>
</tr>
<tr>
<td>Cash and Cash Equivalents at Beginning of Financial Year</td>
<td>39,377</td>
<td>3,874</td>
</tr>
<tr>
<td>Effects of Currency Translation on Cash and Cash Equivalents</td>
<td>(212)</td>
<td>(4)</td>
</tr>
<tr>
<td><strong>Cash and Cash Equivalents at End of Financial Year</strong></td>
<td>35,437</td>
<td>39,377</td>
</tr>
</tbody>
</table>
• No. of company owned centres up by 80%, from 10 to 18
• No. of all MindChamps centres up by 25%, from 59 to 74
• PreSchool Students up by 25%, from 3,304 to 4,199

• Revenue up by 62%, from $22.8mil to $37.0mil
• Op Profit up by 29%, from $6.3mil to $8.1mil
• PAT up by 33%, from $4.9mil to $6.5mil

• Current Ratio: 2.77
• Debt Ratio: 0.35
• ROIC: 13%
• Recommended Dividend: 1.34 cts / Share (approx. 2% yield as at 25th April 2019)
• Operating cashflow up by 36%, from $5.5mil to $7.5mil
• Free cashflow up by 47%, from $4.3mil to $6.4mil

• Ongoing M&A activities
• Focusing on Australia Franchise
Thank You

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MindChamps® preschool