



MINDCHAMPS PRESCHOOL LIMITED
(Company Registration Number: 200814577H)
(Incorporated in Singapore)

UNAUDITED RESULTS FOR THE SECOND HALF AND FULL YEAR ENDED 31 DECEMBER 2020

1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the Group, together with a comparative statement for the corresponding period of the immediately preceding financial year

Consolidated Statement of Comprehensive Income for the Second Half and Full Year Ended 31 December 2020

| | Second Half | | | Full Year | | |
|---|-----------------------|-----------------------|--------------|-----------------------|-----------------------|--------------|
| | 31.12.2020 S\$'000 | 31.12.2019 S\$'000 | +/- % | 31.12.2020 S\$'000 | 31.12.2019 S\$'000 | +/- % |
| Revenue | 30,204 | 31,417 | (4%) | 51,800 | 53,890 | (4%) |
| Cost of sales | (16,080) | (15,736) | 2% | (30,148) | (26,451) | 14% |
| Gross profit | 14,124 | 15,681 | (10%) | 21,652 | 27,439 | (21%) |
| Other income | | | | | | |
| - Interest income | 138 | 26 | N.M. | 205 | 131 | 56% |
| - Others | 5,129 | 1,785 | N.M. | 13,423 | 3,274 | N.M. |
| Other gains and losses | | | | | | |
| - Gain from corporate transactions | - | 6,207 | (100%) | - | 6,207 | (100%) |
| - Impairment loss on financial assets | (18) | (97) | (81%) | (31) | (125) | (75%) |
| - Other gain / (loss) – net | 137 | (61) | N.M. | 325 | (98) | N.M. |
| Expenses | | | | | | |
| - Administrative | (14,697) | (14,656) | <1% | (27,657) | (25,346) | 9% |
| - Finance | (1,212) | (1,589) | (24%) | (2,638) | (2,507) | 5% |
| - Marketing | (566) | (804) | (30%) | (1,151) | (1,228) | (6%) |
| - Acquisitions | - | (91) | (100%) | - | (395) | (100%) |
| Share of loss of an associated corporation and joint ventures | (179) | (42) | N.M. | (293) | (42) | N.M. |
| Profit before income tax | 2,856 | 6,359 | (55%) | 3,835 | 7,310 | (48%) |
| Income tax credit / (expense) | 33 | (156) | N.M. | (181) | (362) | (50%) |
| Net profit | 2,889 | 6,203 | (53%) | 3,654 | 6,948 | (47%) |

N.M.: Not meaningful

Consolidated Statement of Comprehensive Income for the Second Half and Full Year Ended 31 December 2020 (continued)

| | Second Half | | | Full Year | | |
|---|-----------------------|-----------------------|--------------|-----------------------|-----------------------|--------------|
| | 31.12.2020 S\$'000 | 31.12.2019 S\$'000 | +/- % | 31.12.2020 S\$'000 | 31.12.2019 S\$'000 | +/- % |
| Other comprehensive income: | | | | | | |
| Items that may be reclassified subsequently to profit or loss: | | | | | | |
| Currency translation differences arising from consolidation – gain / (loss) | 4,654 | (937) | N.M. | 5,882 | (1,561) | N.M. |
| Total comprehensive income | 7,543 | 5,266 | 43% | 9,536 | 5,387 | 77% |
| Profit attributable to: | | | | | | |
| Equity holders of the Company | 2,469 | 6,185 | (60%) | 3,171 | 6,927 | (54%) |
| Non-controlling interests | 420 | 18 | N.M. | 483 | 21 | N.M. |
| | 2,889 | 6,203 | (53%) | 3,654 | 6,948 | (47%) |
| Total comprehensive income attributable to: | | | | | | |
| Equity holders of the Company | 7,123 | 5,248 | 36% | 9,053 | 5,366 | 69% |
| Non-controlling interests | 420 | 18 | N.M. | 483 | 21 | N.M. |
| | 7,543 | 5,266 | 43% | 9,536 | 5,387 | 77% |

N.M.: Not meaningful

1(a)(ii) Net profit is arrived at after accounting for:

| | Second Half | | | Full Year | | |
|---|-----------------------|-----------------------|----------|-----------------------|-----------------------|----------|
| | 31.12.2020 S\$'000 | 31.12.2019 S\$'000 | +/- % | 31.12.2020 S\$'000 | 31.12.2019 S\$'000 | +/- % |
| Amortisation of intangible assets | 304 | 71 | N.M. | 583 | 458 | 27% |
| Depreciation of property, plant and equipment | 4,915 | 4,891 | <1% | 9,778 | 8,524 | 15% |
| Impairment loss on financial assets | 18 | 97 | (81%) | 31 | 125 | (75%) |

N.M.: Not meaningful

1(b)(i) A statement of financial position (for the Company and the Group), together with a comparative statement as at the end of the immediately preceding financial year.

Balance Sheets

| | Group | | Company | |
|---|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| | As at 31.12.2020 S\$'000 | As at 31.12.2019 S\$'000 | As at 31.12.2020 S\$'000 | As at 31.12.2019 S\$'000 |
| ASSETS | | | | |
| Current assets | | | | |
| Cash and cash equivalents | 11,335 | 5,762 | 4,326 | 1,150 |
| Trade and other receivables | 16,545 | 20,796 | 13,049 | 13,342 |
| Inventories | 371 | 154 | 3 | 5 |
| Lease receivables | 625 | 529 | 625 | 529 |
| | <u>28,876</u> | <u>27,241</u> | <u>18,003</u> | <u>15,026</u> |
| Non-current assets | | | | |
| Property, plant and equipment | 31,237 | 34,726 | 3,572 | 3,866 |
| Intangible assets | 96,196 | 89,887 | 2,416 | 2,211 |
| Lease receivables | 1,837 | 2,389 | 1,837 | 2,389 |
| Deferred income tax assets | 1,755 | 1,318 | - | - |
| Investments in subsidiary corporations | - | - | 81,678 | 81,677 |
| Investment in an associated corporation | - | - | - | - |
| Investment in joint ventures | 21 | 314 | -* | - |
| | <u>131,046</u> | <u>128,634</u> | <u>89,503</u> | <u>90,143</u> |
| Total assets | <u>159,922</u> | <u>155,875</u> | <u>107,506</u> | <u>105,169</u> |
| LIABILITIES | | | | |
| Current liabilities | | | | |
| Trade and other payables | 15,088 | 13,291 | 32,636 | 15,121 |
| Borrowings | 5,796 | 10,640 | 4,129 | 9,714 |
| Contract liabilities | 2,119 | 2,151 | - | - |
| Lease liabilities | 8,991 | 8,252 | 1,251 | 1,059 |
| Current income tax liabilities | 389 | 1,040 | - | - |
| | <u>32,383</u> | <u>35,374</u> | <u>38,016</u> | <u>25,894</u> |
| Non-current liabilities | | | | |
| Borrowings | 33,371 | 30,695 | 23,322 | 26,456 |
| Deferred income tax liabilities | 105 | 28 | 63 | 4 |
| Lease liabilities | 21,083 | 26,196 | 3,673 | 4,778 |
| Provision for reinstatement costs | 984 | 940 | 34 | 31 |
| | <u>55,543</u> | <u>57,859</u> | <u>27,092</u> | <u>31,269</u> |
| Total liabilities | <u>87,926</u> | <u>93,233</u> | <u>65,108</u> | <u>57,163</u> |
| NET ASSETS | <u>71,996</u> | <u>62,642</u> | <u>42,398</u> | <u>48,006</u> |
| EQUITY | | | | |
| Capital and reserves attributable to equity holders of the Company | | | | |
| Share capital | 49,301 | 49,301 | 49,301 | 49,301 |
| Currency translation reserve | 1,781 | (4,101) | - | - |
| Retained profits / (Accumulated losses) | 20,835 | 17,664 | (6,903) | (1,295) |
| | <u>71,917</u> | <u>62,864</u> | <u>42,398</u> | <u>48,006</u> |
| Non-controlling interests | 79 | (222) | - | - |
| TOTAL EQUITY | <u>71,996</u> | <u>62,642</u> | <u>42,398</u> | <u>48,006</u> |

* Less than \$1,000

1(b)(ii) Aggregate amount of the Group's borrowings and debt securities

| | Group | | | |
|--|---------------------|----------------------|---------------------|----------------------|
| | As at 31.12.2020 | | As at 31.12.2019 | |
| | Secured S\$'000 | Unsecured S\$'000 | Secured S\$'000 | Unsecured S\$'000 |
| Amount repayable in one year or less, or on demand | 6,869 | - | 12,078 | - |
| Amount repayable after one year | 34,394 | - | 33,257 | - |
| Total | 41,263 | - | 45,335 | - |

Details of collaterals

The Group's borrowings consist of term loans and are secured by means of Specific Security Deeds in respect of securities over shares in the following subsidiary corporations:

- MindChamps Early Learning Australia Pty. Limited
- MindChamps Early Learning 1 Pty. Limited
- MindChamps Early Learning 3 Pty. Limited
- MindChamps Early Learning 4 Pty. Limited
- MindChamps Early Learning 6 Pty. Limited
- MindChamps Early Learning 7 Pty. Limited
- MindChamps Early Learning 8 Pty. Limited
- MindChamps Early Learning 9 Pty. Limited
- MindChamps Early Learning 10 Pty. Limited
- MindChamps Early Learning 11 Pty. Limited
- MindChamps Early Learning 12 Pty. Limited
- MindChamps PreSchool @ Punggol Northshore Pte. Limited
- MindChamps PreSchool @ Buangkok Private Limited

1(c) **A statement of cash flows (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year**

Consolidated Statement of Cash Flows

| | Second Half | | Full Year | |
|--|-----------------------|-----------------------|-----------------------|------------------------|
| | 31.12.2020 S\$'000 | 31.12.2019 S\$'000 | 31.12.2020 S\$'000 | 31.12.2019 S\$'000 |
| Cash flows from operating activities | | | | |
| Net profit | 2,889 | 6,203 | 3,654 | 6,948 |
| Adjustments for: | | | | |
| - Acquisition related expenses | - | 91 | - | 395 |
| - Amortisation of intangible assets | 304 | 71 | 583 | 458 |
| - Depreciation of property, plant and equipment | 4,915 | 4,891 | 9,778 | 8,524 |
| - Gain from corporate transactions | - | (6,207) | - | (6,207) |
| - Interest expense | 1,212 | 1,589 | 2,638 | 2,507 |
| - Interest income | (138) | (26) | (205) | (131) |
| - Income tax (credit) / expense | (33) | 156 | 181 | 362 |
| - Intangible assets written off | - | 14 | - | 14 |
| - Property, plant and equipment written off | 6 | 68 | 8 | 68 |
| - Share of loss from joint ventures | 179 | 42 | 293 | 42 |
| - Unrealised currency translation loss / (gain) | 94 | 90 | (618) | 307 |
| | <u>9,428</u> | <u>6,982</u> | <u>16,312</u> | <u>13,287</u> |
| Change in working capital, net of effects from acquisitions of businesses and subsidiary corporations: | | | | |
| - Trade and other receivables | 1,201 | (3,380) | (757) | (4,791) |
| - Inventories | (191) | (2) | (218) | (26) |
| - Trade and other payables | 270 | 1,186 | (272) | 968 |
| - Contract liabilities | (715) | (501) | (161) | (9) |
| | <u>9,993</u> | <u>4,285</u> | <u>14,904</u> | <u>9,429</u> |
| Cash generated from operations | | | | |
| Income tax paid | (170) | (234) | (249) | (274) |
| Income tax refund | 2 | 52 | 2 | 54 |
| Net cash provided by operating activities | <u>9,825</u> | <u>4,103</u> | <u>14,657</u> | <u>9,209</u> |
| Cash flows from investing activities | | | | |
| Acquisitions of preschool businesses | - | (594) | - | (594) |
| Acquisitions of subsidiary corporations, net of cash acquired | - | (2,139) | - | (42,554) |
| Acquisition of interest in a joint venture, net of cash acquired | - | (26) | - | (26) |
| Acquisitions related expenses paid | - | (91) | - | (395) |
| Additions to intangible assets | (618) | (152) | (1,146) | (2,121) |
| Additions to property, plant and equipment | (1,402) | (2,034) | (2,131) | (2,487) |
| Divestment of subsidiary corporations, net of cash disposed of | - | 1,129 | 4,779 | 1,129 |
| Deposit received from divestment of a subsidiary corporation | 160 | - | 160 | - |
| Proceeds from disposal of property, plant and equipment | - | 3 | - | 3 |
| Sub-lease income received | 530 | - | 530 | - |
| Interest received | 138 | 26 | 205 | 131 |
| Net cash (used in) / provided by investing activities | <u>(1,192)</u> | <u>(3,878)</u> | <u>2,397</u> | <u>(46,914)</u> |

Consolidated Statement of Cash Flows (continued)

| | Second Half | | Full Year | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| | 31.12.2020 S\$'000 | 31.12.2019 S\$'000 | 31.12.2020 S\$'000 | 31.12.2019 S\$'000 |
| Cash flows from financing activities | | | | |
| Dividend paid to equity holders of the Company | - | - | - | (3,237) |
| Dividend paid to non-controlling interests | (32) | - | (182) | (170) |
| Interest paid for loans and leases | (1,176) | (1,384) | (2,564) | (2,323) |
| Proceeds from term loans | 7,000 | 2,584 | 8,440 | 29,203 |
| Repayments of term loans | (5,354) | (4,462) | (10,707) | (8,557) |
| Repayments of principal element of lease liabilities | (3,911) | (3,788) | (6,908) | (6,804) |
| Net cash (used in) / provided by financing activities | (3,473) | (7,050) | (11,921) | 8,112 |
| Net increase / (decrease) in cash and cash equivalents | 5,160 | (6,825) | 5,133 | (29,593) |
| Cash and cash equivalents | | | | |
| Beginning of financial period / year | 5,827 | 12,593 | 5,762 | 35,437 |
| Effects of currency translation on cash and cash equivalents | 348 | (6) | 440 | (82) |
| End of financial period / year | 11,335 | 5,762 | 11,335 | 5,762 |

1(d)(i) A statement (for the Company and the Group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

(A) Group – Consolidated Statement of Changes in Equity for the Second Half Ended 31 December 2020

| | Attributable to equity holders of the Company | | | | Non-controlling interests S\$'000 | Total S\$'000 |
|--|---|------------------------------|------------------|---------------|--------------------------------------|------------------|
| | Share capital | Currency translation reserve | Retained profits | Total | | |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 | | |
| 2020 | | | | | | |
| Balance as at 1 July 2020 | 49,301 | (2,873) | 18,366 | 64,794 | (309) | 64,485 |
| Total comprehensive income for the financial period | - | 4,654 | 2,469 | 7,123 | 420 | 7,543 |
| Dividend paid to non-controlling interests | - | - | - | - | (32) | (32) |
| Balance as at 31 December 2020 | 49,301 | 1,781 | 20,835 | 71,917 | 79 | 71,996 |
| 2019 | | | | | | |
| Balance as at 1 July 2019 | 49,301 | (3,164) | 11,479 | 57,616 | (240) | 57,376 |
| Total comprehensive (loss) / income for the financial period | - | (937) | 6,185 | 5,248 | 18 | 5,266 |
| Balance as at 31 December 2019 | 49,301 | (4,101) | 17,664 | 62,684 | (222) | 62,642 |

(B) **Group – Consolidated Statement of Changes in Equity for the Full Year Ended 31 December 2020**

| | Attributable to equity holders of the Company | | | | Non-controlling interests S\$'000 | Total S\$'000 |
|--|---|--|-----------------------------|------------------|--------------------------------------|------------------|
| | Share capital S\$'000 | Currency translation reserve S\$'000 | Retained profits S\$'000 | Total S\$'000 | | |
| 2020 | | | | | | |
| Balance as at 1 January 2020 | 49,301 | (4,101) | 17,664 | 62,864 | (222) | 62,642 |
| Total comprehensive income for the financial year | - | 5,882 | 3,171 | 9,053 | 483 | 9,536 |
| Dividend paid to non-controlling interests | - | - | - | - | (182) | (182) |
| Balance as at 31 December 2020 | 49,301 | 1,781 | 20,835 | 71,917 | 79 | 71,996 |
| 2019 | | | | | | |
| Balance as at 1 January 2019 | 49,301 | (2,540) | 13,974 | 60,735 | (49) | 60,686 |
| Total comprehensive (loss) / income for the financial year | - | (1,561) | 6,927 | 5,366 | 21 | 5,387 |
| Dividend paid | - | - | (3,237) | (3,237) | - | (3,237) |
| Dividend paid to non-controlling interests | - | - | - | - | (170) | (170) |
| Acquisition of a subsidiary corporation | - | - | - | - | (24) | (24) |
| Balance as at 31 December 2019 | 49,301 | (4,101) | 17,664 | 62,864 | (222) | 62,642 |

(C) **Company – Statement of Changes in Equity for the Second Half Ended 31 December 2020**

| | Attributable to equity holders of the Company | | |
|---|--|-------------------------|----------------|
| | (Accumulated losses) / | | |
| | Share capital | Retained profits | Total |
| | S\$'000 | S\$'000 | S\$'000 |
| 2020 | | | |
| Balance as at 1 July 2020 | 49,301 | (3,758) | 45,543 |
| Total comprehensive loss for the financial period | - | (3,145) | (3,145) |
| Balance as at 31 December 2020 | 49,301 | (6,903) | 42,398 |
| 2019 | | | |
| Balance as at 1 July 2019 | 49,301 | 1,465 | 50,766 |
| Total comprehensive income for the financial period | - | (2,760) | (2,760) |
| Balance as at 31 December 2019 | 49,301 | (1,295) | 48,006 |

(D) **Company – Statement of Changes in Equity for the Full Year Ended 31 December 2020**

| | Attributable to equity holders of the Company | | |
|---|--|-------------------------|----------------|
| | (Accumulated losses) / | | |
| | Share capital | Retained profits | Total |
| | S\$'000 | S\$'000 | S\$'000 |
| 2020 | | | |
| Balance as at 1 January 2020 | 49,301 | (1,295) | 48,006 |
| Total comprehensive loss for the financial year | - | (5,608) | (5,608) |
| Balance as at 31 December 2020 | 49,301 | (6,903) | 42,398 |
| 2019 | | | |
| Balance as at 1 January 2019 | 49,301 | 2,513 | 51,814 |
| Total comprehensive loss for the financial year | - | (571) | (571) |
| Dividend paid | - | (3,237) | (3,237) |
| Balance as at 31 December 2019 | 49,301 | (1,295) | 48,006 |

1(d)(ii) Details of any changes in the Company's share capital arising from rights issue, bonus issue, subdivision, consolidation, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the Company, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Share Buy Back

No shares were bought back by the Company during the current quarter under the Share Purchase Mandate (first approved by the shareholders on 9 November 2017 and last renewed at the Annual General Meeting on 29 June 2020).

Share Capital

| | Number of shares (‘000) |
|--|------------------------------------|
| <i><u>Issued and paid ordinary shares</u></i> | |
| Balance as at 1 July 2020 and as at 31 December 2020 | <u>241,600</u> |
| Balance as at 1 July 2019 and as at 31 December 2019 | <u>241,600</u> |

The Company did not have any outstanding options, rights, subsidiary holdings, convertibles or treasury shares as at 31 December 2020 and 31 December 2019.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

| | As at 31.12.2020 | As at 31.12.2019 |
|--|-----------------------------|-----------------------------|
| Ordinary shares of the Company | | |
| Number of shares issued and paid-up ('000) | 241,600 | 241,600 |

1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

The Company did not have any sales, transfers, cancellation and/or use of treasury shares as at 31 December 2020.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

The Company did not have any sales, transfers, cancellation and/or use of subsidiary holdings as at 31 December 2020.

2 Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures have yet to be audited or reviewed by the Company's auditors.

3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable. The figures have yet to be audited or reviewed by the Company's auditors.

4 Whether the same accounting policies and methods of computation as in the Company's most recently audited annual financial statements have been applied.

Except as disclosed below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period compared with those of the audited financial statements for the financial year ended 31 December 2019.

The Group adopted the new/revised Singapore Financial Reporting Standards (International) ("SFRS(I)") that are effective for annual periods beginning on or after 1 January 2020. Changes to the Group's accounting policies have been made as required in accordance with the provisions in the respective SFRS(I) and SFRS(I) Interpretation.

The following are the new or amended SFRS(I)s, and SFRS(I) Interpretations, that are relevant to the Group:

- Amendments to SFRS(I) 1-1 Presentation of Financial Statements and SFRS(I) 1-8 Accounting Policies, Changes in Accounting Estimates and Errors (Definition of Material)
- Amendments to SFRS(I) 3 Business Combinations (Definition of a Business)
- Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7 Interest Rate Benchmark Reform
- Amendments to SFRS(I) 16 Covid-19-Related Rent Concessions
- Amendments to Conceptual Framework for Financial Reporting

The adoption of the above SFRS(I)s, SFRS(I) Interpretations and amendments to SFRS(I)s did not have any significant impact on the financial statements of the Group.

- 5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Refer to Paragraph 4.

- 6 Earnings per ordinary share of the Group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

| Earnings Per Ordinary Share | Second Half | | Full Year | |
|--|-------------|------------|------------|------------|
| | 31.12.2020 | 31.12.2019 | 31.12.2020 | 31.12.2019 |
| Based on the weighted average number of ordinary shares on issue (in Singapore cents) | 1.02 | 2.56 | 1.31 | 2.87 |
| On a fully diluted basis (detailing any adjustments made to the earnings) (in Singapore cents) | 1.02 | 2.56 | 1.31 | 2.87 |

- 7 Net asset value (for the Company and the Group) per ordinary share based on the total number of issued shares excluding treasury shares of the Company at the end of the current financial period reported on; and immediately preceding financial year

| Net asset value Per Ordinary Share | Group | | Company | |
|--|------------|------------|------------|------------|
| | 31.12.2020 | 31.12.2019 | 31.12.2020 | 31.12.2019 |
| Net asset value per share based on total number of issued shares at the end of year (in Singapore cents) | 29.80 | 25.93 | 17.55 | 19.87 |

- 8 **A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. It must include a discussion of any significant factors that affected the turnover, costs, and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on.**

(A) COMMENTARY ON THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(i) Second Half Ended 31 December 2020 ("2H 2020") and 31 December 2019 ("2H 2019")

- (1) For the second half ended 31 December 2020, the Group recorded a profit after tax of S\$2.9 million in 2H 2020 (2H 2019: \$6.2 million).
- (2) Gain from corporate transactions decreased by approximately S\$6.2 million or 100%, from S\$6.2 million in 2H 2019 to nil in 2H 2020. The decrease was mainly attributable to no divestment exercise being undertaken by the Group in 2H 2020.
- (3) Excluding the gain from corporate transactions of S\$6.2 million in 2H 2019, the Group recorded a breakeven earning in 2H 2019. Comparatively, for 2H 2020, the Group recorded S\$2.9 million for such earning, an increase of S\$2.9 million from the preceding period.
- (4) Revenue decreased by approximately S\$1.2 million or 4%, from S\$31.4 million in 2H 2019 to S\$30.2 million in 2H 2020. The decrease was mainly attributable to the 50% mandated school fee reductions in July 2020 as part of the local government COVID-19 initiatives in Australia.
- (5) Cost of sales increased by approximately S\$0.3 million or 2%, from S\$15.7 million in 2H 2019 to S\$16.0 million in 2H 2020. The increase was mainly attributable to the translation of Group's Australian operations with the appreciation of Australian Dollars against Singapore Dollars during 2H 2020. The Group's Australian operations is not exposed to currency risks as it receives and pays in Australian Dollars.
- (6) Other income increased by approximately S\$3.3 million, from S\$1.8 million in 2H 2019 to S\$5.1 million in 2H 2020. The increase was mainly attributable to the COVID-19 relief measures provided by the governments in Singapore and Australia.
- (7) Finance expenses decreased by approximately S\$0.4 million or 24%, from S\$1.6 million in 2H 2019 to S\$1.2 million in 2H 2020. The decrease was mainly attributable to a decrease in the interest rates and a lower outstanding loan principals of the Company's existing M&A loans during 2H 2020.
- (8) Marketing expenses decreased by approximately S\$0.2 million or 30%, from S\$0.8 million in 2H 2019 to S\$0.6 million in 2H 2020. The decrease was mainly attributable to fewer marketing campaigns conducted in 2H 2020.
- (9) Currency translation arising from consolidation increased by approximately S\$5.7 million, from a loss of S\$0.9 million in 2H 2019 to a gain of S\$4.6 million in 2H 2020. These exchange differences arose from the translation of financial statements of the Group's Australian operations whose functional currencies are different from the Group's presentation currency.

(A) COMMENTARY ON THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)

(ii) *Full Year Ended 31 December 2020 (“2020”) and 31 December 2019 (“2019”)*

- (1) For the full year ended 31 December 2020, the Group recorded a profit after tax of S\$3.7 million in 2020 (2019: S\$6.9 mil).
- (2) Gain from corporate transactions decreased by approximately S\$6.2 million or 100%, from S\$6.2 million in 2019 to nil in 2020. The decrease was mainly attributable to no divestment exercise being undertaken by the Group in 2020.
- (3) Excluding the gain from corporate transactions of S\$6.2 million in 2019, the Group recorded an earning of S\$0.7 million in 2019. Comparatively, for 2020, the Group recorded S\$3.7 million for such earning, an increase of S\$3.0 million from the preceding period
- (4) Revenue decreased by approximately S\$2.1 million or 4%, from S\$53.9 million in 2019 to S\$51.8 million in 2020. The decrease was mainly attributable to the 50% mandated school fee reductions from April to July 2020 as part of the local government COVID-19 initiatives in Singapore and Australia. This reduction was offset by the increased number of enrolled students following the acquisitions of preschool centres in 2019.
- (5) Cost of sales increased by approximately S\$3.7 million or 14%, from S\$26.4 million in 2019 to S\$30.1 million in 2020. The increase was mainly attributable to higher academic staff costs incurred, which resulted from the increased number of academic staff following the acquisitions of preschool centres in 2019.
- (6) Other income increased by approximately S\$10.1 million, from S\$3.3 million in 2019 to S\$13.4 million in 2020. The increase was mainly attributable to the the COVID-19 relief measures provided by the governments in Singapore and Australia.
- (7) Other gain / (loss) – net increased by approximately S\$0.4 million, from a loss of S\$0.1 mil in 2019 to a gain of S\$0.3 mil in 2020. The increase was mainly attributable to the unrealised foreign exchange gain arising from the appreciation of Australian Dollars against Singapore Dollars in 2020.
- (8) Administrative expenses increased by approximately S\$2.4 million or 9%, from S\$25.3 million in 2019 to S\$27.7 million in 2020. The increase was mainly attributable to an increase in:
 - (a) administrative costs of approximately S\$1.9 million incurred in relation to the preschool centres acquired in 2019, such as rental, utilities, depreciation, amortisation, repairs and maintenance and other day-to-day running costs; and
 - (b) support staff costs of preschool centres of approximately S\$0.4 million which resulted from the increased number of support staff following the acquisitions of preschool centres in 2019.

(A) COMMENTARY ON THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)

(ii) *Full Year Ended 31 December 2020 ("2020") and 31 December 2019 ("2019")* (continued)

- (9) Acquisition expenses decreased by S\$0.3 million or 100%, from S\$0.3 million in 2019 to nil in 2020. The decrease was due to no acquisition exercise being undertaken by the Group in 2020.
- (10) Share of loss of an associated corporation and joint ventures increased by approximately \$0.3 mil, from \$42,000 in 2019 to \$0.3 mil in 2020 was mainly attributable to the share of loss of a joint venture which the Group acquired in December 2019.
- (11) Currency translation arising from consolidation increased by approximately S\$7.4 million, from a loss of S\$1.6 million in 2019 to a gain of S\$5.8 million in 2020. These exchange differences arose from the translation of financial statements of the Group's Australian operations whose functional currencies are different from the Group's presentation currency.

(B) COMMENTARY ON THE CONSOLIDATED BALANCE SHEET

(1) Current assets

The Group's current assets increased by approximately S\$1.6 million or 6%, from S\$27.2 million as at 31 December 2019 to S\$28.8 million as at 31 December 2020 which was mainly due to an increase in cash and cash equivalents of approximately S\$5.6 million and a decrease in trade and other receivables of approximately S\$4.2 million.

The increase in cash and cash equivalents was mainly due to:

- a) net cash provided by operating activities;
- b) procurement of Singapore government backed COVID-19 loans for contingency purposes;
- c) receipt of purchase consideration for a preschool centre divested in 2019;
- d) sub-lease income received;
- e) repayments of principal element of existing M&A loans in relation to past acquisitions of preschool centres;
- f) repayments of principal element of lease payments in relation to the leasing of preschool centres;
- g) payments of interest in relation to existing borrowings and lease payments;
- h) payments in relation to additions of property, plant and equipment in relation to the upgrade of facilities and resources in the Group's preschool centres; and
- i) payments in relation to additions of intangible assets in relation to the additions of the Group's courseware developments

The decrease in trade and other receivables was mainly due to collections from debtors in 2020.

(2) Non-current assets

The Group's non-current assets increased by approximately S\$2.4 million, from S\$128.6 million as at 31 December 2019 to S\$131.0 million as at 31 December 2020. The increase was mainly due to:

- (a) the increase in intangible assets of approximately S\$6.3 million mainly attributable to the appreciation of Australia Dollars arising from the translation of financial statements of the Group's Australian operations;
- (b) the decrease in property, plant and equipment of approximately S\$3.5 million mainly attributable to depreciation of right-of-use assets relating to leases held by the Group; and
- (c) the decrease in lease receivables of approximately S\$0.6 million mainly attributable to the utilisation of lease terms in 2020.

(B) COMMENTARY ON THE CONSOLIDATED BALANCE SHEET (continued)

(3) Current liabilities

The Group's current liabilities decreased by approximately S\$3.0 million, from S\$35.4 million as at 31 December 2019 to S\$32.4 million as at 31 December 2020. The decrease was mainly due to:

- (a) the increase in current trade and other payables of approximately S\$1.8 million mainly attributable to the appreciation of Australia Dollars arising from the translation of financial statements of the Group's Australian operations. The Group's Australian operations is not exposed to currency risks as it receives and pays in Australian Dollars;
- (b) the increase in current lease liabilities of approximately S\$0.7 million mainly attributable to the appreciation of Australia Dollars arising from the translation of financial statements of the Group's Australian operations. The Group's Australian operations is not exposed to currency risks as it receives and pays in Australian Dollars;
- (c) the decrease in current borrowings of approximately S\$4.8 million mainly due to deferrals of the existing M&A loans principal to a later period without altering the original interest rates and tenures as agreed with the relevant banks; and
- (d) the decrease in current year provision of income taxes of approximately S\$0.7 million as a result of a lower estimated taxable income position of the Group in 2020.

(4) Non-current liabilities

The Group's non-current liabilities decreased by approximately S\$2.3 million, from S\$57.9 million as at 31 December 2019 to S\$55.5 million as at 31 December 2020. The decrease was mainly due to:

- (a) the decrease in non-current lease liabilities of approximately S\$5.1 million mainly attributable to the lease payments made by the Group; and
- (b) the increase in non-current borrowings of approximately S\$2.7 million mainly due to deferrals of the existing M&A loans principal to a later period without altering the original interest rates and tenures as agreed with the relevant banks and the procurement of Singapore government backed COVID-19 loans at favourable rates for contingency purposes, offset by the principal repayments for the existing M&A loans in 2020.

(C) COMMENTARY ON THE CONSOLIDATED STATEMENT OF CASH FLOWS

(i) Second Half Ended 31 December 2020 ("2H 2020")

The Group's cash and cash equivalents increased by approximately S\$5.5 million or 95%, from S\$5.8 million as at 1 July 2020 to S\$11.3 million as at 31 December 2020.

Major cash inflows in 2H 2020 were:

- (a) net cash provided by operating activities of approximately S\$9.8 million;
- (b) procurement of Singapore government backed COVID-19 loans of approximately S\$7.0 million for contingency purposes; and
- (c) sub-lease income of approximately \$0.5 mil received.

(C) COMMENTARY ON THE CONSOLIDATED STATEMENT OF CASH FLOWS

(continued)

(i) Second Half Ended 31 December 2020 ("2H 2020") (continued)

Major cash outflows in 2H 2020 were:

- (a) repayments of principal element of existing M&A loans in relation to past acquisitions of preschool centres amounting to approximately S\$5.4 million;
- (b) repayments of principal element of lease payments in relation to the leasing of preschool centres of approximately S\$3.9 million;
- (c) payments in relation to additions of property, plant and equipment of approximately S\$1.4 million in relation to the upgrade of facilities and resources in the Group's preschool centres; and
- (d) payments of interest in relation to existing borrowings and lease payments of S\$1.2 million.

(ii) Full Year Ended 31 December 2020 ("2020")

The Group's cash and cash equivalents increased by approximately S\$5.6 million or 97%, from S\$5.7 million as at 31 December 2019 to S\$11.3 million as at 31 December 2020.

Major cash inflows in 2020 were:

- (a) net cash provided by operating activities of approximately S\$14.7 million;
- (b) procurement of Singapore government backed COVID-19 loans of approximately S\$8.4 million for contingency purposes;
- (c) receipt of purchase consideration of approximately S\$4.8 million for a preschool centre divested in 2019; and
- (d) sub-lease income of approximately \$0.5 mil received.

Major cash outflows in 2020 were:

- (a) repayments of principal element of existing M&A loans in relation to past acquisitions of preschool centres amounting to approximately S\$10.7 million;
- (b) repayments of principal element of lease payments in relation to the leasing of preschool centres of approximately S\$6.9 million;
- (c) payments of interest in relation to existing borrowings and lease payments of S\$2.6 million;
- (d) payments in relation to additions of property, plant and equipment of approximately S\$2.1 million in relation to the upgrade of facilities and resources in the Group's preschool centres; and
- (e) payments in relation to additions of intangible assets of approximately S\$1.1 million in relation to the additions of the Group's courseware developments.

9 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.

10 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) Partnership with Success Resources

On 3 September 2020, the Group continues to expand its footprint in Australia with a new partnership with Success Resources Ventures Pty Ltd (Success Resources). Under this partnership, Success Resources, Australia's largest events promoter with speakers such as Tony Robbins and Sir Richard Branson, will collaborate with the Group to promote the MindChamps' franchise model.

(b) Incorporation of a joint venture corporation, MindChamps EmoFront Pte. Limited ("MEF")

On 12 November 2020, the Company and Emofront Pte. Ltd., the distributor and consumer products licensing arm of Dinosaur Train, entered into a 50:50 joint venture, MEF to create engaging and interactive online educational lessons for the home and classrooms throughout Asia, Australia and New Zealand. The interactive lessons will incorporate MindChamps' breakthrough research-based curriculum, including the unique "3-Minds" (the Champion Mind, the Learning Mind and the Creative Mind). Designed to strengthen parent-child bonding, children will enjoy the interactive lessons, which will allow them to realise their full potential as they embody the "3-Minds" that equip them for an ever-changing world. MEF is incorporated in Singapore and has an issued and paid up share capital of S\$100. The Company acquired its shares in MEF for a consideration of S\$50.

(c) Divestment of 100% Shareholding Interest in MindChamps PreSchool @ UPT Pte. Limited ("UPT")

Yirong Education Pte. Ltd ("**Yirong**"), the Group's existing franchisee was keen to start another franchised business on turnkey basis. On 5 December 2020, the Group entered into a Share Purchase Agreement with Yirong to divest all of its shares in UPT for a total cash consideration of S\$800,000. This transaction was completed in January 2021. It is expected to have a positive impact on the consolidated earnings per share and net tangible assets per share of the Company and its subsidiary corporations for the financial year ending 31 December 2021. The consideration was arrived at on a willing seller willing buyer basis.

Post completion, UPT continues to operate the same preschool business under the MindChamps PreSchool brand name pursuant to a franchise agreement entered into with the Group, and under which UPT will pay royalties to the Group from January 2021 onwards. This is aligned with the Company's strategy to achieve the desired mix of company-owned and franchised centres.

10 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)

(d) Incorporation of a subsidiary corporation, MindChamps Academie of Stars Pte. Limited (“AoS”)

On 18 January 2021, the Group expanded its business into a premier Performing Arts school. The subsidiary corporation, AoS, incorporated on 27 November 2020 in Singapore with an issued and paid up share capital of S\$100, will combine MindChamps’ unique research-based education and pedagogy of the Champion Mindset with the training of singing, dancing and acting – the Triple Threat of the Performing Arts. The Company acquired its shares in AoS for a consideration of S\$70.

AoS focuses on nurturing the Champion Mindset and the craft of Performing Arts in children aged from 3 years old. It teaches syllabi that lead to international certifications from the London Academy of Music & Dramatic Art, Associated Board of the Royal Schools of Music, Commonwealth Society of Teachers of Dancing and Trinity College.

(e) Incorporation of a subsidiary corporation, Champion Education Property Investment Pty. Limited (“Champion Education Property”)

On 17 December 2020, MindChamps Early Learning Australia Pty. Limited, a wholly owned subsidiary corporation of the Company, incorporated Champion Education Property in Australia with an issued and paid up share capital A\$10,000. Champion Education Property is wholly owned and the principal activities of Champion Education Property are intended to be property investment and management.

- 11 If a decision regarding dividend has been made:-**
- (a) Whether an interim (final) ordinary dividend has been declared (recommended); and**
No dividends recommended in the current reported financial period.
- (b) (i) Amount per share**
Not applicable.
- (ii) Previous corresponding period**
Not applicable.
- (c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).**
Not applicable.
- (d) The date the dividend is payable.**
Not applicable.
- (e) The date on which Registrable Transfers received by the Company (up to 5.00pm) will be registered before entitlements to the dividend are determined.**
Not applicable.
- 12 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 period ended 31 December 2020 as the Company intends to retain the profits generated in the current financial period for operational needs.
- 13 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.
- 14 Negative confirmation pursuant to Rule 705(5).**
To the best of their 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.
- 15 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).

- 16 **Segmented revenue and results for business of the Group in the form presented in the Company's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

(a) Geographical Segment

| | Sales | | EBITDA | |
|-----------|-----------------|-----------------|-----------------|-----------------|
| | 2020 S\$'000 | 2019 S\$'000 | 2020 S\$'000 | 2019 S\$'000 |
| Singapore | 24,203 | 26,833 | 9,954 | 14,094 |
| Australia | 27,597 | 27,057 | 6,675 | 4,574 |
| | 51,800 | 53,890 | 16,629 | 18,668 |

(b) Business Segment

| | ← Singapore → | | | | ← Australia → | | Group |
|---------------------------|----------------------|----------------------|----------------------|-------------------|----------------------|----------------------|------------------|
| | Corporate S\$'000 | Education S\$'000 | Franchise S\$'000 | Others S\$'000 | Franchise S\$'000 | Education S\$'000 | Total S\$'000 |
| 2020 | | | | | | | |
| Sales | | | | | | | |
| Total segment sales | - | 17,834 | 8,002 | - | 236 | 27,361 | 53,433 |
| Inter-segment sales | - | - | (1,633) | - | - | - | (1,633) |
| Sales to external parties | - | 17,834 | 6,369 | - | 236 | 27,361 | 51,800 |
| EBITDA | (2,600) | 10,617 | 1,964 | (27) | (2,569) | 9,244 | 16,629 |
| 2019 | | | | | | | |
| Sales | | | | | | | |
| Total segment sales | - | 19,440 | 9,154 | - | - | 27,057 | 55,651 |
| Inter-segment sales | - | - | (1,761) | - | - | - | (1,761) |
| Sales to external parties | - | 19,440 | 7,393 | - | - | 27,057 | 53,890 |
| EBITDA | (3,190) | 15,502 | 1,837 | (55) | (3,706) | 8,280 | 18,668 |

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

The percentage of contribution to turnover and earnings by the business or geographical segments is tabulated as follows:

| | Sales | | EBITDA | |
|--------------------------------|-------|------|--------|-------|
| | 2020 | 2019 | 2020 | 2019 |
| <u>By business segment</u> | | | | |
| Corporate | | | | |
| - Singapore | - | - | (16%) | (17%) |
| Education | | | | |
| - Singapore | 35% | 36% | 64% | 83% |
| - Australia | 53% | 50% | 55% | 44% |
| Franchise | | | | |
| - Singapore | 12% | 14% | 12% | 10% |
| - Australia | -* | - | (15%) | (20%) |
| Others | - | - | -* | -* |
| | 100% | 100% | 100% | 100% |
| <u>By geographical segment</u> | | | | |
| Singapore | 47% | 50% | 60% | 75% |
| Australia | 53% | 50% | 40% | 25% |
| | 100% | 100% | 100% | 100% |

*Less than 1%

By business segment, the Education segment remained as the largest contributor for the Group's turnover and earnings in 2020 and 2019.

By geographical segment:

- the Australia segment was the largest contributor for the Group's turnover in 2020 and Singapore segment was the largest contributor for the Group's turnover in 2019.
- the Singapore segment remained as the largest contributor for the Group's earnings in 2020 and 2019.

18 A breakdown of sales as follows:-

| | Group | | |
|---|-----------------|-----------------|-------------|
| | 2020 S\$'000 | 2019 S\$'000 | Change % |
| (a) Sales reported for first half year | 21,596 | 22,473 | (4%) |
| (b) Operating profit after tax before deducting non-controlling interests reported for first half year | 765 | 745 | 3% |
| (c) Sales reported for second half year | 30,204 | 31,417 | (4%) |
| (d) Operating profit after tax before deducting non-controlling interests reported for second half year | 2,889 | 6,203 | (53%) |

- 19 A breakdown of the total annual dividend (in dollar value) for the Company's latest full year and its previous full year as follows:

| | 31 December 2020 S\$'000 | 31 December 2019 S\$'000 |
|--------------|-----------------------------|-----------------------------|
| Ordinary | - | - |
| Preference | - | - |
| Total | - | - |

- 20 Disclosure of person occupying a managerial position in the Company or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the Company pursuant to Rule 704 (13) in the format below. If there are no such persons, the Company must make an appropriate negative statement.

There is no person occupying a managerial position in the Company or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the Company pursuant to Rule 704 (13).

By order of the Board

Mr. David Chiem Phu An
Executive Chairman
24 February 2021