

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

**Condensed Interim Financial Statements  
For the six months and full year ended 31 December 2023**

**MindChamps PreSchool Limited and its Subsidiary Corporations**  
*(Incorporated in Singapore)*

**Condensed Interim Financial Statements**  
*For the six months and full year ended 31 December 2023*

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**MindChamps PreSchool Limited and its Subsidiary Corporations**

**Condensed Interim Consolidated Statement of Comprehensive Income**

*For the six months and full year ended 31 December 2023*

	Note	6 months ended			12 months ended		
		31 Dec 23 \$'000	31 Dec 22 \$'000	+/ %	31 Dec 23 \$'000	31 Dec 22 \$'000	+/ %
Revenue	4	34,381	29,706	16%	69,590	61,546	13%
Cost of sales		(16,278)	(16,776)	(3%)	(31,722)	(33,076)	(4%)
<b>Gross profit</b>		<b>18,103</b>	12,930	40%	<b>37,868</b>	28,470	33%
Other income							
- Interest income		254	39	N.M.	279	213	31%
- Others		1,556	2,021	(23%)	3,412	4,058	(16%)
		1,810	2,060	(12%)	3,691	4,271	(14%)
Other gains and losses							
- Gain from divestment of subsidiary corporations	15	-	3,845	N.M.	3,274	5,110	(36%)
- Impairment loss on financial assets		(3,097)	(43)	N.M.	(3,109)	(27)	N.M.
- impairment loss on intangible assets		-	(574)	N.M.	-	(574)	N.M.
- Other losses		16	(32)	N.M.	(312)	(74)	N.M.
Expenses							
- Administrative		(16,930)	(15,796)	7%	(31,473)	(31,426)	0%
- Finance		(1,043)	(1,300)	(20%)	(2,132)	(2,359)	(10%)
- Marketing		(640)	(1,042)	(39%)	(1,346)	(1,559)	(14%)
Share of (losses)/profit from associates and joint ventures	12,13	(209)	1,022	N.M.	(437)	1,010	N.M.
<b>(Loss) / Profit before income tax</b>		<b>(1,990)</b>	1,070	N.M.	<b>6,024</b>	2,842	N.M.
Income tax (expense)/credit	7	(401)	249	N.M.	(1,161)	104	N.M.
<b>Net (loss) / profit</b>		<b>(2,391)</b>	1,319	N.M.	<b>4,863</b>	2,946	65%
<b>Other comprehensive (loss)/income:</b>							
Items that may be reclassified subsequently to profit or loss:							
Currency translation differences arising from consolidation – loss		(413)	(3,820)	(89%)	(1,139)	(5,544)	(79%)
<b>Total comprehensive (loss)/income</b>		<b>(2,804)</b>	(2,501)	12%	<b>3,724</b>	(2,598)	N.M.
<b>(Loss) / Profit attributable to:</b>							
Equity holders of the Company		(1,984)	1,549	N.M.	5,162	3,040	70%
Non-controlling interests		(407)	(230)	77%	(299)	(94)	N.M.
		(2,391)	1,319	N.M.	4,863	2,946	65%
<b>Total comprehensive (loss)/ income attributable to:</b>							
Equity holders of the Company		(2,397)	(2,271)	6%	4,023	(2,504)	N.M.
Non-controlling interests		(407)	(230)	77%	(299)	(94)	N.M.
		(2,804)	(2,501)	12%	3,724	(2,598)	N.M.
<b>Earnings per share for net (loss)/profit attributable to equity holders of the Company</b>							
- Basic earnings per share (cents per share)		(0.82)	0.64		2.13	1.26	
- Diluted earnings per share (cents per share)		(0.82)	0.64		2.13	1.26	

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

**COMMENTARY ON THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

*6 months ended 31 December 2023 ("2H 2023") and 31 December 2022 ("2H 2022")*

- (1) For the 6 months ended 31 December 2023, the Group recorded a loss before tax of \$2.0 million in 2H 2023, a decrease of approximately \$3.1 million from profit before tax of \$1.1 million in 2H 2022 and a loss after tax of \$2.4 million in 2H 2023, a decrease of approximately \$3.7 million from profit after tax of \$1.3 million in 2H 2022.
- (2) Revenue increased by approximately \$4.7 million or 16%, from \$29.7 million in 2H 2022 to \$34.4 million in 2H 2023. The increase was mainly attributable to:
  - a) an increase of \$5.3 million in franchise income mainly attributable to sale of master franchise licences in the United States;
  - b) an increase of \$2.6 million in school fees revenue mainly attributable to organic increase in both preschool fees and student enrolment numbers;
  - c) a decrease of \$4.3 million in school fees revenue mainly attributable to divestment of subsidiary corporations in 2022; and
  - d) an increase of \$1.1 million in royalty revenue mainly attributable to organic increase in both preschool fees and student enrolment numbers from franchised centres and divested subsidiary corporations.
- (3) Cost of Sales decreased by approximately \$0.5 million or 3%, from \$16.8 million in 2H 2022 to \$16.3 million in 2H 2023. The decrease was mainly attributable to lower manpower expenses due to divestment of subsidiary corporations in 2022.
- (4) Other income decreased by approximately \$0.3 million or 12%, from \$2.1 million in 2H 2022 to \$1.8 million in 2H 2023. The decrease was mainly attributable to decrease in government grant and rebate received and offset by increase attributable to teachers' deployment income earned from franchised centres.
- (5) Gain from divestment of subsidiary corporations decreased by approximately \$3.8 million, from \$3.8 million in 2H 2022 to \$0.0 million in 2H 2023. The decrease was attributable to no divestment of subsidiary corporations in 2H 2023.
- (6) Impairment of financial assets increased by approximately \$3.1 million from \$0.04 million in 2H 2022 to \$3.1 million in 2H 2023. The increase was attributable to higher provision of doubtful debts associated with the Group's financial assets.
- (7) Impairment loss on intangible assets decreased by approximately \$0.6 million from \$0.6 million in 2H 2022 to \$0 million in 2H 2023. The decrease was attributable to no impairment loss on intangible assets in 2H 2023.
- (8) Administrative expenses increased by approximately \$1.1 million or 7%, from \$15.8 million in 2H 2022 to \$16.9 million in 2H 2023. The increase was mainly attributable to higher manpower expenses in 2023 and offset by lower manpower expenses due to divestment of subsidiary corporations in 2022.
- (9) Finance expenses decreased by approximately \$0.3 million or 20%, from \$1.3 million in 2H 2022 to \$1.0 million in 2H 2023. The decrease was mainly attributable to repayment of existing borrowings in 2H 2023.

## MindChamps PreSchool Limited and its Subsidiary Corporations

### Condensed Interim Consolidated Statement of Comprehensive Income

For the six months and full year ended 31 December 2023

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#### **COMMENTARY ON THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Continued)**

*6 months ended 31 December 2023 ("2H 2023") and 31 December 2022 ("2H 2022") (Continued)*

- (10) Marketing expenses decreased by approximately \$0.4 million or 39% from \$1.0 million in 2H 2022 to \$0.6 million in 2H 2023. The decrease was mainly attributable to decrease in marketing activities with better costs control and divestment of subsidiary corporations in 2022.
- (11) Currency translation arising from consolidation decreased by approximately \$3.4 million or 89%, from a loss of \$3.8 million in 2H 2022 to a loss of \$0.4 million in 2H 2023. These exchange differences arose from the translation of financial statements of the Group's Australian operations which functional currencies are different from the Group's presentation currency.

#### **COMMENTARY ON THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

*12 Months Ended 31 December 2023 ("2023") and 31 December 2022 ("2022")*

- (1) For the full year ended 31 December 2023, the Group recorded a profit before tax of \$6.0 million, an increase of approximately \$3.2 million from \$2.8 million in 2022 and a profit after tax of \$4.9 million in 2023, an increase of approximately \$2.0 million from \$2.9 million in 2022.
- (2) Revenue increased by approximately \$8.0 million or 13%, from \$61.5 million in 2022 to \$69.6 million in 2023. The increase was mainly attributable to:
  - a) an increase of \$12.3 million in franchise income attributable to sale of master franchise licences in the United States and Western Australia;
  - b) an increase of \$4.0 million in school fees revenue mainly attributable to organic increase in both preschool fees and student enrolment numbers;
  - c) a decrease of \$10.4 million in school fees revenue mainly attributable to divestment of subsidiary corporations in 2022; and
  - d) an increase of \$2.2 million in royalty revenue mainly attributable to organic increase in both preschool fees and student enrolment numbers from franchised centres and divested subsidiary corporations.
- (3) Cost of Sales decreased by approximately \$1.4 million or 4%, from \$33.1 million in 2022 to \$31.7 million in 2023. The decrease was mainly attributable to lower manpower expenses due to divestment of subsidiary corporations in 2022 and offset by higher manpower expenses in Australia in 2023.
- (4) Other income decreased by approximately \$0.6 million or 14%, from \$4.3 million in 2022 to \$3.7 million in 2023. The decrease was mainly attributable to decrease in government grant and rebate received and offset by increase attributable to teachers' deployment income earned from franchised centres.
- (5) Gain from divestment of subsidiary corporations decreased by approximately \$1.8 million or 36%, from \$5.1 million in 2H 2022 to \$3.3 million in 2H 2023. The decrease was mainly attributable to decrease in divestment of subsidiary corporations in 2023.
- (6) Impairment of financial assets increased by approximately \$3.1 million from \$0.03 million in 2022 to \$3.1 million in 2023. The increase was attributable to higher provision of doubtful debts associated with the Group's financial assets.

**MindChamps PreSchool Limited and its Subsidiary Corporations**

**Condensed Interim Consolidated Statement of Comprehensive Income**

*For the six months and full year ended 31 December 2023*

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**COMMENTARY ON THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME** (Continued)

*12 Months Ended 31 December 2023 ("2023") and 31 December 2022 ("2022")* (Continued)

- (7) Finance expenses decreased by approximately \$0.3 million or 10%, from \$2.4 million in 2022 to \$2.1 million in 2023. The decrease was mainly attributable to repayment of existing borrowings in 2023.
- (8) Marketing expenses decreased by approximately \$0.3 million or 14% from \$1.6 million in 2022 to \$1.3 million in 2023. The decrease was mainly attributable to decrease in marketing activities with better costs control and divestment of subsidiary corporations in 2022.
- (9) Currency translation arising from consolidation decreased by approximately \$4.4 million or 79%, from a loss of \$5.5 million in 2022 to a loss of \$1.1 million in 2023. These exchange differences arose from the translation of financial statements of the Group's Australian operations which functional currencies are different from the Group's presentation currency.

**MindChamps PreSchool Limited and its Subsidiary Corporations**

**Condensed Interim Consolidated Statement of Financial Position - Group**

*As at 31 December 2023*

	Note	31 Dec 2023 \$'000	31 Dec 2022 \$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		7,773	6,880
Trade and other receivables		17,150	23,335
Inventories		571	613
Lease receivables		802	837
		<u>26,296</u>	<u>31,665</u>
<b>Non-current assets</b>			
Property, plant and equipment		23,946	24,980
Intangible assets	9	76,465	78,346
Lease receivables		-	964
Trade and other receivables		4,116	1,218
Deferred income tax assets		1,696	2,034
Investments in associates	12	100	122
Investments in joint ventures	13	6,238	1,035
		<u>112,561</u>	<u>108,699</u>
<b>Total assets</b>		<u>138,857</u>	<u>140,364</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables		22,537	19,907
Contract liabilities		2,352	2,111
Borrowings	10	8,390	12,840
Lease liabilities		5,868	6,859
Current income tax liabilities		859	57
		<u>40,006</u>	<u>41,774</u>
<b>Non-current liabilities</b>			
Borrowings	10	9,240	12,740
Lease liabilities		16,614	16,583
Deferred income tax liabilities		292	30
Provision for reinstatement costs		865	935
		<u>27,011</u>	<u>30,288</u>
<b>Total liabilities</b>		<u>67,017</u>	<u>72,062</u>
<b>NET ASSETS</b>		<u>71,840</u>	<u>68,302</u>
<b>EQUITY</b>			
<b>Capital and reserves attributable to equity holders of the Company</b>			
Share capital	11	49,530	49,301
Currency translation reserve		(7,914)	(6,775)
Other reserve		(950)	-
Retained profits		31,448	26,286
		<u>72,114</u>	<u>68,812</u>
<b>Non-controlling interests</b>		<u>(274)</u>	<u>(510)</u>
<b>TOTAL EQUITY</b>		<u>71,840</u>	<u>68,302</u>

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

**COMMENTARY ON THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**(1) Current assets**

The Group's current assets decreased by approximately \$5.4 million or 17%, from \$31.7 million as at 31 December 2022 to \$26.3 million as at 31 December 2023. The decrease was mainly attributable to decrease in trade and other receivables arising from deferred consideration received in 2023 in relation to divestment of subsidiary corporations.

**(2) Non-current assets**

The Group's non-current assets increased by approximately \$3.9 million or 4%, from \$108.7 million as at 31 December 2022 to \$112.6 million as at 31 December 2023. The increase was mainly attributable to increase in investments in joint ventures in the United States and Western Australia and offset by decrease in intangible assets due to divestment of subsidiary corporations.

**(3) Current liabilities**

The Group's current liabilities decreased by approximately \$1.8 million or 4%, from \$41.8 million as at 31 December 2022 to \$40.0 million as at 31 December 2023. The decrease was mainly attributable to decrease in borrowings and offset by increase in trade and other payables.

**(4) Non-current liabilities**

The Group's non-current liabilities decreased by approximately \$3.3 million or 11%, from \$30.3 million as at 31 December 2022 to \$27.0 million as at 31 December 2023. The decrease was mainly attributable to decrease in borrowings.

**MindChamps PreSchool Limited and its Subsidiary Corporations**

**Condensed Interim Statement of Financial Position – Company**

*As at 31 December 2023*

	Note	31 Dec 2023 \$'000	31 Dec 2022 \$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		2,680	2,976
Trade and other receivables		15,879	13,194
Inventories		4	4
Lease receivables		802	837
		<u>19,365</u>	<u>17,011</u>
<b>Non-current assets</b>			
Property, plant and equipment		758	1,471
Intangible assets		1,541	1,674
Lease receivables		-	964
Trade and other receivables		2,938	1,218
Deferred income tax assets		113	113
Investments in subsidiary corporations		81,677	81,677
Investments in associates	12	100	122
		<u>87,127</u>	<u>87,239</u>
Total assets		<u>106,492</u>	<u>104,250</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables		37,709	29,325
Borrowings		6,346	10,585
Lease liabilities		1,244	1,206
		<u>45,299</u>	<u>41,116</u>
<b>Non-current liabilities</b>			
Borrowings		8,994	8,539
Lease liabilities		53	1,297
Provision for reinstatement costs		44	40
		<u>9,091</u>	<u>9,876</u>
Total liabilities		<u>54,390</u>	<u>50,992</u>
<b>NET ASSETS</b>		<u>52,102</u>	<u>53,258</u>
<b>EQUITY</b>			
<b>Capital and reserves attributable to equity holders of the Company</b>			
Share capital		49,530	49,301
Retained profits		2,572	3,957
<b>TOTAL EQUITY</b>		<u>52,102</u>	<u>53,258</u>

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

**MindChamps PreSchool Limited and its Subsidiary Corporations**

**Condensed Interim Consolidated Statement of Changes in Equity**

*For the year ended 31 December 2023*

	Attributable to equity holders of the Company				Non-controlling interests		
	Share capital	Currency translation reserve	Other reserve	Retained profits	Total	Total	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
<b>31 December 2023</b>							
<b>As at 1 January 2023</b>	49,301	(6,775)	-	26,286	68,812	(510)	68,302
Total comprehensive (loss)/profit for the financial year	-	(1,139)	-	5,162	4,023	(299)	3,724
Share-based payment transactions (Note 11)	229	-	-	-	229	-	229
Dividend paid to non-controlling interests	-	-	-	-	-	(25)	(25)
Acquisition from non-controlling interests (Note 14(ii))	-	-	(950)	-	(950)	560	(390)
<b>As at 31 December 2023</b>	<b>49,530</b>	<b>(7,914)</b>	<b>(950)</b>	<b>31,448</b>	<b>72,114</b>	<b>(274)</b>	<b>71,840</b>
<b>31 December 2022</b>							
<b>As at 1 January 2022</b>	49,301	(1,231)	-	23,246	71,316	398	71,714
Total comprehensive (loss)/profit for the financial year	-	(5,544)	-	3,040	(2,504)	(94)	(2,598)
Dividend paid to non-controlling interests	-	-	-	-	-	(604)	(604)
Divestment of subsidiary corporations	-	-	-	-	-	(210)	(210)
<b>As at 31 December 2022</b>	<b>49,301</b>	<b>(6,775)</b>	<b>-</b>	<b>26,286</b>	<b>68,812</b>	<b>(510)</b>	<b>68,302</b>

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

**MindChamps PreSchool Limited and its Subsidiary Corporations**

**Condensed Interim Statement of Changes in Equity - Company**

*For the year ended 31 December 2023*

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	<b>Share capital</b>	<b>Retained profits</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b><u>31 December 2023</u></b>			
<b>As at 1 January 2023</b>	49,301	3,957	53,258
Share-based payment transactions (Note 11)	229	-	229
Total comprehensive loss for the financial year	-	(1,385)	(1,385)
<b>As at 31 December 2023</b>	<b>49,530</b>	<b>2,572</b>	<b>52,102</b>
<b><u>31 December 2022</u></b>			
<b>As at 1 January 2022</b>	49,301	10,058	59,359
Total comprehensive loss for the financial year	-	(6,101)	(6,101)
<b>As at 31 December 2022</b>	<b>49,301</b>	<b>3,957</b>	<b>53,258</b>

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

**MindChamps PreSchool Limited and its Subsidiary Corporations**

**Condensed Interim Consolidated Statement of Cash Flows**

*For the year ended 31 December 2023*

	Note	12 months ended	
		31 Dec 2023 \$'000	31 Dec 2022 \$'000
<b>Cash flows from operating activities</b>			
Net profit		4,863	2,946
Adjustments for:			
- Amortisation of intangible assets		1,643	1,439
- Depreciation of property, plant and equipment		6,977	9,072
- Gain from divestment of subsidiary corporations	15	(3,274)	(5,110)
- Gain on disposal of property, plant and equipment		(62)	-
- Interest expense		2,132	2,359
- Impairment of financial assets		3,109	27
- Write off of intangible assets	9	80	-
- Write off of property, plant and equipment		238	-
- Impairment of intangible assets	9	-	574
- Interest income		(279)	(213)
- Income tax expense/(credit)	7	1,161	(104)
- Share based payment expenses	11	229	-
- Share of losses/(profit) from associates and joint ventures	12,13	437	(1,010)
- Unrealised currency translation losses		3	90
		<u>17,257</u>	<u>10,070</u>
Change in working capital, net of effects from acquisitions subsidiary corporations, and divestment of subsidiary corporations:			
- Contract liabilities		921	882
- Inventories		45	(118)
- Trade and other receivables		909	(4,826)
- Trade and other payables		1,603	5,803
Cash generated from operations		<u>20,735</u>	<u>11,811</u>
Income tax paid		<u>(83)</u>	<u>(215)</u>
<b>Net cash provided by operating activities</b>		<u>20,652</u>	<u>11,596</u>
<b>Cash flows from investing activities</b>			
Acquisition of subsidiary corporations, net of cash acquired	14	3	-
Investment in joint ventures	13	(6,606)	-
Additions to intangible assets		(1,125)	(1,274)
Additions to property, plant and equipment		(896)	(1,885)
Disposal of property, plant and equipment		281	-
Proceeds from divestment of subsidiary corporations	15	5,171	6,894
Interest received		279	213
Sublease income received		-	709
<b>Net cash (used in)/provided by investing activities</b>		<u>(2,893)</u>	<u>4,657</u>

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

**MindChamps PreSchool Limited and its Subsidiary Corporations**

**Condensed Interim Consolidated Statement of Cash Flows**

*For the year ended 31 December 2023*

	<b>12 months ended</b>	
	<b>31 Dec 2023</b>	<b>31 Dec 2022</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from financing activities</b>		
Dividend paid to non-controlling interests	(25)	(604)
Interest paid for loans and leases	(2,132)	(1,999)
Proceeds from refinancing borrowings	15,884	-
Repayments of borrowings	(21,833)	(9,176)
Repayment of principal amount of lease liabilities	(6,486)	(8,332)
Fixed deposit pledged	(2,000)	-
Transfer from reserve account	2,509	602
<b>Net cash used in financing activities</b>	<b>(14,083)</b>	<b>(19,509)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>3,676</b>	<b>(3,256)</b>
<b>Cash and cash equivalents</b>		
Beginning of financial year	2,371	5,875
Effects of currency translation on cash and cash equivalents	(274)	(248)
<b>End of financial year</b>	<b>5,773</b>	<b>2,371</b>
	<b>31 Dec 2023</b>	<b>31 Dec 2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Cash and cash equivalents in the statement of financial position	7,773	6,880
Less: Bank balances in the reserve account	-	(2,509)
Less: Bank overdraft	-	(2,000)
Less: Fixed deposit pledged	(2,000)	-
<b>Cash and cash equivalents in the consolidated statement of cash flows</b>	<b>5,773</b>	<b>2,371</b>

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

**MindChamps PreSchool Limited and its Subsidiary Corporations**

**Condensed Interim Consolidated Statement of Cash Flows**

*For the year ended 31 December 2023*

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**COMMENTARY ON THE CONSOLIDATED STATEMENT OF CASH FLOWS**

*12 months ended 31 December 2023 ("2023")*

The Group's cash and cash equivalents in the consolidated statement of cash flows increased by \$3.4 million from \$2.4 million as at 31 December 2022 to \$5.8 million as at 31 December 2023.

Major cash inflows in 2023 were:

- (a) net cash provided by operating activities of approximately \$20.7 million;
- (b) proceeds from divestment of subsidiary corporations of approximately \$5.2 million; and
- (c) proceeds from refinancing borrowings of approximately \$15.9 million.

Major cash outflows in 2023 were:

- (a) repayments of existing borrowings of approximately \$21.8 million;
- (b) repayments of principal element of lease liabilities in relation to leasing of preschool centres and corporate offices of approximately \$6.5 million; and
- (c) net cash used in investment in joint ventures of approximately \$6.6 million.

## **1 General information**

MindChamps PreSchool Limited (the “Company”) is incorporated and domiciled in Singapore and whose shares are publicly traded on the Mainboard of the Singapore Exchange. These condensed interim consolidated financial statements as at and for the six months and full year ended 31 December 2023 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
- (g) Music, dancing, art, speech, and drama instruction
- (h) Childcare enrolment services.

## **2 Basis of preparation**

The condensed interim financial statements for the six months and full year ended 31 December 2023 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 of the Group since the last annual financial statements for the year ended 31 December 2022.

The accounting policies and method of computation adopted are consistent with the most recently audited financial statements for the year ended 31 December 2022 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 dollar which is the Company’s functional currency.

### *Going concern assumption*

As at 31 December 2023, the Group and the Company were in net current liabilities position of \$13.7 million and \$25.9 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 going concerns. 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 \$5.9 million and the Company’s net current lease liabilities of \$1.2 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 \$2.4 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 \$3.2 million and the Company's related party payables of \$32.0 million within the Group (the treasury management function is centrally managed within the Group and the Company, where the related party repayments are at the Group's and the Company's sole discretion and assessment); and

(iv) the Group's current non-financial assets (inventories and prepayments) of \$1.5 million and the Company's current non-financial assets (inventories and prepayments) of \$0.1 million,

the Group and the Company would have recorded an adjusted net current liabilities of \$3.7 million and adjusted net current assets of \$7.2 million respectively.

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**

There were no new or amended standards that have become applicable for the Group in relation to the current reporting period.

### **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 2022 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 resulting in a material adjustment to the carrying amounts of assets and liabilities within the next interim period are included in the Note 9(a) – impairment test 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 and enrichment classes.

*(iii) Corporate*

Provision of administrative support services and corporate office.

*(iv) Others*

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

**MindChamps PreSchool Limited and its Subsidiary Corporations**

**Notes to the condensed interim consolidated financial statements**

*For the six months and full year ended 31 December 2023*

**4 Segment and revenue information (Continued)**

**4.1 Reportable segments**

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

	Singapore				Australia			Group
	Education	Franchise	Corporate	Others	Education	Franchise	Others	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>6 months ended 31 Dec 2023</b>								
<b>Sales</b>								
Total segment sales	2,501	10,358	-	-	20,645	(125)	1,020	34,399
Inter-segment sales	(346)	344	(307)	-	291	-	-	(18)
Sales to external parties	2,155	10,702	(307)	-	20,936	(125)	1,020	34,381
<b>EBITDA</b>	<b>1,339</b>	<b>(1,867)</b>	<b>766</b>	<b>(170)</b>	<b>5,397</b>	<b>(1,939)</b>	<b>(154)</b>	<b>3,372</b>
<b>As at 31 Dec 2023</b>								
<b>Segment assets</b>	<b>3,639</b>	<b>4,061</b>	<b>22,316</b>	<b>1,025</b>	<b>64,793</b>	<b>41,807</b>	<b>1,216</b>	<b>138,857</b>
<b>Segment liabilities</b>	<b>(1,861)</b>	<b>-</b>	<b>(28,726)</b>	<b>(32)</b>	<b>(31,602)</b>	<b>(4,614)</b>	<b>(182)</b>	<b>(67,017)</b>
<b>6 months ended 31 Dec 2022</b>								
<b>Sales</b>								
Total segment sales	6,932	4,943	-	-	18,297	(314)	1,055	30,913
Inter-segment sales	-	(593)	-	-	-	-	(614)	(1,207)
Sales to external parties	6,932	4,350	-	-	18,297	(314)	441	29,706
<b>EBITDA</b>	<b>3,057</b>	<b>5,754</b>	<b>(2,015)</b>	<b>106</b>	<b>3,107</b>	<b>(2,600)</b>	<b>(143)</b>	<b>7,266</b>
<b>As at 31 Dec 2022</b>								
<b>Segment assets</b>	<b>17,114</b>	<b>5,372</b>	<b>17,430</b>	<b>1,278</b>	<b>95,445</b>	<b>2,798</b>	<b>927</b>	<b>140,364</b>
<b>Segment liabilities</b>	<b>(4,135)</b>	<b>(17,193)</b>	<b>(24,621)</b>	<b>(26)</b>	<b>(23,362)</b>	<b>(2,367)</b>	<b>(358)</b>	<b>(72,062)</b>

**MindChamps PreSchool Limited and its Subsidiary Corporations**

**Notes to the condensed interim consolidated financial statements**

*For the six months and full year ended 31 December 2023*

**4 Segment and revenue information (Continued)**

**4.1 Reportable segments (Continued)**

	Singapore				Australia			Group
	Education \$'000	Franchise \$'000	Corporate \$'000	Others \$'000	Education \$'000	Franchise \$'000	Others \$'000	Total \$'000
<b>12 months ended 31 Dec 2023</b>								
<b>Sales</b>								
Total segment sales	6,003	20,050	-	-	39,052	2,827	2,311	70,243
Inter-segment sales	(346)	-	(307)	-	-	-	-	(653)
Sales to external parties	5,657	20,050	(307)	-	39,052	2,827	2,311	69,590
<b>EBITDA</b>	<b>1,377</b>	<b>8,012</b>	<b>(555)</b>	<b>(33)</b>	<b>9,111</b>	<b>(1,420)</b>	<b>5</b>	<b>16,497</b>
<b>As at 31 Dec 2023</b>								
<b>Segment assets</b>	<b>3,639</b>	<b>4,061</b>	<b>22,316</b>	<b>1,025</b>	<b>64,793</b>	<b>41,807</b>	<b>1,216</b>	<b>138,857</b>
<b>Segment liabilities</b>	<b>(1,861)</b>	<b>-</b>	<b>(28,726)</b>	<b>(32)</b>	<b>(31,602)</b>	<b>(4,614)</b>	<b>(182)</b>	<b>(67,017)</b>
<b>12 months ended 31 Dec 2022</b>								
<b>Sales</b>								
Total segment sales	16,660	9,489	-	-	34,853	794	2,106	63,902
Inter-segment sales	-	(1,433)	-	-	-	-	(923)	(2,356)
Sales to external parties	16,660	8,056	-	-	34,853	794	1,183	61,546
<b>EBITDA</b>	<b>7,655</b>	<b>7,893</b>	<b>(3,504)</b>	<b>47</b>	<b>7,142</b>	<b>(3,731)</b>	<b>(3)</b>	<b>15,499</b>
<b>As at 31 Dec 2022</b>								
<b>Segment assets</b>	<b>17,114</b>	<b>5,372</b>	<b>17,430</b>	<b>1,278</b>	<b>95,445</b>	<b>2,798</b>	<b>927</b>	<b>140,364</b>
<b>Segment liabilities</b>	<b>(4,135)</b>	<b>(17,193)</b>	<b>(24,621)</b>	<b>(26)</b>	<b>(23,362)</b>	<b>(2,367)</b>	<b>(358)</b>	<b>(72,062)</b>

## MindChamps PreSchool Limited and its Subsidiary Corporations

### Notes to the condensed interim consolidated financial statements

For the six months and full year ended 31 December 2023

#### 4 Segment and revenue information (Continued)

##### 4.1 Reportable segments (Continued)

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

	12 months ended			
	Sales		EBITDA	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
<b>By business segment</b>				
Education				
- Singapore	8%	27%	8%	49%
- Australia	56%	57%	55%	46%
Franchise				
- Singapore	29%	13%	49%	51%
- Australia	4%	1%	(9%)	(23%)
Corporate				
- Singapore	*	*	(3%)	(23%)
Other				
- Singapore	*	*	0%	*
- Australia	3%	2%	*	*
	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

\* Less than 1%

By business segment, the Education segment remained as the largest contributor for the Group's turnover and earnings in 2023 and 2022.

##### **By geographical segment:**

- the Australia segment was the largest contributor to the Group's turnover in 2023 and 2022.
- the Singapore segment remained the largest contributor to the Group's earnings in 2023 and 2022.

	12 months ended			
	Sales		EBITDA	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
- Singapore	37%	40%	54%	77%
- Australia	63%	60%	46%	23%
	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

**MindChamps PreSchool Limited and its Subsidiary Corporations**

**Notes to the condensed interim consolidated financial statements**

*For the six months and full year ended 31 December 2023*

**4 Segment and revenue information** (Continued)

**4.1 Reportable segments** (Continued)

(a) *Reconciliation*

*Segment profit*

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

	6 months ended		12 months ended	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
	\$'000	\$'000	\$'000	\$'000
EBITDA for reportable segments	2,352	7,303	16,525	15,455
EBITDA for other segments	1,020	(37)	(28)	44
Depreciation	(3,568)	(4,198)	(6,977)	(9,072)
Amortisation	(1,005)	(737)	(1,643)	(1,439)
Finance expense	(1,043)	(1,300)	(2,132)	(2,359)
Interest income	254	39	279	213
<b>(Loss)/Profit before income tax</b>	<b>(1,990)</b>	<b>1,070</b>	<b>6,024</b>	<b>2,842</b>

(b) *Revenue from major services*

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

	6 months ended		12 months ended	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
	\$'000	\$'000	\$'000	\$'000
<u>Revenue</u>				
Education	23,091	25,229	44,709	51,513
Franchise	10,577	4,036	22,877	8,850
Others	713	441	2,004	1,183
	<b>34,381</b>	<b>29,706</b>	<b>69,590</b>	<b>61,546</b>

## MindChamps PreSchool Limited and its Subsidiary Corporations

### Notes to the condensed interim consolidated financial statements

For the six months and full year ended 31 December 2023

#### 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.

	<b>At a point in time</b>	<b>Over time</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>6 months ended 31 Dec 2023</b>			
<b>Singapore</b>			
- School fees	-	2,117	2,117
- Royalty fees	-	4,790	4,790
- Franchise income	4,919	-	4,919
- Sale of merchandise	691	-	691
- Others	33	-	33
	<u>5,643</u>	<u>6,907</u>	<u>12,550</u>
<b>Australia</b>			
- School fees	-	20,898	20,898
- Royalty fees	-	210	210
- Franchise income	107	-	107
- Sale of merchandise	3	-	3
- Management service income	33	-	33
- Commission income	542	-	542
- Others	38	-	38
	<u>723</u>	<u>21,108</u>	<u>21,831</u>
Total	<u>6,366</u>	<u>28,015</u>	<u>34,381</u>

**MindChamps PreSchool Limited and its Subsidiary Corporations**

**Notes to the condensed interim consolidated financial statements**

*For the six months and full year ended 31 December 2023*

**4 Segment and revenue information (Continued)**

**4.2 Disaggregation of Revenue (Continued)**

	<b>At a point in time</b>	<b>Over time</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>6 months ended 31 Dec 2022</b>			
<b>Singapore</b>			
- School fees	-	6,732	6,732
- Royalty fees	-	3,748	3,748
- Franchise income	245	-	245
- Sale of merchandise	265	-	265
- Others	292	-	292
	<u>802</u>	<u>10,480</u>	<u>11,282</u>
<b>Australia</b>			
- School fees	-	18,242	18,242
- Royalty fees	-	197	197
- Franchise income	- 560	-	- 560
- Sale of merchandise	21	-	21
- Management service income	28	-	28
- Commission income	441	-	441
- Others	55	-	55
	<u>(15)</u>	<u>18,439</u>	<u>18,424</u>
Total	<u>787</u>	<u>28,919</u>	<u>29,706</u>
<b>12 months ended 31 Dec 2023</b>			
<b>Singapore</b>			
- School fees	-	5,577	5,577
- Royalty fees	-	9,011	9,011
- Franchise income	9,774	-	9,774
- Sale of merchandise	974	-	974
- Others	64	-	64
	<u>10,812</u>	<u>14,588</u>	<u>25,400</u>
<b>Australia</b>			
- School fees	-	38,985	38,985
- Royalty fees	-	409	409
- Franchise income	3,403	-	3,403
- Sale of merchandise	16	-	16
- Management service income	59	-	59
- Commission income	1,251	-	1,251
- Others	67	-	67
	<u>4,796</u>	<u>39,394</u>	<u>44,190</u>
Total	<u>15,608</u>	<u>53,982</u>	<u>69,590</u>

**MindChamps PreSchool Limited and its Subsidiary Corporations**

**Notes to the condensed interim consolidated financial statements**

*For the six months and full year ended 31 December 2023*

**4 Segment and revenue information** (Continued)

**4.2 Disaggregation of Revenue** (Continued)

	<b>At a point in time</b>	<b>Over time</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>12 months ended 31 Dec 2022</b>			
<b>Singapore</b>			
- School fees	-	16,292	16,292
- Royalty fees	-	6,910	6,910
- Franchise income	558	-	558
- Sale of merchandise	573	-	573
- Others	383	-	383
	<u>1,514</u>	<u>23,202</u>	<u>24,716</u>
<b>Australia</b>			
- School fees	-	34,755	34,755
- Royalty fees	-	349	349
- Franchise income	373	-	373
- Sale of merchandise	21	-	21
- Management service income	51	-	51
- Commission income	1,183	-	1,183
- Others	98	-	98
	<u>1,726</u>	<u>35,104</u>	<u>36,830</u>
Total	<u>3,240</u>	<u>58,306</u>	<u>61,546</u>

**5 Financial assets and financial liabilities**

Set out below is an overview of the financial assets and financial liabilities of the Group as at 31 December 2023 and 31 December 2022:

	<b>Group</b>		<b>Company</b>	
	<b>31 Dec 2023</b>	<b>31 Dec 2022</b>	<b>31 Dec 2023</b>	<b>31 Dec 2022</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Financial assets, at amortised cost	28,903	32,394	22,182	19,039
Financial liabilities, at amortised cost	<u>62,649</u>	<u>68,929</u>	<u>54,346</u>	<u>50,952</u>

## MindChamps PreSchool Limited and its Subsidiary Corporations

### Notes to the condensed interim consolidated financial statements

For the six months and full year ended 31 December 2023

#### 6 Profit before income tax

##### 6.1 Significant items

	Group			
	6 months ended		12 months ended	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
	\$'000	\$'000	\$'000	\$'000
<b>Income</b>				
Service income	998	984	2,260	1,765
Government grants	273	225	438	1,110
<b>Expenses</b>				
Amortisation of intangible asset	1,005	669	1,643	1,439
Depreciation of property, plant and equipment	3,568	4,685	6,977	9,072
Employee compensation	23,794	21,266	44,795	43,567
Interest expenses:				
- Lease liabilities	480	439	867	896
- Term loans	528	714	1,160	1,301
- Miscellaneous	35	147	105	162

##### 6.2 Related party transactions

	Group and Company			
	6 months ended		12 months ended	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
	\$'000	\$'000	\$'000	\$'000
<b>Sale to Joint Ventures</b>				
- Franchise income	4,727	-	12,714	-

The Group had no material related party transactions apart from the above and those already disclosed in the audited 31 December 2022 financial statements.

**MindChamps PreSchool Limited and its Subsidiary Corporations**

**Notes to the condensed interim consolidated financial statements**

*For the six months and full year ended 31 December 2023*

**7 Income tax (expense)/credit**

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:

	<b>Group and Company</b>			
	<b>6 months ended</b>		<b>12 months ended</b>	
	<b>31 Dec 2023</b>	31 Dec 2022	<b>31 Dec 2023</b>	31 Dec 2022
	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000
Current income tax expense	(423)	(169)	(1,052)	(265)
Deferred income tax credit/ (expense) relating to origination and reversal of temporary differences	22	418	(109)	369
	<b>(401)</b>	<b>249</b>	<b>(1,161)</b>	<b>104</b>

**8 Net asset value**

	<b>Group</b>		<b>Company</b>	
	<b>31 Dec 2023</b>	31 Dec 2022	<b>31 Dec 2023</b>	31 Dec 2022
	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000
Net asset value per ordinary share (cents per share)	<b>30</b>	28	<b>21</b>	22

**9 Intangible assets**

	<b>Group</b>		<b>Company</b>	
	<b>31 Dec 2023</b>	31 Dec 2022	<b>31 Dec 2023</b>	31 Dec 2022
	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000
<u>Composition</u>				
Goodwill arising on consolidation (Note (a))	<b>71,891</b>	75,086	-	-
Student base	<b>1,545</b>	-	-	-
Courseware development cost	<b>2,763</b>	3,032	<b>1,277</b>	1,449
Computer software licences	<b>254</b>	195	<b>252</b>	192
Copyrights	<b>12</b>	33	<b>12</b>	33
	<b>76,465</b>	<b>78,346</b>	<b>1,541</b>	<b>1,674</b>

## MindChamps PreSchool Limited and its Subsidiary Corporations

### Notes to the condensed interim consolidated financial statements

For the six months and full year ended 31 December 2023

#### 9 Intangible assets (Continued)

(a) *Goodwill arising on consolidation.*

	<b>Group</b>	
	<b>31 Dec 2023</b>	31 Dec 2022
	<b>\$'000</b>	\$'000
<u>Cost</u>		
Beginning of financial year	<b>75,718</b>	89,383
Acquisitions of subsidiary corporation (Note 14(i)(c))	<b>686</b>	-
Divestment of subsidiary corporations (Note 15)	<b>(3,118)</b>	(8,260)
Write off for the year	<b>(80)</b>	-
Currency translation differences	<b>(689)</b>	(5,405)
End of financial year	<b>72,517</b>	75,718
<u>Accumulated impairment</u>		
Beginning of financial year	<b>632</b>	86
Impairment for the year	-	574
Currency translation differences	<b>(6)</b>	(28)
End of financial year	<b>626</b>	632
<b>Net book value</b>	<b>71,891</b>	75,086

#### Provisional goodwill arising from the acquisition of a subsidiary corporation

Goodwill arising from subsidiary corporation, MindChamps PreSchool @ Concorde Hotel (Orchard) Pte. Ltd. ("CHO") acquired on 15 April 2023 is provisionally determined as the Group is still in the midst of assessing the fair value of identified assets acquired, liabilities and contingent liabilities assumed. The fair value exercise is expected to be finalised within 12 months from the date of acquisition.

On 15 April 2023, the Group completed the transfer of CHO's preschool business unit to MindChamps PreSchool @ Marina Square Pte Ltd ("MSQ") preschool centre. The initial provisional goodwill arising from CHO has been allocated to MSQ as the relevant cash-generating unit (CGU).

The Group has performed impairment assessment as at 31 December 2023 based on the provisional goodwill arising from this acquisition. No impairment indicators were identified as at 31 December 2023 based on the allocated CGU's business performance.

#### Impairment tests for goodwill

Goodwill that has an indefinite useful life are not subject to amortisation and are tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. The Group performed its annual impairment test as at 31 December 2023. 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 2022. No impairment indicators were identified as at 31 December 2023 based on the allocated CGU's business performance.

## MindChamps PreSchool Limited and its Subsidiary Corporations

### Notes to the condensed interim consolidated financial statements

For the six months and full year ended 31 December 2023

#### 10 Borrowings

	Group			
	As at 31 Dec 2023		As at 31 Dec 2022	
	Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Amount repayable in one year or less, or on demand	8,390	-	12,840	-
Amount repayable after one year	9,240	-	12,740	-
<b>Total</b>	<b>17,630</b>	<b>-</b>	<b>25,580</b>	<b>-</b>

#### 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 fixed deposit accounts, in the name of MindChamps Preschool Ltd in the following subsidiary corporations as at 31 December 2023:

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

#### 11 Share capital

	Group and Company			
	31 Dec 2023		31 Dec 2022	
	No. of ordinary shares issued ('000)	Amount \$'000	No. of ordinary shares issued ('000)	Amount \$'000
Beginning of financial period	241,600	49,301	241,600	49,301
Addition	1,271	229	-	-
End of financial period	<b>242,871</b>	<b>49,530</b>	<b>241,600</b>	<b>49,301</b>

On 28 February 2023, the Company has granted and awarded its ordinary shares to eligible employees of (a) the Group (b) MindChamps Holdings Pte. Ltd. and its subsidiaries pursuant to the MindChamps Performance Share Plan. The aggregate number of shares granted is 1,270,963 shares at the price of \$0.18, the closing price of the Company as at 28 February 2023.

## MindChamps PreSchool Limited and its Subsidiary Corporations

### Notes to the condensed interim consolidated financial statements

For the six months and full year ended 31 December 2023

#### 11 Share capital (continued)

The new shares issued rank pari passu in all respects with the existing shares of the Company. With the allotment and issuance of new shares, the total number of issued shares of the Company is increased from 241,600,000 shares to 242,870,963 shares.

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

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

The Company did not have any outstanding options, rights, subsidiary holdings, convertibles, or treasury shares as at 31 December 2023 and 31 December 2022.

#### 12 Investments in associates

	<b>Group and Company</b>			
	<b>6 months ended</b>		<b>12 months ended</b>	
	<b>31 Dec 2023</b>	31 Dec 2022	<b>31 Dec 2023</b>	31 Dec 2022
	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000
<i>Equity accounting</i>				
Beginning of financial period/year	<b>110</b>	135	<b>122</b>	147
Share of losses for financial period/year	<b>(10)</b>	(13)	<b>(22)</b>	(25)
End of financial period/year	<b>100</b>	122	<b>100</b>	122

#### 13 Investments in joint ventures

	<b>Group</b>			
	<b>6 months ended</b>		<b>12 months ended</b>	
	<b>31 Dec 2023</b>	31 Dec 2022	<b>31 Dec 2023</b>	31 Dec 2022
	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000
<i>Equity accounting</i>				
Beginning of financial period/year	<b>4,022</b>	-	<b>1,035</b>	-
Additions	<b>2,482</b>	-	<b>6,606</b>	*
Transfer	-	-	<b>(934)</b>	-
Share of (losses)/profit for financial period/year	<b>(199)</b>	1,035	<b>(415)</b>	1,035
Currency translation differences	<b>(67)</b>	-	<b>(54)</b>	-
End of financial period/year	<b>6,238</b>	1,035	<b>6,238</b>	1,035

\* Less than \$1,000

## MindChamps PreSchool Limited and its Subsidiary Corporations

### Notes to the condensed interim consolidated financial statements

For the six months and full year ended 31 December 2023

#### 13 Investments in joint ventures (Continued)

Set out below are the new joint ventures of the Group and the Company as at 31 December 2023 and 31 December 2022: -

<u>Name of entity</u>	<u>Place of business / country incorporation</u>	<u>% of ownership Interest 31 December 2023</u>	<u>% of ownership Interest 31 December 2022</u>
<b><u>Held by the Group</u></b>			
MindChamps International PreSchool Franchising Inc. <sup>(a)</sup>	USA	50	100
WAMF Pty Ltd <sup>(b)</sup>	Australia	50	-
BYR Education Pte Ltd <sup>(c)</sup>	Singapore	10	-

(a) On 31 March 2023, the Group entered into a joint venture arrangement with US MF 25 Pte Ltd ("US MF 25") in its wholly owned subsidiary corporation, MindChamps International PreSchool Franchising Inc. ("MCIPF"). The total issued capital of MCIPF is US\$3,500,000, of which, the Group and Company holds 50% and US MF 25 holds 50%. On 31 August 2023, the Group entered a joint venture arrangement with Marine 3 Pte Ltd ("Marine 3") and on 8 September 2023 with MindChamps PreSchool@ Holland V Pte Ltd ("MPHV") in its joint venture company MCIPF and thereafter, the total issued capital of MCIPF increased to US\$7,000,000, of which, the Group and Company holds 50%, US MF 25 holds 25%, Marine 3 holds 20% and MPHV holds 5%. The principal activity of MCIPF is franchising of childcare services for preschool children in the United States.

(b) On 15 June 2023, the Group, together with the Green Monstera Pty Ltd ATF Peanut N Butter Unit Trust ("Green Monstera"), a related entity of an Australian franchisee in Australia, have incorporated WAMF Pty Ltd ("WAMF") in Australia. The total issued capital of WAMF is AU\$4,000,000, of which, the Group holds 50% and Green Monstera holds 50%. The principal activity of WAMF is franchising of childcare services for preschool children in Western Australia.

(c) On 28 December 2023, MindChamps Pre School Singapore Pte Limited, a subsidiary of company together with CrystalHill Edu Pte Ltd and have incorporated BYR Education Pte Ltd, which is a franchisee of the Group's subsidiary corporation. The total issued capital of BYR is \$1,300,000 of which the Group holds 10% and CrystalHill Edu Pte Ltd holds 90%. The principal activity of BYR is providing childcare services for preschool children including infant care services.

(d) There are no contingent liabilities relating to the Group and Company's interest in the above joint ventures.

14 Acquisition of subsidiary corporations

(i) Acquisition of MindChamps PreSchool @ Concorde Hotel (Orchard) Pte. Ltd.

On 15 April 2023, the Group fully acquired the remaining 50% equity interest in its joint venture, MindChamps PreSchool @ Concorde Hotel (Orchard) Pte. Ltd. ("CHO") at a consideration of \$1. The principal activity of CHO is provision of childcare, education and learning related services for preschool children.

	<u>\$'000</u>
(a) Purchase consideration	
Cash paid	*
Fair value of interest held	2,282
<b>Fair value of consideration for all interest acquired</b>	<u>2,282</u>
(b) Effect on cash flows of the Group	
Cash paid	*
Less: cash and cash equivalents in subsidiary acquired	3
<b>Cash inflow on acquisition</b>	<u>3</u>
	<b>At provisional Fair Value \$'000</b>
(c) Identifiable assets acquired and liabilities assumed	
Trade and other receivables	647
Plant and equipment	54
Inventories	12
Intangible assets	1,834
Total assets	<u>2,547</u>
Trade and other payables	(642)
Deferred tax liabilities	(312)
Total liabilities	<u>(954)</u>
<b>Total identifiable net assets</b>	<b>1,596</b>
Add: Goodwill (Note 9(a))	686
Fair value of consideration for all interests acquired	<u>2,282</u>

\* Less than \$1,000

(d) Acquisition-related cost

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

(e) Acquired trade and other receivables

The fair value of trade and other receivables was \$647,000. The gross contractual amount for trade and other receivables due was \$647,000 and at the acquisition date, the entire contractual amount was expected to be collectible.

(f) Acquired plant and equipment

The fair value of plant and equipment was \$54,000. The fair value was determined based on the depreciated replacement cost and reflects adjustment for physical deterioration as well as functional and economic obsolescence.

**14 Acquisition of subsidiary corporations (Continued)**

**(i) Acquisition of MindChamps PreSchool @ Concorde Hotel (Orchard) Pte. Ltd. (Continued)**

(g) Acquired inventories

The fair value of inventories was \$12,000. The fair value was determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

(h) Acquired intangible assets

The fair value of intangible assets was \$1,834,000. The fair value was determined based on the estimated income from student base less the estimated cost of student transfer.

(i) Acquired trade and other payables

The fair value of trade and other payables was \$642,000. The gross contractual amount for trade and other payables due was \$642,000 and at the acquisition date, the entire contractual amount was expected to be settled.

(j) Acquired deferred tax liabilities

The deferred tax liabilities was \$312,000 arise from the temporary differences in amortisation of intangible assets.

(k) Goodwill

The goodwill recognised for CHO of \$686,000 arising from the acquisition was attributable to the synergies of the business combination by leveraging on CHO's business to maximise occupancy rates in MindChamps Preschool businesses.

(l) Revenue and profit contribution

There would be no significant impact to the consolidated revenue and consolidated net profit to the Group for the financial period ended 31 December 2023.

Had CHO been acquired from 1 January 2023, there would be no significant impact to the consolidated revenue and consolidated net profit for the financial period ended 31 December 2023.

**14 Acquisition of subsidiary corporations (Continued)**

**(ii) Acquisition of MindChamps PreSchool @ Marina Square Pte. Ltd.**

On 30 November 2023, the Group fully acquired the remaining 49% equity interest in its subsidiary, MindChamps PreSchool @ Marina Square Pte. Ltd. ("MSQ") at a consideration of \$0.4 million comprising \$1 nominal consideration and settlement of debts. The change in the Group's interest in MSQ do not result in a loss of control. The principal activity of MSQ is provision of childcare, education and learning related services for preschool children.

(a) Acquisition-related cost

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

(b) Other Reserve

Other reserve of \$950,000 arising from the difference between the carrying amount of the non-controlling interest and the fair value of the considerations paid recognised within equity attributable to the equity holders of the Company. This was attributable to the transaction with non-controlling interest that do not result in a change of control over MSQ.

(c) Revenue and profit contribution

There would be no significant impact to the consolidated revenue and consolidated net profit to the Group for the financial period ended 31 December 2023.

Had MSQ been acquired from 1 January 2023, there would be no significant impact to the consolidated revenue and consolidated net profit for the financial period ended 31 December 2023.

## MindChamps PreSchool Limited and its Subsidiary Corporations

### Notes to the condensed interim consolidated financial statements

For the six months and full year ended 31 December 2023

#### 15 Divestment of subsidiary corporations

##### (i) 31 December 2023

The Group divested its equity interest in its wholly owned subsidiary corporation, MindChamps PreSchool @ Buangkok Private Limited ("BGK") on 31 May 2023 and partially divested its 50% equity interest in its wholly owned subsidiary corporations, MindChamps International PreSchool Franchising Inc. ("MCIPF") on 31 March 2023.

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

	<b>BGK</b> \$'000	<b>MCIPF</b> \$'000	<b>Total</b> \$'000
Carrying amounts of assets and liabilities as at the date of divestment:			
Cash and cash equivalents	959	2	961
Property, plant and equipment	1,832	-	1,832
Trade and other receivables	276	361	637
Intangible assets (Note 9(a))	3,118	-	3,118
Inventories	10	-	10
Deferred tax assets	5	6	11
Total assets	<u>6,200</u>	<u>369</u>	<u>6,569</u>
Trade and other payables	819	322	1,141
Contract liabilities	324	356	680
Deferred tax liabilities	1	-	1
Lease liabilities	1,889	-	1,889
Bank Loans	-	-	-
Total liabilities	<u>3,033</u>	<u>678</u>	<u>3,711</u>
<b>Net assets/(liabilities) divested of</b>	<b>3,167</b>	<b>(309)</b>	<b>2,858</b>
Cash inflows arising from divestment:			
Net assets/(liabilities) divested of (as above)	3,167	(309)	2,858
Gain on divestments	2,898	376	3,274
Proceeds on divestment	6,065	67	6,132
Less: Cash and cash equivalents in subsidiary corporations divested of	(959)	(2)	(961)
<b>Net cash inflow on divestments</b>	<b><u>5,106</u></b>	<b><u>65</u></b>	<b><u>5,171</u></b>

\* The deferred considerations were fully received in FY2023.

## MindChamps PreSchool Limited and its Subsidiary Corporations

### Notes to the condensed interim consolidated financial statements

For the six months and full year ended 31 December 2023

#### 15 Divestment of subsidiary corporations (Continued)

##### (ii) 31 December 2022

- (a) On 30 June 2022, the Group divested its equity interest in its partially owned subsidiary corporations, MindChamps PreSchool @ Serangoon Pte. Limited ("SRG") and MindChamps PreSchool @ Zhongshan Park Pte. Ltd ("ZSP").
- (b) On 29 December 2022, the Group divested 100% of its equity interest in its wholly owned subsidiary corporations, MindChamps PreSchool @ Punggol Northshore Pte. Limited ("PGL") and MindChamps PreSchool @ Paragon Pte. Ltd ("PRG").
- (c) On 4 January 2021, the Group divested 100% of its equity interest in its wholly owned subsidiary corporation, MindChamps PreSchool @ UPT Pte. Limited ("UPT").

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

	SRG \$'000	ZSP \$'000	PGL \$'000	PRG \$'000	Total \$'000
Carrying amounts of assets and liabilities as at the date of divestment:					
Cash and cash equivalents	230	122	43	30	425
Property, plant and equipment	1,568	1,002	760	1,431	4,761
Trade and other receivables	5,442	2,456	7,305	3,468	18,671
Intangible assets (Note 9(a))	4,077	618	3,536	29	8,260
Inventories	11	4	16	14	45
Deferred tax assets	4	9	42	-	55
<b>Total assets</b>	<b>11,332</b>	<b>4,211</b>	<b>11,702</b>	<b>4,972</b>	<b>32,217</b>
Trade and other payables	4,149	1,017	5,496	1,680	12,342
Contract liabilities	495	177	547	189	1,408
Deferred tax liabilities	-	8	30	1	39
Lease liabilities	1,500	980	683	1,388	4,551
Bank loans	811	811	662	685	2,969
<b>Total liabilities</b>	<b>6,955</b>	<b>2,993</b>	<b>7,418</b>	<b>3,943</b>	<b>21,309</b>
<b>Net assets divested of</b>	<b>4,377</b>	<b>1,218</b>	<b>4,284</b>	<b>1,029</b>	<b>10,908</b>
Cash inflows arising from divestment:					
Net assets divested of (as above)	4,377	1,218	4,284	1,029	10,908
Less: Net assets divested of (NCI)	(60)	(150)	-	-	(210)
Net assets divested of	4,317	1,068	4,284	1,029	10,698
Gain on divestments	549	716	2,742	1,103	5,110
Proceeds on divestment	4,866	1,784	7,026	2,132	15,808
Less: Cash and cash equivalents in subsidiary corporations divested of	(230)	(122)	(43)	(30)	(425)
Less: Deferred considerations*	(221)	(475)	(5,761)	(2,032)	(8,489)
<b>Net cash inflow on divestment:</b>	<b>4,415</b>	<b>1,187</b>	<b>1,222</b>	<b>70</b>	<b>6,894</b>

\* The deferred considerations were received in full in 1st quarter of FY 2023.

**16 Contingent liabilities**

There are no material contingent liabilities apart from those already disclosed in the audited 31 December 2022 financial statements.

**17 Subsequent events**

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

## Other Information Required by Listing Rule Appendix 7.2

**OTHER INFORMATION**

**1 Review**

The condensed consolidated statement of financial position of MindChamps PreSchool Limited and its subsidiary corporations as at 31 December 2023 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the twelve-month period then ended and certain explanatory notes have not been audited or reviewed.

**2 Review of performance of the Group**

Please refer to the interim financial statements of the Group for the six months and full year ended 31 December 2023 on page 1 to 12.

**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) 2024's Outlook**

With the Group's targeted and carefully sequenced transition from company-owned centres model to franchise model, the Group has seen an accelerated higher revenue in FY2023.

The Group is steadfast in taking strategic steps to master franchise our preschools in the United States and Australia to expand its global footprint to fulfil our commitment to bring premium education to the world.

The tailwinds such as growing demand for better education in the preschool sector has contributed to the growth in FY2023 and will continue its growth momentum into FY2024. The Group remains cautiously optimistic about the outlook for FY2024 in the face of high interest rates and inflation in operating costs, which the Group monitors closely and has implemented strategies such as school fees adjustment from FY2024 to cushion some of these challenges.

The Group will continue to ride on the good momentum established in the past year and take active steps to build and expand its business in the coming years to create a more sustainable growth.

**(b) Joint venture arrangement, MindChamps International PreSchool Franchising Inc.**

On 31 March 2023, the Group entered into a joint venture arrangement with US MF 25 Pte Ltd ("US MF 25") in its wholly owned subsidiary corporation, MindChamps International PreSchool Franchising Inc. ("MCIPF"). The total issued capital of MCIPF is US\$3,500,000, of which, the Group and Company holds 50% and US MF 25 holds 50%. On 31 August 2023, the Group entered a joint venture arrangement with Marine 3 Pte Ltd ("Marine 3") and on 8 September 2023 with MindChamps PreSchool@ Holland V Pte Ltd ("MPHV") in its joint venture company MCIPF and thereafter, the total issued capital of MCIPF increased to US\$7,000,000, of which, the Group and Company holds 50%, US MF 25 holds 25%, Marine 3 holds 20% and MPHV holds 5%. The principal activity of MCIPF is franchising of childcare services for preschool children in the United States.

Concurrently, the Company has granted MCIPF a master franchise comprising of certain MindChamps International PreSchool licences in United States amounting to \$9.4 million.

- 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)**

**(c) Joint venture arrangement, WAMF Pty Ltd**

On 15 June 2023, the Group, together with the Green Monstera Pty Ltd ATF Peanut N Butter Unit Trust ("Green Monstera"), a related entity of an Australian franchisee in Australia, have incorporated WAMF Pty Ltd ("WAMF") in Australia. The total issued capital of WAMF is AU\$4,000,000, of which, the Group holds 50% and Green Monstera holds 50%. The principal activity of WAMF is franchising of childcare services for preschool children in Western Australia.

Concurrently, the Company has granted WAMF a master franchise comprising certain MindChamps International PreSchool licences in Western Australia amounting to \$3.4 million.

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

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

No dividends recommended in the current reported financial period.

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

No dividends 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).

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

Please refer to the interim financial statements of the Group for the for the six months and full year ended 31 December 2023 page 1 -12.

**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 are no persons occupying a managerial position in the Company or in any of its principal subsidiary corporations who is a relative of a director, chief executive officer or substantial shareholder of the Company.

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

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

**On behalf of the Board of Directors**

**Mr. David Chiem Phu An  
Executive Chairman**

**BY ORDER OF THE BOARD**

**Yeo Hui Leng  
Company Secretary  
29 February 2024**