

INFORMATICS EDUCATION LTD.

(Company Registration Number: 198303419G)
(Incorporated in the Republic of Singapore)

QUARTERLY UPDATE PURSUANT TO RULE 1313(2) OF THE SGX LISTING MANUAL

1. Introduction

Informatics Education Ltd. (the “**Company**”, and together with its subsidiaries, the “**Group**”) was placed on the watch-list pursuant to Rule 1311 of the SGX Listing Manual on 5 December 2017, and would need to meet the requirements of Rule 1314 of the Listing Manual of the SGX-ST for removal from the Watch-List by the deadline of 4 December 2020. On 23 November 2020, SGX-ST confirmed that it has no objection to the Company’s application for extension of time of twelve months to 4 December 2021 with regard to compliance with Rule 1315 of the Listing Manual of SGX-ST.

Pursuant to Rule 1313(2) of the SGX Listing Manual, the Board of Directors (the “**Board**”) of the Company wishes to provide the following update on the Group.

2. Q2 and 1H Financial Results for the Period Ended 31 December 2020

On 9 February 2021, the Group has released its unaudited financial results for the quarter ended 31 December 2020 (“**Q2 FY2021**”) and half year ended 31 December 2020 (“**1H FY2021**”). The comparative periods for the purpose of the announcement would be the financial results for the quarter ended 31 December 2019 (“**Q3 FY2020**”) and the six-month period ended 31 December 2019 (“**6M ended 31 December 2019**”), due to a change in financial year end from 31 March to 30 June last year. Please refer to the announcement for further details.

The Group recorded a decrease in revenue of \$1.1 million (48%) from \$2.3 million for Q3 FY2020 to \$1.2 million for Q2 FY2021, and a decrease in revenue of \$1.3 million (28%) from \$4.8 million for 6M ended 31 December 2019 to \$3.5 million for 1H FY2021. The decreases in revenue were attributed to declines in revenue across all the Group’s operations in various regions, due mainly to decline in students’ enrolments for courses, programmes and assessments due to the COVID-19 pandemic and the closure of borders.

The Group recorded an increase in loss before tax of \$0.4 million from \$0.3 million for Q3 FY2020 to \$0.7 million for Q2 FY2021, and an increase in loss before tax of \$0.5 million from \$0.2 million for 6M ended 31 December 2019 to \$0.7 million for 1H FY2021. The Group’s operations across all regions registered losses for the quarter and 1H FY2021 due mainly to declines in revenue recorded as the Group’s businesses continue to face challenges and operating constraints due to the continuing COVID-19 pandemic globally, despite the Group’s efforts in managing the operating costs and receipt of subsidies from governments to cushion the impact of the pandemic.

3. Future Direction and Business Updates

On 3 December 2019, the Board had announced the change of the Company’s financial year end from 31 March to 30 June to align the Company’s financial year with that of Berjaya Land Berhad (“**Berjaya Land**”), which became the Company’s ultimate holding company in August 2019, following the subscription of renounceable non-underwritten rights cum warrants by Berjaya Leisure Capital (Cayman) Ltd, a wholly-owned subsidiary of Berjaya Land, and whose financial year closes on 30 June each year.

3. Future Direction and Business Updates (cont'd)

As the COVID-19 pandemic continues to evolve around the world, various countries have restored “lock-downs” in their countries to reduce possible spread of the virus. This has made it challenging for the Group’s business and creates uncertainties over the future economic performance for the Group.

With the net proceeds raised from the Rights Issue amounting to \$4.8 million, this has strengthened the Group’s financial position and allow the Group to be in a better position to manage operations through the pandemic. There was no significant disruptions to the Group’s operations, although the Group continues to see weakened demand for its education programmes and services.

Updates on COVID-19 impact on the Group’s operations, financial performance, financial position and cash flows

Singapore

Following Phase 3 reopening, curriculum delivery via online platform continues for Informatics Academy Pte Ltd (“**IAPL**”).

The Committee of Private Education (CPE) has approved IAPL’s courses to be delivered in a blended learning mode for existing academic programmes. The Academic Board of IAPL has also put forward a formal application to CPE for selected courses to be conducted entirely online, in the event that strict borders restrictions continue and this has been approved.

With the slight easing of travel restrictions, IAPL is looking into bringing in students from existing and new markets with the option of blended and online learning for students in their respective home country. While recruitment of international students has declined quite significantly, IAPL still maintains a healthy number of local students and working adults.

IAPL will channel its resources to focus on the Singapore market in the upcoming months, tapping into Skills Future, Infocom Media Development Authority (IMDA) and e2i funding schemes. IAPL is also working with industry experts to develop skills-based courses in the Information Communication Technology (ICT) space i.e. Data Governance, Data Science, Data Analytics etc.

IAPL continues to explore new strategic partnerships to expand its academic and skills based offerings. Additionally, integrated digital marketing efforts continue to increase IAPL’s brand awareness and visibility of academic and skills based courses.

While IAPL is unable to predict when the business conditions will improve as a result of the COVID-19 pandemic, it is putting appropriate cost control measures in place, and strategically reviewing and re-examining its policies, processes and business model to capitalize on any potential business opportunities. These include re-planning of course delivery (initially for selected courses) to allow for monthly intakes, consolidation of functions and services as well as focusing on corporate training, skills-based courses and partnerships locally, regionally and globally.

United Kingdom

The Group’s subsidiary in United Kingdom, NCC Education Ltd (“**NCC**”), is involved in the running of examinations and awarding of qualifications. Amidst this pandemic period, NCC continues to administer its examinations using a mixture of remote exam invigilation and time constrained assessment to ensure minimal disruptions to students’ examinations.

3. Future Direction and Business Updates (cont'd)

United Kingdom (cont'd)

As a result of the COVID-19 pandemic, some of the NCC's network of accredited partner centres continue to encounter difficulties in resuming delivery of its programmes due to prolonged closures as a result of lock-downs, while some centres who have resumed operations remain cautious of the possibility of closure depending on infection rates in the region where they operate. Students' registrations for examinations in the Autumn/Winter cycles have dropped, and many of NCC's partner centres have postponed their students' intakes to Spring/Summer cycles. NCC remains committed in supporting its partner centres during this period and are working closely with some of the partner centres to develop online and/or blended learning models to ensure continuity of learning, where permitted.

NCC has launched its online Level 7 Diploma of Business Management and Pre-Masters in Business in September 2020 and a suite of online short-courses in December 2020. Registrations have commenced for both online platforms and showing modest results. Additionally, NCC's short courses were finalists in the Asian Development Bank's reskilling and Upskilling Hackathon which created brand development opportunities for NCC.

While declines in students' registrations for examinations in recent examination cycles may affect revenue, profitability and cash flows in the next few of quarters, for centres which continue to be closed due to lock-downs, NCC is positive that these can be mitigated by revenue streams from new accredited partner centres, revenue streams for NCC's suites of programmes with online delivery capabilities, and appropriate cost control measures to manage the business costs during this period.

The United Kingdom continues to be in a national lockdown position, with no end date revealed. Hence, NCC's workforce are still mostly on work from home arrangements, to limit the transmission of COVID-19 at the workplace.

NCC continues to work on the development of a new online remote assessment solution for international students looking to further their studies in the United Kingdom, with funding support from the United Kingdom government, in addition to accelerating the migration of traditional face-to-face programmes to have online delivery and assessment capabilities. Additionally, NCC continues to leverage on available government schemes to cushion the impact of loss in revenue arising from the COVID-19 pandemic.

Hong Kong

The Group's subsidiary in Hong Kong, Informatics Education (HK) Ltd ("**IEHK**") has ensured continuity in the delivery of its programmes through online live classes and online recruitment activities through the use of webinars.

IEHK continues to strive to improve its delivery of short courses to the market and to reduce the risk of disruptions to operations should constraints be imposed by the Hong Kong government in response to the COVID-19 pandemic situation in Hong Kong.

Meanwhile, the Hong Kong government continues to be supportive with grants and subsidies being granted to IEHK to defray manpower and business costs for the school.

IEHK does not expect any adverse impact on its financial performance, cash flows and financial position due to the COVID-19 restrictions which had been imposed by the government in Hong Kong.

3. Future Direction and Business Updates (cont'd)

The COVID-19 pandemic had reinforced the vital importance of having a business continuity plan in place and the digitalisation of the Group's business. The use of cloud-based systems and technologies has minimised the disruptions to the Group's operations despite the challenges imposed by the COVID-19 pandemic.

Whilst the COVID-19 global pandemic may lead to potential declines in revenue for the Group for a longer than expected period, and put pressures on the Group's cash flows over the next few months, the extent of the impact on the Group's financial performance, cash flows and financial position cannot be reasonably determined at this point in time in view of the fluidity of the COVID-19 pandemic globally, and is dependent on the extent and effectiveness of containment actions taken and the extent of the COVID-19 measures and/or restrictions imposed such as travel and border restrictions or lock-downs measures taken. With the pro-longed and continuing impact of the COVID-19 pandemic, the Group will consider additional measures to control costs and conserve the Group's cash in order to manage the working capital more critically during this period.

In addition, the Group continues to build strategic partnerships, to expand its suite of short courses and vocational-based programmes, and enhance its online delivery capabilities for its programmes. Additionally, the Group will continue to leverage further on technology to improve the delivery of its programmes and services to students and centres, and embark on business transformation initiatives to streamline its current operations.

BY ORDER OF THE BOARD

Yau Su Peng
Executive Director
9 February 2021