

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. Full Year Financial Results for the Financial Year Ended 30 June 2021

On 27 August 2021, the Group has released its unaudited financial results for the financial year ended 30 June 2021 (“**12M FY2021**”). The comparative period for the purpose of the announcement would be the financial results for the financial period from 1 April 2019 to 30 June 2020 (“**15M FY2020**”), due to a change in financial year end from 31 March to 30 June last year.

The Group recorded a decrease in revenue of \$3.6 million from \$10.9 million for 15M FY2020 to \$7.2 million for 12M FY2021. This represents a 17% drop against the annualised revenue for 15M FY2020. The decrease in revenue was mainly attributed to the Singapore and the United Kingdom operations, due mainly to decline in students’ enrolments for courses and assessments as a result of the COVID-19 pandemic and closure of borders. In addition, the Group’s subsidiary in Singapore, Informatics Academy, has ceased accepting new students with effect from 1 April 2021. Meanwhile, the Group’s operations in Hong Kong recorded an increase in revenue of 11% for 12M FY2021, against the annualised revenue for 15M FY2020.

The Group recorded an increase in loss before tax of \$0.9 million for 12M FY2021 as compared to 15M FY2020. On an annualised basis, the Group’s loss before tax increased by \$1.0 million, mainly contributed by the higher losses recorded for the Singapore operations and the United Kingdom operations. The Group’s Hong Kong operations recorded slight improvements in results from operations, but these were offset by lower exchange gains recorded by the Group for 12M FY2021, as compared to annualised 15M FY2020.

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 continued to introduce various measures 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. Notwithstanding that, there was no significant disruptions to the Group's operations, although the Group continues to see weakened demand for its education programmes and services.

Business updates on the Group's operations, financial performance, financial position and cash flows

Singapore

Following Informatics Academy Pte Ltd ("**IAPL**") being awarded the 1-year EduTrust Provisional award which is valid from 4 March 2021 to 3 March 2022, IAPL will not be allowed to continue offering its Pathway Programmes ("**PPs**") and its External Degree Programmes ("**EDPs**") during this period. With effect from 1 April 2021, IAPL has ceased to accept new students and will teach-out its existing students.

IAPL has substantially completed most of the required teach-out of existing students and expects the teach-out to be fully completed by early 2022. This was due to a collaboration with a reputable local private education institution and the Committee of Private Education to transfer some of IAPL's existing students over to the local private education institution. The remaining students with IAPL are those who are taking EDPs with a university partner, and IAPL continues to fulfill its teaching obligations to these students, with completion of their EDPs expected by early 2022.

Following restructuring of IAPL's operations, the IAPL workforce has been reduced substantially and only employees who are involved in completion of the EDPs were retained to complete the teach-out of students.

The restructuring and gradual cessation of IAPL's school operations is targeted to reduce IAPL's operating losses and stem the continued cash burn from operating the school, in view of the foreseeable decline in revenue for the school.

United Kingdom

The Group's subsidiary in the United Kingdom, NCC Education Ltd ("**NCC**"), is involved in the running of examinations and awarding of qualifications. NCC continues to administer its examinations using a mixture of remote exam invigilation and time constrained assessment to ensure minimal disruptions to students' examinations. In many markets, business activities are resuming and progressing back to normality and some with adjusted program delivery.

Some of NCC's network of accredited partner centres continue to encounter difficulties in resuming delivery of its programmes due to pro-longed impact of the COVID-19 pandemic, while centres who have fully resumed operations continued to face challenges and uncertainties due to weakened demand on education programmes and services. Notwithstanding, NCC has seen encouraging students' registrations from its partner centres as various regions implement their exit strategy from COVID-19 restrictions but these are still below pre-pandemic levels. NCC remains committed in supporting its partner centres during this challenging 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.

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

United Kingdom (cont'd)

NCC was able to register students for its online Level 7 Diploma of Business Management and Pre-Masters in Business which was launched in September 2020 and students have commenced learning, and now registering students for future cohorts.

While business performance and cash flows have shown improvements in recent quarters, there remains significant uncertainty in the operating environment due to the COVID-19 pandemic. NCC will continue to put appropriate cost control measures in place to manage its business costs during this period.

NCC's workforce has slowly returned to working from the office, but employees are still given the flexibility to work from home, which is encouraging progress for business.

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.

Further emphasising the confidence the Group has in the growth potential of NCC, the Group believes that cash conservation and resource savings from restructuring in Singapore will enable refocus and growth acceleration in the global NCC business to take particular advantage of the post-pandemic rebound.

Hong Kong

The Group's subsidiary in Hong Kong, Informatics Education (HK) Ltd ("**IEHK**") has ensured continuity in the delivery of its programmes during the pandemic period through online live classes and online recruitment activities through the use of webinars. Since the last quarter of the financial year ended 30 June 2021, IEHK has slowly resumed face-to-face delivery, in line with guidelines issued by the Hong Kong Education Bureau and Office of Continuing Education Fund.

During the last quarter of the financial year ended 30 June 2021, IEHK has been successfully re-accredited as an authorised training partner of Project Management Institute ("**PMI**[®]"). This will better position IEHK to attract market participants who are interested to achieve certifications on PMI[®]-related programmes.

IEHK continues to strive to improve its delivery of short courses to the market and has been conducting workshops on topics such as blockchain, entrepreneurship, innovation with design thinking and software development testing, and is continuing to expand on other relevant topics relating to upskilling and reskilling the workforce.

Overall

While the COVID-19 pandemic had presented various challenges to the Group, it had also reinforced the importance of embracing new technologies and new ways of delivery for its programmes and services to its customers, particularly for NCC business. Investment in technologies has also helped to minimise the disruptions to the Group's operations.

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

Given the uncertainty in the operating environment due to the COVID-19 pandemic and the completion of the restructuring for the Singapore operations, the Group may continue to experience pressures on its operating cash flows over the next few months. However, the full extent of the impact on the Group's financial performance, cash flows and financial position cannot be reasonably determined at this point in time. The Group will continue to exercise controls over its business costs and conserve the Group's cash by managing its working capital more critically during this period.

With the eventual cessation of the school operations in Singapore, the Group would be able to focus more efforts and resources to grow its overseas operations in the United Kingdom and Hong Kong.

BY ORDER OF THE BOARD

Yau Su Peng
Executive Director
27 August 2021