

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 June 2017 and 5 December 2017.

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. Q1 Financial Results for the Period Ended 30 September 2020

On 12 November 2020, the Group has released its unaudited financial results for the quarter ended 30 September 2020 (“**Q1 FY2021**”). The comparative period for the purpose of the announcement would be the financial results for the quarter ended 30 September 2019 (“**Q2 FY2020**”), 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 \$0.2 million (10%) from \$2.5 million for Q2 FY2020 to \$2.3 million for Q1 FY2021. The decrease in revenue was mainly attributed to decline in revenue for the Singapore operations, as the COVID-19 pandemic has resulted in a drop in recruitment of new international students.

Notwithstanding that, the Group recorded a profit before tax of \$34,000 for Q1 FY2021 against a profit before tax of \$71,000 for Q2 FY2020. The Group's overseas operations in the United Kingdom and Hong Kong have recorded profits for the quarter, while the Singapore operations registered a reduction in losses suffered against prior year due mainly to receipt of grants and subsidies from the Singapore government to cushion the impact of loss in revenue arising from the COVID-19 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.

As the COVID-19 pandemic continues to evolve around the world, various countries are monitoring and revising their measures taken on a regular basis and these range from social distancing to complete “lock-downs”. The unpredictability over the extent and duration of the COVID-19 pandemic has made it challenging for the Group's business to continue its trajectory growth and creates uncertainties over the future economic performance for the Group.

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

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 2 reopening, curriculum delivery via online platforms continues. A formal application was put forward and approved by the Committee of Private Education (CPE) for Informatics Academy Pte Ltd ("**IAPL**") courses to be delivered in a blended learning mode. Students who are unable to return to campus due to strict travel restrictions have the option to continue their learning remotely. The Academic Board of IAPL has also put forward a formal application to CPE for courses to run entirely online, in the event that strict borders restrictions continue.

With the slight easing of travel restrictions, IAPL is looking into bringing in students from existing and new markets with the option of blended learning for students in their respective home country. While recruitment of international students has declined quite significantly for its recent September 2020 intake, IAPL had 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 and Infocomm Media Development Authority Singapore funding schemes. IAPL is also working on partnerships and developing skills-based short courses in the Information Communication Technology (ICT) space.

On 3 November 2020, IAPL has successfully revalidated its top-up degree programmes with Oxford Brookes University. On 4 November 2020, a Memorandum of Understanding has also been signed between IAPL and Westcliff University (based in the United States) to create an additional degree pathway for IAPL's students. In addition, new partnership agreements have been signed with strategic partners such as Babel Pte Ltd and Natural Intelligence Solutions Pte Ltd to expand IAPL's short course offerings. IAPL is also looking at delivering ICT-related holiday programmes for young minds in December 2020. Additionally, integrated digital marketing efforts are underway to increase the 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 capitalise on any potential business opportunities. These include focusing on corporate training, skills-based short-courses and expanding partnerships locally 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. As a result of the COVID-19 pandemic, some of NCC's network of accredited partner centres continue to encounter difficulties in resuming delivery of its programmes due to 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. While students' registrations for examinations in the Autumn/Winter cycles have dropped, 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)

In terms of new partnerships, NCC has partnered with Magna Carta College to offer an online top-up degree in Business Management, validated and awarded by Buckinghamshire New University. The partnership with Magna Carta College will help to build up NCC's student registrations for its Business Diploma. The registration numbers for the first intake have been promising, with the second intake expected to take place in December. In addition, NCC continues to register an increase in accreditations of new partner centres despite the challenges from COVID-19 pandemic, and this allows NCC to expand its reach to new markets and strengthen its foothold in existing and growing markets such as the Middle East.

On the product front, NCC has launched its Cyber Security Advanced Diploma with a university progression route, and online Level 7 Diploma of Business Management and Pre-Masters in Business. Short course programmes delivered through partner teaching centres has commenced with 10 new sign-ups to run these unregulated courses. NCC is also on track to launch its suite of online short-courses in December 2020.

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.

In early November 2020, England has announced another national lockdown for a four-week period. While people are still allowed to travel in and out for work, most of NCC's workforce are 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.

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 is embarking on development of an online learning platform 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. Nonetheless, the Board would like to assure shareholders that the Group will continue to exercise disciplined control over its costs, conserve the Group's cash and manage the working capital carefully during this period.

In addition, the Group continues to strive on its revenue growth strategy, which includes pursuing new revenue streams with strategic partners and international universities, further expanding its suite of short courses and vocational-based programmes, forming more strategic partnerships including with companies within the Berjaya Group, and enhancing 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
12 November 2020