

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. Q3 and 9M Financial Results for the Period Ended 31 March 2021

On 12 May 2021, the Group has released its unaudited financial results for the quarter ended 31 March 2021 (“**Q3 FY2021**”) and nine-month period ended 31 March 2021 (“**9M FY2021**”). The comparative periods for the purpose of the announcement would be the financial results for the quarter ended 31 March 2020 (“**Q4 FY2020**”) and the nine-month period ended 31 March 2020 (“**9M ended 31 March 2020**”), 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 \$0.4 million (15%) from \$2.5 million for Q4 FY2020 to \$2.1 million for Q3 FY2021, and a decrease in revenue of \$1.7 million (24%) from \$7.3 million for 9M ended 31 March 2020 to \$5.6 million for 9M FY2021. The decreases in revenue for both periods were mainly attributed to declines in revenue for 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 while the Group’s operations in Hong Kong recorded a modest growth in revenue for 9M FY2021.

The Group recorded a decrease in profit before tax of \$0.1 million from \$0.2 million for Q4 FY2020 to \$0.1 million for Q3 FY2021, and an increase in loss before tax of \$0.6 million for 9M FY2021. The Group’s loss before tax for 9M FY2021 was mainly contributed by the decrease in revenue for the Singapore operations as the Singapore operations continued to face difficulty recruiting international students due to borders closure, and also lower foreign exchange gains recognised by the Group for 9M ended 31 March 2021. The Group’s operations in the United Kingdom and Hong Kong recorded slight improvements in results from operations (disregarding the impact of exchange gains/losses recorded for the period) for 9M FY2021.

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 will complete the teach-out of existing students by early 2022. In collaboration with a reputable local private education institution and the Committee of Private Education, some of IAPL's existing students have been transferred over to the local private education institution, while IAPL is working closely with its university partner to continue to fulfill its teaching obligations to its existing students which are under its EDPs.

IAPL has also undertaken an immediate restructuring of its operations, including redundancy of employees and maintaining minimum manpower requirement up to the full cessation of its on-going school operations.

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. The outcome of the latest EduTrust assessment has also made it almost impossible for IAPL to proceed any of the business expansion plans for its Singapore operations.

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. 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.

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 prolonged 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 an increase in students' registrations for examinations for the Spring/Summer cycles as compared to the Autumn/Winter cycles. NCC remains committed in supporting its partner centres during the pandemic 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)

During the quarter ended 31 March 2021, NCC continues to register students for its online Level 7 Diploma of Business Management and Pre-Masters in Business which was launched in September 2020, and its online short-courses which were launched in December 2020.

While business performance and cash flows have shown some improvement in the last quarter, 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 continues to be 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.

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

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. Additionally, IEHK has launched new programmes for business innovation and entrepreneurship development in collaboration with practical experts from the industry and is also introducing new training topics such as blockchain and Python using online workshops.

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.

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. 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 on-going 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
12 May 2021