



# 51Talk Online Education Group

## Investor Presentation



An NYSE American listed company (NYSEAMERICAN:COE)

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# The Listed Startup

The largest K-12 online tutoring network globally in 2020 and 2021



470,000+  
Active Students<sup>1</sup>



40,000+  
Tutors<sup>2</sup>



~50 million  
Lessons Booked<sup>3</sup>



\$110 million  
Operating Cashflow<sup>4</sup>



Note: (1) Active students for a specified period refers to a student who consumed at least one paid lesson credit, in attendance or due to minimum consumption or expiration, excluding those Active Students (and students who only attended paid live broadcasting lessons or trial lessons). Data was from FY2020; (2) 4Q2021; (3) FY2020; (4) FY2020

# The Listed Startup

The Startup – Embracing the World from Our Singapore Base. Bringing high quality and affordable 1v1 online English education to the world.



\$100 million  
R&D Investment<sup>1</sup>



Top 2,600  
Selected Elite Tutors



500+ hours  
Refined Curriculum



>75%  
Gross Margin



# Why Students Love Us

## Caring Tutors · Fully Animated Curriculum



### Caring Tutors

We train our patient and caring tutors (100% recruited from the Philippines) extensively to make every class highly engaged.

Tutors use props and visual language to provide a fun experience for the youngest learners.

Our students can't wait for the next class to begin.

### Fully Animated Curriculum

Our fully animated curriculum supports the classroom experience with prompt interactive features, in-class rewarding mechanisms, face recognition based virtual make-up for tutors and background super imposition.

Teaching materials and practice exercise have lively and attractive designs, matching the cognitive process of children.

# Why Students Love Us

## Cutting Edge Technology · Immersive-Interactive Learning Path

### ★ Cutting Edge Technology



#### Proprietary Video & Audio Technology

- Scalable video coding
- Optimized network topology across countries (dedicated VPN lines)
- Tested on large scale (> 200k classes per day)



#### AI Based

- Speech and gesture recognition
- Voice speed detection
- Background noise reduction
- Automated pronunciation correction



#### Big Data Analytics

- Match students with suitable tutors for optimized learning outcome.
- Analyze student behavior and provide personalized learning experience.

### ★ Immersive-Interactive Learning Path



*An AI virtual tutor in pre-class supplementary course*



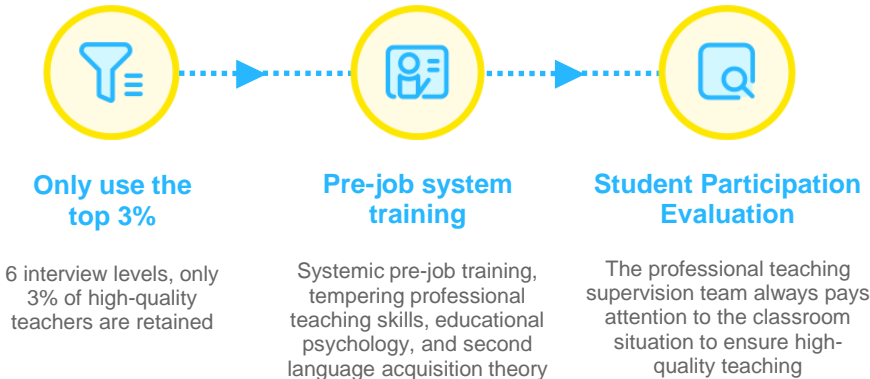
*A wide variety of fun English in AI Learning Paradise.*

# Why Parents Love Us

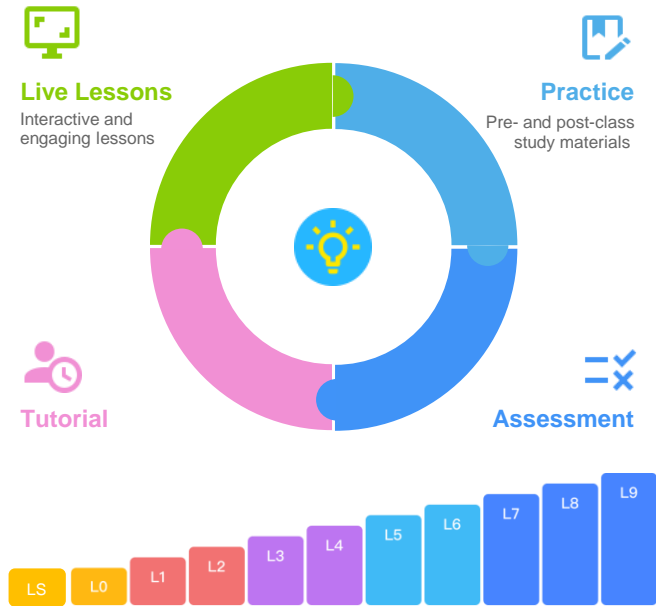
## Rigorous Tutor Recruitment System · CEFR<sup>1</sup> Based Holistic Learning Solutions

### Rigorous Tutor Recruitment System

From our original 40K+ tutors, we selected the ~3K most skilled professionals to educate our overseas students. We maintain a pool of 15K+ high performers to support our future growth.



### Holistic Learning Solutions



Note: (1) The Common European Framework of Reference for Languages.

# Why Parents Love Us

Free Tutor Selection · Affordable Tuition Fees · Study Success



## ★ Free Tutor Selection & Affordable Fees

Parents freely select the most suitable Filipino tutors to teach their children at affordable cost.

## ★ Study Success

51Talk students present at the UN Climate Change Conference in Madrid 2019



# Why Investors Love Us

## Seasoned Management Team

51Talk's seasoned management team has emerged as the leader<sup>1</sup> from the fierce, cutthroat competition for online English tutoring in China in 2018 – 2020.

Starting from July 2021, they have successfully transferred the target market to overseas.



*51Talk advertisement in 2020*



*Team at beach event*



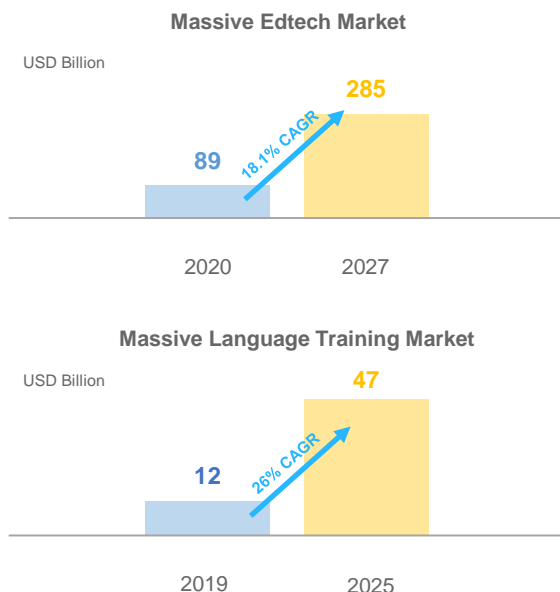
*Team at teacher training center in the Philippines*

# Why Investors Love Us

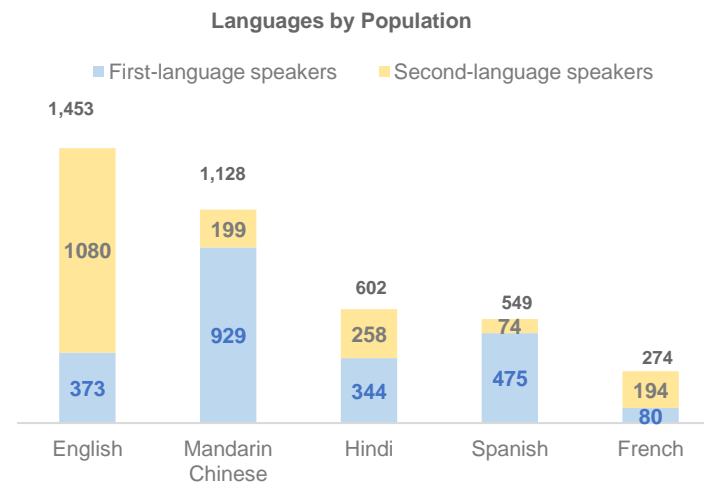
## Global Market Potential

We estimate the combined Asia Pacific and Middle East regions represent a market opportunity similar to China in terms of K-12 middle-class English and Chinese learning with more than 50 million potential students.

**Rapidly growing global EdTech and language training market of large scale**



**English and Chinese are the top two most spoken languages in the world.**



18% improvement in average expected salary across all geographies, sectors, levels of experience with better English language skills.

# Why Investors Love Us

## Proof of Concept for Global Expansion

51Talk possesses a successful proof of concept for rapid 4-step country-by-country expansion with controlled upfront investment while staying cashflow breakeven.

|                   | 1) Explore     | 2) Land     | 3) Expand          | 4) Penetrate |
|-------------------|----------------|-------------|--------------------|--------------|
| Investment        | Test the Water | Investment  | Cashflow Breakeven | Profitable   |
| Time              | n/a            | Up to 6mths | Up to 12mths       | Ongoing      |
| Number of Markets | 2              | 1           | 2                  | 1            |

# Why Investors Love Us

## Leading Tutor Access

We are convinced that highly qualified tutors are the scarcest resource in online education.

The Philippines provides the largest population of K-12 proficient native English-speaking educators at affordable cost globally, while 51Talk leads in tutor recruitment, training, development and monitoring system in Philippines.

### ★ The largest tutor organization

in the Philippines, with ~3K Selected elite tutors & ~15K high performing tutor pool.

### ★ Among the largest BPO organization

in the Philippines, with 40K+ tutors in 2021.

### ★ 100% TESOL certified

with native level English proficiency.



Office at teacher training center in the Philippines



Team at teacher training center in the Philippines

# Why Investors Love Us

## Financial and Operational Metrics Support Rapid Scaling

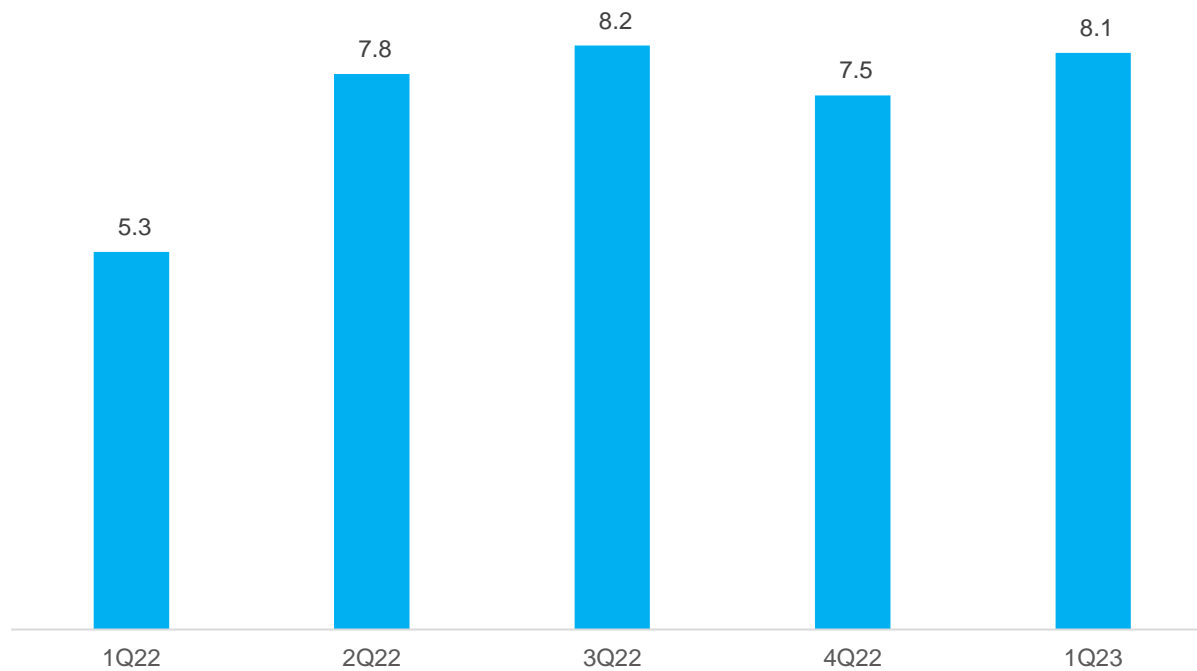
|                       |  |
|-----------------------|--|
| <b>Cash</b>           | Buffer of Cash & Equivalents of \$ 23.7M per March 31, 2023  |
| <b>Cashflow</b>       | Net Cash inflow in the first quarter of 2023.  |
| <b>Gross Margin</b>   | Attractive target Gross Margin of > 70% (Q1 2023: 77.6%) enabling investment in growth (sales & marketing) while maintaining profitability |
| <b>Topline Growth</b> | Gross Billings increased from \$5.3M in Q1 2022 to \$8.1M in Q1 2023, representing a YOY growth of 52.5%                                   |

# Financial Highlights

## Gross Billings Trend

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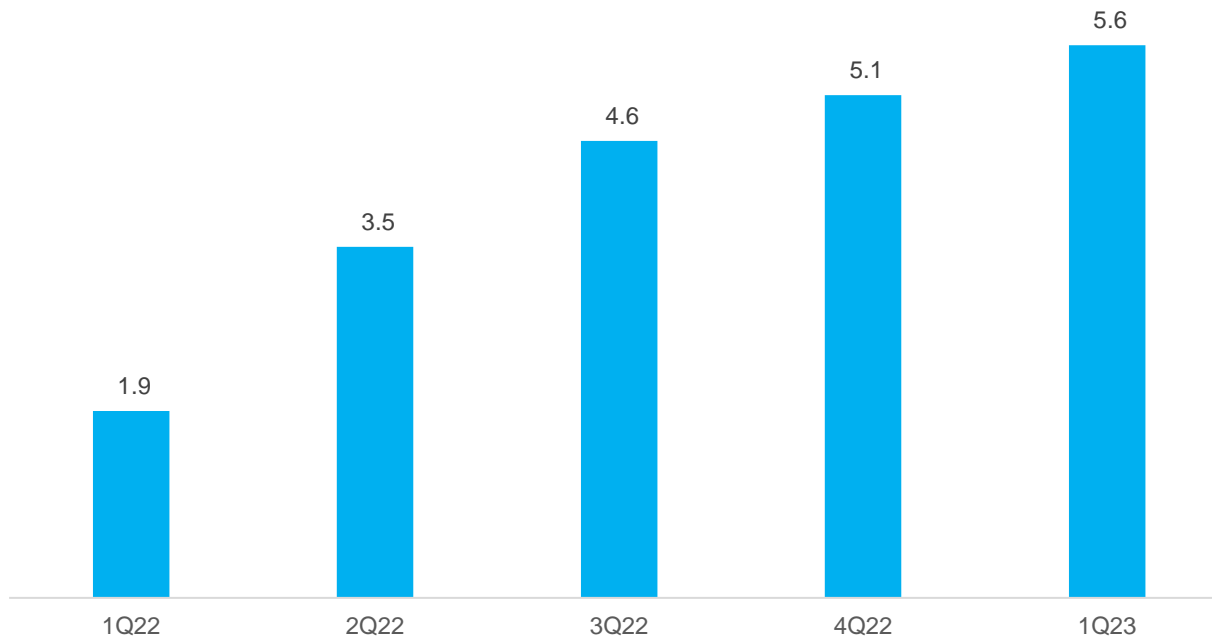
(USD million)



## Net Revenue Growth

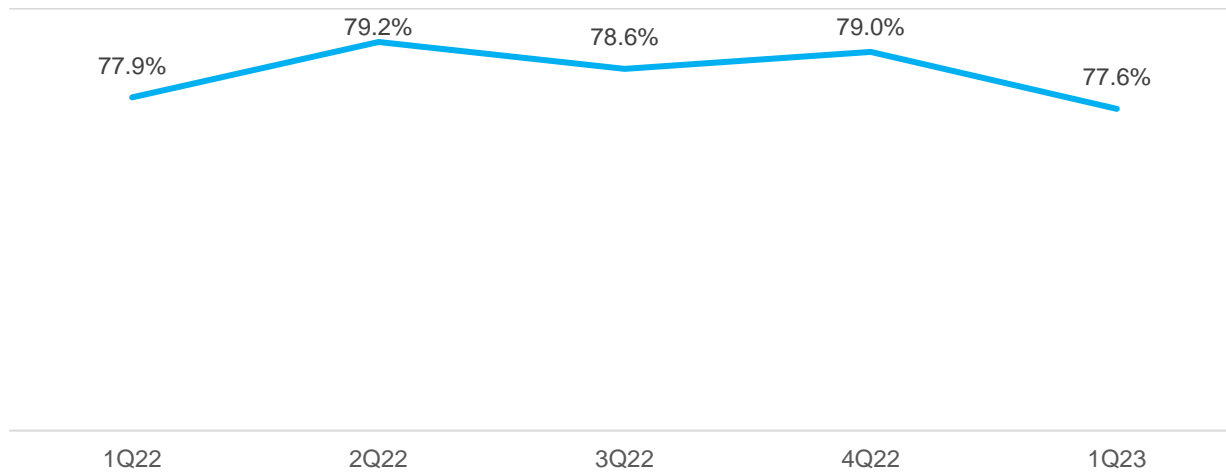
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(USD million)



## Gross Margins

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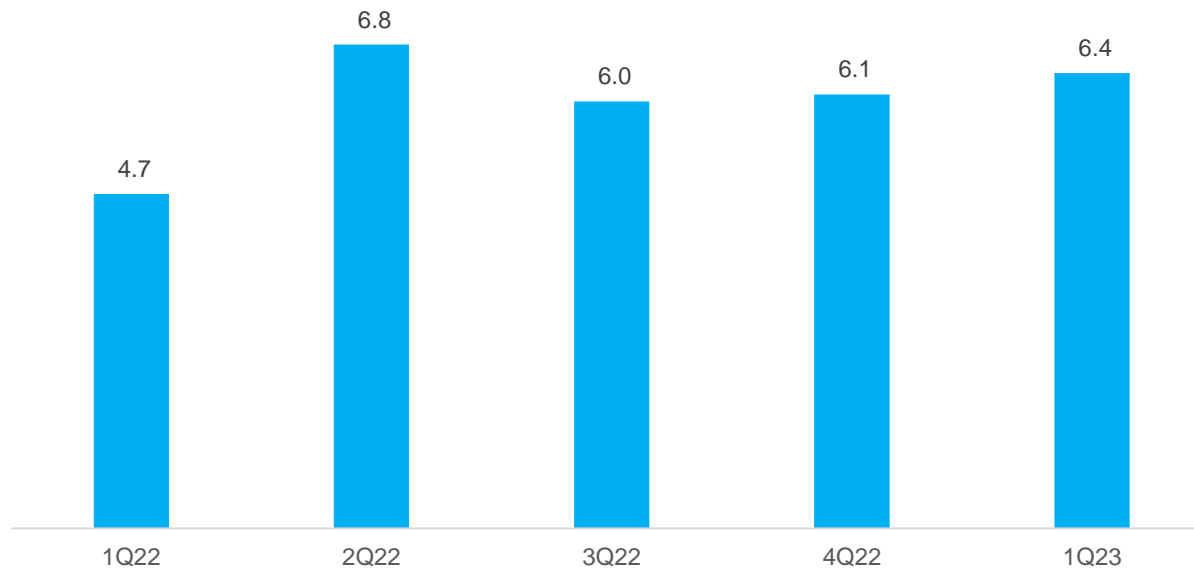




## Non-GAAP Operating Expenses

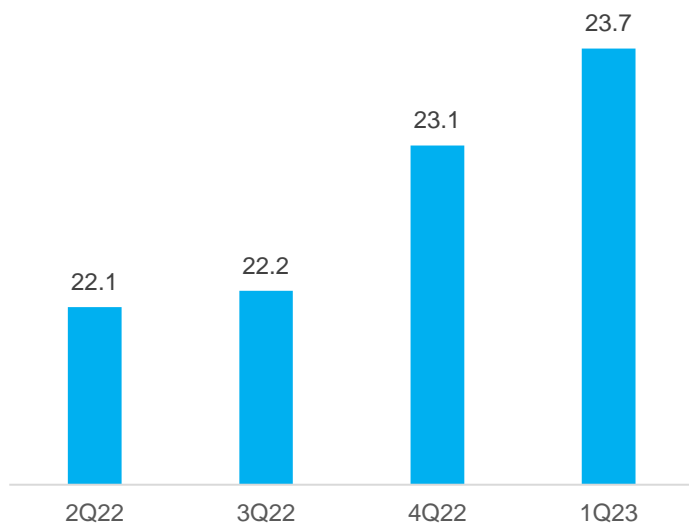
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(USD million)



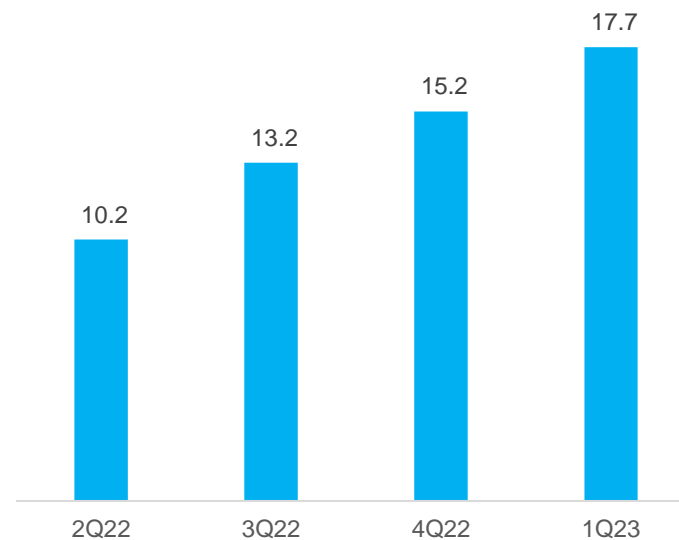
## Cash Balance

(USD million)



## Advances From Customers

(USD million)





## Join Us on Our Journey!

We are embarking on our journey to enable everyone to speak to the world – We invite YOU to join US!

# Thank You!



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