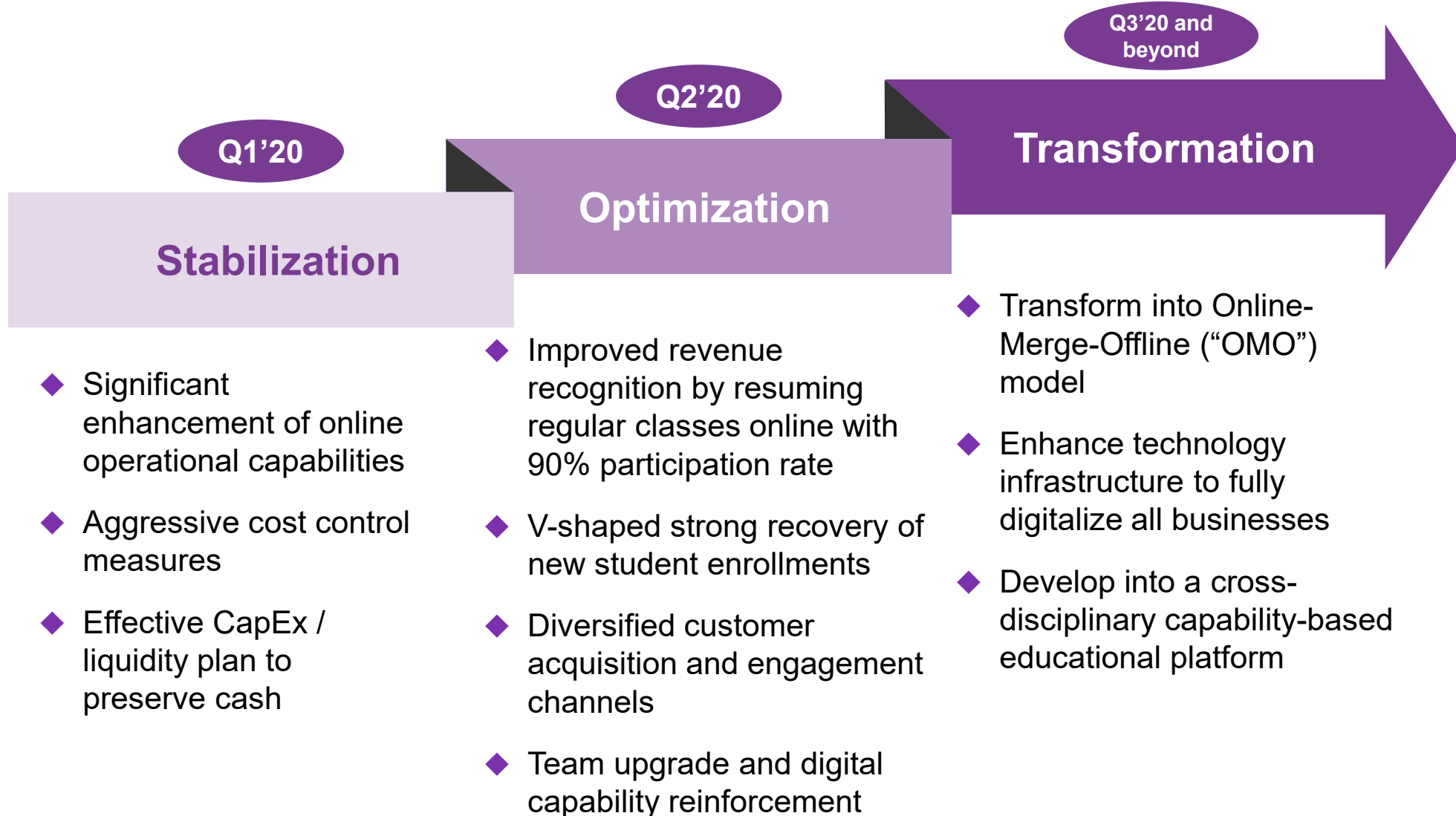


# **Rise Education Earnings Presentation for Q2 2020**

**(NASDAQ: REDU)  
August 2020**

- ◆ Rise Weathers a Challenging Environment and Enters Digitalization
- ◆ Q2 Key Financial and Operational Highlights
- ◆ Q2 Key Achievements and beyond
- ◆ Q2 Financial Analysis and Q3 Business Outlook



## Q2 Key Financial and Operational Highlights

Breakdown	Q2'2019	Q1'2020	Q2'2020	QoQ	YoY
Revenue (RMB '000)	367,057	108,989	164,990	54.1%	-55.4%
Net Income attributable to RISE (RMB '000)	21,236	-103,837	-58,035	NA	NA
Adjusted EBITDA (RMB '000)	88,953	-108,006	-44,487	NA	NA
# of New students enrolled <sup>(1)</sup> for regular courses (Rise Start+Rise On)	6,133	1,507	3,749	148.8%	-38.9%
# of New students enrolled for Small Group Classes	-	31,882	-	-	-
# of New students enrolled for other Rise courses (Riseup/Cantalk/other short-term online courses/STEAM/Edge)	2,996	669	1,185	77.1%	-60.4%
# of students in class <sup>(2)</sup> for regular courses (Rise Start+Rise On)	50,537	52,585	50,572	-3.8%	0.1%
# of self-owned learning centers (SOLCs) <sup>(3)</sup>	80	89	88	-1.1%	10.0%
# of franchised learning centers	328	386	397	2.8%	21.0%

Notes: 1 New students enrolled refers to the newly acquired students who enrolled in our courses during a given period of time

2 Students in class refers to students who were taking our courses as of a given date.

3 Due to the outbreak of COVID-19, regular courses in offline learning centers were temporarily closed after the end of January 2020.  
Most students for regular courses have continued their courses online since April 2020.

## Online capabilities significantly enhanced

- ◆ Rise+ transformed into a nationwide open and interactive teaching/learning platform within **less than 30 Days**
- ◆ Online courses developed within **6 Weeks**
- ◆ Online Small Group Classes launched early March, attracting over **31K** students

## Measures taken to increase student enrollments

- ◆ Offered flexible short-term courses
- ◆ Diversified marketing strategies
- ◆ Acquisition cost well controlled
- ◆ Launched premium dual-teacher small group classes

Feb-Mar

Apr

May

June

## Actions taken to combat pandemic disruption to business

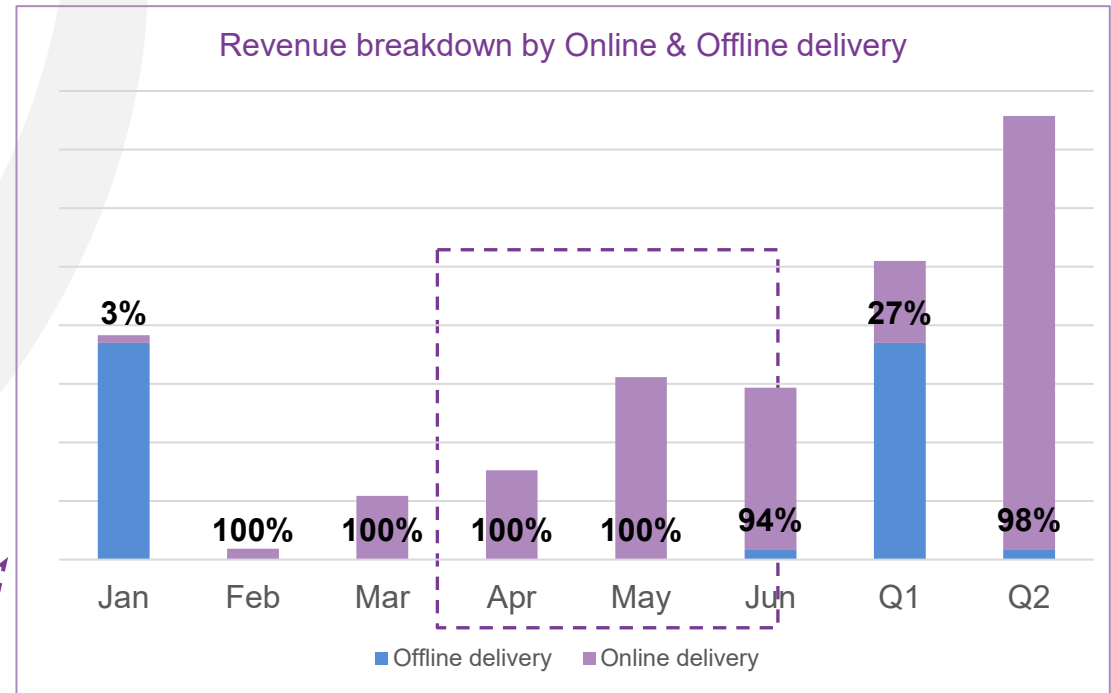
- ◆ **ALL** regular courses migrated online since late April
- ◆ STEAM launched, an important step towards multi-disciplinary model

## Milestones for full business resumption

- ◆ **Shanghai/Guangzhou/Shenzhen/Wuxi** on track for full recovery offline
- ◆ **Beijing/Shijiazhuang** offline centers expected to reopen in Q3
- ◆ Concurrent online and offline operations

# 1 Q2 Revenue Reached RMB165M, an Increase of More Than 51% Over Q1

- ◆ **April 2020:** ALL Rise offline regular courses were migrated ONLINE
  - Participation rate: ~ 90%
  - Attendance rate: ~ 93%
- ◆ **June 2020:** Wuxi/Shanghai/Guangzhou/Shenzhen started resuming offline operations
  - As of today, all learning centers in these cities are in full offline operation
- ◆ Launched & promoted online products
  - Non-English subjects, STEAM
  - Dual-teacher Small Group Classes

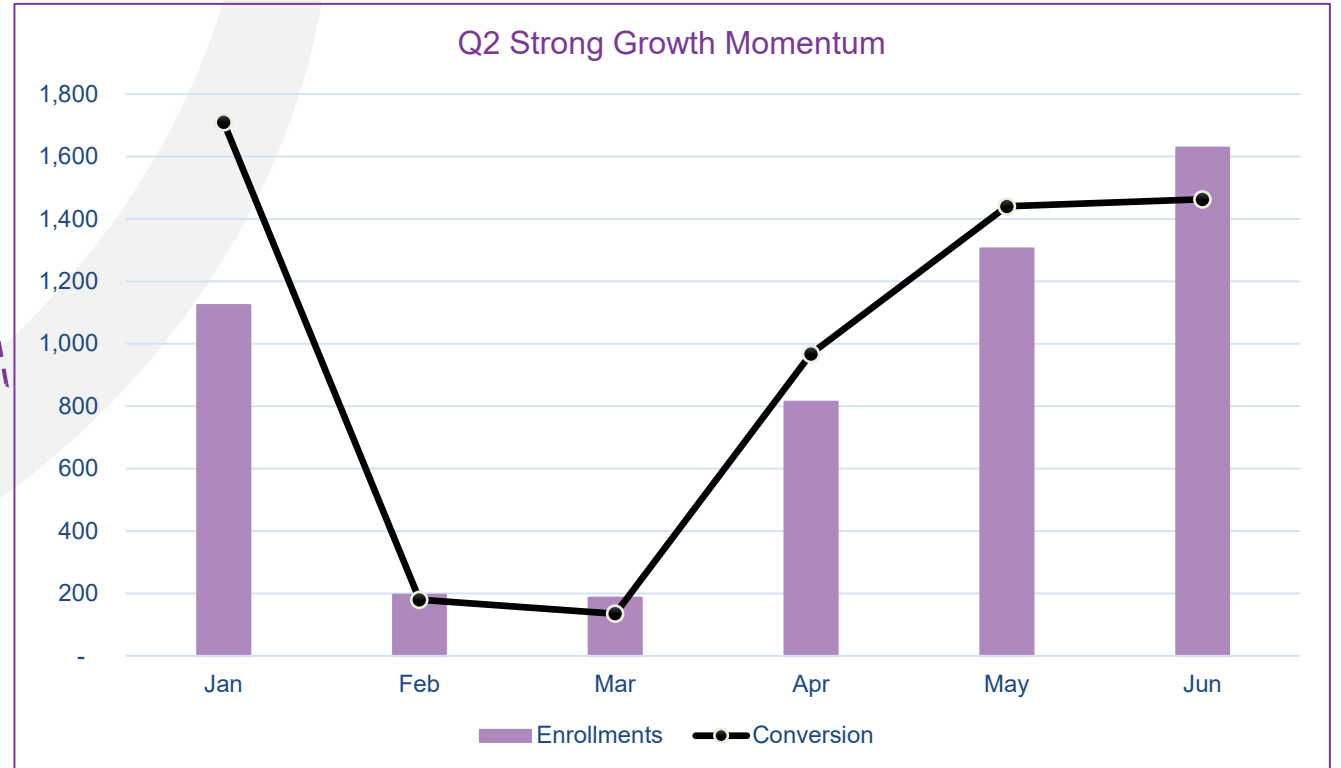


*Supported by our self-developed robust and highly reliable interactive platform, making online-offline switch seamless*

## 2 Q2 New Student Enrollments Recovered Strongly

### V-shaped recovery from the negative impact of Covid-19

- ◆ Conversion rate increased by more than 300bps over Q1
- ◆ New students enrollments more than doubled in Q2 over Q1
- ◆ Innovative multiple-channel marketing strategies launched for new student acquisition
- ◆ Online marketing capabilities significantly enhanced
- ◆ Flexible short-term programs offered with tuition paid in 3 or 4 installments. No pricing discount offered for regular courses



### 3 Diversification of User Growth Strategies in a Cost-effective Model

- ◆ Brand recognition through **co-branding** with high IP value



- ◆ **User fission** – enhanced user experience and customer engagement for user acquisition, promotional enrollments and conversion to regular enrollments



- ◆ Customer acquisition through **partnerships**, e.g. NYC Kids Club, Gymboree



- ◆ Sales leads generated by **innovative content** through social marketing

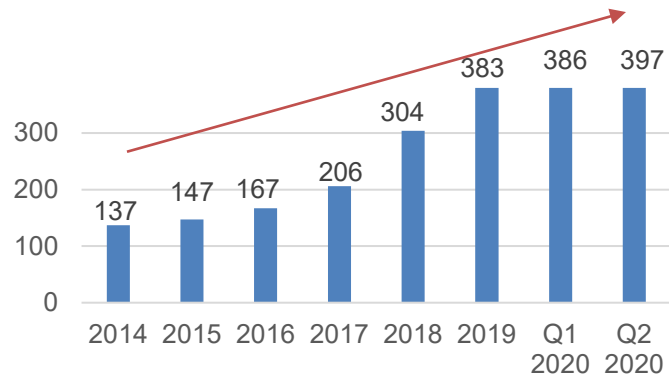




## 4 Franchisee Business Empowered, Partnership Emerged Stronger and More Secure



### Franchised learning centers, Rise's second growth engine



### Empowering franchised learning centers

- ◆ **Online course resumption** - 40,000+ students signed up for Rise online courses via Rise+ learning platform
- ◆ **Online training** - 800+ teachers attended online training via Rise E-learning system
- ◆ As of today, except in the pandemic regions such as Dalian and Xinjiang, all of our franchised learning centers have reopened for offline operations
- ◆ Once resumed offline, we saw **faster growing enrollments & high participation**



- ◆ Franchisee network remains **intact** and stays **healthy**
- ◆ Learning centers **increased to 397 in Q2 from 386 in Q1**
- ◆ 'Franchise revenues' more than doubled in Q2

### **Rolling out integrated OMO model and constantly optimizing courseware**

- ◆ Seamless transition between offline and online
- ◆ Classroom utilization/cost efficiency expected to improve significantly

### **Digitalizing upgraded curriculum**

- ◆ User engagement, experience & learning efficiency improved
- ◆ In-class interaction with upgraded courseware and digital whiteboards
- ◆ Gamification and other interactive features

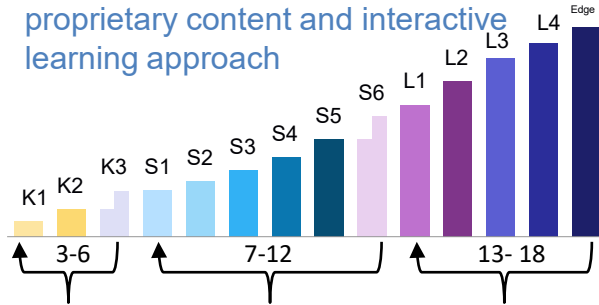
### **Ongoing investment in technology as underlying infrastructure**

- In-depth data collection and analytics made possible
- Accelerate multiple application of Edtech and online products to promote individualized learning

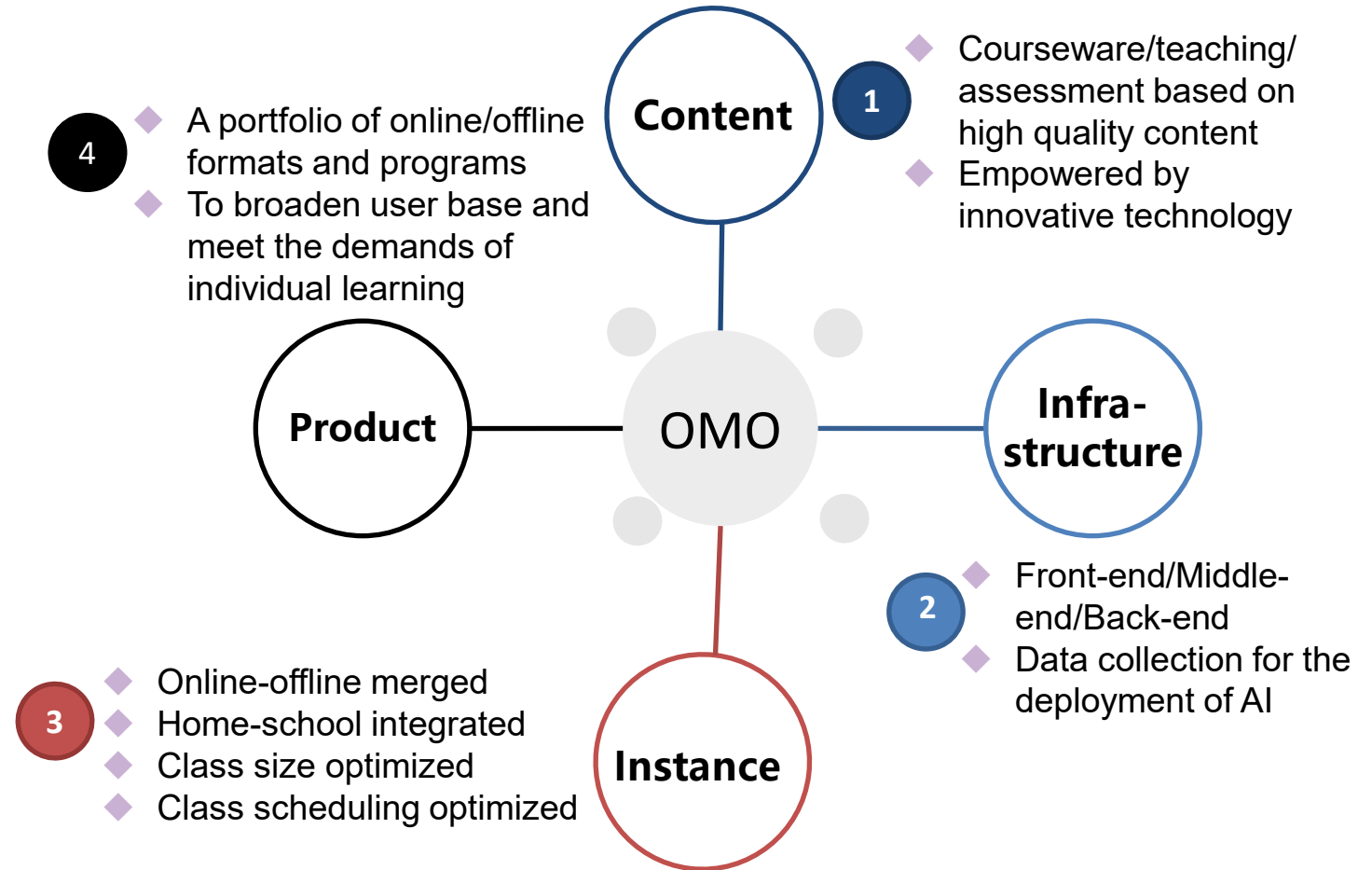
## 6 Digitalized OMO Integrated with Rise's Core Competence will Drive Long-term Growth

### Rise Core Competence

- ◆ Unique, systematic curriculum with proprietary content and interactive learning approach

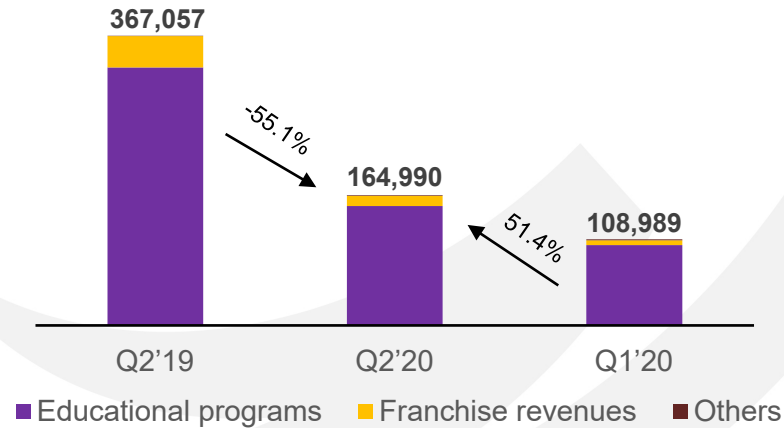


- ◆ Strong brand influence, students loyal to Rise; lead market position in tier 1 cities  
**No. 2**  
in premium ELT segment in tier 1 cities
- ◆ Nationwide network of **485** learning centers in **160** cities
- ◆ More than **130,000** students in classes nationwide
- ◆ Proprietary platform: a user-friendly multifunctional interface for learning, teaching, training and marketing

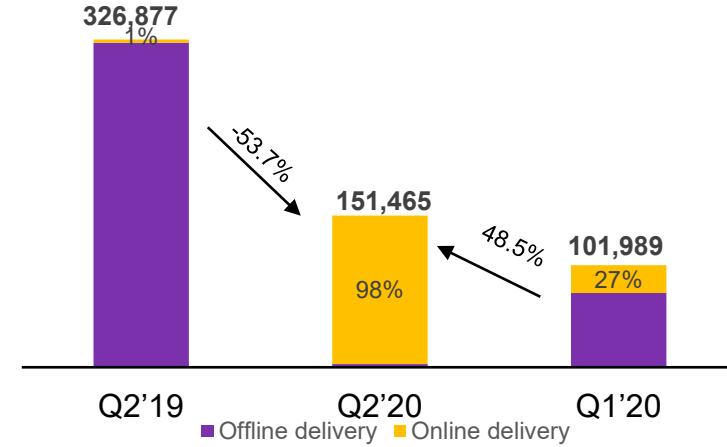


*Emerge from COVID-19 better and stronger*

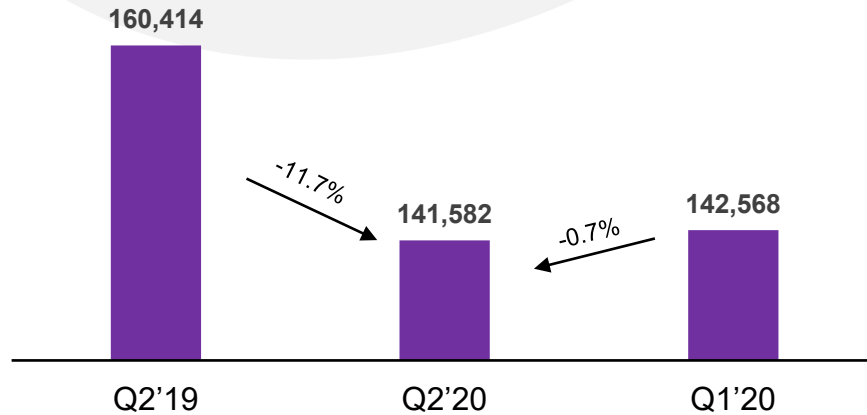
Revenues breakdown (RMBk)



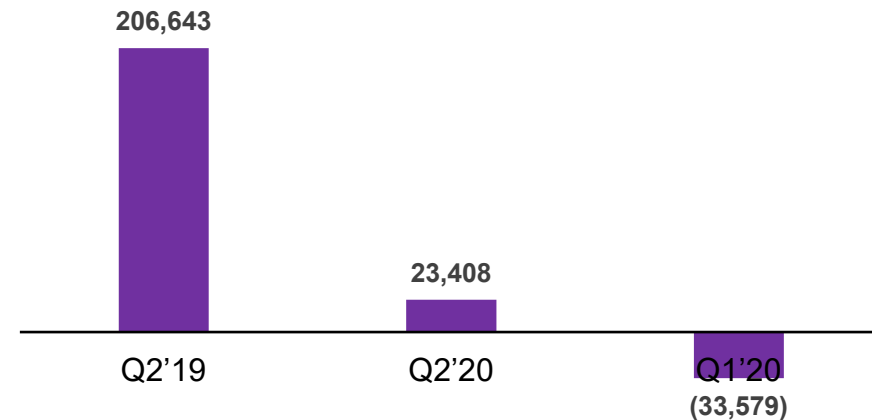
Educational programs revenue distribution (RMBk)



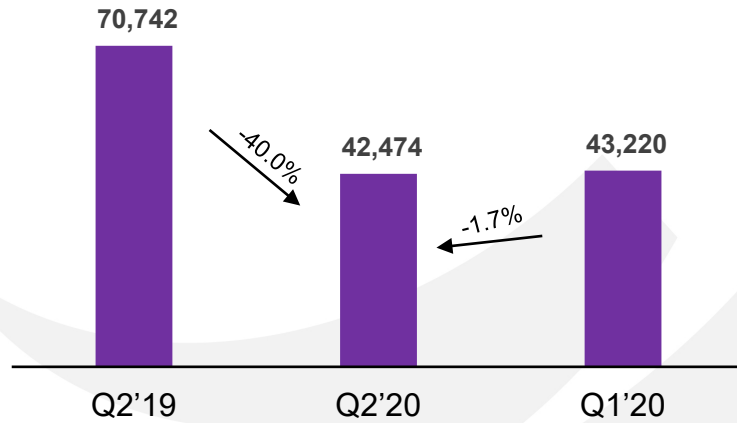
Cost of revenues (RMBk)



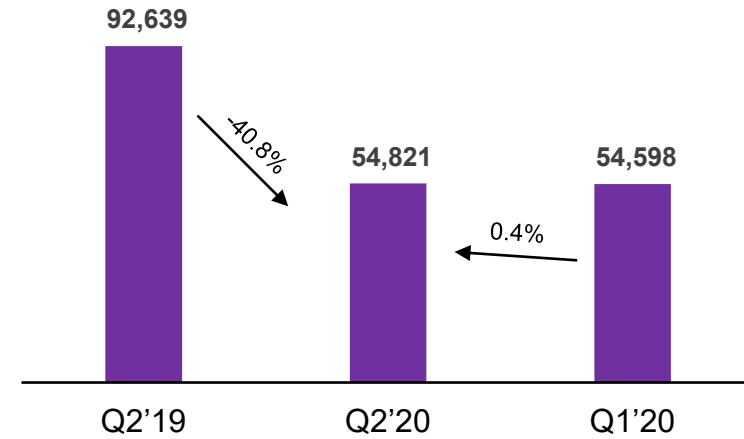
Gross profit/loss (RMBk)



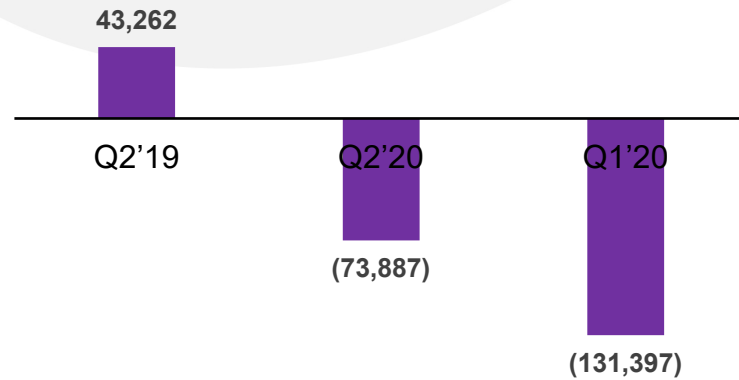
**Selling and marketing expenses (RMBk)**



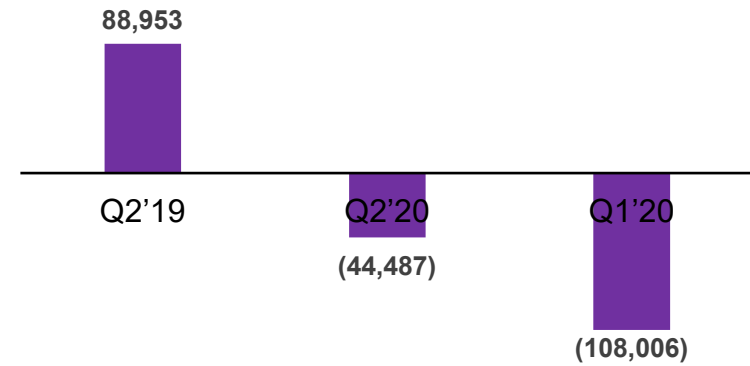
**General and administrative expenses (RMBk)**



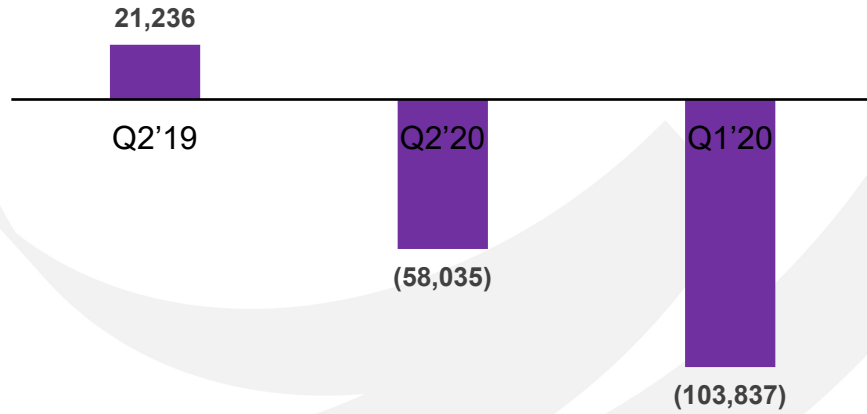
**Operating income /loss (RMBk)**



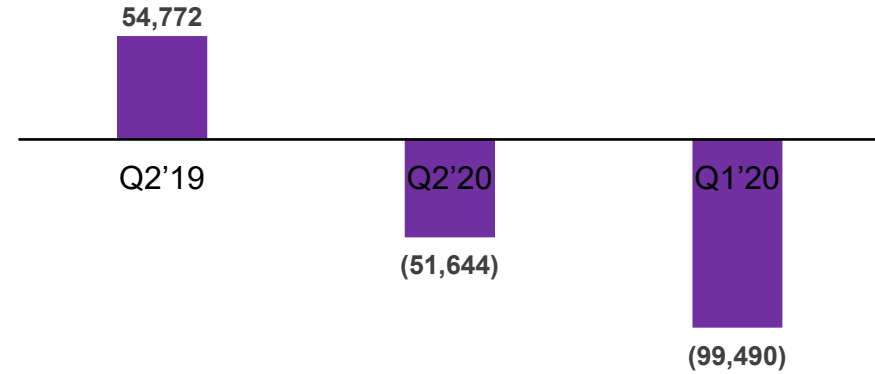
**Adjusted EBITDA (RMBk)**



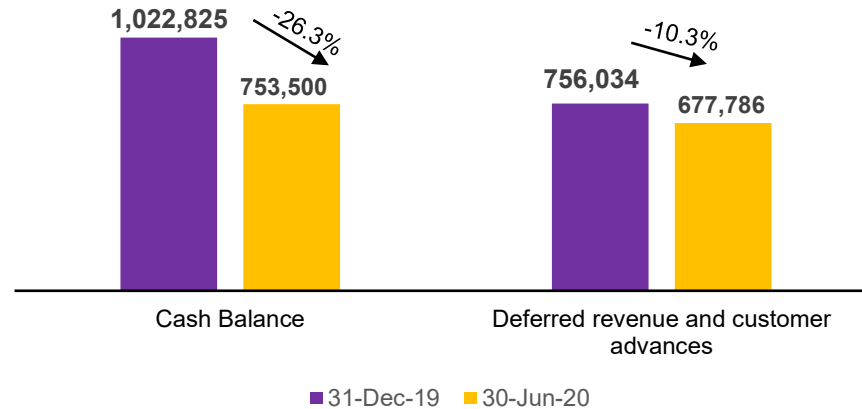
Net income/loss attributable to REDU (RMBk)



Non-GAAP net income/loss attributable to REDU (RMBk)



Cash Balance and Deferred Revenue (RMBk)



- ◆ Recovery of offline operations expected to be in full scale in Q3
  - Centers in Shanghai, Guangzhou, Shenzhen and Wuxi resumed 100% offline operations in Q3
  - Centers in Beijing and Shijiazhuang are expected to reopen in September at a pace regulated by the government
- ◆ Our ability to flexibly switch between online and offline and to manage online and offline concurrently can help us mitigate risks of any potential resurgence of Covid-19



***Taking into account our recent developments and ongoing uncertainties about Covid-19, we expect our revenues in Q3 to be in the range of RMB325 million-RMB335 million***