

# **Rise Education Earnings Presentation for Q1 2021**

**(NASDAQ: REDU)  
May 2021**

- ◆ 2021Q1 Key Financial and Operational Highlights
- ◆ 2021Q1 Key Achievements
- ◆ 2021Q1 Financial Analysis
- ◆ Strategy and Business Outlook for 2021 and Beyond - Upgrading Rise to a Multiform Aptitude Training Provider Leveraging Core Competencies

# 2021Q1 Key Financial and Operational Highlights



Breakdown	2020Q1	2021Q1	YoY
Revenues (RMB '000)	108,989	261,541	140.0%
Non-GAAP Net Loss Attributable to RISE <sup>(1)</sup> (RMB '000)	(99,490)	(19,864)	-80.0%
Adjusted EBITDA <sup>(2)</sup> (RMB '000)	(108,006)	(5,105)	-95.3%
# of New students enrolled <sup>(3)</sup> for regular courses (Rise Start+Rise On)	1,507	5,846	287.9%
# of New students enrolled for other Rise courses (Rise Up/Can-Talk/other Rise online courses/STEAM/Edge/light courses)	32,551	44,262	36.0%
Cumulative # of students paid <sup>(4)</sup> for regular courses (Rise Start+Rise On)	112,087	215,221	NA
Cumulative # of students paid for other Rise courses (Rise Up/Can-Talk/other Rise online courses/STEAM/Edge/light courses)	41,964	100,279	
# of students in class <sup>(5)</sup> for regular courses (Rise Start+Rise On)	52,585	46,441	-11.7%
# of self-owned learning centers (SOLCs) <sup>(6)</sup>	89	95	+6
# of franchised learning centers	386	430	+44

Notes: 1 Non-GAAP net loss attributable to RISE excludes share-based compensation expenses and intangible assets ("IA") amortization arising from 2013 acquisition from net loss attributable to RISE.

2 Adjusted EBITDA excludes share-based compensation expenses from EBITDA.

3 New students enrolled refers to the newly acquired students who enrolled in our courses during a given period of time.

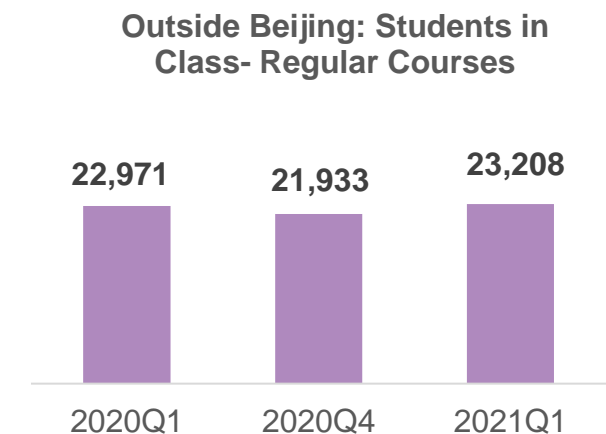
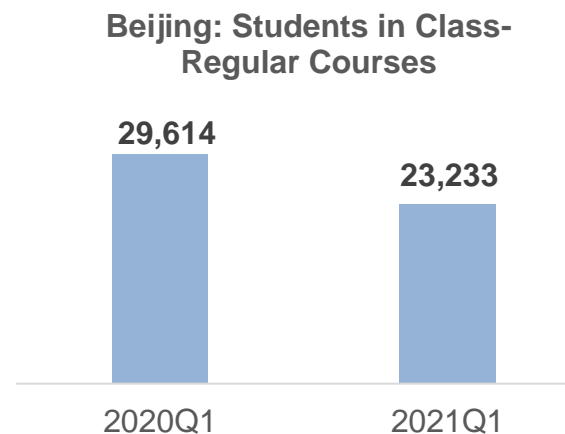
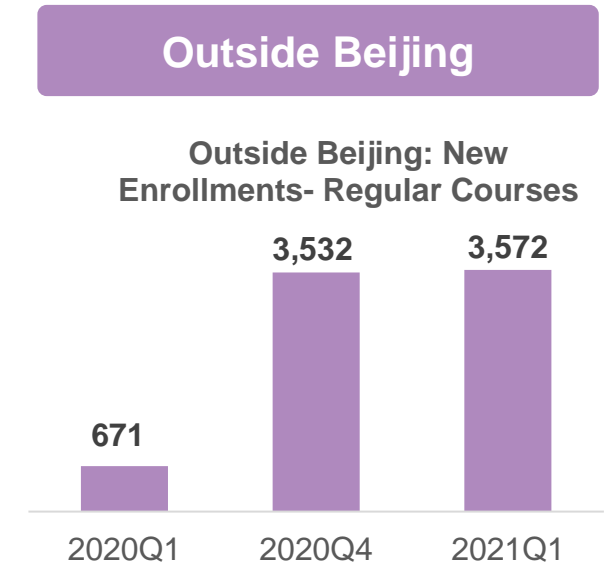
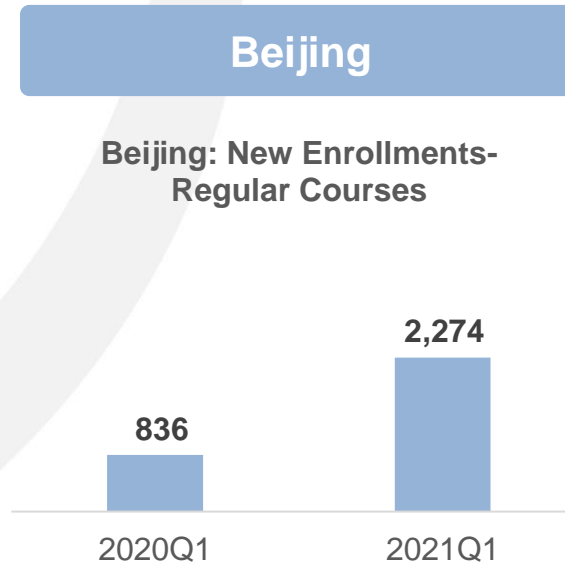
4 Cumulative # of students paid refers to the cumulative # of students as of a given date, each of whom paid for one course since January 1, 2019.

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

6 Apart from almost all of our learning centers in Beijing, all the offline learning centers resumed normal operation as of March 31, 2021.

# 1 Regular Courses Showed Strong Growth Momentum in All Cities Other Than Beijing

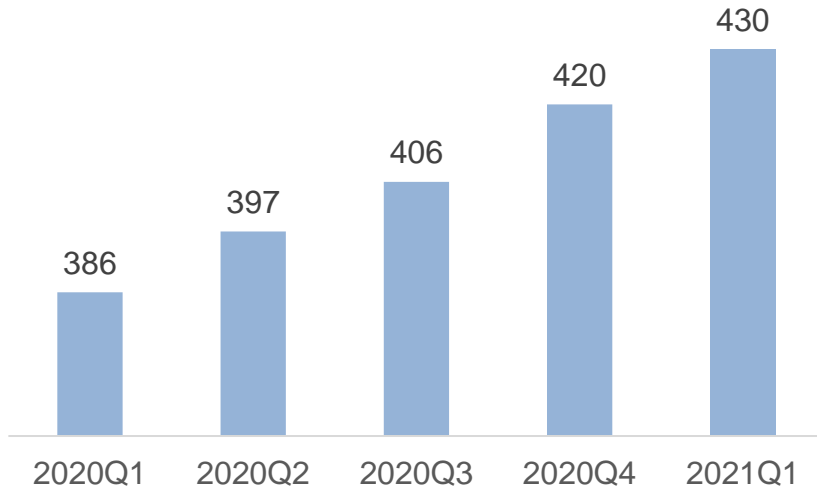
- ◆ Delivered QoQ and YoY increases in new enrollments and students in class for regular courses in all cities other than Beijing in 2021Q1
- ◆ QoQ improvement in retention rates in all cities other than Beijing
- ◆ In 2021Q1, operational metrics in all cities other than Beijing show our performance in a normalized market environment
- ◆ Even in Beijing, we managed to deliver a 172% YoY growth in new enrollments, kept a roughly stable retention rate and registered low refund rate, despite of temporary closure of almost all SOLCs in Beijing



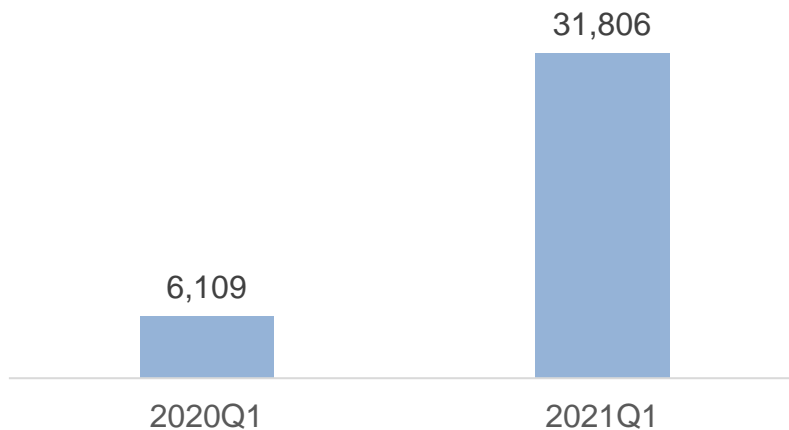
## 2 Franchise Business Delivered Healthy and Solid Growth with Further Expansion



No. of Franchised Learning Centers



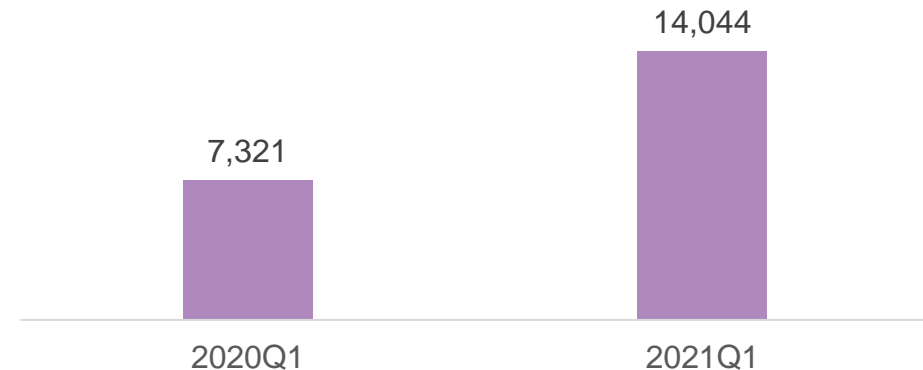
Revenues - Franchise (RMB' 000)



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

- ◆ Franchised learning centers **increased to 430 in 2021Q1** from 420 in 2020Q4.
- ◆ **Franchise revenue in 2021Q1 increased by 420.6% YoY**, benefiting from strong upward trend of new enrollments in 20202H.
- ◆ **Over 110 thousand students in class** for regular courses (Rise Start+Rise On) at franchised learning centers in 2021Q1

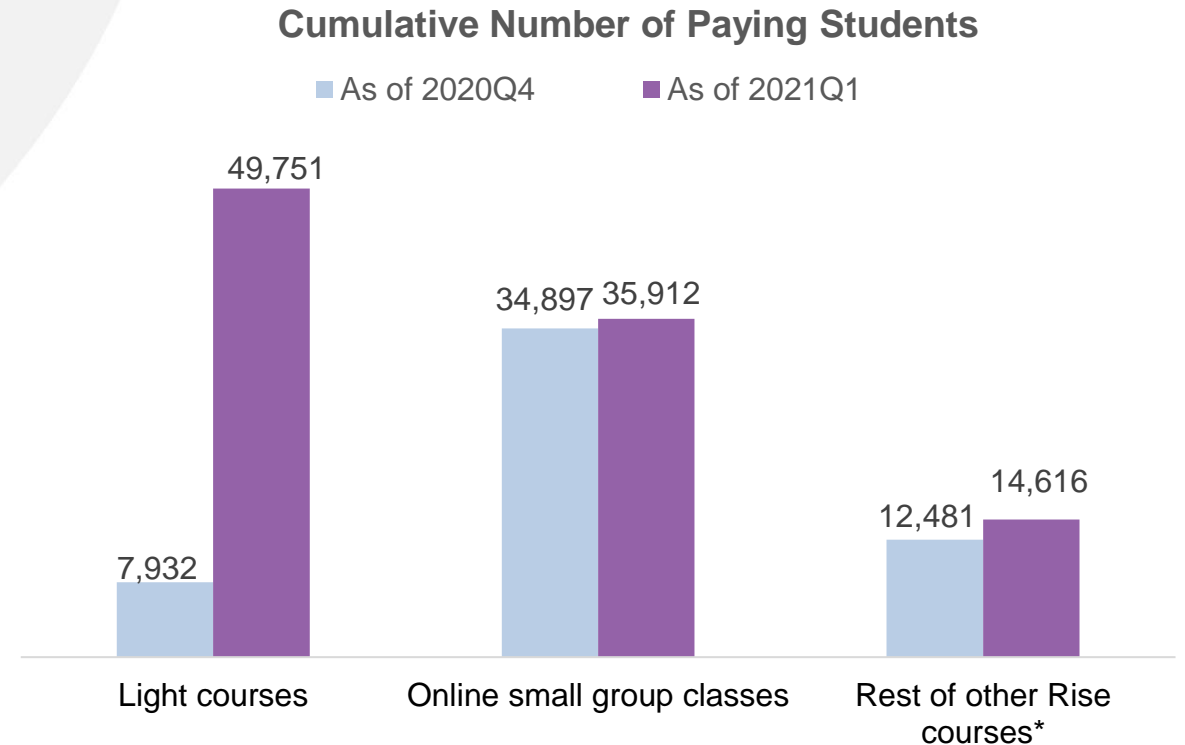
No. of New Enrollments at Franchised Learning Centers



### 3 Building Private Traffic Pool and Domain

- ◆ Continued to diversify our aptitude education courses beyond Rise regular courses
- ◆ Rolled out light courses to pool existing and potential students, increase customer stickiness and improve conversion and retention rate
  - Light course about Chinese New Year traditions launched in 2021Q1 attracted about 35,000 enrollments
  - Launched “成长着” APP in March to provide more diversified light courses and online picture books
- ◆ Proactively expanded customer acquisition channels for 1-to-4 premium online English small classes to increase new enrollments (~46% QoQ growth in 2021Q1)

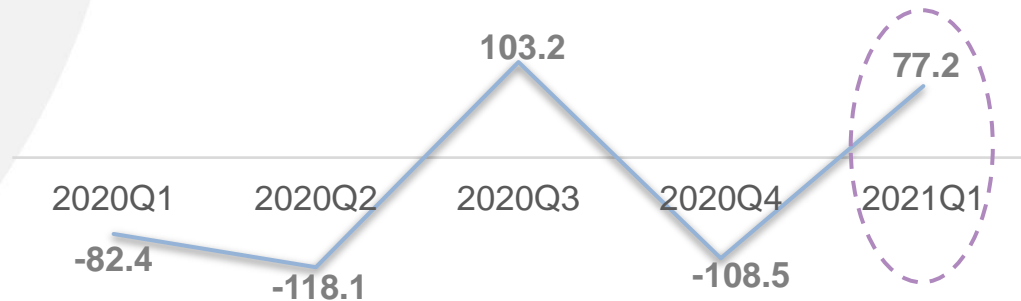
#### Expand cross-selling opportunities and strengthen new student acquisition capabilities



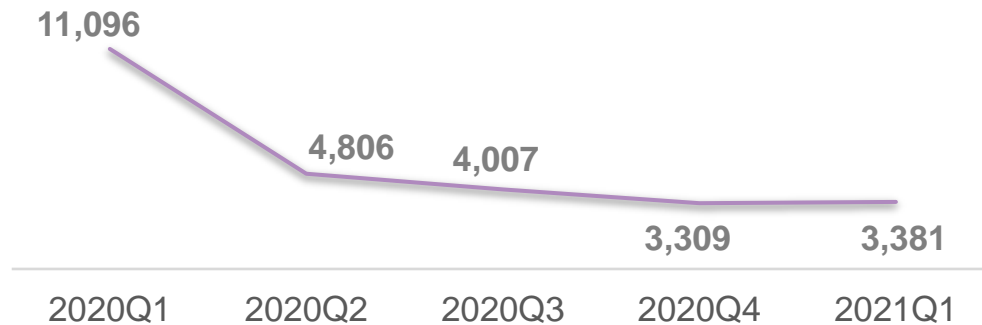
# Cash Flow Turned Positive, Thanks to Market Recognition and Solid Operating Model

- ◆ We generated RMB77.2 million of operational cash inflow in 2021Q1, compared with operational cash outflow in 2020Q1 and 2020Q4, respectively, due to the following key factors:
  - Strong market demand
  - Solid and proven reputation and Rise brand exposure
  - Optimized cost control with overweight offline marketing channels
  - Improved new student acquisition and retention performance
- ◆ Healthy cash flow has laid a solid foundation for business expansion and to navigate any uncertainties that may emerge in overall market

Net Cash Generated from Operating Activities (RMB mn)

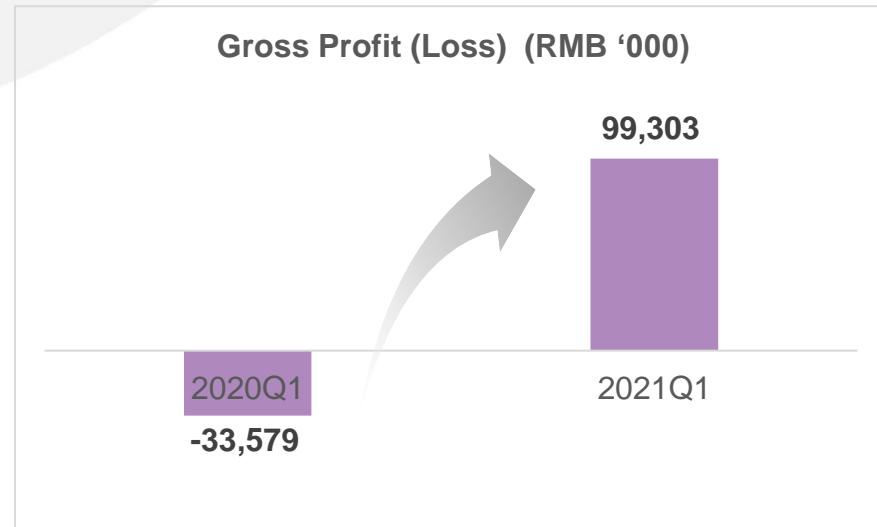
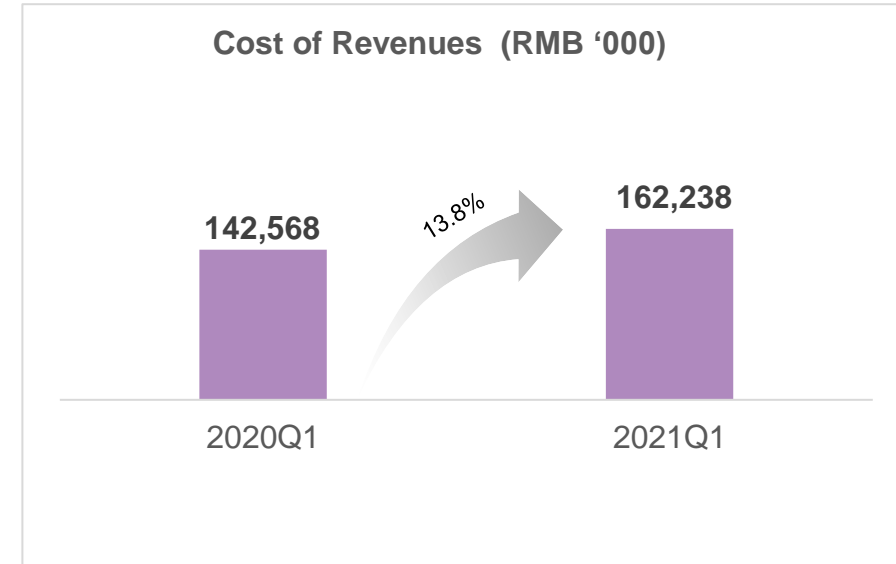
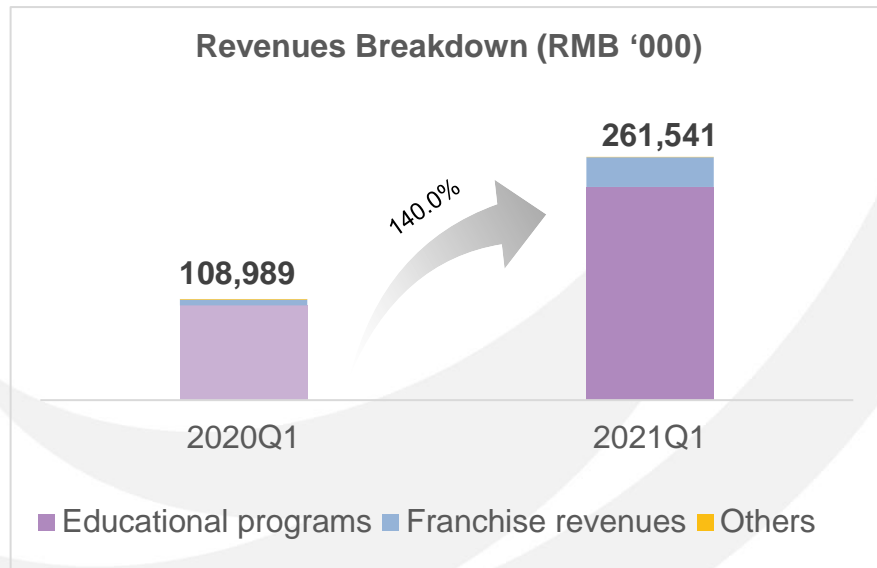


Customer Acquisition Cost <sup>(1)</sup> (RMB)



Note 1: Including self-owned learning centers in Shijiazhuang

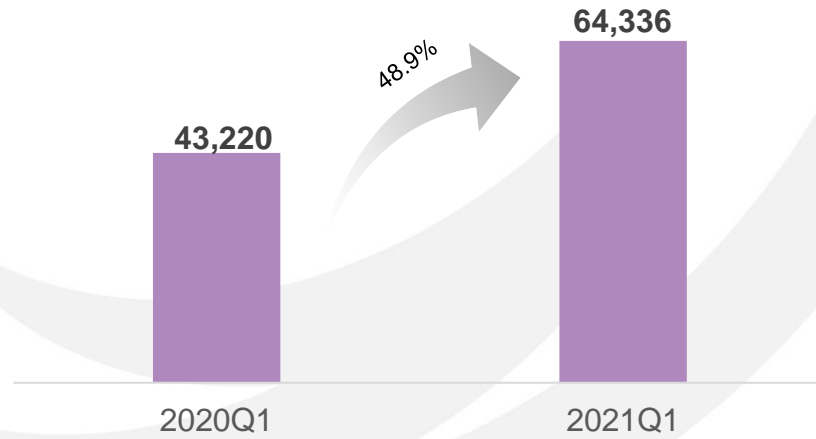
# Significant YoY Improvement in Revenues and Gross Profit



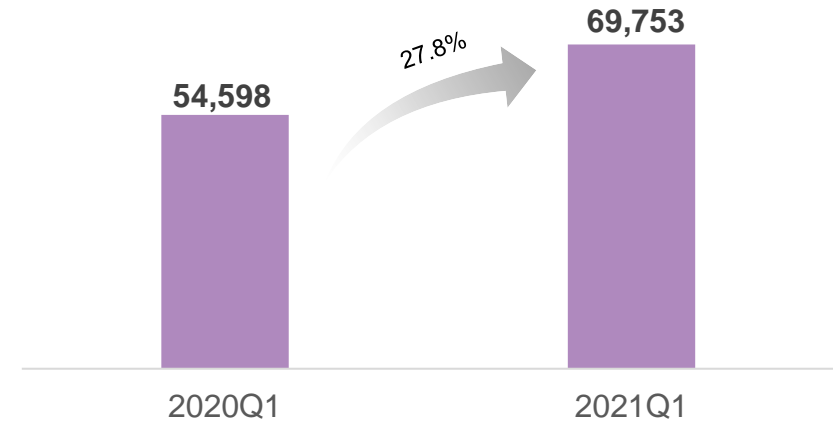


## Operating Loss Narrowed Despite of Increased Expenses

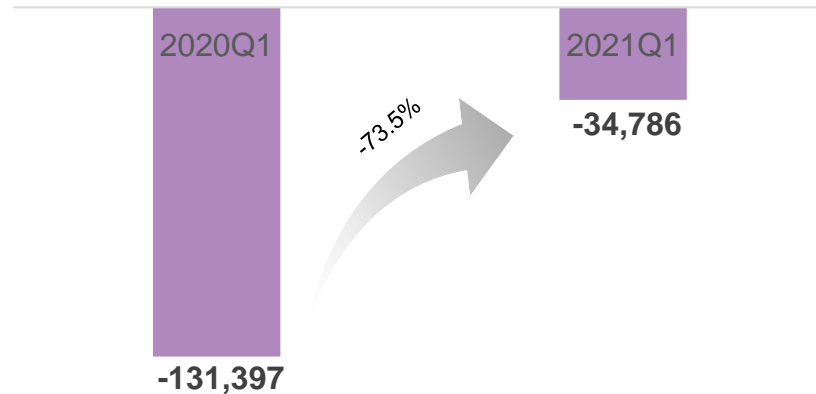
Selling and Marketing Expenses (RMB '000)



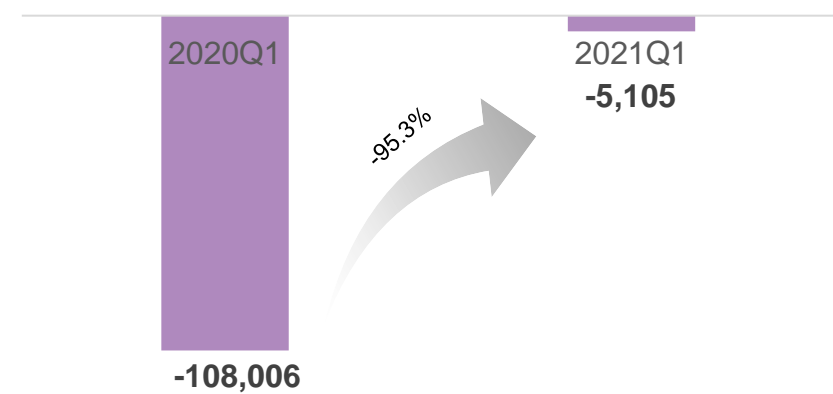
General and Administrative Expenses (RMB'000)

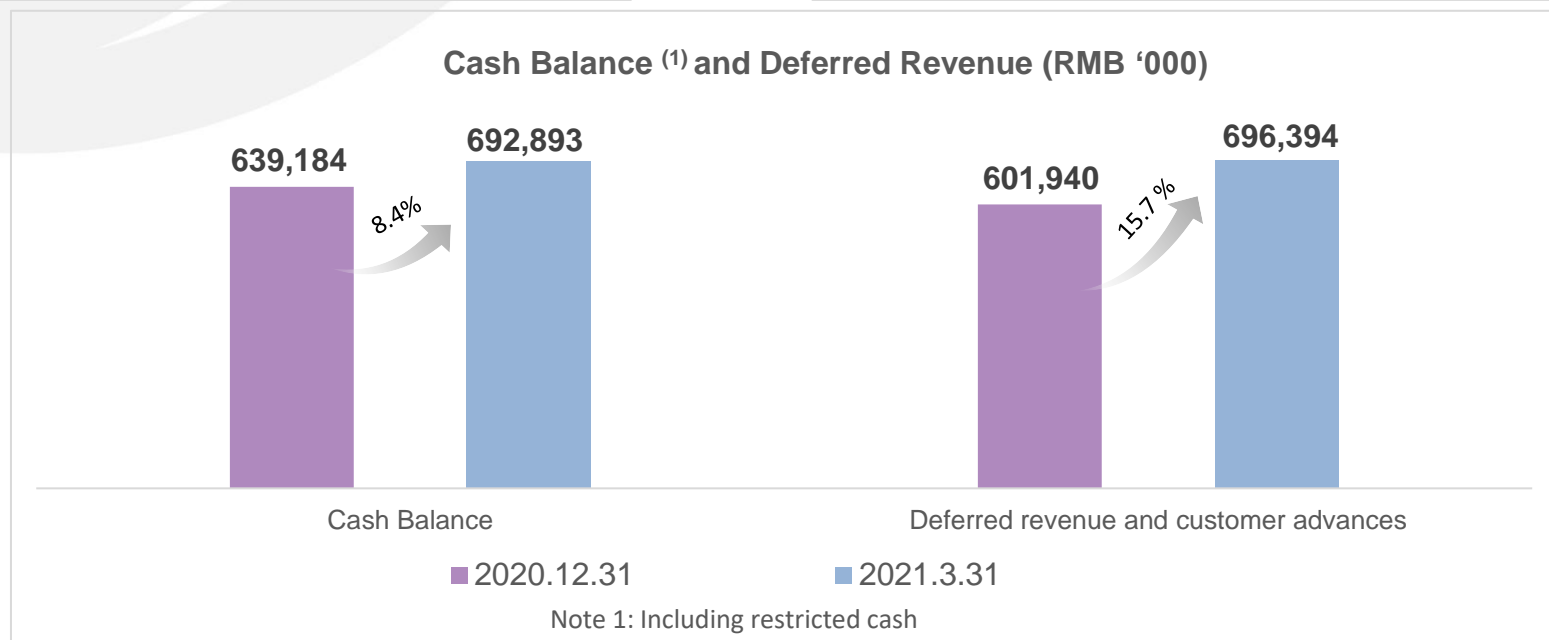
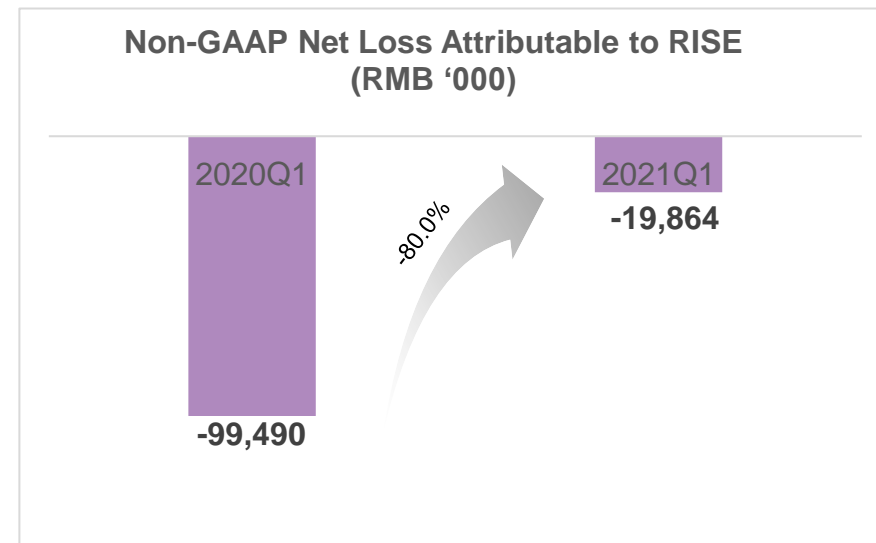
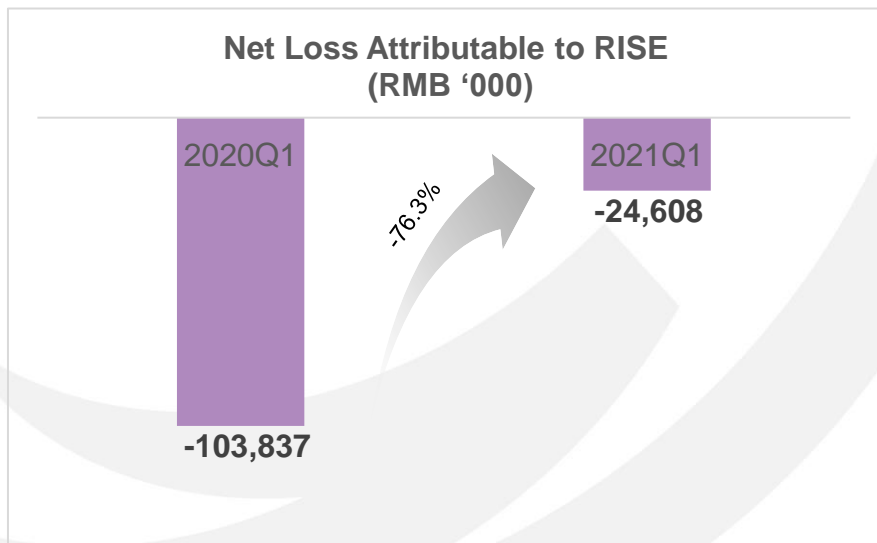


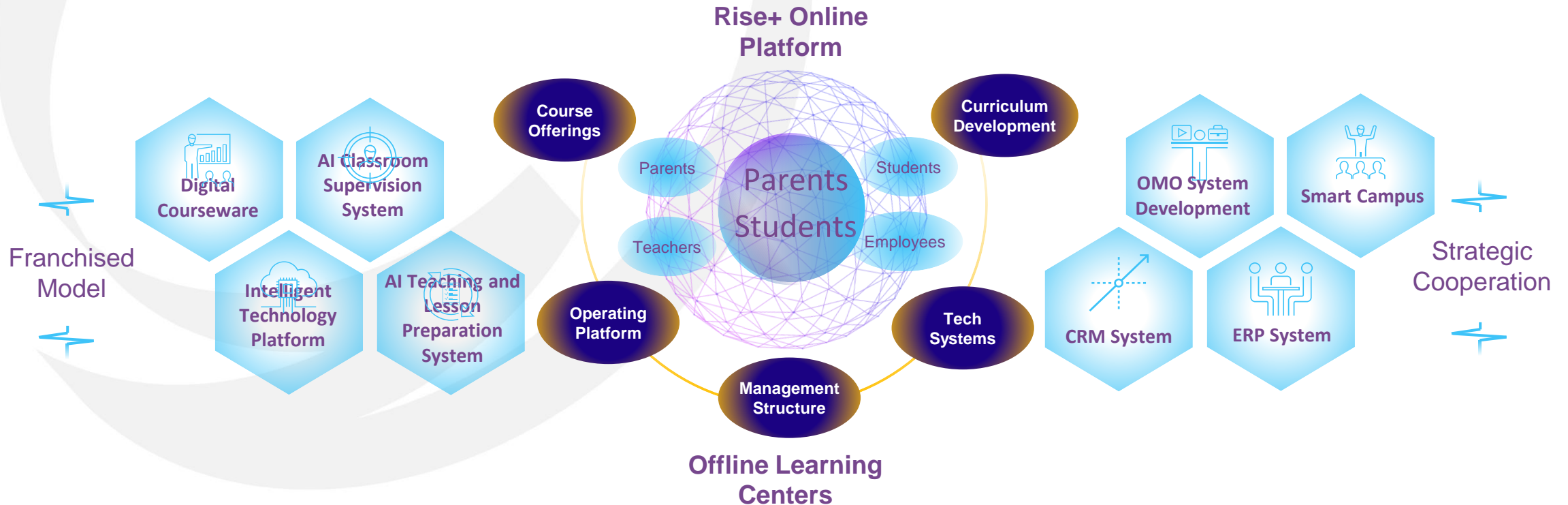
Operating Loss (RMB '000)



Adjusted EBITDA (RMB '000)







- ◆ 14 years of experience and expertise in aptitude education in China
- ◆ Nationwide footprint: more than 500 offline learning centers and Rise+ online platform
- ◆ Large student base:
  - More than 150 thousand students in class for regular courses combined from SOLCs and Franchisees
  - More students enrolled in other Rise courses
- ◆ Comprehensive digitalization capabilities - IT/operational support, academic support, etc.



Business  
Upgrade



Other Course  
Offerings



- ◆ Targets students above 6 years old
- ◆ Core offline learning + complementary online sessions (OMO)
- ◆ Personalized teaching and learning
- ◆ Subject-based and immersive learning experience
- ◆ Study tours + tournament events
- ◆ Holistic student development and contextualized understanding of languages



- ◆ Targets 3 to 8 years old children and their parents
- ◆ Aims to develop a leading systematic training program in China that focuses on the social-emotional development of children
- ◆ Focuses on children's social interaction and emotional development, growth mindset and family education support
- ◆ Two formats
  - - ELT + Hiyeah learning centers;
  - - Separate Hiyeah learning centers transformed from certain revamped venues of existing SOLCs



## And WhySTEAM – Strategic Milestone to Develop a Multiform Aptitude Training Platform



- ◆ Targets students under 8 years old
- ◆ Focuses on STEAM-oriented aptitude development based on cognitive skills training
- ◆ Blends in Math Logic, Science Literacy and Science Exploration
- ◆ Effectively enhances children's comprehensive aptitude skills

- ◆ We are upgrading Rise to a multiform aptitude training platform with more diversified product offerings and further optimize our OMO strategy to deliver sustainable growth.
- ◆ For 2021Q2, our action plans and milestones include:
  - ◆ Offline operation in Beijing is expected to gradually resume
  - ◆ Business and Branding Upgrade Conference to be held on May 28, 2021
  - ◆ The first offline Hiyeah learning center is expected to open in June 2021 with more to come
  - ◆ WhySTEAM learning centers:
    - 3 self-owned Beijing centers opened in March;
    - 4 new centers will be launched in Q2 (3 self-owned centers in Shanghai + 1 franchised center in Zhengzhou)
  - ◆ To acquire Rise learning centers in Chengdu



***For the full year of 2021, we reaffirm our guidance for revenues to be in the range of RMB1,420 million to RMB1,730 million.***