

51Talk releases first quarter results, announcing spin-off with listed company targeting overseas market

On 24 June 2022, 51Talk(COE.US) announced its first quarter 2022 financial results. The report indicates 51Talk has restructured its mainland and overseas business and completed operational restructuring. By spinning off its mainland business from the listed company, 51Talk will focus on developing its overseas English services for children and becoming a listed international online education company. After divesting its mainland business, the negative net assets position of USD 137 million at the end of the quarter shifted to a positive position. In March 2022, revenue from overseas business achieved a positive cash flow in a single month for the first time, showing a strong business performance.

Spin-off and Restructuring to Focus on Overseas Markets

After the announcement of the "double reduction" policy early in July 2021, 51Talk initiated global expansion efforts in response to regulations on off-campus tutoring. Prior to the release of the 2021 Annual Report, 51Talk CEO Huang Jijia had also indicated that internal measures would be taken to restructure the company's businesses. Now, 51Talk releases a positive signal through the spin-off as all revenue will be generated from overseas markets, hence achieving positive owners' equity. 51Talk shall focus further on the overseas business of online one-on-one English tuition for children and speed up the implementation of its global strategy, and lower costs and increase efficiency so as to optimize organizational efficiency.

The reason for targeting overseas market was that overseas tuition was a market yet to be developed. According to the Grand View Research report, the global market scale of online education in 2021 was USD 107.3 billion and the estimated CAGR of 2028 is 19.9%. Learning English is still a rigid demand for overseas training, especially in southeast Asia, and along with impacts of the recent pandemic, online education is more and more popular among overseas users. As such, 51Talk initiated its global expansion strategy in southeast Asia and will continue its advancement in markets including Middle East, Asia, Europe and America.

As an international key player of online education, 51Talk will accelerate the implementation of its global strategy, rely on quality teachers, premium service and product experience, and create enduring innovative growth mechanisms so as to create a leading online global English brand and provide more value to users around the world. 51Talk have grown to cover more than 50 countries and regions, providing English tuition services to users around the world.

Overseas profit model acknowledged as cash flow turns positive

51Talk CFO Xu Min said, "An education company needs to undergo three phases before realizing profit. First, achieve a positive operating cash flow. Second, achieve positive inflow of cash contribution. Third, achieve profit in terms of accounting." According to our financial statements, as of the first quarter ended 2022, 51Talk's overseas business have only operated for 8 months and the cash flow has already turned positive in March 2022. This marks 51Talk's first step of making profit.

According to the financial statements, the net cash inflow reached USD 5.30 million, increasing 79.9% quarter on quarter, displaying strong business performance. Industry insiders said that the rapid global development of 51Talk was due to a healthy business mode and the core advantage of the combination "Teachers + Product + Technology + Brand". 51Talk is one of the earliest internet education companies in China and dedicated to providing online English tuition for children. 51Talk is also the first online education company in China to be publicly listed in the US. Built on the strong foundation of decades of online teaching experience, 51Talk has a healthy business model and is the first online English education enterprise to make a profit in China. Moreover, 51Talk has a global supply chain of quality native-speaking English teachers and in terms of research and development, 51Talk has independently developed AirClass to provide customized learning solutions for each student to ensure learning results.

51Talk CEO Huang Jiajia said, "The rapid growth of our overseas business confirmed the demand of overseas market and showed its business model is similar to that of mainland business. The success achieved in the Chinese market is a sample that we learnt from and has helped to solve many solutions while entering in global markets. We believe our overseas business may achieve healthy and rapid growth just as our mainland business."

In the future, 51Talk shall continue to grow global education business, accelerate its globalization and build its global competitiveness while maintaining rapid growth and creating more value, so as to enable students around the world to enjoy quality English education resources and to communicate with the world.

Brand Name: 51Talk

Web site:<https://tw.51talk.com/global/course>