

Meten EdtechX Q2 2020 results call script

(Handover from conference call operator)

Speaker : Henry

Thank you. Good afternoon, ladies and gentlemen, and welcome to Meten EdtechX's second quarter results presentation. I am Henry Wong, CFO of Meten EdtechX, and I am joined here today by our CEO, Alan Peng, who will start today's presentation. After the presentation, we will be happy to take any questions you may have.

Highlights

Speaker: Alan

Thank you, Henry.

谢谢，Henry。

During the first half of 2020, our business has faced unprecedented challenges as a result of the COVID-19 pandemic.

在 2020 年上半年，由于新冠疫情，我们的业务面临前所未有的挑战。

During this period, the management team has been fully focused on navigating these challenges and I am pleased to say that in the second quarter, we have seen a steady and solid turnaround in our performance after the difficult first quarter. This improvement is reflected in both gross billings and revenue, which increased by 29% and 4.3%, respectively, quarter-on-quarter. This was achieved through both strong growth of our online ELT business and the gradual re-opening of our learning centres. The number of new recruits in the quarter was up 15% quarter-on-quarter.

在这段时间里，管理团队专注于应对这些挑战。经历了艰难的第一季度之后的第二季度，我很荣幸地说宣布公司的业绩出现了稳健坚实的转变。这一改善反映在业绩和收入的增长上，本季度业绩比上一季度环比增长了 29%，收入比上一季度环比增长了 4.3%，这要归功于线上 ELT 业务的强劲增长和本季度学习中心的逐步开放。本季度新招学员人次比上一季度环比增长 15%。

As of today, except for 24 learning centers located in Beijing and Dalian, which are subject to continued COVID-19 restrictions, all our centers have resumed full operation. Reaching this goal has been a key focus for us during the quarter to ensure we can capitalize on the seasonally high demand for language tuition during the summer months.

截至今天，除位于北京和大连的二十四个学习中心受到新冠疫情的限制外，我们所有的学习中心都已恢复全面运转。本季度这一目标的实现一直是我们的重点工作，这是为了确保我们可以把握住暑期期间对语言教育的季节性的强烈需求。

While enrolment into offline courses remained adversely affected by the COVID-19 pandemic during the second quarter, we took swift action to leverage accelerated growth in demand for online ELT by upgrading our offering and recruiting more, high-calibre staff, which allowed us to offset some of the decline in the offline business.

尽管第二季度新冠疫情仍然影响了我们线下课程的入学率，但我们还是采取了迅速应对行动，通过升级产品和招聘更多的高素质员工来把握加速增长的线上 ELT 需求，这使我们能够在一定程度上抵消线下业务对整体的业绩的影响。

In addition to our efforts to return to revenue growth, we maintained a strong focus on cost control during the quarter, as reflected in the 27.6% reduction in our cost of revenues. The success of our initiatives can also be seen in the 46.7% increase in gross profit versus the first quarter.

除了努力恢复收入增长外，我们在本季度还非常重视成本控制，这体现在我们的营业成本降低了 27.6%。我们的成本控制取得了成功，毛利润比第一季度环比增长了 46.7%。

Looking at our market more broadly, over the past few months, we have seen a shift in our favor in the competitive landscape, as some of our main competitors suffered financial difficulties. The positive effects of this trend are expected to come through fully over the coming quarters.

审视教育市场的过去几个月，由于公司一些主要竞争对手遇到了财务困难，竞争环境正朝着对我们有利的方向有所转变。这种趋势的积极影响预计将在未来几个季度中全面显现。

Operational update

Looking at some of the operational developments of Q2 in more detail.

详细解读第二季度的一些运营发展情况。

The first half of 2020 has seen significant development of our online platform, Lishuo. As at June 30, 2020, the platform had 1.6 million registered users, up 58% year on year and more than 0.28 million paying users, also up 58% year on year. This accelerated growth in the user base is largely attributable to the high number of offline students who switched to online ELT during the COVID-19 pandemic.

2020 年上半年，我们的线上平台立刻取得了长足发展。截至 2020 年 6 月 30 日，该平台拥有 160 万注册用户，同比增长 58%，付费用户 28 万，同比增长 58%。用户数量的加速增长很大程度上归因于在新冠病毒大流行期间大量线下学生转而使用线上 ELT。

In response to the rapid growth in demand for online education, we further expanded our high calibre base of teachers and sales staff, recruiting more than 1000 new employees during the second quarter.

为响应线上教育需求的快速增长，我们进一步扩大了高素质的教师和销售员基础，在第二季度招聘了 1000 多名新员工。

Furthermore, following the launch of JTalk, our online Japanese language teaching service, in the first quarter of 2020, we delivered nearly 2,500 course hours to more than 160 customers in the first half of 2020, achieving gross billings of RMB 1.92 million. We are pleased that many of our customers have committed to entering into long-term contracts with us, adding further stability to our customer base. We intend to build on this success and are currently exploring additional language product offerings.

此外，自从我们在 2020 年第一季度推出线上日语教学服务 JTalk 后，我们在 2020 年上半年为 160 多个客户提供了将近 2500 课时，实现现金收入人民币 192 万。我们很高兴我们的许多客户都做出了与我们签订长期合同承诺，从而进一步提高了客户群的稳定性。我们打算在此基础上取得成功，并正在探索更多语言产品。

As I mentioned earlier, strong demand for online ELT is reflected in the robust growth recorded in online enrollment in the period, which was up 53% for the first half of the year. Compared with the first quarter, student enrolment was up 20%, as we leveraged cross-selling opportunities between offline and online as learning centers reopened following temporary closures due to the

COVID-19 pandemic. As a result of the negative impact of COVID-19 on offline enrollment, total student enrollment decreased by 57% year-on-year in the second quarter and 57% for the first half.

正如我之前提到的，线上 ELT 的强烈需求反映在此期间线上注册的强劲增长，总体上半年增长了 53%。与第一季度相比，学生入学率增长了 20%，这是由于因新冠疫情而暂时关闭的学习中心重新开放后，我们利用线下和线上之间的交叉销售机会。由于因为疫情对线下入学的负面影响，第二季度学生总入学人数同比下降了 57%，上半年同比下降了 57%。

Since the end of the first quarter, we have been gradually re-opening learning centers in line with the applicable regulatory guidance. As of today, with the exception of the aforementioned 24 learning centers located in Beijing and Dalian, all our remaining centers have resumed full operation. The operation of learning centers remains subject to continuous social distancing measures and cleaning protocols to ensure enhanced hygiene levels.

自第一季度末以来，我们已按照适用的监管指南逐步重新开放学习中心。截至今天，除上述位于北京和大连的二十四个学习中心外，公司所有其余的学习中心都已恢复正常运转。学习中心的运营仍需遵守持续的社会疏远措施和清洁协议，以确保提高卫生水平。

Turning to our gross billings in the period.

Gross billings declined 57.7% year-on-year in the second quarter to RMB 160.9 million, however, a steady improvement in gross billings was recorded throughout the second quarter compared to the first quarter, as our learning centers gradually reopened in line with the lifting of the COVID-related restrictions. For the first half of the year, gross billings decreased 60.1% year-on-year to RMB 285.4 million, supported by the 51% contribution of the online business during the period.

谈及此期间我们的现金收入。第二季度现金收入同比下降 57.7% 至人民币 1.609 亿元，然而，与第一季度相比，第二季度的现金收入稳步增长，因为随着疫情对学习中心的限制取消，我们的学习中心逐渐重新开放。总体上半年，现金收入同比下降 60.1% 至人民币 2.854 亿元，该期间线上业务贡献了 51%。

As I mentioned earlier, we have taken several steps to reduce our operating costs since the start of the pandemic. Centralization of finance, HR, IT and other administrative functions was achieved through the introduction of shared centers, resulting in enhanced operating efficiency and lower administrative expenses; while our rental expenses were effectively reduced by merging

headquarters and regional offices and rent concessions negotiated for 70 leased properties, representing nearly 40% of the total leases.

正如我之前提到的，自新冠疫情开始以来，我们已采取了一些措施来降低运营成本。通过引入共享中心实现了财务，人力资源，信息技术和其他行政职能的集中管理，从而提高了运营效率并降低了行政费用；同时我们通过合并总部和区域办事处，有效地减少了租金支出，并商定了 70 处租赁物业的租金减让，约占总租赁的 40%。

I will now hand back to Henry to talk you through our financial performance in more detail.

我现在把时间交给 Henry，他将解读论我们的财务业绩。

Financial update

Speaker: Henry

Thank you, Alan.

谢谢 Alan.

In Q2 2020, revenues amounted to RMB 189.3 million, an increase of 4.3% quarter-on-quarter. For the half year, revenues declined from RMB 672.0 million in the first half of 2019, to RMB 370.9 million, primarily as a result of the adverse impact of the COVID-19 pandemic during the period.

第二季度收入为人民币 1.893 亿元，较上一季度增长 4.3%。半年度收入从 2019 年上半年的人民币 6.720 亿元下降至人民币 3.709 亿元，主要是由于此期间新冠疫情的不利影响所致。

In the second quarter, our cost of revenues - which consists primarily of staff costs, property expenses, depreciation and amortization, and other costs which include consulting fees, foreign teacher-related administrative expenses and teaching materials costs - decreased by 27.6% year-on-year to RMB 135.7 million, and by 6.4% quarter-on-quarter. This was predominantly due to the savings achieved in sales and marketing and general and administrative expenses as part of our efforts to reduce operating expenses in the wake of the COVID-19 pandemic and a drive to improve overall operational efficiency.

在第二季度，我们的营业成本-主要包括员工成本，财产支出，折旧和摊销以及其他成本，包括咨询费，与外国教师相关的管理费用和教材费用-与去年同期相比下降了 27.6% 至人民币

1.357 亿元，较上一季度下降 6.4%。这主要是由于在新冠疫情后我们为减少运营支出而做出的努力，以及提高整体运营效率，包括节省销售和营销以及管理费用。

In Q2 2020, gross profit increased by 46.7% versus the previous quarter as trading conditions gradually improved in the second quarter following the lifting of COVID-related restrictions which were in place for most of the first quarter. Year on year, gross profit decreased by 68.4% to RMB 53.6 million and for the half year, gross profit decreased to RMB 90.1 million due to the negative impact of COVID-19.

2020 年第二季度，随着第一季度新冠疫情相关的限制解禁，第二季度交易条件逐渐改善，毛利润比上一季度增长 46.7%。毛利润同比下降 68.4% 至人民币 5,360 万元，而上半年由于新冠疫情的负面影响，毛利润下降至人民币 9,010 万元。

As a result, gross profit margin decreased by 19.2 percentage points in the second quarter to 28.3%, from 47.5% in the same period of 2019; and for the first half of 2020, gross profit margin was down 22.1 percentage points to 24.3%. Again, this was primarily due to the negative impact of COVID-19.

第二季度的毛利率从 2019 年同期的 47.5% 下降了 19.2 个百分点至 28.3%；到 2020 年上半年，毛利率下降 22.1 个百分点至 24.3%。同样，主要是由于新冠疫情的负面影响。

Selling and marketing expenses in the second quarter amounted to RMB 70.9 million, representing a decrease of 38.7% year-on-year, while in the first half of 2020, selling and marketing expenses amounted to RMB 139.5 million, reflecting a decrease from RMB 224.3 million in the first half of 2019. This is primarily a result of lower marketing activity due to the temporary closure of our offline learning centers.

第二季度的销售及营销费用为人民币 7,090 万元，同比下降 38.7%，而 2020 年上半年的销售及营销费用为人民币 1.395 亿元，较 2019 年上半年的人民币 2.243 亿元有所减少。这主要是由于我们的线下学习中心暂时关闭而导致的营销活动减少的结果。

Research and development expenses in Q2 2020 decreased by 29.7% year-on-year to RMB 8.2 million, from RMB 11.6 million in Q2 2019. In the first half of 2020, research and development expenses decreased to RMB 15.2 million, from RMB 17.5 million in the first half of 2019. This is largely due to COVID-19-related restrictions on certain offline research and development activities.

2020年第二季度的研发费用为人民币820万元，较2019年第二季度的人民币1,160万元减少29.7%。2020年上半年，研发费用从2019年上半年人民币1,750万元减少至人民币1,520万元。这主要是由于新冠疫情导致相关的某些线下研究和开发活动受到限制。

General and administrative expenses in Q2 2020 decreased to RMB 65.4 million, from RMB 101.4 million in Q2 2019. In the first half of 2020, general and administrative expenses decreased 28.8% year-on-year to RMB 130.4 million. The decrease in general and administrative expenses was mainly due to the temporary closure of our offline learning centers.

2020年第二季度的管理费用从2019年第二季度的人民币1.014亿元减少至人民币6,540万元。2020年上半年，一般和行政费用为人民币1.304亿元，同比下降28.8%。管理费用的减少主要是由于学习中心的临时关闭所致。

In Q2 2020, net loss was RMB 93.4 million, narrowing from a net loss of RMB 101.7 million in Q1 2020 and compared to a net loss of RMB 59.3 million in Q2 2019. For the first half of the year, net loss was RMB 195.1 million, compared to a net loss of RMB 101.5 million in the first half of 2019. This result reflects the impact of COVID-19 which impacted the business most significantly in the first quarter, before gradually improving towards the end of the second quarter.

2020年第二季度的净亏损为人民币9,340万元，较第一季度的净亏损人民币1.017亿元，亏损有所收窄，而2019年第二季度的净亏损为人民币5,930万元。而上半年的净亏损为人民币1.951亿元。相比之下，2019年上半年的净亏损为人民币1.015亿元。此结果反映了新冠疫情在第一季度对业务产生最大影响，然后在第二季度末逐步改善。

With regards to our capital expenditure in the period.

In the second quarter, capital expenditure amounted to RMB 5.1 million, versus RMB 22.4 million in Q2 2019. For the first half of 2020, capital expenditure stood at RMB 8.7 million, which decreased from RMB 51.5 million in the corresponding period of the previous year. The decline was mainly due to the negative impact of COVID-19 on the Company's operations.

关于我们在此期间的资本支出。第二季度的资本支出为人民币510万元，而2019年第二季度为人民币2,240万元。2020年上半年，资本支出为人民币870万元，低于去年同期的人民币5,150万元。下降的主要原因是新冠疫情对公司运营的负面影响。

And finally, as at June 30, 2020, Meten EdtechX had RMB 163.5 million of cash and cash equivalents, compared to RMB 152.2 million as at March 31, 2020.

最后，截至 2020 年 6 月 30 日，公司拥有现金和现金等价物为人民币 1.635 亿元，而截至 2020 年 3 月 31 日为人民币 1.522 亿元。

I would now like to turn the call over to the CEO of Lishuo, Kevin, who will elaborate further on the performance of the Lishuo platform.

现在，我把时间交给立刻说首席执行官 Kevin，他将详细说明我们立刻说平台的表现情况。

Speaker: Kevin

Thanks, Henry

谢谢 Henry，我现在简单介绍一下 2020 年第二季度立刻说的表现情况。

In the second quarter of 2020, Lishuo gross billings increased by 41% year-on-year to RMB 107.8 million, an increase of 33% versus the first quarter. Meanwhile, for H1 2020, gross billings of Lishuo increased by 40% year-on-year to RMB 188.4 million. This growth in gross billings is largely attributable to an increase in the customer unit price, which increased by 26% year-on-year to RMB 11,600 in the first half of 2020.

2020 年第二季度立刻说现金收入同比增长 41%至人民币 1.078 亿元，较第一季度环比增长 33%。2020 年上半年立刻说现金收入同比增长 40%至人民币 1.884 亿元。疫情期间立刻说现金收入的持续增长主要来源为客单价提升，2020 年上半年客单价同比增长 26%至人民币 1.16 万。

In the first half of 2020, Lishuo's revenue increased by 35% year-on-year to RMB 156.8 million. The net profit in the first half of 2020 was RMB 9.8 million compared to a net loss of RMB -15.43 million in the same period last year. This positive result was achieved as students switched to online ELT courses during the COVID-19 pandemic which saw all learning centers closed for most of the period.

2020 年上半年立刻说收入同比增长 35%至人民币 1.5681 亿，上半年实现净利润人民币 980 万，而去年同期净亏损人民币 1,543 万，这是由于新冠疫情期间所有学习中心都关闭了，学生转为线上 ELT 课程。

It is also worth noting that in July 2020, the gross billings of Japanese products offered on the Likeshuo platform exceeded RMB 900 thousand.

还有值得注意的是在 2020 年 7 月，立刻说平台上的日语产品现金收入超过了人民币 90 万。

其他方面：

1) 2020 年 7 月份立刻说日语产线现金收入突破 90 万。

2) 2020 年 7 月份完成泰州市姜堰区教育局项目交付。

Other aspects:

1) In July 2020, the gross billings of Japanese products offered on the Likeshuo platform exceeded RMB 0.9 million.

2) In July 2020, we completed and delivered the project to the Education Bureau of Jiangyan District in Taizhou City.

I will now turn the call over to our Chairman, Jason, who will provide an update on Meten EdtechX's strategic priorities and outlook.

现在我把时间交给我们的董事会主席 Jason，他将讲解有关战略重点和展望的最新信息

Speaker: Chairman Jason

Thanks Kevin.

谢谢 Kevin

Strategic priorities and outlook

战略重点和展望

Throughout the first half of 2020, we demonstrated resilience in the face of the challenging and unprecedented conditions brought about by COVID-19. While uncertainty around how the pandemic and wider economic outlook will unfold in the coming quarters persists, we remain positive about the second half of 2020. We invested heavily in 2019 to build the Company's platform for future growth, we are encouraged by ongoing positive trends in the education

technology sector and our competitive landscape, and we are pleased to have re-opened our learning centers following the peak of the pandemic.

在 2020 年上半年，面对新冠疫情带来的前所未有的挑战性情形，我们表现出了强大的韧性。尽管未来几个季度疫情和经济前景如何发展仍存在不确定性，但我们对 2020 年下半年仍保持乐观。我们在 2019 年投入巨资建立公司的未来增长平台，教育技术领域的持续积极趋势和竞争格局令我们感到鼓舞，并且在新冠疫情爆发高峰之后，我们很高兴重新开放了学习中心。

Looking to the second half of 2020, we remain committed to our growth strategy which is based on the following key pillars.

展望 2020 年下半年，我们将继续致力于基于一下主要支柱的增长战略。

First, we will maintain sustainable growth of the online business by continuing to invest in systems and product development, offline-to-online cross selling and leveraging the offline network;

首先，我们将继续投资于系统和产品开发，线下到线上交叉销售以及利用线下布局来维持线上业务的可持续增长；

Second, we will further expand our offline network coverage focusing on tier two, three and four cities and expand our K-12 after school tutoring business, including one-to-one ELT and math tutoring through the Company's offline learning centers and marketing resources;

其次，我们将进一步扩大针对二，三，四线城市的线下网络覆盖范围，并扩大我们的 K-12 课后辅导业务，包括通过公司的线下学习中心和营销资源进行一对一的 ELT 和数学辅导；

Third, we will enhance and diversify our education service offering, focusing on the general adult ELT business while also expanding the junior ELT business and online ELT business;

第三，我们将增强和丰富我们的教育服务产品，重点是一般成人 ELT 业务，同时还将扩大青少 ELT 业务和线上 ELT 业务；

Fourth, we will focus on expansion of our K-12 business. The launch and enrolment phase of Meten EdtechX's after-school tutoring program commenced in July 2020, focusing on K-12 junior products for students aged between 6 and 12. In the second quarter, 6 new learning centres commenced operation and enrolment for English co-teaching courses has so far reached 80. We

also started Chinese co-teaching courses in Q2, opening 17 more centres to accommodate this; our Math course will start in the fourth quarter.

In March 2019, we started R&D on the K-12 products "Bi Gao" for middle school students aged between 13 and 18 . The content of the R&D, training, support and operating paths are currently focused on "Teaching material and Teacher Training". Over the past 15 months, we completed version 4 of a major nationwide textbook (People's Education Press, China Foreign Research Press Oxford, Yilin), comprising 46 textbooks, each with a total of more than 10,000 pages of teaching material. We have so far trained almost 100 teachers and generated RMB 10 million of sales and delivery experiments.

第四. 我们将专注于扩大 K-12 方向业务。美联的课外辅导项目始于 2020 年 7 月，主要针对 6-12 岁学生的 K-12 青少产品。在第二季度共有 6 个新的学习中心开始运作，拥有 K12 英语教学课程的报名人数中心已达到 80 个。我们在第二季度也开始了 K12 中文教学课程，并为此开设了 17 个中心；我们的数学课将在第四季度开始。

2019 年 3 月我们开始启动针对 13-18 岁中学生产品—“比高”的研发，按照“教材-教师”的内容研发、培训支持和落地路径，在短短 15 个月内完成了覆盖全国 4 大主流教材版本（人教、外研、牛津、译林），46 本教材共计 10000 逾页的教材体系。到目前为止，我们完成了近百人次的教师培训，并达成了人民币 1,000 万的售卖和交付实验。

Fifth, we will expand our online language courses to include additional languages such as Spanish, Korean and French, as well as continue the Japanese language training provided by Jtalk;

第五，我们将扩展线上语言课程，以包括其他语言，例如西班牙语，韩语和法语，并继续 Jtalk 提供的日语培训；

and finally, we will selectively pursue strategic acquisitions and partnerships by seeking targets with a substantial regional presence and brand recognition, strong content development capabilities, shared values and goals and advanced technological capabilities.

最后，我们将通过寻找具有广泛区域影响力和品牌知名度，强大的内容开发能力，共同的价值观和目标以及先进的技术能力的目标，有选择地寻求战略性收购和合作伙伴关系。

During the COVID-19 pandemic, we have worked hard to reduce our operating costs through various measures, including the centralization of our administrative, finance, HR and IT functions

and the reduction of rental expenses. We will continue to control our operating expenses and enhance operating efficiency for the remainder of 2020.

在新冠病毒流行期间，我们一直在努力通过各种措施来降低运营成本，包括集中我们的管理，财务，人力资源和 IT 职能以及减少租金支出。在 2020 年余下的时间里，我们将继续控制运营支出并提高运营效率。

That concludes our presentation for today. We will now take any questions you may have.

今天的业绩解读到此结束。现在，我们进入问答环节。

Question 1:

Speaker: Kim

我们刚收到来自老虎证券的分析师 Wonder 提出的问题：前面提到二季度公司亏损大幅收窄，其中很大程度得益于有效成本管控。贵司能否详细解读采取的管控措施，以及在未来一年这种成本管控的优势是否是可持续？我们有请 CFO Henry 回答这个问题。

Speaker: Stanley

We have just received a question from Tiger Securities, Analyst Wonder. The question is: as previously mentioned, the Company's net loss in the second quarter narrowed significantly, was largely due to effective cost control. Would you please elaborate the details of cost control you have taken and advise whether the advantage of this cost control is sustainable in the coming year? Let's invite the CFO Henry to answer this question.

Speaker: CFO Henry

答案：在成本管控这块内容，我们做了非常多的工作，预计每个月可以降低3000万元的成本。成本管控操作包括四个方面，第一建立共享学习中心，通过共享中心，实现财务、人事以及其他职能部门的中心化，进而提高运营效率、降低管理成本；第二优化租金成本，疫情期间通过合并办公区、租金谈判等方式，极大地降低了租金成本；第三提高课程购买率，通过这种方式，教学成本降低了10%；第四，优化非核心功能，降低其他成本。这些优化的成本当中极大一部分是固定成本，约2000万左右，未来也不会随着业绩的增长而再次提高。因此未来的一年内，美联的盈利增长依然会受益于这些成本管控的措施。

Speaker: Kim

Answer: We have done lots of work in cost controlling, and we expect to reduce the cost by RMB 30 million every month. The cost control procedures cover four aspects. Firstly, establishing shared learning centers for the centralization of finance, HR and other administration, which can further boost operating efficiency and lower administrative expenses. Secondly, reduced the rental

expenses greatly by merging offices and negotiating rent during the period of COVID-19 pandemic. Thirdly, we increased the purchase rate of courses and the teaching costs were reduced by 10% in this way. Fourthly, optimized non-core functions and reduced other costs. A large part of these optimized costs are fixed costs which around RMB 20 million, and these costs will not increase with the growth of the Company's performance in the future. Therefore, Meten EdtechX's profit growth will still benefit from these cost control procedures.

Question 2:

Speaker: Stanley

We have also received a question from Macquarie Securities, Analyst Jason. The question is : in the strategic part, you mentioned that the Company will focus on expanding other language courses in the future. Would you please explain why you want to develop other languages and what's the value to the Company? Our CEO Alan will answer this.

Speaker: Kim

另外我们收到来自麦格理证券分析师 Jason 的问题：在前面提到的战略部分，贵司提到未来会着力发展小语种业务。请问贵司为何要发展其他语种对公司的价值在哪里？有请 CEO Alan 回答这个问题。

Speaker: CEO Alan

Answer: We started with English language training and have covered all age groups and all channels in the field of English language training. In order to expand our advantages, we expect to enter the field of other languages training horizontally. JTalk did a great job. There are many long-term contract customers and we remain optimistic about the future growth. In the future, we plan to have German, Korean, Russian, Spanish and French courses and hire native speaking teachers globally. For the curriculum, users can choose their own teachers, courseware, and class time. This kind of flexible class mode is not common in the industry.

Speaker: Kim

本集团以英语培训教育起家，在英语培训领域已经做到全年龄段、全渠道的覆盖。为了扩大优势，将横向进入其他语种的培训教育。JTalk 就是一次很好的试水，现在已经有不少长期签约客户，未来的增长乐观。未来我们还计划加入德语、韩语、俄语、西班牙语和法语，并且会聘请全球具有母语师资的教师授课。在课程安排方面，用户可以自选老师、自选课件、自选上课时间。这种自由度这么高的上课模式，可能说是业内少有的。

Speaker: Alan

As for why we develop other foreign languages training courses, we found that no education giant companies have entered other foreign language training market although the demand exists. Take

Japanese training as an example. Young people like to watch Japanese anime, so naturally they are willing to learn Japanese. We don't think there is a good online product to address Japanese training market, so we launched JTalk to help students learn Japanese. In addition, the Ministry of Education has approved the college entrance examination in other languages in recent years, including Russian, Japanese, Spanish, etc., and it gradually becomes a strong demand market. We will launch these other language courses. In addition to C-end customers, we plan to quickly access more than 2,000 public schools on the B-end through self-operated and mergers and acquisitions to implement our growth strategies of college entrance examination and K12. The future development in other languages will become an important production line and make contribution to the Company's profit.

Speaker Kim

至于为什么布局的小语种，我们发现，小语种并没有一个巨头进入到这个市场，但是这个需求是真实存在的。拿日语来说，现在年轻一代喜欢看日本动漫，自然就想学习日语。但是这一块，我们认为还没有一个很好的线上产品，所以做了 JTalk，帮助学员更好地学习日语。另外，目前教育部近年来已经认可小语种高考的，包括俄语、日语、西班牙语等，逐渐成为刚需市场，我们会陆续上线这些小语种课程，除了 C 端客户，我们计划通过自营+并购的方式里快速切入 B 端2000多家公立学校，实现高考赛道快速布局 K12。未来在小语种的布局，会成为公司盈利贡献的一个重要产线。