

@ mail.ru group

Uchi Group

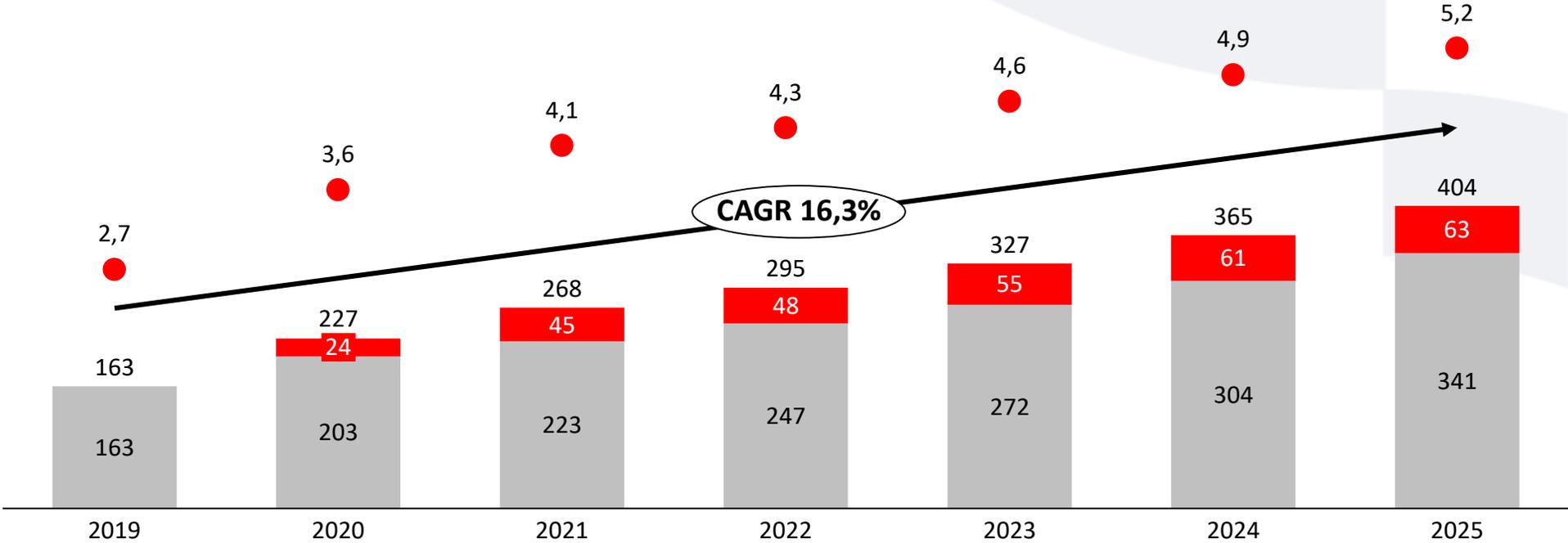
Leading Russian K-12 EdTech player

COVID provided a major boost to the global EdTech market



- Global EdTech market CAGR for 2019-25 accelerated from 13% to 16% on the back of the pandemic
- Global market is expected to exceed \$400bn by 2025 with significant further room for expansion given the current ~\$6tn size of the global education market

● EdTech share on education market, % ■ EdTech market size before COVID, \$bn ■ EdTech market acceleration due to COVID, \$bn

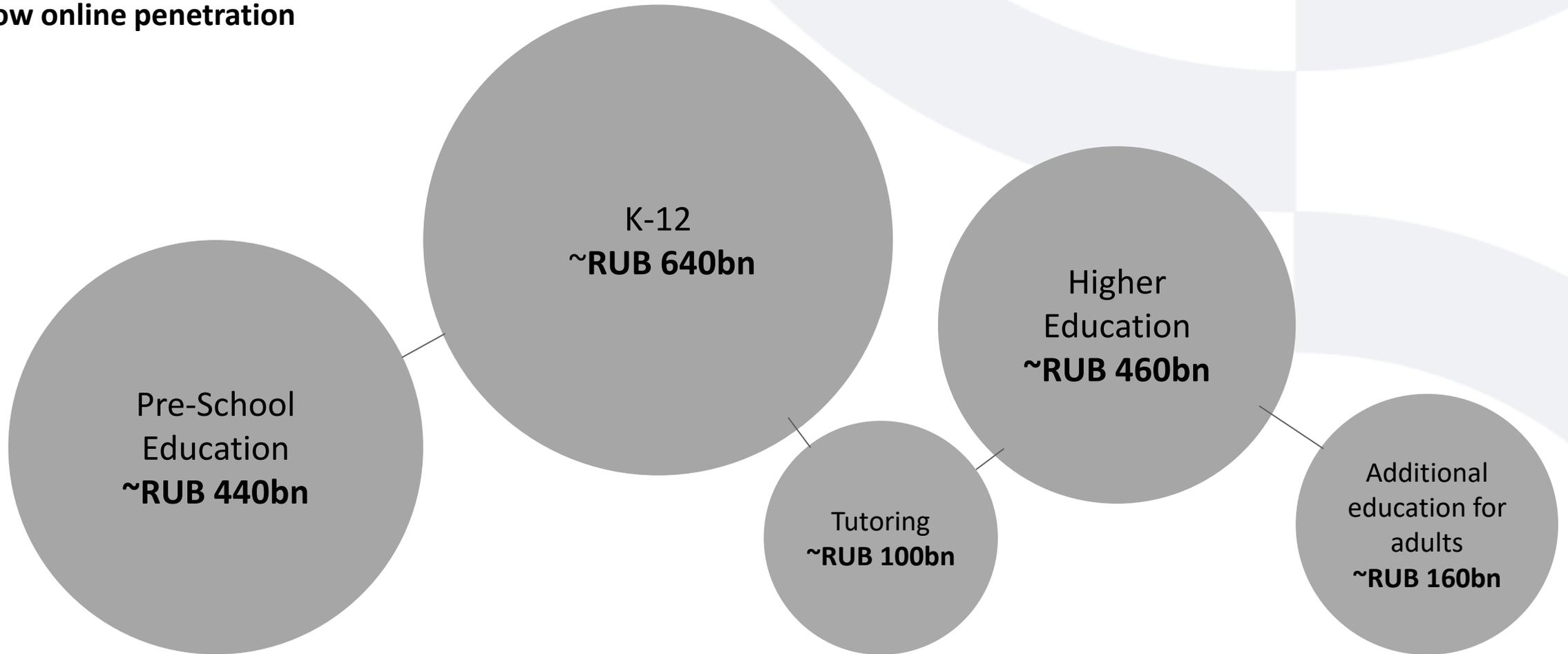


Sources: HolonIQ, Citibank research

Russia – RUB 1.8tn education market



Russia offers one of the most attractive EdTech markets globally, given the **size of the population & extremely low online penetration**

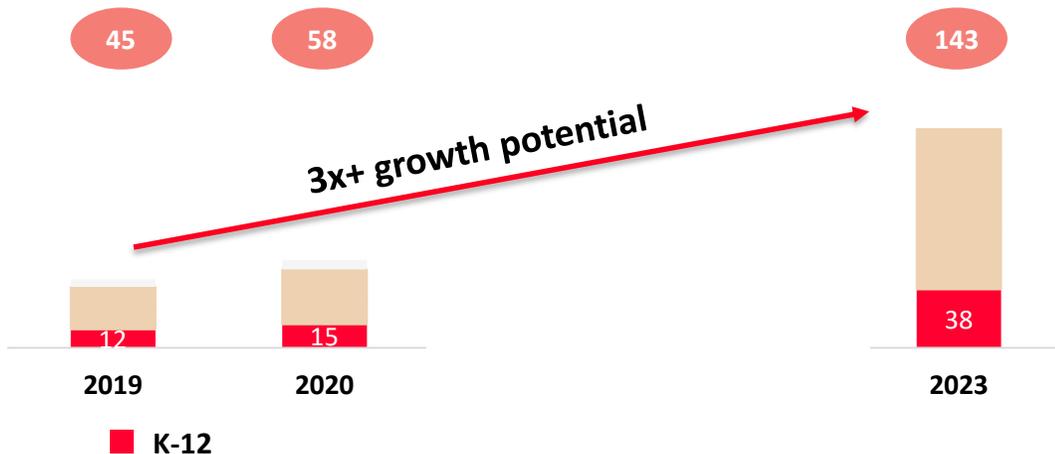


Russian online education market is expected to grow ~3x by 2023



- We see major transition to online amid the COVID pandemic as not an impulsive move, but a **structural long-term trend** given the continued major growth of our assets post normalization following initial lockdowns
- **Online education market could exceed RUB140bn in 2023 vs < RUB50bn in 2019**, which means ~3x growth
- **K-12 online segment could grow by 3x+ and approach RUB40bn by 2023 vs RUB12bn in 2019**

Russian online education market and K-12 share, RUBbn



Key market drivers in the coming years:

1

Online education penetration growth, unlocked by covid, with penetration <1% for the Russian market currently

2

ARPU growth, stimulated by the expected macro recovery as well as new online formats

3

Ongoing digitalization across businesses and the introduction of **new online products and services, including around education**

4

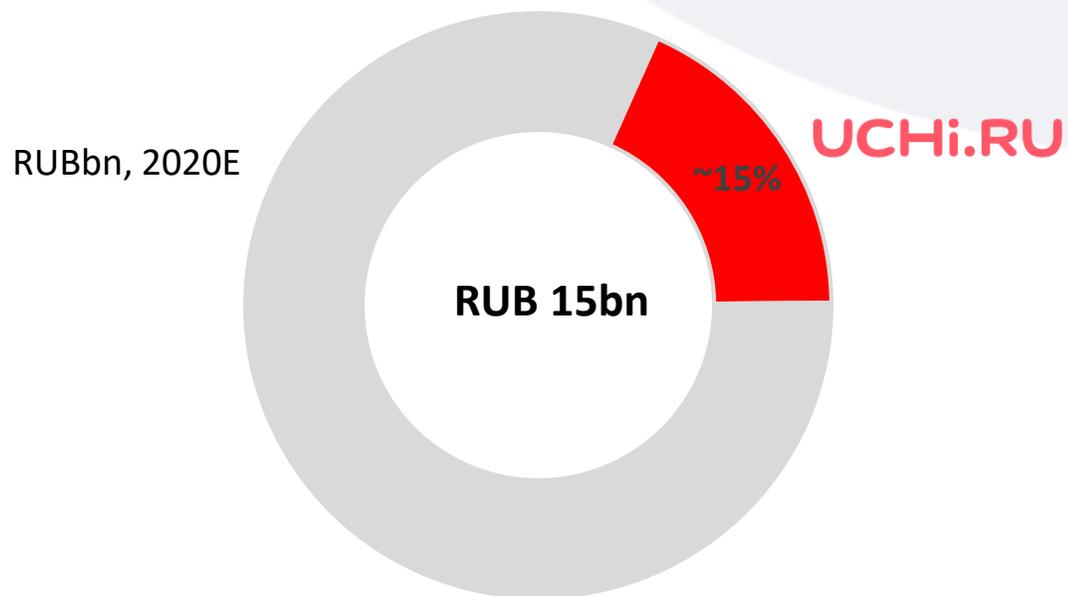
Shift towards online across higher education where penetration is currently even lower than across schools and vocational education

Uchi Group – K-12 focused online players



Uchi Group's core product (Uchi.ru) is focused on the K-12 segment, which accounts for **~25% of domestic online education market**

K-12: School learning and exam preparation



Uchi Group's product offer



UCHI.RU

Subscription-based B2C platform for K-12 students in **self-learning** format, covering **all major school disciplines**, including Mathematics, Russian language and exam preparations with monthly **average check of ~RUB 1,650**
(Main product)

УЧИ.ДОМА

1-on-1 online tutoring, currently offered for English language and 1-4 grades only. Sold in packages of 5-64 lessons priced within **RUB 720 to 1190 per lesson**



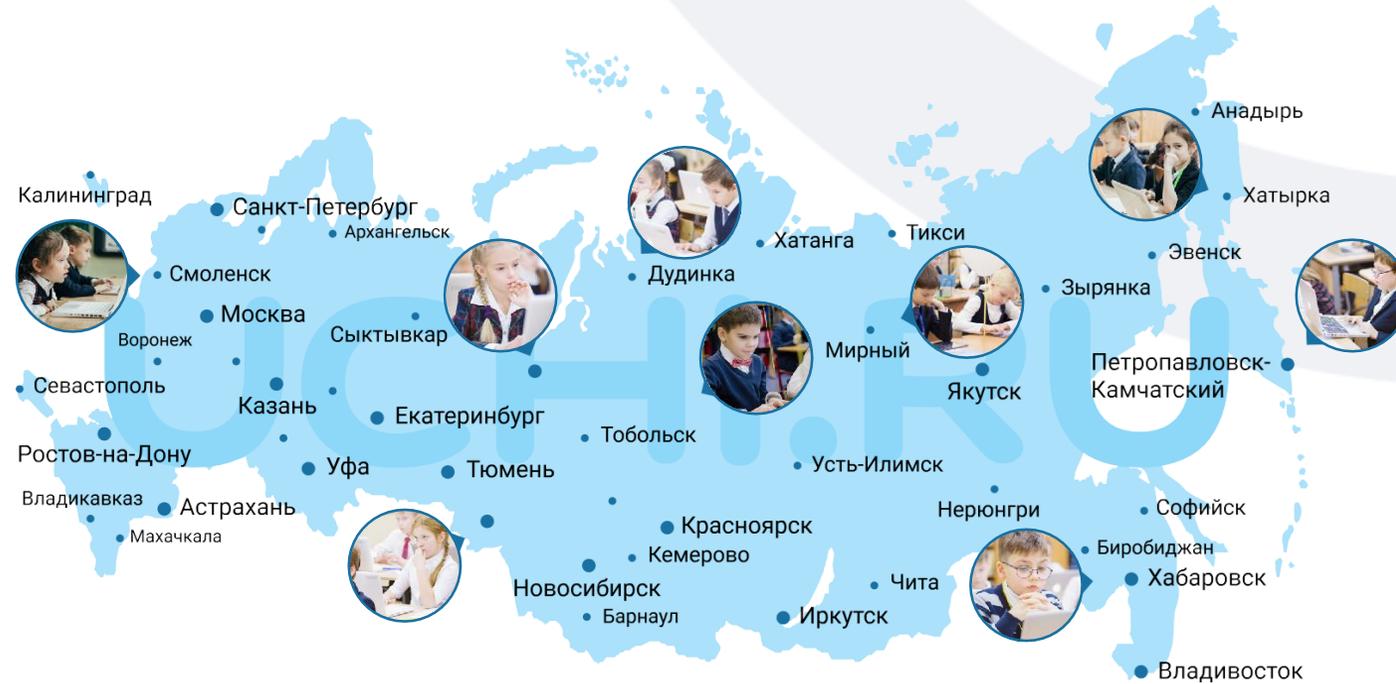
HappyNumbers.com

Product is similar to Uchi.ru, but tailored for the US educational system. Currently offered on a **subscription-based B2B basis** for public schools in the **USA** with **\$1,490 price per license** for school

DRAGONLEARN.ORG

Subscription-based B2C offering for emerging markets, similar to Uchi.ru. As of now, offered in India, China, Brazil, South Africa

Uchi Group: key numbers



#2

EdTech project globally*

> 8mn

Russian students on the platforms

>350,000

Russian teachers on the platform

37mn

Monthly visits

4mn

Parents on the platform

85

Regions of Russia covered

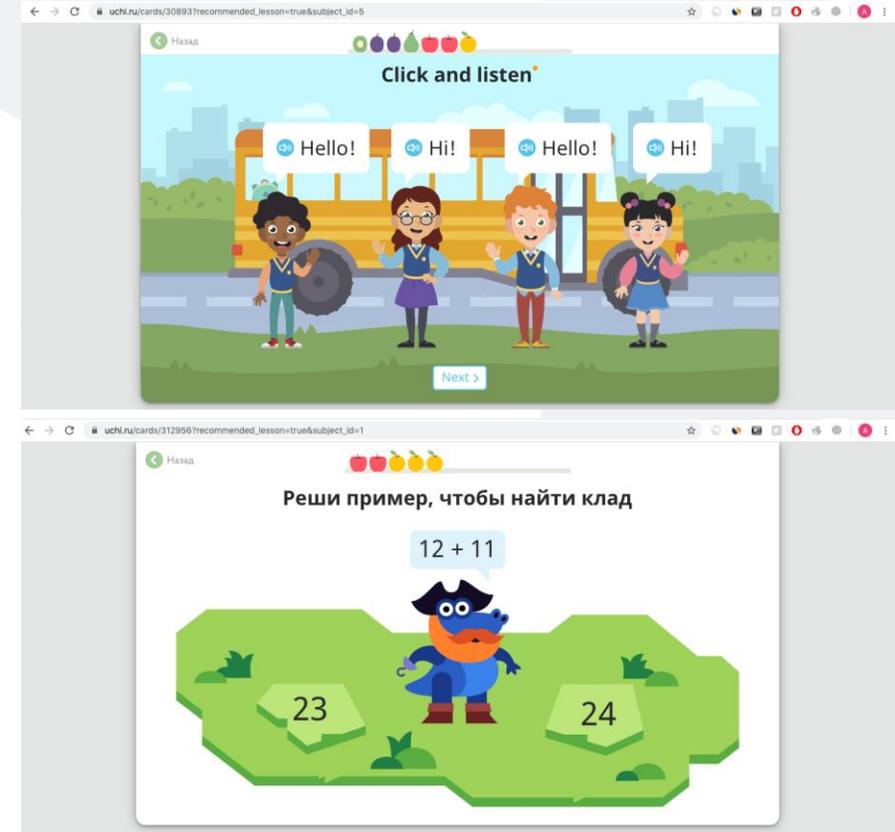
Uchi.ru – leader in Russian K-12 online self-learning



- Uchi.ru is the main product of Uchi Group, accounting for **~90% of revenues**
- Uchi.ru is the leading **subscription based online education platform** across the K-12 education market segment of Russia, where school students study subjects in an **interactive form**
- The platform
 - Offers **subscriptions across multiples disciplines**, including Mathematics, Russian and English languages, biology physics, chemistry and other disciplines
 - Offers classes in a **self-learning** form of **adaptive exercises** for kids across **1-11 grades, with personalized learning trajectory**, determined by internal algorithms based on success rate, speed and other criteria
 - Platforms provides **50 000+ gamified exercises** prepared by **professional methodologists**
- Uchi.ru became **top-2 education web-site globally** (according to SimilarWeb) based on traffic numbers in **April**
- New paying students reached 419k during the COVID peak in April, with a still elevated **181k number of new paying students recorded in October**
- Product is expected to deliver **>RUB2.5bn in sales in 2020, with ~3x growth YoY**

Interactive exercises

Access to interactive exercises for different school subjects



Uchi.ru – self learning platform overview

Products that can be used at school or at home:

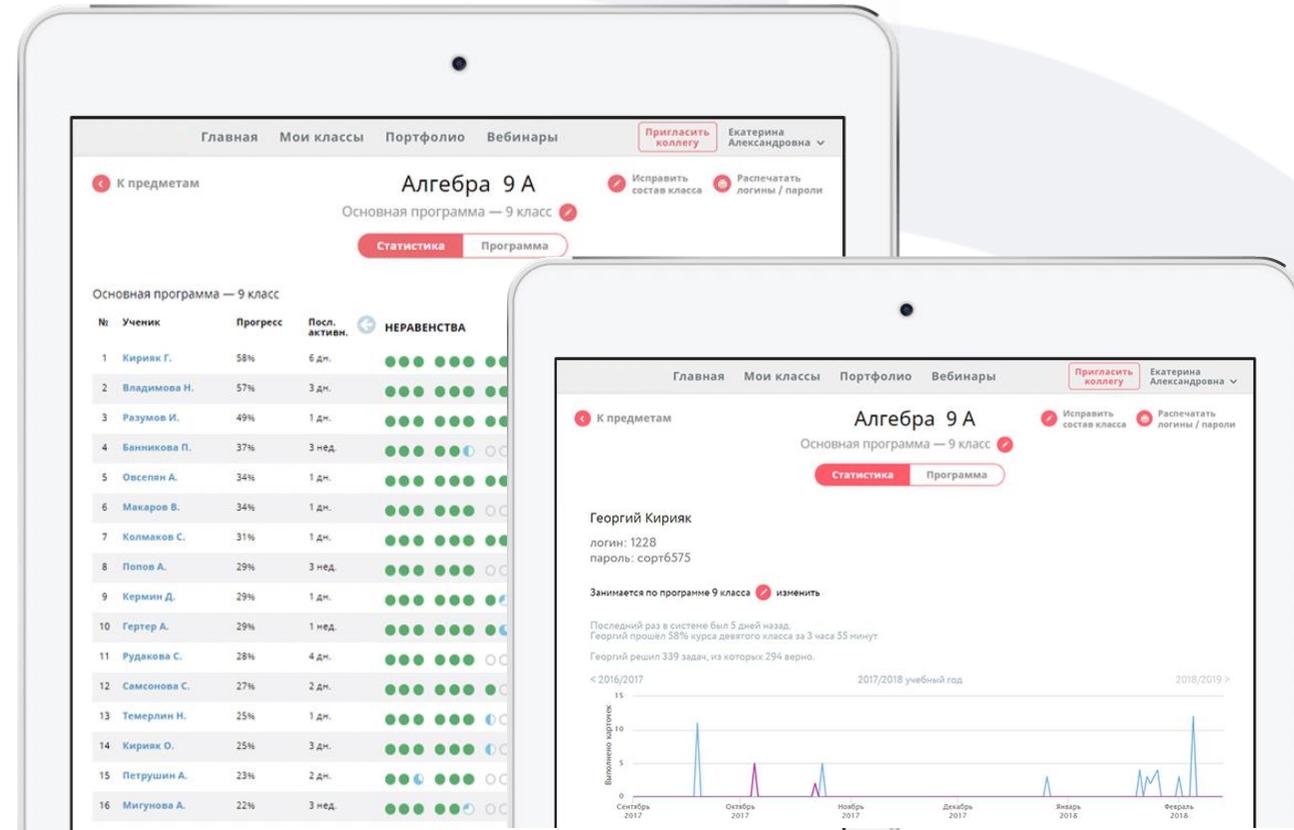
- At schools teachers can use Uchi.ru platform and **demonstrate its content to students during study hours**
- At home students can use Uchi.ru product to study at any time using own **dashboard**
- Teacher is able to **track students' progress** via own personal account on platform



Source: Internal data

Value-added tools for teachers

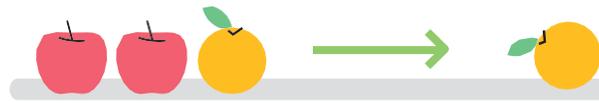
- **Statistics for performance monitoring** of individuals and class overall
 - Tracking of **problematic topics** for the entire class or each individual student
 - Tools, which allow to **build the learning process**. Teacher can send **extra exercises** based on the suggested areas of underperformance, personalized for each student
 - Tool that help provide **individual homework and check auto-graded results**
- Uchi also develops education programs for teachers and conducts free seminars**



Uchi.ru – focus on personalization and feedback



- Uchi.ru makes educational process **highly personalized**, providing children with **constant feedback** as well as the number of exercises necessary for each particular student to learn the lesson through practical exercises vs memorization of outcomes
- Learning process is also **competitive and interactive**, with rankings within a class across disciplines
- Students can form own **virtual class rooms**, which they can **decorate** with unique items, granted for active participation in problem solving



Сколько колёс у велосипедов?

$2 + 2 + 2 + 2 = 9$

Solved with an error

Сколько колёс у велосипедов?

$2 + 2 + 2 + 2 = 8$

Solved correctly

Wonderful!

Ученик

#	УЧЕНИК	БАЛЛЫ
1	Шубина С.	2 980
2	Собкало С.	2 960
3	Смирнова А.	2 920
4	Якинцева Д.	2 860
5	Ткачёва А.	2 800
6	Ушаков М.	2 710
7	Завьялов А.	2 530
8	Федосова П.	1 930

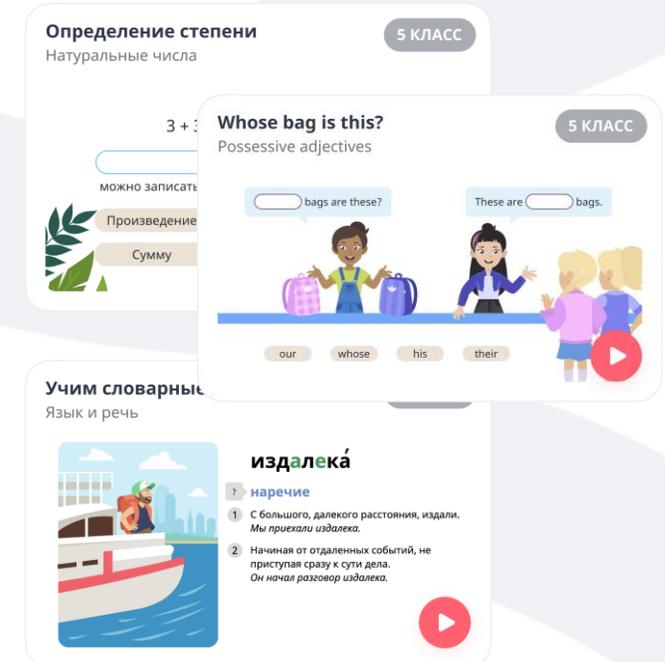
Uchi.ru – growing number of offered subjects

1–4 grades

-  Mathematics
-  Goal setting
-  Russian language
-  Programming
-  English language
-  Natural science

5–11 grades

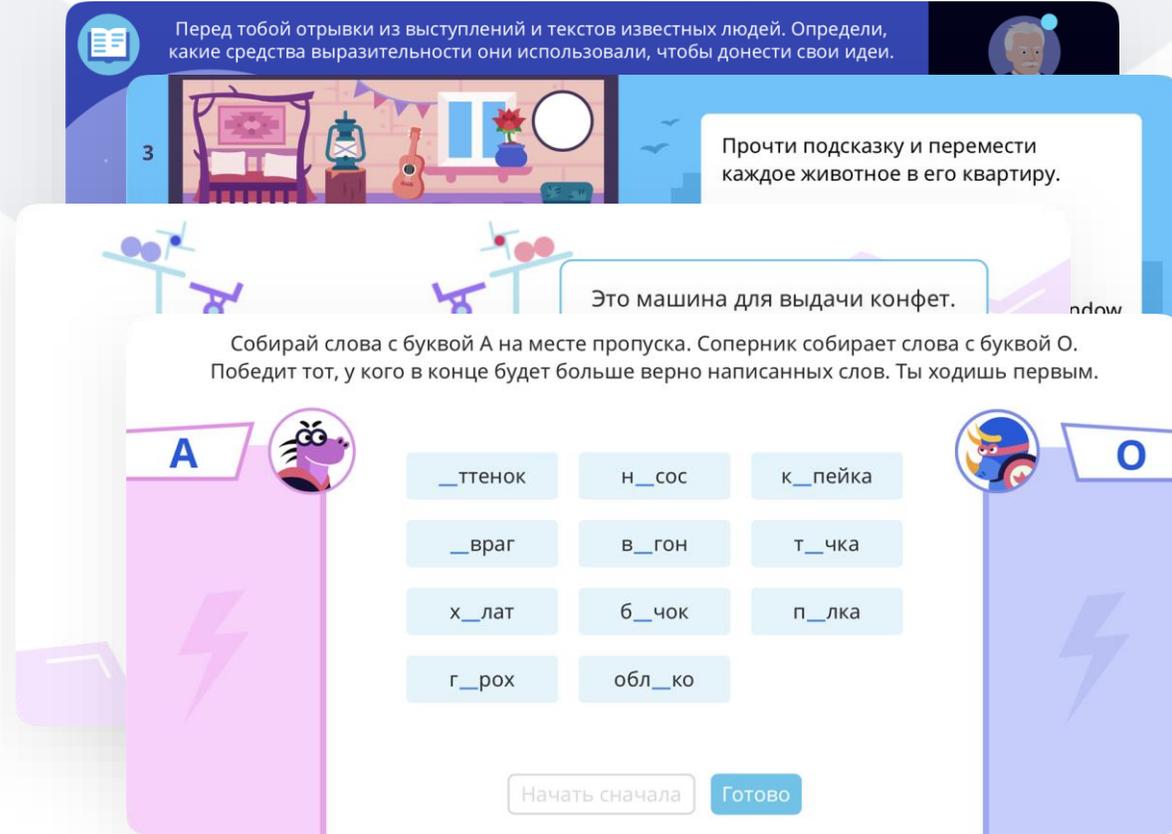
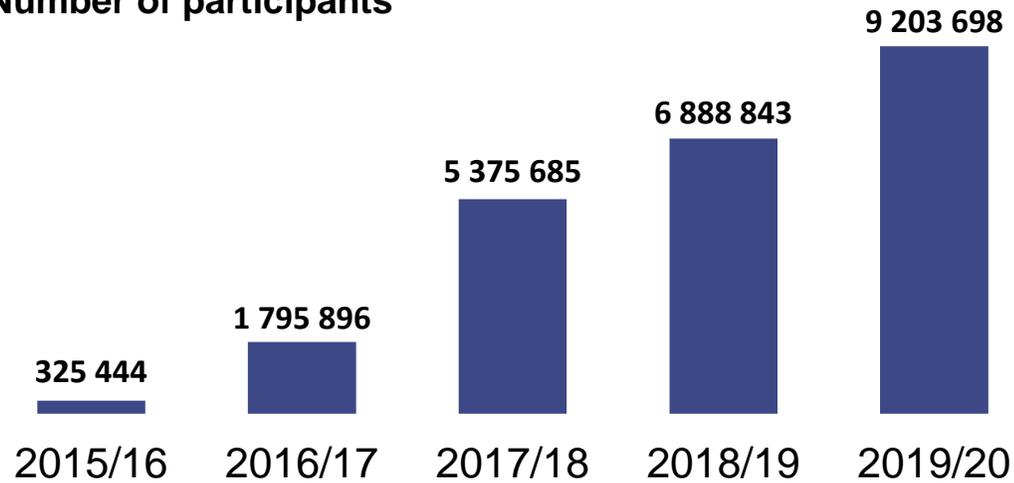
-  Mathematics
-  Russian language
-  English language
-  Exam preparation



- There is significant **room to further broaden coverage in terms of classes**, especially within the 5-11 grade segment
- Some of the courses in development include **Reading, Advanced Mathematics, RPG Mathematics** etc

Uchi.ru holds major local online academic Olympics

Number of participants



Mathematics, 1–4 grade	Russian language, 1–4 grade	English language, 1–4 grade	Natural science, 1–4 grad	Programming, 1–4 grade	Mathematics, 5–11 grade	Russian language, 5–11 grade	English language, 5–11 grade
1 900 000	1 300 000	790 000	680 000	430 000	520 000	280 000	246 000

Uchi.ru – monetization approach

- Usage of Uchi.ru is based on **freemium model**, where students are provided with unlimited free usage of the platform for free during school hours as well as allowance of 20 additional tasks solvable for free daily after 4pm Moscow time
- **Subscription offers all-inclusive usage** of specific classes or platform as a whole
- Subscriptions have **varying duration**
- On avg, active platform users solve 650 tasks/year

Месяц Полгода Год **Скидка**

До 19 ноября 2021 года

Пакет **ВСЁ ВКЛЮЧЕНО**
357 ~~1525~~₽ / месяц **-77%**
при оплате за год

- Все предметы
- Все развивающие игры
- Курс по программированию
- Курс по планированию
- Тайная лаборатория
- Доступ к прошедшим олимпиадам

Купить

За ~~18300~~₽ 4290₽

Можно в рассрочку

<input checked="" type="checkbox"/>	Математика	115₽ / месяц	-54%
<input type="checkbox"/>	Программирование	125₽ / месяц	-50%
<input type="checkbox"/>	АБВ Русский язык	62₽ / месяц	-70%
<input type="checkbox"/>	Hi Английский язык	62₽ / месяц	-70%
<input type="checkbox"/>	Окружающий мир	62₽ / месяц	-70%
<input type="checkbox"/>	Планирование	125₽ / месяц	-50%

Купить выбранные

За ~~3000~~₽ 1380₽

! Осталось бесплатных заданий: 14 из 20

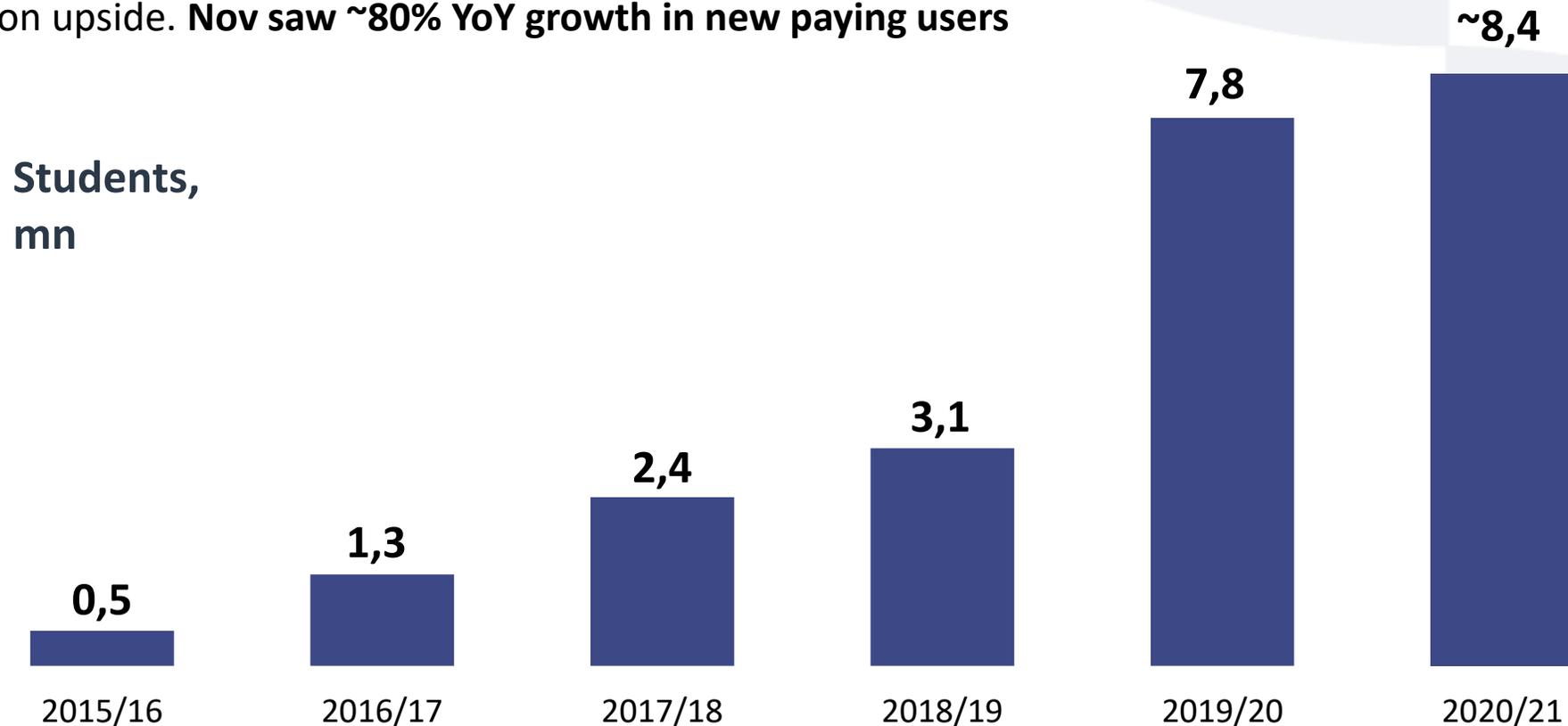
Снять ограничение

Uchi.ru – major growth in active students on the platform

UCHI.RU



- The majority of Uchi.ru’s registrations are within the 1-4 grade segment (5.4mn)
- There is room for further expansion, especially within the 5-11 grade category, where **penetration is <35%** and hence the ongoing product development focus in the area
- As of the end of 9M, the number of **new registrations and paying users grew by 70% and 66% YTD** respectively
- Paying user number remains multiple times below the new registration number, which suggests significant monetization upside. **Nov saw ~80% YoY growth in new paying users**



Major ongoing progress around content & product

Academic Year	Key Product Milestones
15/16	<ul style="list-style-type: none">• Content: Math 1-4 Grades, Online Olympiads
16/17	<ul style="list-style-type: none">• Content: New courses development for 1-4, test Math cards for 5 grade• Product: Introduction of discounts and sales mechanics
17/18	<ul style="list-style-type: none">• Content: New courses for 1-4 (Russian, English, Science) and Math for 5th grade• Product: Weekend discounts, new product team for user flow optimization
18/19	<ul style="list-style-type: none">• Content: Programming for 1-4, Math 5-11• Product: “Start lesson” teacher function; Marathon mechanic; Monetization team: Long weekend discounts, All inclusive tariff, Payment pages redesign
19/20	<ul style="list-style-type: none">• Content: New course on Planning skills for 1-4• Product: Homework, New gamification mechanics (student room), “Active teacher” motivation program
20/21 (forecast)	<ul style="list-style-type: none">• Content: Reading, Advanced Math, Python programming, Tests on multiple subjects for 5-11• Product: Chat development, ready-for-use lessons library for teachers, monetization model optimization

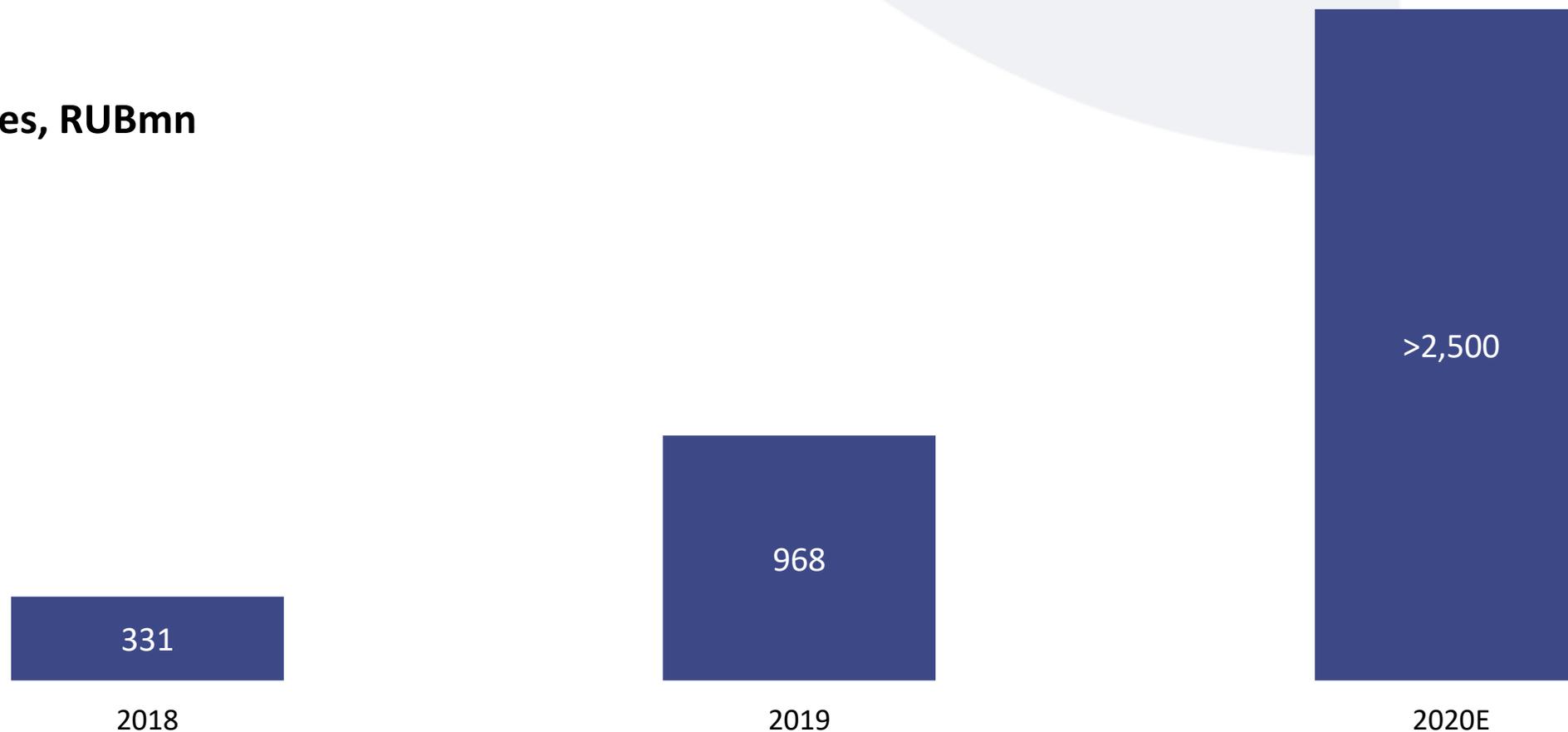
Uchi.ru – major ongoing growth

UCHI.RU



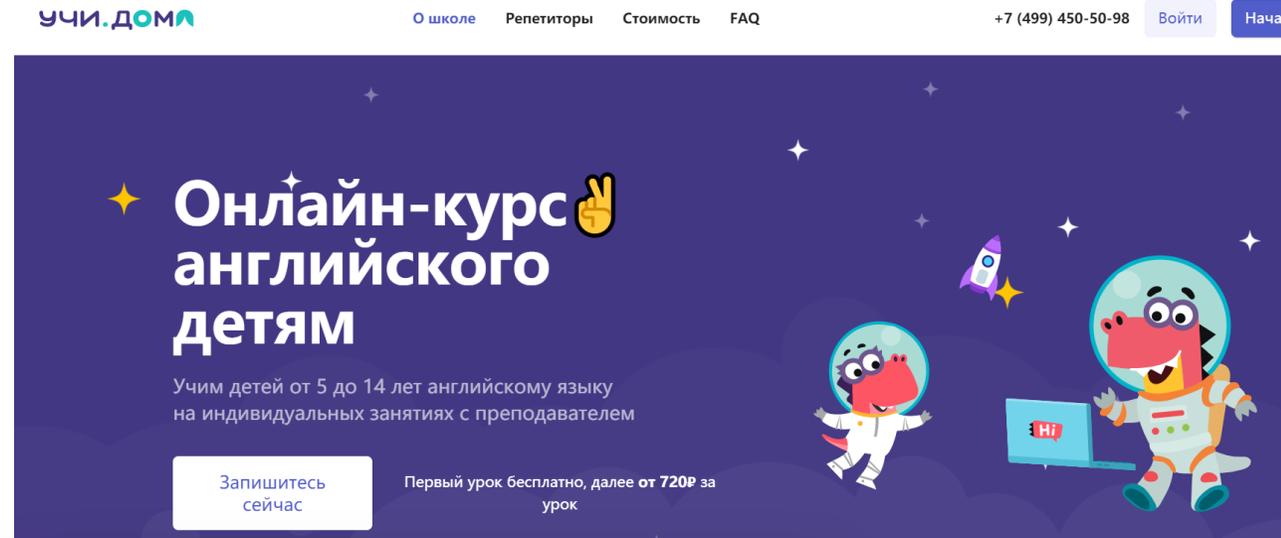
- Sales from the main product of Uchi Group are expected to **expand by ~5x vs 2018** by the end of the year with **potential for at least 30% sales CAGR** for the coming 3 years

Sales, RUBmn



Uchi.Doma – online 1-on-1 live streaming product

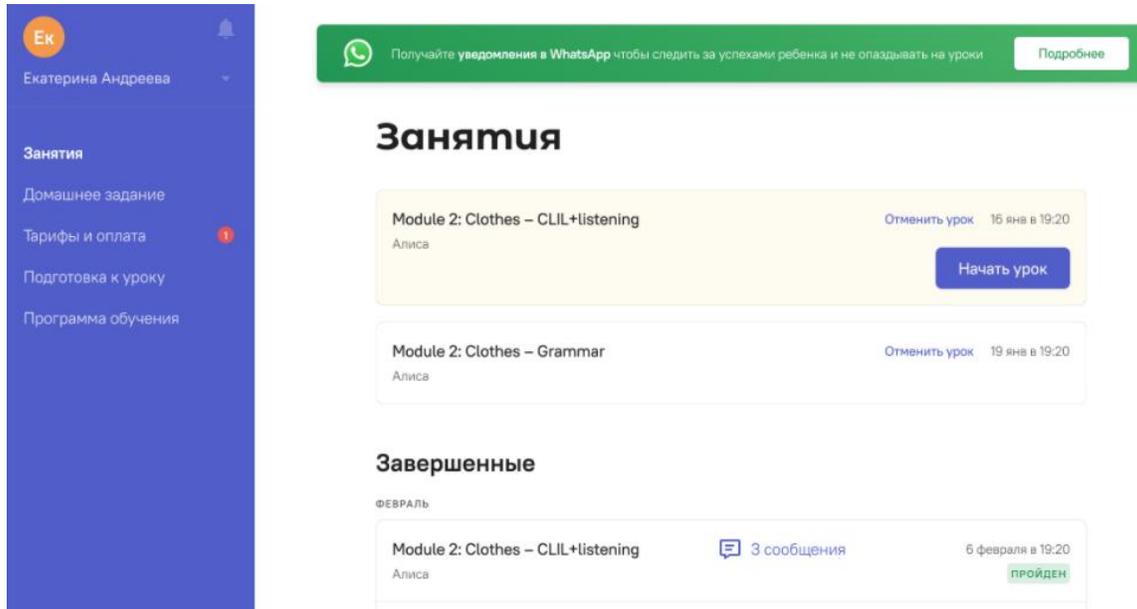
- Uchi.Doma is a new promising product **launched in 2018: 1-on-1 tutoring for 1-4 grades**, with current focus on **English language**, but with potential expansion to other subjects and broader K-12 grade segments (5-11 grades)
- Process:
 - trial →
 - → 1on1 live streaming class →
 - → self-studying auto-graded homework
- Platform is using a standalone web-based cabinet, different from the Uchi.ru platform
- **Number of students is +319% YoY, with a +568% rise for paying active students and revenues growing 8x YoY**, albeit from a low base





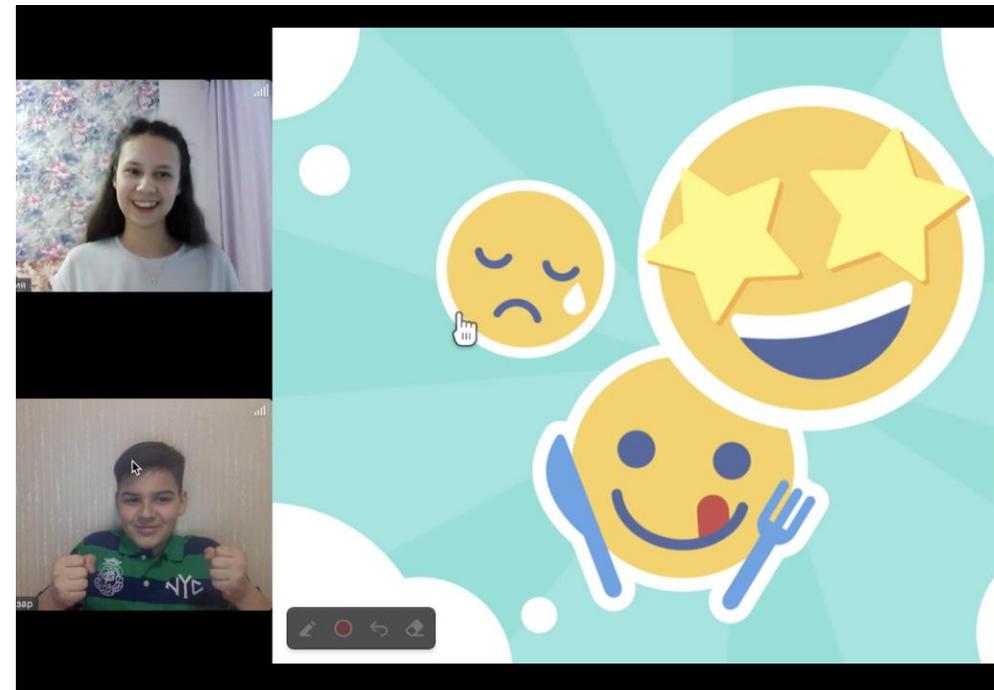
Cabinet

Allows to check previous and upcoming classes



1-on-1 class

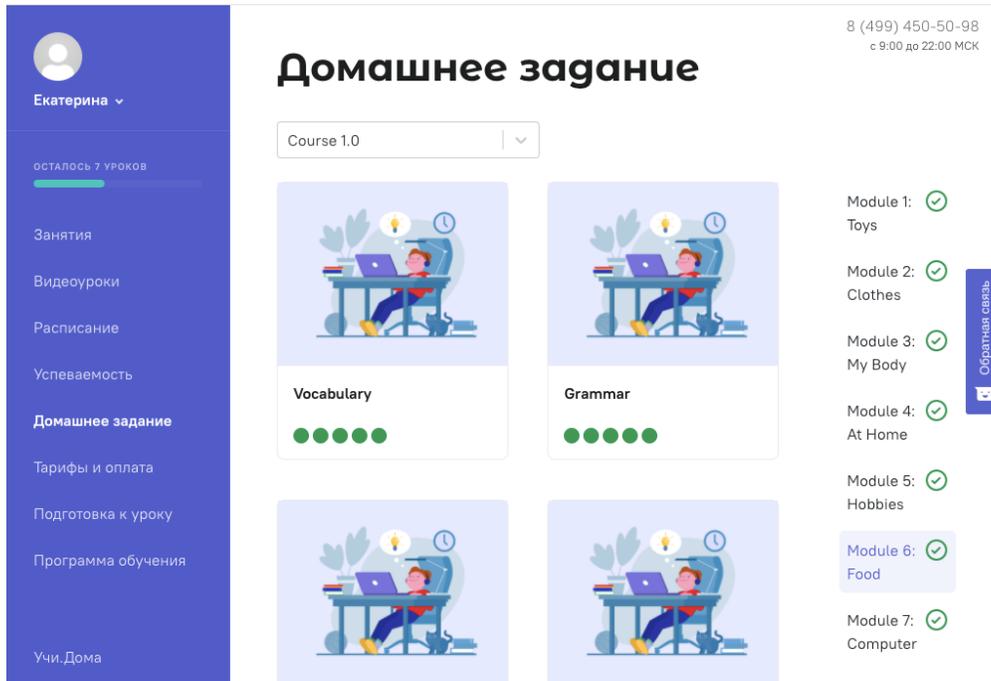
Conducted with presentation that can be drawn on



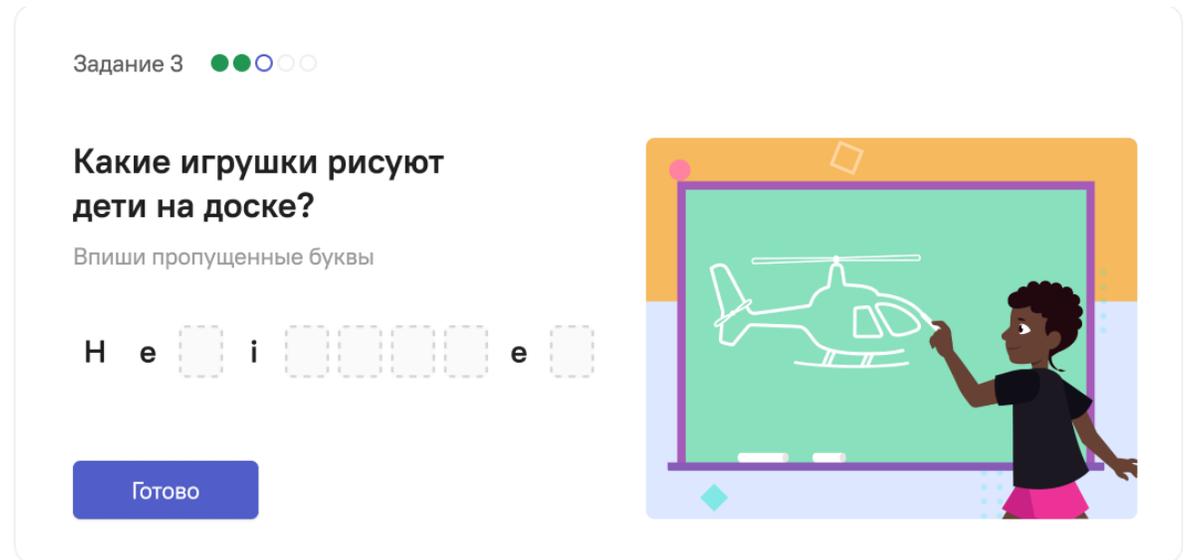
Homework completion process

Can check and complete homework

Exercises are automatically graded



The screenshot shows the 'Домашнее задание' (Homework) section of the Uchi.Doma platform. On the left is a dark blue sidebar with a user profile 'Екатерина' and a list of navigation items: 'Занятия', 'Видеоуроки', 'Расписание', 'Успеваемость', 'Домашнее задание' (highlighted), 'Тарифы и оплата', 'Подготовка к уроку', 'Программа обучения', and 'Учи.Домаш'. The main content area features a header with the course name 'Course 1.0' and a phone number '8 (499) 450-50-98'. Below this are four homework cards, each with an illustration of a student at a desk and a progress indicator of five green dots. The first two cards are labeled 'Vocabulary' and 'Grammar'. To the right of these cards is a vertical list of modules from 1 to 7, each with a green checkmark. A blue button labeled 'Обратная связь' is positioned between the cards and the module list.

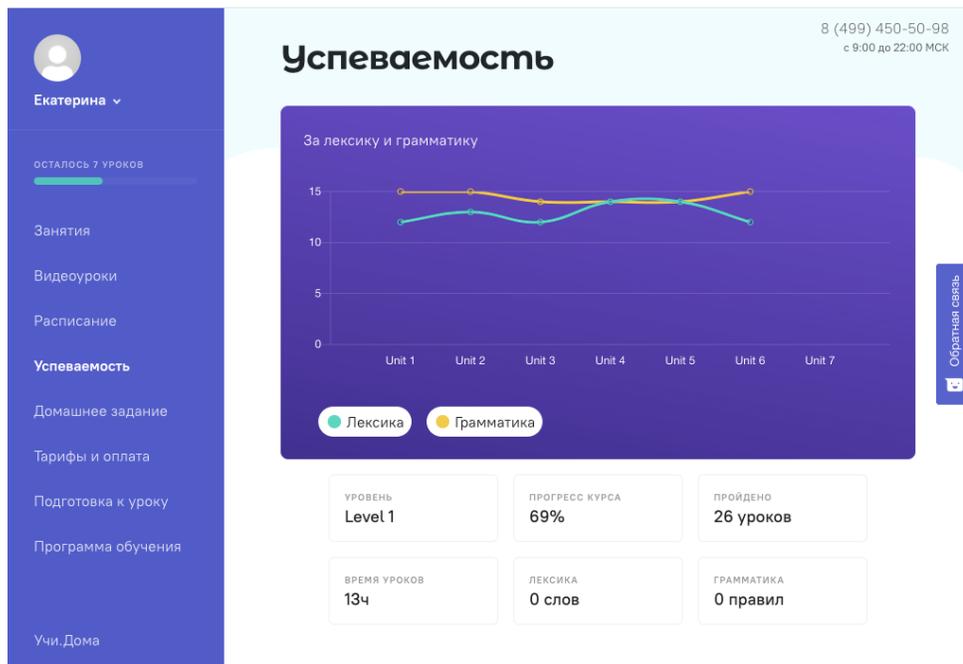


The screenshot shows an exercise interface for 'Задание 3' (Task 3). The task title is 'Какие игрушки рисуют дети на доске?' (What toys do children draw on the board?). Below the title is the instruction 'Впиши пропущенные буквы' (Write the missing letters). The letters 'Н е' are followed by a dashed box, 'i' is followed by a dashed box, and 'е' is followed by a dashed box. A blue button labeled 'Готово' (Ready) is at the bottom left. On the right side of the interface is an illustration of a child drawing a helicopter on a green chalkboard.

Uchi.Doma — platform overview (cont)

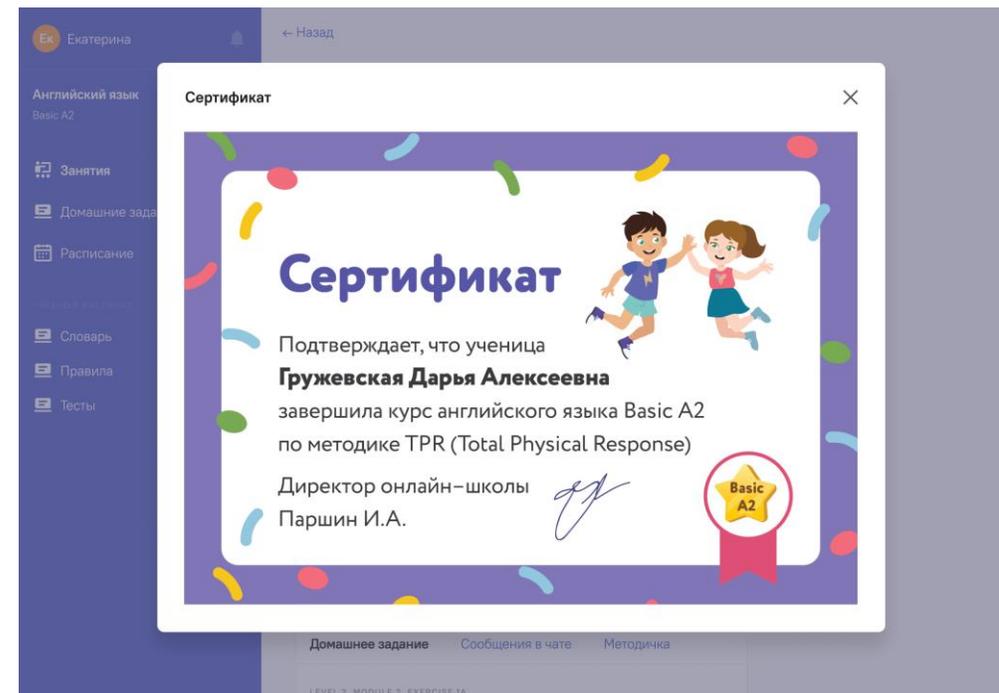
Performance

Track kids' performance



Certificate

Kids receive a certificates at the end of the certain course module



Happy Numbers – platform overview



- Happy Numbers is an experimental international project of Uchi Group, with target sales of **~\$2mn for 2020**
- The product is similar to **Uchi.ru in Mathematics self-learning** in Russia, adapted for the US public schools
- The co sells licenses directly to schools or to districts, which then provide access to a number of schools within the district
- Happy Numbers has been testing various business models, with licenses currently sold for **\$1,490 per school with limitless access for students**
- The company approaches teachers as a point of entry into schools, tracking teachers involvement during the free trial period
- In April 2020 Happy Numbers provided schools with a free use of its product as support during the peak of the COVID-19 pandemic
- **DAU of the platform is growing 3x YoY**

Match the pattern with cubes and tap OK

How many on this side?

How many boxes?

How many apples?

$$\begin{array}{r} 177 \\ + 283 \\ \hline 460 \end{array}$$

Basic deal terms



- MRG is to acquire a 25% stake for a RUB 3.75bn cash consideration, along with a net cash adjustment payment to be finalized upon deal closure
- There are **options** in place, providing Mail.ru Group with a **path to a controlling stake in the platform in 2022-23**
- The initial **call option to increase the stake to 49.5% can be exercised by Mail.ru Group in late 2021**
- The exercise prices under the options will be based on certain of Uchi Group's key financial performance indicators

Selected publicly traded companies



Chegg is the most relevant public comparable for Uchi Group:

- Both companies offer educational content subscription product for students (including school and early college grades)
- Chegg offers similar financial profile in terms of growth and margin level combination

	EV/Revenue			EV/EBITDA			EBITDA margin			Revenue growth**		
	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022
EdTech ¹												
Chegg	15,6x	12,7x	10,8x	48,3x	37,5x	30,6	32%	34%	35%	53%	24%	21%
Bright Horizons	6,7x	5,0x	4,0x	54,2x	30,0x	20,5	12%	17%	20%	-28%	31%	18%
Grand Canyon	4,6x	4,1x	3,3x	12,6x	11,0x	8,7	36%	37%	38%	8%	10%	8%
2U	2,9x	2,5x	2,2x	--	--	39,0	1%	4%	6%	34%	19%	14%
Pluralsight	5,6x	4,8x	5,8x	--	--	--	-2%	-2%	-1%	23%	15%	18%
Cornerstone	5,5x	4,8x	4,5x	15,1x	13,9x	12,7	36%	34%	34%	26%	14%	8%
Cogna Educacao	2,4x	2,4x	2,1x	12,0x	9,2x	6,9x	20%	26%	30%	-38%	0%	6%
New Oriental*	5,9x	4,2x	3,2x	36,8x	22,3x	15,3x	16%	19%	21%	16%	32%	26%
TAL Education*	9,6x	6,5x	4,7x	--	53,1x	29,0x	5%	12%	16%	29%	44%	38%
Afya	8,5x	6,8x	5,3x	19,0x	15,1x	11,3x	44%	45%	45%	16%	34%	22%
Koolearn*	14,2x	8,8x	5,9x	--	--	--	-51%	-24%	-3%	74%	60%	48%
Average	7,4x	5,7x	4,7x	28,3x	24,0x	19,3x	14%	18%	22%	19%	26%	21%
Median	5,9x	4,8x	4,5x	19,0x	18,7x	15,3x	16%	19%	21%	23%	24%	18%
Vertical software (for illustrative purposes) ²												
AppFolio	17.5x	15.0x	12.6x	--	--	--	16%	19%	20%	23%	17%	19%
Q2 Holdings	14.0x	11.9x	9.9x	--	--	--	6%	7%	9%	27%	21%	22%
Wisetech**	19.1x	15.4x	12.6x	56.0x	40.9x	30.7x	34%	38%	41%	29%	23%	20%
Teladoc Health	27.2x	17.4x	12.9x	--	--	--	10%	11%	15%	89%	56%	33%
Veeva Systems**	27.6x	22.9x	18.9x	--	58.6x	47.8x	41%	39%	40%	31%	19%	18%
Average	21.1x	16.5x	13.4x	56.0x	49.8x	39.3x	21%	23%	25%	40%	27%	22%
Median	19.1x	15.4x	12.6x	56.0x	49.8x	39.3x	16%	19%	20%	29%	21%	20%

* Bloomberg, used fiscal 2021-2023 numbers, as their fiscal year doesn't coincide with the calendar year **- in USD terms

** Bloomberg (as of 6 Dec 2020), used fiscal 2021-2023 numbers, as their fiscal year doesn't coincide with the calendar year **- in USD terms

¹ as of 30 Nov 2020

² as of 6 Dec 2020



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