



**SKILLFUL CRAFTSMAN**

## **Skillful Craftsman Education Technology Files Annual Report on Form 20-F and Reports Audited Fiscal Year 2020 Results**

August 18, 2020

- 16% year-over-year revenue growth  
- 35% year-over-year total fee-paying members growth

WUXI, China, Aug. 18, 2020 (GLOBE NEWSWIRE) -- Skillful Craftsman Education Technology Ltd. ("Skillful Craftsman" or "the Company") (NASDAQ: EDTK), an education technology company providing interactive online learning services, today filed its annual report on Form 20-F with the U.S. Securities and Exchange Commission ("SEC") and reported audited financials for the fiscal year ended March 31, 2020. The annual report can be accessed on the SEC's website at <https://www.sec.gov/>.

### **Fiscal Year 2020 Financial and Operational Highlights**

*All financial figures are in US Dollars unless otherwise noted.*

- Revenue was \$28.6 million, compared with \$24.7 million in the same period of last year, representing a 16% increase.
- Net Income was \$9.98 million, compared with \$8.68 million in the same period of last year.
- Total fee-paying members<sup>1</sup> reached 3.09 million, compared with 2.28 million during the same period of last year, representing a 35% increase.

Xiaofeng Gao, Chairman and CEO of Skillful Craftsman, commented, "We are excited to announce our results for the first time as a public company. Skillful Craftsman went public on the Nasdaq in July 2020 and we view this as a significant milestone in implementing our growth plan. Our strategy centers around expanding course offerings in tune with industry trends and government policies; integrating online and offline resources for virtual simulation experimental training; offering professional development-related services by leveraging Big Data and Artificial Intelligence technologies; and developing mobile app and WeChat interfaces to our online learning platform. We remain dedicated to improving careers by delivering high quality vocational education services, which will enable us to become a leading provider of online vocational education in China."

### **Fiscal Year 2020 Financial Results**

*All figures refer to fiscal year 2020 (ending March 31, 2020) unless otherwise stated.*

**Revenue** increased by 16% to \$28.6 million, up from \$24.7 million for the prior fiscal year. Growth is primarily attributable to the increase in paid course enrollment, driven by our continual promotional activities and development effort on our virtual simulation experiment platform development.

**Cost of revenue** increased by 25% to \$11.8 million from \$9.5 million for the prior fiscal year, primarily driven by higher amortization expense for server hardware by \$1.8 million, and higher virtual simulation fees paid by the Company of \$0.8 million.

**Gross profit** increased by 10% to \$16.8 million from \$15.2 million for the prior fiscal year.

**General and administrative expenses** increased by 7% to \$2.0 million from \$1.9 million for the prior fiscal year, primarily driven by increased rental and service fees for human resources.

**Sales and marketing expenses** decreased by 17% to \$1.5 million from \$1.8 million for the prior fiscal year, primarily driven by decreased pay service charges and promotion expenses.

**Pre-Tax Income** increased by 15% to \$13.3 million, compared with \$11.6 million for the prior fiscal year.

**Net Income** increased by 15% to \$9.98 million, compared with \$8.68 million for the prior fiscal year.

**Cash and equivalents.** At March 31, 2020, the Company had cash and cash equivalents of \$11.9 million, compared with \$10.4 million as of March 31, 2019.

### **About Skillful Craftsman**

Skillful Craftsman is an education technology company that provides interactive online vocational training and virtual simulation experiment training courses. The Company was founded in Wuxi, China in 2013 and is a key supporter for China economic development and education reform for labor employment. As of March 31, 2020, the Company had 68.5 million total registered members, of which 3.1 million are fee-paying members.

### **Safe Harbor Statement**

This report contains "forward-looking statements" for purposes of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 that represent our beliefs, projections and predictions about future events. All statements other than statements of historical fact are "forward-looking statements," including any projections of earnings, revenue or other financial items, any statements of the plans, strategies and objectives of

management for future operations, any statements concerning proposed new projects or other developments, any statements regarding future economic conditions or performance, any statements of management's beliefs, goals, strategies, intentions and objectives, and any statements of assumptions underlying any of the foregoing. Words such as "may", "will", "should", "could", "would", "predicts", "potential", "continue", "expects", "anticipates", "future", "intends", "plans", "believes", "estimates" and similar expressions, as well as statements in the future tense, identify forward-looking statements.

Forward-looking statements are based on information available at the time those statements are made and management's belief as of that time with respect to future events. These statements are necessarily subjective and involve known and unknown risks, uncertainties and other important factors that could cause our actual results, performance or achievements, or industry results, to differ materially from any future results, performance or achievements described in or implied by such statements. Such risks, uncertainties, and other factors include, but are not limited to, [our ability to improve the content of our existing courses, develop new courses or services, leverage new technologies, or anticipate market demand in a timely or cost-effective manner, and those factors discussed under the headings "Risk Factors", "Operating and Financial Review and Prospects," and elsewhere in this report. Forward-looking statements should not be read as a guarantee of future performance or results, and will not necessarily be accurate indications of whether, or the times by which, our performance or results may be achieved. Actual results may differ materially from expected results described in our forward-looking statements, including with respect to correct measurement and identification of factors affecting our business or the extent of their likely impact, and the accuracy and completeness of the publicly available information with respect to the factors upon which our business strategy is based or the success of our business.. The Company disclaims any intention to, and undertakes no obligation to, update or revise any forward-looking statement.

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<sup>1</sup> Number of fee-paying members is defined as the total number of members that are paying fees for accessing our platforms as of the end of the applicable period.

SKILLFUL CRAFTSMAN EDUCATION TECHNOLOGY LIMITED  
CONSOLIDATED BALANCE SHEETS

	<b>As of March 31</b>	
	<b>2020</b>	<b>2019</b>
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 11,931,714	\$ 10,362,283
Accounts receivable, net	78,785	451,132
Prepayments and other current assets	1,963,102	902,811
<b>Total current assets</b>	<b>13,973,601</b>	<b>11,716,226</b>
<b>Non-current assets</b>		
Property and equipment, net	12,324,125	14,022,240
Intangible assets, net	19,294,740	17,799,207
Long-term prepayments and other non-current assets	97,035	-
Total non-current assets	<b>31,715,900</b>	<b>31,821,447</b>
<b>TOTAL ASSETS</b>	<b>\$ 45,689,501</b>	<b>\$ 43,537,673</b>

**LIABILITIES**

**Current liabilities**

Accounts payable	\$ 249,086	\$ 10,025
Taxes payable	543,600	375,337
Other payables	227,525	151,545
Deferred revenue-current	16,736,365	15,308,898
<b>Total current liabilities</b>	<b>17,756,576</b>	<b>15,845,805</b>
<b>Non-current liabilities</b>		
Deferred revenue-noncurrent	50,877	8,672,836
<b>Total non-current liabilities</b>	<b>50,877</b>	<b>8,672,836</b>
<b>TOTAL LIABILITIES</b>	<b>\$ 17,807,453</b>	<b>\$ 24,518,641</b>
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>SHAREHOLDERS' EQUITY:</b>		
Ordinary shares, par value \$0.0002 per share, 500,000,000 shares authorized; 9,000,000 shares issued and outstanding	1,800	1,800
Additional paid-in capital	1,619,774	1,619,774
Statutory reserve	745,590	745,590
Accumulated profits	26,921,172	16,945,947
Accumulated other comprehensive (loss):	(1,406,288)	(294,079)
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>27,882,048</b>	<b>19,019,032</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ 45,689,501</b>	<b>\$ 43,537,673</b>

SKILLFUL CRAFTSMAN EDUCATION TECHNOLOGY LIMITED  
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

	For the years ended		
	March 31,		
	2020	2019	2018
<b>Revenue</b>	\$ 28,601,071	\$ 24,668,840	\$ 14,910,543
<b>Cost of revenue</b>	(11,797,870)	(9,458,559)	(4,715,419)
<b>Gross profit</b>	16,803,201	15,210,281	10,195,124
<b>Operating expenses:</b>			
Selling and marketing expenses	(1,520,801)	(1,832,006)	(1,148,375)
General and administrative expenses	(2,038,568)	(1,899,110)	(1,108,280)
<b>Total operating expenses</b>	(3,559,369)	(3,731,116)	(2,256,655)
<b>Income from operations</b>	<b>13,243,832</b>	<b>11,479,165</b>	<b>7,938,469</b>
Interest income	73,737	88,588	76,324
Others, net	(3,458)	(195)	(114)
<b>Income before income taxes</b>	<b>13,314,111</b>	<b>11,567,558</b>	<b>8,014,679</b>
Income tax expense	(3,338,886)	(2,892,500)	(2,004,711)
<b>Net profit</b>	<b>\$ 9,975,225</b>	<b>\$ 8,675,058</b>	<b>\$ 6,009,968</b>
Other comprehensive (loss):			
Foreign currency translation adjustment	(1,112,209)	735,192	722,635
<b>Total comprehensive income</b>	<b>8,863,016</b>	<b>7,939,866</b>	<b>6,732,603</b>
Net earnings per ordinary share, basic and diluted	\$ 1.11	\$ 0.96	\$ 0.67
Weighted average number of ordinary shares, basic and diluted	9,000,000	9,000,000	9,000,000



Source: Skillful Craftsman Education Technology Limited