



Skillful Craftsman Education

China's Vocational Education Technology Company

Investor Presentation
July 2020



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This presentation includes statements that are, or may be deemed, "forward-looking statements." In some cases these forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes," "estimates," "anticipates," "expects," "plans," "intends," "may," "could," "might," "will," "should," "approximately," "potential," or in each case, their negative or other variations thereon or comparable terminology, although not all forward-looking statements contain these words. They appear in several places throughout this presentation and include statements regarding our intentions, beliefs, outlook, analyses or current expectations concerning, among other things, the online education market in China and the prospects of our business as stated herein.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events, competitive dynamics, and regulatory developments and depend on the economic circumstances that may or may not occur in the future or may occur on longer or shorter timelines than anticipated. Although we believe that we have a reasonable basis for each forward-looking statement contained in this presentation, we caution you that forward-looking statements are not guarantees of future performance and that our actual results of operations, financial conditions and liquidity, and the development of the industry in which we operate may differ materially from the forward-looking statements contained in this presentation as a result of, among other factors, the factors referenced in the "Risk Factors" section of the prospectus contained in the registration statement on Form F-1 initially filed with the Securities and Exchange Commission (the "SEC") on April 24, 2020, as amended (Registration No. 333-237815), for our proposed initial public offering (the "Registration Statement"). In addition, even if our results of operations, financial conditions and liquidity, and the development of the industry in which we operate are consistent with the forward-looking statements contained in this presentation, they may not be predictive of results or developments in future periods. Any forward-looking statement that we make in this presentation speaks only as of the date of such statement, and we undertake no obligation to update such statements to reflect events or circumstances after the date of this presentation.

Disclaimer (Cont'd)



This presentation highlights basic information about us and the offering. Because it is a summary, it does not contain all of the information that you should consider before investing. You should read carefully the factors described in the "Risk Factors" section of the prospectus contained in the Registration Statement to better understand the risks and uncertainties inherent in our business and any forward-looking statements. This presentation contains statistics and other data that has been obtained from or compiled from information made available by third parties. The Company has not independently verified such statistics or data.

We have filed the Registration Statement (including a prospectus) with the SEC for the offering to which this presentation relates, which Registration Statement became effective on June 30, 2020. All references to dollar amounts in the offering summary or to use of proceeds are subject to change pending a final prospectus. Before you invest, you should read the prospectus in the Registration Statement (including the risk factors described therein) and other documents we have filed with the SEC in their entirety for more complete information about us and the offering. You may get these documents for free by visiting EDGAR on the SEC website at <http://www.sec.gov>. The preliminary prospectus, dated June 29, 2020, contained in the Registration Statement, is available on the SEC website at: https://www.sec.gov/Archives/edgar/data/1782309/000110465920077861/tm2023544-4_f1a.htm. Alternatively, we or any underwriter participating in the offering will arrange to send you the prospectus if you contact the Administrative Department at The Benchmark Company, LLC, 150 East 58th Street, 17th Floor, New York, New York 10155, United States; Axiom Capital Management, Inc., Suite 5420, 350 5th Ave, New York, New York, 10118, United States. Or Prime Number Capital LLC, Attention: Equity Capital Markets, 14 Myrtle Drive, Great Neck, NY 1102

This presentation shall not constitute an offer to sell, or the solicitation of an offer to buy, or will there be any sale of the Company's securities in any state or other jurisdiction in which such offer, solicitation or sale would be unlawful prior to the registration or qualification under the securities laws of such state or jurisdiction. The offering may only be made by means of a prospectus pursuant to a registration statement that is filed with the SEC after such registration become effective.

Neither the SEC nor any other regulatory body has passed upon the adequacy or accuracy of this free writing prospectus. Any representation to the contrary is a criminal offense.

Offering Summary



Issuer	Skillful Craftsman Education Technology Limited
Type of Offering	IPO
Price Range	\$4.50 - \$5.50
Shares Offered	3,000,000
Gross Proceeds	\$15 million (assuming no exercise of the over-allotment option)
Over- Allotment	15%
Proposed Listing/Symbol	Nasdaq Capital Market / "EDTK"
Pre-Offering Shares Outstanding	9,000,000
Use of Proceeds	(i) Online course development (ii) Increase virtual simulation programs (iii) Mobile application development (iv) Expand vocational education and career services platform
Book Running Managers	Benchmark Company, Axiom Capital Management, Prime Number Capital

We are a vocational education technology company providing interactive online learning courses that enable students to acquire vocational skills at their own pace



Who Are We

- A high-tech vocational education platform company providing online vocational training and virtual simulation experiment training
- Founded in June 2013
- A key supporter of China economic development and education reform assisting to expand labor force employment
- Registered members*: 59.5 million
- Fee-paying members: 2.6 million and 3.1 million as of September 30, 2019 and March 31, 2020, respectively

* As of 09/30/2019



<https://drive.google.com/file/d/1j4aCgkQL1s6rkjEXIDCQqFfIKA64gsdl/view?usp=sharing>



Example: Ship diesel engine dismantling and assembly

- ✓ Simulates real-live experience
- ✓ Lower teaching cost
- ✓ Simplify complex learning
- ✗ No need to have professional teacher on-site
- ✗ No need to purchase costly ship diesel engine
- ✗ No physical risk to the students



Ship diesel engine dismantling and assembly simulation software



Diesel engine final assembly



Piston ring disassembly



Diesel engine dismantle & assembly



Disintegration of exhaust valve



Oil Injector check



Connecting rod disassembly

Why We Are Different – Innovative Virtual Simulation Training Platform



Current challenges in traditional training

- High costs to train workers in heavy industrial sectors, including
 - Large engine repair
 - Satellite navigation
 - Cultivation of plants and flowers
- Lack of available, trained instructors
- Lack of equipment for training use
- Inefficient practice and longer time to learn

Solutions provided by Skillful Craftsman

- Provides virtual, simulated training
- Hands on learning, similar to the real-live experience
- Courses are repeatable, flexible
- Lower cost, no physical risk to the students
- Highly leverageable: one course- multiple learners
- Single, scalable platform. Currently, there are 9 simulation courses across numerous sectors

China's Online Education Market Has Been Growing Rapidly

- The China online vocational education market is ~30% of total China online education market

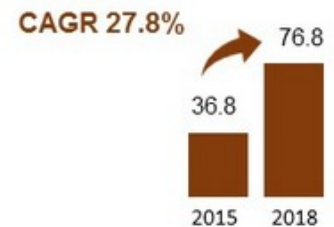
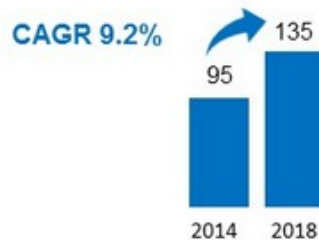
China online education market size
(by transaction volume in RMB)



Number of fee-paying users of
China online education market



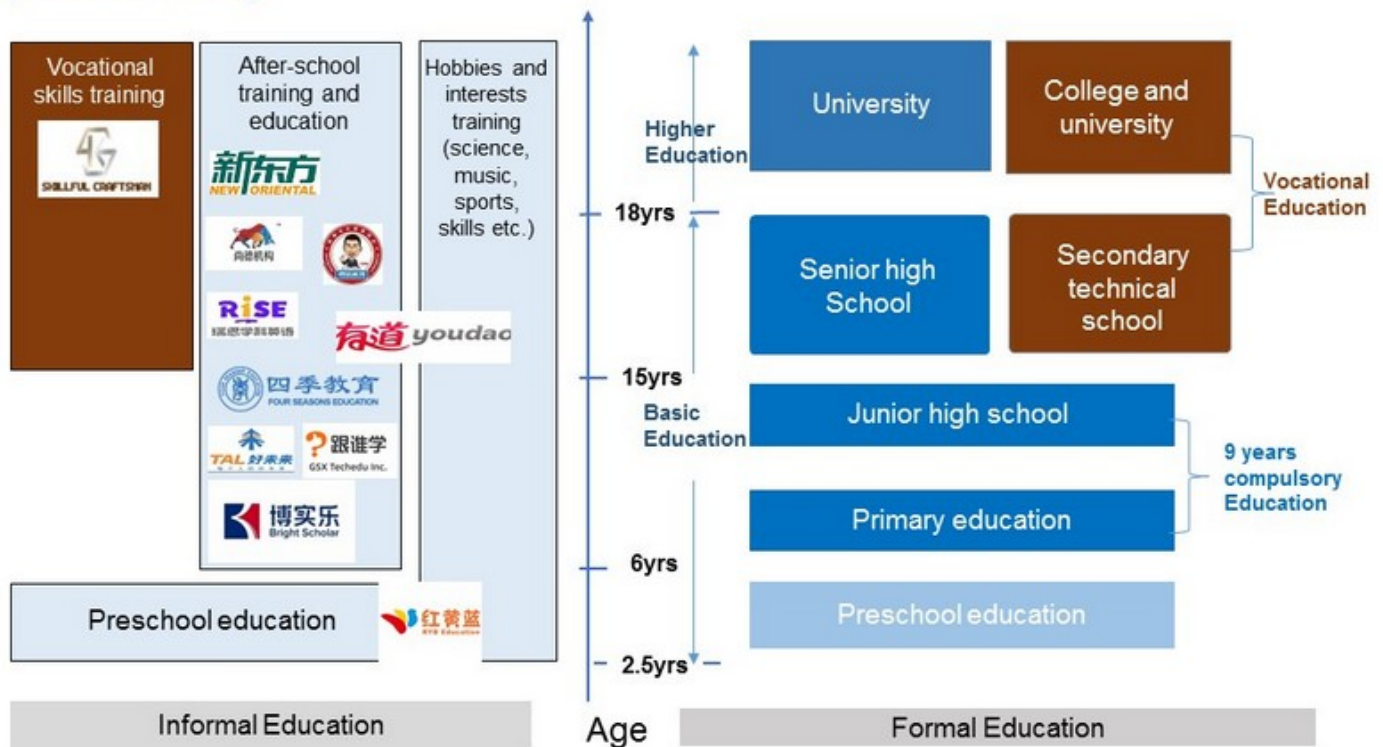
China online vocational education market size
(by transaction volume in RMB)



*Data source: iResearch, 2018; Tecent, Ipsos, 2019

Vocational Education and Vocational Skill Training Are Essential to China's Education System

- Skillful Craftsman provides online vocational training and virtual simulation experimental training.



- The objective of technical and vocational education and training (TVET) in China is to enhance labor force employability
- Ministry of Education (MOE) promotes development of online vocational training subjects, including
 - expanding vocational education enrollment
 - launching “1+X” (one diploma + multiple skills accreditations) pilot project
 - cultivating enterprises that facilitate industry-education integration
 - organizing national vocational skills competitions and national vocational education week activities
- Implementation of the 1+X policy is intended to foster market demand for online vocational education services

A Key Player in Vocational Education Sector

An education technology company dedicated to vocational education



Skillful Craftsman Education Cloud

Types of education in China

Vocational
education

Continuing
education



Basic
education

Higher
education



3.1 million
accumulated paying
members



59.5 million
accumulated
registered members

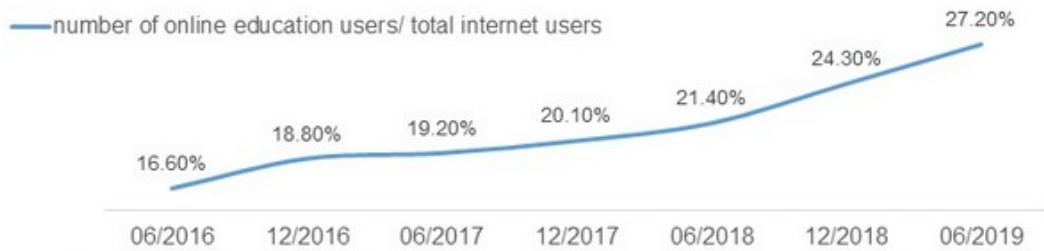


support data sharing
for universities and
vocational colleges

- 1 A key player in fast-growing market
- 2 Scalable business model, integrating online and offline education
- 3 Superior technology built in cloud
- 4 Increase fee paying member penetration rate through differentiated virtual simulation training
- 5 Experienced management team with decades of experience in education industry

1 A Key Player in Fast-growing Market

Use of online education in China



Online education growth drivers

Improve Efficiency

✓ E-cloud teaching system reduces unnecessary operating expenses and integrates resources.

Technical Support

✓ Cloud computing technology integrates data into an education cloud database.

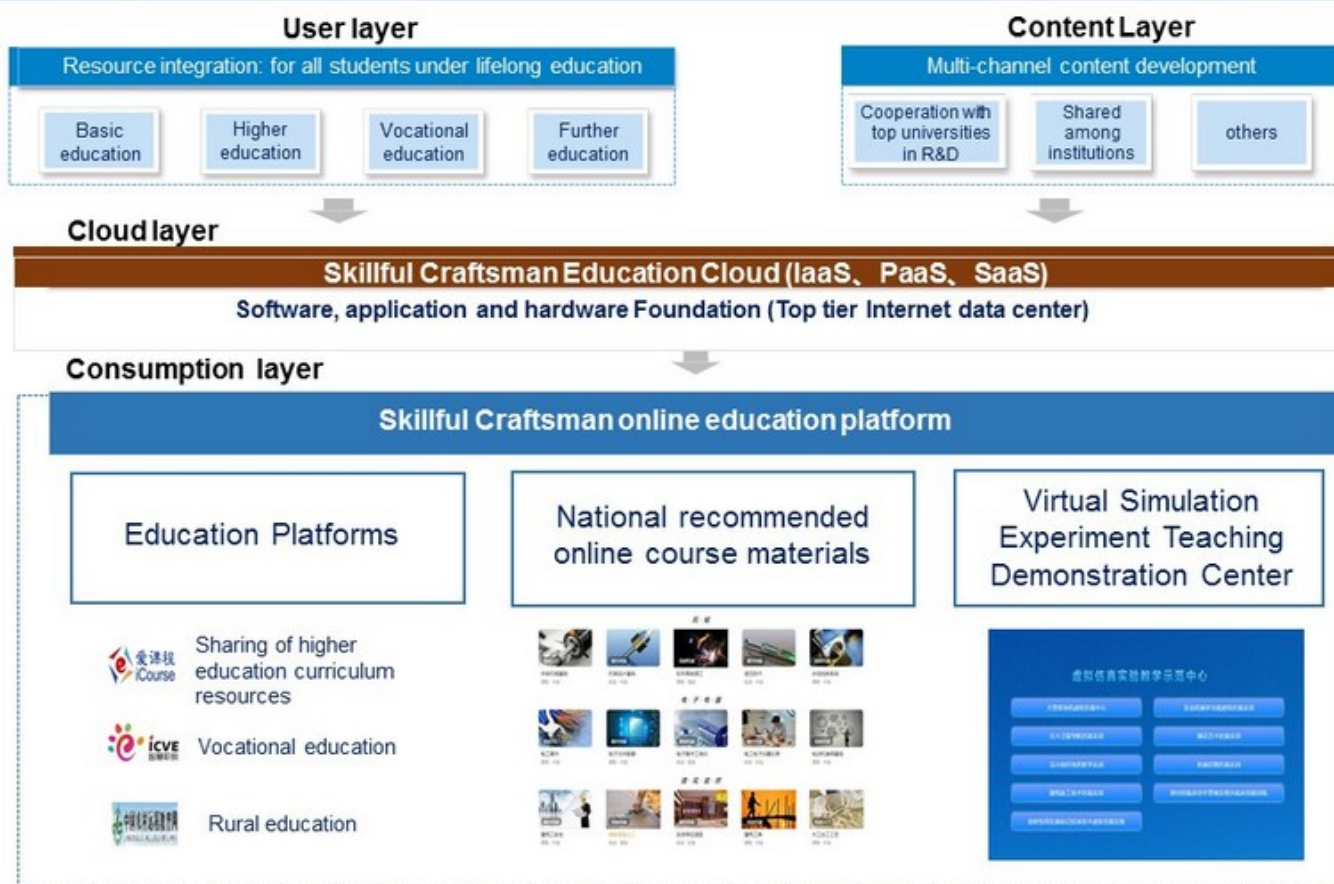
Government Support

✓ China's MOE supports development of online education.

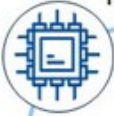
COVID-19 Outbreak

✓ COVID-19 outbreak accelerated acceptance of online education.

Data source: CNNIC: "The 44th China Statistical Report on Internet Development" on Aug 30th, 2019



- Support data sharing for universities and professional institutions
- Offered more than 407 courses and 9 experimental programs to accumulated 59.5 million¹ registered students



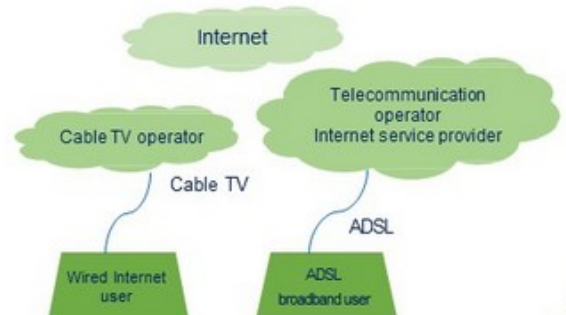
Self-built state-of-the-art data center

- ✓ Independent private network
- ✓ High level of security
- ✓ Directly connected to China's Internet backbone
- ✓ Ensure smooth access up to 10 million members simultaneously



Distributed storage functions of Triple play

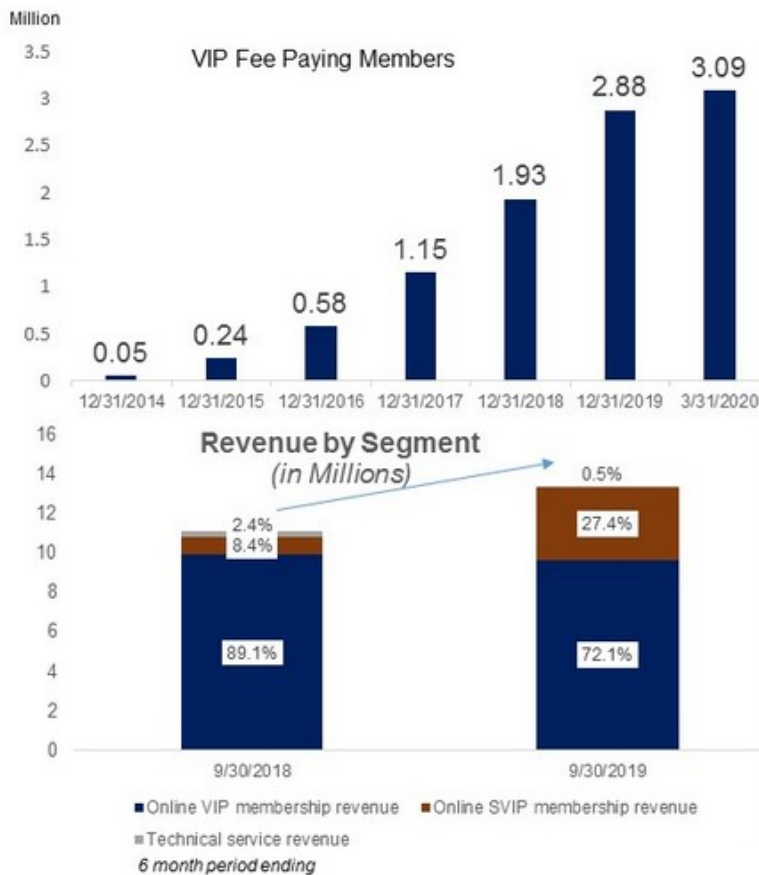
- ✓ Education cloud platform integrates telecommunication network, broadcast network and Internet into a unified network
- ✓ Provide equipment, content and service



Increase Fee Paying Member Penetration Rate Through Differentiated Virtual Simulation Training



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SVIP Virtual Simulation Experiment Training Platform RMB 300 quarterly

- Virtual simulation experiment
- Online course materials and courseware
- All resources on partner Education Platform



VIP Online Education Platform RMB 100 annually

- Online course materials and courseware
- All resources on partner Education Platform



Xiaofeng Gao
Chairman of the Board
of Directors/CEO

- ✓ More than 20 years of management experience
- ✓ CEO, Wuxi Kingway Technology Co., Ltd
- ✓ M.S., Automation
- ✓ Beijing University of Science and Technology



Liu Jun
CFO

- ✓ 20 years of experience in finance and accounting
- ✓ CFO, Wuxi Kingway Technology Co., Ltd
- ✓ M.S., Accounting, Xiamen University



LugangHua
CTO

- ✓ Nearly 20 years of experience in technology and system management
- ✓ CTO, Wuxi Kingway Technology Co., Ltd
- ✓ B.S., Electronic Engineering, Naval Engineering University



- Continue to convert registered members (59 million) to fee paying member



- Drive higher revenue per member through the development of dynamic and interactive virtual simulation content



- Broaden VIP member base and align courses development with key education mandates, including one diploma + multiple skills accreditations

- Develop education app and offer multi-channel learning solution, such as personalized courses and live broadcast courses

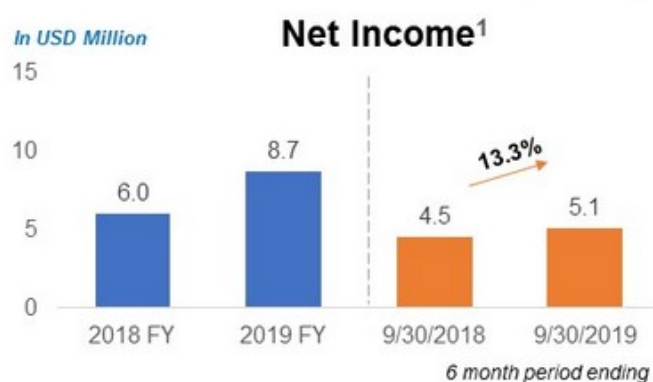
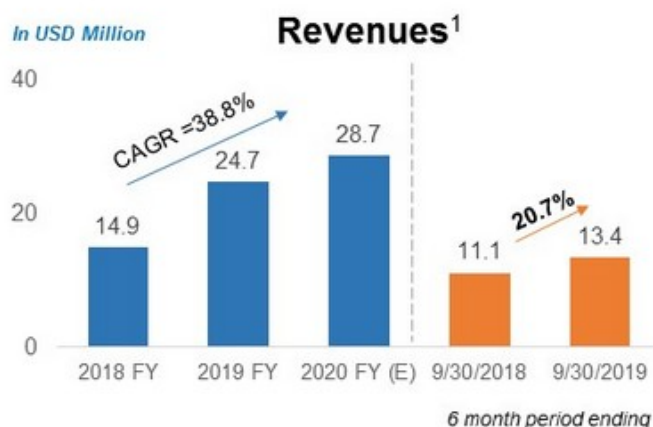


- Continue vertical integration services to provide training and employment services, career advisory services, recruiting analysis and interview history tracking, and increase our members engagement

Financial Highlights

Demand for online education services driving revenue growth and strong margins

- Strong revenues driven by online education services
 - Estimated FY 2020 revenue of \$28.7 million
- Growth of fee-paying customer base
 - The number of fee-paying members increased to approx. 3.1 million as of 3/31/2020, ~35% YoY growth
 - 78.6% generated from online VIP membership;
 - 21.4% from online SVIP membership
- High net income margin along with ongoing revenue growth
 - approx. 38% net income margin for 9/30/2019
 - Cost effectively convert existing customers to fee-paying customers
- Continued growth of virtual simulation education business
 - Growing demand for practical employment content
 - Highly leverageable



¹ Fiscal year end Mar 31, financials are in USD Million



1+X (one diploma + multiple skills accreditations)
online course development



Virtual Simulation Program Development



Mobile Application Development



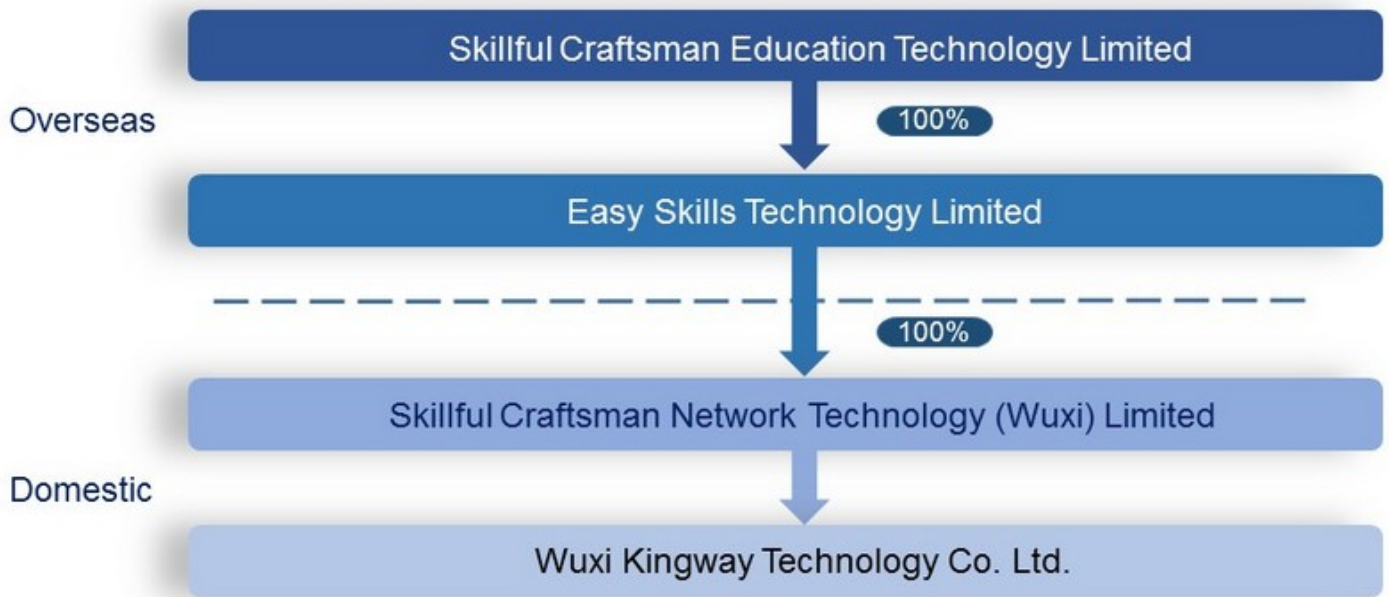
Vocational Education Interaction Platform and
Career Advice Services Platform Development



Appendix



Company Structure



17 Computer Software Copyrights We Obtained



SKILLFUL CRAFTSMAN



"1Course" Quality Courses open service management platform V1.0



DMP-data management platform system V1.0



E-commerce online payment comprehensive management system V1.0



Innovative service platform for higher vocational education V1.0



Quality Courses open source system software V1.0



Distance education digital solution system software V1.0 for Agricultural Radio & TV schools



Quanke Ship diesel engine simulation experiment software V1.0



Experimental space virtual simulation experiment teaching platform V1.0



Kingway education public service platform V1.0



Kingway enterprise data integration and exchange system V1.0



Kingway cloud data intelligent analysis system software V1.0



Kingway online education system management software V1.0



Kingway comprehensive cloud information unified service platform V1.0



Online education recommended courses management platform V1.0



Open source management software for virtual simulation teaching V1.0



Smart Vocational Education Cloud system software V1.0



Lifelong education courses management platform V1.0

Balance Sheet



SKILLFUL CRAFTSMAN EDUCATION TECHNOLOGY LIMITED

UNAUDITED CONSOLIDATED BALANCE SHEETS

		As of	
	Note	September 30, 2019	March 31, 2019
ASSETS			
Current assets:			
Cash and cash equivalents	3	\$ 11,957,538	\$ 10,362,283
Accounts receivable, net	4	85,736	451,132
Prepayments and other current assets	5	1,290,860	902,811
Income tax receivable	13	383,592	-
Total current assets		13,717,726	11,716,226
Non-current assets			
Property and equipment, net	6	13,942,555	14,022,240
Intangible assets, net	7	17,864,400	17,799,207
Long-term prepayments and other non-current assets		291,606	-
Total non-current assets		32,098,561	31,821,447
TOTAL ASSETS		\$ 45,816,287	\$ 43,537,673
LIABILITIES			
Current liabilities			
Accounts payable	8	\$ 28,249	\$ 10,025
Taxes payable	13	66,677	375,337
Other payables	9	339,495	151,545
Deferred revenue-current	10	19,633,314	15,308,898
Total current liabilities		20,067,735	15,845,805
Non-current liabilities			
Deferred revenue-noncurrent	10	2,615,775	8,672,836
Total non-current liabilities		2,615,775	8,672,836
TOTAL LIABILITIES		\$ 22,683,510	\$ 24,518,641
SHAREHOLDERS' EQUITY:			
Ordinary shares, par value \$0.0001 per share, 500,000,000 shares authorized; 18,000,000 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		22,080,010	16,945,947
Accumulated other comprehensive (loss) /income		(1,314,397)	(294,079)
TOTAL SHAREHOLDERS' EQUITY		23,132,777	19,019,032
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 45,816,287	\$ 43,537,673

The accompanying notes are an integral part of these consolidated financial statements

Income Statement



SKILLFUL CRAFTSMAN EDUCATION TECHNOLOGY LIMITED

UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

	Note	For the six months ended September 30,	
		2019	2018
Revenue	10	\$ 13,420,883	\$ 11,122,248
Cost of revenue	11	(5,350,363)	(3,739,458)
Gross profit		8,070,520	7,382,790
Operating expenses:			
Selling and marketing expenses		(776,903)	(738,515)
General and administrative expenses		(473,802)	(633,181)
Total operating expenses	12	(1,250,705)	(1,371,696)
Income from operations		6,819,815	6,011,094
Interest income		41,692	39,531
Others, net		(3,345)	(64)
Income before income taxes		6,858,162	6,050,561
Income tax expense	13	(1,724,099)	(1,513,006)
Net profit		\$ 5,134,063	\$ 4,537,555
Less: net profit attributable to non-controlling interests		-	-
Net profit attributable to Skillful Craftsman Education Technology Limited's shareholders		5,134,063	4,537,555
Net Profit attributable to non-controlling interests			
Net earnings per ordinary share, basic and diluted		0.29	0.25
Weighted average number of ordinary shares, basic and diluted		18,000,000	18,000,000
Net profit		\$ 5,134,063	\$ 4,537,555
Other comprehensive (loss) /income:			
Foreign currency translation adjustment		(1,020,318)	(1,104,201)
Total comprehensive income		4,113,745	3,433,354

The accompanying notes are an integral part of these consolidated financial statements.

Statement of Cash Flow



SKILLFUL CRAFTSMAN EDUCATION TECHNOLOGY LIMITED

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the six months ended September 30,	
	2019	2018
Cash flows from operating activities		
Net profit	\$ 5,134,063	\$ 4,537,555
Adjustments to reconcile net profit to net cash generated from operating activities	4,181,098	3,368,921
Depreciation of property and equipment	1,069,520	206,471
Amortization of intangible assets	3,104,576	3,162,450
Loss on disposals of property and equipment	7,002	-
Changes in operating assets and liabilities:	9,315,161	7,906,476
Accounts receivables	365,396	56,274
Prepayments and other current assets	(388,049)	169
Long-term prepayments and other non-current assets	(291,606)	-
Accounts payable	18,224	(504,822)
Amounts due to a related party	-	(1,590,305)
Deferred revenue	(1,732,645)	2,718,761
Other payables	187,950	1,871,097
Income Taxes payable or receivable	(692,252)	525,622
Net cash generated from operating activities	6,782,179	10,983,272
Cash flows from investing activities		
Purchase of property and equipment	(1,682,416)	(7,427,563)
Purchase of intangible assets	(4,043,574)	(1,804,937)
Net cash used in investing activities	\$ (5,725,990)	\$ (9,232,500)
Net cash flows from financing activities	-	-
Effects of foreign currency translation	539,066	827,653
Net increase in cash and cash equivalents	1,595,255	2,578,425
Cash and cash equivalents at beginning of period	10,362,283	4,896,067
Cash and cash equivalents at end of period	\$ 11,957,538	\$ 7,474,492
Supplemental disclosures of cash flow information:		
Cash paid for income taxes	\$ 2,327,558	1,277,809

The accompanying notes are an integral part of these consolidated financial statements.