



Xeropan

Learn to SPEAK foreign languages!

March - 2020

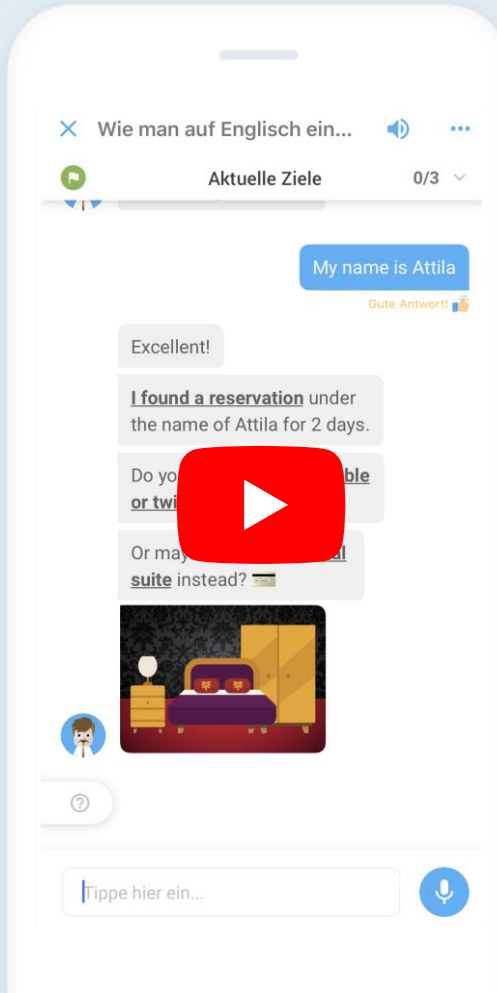
Customers
from 162 countries



Source: Google Analytics

The Siri of language learning

Learners can have **free conversation** on **actual topics** with our **AI-driven chatbot** characters that **correct and motivate** them



Click to watch
short video



Our CEO talks to David, the
hotel receptionist
(Intermediate level AI.
conversation)

I. Problems of language learning and teaching

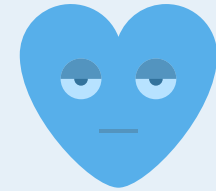
Learners:



Unable to practice conversational skills through speaking

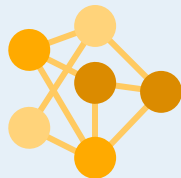


Boring learning content



Lack of motivation and confidence

Teachers:



Unable to integrate technology into their teaching process

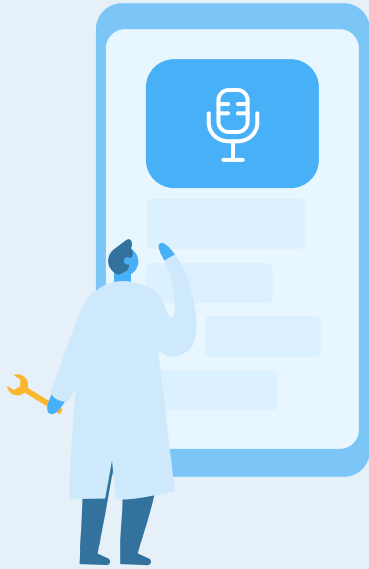


No access to interactive, up-to-date and credible teaching materials



Teachers cannot help individual learners' progress through technology

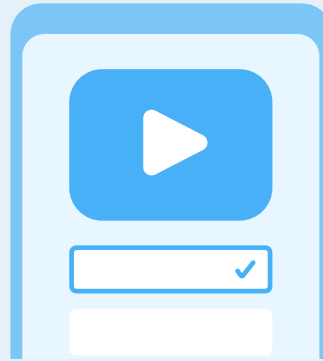
II.a Solution for learners' (B2C)



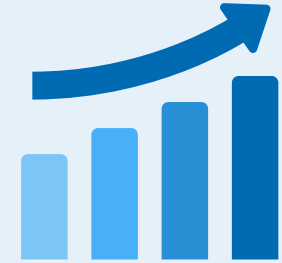
Learners can have free conversation on actual topics (150) with our AI-driven chatbot characters that correct and motivate them



No other competitor has this type of solution.

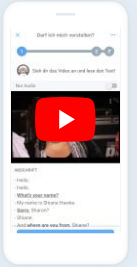


Actual topics, ready-to-use knowledge (videos taken from the every-day life), highly gamified content



The App sets goals and gets students achieve them by its skill-focused, interactive content

Click to watch video (30 sec.)

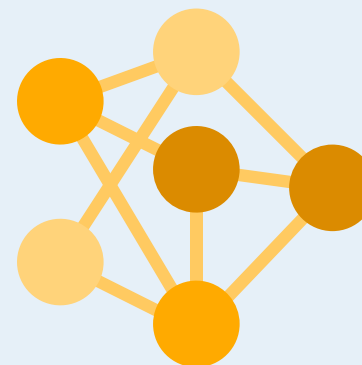


II.b Solution for teachers' (B2B2C)

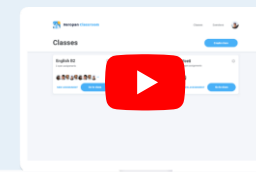
Integrating technology into classrooms:



Teachers can access **ready-to-use, interactive and credible language learning content** from A1-C1



Classroom combines the Xeropan B2C digital Core Content with the **full functionality of a Learning Management System (LMS)** that allows teachers to **foster individual progress of each learner**



[Click to watch video \(52 sec.\)](#)

III.a Markets – B2C

Language learners worldwide (1.82bn):

- **English:** 1.5billion English (2050: 2.5bn)
- **French:** 132 million (80% of them in Sub-Saharan countries)
- **Spanish:** 21.8 million (77% of them in 3 countries, including USA)
- **German:** 14.5 million (mostly in the EU27 and the CIS)

Market size: USD 4.4 bn worth of global Mobile-assisted Language Learning (MALL) market is expected to grow by 15% p.a. (2019-25)

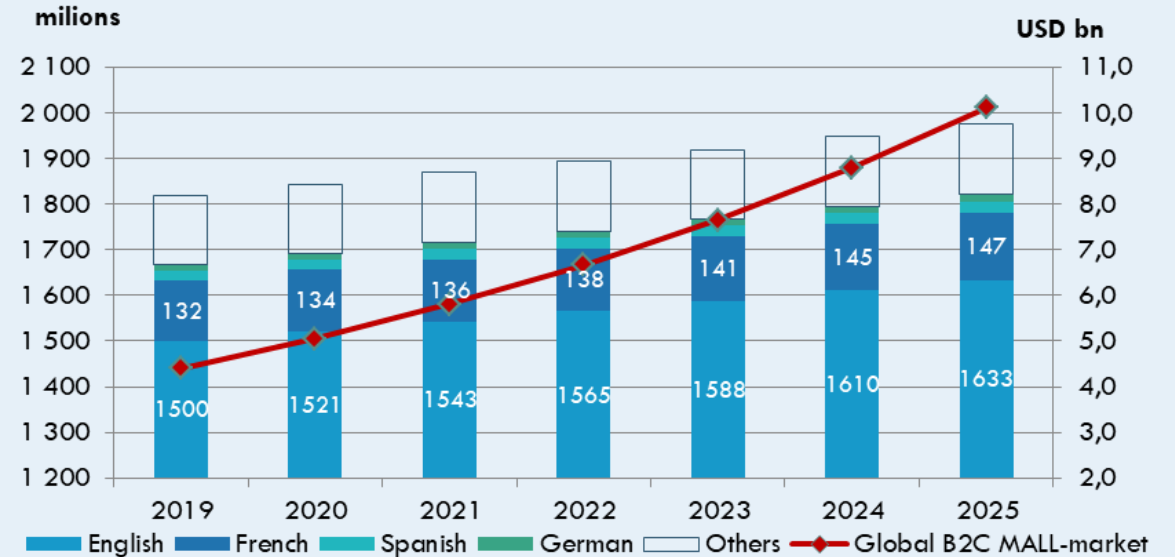
Xeropan's B2C market

Focus languages – On top of English, Xeropan will develop learning content only for 3 more languages (Spanish, German and French)

Addressable B2C market – 218 million people (from 3.5 billions)

Market entry strategy - Pull-marketing through social media, Google ads, Apple and Facebook ads.

Language learners worldwide (1.82bn):



III.b Markets – B2B2C

B2B2C market

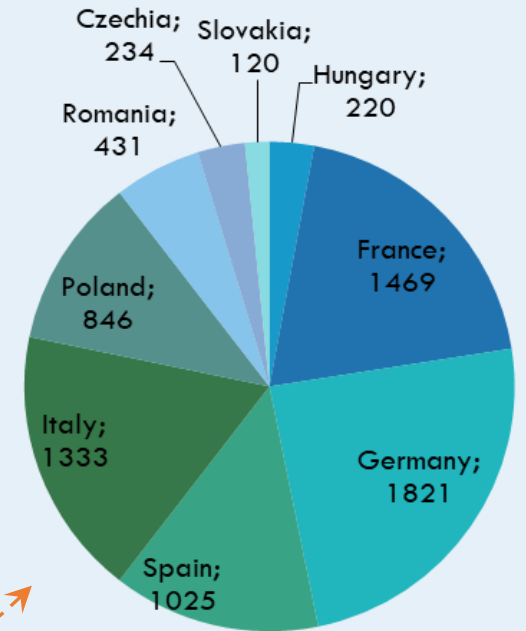
Who? > Adult language schools

Why? >

- Willing language learners with high purchasing power in language schools
- Learning materials are not regulated, thus Xeropan content can be implemented fast

Where? > Primary B2B2C markets: countries (1) with large student base and (2) that are close to Xeropan HQ (8 EU countries)

Size? > Primary market is 9 EU countries with 7,500 adult-language schools altogether with 5.1 million learners (est. EUR 200 million in revenues)



B2G market

• **White-labelling** option for future B2G customers allowing them to fully integrate the Xeropan software suite into state education. Before Classroom was developed, Xeropan was approached by representatives of the Saudi state education to integrate Xeropan into their educational system.

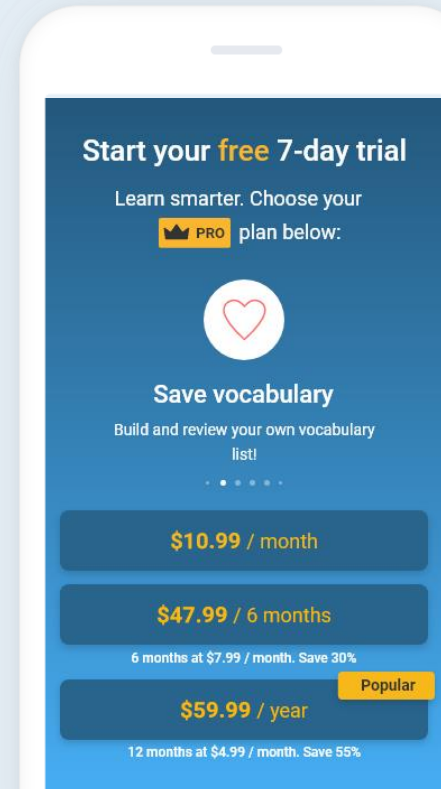
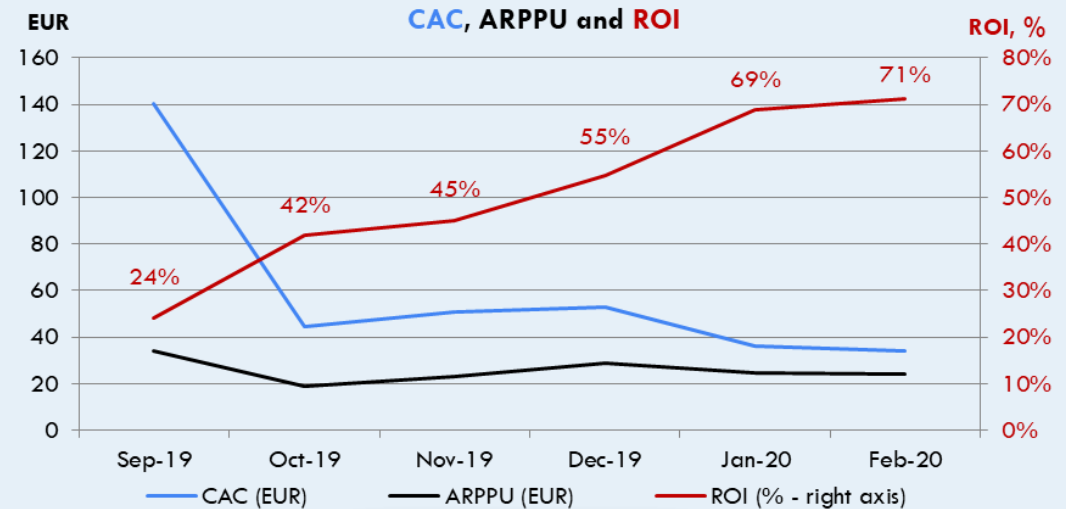
IV.a Business model – B2C

B2C Business model - Subscription model:

- Free of charge from both Google Play and App Store, also available on the Web.
- Limited access (35%, app. 1,000 hours of learning) to the learning content is **free of charge**
- **PRO > Premium features** and access to the rest of the learning content on a **subscription-basis**

Subscription plans:

- Subscriptions are available on **monthly** (10.99 USD\month), **quarterly** (7.99 USD\month) and **annual basis** (4.99 USD\month).



IV.b Business model – B2B2C

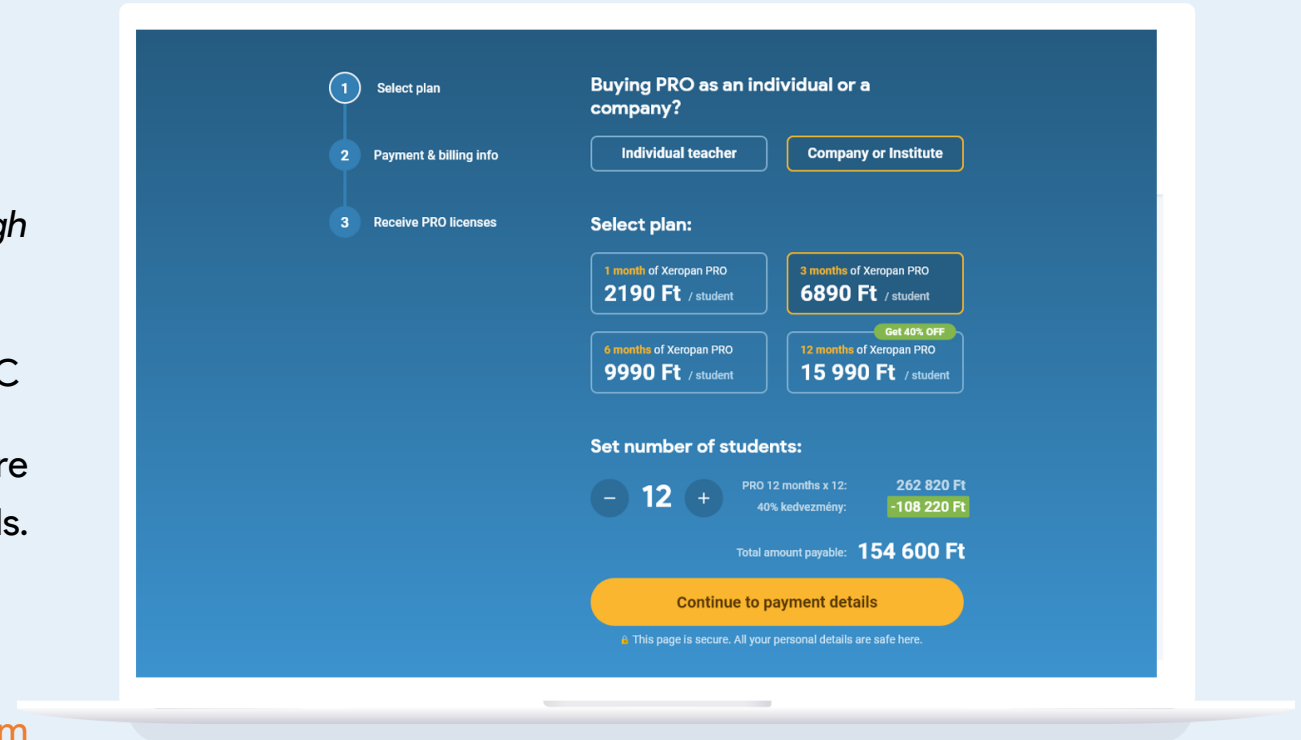
How? - Teachers and language schools will **implement Classroom** and **sell/recharge B2C subscriptions to their students to replace books**

What are the benefits?

- **Can be approached easily** by a dedicated sales team (e.g. *through industry associations*) or **distributor agreements**
- **Valuable users only** with high purchasing power at a much lower CAC
- B2B2C sales will be **web-sales**, without paying the 30% store commission – will be paid out as incentive for the schools.

How to enter these markets?

- **Primary markets** – by **push-marketing** through **direct B2B sales team** and **distributor agreements**
- **Secondary markets** – by **pull-marketing** (web-based marketing efforts to find teachers/schools)



V. Competition

Competitors	Downloaders (m)	Pricing model	Our advantages	Disadvantages
Duolingo	200	Freemium with subscription (ads-free only). Coins are also available for purchase.	- No AI - No speaking solution - No real-life content (textbook learning content)	- Strong financial firepower - Large user base - Large and dedicated team
Busuu	70	Hard paywall / Subscription model	- No AI - No speaking solution - No real-life content (textbook learning content)	- Strong financial firepower - Large user base - Large and strong team
Mondly	20	Soft paywall/Subscription model	- No AI - No speaking solution - No real-life content (textbook learning content)	N/A
ABA English	10-20m	Soft metered paywall/Subscription model	- No AI - No speaking solution - No real-life content (textbook learning content)	- Real life videos recorded by native teachers
Babbel	5-10m	Soft metered paywall/Subscription model	- No AI - No speaking solution - No real-life content (textbook learning content)	- Limited financing (but significantly larger than ours)
Rosetta Stone	5-10m	Hard paywall / Subscription model	- No AI - No speaking solution	- Financial firepower - Very strong on US market - Large user base - Large and strong team - Good learning content

Key competitors (B2B2C):

Duolingo Schools – Only LMS with integrated language learning material, only from beginners (A1-B1), no conversational speaking practice only pronunciation practice

LMS with integrated educational content: Kahoot, Quizlet – not specifically for language teaching.

Empty LMS – Multiple empty LMS without any pre-made learning content created for language teaching

Key competitors (B2C):

Duolingo – Due to its size

Babbel – Due to their strong revenue generating ability

Our competitive advantages

- Cutting-edge AI-driven speaking and conversational solution
- Ready-to-use knowledge, video content
- Unique, up-to-date and highly gamified content
- Motivating teaching structure

VI. Team



ATTILA AL-GHARAWI (*co-Founder, CEO*)

- 10+ years of teaching experience
- Global approach and international mindset
- Daily operations, Strategy, AI development



FERENC MILE (*co-Founder, CSO*)

- Ferenc is a successful serial entrepreneur
- Extensive business experience
- Strategic business development, B2B2C markets



LAJOS CSELE (*CTO*)

- Android and Backend
- All technological needs
- He reports directly to CEO



IMRE ÚJLAKI (*deputy-CTO*)

- iOS R&D
- He reports directly to CTO



BENCE FAGYAL (*Lead content editor*)

- Content development
- He reports directly to CEO



VIKTOR SZUHAI (*CMO, Data Scientist*)

- In house marketing activities
- Data network, Data analysis
- He reports directly to CEO



14 employees

Extensive network of subcontractors

VII. Current trading

Stage status: Initial marketing optimization phase with limited marketing budget

B2C Customer metrics (Sept 2019 – Feb 2020):

- **Downloaders:** 274k downloaders (20% organic) from 162 countries
- **Subscribers:** ... paid subscribers
- **Total revenues:** EUR ...
- **CACPU:** ...
- **ARPPU:** ...
- **Gross Marketing ROI:** ...

Churn – Since, the App was launched in Aug 2019, [no LTV information is available](#) and [only limited historical information is available on the B2C churn metrics:](#)

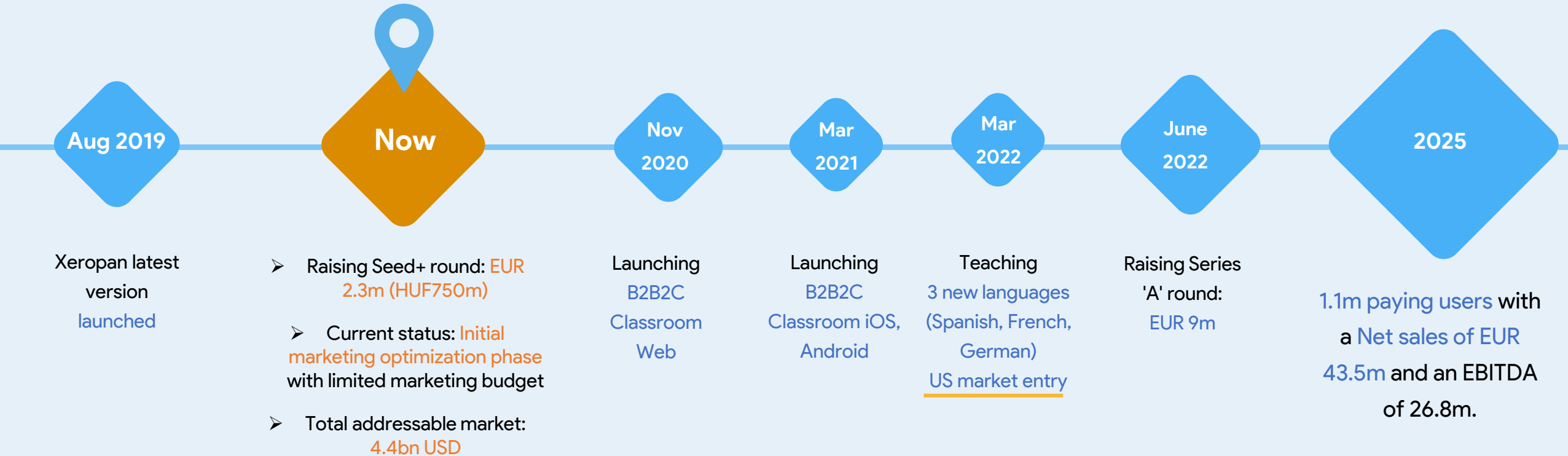
- Quarterly renewals: ...
- Monthly renewals: ...



Please contact us for more info.

VIII.a Key milestones and expected results

We're the fresh newcomers in the EdTech scene
to dominate the market:



VIII.b Key milestones and expected results

We're the fresh newcomers in the EdTech scene to dominate the market:

Key Performance Indicators		2019	2020	2021	2022	2023	2024	2025
Total clients (BoP)	thousands	3	10	134	472	1 074	1 923	3 060
B2C paying users	thousands	1	10	136	266	373	590	842
B2B paying users	thousands	-	-	3	94	246	293	302
Period paying users	thousands	1	10	139	361	619	883	1 144
Market shares								
B2C	%	0,0%	0,0%	0,0%	0,1%	0,2%	0,4%	0,6%
B2B2C	%	-	-	0,3%	3,6%	5,4%	5,9%	5,9%

Key financial metrics		2019	2020	2021	2022	2023	2024	2025
Net Sales	thEUR	35	296	4 367	11 991	21 743	32 799	43 470
EBIT	thEUR	(367)	(657)	136	3 660	13 042	20 993	26 723
EBITDA	thEUR	(364)	(622)	199	3 740	13 131	21 082	26 812
Profit Before Tax	thEUR	(367)	(684)	86	3 593	12 868	20 723	26 352

IX. Use of funds

1 – Short-term development plan

- Development to improve marketing ROI
- New design B2C core content

2 – *Introducing 3 new languages to teach*

- Developing Core teaching content for three more languages
- Developing AI-based conversations for the three new languages
- IT development costs

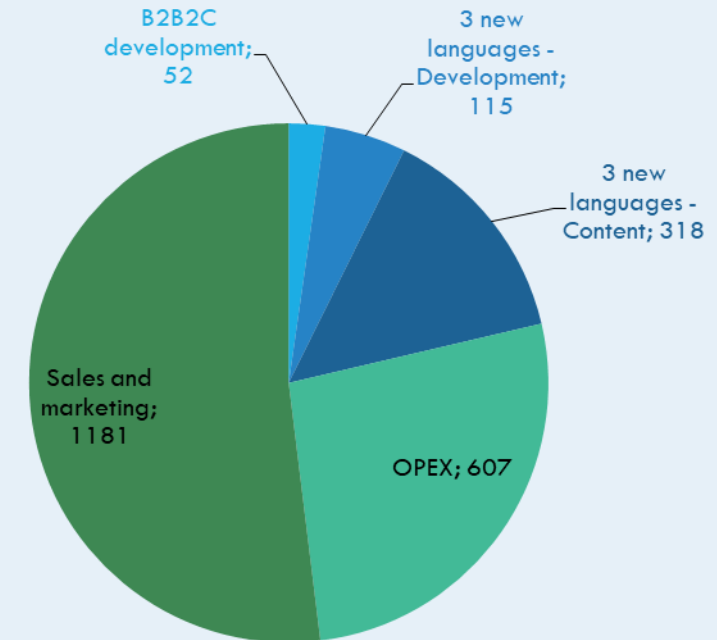
3 – Xeropan Classroom development for language schools

4 – Development of internal marketing tools

5 – Customer acquisition and Marketing (B2C and B2B2C)

- B2C Marketing and customer acquisitions
- B2B marketing efforts

Planned uses of funds (thEUR)



X. Financing

Current financing status

- **Cash and revenue sources** – Xeropan had HUF134m (EUR 400k) cash balance as of Feb 2020. Xeropan also generates app. ... [EUR MRR](#) at ... [gross marketing ROI](#) (Jan 2020).
- **Burn rate** - [EUR .../month](#), from which OPEX stands at HUF ... m. Monthly CAC budget is limited to HUF ...m until marketing ROI does not exceed the minimum of ...%.

Prior financing

- **Round A** – After couple of yeras of own financing, Xeropan attracted a [Seed round financing](#) from [Hiventures VC](#) in Aug 2018 with an amount of [EUR 800k](#) in exchange of ...% share. In Dec 2019 an [follow-up investment of app EUR 300k](#) was provided by Hiventures in the form of ...

Round B financing requirements

- **Total development budget** – Xeropan seeks [Seed+ round financing](#) of [HUF 750m \(EUR 2.3m\)](#) to complete the envisaged development plan.

Contacts

Contact us and let us revolutionize the way languages are taught.



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