June 6, 2025

Zacks Small-Cap Research

Sponsored – Impartial - Comprehensive

Michael Kim
312-265-9372
mkim@zacks.com

scr.zacks.com

10 S. Riverside Plaza, Chicago, IL 60606

QuantaSing Group Limited (QSG-NASDAQ)

QSG: F3Q25 Earnings Review – EPS Miss on Lower Revenues/Operating Income; Unlocking a New Growth Lever

QuantaSing reported net income of $5.7 million for F3Q25, or $0.10 per ADS. Adjusted EPS came in at $0.11, below our estimate of $0.18 reflecting lower revenues and operating income partially offset by higher non-operating income. Trimming our F2025 and 2026 adjusted EPS estimates from $0.90/$0.85 to $0.83/$0.79, but raising our price target to $7.00 reflecting a lower risk profile, as the company transitions to a lower CAC/higher-LTV business model.

Current Price (6/5/25)	$5.59
Valuation	**$7.00**

OUTLOOK

Key F3Q25 takeaways include: 1) the recently acquired Letsvan focused on IP incubation and sales of related pop toys likely provides a key growth driver for QSG, particularly as the company increasingly leverages management's expertise across data-driven marketing, customer engagement, digital infrastructure, and supply chain optimization; 2) we look for margins to remain steady in the near term and trend higher over time reflecting ongoing initiatives to better align the company's cost structure, as the revenue model evolves, as well as ongoing growth at higher-margin Letsvan likely driving improving profitability at the corporate level; 3) management remains focused on optimizing resource allocations to maximize Returns on Investments (ROIs), with strong liquidity providing flexibility to continue to invest in newer/higher-growth businesses; 4) focusing on the silver demographic, retention/repeat purchase rates for targeted online courses remain high, demand for integrated graduation trips continues to ramp up, and sales of health/wellness products remains steady.

SUMMARY DATA

52-Week High	**$8.04**
52-Week Low	**$1.47**
One-Year Return (%)	**113.36**
Beta	**N/A**
Average Daily Volume (sh)	**988,103**
Shares Outstanding (mil)	**55**
Market Capitalization ($mil)	**$308**
Short Interest Ratio (days)	**N/A**
Institutional Ownership (%)	**47**
Insider Ownership (%)	**17**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**N/A**
Earnings Per Share (%)	**N/A**
Dividend (%)	**N/A**
P/E using TTM EPS	**4.9**
P/E using F2025 Estimate	**6.7**
P/E using F2026 Estimate	**7.1**

Risk Level	**Above Average**
Type of Stock	**Small-Value**
Industry	**N/A**

ZACKS ESTIMATES

Revenue
(in millions of $)

	Q1 (Sep)	Q2 (Dec)	Q3 (Mar)	Q4 (Jun)	Year (Jun)
2023	79 A	114 A	118 A	114 A	425 A
2024	119 A	138 A	131 A	138 A	526 A
2025	115 A	100 A	79 A	68 E	362 E
2026					340 E

Adjusted Net Income/American Depositary Shares[1]

	Q1 (Sep)	Q2 (Dec)	Q3 (Mar)	Q4 (Jun)	Year (Jun)
2023	-$0.19 A	$0.01 A	$0.06 A	$0.21 A	$0.10 A
2024	$0.22 A	$0.26 A	$0.28 A	$0.48 A	$1.03 A
2025	$0.23 A	$0.33 A	$0.11 A	$0.15 E	$0.83 E
2026					$0.79 E

Quarterly revenues may not equal annual revenues due to FX rates.
[1]Excludes share-based compensation expenses and long-lived/goodwill impairment charges.

© Copyright 2025, Zacks Investment Research. All Rights Reserved.

F3Q25 EARNINGS: EPS MISS ON LOWER REVENUES/OPERATING INCOME

Pre-market open on 6/6/25, QuantaSing reported F3Q25 (Mar) earnings results. On a GAAP basis, QSG reported net income of $5.7 million for F3Q25, or $0.10 per ADS (Exhibit 1). That said, excluding share-based compensation expenses, adjusted EPS came in at $0.11, or below our estimate of $0.18 (Exhibit 2). Relative to our model, the miss primarily reflected lower-than-expected revenues and operating income partially offset by higher non-operating income (fair value adjustments related to Letsvan and other long-term investments).

Financials

Focusing on the top line, revenues for the third quarter of fiscal 2025 totaled RMB 571 million ($79 million), representing a 40% decline compared to the prior-year quarter. The year-over-year decrease primarily reflected declining online learning services fees across financial literacy, skills upgrading, and recreation & leisure courses combined with lower enterprise services fees, partially offset by higher other revenues. Adjusting for Cost of Goods Sold (COGS), gross profit totaled RMB 474 million ($65 million) for F3Q25, translating into an 83% gross margin compared to 85% for the prior-year quarter reflecting QSG's strategic shift.

Total operating expenses for F3Q25 came in at RMB 441 million ($61 million), down from RMB 805 million for the year-ago quarter. Sales and marketing, research and development, and general and administrative expenses were down sharply across-the-board, as management remains focused on reallocating resources through the strategic transition.

Net income for the third quarter of fiscal 2025 totaled RMB 41.1 million ($5.7 million), up from RMB 14.6 million in the prior-year quarter. For F3Q25, adjusted net income (excludes share-based compensation expenses) came in at $6.3 million, or $0.11 per ADS, compared with $4.4 million, or $0.08 per share, for the prior-year quarter.

Key Performance Indicators

Total registered users increased by 19.9% to 145.0 million as of March 31, 2025, versus 121.0 million as of March 31, 2024.

Paying learners totaled approximately 300,000 for the third quarter of fiscal 2025, or essentially flat on a sequential-quarter basis.

Exhibit 1: F3Q25 GAAP Actual vs. Estimates
($ thousands)

	F3Q25		Change	
	Actual	Estimate	$	%
Revenues	**78,645**	**83,137**	**(4,492)**	**-5.4%**
Cost of revenues	(13,306)	(14,467)	1,161	-8.0%
Gross Profit	**65,339**	**68,670**	**(3,331)**	**-4.9%**
Operating Expenses				
Sales and marketing expenses	(54,457)	(50,725)	(3,732)	7.4%
Research and development expenses	(2,879)	(4,075)	1,196	-29.4%
General and administrative expenses	(3,452)	(4,324)	872	-20.2%
Impairment loss on long-lived assets	0	0	0	NM
Impairment loss on goodwill	0	0	0	NM
Total Expenses	**(60,788)**	**(59,124)**	**(1,664)**	**2.8%**
Operating Income/(Loss)	**4,551**	**9,546**	**(4,995)**	**-52.3%**
Interest income	121	170	(49)	-29.0%
Other, net	3,239	883	2,356	267.0%
Pre-Tax Income/(Loss)	**7,911**	**10,599**	**(2,688)**	**-25.4%**
Income tax (expense)/benefit	(2,243)	(1,381)	(862)	62.5%
Net Income/(Loss)	**5,668**	**9,218**	**(3,550)**	**-38.5%**
Earnings per share, diluted	**$0.10**	**$0.17**	**($0.07)**	**NM**
Weighted avg shares outstanding, diluted	55.1	54.8	0.3	0.5%

Source: Company Reports and Zacks Small Cap Research estimates and calculations.

Exhibit 2: F3Q25 Non-GAAP Actual vs. Estimates
($ thousands)

	F3Q25		Change	
	Actual	Estimate	$	%
Non-GAAP Reconciliations				
Net Income/(Loss)	5,668	9,218	(3,550)	-38.5%
Share-Based Compensation Expenses	(662)	(719)	57	-7.9%
Impairment loss on long-lived assets & goodwill	0	0	0	NM
Accretion of the Company's preferred shares	0	0	0	NM
Income allocation to participating preferred shares	0	0	0	NM
Adjusted Net Income	**6,330**	**9,937**	**(3,607)**	**-36.3%**
Adjusted Earnings per share, diluted	**$0.11**	**$0.18**	**($0.07)**	**-36.6%**
Weighted avg shares outstanding, diluted	55.1	54.8	0.3	0.5%

Source: Company Reports and Zacks Small Cap Research estimates and calculations.

KEY TAKEAWAYS

Following our review of F3Q25 results, we highlight the following key takeaways:

1. **Letsvan – another growth lever to pull:** As previously disclosed, QSG acquired a majority equity interest in Letsvan for a total cash consideration of RMB 235 million. Letsvan primarily focuses on Intellectual Property (IP) incubation and sales of related pop toys across online and offline distribution platforms in China and Southeast Asia. While standalone revenues/earnings remain minor relative to QSG's legacy businesses, we look for strong/sustainable growth post-acquisition reflecting several powerful catalysts including:

    - **Industry growth:** According to recent studies, Gross Merchandise Value (GMV) across the global toy market is forecast to rise from RMB 773 billion in 2023 to RMB 994 billion in 2028, representing a 5%+ Compound Annual Growth Rate (CAGR).

    - **Expanding product portfolio:** Letsvan maintains a robust portfolio, with 10 original IPs (in addition to licensing third-party properties). Looking ahead, management plans to launch two to three new IP-based products per year by leveraging QSG's incubation/cultivation framework.

    - **Broader distribution:** Key distribution initiatives include increasingly partnering with major toy retailers, and opening proprietary retail stores (following the success of the recent pop-up store launch in Beijing) to increase product visibility and enhance sales. Furthermore, senior officials remain focused on further building Letsvan's online capabilities to complement offline transactions.

    - **Geographic expansion:** In addition to the company's domestic market in China and more recent entries into Southeast Asia (specifically Indonesia, Thailand, and Malaysia), management plans to further to broaden Letsvan's footprint in North America over time.

    - **Increasingly leveraging QSG:** In our minds, a key growth driver for Letsvan remains incorporating QSG management's expertise across data-driven marketing, customer engagement, digital infrastructure, and supply chain optimization to ramp up sales and improve operating efficiencies.

2. **Ongoing focus on profitability:** While adverse seasonal trends impacted F3Q25 profitability, we look for margins to remain steady in the near term and trend higher over time. Our optimism primarily reflects ongoing initiatives to better align the company's cost structure (including open-ended headcount reductions), as the revenue model evolves. Moreover, Letsvan maintains higher margins, with further growth likely increasingly accretive to overall profitability. From a business perspective, online learning services continue to generate the lion's share of firmwide revenues (82% in F3Q25), with the business remaining profitable. Should segment revenues decline to the point where the legacy platform becomes unprofitable for a prolonged period of time, we suspect senior officials would move to shutter related businesses – reinforcing management's commitment to maintaining positive cash flows.

    From a capital management perspective, management remains focused on optimizing resource allocations to maximize Returns on Investments (ROIs). Liquid assets (cash and cash equivalents, restricted cash, and short-term investments) totaled RMB 1.1 billion ($156 million) as of March 31, 2025, thereby providing flexibility to continue to invest in newer/higher-growth businesses (though we expect CapEx needs related to building our Letsvan's infrastructure to remain manageable).

3. **Silver demographic businesses remain on track:** While recreation and leisure course revenues as a whole were down slightly on a sequential quarter basis, management remains focused on maximizing related economics as it relates to the silver demographic. To the point, retention/repeat purchase rates remain high, and demand for integrated graduation trips continues to ramp up. QSG now offers study tour programs incorporating four courses across 13 cities, with accelerating demand based on 2025 sales thus far. Separately, QSG's sales of health/wellness products targeting seniors remains steady, thereby deepening client penetration further diversifying the company's revenue profile.

TRIMMING EPS ESTIMATES

After updating our model for F3Q25 actuals, we are taking up our F2025 and F2026 adjusted EPS estimates from $0.90/$0.85 to $0.83/$0.79. Our revisions primarily reflect the F3Q25 EPS miss combined with slightly lower revenue assumptions. While we see outsized growth potential for Letsvan as management increasingly leverages QSG's marketing/distribution/operational acumen, we suspect it will take time for related revenue growth to fully offset ongoing declines across the legacy online education business.

Turning to profitability, our model calls for adjusted operating and net income margins to trend higher from F3Q25 levels, as senior officials remain laser-focused on maintaining positive cash flows and optimizing resource allocations and Returns on Investments (ROIs).

RAISING PRICE TARGET

Despite our reduced earnings outlook, we are raising our price target to $7.00 reflecting a lower risk profile in light of the company's ongoing transition to a lower CAC/higher-LTV business model. While the stock has outperformed more recently, we still see meaningful upside potential, particularly as QSG's unique business model, differentiated focus on the silver demographic in China, and long-term growth prospects increasingly resonate with the investment community.

While we recognize peer valuations become less meaningful as QuantaSing's business model evolves, P/E multiples of selected online education companies in China as well as here in the U.S. remain meaningfully above QSG's valuation metrics. Indeed, QSG is currently trading at just ~7x our revised EPS estimates for both F2025 and F2026.

INVESTMENT THESIS

QuantaSing provides “lifestyle solutions,” or products and services tailored for older consumers in China, by leveraging the company’s legacy online education platform’s user base, technology, data, and infrastructure.

Our investment thesis revolves around:

1. **Business in transition – strategic shift in focus on the “silver economy” in China:** Last year, management officially embarked on a thoughtful and deliberate evolution of the company’s business model. Management’s vision encompasses building a broader ecosystem providing targeted products and services that address evolving educational, social, and consumer demand trends of middle-aged and elderly individuals in China. Specific business initiatives include: i) distilling the online education platform by introducing courses tailored for older demographics, with an emphasis on health/wellness and recreation/leisure; ii) increasingly bringing senior-focused consumer products to market following the company’s initial foray into the Chinese liquor (Baiju) market; and iii) opening offline stores/service centers to build QSG’s brand and engage middle-aged and elderly customers.

2. **Powerful growth drivers:** Recent studies suggest China’s “silver economy,” or the market value of goods and services catering to senior citizens, will reach RMB 30 trillion, or more than $4 trillion, by 2035. Key growth drivers likely include: i) demographic tailwinds, with China’s population mix continuing to skew older reflecting declining fertility rates and longer life expectancies; ii) middle-aged and elderly individuals are becoming an increasingly important consumer group in China given rising assets and declining debt levels leading to higher disposable incomes; iii) in response to shifting demographics, the Chinese government remains proactive in introducing policies to support the aging population; and iv) QuantaSing remains well positioned to gain share across the senior education market reflecting the company’s first-mover advantage, well-established infrastructure, and targeted course catalog.

3. **Legacy business still has “legs”:** Since launching operations in 2019, QuantaSing Group has grown into the largest online adult learning services provider in China. In addition to the company’s legacy financial literacy courses, QSG introduced skills upgrading and recreation and leisure programs starting in 2021. Going forward, we look for ongoing growth across QuantaSing’s skills upgrading and recreation and leisure platforms reflecting the company’s scale (145.0 million registered users as of 3/31/25, with 300,000 paying customers in the third quarter of fiscal 2025), diversified and growing suite of high-quality and in-demand courses, with a focus on recreation and leisure programs catering to middle-aged and elderly individuals, differentiated technology (network infrastructure, live streaming capabilities, artificial intelligence, data analytics), and broader geographic reach.

4. **Upward revaluation opportunity:** QSG is down meaningfully from the stock’s IPO price of $12.50 in January 2023. In our minds, the post-offering selloff provides investors with an attractive entry point for QSG, as awareness and appreciation of the company’s business model shift, long-term growth prospects, competitive positioning, and valuation disconnect increasingly take hold. Despite what we believe to be conservative inputs/assumptions, our valuation work suggests a wide disconnect between the company’s fundamentals and the stock’s current price.

INVESTMENT RISKS

1. **Macroeconomic headwinds in China:** GDP growth in China remains relatively lackluster reflecting a prolonged property sector slowdown, weaker consumer and investor confidence, and escalating trade tensions with other economies. An extended economic downturn in China would likely pressure consumer demand and disposable income trends more broadly, with knock-on effects to QSG's revenues and earnings. That said, the middle-aged and elderly population maintains healthier household balance sheets on average, thereby preserving purchasing power through economic downturns and insulating the silver demographic from broader macroeconomic trends in China to some degree.

2. **Transition risk:** As part of the shift in business strategy, management plans to compete in new markets, launch new products, and enter new sales channels. The company's limited operating history, infrastructure, and brand awareness within target markets bring inherent strategic and financial risks. Furthermore, a key component of QSG's transition remains increasingly penetrating the senior education market. As the online learning services revenue mix shifts away from flagship financial literacy courses in favor of newer skills upgrading courses and recreation and leisure offerings, we look for a step up in top line volatility reflecting uncertainty around market demand, program quality, and pricing trends.

3. **Silver economy:** Increasingly tapping into the silver demographic's building demand for bespoke products and services represents a powerful growth opportunity. Nonetheless, businesses solely focused on the aging population risk financial exclusion from the ongoing digitization of economies, shifting politics/regulations, particularly as it relates to healthcare, and evolving demand trends. Moreover, incorporating social components for the elderly remains critical to accelerate the uptake of related products and services. As such, market shares likely roll up to players with presences across both online and offline channels.

4. **Slowing growth for legacy business:** While management remains focused on maintaining profitability through the business model shift, online learning services accounted for 82% of firmwide revenues in F3Q25. Looking ahead, a majority of QSG's revenues, earnings, and cash flows likely remain dependent on awareness/adoption of online learning in China, as well as the company's legacy education platform for the foreseeable future. As management increasingly focuses on the silver economy (and diverts resources away from online education sales and marketing efforts), we forecast a flatter growth trajectory for the number of registered users and paying learners.

5. **Regulatory environment:** As with any company operating in China, QuantaSing remains subject to regulatory uncertainties and/or changes. In particular, government scrutiny on cybersecurity, data security, personal information protection, financial services marketing, foreign exchange, and taxation remains elevated. The application and potential enforcement of existing laws and/or forthcoming regulatory changes could hinder business operations, divert management/financial resources, and/or result in significant fines/penalties/liabilities that materially impair QSG's financial performance and the stock price. Having said that, favorable government policies focused on improving services for the elderly likely support growth for QSG's silver-focused businesses.

PROJECTED INCOME STATEMENT (RMB)

QuantaSing Group Limited
(RMB in thousands)

	Quarterly												Annual				Y/Y Growth		
	F1Q23	F2Q23	F3Q23	F4Q23	F1Q24	F2Q24	F3Q24	F4Q24	F1Q25	F2Q25	F3Q25	F4Q25E	F2023	F2024	F2025E	F2026E	F2024	F2025E	F2026E
	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Jun-23	Jun-24	Jun-25	Jun-26	Jun-24	Jun-25	Jun-26
Revenues																			
Online learning services																			
Financial literacy courses	468,565	498,925	486,684	420,453	346,883	321,054	268,502	370,926	264,106	228,454	194,377	155,502	1,874,627	1,307,365	842,439	746,408	-30%	-36%	-11%
Skills upgrading courses	116,520	192,903	205,918	209,894	295,393	456,355	464,360	445,683	366,923	293,645	196,106	156,885	725,235	1,661,791	1,013,559	753,047	129%	-39%	-26%
Recreation and leisure courses		12,155	32,114	90,746	113,634	96,142	95,265	90,077	77,983	79,194	76,764	61,411	135,015	395,118	295,352	294,774	193%	-25%	0%
Subtotal	585,085	703,983	724,716	721,093	755,910	873,551	828,127	906,686	709,012	601,293	467,247	373,798	2,734,877	3,364,274	2,151,350	1,794,228	23%	-36%	-17%
Enterprise services	73,613	82,356	81,126	103,839	68,390	57,620	65,099	56,623	47,755	55,655	48,118	38,494	340,934	247,732	190,022	184,773	-27%	-23%	-3%
Consumer business				3,415	44,836	46,400	49,386	33,339	49,498	64,508	48,677	69,651	3,415	173,961	232,334	417,903	4994%	34%	80%
Other	668	86	1,401			2,971	2,958	3,435	4,139	5,191	6,664	7,330	2,155	9,364	23,324	41,050	335%	149%	76%
Total	**659,366**	**786,425**	**807,243**	**828,347**	**869,136**	**980,542**	**945,570**	**1,000,083**	**810,404**	**726,647**	**570,706**	**489,273**	**3,081,381**	**3,795,331**	**2,597,030**	**2,437,955**	**23%**	**-32%**	**-6%**
Cost of revenues	(75,062)	(99,253)	(101,057)	(116,126)	(118,192)	(145,018)	(145,848)	(141,252)	(134,448)	(122,512)	(96,556)	(85,429)	(391,498)	(550,310)	(438,945)	(436,461)	41%	-20%	-1%
Gross Profit	**584,304**	**687,172**	**706,186**	**712,221**	**750,944**	**835,524**	**799,722**	**858,831**	**675,956**	**604,135**	**474,150**	**403,844**	**2,689,883**	**3,245,021**	**2,158,085**	**2,001,494**	**21%**	**-33%**	**-7%**
Operating Expenses																			
Sales and marketing expenses	(581,158)	(622,901)	(631,380)	(573,025)	(620,152)	(657,112)	(729,620)	(580,093)	(515,009)	(407,022)	(395,175)	(303,349)	(2,408,464)	(2,586,977)	(1,620,555)	(1,509,102)	7%	-37%	-7%
Research and development expenses	(52,301)	(64,269)	(49,601)	(53,610)	(43,800)	(41,015)	(38,840)	(21,213)	(28,080)	(28,354)	(20,891)	(17,910)	(219,781)	(144,868)	(95,235)	(77,212)	-34%	-34%	-19%
General and administrative expenses	(44,390)	(44,526)	(48,309)	(38,021)	(42,762)	(35,059)	(36,390)	(11,554)	(30,621)	(30,524)	(25,049)	(21,475)	(175,246)	(125,765)	(107,669)	(88,884)	-28%	-14%	-17%
Impairment loss on long-lived assets								(2,652)					0	(2,652)	0		NM	-100%	NM
Impairment loss on goodwill								(7,389)					0	(7,389)	0		NM	-100%	NM
Total Expenses	**(677,849)**	**(731,696)**	**(729,290)**	**(664,656)**	**(706,714)**	**(733,186)**	**(804,850)**	**(622,901)**	**(573,710)**	**(465,900)**	**(441,115)**	**(342,734)**	**(2,803,491)**	**(2,867,651)**	**(1,823,459)**	**(1,675,198)**	**2%**	**-36%**	**-8%**
Operating Income/(Loss)	**(93,545)**	**(44,524)**	**(23,104)**	**47,565**	**44,230**	**102,338**	**(5,128)**	**235,930**	**102,246**	**138,235**	**33,035**	**61,110**	**(113,608)**	**377,370**	**334,626**	**326,296**	**-432%**	**-11%**	**-2%**
Interest income	192	656	1,811	2,669	3,447	2,409	2,513	2,151	1,939	1,221	880	855	5,328	10,520	4,895	3,505	97%	-53%	-28%
Other, net	6,450	3,502	5,206	6,155	12,257	2,221	7,685	6,802	9,735	6,283	23,509	15,708	21,313	28,965	55,235	67,859	36%	91%	23%
Pre-Tax Income/(Loss)	**(86,903)**	**(40,366)**	**(16,087)**	**56,389**	**59,934**	**106,968**	**5,070**	**244,883**	**113,920**	**145,739**	**57,424**	**77,673**	**(86,967)**	**416,855**	**394,756**	**397,660**	**-579%**	**-5%**	**1%**
Income tax (expense)/benefit	(10,375)	(1,035)	(6,576)	(3,699)	6,746	642	9,560	(48,276)	(33,232)	(18,983)	(16,280)	(22,021)	(21,685)	(31,328)	(90,516)	(112,739)	44%	189%	25%
Net Income/(Loss)	**(97,278)**	**(41,401)**	**(22,663)**	**52,690**	**66,680**	**107,610**	**14,630**	**196,607**	**80,688**	**126,756**	**41,144**	**55,652**	**(108,652)**	**385,527**	**304,240**	**284,921**	**-455%**	**-21%**	**-6%**
Net loss attributable to NCI	0	0	0	115	0	0	0	0	0	0	1	0	115	0	1	0	-100%	NM	-100%
Net Income/(Loss) Attributable to QSG	**(97,278)**	**(41,401)**	**(22,663)**	**52,805**	**66,680**	**107,610**	**14,630**	**196,607**	**80,688**	**126,756**	**41,145**	**55,652**	**(108,537)**	**385,527**	**304,241**	**284,921**	**-455%**	**-21%**	**-6%**
Foreign currency translation adjustments	2,126	(789)	3,461	15,545	(2,005)	(3,372)	423	85	(3,546)	5,013	(289)	0	20,343	(4,869)	1,178	0	-124%	-124%	-100%
Total Comprehensive Income/(Loss)	(95,152)	(42,190)	(19,202)	68,235	64,675	104,238	15,053	196,692	77,142	131,769	40,855	55,652	(88,309)	380,658	305,418	284,921	-531%	-20%	-7%
Net loss attributable to NCI	0	0	0	115	0	0	0	0	0	0	1	0	115	0	1	0	-100%	NM	-100%
Comprehensive Income/(Loss) Attributable to (	(95,152)	(42,190)	(19,202)	68,350	64,675	104,238	15,053	196,692	77,142	131,769	40,856	55,652	(88,194)	380,658	305,419	284,921	-532%	-20%	-7%
Net Income/(Loss) Attributable to QSG	(97,278)	(41,401)	(22,663)	52,805	66,680	107,610	14,630	196,607	80,688	126,756	41,145	55,652	(108,537)	385,527	304,241	284,921	-455%	-21%	-6%
Accretion of the Company's preferred shares	(9,469)	(10,043)	(2,867)	0	0	0	0	0	0	0	0	0	(22,379)	0	0	0	-100%	NM	NM
Net Income/(Loss) Attributable to ordinary sha	(106,747)	(51,444)	(25,530)	52,805	66,680	107,610	14,630	196,607	80,688	126,756	41,145	55,652	(130,916)	385,527	304,241	284,921	-394%	-21%	-6%
Earnings per share, diluted	**(1.96)**	**(0.89)**	**(0.19)**	**0.30**	**0.38**	**0.64**	**0.09**	**1.18**	**0.50**	**0.77**	**0.25**	**0.34**	**(1.26)**	**2.27**	**1.85**	**1.78**	**-280%**	**-18%**	**-4%**
Weighted avg shares outstanding, basic	54.4	57.8	135.8	169.1	169.1	165.4	164.8	160.8	156.4	162.3	162.8	161.8	103.9	165.0	160.8	157.8	59%	-3%	-2%
Weighted avg shares outstanding, diluted	54.4	57.8	135.8	175.8	175.0	167.4	170.9	166.9	161.3	165.4	165.2	164.2	103.9	170.0	164.0	160.2	64%	-4%	-2%
Non-GAAP Reconciliations																			
Net Income/(Loss)	(97,278)	(41,401)	(22,663)	52,805	66,680	107,610	14,630	196,607	80,688	126,756	41,145	55,652	(108,537)	385,527	304,241	284,921	-455%	-21%	-6%
Share-Based Compensation Expenses	(46,370)	(63,164)	(44,359)	(37,739)	(27,286)	3,742	(17,295)	13,082	(7,272)	(5,218)	(4,811)	(4,811)	(191,632)	(27,757)	(22,112)	(19,244)	-86%	-20%	-13%
Impairment loss on long-lived assets and goodwill								(10,041)	0	0	0	0	0	(10,041)	0	0			
Accretion of the Company's preferred shares	9,469	10,043	2,867	0	0	0	0	0	0	0	0	0	22,379	0	0	0	-100%	NM	NM
Income allocation to participating preferred s	0	7,448	3,431	0	0	0	0	0	0	0	0	0	21,816	0	0	0	-100%	NM	NM
Adjusted Net Income	**(60,377)**	**4,272**	**15,398**	**90,544**	**93,966**	**103,868**	**31,925**	**193,566**	**87,960**	**131,974**	**45,956**	**60,463**	**38,900**	**423,325**	**326,353**	**304,165**	**988%**	**-23%**	**-7%**
Adjusted Earnings per share, diluted	**(1.11)**	**0.07**	**0.11**	**0.52**	**0.54**	**0.62**	**0.19**	**1.16**	**0.55**	**0.80**	**0.28**	**0.37**	**0.35**	**2.49**	**1.99**	**1.90**	**607%**	**-20%**	**-5%**
Weighted average shares outstanding, diluted	54.4	64.7	142.4	175.8	175.0	167.4	170.9	166.9	161.3	165.4	165.2	164.2	110.5	170.0	164.0	160.2	54%	-4%	-2%

Source: Company reports and Zacks SCR estimates and calculations.

© Copyright 2025, Zacks Investment Research. All Rights Reserved.

PROJECTED INCOME STATEMENT (USD)

QuantaSing Group Limited
($ in thousands)

	Quarterly												Annual				Y/Y Growth		
	F1Q23	F2Q23	F3Q23	F4Q23	F1Q24	F2Q24	F3Q24	F4Q24	F1Q25	F2Q25	F3Q25	F4Q25E	F2023	F2024	F2025E	F2026E	F2024	F2025E	F2026E
	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Jun-23	Jun-24	Jun-25	Jun-26	Jun-24	Jun-25	Jun-26
Revenues	**79,143**	**114,021**	**117,544**	**114,234**	**119,125**	**138,106**	**130,960**	**137,616**	**115,482**	**99,550**	**78,645**	**68,182**	**424,942**	**525,807**	**361,859**	**339,737**	**24%**	**-31%**	**-6%**
Cost of revenues	(8,870)	(14,390)	(14,715)	(16,015)	(16,200)	(20,425)	(20,200)	(19,437)	(19,159)	(16,784)	(13,306)	(11,905)	(53,990)	(76,262)	(61,154)	(60,822)	41%	-20%	-1%
Gross Profit	**70,273**	**99,631**	**102,829**	**98,219**	**102,925**	**117,681**	**110,760**	**118,179**	**96,323**	**82,766**	**65,339**	**56,277**	**370,952**	**449,545**	**300,705**	**278,915**	**21%**	**-33%**	**-7%**
Operating Expenses																			
Sales and marketing expenses	(70,870)	(90,312)	(91,936)	(79,024)	(84,999)	(92,552)	(101,051)	(79,823)	(73,388)	(55,762)	(54,457)	(42,273)	(332,142)	(358,425)	(225,880)	(210,299)	8%	-37%	-7%
Research and development expenses	(6,376)	(9,318)	(7,222)	(7,393)	(6,003)	(5,777)	(5,379)	(2,919)	(4,001)	(3,884)	(2,879)	(2,496)	(30,309)	(20,078)	(13,260)	(10,760)	-34%	-34%	-19%
General and administrative expenses	(5,435)	(6,456)	(7,034)	(5,243)	(5,861)	(4,938)	(5,040)	(1,590)	(4,363)	(4,182)	(3,452)	(2,993)	(24,168)	(17,429)	(14,990)	(12,386)	-28%	-14%	-17%
Impairment loss on long-lived assets								(365)	0	0	0	0	0	(365)	0	0			
Impairment loss on goodwill								(1,017)	0	0	0	0	0	(1,017)	0	0			
Total Expenses	**(82,681)**	**(106,086)**	**(106,192)**	**(91,660)**	**(96,863)**	**(103,267)**	**(111,470)**	**(85,714)**	**(81,752)**	**(63,828)**	**(60,788)**	**(47,761)**	**(386,619)**	**(397,314)**	**(254,129)**	**(233,445)**	**3%**	**-36%**	**-8%**
Operating Income/(Loss)	**(12,408)**	**(6,455)**	**(3,363)**	**6,559**	**6,062**	**14,414**	**(710)**	**32,465**	**14,571**	**18,938**	**4,551**	**8,516**	**(15,667)**	**52,231**	**46,576**	**45,470**	**-433%**	**-11%**	**-2%**
Interest income	8	95	264	368	472	339	348	296	276	167	121	119	735	1,455	683	488	98%	-53%	-28%
Other, net	824	508	758	849	1,680	313	1,064	936	1,387	861	3,239	2,189	2,939	3,993	7,676	9,456	36%	92%	23%
Pre-Tax Income/(Loss)	**(11,576)**	**(5,852)**	**(2,341)**	**7,776**	**8,214**	**15,066**	**702**	**33,697**	**16,234**	**19,966**	**7,911**	**10,824**	**(11,993)**	**57,679**	**54,935**	**55,415**	**-581%**	**-5%**	**1%**
Income tax (expense)/benefit	(1,372)	(150)	(958)	(510)	925	90	1,324	(6,643)	(4,736)	(2,601)	(2,243)	(3,069)	(2,990)	(4,304)	(12,649)	(15,711)	44%	194%	24%
Net Income/(Loss)	**(12,948)**	**(6,002)**	**(3,299)**	**7,266**	**9,139**	**15,156**	**2,026**	**27,054**	**11,498**	**17,365**	**5,668**	**7,755**	**(14,983)**	**53,375**	**42,286**	**39,705**	**-456%**	**-21%**	**-6%**
Net loss attributable to NCI	0	0	0	16	0	0	0	0	0	0	0	0	16	0	0	0	-100%	NM	NM
Net Income/(Loss) Attributable to QSG	**(12,948)**	**(6,002)**	**(3,299)**	**7,282**	**9,139**	**15,156**	**2,026**	**27,054**	**11,498**	**17,365**	**5,668**	**7,755**	**(14,967)**	**53,375**	**42,286**	**39,705**	**-457%**	**-21%**	**-6%**
Foreign currency translation adjustments	271	(114)	504	2,144	(275)	(475)	59	12	(505)	687	(40)	0	2,805	(679)	142	0	-124%	-121%	-100%
Total Comprehensive Income/(Loss)	(12,677)	(6,116)	(2,795)	9,410	8,864	14,681	2,085	27,066	10,993	18,052	5,628	7,755	(12,178)	52,696	42,428	39,705	-533%	-19%	-6%
Net loss attributable to NCI	0	0	0	16	0	0	0	0	0	0	0	0	16	0	0	0	-100%	NM	NM
Comprehensive Income/(Loss) Attributable to (	(12,677)	(6,116)	(2,795)	9,426	8,864	14,681	2,085	27,066	10,993	18,052	5,628	7,755	(12,162)	52,696	42,428	39,705	-533%	-19%	-6%
Net Income/(Loss) Attributable to QSG	(12,948)	(6,002)	(3,299)	7,282	9,139	15,156	2,026	27,054	11,498	17,365	5,668	7,755	(14,967)	53,375	42,286	39,705	-457%	-21%	-6%
Accretion of the Company's preferred shares	(1,213)	(1,456)	(417)	0	0	0	0	0	0	0	0	0	(3,086)	0	0	0	-100%	NM	NM
Net Income/(Loss) Attributable to ordinary sha	(14,161)	(7,458)	(3,716)	7,282	9,139	15,156	2,026	27,054	11,498	17,365	5,668	7,755	(18,053)	53,375	42,286	39,705	-396%	-21%	-6%
Earnings per share, diluted	**(0.26)**	**(0.13)**	**(0.08)**	**0.12**	**0.16**	**0.27**	**0.04**	**0.49**	**0.21**	**0.32**	**0.10**	**0.14**	**(0.33)**	**0.94**	**0.77**	**0.74**	**-382%**	**-18%**	**-4%**
Weighted avg shares outstanding, basic	54.4	57.8	45.3	56.4	56.4	55.1	54.9	53.6	52.1	54.1	54.3	53.9	53.5	55.0	53.6	52.6	3%	-3%	-2%
Weighted avg shares outstanding, diluted	54.4	57.8	45.3	58.6	58.3	55.8	57.0	55.6	53.8	55.1	55.1	54.7	54.0	56.7	54.7	53.4	5%	-4%	-2%
Non-GAAP Reconciliations																			
Net Income/(Loss)	(12,948)	(6,002)	(3,299)	7,282	9,139	15,156	2,026	27,054	11,498	17,365	5,668	7,755	(14,967)	53,375	42,286	39,705	-457%	-21%	-6%
Share-Based Compensation Expenses	(5,607)	(9,158)	(6,460)	(5,203)	(3,740)	528	(2,395)	1,799	(1,036)	(715)	(662)	(670)	(26,428)	(3,808)	(3,083)	(2,682)	-86%	-19%	-13%
Impairment loss on long-lived assets and goodwill								(1,382)	0	0	0	0	0	(1,382)	0	0			
Accretion of the Company's preferred shares	1,213	1,456	417	0	0	0	0	0	0	0	0	0	3,086	0	0	0	-100%	NM	NM
Income allocation to participating preferred s	1,929	1,080	0	0	0	0	0	0	0	0	0	0	3,009	0	0	0	-100%	NM	NM
Adjusted Net Income	**(10,483)**	**620**	**2,744**	**12,485**	**12,879**	**14,628**	**4,421**	**26,637**	**12,534**	**18,080**	**6,330**	**8,426**	**5,366**	**58,565**	**45,370**	**42,386**	**991%**	**-23%**	**-7%**
Adjusted Earnings per share, diluted	**(0.19)**	**0.01**	**0.06**	**0.21**	**0.22**	**0.26**	**0.08**	**0.48**	**0.23**	**0.33**	**0.11**	**0.15**	**0.10**	**1.03**	**0.83**	**0.79**	**984%**	**-20%**	**-4%**
Weighted average shares outstanding, diluted	54.4	64.7	47.5	58.6	58.3	55.8	57.0	55.6	53.8	55.1	55.1	54.7	56.3	56.7	54.7	53.4	1%	-4%	-2%

Source: Company reports and Zacks SCR estimates and calculations.

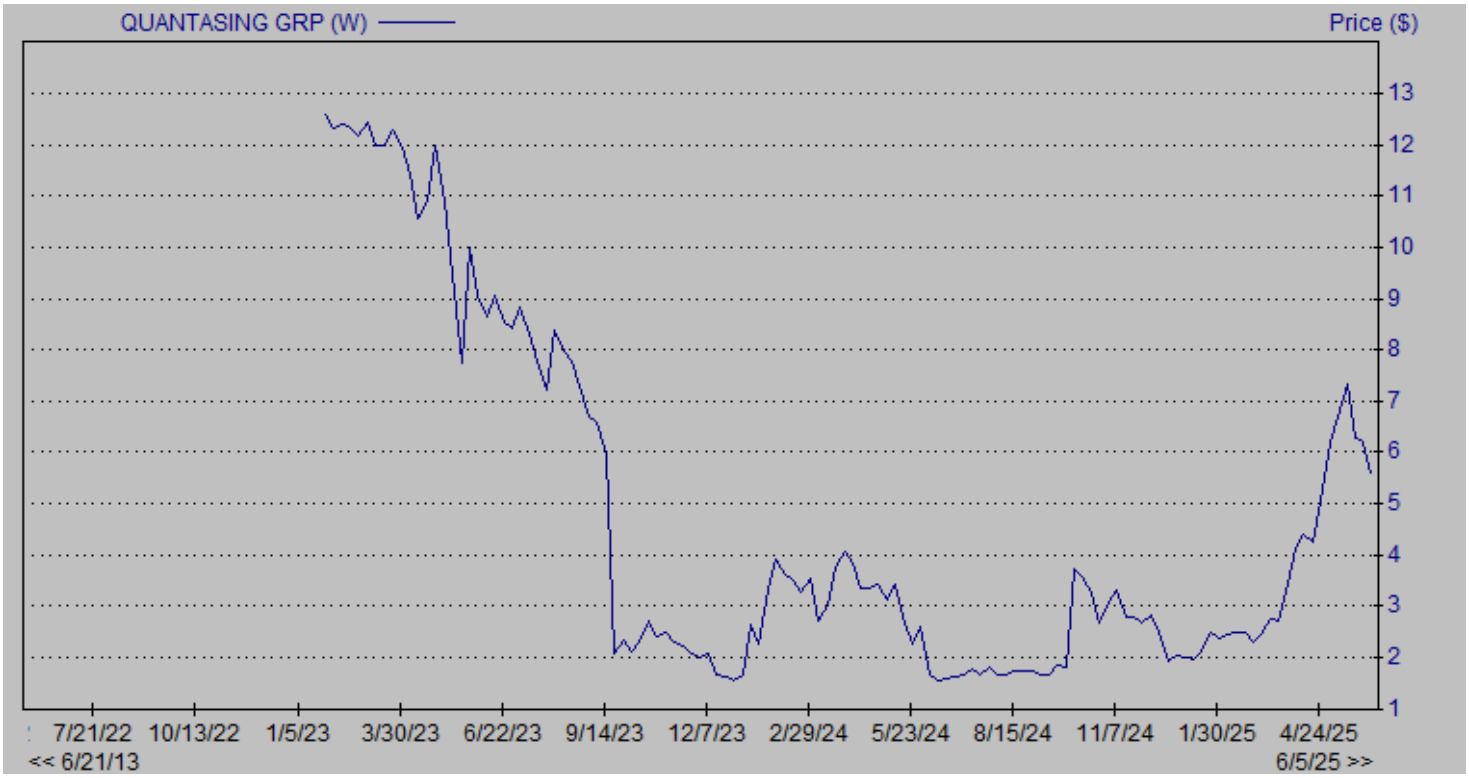
PROJECTED BALANCE SHEET (RMB)

QuantaSing Group Limited
(RMB in thousands)

	Quarterly												Annual				Y/Y Growth		
	F1Q23	F2Q23	F3Q23	F4Q23	F1Q24	F2Q24	F3Q24	F4Q24	F1Q25	F2Q25	F3Q25	F4Q25E	F2023	F2024	F2025E	F2026E	F2024	F2025E	F2026E
	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Jun-23	Jun-24	Jun-25	Jun-26	Jun-24	Jun-25	Jun-26
Assets																			
Current Assets:																			
Cash and cash equivalents	450,236	418,762	474,015	764,281	691,812	862,917	971,575	779,931	1,027,165	1,094,762	985,677	995,534	764,281	779,931	995,534	1,035,355	2%	28%	4%
Restricted cash	92	92	0	0	0	0	0	160	250	1,174	675	682	0	160	682	709	NM	326%	4%
Short-term investments	6,090	106,829	376,374	166,303	188,076	187,864	178,367	246,195	166,299	117,285	148,532	150,017	166,303	246,195	150,017	156,018	48%	-39%	4%
Accounts receivable, net	3,870	3,061	4,029	12,251	24,871	19,448	28,564	16,676	17,192	16,403	37,392	37,766	12,251	16,676	37,766	39,277	36%	126%	4%
Amount due from related parties	24,933	29,570	31,371	29,116	2,391	0	2,291	4,488	0	0	489	494	29,116	4,488	494	514	-85%	-89%	4%
Inventory, net	0	0	0	0	21,783	14,699	7,185	6,345	7,584	13,398	28,120	29,526	0	6,345	29,526	35,431	NM	365%	20%
Prepayments and other current assets	123,638	149,042	122,782	136,681	186,666	156,964	182,877	275,549	209,870	157,802	173,582	175,318	136,681	275,549	175,318	182,331	102%	-36%	4%
Total Current Assets	608,859	707,356	1,008,571	1,108,632	1,115,599	1,241,892	1,370,859	1,329,344	1,428,360	1,400,824	1,374,467	1,389,336	1,108,632	1,329,344	1,389,336	1,449,634	20%	5%	4%
Non-Current Assets:																			
Property and equipment, net	4,445	4,282	7,529	7,409	7,706	7,818	6,700	6,569	5,794	5,032	11,571	10,992	7,409	6,569	10,992	8,794	-11%	67%	-20%
Intangible assets, net	0	0	0	0	3,120	2,963	2,807	0	59	59	68,973	68,973	0	0	68,973	68,973	NM	NM	0%
Operating lease right-of-use assets	20,599	106,030	93,817	84,009	75,684	67,703	64,891	58,889	47,816	37,205	29,479	28,005	84,009	58,889	28,005	22,404	-30%	-52%	-20%
Deferred tax assets	0	0	0	2,084	10,918	1,110	13,721	847	2,193	2,014	914	923	2,084	847	923	960	-59%	9%	4%
Long-term investments/goodwill	0	0	0	0	7,389	7,389	7,389	9,010	10,623	35,776	232,026	234,346	0	9,010	234,346	243,720	NM	2501%	4%
Other non-current assets	10,048	25,523	21,675	21,296	20,368	20,516	21,365	21,360	22,009	6,102	5,177	5,229	21,296	21,360	5,229	5,438	0%	-76%	4%
Total Non-Current Assets	35,092	135,835	123,021	114,798	125,185	107,499	116,873	96,675	88,494	86,188	348,140	348,469	114,798	96,675	348,469	350,289	-16%	260%	1%
Total Assets	**643,951**	**843,191**	**1,131,592**	**1,223,430**	**1,240,784**	**1,349,391**	**1,487,732**	**1,426,019**	**1,516,854**	**1,487,012**	**1,722,607**	**1,737,805**	**1,223,430**	**1,426,019**	**1,737,805**	**1,799,923**	**17%**	**22%**	**4%**
Liabilities																			
Current Liabilities:																			
Short-term borrowings											14,500	14,500			14,500	14,500	NM	NM	0%
Accounts payable	69,801	71,015	75,262	62,094	80,077	67,506	87,001	62,066	61,051	46,301	55,219	55,771	62,094	62,066	55,771	58,002	0%	-10%	4%
Accrued expenses and other current liabilitie	131,719	150,047	140,072	171,160	177,507	206,076	222,664	190,508	201,159	197,866	186,084	187,945	171,160	190,508	187,945	195,463	11%	-1%	4%
Amounts due to related parties	0	0	0	0	0	4,150	0	0	0	0	0	0	0	0	0	0	NM	NM	NM
Income tax payable	13,093	14,129	16,705	8,794	8,510	2,052	5,103	20,399	45,382	51,966	53,565	54,101	8,794	20,399	54,101	56,265	132%	165%	4%
Contract liabilities, current portion	436,359	465,872	513,282	517,213	477,263	472,471	527,948	385,227	347,744	304,788	310,189	313,291	517,213	385,227	313,291	325,823	-26%	-19%	4%
Advance from customers	143,125	185,065	169,660	144,397	146,767	158,439	201,124	162,257	163,004	122,815	148,332	149,815	144,397	162,257	149,815	155,808	12%	-8%	4%
Operating lease liabilities, current portion	15,464	34,686	33,612	41,092	33,938	35,983	46,277	49,099	56,156	45,021	30,837	31,145	41,092	49,099	31,145	32,391	19%	-37%	4%
Total Current Liabilities	809,561	920,814	948,593	944,750	924,062	946,677	1,090,117	869,556	874,496	768,757	798,726	806,568	944,750	869,556	806,568	838,251	-8%	-7%	4%
Non-Current Liabilities:																	NM	NM	NM
Contract liabilities, non-current portion	4,587	1,601	142	7	0	0	0	11,365	20,221	28,057	33,495	33,830	7	11,365	33,830	35,183	######	198%	4%
Operating lease liabilities, non-current portio	3,771	73,770	65,248	52,840	50,018	42,039	29,359	16,989	2,887	2,443	3,123	3,154	52,840	16,989	3,154	3,280	-68%	-81%	4%
Deferred tax liabilities	0	0	0	0	0	0	0	11,625	16,528	23,765	42,269	42,692	0	11,625	42,692	44,399	NM	267%	4%
Total Non-Current Liabilities	8,358	75,371	65,390	52,847	50,018	42,039	29,359	39,979	39,636	54,265	78,887	79,676	52,847	39,979	79,676	82,863	-24%	99%	4%
Total Liabilities	**817,919**	**996,185**	**1,013,983**	**997,597**	**974,080**	**988,716**	**1,119,476**	**909,535**	**914,132**	**823,022**	**877,613**	**886,244**	**997,597**	**909,535**	**886,244**	**921,114**	**-9%**	**-3%**	**4%**
Total QSG Shareholders' Equity	**(173,968)**	**(152,994)**	**117,609**	**223,698**	**266,704**	**360,675**	**368,256**	**516,484**	**602,722**	**663,790**	**762,996**	**767,923**	**223,698**	**516,484**	**767,923**	**788,480**	**131%**	**49%**	**3%**
Non-controlling interests	0	0	0	2,135	0	0	0	0	0	200	40,999	41,819	2,135	0	41,819	45,164			
Total Shareholders' Equity	**(173,968)**	**(152,994)**	**117,609**	**225,833**	**266,704**	**360,675**	**368,256**	**516,484**	**602,722**	**663,990**	**803,995**	**809,742**	**225,833**	**516,484**	**809,742**	**833,645**	**129%**	**57%**	**3%**
Total Liabilities & Shareholders' Equity	**643,951**	**843,191**	**1,131,592**	**1,223,430**	**1,240,784**	**1,349,391**	**1,487,732**	**1,426,019**	**1,516,854**	**1,487,012**	**1,681,608**	**1,695,986**	**1,223,430**	**1,426,019**	**1,695,986**	**1,754,759**	**17%**	**19%**	**3%**

Source: Company reports and Zacks SCR estimates and calculations.

HISTORICAL STOCK PRICE



© Copyright 2025, Zacks Investment Research. All Rights Reserved.

DISCLOSURES

The following disclosures relate to relationships between Zacks Small-Cap Research ("Zacks SCR"), a division of Zacks Investment Research ("ZIR"), and the issuers covered by the Zacks SCR Analysts in the Small-Cap Universe.

ANALYST DISCLOSURES
I, Michael Kim, hereby certify that the view expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the recommendations or views expressed in this research report. I believe the information used for the creation of this report has been obtained from sources I considered to be reliable, but I can neither guarantee nor represent the completeness or accuracy of the information herewith. Such information and the opinions expressed are subject to change without notice.

INVESTMENT BANKING AND FEES FOR SERVICES
Zacks SCR does not provide investment banking services nor has it received compensation for investment banking services from the issuers of the securities covered in this report or article.
Zacks SCR has received compensation from the issuer directly, from an investment manager, or from an investor relations consulting firm engaged by the issuer for providing non-investment banking services to this issuer and expects to receive additional compensation for such non-investment banking services provided to this issuer. The non-investment banking services provided to the issuer includes the preparation of this report, investor relations services, investment software, financial database analysis, organization of non-deal road shows, and attendance fees for conferences sponsored or co-sponsored by Zacks SCR. The fees for these services vary on a per-client basis and are subject to the number and types of services contracted. Fees typically range between ten thousand and fifty thousand dollars per annum. Details of fees paid by this issuer are available upon request.

POLICY DISCLOSURES
This report provides an objective valuation of the issuer today and expected valuations of the issuer at various future dates based on applying standard investment valuation methodologies to the revenue and EPS forecasts made by the SCR Analyst of the issuer's business.
SCR Analysts are restricted from holding or trading securities in the issuers that they cover. ZIR and Zacks SCR do not make a market in any security followed by SCR nor do they act as dealers in these securities. Each Zacks SCR Analyst has full discretion over the valuation of the issuer included in this report based on his or her own due diligence. SCR Analysts are paid based on the number of companies they cover. SCR Analyst compensation is not, was not, nor will be, directly or indirectly, related to the specific valuations or views expressed in any report or article.

ADDITIONAL INFORMATION
Additional information is available upon request. Zacks SCR reports and articles are based on data obtained from sources that it believes to be reliable, but are not guaranteed to be accurate nor do they purport to be complete. Because of individual financial or investment objectives and/or financial circumstances, this report or article should not be construed as advice designed to meet the particular investment needs of any investor. Investing involves risk. Any opinions expressed by Zacks SCR Analysts are subject to change without notice. Reports or articles or tweets are not to be construed as an offer or solicitation of an offer to buy or sell the securities herein mentioned.

CANADIAN COVERAGE
This research report is a product of Zacks SCR and prepared by a research analyst who is employed by or is a consultant to Zacks SCR. The research analyst preparing the research report is resident outside of Canada, and is not an associated person of any Canadian registered adviser and/or dealer. Therefore, the analyst is not subject to supervision by a Canadian registered adviser and/or dealer, and is not required to satisfy the regulatory licensing requirements of any Canadian provincial securities regulators, the Investment Industry Regulatory Organization of Canada and is not required to otherwise comply with Canadian rules or regulations.