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Zacks Small-Cap Research

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Youlife Group (NASDAQ: YOUL)

YOUL: Youlife Reports Strong 1st Half 2026 Results and Updates Investor Community on Business Developments.

Utilizing a Discounted Cash Flow process containing conservative estimates combined with other valuation methodologies, we believe YOUL could be worth **$2.00** per share.

Current Price (10/26/26)	$0.26
Valuation	**$2.00**

OUTLOOK

Youlife is a leading provider of blue-collar lifecycle services in China, dedicated to modernizing blue-collar employment through data, training, and AI-driven workforce solutions. In the talent services sector, Youlife operates 91 domestic branches in China and over 3 overseas offices. By partnering with more than 7,000 renowned enterprises worldwide, Youlife provides stable and future-ready workforce infrastructure at scale. Under its "School-Enterprise Cooperation" model, Youlife maintains a nationwide network of vocational schools, including 37 schools and 146 curriculum development programs, covering 37 cities and counties across 16 provinces in China.

SUMMARY DATA

52-Week High	**$2.13**
52-Week Low	**$0.29**
One-Year Return (%)	**-73.07**
Beta	**0.83**
Average Daily Volume (sh)	**444,804**
Shares Outstanding (mil)	**72.9**
Market Capitalization ($mil)	**$34**
Short Interest Ratio (days)	**N/A**
Institutional Ownership (%)	**64**
Insider Ownership (%)	**35**
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	**N/A**
P/E using 2026 Estimate	**2.2**
P/E using 2027 Estimate	**1.4**

Risk Level	**High**
Type of Stock	**Smallcap Growth**
Industry	**Education**

ZACKS SCR ESTIMATES

Revenue
(in millions of $)

	Q1 (Mar)	1H (Jun)	Q3 (Sep)	2H (Dec)	Year (Dec)
2024					217 A
2025		127.5 A		137.7 A	265 A
2026		288.1 A		219.4 E	507 E
2027					553 E

EPS / Loss Per Share

	Q1 (Mar)	1H (Jun)	Q3 (Sep)	2H (Dec)	Year (Dec)
2024					
2025		$0.07 A		$0.01 A	$0.08 A
2026		$0.06 A		$0.07 E	$0.13 E
2027					$0.21 E

Quarterly estimates may not equal annual EPS due to rounding, dilution or intangibles. Est. may be non-GAAP.

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WHAT'S NEW

6-Month Financial Report (period ending 6/30/26)

Youlife reported strong first half 2026 financial results which exceeded our expectations for both growth and profitability. Total revenues increased 114.8% year over year to $288.1 million in the first half of 2026, from $134.1 million in the first half of 2025. Growth was primarily driven by employee management services, while HR recruitment and vocational education services also recorded strong growth. Revenue was also driven by the acquisition of YouheHR in early 2026. We believe organic or same store growth was approximately 35%.

- **Employee management services:** Revenue increased 122.3% to $276.7 million from $124.4 million, driven by growth in corporate customers and demand for blue-collar labor, a greater focus on large-scale outsourcing clients in new-economy industries, and contributions from YouheHR, acquired on January 31, 2026.

- **Vocational education services:** Revenue increased 33.1% to $3.4 million from $2.5 million, largely due to growth in smart campus services.

- **HR recruitment services**: Revenue increased 93.7% to $2.6 million from $1.3 million, primarily reflecting stronger recruitment demand from clients.

- **Marketing services and solutions**: Revenue decreased 5.4% to $5.4 million from $5.8 million, primarily due to lower sales volumes through online retail platforms.

Gross Profit increased 31.7% to $24.8 million from $18.9 million in the first half of 2025, primarily driven by higher employee management services revenue. Gross margin declined to 8.6% from 14.1%, reflecting the larger contribution from YouheHR, where its employee management services generate lower margins than the company's other businesses.

Operating income declined to $4.5 million from $6.7 million in the first half of 2025, reflecting lower gross margins and higher operating expenses associated with business development and other growth initiatives. Net profit decreased to $4.5 million from $5.5 million, as the company remained profitable while still investing heavily in its operating platform, strategic initiatives and technology capabilities. Basic and diluted EPS fell to $0.06 from $0.08, primarily due to an increase in weighted average shares outstanding to 80.2 million from 70.0 million following shares issued for the YouheHR acquisition.

Cash balances declined by $2.1 million during the first half of 2026, from $21.2 million as of December 31, 2025, to $19.1 million at June 30, 2026. The company remains focused on working-capital management and disciplined capital allocation while investing in YouheHR integration, technology capabilities, and long-term growth initiatives. The company has no significant long-term debt.

Business Updates

- In January 2026, the company's subsidiary Shanghai Youerlan Information Technology entered into a 3-year nationwide outsourcing service cooperation with a major domestic retail group. The agreement covers production operations and business support for stores and large-scale warehouses nationwide which is expected to expand the company's employee management services platform and enterprise customer base.

- In January 2026, the company's subsidiary, Wuhan Tiankun Diyun Education Technology established a JV with Bole Chepinwang Information Technology to expand automotive school-enterprise cooperation, curriculum development and talent cultivation.

- In January 2026, Youlife completed the previously announced share exchange transaction and YouheHR Group became a wholly owned subsidiary of Youlife. This is expected to strengthen the company's nationwide blue-collar service network and employee management delivery capabilities.

- In April 2026, the company reached a cooperation with Xinhui Technician College where both parties signed a cooperation agreement further expanding the company's vocational education cooperation network in the Guangdong-Hong KongMacao Greater Bay Area and building a talent network for the extension of its business into Hong Kong and Macao.

- On June 18, 2026, the company entered into a long-term strategic cooperation with Anhui Thingo Intelligent Technology to jointly develop intelligent agent services and AI recruitment products and build an AI industry academy and related AI capabilities. The agreement has an initial term of at least 10 years.

- In July 2026, the company's vocational education brand Tiankun Education entered into a ten-year school management cooperation agreement with Dazhou Technician College covering enrollment, curriculum co-development, industry-oriented training, faculty development, internships, employment placement and operational management

- In August 2026, the company's subsidiary Jiangxi Youlan Sci-Tech Industry Development entered into a strategic cooperation framework agreement with Ji'an Industry-Education Integration Technology to develop an industry-education integration platform centered on the High-Speed Rail New District Digital Economy Industrial Park, including opportunities involving vocational education, embodied robotics and related technologies.

- In August and September 2026, Youlife held ecosystem partner summits in Chengdu and Wuhan as part of its "*Thousand Cities, Ten Thousand Enterprises*" initiative. The program is designed to expand Youlife's county-level partner network and advance collaboration across AI talent cultivation, industry-education integration, technology-enabled talent services and international employment.

Valuation

We believe Youlife can generate double-digit revenue growth over the next 5-10 years through organic growth and accretive acquisitions. We believe gross margins can reach the mid-teens range and over the long-term approach 20%. The Youlife businesses are considered asset light and do not consume high levels of capital expenditures.

Our primary valuation tool utilizes a Discounted Cash Flow process. Under the scenario described above, we arrive at a target valuation of **$2.00** per share. Our target price may be conservative as it incorporates a high discount rate of 12.5% due to the unpredictability of earnings, prevailing interest rates, and the timeline for reaching its margin goals on an annual basis.

We also use forward EV/sales multiples to validate our target price. The average 2027 EV/sales multiple for two major staffing and work-force solution companies is 0.34x. The two peer comps include Adecco (ADEN) and Randstad (RAND). That would provide a relative valuation of approximately $1.50 per share for YOUL based on our 2027 revenue estimates. We believe the EV/sales for YOUL could be higher than those peers as it is in its early stages of global expansion while those peers are more established and mature. This methodology supports our $2.00 DCF derived price target.

As of June 30, 2026, the company had tangible equity of $110.4 million, or $1.38 per share. Youlife is selling at **19% of book value** which seems irrational.

The company's current market capitalization of only $21.0 million also appears irrationally low relative to its tangible equity and growth prospects.

KEY INVESTMENT POINTS

Source: en.youlife.cn

- Youlife is China's largest blue-collar lifetime service platform by revenue, operating in a market exceeding RMB2.0 trillion (~$287 billion) in 2026 and growing at a 13.3% CAGR from 2021–2026.
- Youlife provides vocational education, recruitment, employee management and market services, allowing it to serve workers throughout their career lifecycle.
- Youlife is China's largest vocational education management service provider by the number of schools under its management model, with agreements covering 37 vocational schools currently.
- Employee management is currently the company's fastest-growing segment, with revenue increasing 24.4% year over year in fiscal 2025, benefiting from demand for outsourced labor and flexible workforce solutions.
- Revenue increased 16.9% to RMB1.85 billion ($265.2 million) in 2025, while net income reached RMB42.7 million ($6.2 million), compared with a net loss in 2024.
- Despite Youlife's leading position, the top five companies accounted for only about 0.22% of the overall market, suggesting substantial opportunity for Youlife to gain market share through organic growth, acquisitions and industry consolidation.
- China's vocational skills training market was estimated at RMB850 billion in 2024 and is projected to exceed RMB2 trillion by 2029, representing approximately 19% CAGR. Youlife plans to expand into county-level training, technical colleges and AI-focused education.
- Youlife is investing in its Deep Blue platform, AI and digital infrastructure to improve talent matching, customer profiling, recruitment efficiency and data-driven decision-making, potentially increasing operating efficiency as the company scales.
- The company plans to expand internationally, particularly along major economic corridors supporting Chinese companies overseas, while also pursuing strategic acquisitions and partnerships to expand geographically and strengthen technology capabilities.
- Youlife's nationwide recruitment network, vocational-school relationships and corporate customer base create a potentially reinforcing ecosystem where training generates talent, recruitment places workers, employee management retains the corporate relationship, and market services provide additional monetization opportunities.
- As of 6/30/26, the company has approximately $19 million in cash and long-term investments of $14.2 million.
- Based on a DCF calculation and other valuation methodologies, we believe YOUL stock is worth **$2.00** per share.

OVERVIEW

Source: en.youlife.cn

Youlife is a leading technology-enabled blue-collar lifetime service platform in China, providing services across the career and life cycle of blue-collar workers. Its integrated platform comprises four core businesses: vocational education, HR recruitment, employee management, and market services, helping workers develop skills, find employment, advance their careers, and improve their quality of life. According to CIC, Youlife was China's largest blue-collar lifetime service platform by revenue in 2025.

Youlife is also China's largest vocational education management service provider by number of vocational schools under management for the 2025–2026 school year, according to CIC. It currently has agreements to manage approximately 37 vocational schools, providing talent development planning, curriculum design, faculty training, student management, and career guidance. The company also operated 21 curriculum development projects and completed smart campus projects at 10 schools, with projects spanning 37 cities and counties across 16 provinces. Its HR recruitment business combines technology with a nationwide network of offline service sites to provide tailored, multi-channel recruitment solutions, while its employee management business provides flexible HR solutions, including labor outsourcing, and ranks as China's largest blue-collar employee management provider by blue-collar service revenue, according to CIC.

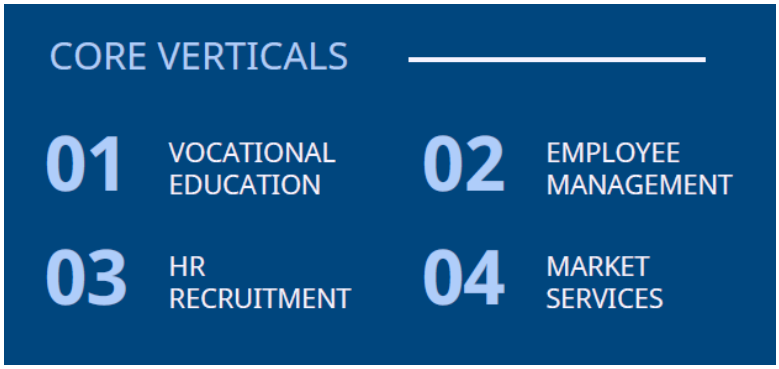
Source: en.youlife.cn

The four businesses are designed to complement one another, enabling Youlife to serve workers and corporate customers across the full employment life cycle. The company was an early entrant into blue-

collar market services and has capitalized on its industry expertise and broad customer and service network to expand beyond education and recruitment. Its market position and service capabilities have earned numerous industry awards, including Top 100 Human Resource Service Provider recognition for five consecutive years from 2021–2025, along with awards for digital HR technology, innovation, and vocational education. Youlife has maintained steady revenue growth by addressing unmet demand in China's expanding blue-collar services market, despite the disruption caused by COVID-19.

The company generated revenues of RMB1,365.9 million, RMB1,585.6 million and RMB1,854.3 million (US$265.2 million) in 2023, 2024 and 2025, respectively.

PRODUCTS & SERVICES



Source: en.youlife.cn

1. Vocational Education Services

Youlife runs (or manages on behalf of others) vocational schools where it provides blue-collar education entrusted management, curriculum co-development projects, and vocational training services. In simple terms, it operates trade schools that train people for blue-collar jobs (manufacturing, logistics, etc.), some of which Youlife runs itself and some operate under contract for other institutions.

Vocational education services have been the company's core focus since inception, as this type of education is vital to the blue-collar talent lifetime service industry. Drawing on deep insight into labor demand from its numerous corporate customers, along with a deep understanding of the employment market, the company has established a comprehensive blue-collar vocational education network to provide blue-collar talent and/or students with vocational education services through school management services and curriculum development projects.

School Management Services

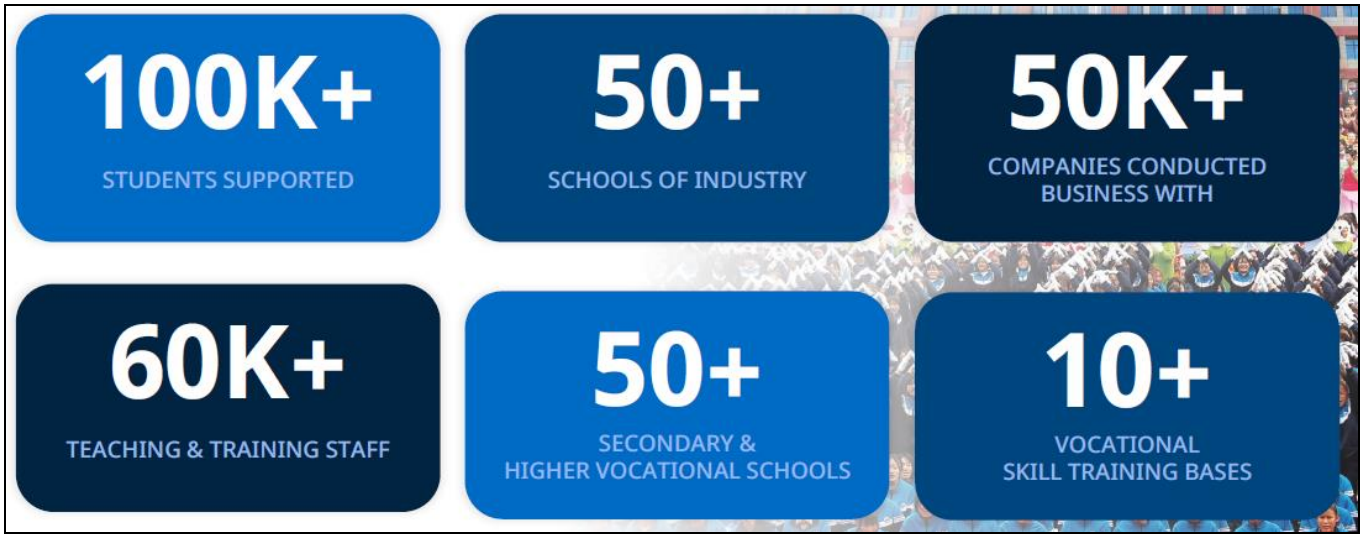
As one of the company's main business segments, this business manages secondary vocational schools under cooperation agreements. These are typically agreements that grant comprehensive, independent operating rights toward defined targets on brand, scale, teaching, and occupation. These agreements generally run 10 to 20 years, with a school management council usually established to coordinate teaching, personnel, and financial matters. Drawing on extensive school management and curriculum development experience, the company provides comprehensive services including talent cultivation planning, curriculum design and development, faculty training and performance review, student management, and career orientation. It generates revenues by earning management fees charged at a fixed rate per student, with payment aligned to school semesters.

Curriculum Development Projects

This segment involves entering into enterprise-school agreements with customers under which curriculum teaching, training guidance, and related services are provided, with a cooperation period of 3-5 years. Leveraging strong capabilities in talent cultivation, major/curriculum development, and school management, the company cooperates with vocational schools to jointly develop and manage one or more vocational education curricula, and in certain cases, a subordinate school of the company. Compared with vocational education services under the school management model, curriculum development projects focus more on teaching and practical training. This includes curriculum design and teacher cultivation, with a lesser management role assumed under this model. Revenue is derived from service fees from the schools with which the company has worked with. A fixed rate per major is charged based on the agreement, and the client's payment schedule aligns with the school semesters.

Smart Campus Services

The company primarily enters into supply agreements with customers under which products used for smart campus are provided and set up. Utilizing strong IT capabilities and a deep understanding of the increasing requirements for practical training in Chinese vocational schools, the company cooperates with well-known technology companies in smart campus projects and provides customized IT systems or training equipment sets for vocational schools. The goal is to further expand vocational education services and diversify sources of income. Service fees are charged to the technology companies with which the company participates.



Source: en.youlife.cn

2. Employee Management Services

Youlife's "middleman employer" segment provides labor outsourcing and dispatch services, primarily to customers in manufacturing and modern service industries. Under these arrangements, Youlife formally employs workers and handles payroll, employment contracts and compliance, while assigning them to work at client locations. Customers pay monthly service fees based on factors such as the number and type of positions outsourced, service costs and market conditions, with most agreements requiring one month's notice for termination. This has been Youlife's fastest-growing segment, with employee management services revenue increasing 24.4% year over year in fiscal 2025.

12 PRODUCTS COMPREHENSIVELY COVER ENTERPRISE TALENT MANAGEMENT

One-Stop Professional Service

1. Employee Benefits
2. Human Resource Outsourcing
3. Talent Development
4. Talent Outsourcing
5. School-Enterprise Cooperation
6. Overseas Employment
7. Talent Recruitment
8. Government Affairs
9. Flexible Benefits
10. Compensation Outsourcing
11. Salary Increment
12. Services Outsourcing

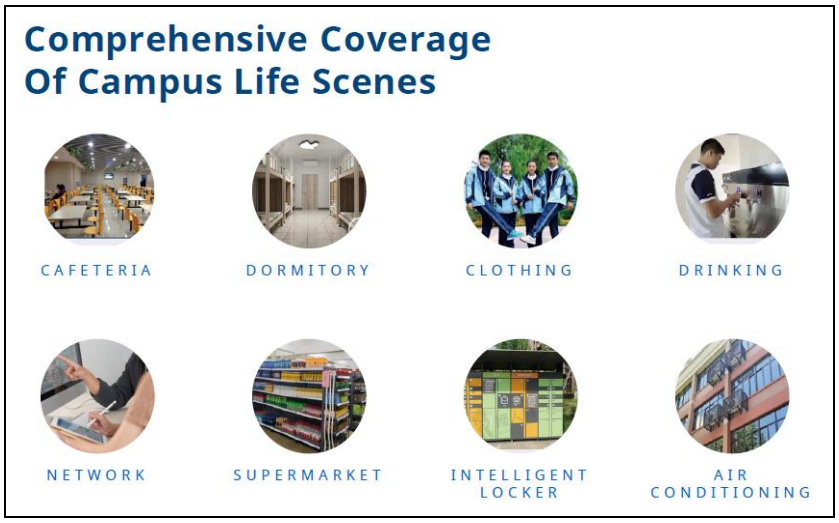
Source: en.youlife.cn

3. HR Recruitment Services

This segment provides multi-channel blue-collar HR recruitment services. HR recruitment service agreements are primarily entered into with customers under which recruitment work is carried out according to the customer's requirements, generally with a service period of one year. In response to corporate customers' demand for blue-collar talent in a cost-effective and efficient manner, internet HR recruitment services were launched in 2014. Using an internal management and quality assurance system for recruitment services, the company effectively integrates blue-collar talent acquired through multiple offline service and delivery sites and provides corporate customers with recruitment solutions. Corporate customers are charged service fees based on the number and title of blue-collar talent recruited, and blue-collar talent is not charged for recruitment services. We expect this segment to be the fastest growing in the near term.

4. Market Services

This is Youlife's "catch-all extras" segment that provides value-added services to its existing blue-collar workers, corporate clients and vocational students. These services include the sale of retail goods through online platforms, as well as ancillary offerings such as shopping, catering, dormitory management and other support services. The segment operates through various agreements, including purchase, supply, and delivery agreements, and is designed to generate additional revenue from Youlife's existing customer relationships.



Source: en.youlife.cn

SALES & MARKETING

Youlife operates a centralized marketing function responsible for brand strategy and marketing activity planning. The company employs a range of initiatives to strengthen brand awareness and engagement, including free travel programs, talent competitions, and microfilm productions targeting blue-collar workers and students. Participation in industry exhibitions and seminars is used to expand exposure among enterprises, vocational institutions, and prospective customers. Youlife also publishes industry and index reports to reinforce its professional positioning and regularly hosts forums, conferences, summits, and seminars to deepen customer engagement and brand loyalty.

Youlife uses multiple channels to attract students to partner schools and generate new customers across its service offerings. On-site promotional activities, including job fairs, industry exhibitions, and industry forums, are used to recruit students and employees and attract customers for HR recruitment and employee management services. Word-of-mouth referrals are another key customer acquisition channel, particularly for its market services, helping the company use existing relationships to generate new business.

INDUSTRY & ADDRESSABLE MARKET

Chinese blue-collar workers represent a large and indispensable segment of the country's workforce, spanning a wide range of industries and occupations with diverse skill requirements. However, they generally earn less than white-collar workers and other high-paying workers and often face lower perceived social status, resulting in less public recognition and respect. Many blue-collar occupations also involve physically demanding or difficult working conditions, including exposure to extreme heat and cold.

Source: en.youlife.cn

International blue-collar workers frequently migrate in search of better employment, wages, and living conditions, developing extensive experience as they adapt to different labor markets. Despite this mobility and expertise, they often face persistent wage disparities, unfair compensation, and systemic discrimination, alongside challenges integrating into new societies through language barriers and cultural differences. In addition, they may experience inadequate labor protections, limited safety oversight, and

hazardous working conditions, leaving them particularly vulnerable despite their vital contribution to the global workforce. Youlife helps solve these problematic issues.

China's blue-collar lifetime services market, which industry data placed at more than 2 trillion yuan, or roughly $287 billion, has grown at a compound annual rate of 13.3% from 2021 to 2025. This market draws on a labor base of 576 million non-farm workers in China, of whom 68.7% are classified as blue-collar. Despite Youlife's position as the country's largest blue-collar lifetime service platform by revenue, the industry remains highly fragmented. The top five companies in the space generated combined annual revenue of only 2.6 billion yuan, about 0.22% of the overall market, leaving substantial room for consolidation and share gains.

A significant adjacent opportunity lies in China's vocational skills training market, which the 2025 China Vocational Skills Training Industry Report from Frost & Sullivan and Lead Leo Research Institute estimated at RMB850 billion (about $115 billion) in 2024, with growth to more than RMB2 trillion (about $300 billion) by 2029, a 19% compound annual growth rate. Youlife has moved to capture this opportunity through its Five Core Strategic Framework, announced in mid-2026, which targets nationwide county-level vocational training, partnerships with technical colleges, embodied AI education programs, and continued international expansion of its talent services.

On a global basis, the technical and vocational education market was estimated at $812.3 billion in 2024 and is projected to reach $1.43 trillion by 2030, a 10% compound annual growth rate, according to Grand View Research. This global figure highlights the scale of opportunity available to Youlife as it expands its overseas office network beyond China.

GROWTH STRATEGIES

Organic Growth
Expand services, improve efficiency, and strengthen geographic presence

Wider Service Portfolio
Scaling workforce staffing (WaaS) and growing higher-margin technical & vocational training programs

AI-Powered Efficiency
Digital platforms improve job matching, lower recruitment costs, and increase how effectively talent is deployed

Geographic Deepening
Expanding in China's key industrial cities while growing existing international operations

Inorganic Growth
Targeted M&A to enter new sectors and geographies faster than organic growth allows

Niche Sector Acquisitions
Targeting leaders in high-end manufacturing, cruise hospitality, and smart logistics—sectors with strong, durable demand for skilled workers

Regional Market Leaders
Acquiring local champions to rapidly gain share in high-growth industrial zones (e.g. Ningbo Youhe acquisition)

International Expansion
Partnering in Belt and Road countries (Central & Southeast Asia) to export vocational training standards alongside Chinese enterprises going global

Source: en.youlife.cn

Invest in IT Infrastructure

Youlife is investing in AI and digital platforms to improve talent matching, customer profiling, recruitment efficiency and data-driven decision-making. Its Deep Blue platform and integrated middle-office connect operational, financial, talent and customer data, while a cloud-based vocational education platform is being developed to improve teaching and school management.

Expand Vocational Education and Diversify Talent Development

The company plans to expand vocational education by partnering with more schools, developing programs in high-growth industries such as 5G, AI and new energy vehicles while working with leading companies to improve job opportunities. It will also target larger companies in emerging industries and adjust their curriculum to meet changing market demand.

Expand Global Footprint

Market leadership, scale and a strong track record position the company to capitalize on growing demand for blue-collar workforce services. The company plans to make overseas expansion a core strategy by increasing investment, expanding its presence along major economic corridors to support Chinese companies' international operations, and incorporating advanced HR technology and algorithms into its overseas HR-tech platform.

Source: en.youlife.cn

Pursue Acquisitions and Strategic Partnerships

The company plans to pursue selective acquisitions, investments and strategic alliances to diversify its customer base, strengthen technology capabilities and expand geographically. It will prioritize partnerships with large companies in high-growth industries, while considering technology acquisitions and overseas expansion opportunities, including vocational education.

COMPETITIVE ADVANTAGES

Largest One Stop Blue Collar Lifetime Service Platform in China

Youlife is China's largest blue-collar lifetime service provider by revenue, according to CIC. The company provides comprehensive services throughout the blue-collar employment lifecycle, spanning vocational education, practical skills training, employment placement, and ongoing professional development. By helping workers build vocational knowledge and practical skills, Youlife aims to expand employment opportunities while improving the overall quality of life for China's blue-collar workforce.

Diversified Services Across the Blue-Collar Talent Lifecycle Creating an Integrated Ecosystem

Unlike traditional vocational education institutions or HR management companies that focus on a single service, Youlife provides an integrated suite of services covering the full lifecycle of blue-collar talent. Its offerings include vocational education, practical training, HR recruitment, employee management, and market services. This integrated approach has enabled Youlife to build an innovative, talent-centric ecosystem that supports blue-collar workers from training and skills development through employment and ongoing market services, with each service complementing the others.

Comprehensive Vocational Education System Aligned with Evolving Industrial Labor Demand

Vocational education has been a core focus since the start and remains a key component of the blue-collar talent services industry. According to CIC, Youlife pioneered an innovative school management and service model for vocational schools. Using industry expertise, market insights, and corporate relationships, the company helps schools improve management, tailor curricula, train practical teachers, and develop students with both academic knowledge and practical skills. Customized curricula are aligned with local economic conditions, industrial needs, and employment opportunities, while the business model integrates Youlife's resources and experience with public education resources to improve education quality and management efficiency.

Strong Talent Delivery and Flexible HR Solutions for Corporate Customers

Youlife has established a strong position in China's blue-collar HR recruitment and employee management markets. Its ability to attract high-quality talent has created a reinforcing cycle, with more corporate customers utilizing its outsourcing services and expanding the talent base under management. Youlife also operates a nationwide offline service network, with service and delivery sites across different cities and counties, enabling broad geographic coverage and access to blue-collar talent throughout China.

Advanced IT and Digitalization to Improve Efficiency and Customer Satisfaction

A core competitive strength supporting Youlife's market leadership is its advanced IT and digitalization capabilities. Its technology and data driven platform enable efficient resource integration and optimizes resource allocation across business segments, improving coordination and operational synergies. The integrated platform connects each business segment within a one-stop blue-collar talent service model, reducing communication costs and enhancing overall efficiency.

Innovative and Experienced Management Team

Led by founder Yunlei Wang, Youlife's management team brings extensive experience across vocational education, HR, technology, and finance. Mr. Wang has more than 20 years of industry experience, including management experience at a Fortune 500 company, and is recognized as a leader in the vocational education and HR industries. The senior management team averages more than 15 years of

industry experience, providing the expertise and execution capabilities needed to support the company's growth strategy.

Source: en.youlife.cn

RISKS

- The company faces intense competition in the blue-collar lifetime service industry and may lose corporate customers, blue-collar talent, students and teachers.
- Failure to manage business complexity, control costs, or execute strategy effectively could materially harm the business, financial condition, results of operations, and prospects.
- If the company is unable to keep pace with the rapidly evolving industry in which it operates, the business may suffer.
- The industry is highly regulated in China and subject to complicated national laws and regulations. Failure to comply with the Chinese laws and regulations may adversely affect the company's reputation, business and operating results.
- Failure to maintain or enhance the company's brand recognition could materially and adversely affect the business, financial condition, and result of operations.
- Automation, robotics, and AI may reduce demand for human HR and workforce services.
- Any severe or prolonged downturn in the global economy could materially and adversely affect the company's business and financial condition.

SUMMARY

Youlife is China's largest blue-collar lifetime service platform by revenue, according to CIC, spanning four complementary segments: vocational education, HR recruitment, employee management, and market services. Together, these businesses form a full-cycle model covering workers from training and job placement through employment management and related services. The segments reinforce one another, with vocational schools feeding recruitment while corporate relationships support employee management and market services.

Vocational education has been Youlife's core business since inception. The company manages 37 vocational schools under 10–20 year cooperation agreements, earning fixed per-student management fees, while also providing curriculum development and smart campus services. CIC ranks Youlife as China's largest vocational education management provider by schools under management. Employee management, its fastest-growing segment, increased revenue 24.4% in FY2025, while internet HR recruitment, launched in 2014, generates fees from corporate customers based on workers placed.

Youlife operates in a large, fragmented market: China's blue-collar lifetime services market exceeded RMB2 trillion ($287 billion) in 2025 and has grown 13.3% annually since 2021, while the top five competitors hold just 0.22% combined share. The adjacent vocational skills training market was RMB850 billion in 2024 and is projected to exceed RMB2 trillion by 2029. Growth initiatives include expanding its Deep Blue AI and data platform, entering industries such as 5G and new energy vehicles, pursuing international expansion along Chinese corporate corridors, and selectively using acquisitions and partnerships to broaden its customer base and technology capabilities.

We believe YOUL stock is worth **$2.00** based on our DCF calculation and investors have the rare opportunity to get in on the ground floor of a fast growing global education company.

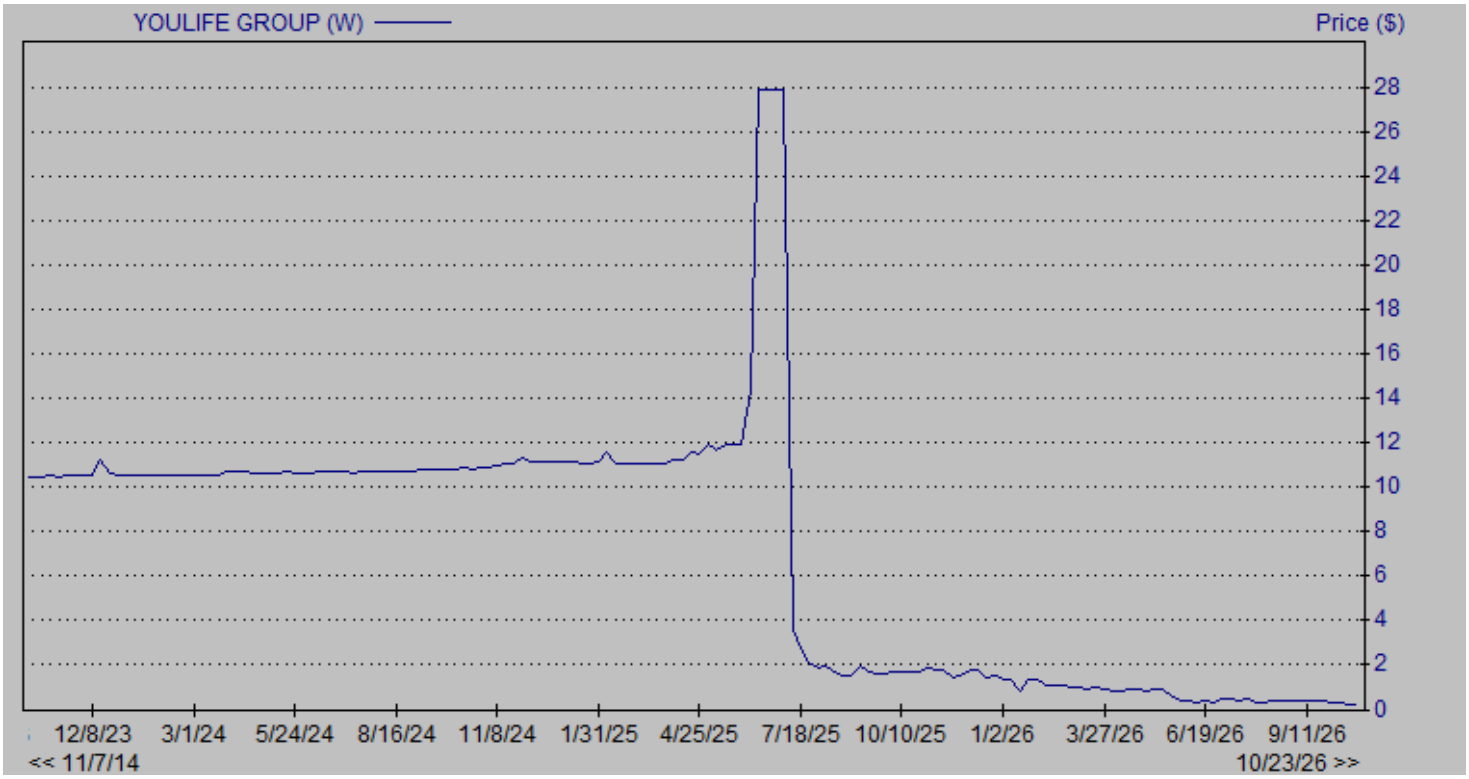
Source: en.youlife.cn

PROJECTED INCOME STATEMENT

Income Statement	Dec-23	Dec-24	Dec-25	Dec-26	Dec-27
Revenues	**192,378**	**217,232**	**265,162**	**507,432**	**553,760**
Growth	*#DIV/0!*	*12.9%*	*22.1%*	*91.4%*	*9.1%*
Cost of Goods Sold	**162,977**	**184,461**	**236,059**	**455,500**	**488,652**
%	*84.7%*	*84.9%*	*89.0%*	*89.8%*	*88.2%*
Depreciation & Amort	**1,173**	**1,380**	**1,638**	**1,720**	**1,806**
Gross Profit	**28,228**	**31,391**	**27,465**	**50,212**	**63,302**
Margin	*14.7%*	*14.5%*	*10.4%*	*9.9%*	*11.4%*
SG&A Expenses	**12,914**	**7,106**	**11,404**	**16,377**	**18,014**
% of sales	*6.7%*	*3.3%*	*4.3%*	*3.2%*	*3.3%*
R&D	**16,249**	**17,359**	**10,546**	**15,819**	**16,135**
% of sales	*8.4%*	*8.0%*	*4.0%*	*3.1%*	*2.9%*
Impairments	**1,730**	**1,372**	**2,412**	**2,774**	**2,912**
% of sales	*0.9%*	*0.6%*	*0.9%*	*0.5%*	*0.5%*
Amortization	**0**	**0**	**2,136**	**3,010**	**3,010**
% of sales	*0.0%*	*0.0%*	*0.8%*	*0.6%*	*0.5%*
Operating Income	**(2,665)**	**5,554**	**967**	**12,233**	**23,230**
Margin	*-1.4%*	*2.6%*	*0.4%*	*2.4%*	*4.2%*
EBITDA	**(1,492)**	**6,934**	**6,877**	**16,963**	**28,046**
Margin	*-0.8%*	*3.2%*	*2.6%*	*3.3%*	*5.1%*
Other Expenses/(Income)	**(9,569)**	**10,671**	**(7,682)**	**(1,181)**	**(40)**
%	*-5.0%*	*4.9%*	*-2.9%*	*-0.2%*	*0.0%*
EBIT	**6,904**	**(5,117)**	**8,649**	**13,414**	**23,270**
%	*3.6%*	*-2.4%*	*3.3%*	*2.6%*	*4.2%*
Total Interest Exp (net)	**0**	**540**	**1,435**	**1,500**	**1,500**
%	*0.0%*	*0.2%*	*0.5%*	*0.3%*	*0.3%*
Net Profit Before Tax	**6,904**	**(5,657)**	**7,214**	**11,914**	**21,770**
%	*3.6%*	*-2.6%*	*2.7%*	*2.3%*	*3.9%*
Income Tax	**(4,261)**	**1,519**	**1,108**	**1,906**	**5,225**
% Effective Rate	*-61.7%*	*-26.9%*	*15.4%*	*16.0%*	*24.0%*
% Cash Tax Rate	*-61.7%*	*-26.9%*	*15.4%*	*16.0%*	*24.0%*
Minority Interests or Preferred Stock	**0**	**0**	**(53)**	**(53)**	**(53)**
Net Profit	**11,165**	**(7,176)**	**6,159**	**10,060**	**16,598**
%	*5.8%*	*-3.3%*	*2.3%*	*2.0%*	*3.0%*
Non-recurring income (expense)					
Average Diluted Shares Outstanding	221,778	221,777	72,900	80,193	80,193
Reported FD EPS					
Zacks EPS	**0.05**	**(0.03)**	**0.08**	**0.13**	**0.21**

Source: Zacks SCR Analyst

HISTORICAL STOCK PRICE



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