Investor Presentation

First Quarter, Fiscal Year 2024

Disclaimer

QUANTASING

QSG | Nasdaq Listed

QUANTASING

QuantaSing's Mission

To improve people's quality of life and well-being by providing them with lifelong personal learning and development opportunities

QuantaSing at a Glance

Financial figures shown are for the first quarter of FY 2024[1], which refers to the period from July 1, 2023 to September 30, 2023

RMB 869.1 Million
Revenues
+31.8% Y/Y

RMB 94.0 Million
Adjusted net income[2]
284.7% Y/Y

103.3 Million
Total registered users[3]
+51.9% Y/Y

RMB 762.1 Million
Gross billings of individual online learning services[4]
+14.6% Y/Y

RMB 879.9 Million
Cash and cash equivalents and short-term investments
+92.8% Y/Y

0.3 Million
Paying learners[5]
+18.2% Y/Y

Note 1: FY 2023 is ending on June 30, 2023. FY 2024 is ending on June 30, 2024.
Note 2: Adjusted net (loss)/income is a non-GAAP financial measure. For a reconciliation of net (loss)/income to adjusted net (loss)/income, see appendix. First quarter FY 2024 adjusted net income turned around to a profit of $94.0 million for the first quarter of FY 2024 from a loss of $50.9 million in the same period last year. YoY Change% = (94-(-50.9))/50.9*100% = 284.7%.
Note 3: As of September 30, 2023.
Note 4: Gross billings of individual online learning services is a non-GAAP financial measure. For a reconciliation of revenues of individual online learning services to gross billings of individual online learning services, see appendix.
Note 5: For the first quarter of FY 2024.

China's Fast-Growing Adult Learning Market and QSG's Solutions

Market Opportunities

- **Strong demand for personal development and the concept of lifelong learning**

  - ➤ Projected CAGR of 12.6% for China's adult learning market by revenue from 2022 to 2027[1]

  - ➤ Projected CAGR of 14.1% for China's individual adult personal interest learning market by revenue from 2022 to 2027[2]

  - ➤ Market size of senior adult learning market by revenue has grown from RMB9.6 billion in 2018 to RMB28 billion in 2022 with a CAGR of 30.7% from 2018 to 2022. [3]

  - ➤ Senior population in China to rise from 18.7% (2020) to 28% (2040) [4]

- **Demand for diversified and enhanced courses**

- **Transition from offline to online driven by technological advances**

Our Solutions

- **China's largest learning platform offering adult personal interest courses[5]**

- **Diversified course offerings and an in-house content development team**

- **Exceptional online learning experience through a service-driven "Dual-instructor" approach and online community training**

- **Fast-evolving technological infrastructure**

Note 1: According to Frost & Sullivan report, the market size of China's adult learning industry in terms of revenue was RMB576.2 billion in 2022, and is expected to increase to RMB1,043.2 billion in 2027, representing a CAGR of 12.6% from 2022 to 2027.
Note 2: According to Frost & Sullivan report, China's adult personal interest learning market size by revenue increased from RMB108.8 billion in 2018 to RMB153.5 billion in 2022, representing a CAGR of 9.0% from 2018 to 2022, and is expected to reach RMB296.4 billion in 2027, representing a CAGR of 14.1% from 2022 to 2027
Note 3: Frost & Sullivan Industry Report
Note 4: World Health Organization data
Note 5: QSG is the largest online individual adult learning service provider in China, in terms of revenue for 2022 and holding first place, in terms of revenue, in China's adult personal interest learning market for the second consecutive year in 2022, in terms of revenue, according to Frost & Sullivan report.
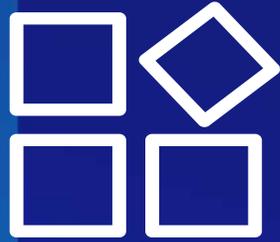
Our Products and Services

Our diversified course offerings position us for robust growth for the long-term.

Our scalable business model facilitates the rapid launch of new opportunities.

QiNiu: Largest Online Financial Learning Service Provider for Adults in China[1]

Vast Untapped Financial Literacy Market in China

- Financial Literacy Rate in China is lower than 35%[2], which is significantly lower than in the US (57%) or the UK (67%).

Rapidly Growing Market with Tremendous Opportunities

- 2022-2027E market size: 21.3% CAGR[3]

Customized Course Offerings and Enhanced Learner Satisfaction

- Repurchase rate have consistently remained at approximately **60%** and above for **5** quarters.
- Optimized instructor assignments to shorten the course cycle.
- Introduced a learning tool for understanding ETFs and REITs.

Hosted the QiNiu anniversary event on July 18.

启牛学堂

Launched in July 2019

Note 1: Based on Frost & Sullivan report, in terms of revenue in 2022.
Note 2&3: Based on Frost & Sullivan report.

JiangZhen: A Comprehensive Upskilling Platform for Personal Growth

Applying our established curriculum development system and teaching mode, proven customer acquisition strategy, and proprietary technology platform

讲真

Launched in August 2021

Achieved a satisfaction rate of 98.5%

- Integrated AI tools into short-video production courses.
- Adapting to market shifts and user preferences, we continually enrich our interactive content. This involves introducing a 'Weekly Insight' section with analyses on trending topics and livestreaming platform rule updates.
- Hosted memory competition to foster a more engaging environment.

Enterprise Service: Business Upsell

- **Marketing services for enterprises**
- **Enterprise talent management services**

QianChi: An Interest-based Learning Platform for Silver Learners

Rapidly Growing Market with Tremendous Opportunities

28.0 — 2022
41.5 — 2023E
57.1 — 2024E
75.3 — 2025E
96.5 — 2026E
120.9 — 2027E

CAGR +34%
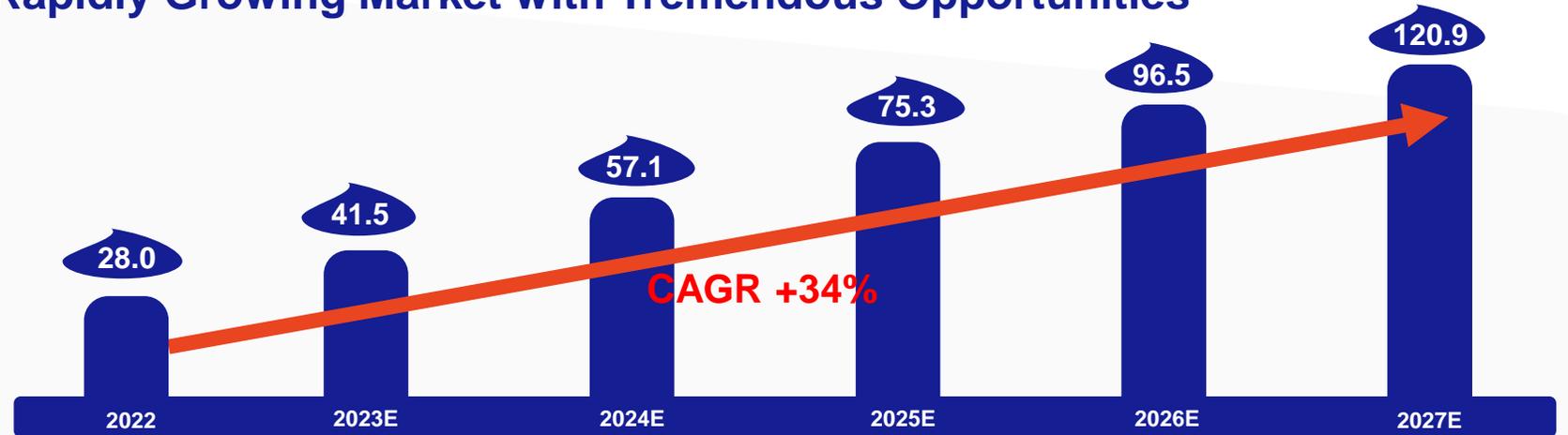
Market Size of Senior Adult Learning Market in China, by Revenue

Unit: RMB (billion)

千尺学堂
QIANCHI

Launched in June 2022

- Consistently grow our user base and enhance learner satisfaction and interaction through an "online-offline" integrated approach.
- Customized the user interface to be more senior-friendly.

Note: Based on Frost & Sullivan report

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Live E-commerce – Chinese Liquor

Expanding Revenue Streams and Enhancing Profitability – Supported by Our Scalable Business Model

In June 2023, we launched our live e-commerce business with an initial focus on Chinese liquor.

During Q1 FY2024, our live e-commerce business generated RMB 41.9 million in Gross Merchandise Value (GMV)

June 2023

Q1 FY2024

Leveraging Our Existing Customer Base

Connecting Customers with Relevant Content

Enhancing Customer Value Proposition

Synergizing Operational Systems and IT Infrastructure

Innovative learning journey leads to strong user engagement

A service-driven "dual-instructor" approach to provide exceptional on-line learning experience. Support a truly interactive and enriching experience for strong user engagement.

Introductory Course Experience

Premium Course Experience

Lead Instructor

- Livestreaming to over **100,000 learners** at a time
- Interact with learners in **real-time**
- Efficiently **fostering demand** for premium courses
- **Pre-recorded lectures** on professional content
- Supplemental **Q&A live courses**

Off-class Tutor

- Training camp **communities**
- **Smaller groups** with off-class tutor support
- **Answer questions** and **follow-up queries**
- **Drive user engagement** and **improve learning experience**
- Intelligent study toolkits

| Low-cost paying learner traffic | » | Active engagement with learners at scale | » | Higher customer lifetime value |

In-house content development team and monitoring system

IT system-based analytics support efficient launch and update course content.

ADDIE Content Development System

- Demand analyze
- Syllabus design
- Curriculum develop
- Knowledge implement
- Outcome evaluate

- Marketing chanel data
- Course enrollement data
- Learning behaviour data
- Community data
- Platform data
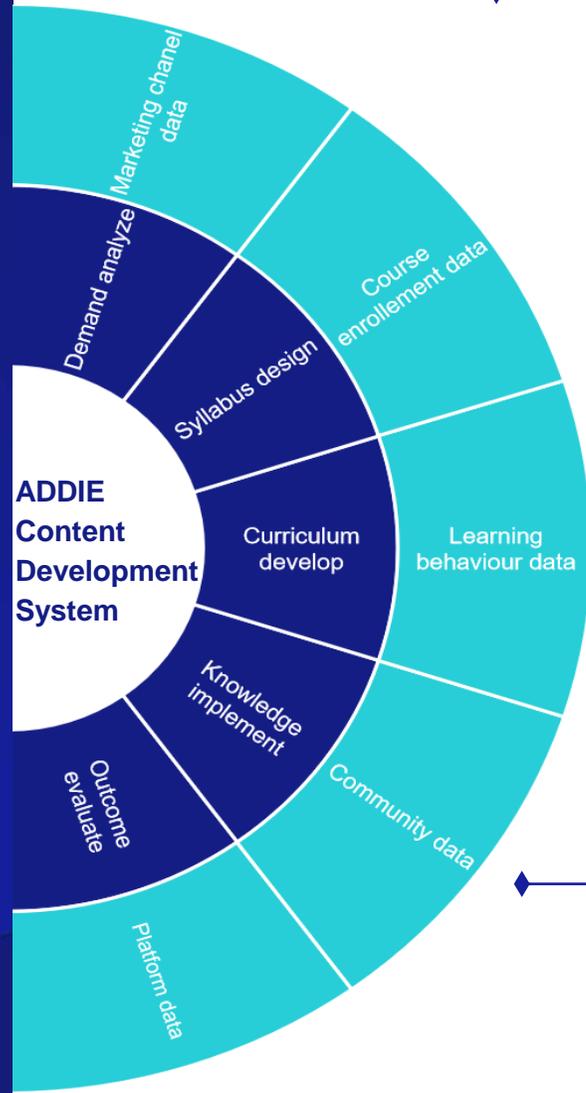
We design and develop course content in-house to translate sophisticated concepts into practical, easy-to-adopt skills.

- Learner survey/market research
- Course blueprint design
- Beta testing learners' feedback

- Set course goals
- Target population and delivery style

- Project-based learning methodology

- In-house developed intelligent study toolkits

- Internal grading scale

We implement manual and real-time intelligent content monitoring for distinguished course delivery.

- Allow instructors and tutors to hone teaching techniques
- Generate constructive feedback for improvement

Robust technology infrastructure and business intelligence

Back-end system integration, allowing for shortened time-to-market course launch with minimal marginal R&D investment

Proprietary Tech-sys	Strength	Key Features
Livestreaming System	Steady and reliable Streaming service	• Flexible Microservice Architecture • Diversified Content Delivery Network • Https Secure Transmission Protocol • Gateway Dynamic Routing
Intelligent Study Toolkits	Strong learner engagement	• More than 50 hands-on intelligent tools • Toolkits allow learners to apply knowledge
Business Intelligent System	Monitor and evaluate key performance indicators	• Intelligent marketing system • Intelligent interactive system • Intelligent content development system • Intelligent content monitoring system
Business Operation	Strengthen understanding of users and optimize operations	• Customer Acquisition • Customer Retention • Course Content • Cost Control

Technology is the backbone of our highly scalable business mode. Our proprietary AI technology and the large volume of data generated from operations, enables superior user experience, course offerings, and operating efficiency.

Strong top funnel and efficient customer acquisition

Low acquisition cost and efficient marketing drive scalable adoption, upsell and resell opportunities

← Individual Online Learning Service →   ← Enterprise Service →
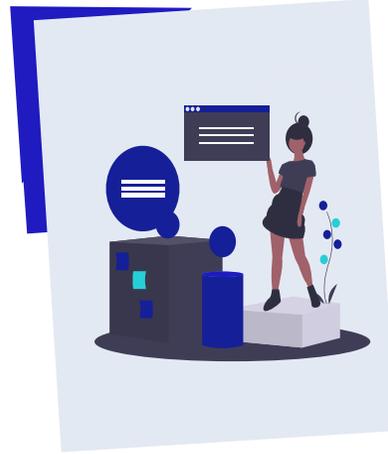
Social Media Campaign   **Content Community**   **Business Development**

| Introductory courses | Premium courses | Mini-lectures | Marketing service | Enterprise talent management service |

Upsell

Upsell and resell

Business upsell

Resell and upsell
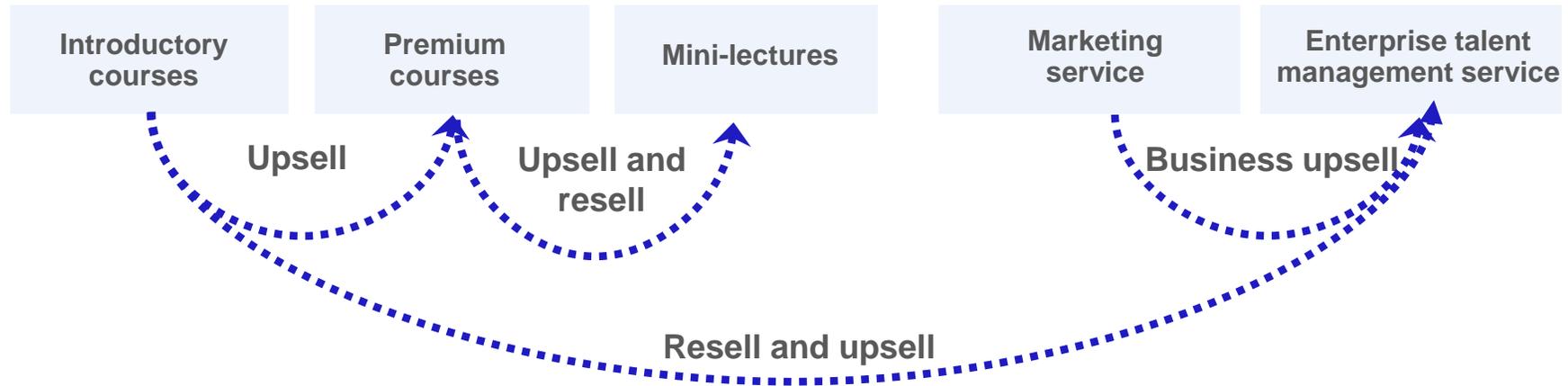
Growth Strategy

Grow user base and drive user engagement

- Expand user base and achieve effective conversion
- Improve content marketing campaign accuracy
- Drive learner engagement and retention

Invest in technology and data analytics

- Develop proprietary live streaming technologies
- Invest in technology-empowered interactive features
- Enhance data analytics capabilities

Enrich course offerings with proven demand

- Explore new curriculums and develop new course subjects
- Focus on course design and premium course upsell
- Implement a multi-branded online platform strategy

Attract and cultivate talent

- Selectively attract qualified instructors
- Hire experienced instructors laterally
- Provide systematic training to emerging talents

Develop enterprise services to achieve greater synergy

- Explore new ways to cross-sell add-on services
- Enhance customer life-time value
- Launch SaaS services to enterprises

Expand overseas and pursue strategic collaborations

- Export online learning platform technology and services to overseas enterprises
- Selectively pursue strategic cooperation and acquisition

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Investment Highlights

- China's largest learning platform offering adult personal interest courses with strong growth trajectory
- Innovative learning journey leading to strong user engagement
- Scalable business model driving rapid launch of new course offerings and business opportunities
- Robust technology infrastructure and business intelligence
- Visionary, seasoned management team and entrepreneurial corporate culture

Our Commitment to the Online Learning Industry and Social Responsibility

Social Responsibility

On March 27th, QiNiu, our online platform for financial literacy courses for adult learners, together with the Hong Foundation, set up the *Library of Love Initiative* in Anxin County, Hebei Province.

During 4Q FY2023, we once again co-authored the *Financial Literacy White Book* with industry experts and authoritative organizations. This research serves as a guiding light for institutions seeking to expand financial learning across the nation.

Awards and Recognition

January 2023

Council Member Beijing Internet Finance Industry Association (BJIFIA).

February 2023

China Industry-University-Research Cooperation Innovation Demonstration Enterprises
China Industry-University-Research Institute Collaboration Association (CIUR).

March 2023

New Professional Training Enterprises in 2022 Beijing's Chaoyang District Human Resources and Social Security Bureau

July 2023

Flagship Enterprise for Sustainable Development, 12th CFS 2023

September 2023

Corporate Social Responsibility Star 2023 China International Fair for Trade in Services

Financial Highlights

First Quarter
FY 2024

01 Strong registered user growth

- **Total registered users** increased by 51.9% to approximately 103.3 million as of September 30, 2023, from 68.1 million as of September 30, 2022.
- **Paying learners** increased by 18.2% year over year to approximately 0.3 million in the first quarter of FY 2024.

Total Registered Users

(Millions)

Date	Value
December 31, 2021	37.2
March 31, 2022	48.9
June 30, 2022	58.8
September 30, 2022	68.1
December 31, 2022	77.8
March 31, 2023	86.3
June 30, 2023	94.3
September 30, 2023	103.3

Paying Learners

Paying Users YoY Growth

Quarter	Value
2Q FY23 ended December 31, 2022	33.3%
3Q FY23 ended March 31, 2023	45.4%
4Q FY23 ended June 30, 2023	29.9%
1Q FY24 ended September 30, 2023	18.2%
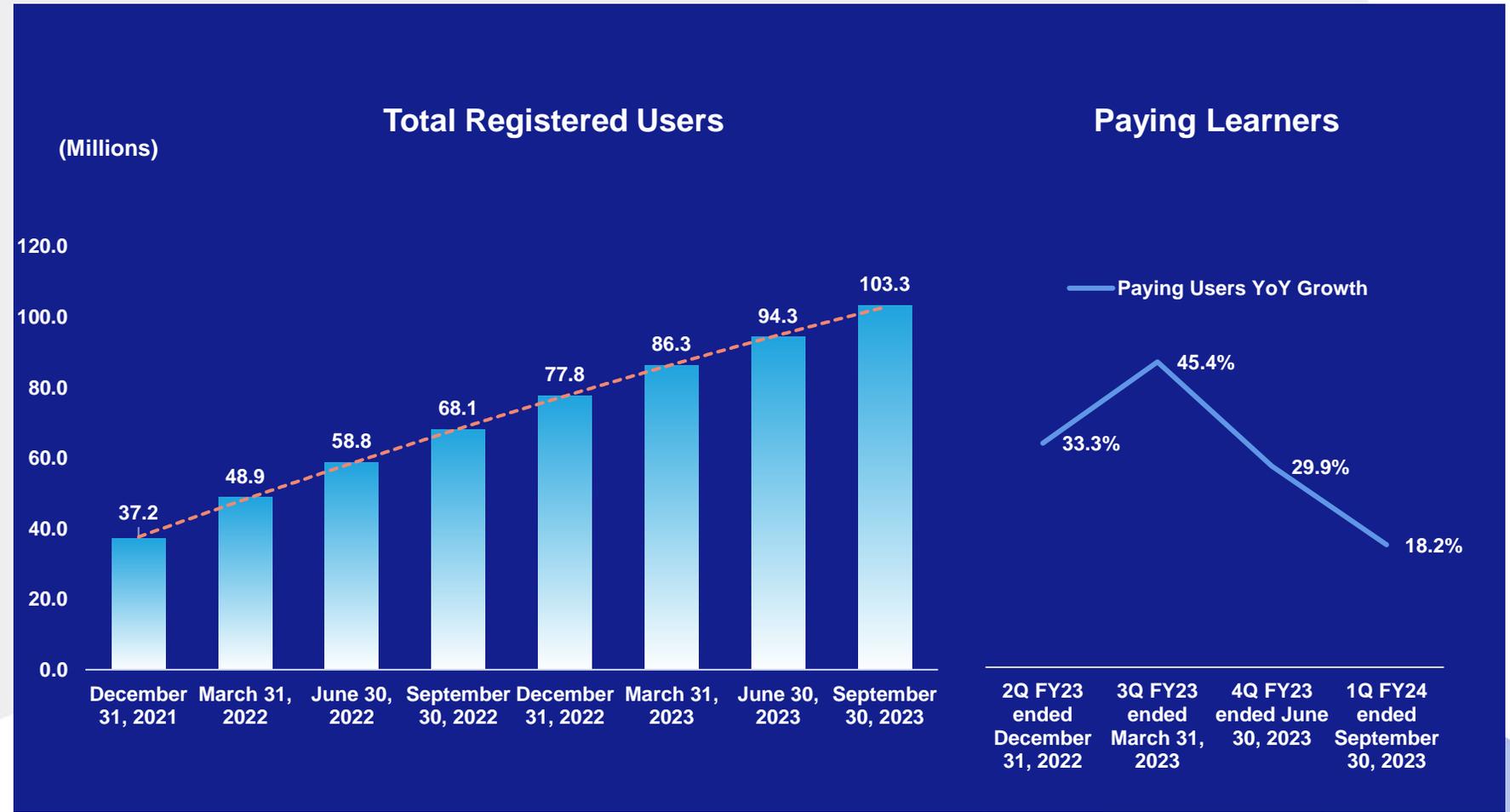
02

Various markets and diversified revenue streams

- **Revenues** for the first quarter of FY 2024 were RMB869.1 million (US$119.1 million), representing an increase of 4.9% from the fourth quarter of the fiscal year ended June 30, 2023 (the "fourth quarter of FY 2023") and an increase of 31.8% from the first quarter of the fiscal year ended June 30, 2023 (the "first quarter of FY 2023").

Revenue Breakdown

(RMB Millions)

Legend: ■ Individual online learning services   ■ Enterprise services   ■ Other services

	Sep 30, 2021	Dec 31, 2021	Mar 31, 2022	Jun 30, 2022	Sep 30, 2022	Dec 31, 2022	Mar 31, 2023	Jun 30, 2023	Sep 30, 2023
Other services	53.7	82.6	50.3	1.5	0.7	0.1	1.4	3.4	44.8
Enterprise services	42.6	49.0	42.6	51.4	73.6	82.3	81.1	103.8	68.4
Individual online learning services	647.8	672.4	598.0	576.1	585.1	704.0	724.7	721.1	755.9

03

Improving efficiency and profitability

- **Adjusted net income[1]** for the first quarter of FY 2024 was RMB94.0 million (US$12.9 million), compared with RMB90.4 million in the fourth quarter of FY 2023, and an adjusted net loss of RMB50.9 million in the first quarter of FY 2023.

Adjusted Net (Loss)/Income

(RMB Millions)

We expanded our offerings into other personal interest courses. After a brief period of adjustment, we proved success for our strategy, restoring profitability.

Period	Value
For the three months ended September 30, 2021	-48.8
For the three months ended December 31, 2021	77.6
For the three months ended March 31, 2022	24.6
For the three months ended June 30, 2022	4.6
For the three months ended September 30, 2022	-50.9
For the three months ended December 31, 2022	21.8
For the three months ended March 31, 2023	21.7
For the three months ended June 30, 2023	90.4
For the three months ended September 30, 2023	94.0

Note 1: Adjusted net (loss)/income is a non-GAAP financial measure. For a reconciliation of net (loss)/income to adjusted net (loss)/income, see appendix.

04

Solid cash reserves

- **Cash and cash equivalents** exhibited substantial growth, which provides the company with enhanced financial stability, flexibility, and the ability to pursue growth opportunities.

Cash and Cash Equivalents, Restricted Cash and Short-term Investments

(RMB Millions)

Date	Value
June 30, 2021	55
June 30, 2022	399
September 30, 2022	456
December 31, 2022	526
March 31, 2023	850
June 30, 2023	931
September 30, 2023	880[1]
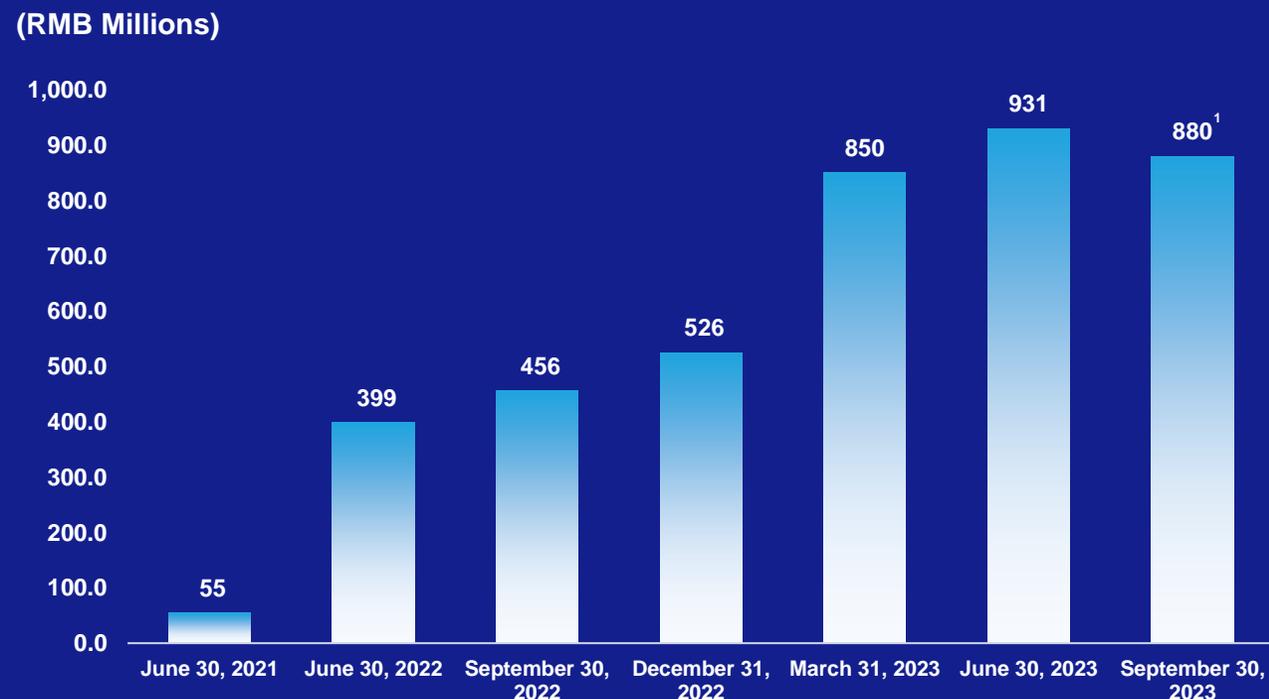
Note 1: As of September 30, 2023, the Company has repurchased a total of approximately 1.2 million ADSs for around US$6.9 million, resulting in a sequential decrease in the cash position.

05

Strong operating cash flow

- **Net cash provided by operating activities** increased significantly since FY 2021, signifying a robust positive trend in the company's capacity to generate cash from its fundamental business operations.

Net Cash Provided by Operating Activities

(RMB Millions)

FY 2021	FY 2022	FY2023
79.4	272.6	235.6
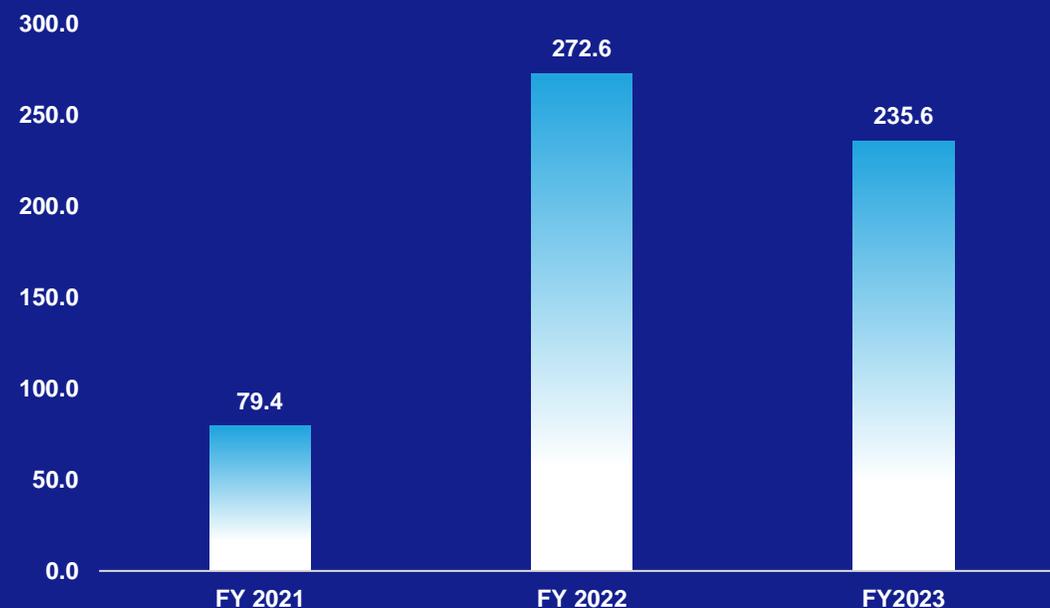
Appendix

Unaudited condensed consolidated balance sheets

(Amounts in thousands, except for share and per share data)

	As of		
	June 30, 2023	**September 30, 2023**	**September 30, 2023**
	RMB	**RMB**	**US$**
ASSETS			
Current assets:			
Cash and cash equivalents	764,281	691,812	94,821
Short-term investments	166,303	188,076	25,778
Accounts receivable, net	12,251	24,871	3,409
Amounts due from related parties	29,116	2,391	328
Inventory, net	-	21,783	2,986
Prepayments and other current assets	136,681	186,666	25,582
Total current assets	**1,108,632**	**1,115,599**	**152,904**
Non-current assets:			
Property and equipment, net	7,409	7,706	1,056
Intangible assets, net	-	3,120	428
Operating lease right-of-use assets	84,009	75,684	10,373
Deferred tax assets	2,084	10,918	1,496
Goodwill	-	7,389	1,013
Other non-current assets	21,296	20,368	2,792
Total non-current assets	**114,798**	**125,185**	**17,158**
TOTAL ASSETS	**1,223,430**	**1,240,784**	**170,062**
LIABILITIES			
Current liabilities:			
Accounts payables	62,094	80,077	10,975
Accrued expenses and other current liabilities	171,160	177,507	24,329
Income tax payable	8,794	8,510	1,166
Contract liabilities, current portion	517,213	477,263	65,414
Advance from customers	144,397	146,767	20,116
Operating lease liabilities, current portion	41,092	33,938	4,652
Total current liabilities	**944,750**	**924,062**	**126,652**
Non-current liabilities:			
Contract liabilities, non-current portion	7	-	-
Operating lease liabilities, non-current portion	52,840	50,018	6,856
Total non-current liabilities	**52,847**	**50,018**	**6,856**
TOTAL LIABILITIES	**997,597**	**974,080**	**133,508**

Unaudited condensed consolidated balance sheets – continued

(Amounts in thousands, except for share and per share data)

	As of		
	June 30, 2023	September 30, 2023	September 30, 2023
	RMB	RMB	US$
SHAREHOLDERS' EQUITY			
Class A ordinary shares (US$0.0001 par value; 430,000,000 shares authorized, 115,759,408 and 119,595,055 shares issued and outstanding as of June 30, 2023 and September 30, 2023, respectively)	78	81	11
Class B ordinary shares (US$0.0001 par value; 70,000,000 shares authorized, 49,859,049 shares issued and outstanding as of June 30, 2022 and September 30, 2023, respectively)	34	34	5
Treasury stock	-	(49,509)	(6,786)
Additional paid-in capital	1,171,092	1,198,929	164,327
Accumulated other comprehensive income	22,182	20,177	2,765
Accumulative deficit	(969,688)	(903,008)	(123,768)
TOTAL QUANTASING GROUP LIMITED SHAREHOLDERS' EQUITY	**223,698**	**266,704**	**36,554**
Non-controlling interests	2,135	-	-
TOTAL SHAREHOLDERS' EQUITY	**225,833**	**266,704**	**36,554**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**1,223,430**	**1,240,784**	**170,062**

Unaudited condensed consolidated statements of operations and comprehensive income/(loss)

(Amounts in thousands, except for shares and per share data)

	For the Three Months Ended September 30,		
	2022 RMB	2023 RMB	2023 US$
Revenues	659,366	869,136	119,125
Cost of revenues	(75,062)	(118,192)	(16,200)
Gross Profit	**584,304**	**750,944**	**102,925**
Operating expenses:			
Sales and marketing expenses	(581,158)	(620,152)	(84,999)
Research and development expenses	(52,301)	(43,800)	(6,003)
General and administrative expenses	(44,390)	(42,762)	(5,861)
Total operating expenses	**(677,849)**	**(706,714)**	**(96,863)**
(Loss)/Income from operations	**(93,545)**	**44,230**	**6,062**
Other income:			
Interest income	192	3,447	472
Others, net	6,450	12,257	1,680
(Loss)/Income before income tax	**(86,903)**	**59,934**	**8,214**
Income tax expense	(10,375)	6,746	925
Net (loss)/ income	**(97,278)**	**66,680**	**9,139**
Other comprehensive income/(loss)			
Foreign currency translation adjustments, net of nil tax	2,126	(2,005)	(275)
Total other comprehensive income	**2,126**	**(2,005)**	**(275)**
Total comprehensive (loss)/income	**(95,152)**	**64,675**	**8,864**
Net (loss)/Income	**(97,278)**	**66,680**	**9,139**
Accretion of the Company's preferred shares	(9,469)	-	-
Net (loss)/income attributable to ordinary shareholders of QuantaSing Group Limited	**(106,747)**	**66,680**	**9,139**
Net (loss)/income per ordinary share			
- Basic	(1.96)	0.39	0.05
- Diluted	(1.96)	0.38	0.05
Weighted average number of ordinary shares used in computing net loss per share			
- Basic	54,439,786	169,056,984	169,056,984
- Diluted	54,439,786	175,003,606	175,003,606
Share-based compensation expenses included in			
Cost of revenues	(4,652)	(3,778)	(518)
Sales and marketing expenses	(12,519)	(4,489)	(615)
Research and development expenses	(12,068)	(5,610)	(769)
General and administrative expenses	(17,131)	(13,409)	(1,838)

Unaudited reconciliation Of GAAP and Non-GAAP results

(Amounts in thousands, except for share and per share data)

The following table below sets forth a reconciliation of revenues to gross billings for the periods indicated:

	For the Three Months Ended September 30,		
	2022 **RMB**	**2023** **RMB**	**2023** **US$**
Revenues of individual online learning services:	585,085	755,910	103,606
Add: value-added tax	37,976	47,579	6,521
Add: ending deferred revenues [1]	573,528	619,954	84,972
Less: beginning deferred revenues [1]	(531,662)	(661,360)	(90,647)
Gross billings of individual online learning services	**664,927**	**762,083**	**104,452**

(1) Deferred revenues include contract liabilities, advance from customers, and refund liability of individual online learning services included in "accrued expenses and other current liabilities."

Unaudited reconciliation Of GAAP and Non-GAAP results – continued

(Amounts in thousands, except for share and per share data)

The following table below sets forth a reconciliation of net (loss)/income to adjusted net (loss)/income and basic and diluted net (loss)/income per share to basic and diluted adjusted net (loss)/income per share for the periods indicated:

	For the Three Months Ended September 30,		
	2022 RMB	2023 RMB	2023 US$
Net (loss)/income	(97,278)	66,680	9,139
Add: Share-based compensation	46,370	27,286	3,740
Adjusted net (loss)/income	**(50,908)**	**93,966**	**12,879**
Accretion of the Company's preferred shares	(9,469)	-	-
Adjusted net (loss)/income attributable to ordinary shareholders of QuantaSing Group Limited	**(60,377)**	**93,966**	**12,879**
Weighted average number of ordinary shares used in computing net (loss)/income per share			
- Basic	54,439,786	169,056,984	169,056,984
- Diluted	54,439,786	175,003,606	175,003,606
Weighted average number of ordinary shares used in computing adjusted net (loss)/income per share			
- Basic	54,439,786	169,056,984	169,056,984
- Diluted	54,439,786	175,003,606	175,003,606
Net (loss)/income per ordinary share			
- Basic	(1.96)	0.39	0.05
- Diluted	(1.96)	0.38	0.05
Non-GAAP adjustments to net (loss)/income per ordinary share			
- Basic	0.85	0.17	0.03
- Diluted	0.85	0.16	0.02
Adjusted net (loss)/income per ordinary share			
- Basic	(1.11)	0.56	0.08
- Diluted	(1.11)	0.54	0.07

THANK YOU

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