

高途

Gaotu 2024Q3 Investor Presentation

December 2024

名师出高途

Disclaimer

These materials have been prepared by Gaotu Techedu Inc. (the “Company”) solely for use in this presentation in connection with investor communication. These materials are strictly confidential, are being given solely for your information and for your use and may not be copied, reproduced, distributed, redistributed or passed on, directly or indirectly, to any other person in any manner, or published, in whole or in part, for any purpose. No part of these materials may be retained by you or retransmitted. By attending this presentation, you agree not to remove ANY of these materials, or any materials provided in connection herewith, from the conference room where such materials are provided. Participants must return these materials and all other materials provided in connection therewith to the Company at the completion of the presentation. By participating in this presentation, you agree to be bound by the foregoing restrictions. Any failure to comply with these restrictions may constitute a violation of applicable securities laws.

Information contained in these materials has not been independently verified. No representations, warranties or undertakings, express or implied, are made as to, and no reliance should be placed on, the accuracy, fairness, completeness or correctness of the information or opinions presented or contained in these materials. Neither the Company nor any of its respective affiliates, advisers or representatives will accept any responsibility whatsoever for any loss arising from any information or opinions, presented or contained in, or derived from, these materials. The information presented or contained in these materials is subject to change without notice and its accuracy is not guaranteed.

These materials contain forward-looking statements based on the currently held beliefs, expectations and assumptions of the management of the Company. These forward-looking statements are made only, and are based on estimates and information currently available to the Company, as of the date of these materials. These forward-looking statements are not guarantees of future performance, are subject to risks and uncertainties that are difficult to predict, and are based on assumptions that may change. Some of the risks and uncertainties are beyond the Company’s control. You are cautioned that actual results of the Company may differ materially from those set forth in the forward-looking statements herein. Except as otherwise required by applicable securities laws, the Company disclaims any intention or obligation to publicly update or revise these forward-looking statements, whether as a result of new information, future events or otherwise.

By attending this presentation you acknowledge that you will be solely responsible for your own assessment of the market and the market position of the Company and that you will conduct your own analysis and be solely responsible for forming your own view of the potential future performance of the business of the Company.

This presentation speaks as of the period from July 1, 2024 to September 30, 2024. Neither the delivery of this presentation nor any further discussions of the Company or any of its affiliates, shareholders, directors, employees, agents or advisors with any of the recipients shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since that date.

Online Live Large-class Tutoring Service Provider in China



Gaotu Q3 2024 Business Overview

Learning services



Educational services for college students and adults, overseas study-related services, non-academic tutoring services, and other traditional learning services.

**Educational content
& digitalized learning
products**



Smart learning tools that serve as supplements to learning services, such as smart textbooks and learning apps.

Gaotu Q2 2024 Overview – Financial Highlights

Net Revenues

RMB 1.2 bn



53.1% (YoY) ↑

Grew by 10 pp. sequentially

Accelerated sequentially in each of the past three quarters

Gross Billings

RMB 1.1 bn



67.2% (YoY) ↑

Robust growth momentum in leading revenue indicator

Deferred Revenue

RMB 1.4 bn



89.0% (YoY) ↑

Anticipate revenue growth to further accelerate in the fourth quarter, reaching its peak for the year

Cash Reserves⁽¹⁾

RMB 3.3 bn



Stable and Strong

Ample resources for continued business development

Share Repurchased⁽²⁾

**Approx.
11.5 mn ADSs
(As of Dec. 3, 2024)**



Enhanced shareholder value

Demonstrates management's strong confidence in the Company's long-term prospects

Notes:

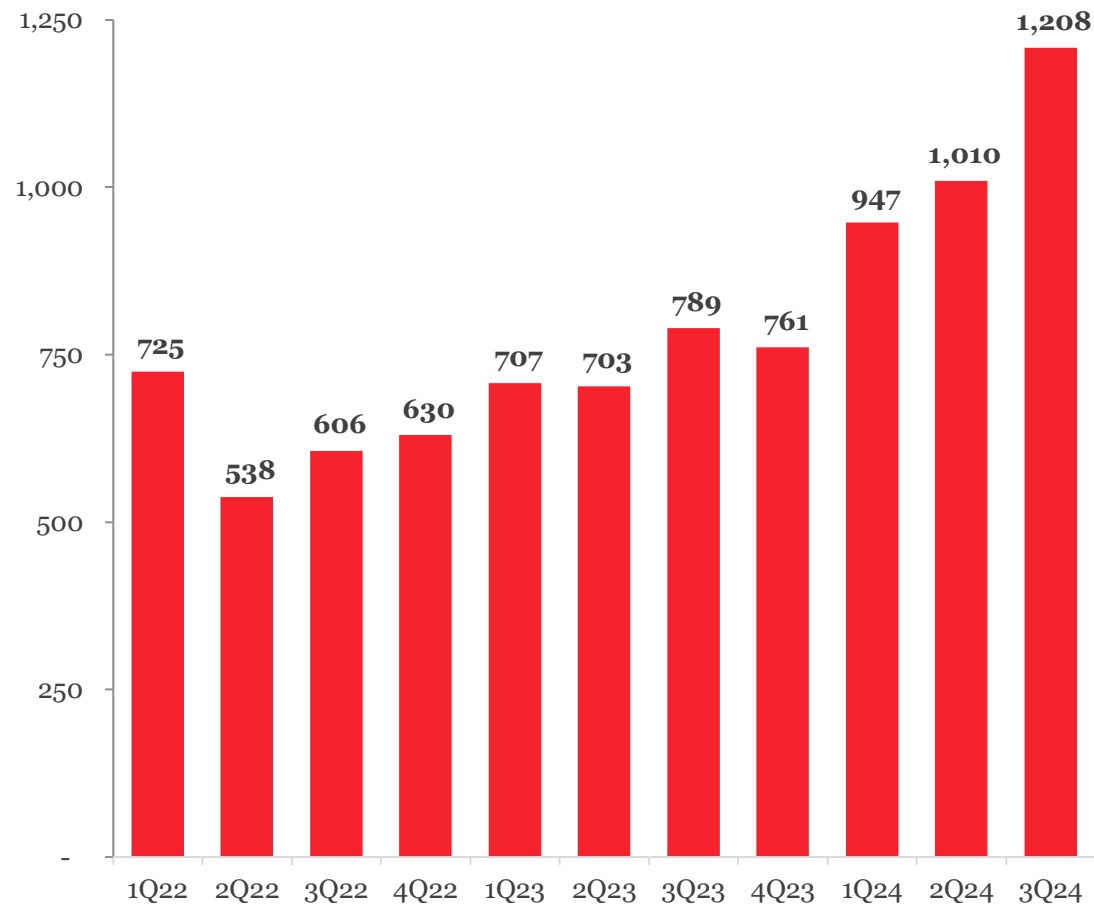
(1) Cash Reserves include cash and cash equivalents, restricted cash, short-term and long-term investments as of September 30, 2024.

(2) In Nov. 2022, the Company's board of directors authorized a three-year share repurchase program, and in Nov. 2023, our board of directors authorized the upsizing of the existing share repurchase program from USD 30 mn to USD 80 mn worth of ADSs.

Solid Business Growth

Net Revenues⁽¹⁾

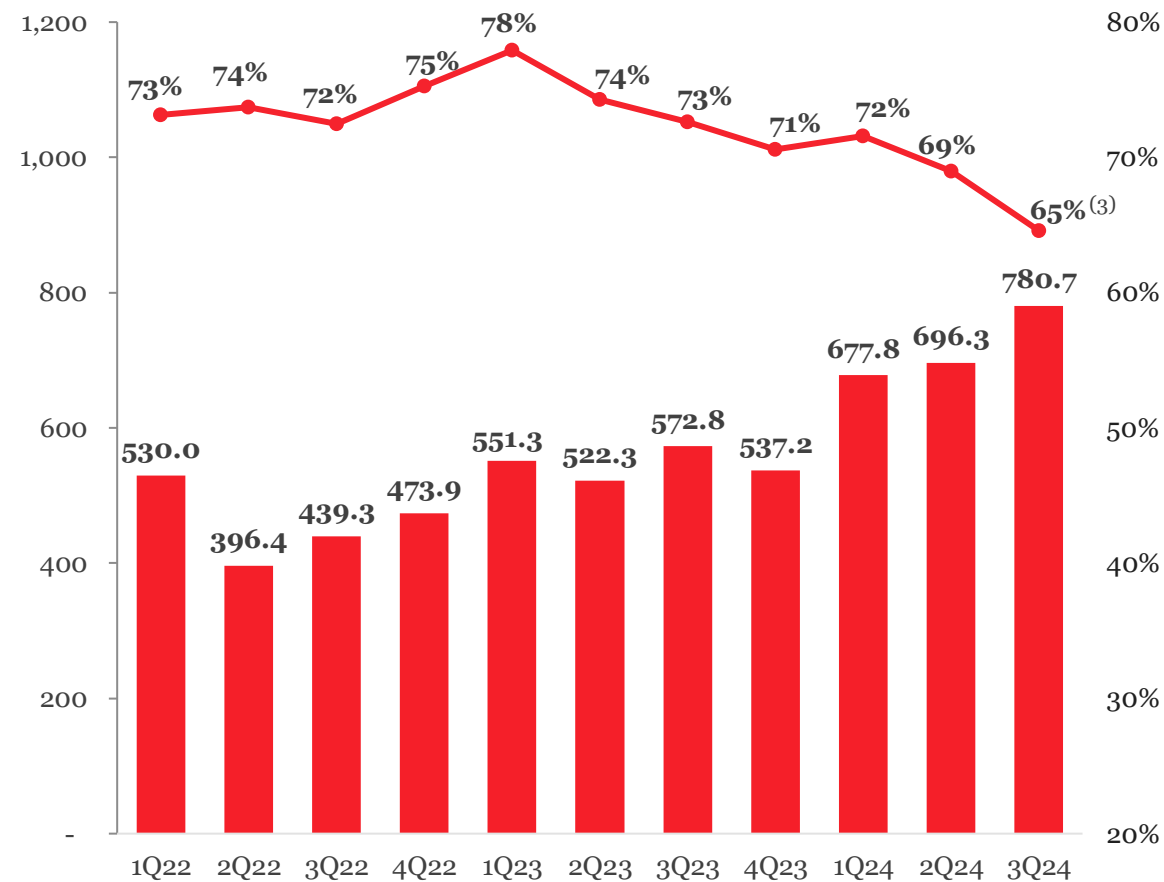
(RMB millions)



Adjusted Gross Profit & GPM⁽²⁾

(RMB millions)

Margin%



Notes:

(1) Revenues net of discount, value added tax and related surcharges.

(2) Adjusted gross profit excludes share-based compensation.

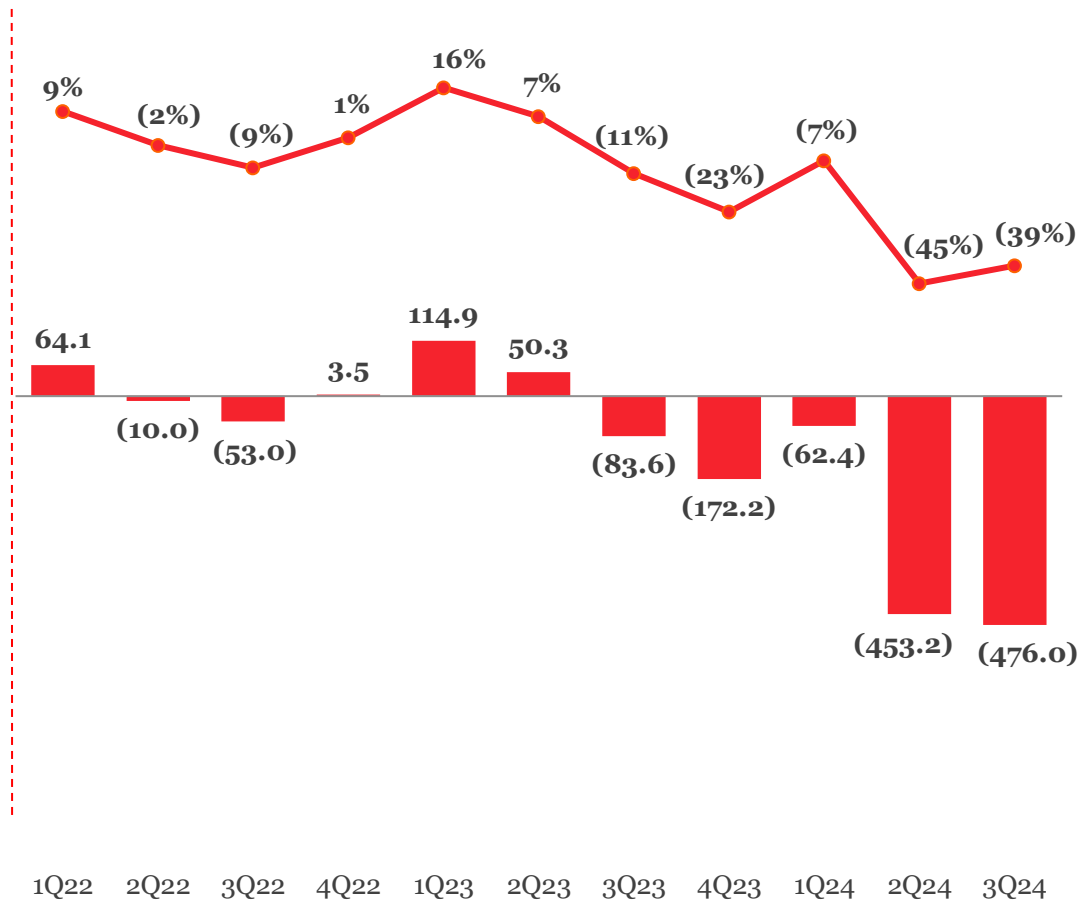
(3) The decrease in gross margin was predominantly a result of change to our product mix (e.g. SKU expansion of one-on-one tutoring and offline expansion).

Effective Growth with Focus on Unit Economics

Adjusted Operating (Loss) / Profit⁽¹⁾

(RMB millions)

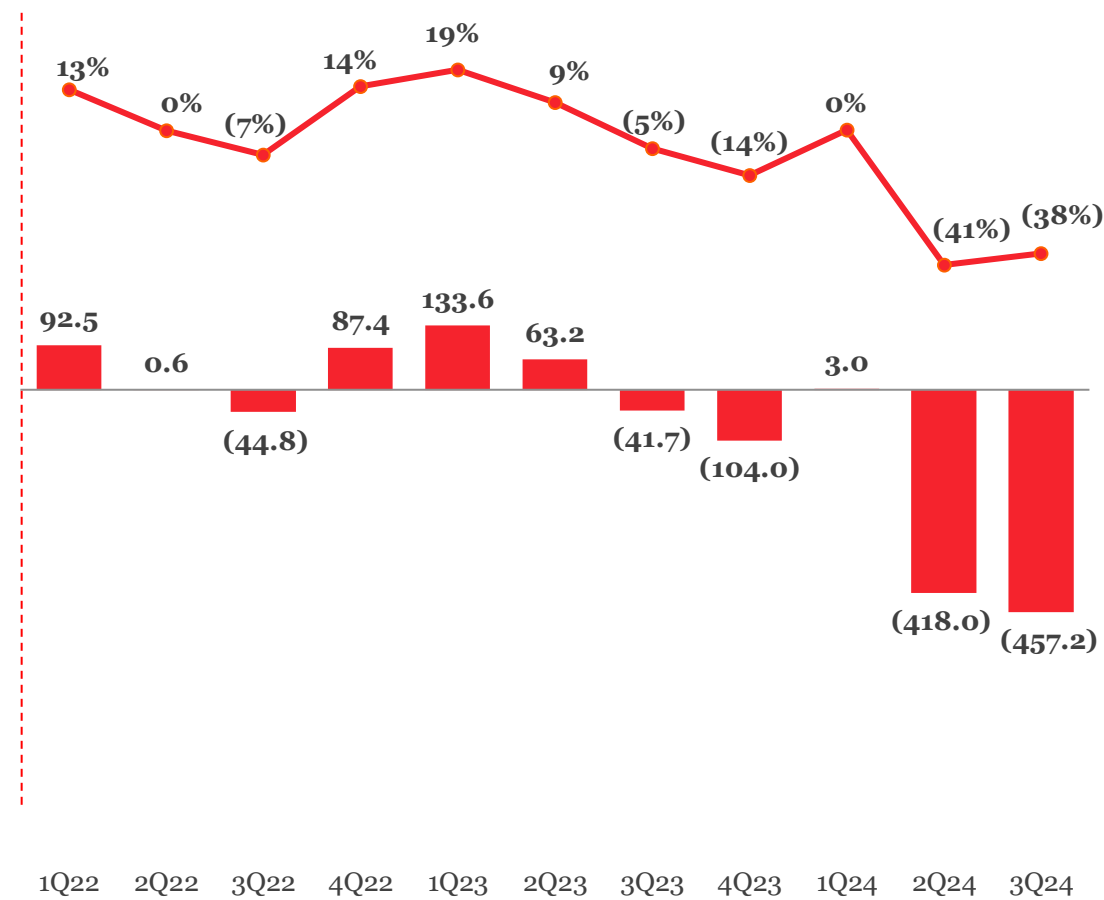
Margin%



Adjusted Net (Loss) / Profit⁽²⁾

(RMB millions)

Margin%



Notes:

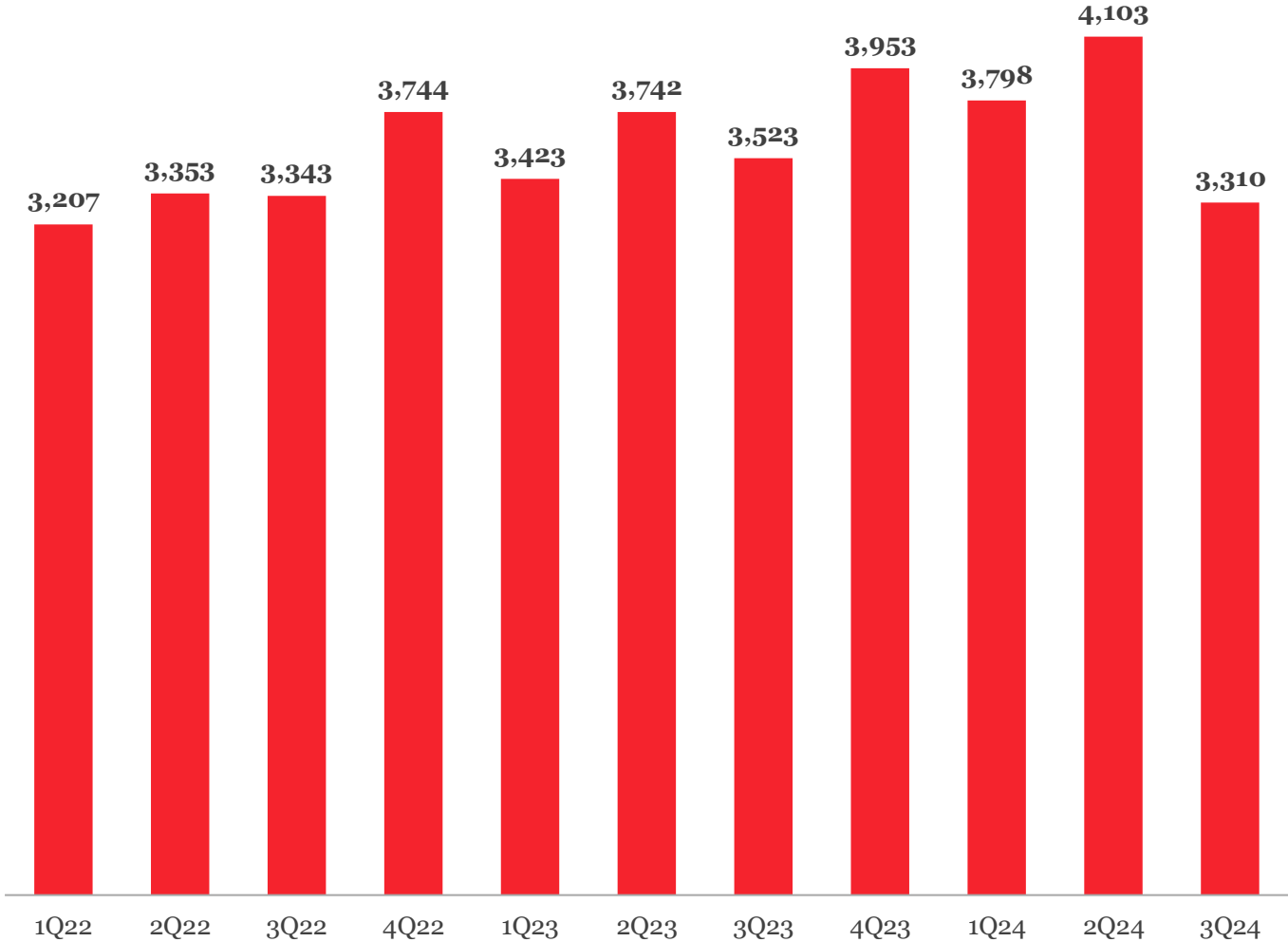
(1) Adjusted operating profit (loss) excludes share-based compensation.

(2) Adjusted net profit (loss) excludes share-based compensation.

Strong Cash Position

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

(RMB millions, as of the end of each period)



Consolidated Statements of Operations

Summary of key financials

(RMB in thousands)

	2023 Q3	2023 Q4	2023 FY	2024 Q1	2024 Q2	2024 Q3	YoY %
Gross Billings	639,342	1,278,132	3,338,750	729,360	1,653,692	1,069,159	67.2%
Net Revenues	789,413	761,014	2,960,813	946,885	1,009,797	1,208,253	53.1%
Cost of revenues	(218,126)	(227,719)	(790,207)	(271,414)	(313,433)	(429,791)	97.1%
Gross profit	571,287	533,295	2,170,606	675,471	696,364	778,462	36.3%
Operating expenses:							
Selling expenses	(434,428)	(465,686)	(1,501,200)	(506,381)	(835,397)	(885,769)	103.9%
Research and development expenses	(130,618)	(136,046)	(462,043)	(151,607)	(162,101)	(189,305)	44.9%
General and administrative expenses	(105,782)	(119,478)	(356,369)	(95,185)	(163,616)	(193,495)	82.9%
Total operating expenses	(670,828)	(721,210)	(2,319,612)	(753,173)	(1,161,114)	(1,268,569)	89.1%
(Loss) Income from operations	(99,541)	(187,915)	(149,006)	(77,702)	(464,750)	(490,107)	392.6%
Net (loss) income	(57,663)	(119,649)	(7,298)	(12,297)	(429,550)	(471,273)	716.8%
Non-GAAP net (loss) income⁽¹⁾	(41,729)	(103,970)	51,055	3,039	(418,040)	(457,195)	996.4%

Notes:

(1) Non-GAAP net (loss) income excludes share-based compensation expenses.



Mission : Make Learning Better

Values: Customer First, Integrity, Ownership, Collaboration, Innovation