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# Investor Presentation

June 2021

# Disclaimer

This presentation contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, and as defined in the U.S. Private Securities Litigation Reform Act of 1995. These forward-looking statements can be identified by terminology such as “may,” “will,” “expect,” “anticipate,” “aim,” “estimate,” “intend,” “plan,” “believe,” “potential,” “continue,” “is/are likely to” or other similar expressions. Such statements are based upon management’s current expectations and current market and operating conditions, and relate to events that involve known or unknown risks, uncertainties and other factors, all of which are difficult to predict and many of which are beyond the Company’s control, which may cause the Company’s actual results, performance or achievements to differ materially from those in the forward-looking statements. Further information regarding these and other risks, uncertainties or factors is included in the Company’s filings with the U.S. Securities and Exchange Commission. The Company does not undertake any obligation to update any forward-looking statement as a result of new information, future events or otherwise, except as required under law.

In addition to U.S. GAAP financials, this presentation includes adjusted net income, a Non-GAAP financial measure. This Non-GAAP financial measure is not defined under U.S. GAAP and is not presented in accordance with U.S. GAAP. The Non-GAAP measure has limitations as an analytical tool and you should not consider it in isolation or as a substitute for an analysis of the Company’s results under U.S. GAAP. There are a number of limitations related to the use of the Non-GAAP financial measure versus its nearest GAAP equivalent. First, adjusted net income is not a substitute for net income or other consolidated statements of operations data prepared in accordance with U.S. GAAP. Second, other companies may calculate such Non-GAAP financial measure differently or may use other measures to evaluate their performance, all of which could reduce the usefulness of the Non-GAAP financial measure as a tool for comparison. Finally, the Non-GAAP financial measure does not reflect the impact of share-based compensation expenses, which have been and may continue to be incurred in the Company’s business. See the Appendix for reconciliation between adjusted net income to the most directly comparable financial measures calculated and presented in accordance with U.S. GAAP, which is net income.

# Company Overview



Founded in 2014, Qudian Inc. (“Qudian”) is a leading technology platform empowering the enhancement of online consumer finance experience in China. Qudian has been listed on NYSE since 2017 under the symbol (NYSE:QD). Qudian has raised net proceeds of \$800 million, and cumulatively repurchased US\$574 million from the market.

Qudian’s total revenues and net income for the first quarter of 2021 was RMB515.7 million and RMB478.2 million. Qudian has recorded total revenues of RMB3,688.0 million and net income of RMB958.8 million in 2020. As of March 31, 2021, Qudian had over RMB12,400 million net assets, and over 1,000 employees.

With solid balance sheet and entrepreneurial talents, we started to explore and invest in offline early childhood education in 2020 expecting a promising future of non-curriculum education for kids in China.

# Market Snapshot

**12,400mn** (RMB)

**1,893mn** (USD)

**Net Assets**

As of March 31, 2021

**7,267mn** (RMB)

**1,109mn** (USD)

**Cash and Short-term investments<sup>(1)</sup>**

As of March 31, 2021

**478mn** (RMB)

**73mn** (USD)

**Net Income(GAAP)**

For the first quarter of 2021

**618mn** (USD)

**Market Cap<sup>(2)</sup>**

As of June 14, 2021

**267**  
million

**Weighted Average Shares**

**Outstanding-Diluted<sup>(3)</sup>**

As of March 31, 2021

**1.81** (RMB)

**0.28** (USD)

**Diluted net income per ADS (GAAP)**

As of March 31, 2021

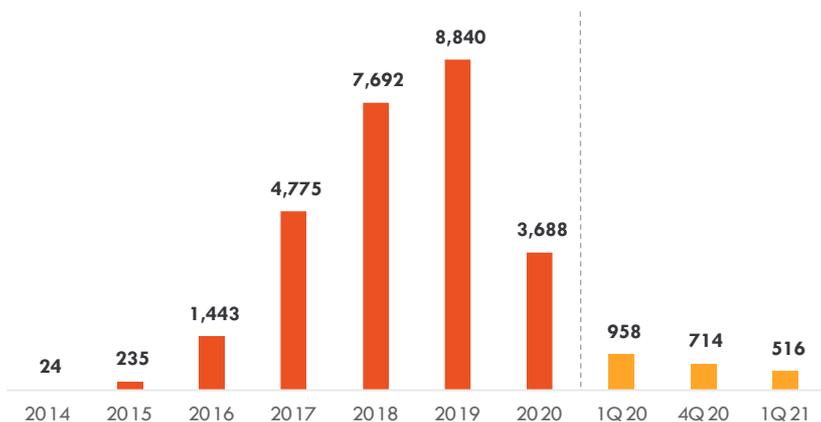
Note:

(1) Cash and Short-term investments includes cash and cash equivalents, and short-term investments in our balance sheet. The short-term investments consist of wealth management products issued by banks or trust companies.  
(2) Market Cap is calculated using the closing price on NYSE; Our market cap is US\$618million based on the closing price on the New York Stock Exchange.  
(3) Weighted average number of diluted Class A and Class B ordinary shares outstanding is 267 million as of March 31, 2021. 1 Class A ordinary shares equals 1 ADS.

# Protecting Stakeholder's Value Despite Tough Market Conditions

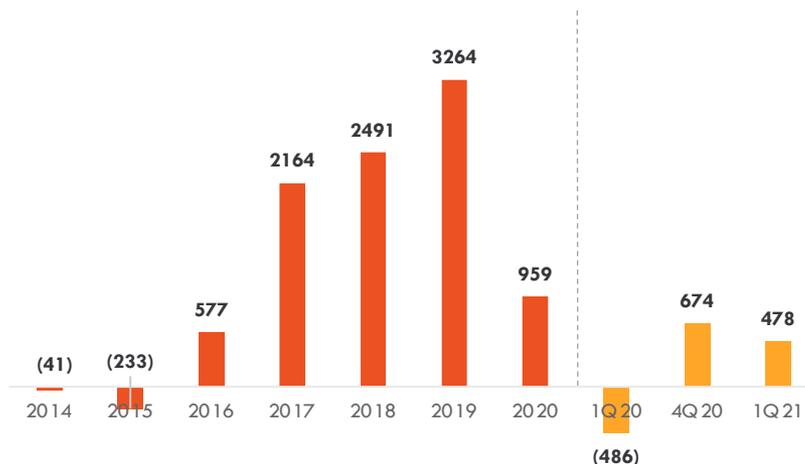
## Total Revenue

(RMB mn)



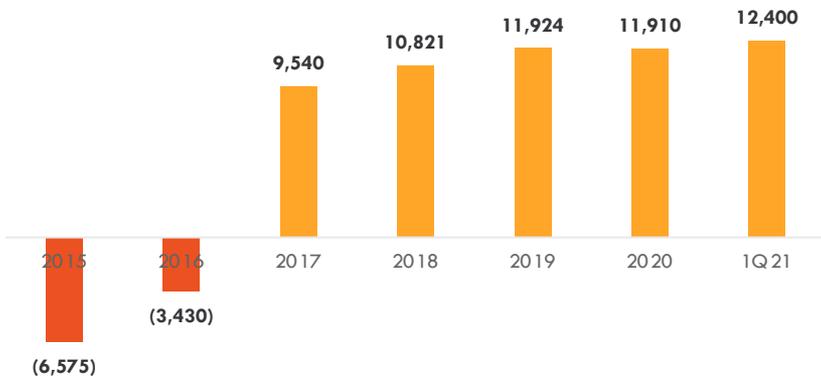
## Net Income Attributable to Shareholders (GAAP)

(RMB mn)



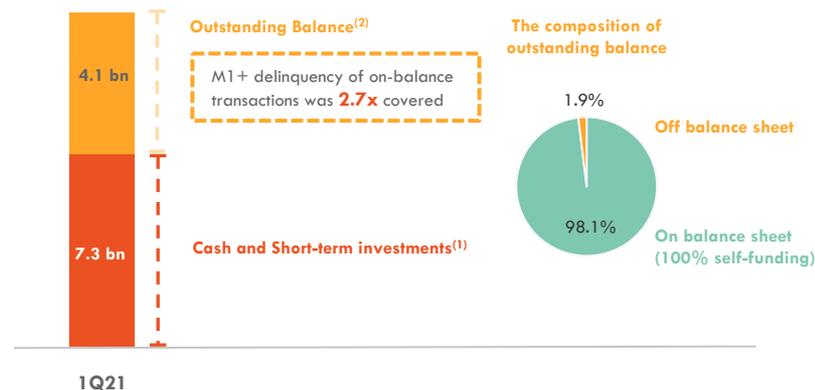
## Net Assets

(RMB mn)



## Strong Balance Sheet

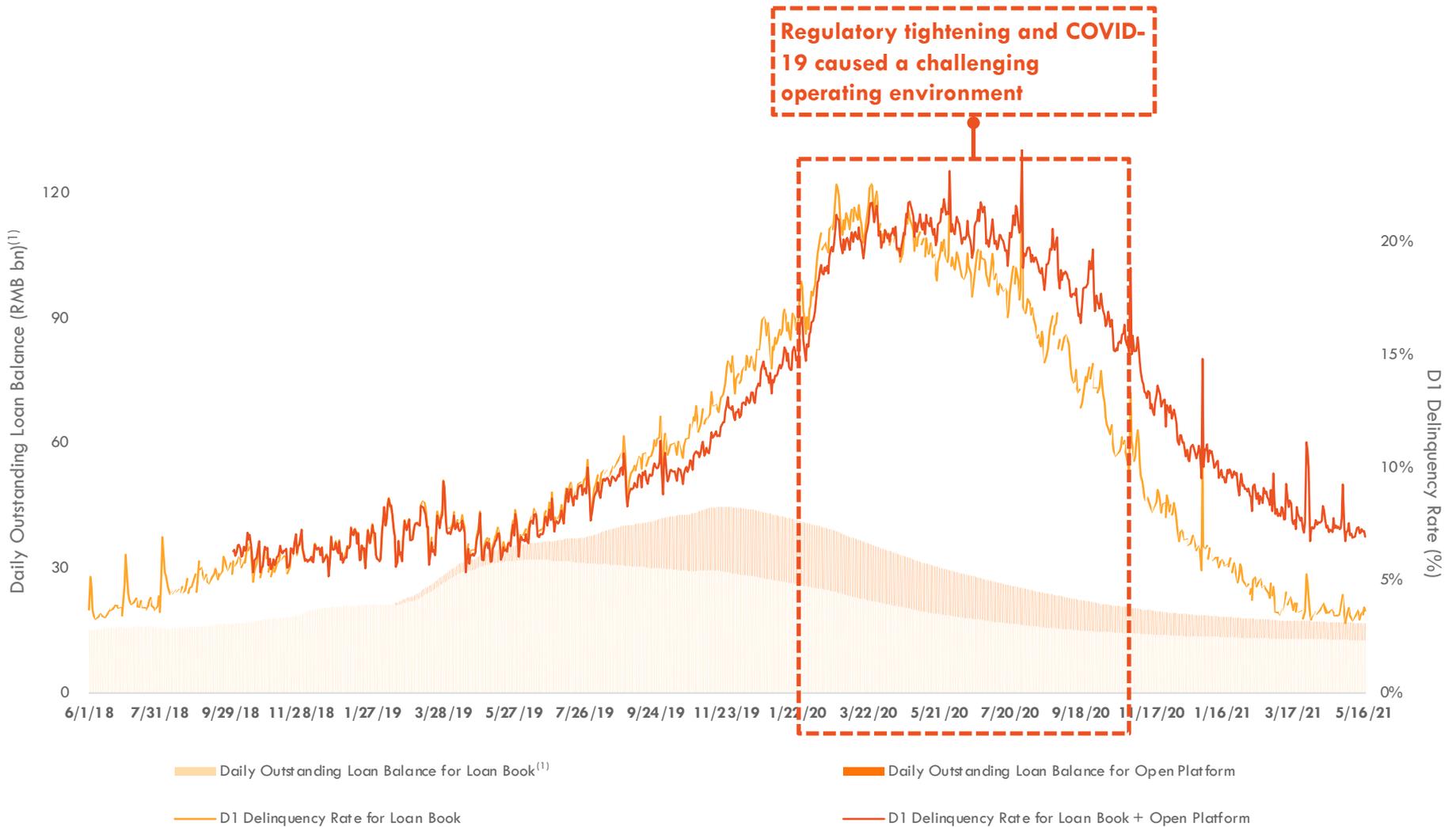
(RMB)



Note:

- (1) Cash and Short-term investments includes cash and cash equivalents and short-term investments in our balance sheet. The short-term investments consist of wealth management products issued by banks or trust companies.
- (2) Outstanding balance of loan book business, includes (i) off and on balance sheet loans directly or indirectly funded by our institutional funding partners or our own capital, net of cumulative write-offs and (ii) does not include auto loans from Dabai Auto business.

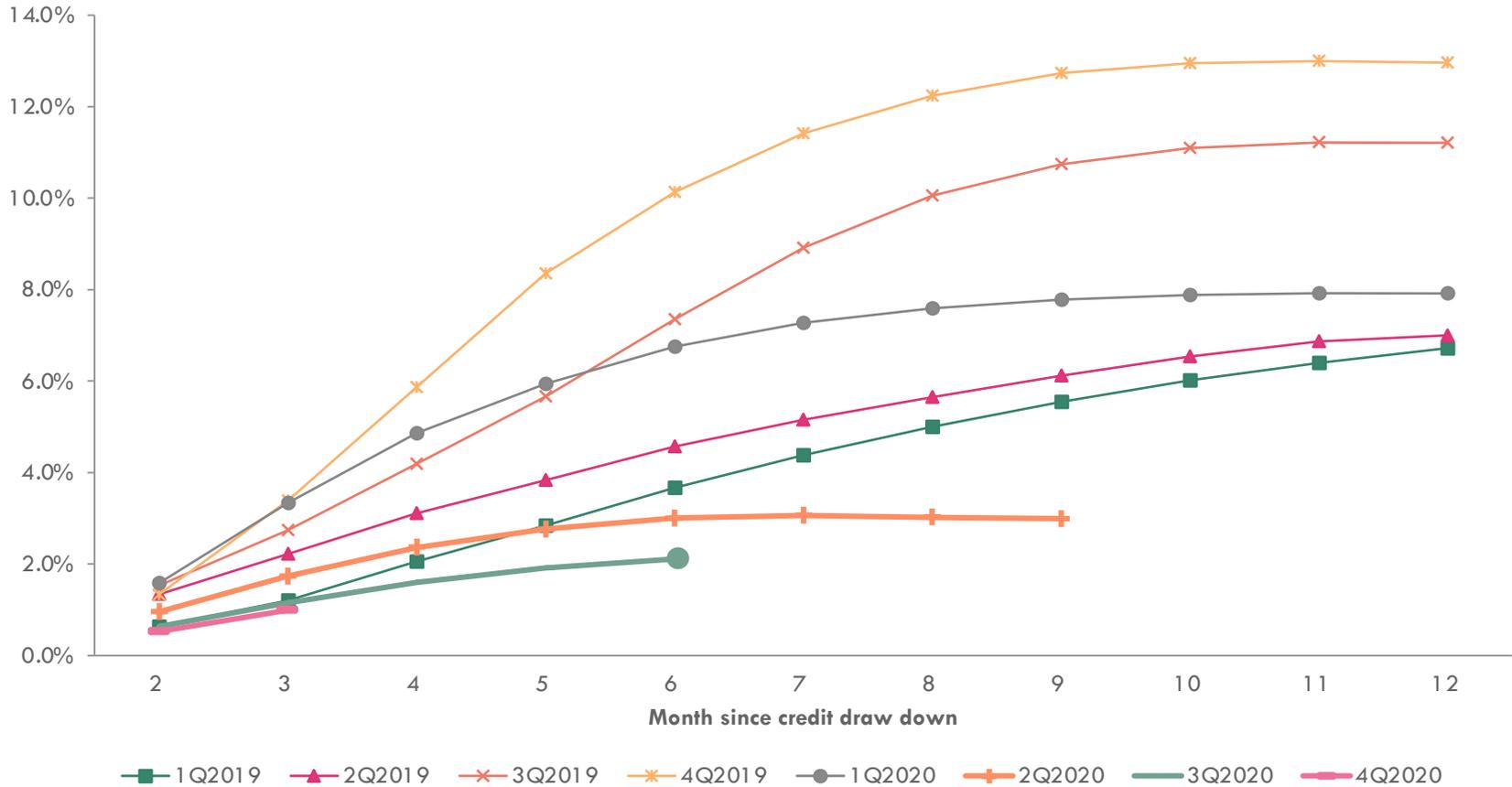
# D1 delinquency Back to Normal Rates



Note:  
(1) Including cumulative charge-offs and guarantee payments

# Credit Performance Managed within Targets

## M1+ Delinquency Rate by Vintage<sup>(1)</sup>



Notes:  
(1)

Total potential receivables at risk M1+ delinquency rate by vintage refers to, with respect to on- and off-balance sheet transactions facilitated under the loan book business during a specified time period, the total potential outstanding principal balance of the transactions that are delinquent for more than 30 days up to twelve months after origination, divided by the total initial principal of the transactions facilitated in such vintage. Delinquencies may increase or decrease after such 12-month period

# 1Q21 Segment Highlights

## Small Credit Facilitation



**RMB4.4bn** total amount of transactions

QoQ decreased by 8%

During 1Q21



**3.0mn** outstanding borrowers

QoQ decreased by 8%

As of March 31, 2021



**RMB4.1bn** outstanding loans<sup>(1)</sup>

QoQ decreased by 15%

As of March 31, 2021



**4.5 Months**

weighted average loan tenure

During 1Q21

**RMB1.4k** loan balance per borrower

As of March 31, 2021

## Open Platform



**RMB0.2bn** total amount of transactions

QoQ decreased by 15%

During 1Q21



**6.7 Months**

weighted average loan tenure

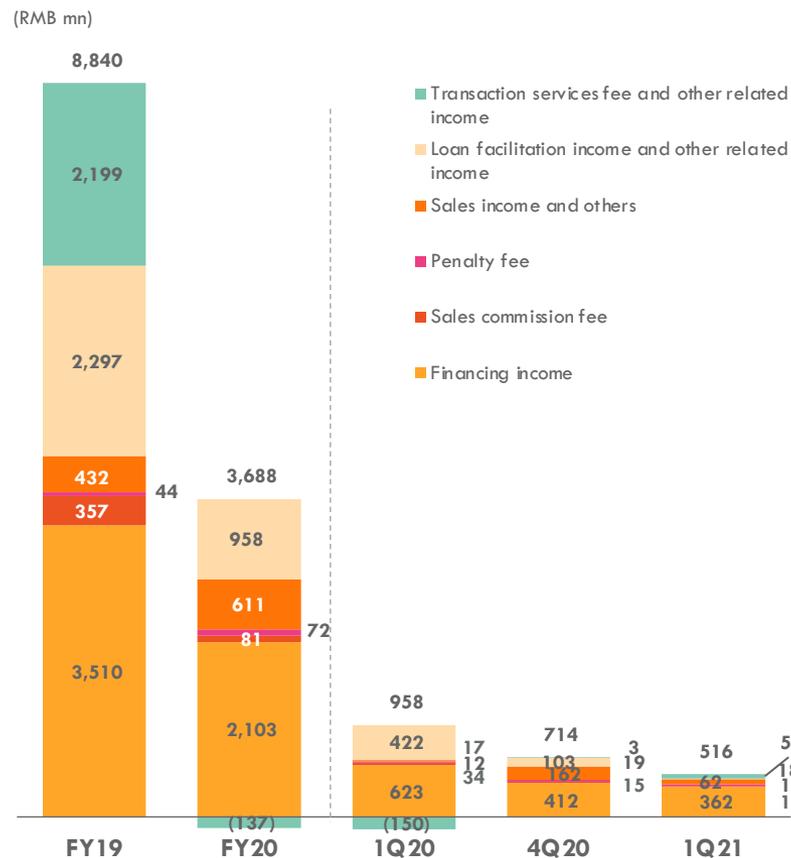
During 1Q21

### Notes:

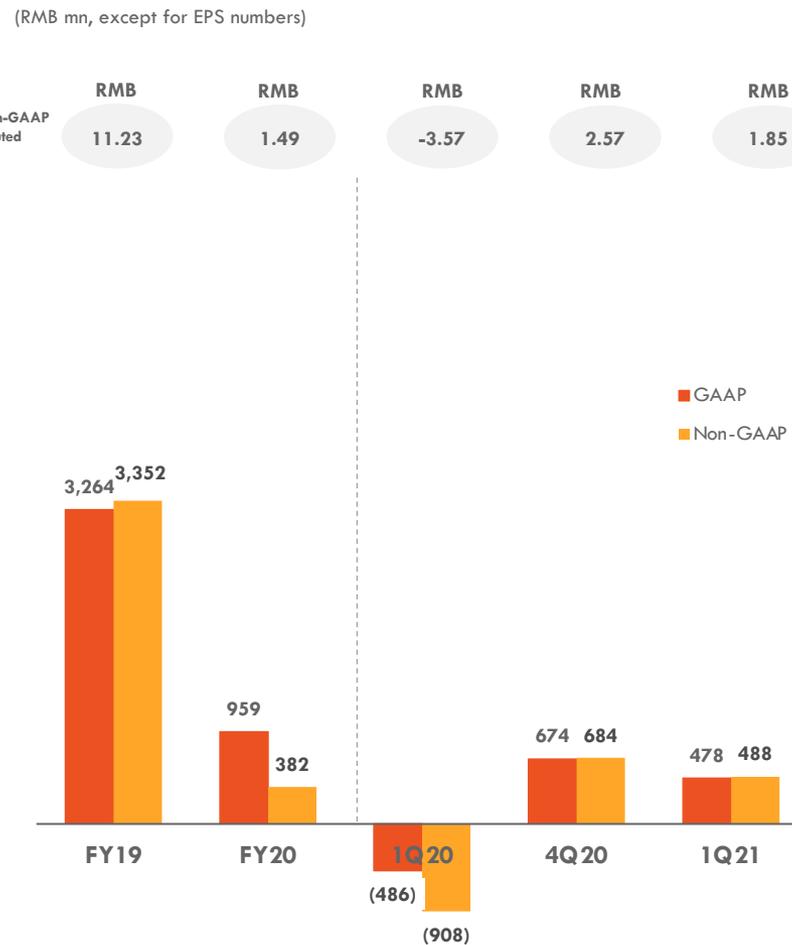
(1) Includes off and on balance sheet loans directly or indirectly funded by our institutional funding partners or our own capital, net of cumulative write-offs and it does not include auto loans from Dabai Auto business and loans from transaction services business

# Financial Highlights

## Total Revenue



## GAAP and Non-GAAP Net Income<sup>(1)</sup>



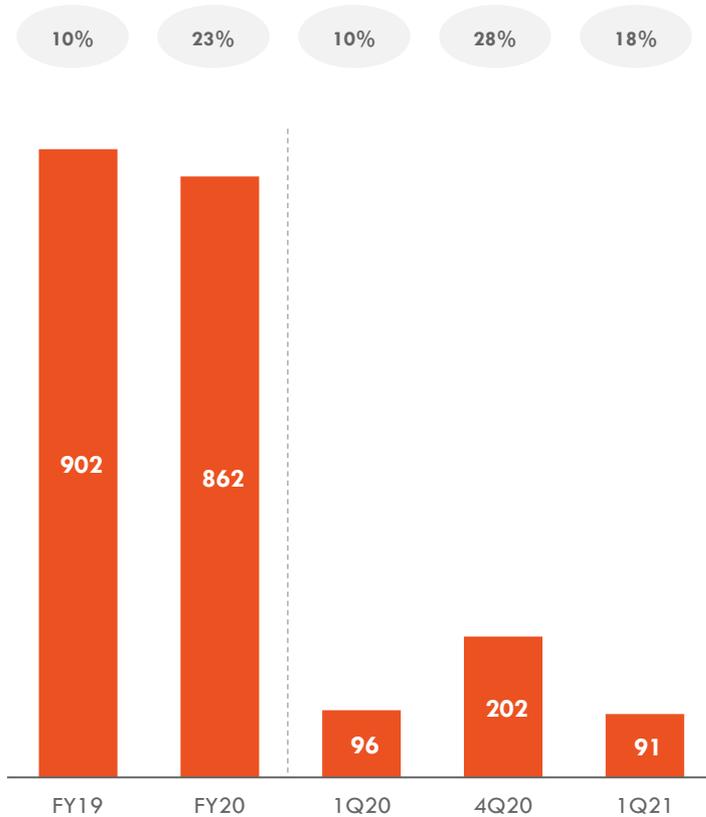
Notes:  
 (1) Non-GAAP net income represents net income before share-based compensation expense, excluding convertible bonds buyback income.

# Financial Highlights (Cont'd)

## Cost of Revenues

(RMB mn)

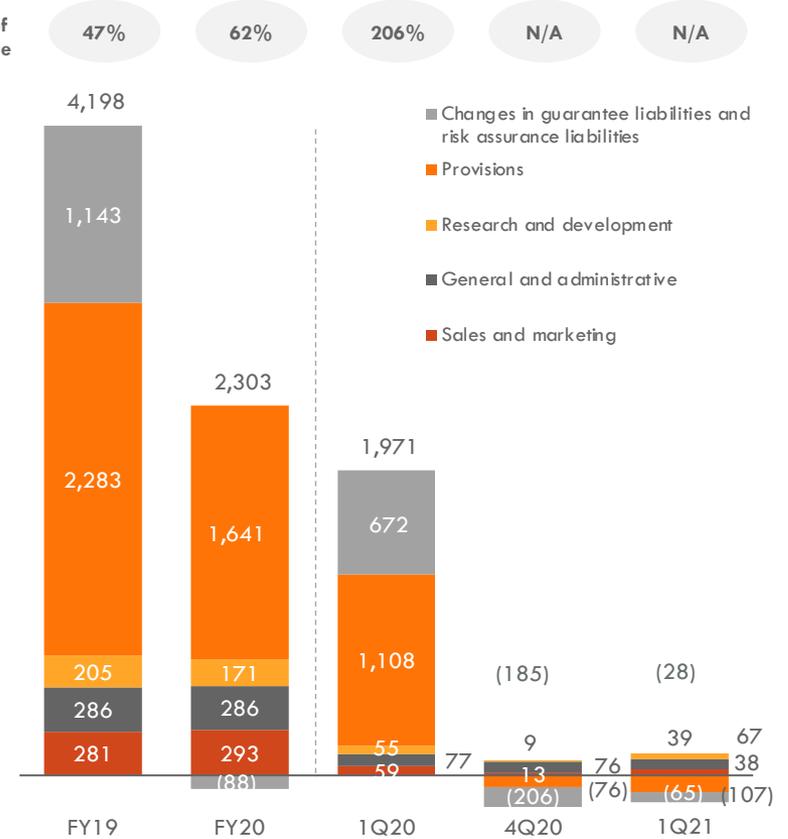
As % of Revenue



## Operating Expenses

(RMB mn)

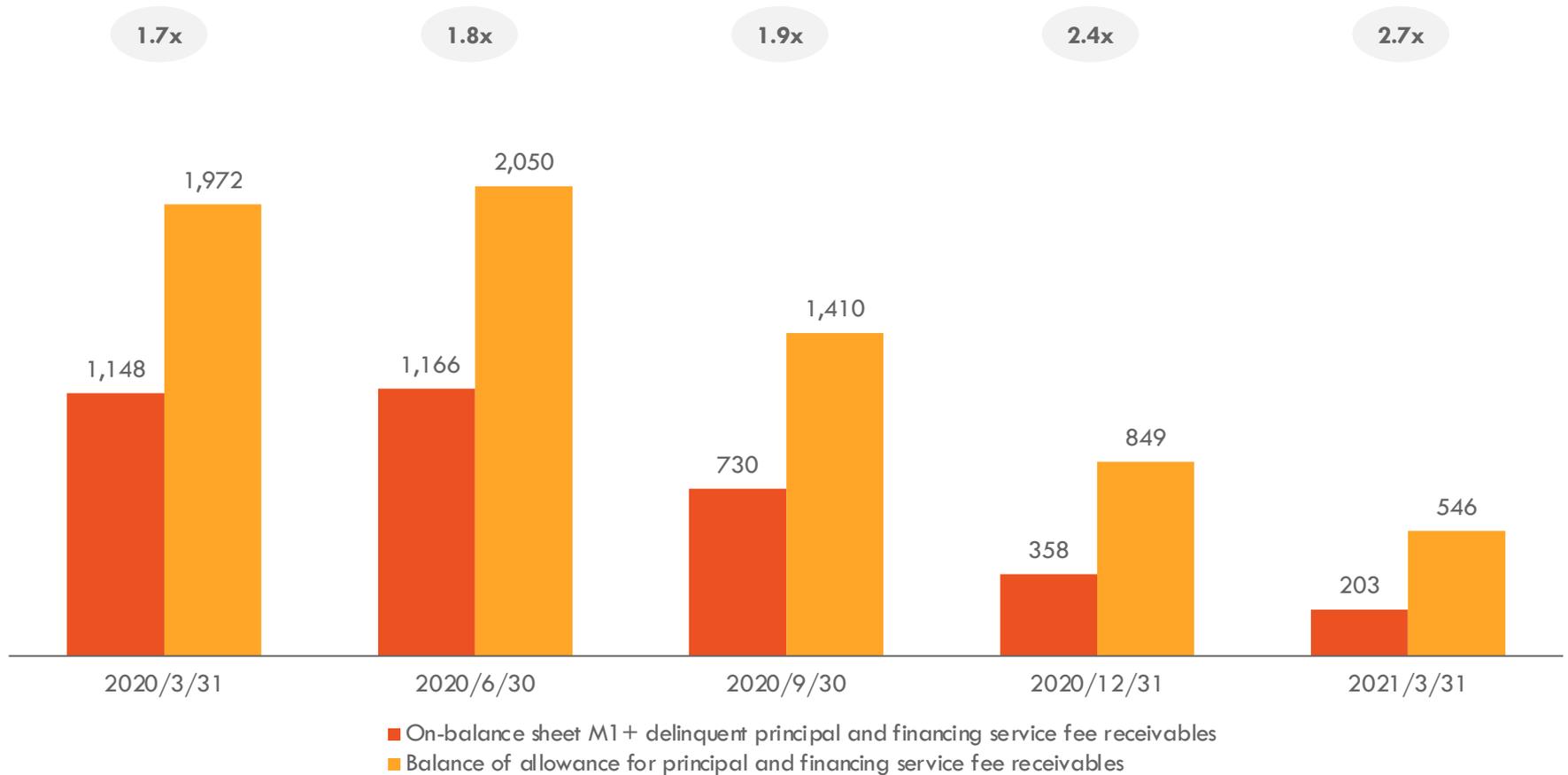
As % of Revenue



# Financial Highlights (Cont'd)

## M1+ Delinquency Coverage Ratio<sup>(1)(2)</sup>

(RMB mn)



Notes:

(1) Defined as the balance of allowance for principal and financing service fee receivables at the end of a period, divided by the total balance of outstanding principal and financing service fee receivables for on-balance sheet transactions for which any installment payment was more than 30 calendar days past due as of the end of such period, excluding charged-off amounts. The amount charged-off has been fully covered by allowance provided by the Company

(2) Includes on-balance sheet M1+ delinquent principal and financing service fee receivables

# WLM Kids at a Glance



Target **160MM+** families with kids aged 0-9 years

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**One-stop service** for diverse extra-curriculum programs

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The first center has been proven a **phenomenal success** in the city as well as a local landmark

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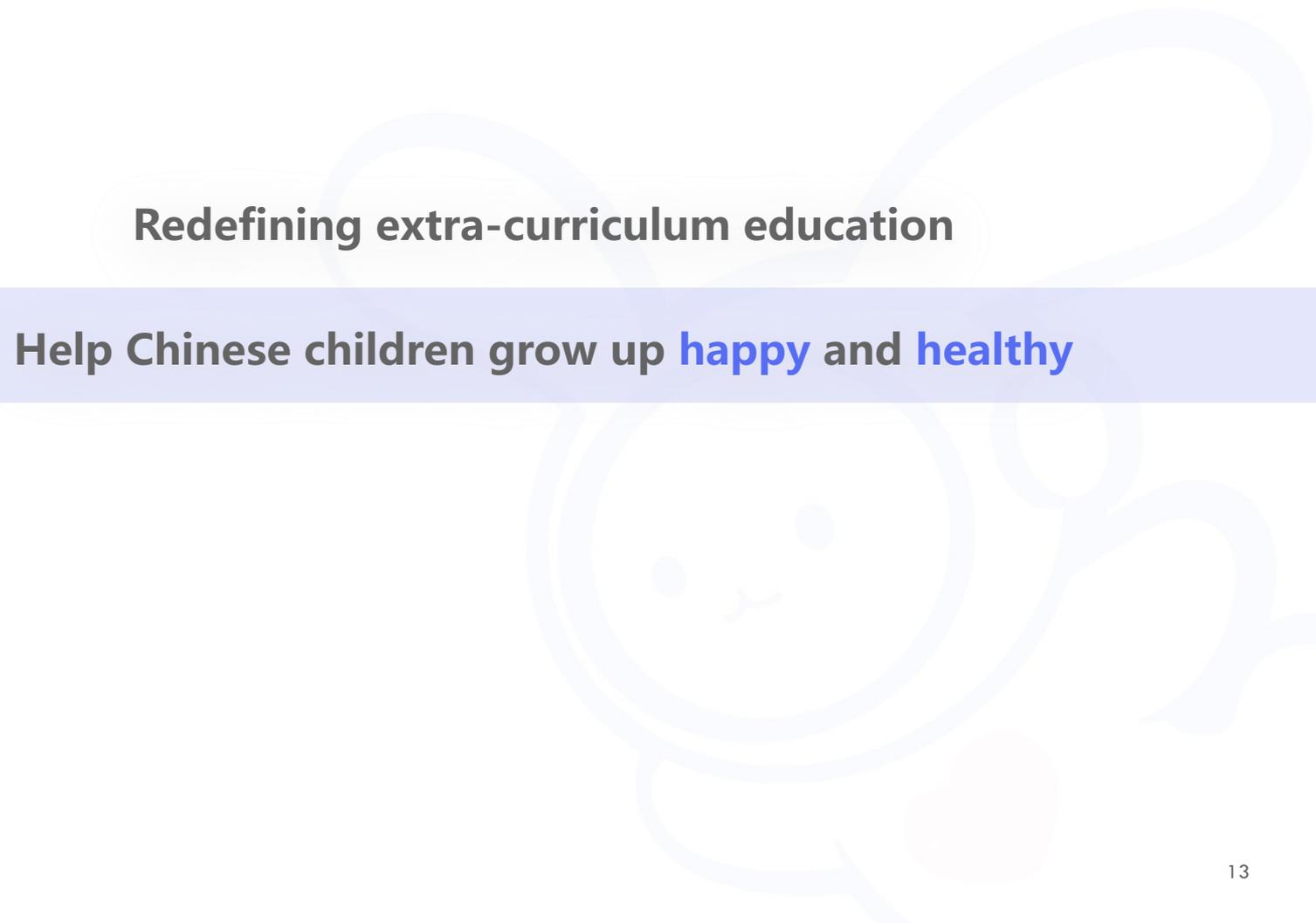


**80+** centers in design process to replicate the success nationwide

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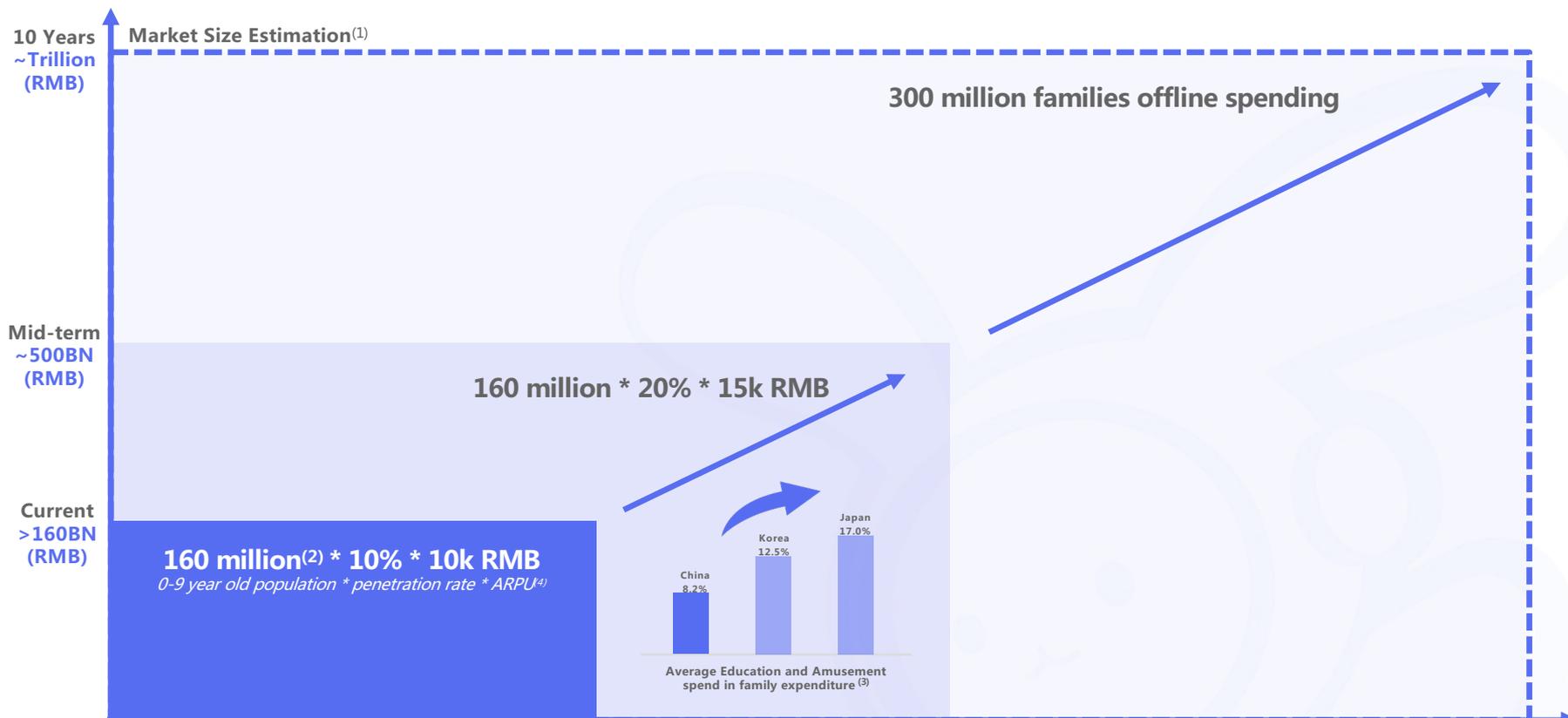
**50+** same-visioned entrepreneurs joined full-time as equity partners  
(most of them are leaders in education industry who owned large-scale business)



**Redefining extra-curriculum education**

**Help Chinese children grow up **happy** and **healthy****

# Huge Market Opportunities



Data Source: (1) Company estimate

(2) Extrapolated from the seventh census of the National Bureau of Statistics (NBS) on the population aged 0-14 years

(3) From Wind Database

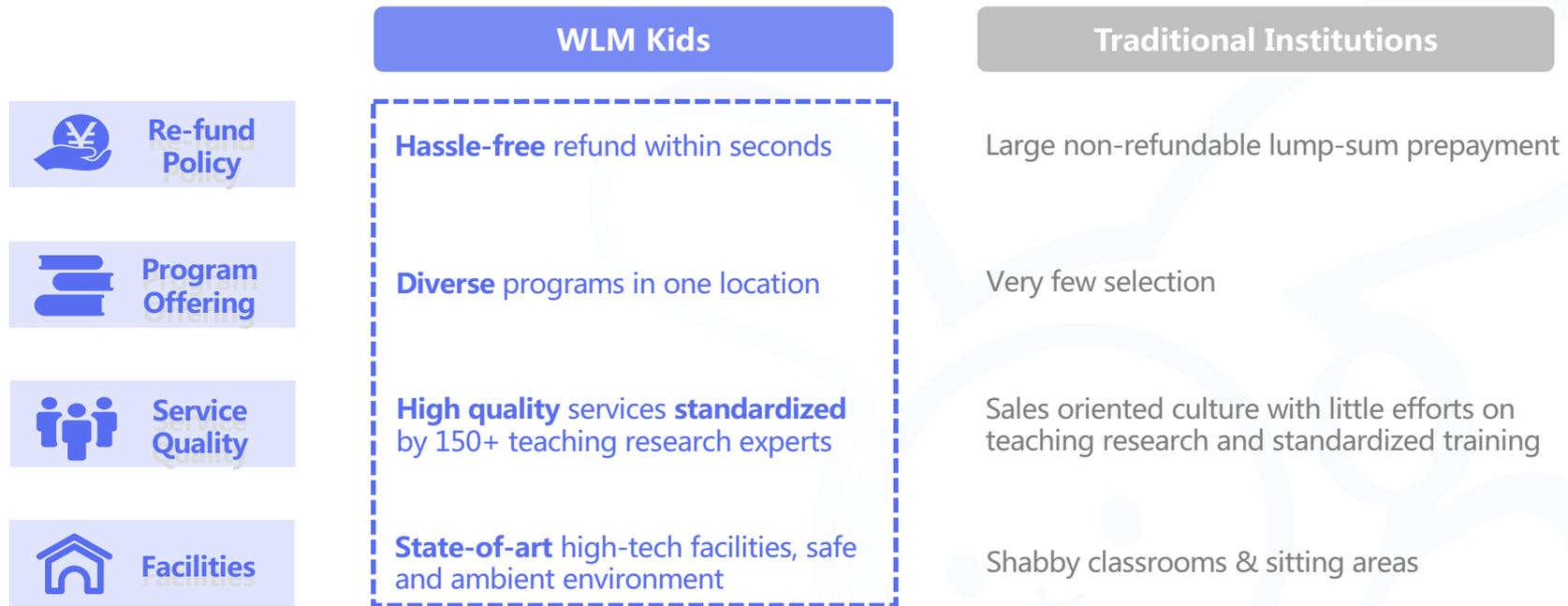
(4) ARPU: Average Revenue Per User

# Benefiting from Favorable Policies

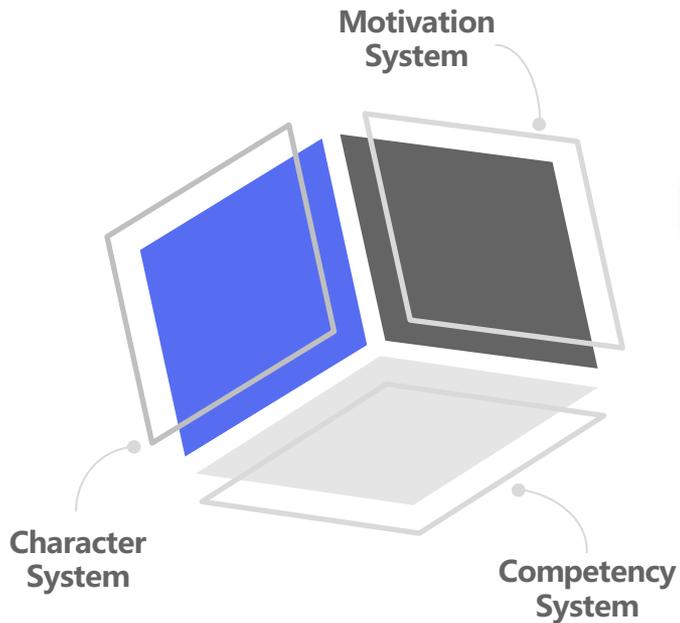
Time	Policy	Content
Nov. 2020	< Reply to the Proposal No. 3172 at the Third Session of the 13th National Committee of the Chinese People's Political Consultative Conference	It attaches great importance to the improvement of students' information literacy, trains relevant teachers capable of implementing programming education, and integrates information technology content including programming education into relevant curricula of primary and secondary schools.
Oct. 2020	< Regarding Comprehensively Strengthening and Improving School Aesthetic Education in the New Era > < Suggestions on Comprehensively Strengthening and Improving School Physical Education in the New Era >	Physical education subjects will be included in the academic proficiency tests of junior and senior high schools. Sports-related subjects will be progressively added to university admission tests. Authorities will also explore to include art-related subjects in the pilot reform of the high school entrance examination and include them in the scoring subjects of the high school entrance examination.
Oct. 2020	< General Program for Deepening Educational Evaluation Reform in the New Era >	Strengthen sports evaluation and establish an examination mechanism that combines daily participation, physical fitness monitoring and special sports skills testing. Improve the evaluation of aesthetic education, and include elementary and middle school students' study of music, art, calligraphy and other art courses, as well as their participation in art practice activities organized by schools, into academic requirements.
Aug. 2020	< On Deepening the Integration of Sports and Education to Promote the Healthy Development of Youth >	Include physical education subjects in the scope of the junior and senior high school academic level exams, include the scoring subjects for the high school entrance examination, scientifically determine and gradually increase the score, and initiate research on the use of physical literacy in college admissions.
Jun. 2019	< Guidelines on Advancing Education Reform and Improving the Quality of Compulsory Education >	Adhere to all-round development of " Five Aspects of Education " , efforts will be made in fostering comprehensive quality education and a wide range of campus art activities, to help each student learn one or two art skills
Jun. 2019	< Guidelines on Promoting the Reform of Education in Ordinary Senior High Schools in the New Era >	Strengthen physical exercise, cultivate students' interest in sports and sporting habits, and enable students to master 1-3 sports skills. Strengthen aesthetic education programs, and actively promote dancing, drama playing, film and television and digital media art activities, etc.
Feb. 2018	< Notice on Students Enrollment of Regular Primary and Secondary Schools in 2018 >	Reduce the content with the nature of memorizing and mechanical training, enhance the contact with the student life, social reality, pay attention to examine students' comprehensive ability to apply the learned knowledge to analyze and solve problems, and guide the development of quality education.
Jul. 2017	< New Generation of Artificial Intelligence Development Plan >	Encourage social forces to participate in the development and promotion of programming teaching software and games based on entertainment.

Data Source: From National Bureau of Statistics, Official website of Ministry of Education

# Disruptive Innovations Customized for Kids & Parents



# Redefining the Underlying System for Happy & Healthy Extra-curriculum Education



(806 elements in 3 dimensions covering 0-9 age groups)

Focusing on developing children's motivation for life-long learning, healthy characteristic and various competencies

## Motivation System

Curiosity, Aspiration to Knowledge, Pioneering

## Character System

Self-confidence, Optimism, Independence, Self-control, Perseverance, Anti-pressure Ability

## Competency System

**Cognitive ability:** Attention, Observation, Memory

**Social skill:** Emotional Management, Communication, Cooperation

**Creativity:** Divergent Thinking

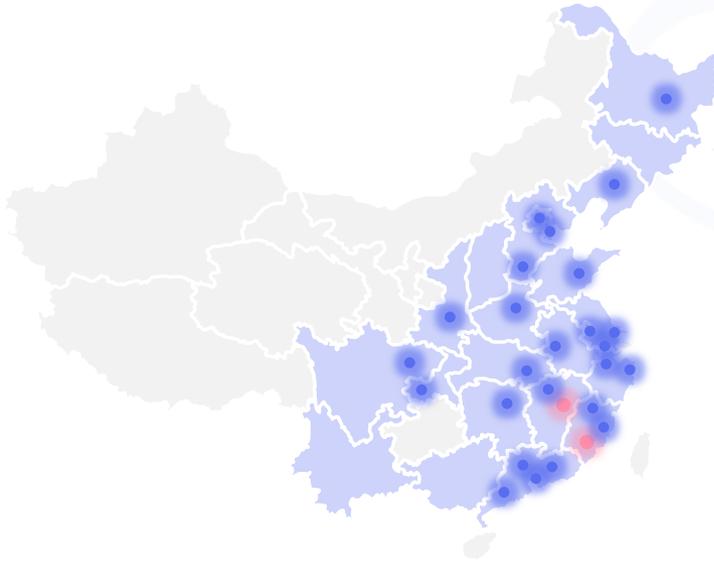
**Sports literacy:** Physical Fitness, Basic Sport Skills

**Artistic quality:** Sensibility, Expression

# First-mover Advantages and Entry Barriers

## Key Locations

Swiftly secure key locations in core residential areas across China, forbidding new entrants



80+ centers in design process

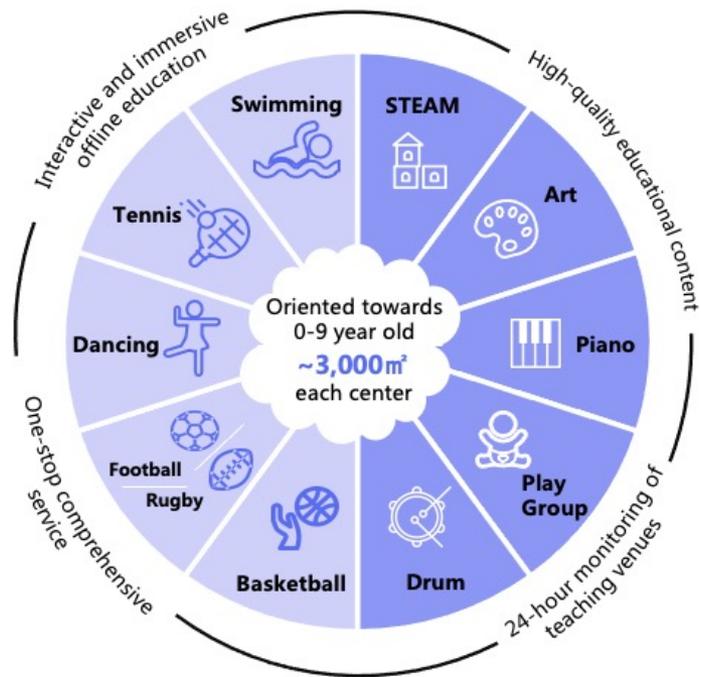
● Two centers in operation

## Key Talents

50+ equity partners highly motivated to accomplish the same vision

- All-in → 100% full-time engaged
- 50+ → Entrepreneurs in education
- 10 yrs+ → 10+ years education industry experience
- Scale → Large-scale annual revenue

# A Glance at WLM Kids Centers



Enjoyed by Kids



Marketing Events



Favored by Parents



State-of-art Facilities



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# Appendix

# Income Statements

	For the Year Ended		For the Three Months Ended	
	31-Dec-20 Audited	31-Mar-20 Unaudited	31-Dec-20 Unaudited	31-Mar-21 Unaudited
(in millions, except for EPS numbers)	RMB	RMB	RMB	RMB
Financing income	2,103	623	412	362
Loan facilitation income and other related income	958	422	103	12
Transaction services fee and other related income	(137)	(150)	3	51
Sales commission fee	81	34	15	11
Sales income and others	611	17	162	62
Penalty fee	72	12	19	18
<b>Total revenues</b>	<b>3,688</b>	<b>958</b>	<b>714</b>	<b>516</b>
<b>Operating cost and expenses:</b>				
Cost of revenues	(862)	(96)	(202)	(91)
Sales and marketing	(293)	(59)	(13)	(38)
General and administrative	(286)	(77)	(76)	(67)
Research and development	(171)	(55)	(9)	(39)
Changes in guarantee liabilities and risk assurance liabilities <sup>(1)</sup>	88	(672)	206	65
Provision for receivables and other assets	(1,641)	(1,108)	76	107
<b>Total operating cost and expenses</b>	<b>(3,165)</b>	<b>(2,067)</b>	<b>(17)</b>	<b>(63)</b>
Other operating income	343	148	50	12
<b>Income from operations</b>	<b>866</b>	<b>(961)</b>	<b>747</b>	<b>465</b>
Net Income before income taxes	1,221	(515)	750	557
Income tax expenses	(262)	28	(76)	(79)
<b>Net Income</b>	<b>959</b>	<b>(486)</b>	<b>674</b>	<b>478</b>
Basic EPS	3.78	(1.92)	2.66	1.89
Diluted EPS	3.59	(1.92)	2.54	1.81
Add: Share-based compensation expenses	45	14	5	10
Less: Convertible bonds buyback income	622	435	(5)	-
<b>Non-GAAP net Income</b>	<b>382</b>	<b>(908)</b>	<b>684</b>	<b>488</b>
Basic EPS	1.51	(3.57)	2.69	1.93
Diluted EPS	1.49	(3.57)	2.57	1.85

Note:

(1) The amount includes the change in fair value of the guarantee liabilities accounted in accordance with ASC 815, "Derivative", and the change in risk assurance liabilities accounted in accordance with ASC 450, "Contingencies" and ASC 460, "Guarantees".

# Balance Sheets

(in millions)	As of		
	31-Mar-20	31-Dec-20	31-Mar-21
	Unaudited RMB	Audited RMB	Unaudited RMB
<b>Current Assets:</b>			
Cash and cash equivalents	1,516	1,538	2,188
Restricted cash <sup>(1)</sup>	540	135	234
Time deposits	235	-	-
Short-term investments	1,233	5,042	5,079
Short-term loan principal and financing service fee receivables	7,287	3,940	3,515
Short-term finance lease receivables	353	180	129
Short-term contract assets	1,544	93	50
Other current assets	1,113	762	1,007
<b>Non-current Assets:</b>			
Long-term finance lease receivables	145	29	12
Operating lease right-of-use assets	143	211	296
Investment in equity method investee	23	349	381
Long-term investments	223	210	244
Property and equipment, net	114	303	360
Intangible assets	6	8	9
Long-term contract assets	98	23	10
Deferred tax assets, net	466	155	119
Other non-current assets	16	419	425
<b>Total Assets</b>	<b>15,056</b>	<b>13,398</b>	<b>14,058</b>

Note:

(1) Restricted cash mainly represents (i) cash held by the consolidated trusts through segregated bank accounts; (ii) security deposits held in designated bank accounts for guarantee of off-balance sheet transactions. Such restricted cash is not available to fund the general liquidity needs of the Company

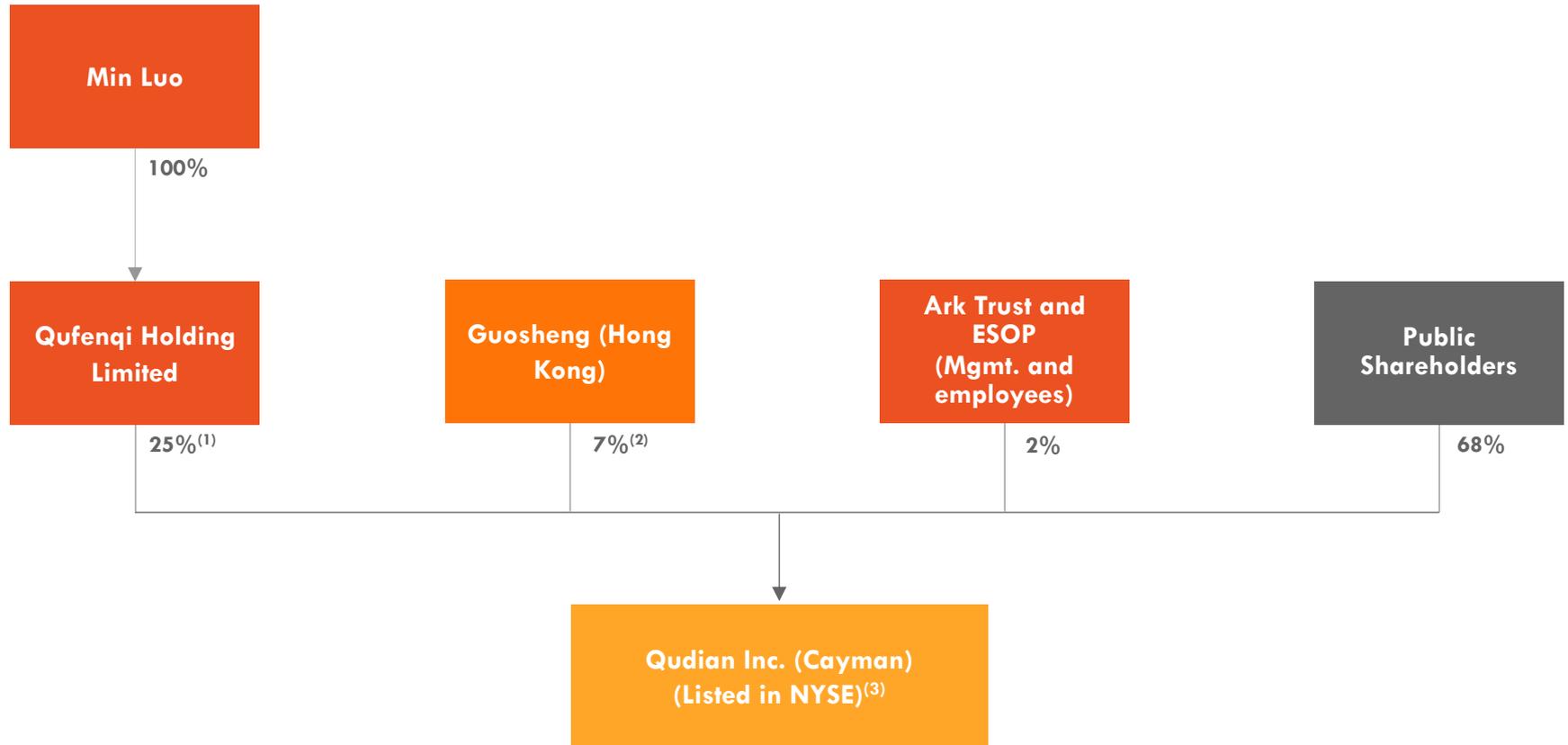
# Balance Sheets

(in millions)	As of		
	31-Mar-20	31-Dec-20	31-Mar-21
	Unaudited RMB	Audited RMB	Unaudited RMB
<b>Liabilities:</b>			
<b>Current Liabilities:</b>			
Short-term borrowings and interest payables	385	-	-
Short-term lease liabilities	20	24	41
Accrued expenses and other current liabilities	673	337	351
Guarantee liabilities and risk assurance liabilities <sup>(1)</sup>	1,799	31	22
Income tax payable	222	81	100
<b>Non-current Liabilities:</b>			
Deferred tax liabilities, net	10	11	19
Convertible senior notes	1,438	822	828
Long-term lease liabilities	18	80	152
Long-term borrowings and interest payables	24	102	145
<b>Total liabilities</b>	<b>4,588</b>	<b>1,488</b>	<b>1,658</b>
<b>Total shareholders' equity</b>	<b>10,468</b>	<b>11,910</b>	<b>12,400</b>
<b>Total liabilities and shareholders' equity</b>	<b>15,056</b>	<b>13,398</b>	<b>14,058</b>

Note:

(1) The amount includes the balance of the guarantee liabilities accounted in accordance with ASC 815, "Derivative", and the balance of risk assurance liabilities accounted in accordance with ASC 450, "Contingencies" and ASC 460, "Guarantees".

# Shareholding Structure



Notes:

- (1) Including 4,125,698 Class B ordinary shares subject to the Guosheng proxy, providing Guosheng HK the power to exercise the voting rights
- (2) Represents (i) 12,670,000 Class A ordinary shares held by Guosheng HK and (ii) 4,125,698 Class B ordinary shares subject to the Guosheng proxy
- (3) Total number of shares outstanding (unaudited) is 253,088,198 as of March 31, 2021

## Contact us

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An aerial architectural rendering of a modern city. The scene features a large, multi-tiered stadium with a curved roof, situated near a waterfront. In the background, there are several high-rise buildings and a dense forest. The sky is clear with some light clouds. The overall color palette is dominated by blues, greens, and oranges.

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