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Qudian

Management Presentation

December 2020

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.

A low-angle, upward-looking photograph of several modern skyscrapers with glass facades. The image is overlaid with a semi-transparent orange filter. The buildings are arranged in a way that they appear to converge towards the top center of the frame.

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1. Overview of Credit Business

3Q20 Segment Highlights

Small Credit Facilitation



RMB5.0bn total amount of transactions

QoQ increased by 19%

During 3Q20



RMB6.4bn outstanding loans⁽¹⁾

QoQ decreased by 35%

As of September 30, 2020



3.8mn outstanding borrowers

QoQ decreased by 20%

As of September 30, 2020



4.6 Months

weighted average loan tenure

During 3Q20

RMB1.7k loan balance per borrower

As of September 30, 2020

Open Platform



RMB0.5bn total amount of transactions

QoQ decreased by 30%

During 3Q20



RMB6.9bn outstanding loans

QoQ decreased by 30%

As of September 30, 2020



1.0mn outstanding borrowers

QoQ decreased by 15%

As of September 30, 2020



6.8 Months

weighted average loan tenure

During 3Q20

RMB7.0k loan balance per borrower

As of September 30, 2020

Notes:

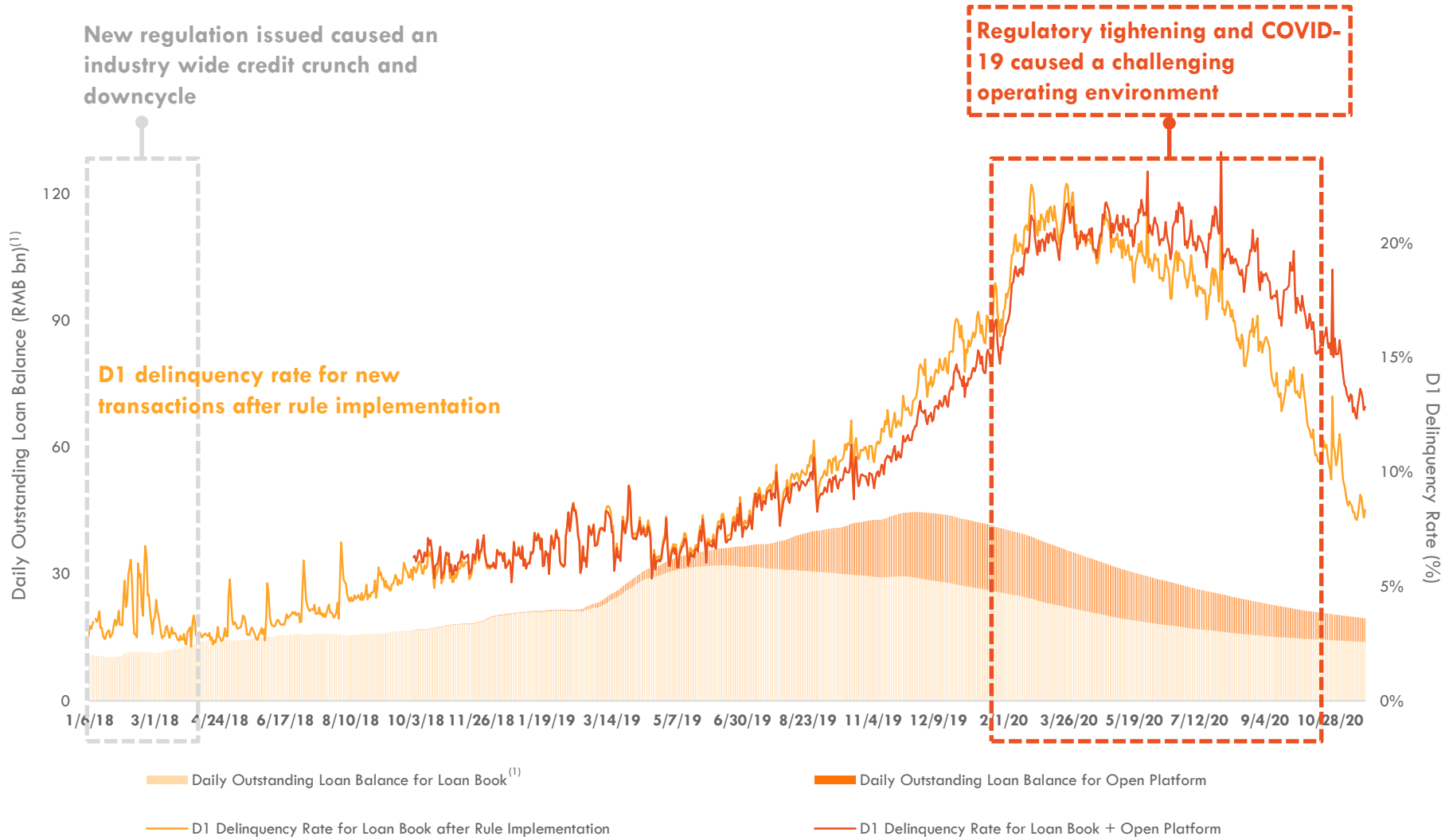
(1) Includes off and on balance sheet loans directly or indirectly funded by our institutional funding partners or our own capital, net of cumulative write-offs and it does not include auto loans from Dabai Auto business and loans from transaction services business

A low-angle, upward-looking photograph of several modern skyscrapers. The image is overlaid with a semi-transparent orange filter. The buildings are arranged in a way that creates a sense of height and scale, with lines converging towards the top of the frame.

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2. Disclosure of Risk Metrics

Optimized Risk Model to Quickly React to Credit Cycle and De-risk Our Loan Book



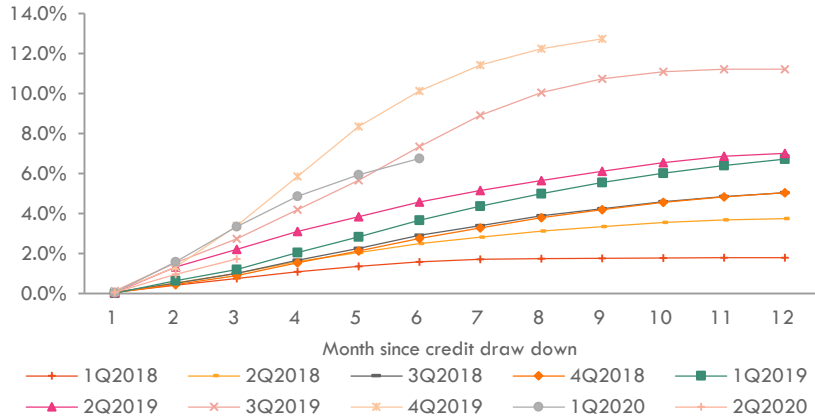
Note:
(1) Including cumulative charge-offs and guarantee payments

Credit Performance Managed within Targets

Include Total Potential Receivables at Risk

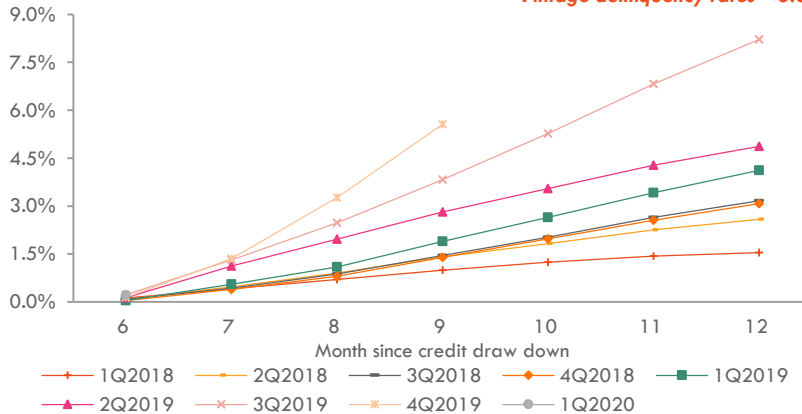
M1+ Delinquency Rate by Vintage⁽¹⁾

Vintage delinquency rates <12.8%



M6+ Charge-off Rate by Vintage⁽³⁾

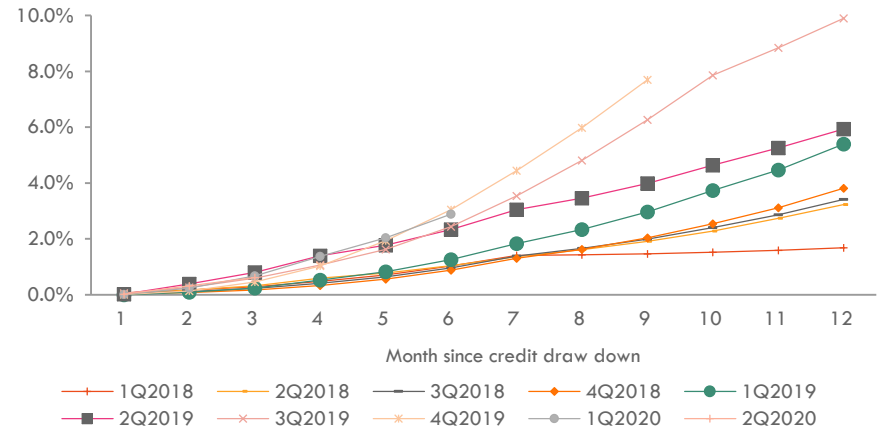
Vintage delinquency rates <8.3%



Only Include Current Receivables at Risk

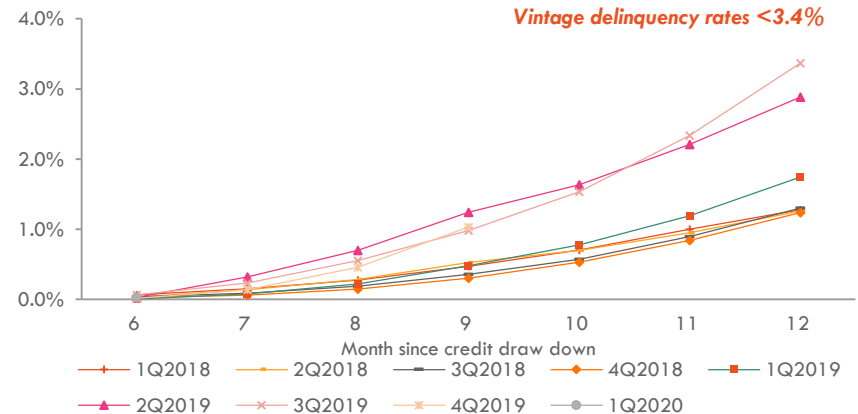
M1+ Delinquency Rate by Vintage⁽²⁾

Vintage delinquency rates <9.9%



M6+ Charge-off Rate by Vintage⁽⁴⁾

Vintage delinquency rates <3.4%



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
- (2) Current 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 actual 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
- (3) Total potential receivables at risk vintage charge-off rate 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 180 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
- (4) Current receivables at risk vintage charge-off rate refers to, with respect to on- and off-balance sheet transactions facilitated under the loan book business during a specified time period, actual outstanding principal balance of the transactions that are delinquent for more than 180 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

Delinquency Rate Measurement Comparison

For illustration purpose, assuming a loan with RMB1,000 principal and 10 months draw down

RMB

Current Receivables at Risk

Total Potential Receivables at Risk

$$\frac{100}{1,000}$$

VS

$$\frac{800}{1,000}$$



A low-angle, upward-looking photograph of several modern skyscrapers. The image is overlaid with a semi-transparent orange filter. The buildings are arranged in a way that they appear to converge towards the top of the frame, creating a sense of height and scale. The sky is a pale blue, visible at the top and bottom edges.

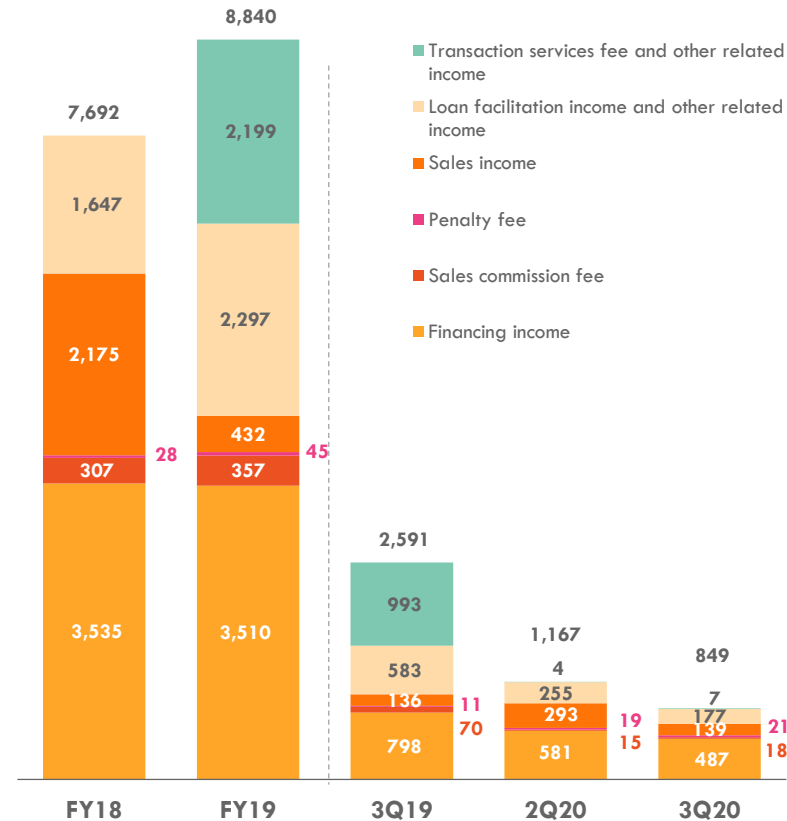
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3. Financials

Financial Highlights

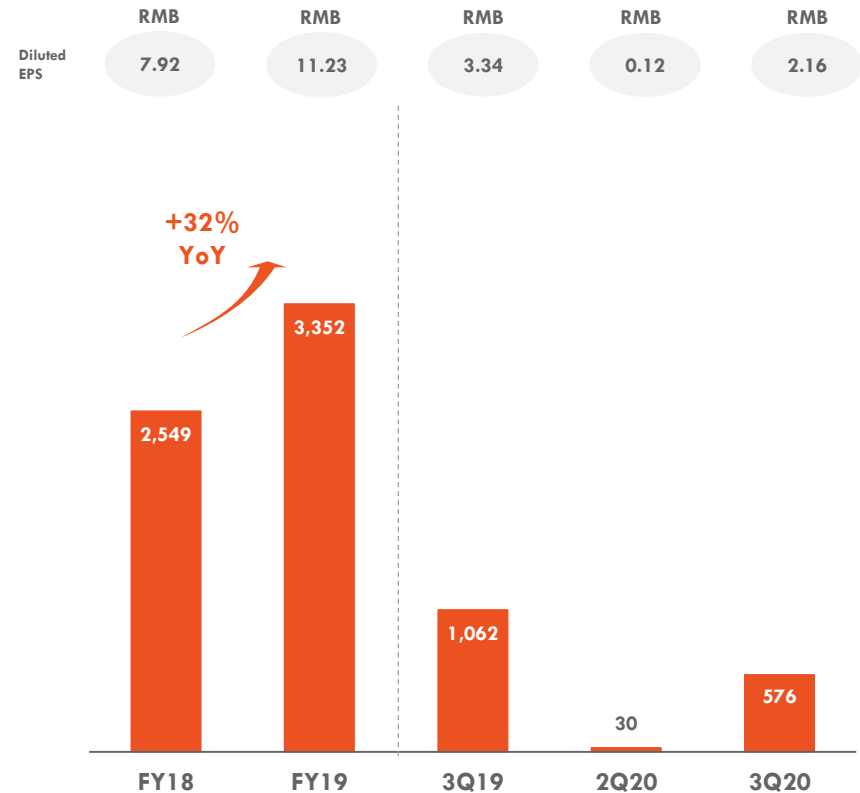
Total Revenue

(RMB mn)



Non-GAAP Net Income⁽¹⁾

(RMB mn, except for EPS numbers)



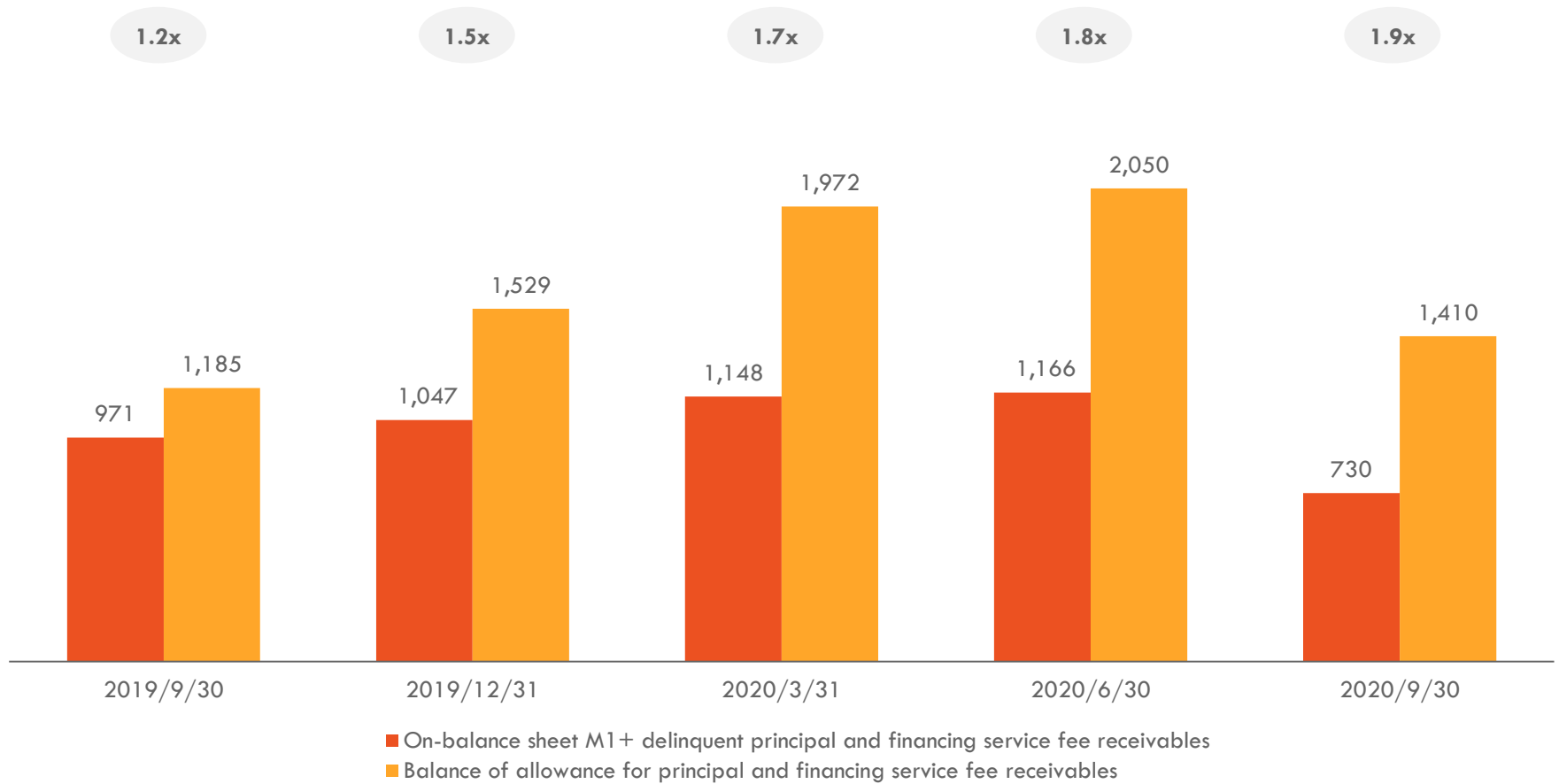
Notes:
(1)

Non-GAAP net income represents net income before share-based compensation expense, excluding convertible bonds buyback income.

Financial Highlights (Cont'd)

M1+ Delinquency Coverage Ratio⁽¹⁾⁽²⁾

(RMB mn)



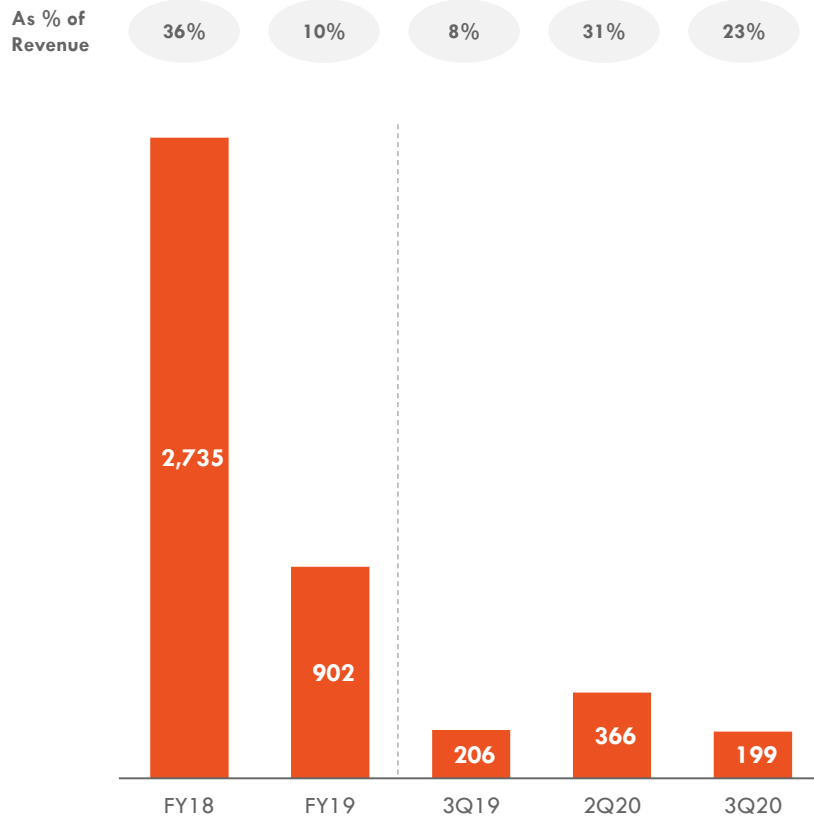
Notes:

- (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

Financial Highlights (Cont'd)

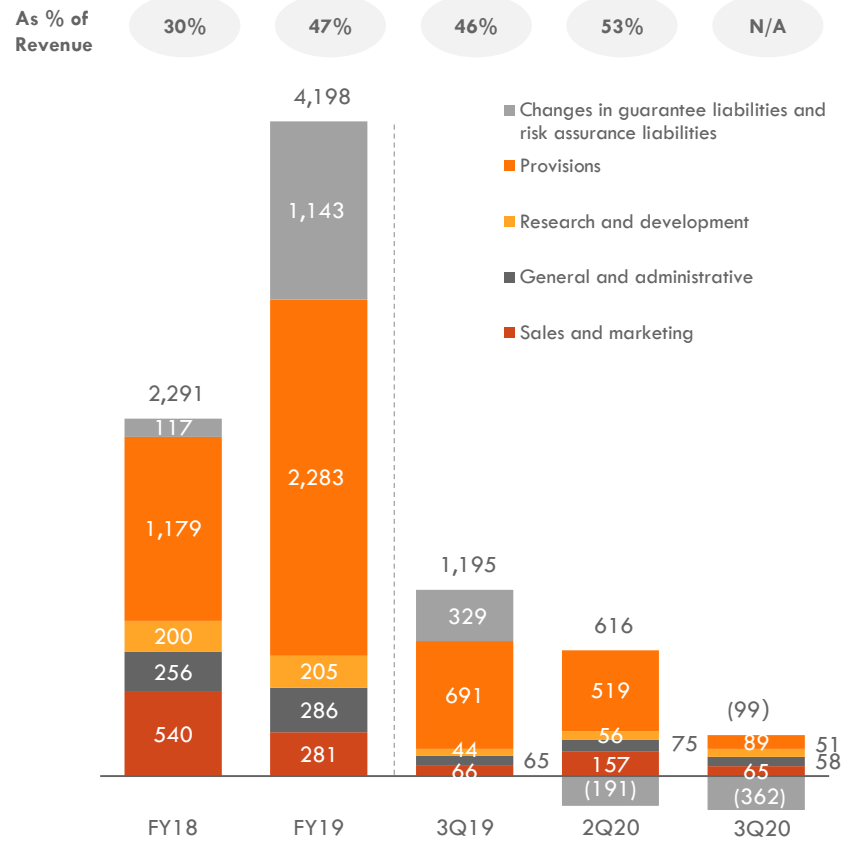
Cost of Revenues

(RMB mn)



Operating Expenses

(RMB mn)



A low-angle, upward-looking photograph of several modern skyscrapers. The image is overlaid with a semi-transparent orange filter. The buildings are arranged in a way that they appear to converge towards the top center of the frame, creating a sense of height and scale. The sky is a pale, clear blue.

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Appendix

Income Statements

	For the Year Ended		For the Three Months Ended		
	31-Dec-18	31-Dec-19	30-Sep-19	30-Jun-20	30-Sep-20
	Audited	Audited	Unaudited	Unaudited	Unaudited
(in millions, except for EPS numbers)	RMB	RMB	RMB	RMB	RMB
Financing income	3,535	3,510	798	581	487
Loan facilitation income and other related income	1,647	2,297	583	255	177
Transaction services fee and other related income	-	2,199	993	4	7
Sales commission fee	307	357	70	15	18
Sales income	2,175	432	136	293	139
Penalty fee	28	45	11	19	21
Total revenues	7,692	8,840	2,591	1,167	849
Operating cost and expenses:					
Cost of revenues	(2,735)	(902)	(206)	(366)	(199)
Sales and marketing	(540)	(281)	(66)	(157)	(65)
General and administrative	(256)	(286)	(65)	(75)	(58)
Research and development	(200)	(205)	(44)	(56)	(51)
Changes in guarantee liabilities and risk assurance liabilities ⁽¹⁾	(117)	(1,143)	(329)	191	362
Provision for receivables and other assets	(1,179)	(2,283)	(691)	(519)	(89)
Total operating cost and expenses	(5,027)	(5,099)	(1,401)	(982)	(100)
Other operating income	24	109	29	128	18
Income from operations	2,689	3,849	1,219	312	768
Net Income before income taxes	2,649	3,891	1,228	262	723
Income tax expenses	(158)	(626)	(185)	(82)	(131)
Net Income	2,491	3,264	1,043	179	592
Basic EPS	7.82	11.72	3.74	0.71	2.34
Diluted EPS	7.74	10.94	3.29	0.68	2.22
Add: Share-based compensation expenses	58	87	18	20	7
Less: Convertible bonds buyback income	-	-	-	170	22
Non-GAAP net Income	2,549	3,352	1,062	30	576
Basic EPS	8.00	12.03	3.80	0.12	2.27
Diluted EPS	7.92	11.23	3.34	0.12	2.16

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".

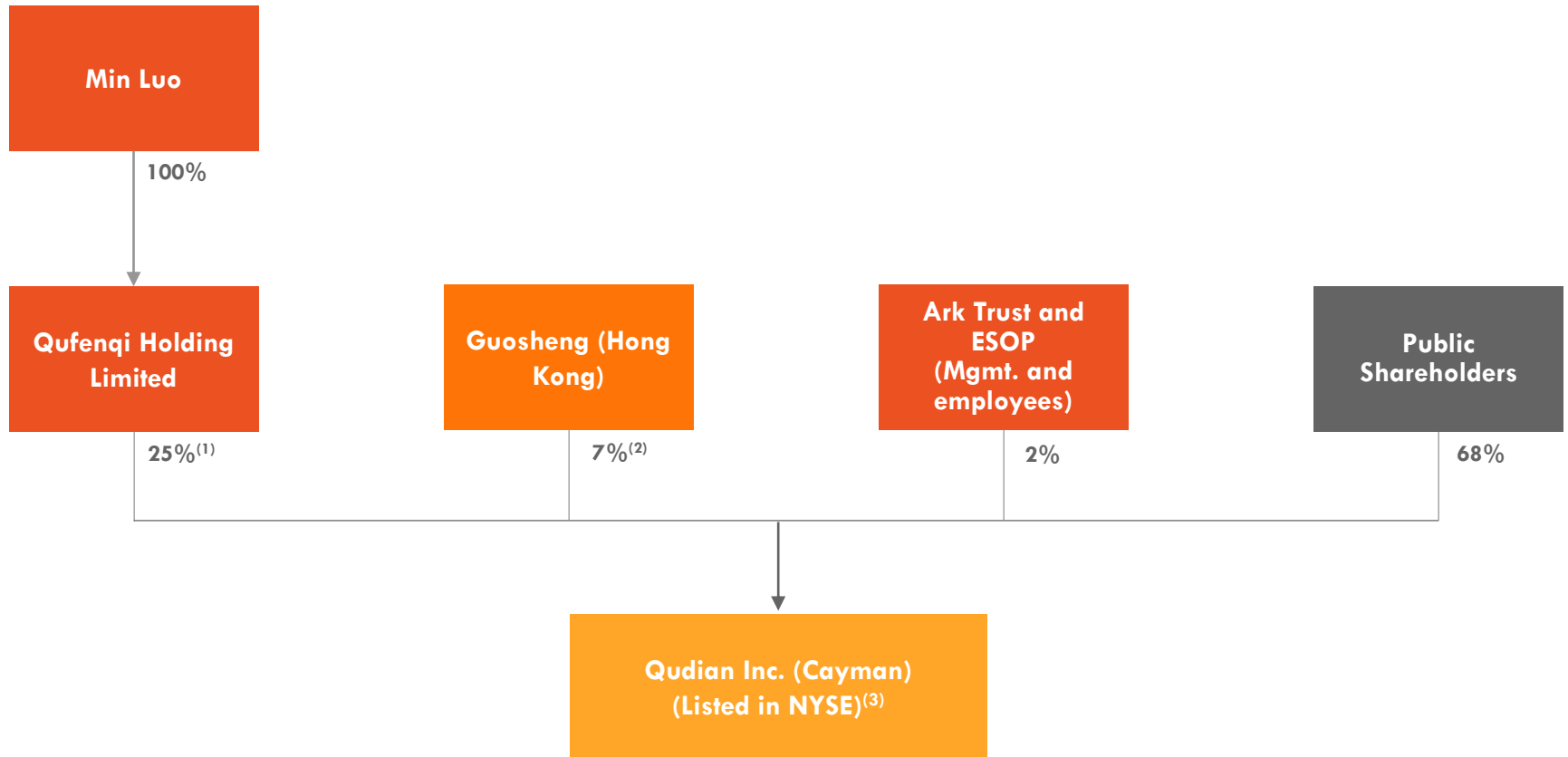
Unaudited Balance Sheets

(in millions)	As of			
	31-Dec-18	31-Dec-19	30-Jun-20	30-Sep-20
	Audited RMB	Audited RMB	Unaudited RMB	Unaudited RMB
Cash and cash equivalents	2,501	2,861	1,066	1,489
Restricted cash ⁽¹⁾	340	1,258	511	142
Time deposits	-	231	-	-
Short-term investments	-	-	2,288	3,716
Short-term loan principal and financing service fee receivables	8,418	7,895	5,758	4,647
Short-term finance lease receivables	509	398	340	252
Short-term contract assets	903	2,742	731	292
Other current assets	1,818	1,639	1,360	1,257
Investment in equity method investee	33	45	488	398
Long-term finance lease receivables	649	240	46	39
Long-term contract assets	16	274	69	31
Deferred tax assets	243	290	442	386
Total assets	16,253	18,362	13,621	13,207
Short-term borrowings and interest payables	3,860	1,050	322	-
Accrued expenses and other current liabilities	507	718	649	550
Guarantee liabilities and risk assurance liabilities	303	1,518	716	166
Income tax payable	349	590	171	246
Long-term borrowings and interest payables	413	-	54	100
Convertible senior notes	-	2,340	1,010	866
Total liabilities	5,432	6,438	2,964	1,967
Total shareholders' equity	10,821	11,924	10,657	11,240
Total liabilities and shareholders' equity	16,253	18,362	13,621	13,207

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

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 253,534,013 as of September 30, 2020