

Cango Inc. Reports Fourth Quarter and Full Year 2020 Unaudited Financial Results

SHANGHAI, March 11, 2021 /PRNewswire/ — Cango Inc. (NYSE: CANG) ("Cango" or the "Company"), a leading automotive transaction service platform in China, today announced its unaudited financial results for the fourth quarter and full year of 2020.

Fourth Quarter 2020 Financial and Operational Highlights

- Total revenues were RMB1,097.4 million (US\$168.2 million), a 150.2% increase from RMB438.5 million in the same period of 2019, outperforming the high end of the Company's guidance by 46.3%. The increase was mainly driven by the increased amounts of both financing transactions the Company facilitated and car trading transactions.
- Car trading transactions revenues were RMB546.8 million (US\$83.8 million), or 49.8% of total revenues in the fourth quarter of 2020.
- Automotive financing transactions revenues were RMB398.1 million (US\$61.0 million), a 51.8% increase from RMB262.3 million in the same period of 2019.
- The amount of financing transactions the Company facilitated in the fourth quarter of 2020 was RMB10,822.2 million (US\$1,658.6 million). The total outstanding balance of financing transactions the Company facilitated was RMB43,504.8 million (US\$6,667.4 million) as of December 31, 2020.
- M1+ and M3+ overdue ratios for all financing transactions that remained outstanding and were facilitated by the Company were 0.98% and 0.42%, respectively, as of December 31, 2020, compared to 1.11% and 0.53%, respectively, as of September 30, 2020.
- The number of dealers covered by the Company was 48,487 as of December 31, 2020, compared to 46,248 as of September 30, 2020. The increase was mainly due to the expansion of 4S dealers and quality dealers in the lower-tier cities following the introduction of the Company's competitive products.

Full Year 2020 Financial and Operational Highlights

- Total revenues were RMB2,052.4 million (US\$314.5 million), a 42.5% increase from RMB1,440.1 million in the full year of 2019.
- Car trading transactions revenues were RMB624.8 million (US\$95.8 million), or 30.4% of total revenues in the full year of 2020.
- Automotive financing transactions revenues were RMB891.8 million (US\$136.7 million), compared to RMB619.3 million in the full year of 2019. This slight decrease was mainly due to the impact of the Covid-19 pandemic, which severely disrupted the domestic automotive industry in the first half of 2020.
- After-market services facilitation revenues were RMB241.2 million (US\$37.0 million), compared to RMB206.0 million in the full year of 2019.
- The amount of financing transactions the Company facilitated in the full year of 2020 was RMB27,697.7 million (US\$4,244.9 million).
- M1+ and M3+ overdue ratios for all financing transactions that remained outstanding and were facilitated by the Company were 0.98% and 0.42%, respectively, as of December 31, 2020, compared to 0.85% and 0.40%, respectively, as of December 31, 2019.
- The number of dealers covered by the Company was 48,487 as of December 31, 2020, compared to 49,238 as of December 31, 2019.

Mr. Jiayuan Lin, Chief Executive Officer of Cango, commented, "It was a remarkable year for Cango despite the challenging environment due to the Covid-19 outbreak. Fueled by our mission to make car purchases simple and executable, our ongoing efforts to build a one-stop platform that empowers all parties involved in the car transaction value chain has enabled us to navigate challenges and deliver solid results. During the fourth quarter, we achieved outstanding performance across the board including our automotive financing facilitation, car trading transactions and after-market services facilitation businesses. Fourth quarter total revenues came in at RMB1,097.4 million, exceeding the high end of our previous guidance by 46.3%. Robust returns from our investment in Li Auto are already contributing to strong growth in our bottom line, and our deep insights into sector trends make us optimistic about the automotive industry's gradual but pervasive evolution toward new energy vehicles.

"The success we achieved in 2020 stems from our industry know-how and the strong platform we have worked so hard to build over the past decade. Benefiting from our strong foothold in the lower-tier markets, we have seen great synergies across our businesses. In particular, revenues from our car trading transactions business contributed approximately 50% of total revenues in the fourth quarter, becoming an important growth driver for us. With our platform, we aim to connect all participants in the automotive transaction value chain through our closed-loop services with customer experience at the core. During the fourth quarter, we also made significant strides to enhance our service capabilities in terms of traffic generation and operation, supply chain management, as well as technological capabilities.

"Looking back over the last 10 years since Cango was founded, we have grown our business with a passion, always looking toward the future and staying true to our original aspirations even as we weathered obstacles. Moving into the next decade, we believe our vast dealership network, efficient service platform, competitive technological advantages and industry expertise give us a unique edge which will not only benefit our customers by giving them a premium experience and enhanced, continuous offerings, but also help accelerate our top line expansion in the China market."

Mr. Yongyi Zhang, Chief Financial Officer of Cango, stated, "Our continued and steady progress across businesses fueled our top line expansion in the fourth quarter. Total revenues grew to a record level of RMB1.1 billion, up 150.2% year-over-year. As we rolled out more initiatives to effectively optimize overall cost, our operating income maintained its robust growth momentum in the quarter, rising 68.6% year-over-year. With robust returns from our investment in Li Auto, we also expanded our profitability in the fourth quarter, growing net income by over 15 times to RMB1.6 billion. Looking ahead, we remain focused on executing our growth strategy and committed to investing selectively in growth opportunities across all our business lines."

Fourth Quarter 2020 Financial Results

REVENUES

Total revenues in the fourth quarter of 2020 increased by 150.2% to RMB1,097.4 million (US\$168.2 million) from RMB438.5 million in the same period of 2019. Revenues from car trading transactions in the fourth quarter of 2020 were RMB546.8 million (US\$83.8 million), becoming an important revenue contributor. Revenues from automotive financing facilitation and after-market services facilitation in the fourth quarter of 2020 were RMB398.1 million (US\$61.0 million) and RMB70.8 million (US\$10.8 million), respectively.

OPERATING COST AND EXPENSES

Total operating cost and expenses in the fourth quarter of 2020 were RMB899.0 million (US\$137.8 million) compared to RMB320.8 million in the same period of 2019. This was mainly due to the related costs incurred by car trading transactions business. Primarily as a result of the increase in revenues from car trading transactions, sales and marketing expenses, general and administrative expenses and research and development expenses each decreased as a percentage of total revenues in the fourth quarter of 2020, compared to the same period of 2019.

- Cost of revenue in the fourth quarter of 2020 increased to RMB723.8 million (US\$110.9 million) from RMB157.2 million in the same period of 2019. As a percentage of total revenues, cost of revenue in the fourth quarter of 2020 was 66.0% compared to 35.9% in the same period of 2019, and the change was primarily due to an increase in the amount of car trading transactions. For automotive financing facilitation and after-market services facilitation, cost of revenue as a percentage of relevant revenues was around 30% in the fourth quarter of 2020.
- Sales and marketing expenses in the fourth quarter of 2020 were RMB65.8 million (US\$10.1 million) compared to RMB55.2 million in the same period of 2019. As a percentage of total revenues, sales and marketing expenses in the fourth quarter of 2020 were 6.0% compared to 12.6% in the same period of 2019.
- General and administrative expenses in the fourth quarter of 2020 were RMB90.1 million (US\$13.8 million) compared to RMB66.1 million in the same period of 2019. As a percentage of total revenues, general and administrative expenses in the fourth quarter of 2020 were 8.2% compared to 15.1% in the same period of 2019.
- Research and development expenses in the fourth quarter of 2020 were RMB23.0 million (US\$3.5 million) compared to RMB18.6 million in the same period of 2019. As a percentage of total revenues, research and development expenses in the fourth quarter of 2020 were 2.1% compared to 4.2% in the same period of 2019.
- Net gain on risk assurance liabilities in the fourth quarter of 2020 was RMB18.8 million (US\$2.9 million) compared to a net loss of RMB6.5 million in the same period of 2019. Net gain on risk assurance liabilities was mainly due to a sequential decrease in default rate since the third quarter of 2020.

INCOME FROM OPERATIONS

Income from operations in the fourth quarter of 2020 was RMB198.4 million (US\$30.4 million), compared to RMB117.7 million in the same period of 2019.

FAIR VALUE CHANGE OF EQUITY INVESTMENT

Fair value change of equity investment in the fourth quarter of 2020 was a gain of RMB1,487.8 million (US\$228.0 million) compared to nil in the same period of 2019. The Company's investee, Li Auto Inc. ("Li Auto"), has been listed on the Nasdaq Global Select Market since July 30, 2020. As of December 31, 2020, Cango held 39,194,413 Class A ordinary shares of Li Auto.

NET INCOME

Net income in the fourth quarter of 2020 was RMB1,568.5 million (US\$240.4 million), an increase of 1,432.1% from RMB102.4 million in the same period of 2019. Non-GAAP adjusted net income in the fourth quarter of 2020 was RMB1,588.0 million (US\$243.4 million), an increase of 1,189.2% from RMB123.2 million in the same period of 2019. Non-GAAP adjusted net income excludes the impact of share-based compensation expenses. For further information, see "Use of Non-GAAP Financial Measure."

NET INCOME PER ADS

Basic and diluted net income per American Depositary Share (ADS) in the fourth quarter of 2020 were RMB10.48 (US\$1.61) and RMB10.40 (US\$1.59), respectively. Non-GAAP adjusted basic and diluted net income per ADS in the fourth quarter of 2020 were RMB10.61 (US\$1.63) and RMB10.53 (US\$1.61), respectively. Each ADS represents two Class A ordinary shares of the Company.

BALANCE SHEET

As of December 31, 2020, the Company had cash and cash equivalents of RMB1,426.9 million (US\$218.7 million), compared to RMB1,423.3 million as of September 30, 2020.

As of December 31, 2020, the Company had short-term investments of RMB4,342.4 million (US\$665.5 million), compared to RMB1,140.2 million as of September 30, 2020. The increase was mainly due to the change in fair value of the Company's investment in Li Auto and the Company's reclassification of such investment from long-term investments to short-term investments.

Full Year 2020 Financial Results

REVENUES

Total revenues in the full year of 2020 increased by 42.5% to RMB2,052.4 million (US\$314.5 million) from RMB1,440.1 million in the full year of 2019. Revenues from car trading transactions in the full year of 2020 were RMB624.8 million (US\$95.8 million). Revenues from automotive financing facilitation and after-market services facilitation in the full year of 2020 were RMB891.8 million (US\$136.7 million) and RMB241.2 million (US\$37.0 million), respectively.

OPERATING COST AND EXPENSES

Total operating cost and expenses in the full year of 2020 were RMB1,734.1 million (US\$265.8 million) compared to RMB1,116.8 million in the full year of 2019. This was mainly due to the related costs incurred by car trading transactions business. Primarily as a result of the increase in revenues from car trading transactions, sales and marketing expenses, general and administrative expenses and research and development expenses each decreased as a percentage of total revenues in the full year of 2020, compared to the full year of 2019.

- Cost of revenue in the full year of 2020 increased to RMB1,098.1 million (US\$168.3 million) from RMB539.3 million in the full year of 2019. As a percentage of total revenues, cost of revenue in the full year of 2020 was 53.5% compared to 37.4% in the full year of 2019, and the change was primarily due to an increase in the amount of car trading transactions. For automotive financing facilitation and after-market services facilitation, cost of revenue as a percentage of relevant revenues was around 30% in the full year of 2020.
- Sales and marketing expenses in the full year of 2020 were RMB95.9 million (US\$15.0 million) compared to RMB92.8 million in the full year of 2019. As a percentage of total revenues, sales and marketing expenses in the full year of 2020 were 4.7% compared to 6.4% in the full year of 2019.
- General and administrative expenses in the full year of 2020 were RMB265.7 million (US\$40.7 million) compared to RMB236.6 million in the full year of 2019. As a percentage of total revenues, general and administrative expenses in the full year of 2020 were 12.9% compared to 16.4% in the full year of 2019.
- Research and development expenses in the full year of 2020 were RMB62.6 million (US\$9.6 million) compared to RMB57.4 million in the full year of 2019. As a percentage of total revenues, research and development expenses in the full year of 2020 were 3.0% compared to 4.0% in the full year of 2019.
- Net loss on risk assurance liabilities in the full year of 2020 was RMB2.3 million (US\$0.3 million) compared to a net loss of RMB34.3 million in the same period of 2019.

INCOME FROM OPERATIONS

Income from operations in the full year of 2020 was RMB318.3 million (US\$48.8 million), compared to RMB323.3 million in the full year of 2019. This slight decrease was mainly due to the impact of the Covid-19 pandemic, which severely disrupted the domestic automotive industry in the first half of 2020.

FAIR VALUE CHANGE OF EQUITY INVESTMENT

Fair value change of equity investment in the full year of 2020 was a gain of RMB3,315.5 million (US\$508.1 million) compared to a gain of RMB41.6 million in the full year of 2019. The Company's investee, Li Auto Inc. ("Li Auto"), has been listed on the Nasdaq Global Select Market since July 30, 2020. As of December 31, 2020, Cango held 39,194,413 Class A ordinary shares of Li Auto.

NET INCOME

Net income in the full year of 2020 was RMB3,373.4 million (US\$517.0 million), an increase of 733.2% from RMB404.9 million in the full year of 2019. Non-GAAP adjusted net income in the full year of 2020 was RMB3,452.2 million (US\$529.1 million), an increase of 608.7% from RMB487.1 million in the full year of 2019. Non-GAAP adjusted net income excludes the impact of share-based compensation expenses. For further information, see "Use of Non-GAAP Financial Measure."

NET INCOME PER ADS

Basic and diluted net income per ADS in the full year of 2020 were RMB22.43 (US\$3.44) and RMB22.17 (US\$3.40), respectively. Non-GAAP adjusted basic and diluted net income per ADS in the full year of 2020 were RMB22.95 (US\$3.52) and RMB22.69 (US\$3.48), respectively. Each ADS represents two Class A ordinary shares of the Company.

Business Outlook

For the first quarter of 2021, the Company expects total revenues to be between RMB1,000 million and RMB1,050 million. This forecast reflects the Company's current and preliminary views on the market and operational conditions, which are subject to change.

The Company's investment in Li Auto and the change in fair value of investment due to the price volatility of the stock may have a significant impact on the Company's first quarter of 2021 financial results.

Conference Call Information

The Company's management will hold a conference call on Thursday, March 11, 2021, at 8:00 P.M. Eastern Time or Friday, March 12, 2021, at 9:00 A.M. Beijing Time to discuss the financial results. Listeners may access the call by dialing the following numbers:

International:	+1-412-902-4272
United States Toll Free:	+1-888-346-8982
Mainland China Toll Free:	4001-201-203
Hong Kong, China Toll Free:	800-905-945
Conference ID:	Cango Inc.

The replay will be accessible through March 18, 2021, by dialing the following numbers:

International:	+1-412-317-0088
United States Toll Free:	+1-877-344-7529
Access Code:	10153000

A live and archived webcast of the conference call will also be available at the Company's investor relations website at <http://ir.cangoonline.com/>.

About Cango Inc.

Cango Inc. (NYSE: CANG) is a leading automotive transaction service platform in China connecting dealers, financial institutions, car buyers, and other industry participants. Founded in 2010 by a group of pioneers in China's automatic finance industry, the Company is headquartered in Shanghai and engages car buyers through a nationwide dealer network. The Company's services primarily consist of automotive financing facilitation, car trading transactions, and after-market services facilitation. By utilizing its competitive advantages in technology, data insights, and cloud-based infrastructure, Cango is able to connect its platform participants while bringing them a premium user experience. Cango's platform model puts it in a unique position to add value for its platform participants and business partners as the automotive and mobility markets in China continue to grow and evolve. For more information, please visit: www.cangoonline.com.

Definition of Overdue Ratios

The Company defines "M1+ overdue ratio" as (i) exposure at risk relating to financing transactions for which any installment payment is 30 to 179 calendar days past due as of a specified date, divided by (ii) exposure at risk relating to all financing transactions which remain outstanding as of such date, excluding amounts of outstanding principal that are 180 calendar days or more past due.

The Company defines "M3+ overdue ratio" as (i) exposure at risk relating to financing transactions for which any installment payment is 90 to 179 calendar days past due as of a specified date, divided by (ii) exposure at risk relating to all financing transactions which remain outstanding as of such date, excluding amounts of outstanding principal that are 180 calendar days or more past due.

Use of Non-GAAP Financial Measure

In evaluating the business, the Company considers and uses Non-GAAP adjusted net income, a non-GAAP measure, as a supplemental measure to review and assess its operating performance. The presentation of the non-GAAP financial measure is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with U.S. GAAP. The Company defines Non-GAAP adjusted net income as net income excluding share-based compensation expenses. The Company presents the non-GAAP financial measure because it is used by the management to evaluate the operating performance and formulate business plans. Non-GAAP adjusted net income enables the management to assess the Company's operating results without considering the impact of share-based compensation expenses, which are non-cash charges. The Company also believes that the use of the non-GAAP measure facilitates investors' assessment of its operating performance.

Non-GAAP adjusted net income is not defined under U.S. GAAP and is not presented in accordance with U.S. GAAP. This non-GAAP financial measure has limitations as analytical tools. One of the key limitations of using Non-GAAP adjusted net income is that it does not reflect all items of expense that affect the Company's operations. Share-based compensation expenses have been and may continue to be incurred in the business and are not reflected in the presentation of Non-GAAP adjusted net income. Further, the non-GAAP measure may differ from the non-GAAP information used by other companies, including peer companies, and therefore their comparability may be limited.

The Company compensates for these limitations by reconciling the non-GAAP financial measure to the nearest U.S. GAAP performance measure, all of which should be considered when evaluating the Company's performance. The Company encourages you to review its financial information in its entirety and not rely on a single financial measure.

Reconciliations of Cango's non-GAAP financial measure to the most comparable U.S. GAAP measure are included at the end of this press release.

Exchange Rate Information

This announcement contains translations of certain RMB amounts into U.S. dollars ("US\$") at specified rates solely for the convenience of the reader. Unless otherwise stated, all translations from RMB to US\$ were made at the rate of RMB6.5250 to US\$1.00, the noon buying rate in effect on December 31, 2020, in the H.10 statistical release of the Federal Reserve Board. The Company makes no representation that the RMB or US\$ amounts referred could be converted into the US\$ or RMB, as the case may be, at any particular rate or at all.

Safe Harbor Statement

This announcement contains forward-looking statements. These statements are made under the "safe harbor" provisions of the United States Private Securities Litigation Reform Act of 1995. These forward-looking statements can be identified by terminology such as "will," "expects," "anticipates," "future," "intends," "plans," "believes," "estimates" and similar statements. Among other things, the "Business Outlook" section and quotations from management in this announcement, contain forward-looking statements. Cango may also make written or oral forward-looking statements in its periodic reports to the SEC, in its annual report to shareholders, in press releases and other written materials and in oral statements made by its officers, directors or employees to third parties. Statements that are not historical facts, including statements about Cango's beliefs and expectations, are forward-looking statements. Forward-looking statements involve inherent risks and uncertainties. A number of factors could cause actual results to differ materially from those contained in any forward-looking statement, including but not limited to the following: Cango's goal and strategies; Cango's expansion plans; Cango's future business development, financial condition and results of operations; Cango's expectations regarding demand for, and market acceptance of, its solutions and services; Cango's expectations regarding keeping and strengthening its relationships with dealers, financial institutions, car buyers and other platform participants; general economic and business conditions; and assumptions underlying or related to any of the foregoing. Further information regarding these and other risks is included in Cango's filings with the SEC. All information provided in this press release and in the attachments is as of the date of this press release, and Cango does not undertake any obligation to update any forward-looking statement, except as required under applicable law.

Investor Relations Contact

Caesar Cao
Cango Inc.
Tel: +86 21 3183 5088 ext.5581
Email: ir@cangoonline.com

Emilie Wu
The Piacente Group, Inc.
Tel: +86 21 6039 8363
Email: ir@cangoonline.com

CANGO INC. UNAUDITED INTERIM CONDENSED CONSOLIDATED BALANCE SHEET (Amounts in Renminbi ("RMB") and US dollar ("US\$"), except for number of shares and per share data)

	For the three months ended			For the years ended		
	December 31, 2019	December 31, 2020	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2020
	RMB	RMB	US\$	RMB	RMB	US\$
ASSETS:						
Current assets:						
Cash and cash equivalents	2,002,314,688	1,426,899,576	218,681,927	1,426,899,576	2,002,314,688	314,548,928
Restricted cash - current	970,993,759	9,693,008	1,485,518	970,993,759	970,993,759	136,679,939
Short-term investments	597,265,740	4,342,356,612	665,495,266	597,265,740	4,342,356,612	665,495,266
Accounts receivable, net	148,562,946	141,594,170	21,700,256	148,562,946	141,594,170	21,700,256
Finance lease receivables - current, net	1,661,082,122	2,035,397,525	311,938,318	1,661,082,122	2,035,397,525	311,938,318
Short-term consumer financing receivables, net	13,298,562	23,168	3,551	13,298,562	23,168	3,551
Intangible assets	21,796,367	4,877,616	746,455	21,796,367	4,877,616	746,455
Property and equipment, net	14,736,767	10,311,971	1,580,379	14,736,767	10,311,971	1,580,379
Short-term contract asset	44,758,242	20,105,893	3,081,363	44,758,242	20,105,893	3,081,363
Long-term contract asset	11,655,356	281,374,110	43,122,469	11,655,356	281,374,110	43,122,469
Deferred tax assets	100,667,946	170,951,082	26,199,400	100,667,946	170,951,082	26,199,400
Finance lease receivables - non-current, net	1,448,958,373	1,454,499,864	222,911,857	1,448,958,373	1,454,499,864	222,911,857
Other non-current assets	8,415,694	261,495,158	40,075,886	8,415,694	261,495,158	40,075,886
Total non-current assets	3,195,819,329	3,246,883,053	497,606,599	3,195,819,329	3,246,883,053	497,606,599
TOTAL ASSETS	8,736,574,374	8,899,049,546	1,363,839,011	8,736,574,374	8,899,049,546	1,363,839,011
LIABILITIES AND SHAREHOLDERS' EQUITY						
Current liabilities:						
Short-term debts	1,439,749,997	355,816,940	54,531,332	1,439,749,997	355,816,940	54,531,332
Long-term debts - current	863,418,789	1,228,783,730	188,319,346	863,418,789	1,228,783,730	188,319,346
Accrued expenses and other current liabilities	278,690,234	324,734,202	49,627,695	278,690,234	324,734,202	49,627,695
Risk assurance liabilities	259,952,473	460,829,299	70,125,810	259,952,473	460,829,299	70,125,810
Income tax payable	67,308,814	87,132,455	13,353,633	67,308,814	87,132,455	13,353,633
Total current liabilities	2,909,120,070	2,457,296,626	376,597,186	2,909,120,070	2,457,296,626	376,597,186
Non-current liabilities:						
Long-term debts	301,667,717	977,791,191	149,853,056	301,667,717	977,791,191	149,853,056
Deferred tax liability	12,329,929	330,765,029	50,691,958	12,329,929	330,765,029	50,691,958
Other non-current liabilities	21,796,367	4,877,616	746,455	21,796,367	4,877,616	746,455
Total non-current liabilities	335,794,013	1,313,426,836	201			