

## **Cango Inc. Reports Second Quarter 2018 Unaudited Financial Results**

SHANGHAI, Aug. 30, 2018 /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 second quarter of 2018.

### **Financial and Operational Highlights**

- Total revenues in the second quarter of 2018 were RMB236.3 million (US\$35.7 million).
- Net income in the second quarter of 2018 was RMB64.6 million (US\$9.8 million). Net income per ADS in the second quarter of 2018 was RMB0.44 (US\$0.07). Each ADS represents two of the Company's Class A ordinary shares.
- The number of dealers covered by the Company increased to 40,282 as of June 30, 2018, representing a year-over-year increase of 62.0%.
- M1+ and M3+ overdue ratios for all financing transactions which the Company facilitated and remained outstanding were 0.92% and 0.46%, respectively as of June 30, 2018, as compared to 1.09% and 0.46%, respectively as of March 31, 2018.

### **Recent Developments**

The Company recently entered into strategic cooperation agreements (the "Agreements") with the Industrial and Commercial Bank of China ("ICBC") and Didi Chuxing ("DiDi") to generate additional growth opportunities. Under the Agreements, the Company will integrate its extensive network and experience in the Chinese automotive sector with ICBC's world-class financing capabilities to provide OEM-subsidized or non-subsidized financing solutions primarily in tier-one and tier-two cities in China. In addition, the Company will provide a variety of solutions to Didi's fleet, including registered driver recruitment, vehicle sourcing, automotive financing and insurance facilitation.

Mr. Jiayuan Lin, Chief Executive Officer of Cango, stated, "During the second quarter of 2018, we executed three strategic initiatives to combat the near-term headwind in the macroeconomic environment and the automotive sector. First, along with our efforts to continuously expand and optimize our dealer coverage, we started implementing our proprietary SaaS management system and supply chain financing solutions among our dealers to enable them to conveniently source cars, manage inventory, and improve their sales performance. Secondly, we have launched our strategic partnerships with ICBC and Didi. Thirdly, we further diversified our revenue streams by expanding our after-market services, which now mainly involve facilitating the sale of insurance policies.

Looking ahead, we will continue to enhance our cooperation with ICBC and Didi, as well as further increase the market penetration of our insurance facilitation services. As we expand our dealer network, optimize our dealer coverage, innovate our products and services, and expand our strategic partnerships, we are well-positioned to capitalize on emerging opportunities and generate sustainable shareholder value."

Mr. Yongyi Zhang, Chief Financial Officer of Cango, stated, "Although weak new car sales, aggressive subsidies from Original Equipment Manufacturers ("OEMs") and the transition of our dealer coverage model have caused a year-over-year decline in our revenues in second quarter of 2018, our business remains highly profitable and our free cash flow positive. Furthermore, we have allocated more resources to improve the conversion rate of our after-market services, through strengthening our self-reinforcing platform and further expansion of our dealer coverage. Our after-market services can be cross-sold with our financing facilitation services, with minimum incremental labor and system costs and expenses, resulting in high profit margins and generating great return on our investment. The progress we have achieved in our after-market services initiatives combined with our nationwide and well-penetrated dealer network validates our promising monetization potential. We are well positioned to implement our growth strategies in the second half of 2018."

## **Second Quarter 2018 Financial Results**

### **REVENUES**

Total revenues decreased by 11.6% to RMB236.3 million (US\$35.7 million) in the second quarter of 2018 from RMB267.3million in the corresponding period of 2017. The decrease was primarily due to a change in our dealer coverage model as well as conditions in the automotive market. Total revenues for the first half of 2018 were RMB485.1 million (US\$73.3 million), an increase of 4.9% compared to the corresponding period of 2017.

After-market services facilitation revenues in the second quarter of 2018 were RMB12.3 million (US\$1.9 million) compared to RMB6.7 million in the same period of last year, with insurance facilitation services as the key growth driver.

### **OPERATING COST AND EXPENSES**

Total operating cost and expenses in the second quarter of 2018 were RMB164.4 million (US\$24.9 million), compared toRMB111.3 million in the corresponding period of 2017. The increase in operating cost and expenses was primarily attributable to the increases in general and administrative expenses as well as sales and marketing expenses.

- Cost of revenue in the second quarter of 2018 decreased by 8.0% to RMB81.2 million (US\$12.3 million) fromRMB88.3 million in the corresponding period of 2017. As a percentage of total revenues, cost of revenue in the second quarter of 2018 increased to 34.4% from 33.0% in the corresponding period of 2017. The increase was due to a higher average amount of commission paid to dealers in each financing transaction.
- Sales and marketing expenses in the second quarter of 2018 increased to RMB36.9 million (US\$5.59 million) fromRMB13.6 million in the corresponding period of 2017. As a percentage of total revenues, sales and marketing expenses in the second quarter of 2018 increased to 15.7% from 5.1% in the corresponding period of 2017. The increase was due to the expansion of the Company's sales personnel to 2,148 as of June 30, 2018 from 724 as ofJune 30, 2017, to further improve the Company's dealer coverage and dealers' stickiness. The Company expects its sales and marketing expenses as a percentage of total

revenue to decrease in the future due to economies of scale.

- General and administrative expenses were RMB31.4 million (US\$4.7 million) or 13.3% of total revenue in the second quarter of 2018, compared with RMB14.9 million or 5.6% of revenues in the corresponding period of 2017. The increase was primarily due to increased administrative staff headcount and compensation, along with one-time fees paid to professional service providers related to the Company's initial public offering in July 2018.
- Research and development expenses in the second quarter of 2018 increased to RMB9.5 million (US\$1.4 million) from RMB3.1 million in the corresponding period of 2017. As a percentage of total revenues, research and development expenses in the second quarter of 2018 increased to 4.0% from 1.2% in the corresponding period of 2017, mostly due to the expansion in the Company's research and development team.

## **NET INCOME**

Net income was RMB 64.6 million (US\$9.8 million) in the second quarter of 2018, compared to RMB109.5 million in the corresponding period of 2017. Non-GAAP adjusted net income was RMB70.1 million (US\$10.6 million), compared to RMB109.5 million in the same period last year. 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**

Net income per ADS was RMB0.44 (US\$0.07) in the second quarter of 2018, and RMB0.44 (US\$0.07) on a diluted basis. Non-GAAP adjusted net income per ADS was RMB0.48 (US\$0.08) in the second quarter of 2018, and RMB0.48 (US\$0.08) on a diluted basis. Each ADS represents two of the Company's Class A ordinary shares.

## **BALANCE SHEET**

As of June 30, 2018, the Company had cash and cash equivalents of RMB3,121.4 million (US\$471.7 million), compared with RMB803.3 million as of December 31, 2017.

## **Business Outlook**

For the third quarter of 2018, the Company expects total revenues to be between RMB270 million and RMB290 million. This forecast reflects the Company's current and preliminary views on the market and operational conditions, which are subject to change.

## **Conference Call Information**

The Company will hold a conference call on Thursday, August 30, 2018 at 9:00 pm Eastern Time or Friday, August 31, 2018 at 9:00 am Beijing Time to discuss the financial results. Participants may access the call by

dialing the following numbers:

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

The replay will be accessible through September 06, 2018, by dialing the following numbers:

|                    |                 |
|--------------------|-----------------|
| United States Toll |                 |
| Free:              | +1-877-344-7529 |
| International:     | +1-412-317-0088 |
| Access Code:       | 10123205        |

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 automotive 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, automotive transaction facilitation, 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](http://www.cangoonline.com).

## **Definition of Overdue Ratios**

We define "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.

We define "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 is 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 RMB6.6171 to US\$1.00, the noon buying rate in effect on June 29, 2018 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 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 expectation of its collection efficiency and delinquency, 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.

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### CANGO INC.

#### UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET

(Amounts in Renminbi ("RMB") and US dollar ("US\$"), except share data and per share data)

|   | As of December 31,<br>2017 | As of June 30,<br>2018 |                    |
|---|----------------------------|------------------------|--------------------|
|   | RMB                        | RMB                    | US\$               |
| <b>ASSETS:</b>                              |                            |                        |                    |
| <b>Current assets:</b>                      |                            |                        |                    |
| Cash and cash equivalents                   | 803,270,815                | 3,121,436,414          | 471,722,721        |
| Restricted Cash                             | 10,060,360                 | 1,019,254,673          | 154,033,440        |
| Short-term investments                      | 62,380,000                 | 89,250,000             | 13,487,782         |
| Accounts receivable, net                    | 85,595,207                 | 84,185,107             | 12,722,357         |
| Financing receivable, net                   | 832,052                    | 3,588,565              | 542,317            |
| Short-term amounts due from related parties | 1,253,833                  | 1,626,981              | 245,875            |
| Prepaid expenses and other current assets   | 144,858,222                | 118,831,260            | 17,958,208         |
| <b>Total current assets</b>                 | <b>1,108,250,489</b>       | <b>4,438,173,000</b>   | <b>670,712,700</b> |
| <b>Non-current assets:</b>                  |                            |                        |                    |
| Restricted Cash                             | 319,352,347                | 484,973,496            | 73,290,943         |
| Long-term investments                       | 191,002,602                | 191,210,777            | 28,896,462         |
| Equity method investments                   | 165,659,951                | 164,263,809            | 24,824,139         |
| Property and equipment, net                 | 9,751,738                  | 17,138,951             | 2,590,100          |
| Intangible assets                           | 1,701,770                  | 1,615,452              | 244,133            |
| Deferred tax assets                         | 67,774,187                 | 83,863,943             | 12,673,821         |
| Long-term amounts due from related parties  | 122,383,094                | -                      | -                  |
| Other non-current assets                    | 10,991,399                 | 13,343,002             | 2,016,443          |
| <b>Total non-current assets</b>             | <b>888,617,088</b>         | <b>956,409,430</b>     | <b>144,536,041</b> |

|  |                        |                      |                     |
|--|------------------------|----------------------|---------------------|
| <b>TOTAL ASSETS</b>                            | <b>1,996,867,577</b>   | <b>5,394,582,430</b> | <b>815,248,741</b>  |
| <b>LIABILITIES, MEZZANINE EQUITY AND</b>       |                        |                      |                     |
| <b>SHAREHOLDERS' EQUITY</b>                    |                        |                      |                     |
| <b>Current liabilities:</b>                    |                        |                      |                     |
| Accrued expenses and other current liabilities | 328,522,735            | 204,480,289          | 30,901,798          |
| Short-term amounts due to related parties      | 5,525,000              | 10,277,301           | 1,553,143           |
| Risk assurance liabilities                     | 129,935,457            | 160,834,512          | 24,305,891          |
| Income tax payable                             | 62,320,855             | 42,491,257           | 6,421,432           |
| <b>Total current liabilities</b>               | <b>526,304,047</b>     | <b>418,083,359</b>   | <b>63,182,264</b>   |
| <b>Non-current liabilities:</b>                |                        |                      |                     |
| Long-term debt                                 | 175,000,000            | 175,000,000          | 26,446,631          |
| Other non-current liabilities                  | 35,555,908             | 34,710,048           | 5,245,508           |
| <b>Total non-current liabilities</b>           | <b>210,555,908</b>     | <b>209,710,048</b>   | <b>31,692,139</b>   |
| <b>Total liabilities</b>                       | <b>736,859,955</b>     | <b>627,793,407</b>   | <b>94,874,403</b>   |
| <b>Mezzanine equity</b>                        |                        |                      |                     |
| <b>Convertible Preferred Shares</b>            |                        |                      |                     |
| Series A-1                                     | 1,501,153,698          | 1,501,153,698        | 226,859,757         |
| Series A-3                                     | 307,816,408            | 307,816,408          | 46,518,325          |
| Series B                                       | 2,132,875,970          | 2,081,275,970        | 314,529,925         |
| Series C                                       | -                      | 1,488,348,221        | 224,924,547         |
| <b>Total mezzanine equity</b>                  | <b>3,941,846,076</b>   | <b>5,378,594,297</b> | <b>812,832,554</b>  |
| <b>Shareholders' equity</b>                    |                        |                      |                     |
| Ordinary shares                                | 83,145                 | 83,145               | 12,565              |
| Series A-2 Convertible Preferred Shares        | 1,450                  | 1,450                | 219                 |
| Additional paid-in capital                     | 4,100,000              | 5,467,240            | 826,229             |
| Accumulated other comprehensive (loss) income  | (398,698)              | 43,648,288           | 6,596,287           |
| Accumulated deficit                            | (2,711,414,472)        | (674,212,454)        | (101,889,414)       |
| <b>Total Cango Inc.'s deficit</b>              | <b>(2,707,628,575)</b> | <b>(625,012,331)</b> | <b>(94,454,114)</b> |
| Non-controlling interests                      | 25,790,121             | 13,207,057           | 1,995,898           |
| <b>Total shareholders' deficit</b>             | <b>(2,681,838,454)</b> | <b>(611,805,274)</b> | <b>(92,458,216)</b> |
| <b>TOTAL LIABILITIES, MEZZANINE EQUITY AND</b> |                        |                      |                     |
| <b>SHAREHOLDERS' EQUITY</b>                    | <b>1,996,867,577</b>   | <b>5,394,582,430</b> | <b>815,248,741</b>  |

**CANGO INC.**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF**  
**COMPREHENSIVE INCOME**  
(Amounts in Renminbi ("RMB") and US dollar ("US\$"), except share data and per share data)

|                                     | Three months ended June 30, |                    |                   | Six months ended June 30, |                    |                   |
|-------------------------------------|-----------------------------|--------------------|-------------------|---------------------------|--------------------|-------------------|
|                                     | 2017                        | 2018               |                   | 2017                      | 2018               |                   |
|                                     | RMB                         | RMB                | US\$              | RMB                       | RMB                | US\$              |
| <b>Revenues</b>                     | 267,337,279                 | 236,287,811        | 35,708,666        | 462,433,591               | 485,107,011        | 73,311,120        |
| <b>Operating cost and expenses:</b> |                             |                    |                   |                           |                    |                   |
| Cost of revenue                     | 88,256,080                  | 81,181,330         | 12,268,415        | 162,593,546               | 162,037,069        | 24,487,626        |
| Sales and marketing                 | 13,566,023                  | 36,979,636         | 5,588,496         | 33,772,538                | 71,798,024         | 10,850,376        |
| General and administrative          | 14,910,126                  | 31,350,545         | 4,737,807         | 26,927,596                | 58,094,590         | 8,779,464         |
| Research and development            | 3,127,150                   | 9,481,415          | 1,432,866         | 5,393,313                 | 15,933,541         | 2,407,934         |
| Net gain on risk assurance          |                             |                    |                   |                           |                    |                   |
| liabilities                         | (8,560,011)                 | (4,951,451)        | (748,281)         | (21,915,578)              | (1,183,503)        | (178,855)         |
| Provision for financing             |                             |                    |                   |                           |                    |                   |
| receivables                         | -                           | 10,402,370         | 1,572,044         | -                         | 13,464,113         | 2,034,745         |
| <b>Total operation cost and</b>     |                             |                    |                   |                           |                    |                   |
| <b>expense</b>                      | <b>111,299,368</b>          | <b>164,443,845</b> | <b>24,851,347</b> | <b>206,771,415</b>        | <b>320,143,834</b> | <b>48,381,290</b> |
| <b>Income from operations</b>       | <b>156,037,911</b>          | <b>71,843,966</b>  | <b>10,857,319</b> | <b>255,662,176</b>        | <b>164,963,177</b> | <b>24,929,830</b> |
| Interest income                     | 3,446,192                   | 18,246,042         | 2,757,408         | 6,214,713                 | 26,323,438         | 3,978,093         |
| (Loss) income from equity           |                             |                    |                   |                           |                    |                   |

|                                       |                    |                    |                   |                    |                    |                   |
|---------------------------------------|--------------------|--------------------|-------------------|--------------------|--------------------|-------------------|
| (loss), income from equity            |                    |                    |                   |                    |                    |                   |
| method investments                    | (982,650)          | 937,549            | 141,686           | 272,112            | (1,396,142)        | (210,990)         |
| Interest expense                      | (3,215,694)        | (4,712,329)        | (712,144)         | (4,893,281)        | (9,502,055)        | (1,435,985)       |
| Foreign exchange (loss) gain,         |                    |                    |                   |                    |                    |                   |
| net                                   | (8,689,544)        | 10,045,905         | 1,518,173         | (8,689,544)        | 7,422,516          | 1,121,717         |
| Other income                          | 1,304,447          | (975,669)          | (147,447)         | 2,553,188          | 21,046,154         | 3,180,570         |
| Other expenses                        | (98,117)           | (7,091,835)        | (1,071,744)       | (108,188)          | (7,197,923)        | (1,087,777)       |
| <b>Net income before income taxes</b> | <b>147,802,545</b> | <b>88,293,629</b>  | <b>13,343,251</b> | <b>251,011,176</b> | <b>201,659,165</b> | <b>30,475,458</b> |
| Income tax expenses                   | (38,332,913)       | (23,677,171)       | (3,578,179)       | (67,280,698)       | (53,016,212)       | (8,012,001)       |
| <b>Net income</b>                     | <b>109,469,632</b> | <b>64,616,458</b>  | <b>9,765,072</b>  | <b>183,730,478</b> | <b>148,642,953</b> | <b>22,463,457</b> |
| Less: Net income attributable to      |                    |                    |                   |                    |                    |                   |
| the non-controlling interest          |                    |                    |                   |                    |                    |                   |
| shareholders                          | 2,157,807          | 164,843            | 24,912            | 2,287,786          | 4,099,150          | 619,477           |
| <b>Net income attributable to</b>     |                    |                    |                   |                    |                    |                   |
| <b>Cango Inc.</b>                     | <b>107,311,825</b> | <b>64,451,615</b>  | <b>9,740,160</b>  | <b>181,442,692</b> | <b>144,543,803</b> | <b>21,843,980</b> |
| Less: Accretion of Series C           |                    |                    |                   |                    |                    |                   |
| Preferred Shares                      | -                  | 6,991,289          | 1,056,549         | -                  | 6,991,289          | 1,056,549         |
| <b>Net income attributable to</b>     |                    |                    |                   |                    |                    |                   |
| <b>Cango Inc.'s ordinary</b>          |                    |                    |                   |                    |                    |                   |
| <b>shareholders</b>                   | <b>107,311,825</b> | <b>57,460,326</b>  | <b>8,683,611</b>  | <b>181,442,692</b> | <b>137,552,514</b> | <b>20,787,431</b> |
| <b>Net income per ADS (Note 1):</b>   |                    |                    |                   |                    |                    |                   |
| Basic                                 | 0.85               | 0.44               | 0.07              | 1.44               | 1.07               | 0.16              |
| Diluted                               | 0.85               | 0.44               | 0.07              | 1.44               | 1.05               | 0.16              |
| <b>ADSs used in net income per</b>    |                    |                    |                   |                    |                    |                   |
| <b>ADS computation (Note 1):</b>      |                    |                    |                   |                    |                    |                   |
| Basic                                 | 126,415,858        | 130,053,500        | 130,053,500       | 126,415,858        | 128,244,728        | 128,244,728       |
| Diluted                               | 126,415,858        | 131,667,341        | 131,667,341       | 126,415,858        | 130,443,925        | 130,443,925       |
| <b>Other comprehensive income,</b>    |                    |                    |                   |                    |                    |                   |
| <b>net of tax</b>                     |                    |                    |                   |                    |                    |                   |
| Unrealized losses on available-for-   |                    |                    |                   |                    |                    |                   |
| sale securities                       | 1,205,213          | 78,147             | 11,810            | 1,582,411          | 156,131            | 23,595            |
| Foreign currency translation          |                    |                    |                   |                    |                    |                   |
| adjustment                            | -                  | 43,890,855         | 6,632,944         | -                  | 43,890,855         | 6,632,944         |
| <b>Total comprehensive income</b>     | <b>110,674,845</b> | <b>108,585,460</b> | <b>16,409,826</b> | <b>185,312,889</b> | <b>192,689,939</b> | <b>29,119,996</b> |
| <b>Total comprehensive income</b>     |                    |                    |                   |                    |                    |                   |
| <b>attributable to Cango Inc.</b>     | <b>108,517,038</b> | <b>108,420,617</b> | <b>16,384,914</b> | <b>183,025,103</b> | <b>188,590,789</b> | <b>28,500,519</b> |

Note1: Each ADS represents two ordinary shares.

**CANGO INC.**  
**RECONCILIATIONS OF GAAP AND NON-GAAP RESULTS**  
(Amounts in Renminbi ("RMB") and US dollar ("US\$"), except share data and per share data)

|                   | Three months ended June 30, |                   |                  | Six months ended June 30, |                    |                 |
|-------------------|-----------------------------|-------------------|------------------|---------------------------|--------------------|-----------------|
|                   | 2017                        | 2018              |                  | 2017                      | 2018               |                 |
|                   | RMB                         | RMB               | US\$             | RMB                       | RMB                | US\$            |
| <b>Net income</b> | <b>109,469,632</b>          | <b>64,616,458</b> | <b>9,765,072</b> | <b>183,730,478</b>        | <b>148,642,953</b> | <b>22,463,4</b> |



**Add: Share-based compensation**

|                                      |                    |                   |                   |                    |                    |                 |
|--------------------------------------|--------------------|-------------------|-------------------|--------------------|--------------------|-----------------|
| <b>expenses</b>                      | -                  | <b>5,467,240</b>  | <b>826,229</b>    | -                  | <b>5,467,240</b>   | <b>826,2</b>    |
| Cost of revenue                      | -                  | 224,157           | 33,875            | -                  | 224,157            | 33,8            |
| Sales and marketing                  | -                  | 1,164,522         | 175,987           | -                  | 1,164,522          | 175,9           |
| General and administrative           | -                  | 3,794,264         | 573,403           | -                  | 3,794,264          | 573,4           |
| Research and development             | -                  | 284,297           | 42,964            | -                  | 284,297            | 42,9            |
| <b>Non-GAAP adjusted net income</b>  | <b>109,469,632</b> | <b>70,083,698</b> | <b>10,591,301</b> | <b>183,730,478</b> | <b>154,110,193</b> | <b>23,289,6</b> |
| Less: Net income attributable to the |                    |                   |                   |                    |                    |                 |

non-controlling interest

|              |           |         |        |           |           |       |
|--------------|-----------|---------|--------|-----------|-----------|-------|
| shareholders | 2,157,807 | 164,843 | 24,912 | 2,287,786 | 4,099,150 | 619,4 |
|--------------|-----------|---------|--------|-----------|-----------|-------|

**Non-GAAP adjusted net income**

|  |                    |                   |                   |                    |                    |                 |
|--|--------------------|-------------------|-------------------|--------------------|--------------------|-----------------|
| <b>attributable to Congo Inc.</b>            | <b>107,311,825</b> | <b>69,918,855</b> | <b>10,566,389</b> | <b>181,442,692</b> | <b>150,011,043</b> | <b>22,670,2</b> |
| Less: Accretion of Series C Preferred Shares | -                  | 6,991,289         | 1,056,549         | -                  | 6,991,289          | 1,056,5         |

**Non-GAAP adjusted net income****attributable to ordinary**

|                                  |                    |                   |                  |                    |                    |                 |
|----------------------------------|--------------------|-------------------|------------------|--------------------|--------------------|-----------------|
| <b>shareholders</b>              | <b>107,311,825</b> | <b>62,927,566</b> | <b>9,509,840</b> | <b>181,442,692</b> | <b>143,019,754</b> | <b>21,613,6</b> |
| Non-GAAP adjusted net income per |                    |                   |                  |                    |                    |                 |
| ADS-basic (Note 1)               | 0.85               | 0.48              | 0.07             | 1.44               | 1.12               | 0               |
| Non-GAAP adjusted net income per |                    |                   |                  |                    |                    |                 |
| ADS-diluted (Note 1)             | 0.85               | 0.48              | 0.07             | 1.44               | 1.1                | 0               |
| Weighted average ADS             |                    |                   |                  |                    |                    |                 |
| outstanding-basic                | 126,415,858        | 130,053,500       | 130,053,500      | 126,415,858        | 128,244,728        | 128,244,7       |
| Weighted average ADS             |                    |                   |                  |                    |                    |                 |
| outstanding-Diluted              | 126,415,858        | 131,667,341       | 131,667,341      | 126,415,858        | 130,443,925        | 130,443,9       |

Note1: Each ADS represents two ordinary shares.

SOURCE Congo Inc.

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