



Qihuo Reports Q3 Financial Results

December 13, 2021

Entering the potentially massive on-demand retail market and further solidifying leadership in China's gig market with fast growth

- Total revenues reached RMB1,105.5 million (US\$171.6 million) in the third quarter of 2021, representing a 43.7% year-over-year increase.
- Net income attributable to Qihuo was RMB24.9 million (US\$3.9 million) in the third quarter.

BEIJING, Dec. 13, 2021 /PRNewswire/ -- Qihuo Limited (NASDAQ: QH) ("Qihuo" or the "Company"), a leading gig economy platform from China, continued to achieve fast growth and further solidified its leadership in China's flexible employment market. In the third quarter of 2021, its total revenues were RMB1,105.5 million (US\$171.6 million), representing a 43.7% year-over-year increase.

"Facing the ongoing pandemic, we generated a strategic loss in the first quarter of 2021, aiming to first quickly expand market share and then focus on achieving profitable operations later in the year. Since the second quarter of this year, our operations have rapidly improved with net income reaching RMB24.9 million (US\$3.9 million) in the third quarter, which we believe represents the effectiveness of our strategic planning and implementation," said Leslie Yu, the CEO of Qihuo.

The solid and robust growth was driven by booming market demand and Qihuo's unremitting business and geographical expansion. Qihuo has expanded its on-demand delivery services to the promising on-demand retail market. Meanwhile, its investment in R&D doubled in the third quarter compared to the same period last year, as the Company has been leveraging technological innovations to enhance its competitive advantages.

On-demand retail becoming the new growth engine

Due to the pandemic, people tend to spend more time at home, which has created more opportunities for the on-demand delivery industry. In the third quarter of this year, Qihuo's number of average monthly delivery orders rose to 53.1 million, representing 59.1% year-over-year growth. Revenues from on-demand delivery solutions were RMB1,047.0 million (US\$162.5 million), representing an increase of 38.0% from RMB758.8 million in the third quarter of 2020. The Company provided services in 1,231 business circles across 87 cities nationwide, compared with 1,067 business circles across 81 cities in the same period in 2020.

While on-demand delivery services are penetrating all aspects of people's daily lives, on-demand retail has become the new growth engine for the industry. According to iResearch, a leading market research firm, the on-demand retail market in China is expected to hit about RMB900 billion in 2024.

The explosive growth of this market reflects changing consumption trends in China. According to another report by Accenture on China's consumers born after 1995, the young generation of consumers are more concerned with delivery speed. More than 50% of consumers born after 1995 would like to receive their goods within the same day, and another 7% even hope to receive within two hours. They are also more willing to pay extra fees for speedy deliveries.

Expansion to serve communities and households

Housekeeping and accommodation solutions have become Qihuo's second largest business sector. In the third quarter of 2021, revenues from housekeeping and accommodation solutions were RMB21.9 million (US\$3.4 million), representing a significant increase of 538.0% from RMB3.4 million in the third quarter of 2020.

Qihuo has expanded its housekeeping and accommodation services from hotels and B&Bs to cover communities and households. Earlier this year, Qihuo [announced a strategic partnership with Gemeite Technology Co., Ltd.](#), which marked a key step in the strategy transformation of the Company's business model from B2B to 2-Family (B2F). The two parties have jointly launched a new platform, Letfix, which will leverage Qihuo's extensive workforce platform, tech-driven employment management system and customized services to serve over 10 million households in China.

New initiatives to train unskilled workers

The government is giving priority to vocational education and training to ensure the adequate supply of qualified labor for the modern manufacturing and service industries. Qihuo will launch a new vocational skills training initiative to meet growing market demand. With its huge labor pool and comprehensive platform for recruitment, management and training, Qihuo will help train unskilled workers to acquire necessary skills for the society.

About Qihuo Limited

Qihuo Limited (NASDAQ: QH) ("Qihuo" or the "Company") is a leading workforce operational solutions platform in China. Qihuo provides tech-enabled, end-to-end operational solutions to blue-chip on-demand consumer service businesses in industries with significant e-commerce exposure, primarily including on-demand food delivery, mobility services, housekeeping and accommodation. Qihuo's platform helps its industry

customers mobilize a large team of workers and utilizes a combination of training, performance monitoring and refinement, and incentives to transform them into skilled workers who can follow industry-specific, standardized and highly efficient service procedures. Within the on-demand consumer service ecosystem, the Company plays a unique and indispensable role as the link between consumer service businesses and end consumers to enable the delivery of goods, services and experiences to consumers.

SAFE HARBOR STATEMENT

This press release contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended and Section 21E of the Securities Exchange Act of 1934, as amended and the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical or current fact included in this press release are forward-looking statements, including but not limited to statements regarding Quhuo's business development, financial outlook, beliefs and expectations. Forward-looking statements include statements containing words such as "expect," "anticipate," "believe," "project," "will" and similar expressions intended to identify forward-looking statements. These forward-looking statements are based on Quhuo's current expectations and involve risks and uncertainties. Quhuo's actual results and the timing of events could differ materially from those anticipated in such forward-looking statements as a result of these risks and uncertainties, which include, without limitation, risks and uncertainties related to Quhuo's abilities to (1) manage its growth and expand its operations, (2) address any or all of the risks and challenges in the future in light of its limited operating history and evolving business portfolios, (3) remain in its competitive position in the on-demand food delivery market or further diversify its solution offerings and customer portfolio, (4) maintain relationships with major customers and to find replacement customers on commercially desirable terms or in a timely manner or at all, (5) maintain relationships with existing industry customers or attract new customers, (6) attract, retain and manage workers on its platform, and (7) maintain its market shares in relation to competitors in existing markets and its success in expansion into new markets, as well as the length and severity of the recent COVID-19 outbreak and its impact on Quhuo's business and industry. Other risks and uncertainties are included under the caption "Risk Factors" and elsewhere in the Company's filings with the Securities and Exchange Commission, including, without limitation, the final prospectus related to the IPO filed with the SEC on July 10, 2020 and the Company's latest annual report on Form 20-F. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this press release. All forward-looking statements are qualified in their entirety by this cautionary statement, and Quhuo undertakes no obligation to revise or update any forward-looking statements to reflect events or circumstances after the date hereof.

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