
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

Form 6-K

**REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16
UNDER THE SECURITIES EXCHANGE ACT OF 1934**

For the month of December 2021

Commission File Number 001- 39354

Quhuo Limited

(Exact name of registrant as specified in its charter)

**3rd Floor, Block D, Tonghui Building
No. 1132 Huihe South Street, Chaoyang District
Beijing, People's Republic of China
(+86-10) 5338 4963
(Address of principal executive office)**

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F. Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Note: Regulation S-T Rule 101(b)(1) only permits the submission in paper of a Form 6-K if submitted solely to provide an attached annual report to security holders.

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Note: Regulation S-T Rule 101(b)(7) only permits the submission in paper of a Form 6-K if submitted to furnish a report or other document that the registrant foreign private issuer must furnish and make public under the laws of the jurisdiction in which the registrant is incorporated, domiciled or legally organized (the registrant's "home country"), or under the rules of the home country exchange on which the registrant's securities are traded, as long as the report or other document is not a press release, is not required to be and has not been distributed to the registrant's security holders, and, if discussing a material event, has already been the subject of a Form 6-K submission or other Commission filing on EDGAR.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Quhuo Limited

Date: December 21, 2021

By: /s/ Leslie Yu

Name: Leslie Yu

Title: Chairman and Chief Executive Officer

EXHIBIT INDEX

Exhibit Number	Description
99.1	Unaudited Condensed Consolidated Interim Financial Statements
99.2	Management's Discussion and Analysis of Financial Condition and Results of Operations
101.INS	Inline XBRL Instance Document-this instance document does not appear in the Interactive Data file because its XBRL tags are embedded within the Inline XBRL document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

QUHUO LIMITED
UNAUDITED INTERIM CONDENSED CONSOLIDATED BALANCE SHEETS
(Amounts in thousands of Renminbi (“RMB”) and U.S. dollars (“US\$”),
except for number of shares and per share data)

	Notes	As of December 31, 2020 RMB	As of September 30, 2021 RMB (Unaudited) US\$ (Unaudited)	
ASSETS:				
Current assets:				
Cash		97,807	57,187	8,875
Restricted cash		5,948	2,314	359
Short-term investments	4	201,578	197,594	30,666
Accounts receivable, net		381,248	468,159	72,657
Prepayments and other current assets		45,462	70,549	10,949
Amounts due from related parties	12	2,940	—	—
Total current assets		734,983	795,803	123,506
Non-current assets:				
Property and equipment, net		23,390	16,144	2,506
Intangible assets, net		111,990	129,382	20,080
Long-term investments		1,065	6,105	947
Right-of-use assets, net		32,534	8,302	1,288
Goodwill		118,724	118,724	18,426
Deferred tax assets		2,370	14,548	2,258
Other non-current assets	5	105,501	142,168	22,064
Total non-current assets		395,574	435,373	67,569
Total assets		1,130,557	1,231,176	191,075
LIABILITIES AND SHAREHOLDERS' EQUITY:				
Current liabilities (including current liabilities of the consolidated VIE without recourse to the primary beneficiary of RMB462,536 and RMB616,314 (US\$95,651) as of December 31, 2020 and September 30, 2021, respectively):				
Accounts payable		268,939	303,965	47,175
Short-term lease liabilities		17,707	5,339	829
Accrued expenses and other current liabilities	6	105,744	149,176	23,150
Short-term debt	7	73,837	140,574	21,817
Amounts due to related parties	12	—	18,887	2,931
Total current liabilities		466,227	617,941	95,902
Non-current liabilities (including non-current liabilities of the consolidated VIE without recourse to the primary beneficiary of RMB61,499 and RMB51,111 (US\$7,932) as of December 31, 2020 and September 30, 2021, respectively):				
Deferred tax liabilities		727	—	—
Long-term debt	7	5,135	420	65
Long-term lease liabilities		14,623	1,695	263
Other non-current liabilities		41,014	48,996	7,604
Total non-current liabilities		61,499	51,111	7,932
Total liabilities		527,726	669,052	103,834
Commitments and contingencies	11			

QUHUO LIMITED
UNAUDITED INTERIM CONDENSED CONSOLIDATED BALANCE SHEETS (CONTINUED)
(Amounts in thousands of Renminbi (“RMB”) and U.S. dollars (“US\$”),
except for number of shares and per share data)

	<u>Notes</u>	<u>As of December 31, 2020 RMB</u>	<u>As of September 30, 2021</u>	
			<u>RMB</u>	<u>US\$</u>
			<u>(Unaudited)</u>	<u>(Unaudited)</u>
Shareholders' equity:				
Ordinary shares (US\$0.0001 par value; 300,000,000 Class A ordinary shares authorized and 46,097,880 shares issued as of December 31, 2020 and September 30, 2021; 36,595,330 and 37,989,949 shares outstanding as of December 31, 2020 and September 30, 2021, respectively; 6,296,630 Class B ordinary shares authorized, issued and outstanding as of December 31, 2020 and September 30, 2021, respectively; 193,703,370 shares (undesignated) authorized, nil shares (undesignated) issued and outstanding as of December 31, 2020 and September 30, 2021, respectively)		36	36	6
Additional paid-in capital		1,779,923	1,842,521	285,955
Accumulated deficit		(1,208,827)	(1,295,382)	(201,040)
Accumulated other comprehensive loss		(14,843)	(16,931)	(2,628)
Total Quhuo Limited shareholders' equity		<u>556,289</u>	<u>530,244</u>	<u>82,293</u>
Non-controlling interests		46,542	31,880	4,948
Total shareholders' equity		<u>602,831</u>	<u>562,124</u>	<u>87,241</u>
Total liabilities and shareholders' equity		<u>1,130,557</u>	<u>1,231,176</u>	<u>191,075</u>

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

QUHUO LIMITED
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Amounts in thousands of Renminbi (“RMB”) and U.S. dollars (“US\$”),
except for number of shares and per share data)

	Notes	Nine Months Ended September 30,		
		2020 RMB (Unaudited)	2021 RMB (Unaudited)	2021 US\$ (Unaudited)
Revenues	3	1,709,739	2,943,811	456,872
Cost of revenues		(1,557,338)	(2,843,907)	(441,367)
General and administrative		(160,215)	(185,085)	(28,725)
Research and development		(8,346)	(15,509)	(2,407)
Gain/(loss) on disposal of assets, net		2,600	(4,162)	(646)
Operating loss		(13,560)	(104,852)	(16,273)
Interest income		625	529	82
Interest expense		(6,963)	(4,900)	(760)
Other income, net		39,058	11,829	1,836
Foreign exchange loss		(1,502)	(48)	(7)
Income (loss) before income tax		17,658	(97,442)	(15,122)
Income tax expense		(30,258)	(3,049)	(473)
Net loss		(12,600)	(100,491)	(15,595)
Net loss attributable to non-controlling interests		4,052	13,936	2,163
Net loss attributable to ordinary shareholders of Quhuo Limited		(8,548)	(86,555)	(13,432)
Loss per share:				
Basic	10	(0.37)	(1.98)	(0.31)
Diluted		(0.37)	(1.98)	(0.31)
Shares used in loss per share computation:				
Basic	10	23,358,747	43,709,910	43,709,910
Diluted		23,358,747	43,709,910	43,709,910
Net loss		(12,600)	(100,491)	(15,595)
Other comprehensive loss:				
Foreign currency translation adjustment:		(7,282)	(2,003)	(311)
Unrealized gain/(loss) on available-for-sale investments, net of tax		—	(85)	(13)
Comprehensive loss		(19,882)	(102,579)	(15,919)
Comprehensive loss attributable to non-controlling interests		4,052	13,936	2,163
Comprehensive loss attributable to ordinary shareholders of Quhuo Limited		(15,830)	(88,643)	(13,756)

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements

QUHUO LIMITED

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' (DEFICIT) / EQUITY

(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("US\$"),
except for number of shares and per share data)

	Ordinary Shares Outstanding		Additional paid-in capital	Accumulated deficit	Accumulated other comprehensive loss	Quhuo Limited shareholders' (Deficit)/Equity	Non-controlling interests	Total shareholders' (Deficit)/Equity
	RMB		RMB	RMB	RMB	RMB	RMB	RMB
Balance as of January 1, 2020	14,972,760	17	434,151	(1,212,257)	(1,231)	(779,320)	2,871	(776,449)
Net loss	—	—	—	(8,548)	—	(8,548)	(4,052)	(12,600)
Other comprehensive loss	—	—	—	—	(7,282)	(7,282)	—	(7,282)
Issuance of ordinary shares in connection with initial public offering, net of offering cost	3,788,100	2	234,163	—	—	234,165	—	234,165
Conversion of redeemable convertible preferred shares	24,131,100	17	1,030,984	—	—	1,031,001	—	1,031,001
Non-controlling interest recognized from business combination	—	—	—	—	—	—	7,686	7,686
Share-based compensation	—	—	74,627	—	—	74,627	—	74,627
Balance as of September 30, 2020	42,891,960	36	1,773,925	(1,220,805)	(8,513)	544,643	6,505	551,148
Balance as of January 1, 2021	42,891,960	36	1,779,923	(1,208,827)	(14,843)	556,289	46,542	602,831
Net loss	—	—	—	(86,555)	—	(86,555)	(13,936)	(100,491)
Other comprehensive loss	—	—	—	—	(2,088)	(2,088)	—	(2,088)
Non-controlling interest recognized from business combination	—	—	—	—	—	—	(726)	(726)
Exercise of share options	1,394,619	—	3,210	—	—	3,210	—	3,210
Share-based compensation	—	—	59,388	—	—	59,388	—	59,388
Balance as of September 30, 2021	44,286,579	36	1,842,521	(1,295,382)	(16,931)	530,244	31,880	562,124
Balance as of September 30, 2021 in US\$	—	6	285,955	(201,040)	(2,628)	82,293	4,948	87,241

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

QUHUO LIMITED
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in thousands of Renminbi (“RMB”) and U.S. dollars (“US\$”),
except for number of shares and per share data)

	Notes	Nine Months Ended September 30,		
		2020 RMB	2021 RMB	2021 US\$
Cash flows from operating activities				
Net loss		(12,600)	(100,491)	(15,595)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:				
Depreciation		4,778	3,956	614
Amortization		9,889	14,872	2,308
Deferred income taxes		757	(12,906)	(2,003)
Share-based compensation	8	74,627	59,388	9,217
Gain on disposals of intangible assets		(2,597)	(8,312)	(1,290)
Net loss on disposal of property and equipment		—	12,476	1,936
Changes in fair value of short-term investment		(26,467)	2,572	399
Others		9	(69)	(11)
Changes in operating assets and liabilities:				
Amounts due from related parties		18,166	2,940	456
Amounts due to related parties		—	18,887	2,931
Accounts receivable		(23,554)	(87,109)	(13,519)
Prepayments and other current assets		(2,155)	(12,231)	(1,898)
Other non-current assets		179	(42,393)	(6,579)
Accounts payable		(37,704)	35,398	5,494
Accrued expenses and other current liabilities		3,900	48,354	7,504
Income taxes payable		20,090	154	24
Lease liabilities		(766)	(239)	(37)
Other non-current liabilities		(928)	7,982	1,239
Net cash provided by (used in) operating activities		25,624	(56,771)	(8,810)

QUHUO LIMITED
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in thousands of Renminbi (“RMB”) and U.S. dollars (“US\$”),
except for number of shares and per share data)

	Notes	Nine Months Ended September 30,		
		2020 RMB	2021 RMB	2021 US\$
Cash flows from investing activities				
Purchase of short-term investments		(2,487,883)	(2,458,427)	(381,542)
Proceeds from sales of short-term investments		2,295,773	2,459,838	381,761
Acquisition of business, net of cash acquired		(6,499)	(4,327)	(672)
Purchase of property and equipment		(2,122)	(9,557)	(1,483)
Acquisition of intangible assets		(39,792)	(37,634)	(5,841)
Proceeds from disposals of intangible assets		8,187	7,451	1,156
Others		650	(6,600)	(1,024)
Net cash used in investing activities		(231,686)	(49,256)	(7,645)
Cash flows from financing activities				
Proceeds from short-term loans		121,000	135,000	20,952
Repayments of short-term loans		(132,000)	(66,000)	(10,243)
Proceeds from initial public offering		244,161	—	—
Repayments of long-term debt		(5,989)	(7,303)	(1,133)
Payments for IPO expenditures		(9,377)	—	—
Net cash provided by financing activities		217,795	61,697	9,576
Effect of exchange rate changes on cash		163	77	11
Net increase in cash		11,896	(44,253)	(6,868)
Cash and restricted cash, at the beginning of the period		126,779	103,754	16,102
Cash and restricted cash, at the end of the period		138,675	59,501	9,234
Supplement disclosure of cash flow information:				
Non-cash option exercise proceeds		—	3,210	498

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

QUHUO LIMITED

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands of Renminbi (“RMB”) and U.S. dollars (“US\$”),
except for number of shares and per share data)

1. Organization, Consolidation and Principal Activities

Quhuo Limited (the “Company”, and where appropriate, the term “Company” also refers to its subsidiaries, variable interest entity, and subsidiaries of the variable interest entity as a whole) is an exempt company incorporated in the Cayman Islands with limited liability under the laws of the Cayman Islands on June 13, 2019. The Company, through its subsidiaries, variable interest entity, and subsidiaries of the variable interest entity, are principally engaged in providing end-to-end operational solutions to on-demand consumer service businesses in industries, including food delivery, bike-sharing and ride-hailing in the People’s Republic of China (the “PRC”). The Company does not conduct any substantive operations of its own.

The Company commenced operations through Beijing Quhuo Technology Co., Ltd. in 2012. In preparation of its initial public offering (“IPO”) in the United States, the Company underwent a series of restructuring in 2019 (the “Restructuring”) in order to establish the Company as the parent company and Beijing Quhuo Technology Co., Ltd. (“Beijing Quhuo” or the “VIE”) as the variable interest entity of the Company. On June 14, 2019, the Company incorporated a wholly-owned subsidiary, Quhuo Investment Limited (“Quhuo BVI”) in the British Virgin Islands (“BVI”). On June 17, 2019, the Company incorporated another wholly-owned subsidiary, Quhuo Technology Investment (Hong Kong) Limited (“Quhuo HK”) in Hong Kong. On July 31, 2019, the Company incorporated a wholly-owned subsidiary, Beijing Quhuo Information Technology Co., Ltd. (“WFOE”) in the PRC.

As PRC laws and regulations prohibit and restrict foreign ownership of internet value-added businesses, the Company operates its business primarily through the VIE and the subsidiaries of the VIE. The Company, through the WFOE, entered into power of attorney agreements and an exclusive call option agreement with the nominee shareholders of the VIE, that gave the WFOE the power to direct the activities that most significantly affect the economic performance of the VIE and to acquire the equity interests in the VIE when permitted by the PRC laws, respectively. Certain exclusive agreements were entered into with the VIE through the WFOE, which obligate the WFOE to absorb a majority of the risk of loss from the VIE’s activities and entitle the WFOE to receive a majority of its residual returns. In addition, the WFOE entered into an equity interest pledge agreement for equity interests in the VIE held by the nominee shareholders of the VIE. The Company also agreed to provide unlimited financial support to the VIE for its operations.

QUHUO LIMITED

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Amounts in thousands of Renminbi (“RMB”) and U.S. dollars (“US\$”),
except for number of shares and per share data)

1. Organization, Consolidation and Principal Activities (continued)

Despite the lack of technical majority ownership, the Company has effective control of the VIE through the VIE Agreements and a parent-subsidiary relationship exists between the Company and the VIE. Through the VIE Agreements, the shareholders of the VIE effectively assigned all of their voting rights underlying their equity interest in the VIE to the Company. In addition, through the other exclusive agreements, which consist of exclusive call option agreement, exclusive business cooperation agreement, and equity interest pledge agreement, the Company, through its wholly-owned subsidiaries in the PRC, have the right to receive economic benefits from the VIE that could be potentially significant to the VIE. Lastly, through the financial support undertaking letter, the Company has the obligation to absorb losses of the VIE that could potentially be significant to the VIE. Therefore, the Company is considered the primary beneficiary of the VIE and consolidates the VIE and its consolidated subsidiaries as required by SEC Regulation S-X Rule 3A-02 and Accounting Standard Codification (“ASC”) Topic 810, *Consolidation: Overall* (“ASC 810”).

As of September 30, 2021, RMB271,867 of accounts receivable and RMB15,016 of property and equipment of the VIE were pledged or collateralized. Creditors of the VIE have no recourse to the general credit of the Company, who is the primary beneficiary of the VIE, through its 100% controlled subsidiary WFOE. The Company did not provide any financial or other support to the VIE other than what is obligated by the agreements described above. The following table sets forth the assets and liabilities of the VIE’s included in the Company’s consolidated balance sheets:

	<u>As of December 31,</u>	<u>As of September 30,</u>	
	<u>2020</u>	<u>2021</u>	<u>2021</u>
	<u>RMB</u>	<u>RMB</u>	<u>US\$</u>
ASSETS:			
Current assets:			
Cash	93,007	53,156	8,250
Restricted cash	401	2,314	359
Short-term investments	34,634	36,591	5,679
Accounts receivable	381,248	468,159	72,657
Prepayments and other current assets	44,662	64,347	9,986
Amounts due from related parties	2,940	—	—
Total current assets	<u>556,892</u>	<u>624,567</u>	<u>96,931</u>
Non-current assets:			
Property and equipment, net	23,310	15,829	2,457
Intangible assets, net	111,990	129,382	20,080
Long-term investments	1,065	6,105	947
Operating lease right-of-use assets, net	32,534	8,302	1,288
Goodwill	118,724	118,724	18,426
Deferred tax assets	2,370	13,794	2,141
Other non-current assets	105,501	142,144	22,060
Total non-current assets	<u>395,494</u>	<u>434,280</u>	<u>67,399</u>
Total assets	<u>952,386</u>	<u>1,058,847</u>	<u>164,330</u>

QUHUO LIMITED

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(Amounts in thousands of Renminbi (“RMB”) and U.S. dollars (“US\$”),
except for number of shares and per share data)

1. Organization, Consolidation and Principal Activities (continued)

	<u>As of December 31,</u>	<u>As of September 30,</u>	
	<u>2020</u>	<u>2021</u>	<u>2021</u>
	RMB	RMB	US\$
LIABILITIES:			
Current liabilities:			
Accounts payable	268,939	303,965	47,175
Accrued expenses and other current liabilities	102,053	147,549	22,899
Short-term debt	73,837	140,574	21,817
Short-term lease liabilities	17,707	5,339	829
Amounts due to related parties		18,887	2,931
Total current liabilities	<u>462,536</u>	<u>616,314</u>	<u>95,651</u>
Non-current liabilities:			
Deferred tax liabilities	727	—	—
Long-term debt	5,135	420	65
Long-term lease liabilities	14,623	1,695	263
Other non-current liabilities	41,014	48,996	7,604
Total non-current liabilities	<u>61,499</u>	<u>51,111</u>	<u>7,932</u>
Total liabilities	<u>524,035</u>	<u>667,425</u>	<u>103,583</u>

The VIE’s net asset balance was RMB428,351 and RMB391,422 (US\$60,747) as of December 31, 2020 and September 30, 2021, respectively.

The table sets forth the results of operations and cash flows of the VIE included in the Company’s consolidated statements of comprehensive loss and cash flows for the nine months ended September 30, 2020 and 2021, respectively:

	<u>Nine Months Ended September 30,</u>		
	<u>2020</u>	<u>2021</u>	<u>2021</u>
	RMB	RMB	US\$
Revenue	1,709,739	2,943,811	456,872
Net loss	(27,388)	(73,706)	(11,439)
Net cash provided by (used in) operating activities	34,949	(28,121)	(4,365)
Net cash used in investing activities	(102,393)	(47,603)	(7,387)
Net cash provided by financing activities	65,936	37,698	5,850
Effect of exchange rate changes on cash	324	88	14
Net (decrease) increase in cash	(1,184)	(37,938)	(5,888)

QUHUO LIMITED

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Amounts in thousands of Renminbi (“RMB”) and U.S. dollars (“US\$”),
except for number of shares and per share data)

2. Summary of Significant Accounting Policies

Basis of presentation

The accompanying unaudited interim condensed consolidated financial statements of the Company have been prepared in accordance with U.S. generally accepted accounting principles (“U.S. GAAP”) for interim financial information using accounting policies that are consistent with those used in the preparation of the Company’s audited consolidated financial statements for the year ended December 31, 2020. Accordingly, these unaudited interim condensed consolidated financial statements do not include all information and footnotes required by U.S. GAAP for annual financial statements.

In the opinion of management, the accompanying unaudited interim condensed consolidated financial statements contain all normal recurring adjustments necessary to present fairly the financial position, operating results and cash flows of the Company for each of the periods presented. The results of operations for the nine months ended September 30, 2021 are not necessarily indicative of results to be expected for any other interim period or for the full year of 2021. The consolidated balance sheet as of December 31, 2020 was derived from the audited consolidated financial statements at that date but does not include all of the disclosures required by U.S. GAAP for annual financial statements. These unaudited interim condensed consolidated financial statements should be read in conjunction with the Company’s consolidated financial statements for the year ended December 31, 2020.

Principles of consolidation

The consolidated financial statements include the financial statements of the Company, its subsidiaries, the VIE and the subsidiaries of the VIE. All significant inter-company transactions and balances have been eliminated upon consolidation.

Use of estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the balance sheet dates and the reported amounts of revenue and expenses during the reporting periods. Significant estimates and assumptions reflected in the Company’s consolidated financial statements include, but are not limited to, allowance for doubtful accounts for accounts receivable, fair value of short-term investment, useful lives of property, equipment and intangible assets, incremental borrowing rate (“IBR”) applied in lease liabilities, impairment of long-lived assets, goodwill and long-term investments, purchase price allocation and fair value of contingent consideration with respect to business combinations, valuation allowance for deferred tax assets, the grant date fair value of share-based payment awards and fair value of intangible assets acquired associated with non-monetary transactions. Management bases the estimates on historical experience and various other assumptions that are believed to be reasonable, the results of which form the basis for making judgments about the carrying values of assets and liabilities. Actual results could materially differ from those estimates.

Convenience translation

Amounts in US\$ are presented for the convenience of the reader and are translated at the noon buying rate of US\$1.00 to RMB6.4434 on September 30, 2021 in the City of New York for cable transfers of RMB as certified for customs purposes by the Federal Reserve Bank of New York. No representation is made that the RMB amounts could have been, or could be, converted into US\$ at such rate.

QUHUO LIMITED

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Amounts in thousands of Renminbi (“RMB”) and U.S. dollars (“US\$”),
except for number of shares and per share data)

2. Summary of Significant Accounting Policies (continued)

Fair value measurements

Financial instruments of the Company primarily include cash, short-term investments, accounts receivable, other receivables, accounts payable and accrued liabilities, other receivables, amounts due from and due to related parties, long-term investments, deposits, equity consideration payable, contingent consideration payable, short-term debt, long-term debt and redeemable convertible preferred shares. The Company applies ASC 820, *Fair Value Measurements and Disclosures* (“ASC 820”), in measuring fair value. ASC 820 defines fair value, establishes a framework for measuring fair value and requires disclosures to be provided on fair value measurement. The short-term investments are measured at fair value. The redeemable convertible preferred shares were initially recorded at fair value as of the issuance date. Equity method investments have no quoted market prices and it is not practicable to estimate their fair value without incurring excessive costs. The carrying amounts of the remaining financial instruments, except for long-term debt and deposits, approximate their fair values because of their short-term maturities.

ASC 820 establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

Level 1-Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2-Include other inputs that are directly or indirectly observable in the marketplace.

Level 3-Unobservable inputs which are supported by little or no market activity.

QUHUO LIMITED

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Amounts in thousands of Renminbi (“RMB”) and U.S. dollars (“US\$”),
except for number of shares and per share data)

2. Summary of Significant Accounting Policies (continued)

The Company’s financial assets and liabilities measured at fair value are summarized below:

	Total fair value at September 30, 2021 (Unaudited) RMB	Fair value measurement or disclosure at September 30, 2021 using			Total gains (losses) for the nine months ended September 30, 2021 (Unaudited) RMB
		Quoted prices in active market for identical assets (Level 1) (Unaudited) RMB	Significant other observable inputs (Level 2) (Unaudited) RMB	Significant unobservable inputs (Level 3) (Unaudited) RMB	
Assets					
Short-term investments, commercial bank deposits - recurring	36,820	—	36,820	—	—
Short-term investments, alternative investment fund ⁽¹⁾	160,774	—	—	—	(2,572)
Total	197,594	—	36,820	—	(2,572)
Liabilities					
Payables for contingent consideration	19,252	—	—	19,252	—
Total	19,252	—	—	19,252	—

	Total fair value at December 31, 2020 RMB	Fair value measurement or disclosure at December 31, 2020 using			Total gains (losses) for the nine months ended September 30, 2020 RMB
		Quoted prices in active market for identical assets (Level 1) RMB	Significant other observable inputs (Level 2) RMB	Significant unobservable inputs (Level 3) RMB	
Assets					
Short-term investments, commercial bank deposits - recurring	36,197	—	36,197	—	—
Short-term investments, alternative investment fund ⁽¹⁾	165,381	—	—	—	26,467
Total	201,578	—	36,197	—	26,467
Liabilities					
Purchase consideration payables	19,252	—	—	19,252	—
Total	19,252	—	—	19,252	—

(1) Investments are measured at fair value using NAV as a practical expedient. These investments have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented on the consolidated statements of balance sheets.

The Company did not transfer any assets or liabilities in or out of Level 3 during the nine months ended September 30, 2020 and 2021, respectively.

QUHUO LIMITED

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(Amounts in thousands of Renminbi (“RMB”) and U.S. dollars (“US\$”),
except for number of shares and per share data)

3. Revenues

The following table presents the Company’s revenues disaggregated by revenue category. All revenues were generated in the PRC.

	Nine Months Ended September 30,		
	2020	2021	2021
	RMB	RMB	US\$
On-demand food delivery solution services	1,689,295	2,804,657	435,275
Mobility service solutions	16,390	77,312	11,999
Housekeeping solutions and other services	3,080	56,639	8,790
Others	974	5,203	808
Total revenues	<u>1,709,739</u>	<u>2,943,811</u>	<u>456,872</u>

4. Short-term Investments

The Company’s short-term investments included investments in commercial bank deposits at floating rates with original maturities of one year or less, but greater than three months, and investment in an alternative investment fund. The following is a summary of the Company’s short-term investments:

	As of December 31,	As of September 30,	
	2020	2021	2021
	RMB	RMB	US\$
Commercial banks deposits	36,197	36,820	5,714
Investment in fund	165,381	160,774	24,952
Total short-term investments	<u>201,578</u>	<u>197,594</u>	<u>30,666</u>

For the nine months ended September 30, 2020 and 2021, the Group recognized other income related to its commercial banks deposits of RMB3,193 and RMB3,183 (US\$494), respectively, in the consolidated statements of comprehensive loss.

In July 2020, the Group purchased participating shares of an alternative investment fund, which is measured using the NAV practical expedient. The Group recognized unrealized gains of RMB26,467 and unrealized losses of RMB 2,572 (US\$399) from the fair value change of the investment as other income, net in the consolidated statements of comprehensive loss for the nine-months ended September 30, 2020 and 2021, respectively.

QUHUO LIMITED

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(Amounts in thousands of Renminbi (“RMB”) and U.S. dollars (“US\$”),
except for number of shares and per share data)

5. Other Non-current Assets

Other non-current assets consisted of the following:

	<u>As of December 31,</u> <u>2020</u>	<u>As of September 30,</u> <u>2021</u>	
	RMB	RMB	US\$
Rental and industry customer deposits	86,306	103,626	16,083
Prepayments	18,469	38,312	5,946
Other receivables	726	230	35
Total other non-current assets	105,501	142,168	22,064

6. Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consisted of the following:

	<u>As of December 31,</u> <u>2020</u>	<u>As of September 30,</u> <u>2021</u>	
	RMB	RMB	US\$
Amounts due to third-parties	26,645	26,733	4,149
Income tax payables	12,292	12,446	1,932
Other tax payables	5,099	51,128	7,935
Salary and welfare payables	18,497	25,818	4,007
Deposits received from ride-hailing drivers	13,165	6,762	1,049
Purchase consideration payable	23,580	19,252	2,988
Others	6,466	7,037	1,090
Total	105,744	149,176	23,150

7. Debt

Short-term Debt

The following table presents the Company’s outstanding short-term debt as of December 31, 2020 and September 30 2021:

	<u>Annual</u> <u>interest rates</u>	<u>Term</u>	<u>As of</u> <u>December 31, 2020</u>	<u>As of</u> <u>September 30, 2021</u>	
			RMB	RMB	US\$
Short-term loans					
East West Bank	4.75% -5.50%	1 year	35,000	65,000	10,088
SPD Silicon Valley Bank	4.85% - 6.00%(Floating)	1 year	30,000	70,000	10,864
Agricultural Bank of China	4.85%	1 year	1,000	—	—
Long-term debt, current portion	8.45% - 14.86%	3 years	7,837	5,574	865
Total			73,837	140,574	21,817

In July 2020, the Company entered into a banking facility agreement with East West Bank, pursuant to which the Company is entitled to borrow RMB65,000 with an interest rate of 5.00%. The Company drew down RMB25,000, RMB10,000 and RMB 30,000 July 2020, August 2020 and May 2021, respectively. The loan is intended for general working capital purposes and is secured by certain accounts receivables of the Company.

QUHUO LIMITED

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Amounts in thousands of Renminbi (“RMB”) and U.S. dollars (“US\$”),
except for number of shares and per share data)

7. Debt (Continued)

In November 2020, the Company entered into a banking facility agreement with SPD Silicon Valley Bank, pursuant to which the Company is entitled to borrow RMB70,000 with a floating interest rate benchmarked to one-year lending rate of PBOC. The Company drew down RMB 30,000, RMB 30,000 and RMB 10,000 in November 2020, January 2021 and April 2021, respectively. The loan is intended for general working capital purposes and is secured by certain accounts receivables of the Company.

Long-term debt

The following table presents the Company’s long-term debt as of December 31, 2020 and September 30, 2021:

	Annual interest rates	Term	As of December 31, 2020 RMB	As of September 30, 2021	
				RMB	US\$
Long-term debt, current portion	8.45% - 14.86%	3 years	7,837	5,574	865
Long-term debt, non-current portion	8.45% - 14.86%	3 years	5,135	420	65
Total			12,972	5,994	930

The weighted average interest rate for all the outstanding borrowings was approximately 5.70% and 5.17% as of December 31, 2020 and September 30, 2021 respectively.

8. Share-Based Compensation

In April 2021, the Company granted 1,833,807 options under the 2017 Plan to three executives. All options vest over two years with 40% of the grants vesting immediately on grant date and 30% of the options vesting on the first and second anniversary of the vesting commencement date.

In May 2021, the Company cancelled 2,187,287 options previously granted on September 1, 2019 to four executives. As a result, the Company immediately recognized the remaining share-based compensation expense of RMB 10,296 (US\$1,594) related to unvested share-based awards.

The Company recognized RMB74,627 and RMB59,388 (US\$9,217) of share-based compensation expense in general and administrative expenses for the nine months ended September 30, 2020 and 2021, respectively.

9. Income Taxes

The Company is incorporated in the Cayman Islands and conducts its primary business operations through subsidiaries and VIEs in the PRC. It also has intermediate holding companies in the BVI and Hong Kong. Under the current laws of the Cayman Islands and BVI, the Company is not subject to tax on income nor capital gains. Additionally, upon payments of dividends by the Company to its shareholders, neither Cayman Islands nor BVI will impose withholding taxes. Under the Hong Kong tax laws, subsidiaries in Hong Kong are subject to the Hong Kong corporate income tax rate at 16.5% exempting foreign-derived income, and there are no withholding taxes in Hong Kong on remittance of dividends.

The Company’s subsidiaries, VIE and VIE’s subsidiaries in the PRC are subject to the statutory rate of 25%, in accordance with the Enterprise Income Tax law (the “EIT Law”), which was effective since January 1, 2008 except for the following entities eligible for preferential tax rates. In 2020, Nantong Runda qualified for the requirements of small and micro-sized enterprise, and its first one million yuan of annual taxable income was eligible for 75% reduction and the taxable income between one million yuan and three million yuan was eligible for 50% reduction. The applicable CIT rate is 20%. Hainan Quhuo, Haikou Chengtu and Hainan Xinying are enterprises registered in the Hainan free trade port and engaged in substantial business in encouraged industries and are therefore entitled to preferential tax rate of 15%. Beijing Quhuo, the VIE, meets the requirements of “high and new technology enterprise” (“HNTE”) and could enjoy the preferential tax rate of 15%. Beijing Quhuo obtained the HNTE certificate in December, 2020 and was subject to an enterprise income tax (“EIT”) rate of 15% from calendar years 2020 through 2022.

The Company recorded a provision from income taxes of RMB30,258 and RMB3,049 for the nine months ended September 30, 2020 and 2021, respectively. The income tax provision is primarily driven by nondeductible share-based compensation expenses and unbenefited losses from continuing operations. Furthermore, the Company’s effective tax rates from continuing operations were 171% and (3)% for the nine months ended September 30, 2020 and 2021, respectively. Changes in various permanent differences relative to our pre-tax income/loss from continuing operations had a favorable impact on the effective tax rate for the first nine months ended September 30, 2021 compared to the same period prior year.

QUHUO LIMITED

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(Amounts in thousands of Renminbi (“RMB”) and U.S. dollars (“US\$”),
except for number of shares and per share data)

10. Loss Per Share

	Nine months ended September 30,		
	2020 RMB	2021 RMB	2021 US\$
<i>Numerator:</i>			
Net loss attributable to ordinary shareholders	(8,548)	(86,555)	(13,432)
<i>Denominator:</i>			
Weighted average number of shares outstanding	23,358,747	43,709,910	43,709,910
Loss per share - basic and diluted	(0.37)	(1.98)	(0.31)

For the periods presented herein, the computation of basic loss per share using the two-class method is not applicable as the Company is in a net loss position and the participating securities do not have contractual rights and obligations to share in the losses of the Company. The effects of all outstanding options and other participating securities were also excluded from the computation of diluted loss per share as their effects would be anti-dilutive during the periods.

11. Commitments and Contingencies

Contingencies

In the ordinary course of business, the Company may from time to time be involved in legal proceedings and litigation relating to injuries caused by workforce and labor arbitration cases brought by disgruntled workforce, among others. The Company records a liability when the Company believes that it is both probable that a loss has been incurred and the amount can be reasonably estimated. With respect to the Company’s outstanding legal matters, based on its current knowledge, the Company believes that the amount or range of reasonably possible loss will not, either individually or in the aggregate, have a material adverse effect on the Company’s business, financial position, results of operations, or cash flows. However, the outcome of such legal matters is inherently unpredictable and subject to significant uncertainties.

QUHUO LIMITED

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Amounts in thousands of Renminbi (“RMB”) and U.S. dollars (“US\$”),
except for number of shares and per share data)

12. Related Party Transactions

Names of the related parties	Relationship with the Company
Hainan Huiliu Tianxia Network Technology Co., Ltd. (“Hainan Huiliu”)	Entity controlled by a principle shareholder
Ningbo Nuannuan Network Technology Co., Ltd. (“Ningbo Nuannuan”)	Entity controlled by principle shareholders

Amounts due from/due to related parties as of December 31, 2020 and September 30, 2021 were as follows:

	As of December 31, 2020	As of September 30, 2021	
	RMB	RMB	US\$
Amounts due from a related party			
Ningbo Nuannuan	2,940	—	—
Amounts due to a related party			
Hainan Huiliu	—	18,887	2,931

Transactions with related parties for the nine months ended September 30, 2020 and 2021:

	Nine Months Ended September 30,		
	2020	2021	2021
	RMB	RMB	US\$
Hainan Huiliu	—	36,571	5,676

The Company received labor recruitment services from Hainan Huiliu and the amount due to Hainan Huiliu relates to recruitment service received during the nine months ended September 30, 2021.

13. Restricted Net Assets

Under PRC laws and regulations, there are restrictions on the Company’s PRC subsidiaries and VIE with respect to transferring certain of their net assets to the Company either in the form of dividends, loans, or advances. Amounts restricted include paid-in capital, statutory reserve of the Company’s PRC subsidiaries and pledged or collateralized accounts receivable and property and equipment of the VIE, totaling approximately RMB 361,084 (US\$ 56,039) as of September 30, 2021.

**MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS**

This management’s discussion and analysis is designed to provide you with a narrative explanation of our financial condition and results of operations for the nine months ended September 30, 2020 and 2021. This section should be read in conjunction with our unaudited condensed consolidated financial statements for the nine-month periods ended September 30, 2020 and 2021 and related notes thereto, or the Unaudited Condensed Consolidated Financial Statements, included as Exhibit 99.1 to the report on Form 6-K to which this discussion is included. We also recommend that you read our management’s discussion and analysis and our audited consolidated financial statements for the fiscal year 2020, and the notes thereto, which appear in our annual report on Form 20-F for the year ended December 31, 2020, or the Annual Report, filed with the U.S. Securities and Exchange Commission, or the SEC, on May 17, 2021.

Unless otherwise indicated or the context otherwise requires, all references to “our company,” “we,” “our,” “ours,” “us” or similar terms refer to Quhuo Limited and its subsidiaries. “VIE” refer to Beijing Quhuo Technology Co., Ltd.

All such financial statements were prepared in accordance with accounting principles generally accepted in the United States, or U.S. GAAP. We have made rounding adjustments to some of the figures included in this management’s discussion and analysis. Accordingly, numerical figures shown as totals in some tables may not be an arithmetic aggregation of the figures that precede them. This discussion contains forward-looking statements that involve risks, uncertainties and assumptions. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors.

Key Operating Metrics

In the nine months ended September 30, 2021, the number of average monthly delivery orders was 44.7 million, representing a 79.2% year-over-year increase.

We provided services in 1,231 business circles across 131 cities nationwide in the nine months ended September 30, 2021, compared with 1,067 business circles across 81 cities in the nine months ended September 30, 2020.

Results of Operations

The following table sets forth a summary of our unaudited condensed consolidated statements of operations for the periods indicated. This information has been derived from and should be read together with our Unaudited Condensed Consolidated Financial Statements. The results of operations in any period are not necessarily indicative of the results that may be expected for any future period.

	Nine months ended September 30,		
	2020 RMB (Unaudited)	2021 RMB (Unaudited)	2021 US\$ (Unaudited)
Revenues	1,709,739	2,943,811	456,872
Cost of revenues	(1,557,338)	(2,843,907)	(441,367)
General and administrative	(160,215)	(185,085)	(28,725)
Research and development	(8,346)	(15,509)	(2,407)
Gain/(loss) on disposal of assets, net	2,600	(4,162)	(646)
Operating loss	(13,560)	(104,852)	(16,273)
Interest income	625	529	82
Interest expense	(6,963)	(4,900)	(760)
Other income, net	39,058	11,829	1,836
Foreign exchange loss	(1,502)	(48)	(7)
Income (loss) before income tax	17,658	(97,442)	(15,122)
Income tax expense	(30,258)	(3,049)	(473)
Net loss	(12,600)	(100,491)	(15,595)
Net loss attributable to non-controlling interests	4,052	13,936	2,163
Net loss attributable to ordinary shareholders of Quhuo Limited	(8,548)	(86,555)	(13,432)
Loss per share:			
Basic	(0.37)	(1.98)	(0.31)
Diluted	(0.37)	(1.98)	(0.31)
Shares used in loss per share computation:			
Basic	23,358,747	43,709,910	43,709,910
Diluted	23,358,747	43,709,910	43,709,910
Net loss	(12,600)	(100,491)	(15,595)
Other comprehensive loss:			
Foreign currency translation adjustment:	(7,281)	(2,003)	(311)
Unrealized gain/(loss) on available-for-sale investments, net of tax	—	(85)	(13)
Comprehensive loss	(19,882)	(102,579)	(15,919)
Comprehensive loss attributable to non-controlling interests	4,051	13,936	2,163
Comprehensive loss attributable to ordinary shareholders of Quhuo Limited	(15,831)	(88,643)	(13,756)

Nine Months Ended September 30, 2020 Compared to Nine Months Ended September 30, 2021

Revenues

Our revenues increased by 72.2% from RMB1,709.7 million in the nine months ended September 30, 2020 to RMB2,943.8 million (US\$456.9 million) in the nine months ended September 30, 2021, primarily due to the rapid growth of our major business lines.

- Revenues from on-demand delivery solutions increased by 66.0% from RMB1,689.3 million in the nine months ended September 30, 2020 to RMB2,804.7 million (US\$435.3 million) in the nine months ended September 30, 2021, primarily due to the increase in the number of delivery orders we fulfilled as a result of industry growth and our continued penetration and expansion into new geographical markets.
- Revenues from mobility service solutions, consisting of shared-bike maintenance, ride hailing and freight service solutions, increased significantly from RMB16.4 million in the nine months ended September 30, 2020 to RMB77.3 million (US\$12.0 million) in the nine months ended September 30, 2021, primarily due to (1) the enlarged customer base and service scope of shared-bike maintenance solutions, and (2) the commencement of freight service solutions in July 2021.
- Revenues from housekeeping and accommodation solutions increased significantly from RMB3.1 million in the nine months ended September 30, 2020 to RMB56.6 million (US\$8.8 million) in the nine months ended September 30, 2021, primarily due to the enlarged customer base of housekeeping and accommodation solutions to include hotels and B&Bs following our acquisition of Lailai and Chengtu Home.

Cost of revenues

Our cost of revenues increased by 82.6% from RMB1,557.3 million in the nine months ended September 30, 2020 to RMB2,843.9 million (US\$441.4 million) in the nine months ended September 30, 2021, primarily due to the increases in (1) labor costs in line with our continuous business expansion, and (2) the incremental hiring expenses, equipment costs and insurance expenses to expand workforce on our platform and secure additional resources in preparation for the anticipated increased demand of our solutions and our continuous business expansion plan.

General and administrative expenses

Our general and administrative expenses increased by 15.5% from RMB160.2 million in the nine months ended September 30, 2020 to RMB185.1 million (US\$28.7 million) in the nine months ended September 30, 2021, primarily due to the increases in (1) staff cost in line with the rapid development of our housekeeping solutions, and (2) professional service fees and expenditures in connection with our business expansion plan, partially offset by the decreases in share-based compensation of RMB15.2 million (US\$2.4 million) as we satisfied the performance conditions of our share incentive awards upon the completion of our initial public offering in the nine-months ended September 30, 2020 and incurred substantial share-based compensation expenses from those awards.

Research and development expenses

Our research and development expenses increased by 85.8% from RMB8.3 million in the nine months ended September 30, 2020 to RMB15.5 million (US\$2.4 million) in the nine months ended September 30, 2021, primarily due to (1) the incurrence of outsourcing expenses to develop a new SaaS system for our housekeeping solutions, and (2) the increase in staff cost as we enlarged our research and development team.

Gain/(loss) on disposal of assets, net

We recorded gain on disposal of assets, net of RMB2.6 million and loss on disposal of assets, net RMB4.2 million (US\$0.6 million) in the nine months ended September 30, 2020 and 2021, respectively, primarily due to transfer of customer relationships in certain delivery areas of, and de-recognition of smart food cabinets involved in, our on-demand delivery solutions to third parties.

Interest income

We recorded interest income of RMB0.6 million and RMB0.5 million (US\$82,000) in the nine months ended September 30, 2020 and 2021, respectively, primarily relating to our bank deposits.

Interest expense

Our interest expense decreased by 29.6% from RMB7.0 million in the nine months ended September 30, 2020 to RMB4.9 million (US\$0.8 million) in the nine months ended September 30, 2021, primarily because we incurred less short-term bank borrowings.

Other income, net

Our other income, net decreased by 69.7% from RMB39.1 million in the nine months ended September 30 of 2020 to RMB11.8 million (US\$1.8 million) in the nine months ended September 30, 2021, primarily due to the fluctuation in the fair value change of our investment in a mutual fund.

Foreign exchange loss

We recorded a foreign exchange loss of RMB1.5 million and RMB48,000 (US\$7,000) in the nine months ended September 30, 2020 and 2021, respectively.

Income tax expense

Our income tax expense decreased by 89.9% from RMB30.3 million in the nine months ended September 30, 2020 to RMB3.0 million (US\$0.5 million) in the nine months ended September 30, 2021, primarily due to the fluctuation of nondeductible share-based compensation expenses and unbenefited losses from continuing operations.

Net loss

As a result of the foregoing, we had net loss of RMB12.6 million and RMB100.5 million (US\$15.6 million) in the nine months ended September 30, 2020 and 2021, respectively. Net loss attributable to Quhuo Limited was RMB86.6 million (US\$13.4 million), compared to net loss of RMB8.5 million in the nine months ended September 30 of 2020.

Liquidity and Capital Resources

Our principal sources of liquidity have been cash generated from our operations and external financing, including the proceeds we received from our initial public offering, proceeds from exercise of share options and loans from commercial banks. As of September 30, 2021, we had RMB57.2 million (US\$8.9 million) in cash. Our cash consists primarily of cash on hand, demand deposits and time deposits which are highly liquid. We believe that our current cash, cash equivalents and restricted cash, the available credit under our existing credit facilities, and our anticipated cash flows from operations will be sufficient to meet our anticipated working capital requirements and capital expenditures in the ordinary course of business for the next 12 months. We may, however, need additional capital for business expansion in the future.

As a holding company with no material operations of our own, we conduct our operations primarily through our consolidated VIE and its subsidiaries. As of September 30, 2020, 93.0% of our cash were held by our VIE and its subsidiaries and denominated in Renminbi. Although we consolidate the results of our VIE, we only have access to the assets and earnings of our VIE through our contractual arrangements with the VIE and its nominee shareholders.

We incurred net losses of RMB12.6 million and generated positive cash flows from operations of RMB25.6 million for the nine months ended September 30, 2020. We incurred net losses of RMB100.5 million (US\$15.6 million) and negative cash flows from operations of RMB56.8 million (US\$8.8 million) for the nine months ended September 30, 2021. We had positive working capital, which equals the result of current assets minus current liabilities, of RMB 325.1 million and RMB 177.9 million (US\$27.6 million) as of September 30, 2020 and 2021, respectively. The total outstanding balance of our short-term bank borrowings as of September 30, 2021 was RMB135.0 million (US\$21.0 million). There were two short-term bank borrowings as of September 30, 2021:

- We entered into a credit facility agreement with East West Bank initially in February 2018 and April 2019, which was renewed in June 2019 and further renewed in July 2020 and April 2021. We are entitled to borrow up to RMB65.0 million with an interest rate of 5.00%. The loan is intended for general working capital purposes and is secured by a standby letter of credits issued by East West Bank and our certain accounts receivables.
- We entered into a credit facility agreement with SPD Silicon Valley Bank initially in May 2018, which was renewed in August 2019 and further renewed in November 2020. We are entitled to borrow up to RM70.0 million with a floating interest rate benchmarked to one-year lending rate of the PBOC. The loan is intended for general working capital purposes and is secured by a standby letter of credits issued by SPD Silicon Valley Bank and our certain accounts receivables.

While there can be no assurance that we will be able to refinance our short-term bank borrowings as they become due, historically, we have renewed or rolled over most of our short-term bank loans upon the maturity of such loans and believe we will continue to be able to do so.

We intend to finance our future working capital requirements and capital expenditures from cash generated from operating activities and financing activities, including the net proceeds we received from our initial public offering. To utilize the proceeds we received from our initial and any subsequent public offerings, we may make additional capital contributions to our PRC subsidiaries, the VIE and subsidiaries of the VIE and make capital contributions to these new PRC subsidiaries, or make loans to the PRC subsidiaries. However, most of these uses are subject to PRC regulations. Foreign direct investment and loans must be approved by and/or registered with SAFE and its local branches. The total amounts of loans we can make to our PRC subsidiary cannot exceed statutory limits and must be registered with the local counterpart of SAFE. The statutory limit for the total amount of foreign debts of a foreign-invested company is the difference between the amount of total investment as approved by the Ministry of Commerce or its local counterpart and the amount of registered capital of such foreign-invested company.

A substantial portion of our future revenues are likely to continue to be in the form of Renminbi. Under existing PRC foreign exchange regulations, Renminbi may not be converted into foreign exchange for current account items, including profit distributions, interest payments and trade-and service-related foreign exchange transactions without prior SAFE approval by following certain routine procedural requirements. However, current PRC regulations permit our PRC subsidiary to pay dividends to us only out of its accumulated profits, if any, determined in accordance with Chinese accounting standards and regulations. Our PRC subsidiary is required to set aside at least 10% of its after-tax profits after making up previous years' accumulated losses each year, if any, to fund certain reserve funds until the total amount set aside reaches 50% of its registered capital. These reserves may not be distributed as cash dividends.

We may require additional cash resources due to changing business conditions or other future developments, including acquisitions or investments we may decide to selectively pursue. If our existing cash resources are insufficient to meet our requirements, we may seek to issue equity or debt securities or obtain credit facilities. The issue of additional equity securities, including convertible debt securities, would result in further dilution to our shareholders. The incurrence of indebtedness would result in increased fixed obligations and could result in operating covenants that would restrict our operations. We cannot assure you that financing will be available in the amounts we need or on terms acceptable to us, if at all. If we are unable to obtain additional equity or debt financing as required, our business operations and prospects may suffer.

The following table sets forth a summary of our unaudited condensed consolidated statement of cash flows for the periods indicated:

	Nine months ended September 30,		
	2020 RMB	2021 RMB	2021 US\$
	(in thousands)		
Net cash generated from/(used in) operating activities	25,624	(56,771)	(8,810)
Net cash used in investing activities	(231,686)	(49,256)	(7,645)
Net cash generated from financing activities	217,795	61,697	9,576
Effect of exchange rate changes on cash and restricted cash	163	77	11
Net increase/(decrease) in cash and restricted cash	11,896	(44,253)	(6,868)
Cash and restricted cash at beginning of the year	126,779	103,754	16,102
Cash and restricted cash at end of the year	138,675	59,501	9,234

Operating Activities

Net cash used in operating activities in the nine months ended September 30, 2021 was RMB56.8 million (US\$8.8 million), primarily due to a net loss of RMB100.5 million (US\$15.6 million), adjusted for (1) certain non-cash items, mainly including share-based compensation expenses of RMB59.4 million (US\$9.2 million) and amortization of RMB14.9 million (US\$2.3 million), (2) changes in certain working capital items that positively impact the cash flow from operating activities, mainly including an increase of RMB48.4 million (US\$7.5 million) in accrued expenses and other current liabilities and an increase of RMB35.4 million (US\$5.5 million) in accounts payable and (3) changes in certain working capital items that negatively impact the cash flow from operating activities, mainly including an increase of RMB87.1 million (US\$13.5 million) in accounts receivable and an increase of RMB42.4 million (US\$6.6 million) in other non-current assets.

Net cash generated from operating activities in the nine months ended September 30, 2020 was RMB25.6 million, primarily due to a net loss of RMB12.6 million in the same period, adjusted for (1) certain non-cash items, mainly including share-based compensation expenses of RMB74.6 million and changes in fair value of short-term investment of RMB26.5 million, (2) changes in certain working capital items that positively impact the cash flow from operating activities, mainly including an increase of RMB20.1 million in income taxes payable and a decrease of RMB18.2 million in amounts due from related parties, and (3) changes in certain working capital items that negatively impact the cash flow from operating activities, mainly including a decrease of RMB37.7 million in accounts payable and an increase of RMB23.6 million in accounts receivable.

Investing Activities

Net cash used in investing activities in the nine months ended September 30, 2021 was RMB49.3 million (US\$7.6 million), primarily due to purchase of short-term investments of RMB2,458.4 million (US\$381.5 million) and acquisition of intangible assets of RMB37.6 million (US\$5.8 million), partially offset by proceeds from sales of short-term investments of RMB2,459.8 million (US\$381.8 million).

Net cash used in investing activities in the nine months ended September 30, 2020 was RMB231.7 million, primarily due to purchase of short-term investments of RMB2,487.9 million and acquisition of intangible assets of RMB39.8 million, partially offset by proceeds from sales of short-term investments of RMB2,295.8 million.

Financing Activities

Net cash provided by financing activities in the nine months ended September 30, 2021 was RMB61.7 million (US\$9.6 million), primarily due to the proceeds from short-term loans of RMB135.0 million (US\$21.0 million), partially offset by repayments of short-term loans of RMB66.0 million (US\$10.2 million).

Net cash provided by financing activities in the nine months ended September 30, 2020 was RMB217.8 million, primarily due to the proceeds from our initial public offering of RMB244.2 million, net of issuance costs of RMB 9.4 million and the proceeds from short-term loans of RMB121.0 million, partially offset by repayments of short-term loans of RMB132.0 million.

Capital Expenditures

We made capital expenditures of RMB2.1 million and RMB9.6 million (US\$1.5 million) in the nine months ended September 30, 2020 and 2021, respectively, primarily including purchases of property and equipment, such as vehicles in connection with our ride-hailing solutions and electronic equipment. We expect to continue to make capital expenditures in line with the expected growth of our business.

Off-balance Sheet Arrangements

We have not entered into any financial guarantees or other commitments to guarantee the payment obligations of any third parties. We have not entered into any derivative contracts that are indexed to our shares and classified as shareholder's equity or that are not reflected in our consolidated financial statements. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing, hedging or product development services with us.

Cautionary Statement Regarding Forward Looking Statements

We have made statements in this report that constitute forward-looking statements. Forward-looking statements involve risks and uncertainties, such as statements about our plans, objectives, expectations, assumptions or future events. In some cases, you can identify forward-looking statements by terminology such as "anticipate," "estimate," "plan," "project," "continuing," "ongoing," "expect," "we believe," "we intend," "may," "should," "could" and similar expressions. These statements involve estimates, assumptions, known and unknown

risks, uncertainties and other factors that could cause actual results to differ materially from any future results, performances or achievements expressed or implied by the forward-looking statements.

These forward-looking statements include statements about:

- our future business development, financial conditions and results of operations;
- the expected growth of the relevant markets;
- our expectations regarding demand for and market acceptance of our services;
- expected changes in our revenues, costs or expenditures;
- general business, political, social and economic conditions in China and the relevant markets we have operations; and
- the length and severity of the recent COVID-19 outbreak and its impact on our business and industry.

The ultimate correctness of these forward-looking statements depends upon a number of known and unknown risks and events. Many factors could cause our actual results to differ materially from those expressed or implied in our forward-looking statements. Consequently, you should not place undue reliance on these forward-looking statements.

The forward-looking statements speak only as of the date on which they are made, and, except as required by law; we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events.

In addition, we cannot assess the impact of each factor on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. We undertake no obligation to update this forward-looking information. Nonetheless, we reserve the right to make such updates from time to time by press release, periodic report or other method of public disclosure without the need for specific reference to this interim report. No such update shall be deemed to indicate that other statements not addressed by such update remain correct or create an obligation to provide any other updates.