



1H 2021

Shareholder Letter

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First Half 2021 Highlights

Total Gross Written Premium **¥2.06 billion**
73% y/y growth

Operating Revenue **¥953.6 million**
97% y/y growth

First Year Premium **¥1.19 billion**
58% of Total GWP

Cumulative Number of Insurance Clients **7.2 million**

Renewal Premium **¥868.8 million**
42% of Total GWP

Cumulative Number of Insured Clients **60.3 million**

Recent Developments

- Announced Acquisition of Shengs Life & General:** On August 25, Huize entered into a binding MOU to acquire controlling equity interest in Hubei Shengs Life & General Insurance Agency Co., Ltd. (“Shengs Life & General”), one of the leading regional insurance agency groups dedicated to distributing life and health insurance products, to accelerate O2O integration and open platform strategy.
- Saving Insurance Product Customization:** On August 18, Huize partnered with Sun Life Everbright Life Insurance Company (“Sun Life Everbright”) to launch “Everbright Smart Choice” , a customized retirement annuity insurance product dedicated to meet customers' multi-dimensional needs for both wealth accumulation and lifetime pension benefits.
- Management Share Purchase Plan:** On August 17, Huize announced the US\$5 million Management Share Purchase Plan demonstrating confidence in business fundamentals and long-term growth prospects.
- Cooperating with TPA to Provide Value-added Service:** On July 13, Huize announced its partnership with Sungrow to launch immune cell cryopreservation as a value-added healthcare service for eligible insurance customers.

Business Outlook

Operating Revenue in FY2021 ⁽¹⁾ **¥1.7 billion**
40% y/y growth

Notes:

1.This forecast reflects the Company's current and preliminary views on the market and operational conditions, which are subject to change as a result of various market uncertainties, including those related to the ongoing COVID-19 pandemic, both globally and in China.

To Our Shareholders:



We achieved record results in the first half, which is particularly commendable in a challenging environment. Total gross written premium (GWP) facilitated on our platform increased by 72.7% year-over-year, well above the industry average growth in the first half. Total operating revenue nearly doubled in the first half.

As a leading digital insurance product and service platform in China, Huize has been at the forefront as an innovator in the online insurance industry while maintaining strict compliance within the industry's regulatory framework. We believe Huize has been a recipient of widespread industry recognition and is well-positioned to capitalize on the tremendous growth opportunities ahead. Our focus on distributing long-term life and health insurance products provides us with stable financial performance and better visibility on future revenues.

In the first quarter 2021 results announcement, we made a commitment to:

- ✓ Focus on users;
- ✓ Strengthen core capabilities;
- ✓ Empower the ecosystem with data and technology

We are thrilled to inform you that we have made significant progress on each of these commitments in the second quarter.



Growth Strategies and Progresses

1. Focus on users

Cumulative number of insurance clients served increased to approximately 7.2 million, and cumulative number of insured clients was approximately 60.3 million as of June 30, 2021.

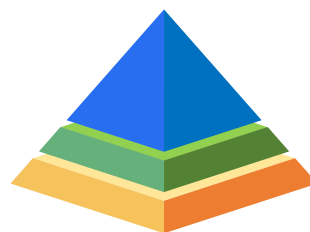
In the first half, about 72.0% of long-term insurance customers were from higher-tier cities, with an average age of 33 years old.

In terms of first-year premium (FYP), the average ticket size of our long-term insurance products has maintained at a relatively high level of RMB4,332 in the first half. While the average ticket size of our saving insurance products has reached RMB28,439 in the first half.

In the first half, our persistency ratios for long-term life and health insurance in the 13th and 25th months have maintained at above 95%.

We believe these indicators highlight the strong retention and high lifetime value of Huize's customers.

72.0% of Clients in
Higher-tier Cities in China⁽¹⁾



Average Ticket Size⁽²⁾

¥ 4,332
Long-term Insurance

¥ 28,439
Saving Insurance



Notes:

1.Represents insurance clients who purchased long-term insurance products in 1H21

2.Average first year premiums per long-term insurance policy and saving insurance policy in 1H21

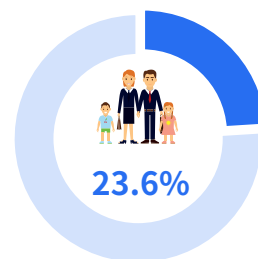
2. Strengthen core capabilities

We have further expanded the depth and breadth of our product coverage with a diversified product portfolio including protection, saving insurance and retirement planning products, covering the entire customer lifecycle, thereby tapping the value of existing markets and exploring the growth potential from new markets.

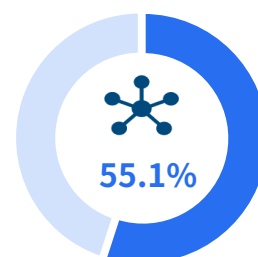
Our savings insurance (including annuity and long-term life insurance) contributed 23.6% of FYP in the first half, increasing from 17.1% over the same period last year.

Product innovation is one of Huize's core competencies. In the first half, we continued to make progress on new product design and innovation. As a result, GWP for co-developed insurance products accounted for 55.1% of total GWP, increasing significantly by 14.3 percentage points from the same period last year.

Saving insurance contribution to FYP



Co-developed products contribution to total GWP



The advertisement features a warm, orange-toned illustration. In the foreground, a man with glasses and a blue jacket is looking at a document. In the background, another man in a hat and glasses is sitting at a table, holding a coffee and looking at a smartphone. A calendar on the wall shows '2021 AUG'. A 'To do list' on the wall includes '5:00 AM Medical check-ups' and '2:00 PM Play Chess'. The Huize logo is in the top left corner.

慧择 huize.com

Everbright Smart Choice

Retirement Annuity Insurance

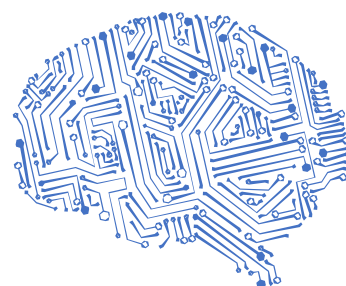
- ✓ High flexibility on premium payment terms and annuity payout options
- ✓ Lifetime annuity income stream with a high cash value
- ✓ Access to the Sun Life Everbright universal account with a guaranteed return of 3%
- ✓ Priority usage rights to the Sun Life Everbright Elderly-Care Communities

3. Empower the ecosystem with data and technology

Digitalization and technology are the core strengths for the development of Huize 3.0 era. We believe that embedding technologies such as data analytics and AI into key business processes will help improve the operating efficiency and risk management capability of our platform.

Recently we have entered into a MOU with Shengs Life & General to acquire a controlling interest in the company. We believe Shengs Life & General has accumulated deep customer insights in the mass affluent life and health insurance market. Leveraging its robust sales team of professional industry veterans, extensive coverage and experience of serving clients, Shengs Life & General greatly complements our last-mile offline presence, allowing us to provide products and services both online and offline, which will further improve the market presence of our customized products and enhance the brand awareness of Huize.

Huize intends to utilize its digital capabilities to empower Shengs Life & General, accelerating the establishment of our open insurance product and service platform covering sales management, product offerings and back-end support, with the aim to significantly enhance the efficiency of traditional insurance operations. We look forward to the business expansion and realizing revenue growth synergies from this mutually beneficial integration.



Huize's Business Strategy 3.0

1. AI technology to enhance efficiency, risk management and customer lifetime value
2. Ecosystem investment around core Huize platform



Shengs Life & General is one of the leading regional insurance agency groups dedicated to distributing life and health insurance products.

Financial Discussion

GWP and operating revenue

GWP facilitated was RMB2.06 billion (US\$319.3 million) in the first half of 2021, an increase of 72.7% from the same period of 2020. Of the total GWP facilitated in the first half of 2021, first year premiums (“FYP”) accounted for RMB1.19 billion (57.9%) and renewal premiums accounted for RMB868.8 million (42.1%).

Operating revenue was RMB953.6 million (US\$147.7 million) in the first half of 2021, an increase of 97.1% from RMB483.7 million in the same period of 2020. The increase in operating revenue was primarily driven by the 72.7% increase in the total GWP facilitated.

Operating costs

Operating costs were RMB709.9 million (US\$109.9 million) in the first half of 2021, an increase of 145.5% from RMB289.2 million in the same period of 2020. The increase was primarily due to the expansion of marketing channels to acquire user traffic.

Operating expenses

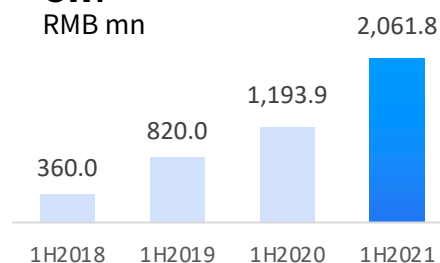
Selling expenses were RMB154.8 million (US\$24.0 million) in the first half of 2021, an increase of 53.1% from RMB101.1 million in the same period of 2020. This increase was primarily due to an increase in headcount, as well as an increase in advertising and marketing expenses, offset by a decrease in share-based compensation expenses.

General and administrative expenses were RMB94.5 million (US\$14.6 million) in the first half of 2021, an increase of 14.5% from RMB82.5 million in the same period of 2020. This increase was primarily due to rental increase from office expansion, as well as an increase in the salaries and employment benefits for general and administrative staff, offset by a decrease in share-based compensation expenses.

Research and development expenses were RMB44.6 million (US\$6.9 million) in the first half of 2021, an increase of 104.6% from RMB21.8 million in the same period of 2020, primarily due to an increase in the number of R&D personnel.

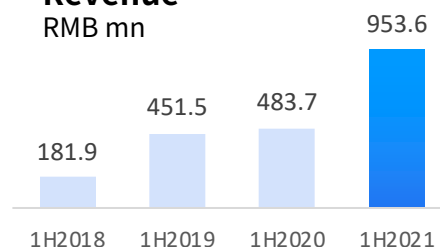
GWP

RMB mn

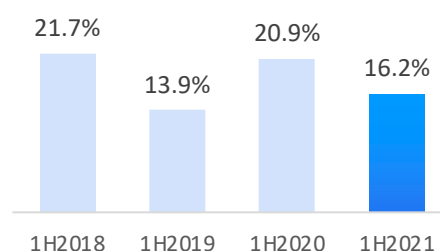


Revenue

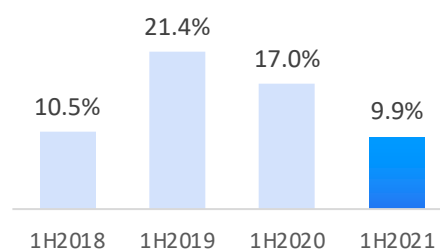
RMB mn



Selling, as % of revenue



G&A, as % of revenue



Net loss and Non-GAAP net loss for the period

Net loss in the first half of 2021 was RMB48.7 million (US\$7.5 million), compared to a net loss of RMB6.0 million in the same period of 2020. Non-GAAP net loss in the first half of 2021 was RMB44.5 million (US\$6.9 million), compared to non-GAAP net profit of RMB36.3 million in the first half of 2020. The increase in net loss was primarily due to our increased marketing expansion and customer acquisition strategies, as well as increased investment in technology.

Cash and cash equivalents

As of June 30, 2021, the combined balance of the Company's cash and cash equivalents amounted to RMB430.7 million (US\$66.7 million), compared to RMB404.6 million as of December 31, 2020.

Business outlook

Based on our preliminary assessment of the current market conditions, we currently expect total operating revenue for the full year of 2021 to be RMB1.7 billion, or approximately US\$263 million, an increase of approximately 40% year-over-year. This forecast reflects the Company's current and preliminary views on the market and operational conditions, which are subject to change as a result of various market uncertainties, including those related to the ongoing COVID-19 pandemic, both globally and in China.



Earnings teleconference information

Huize's management team will hold a Direct Event conference call on Thursday, September 9, 2021, at 8:00 A.M. Eastern Time (or 8:00 P.M. Beijing Time on the same day) to discuss the financial results. Details for the conference call are as follows:

Event Title: Huize Holding Limited First Half and Second Quarter 2021 Earnings Conference Call

Conference ID: **#5845267**

Registration Link: <http://apac.directeventreg.com/registration/event/5845267>

All participants must use the link provided above to complete the online registration process in advance of the conference call. Upon registering, each participant will receive a set of participant dial-in numbers, the Direct Event passcode, and a unique access PIN, which can be used to join the conference call.

A replay of the conference call will be accessible through September 17, 2021, by dialing the following numbers:

International: **+61-2-8199-0299**

Mainland China Toll Free: **400-632-2162**

United States Toll Free: **+1-855-452-5696**

Hong Kong, China Toll Free: **800-963-117**

A live and archived webcast of the conference call will also be available at the Company's investor relations website at ir.huize.com.

About Huize Holding Limited

Huize Holding Limited is a leading digital insurance product and service platform for new generation consumers in China. Targeting the younger generation, Huize is dedicated to serving its insurance clients for their life-long insurance needs. Leveraging its online platform, Huize offers a wide variety of insurance products with a focus on long-term life and health insurance products, and empowers its insurer partners to reach a large fragmented client base in the insurance retail market efficiently and enhance their insurance sales. Huize provides insurance clients with digitalized insurance experience and services, including suitable product recommendations, consulting service, intelligent underwriting and assistance in claim application and settlement, which significantly improve transaction experience.

For more information, please visit <http://ir.huize.com>.

Investor Relations

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Media Relations

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Use of Non-GAAP Financial Measure Statement

In evaluating our business, we consider and use non-GAAP net profit/(loss) as a supplemental measure to review and assess our 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. We define non-GAAP net profit/(loss) as net profit/(loss) excluding share-based compensation expenses and interest on convertible bond. Such adjustments have no impact on income tax because either the non-GAAP adjustments were recorded at entities located in tax free jurisdictions, such as the Cayman Islands or because the non-GAAP adjustments were recorded at operating entities located in the PRC for which the non-GAAP adjustments were not deductible for tax purposes.

We present the non-GAAP financial measure because it is used by our management to evaluate our operating performance and formulate business plans. Non-GAAP net profit/(loss) enables our management to assess our operating results without considering the impact of share-based compensation expenses and the interest on convertible bond. We also believe that the use of this non-GAAP financial measure facilitates investors' assessment of our operating performance.

This non-GAAP financial measure is not defined under U.S. GAAP and is not presented in accordance with U.S. GAAP. The non-GAAP financial measure has limitations as an analytical tool. One of the key limitations of using adjusted net profit/(loss) is that it does not reflect all items of income and expense that affect our operations. Further, the non-GAAP financial measure may differ from the non-GAAP financial information used by other companies, including peer companies, and therefore their comparability may be limited.

The non-GAAP financial measure should not be considered in isolation or construed as an alternative to net profit/(loss) or any other measure of performance or as an indicator of our operating performance. Investors are encouraged to review the historical non-GAAP financial measure in light of the most directly comparable GAAP measure, as shown below. The non-GAAP financial measure presented here may not be comparable to similarly titled measure presented by other companies. Other companies may calculate similarly titled measures differently, limiting the usefulness of such measures when analyzing our data comparatively. We encourage investors and others to review our financial information in its entirety and not rely on a single financial measure.

Safe Harbor Statement

This announcement contains forward-looking statements. These statements are made under the “safe harbor” provisions of the U.S. Private Securities Litigation Reform Act of 1995. Statements that are not historical facts, including statements about Huize's beliefs and expectations, are forward-looking statements. These forward-looking statements can be identified by terminology such as “will,” “expects,” “anticipates,” “future,” “intends,” “plans,” “believes,” “estimates,” “confident” and similar statements. Among other things, business outlook and quotations from management in this announcement, contain forward-looking statements. Huize may also make written or oral forward-looking statements in its periodic reports to the U.S. Securities and Exchange Commission (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. 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: Huize's goal and strategies; Huize's expansion plans; Huize's future business development, financial condition and results of operations; Huize's expectation regarding demand for, and market acceptance of, its online insurance products; Huize's expectations regarding its relationship with insurer partners and insurance clients and other parties it collaborates with; 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 Huize's filings with the SEC. All information provided in this press release is as of the date of this press release, and Huize does not undertake any obligation to update any forward-looking statement, except as required under applicable law.

Huize Holding Limited

Unaudited Consolidated Balance Sheets

(all amounts in thousands, except for share and per share data)

	As of December 31		As of June 30	
	2020		2021	
	RMB		RMB	USD
Assets				
Current assets				
Cash and cash equivalents	404,618		430,738	66,713
Restricted cash	324,330		173,004	26,795
Contract Assets	216		739	114
Accounts receivables, net of allowance for impairment	232,589		131,182	20,318
Insurance premium receivables	1,974		1,240	192
Amounts due from related parties	251		248	38
Prepaid expense and other receivables	44,377		69,061	10,697
Investments accounted for at fair value	-		1,709	265
Total current assets	1,008,355		807,921	125,132
Non-current assets				
Property, plant and equipment, net	10,251		13,607	2,107
Intangible assets, net	2,030		7,331	1,135
Deferred tax assets	605		605	94
Investments accounted for at fair value	-		6,094	944
Long-term investments	46,084		50,033	7,749
Operating lease right-of-use assets	267,352		261,568	40,512
Goodwill	461		1,407	218
Other assets	838		10,476	1,623
Total non-current assets	327,621		351,121	54,382
Total assets	1,335,976		1,159,042	179,514
Current liabilities				
Short-term borrowings	31,540		116,490	18,042
Accounts payable	227,532		134,296	20,800
Insurance premium payables	187,219		68,890	10,670
Other payables and accrued expenses	31,153		28,395	4,398
Payroll and welfare payable	63,919		68,832	10,661
Income taxes payable	2,440		2,440	378
Operating lease liabilities	12,763		15,016	2,325
Total current liabilities	556,566		434,359	67,274
Non-current liabilities				
Long-term borrowings	53,860		45,690	7,076
Deferred tax liabilities	605		605	94
Operating lease liabilities	252,106		260,684	40,375
Payroll and welfare payable	4,156		2,513	389
Total non-current liabilities	310,727		309,492	47,934
Total liabilities	867,293		743,851	115,208
Shareholders' equity				
Class A common shares	62		62	10
Class B common shares	10		10	2
Treasury stock	(2,063)		(9,545)	(1,478)
Additional paid-in capital	884,920		891,233	138,034
Accumulated other comprehensive income	(21,972)		(25,639)	(3,971)
Accumulated deficit	(392,274)		(440,930)	(68,291)
Total shareholders' equity	468,683		415,191	64,306
Total liabilities and shareholders' equity	1,335,976		1,159,042	179,514

Huize Holding Limited

Unaudited Consolidated Statements of Comprehensive Income

(all amounts in thousands, except for share and per share data)

	For the Three Months Ended June 30,			For the Six Months Ended June 30,		
	2020	2021		2020	2021	
	RMB	RMB	USD	RMB	RMB	USD
Operating revenue						
Brokerage income	234,177	217,268	33,650	481,866	949,898	147,120
Other income	828	1,353	210	1,832	3,704	574
Total operating revenue	235,005	218,621	33,860	483,698	953,602	147,694
Operating costs and expenses						
Cost of revenue	(139,849)	(151,969)	(23,537)	(287,645)	(708,665)	(109,758)
Other cost	(616)	(418)	(65)	(1,535)	(1,189)	(184)
Total operating costs	(140,465)	(152,387)	(23,602)	(289,180)	(709,854)	(109,942)
Selling expenses	(48,118)	(77,853)	(12,058)	(101,072)	(154,829)	(23,980)
General and administrative expenses	(43,476)	(40,399)	(6,257)	(82,463)	(94,460)	(14,630)
Research and development expenses	(10,627)	(25,742)	(3,987)	(21,814)	(44,575)	(6,904)
Total operating costs and expenses	(242,686)	(296,381)	(45,904)	(494,529)	(1,003,718)	(155,456)
Operating income/(loss)	(7,681)	(77,760)	(12,044)	(10,831)	(50,116)	(7,762)
Other income/(expenses)						
Interest expenses	(206)	(657)	(102)	(619)	(877)	(136)
Unrealized exchange gain/(loss)	(5)	(9)	(1)	(38)	(11)	(2)
Investment income/(loss)	-	(482)	(75)	-	(241)	(37)
Others, net	4,897	1,402	217	5,983	4,040	625
Profit before income tax, and share of income/(loss) of equity method investee	(2,995)	(77,506)	(12,005)	(5,505)	(47,205)	(7,312)
Income tax expense	(731)	1,529	237	(819)	-	-
Share of income/(loss) of equity method investee	-	(1,200)	(186)	299	(1,451)	(225)
Net profit/(loss)	(3,726)	(77,177)	(11,954)	(6,025)	(48,656)	(7,537)
Net profit/(loss) attributable to Huize Holding Limited	(3,726)	(77,177)	(11,954)	(6,025)	(48,656)	(7,537)
Redeemable preferred shares redemption value accretion	-	-	-	(4,274)	-	-
Allocation to redeemable preferred shares	-	-	-	1,074	-	-
Net loss attributable to common shareholders	(3,726)	(77,177)	(11,954)	(9,225)	(48,656)	(7,537)
Net profit/(loss)	(3,726)	(77,177)	(11,954)	(6,025)	(48,656)	(7,537)
Foreign currency translation adjustment, net of tax	(1,028)	(4,890)	(757)	3,495	(3,667)	(568)
Comprehensive income/(loss)	(4,754)	(82,067)	(12,711)	(2,530)	(52,323)	(8,105)
Comprehensive income/(loss) attributable to Huize Holding Limited	(4,754)	(82,067)	(12,711)	(2,530)	(52,323)	(8,105)

Weighted average number of common shares used in computing net profit/(loss) per share

Basic and diluted	1,015,971,202	1,021,197,639	1,021,197,639	904,708,668	1,022,075,704	1,022,075,704
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Net income/(loss) per share attributable to common shareholders

Basic and diluted	(0.00)	(0.08)	(0.01)	(0.01)	(0.05)	(0.01)
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Huize Holding Limited

Unaudited Reconciliations of GAAP and Non-GAAP Results

(all amounts in thousands, except for share and per share data)

	For the Three Months Ended June 30,			For the Six Months Ended June 30,		
	2020	2021		2020	2021	
	RMB	RMB	USD	RMB	RMB	USD
Net profit/(loss)	(3,726)	(77,177)	(11,954)	(6,025)	(48,656)	(7,537)
Share-based compensation expenses	17,828	(6,119)	(948)	42,326	4,108	636
Non-GAAP net profit/(loss)	14,102	(83,296)	(12,902)	36,301	(44,548)	(6,901)