



Q4 2023 and FY 2023 Earnings

March 2024

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Q4 2023 Snapshot



45.8 million Fulfilled Orders⁽¹⁾
+40.4% YoY



2.24 million Average Shippers MAUs⁽²⁾
+18.7% YoY



RMB 2,408.0 million
Net Revenues
+25.3% YoY



RMB 588.3 million
Net Income
+200.6% YoY



RMB 733.0 million
Adj. Net Income⁽³⁾
+64.4% YoY

Notes:

1. Fulfilled orders on our platform in a given period are defined as all shipping orders matched through our platform during such period but exclude (i) shipping orders that are subsequently canceled and (ii) shipping orders for which our users failed to specify any freight prices as there are substantial uncertainties as to whether the shipping orders are fulfilled.
2. Average shipper MAUs in a given period are calculated by dividing (i) the sum of shipper MAUs for each month of a given period by (ii) the number of months in a given period. Shipper MAUs are defined as the number of active shippers on our platform in a given month. Active shippers are defined as the aggregate number of registered shipper accounts that have posted at least one shipping order on our platform during a given period.
3. Non-GAAP adjusted net income is defined as net income excluding (i) share-based compensation expense; (ii) amortization of intangible assets resulting from business acquisitions; (iii) compensation cost incurred in relation to continuing service terms in business acquisitions; (iv) settlement in principle of U.S. securities class action, which is non-recurring; and (v) tax effects of non-GAAP adjustments. See “Non-GAAP Reconciliation” on page 7 of this presentation.

FY 2023 Snapshot



158.8 million Fulfilled Orders⁽¹⁾
+33.4% YoY



2.03 million Average Shippers MAUs⁽²⁾
+21.3% YoY



RMB 8,436.2million
Net Revenues
+25.3% YoY



RMB 2,227.1 million
Net Income
+440.7% YoY



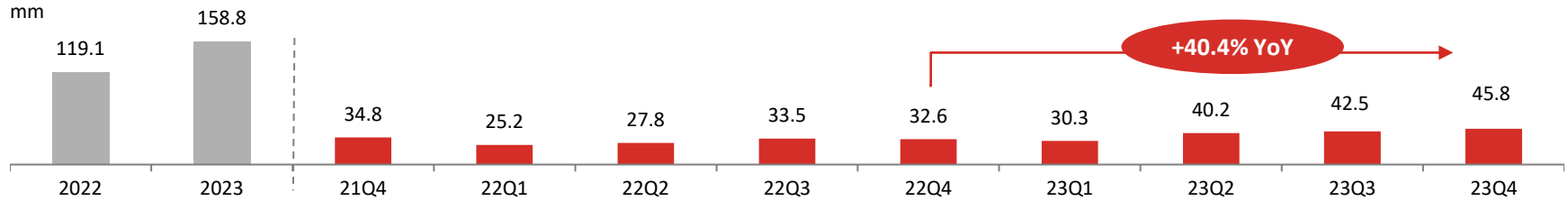
RMB 2,797.0million
Adj. Net Income⁽³⁾
+100.4% YoY

Notes:

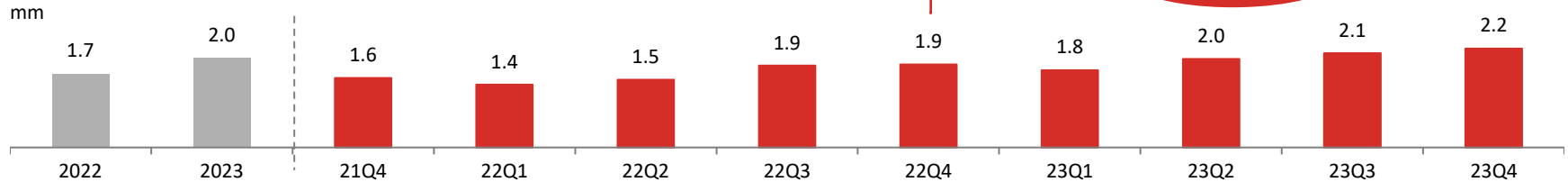
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Sustained Momentum in Both Order and User Growth

Number of Fulfilled Orders⁽¹⁾



Average Shipper MAUs⁽²⁾



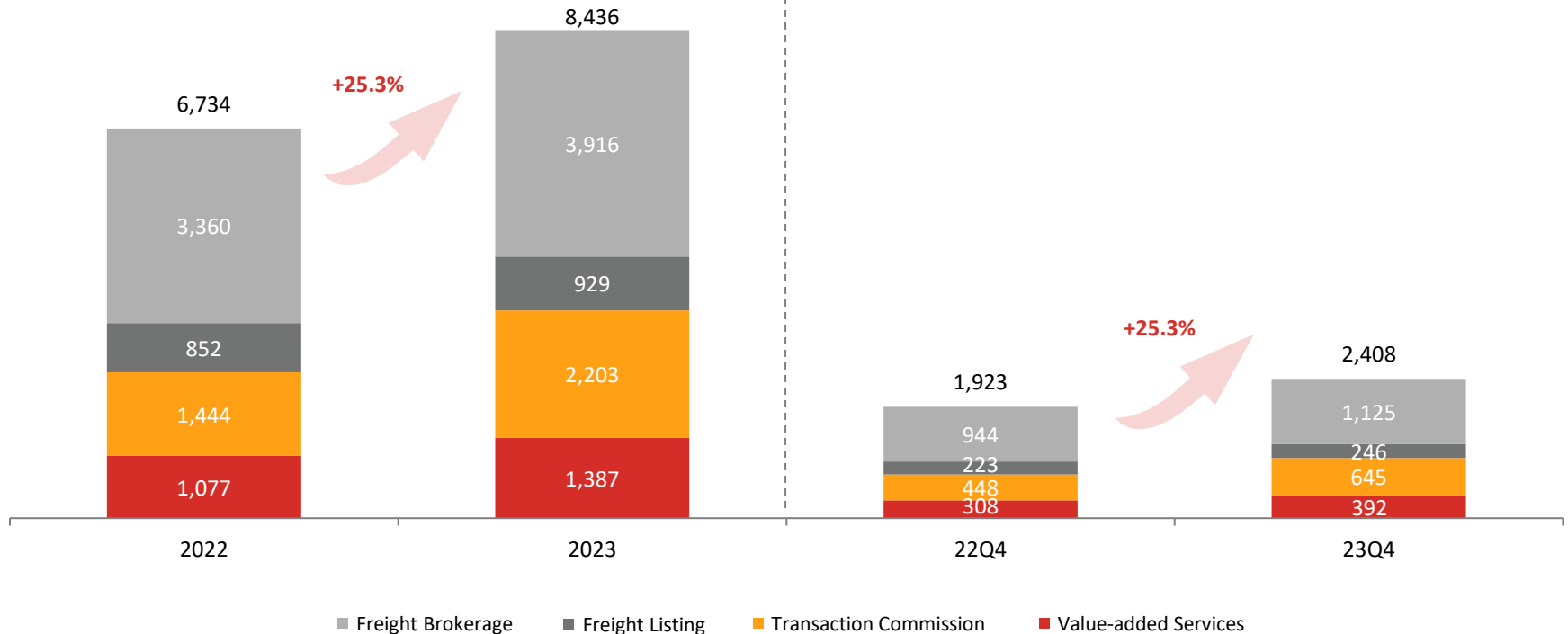
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Strong Revenue Growth and Diversified Monetization Channels

Revenue Breakdown

(RMB mm)

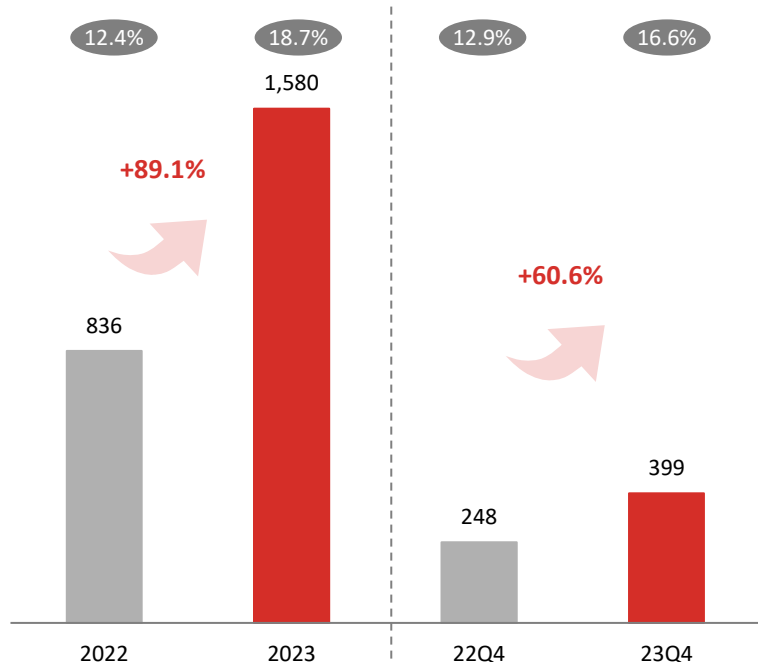


Improving Operating Leverage and Profitability

Non-GAAP Adjusted Operating Income ⁽¹⁾

(RMB mm)

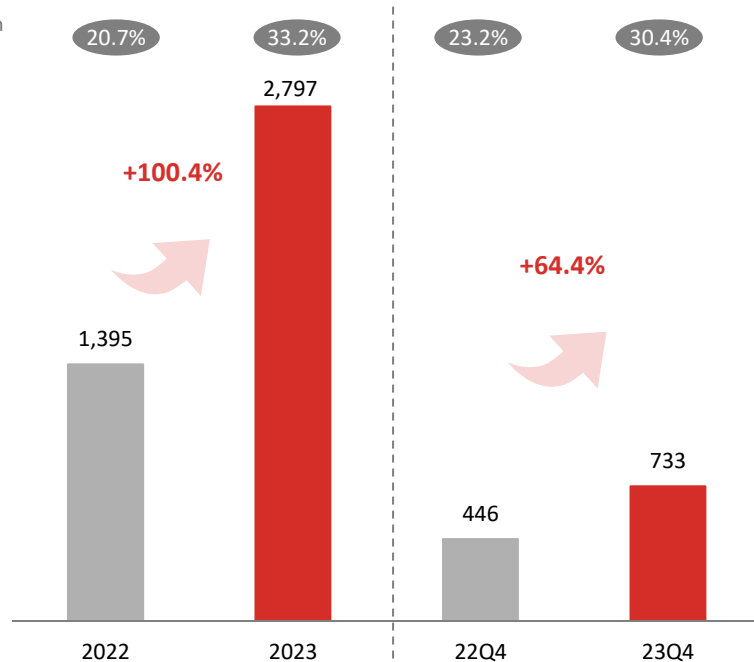
Margin %



Non-GAAP Adjusted Net Income ⁽²⁾

(RMB mm)

Margin %



Notes:

1. Non-GAAP adjusted operating income is defined as income from operations excluding (i) share-based compensation expense; (ii) amortization of intangible assets resulting from business acquisitions; (iii) compensation cost incurred in relation to continuing service terms in business acquisitions and (iv) settlement in principle of U.S. securities class action, which is non-recurring. See "Non-GAAP Reconciliation" on page 7 of this presentation
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Consolidated Income Statement

	Three months ended			Year ended	
	Dec 31, 2022	Sep 30, 2023	Dec 31, 2023	Dec 31, 2022	Dec 31, 2023
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Net revenues⁽¹⁾	1,922,473	2,263,917	2,407,957	6,733,644	8,436,159
Operating expenses:					
Cost of revenues ⁽²⁾	(951,779)	(1,142,057)	(1,152,317)	(3,514,551)	(4,119,016)
Sales and marketing expenses	(281,129)	(290,782)	(420,960)	(902,269)	(1,239,191)
General and administrative expenses	(408,181)	(290,443)	(266,016)	(1,417,933)	(937,677)
Research and development expenses	(250,207)	(237,716)	(255,344)	(914,151)	(946,635)
Net income	195,685	618,423	588,250	411,900	2,227,093

Notes:

- Including value added taxes, "VAT", of RMB998.5 million, RMB1,137.9 million, RMB1,197.4 million, RMB3,550.9 million, and RMB4,172.7 million for the three months ended Dec 31, 2022, Sep 30, 2023, and Dec 31, 2023, and year ended Dec 31, 2022 and Dec 31, 2023, respectively
- Including VAT net of refund of VAT of RMB675.4 million, RMB870.0 million, RMB864.7 million, RMB2,539.3 million, and RMB3,121.0 million for the three months ended Dec 31, 2022, Sep 30, 2023, and Dec 31, 2023, and year months ended Dec 31, 2022 and Dec 31, 2023, respectively

Non-GAAP Reconciliation

	Three months ended			Year ended	
	Dec 31, 2022	Sep 30, 2023	Dec 31, 2023	Dec 31, 2022	Dec 31, 2023
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
(Loss) income from operations	(5,270)	247,060	250,816	(162,002)	997,429
Add:					
Share-based compensation expense	235,238	122,200	130,675	919,255	441,827
Amortization of intangible assets resulting from business acquisitions	14,121	13,021	13,021	56,484	52,084
Compensation cost incurred in relation to acquisitions	4,281	4,281	4,281	21,914	17,124
Settlement in principle of U.S. securities class action	—	71,900	—	—	71,900
Non-GAAP adjusted operating income	248,370	458,462	398,793	835,651	1,580,364
Net income	195,685	618,423	588,250	411,900	2,227,093
Add:					
Share-based compensation expense	235,238	122,200	130,675	919,255	441,827
Amortization of intangible assets resulting from business acquisitions	14,121	13,021	13,021	56,484	52,084
Compensation cost incurred in relation to acquisitions	4,281	4,281	4,281	21,914	17,124
Settlement in principle of U.S. securities class action	—	71,900	—	—	71,900
Tax effects of non-GAAP adjustments	(3,530)	(3,255)	(3,255)	(14,120)	(13,021)
Non-GAAP adjusted net income	445,795	826,570	732,972	1,395,433	2,797,007

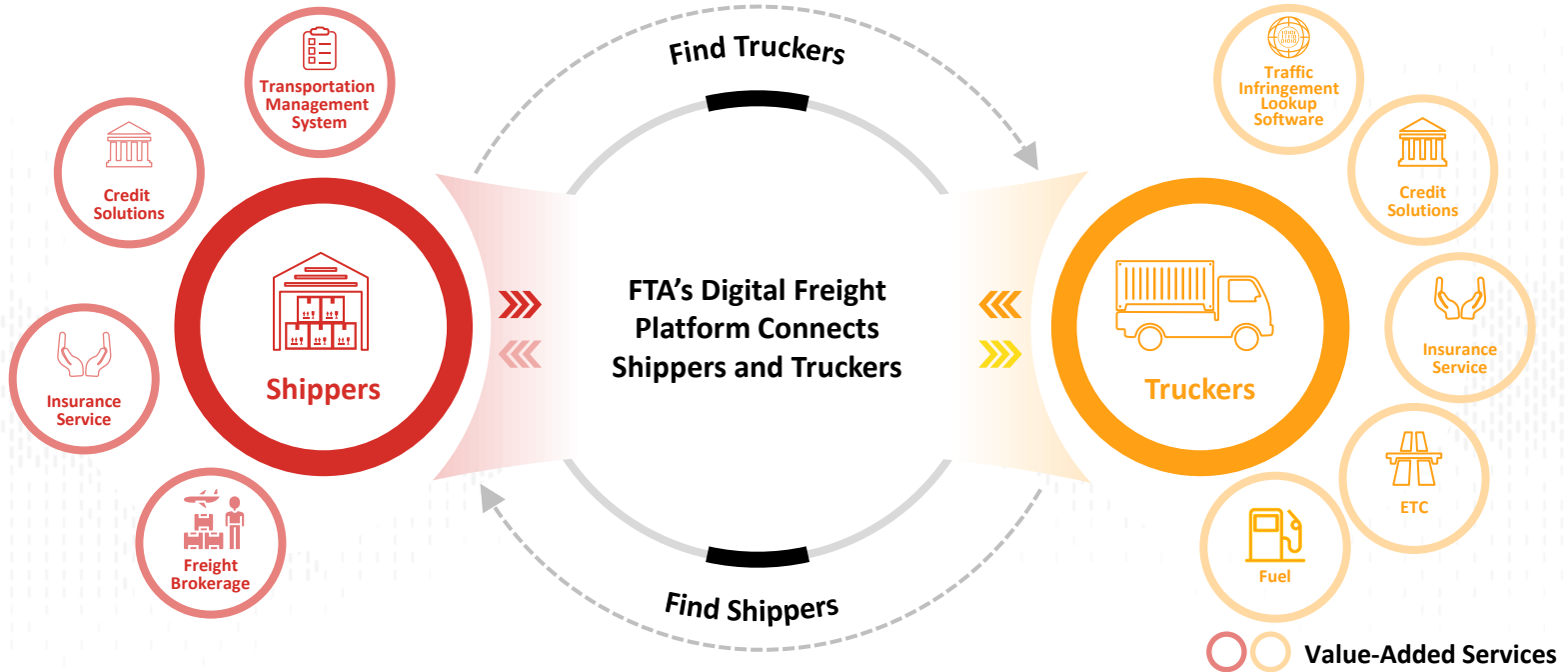
Consolidated Balance Sheet

	As of Dec 31, 2022	As of Dec 31, 2023
	RMB'000	RMB'000
Current Assets:		
Cash and cash equivalents	5,137,312	6,770,895
Restricted cash – current	83,759	115,513
Short-term investments	21,087,089	11,516,304
Accounts receivable, net	13,015	23,418
Loans receivable, net	2,648,449	3,521,072
Prepayments and other current assets	2,034,427	2,049,780
Total Current Assets	31,004,051	23,996,982
Restricted cash – non-current	—	10,000
Long-term investments ⁽¹⁾	1,774,270	11,075,739
Property and equipment, net	108,824	194,576
Intangible assets, net	502,421	449,904
Goodwill	3,124,828	3,124,828
Deferred tax assets	41,490	149,081
Operating lease right-of-use assets and land use rights	132,000	134,867
Other non-current assets	8,427	211,670
Total Non-Current Assets	5,692,260	15,350,665
Total Assets	36,696,311	39,347,647
Total Current Liabilities	2,731,765	3,274,673
Total Non-Current Liabilities	157,542	178,250
Total Liabilities	2,889,307	3,452,923
Total Shareholders' Equity	33,657,233	35,617,304
Total Liabilities, Mezzanine Equity and Equity	36,696,311	39,347,647

Notes:

1. The Company's long-term investments consist of RMB8,540 million long-term time deposits, RMB678 million wealth management products with maturities over one year, RMB831 million available-for-sale debt investments, RMB318 million equity method investments, and RMB708 million equity investments without readily determinable fair value as of December 31, 2023.

FTA's Digital Freight Platform



Digital



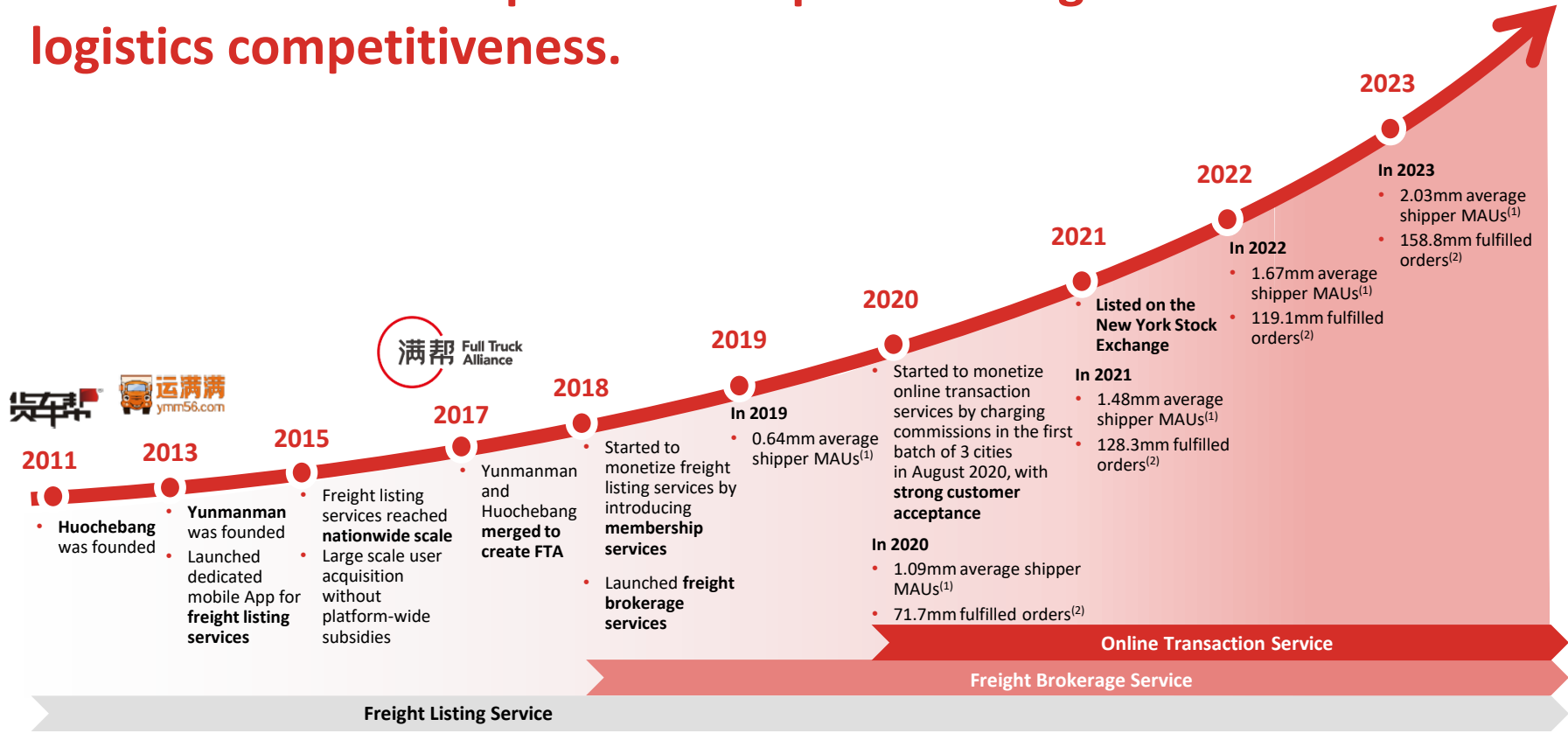
Standardized



Smart

FTA's Technology Infrastructure

FTA's Mission: To empower enterprises with greater logistics competitiveness.



Notes:

- Average shipper MAUs in a given period are calculated by dividing (i) the sum of shipper MAUs for each month of a given period by (ii) the number of months in a given period. Shipper MAUs are defined as the number of active shippers on our platform in a given month
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Our Value Proposition to Direct Shippers

Direct Shippers (Demand)



Pain Points

- ✗ **Limited reach** to a small group of truckers
- ✗ **Low efficiency & long matching time**
- ✗ **Multiple layers of sub-contracting** involving 3PLs / brokers
- ✗ **Expensive quotes** from 3PLs / brokers
- ✗ **Limited protection / counterparty risk**, leading to frequent disputes
- ✗ **Unmet working capital needs**
- ✗ **Poor service quality**
- ✗ **Difficulty** in obtaining legitimate tax invoice

What We Offer

- ✓ **Freight Listing service** to allow direct orders posting on FTA app
 - RMB688 membership: up to 100 orders / year
 - Non-paying shipper members: up to 5 free orders / month
- ✓ Access to a pool of **3.88 million active truckers⁽²⁾**
- ✓ Matching with truckers **directly without intermediary, reduces freight fee by ~10-15%** vs. traditional channels
- ✓ **Average time spent on finding shippers** drops from 3-5 days to **less than 10min**
- ✓ **Real-time tracking, cargo damage protection** and **dispute resolution**
- ✓ **Working capital loans** & other financial services
- ✓ **Dedicated customer service** and **legitimate VAT tax invoice service** offered under **Freight Brokerage service**

Contribution from “688” members and non-paying users by number of fulfilled orders remained stable in 4Q23

Notes:

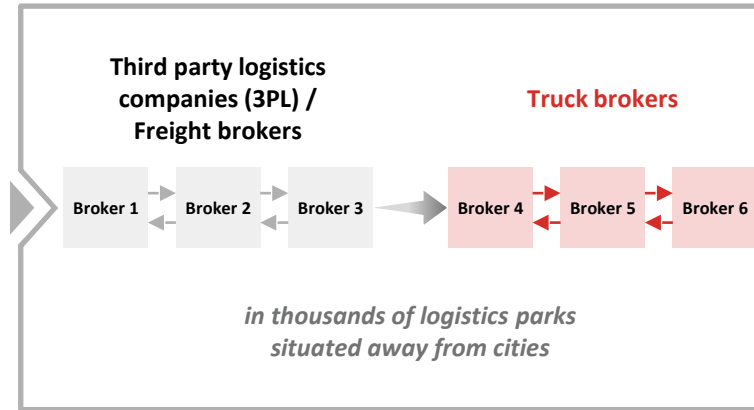
1. Small and medium sized enterprises in China as of 2021, according to MIIT, CIC
2. Active truckers are defined as truckers who fulfilled orders in the past 12 months as of 4Q2023

Our Value Proposition to 3PLs and Brokers

Pain Points

- × **Limited access to truckers**
- × At least **RMB10k / year** for offline booth rental
- × Dispatching orders on **blackboards**
- × **Low efficiency & long matching time**
- × **Lack of productivity tools** to track matched orders and truckers
- × **Limited protection / counterparty risk**, leading to **frequent disputes**
- × **Unmet working capital needs**
- × **Poor service quality**
- × **Difficulty** in obtaining a **legitimate tax invoice**

Professional Shippers



What We Offer

- ✓ **Freight Listing service** for professional shippers to post orders on FTA app
 - RMB1688 membership: up to 1,688 orders / year
- ✓ Platform to publish order, make matching **“anytime, anywhere”**
- ✓ Negotiation channels for **lower freight rate** by utilizing back-haul capacity
- ✓ **Save logistics costs** (e.g. logistic park rent)
- ✓ **Real-time tracking, cargo damage protection and dispute resolution**
- ✓ **Working capital loans** & other financial services
- ✓ **Premium customer service** and **legitimate VAT tax invoice** provided under **Freight Brokerage service**

Our Value Proposition to Truckers

Pain Points

- ✗ Dispatching orders on **blackboards**
- ✗ **Low efficiency**
- ✗ **Wasted mileage and time** to travel to logistics parks
- ✗ Extra costs for **parking & accommodation**
- ✗ **Limited protection / significant counter-party risk**, leading to frequent disputes
- ✗ **Idle capacity** resulting in low-income visibility
- ✗ **Difficult to get access to loans** from banks without available credit rating system

What We Offer

- ✓ LBS mobile app that **accumulates nationwide shippers** (both direct shippers and brokers)
- ✓ **Accurately match orders** for both ends
- ✓ Better capture the freight fees with the **elimination of payment to the intermediary**
- ✓ **Shortened average time spent** on finding orders (from 3-5 days to **less than 10 mins**)
- ✓ **Data-enabled user credit profiles** make credit solutions more accessible
- ✓ **Higher earnings** with **fewer empty miles** and **better utilization**
- ✓ Deposit (to shipper) and commission (to FTA) are paid before pick-up

Next-month retention of truckers who responded to orders remained high at 84% in 4Q2023

Diverse Revenue Streams and Monetization

Freight Listing

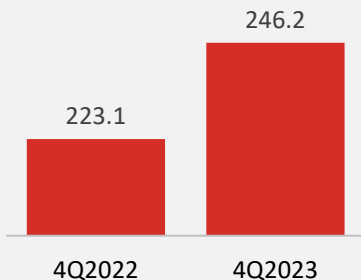
Basic order posting service under different membership tiers

Per annum:
RMB1688 members ~ up to 1688 orders
RMB688 members ~ up to 100 orders
Non-paying members ~ up to 5 orders for free
Per month

Shippers

REVENUE MODEL
Membership fee

Revenue: RMB mm



Freight Brokerage

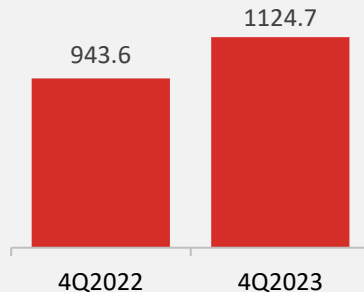
Higher level of service quality and VAT invoices for tax deductions

Charges ~6% service fee from shippers;
Improving users' reliance and stickiness;
Freight fees settled online

Shippers

REVENUE MODEL
Service fee charged by transaction

Revenue: RMB mm



Online Transaction

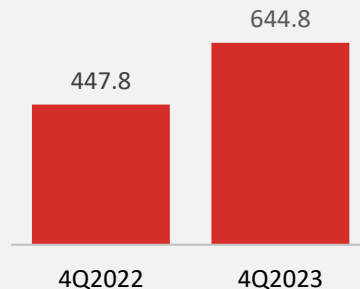
Charging commission with varying take rates depending on transaction types

~60% commission coverage as of 4Q23 in terms of no. of fulfilled orders;
Freight fees settled offline VS commission and deposit paid online

Truckers

REVENUE MODEL
Commission charged by transaction

Revenue: RMB mm



Value-added Services

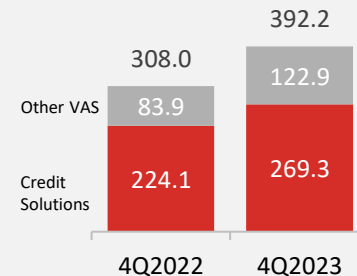
Critical to maintain customer stickiness and transaction frequency

Credit solutions for trucker financing;
Insurance offerings for truckers and shippers;
Diesel refueling card / ETC toll road card services to truckers;
TMS services to shippers, etc.

Shippers and Truckers

REVENUE MODEL
Commission, Service fee, Interest

Revenue: RMB mm



Powerful Network Effects

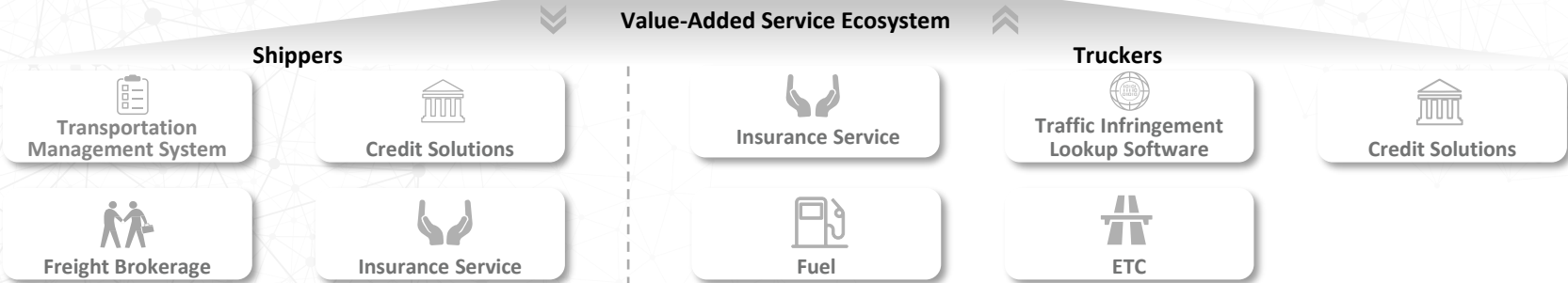
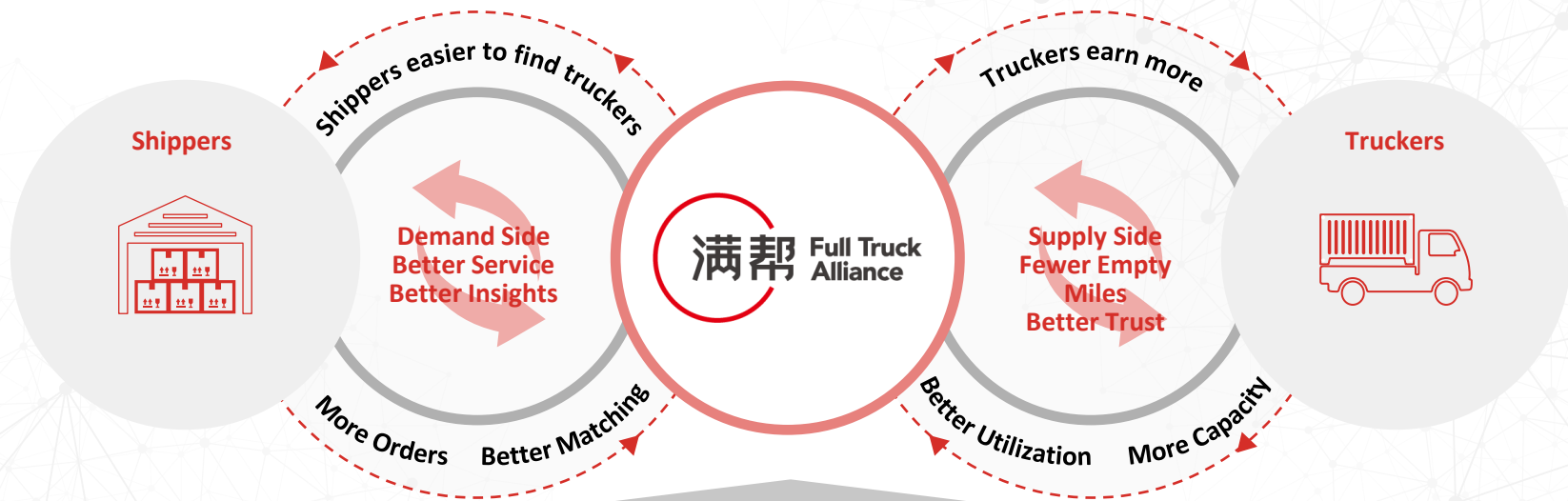








Illustration of VAT Impact under Freight Brokerage

	Item	Amount (RMB)	Explanatory Note	Financial Recognition
	Shipping fee and platform service fee received from the shipper, including VAT of RMB89 assuming VAT rate of 9%	1,068	<ul style="list-style-type: none"> VAT is included in the transaction price with the shipper 	Not in financial statements
	Shipping fee paid to the trucker	1,000	<ul style="list-style-type: none"> The shipping fee is agreed between the shipper and the trucker 	Not in financial statements
<hr style="border-top: 1px dashed red;"/>				
	Net revenue recognized	68	<ul style="list-style-type: none"> The difference between the amount we collect from the shippers and the amount we pay to the truckers is our platform service fee 	Revenue
	VAT payable to tax authorities and recorded in cost of revenue	89		Cost of revenue ⁽¹⁾
	Government subsidies based on VAT	45	<ul style="list-style-type: none"> We receive VAT refunds from local government authorities, and the rate of refund may vary across jurisdictions and over time 	Cost of revenue (deduction)
<hr style="border-top: 1px dashed red;"/>				
	Net contribution after VAT effect	24	<ul style="list-style-type: none"> Only VAT is factored in here 	

Notes:

- While there are other less significant tax costs associated with an actual freight brokerage transaction, only VAT and related refunds are included in the calculation above
- For more information please refer to the Company's annual report



Thank you

