

**FTA 3Q 2024 EARNINGS CALL SCRIPT**

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**Operator introduction**

Ladies and gentlemen, good day and welcome to Full Truck Alliance’s third quarter 2024 Earnings Conference Call. Today’s conference is being recorded. At this time, I would like to turn the conference over to Mao Mao, Head of Investor Relations. Please go ahead.

**Mao Mao**

Thank you, operator. Please note that today’s discussion will contain forward-looking statements relating to the Company’s future performance, which are intended to qualify for the Safe Harbor from liability, as established by the US Private Securities Litigation Reform Act. Such statements are not guarantees of future performance and are subject to certain risks and uncertainties, assumptions and other factors. Some of these risks are beyond the Company’s control and could cause actual results to differ materially from those mentioned in today’s press release and discussion.

A general discussion of the risk factors that could affect FTA’s business and financial results is included in certain filings of the Company with the Securities and Exchange Commission. The Company does not undertake any obligation to update this forward-looking information, except as required by law. During today’s call, management will also discuss certain non-GAAP financial measures, for comparison purposes only. For a definition of non-GAAP financial measures, and a reconciliation of GAAP to non-GAAP financial results, please see the earnings release issued earlier today.

Joining us today on the call from FTA’s senior management are Mr. Hui Zhang, our Founder, Chairman and Chief Executive Officer, and Mr. Simon Cai, our Chief Financial Officer. Management will begin with prepared remarks, and the call will conclude with a Q&A session.

As a reminder, this conference is being recorded. In addition, a webcast replay of this conference call will be available on FTA’s investor relations website at [ir.fulltruckalliance.com](http://ir.fulltruckalliance.com).

***I will now turn the call over to our Founder, Chairman, and CEO, Mr. Zhang. Please go ahead, sir.***

### **Mao Mao (translating CEO script from Mr. Zhang)**

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Hello everyone. Thank you for joining us today on our third quarter of 2024 earnings conference call.

Over the past quarter, we have continued our efforts to drive the digital and intelligent transformation of the logistics industry. By helping enterprises reduce costs and improve operating efficiency, we have enhanced their logistics competitiveness, a key differentiator in the current macroeconomic environment. As a result, we achieved 22% year-over-year growth in fulfilled orders in the third quarter, steadily advancing the shift away from traditional offline logistics matching models. In addition, the rapid expansion of our user base, together with the significant strengthening of the synergistic network effects between our shipper and trucker users, has improved cost and transaction efficiencies, organically fueling our growth.

Looking back at the third quarter, we are pleased with the progress we have made across the board, particularly in terms of new user acquisition, shipper operations, enhancing the trucker capacity supply, and boosting monetization quality. For new shippers, our vast addressable market covers tens of millions of small- and medium-sized enterprises that have logistics needs nationwide. During the third quarter, our efforts to capture this market, including user acquisition campaigns across diverse channels and ongoing product enhancements to improve new shippers' user experience, drove a strong influx of new shippers. In terms of shipper operations, we executed a full rebranding for “Yunmanman” this quarter, and boosted user stickiness by optimizing our product matrix for shipper members. These initiatives drove average shipper MAUs to another record high, reaching 2.84 million in the third quarter, up 33.6% year over year. To enhance our trucker supply, we fostered sustainable growth in transportation capacity by strategically leveraging our “Premium Cargo Bidding” initiative, trucker membership program, and trucker credit rating mechanism. This not only led to an increase in fulfillment rate to 34.5% this quarter, up 5.5 percentage points year over year, but also shortened the average matching time for our long-haul transactions. Lastly, on monetization, we continued to gradually unlock our platform's substantial monetization potential during the quarter, propelling rapid revenue growth. These achievements further underscored our immense value in driving cost savings for shippers, while empowering truckers with more orders, higher turnover, and extra income.

Thanks to our comprehensive operational excellence, our financial results this quarter again exceeded market expectations. Our total net revenues in the third quarter reached RMB3.03 billion, up 34% year over year. Among them, transaction service revenues grew by 69% year over year and accounted for nearly 35% of our total revenues. Non-GAAP adjusted operating income surged by 93% year over year to RMB884.5 million, and Non-GAAP adjusted net income increased by 50% year over year to RMB1.24 billion.

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Harnessing the momentum of China’s industrial transformation and upgrading, we have actively embraced the “new quality productive forces” trend, empowering emerging manufacturing industries with more competitive logistics solutions that drive their high-quality growth. As a pioneer in advanced logistics productivity, we are committed to addressing the government’s need to “reduce logistics costs across society.” Looking ahead to the fourth quarter, we will continue to invest deeply in digital and intelligent product innovation, creating greater value for all our users and society as a whole.

Thank you, everyone. Let me pass the call over to our CFO, Simon, who will provide an update on our third quarter’s business progress and financial results.

### **Simon Cai, CFO of FTA**

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Thank you, Mr. Zhang, and thanks, everyone, for making time to join our earnings conference call today. Let's review our operational and financial results for the third quarter of 2024.

I'll start with our operational performance. Although overall freight market activity remained subdued this quarter, our fulfilled orders increased by 22.1% year over year to 51.9 million in the third quarter. This robust growth was driven by our expanding shipper user base, as well as higher fulfillment efficiency thanks to enhanced product features and user experience on our platform.

Our fulfillment rate also continued to improve in the third quarter, reaching 34.5%, up 5.5 percentage points year over year and surpassing last quarter's record-setting fulfillment rate. This improvement was largely driven by the continuous shift in our shipper user structure and the resulting optimized order structure. The order contribution from our direct shippers reached 49% in the third quarter, which is expected to exceed 50% soon. Meanwhile, both our 688 member shippers and non-member shippers achieved average fulfillment rates above 50%. Looking ahead, we are committed to further enhancing our platform's overall order structure by advancing our direct shipper acquisition strategies and improving matching efficiency through streamlined fulfillment processes across transaction types. We are confident that these efforts will lead to sustained improvements in fulfillment efficiency across the platform.

Turning to our user base. Our average shipper MAUs reached 2.84 million in the third quarter, up 33.6% year over year and 7.4% quarter over quarter. Notably, our average shipper MAUs surpassed 3 million in September. Once again, the strong growth in shipper users was largely attributable to growth among our low- and medium-frequency direct shippers, particularly our expanding non-member shippers, underscoring the effectiveness of our user acquisition strategies and outstanding execution capabilities.

Since the third quarter, we have been ramping up our investments in user acquisition and brand campaigns across diverse channels, effectively expanding our reach to a wider pool of potential users. Additionally, we have sharpened our focus on customer experience, taking multiple steps to address their feedback including simplifying the shipment process and proactively engaging dormant users through targeted customer service efforts. We are confident we can maintain rapid growth in our shipper user base. Moreover, by refining the fulfillment experience for shippers' first three orders, we have meaningfully improved new users' perception of our services and increased our share of mind, resulting in consistently robust shipper activity with our shipper-member 12-month rolling retention rate remaining above 80% in the third quarter.

In addition to continuous shipper user growth, our platform’s influence and wallet share are also steadily increasing within the trucker community. This has been demonstrated by the number of active truckers fulfilling orders through our platform over the past 12 months, which by September reached a new milestone, exceeding 4 million for the first time. Even with the growing user base, our next-month retention of truckers who responded to orders remained above 85% by average in the third quarter. In the meantime, the average number of quarterly fulfilled orders per active trucker fulfilling orders on our platform surpassed last quarter’s peak, hitting another new record high. Taken together, these user metrics underscore truckers’ growing reliance on our platform.

To enhance trucker operations, we implemented an array of operational upgrades and optimizations based on the existing operations framework. First, we identified and segmented new truckers, as well as providing user education, helping them quickly familiarize themselves with FTA’s features for order acceptance and fulfillment to ensure an optimal fulfillment experience for shippers. We also introduced our “Carefree” package or trucker membership program for the long-haul segment to increase trucker retention and stickiness. In addition, we continued to drive the “Premium Cargo Bidding” initiative launched last quarter, leveraging the distribution of high-quality orders to incentivize truckers to boost their fulfillment efficiency and credit ratings, which resulted in higher overall trucker activity.

Next, I’d like to highlight the progress we made on our transaction service. In the third quarter, revenues from transaction service maintained their strong growth momentum, soaring by 68.6% year over year to RMB1.05 billion. This was fueled by the steady growth in order volume, increased monetized order penetration, and improved monetization rate, resulting from enhanced platform functionality and service quality.

Our monetized order penetration ratio reached 82.8% for the quarter, an increase of more than 12 percentage points year over year from 70.1% in the prior year period. Our average monetization amount per order, including transaction commission and trucker membership fee, increased to RMB24.4 in the third quarter from RMB20.9 a year ago. Without compromising user experience and matching efficiency, we have consistently refined our commission strategy, fine-tuning the granularity of commission metrics to cater to the sensitivities of different transaction types, supply-demand dynamics, and user demographics. Looking ahead to the fourth quarter, we expect both the monetization rate and monetized order penetration ratio to remain disciplined and steadily improve.

Before going over our financial results, I’d like to provide a brief update on our share repurchase program. Since we announced our one-year share repurchase program totaling USD300 million

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on March 13, 2024, we have repurchased approximately 4.9 million ADS shares, totaling approximately USD40.3 million.

Moving on to our 2024 third-quarter financial results.

Our total net revenues in the third quarter were RMB3,031.4 million, representing a 33.9% increase year over year, primarily attributable to an increase in revenues from freight matching services.

Net revenues from freight matching services, including service fees from freight brokerage models, membership fees from listing models, and commissions from transaction services, were RMB2,551.8 million in the third quarter, representing an increase of 34.0% year over year, primarily due to a rapid increase in transaction service and the continued growth in freight brokerage service.

Revenues from the freight brokerage service in the third quarter were RMB1,280.9 million, up 19.7% year over year, primarily attributable to an increase in transaction volume due to the continued growth in user demand.

Revenues from the freight listing service in the third quarter were RMB223.4 million, up 4.9% year over year, primarily due to a growing number of total paying members.

Revenues from the transaction service in the third quarter were RMB1,047.5 million, up 68.6% year over year, primarily driven by an increase in order volume, penetration rate, and the per-order transaction service fee.

Revenues from value-added services in the third quarter were RMB479.6 million, up 33.4% year over year. The increase was due to the growing demand from truckers and shippers for credit solutions and other value-added services.

Third-quarter cost of revenues was RMB1,364.9 million, compared with RMB1,142.1 million in the prior year period. The increase was primarily due to an increase in VAT, related tax surcharges and other tax costs, net of grants from government authorities. These tax-related costs net of government grants totaled RMB1,221.6 million, representing an increase of 18.3% from RMB1,032.5 million in the same period of 2023, primarily due to the expansion of transaction activities involving our freight brokerage service.

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Our sales and marketing expenses in the third quarter were RMB412.5 million, compared with RMB290.8 million in the same period of 2023. The increase was primarily due to an increase in advertising and marketing expenses for user acquisition.

General and administrative expenses in the third quarter were RMB227.9 million, compared with RMB290.4 million in the same period of 2023. The decrease was primarily because we recorded settlement in principle of certain U.S. securities class action in the same period last year, which was disclosed in the Form 6-K furnished to the U.S. Securities and Exchange Commission on September 18, 2023.

Research and development expenses in the third quarter were RMB195.1 million, compared with RMB237.7 million in the same period of 2023. The decrease was primarily due to lower salary and benefits expenses.

Income from operations in the third quarter was RMB762.0 million, compared with RMB247.1 million in the same period of 2023. Net income in the third quarter was RMB1,121.9 million, an increase of 81.4% from RMB618.4 million in the same period of 2023.

Under non-GAAP measures, our adjusted operating income in the third quarter was RMB884.5 million, an increase of 92.9% from RMB458.5 million in the same period of 2023. Our adjusted net income in the third quarter was RMB1,241.2 million, an increase of 50.2% from RMB826.6 million in the same period of 2023.

Basic and diluted net income per ADS were RMB1.06 in the third quarter, compared with RMB0.58 in the same period of 2023. Non-GAAP adjusted basic net income per ADS was RMB1.18 in the third quarter, compared with RMB0.78 in the same period of 2023. Non-GAAP adjusted diluted net income per ADS was RMB1.17 in the third quarter, compared with RMB0.78 in the same period of 2023.

As of September 30, 2024, the Company had cash and cash equivalents, restricted cash, short-term investments, long-term time deposits and wealth management products with maturities over one year of RMB27.3 billion in total, compared with RMB27.6 billion as of December 31, 2023.

For our fourth quarter 2024 business outlook, we expect our total net revenues to be between RMB2.94 billion and RMB3.00 billion, representing a year-over-year growth rate of approximately 22.3% to 24.8%. This forecast reflects the Company's current and preliminary views on the market and operational conditions, which are subject to change and cannot be predicted with reasonable accuracy as of the date hereof.

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That concludes our prepared remarks. We would now like to open the call to Q&A. Operator, please go ahead.