

# ZTO Express

## Q1 of Fiscal Year 2021

### Investor Relations

### Presentation

May 2021



# Safe Harbor Statement and Disclaimer

This presentation contains “forward-looking” statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and as defined in the Private Securities Litigation Reform Act of 1995. These forward-looking statements include but are not limited to our unaudited results for the first quarter of 2021, our management quotes and our financial outlook for 2021.

Our forward-looking statements are not historical facts but instead represent only our belief regarding expected results and events, many of which, by their nature, are inherently uncertain and outside of our control. Our actual results and other circumstances may differ, possibly materially, from the anticipated results and events indicated in these forward-looking statements. Announced results for the first quarter of 2021 are preliminary, unaudited and subject to audit adjustment. In addition, we may not meet our financial outlook for 2021 and may be unable to grow our business in the manner planned. We may also modify our strategy for growth. In addition, there are other risks and uncertainties that could cause our actual results to differ from what we currently anticipate, including those relating to the development of the e-commerce industry in China, our reliance on the Alibaba ecosystem, risks associated with our network partners and their employees and personnel, intense competition which could adversely affect our results of operations and market share, any service disruption of our sorting hubs or the outlets operated by our network partners or our technology system. For additional information on these and other important factors that could adversely affect our business, financial condition, results of operations, and prospects, please see our filings with the U.S. Securities and Exchange Commission.

All information provided in this presentation is as of the date of the presentation. We undertake no obligation to update any forward-looking statement, whether as a result of new information, future events or otherwise, after the date of this release, except as required by law.

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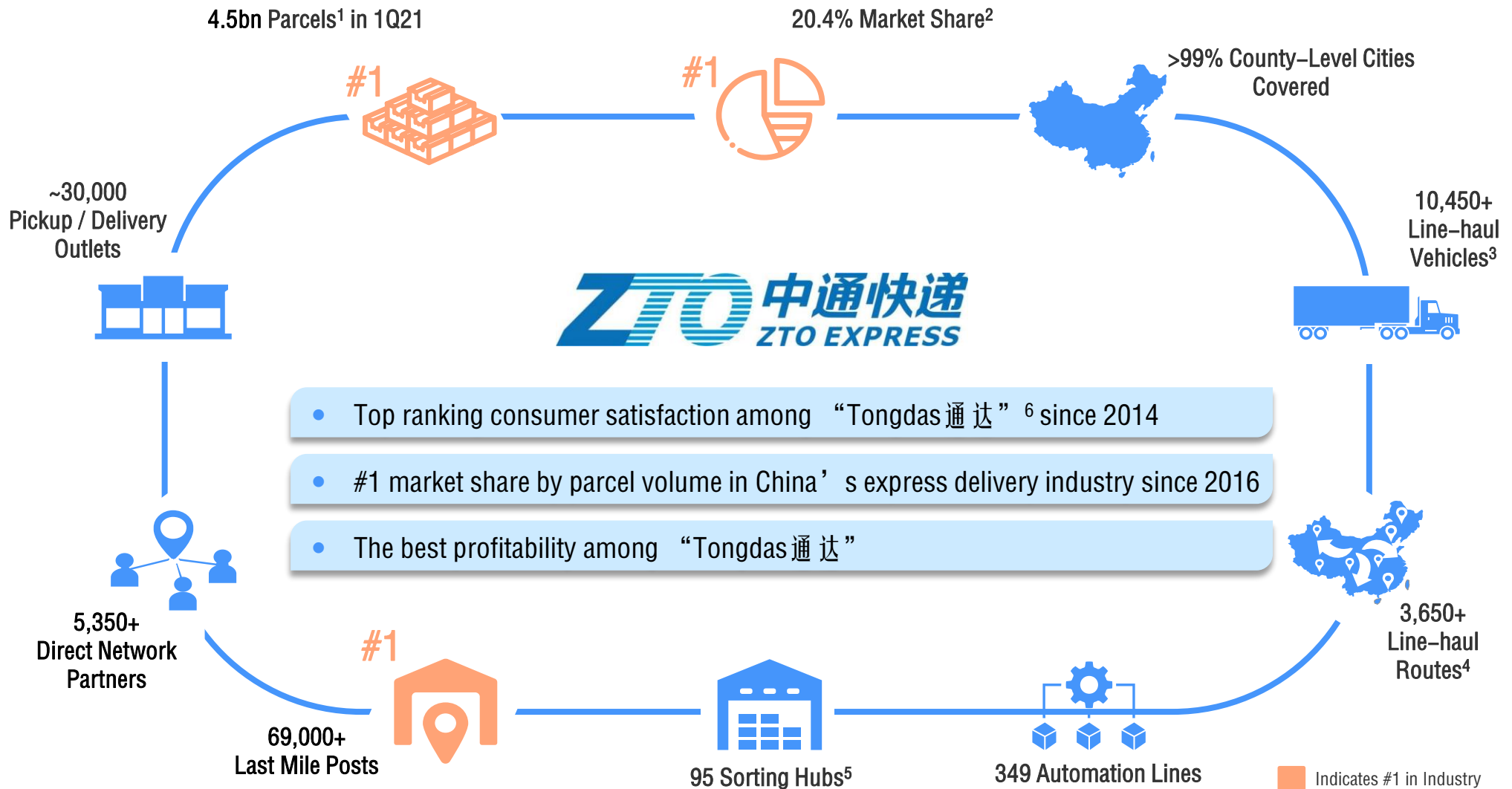


# COMPANY OVERVIEW



01

# Leading Express Delivery Company in China



Notes: Data as of 1Q21 unless otherwise indicated

Source: 1. “Parcels” or “Parcel volume” in any given period is defined as the number of parcels picked up using ZTO waybills

2. In terms of parcel volume calculated based on data from State Post Bureau

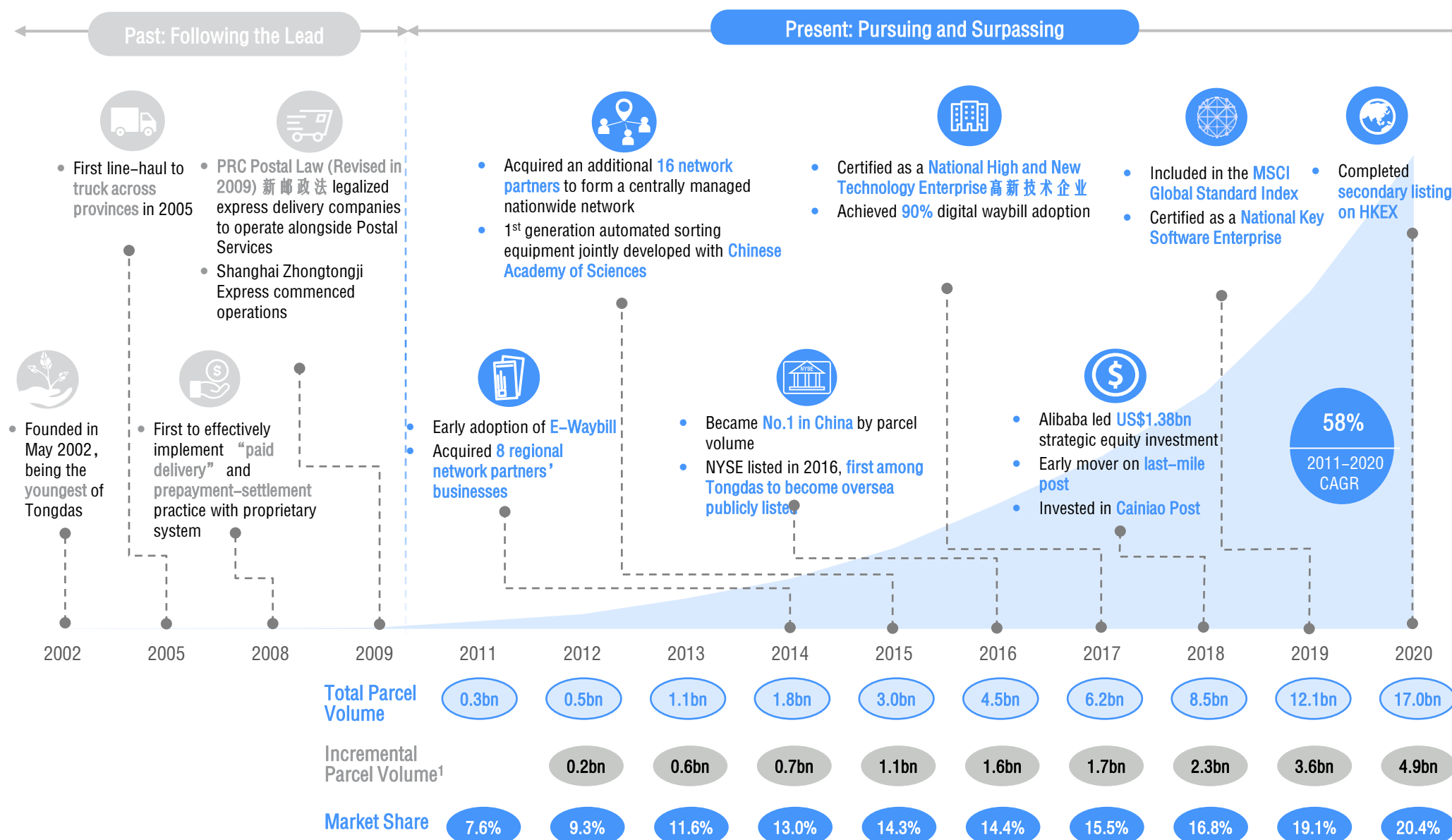
3. Includes over 10,050 self-owned vehicles with over 8,100 high capacity 15-17 meter trailer trucks

4. Line-haul routes between sorting hubs only

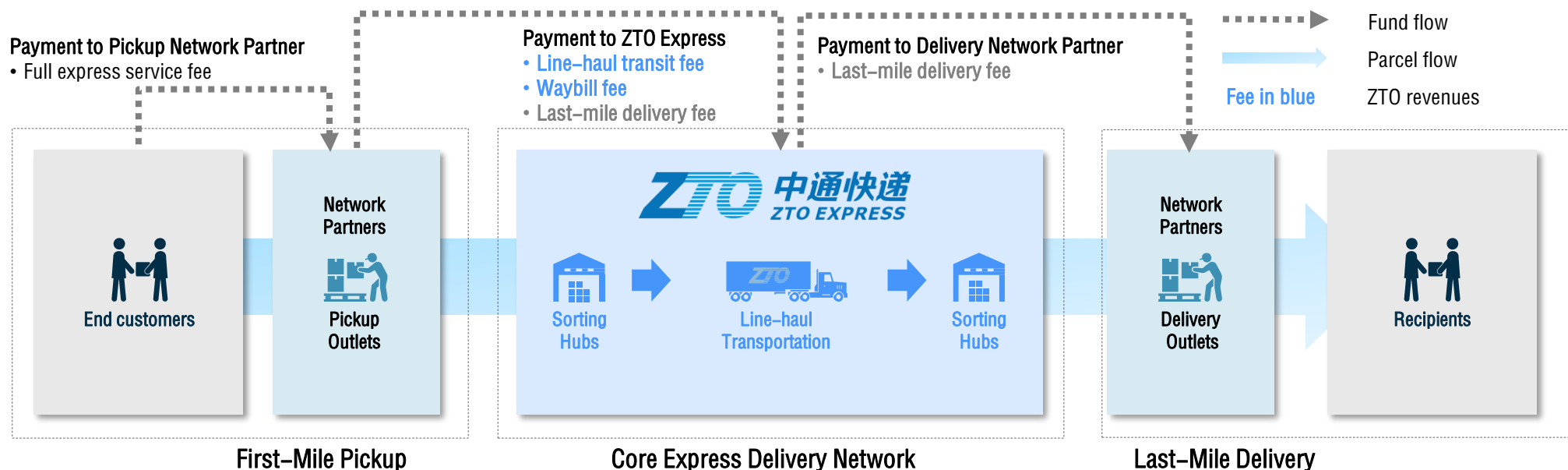
5. Includes 84 self-operated sorting hubs, and 11 sorting hubs operated by our network partners

6. ZTO, YUNDA, YTO, BEST and STO are commonly known as Tongdas

# Our Business: Past and Present



# Our Distinct Network Partner Business Model ( “NPM” )



## Key Advantages of a Network Partner Model ( “NPM” )

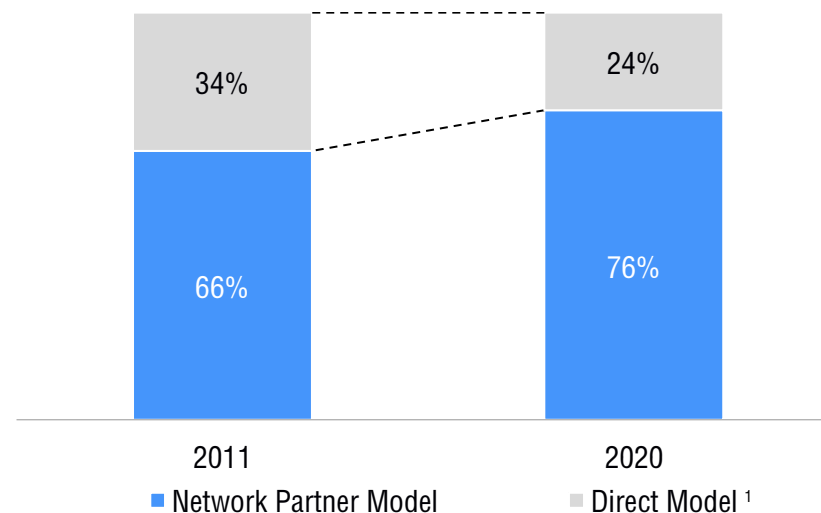
- Network Scalability** ✓ Rapid geographic coverage expansion
- Flexibility** ✓ Localized decision-making
- Capital Efficiency** ✓ Lower costs for first/last-mile buildout

## Our NPM: “Best of Both Worlds”

- Shared success philosophy**
  - Build cohesiveness, align interests, share risks, assure rewards
  - Milestone event: converting major network partners into shareholders
- Centralized proprietary Zhongtian system and well-integrated peripherals**
  - Technology backbone for effective end-to-end collaboration with network partners
  - “Best of both worlds” : NPM organization yet vertically managed through digitalization

## NPM Gaining Share in Express Delivery Market

(Market share by parcel volume)



Note:

1. Include SF, EMS, China Post, JD, and other express delivery companies that use direct model. JD market share based on assumptions



# Our Core Competitive Advantages

Our shared success philosophy, our focus on profitability and our disciplined investment approach greatly contributed to our distinct leadership in the industry and cannot be easily replicated







OUR CORE  
COMPETITIVE ADVANTAGES

02

# 1 Significant Market Growth Opportunities

## Market Opportunities

### Sustainable Growth Prospect of Express Delivery Industry

#### High Internet and Digital Commerce Penetration



990mm

Internet users in China  
as of Dec 2020



782mm

Online shoppers in China  
as of Dec 2020

### E-Commerce as a Major Growth Driver for Express Delivery

(RMB trn)

24.9%

20-24 CAGR: 18.2%

32.4%

9.8

19.1

2020

2024E

Online Retail Sales of Physical Goods

E-Commerce Penetration Rate

## Express Delivery Industry

### High-Volume Growth of Express Delivery Industry

(Bn parcels)

20-24 CAGR: 17.4%

83.4

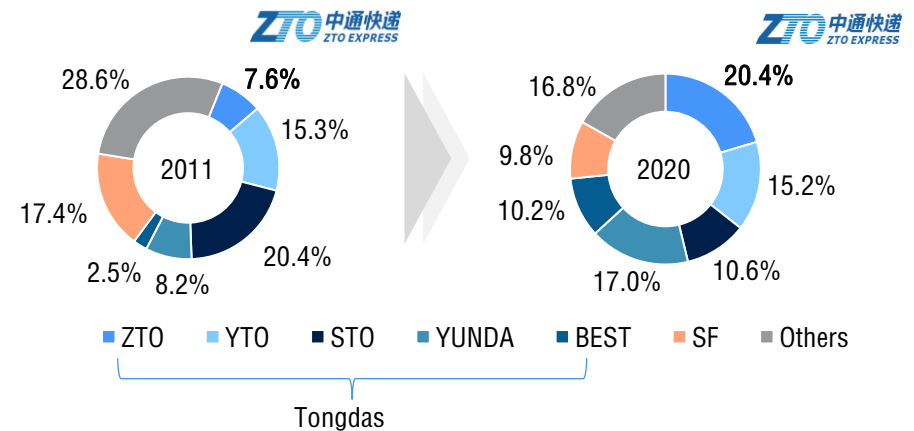
158.4

2020

2024E

### Express Delivery Market in China Becoming More Consolidated

(Market share by parcel volume)





## 2 Distinct Partner Network Built Upon a “Shared-Success” Philosophy

Our “shared-success” philosophy inspired us to enhance and transform the network partner model, and has underpinned our success

### Fee Sharing Mechanism

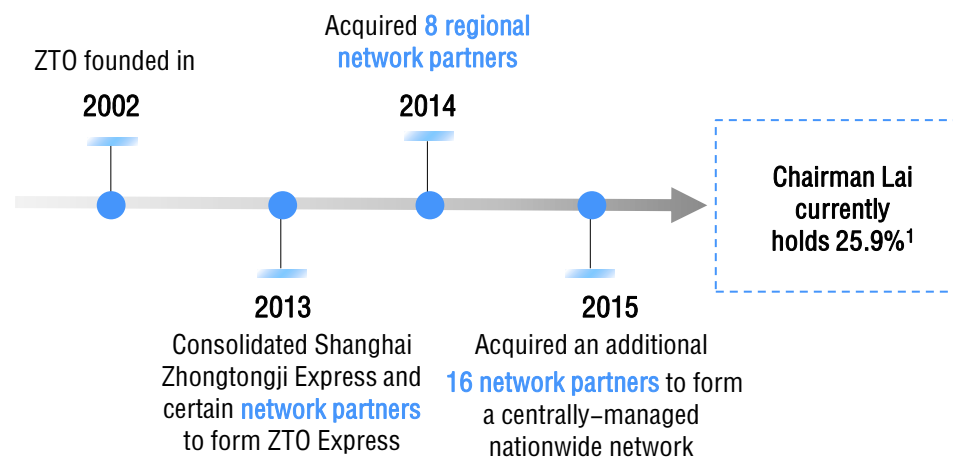
**Before 2008:** No last-mile delivery fee

- Outlets only relied on pickup fee to operate
  - Outlets with higher delivery volumes relative to pickup volumes (e.g. due to geographic disparity, uneven nature of economic development) are less sustainable
- Negatively impacted outlets’ service quality and network stability

**After 2008:** ZTO introduced delivery service fee sharing mechanism

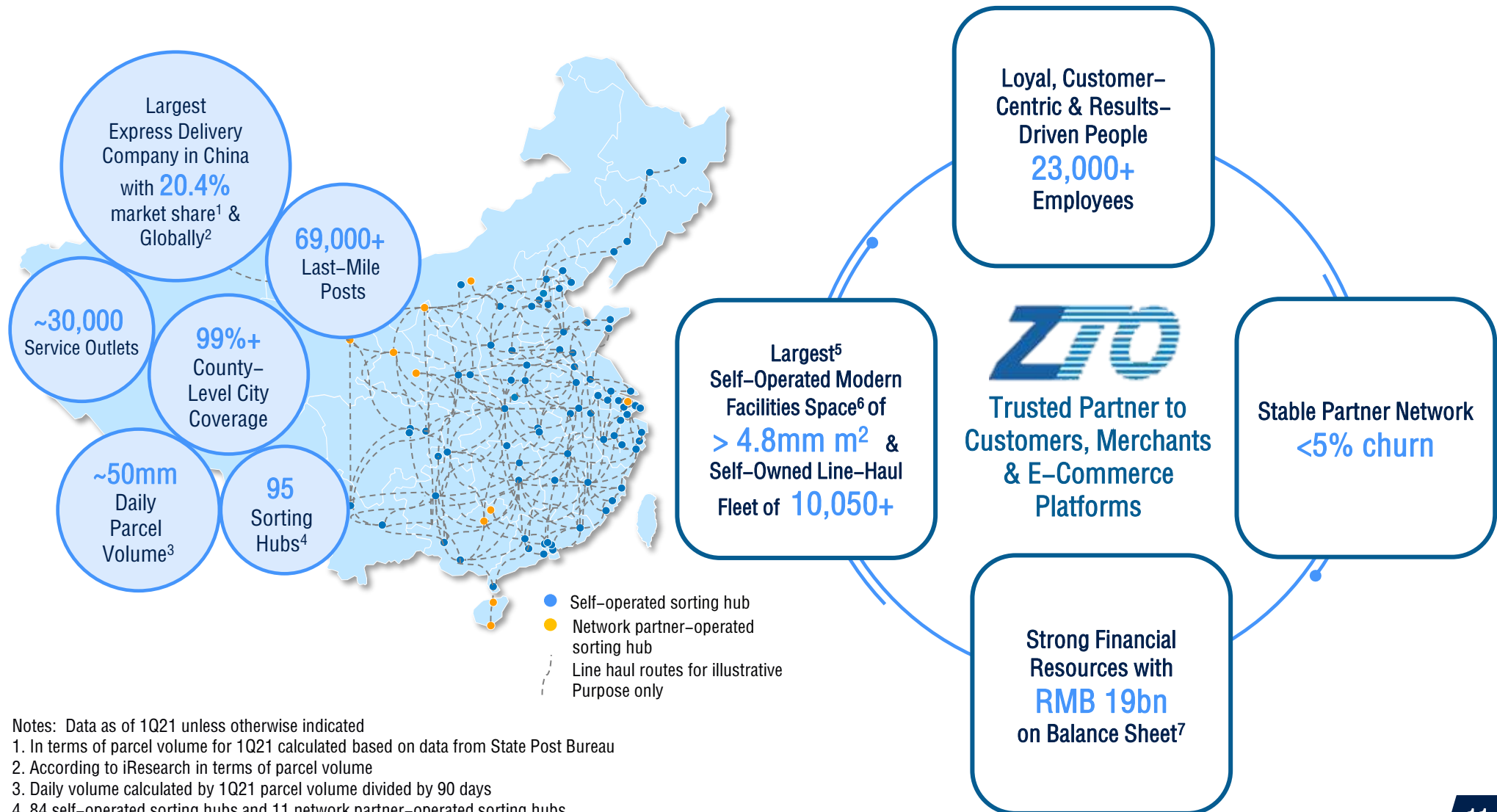
- Pickup outlets pay last-mile outlets for delivery based on pre-set formulae
- Sharing mechanism facilitated by implementation of our proprietary operating system
- Today, the fee sharing mechanism continues to serve as a balancing function across our network

### Only Company to Successfully Convert Major Network Partners to Shareholders



- Certain major network partners became shareholders of ZTO and united under a common goal
- Share-swap transactions fairly priced and with transparency
- The reorganization has aligned interests, built trust and forged loyalty, and laid the foundation for network stability

Our leading network has been built through time, investments and innovations – such scale and capabilities cannot be built overnight



Notes: Data as of 1Q21 unless otherwise indicated

1. In terms of parcel volume for 1Q21 calculated based on data from State Post Bureau

2. According to iResearch in terms of parcel volume

3. Daily volume calculated by 1Q21 parcel volume divided by 90 days

4. 84 self-operated sorting hubs and 11 network partner-operated sorting hubs

5. According to iResearch

6. Land area for self-operated sorting hubs including self-owned land and leased from third-parties

7. Including cash and cash equivalents, short-term investments and long-term investments



### 3 Superior Scale & Reach (Cont' d)

#### Our Multi-Functional Last-Mile Posts



  
Competitive  
Financing Support

  
Operating  
Software

  
Mobile  
Applications

  
Merchandise  
Sourcing

  
Retail  
Training

We support our network partners in multiple ways to invest early  
and secure last-mile physical presence

**Largest**  
number of posts  
among peers<sup>1</sup>

**Early-Mover Lead** in  
establishing last-mile posts in  
strategic locations with  
customer access

**69,000+**  
As of 1Q21

#### Strategic Importance of Last Mile Presence



Improve cost-efficiency and ensure  
quality of service



Enable lowest last-mile cost  
against volume surge



Provide “Express+” business  
opportunities and sustain  
profitability



Secure and enhance connectivity  
with end customers



Maintain and improve network  
stability

## 4 Best-in-Class Operational Capabilities and Cost Efficiencies Enabled by Technology

Cost leadership with high operational efficiencies driven by continuous innovations

### Line-Haul Transportation



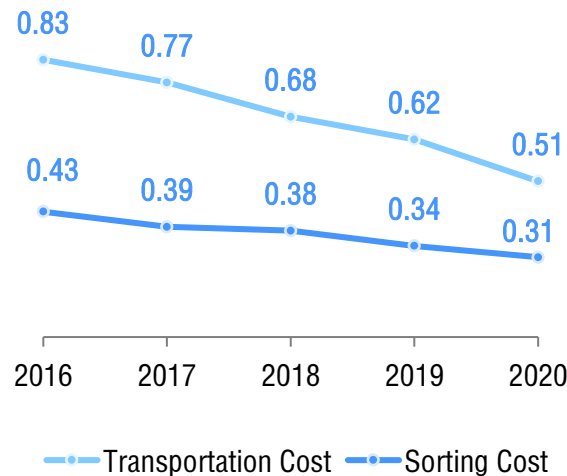
- Largest self-owned line-haul fleet of 10,050+ vehicles
- Systematic upgrade with high-capacity trailers
- Data-driven route planning and safety monitoring



- Patented curved trailer with higher load capacity and improved fuel economy
- RFID-equipped tires to allow real-time monitoring of operating conditions and schedule needed maintenance

### DECREASING COST PER PARCEL

(RMB)



### Sorting Technologies



- 349 automated sorting lines in service as of 1Q21
- Joint collaborations with Chinese Academy of Sciences to develop several generations of automated sorting technologies (e.g. cross-belt sorting equipment, line shaft diverter, dynamic weighting machines)



- Developed and continuously re-engineered sophisticated software to support high-speed sorting (e.g. data-enabled algorithm, real-time analytics and recalibration)

## 4 Best-in-Class Operational Capabilities and Cost Efficiencies Enabled by Technology

Our culture of innovation and technological focus will continue to drive value creation going forward

### Digital and Innovative Culture

- Establish **data-driven** and value-add operational management framework; digitize business know-how and make processes calculable
- “Problem-solving” to “**Problem Prevention**”

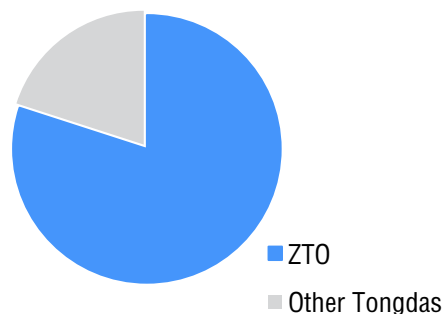


### Strong In-house R&D Capabilities

- Certified as “**High and New Technology Enterprise**” since 2017 with significant tax benefits
- 1,500+** tech talents
- 229** software copyrights
- 243** trademarks
- 78** patents

### INDUSTRY LEADING PROFITS

Net Profit in 2020<sup>1</sup>



**~80%** Net profit market share among Tongdas in 2020

### Continuous Breakthrough in Autonomous Technology

- Next-generation automation lines with faster throughput and smarter, more precise dispatch
- Testing **unmanned vehicles**, **self-driving cars**, **hybrid drones**



### Data Analytics Capabilities

- Collect vast volume of data from all aspects of operation
- Analyze with AI and deep learning
- Optimize with learnings to achieve optimal performance

Notes: Data as of 1Q21 unless otherwise indicated

1. According to public filings. Net profit for ZTO and Best is adjusted net income, for others is net profit after deducting nonrecurring profit or loss attributable to shareholders of the parent company

### Stable and Entrepreneurial Management Team with Deep Industry Knowledge & Experience



#### Meisong Lai

Founder, Chairman  
& Chief Executive  
Officer

- 19 years of experience in express delivery industry
- Deputy chairman of the China Express Delivery Association



#### Jianfa Lai

Director and Vice  
President of  
Operations

- 19 years of experience in express delivery industry



#### Jilei Wang

Director and  
Vice President of  
Infrastructure  
Management

- 14 years of experience in express delivery industry
- Former deputy general manager of ZTO's network partner in Beijing



#### Huiping Yan

Chief Financial  
Officer

- Over 29 years of experience in corporate and financial management
- 11 years at GE in US and Asia, 8 years in public accounting and tax consulting

### Sound Execution Driven by Clear Accountability & Fair Measurement of Performance



#### Performance-based KPIs

- Results-oriented performance metrics



#### Advancements & Eliminations

- Emphasis on internal promotion
- Fair competition for true talents



#### Incentive Programs

- Equitable management incentives to reward performance



#### Talent Development

- ZTO Academy
- On-the-job training
- Mentorship



We have simultaneously maintained our superior service quality, grown our market share, and sustained our profitability

### Superior Service Quality



Leading Position in  
Cainiao Index<sup>1</sup> in  
1Q21



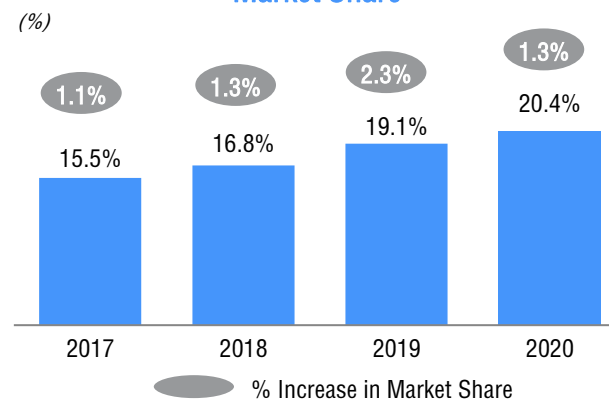
**#1** Highest  
Customer satisfaction (2014 –  
1Q21) amongst Tongdas<sup>2</sup>



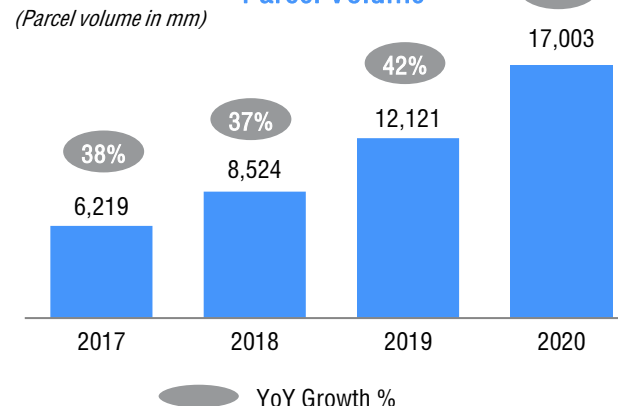
**<1** per million  
Monthly average effective  
complaint rate<sup>2</sup> in there  
consecutive years

### Increasing Market Share

#### Market Share

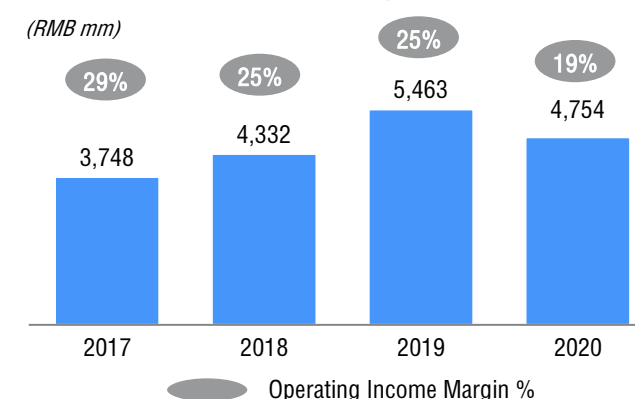


#### Parcel Volume

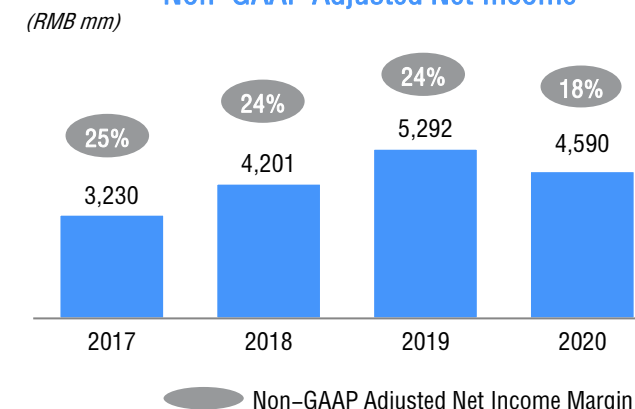


### Sustained Profitability

#### Income from Operations



#### Non-GAAP Adjusted Net Income<sup>3</sup>



Source:

1. Cainiao Index is a highly regarded set of metrics in the express delivery industry

2. According to State Post Bureau

3. Adjusted net income is defined as net income before (i) share-based compensation expense, (ii) gain on disposal of equity investees, (iii) impairment of equity investments and (iv) unrealized gain from investment in equity investee

## 7 Adjacent Expansion Beyond Express Delivery

We will continue to differentiate and enrich our service offerings, and leverage our core capabilities to consolidate resources in the logistics space



## Green Packaging

## Green Development

## E-waybills



A single-sheet e-waybill can save **~45%** thermal paper consumables compared with a two-sheet e-waybill

equivalent to reducing the felling of **520,000** fast-growing eucalyptus trees in 2020

- By 2020, the adoption rate of e-waybills in the whole network had reached 99.93%
- Single-sheet e-waybill was introduced in 2019 and its adoption rate reached 91.4% by 2020

## Eco-friendly Packaging Bags

- The green recyclable transit bags can be used for over 100 times. ZTO can replace the use of about 900 million disposable woven bags annually, and reduce about 81,000 tons of garbage

By 2020, ZTO put in use nearly **9 million** green recyclable transit bags



## Reduced Use of Consumables and Secondary Recovery

ZTO continues to promote the "Recycling Program", covering over **20,000** outlets



- ZTO actively promotes the use of recyclable packaging and filling materials to improve resource recycling
- The Company encourages the secondary use of idle packaging, and gradually guides outlets and consumers to increase environmental awareness

## Environmental Protection

## Green Transportation

- ZTO increases use of high capacity trailer trucks with better fuel efficiency, reducing fuel consumption per parcel by ~55% and pollutant emissions by ~70%
- Green fleet powered by electricity and liquefied natural gases (LNGs) are used across the whole network

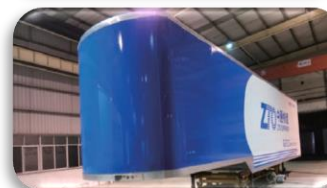


By 2020, **~7,900** high-capacity trailer trucks had been put in use  
Over **86%** of the self-own fleet are National V & VI standards



## Green Equipment

By 2020, **339** sets of large/small automated sorting equipment were put in use



- ZTO uses a large number of automated sorting equipment, which saves time and labor costs, while reducing the rate of damage to express items and the amount of consumables. This facilitates the recycling and reuse
- ZTO Express has gradually replaced iron truck bodies with aluminum alloy arc bodies to reduce fuel consumption

Note:

1. ESG data as of fiscal year end of 2020; full 2020 ESG report can be downloaded from <http://zto.investorroom.com>

## 8 Sustainability Through Continuous ESG Practices<sup>1</sup> (Cont' d)

### Green Objectives

- ZTO takes an active role and has set up the overall green development objective based on the requirements of State Post Bureau. In 2020, ZTO took concrete actions to promote the green development of the express delivery industry

Ratio of packaging with  
“slim tape” below  
45mm

**90%**

Ratio of e-commerce  
postal/express items  
without repackaging

**70%**

The use of recyclable  
transfer bags

**95.2%**

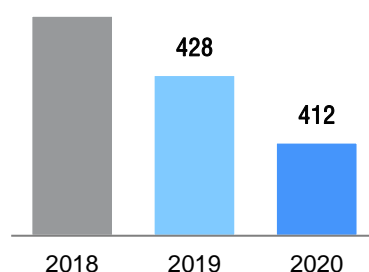
Newly added packaging  
wastes recycling devices

**21,000**

- Carbon Intensity has been consistently decreasing in the past 3 years
- ZTO continues to promote low-carbon development. In Jan 2021, ZTO officially joined the Science-Based Targets initiative (SBTi)

#### Carbon Intensity

Unit: kg CO<sub>2</sub>/RMB 10,000 revenue  
**442**



### Environmental Protection & Corporate Governance

### Stringent Corporate Governance

#### Strict Internal Control

- Board of Directors has clear duties pertaining to corporate governance related issues. 5 independent directors out of 9 directors providing objective oversight
- ESG Committee, established under the Board of Directors, will formulate and review ESG-related policies and provide advice. ESG Committee shall make corresponding ESG indicators as a whole and link the completion of the indicators with management compensation
- ZTO prohibits political involvement of any kind on the Company's behalf, bribery, or exchanging political donations for interests
- ZTO established a diversified supervision and reporting channel, including whistleblowing letter box, 24/7 complaint hotlines, etc.
- The Discipline Supervision Committee, as the supreme body for publicizing and implementing the Code of Conduct for Honest Practice, investigates reported matters, generates reports, and makes recommendations

#### Shareholder Interests Protection

- ZTO pays high attention to the management of investor relations, and strictly abides by the information disclosure obligations under the U.S. securities and exchange rules, Hong Kong Listing Rules, the NYSE Listing Requirements and other applicable laws and regulations
- In 2020, the Company published over 80 press releases, announcements and related documents, hosted meetings with over 1000 institutional investors, and participated in more than 40 roadshows. The stock was covered by over 40 major domestic and foreign securities firms and investment banks

Note:

1. ESG data as of fiscal year end of 2020; full 2020 ESG report can be downloaded from <http://zto.investorroom.com>



## 8 Sustainability Through Continuous ESG Practices<sup>1</sup> (Cont' d)

### Consolidating Business Management and Governance

#### ● Strengthening Procurement Management

ZTO attaches great importance to the compliance management of suppliers. It published the Code of Conduct for Partners. In 2020, ZTO launched the supplier portal system, admitting 22 suppliers and involving 165 enterprises



#### ● Protecting Intellectual Property

ZTO formulated the IP development strategy, constructed the IP management system, and introduced the supporting system. By 2020, ZTO applied for 389 patents and 195 software copyrights



#### ● Anti-corruption

ZTO developed and issued the Code of Conduct for Honest Practice and strengthened anti-corruption training, creating a good environment of diligence, integrity, and honesty

### Safeguarding Labor Rights

#### ● Equality & Diversity

By referring to International Labour Organization conventions, ZTO's employee policy promotes:

- Equal & diversified employment
- Equal pay for equal work
- Gender equality
- Trade union for democracy
- No child labor or forced labor



#### ● Career Development

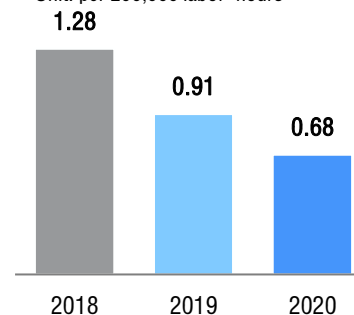
Based on ZTO College, the company organized a series of talent echelon training and business support training, and initiated the Management Trainee Program to cultivate future leaders



### Social Responsibility

#### LTIR

Unit: per 200,000 labor-hours



#### ● Working Safety

ZTO firmly implemented work safety policy with excellent results:

- Fully execute real-name delivery, pickup inspection, and machine inspection policies;
- Lost time incident rate (LTIR) has declined for 3 consecutive years

Note:

1. ESG data as of fiscal year end of 2020; full 2020 ESG report can be downloaded from <http://zto.investorroom.com>



# FINANCIAL OVERVIEW

03

# Strong Unit Economics

(RMB/Unit)

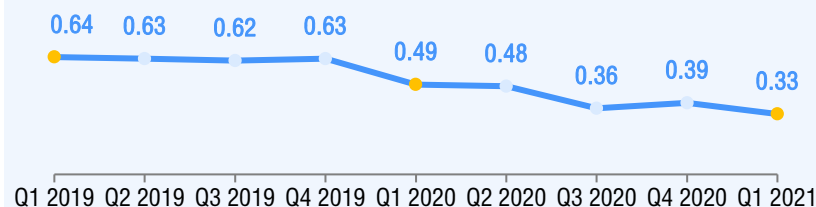
## Non-GAAP Operating Profit



## Non-GAAP Adjusted Net Income<sup>1</sup>



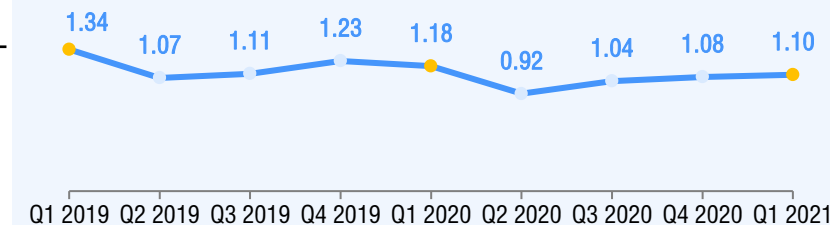
## Non-GAAP Adjusted EBITDA<sup>2</sup>



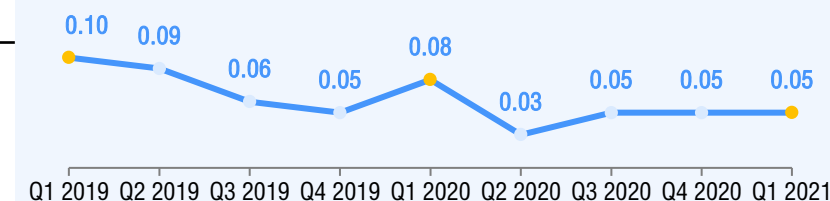
## ASP<sup>3</sup>



## Unit Cost of Revenue<sup>3</sup>



## Total Opex Excluding SBC



=

-

-

Note: Results of 1Q20 are affected by the impact of COVID-19

Source: 1. Adjusted net income is defined as net income before (i) share-based compensation expense, (ii) gain on disposal of equity investees, (iii) impairment of equity investments and (iv) unrealized gain from investment in equity investee

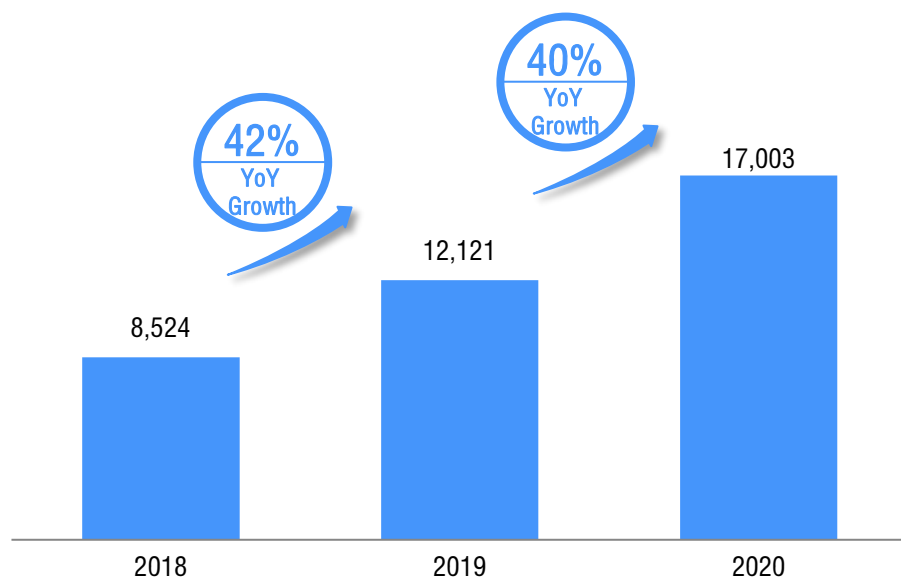
2. Adjusted EBITDA is defined as net income before depreciation, amortization, interest expenses and income tax expenses, and further adjusted to exclude (i) shared-based compensation expense, (ii) gain on disposal of equity investees, (iii) impairment of equity investments and (iv) unrealized gain from investment in equity investee

3. Excluding freight forwarding business

# Robust Parcel Volume and Revenue Growth

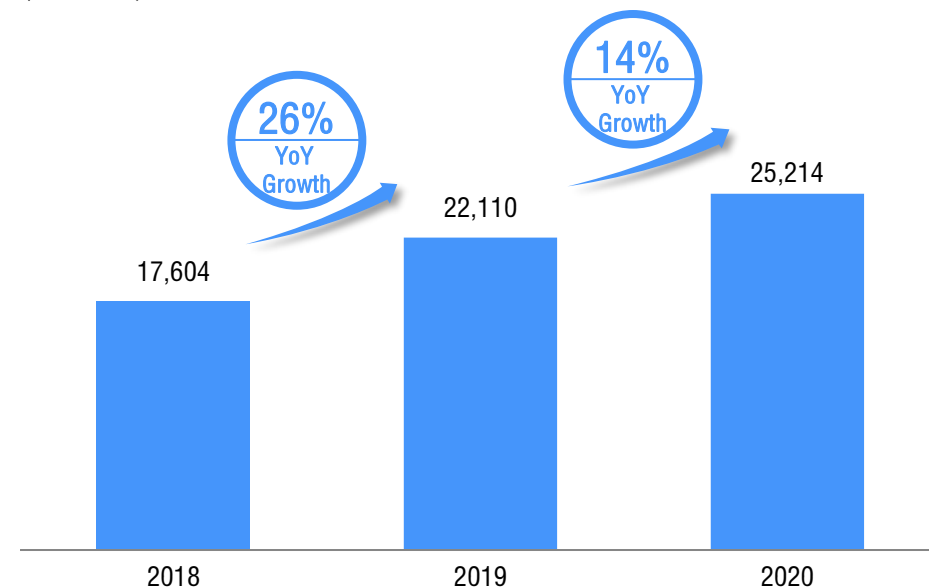
## Parcel Volume

(Parcel volume in millions)



## Total Revenue

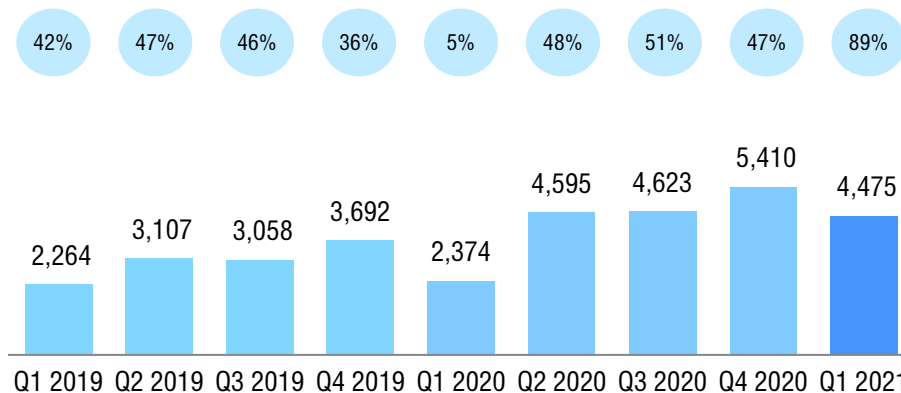
(RMB million)



## Quarterly Parcel Volume

(Parcel volume in millions)

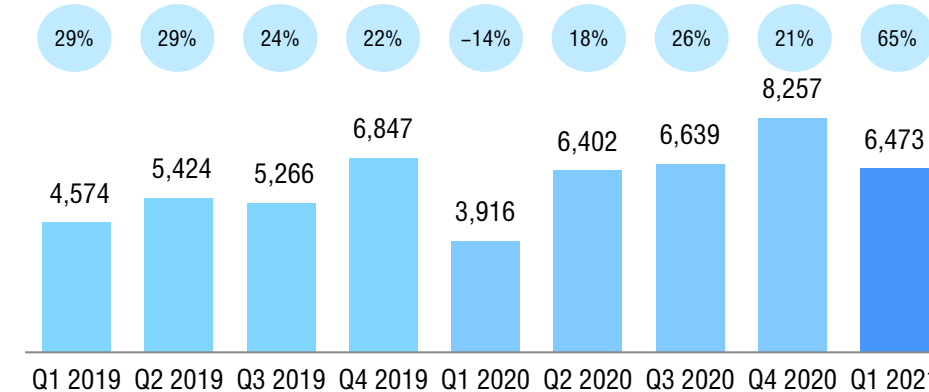
Year-over-Year Growth



## Quarterly Revenue

(RMB million)

Year-over-Year Growth



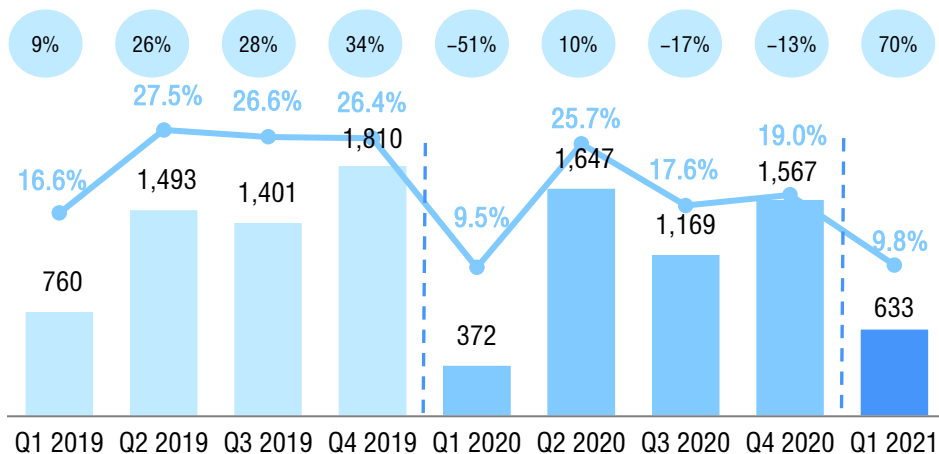


# Strong Profitability and Margins

## Income from Operations and Margin

(RMB million)

Year-over-Year Growth

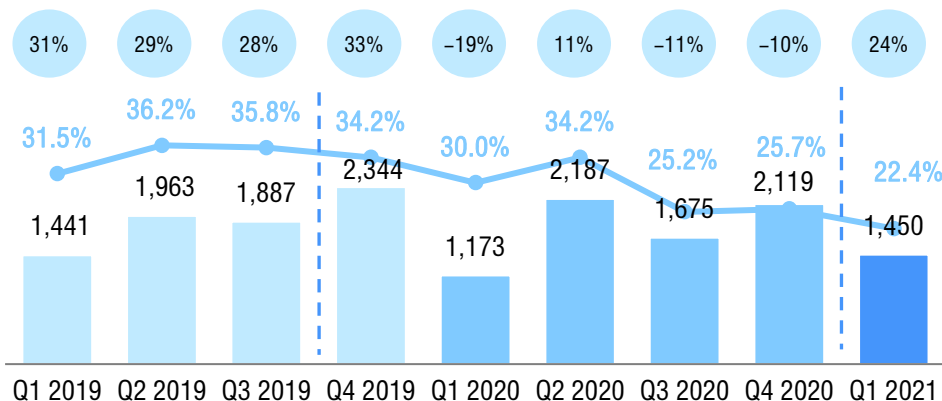


Operating profit Operating margin %

## Adjusted EBITDA<sup>1</sup> and Margin

(RMB million)

Year-over-Year Growth



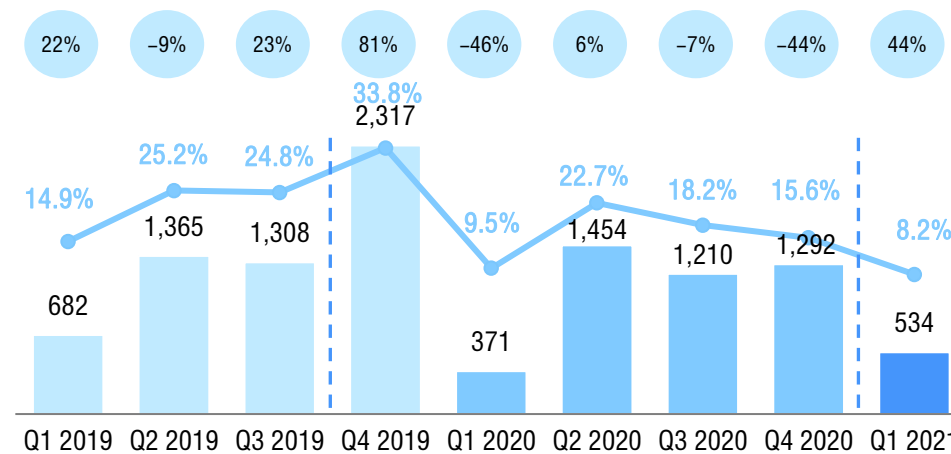
Notes: Adjusted EBITDA Adjusted EBITDA Margin %

- Adjusted EBITDA is a non-GAAP financial measure, which is defined as net income before depreciation, amortization, interest expenses and income tax expenses, and further adjusted to exclude (i) shared-based compensation expense; (ii) gain on disposal of equity investees, (iii) impairment of equity investments and (iv) unrealized gain from investment in equity investee
- Adjusted net income is a non-GAAP financial measure, which is defined as net income before (i) share-based compensation expense, (ii) gain on disposal of equity investees, (iii) impairment of equity investments and (iv) unrealized gain from investment in equity investee

## Net Income and Margin

(RMB million)

Year-over-Year Growth

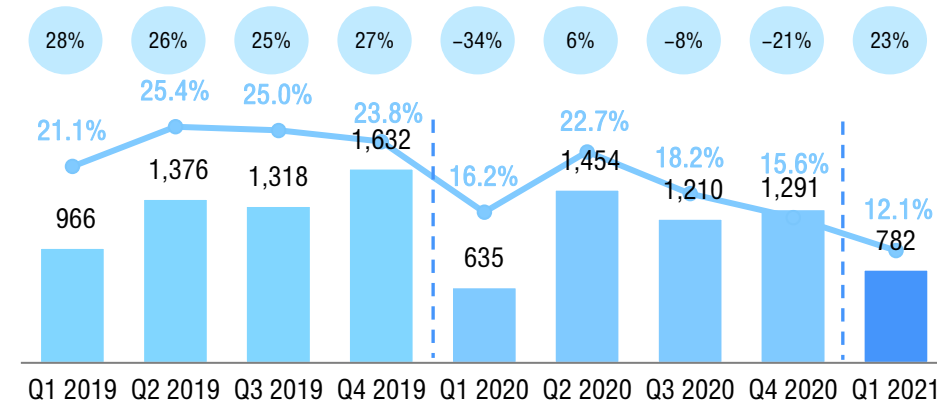


Net income Net Profit margin %

## Adjusted Net Income<sup>2</sup> and Margin

(RMB million)

Year-over-Year Growth

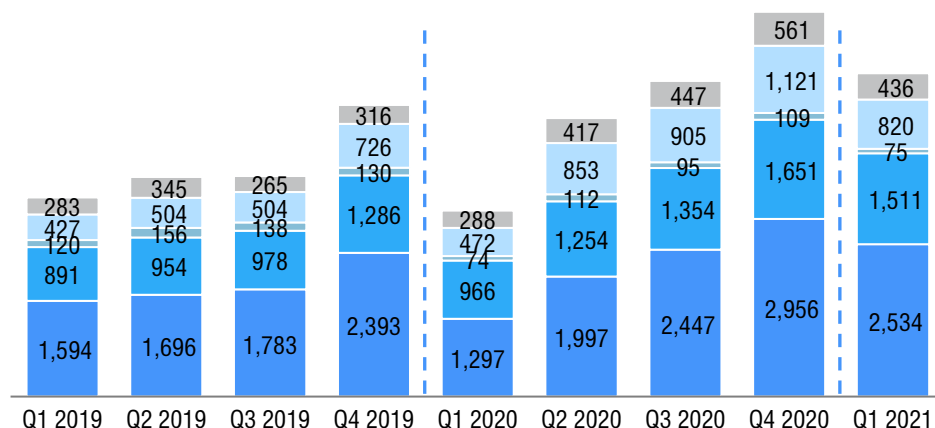


Adjusted net income Adjusted net income margin %

# Continuous Cost Efficiencies and Productivity Gains

## Cost of Revenues – Breakdown

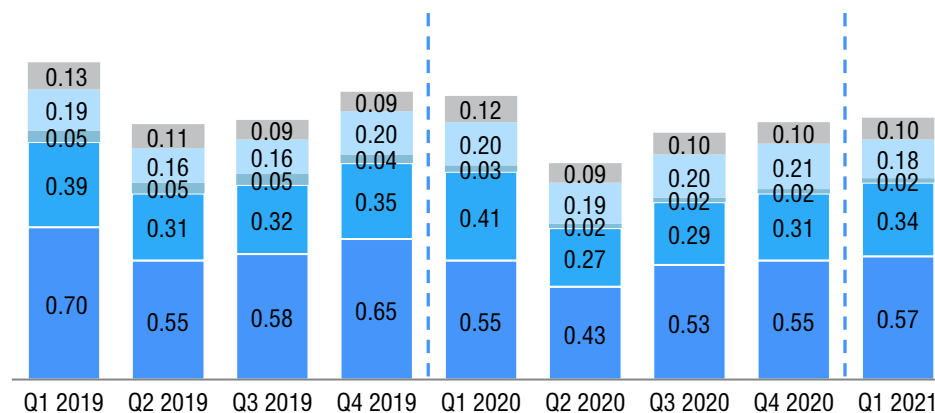
(RMB million)



■ Line-Haul Transportation Cost ■ Sorting Hub Cost ■ Cost of Accessories Sold  
■ Other Costs ■ Freight Forwarding Cost

## Cost of Revenues per Parcel<sup>1</sup>

(RMB)



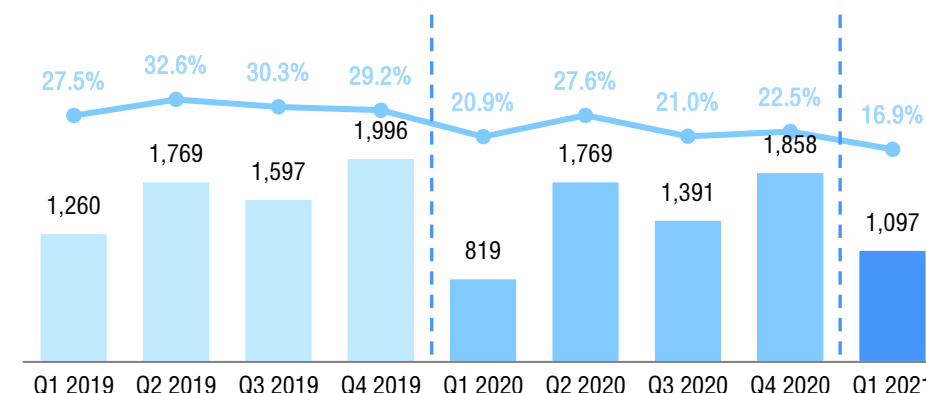
■ Line-Haul Transportation Cost ■ Sorting Hub Cost ■ Cost of Accessories Sold  
■ Other Costs ■ Freight Forwarding Cost

Note:

1. Cost of revenues per parcel is calculated based on costs of revenues divided by the number of parcels handled in a given quarter

## Gross Profit and Margin

(RMB million)



■ Gross Profit — Gross Margin

## Key Observations on 1Q 2021 Results

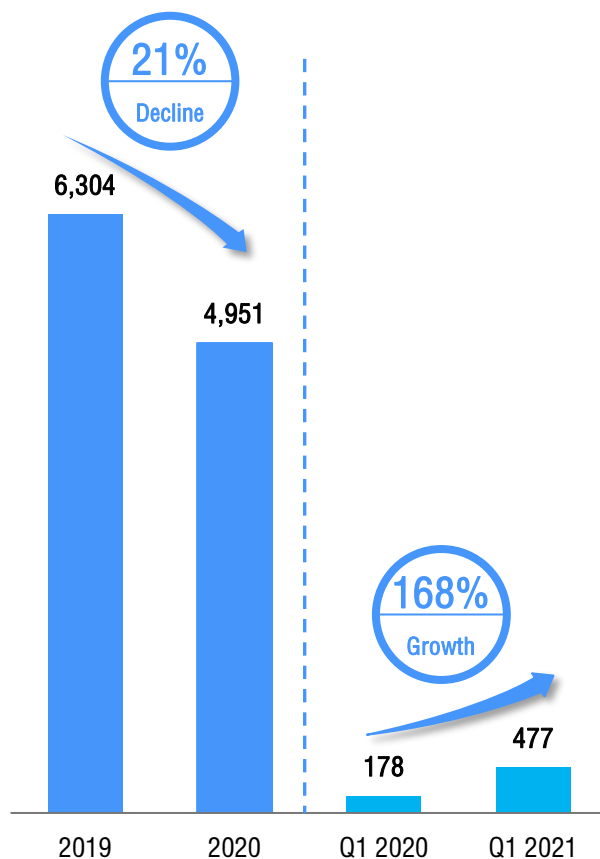
- **Line-haul transportation cost**
  - Expiration of federal toll road fee waiver policy from mid-February to early May 2020 during the pandemic
  - Lower domestic diesel price during the pandemic outbreak last year
  - Increased usage of more self-owned higher-capacity
- **Sorting hub cost**
  - Increased number of automated sorting equipment with higher utilization
- **Cost of accessories sold per parcel**
  - Increased usage of lower-costed single-sheet digital waybill
- **Gross margin decrease**

Due to the comprehensive influence of the following factors: (1) the rapid growth of business volume, (2) the improvement of production and operation efficiency, (3) competition-led ASP decline

# Abundant Cash Reserves Supports Continued Investment in Growth

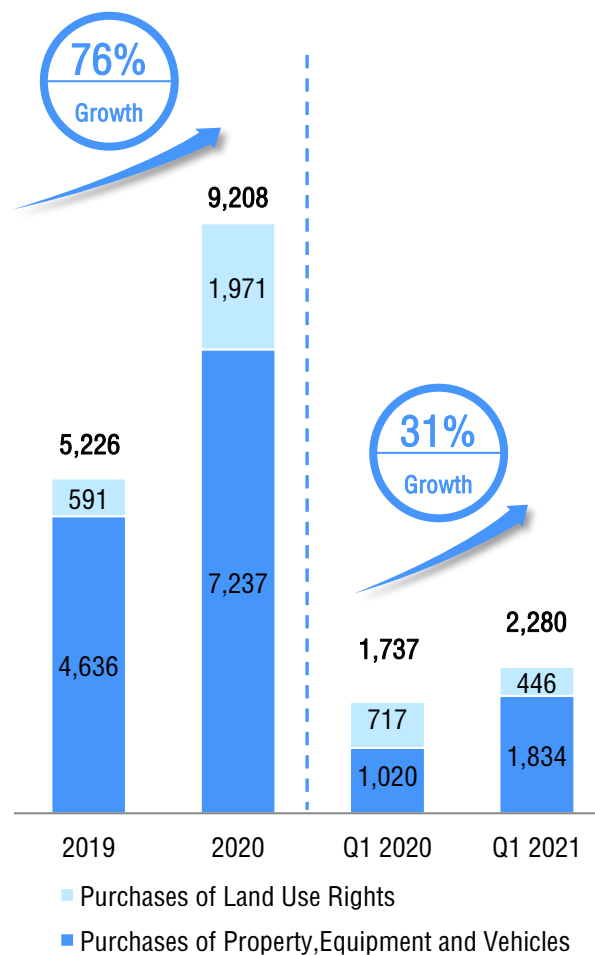
## Operating Cash Flow

(RMB million)



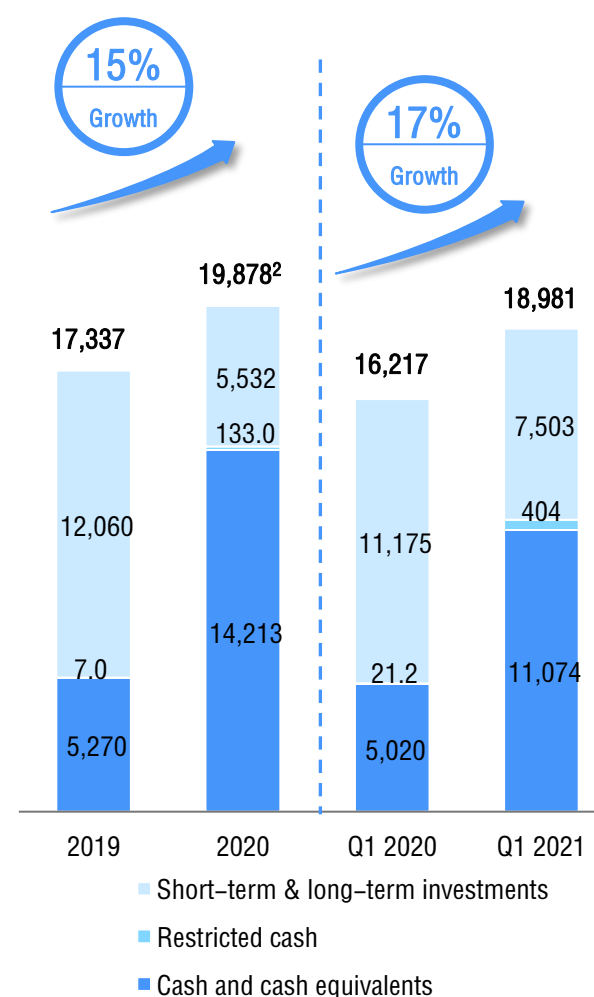
## Capital Expenditure

(RMB million)



## Cash and Cash Equivalent<sup>1</sup>

(RMB million)



### Notes:

1. Including cash and cash equivalents, restricted cash and short-term & long-term investments
2. On September 29, 2020, ZTO completed secondary listing in Hong Kong, net proceeds were HK \$9.71 billion (equivalent to RMB8.53 billion; excluding over allotment, underwriting fees and other listing expenses)

# Reconciliation of GAAP to Adjusted / Non-GAAP Measures

	Mar 31, 2018	Jun 30, 2018	Sep 30, 2018	Dec 31, 2018	Mar 31, 2019	Jun 30, 2019	Sep 30, 2019	Dec 31, 2019	Mar 31, 2020	Jun 30, 2020	Sep 30, 2020	Dec 31, 2020	Mar 31, 2021
Adjusted EBITDA	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000
<b>Net Income</b>	557,455	1,492,227	1,059,377	1,278,854	681,647	1,365,095	1,307,681	2,316,844	370,973	1,453,572	1,210,290	1,291,613	<b>533,526</b>
Add: Depreciation	176,197	186,200	202,669	243,940	271,423	283,409	288,818	366,459	392,580	408,426	453,818	503,814	<b>477,241</b>
Add: Amortization	10,670	12,693	11,709	9,641	11,293	14,676	13,882	14,606	15,648	17,602	25,390	23,184	<b>25,651</b>
Add: Interest Expenses	773	3	4	–	–	–	–	–	291	9,134	13,707	12,174	<b>15,582</b>
Add: Income Tax Expenses	154,280	350,858	201,355	222,639	191,858	288,803	266,297	331,337	129,772	298,302	(27,845)	289,605	<b>149,638</b>
<b>EBITDA</b>	899,375	2,041,981	1,475,114	1,755,074	1,156,221	1,951,983	1,876,678	3,029,246	909,264	2,187,036	1,675,360	2,120,390	<b>1,201,638</b>
Add: Share-based Compensation Expense	199,744	27,983	10,876	10,876	284,264	10,800	10,800	10,800	264,154	–	–	–	<b>248,027</b>
Add: Impairment of the investments	–	–	–	–	–	–	–	56,026	–	–	–	–	–
Less: Gain on Deemed Disposal of Equity Method Investments	–	549,733	12,904	–	–529	–	–	–2,330	–	–	–	1,086	–
Unrealized gain from investment in equity investee	–	–	–	–	–	–	–	754,468	–	–	–	–	–
<b>Adjusted EBITDA</b>	1,099,119	1,520,231	1,473,086	1,765,950	1,441,014	1,962,783	1,887,478	2,343,934	1,173,418	2,187,036	1,675,360	2,119,304	<b>1,449,665</b>
<b>Adjusted EBITDA margin</b>	31.01%	36.21%	34.79%	31.38%	31.50%	36.19%	35.84%	34.24%	30.00%	34.16%	25.24%	25.67%	<b>22.40%</b>
Adjusted Net Income	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000
<b>Net Income</b>	557,455	1,492,227	1,059,377	1,278,854	681,647	1,365,095	1,307,681	2,316,844	370,973	1,453,572	1,210,290	1,291,613	<b>533,526</b>
Add: Share-based Compensation Expense	199,744	27,983	10,876	10,876	284,264	10,800	10,800	10,800	264,154	–	–	–	<b>248,027</b>
Add: Impairment of the investments	–	–	–	–	–	–	–	56,026	–	–	–	–	–
Less: Gain on Deemed Disposal of Equity Method Investments	–	424,520	11,756	–	–529	–	–	–2,330	–	–	–	1,086	–
Unrealized gain from investment in equity investee	–	–	–	–	–	–	–	754,468	–	–	–	–	–
<b>Adjusted Net Income</b>	757,199	1,095,689	1,058,497	1,289,730	966,440	1,375,895	1,318,481	1,631,532	635,127	1,453,572	1,210,290	1,290,527	<b>781,553</b>
<b>Adjusted Net Margin</b>	21.36%	26.10%	25.00%	22.92%	21.13%	25.37%	25.04%	23.83%	16.22%	22.70%	18.23%	15.63%	<b>12.07%</b>

Note: Numbers may not add up due to rounding



# THANK YOU

幸福都是奋斗出来的!

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