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**JD Logistics, Inc.**

**京东物流股份有限公司**

*(A company incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2618)**

## **FINANCIAL INFORMATION AND BUSINESS HIGHLIGHTS FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2022**

The board (the “**Board**”) of directors (the “**Directors**”) of JD Logistics, Inc. (the “**Company**” or “**JD Logistics**”) is pleased to announce the unaudited financial information and business highlights of the Company and its subsidiaries and consolidated affiliated entities (collectively, the “**Group**”) for the three months ended September 30, 2022. The following quarterly information has been reviewed by the audit committee of the Company.

In this announcement, “we”, “us”, and “our” refer to the Company (as defined above) and where the context otherwise requires, the Group (as defined above). In addition, “**JD Group**” refers to JD.com, Inc. (NASDAQ: JD; HKEX: 9618) and its subsidiaries, including JD Health International Inc. (“**JD Health**”) (HKEX: 6618), and consolidated affiliated entities, excluding the Group.

### **FINANCIAL HIGHLIGHTS**

	<b>Unaudited</b>		
	<b>Three months ended</b>		
	<b>September 30,</b>		
	<b>2022</b>	<b>2021</b>	<b>Year-over-</b>
	<b>RMB’000</b>	<b>RMB’000</b>	<b>year change</b>
			<b>(%)</b>
Revenue	<b>35,770,506</b>	25,749,276	38.9
Gross profit	<b>2,649,007</b>	1,269,808	108.6
Loss before income tax	<b>(111,937)</b>	(1,064,202)	(89.5)
Loss for the period	<b>(148,687)</b>	(1,051,257)	(85.9)
Non-IFRS profit/(loss) for the period	<b>446,765</b>	(567,106)	N/A

# MANAGEMENT DISCUSSION AND ANALYSIS

## Business Highlights

- We became one of the first logistics companies connected to the Yinxuda service of Douyin’s e-commerce platform, providing high-quality delivery services such as to-door delivery to Douyin users.
- On August 31, 2022, we received the Operation Certification of Public Air Carriers of Large Aircraft (CCAR — Part 121) from the Civil Aviation Administration of China, marking the official commencement of the operation of JD Logistics Airlines. At present, our self-owned all-cargo route between Nantong and Beijing is fully operational.
- As of September 30, 2022, we operated over 1,500 warehouses. Including warehouse space managed through the Open Warehouse Platform, our warehouse network had an aggregate gross floor area of over 30 million square meters\*.

\* The data above included warehouses managed by Deppon Logistics Co., Ltd. (“**Deppon**”, Shanghai Stock Exchange code: 603056) and its subsidiaries (collectively, “**Deppon Group**”). In the third quarter of 2022, we completed the acquisition of the controlling interest in Deppon. As of September 30, 2022, we control a total of approximately 72% of the issued share capital of Deppon.

## Financial Review

### Revenue

Given the central role of inventory management in the Group’s integrated supply chain solutions and logistics services, customers of the Group are categorized based on whether such customers have utilized the Group’s warehouse or inventory management related services. Customers are reviewed by the Group on a regular basis, and customers who have utilized the Group’s warehouse or inventory management related services in the recent past are classified as the Group’s integrated supply chain customers. The following table sets forth a breakdown of our revenue by integrated supply chain customers and other customers, both in absolute amount and as a percentage of our total revenue for the periods presented.

	Unaudited			
	Three months ended September 30,			
	2022		2021	
	<i>RMB’000</i>	<i>%</i>	<i>RMB’000</i>	<i>%</i>
<b>Revenue:</b>				
Integrated supply chain customers	<b>18,229,883</b>	<b>51.0</b>	17,101,554	66.4
Other customers	<b>17,540,623</b>	<b>49.0</b>	8,647,722	33.6
Total	<b>35,770,506</b>	<b>100.0</b>	25,749,276	100.0

Included in revenue for the third quarter of 2022 was external revenue generated by Deppon Group during the period from July 26, 2022 to September 30, 2022 in the amount of RMB5.8 billion (revenue generated by Deppon Group through providing services to other subsidiaries and consolidated affiliated entities of the Company had been eliminated upon consolidation). The following table sets forth a breakdown of revenue generated by Deppon Group by integrated supply chain customers and other customers, both in absolute amount and as a percentage of revenue generated by Deppon Group for the periods presented.

	<b>Unaudited</b>	
	<b>From July 26, 2022 to</b>	
	<b>September 30, 2022</b>	
	<b>RMB'000</b>	<b>%</b>
<b>Revenue generated by</b>		
<b>Deppon Group*:</b>		
Integrated supply chain customers	<b>164,536</b>	<b>2.8</b>
Other customers	<b>5,655,560</b>	<b>97.2</b>
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Total	<b>5,820,096</b>	<b>100.0</b>
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\* Revenue generated by Deppon Group through providing services to JD Group is not presented separately, as the amount was immaterial for the periods presented.

Revenue increased by 38.9% to RMB35.8 billion in the third quarter of 2022 from RMB25.7 billion in the same period of 2021. The increase in our total revenue was driven by a 6.6% increase in revenue from our integrated supply chain customers and a 102.8% increase in revenue from other customers.

Revenue from integrated supply chain customers increased by 6.6% to RMB18.2 billion in the third quarter of 2022 from RMB17.1 billion in the same period of 2021. The increase in revenue from integrated supply chain customers was primarily driven by an increase in the number of our external integrated supply chain customers, as well as the increase of the average revenue per customer (“ARPC”). The number of our external integrated supply chain customers, who have contributed to our revenue for the periods presented, increased to 62,629 (62,161, excluding Deppon Group) in the third quarter of 2022 from 56,616 in the same period of 2021. The increase in the number of external integrated supply chain customers was due to the increased demand of our services as well as our ongoing sales and marketing efforts. In addition, our ARPC increased to RMB116,961 (RMB115,195, excluding Deppon Group) in the third quarter of 2022 from RMB109,060 in the same period of 2021. Our ARPC improvement reflected customer endorsement for our integrated supply chain solutions and logistics services along with deepening collaborations and growing customer stickiness.

Revenue from other customers increased by 102.8% to RMB17.5 billion in the third quarter of 2022, from RMB8.6 billion in the same period of 2021, primarily due to the increases in business volume of our express delivery and freight delivery services, as well as the increase as a result of the consolidation of Deppon Group.

The following table sets forth a breakdown of our revenue by (i) JD Group and (ii) others, both in absolute amount and as a percentage of our total revenue for the periods presented.

	<b>Unaudited</b>			
	<b>Three months ended September 30,</b>		<b>2021</b>	
	<b>2022</b>		<b>2021</b>	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
<b>Revenue:</b>				
From JD Group	<b>10,904,733</b>	<b>30.5</b>	10,926,986	42.4
From others	<b>24,865,773</b>	<b>69.5</b>	14,822,290	57.6
	<hr/>	<hr/>	<hr/>	<hr/>
Total	<b>35,770,506</b>	<b>100.0</b>	25,749,276	100.0
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### *Cost of revenue*

Cost of revenue increased by 35.3% to RMB33.1 billion in the third quarter of 2022, from RMB24.5 billion in the same period of 2021, which was in line with the rapid growth of our revenue during the same period. The overall increase in cost of revenue was also driven by the consolidation of Deppon Group, including the increases set forth below in employee benefit expenses, outsourcing cost, rental cost, depreciation and amortization, and other cost of revenue.

Employee benefit expenses for employees involved in warehouse management, sorting, picking, packaging, shipping, delivery and customer services increased by 27.8% to RMB11.2 billion in the third quarter of 2022 from RMB8.8 billion in the same period of 2021, primarily due to an increase in the number of employees involved in the provision of our services, which was in line with the continued growth of our business.

Outsourcing cost, including costs charged by transportation companies, express delivery companies and other service providers for sorting, shipping, dispatching, delivering and labor outsourcing services, increased by 36.4% to RMB13.4 billion in the third quarter of 2022 from RMB9.8 billion in the same period of 2021. The increase was primarily driven by the growth of our business which required higher outsourcing capacity. In addition, the significant growth of our express delivery and freight delivery services, for which suppliers are frequently used for the line haul transportation portion, also contributed to the increase in our outsourcing cost.

Rental cost increased by 19.3% to RMB2.9 billion in the third quarter of 2022 from RMB2.4 billion in the same period of 2021, primarily due to the expansion of leased warehouses areas, sorting centers and delivery stations in support of the growth of our integrated supply chain solutions and logistics services.

Depreciation and amortization increased by 75.0% to RMB0.8 billion in the third quarter of 2022 from RMB0.5 billion in the same period of 2021, primarily due to an increase in the depreciation expenses of logistics equipment and vehicles.

Other cost of revenue increased by 60.1% to RMB4.8 billion in the third quarter of 2022 from RMB3.0 billion in the same period of 2021, primarily due to the increase in fuel cost, cost of installation and maintenance services, cost of packaging and other consumable materials.

### ***Gross profit and gross profit margin***

As a result of the foregoing, we recorded (i) a gross profit of RMB2,649.0 million and RMB1,269.8 million in the third quarter of 2022 and the same period of 2021, respectively, and (ii) a gross profit margin of 7.4% and 4.9% in the third quarter of 2022 and the same period of 2021, respectively. The increase in the gross profit margin was primarily due to (i) refined cost control measures, (ii) effective restructuring of customer portfolio, (iii) economies of scale as our revenue grew rapidly, driving efficiency gains in most of our cost components, and (iv) the positive impact on gross profit as a result of the consolidation of Deppon Group.

### ***Selling and marketing expenses***

Selling and marketing expenses increased by 20.8% to RMB981.4 million in the third quarter of 2022, from RMB812.6 million in the same period of 2021. The increase was in line with the growth of our revenue from external customers and was primarily due to the increase in headcount of sales and marketing personnel to promote our service offerings to both new and existing customers, and the increase as a result of the consolidation of Deppon Group.

### ***Research and development expenses***

Research and development expenses increased by 9.6% to RMB792.5 million in the third quarter of 2022, from RMB723.2 million in the same period of 2021. The increase was attributable to the consolidation of Deppon Group.

### ***General and administrative expenses***

General and administrative expenses increased by 18.7% to RMB884.5 million in the third quarter of 2022, from RMB745.2 million in the same period of 2021. The increase was attributable to the consolidation of Deppon Group, partially offset by a decrease in employee benefit expenses including share-based payments.

### ***Loss for the period***

As a result of the foregoing, we incurred a loss of RMB148.7 million in the third quarter of 2022 and a loss of RMB1,051.3 million in the same period of 2021. The decrease in the loss was primarily due to (i) refined cost and expense control measures, (ii) effective restructuring of customer portfolio, (iii) economies of scale as our revenue grew rapidly, driving efficiency gains in most of our cost components, and (iv) the positive impact on profit as a result of the consolidation of Deppon Group.

## Non-IFRS Measures

To supplement our consolidated financial statements, which are presented in accordance with the International Financial Reporting Standards (“IFRSs”), we also use non-IFRS profit/(loss) as an additional financial measure, which is not required by, or presented in accordance with IFRSs. We believe non-IFRS profit/(loss) facilitates comparisons of operating performance from period to period and from company to company by eliminating potential impacts of items which our management considers not indicative of our core operating performance such as non-cash or nonrecurring items, and certain impact of investment transactions.

We believe non-IFRS profit/(loss) provides useful information to investors and others in understanding and evaluating our results of operations in the same manner as it helps our management. However, our presentation of non-IFRS profit/(loss) may not be comparable to similarly titled measures presented by other companies. The use of non-IFRS profit/(loss) has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for an analysis of, our results of operations or financial condition as reported under IFRSs.

The following table reconciles the most directly comparable financial measure, which is loss for the period calculated and presented in accordance with IFRSs, to the non-IFRS profit/(loss) for the periods presented:

	<b>Unaudited</b>	
	<b>Three months ended</b>	
	<b>September 30,</b>	
	<b>2022</b>	<b>2021</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Reconciliation of loss to non-IFRS profit/(loss):</b>		
Loss for the period	(148,687)	(1,051,257)
Adjusted for:		
Share-based payments	363,085	397,652
Amortization of intangible assets resulting from acquisitions <sup>(1)</sup>	127,224	88,667
Impairment of investments	—	17,202
Fair value changes of financial assets at fair value through profit or loss <sup>(2)</sup>	105,143	(19,370)
	<u>446,765</u>	<u>(567,106)</u>
<b>Non-IFRS profit/(loss) for the period<sup>(3)</sup></b>	<b><u>446,765</u></b>	<b><u>(567,106)</u></b>
<b>Non-IFRS profit/(loss) for the period attributable to:</b>		
Owners of the Company	254,658	(621,862)
Non-controlling interests	192,107	54,756
	<u>446,765</u>	<u>(567,106)</u>

(1) Represents the amortization expenses of other intangible assets acquired in business combinations with finite useful lives, which is recognized on a straight-line basis over the estimated useful lives.

(2) Represents gains or losses from fair value changes on equity investments measured at fair value. Multiple valuation techniques and key inputs are used to determine the fair values of these investments.

(3) Included in the non-IFRS profit for the third quarter of 2022 was a profit generated by Deppon Group during the period from July 26, 2022 to September 30, 2022 in the amount of RMB256.3 million.

# FINANCIAL INFORMATION

## Condensed Consolidated Statement of Profit or Loss

	<b>Unaudited</b>	
	<b>Three months ended</b>	
	<b>September 30,</b>	
	<b>2022</b>	<b>2021</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Revenue	<b>35,770,506</b>	25,749,276
Cost of revenue	<b>(33,121,499)</b>	(24,479,468)
<b>Gross profit</b>	<b>2,649,007</b>	1,269,808
Selling and marketing expenses	<b>(981,442)</b>	(812,603)
Research and development expenses	<b>(792,481)</b>	(723,165)
General and administrative expenses	<b>(884,538)</b>	(745,194)
Others, net <sup>(1)</sup>	<b>(102,483)</b>	(53,048)
<b>Loss before income tax</b>	<b>(111,937)</b>	(1,064,202)
Income tax (expense)/credit	<b>(36,750)</b>	12,945
<b>Loss for the period</b>	<b>(148,687)</b>	(1,051,257)
<b>(Loss)/profit for the period attributable to:</b>		
Owners of the Company	<b>(287,347)</b>	(1,069,792)
Non-controlling interests	<b>138,660</b>	18,535
	<b>(148,687)</b>	(1,051,257)
<b>Non-IFRS measure:</b>		
Non-IFRS profit/(loss) for the period	<b>446,765</b>	(567,106)

(1) Including "other income, gains/(losses), net", "finance income", "finance costs", "impairment losses under expected credit loss model, net of reversal", and "share of results of associates and joint ventures".

## **APPRECIATION**

On behalf of the Board, I would like to say thank you to all of our employees, customers and partners. At the same time, I would like to express my sincere gratitude to our shareholders and stakeholders for their long-time support and trust.

By order of the Board  
**JD Logistics, Inc.**  
**Mr. Yui Yu**  
*Executive Director*

Hong Kong, November 18, 2022

*As of the date of this announcement, the Board comprises Mr. Yui Yu as executive Director, Mr. Richard Qiangdong Liu as non-executive Director, and Ms. Nora Gu Yi Wu, Mr. Liming Wang, Dr. Xiande Zhao, Mr. Yang Zhang and Ms. Jennifer Ngar-Wing Yu as independent non-executive Directors.*