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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 MARCH 31, 2023**

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 March 31, 2023. The following financial information has been reviewed by the audit committee of the Company.

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

### **FINANCIAL HIGHLIGHTS**

	<b>Unaudited</b>		
	<b>Three months ended March 31,</b>		<b>Year-over-</b>
	<b>2023</b>	<b>2022</b>	<b>year change</b>
	<b>RMB’000</b>	<b>RMB’000</b>	<b>(%)</b>
Revenue	<b>36,728,401</b>	27,351,474	34.3
Gross profit	<b>1,635,736</b>	1,461,369	11.9
Loss before income tax	<b>(1,012,980)</b>	(1,300,277)	(22.1)
Loss for the period	<b>(1,036,838)</b>	(1,350,117)	(23.2)
Non-IFRS loss for the period <sup>(1)</sup>	<b>(711,544)</b>	(797,856)	(10.8)

(1) We define “Non-IFRS loss” as loss for the period, excluding certain reconciling items as set out in the section headed “Non-IFRS Measures”. We exclude these items because they are either non-operating in nature or not indicative of our core operating results and business outlook, or do not generate any cash outflows.

## BUSINESS HIGHLIGHTS

- We continuously cultivate our primary business in the integrated supply chain services market, providing industry-specific integrated supply chain solutions and service products for customers in fast-moving consumer goods, home appliances and home furniture, apparel, 3C, automotive and fresh produce industries. We also continuously expand the breadth and depth of our collaborations with existing customers. For example, we developed industry-leading solutions for customers in the liquor industry, based on their various business models and scenarios. We deepened our partnership with a well-known liquor brand in the new consumption sector, offering integrated supply chain solutions tailored to its unique business models. By offering omni-channel fulfillment services covering its various sales channels, including traditional e-commerce platforms, live streaming e-commerce platforms, and private domain membership platforms, we helped the brand not only optimize its inventory deployment, improve the delivery efficiency, but also reduce its fulfillment costs, thus helping the brand to further improve its consumer experiences on various sales channels.
- In February 2023, our Los Angeles No.3 Warehouse officially commenced operation, providing integrated supply chain logistics solutions to customers with varying needs. As of March 31, 2023, the gross floor area (GFA) of our self-operated warehouses in the United States exceeded 1.3 million square feet. With different functions and capabilities, these warehouses have further elevated our supply chain services abroad.
- As of March 31, 2023, our warehouse network covered nearly all counties and districts in China, consisting of over 1,500 self-operated warehouses and over 2,000 third-party warehouse-owner operated cloud warehouses under our Open Warehouse Platform. Our warehouse network has an aggregate GFA of more than 31 million square meters, including warehouse space managed through the Open Warehouse Platform.

## FINANCIAL REVIEW

### Three Months Ended March 31, 2023 Compared to Three Months Ended March 31, 2022

The following table sets forth the comparative figures for the three months ended March 31, 2023 and for the three months ended March 31, 2022, respectively:

	<b>Unaudited</b>	
	<b>Three months ended March 31,</b>	
	<b>2023</b>	<b>2022</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	<b>36,728,401</b>	27,351,474
Cost of revenue	<b>(35,092,665)</b>	(25,890,105)
<b>Gross profit</b>	<b>1,635,736</b>	1,461,369
Selling and marketing expenses	<b>(1,141,657)</b>	(951,053)
Research and development expenses	<b>(903,773)</b>	(743,636)
General and administrative expenses	<b>(891,122)</b>	(641,554)
Others, net <sup>(1)</sup>	<b>287,836</b>	(425,403)
<b>Loss before income tax</b>	<b>(1,012,980)</b>	(1,300,277)
Income tax expense	<b>(23,858)</b>	(49,840)
<b>Loss for the period</b>	<b>(1,036,838)</b>	(1,350,117)
<b>(Loss)/profit for the period attributable to:</b>		
Owners of the Company	<b>(988,884)</b>	(1,385,729)
Non-controlling interests	<b>(47,954)</b>	35,612
	<b>(1,036,838)</b>	(1,350,117)
<b>Non-IFRS (loss)/profit for the period attributable to:</b>		
Owners of the Company	<b>(712,263)</b>	(873,050)
Non-controlling interests	<b>719</b>	75,194
	<b>(711,544)</b>	(797,856)

(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”.

## 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.

	<b>Unaudited</b>			
	<b>Three months ended March 31,</b>			
	<b>2023</b>		<b>2022</b>	
	<i>RMB’000</i>	<i>%</i>	<i>RMB’000</i>	<i>%</i>
<b>Revenue:</b>				
Integrated supply chain customers	<b>18,450,747</b>	<b>50.2</b>	17,901,585	65.5
Other customers	<b>18,277,654</b>	<b>49.8</b>	9,449,889	34.5
<b>Total</b>	<b><u>36,728,401</u></b>	<b><u>100.0</u></b>	<u>27,351,474</u>	<u>100.0</u>

Included in the revenue for the three months ended March 31, 2023 was external revenue generated by Deppon Logistics Co., Ltd. (“**Deppon**”, Shanghai Stock Exchange code: 603056) and its subsidiaries (collectively, “**Deppon Group**”) in the amount of RMB7.4 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 period presented.

	<b>Unaudited</b>	
	<b>Three months ended</b>	
	<b>March 31, 2023</b>	
	<i>RMB’000</i>	<i>%</i>
<b>Revenue generated by Deppon Group<sup>(1)</sup>:</b>		
Integrated supply chain customers	<b>208,954</b>	<b>2.8</b>
Other customers	<b>7,199,325</b>	<b>97.2</b>
<b>Total</b>	<b><u>7,408,279</u></b>	<b><u>100.0</u></b>

(1) Revenue generated by Deppon Group through providing services to JD Group is not presented separately, as the amount was immaterial for the period presented.

Revenue increased by 34.3% to RMB36.7 billion for the three months ended March 31, 2023, from RMB27.4 billion for the same period of 2022. The increase in our total revenue was driven by the increase in revenue from integrated supply chain customers and the increase in revenue from other customers.

Revenue from integrated supply chain customers increased by 3.1% to RMB18.5 billion for the three months ended March 31, 2023, from RMB17.9 billion for the same period of 2022. The increase in revenue from integrated supply chain customers was primarily driven by the increase of revenue from external integrated supply chain customers, with a year-over-year increase in average revenue per customer (“ARPC”). Our ARPC increased to RMB132,894 for the three months ended March 31, 2023, from RMB110,762 for the same period of 2022, representing a year-over-year increase of 20.0%. Our ARPC improvement reflected customer endorsement for our integrated supply chain solutions and logistics services along with deepening collaborations and growing customer stickiness. The number of our external integrated supply chain customers, who have contributed to our revenue for the periods presented, was 54,465 for the three months ended March 31, 2023, compared to 58,818 for the same period of 2022.

Revenue from other customers increased by 93.4% to RMB18.3 billion for the three months ended March 31, 2023, from RMB9.4 billion for the same period of 2022, primarily due to the increases in business volume of our express delivery and freight delivery services, as well as 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 March 31,</b>		<b>2022</b>	
	<b>2023</b>		<b>2022</b>	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
<b>Revenue:</b>				
From JD Group	<b>11,212,698</b>	<b>30.5</b>	11,386,771	41.6
From others	<b>25,515,703</b>	<b>69.5</b>	15,964,703	58.4
Total	<b><u>36,728,401</u></b>	<b><u>100.0</u></b>	<u>27,351,474</u>	<u>100.0</u>

### *Cost of revenue*

Cost of revenue increased by 35.5% to RMB35.1 billion for the three months ended March 31, 2023, from RMB25.9 billion for the same period of 2022, which was in line with the rapid growth of our revenue during the corresponding 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 26.5% to RMB12.6 billion for the three months ended March 31, 2023, from RMB10.0 billion for the same period of 2022, 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 third-party transportation companies, express delivery companies and other service providers for sorting, shipping, dispatching, delivery and labor outsourcing services, increased by 39.2% to RMB13.4 billion for the three months ended March 31, 2023, from RMB9.7 billion for the same period of 2022. The increase was primarily driven by the growth of our business which required higher outsourcing capacity. In addition, the growth of our express delivery and freight delivery services, leading to increasing demand of outsourcing services for line haul transportation, also contributed to the increase in our outsourcing cost.

Rental cost increased by 20.4% to RMB3.1 billion for the three months ended March 31, 2023, from RMB2.5 billion for the same period of 2022, 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 75.2% to RMB0.9 billion for the three months ended March 31, 2023, from RMB0.5 billion for the same period of 2022, primarily due to an increase in the depreciation expenses of logistics equipment and vehicles.

Other cost of revenue increased by 58.3% to RMB5.0 billion for the three months ended March 31, 2023, from RMB3.2 billion for the same period of 2022, primarily due to the increase in fuel cost, cost of installation and maintenance services, cost of packaging and other consumable materials, and compensation expenses.

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

As a result of the foregoing, our gross profit and gross profit margin for the three months ended March 31, 2023 was RMB1.6 billion and 4.5%, respectively, compared to gross profit and gross profit margin of RMB1.5 billion and 5.3% for the same period of 2022, respectively.

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

Selling and marketing expenses increased by 20.0% to RMB1,141.7 million for the three months ended March 31, 2023, from RMB951.1 million for the same period of 2022. The increase was primarily attributable to the consolidation of Deppon Group.

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

Research and development expenses increased by 21.5% to RMB903.8 million for the three months ended March 31, 2023, from RMB743.6 million for the same period of 2022. The increase was primarily attributable to the consolidation of Deppon Group.

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

General and administrative expenses increased by 38.9% to RMB891.1 million for the three months ended March 31, 2023, from RMB641.6 million for the same period of 2022. The increase was primarily attributable to the consolidation of Deppon Group.

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

As a result of the foregoing, we recorded a loss of RMB1.0 billion for the three months ended March 31, 2023, compared to a loss of RMB1.4 billion for the same period of 2022.

### **Non-IFRS Measures**

To supplement our consolidated financial statements, which are presented in accordance with the International Financial Reporting Standards (“**IFRS**”), we also use non-IFRS profit/(loss) as an additional financial measure, which is not required by, or presented in accordance with IFRS. 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 IFRS.



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

	<b>Unaudited</b>	
	<b>Three months ended March 31,</b>	
	<b>2023</b>	<b>2022</b>
	<i><b>RMB'000</b></i>	<i><b>RMB'000</b></i>
<b>Reconciliation of loss to non-IFRS loss:</b>		
Loss for the period	<b>(1,036,838)</b>	(1,350,117)
<i>Adjusted for:</i>		
Share-based payments	<b>251,115</b>	308,549
Amortization of intangible assets resulting from acquisitions <sup>(1)</sup>	<b>141,829</b>	88,667
Fair value changes of financial assets at fair value through profit or loss <sup>(2)</sup>	<b>(67,650)</b>	155,045
	<hr/>	<hr/>
<b>Non-IFRS loss for the period<sup>(3)</sup></b>	<b><u>(711,544)</u></b>	<b><u>(797,856)</u></b>
<b>Non-IFRS (loss)/profit for the period attributable to:</b>		
Owners of the Company	<b>(712,263)</b>	(873,050)
Non-controlling interests	<b>719</b>	75,194
	<hr/>	<hr/>
	<b><u>(711,544)</u></b>	<b><u>(797,856)</u></b>

(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 loss for the three months ended March 31, 2023 was a profit generated by Deppon Group in the amount of RMB95.9 million.

## **Liquidity and Free Cash Flow**

Our cash resources include cash and cash equivalents, term deposits, wealth management products classified as financial assets at fair value through profit or loss and restricted cash. As of March 31, 2023, the aggregate amount of cash resources of the Group was RMB34.6 billion.

For the three months ended March 31, 2023, the Group had free cash outflow of RMB0.8 billion (three months ended March 31, 2022: free cash outflow of RMB1.0 billion). This was a result of net cash generated from operating activities of RMB2.3 billion, less payments for capital expenditures of RMB1.1 billion and payments relating to leases of RMB2.0 billion.



## APPRECIATION

On behalf of the Board, I would like to say thank you to all our employees, customers and business 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, May 11, 2023

*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, Ms. Jennifer Ngar-Wing Yu, Mr. Liming Wang, Dr. Xiande Zhao and Mr. Yang Zhang as independent non-executive Directors.*