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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, 2024

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, its subsidiaries and consolidated affiliated entities (collectively, the “**Group**”) for the three months ended March 31, 2024. 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 (HKD counter) and 89618 (RMB counter)) and its subsidiaries, including JD Health International Inc. (HKEX: 6618 (HKD counter) and 86618 (RMB counter)), and its consolidated affiliated entities, excluding the Group. Any discrepancies in percentage ratios are due to rounding.

FINANCIAL HIGHLIGHTS

	Unaudited		
	Three months ended March 31, Year-over-year		
	2024	2023	change
	<i>(RMB in thousands, except for percentages)</i>		
Revenue	42,137,338	36,728,401	14.7%
Gross profit	3,231,222	1,635,736	97.5%
Profit/(loss) before income tax	403,099	(1,012,980)	N/A
Profit/(loss) for the period	322,305	(1,036,838)	N/A
Non-IFRS profit/(loss) for the period ⁽¹⁾	662,651	(711,544)	N/A
<i>Non-IFRS profit/(loss) margin for the period ⁽¹⁾</i>	1.6%	(1.9)%	N/A
Non-IFRS EBITDA for the period ⁽¹⁾	3,650,059	2,051,769	77.9%
<i>Non-IFRS EBITDA margin for the period ⁽¹⁾</i>	8.7%	5.6%	3.1 percentage points

(1) See the section headed “Non-IFRS Measures” for more information about the non-IFRS measures.

BUSINESS HIGHLIGHTS

- We provided omni-channel integrated supply chain services to a leading domestic home appliance company, supporting its multiple online channels fulfillment with consolidated inventories, and offering reverse logistics, quality inspection and repackaging services nearby leveraging our nationwide warehouse and delivery networks. This has effectively reduced the logistical costs and secondary losses associated with multiple handling steps, facilitating cost reductions and efficiency improvements for the customer. Our simultaneous delivery and pick-up services for bulky items allow us to expand business opportunities under the policies regarding the trade-in of used goods.
- JD Express continuously improved the timeliness and expanded the coverage of the next-morning and the next-day delivery. Meanwhile, JD Express continued to launch the industry-leading, high-standard and personalized services, such as “compensation for orders not picked up within one hour” and nighttime pick-ups in several cities nationwide. Thanks to the good service quality, we have successfully expanded business into agriculture production zones and interest-based e-commerce platforms. We delivered specialty products such as Ningxia beef and lamb and Chagan Lake bighead carp to customers nationwide, and continued to deepen our collaboration with interest-based e-commerce platforms, achieving business growth.
- We continued to help Chinese brands go overseas with one-stop service offerings. In the first quarter of 2024, we provided MINISO with integrated supply chain services covering warehousing and fulfillment for MINISO stores in Australia and Malaysia. JD Logistics and MINISO will further explore more global cooperation opportunities.
- As of March 31, 2024, our warehouse network covered nearly all counties and districts in China, consisting of over 1,600 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 gross floor area of more than 32 million square meters, including warehouse space managed through the Open Warehouse Platform.
- Driven by our unwavering commitment and unremitting efforts to creating more jobs and making contribution to the society, JD Logistics’ total expenditure for human resources, including both our own employees and external personnel who work for JD Logistics, amounted to RMB84.3 billion for the twelve months ended March 31, 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

Three Months Ended March 31, 2024 Compared to Three Months Ended March 31, 2023

The following table sets forth the comparative figures for the three months ended March 31, 2024 and 2023, respectively:

	Unaudited	
	Three months ended March 31,	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	42,137,338	36,728,401
Cost of revenue	(38,906,116)	(35,092,665)
Gross profit	3,231,222	1,635,736
Selling and marketing expenses	(1,411,561)	(1,141,657)
Research and development expenses	(862,457)	(903,773)
General and administrative expenses	(869,526)	(891,122)
Others, net ⁽¹⁾	315,421	287,836
Profit/(loss) before income tax	403,099	(1,012,980)
Income tax expense	(80,794)	(23,858)
Profit/(loss) for the period	322,305	(1,036,838)
Profit/(loss) for the period attributable to:		
Owners of the Company	238,429	(988,884)
Non-controlling interests	83,876	(47,954)
	322,305	(1,036,838)
Non-IFRS measures:		
Non-IFRS profit/(loss) for the period	662,651	(711,544)
Non-IFRS EBITDA for the period	3,650,059	2,051,769

(1) Including “other income, gains/(losses), net”, “gains on disposal of industrial parks”, “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.

	Unaudited			
	Three months ended March 31,		2023	
	2024		2023	
	RMB'000	%	RMB'000	%
Integrated supply chain customers	20,501,425	48.7	18,450,747	50.2
Other customers	21,635,913	51.3	18,277,654	49.8
Total	42,137,338	100.0	36,728,401	100.0

Revenue increased by 14.7% to RMB42.1 billion for the three months ended March 31, 2024, from RMB36.7 billion for the same period of 2023. 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 11.1% to RMB20.5 billion for the three months ended March 31, 2024, from RMB18.5 billion for the same period of 2023. The increase in revenue from integrated supply chain customers was primarily attributable to (i) an increase in revenue from JD Group, and (ii) the increase of revenue from external integrated supply chain customers, with a year-over-year increase in the number of external integrated supply chain customers and the average revenue per customer (the "ARPC"). The number of our external integrated supply chain customers, who have contributed to our revenue for the periods presented, increased to 55,760 for the three months ended March 31, 2024, from 54,465 for the same period of 2023. The increase in the number of external integrated supply chain customers was due to the increased demand for our services as well as our ongoing sales and marketing efforts. Our ARPC increased to RMB136,636 for the three months ended March 31, 2024, from RMB132,894 for the same period of 2023. 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 18.4% to RMB21.6 billion for the three months ended March 31, 2024, from RMB18.3 billion for the same period of 2023, primarily driven by the increase in business volume of express delivery and freight delivery services.

The following table sets forth a breakdown of revenue by (i) JD Group and (ii) others (including revenue generated from third-party merchants on the online marketplace of JD Group), both in absolute amount and as a percentage of our total revenue for the periods presented.

	Unaudited			
	Three months ended March 31,		2023	
	2024			
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
From JD Group	12,882,580	30.6	11,212,698	30.5
From others	29,254,758	69.4	25,515,703	69.5
Total	42,137,338	100.0	36,728,401	100.0

Cost of revenue

Cost of revenue increased by 10.9% to RMB38.9 billion for the three months ended March 31, 2024, from RMB35.1 billion for the same period of 2023, which was in line with the growth of our revenue during the corresponding period.

Employee benefit expenses for employees involved in warehouse management, sorting, picking, packaging, shipping, delivery and customer services increased by 16.8% to RMB14.8 billion for the three months ended March 31, 2024, from RMB12.6 billion for the same period of 2023, primarily driven by the increase in the number of operational employees, which was in line with the continued growth of our business.

Outsourcing cost, mainly including costs charged by third-party transportation companies, express delivery companies and other service providers for sorting, shipping, delivery and labor outsourcing services, increased by 8.2% to RMB14.5 billion for the three months ended March 31, 2024, from RMB13.4 billion for the same period of 2023, primarily driven by the growth of our business which required higher outsourcing capacity.

Rental cost, mainly including depreciation of right-of-use assets and leasing expenses for short-term leases, increased by 7.2% to RMB3.3 billion for the three months ended March 31, 2024, from RMB3.1 billion for the same period of 2023, primarily driven by 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 of property and equipment and amortization of other intangible assets increased by 11.6% to RMB1.1 billion for the three months ended March 31, 2024, from RMB0.9 billion for the same period of 2023, primarily driven by the increase in the depreciation expenses of logistics equipment and vehicles.

Other cost of revenue increased by 5.1% to RMB5.2 billion for the three months ended March 31, 2024, from RMB5.0 billion for the same period of 2023, primarily driven by the increase in fuel cost, road and bridge tolls, cost of packaging and other consumable materials, and office 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, 2024 was RMB3.2 billion and 7.7%, respectively, compared to gross profit and gross profit margin of RMB1.6 billion and 4.5% for the same period of 2023, respectively. The increase in the gross profit margin was primarily due to (i) optimized business and network structure, and (ii) economies of scale with business expansion, driving efficiency gains in most of our cost components.

Selling and marketing expenses

Selling and marketing expenses increased by 23.6% to RMB1.4 billion for the three months ended March 31, 2024, from RMB1.1 billion for the same period of 2023, primarily driven by the increase in headcount of sales and marketing personnel to promote our service offerings.

Research and development expenses

Research and development expenses decreased by 4.6% to RMB862.5 million for the three months ended March 31, 2024, from RMB903.8 million for the same period of 2023, primarily driven by enhanced efficiency and refined cost control measures.

General and administrative expenses

General and administrative expenses decreased by 2.4% to RMB869.5 million for the three months ended March 31, 2024, from RMB891.1 million for the same period of 2023, primarily driven by the decrease in share-based payments expenses.

Profit/(loss) for the period

We recorded a net profit of RMB322.3 million for the three months ended March 31, 2024, compared to a net loss of RMB1,036.8 million for the same period of 2023.

Non-IFRS Measures

To supplement our consolidated results, which are presented in accordance with the International Financial Reporting Standards (“**IFRS**”), we also use non-IFRS profit/(loss) and non-IFRS EBITDA as additional financial measures, which are not required by, or presented in accordance with IFRS. We believe these non-IFRS measures facilitate comparisons of core operating performance from period to period and from company to company by eliminating potential impacts of items which our management considers non-indicative of our core operating performance.

We believe these non-IFRS measures provide useful information to investors and others in understanding and evaluating our results of operations in the same manner as they help our management. However, our presentation of non-IFRS measures may not be comparable to similarly titled measures presented by other companies. The use of non-IFRS measures has limitations as an analytical tool, and you should not consider them 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 measures, which are profit/(loss) calculated and presented in accordance with IFRS, to the non-IFRS profit/(loss) for the periods presented:

	Unaudited	
	Three months ended March 31,	
	2024	2023
	<i>(RMB in thousands, except for percentages)</i>	
Reconciliation of profit/(loss) to non-IFRS profit/(loss):		
Profit/(loss) for the period	322,305	(1,036,838)
<i>Adjusted for:</i>		
Share-based payments	195,504	251,115
Amortization of intangible assets resulting from acquisitions ⁽¹⁾	141,829	141,829
Fair value changes of financial assets at fair value through profit or loss ⁽²⁾	45,402	(67,650)
Gains on disposal of industrial parks ⁽³⁾	(42,389)	—
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Non-IFRS profit/(loss) for the period	662,651	(711,544)
	<hr/> <hr/>	<hr/> <hr/>
Non-IFRS profit/(loss) for the period attributable to:		
Owners of the Company	540,908	(712,263)
Non-controlling interests	121,743	719
	<hr/>	<hr/>
	662,651	(711,544)
	<hr/> <hr/>	<hr/> <hr/>
Non-IFRS profit/(loss) margin for the period⁽⁴⁾	1.6%	(1.9)%

(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) Represents gains generated from the disposal of certain industrial parks held by the Group.

(4) Represents non-IFRS profit/(loss) divided by revenue for the periods presented.

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

	Unaudited	
	Three months ended March 31,	
	2024	2023
	<i>(RMB in thousands, except for percentages)</i>	
Reconciliation of profit to non-IFRS EBITDA:		
Profit/(loss) for the period	322,305	(1,036,838)
<i>Adjusted for:</i>		
Share-based payments	195,504	251,115
Fair value changes of financial assets at fair value through profit or loss ⁽¹⁾	45,402	(67,650)
Gains on disposal of industrial parks ⁽²⁾	(42,389)	—
Depreciation and amortization ⁽³⁾	3,176,035	2,951,574
Finance income	(386,525)	(338,523)
Finance costs	258,933	268,233
Income tax expense	80,794	23,858
	<hr/>	<hr/>
Non-IFRS EBITDA for the period	3,650,059	2,051,769
	<hr/>	<hr/>
Non-IFRS EBITDA margin for the period⁽⁴⁾	8.7%	5.6%

(1) 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.

(2) Represents gains generated from the disposal of certain industrial parks held by the Group.

(3) Includes depreciation of right-of-use assets, depreciation of property and equipment, depreciation of investment properties and amortization of other intangible assets.

(4) Represents non-IFRS EBITDA divided by revenue for the periods presented.

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, treasury investments at amortized cost included in “prepayments, other receivables and other assets”, and restricted cash. As of March 31, 2024, the aggregate amount of cash resources of the Group was RMB42.5 billion.

For the three months ended March 31, 2024, the Group had free cash outflow of RMB0.3 billion, compared to a free cash outflow of RMB0.8 billion for the same period of 2023. This was a result of net cash generated from operating activities of RMB2.5 billion, less payments for capital expenditures of RMB0.6 billion and payments relating to leases of RMB2.2 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. Wei Hu
Executive Director

Hong Kong, May 16, 2024

As of the date of this announcement, the Board comprises Mr. Wei Hu 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.