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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, 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 September 30, 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		Year-over-year
	September 30,		change
	2024	2023	
	<i>(RMB in thousands, except for percentages)</i>		
Revenue	44,395,616	41,662,646	6.6%
Gross profit	5,197,449	3,300,429	57.5%
Profit before income tax	2,625,435	591,655	343.7%
Profit for the period	2,444,800	454,300	438.1%
Non-IFRS profit for the period ⁽¹⁾	2,572,583	843,078	205.1%
<i>Non-IFRS profit margin for the period ⁽¹⁾</i>	5.8%	2.0%	<i>3.8 percentage points</i>
Non-IFRS EBITDA for the period ⁽¹⁾	5,726,417	3,834,399	49.3%
<i>Non-IFRS EBITDA margin for the period ⁽¹⁾</i>	12.9%	9.2%	<i>3.7 percentage points</i>

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

BUSINESS HIGHLIGHTS

- JD Logistics and Taobao and Tmall Group recently reached a cooperation, under which JD Logistics will connect with the Taobao and Tmall platforms. As of mid-October, the parties have mostly completed the system integration. A large number of merchants on the Taobao and Tmall platforms have selected JD Logistics as a service provider, and users are also able to track JD Logistics shipments within the Taobao and Tmall apps.
- JD Logistics's profitability has reached a new record high. In the third quarter of 2024, non-IFRS net profit reached RMB2.57 billion, representing a year-over-year increase of 205.1%, which fully reflected the comprehensive results of our use of technological innovation to improve resource utilization efficiency in the core operations, optimization of product structure, etc. We continued to improve the level of automation application in warehousing and sorting stage to enhance operational efficiency. Based on operations research and algorithm technology, we continued to optimize network layout and transportation resources scheduling, as well as took the lead to apply logistics large language model to dozens of scenarios such as abnormal control, process automation, and intelligent interaction.
- In the third quarter of 2024, we opened new warehouses in Malaysia and the United States, respectively, and continued to enhance our overseas warehouse network and service capabilities with global deployment in order to better serve Chinese go-global brand customers and overseas customers. In this quarter, we provided cross-border services for a leading e-commerce platform in South Korea, with the service scope covering multiple scenarios such as warehousing, cross-border trunk lines and customs clearance, and both parties continued to explore more cooperation opportunities.
- JD Logistics was selected for the first time in S&P Global's 2024 Sustainability Yearbook (China Edition), and was named the best progressive enterprise in the industry in the Corporate Sustainability Assessment (CSA). Our efforts in building a green supply chain, promoting the development of green productivity, and reducing carbon emissions throughout the supply chain have been recognized by the industry. In addition, our score in the 2024 S&P Global CSA has further improved, ranking among the top in the global industry.
- As of September 30, 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 RMB87.0 billion for the twelve months ended September 30, 2024.

FINANCIAL INFORMATION

Three Months Ended September 30, 2024 Compared to Three Months Ended September 30, 2023

The following table sets forth the comparative figures for the three months ended September 30, 2024 and 2023, respectively:

	Unaudited	
	Three months ended	
	September 30,	
	2024	2023
	RMB'000	RMB'000
Revenue	44,395,616	41,662,646
Cost of revenue	(39,198,167)	(38,362,217)
Gross profit	5,197,449	3,300,429
Selling and marketing expenses	(1,391,797)	(1,354,666)
Research and development expenses	(912,703)	(866,511)
General and administrative expenses	(855,630)	(809,086)
Others, net ⁽¹⁾	588,116	321,489
Profit before income tax	2,625,435	591,655
Income tax expense	(180,635)	(137,355)
Profit for the period	2,444,800	454,300
Profit for the period attributable to:		
Owners of the Company	2,204,718	214,306
Non-controlling interests	240,082	239,994
	2,444,800	454,300
Non-IFRS measures:		
Non-IFRS profit for the period	2,572,583	843,078
Non-IFRS EBITDA for the period	5,726,417	3,834,399

(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.

	Unaudited			
	Three months ended September 30, 2024		2023	
	RMB'000	%	RMB'000	%
Integrated supply chain customers	20,662,768	46.5	19,605,425	47.1
Other customers	23,732,848	53.5	22,057,221	52.9
Total	<u>44,395,616</u>	<u>100.0</u>	<u>41,662,646</u>	<u>100.0</u>

Revenue increased by 6.6% to RMB44.4 billion for the three months ended September 30, 2024, from RMB41.7 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 5.4% to RMB20.7 billion for the three months ended September 30, 2024, from RMB19.6 billion for the same period of 2023. The increase in revenue from integrated supply chain customers was primarily attributable to (i) the increase in revenue from JD Group, and (ii) the increase in revenue from external integrated supply chain customers, with a year-over-year increase in the number of external integrated supply chain customers. The number of our external integrated supply chain customers, who have contributed to our revenue for the periods presented, increased to 59,286 for the three months ended September 30, 2024, from 54,212 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 continuously enhanced capabilities in integrated supply chain services. Our average revenue per customer was RMB132,825 for the three months ended September 30, 2024, compared to RMB143,497 for the same period of 2023.

Revenue from other customers increased by 7.6% to RMB23.7 billion for the three months ended September 30, 2024, from RMB22.1 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 September 30,		2023	
	2024			
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
From JD Group	12,788,111	28.8	11,826,170	28.4
From others	31,607,505	71.2	29,836,476	71.6
Total	<u>44,395,616</u>	<u>100.0</u>	<u>41,662,646</u>	<u>100.0</u>

Cost of revenue

Cost of revenue increased by 2.2% to RMB39.2 billion for the three months ended September 30, 2024, from RMB38.4 billion for the same period of 2023. As a percentage of revenue, cost of revenue decreased by 3.8 percentage points to 88.3% from 92.1% on a year-over-year basis, primarily driven by (i) optimized product and network structure, (ii) enhanced operating efficiency driven by technology, and (iii) enhanced utilization of resources driven by refined management and control measures.

Employee benefit expenses for employees involved in warehouse management, sorting, picking, packaging, shipping, delivery and customer services increased by 4.8% to RMB14.6 billion for the three months ended September 30, 2024 from RMB13.9 billion for the same period of 2023, primarily driven by the increase in the number of operational employees.

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, remained relatively stable at RMB15.0 billion and RMB14.6 billion for the three months ended September 30, 2024 and for the same period of 2023, respectively.

Rental cost, mainly including depreciation of right-of-use assets and leasing expenses for short-term leases, remained stable at RMB3.1 billion and RMB3.1 billion for the three months ended September 30, 2024 and for the same period of 2023, respectively.

Depreciation of property and equipment and amortization of other intangible assets remained relatively stable at RMB1.1 billion and RMB1.0 billion for the three months ended September 30, 2024 and for the same period of 2023, respectively.

Other cost of revenue, mainly including fuel cost, road and bridge tolls, cost of packaging and other consumable materials, cost of installation and maintenance services, office expenses and compensation expenses, remained relatively stable at RMB5.4 billion and RMB5.7 billion for the three months ended September 30, 2024 and for the same period of 2023, respectively.

Gross profit and gross profit margin

As a combined result of revenue growth and cost productivity gain, gross profit increased to RMB5.2 billion for the three months ended September 30, 2024, from RMB3.3 billion for the same period of 2023. Gross profit margin increased to 11.7% for the three months ended September 30, 2024, from 7.9% for the same period of 2023, primarily attributable to our efforts in efficiency improvement and cost reduction as mentioned above.

Selling and marketing expenses

Selling and marketing expenses remained stable at RMB1.4 billion and RMB1.4 billion for the three months ended September 30, 2024 and for the same period of 2023, respectively.

Research and development expenses

Research and development expenses remained relatively stable at RMB912.7 million and RMB866.5 million for the three months ended September 30, 2024 and for the same period of 2023, respectively.

General and administrative expenses

General and administrative expenses remained relatively stable at RMB855.6 million and RMB809.1 million for the three months ended September 30, 2024 and for the same period of 2023, respectively.

Profit for the period

Net profit increased to RMB2.4 billion for the three months ended September 30, 2024, from RMB0.5 billion for the same period of 2023, primarily attributable to the increase in gross profit.

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 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 calculated and presented in accordance with IFRS, to the non-IFRS profit for the periods presented:

	Unaudited	
	Three months ended	
	September 30,	
	2024	2023
	<i>(RMB in thousands, except for percentages)</i>	
Reconciliation of profit to non-IFRS profit:		
Profit for the period	2,444,800	454,300
<i>Adjusted for:</i>		
Share-based payments	91,385	192,390
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⁾	(105,431)	54,559
Non-IFRS profit for the period	2,572,583	843,078
Non-IFRS profit for the period attributable to:		
Owners of the Company	2,287,813	554,420
Non-controlling interests	284,770	288,658
	2,572,583	843,078
Non-IFRS profit margin for the period⁽³⁾	5.8%	2.0%

- (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 non-IFRS profit divided by revenue for the periods presented.

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

	Unaudited	
	Three months ended	
	September 30,	
	2024	2023
	<i>(RMB in thousands, except for percentages)</i>	
Reconciliation of profit to non-IFRS EBITDA:		
Profit for the period	2,444,800	454,300
<i>Adjusted for:</i>		
Share-based payments	91,385	192,390
Fair value changes of financial assets at fair value through profit or loss ⁽¹⁾	(105,431)	54,559
Depreciation and amortization ⁽²⁾	3,216,499	3,106,087
Finance income	(353,894)	(364,818)
Finance costs	252,423	254,526
Income tax expense	180,635	137,355
	5,726,417	3,834,399
Non-IFRS EBITDA for the period	5,726,417	3,834,399
Non-IFRS EBITDA margin for the period⁽³⁾	12.9%	9.2%

- (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) Includes depreciation of right-of-use assets, depreciation of property and equipment, depreciation of investment properties and amortization of other intangible assets.
- (3) Represents non-IFRS EBITDA divided by revenue for the periods presented.

Liquidity and Capital Resources

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 September 30, 2024, the aggregate amount of cash resources of the Group was RMB47.1 billion.

For the three months ended September 30, 2024, the Group had free cash inflow of RMB2.7 billion, compared to a free cash inflow of RMB2.1 billion for the same period of 2023. This was a result of net cash generated from operating activities of RMB6.2 billion, less payments for capital expenditures, net of related proceeds from disposals of RMB1.4 billion and payments relating to leases of RMB2.1 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, November 14, 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, Dr. Xiande Zhao, Mr. Yang Zhang and Dr. Lin Ye as independent non-executive Directors.