### ① Management's Comments on Q2 Profitability Impacted by Food Delivery New Business

**English Version:**

* Profit Decline: Non-GAAP net income attributable to ordinary shareholders decreased to RMB 7.4 billion from RMB 14.5 billion last year, due to investments and rapid growth in new businesses including food delivery. (Our non GAAP net income attributable to ordinary shareholders in the quarter was RMB 7,400,000,000.0 compared to RMB 14,500,000,000.0 in the same period last year as a result of the investment and rapid growth in our new businesses, including our food delivery business.)
* Margin Reduction: Non-GAAP net profit margin fell to 2.1%, primarily from investments in food delivery, although near-term profitability is impacted by strategic investments. (Our non GAAP net profit margin was down to 2.1%, mainly due to our investments in food delivery. Although near term profitability is impacted by strategic investments, we remain confident that those efforts will position the company for sustained growth and long term value creation.)
* Operating Loss Expansion: New businesses' non-GAAP operating loss widened to RMB 14.8 billion, primarily driven by the rapid expansion of food delivery and Jingxi business. (its non GAAP operating loss widened to RMB14.8 billion, primarily driven by the rapid expansion of food delivery and Jingxi business.)
* Near-Term Financial Impact: Despite near-term financial impact from food delivery, it has driven meaningful traffic, user growth, and boosted user shopping frequency, with visible uplift in conversion and cross-selling to core retail. (Despite near term financial impact, this food delivery business has driven meaningful traffic and user growth and significantly boost the user shopping frequency. We have also observed a visible uplift in conversion and cross selling with our core retail business.)
* Year-on-Year Net Income Drop: Non-GAAP net income attributable to ordinary shareholders dropped 49% year-on-year, with net margin at 2.1%, reflecting near-term margin headwind mainly from strategic investment in food delivery. (Non GAAP net income attributable to ordinary shareholders was billion in Q2, down 49% year on year and non GAAP net margin declined to 2.1%. This near term margin headwind mainly reflects our strategic investment in food delivery.)
* Cash Flow Decrease: Last twelve months free cash flow was RMB 10 billion compared to RMB 56 billion last year, primarily due to cash outflows associated with the trading program and the decline in operating income, indirectly affected by food delivery investments. (Our last twelve months free cash flow as of the end of the second quarter was RMB 10,000,000,000 compared to RMB 56,000,000,000 in the same period last year. This was primarily due to cash outflows associated with the trading program and the decline in operating income.)

**Chinese Version:**

* 利润下降: 非GAAP净收入归属于普通股东从去年145亿元降至74亿元，主要由于包括外卖业务在内的新业务投资和快速增长。(Our non GAAP net income attributable to ordinary shareholders in the quarter was RMB 7,400,000,000.0 compared to RMB 14,500,000,000.0 in the same period last year as a result of the investment and rapid growth in our new businesses, including our food delivery business.)
* 利润率降低: 非GAAP净利率降至2.1%，主要来自对外卖的投资，尽管短期盈利受战略投资影响，但我们相信这些努力将为公司带来持续增长和长期价值创造。(Our non GAAP net profit margin was down to 2.1%, mainly due to our investments in food delivery. Although near term profitability is impacted by strategic investments, we remain confident that those efforts will position the company for sustained growth and long term value creation.)
* 经营亏损扩大: 新业务非GAAP经营亏损扩大至148亿元，主要由外卖和京喜业务的快速扩张驱动。(its non GAAP operating loss widened to RMB14.8 billion, primarily driven by the rapid expansion of food delivery and Jingxi business.)
* 短期财务影响: 尽管外卖业务带来短期财务影响，但它驱动了显著流量、用户增长，并显著提升用户购物频率，并在核心零售的转化和交叉销售中观察到明显提升。(Despite near term financial impact, this food delivery business has driven meaningful traffic and user growth and significantly boost the user shopping frequency. We have also observed a visible uplift in conversion and cross selling with our core retail business.)
* 同比净收入下降: 非GAAP净收入归属于普通股东同比下降49%，净利率为2.1%，反映了对外卖战略投资的短期利润压力。(Non GAAP net income attributable to ordinary shareholders was billion in Q2, down 49% year on year and non GAAP net margin declined to 2.1%. This near term margin headwind mainly reflects our strategic investment in food delivery.)
* 现金流减少: 过去十二个月自由现金流为100亿元，相比去年同期560亿元，主要由于贸易计划相关的现金流出和经营收入下降，外卖投资间接影响。(Our last twelve months free cash flow as of the end of the second quarter was RMB 10,000,000,000 compared to RMB 56,000,000,000 in the same period last year. This was primarily due to cash outflows associated with the trading program and the decline in operating income.)

### ② Management's Outlook on Future Performance of Related Businesses

**English Version:**

* Synergy Unlocking: JD Food Delivery will continue to unlock synergies with JD Retail, JD Logistics, and other businesses, focusing on strategic priorities and investing efficiently amid market dynamics. (We aim to further unlock synergies, not only between JD Food Delivery and JD Retail, but also with JD Logistics and other businesses across our ecosystem. This is where our strategic focus lies. Going forward, we will stay focused on our strategic priorities and invest with high efficiency at appropriate pace amid the evolving dynamics in the food delivery market.)
* Traffic and User Growth: Despite near-term impacts, food delivery drives traffic and user growth, with focus on merchant supply, delivery efficiency, and user experience moving forward. (Despite near term financial impact, this food delivery business has driven meaningful traffic and user growth and significantly boost the user shopping frequency. ... Moving forward, we will continue to focus on merchant supply, delivery efficiency and user experience for food delivery business.)
* Order Volume Momentum: Food delivery maintains healthy order volume growth, especially for new orders in Q3 to date, despite industry dynamics. (Driven by these efforts, we are encouraged to see that despite industry dynamics, JD Food Delivery has maintained a healthy order volume growth, especially for new orders in Q3 quarter to date.)
* Long-Term Initiative: Long-term view of food delivery as a 5-20 year initiative, leveraging scale for efficiency and synergies with core retail to support sustainable growth. (In the long term, we don't we view this business as a long term business initiative on JD. This is a five, ten, even twenty year initiative. This is not a one month one quarter or two quarter kind of business model. So the food delivery business gradually leverage economic scale to boost efficiency, and we will continue to unlock the huge synergistic potential between food delivery and core retail business to support the company's long term healthy growth.)
* UE Improvement: UE of food delivery is gradually improving; future focus on refined subsidy strategy tailored to regions and user groups, and improving fulfillment efficiency through scale and system capabilities to enhance profitability. (The the UE of food delivery updated food delivery is gradually improving. Moving forward, we don't believe the low quality competition create any value to the industry. So we'll look we're focusing on more refined subsidy strategy tailored to different regions and user group and to improve the fulfillment efficiency fueled by economic scale, enhanced system capability collectively to improve the profitability of our food delivery business.)
* Ecosystem Integration: Food delivery is not viewed as a standalone business but deeply integrated with JD's ecosystem, with current priority on enhancing core system capabilities like order dispatching and route planning to better serve users and drive traffic to merchants. (I want to reiterate that we do not view our food delivery as a stand alone business as it's deeply integrated with JD's broader ecosystem. For JD, the current priority for our food delivery business is to enhance core system capabilities from optimizing order dispatching algorithms to refining route planning technologies, all to strengthen JD Food Delivery's ability to better serve users and drive traffic and the user growth to merchants on our platform.)
* Cross-Selling Progress: Food delivery has generated clear synergies, with increasing cross-sale ratio of new users, benefiting supermarket, lifestyle services, and electronic accessories; as it scales, it will enrich local merchant supply and drive user traffic to 3P ecosystem. (JD Food Delivery has started to generate clear synergies with our core retail business. Beyond the user related insights I just shared, we are also proactively capitalizing on the cross selling opportunities brought by food delivery business. We are pleased to see the progress so far, particularly the increasing cross sale ratio of new users brought in by food delivery. Supermarket categories, lifestyle services and electronic accessories have benefited the most from this trend. Additionally, as our food delivery business scales, we believe it will further enrich our local supply of merchants and drive user traffic and engagement to our all of our 3P merchants, helping establish a more dynamic and comprehensive 3P ecosystem on our platform.)
* Rider and Merchant Expansion: Significant progress in onboarding high-quality merchants (over 1.5 million restaurants in Q2) and increasing full-time delivery riders (exceeded 150,000 by end of Q2), with full-time employment ensuring dignity, security, and improving order punctuality and service quality. (We've made significant progress in onboarding high quality merchants and the number of full time delivery riders has increased rapidly. ... at the end of Q2, the number of full time food delivery riders on JD have exceeded 150,000. JD full time employment system ensures that rider can work with dignity and security, which in turn also enhances our delivery experience. Both our order punctuality and service quality are steadily improving. On the supply side, we focus on quality food delivery, which is an important differentiation of JD Food Delivery. We onboarded over 1,500,000 high quality restaurant in the second quarter.)
* Supply Chain Innovation: Innovating at the source of supply chain with models like Seven Fresh Kitchen to help consumers enjoy quality and affordable meals, and proportion of orders from meals continuing to rise, helping quality restaurants achieve higher sales. (Moreover, the proportion of orders from meals continued to rise. And we are helping quality restaurant achieve higher sales. We are also constantly innovating at a source of supply chain, launching a new innovative business model called seven Fresh Kitchen Model to help consumer enjoy quality and affordable meals.)
* System Enhancements: Food delivery R&D and operations teams are rapidly iterating to enhance system functionality, including order dispatching efficiency, algorithm improvements, subsidy efficiency, and advertising system to provide better experience for users, merchants, and riders. (In terms of system capabilities, our food delivery R and D and operation teams are rapidly reiterating to enhance system functionality, including order dispatching efficiency, algorithm improvement, subsidy efficiency, and the advertising system to improve to provide a better experience for user, merchants and writers.)
* Traffic and Frequency Boost: Food delivery driving notable traffic and user growth in Q2, with DAU, QAC, user engagement, and shopping frequency improving significantly; conversion rate of food delivery users purchasing B2C e-commerce products steadily increasing, including new users cross-buying and existing users' frequency improvement. (After more than a quarter of operation, JD Food Delivery start to generate synergies value synergistic value with our core business. This is within our initial expectation. First, JD Food Delivery is driving notable traffic and user growth in Q2. DAU of JD app and QAC as well as user engagement all have improved significantly with as well as shopping frequency. The conversion rate of food delivery user purchasing B2C e commerce product is steadily increasing. This include new food delivery user cross buying e commerce product and the improvement in shopping frequency among existing users. So we have observed strong cross selling that is taking place.)
* Marketing Synergy: Synergy potential between food delivery and retail in marketing spending, with teams evaluating ROI across channels to boost overall marketing efficiency. (Furthermore, there is also synergy potential between food delivery and the retail business in terms of marketing spending. Our team will evaluate the ROI across different marketing channels and boost overall marketing efficiency.)
* New Capacity Development: Aiming to enhance synergy by developing several capacities in Q2, to be launched in Q3. (We aim to enhance this synergy as we develop several capacity in Q2, which will be launched in the third quarter.)
* Quality Differentiation: Commitment to quality food delivery model addressing unmet needs among merchants, riders, and users, as a key differentiation. (As shared before, we have identified unmet needs across the industry among merchants, riders and users, and we are effectively addressing these needs through our quality food delivery model.)
* Strategic Direction: Food delivery and on-demand retail as a key long-term strategic direction for JD, with commitment to improve user experience, cost efficiency, and operational/system capabilities. (food delivery and on demand retail is a key long term strategic direction for JD with our commitment to improve on user experience cost efficiency. We continue to establish and enhance the operational and system capability related to the on demand retail business and optimize user experience.)
* Profit Margin Fluctuation: Short-term profit margin may fluctuate with industry dynamics and investment pace, but long-term goal of high single-digit margin remains unchanged; new businesses like food delivery will evolve into growth drivers, enhancing profitability through synergies. (JD's profit margin may fluctuate with industry dynamics and our investment pace in the short term. However, our long term goal to achieve high single digit profit margin remains unchanged... The early stage investment will impact JD Group's margin in the short term, but in the long term, the new businesses will gradually evolve into new growth drivers, creating greater synergies with our core business and ultimately enhancing our profitability.)
* Investment Discipline: In the process, focus on strategies, invest with discipline, focus on ROI, and maintain flexibility to balance efforts based on actual results. (In the process, we will also focus on our strategies, invest with discipline and focus on ROI. We will maintain flexibility to balance our efforts and inputs based on actual results.)
* Overall Confidence: Excited about new business initiatives like food delivery, expected to accelerate growth in users and shopping frequency, creating great potential for synergies and long-term healthy growth. (Looking ahead, we're excited about our new business initiatives and expected it will further accelerate growth in users and shopping frequency, while creating great potential for generating synergies. With the continued momentum in our core business and well executed new initiatives, we're confident in our long term healthy growth.)

**Chinese Version:**

* 协同释放: 京东外卖将继续释放与京东零售、物流及其他业务的协同潜力，聚焦战略重点，并在市场动态中高效投资。(We aim to further unlock synergies, not only between JD Food Delivery and JD Retail, but also with JD Logistics and other businesses across our ecosystem. This is where our strategic focus lies. Going forward, we will stay focused on our strategic priorities and invest with high efficiency at appropriate pace amid the evolving dynamics in the food delivery market.)
* 流量与用户增长: 尽管短期影响，外卖业务驱动流量和用户增长，未来聚焦商户供给、配送效率和用户体验。(Despite near term financial impact, this food delivery business has driven meaningful traffic and user growth and significantly boost the user shopping frequency. ... Moving forward, we will continue to focus on merchant supply, delivery efficiency and user experience for food delivery business.)
* 订单量势头: 尽管行业动态，外卖保持健康订单量增长，尤其Q3至今的新订单。(Driven by these efforts, we are encouraged to see that despite industry dynamics, JD Food Delivery has maintained a healthy order volume growth, especially for new orders in Q3 quarter to date.)
* 长期举措: 将外卖视为5-20年长期举措，利用规模提升效率，并与核心零售协同支持可持续增长。(In the long term, we don't we view this business as a long term business initiative on JD. This is a five, ten, even twenty year initiative. This is not a one month one quarter or two quarter kind of business model. So the food delivery business gradually leverage economic scale to boost efficiency, and we will continue to unlock the huge synergistic potential between food delivery and core retail business to support the company's long term healthy growth.)
* UE改善: 外卖UE逐步改善；未来聚焦针对地区和用户群的精细补贴策略，以及通过规模和系统能力提升履约效率以增强盈利能力。(The the UE of food delivery updated food delivery is gradually improving. Moving forward, we don't believe the low quality competition create any value to the industry. So we'll look we're focusing on more refined subsidy strategy tailored to different regions and user group and to improve the fulfillment efficiency fueled by economic scale, enhanced system capability collectively to improve the profitability of our food delivery business.)
* 生态整合: 外卖不视为独立业务，而是深度整合京东生态，当前优先提升核心系统能力如订单调度和路径规划，以更好地服务用户并驱动商户流量。(I want to reiterate that we do not view our food delivery as a stand alone business as it's deeply integrated with JD's broader ecosystem. For JD, the current priority for our food delivery business is to enhance core system capabilities from optimizing order dispatching algorithms to refining route planning technologies, all to strengthen JD Food Delivery's ability to better serve users and drive traffic and the user growth to merchants on our platform.)
* 交叉销售进展: 外卖已产生明显协同，新用户交叉销售比率增加，受益于超市、生活服务和电子配件；随着规模化，将丰富本地商户供给并驱动用户流量至3P生态。(JD Food Delivery has started to generate clear synergies with our core retail business. Beyond the user related insights I just shared, we are also proactively capitalizing on the cross selling opportunities brought by food delivery business. We are pleased to see the progress so far, particularly the increasing cross sale ratio of new users brought in by food delivery. Supermarket categories, lifestyle services and electronic accessories have benefited the most from this trend. Additionally, as our food delivery business scales, we believe it will further enrich our local supply of merchants and drive user traffic and engagement to our all of our 3P merchants, helping establish a more dynamic and comprehensive 3P ecosystem on our platform.)
* 骑手与商户扩张: 在商户入驻（Q2超过150万优质餐厅）和全职骑手增加（Q2末超过15万）方面取得重大进展，全职雇用确保尊严、安全，并改善订单准时性和服务质量。(We've made significant progress in onboarding high quality merchants and the number of full time delivery riders has increased rapidly. ... at the end of Q2, the number of full time food delivery riders on JD have exceeded 150,000. JD full time employment system ensures that rider can work with dignity and security, which in turn also enhances our delivery experience. Both our order punctuality and service quality are steadily improving. On the supply side, we focus on quality food delivery, which is an important differentiation of JD Food Delivery. We onboarded over 1,500,000 high quality restaurant in the second quarter.)
* 供应链创新: 在供应链源头创新，如七鲜厨房模式，帮助消费者享受优质实惠餐食，餐食订单比例持续上升，帮助优质餐厅实现更高销售。(Moreover, the proportion of orders from meals continued to rise. And we are helping quality restaurant achieve higher sales. We are also constantly innovating at a source of supply chain, launching a new innovative business model called seven Fresh Kitchen Model to help consumer enjoy quality and affordable meals.)
* 系统提升: 外卖研发和运营团队快速迭代提升系统功能，包括订单调度效率、算法改进、补贴效率和广告系统，以为用户、商户和骑手提供更好体验。(In terms of system capabilities, our food delivery R and D and operation teams are rapidly reiterating to enhance system functionality, including order dispatching efficiency, algorithm improvement, subsidy efficiency, and the advertising system to improve to provide a better experience for user, merchants and writers.)
* 流量与频率提升: 外卖在Q2驱动显著流量和用户增长，JD App的DAU、QAC、用户参与度和购物频率显著改善；外卖用户购买B2C电商产品的转化率稳步增加，包括新用户交叉购买和现有用户频率改善。(After more than a quarter of operation, JD Food Delivery start to generate synergies value synergistic value with our core business. This is within our initial expectation. First, JD Food Delivery is driving notable traffic and user growth in Q2. DAU of JD app and QAC as well as user engagement all have improved significantly with as well as shopping frequency. The conversion rate of food delivery user purchasing B2C e commerce product is steadily increasing. This include new food delivery user cross buying e commerce product and the improvement in shopping frequency among existing users. So we have observed strong cross selling that is taking place.)
* 营销协同: 外卖与零售在营销支出方面的协同潜力，团队将评估不同渠道的ROI以提升整体营销效率。(Furthermore, there is also synergy potential between food delivery and the retail business in terms of marketing spending. Our team will evaluate the ROI across different marketing channels and boost overall marketing efficiency.)
* 新能力开发: 旨在通过Q2开发多项能力（将于Q3推出）来增强协同。(We aim to enhance this synergy as we develop several capacity in Q2, which will be launched in the third quarter.)
* 质量差异化: 承诺质量外卖模式，解决商户、骑手和用户未满足需求，作为关键差异化。(As shared before, we have identified unmet needs across the industry among merchants, riders and users, and we are effectively addressing these needs through our quality food delivery model.)
* 战略方向: 外卖和即时零售作为京东关键长期战略方向，承诺改善用户体验、成本效率和运营/系统能力。(food delivery and on demand retail is a key long term strategic direction for JD with our commitment to improve on user experience cost efficiency. We continue to establish and enhance the operational and system capability related to the on demand retail business and optimize user experience.)
* 利润率波动: 短期利润率可能随行业动态和投资步伐波动，但高个位数利润率的长期目标不变；如外卖的新业务将逐步演变为增长驱动，通过协同提升盈利能力。(JD's profit margin may fluctuate with industry dynamics and our investment pace in the short term. However, our long term goal to achieve high single digit profit margin remains unchanged... The early stage investment will impact JD Group's margin in the short term, but in the long term, the new businesses will gradually evolve into new growth drivers, creating greater synergies with our core business and ultimately enhancing our profitability.)
* 投资纪律: 在过程中，聚焦策略、有纪律投资、注重ROI，并保持灵活性基于实际结果平衡努力。(In the process, we will also focus on our strategies, invest with discipline and focus on ROI. We will maintain flexibility to balance our efforts and inputs based on actual results.)
* 整体信心: 对如外卖的新业务举措感到兴奋，预计将进一步加速用户和购物频率增长，创造巨大协同潜力，并支持长期健康增长。(Looking ahead, we're excited about our new business initiatives and expected it will further accelerate growth in users and shopping frequency, while creating great potential for generating synergies. With the continued momentum in our core business and well executed new initiatives, we're confident in our long term healthy growth.)