

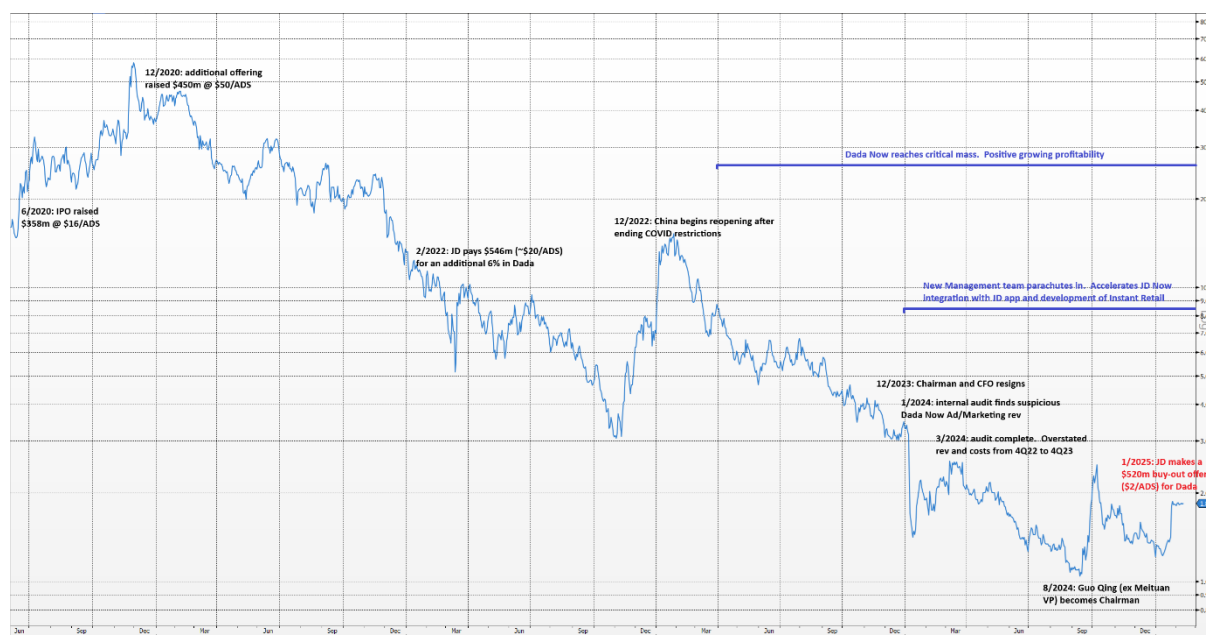
# Dada Investment Report – JD takeover offer

Orlog Capital

2025.2.20

## Summary

Dada has suffered over the past two years as it restructured its JD Now marketplace business and shifted activity away from its independent app towards the JD app. During the upheaval, the company changed its senior management team, uncovered false accounting issues and the share price dropped precipitously.



Despite this, its Dada Now delivery business continued to grow quickly, reaching profitability in 2023 and accelerated both revenue and profit growth during 2024. Meanwhile, JD Now's restructure is mostly complete and after two years, the loss of traffic and activity from its independent app is close to being surpassed by the sales growth from the JD app. At the Group level, losses have continued to fall and at this trajectory, Dada may start reporting positive free-cashflows by the end of 2025/early 2026.

We think just the Dada Now business is worth ~\$3/ADS. Add Net Cash of RMB2bn (assuming ~RMB1bn spent before reaching breakeven) and that's another \$1/ADS in value. This is already double JD's \$2/ADS buy-out offer.

The wildcard is the JD Now business which, once fully integrated in the JD app and stabilised, could be worth anywhere between \$4-57/ADS in value depending on the GMV penetration and take-rate. As a business built on large captive traffic and variable costs, the risk of unfavourable long-term economics is low. With sufficient operating leverage, JD Now's future profitability should be high.

Of course, JD Now and the promising future of instant retail is why JD wants to buy Dada. But JD chose to list Dada five years ago and raised capital from the market at 8x and 25x the current \$2/ADS offer price for exactly that same dream. With ~RMB3bn net cash, operations approaching an inflection point and cash profitability within sight, minority shareholders are better off waiting and voting against the buy-out proposal.

## **Business Overview**

Driven by the digital transformation of offline retailers and the evolution of retailing towards faster fulfillment, China's instant retail market is the fastest growing retail segment with an estimated growth rate of 20-25% CAGR to 2030. The market is expected to exceed RMB1trillion by 2026 and RMB2-4trillion by 2030.

Dada is the carve out of JD's local on-demand services and is responsible for majority of JD's instant retail service offerings. The two businesses operated by Dada are:

- JD Now: 3<sup>rd</sup> party marketplace platform for offline retailers and brand owners
- Dada Now: delivery platform serving JD Logistics (JDL), key accounts (KA) e.g. Bytedance e-commerce, large beverage chains, SMEs and individuals

## JD Now

JD Now is the second largest (non-food) instant retail marketplace behind Meituan Instashopping. Majority of its activity comes from the JD app where it runs the level 1, instant retail part of the app. Traffic from the JD app is scaling quickly from low levels:

- Penetration only mid-single digit % of JD's MAU
- >100% yoy order and MAU growth reported in all quarters of 2024

JD Now also has an independent JDDJ app, but this has been winding down since 2023. This transition has been a key reason for JD Now's poor performance as it severely impacted traffic and revenues. However, this also significantly reduced fixed costs (IT support) and sales & marketing expenses (offline channel acquisition of users for the JDDJ app). The higher operating leverage is positive for long-term scaling in profitability.

Historically, JD Now's GMV growth was very high but because of the transition, slowed to ~16% in FY2023 and will likely be negative in FY2024 (see Appendix E). As the fast growth from JD app sales surpasses the declining JDDJ app, GMV should resume growth again. We think this is likely to begin from 2H2025 given:

- >60% GMV is now from JD app where activity is in hypergrowth
- New management accelerated transition efforts and made major business adjustments in early 2024. GMV likely bottomed in 3Q24/4Q24

JD Now's GMV growth should exceed the industry rate (20-25% CAGR) by FY2026 driven by rising penetration of JD traffic. Over the medium term, GMV penetration could rise to high-single digits to low-teens % of total JD GMV.

Revenue growth should exceed GMV growth as take-rate improves from current all-time lows. Total take-rate rate bottomed in 2Q24/3Q24 at 5-6% of GMV (see Appendix E) but this will likely recover to 8-9% with time:

- Commission fee: currently low 2.x% of GMV. Likely to rise
- Ad/marketing services: historically this was 3-3.5% of GMV but since transitioning to the JD app, fell to just 0.4% in 3Q24. Management estimates it can recover to ~2% of GMV from traffic mass, new merchants and ad products
- Fulfillment fee: historically 3.5-4% of GMV but after reducing the minimum order value for free delivery, it fell to 2.5-3.5% of GMV after 1Q24

Majority of JD Now costs are variable (~5.5-6.5% GMV) including:

- Fulfilment costs (in Operations & Support): 2.5-3.5% of GMV
- Consumer incentives (in Sales & Marketing): low 2.x% of GMV and reducing
- JD channel fee (in Sales & Marketing): 1% of GMV for all sales from JD app

We are confident that the normalised JD Now service can sustain an attractive positive margin spread between the take-rate and variable costs.

KA beverage chains were added to JD Now in 2024 and they are currently expanding into restaurant/food deliveries. The budget, operational plans and agreements with JD are big unknowns. There is the potential to capture a significant part of Meituan's business over time, but the pace and magnitude of this expansion is important.

### Dada Now

Dada Now does last-mile delivery for JDL based on a cost-plus contract earning a fixed amount of ~RMB0.2/order fulfilled. Pricing for external customers is market based and generates higher gross profit/order compared to the JDL contract (in 2023, they earned ~RMB0.6/order fulfilled for KA clients). Order growth from non-JDL clients is growing faster than JDL orders which is pushing up GP/order fulfilled. The large delivery volumes from JDL allows Dada Now to enjoy high levels of rider utilisation and cost efficiency.

Growth has been fast, even with disruptions during covid years causing fluctuations in activity. In recent quarters, gross billings and orders have been growing 20-30% yoy and management is confident in continuing to exceed the industry growth rate of mid-teens. In many markets, Dada Now is seen as a competitive alternative for businesses to diversify against large players such as Meituan and S.F.

## Financials

At the end of 3Q24, Dada had RMB2.8bn net cash which is probably understated given working capital was ~RMB300-400m above average.

Segmental Summary	2017	2018	2019	2020	2021	2022	2023	2023Q1	2023Q2	2023Q3	2023Q4	2023Q1	2023Q2	2023Q3	2023Q4	2024Q1	2024Q2	2024Q3
JD Now (previously JD Now)	318	754	1,103	2,305	4,046	6,141	6,492	1,402	1,465	1,544	1,729	1,787	1,616	1,540	1,549	1,279	912	930
DADA Now	900	1,168	1,907	3,435	2,821	3,159	4,014	623	616	636	883	749	980	1,082	1,204	1,173	1,437	1,499
<b>Total Rev</b>	<b>1,218</b>	<b>1,922</b>	<b>3,100</b>	<b>5,740</b>	<b>6,866</b>	<b>9,299</b>	<b>10,506</b>	<b>2,025</b>	<b>2,281</b>	<b>2,380</b>	<b>2,612</b>	<b>2,535</b>	<b>2,597</b>	<b>2,622</b>	<b>2,752</b>	<b>2,452</b>	<b>2,350</b>	<b>2,429</b>
JD Now growth		137%	46%	109%	75%	52%	6%	80%	60%	44%	32%	27%	10%	0%	-10%	-20%	-4%	-40%
DADA Now growth		30%	71%	72%	-18%	12%	27%	9%	3%	36%	23%	20%	20%	29%	36%	57%	47%	39%
Total Rev growth		58%	61%	85%	20%	35%	13%	21%	55%	41%	29%	25%	14%	10%	5%	-3%	-10%	-7%
JD Now Operating Profit	-1,409	-1,342	-1,186	-2,048	-1,449	-794	-515	-481	-438	-368	-163	-232	-158	-150	-254	-230	-201	-238
DADA Now Operating Profit	-444	-276	-291	-515	-322	-79	-89	-89	-61	-38	-134	-35	77	31	6	-16	4	189
<b>Total Adj Operating Profit</b>	<b>-1,853</b>	<b>-1,618</b>	<b>-1,477</b>	<b>-2,564</b>	<b>-1,771</b>	<b>-773</b>	<b>-570</b>	<b>-570</b>	<b>-499</b>	<b>-406</b>	<b>-296</b>	<b>-266</b>	<b>-81</b>	<b>-119</b>	<b>-248</b>	<b>-246</b>	<b>-196</b>	<b>-49</b>
JD Now Core OPM	-196.8%	-121.6%	-51.5%	-50.6%	-23.6%	-12.2%	-34.3%	-34.3%	-29.9%	-23.6%	-9.4%	-13.0%	-9.8%	-9.7%	-16.4%	-18.0%	-22.0%	-25.5%
DADA Now Core OPM	-38.0%	-13.8%	-8.5%	-18.3%	-10.2%	2.0%	-14.3%	-14.3%	-7.5%	-4.6%	-15.1%	-4.6%	7.9%	2.8%	0.5%	-1.4%	0.3%	12.6%
Total Core OPM	-96.4%	-52.2%	-25.7%	-37.3%	-19.1%	-6.8%	-28.1%	-28.1%	-21.9%	-17.1%	-11.4%	-10.5%	-3.1%	-4.6%	-9.0%	-10.0%	-8.4%	-2.0%

The Group history shows consistently reducing losses driven by Dada Now growth and falling fixed costs. At this trajectory we could see positive free-cashflows by the end of FY2025/early 2026 barring any large losses from food delivery subsidies.

Dada's accounts can be confusing:

1. Large non-operating and non-cash costs. Profitability looks worse than it should due to amortisation expenses (~RMB500m in FY23) from past corporate actions unrelated to Dada's business. These should be adjusted out:
  - a. Business co-operation (in Sales & Marketing): ~RMB420m pa. From JD's Feb 2022 acquisition of Dada shares: JD paid \$20/ADS cash but had originally agreed to ~\$29/ADS in March 2021 (took one year to get approval). The difference of \$9/ADS (US\$254m) was accounted as an Intangible asset and straight-line amortised over five years
  - b. JD sale of JDDJ assets to Dada in 2016 (in General & Admin): similar to before, the amortisation purely exists because of a past transaction being rendered as an Intangible and written off over time
  - c. Trademark/Domain amortisation (in Sales & Marketing): ~RMB33m pa
2. P&L uses a mix of net and gross accounting
  - a. JD Now is net
  - b. Dada Now is both: KA clients is gross and everything else (including JDL) is net. Before 2021Q2, Dada Now was all gross accounted.

This makes Group P&L complicated and difficult to use. We think Dada is best understood using a rough segmental breakdown to adjusted operating profit. While imperfect, it shows

- The operational leverage in the business
- Dada Now's progression to profitability
- A better understanding of Sales & Marketing expenses after moving Consumer Incentives to JD Now's direct costs

See Appendix A-D for details. Figures are taken from our [basic model](#).

## Valuation

Based on a rough SOTP valuation, we think Dada is worth anywhere between \$7-63/ADS (3.5-32x the offer price). See Appendix F.

We think Dada Now + Net Cash is already worth \$2.5-6/ADS (1.25-3x the offer price). This is the higher certainty part of the valuation given Dada Now is already scaling profitably (will exceed the forecast profit range sooner or later) and the discounted Net Cash has a 'time margin of safety' of 1-3 years.

JD Now has the highest valuation upside but also the widest range of possible outcomes. Considering the traffic advantage and cost structure of this business, we believe that at the very minimum, the business has positive expected value.

Note:

- Valuations are based on EV/Adjusted EBIT where Adjusted EBIT:
  - Reverses out all Amortisation expenses
  - Ignores Other Operating Income (mostly gov subsidies)
  - Retains SBC expenses (operating in nature)
- JD Now: based on normal estimates of JD's GMV penetration (using FY25E), take-rate and cost structure.

The take-rate spread over costs is the main focus rather than individual line-items. Also note, to keep the definition the same as in the segmental breakdown, JD's 1% channel fee is not part of direct costs but represented in the Sales & Marketing expense. The take-rate spread over variable costs is 0.6%/2.1%/3.5% for the Bear/Base/Bull scenarios which we think is conservative expectations for this type of business.

The wide range of outcomes reflects the early stages of JD Now's development and excludes forecasts on food delivery impact.

- Dada Now: based on Orders Delivered and average Gross Profit/Order Delivered to estimate Direct Profit. This bypasses the net/gross accounting problem.

The adjusted operating profit is scaling quickly given the early stage of operating leverage realisation. The valuation multiples used are likely conservative relative to the growth rate and compared to more mature peers.

- Net cash: our estimates on cash usage doesn't include assumptions on subsidies for the food delivery business.

## Risks

1. Massive cash burn in the food delivery market. Without further disclosures, it isn't clear what the planning/budget is or if there are any special cost sharing and support arrangements with JD.

Can Dada independently fund this expansion? Is carving out the food delivery business an option? We hope these are questions the Management and Board will address.

2. Transfer of monetisation and benefits to JD. Conflict of interest is a risk for all listed JD subsidiaries. We don't think the risk substantially changes if the takeover fails. But the company should disclose all profit-sharing arrangements with JD and give clear guidance on the food delivery business, regardless of the buy-out offer outcome.

## Appendix A – Group P&L

DADA	2017	2018	2019	2020	2021	2022	2023		2022Q1	2022Q2	2022Q3	2022Q4	2023Q1	2023Q2	2023Q3	2023Q4	2024Q1	2024Q2	2024Q3
								IPO: 6/2020 22m ADR @ \$16: \$358m											
								Additional offering: 12/2020 9m ADRs @ \$50: \$450m											
								Dada Now switch to net accounting (only KA is gross)											
								2/2022: JD increased DADA stake to 52% for \$546m (~\$20/ADR)											
<b>RMB m</b>																			
<b>Profit &amp; Loss Statement</b>																			
JD Now (previously JD Now)	318	754	1,103	2,305	4,046	6,141	6,492	JQ: 82.7% growth on a comparable basis	1,402	1,465	1,544	1,729	1,787	1,616	1,540	1,549	1,279	912	930
DADA Now	900	1,168	1,997	3,435	2,821	3,158	4,014	JQ: 78% growth on comparable basis	623	816	836	883	749	980	1,082	1,204	1,173	1,437	1,499
<b>Total Rev</b>	<b>1,218</b>	<b>1,922</b>	<b>3,100</b>	<b>5,740</b>	<b>6,866</b>	<b>9,299</b>	<b>10,506</b>	JQ: 42.7% growth on a comparable basis	<b>2,025</b>	<b>2,281</b>	<b>2,380</b>	<b>2,612</b>	<b>2,535</b>	<b>2,597</b>	<b>2,622</b>	<b>2,752</b>	<b>2,452</b>	<b>2,350</b>	<b>2,429</b>
JD Now growth		137%	46%	109%	75%	52%	6%	JQ: 49% growth on a comparable basis	80%	66%	44%	32%	27%	10%	0%	-10%	-28%	-44%	-40%
DADA Now growth		30%	71%	72%	-18%	12%	27%	JQ: Revenue growth of 61.5% YoY on a comparable basis	-30%	37%	36%	23%	20%	20%	29%	36%	57%	47%	39%
Total Rev growth		58%	61%	85%	20%	35%	13%	JQ: 70.1% growth on a comparable basis	21%	55%	41%	29%	25%	14%	10%	5%	-3%	-10%	-7%
Operations & Support	-1,593	-2,044	-2,846	-4,721	-5,139	-5,673	-6,530	JQ: Excluding one-off legal and credit provisions ~RMB60m	-1,270	-1,431	-1,467	-1,505	-1,397	-1,503	-1,711	-1,919	-1,840	-1,736	-1,732
Other Operating Expenses	-49	-97	-50	-67	-60	-77	-47		-14	-28	-16	-20	-13	-6	-10	-19	-15	-16	-10
Sales & Marketing	-724	-1,223	-1,415	-1,794	-3,428	-4,748	-4,474		-1,114	-1,190	-1,150	-1,294	-1,317	-1,137	-1,018	-1,002	-818	-782	-717
R&D	-192	-270	-334	-374	-574	-631	-416		-165	-160	-181	-126	-129	-102	-94	-92	-94	-85	-90
G&A	-249	-283	-281	-444	-400	-409	-253		-101	-100	-107	-101	-79	-56	-29	-89	-51	-48	-48
<b>Core Operating Profit</b>	<b>-1,588</b>	<b>-1,995</b>	<b>-1,825</b>	<b>-1,659</b>	<b>-2,735</b>	<b>-2,239</b>	<b>-1,215</b>		<b>-639</b>	<b>-628</b>	<b>-540</b>	<b>-433</b>	<b>-399</b>	<b>-207</b>	<b>-241</b>	<b>-369</b>	<b>-366</b>	<b>-317</b>	<b>-167</b>
% Core OPM	-130.4%	-103.8%	-58.9%	-28.9%	-39.8%	-24.1%	-11.6%		-31.5%	-27.5%	-22.7%	-16.6%	-15.7%	-8.0%	-9.2%	-13.4%	-14.9%	-13.5%	-6.9%
Add back:																			
Amortisation of Trademarks/Domains	0	0	59	34	33	33	33		8	8	8	8	8	8	8	8	8	8	8
JD.com business co-op amortisation	0	0	0	0	0	293	419		52	80	80	80	105	105	105	105	105	105	105
JD Now 2016 acquisition amortisation	145	143	148	148	139	142	48		9	40	45	48	19	13	8	7	7	7	6
<b>Adj Operating Profit</b>	<b>-1,443</b>	<b>-1,853</b>	<b>-1,618</b>	<b>-1,477</b>	<b>-2,564</b>	<b>-1,771</b>	<b>-715</b>		<b>-570</b>	<b>-499</b>	<b>-406</b>	<b>-296</b>	<b>-266</b>	<b>-81</b>	<b>-119</b>	<b>-248</b>	<b>-246</b>	<b>-196</b>	<b>-49</b>
% Adj OPM	-118.5%	-96.4%	-52.2%	-25.7%	-37.3%	-19.1%	-6.8%		-28.1%	-21.9%	-17.1%	-11.4%	-10.5%	-3.1%	-4.6%	-9.0%	-10.0%	-8.4%	-2.0%
SBC				360	208	219	163		55	56	52	56	37	42	37	47	15	26	21
<b>Non-GAAP (Cash) Operating Profit</b>				<b>-1,117</b>	<b>-2,356</b>	<b>-1,553</b>	<b>-552</b>		<b>-515</b>	<b>-444</b>	<b>-354</b>	<b>-241</b>	<b>-229</b>	<b>-39</b>	<b>-83</b>	<b>-202</b>	<b>-231</b>	<b>-171</b>	<b>-27</b>
<b>Non-GAAP (Cash) Normalised NPAT</b>	<b>-1,387</b>	<b>-1,736</b>	<b>-1,462</b>	<b>-998</b>	<b>-2,091</b>	<b>-1,320</b>	<b>-337</b>	JQ: Non-GAAP Normalised NPAT is a fairly good proxy for FCF: total difference only RMB218m over 7yrs (~2% overstated)	<b>-480</b>	<b>-394</b>	<b>-269</b>	<b>-177</b>	<b>-181</b>	<b>10</b>	<b>-8</b>	<b>-158</b>	<b>-193</b>	<b>-140</b>	<b>3</b>
<b>Comparison to FCF</b>																			
Operating CF + Capex	-1,224	-1,852	-1,330	-1,132	-2,674	-949	-388												
<b>Difference</b>	<b>-163</b>	<b>116</b>	<b>-133</b>	<b>134</b>	<b>583</b>	<b>-371</b>	<b>51</b>		<b>218</b>										
									-2.3%										

- Blue represents hard coded numbers and highlighted represent assumptions
- Normalised Non-GAAP NPAT is a good proxy for free cashflows. This has been constantly improving

## Appendix B – Group Expenses

Expense details	2017	2018	2019	2020	2021	2022	2023		2022Q1	2022Q2	2022Q3	2022Q4	2023Q1	2023Q2	2023Q3	2023Q4	2024Q1	2024Q2	2024Q3
Operations & Support	-1,593	-2,044	-2,846	-4,721	-5,139	-5,673	-6,530		-1,270	-1,431	-1,467	-1,505	-1,397	-1,503	-1,711	-1,919	-1,840	-1,736	-1,732
Other Operating Expenses	-49	-97	-50	-67	-60	-77	-47	Purchase of products sold on DADA Now	-14	-28	-16	-20	-13	-6	-10	-19	-15	-16	-10
JD Now Consumer Incentives	-362	-782	-938	-1,166	-2,223	-2,783	-2,548		-678	-671	-613	-821	-866	-663	-522	-497	-391	-396	-331
Amortisation of Trademarks/Domains			-59	-34	-33	-33	-33		-8	-8	-8	-8	-8	-8	-8	-8	-8	-8	-8
JD.com business co-op amortisation						-293	-419		-52	-80	-80	-80	-105	-105	-105	-105	-105	-105	-105
Other Sales & Marketing	-361	-441	-418	-593	-1,172	-1,639	-1,474	Includes JD channel fee	-375	-431	-448	-384	-337	-361	-383	-392	-314	-273	-274
Sales & Marketing	-724	-1,223	-1,415	-1,794	-3,428	-4,748	-4,474		-1,114	-1,190	-1,150	-1,294	-1,317	-1,137	-1,018	-1,002	-818	-782	-717
JD Now Consumer Incentives % GMV	-11.0%	-10.7%	-7.7%	-4.6%	-5.2%	-4.4%	-3.5%	LT Target: approx 2%	-4.7%	-4.5%	-3.9%	-4.5%	-4.7%	-3.6%	-2.9%	-2.7%	-2.3%	-2.2%	-2.2%
R&D	-192	-270	-334	-374	-574	-631	-416		-165	-160	-181	-126	-129	-102	-94	-92	-94	-85	-90
JD Now 2016 acquisition amortisation	-145	-143	-148	-148	-139	-142	-48	Started 4.2016. NCA amort 7yrs, BCA amor	-9	-40	-45	-48	-19	-13	-8	-7	-7	-7	-6
Other G&A	-104	-140	-133	-296	-262	-267	-205		-92	-60	-62	-53	-59	-43	-21	-82	-44	-41	-42
G&A	-249	-283	-281	-444	-400	-409	-253		-101	-100	-107	-101	-79	-56	-29	-89	-51	-48	-48
Variable Costs	-2,004	-2,924	-3,833	-5,954	-7,423	-8,533	-9,126		-1,963	-2,130	-2,095	-2,345	-2,276	-2,172	-2,243	-2,435	-2,246	-2,148	-2,072
Fixed Costs	-658	-851	-885	-1,263	-2,007	-2,537	-2,095	Not all fixed costs (inc JD channel fee)	-632	-651	-691	-563	-525	-506	-498	-566	-452	-399	-407
Amortisation	-145	-143	-207	-182	-172	-468	-500		-69	-129	-133	-137	-132	-126	-121	-120	-120	-120	-119
Total Costs	-2,806	-3,917	-4,925	-7,399	-9,602	-11,538	-11,721		-2,664	-2,909	-2,920	-3,045	-2,934	-2,804	-2,862	-3,121	-2,818	-2,667	-2,597
Variable Costs % Rev	-164.5%	-152.1%	-123.7%	-103.7%	-108.1%	-91.8%	-86.9%		-96.9%	-93.4%	-88.0%	-89.8%	-89.8%	-83.6%	-85.6%	-88.5%	-91.6%	-91.4%	-85.3%
Fixed Costs % Rev	-54.0%	-44.3%	-28.5%	-22.0%	-29.2%	-27.3%	-19.9%	Not all fixed costs (inc JD channel fee)	-31.2%	-28.5%	-29.0%	-21.6%	-20.7%	-19.5%	-19.0%	-20.6%	-18.4%	-17.0%	-16.7%

- JD Now Consumer Incentives % GMV is reducing over time. Management estimates it will stabilise at ~2% of GMV
- Other Sales & Marketing is mainly JD Now costs (IR estimates 85-90%). Two primary components:
  - Variable cost: JD channel access fee (~1% GMV) for JD Now sales derived from the JD ecosystem. Cannot breakout as the historical % GMV from JD sales is unknown
  - Fixed cost: significant portion previously from offline marketing for JDDJ app. Since the shift towards JD app from 2023, this has been continuously falling
- R&D and Other G&A has been falling due to lower support needs for the JDDJ independent app
- Our Fixed Cost estimate (Other Sales & Marketing + R&D + Other G&A) is too high because of the inclusion of JD's channel fee (which is also rising from increasing JD app sales). But even using this imperfect measure, one can see the absolute value falling and the operational leverage coming through (declining Fixed Cost % Rev)



## Appendix C – Segmental P&L Summary

Segmental Summary	2017	2018	2019	2020	2021	2022	2023	JQ:	2022Q1	2022Q2	2022Q3	2022Q4	2023Q1	2023Q2	2023Q3	2023Q4	2024Q1	2024Q2	2024Q3	
JD Now (previously JD Now)	318	754	1,103	2,305	4,046	6,141	6,492	82.7% growth on a comparable basis	1,402	1,465	1,544	1,729	1,787	1,616	1,540	1,549	1,279	912	930	
DADA Now	900	1,168	1,997	3,435	2,821	3,158	4,014	JQ:	623	816	836	883	749	980	1,082	1,204	1,173	1,437	1,499	
<b>Total Rev</b>	<b>1,218</b>	<b>1,922</b>	<b>3,100</b>	<b>5,740</b>	<b>6,866</b>	<b>9,299</b>	<b>10,506</b>	42.7% growth on a comparable basis	<b>2,025</b>	<b>2,281</b>	<b>2,380</b>	<b>2,612</b>	<b>2,535</b>	<b>2,597</b>	<b>2,622</b>	<b>2,752</b>	<b>2,452</b>	<b>2,350</b>	<b>2,429</b>	
JD Now growth		137%	46%	109%	75%	52%	6%	JQ:	80%	66%	44%	32%	27%	10%	0%	-10%	-28%	-44%	-40%	
DADA Now growth		30%	71%	72%	-18%	12%	27%	49% growth on a comparable basis	-30%	37%	36%	23%	20%	29%	20%	29%	36%	57%	47%	39%
Total Rev growth		58%	61%	85%	20%	35%	13%	JQ:	21%	55%	41%	29%	25%	14%	10%	5%	-3%	-10%	-7%	
JD Now Direct Profit		-807	-732	-318	-576	475	843	JQ:	-14	60	157	272	166	239	252	186	122	108	75	
DADA Now Direct Profit		-195	-1	103	20	291	537	70.1% growth on a comparable basis	77	92	128	-6	93	186	126	132	84	94	283	
<b>Total Direct Profit</b>		<b>-1,002</b>	<b>-734</b>	<b>-215</b>	<b>-556</b>	<b>766</b>	<b>1,380</b>		<b>63</b>	<b>151</b>	<b>285</b>	<b>267</b>	<b>259</b>	<b>425</b>	<b>378</b>	<b>318</b>	<b>206</b>	<b>202</b>	<b>358</b>	
JD Now direct margin		-107.0%	-66.4%	-13.8%	-14.2%	7.7%	13.0%		-1.0%	4.1%	10.2%	15.8%	9.3%	14.8%	16.4%	12.0%	9.5%	11.8%	8.1%	
DADA Now direct margin		-16.7%	-0.1%	3.0%	0.7%	9.2%	13.4%		12.4%	11.2%	15.3%	-0.7%	12.4%	19.0%	11.7%	11.0%	7.2%	6.6%	18.8%	
Total direct margin		-52.1%	-23.7%	-3.7%	-8.1%	8.2%	13.1%		3.1%	6.6%	12.0%	10.2%	10.2%	16.4%	14.4%	11.5%	8.4%	8.6%	14.7%	
JD Now Operating Profit		-1,551	-1,549	-1,368	-2,220	-1,917	-1,294		-550	-567	-501	-299	-364	-284	-271	-375	-350	-321	-356	
DADA Now Operating Profit		-444	-276	-291	-515	-322	79		-89	-61	-38	-134	-35	77	31	6	-16	4	189	
<b>Total Core Operating Profit</b>		<b>-1,995</b>	<b>-1,825</b>	<b>-1,659</b>	<b>-2,735</b>	<b>-2,239</b>	<b>-1,215</b>		<b>-639</b>	<b>-628</b>	<b>-540</b>	<b>-433</b>	<b>-399</b>	<b>-207</b>	<b>-241</b>	<b>-369</b>	<b>-366</b>	<b>-317</b>	<b>-167</b>	
JD Now Core OPM		-205.7%	-140.4%	-59.4%	-54.9%	-31.2%	-19.9%		-39.2%	-38.7%	-32.4%	-17.3%	-20.4%	-17.6%	-17.6%	-24.2%	-27.3%	-35.2%	-38.3%	
DADA Now Core OPM		-38.0%	-13.8%	-8.5%	-18.3%	-10.2%	2.0%		-14.3%	-7.5%	-4.6%	-15.1%	-4.6%	7.9%	2.8%	0.5%	-1.4%	0.3%	12.6%	
Total Core OPM		-103.8%	-58.9%	-28.9%	-39.8%	-24.1%	-11.6%		-31.5%	-27.5%	-22.7%	-16.6%	-15.7%	-8.0%	-9.2%	-13.4%	-14.9%	-13.5%	-6.9%	
JD Now Operating Profit		-1,409	-1,342	-1,186	-2,048	-1,449	-794		-481	-438	-368	-163	-232	-158	-150	-254	-230	-201	-238	
DADA Now Operating Profit		-444	-276	-291	-515	-322	79		-89	-61	-38	-134	-35	77	31	6	-16	4	189	
<b>Total Adj Operating Profit</b>		<b>-1,853</b>	<b>-1,618</b>	<b>-1,477</b>	<b>-2,564</b>	<b>-1,771</b>	<b>-715</b>		<b>-570</b>	<b>-499</b>	<b>-406</b>	<b>-296</b>	<b>-266</b>	<b>-81</b>	<b>-119</b>	<b>-248</b>	<b>-246</b>	<b>-196</b>	<b>-49</b>	
JD Now Adj OPM		-186.8%	-121.6%	-51.5%	-50.6%	-23.6%	-12.2%		-34.3%	-29.9%	-23.8%	-9.4%	-13.0%	-9.8%	-9.7%	-16.4%	-18.0%	-22.0%	-25.5%	
DADA Now Adj OPM		-38.0%	-13.8%	-8.5%	-18.3%	-10.2%	2.0%		-14.3%	-7.5%	-4.6%	-15.1%	-4.6%	7.9%	2.8%	0.5%	-1.4%	0.3%	12.6%	
Total Adj OPM		-96.4%	-52.2%	-25.7%	-37.3%	-19.1%	-6.8%		-28.1%	-21.9%	-17.1%	-11.4%	-10.5%	-3.1%	-4.6%	-9.0%	-10.0%	-8.4%	-2.0%	

- Group adjusted operating losses have trended down over time as operations grew. Even in 2024, profit improvements from Dada Now have generally exceeded the spike in losses from JD Now
- JD Now has consistently reduced % margin losses over the years to 2023. The trend reversed in 2023Q4 due the restructure and fall in revenues (particularly ad/marketing). However absolute losses have remained fairly flat at -RMB200-250m because of offsetting reduction in fixed costs. The margin improvement trend should resume when the growth from JD app takes over
- Dada Now has rapidly decreased losses over the past four years from the peak in 2021. Profitability was reached sometime in 2023 (first year after end of covid-lockdowns)

## Appendix D – Segmental P&L details

Segmental workings	2017	2018	2019	2020	2021	2022	2023		2022Q1	2022Q2	2022Q3	2022Q4	2023Q1	2023Q2	2023Q3	2023Q4	2024Q1	2024Q2	2024Q3
<b>JD Now Total Rev</b>		754	1,103	2,305	4,046	6,141	6,492		1,402	1,465	1,544	1,729	1,787	1,616	1,540	1,549	1,279	912	930
JD Now Direct Costs		-1,561	-1,835	-2,623	-4,622	-5,666	-5,649	Inc Consumer Incentives (from S&M)	-1,417	-1,406	-1,387	-1,457	-1,621	-1,377	-1,288	-1,363	-1,157	-804	-855
<b>JD Now Direct Profit</b>		-807	-732	-318	-576	475	843		-14	60	157	272	166	239	252	186	122	108	75
JD Now direct margin		-107.0%	-66.4%	-13.8%	-14.2%	7.7%	13.0%		-1.0%	4.1%	10.2%	15.8%	9.3%	14.8%	16.4%	12.0%	9.5%	11.8%	8.1%
<b>JD Now Direct Margin %</b>		-11.0%	-6.0%	-1.3%	-1.3%	0.8%	1.1%	% JD Now GMV	-0.1%	0.4%	1.0%	1.5%	0.9%	1.3%	1.4%	1.0%	0.7%	0.6%	0.5%
Sales & Marketing		-397	-435	-568	-1,088	-1,802	-1,778	90% Other S&M + 100% amortisation	-399	-476	-492	-434	-417	-438	-458	-466	-395	-359	-359
R&D		-135	-167	-187	-287	-315	-208	50% Group	-82	-80	-90	-63	-64	-51	-47	-46	-47	-43	-45
G&A		-213	-215	-296	-269	-275	-150	50% Group (and 100% amortisation)	-55	-70	-76	-75	-49	-35	-19	-48	-29	-28	-27
<b>JD Now Core EBIT</b>		-1,551	-1,549	-1,368	-2,220	-1,917	-1,294	Includes 100% amortisation expenses	-550	-567	-501	-299	-364	-284	-271	-375	-350	-321	-356
JD Now Core OPM		-205.7%	-140.4%	-59.4%	-54.9%	-31.2%	-19.9%		-39.2%	-38.7%	-32.4%	-17.3%	-20.4%	-17.6%	-17.6%	-24.2%	-27.3%	-35.2%	-38.3%
Amortisation of Trademarks/Domains		0	59	34	33	33	33		8	8	8	8	8	8	8	8	8	8	8
Acquisition related amortization		143	148	148	139	435	467	Fully attributed to JD Now (as per IR)	61	120	125	128	124	118	113	112	112	112	110
<b>JD Now Adj EBIT</b>		-1,409	-1,342	-1,186	-2,048	-1,449	-794		-481	-438	-368	-163	-232	-158	-150	-254	-230	-201	-238
JD Now Adj OPM		-186.8%	-121.6%	-51.5%	-50.6%	-23.6%	-12.2%		-34.3%	-29.9%	-23.8%	-9.4%	-13.0%	-9.8%	-9.7%	-16.4%	-18.0%	-22.0%	-25.5%
<b>Dada Now Total Rev</b>		1,168	1,997	3,435	2,821	3,158	4,014		623	816	836	883	749	980	1,082	1,204	1,173	1,437	1,499
Dada Now Direct Costs		-1,363	-1,998	-3,331	-2,801	-2,867	-3,477		-546	-724	-708	-889	-656	-794	-955	-1,072	-1,089	-1,343	-1,217
<b>Dada Now Direct Profit</b>		-195	-1	103	20	291	537		77	92	128	-6	93	186	126	132	84	94	283
Dada Now direct margin		-16.7%	-0.1%	3.0%	0.7%	9.2%	13.4%		12.4%	11.2%	15.3%	-0.7%	12.4%	19.0%	11.7%	11.0%	7.2%	6.6%	18.8%
Sales & Marketing		-44	-42	-59	-117	-164	-147	10% Other S&M	-38	-43	-45	-38	-34	-36	-38	-39	-31	-27	-27
R&D		-135	-167	-187	-287	-315	-208	50% Group	-82	-80	-90	-63	-64	-51	-47	-46	-47	-43	-45
G&A		-70	-67	-148	-131	-134	-102	50% Group	-46	-30	-31	-26	-30	-22	-10	-41	-22	-20	-21
<b>Dada Now Core EBIT</b>		-444	-276	-291	-515	-322	79		-89	-61	-38	-134	-35	77	31	6	-16	4	189
Dada Now Core OPM		-38.0%	-13.8%	-8.5%	-18.3%	-10.2%	2.0%		-14.3%	-7.5%	-4.6%	-15.1%	-4.6%	7.9%	2.8%	0.5%	-1.4%	0.3%	12.6%
Acquisition related amortization		0	0	0	0	0	0		0	0	0	0	0	0	0	0	0	0	0
<b>Dada Now Adj EBIT</b>		-444	-276	-291	-515	-322	79		-89	-61	-38	-134	-35	77	31	6	-16	4	189
Dada Now Adj OPM		-38.0%	-13.8%	-8.5%	-18.3%	-10.2%	2.0%		-14.3%	-7.5%	-4.6%	-15.1%	-4.6%	7.9%	2.8%	0.5%	-1.4%	0.3%	12.6%

- Segmental breakdown uses JD Now direct margin (disclosed until 2023Q4) and adjusts out opex according to IR comments
  - JD Now direct costs defined as: Operations & Support cost + Consumer Incentives
- Other Sales & Marketing (excludes amortisation and Consumer Incentives) is split 90%/10% between JD Now and Dada Now
- R&D and Other G&A costs are split 50%/50% between JD Now and Dada Now
- All amortisation expenses are allocated to JD Now

## Appendix E – Segmental Operating Metrics

Operating Metrics	2017	2018	2019	2020	2021	2022	2023		2022Q1	2022Q2	2022Q3	2022Q4	2023Q1	2023Q2	2023Q3	2023Q4	2024Q1	2024Q2	2024Q3			
Online Direct Sales Revenue (JD 1P GMV)	331,824	416,109	510,734	651,879	815,655	865,062	871,224		204,416	226,020	197,027	237,599	195,564	233,855	195,304	246,501	208,508	233,908	204,613			
Marketplace & Ad Revenues (JD 3P sales)	25,391	33,532	42,680	53,473	72,118	81,970	84,726		17,676	20,742	18,954	24,598	19,062	22,509	19,529	23,626	19,289	23,425	20,763			
Take rate estimate	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%		6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%			
JD 3P GMV estimate	390,631	515,877	656,615	822,662	1,109,508	1,261,077	1,303,477		271,938	319,108	291,600	378,431	293,262	346,292	300,446	363,477	296,754	360,385	319,431			
JD Effective GMV Estimate	722,455	931,986	1,167,349	1,474,541	1,925,162	2,126,139	2,174,701		476,354	545,128	488,627	616,030	488,826	580,147	495,750	609,978	505,262	594,293	524,044			
growth		29.0%	25.3%	26.3%	30.6%	10.4%	2.3%		21.4%	6.5%	10.0%	6.8%	2.6%	6.4%	1.5%	-1.0%	3.4%	2.4%	5.7%			
<b>JD Now Metrics</b>																						
GMV-JD Now: Rolling 12months (RMBm)	3,287	7,334	12,205	25,262	43,100	63,300	73,400		49,076	54,570	58,949	63,300	67,300	70,800	73,100	73,400	72,365	71,959	68,978			
growth		123.1%	66.4%	107.0%	70.6%	46.9%	16.0%		74.4%	68.9%	58.3%	46.9%	37.1%	29.7%	24.0%	16.0%	7.5%	1.6%	-5.6%			
GMV-JD Now: Period specific (RMBm)	3,287	7,334	12,205	25,262	43,100	63,300	73,400		14,432	14,906	15,711	18,251	18,432	18,406	18,011	18,551	17,397	18,000	15,030			
growth		123.1%	66.4%	107.0%	70.6%	46.9%	16.0%		71.1%	58.4%	38.6%	31.3%	27.7%	23.5%	14.6%	1.6%	-5.6%	-2.2%	-16.6%			
JD Now GMV % JD GMV	0.5%	0.8%	1.0%	1.7%	2.2%	3.0%	3.4%		3.0%	2.7%	3.2%	3.0%	3.8%	3.2%	3.6%	3.0%	3.4%	3.0%	2.9%			
Commissions % GMV			2.8%	2.7%	2.5%	2.5%	2.3%		2.6%	2.5%	2.6%	2.1%	2.4%	2.2%	2.2%	2.3%	2.4%	2.1%	2.2%			
Ad/Marketing % GMV			0.9%	2.1%	2.8%	3.5%	2.9%		3.2%	3.5%	3.8%	3.5%	3.5%	3.1%	2.7%	2.3%	2.1%	0.7%	0.4%			
Commissions/Marketing % GMV			3.8%	4.8%	5.3%	6.1%	5.2%		5.8%	6.0%	6.4%	5.6%	6.0%	5.3%	4.9%	4.6%	4.5%	2.8%	2.6%			
Fulfillment/Other % GMV			5.3%	4.3%	4.1%	3.8%	3.6%		4.0%	3.8%	3.4%	3.9%	3.7%	3.5%	3.7%	3.7%	2.8%	2.3%	3.5%			
JD Now Take Rate (Total Rev as % GMV)			9.0%	9.1%	9.4%	9.8%	8.8%		9.7%	9.8%	9.8%	9.5%	9.7%	8.8%	8.6%	8.3%	7.3%	5.1%	6.2%			
<b>DADA Now metrics</b>																						
Gross Billings (RMBm)	983	1,258	2,084	3,504	FY2020 and earlier, based on Gross Rev (accounting change to Net only started 2Q21)																	
growth		26%	66%	68%												2,447	2,323	2,529	3,008	3,098		
Orders Delivered (m)	520.3	515.3	753.8	1,057.1	1,123.0	1,908.0	2,191.0									506.3	562.8	477.7	644.2	554.3	679.2	648.4
growth		-1%	46%	40%	6%	70%	15%												9%	21%	36%	
Gross Billings per Order (RMB)	1.89	2.44	2.77	3.31												4.35	4.86		4.56	4.43	4.78	
growth		29.3%	13.2%	19.9%															1.9%	-1.7%		
Dada Now GP/Order Delivered (RMB)		-0.38	0.00	0.10	0.02	0.15	0.25									0.18	0.33	0.26	0.20	0.15	0.14	0.44

- JD Effective GMV is our estimate of JD’s completed and monetised GMV (net of VAT and refunds)
- JD Now
  - GMV was disclosed until 4Q23. After that, GMV are just rough estimates based on IR comments
  - JD Now GMV % JD GMV is positive trending. In 2024, GMV fell from the accelerated transition to JD app. GMV growth likely to resume 2H25 as: 1) >60% GMV now from JD app, and 2) business disruptions in 1H24 likely saw GMV bottom in 2H24
  - Take-rate is temporarily low and currently barely covers variable costs ~6% GMV
- Dada Now
  - Orders delivered trending strongly at 20-30% yoy growth in FY24
  - GP/Order Delivered trending up due to faster non-JDL order growth (annuals more reliable than quarterly)

## Appendix F – Sum of the Parts Valuation

	Bull	Base	Bear	Notes
<b>JD Now</b>				
JD FY25E "Net realised GMV" estimate (RMBm)	2,345,255	2,345,255	2,345,255	FY25E Net Realised GMV: 5% growth from 12month rolling to 3Q24 GMV
Penetration: JD Now % JD GMV	10%	8%	6%	Currently 3-4% but given traffic growth speed, achievable within 2-3yrs
JD Now GMV estimate (RMBm)	234,525	187,620	140,715	
Take rate	9.0%	8.0%	7.0%	Commission: 2.5-3% + Ad/Marketing: 2-2.5% + Fulfillment: 2.5-3.5%
Normalised Revenue Estimate (RMBm)	21,107	15,010	9,850	Estimate is 210%/120%/45% higher than FY23 JD Now rev
Consumer Incentive expenses	-4,691	-3,940	-3,096	
Consumer Incentive (% GMV)	-2.0%	-2.1%	-2.2%	
Other Direct Costs expenses	-5,863	-5,066	-4,221	
Other Direct Costs (% GMV)	-2.5%	-2.7%	-3.0%	
Direct Profit	10,554	6,004	2,533	
% direct margin	50.0%	40.0%	25.7%	
Take-rate less Direct Costs spread	4.5%	3.2%	1.8%	The net spread is more important than individual line forecasts
Take-rate less Variable Costs spread	3.5%	2.2%	0.8%	The net spread is more important than individual line forecasts
Sales & Marketing	-2,345	-1,876	-1,407	
Sales & Marketing % GMV	-1.0%	-1.0%	-1.0%	Assume 1% JD channel fee applied to 100% of GMV
Other Opex (R&D, Other G&A)	-450	-400	-350	12months rolling to 3Q24: RMB310m. LT opex sensitive to performance
Adjusted Operating Profit	7,758	3,728	776	
Adjusted OPM %	36.8%	24.8%	7.9%	
Valuation Method (forward EV/EBIT multiple)	14	12	10	See peers. Also reasonable relative to growth rate
Valuation (RMBm)	108,617	44,732	7,757	
Value/ADS (USD)	57.2	23.6	4.1	
<b>Dada Now</b>				
Last 12months Orders Delivered (m)	2,526	2,526	2,526	12 month rolling to 3Q24
3year CAGR: Orders Delivered	30%	25%	20%	
Next 12months Orders Delivered (m)	3,284	3,158	3,031	FY25E forecast
Gross Profit/Order Delivered	0.35	0.30	0.25	
Next 12months Gross Profit (RMBm)	1,149	947	758	
Opex (S&M, R&D, G&A)	-410	-420	-430	12month rolling to 3Q24: RMB410m. ST opex based on cost control
Adjusted Operating Profit	739	527	328	
Valuation Method (forward EV/EBIT multiple)	12	10	8	See peers. Base is similar to JD Logistics multiple
Valuation (RMBm)	8,873	5,273	2,623	
Value/ADS (USD)	4.7	2.8	1.4	
<b>Other</b>				
Net Cash (RMBm)	2,500	2,200	2,000	3Q24: RMB3.2bn net cash (after adding back RMB400m abnormal working capital). Assume FY24 ends with ~RMB3bn net cash
Value/ADS (USD)	1.3	1.2	1.1	Bull: 1 year cash burn (RMB500m) Base: 2 year cash burn (RMB500+300m) Bear: 3 year cash burn (RMB500+300+200)
<b>Dada Valuation</b>				
Total Value/ADS (USD)	63.2	27.5	6.5	
% difference to Offer Price	3062%	1276%	226%	

JD Now: Peers	FY25E EV/EBIT
Meituan	17.1
JD	9.4
Alibaba	11.3
<b>Average</b>	<b>12.6</b>

\*Feb 19, 2025 closing price multiple

Dada Now: Peers	FY25E EV/EBIT
S.F. Holdings (HK listing)	14.0
JD Logistics	10.3
Deppon Logistics	12.1
ZTO Express (US listing)	9.0
J&T Global Express	16.3
<b>Average</b>	<b>12.3</b>

\*Feb 19, 2025 closing price multiple