# JD gideon lens

## JD.com (JD) - ER2 Gideon Lens Main Narrative

### Stage 0 Anchor

Today: 2026-04-25.

Company fiscal year convention: JD.com fiscal year ends December 31.

Most recently reported quarter: Q4 FY2025 / full year 2025, period ended December 31, 2025, announced by JD.com on March 5, 2026.

TTM anchor: Q1 FY2025 + Q2 FY2025 + Q3 FY2025 + Q4 FY2025 -> TTM ending 2025-12-31.

Forward horizon: TTM + 5 calendar years = 2030-12-31. Compounding horizon is exactly 5 calendar years from 2025-12-31 to 2030-12-31.

### Verdict Block

**Verdict:** PASS

**Scorecard:**

| Gate | Result | Notes |
|---|---|---|
| Management | YELLOW | Capable operators, but food delivery and control risks. |
| Moat | FAIL | Low-margin retail/logistics, low switching costs, and subsidy/price pressure leave no durable blended-company moat. |
| P/E <= 15 on confident EPS at TTM + 5 calendar years | PASS | Base-case cushion 321.2% at $30.3219/ADS. |
| Compounder Score | Audited 52 / 100 | 52/100; Reject under the diagnostic rubric because the cheap five-year EPS case is outweighed by weak consolidated returns, missing ROIIC proof, New Businesses losses, and unresolved capital-allocation evidence. |
| Business Quality Score | Audited 37 / 80 | 37/80; JD Retail is real and profitable, but the group does not yet show high-return compounding because FY2025 ROIC/ROCE was roughly 0.7%, FCF conversion was weak, and segment-level reinvestment economics are not disclosed. |
| 20% Return UW Score | Audited 15 / 20 | 15/20; the base case clears 20% annualized at US$30.3219/ADS using a 15x 2030 P/E, but the return depends on major operating normalization rather than proven durable ROIIC. |

**One-line thesis (or reason to pass):** JD.com is statistically cheap if New Businesses losses normalize, but low-switching-cost retail/logistics economics and control risks keep it below the ER2 compounder bar.

**Kill / trigger criteria:**

- BUY trigger: upgrade only if New Businesses losses visibly decline toward a FY2026 operating loss below RMB30 billion, JD Retail holds a 5%+ segment margin, and disclosure improves enough to underwrite unit economics; at the current $30.3219/ADS price, the valuation math already clears, so the trigger is quality proof rather than a lower price.
- PASS triggers: FY2026 New Businesses operating loss above RMB30 billion; any two post-Q1 FY2026 quarters with New Businesses margin worse than negative 60%; JD Retail segment margin falling below 4.5% while revenue growth stays low-single-digit or worse.
- Upgrade to BUY conditions: Management gate moves from YELLOW to PASS through demonstrated loss discipline, moat gate moves from FAIL to PASS through sustained consolidated margin recovery, and the base-case P/E 15 cushion remains positive after updating the 2026 actuals.

**Position sizing if bought:** 0% now. If upgraded after the loss-reduction proof, cap at 2% of the equity book because ADR/VIE structure, founder voting control, China consumer cyclicality, and opaque New Businesses unit economics remain real sizing constraints.

**ER2 stricter-gate recalibration (2026-05-28):** Moat moved from YELLOW to FAIL because the blended company still depends on low-margin retail/logistics economics, low switching costs, and subsidy/price pressure rather than a protectable 20-year profit pool. This top scorecard supersedes any softer gate phrasing elsewhere in the appended materials; the underlying evidence was reused, but the gate standard is stricter.

## Main Narrative

JD.com is not a hard valuation problem. It is a quality and trust problem. The synthesis model clears the P/E <= 15 test with an almost comically large base-case cushion because current earnings are depressed by New Businesses losses, not because JD Retail has stopped being a large, profitable, strategically relevant Chinese commerce platform. At $30.3219 per ADS, the required TTM+5y EPS for a 15x entry is only $2.02 per ADS. The reviewed base-case model produces $8.51 per ADS in 2030. The arithmetic is not delicate: if JD Retail expands margin, JD Logistics keeps scaling, and New Businesses losses shrink materially, the stock looks cheap.

ER2 is intentionally not satisfied by cheapness alone. Gideon's bar is a durable compounder that can plausibly earn high returns for a long time under credible management, at a price that gives a margin of safety. JD.com clears the price test, but it does not clear the quality gates. Management is YELLOW. The moat gate is recalibrated to FAIL, with the original 2046 test still YELLOW. That combination forces a PASS, not because the stock cannot work, but because the evidence today supports a cheap normalized-earnings case rather than a clean long-duration compounding case.

The cleanest part of the company is JD Retail. FY2025 JD Retail revenue was RMB1,126.4 billion, with RMB51.4 billion of operating income and a 4.6% margin. The segment has the strongest moat evidence in the whole file: authentic-goods trust, direct retail control, supplier relationships, nationwide fulfillment, after-sales service, and a marketplace/marketing layer that can monetize traffic more profitably than first-party product sales alone. The reviewed segment model puts JD Retail 2030 revenue at RMB1,486.3 billion in the base case, with a 6.8% operating margin and RMB101.1 billion of operating income. That is the heart of the investment case.

The trouble is that shareholders do not own JD Retail in isolation. They own the blended JD.com. JD Logistics adds strategic value and a hard-to-replicate operating system, but it is still a low-margin business. FY2025 Logistics revenue was RMB217.1 billion, up 18.8%, but operating margin was only 2.4%, down from 3.5% in FY2024. The base case assumes revenue grows to RMB376.8 billion by 2030 and margin improves to 4.4%. That is plausible if utilization, automation, integrated supply-chain wins, and external mix improve. It is not yet proven high-return compounding. Logistics strengthens JD's service promise, but it also absorbs capital and operational complexity.

New Businesses is the swing factor and the main reason this report defaults to PASS. FY2025 New Businesses revenue was RMB49.3 billion, but operating loss was RMB46.6 billion. In Q4 FY2025, the segment margin was still worse than negative 100%. The base model does not assume New Businesses becomes a major profit center; it assumes the loss shrinks to RMB9.2 billion by 2030 on RMB115.0 billion of revenue. Even that conservative-looking bridge requires a very large improvement in food delivery, Joybuy/international, Jingxi, JD Property, and other initiatives whose standalone economics are not disclosed. Red team correctly identified this as the most fragile assumption.

The consolidated bridge to 2030 is therefore less about heroic revenue growth and more about loss reduction and mix. In the base case, combined revenue reaches RMB1,843.1 billion, operating income reaches RMB99.6 billion, net income reaches RMB81.9 billion, and EPS reaches $8.51 per ADS. The synthesis passed all 11 arithmetic checks. The model explicitly handled the ADS relationship, exchange rate, share count path, buybacks, corporate eliminations, and the TTM-to-2030 five-year horizon. The math is internally coherent. But coherent math is not the same as underwriteable certainty.

Management deserves credit for building and maintaining the core platform, supporting shareholder returns, and preserving a strong net cash position. The company repurchased stock and paid a dividend while still investing aggressively. But the same management team chose to fund a very large FY2025 New Businesses loss at a moment when consolidated operating income collapsed to RMB2.8 billion and free cash flow fell sharply. Founder voting control, ADR/VIE structure, related-party complexity, and limited unit-economics disclosure keep the management gate at YELLOW. The upgrade path is straightforward: show that the food-delivery investment can be reduced or monetized, and give investors enough disclosure to verify the improvement.

The moat assessment reaches the same kind of answer. JD Retail has a real moat, but the blended company moat is weaker than the best segment. The company has scale, supply-chain infrastructure, consumer trust, and service reliability. Those are tangible. AI does not obviously dissolve them; if anything, AI may improve forecasting, routing, merchandising, and customer service. But pricing power is conditional, Chinese e-commerce remains brutally competitive, logistics margins are thin, and New Businesses has not yet demonstrated durable economics. A credible 2046 JD.com exists as a supply-chain commerce and logistics platform, but the high-return version is not yet proven.

The red team did not break the valuation math. It broke the temptation to call this a BUY too early. The strongest bear case is that JD is a good core retailer wrapped in a structurally low-return fight for user frequency, where New Businesses is not an option portfolio but an ongoing cost of staying relevant against Meituan, Alibaba, PDD, Douyin, and other platforms. If that is true, the normalized earnings bridge will keep slipping forward: every year JD Retail generates cash, adjacent battles consume it.

The right stance is therefore PASS with a watchlist-quality setup. This is not a disqualified business. The balance sheet is strong, JD Retail is real, the stock is cheap on the base-case earnings model, and the red team concluded the thesis conditionally survives as a normalized-earnings case. But ER2's default is not to buy cheap complexity. It is to buy exceptional compounders when durability, management, and valuation all line up. JD.com has the valuation. It does not yet have the clean quality proof.

The next two to four quarters matter. If FY2026 New Businesses losses fall materially, if JD Retail sustains margin above 5%, if Logistics improves margins without hollowing out service quality, and if management improves disclosure around food delivery economics, this can be upgraded quickly. Until then, the clean conclusion is PASS: attractive optionality, cheap normalized EPS, insufficient Gideon-quality evidence.

# Appendix A - Company Primer

# JD.com (JD) - Appendix A: Company Primer

## Scope, Anchor, And Source Discipline

This primer introduces JD.com for an investor who is approaching the company without prior context. It is deliberately reader-facing rather than model-facing: downstream ER2 appendices should use the quantitative foundation and data package for audited historicals and model inputs. All financial numbers below come from `C:\Users\Admin\OneDrive\GPT\ER 2.0\JD.com\quant_foundation.md`, which reconciles live FMP pulls against JD.com's official FY2025 quarterly releases and 2025 Form 20-F. JD.com is a foreign private issuer, so the quantitative foundation applies the official-source override where FMP is stale, empty, or materially different.

The Stage 0 anchor is fixed: today is 2026-04-25 in Asia/Singapore, JD.com's fiscal year ends December 31, the latest reported period is Q4 FY2025 / full year 2025 ended 2025-12-31, and the TTM anchor is Q1 FY2025 through Q4 FY2025, which equals FY2025. The forward horizon for the ER2 run is exactly five calendar years from the TTM end date, or 2030-12-31.

The qualitative context in this primer comes from JD.com's live investor relations materials and 2025 Form 20-F, including the Q4/FY2025 results release dated March 5, 2026 and the Form 20-F filed April 16, 2026. Those sources describe JD.com as a supply chain-based technology and service provider, define the three reportable segments, and provide current business highlights around JD Retail, JD Logistics, JD Food Delivery, Joybuy, JD Health, JD Industrials, AI deployment, shareholder returns, and risk factors. Financial figures are still quoted from the quant foundation, not re-sourced from the filing in this appendix.

## Business Overview

JD.com is one of China's largest technology-enabled retail and supply-chain platforms. The company began as a direct online retailer and still carries the DNA of a first-party merchant: it buys inventory from brands and distributors, sells goods to consumers through its own app and websites, and controls a large share of the fulfillment experience through warehouses, sortation, last-mile delivery, customer service, payment processing, and after-sales support. That model distinguishes JD from marketplace-first e-commerce peers. JD is not simply a listing venue that hands fulfillment to third parties. Its core promise is quality, authenticity, speed, and service reliability, especially in categories where consumers care about provenance, warranties, installation, delivery timing, and returns.

The customer base is broad. JD Retail serves Chinese consumers buying electronics, home appliances, supermarket items, apparel, health products, beauty, sports goods, home goods, and other general merchandise. The core purchasing interface is digital: JD's mobile apps and websites, supported by search, recommendation, promotions, loyalty points, coupons, and membership mechanics. Over time, JD has also built offline and on-demand extensions. In electronics and home appliances, it operates JD MALL and JD Appliance City stores; in consumer electronics, it operates JD Home, JD Computer & Electronics Specialty Stores, and JD Mobile & Electronics Specialty Stores; in fashion, it is using on-demand retail partnerships with physical stores to give brands a faster local fulfillment channel. The customer is therefore not only a conventional e-commerce user waiting for a parcel. JD increasingly wants to be the place where a shopper can buy a high-consideration appliance, a smartphone, a grocery basket, an apparel item, medicine, or a local service with a reliable supply chain behind it.

Merchants and suppliers are the other half of the system. JD buys directly from suppliers for its first-party retail business, while third-party merchants use JD's marketplace, marketing tools, fulfillment services, and logistics infrastructure. The company earns product revenue when it is the merchant of record and service revenue when it provides marketplace, advertising, logistics, and other services. The supplier proposition is scale, data, authenticity, logistics quality, and brand-safe demand generation. For brands, JD is a route to large-volume online sales with controlled delivery and customer service. For third-party merchants, JD is both a selling channel and a service stack: marketplace traffic, advertising, warehousing, delivery, and other operational tools.

The company reports three segments. JD Retail is the core retail and marketplace platform and includes JD Health and JD Industrials among other operating activities. JD Logistics provides integrated supply-chain and logistics services both to JD's internal retail operations and to external customers. New Businesses includes JD Food Delivery, JD Property, Jingxi, overseas businesses such as Joybuy, and other initiatives. This segmentation matters because consolidated JD.com is currently a mix of a large, profitable retail engine, a scaled but lower-margin logistics arm, and heavily loss-making strategic

investments.

## Revenue Architecture

JD.com's FY2025 total net revenues were RMB1,309.085 billion. The product/service revenue view shows how the company monetizes commerce: net product revenues were RMB1,023.802 billion, or 78.2% of total revenue; net service revenues were RMB285.283 billion, or 21.8%. Product revenue is the first-party retail model: JD buys inventory and sells it to customers. Within product revenue, electronics and home appliances contributed RMB605.131 billion, or 46.2% of total revenue, while general merchandise contributed RMB418.671 billion, or 32.0%. Service revenue is the asset-lighter side: marketplace and marketing revenue was RMB107.131 billion, or 8.2% of total, and logistics and other services were RMB178.152 billion, or 13.6%.

The segment view is slightly different because segment revenue includes internal activity and then subtracts inter-segment eliminations. JD Retail reported FY2025 revenue of RMB1,126.399 billion. Against consolidated revenue, that is 86.0%, though it is not a clean external-sales percentage because JD Logistics and New Businesses also report gross segment revenue before eliminations. JD Retail operating income was RMB51.402 billion, a 4.6% operating margin. This is the economic center of the company: it is where JD's consumer traffic, procurement scale, marketplace advertising, product category management, and brand promise are concentrated.

JD Logistics reported FY2025 revenue of RMB217.146 billion and operating income of RMB5.269 billion, a 2.4% operating margin. The logistics segment is both an internal service provider and an external supply-chain business. Inter-segment eliminations were RMB83.742 billion for FY2025, largely reflecting logistics and supply-chain services provided to JD Retail and New Businesses, plus property leasing services provided by JD Property to JD Logistics. The economic question for JD Logistics is whether the external business can scale enough, and automate enough, to earn returns above the cost of operating a labor- and asset-intensive logistics network.

New Businesses reported FY2025 revenue of RMB49.282 billion and an operating loss of RMB46.641 billion, a negative 94.6% operating margin. This segment is not a small accounting footnote. It is the main reason JD.com's consolidated operating income was only RMB2.774 billion despite JD Retail's RMB51.402 billion of operating income and JD Logistics' RMB5.269 billion of operating income. In 2025, the food delivery push was the principal investment drag. The Q4/FY2025 release says JD Food Delivery continued scaling, sequentially narrowing total investment, and generating synergies with JD Retail through user base expansion, higher shopping frequency, and cross-category purchases. The investor question is not whether management can describe synergies; it is whether those synergies can eventually offset the subsidy, rider, marketing, and operational costs of fighting entrenched food-delivery competitors.

Geographically, JD.com remains primarily a China business. The Form 20-F states that most long-lived assets are in the PRC and most revenues are derived from the PRC, so the company does not present geographic information. The international angle is real but still developing: Joybuy, JD's online retail business in Europe, was in beta testing in the UK, Germany, the Netherlands, France, Belgium, and Luxembourg at the time of the Q4/FY2025 release, with full launch planned for March 2026. JD Logistics also launched its first overseas LangzuTech warehouse in the UK. These initiatives may matter strategically over a multi-year horizon, but they are not yet large enough to change the basic geographic exposure: JD is overwhelmingly a China retail, logistics, and services platform.

## Unit Economics

JD Retail's unit economics begin with product gross margin and inventory turns. In first-party commerce, JD recognizes the full selling price of goods as revenue and bears cost of goods sold. That creates very large revenue but structurally thin margins. The business must buy well, forecast demand well, avoid markdowns, reduce shrink and returns, and use scale to negotiate favorable supplier terms. Its advantage is that a controlled first-party model can build trust in categories where authenticity and service matter. Its disadvantage is that product revenue carries inventory risk and lower gross margin than marketplace commissions or advertising.

The higher-margin layer inside JD Retail is service monetization: marketplace commissions, merchant marketing services, and other value-added services. The quant foundation shows marketplace and marketing revenue grew to RMB107.131 billion in FY2025, while total net service revenues reached RMB285.283 billion. JD's CFO emphasized in the Q4/FY2025 release that general merchandise and marketplace and marketing revenues recorded double-digit growth for both Q4 and the full year, and that a richer mix of advertising and other higher-margin businesses should diversify profit streams. The financial logic is straightforward: if the company can shift more incremental gross merchandise activity toward marketplace, advertising, and services while preserving the quality and speed that define JD, operating leverage improves without requiring the same

balance-sheet intensity as first-party inventory.

Fulfillment is the central cost line that turns JD's quality promise into an economic burden. The Q4/FY2025 release describes fulfillment expenses as procurement, warehousing, delivery, customer service, and payment processing expenses. In the quant foundation, FY2025 free cash flow was only RMB6.476 billion on attributable net income of RMB19.631 billion, a 33.0% conversion rate, which underlines the working-capital and investment demands of the model. The Form 20-F notes that JD's fulfillment infrastructure employed 642,940 warehouse and delivery employees at year-end 2025, and that the network included over 1,600 warehouses with aggregate gross floor area over 34 million square meters, including space managed under the JD Logistics Open Warehouse Platform. This is the source of JD's speed and reliability, but it also means labor utilization, order density, automation, routing, average order size, and capex discipline are core drivers of returns.

JD Logistics has different unit economics from JD Retail. It monetizes warehousing, delivery, freight, supply-chain solutions, and related logistics services. Internal JD demand creates base load and operating density; external customers can add incremental volume and improve utilization. The margin structure is thin because logistics is labor-, facility-, vehicle-, technology-, and route-density intensive. FY2025 operating margin was 2.4%. That is positive and strategically useful, but not yet the kind of high-return economics that can by itself carry a quality-compounder case. The upside is automation: JD Logistics' LangzuTech goods-to-person automated warehousing solution was operating in over 20 warehouses across nearly 20 Chinese cities by year-end 2025, and the company had launched a UK automated warehouse. If automation raises storage density, picking speed, and peak-period resilience, logistics margin can improve. If labor cost inflation, external pricing pressure, or low utilization dominate, the segment may remain strategically valuable but financially modest.

New Businesses' unit economics are currently the opposite of JD Retail's. Revenue grew to RMB49.282 billion in FY2025, but the segment lost RMB46.641 billion from operations. Food delivery is inherently local, high-frequency, and operationally complex. Customer acquisition often requires coupons and promotions; restaurant acquisition requires commissions and service reliability; riders and delivery capacity must be available at peak meal times; and competitors respond quickly to subsidy intensity. The strategic rationale is that food delivery can increase user frequency and feed cross-category purchasing inside JD Retail. The economic hazard is that incremental orders may be purchased with subsidies rather than earned through durable differentiation. Until losses narrow materially, the segment is a drag on consolidated ROIC and free cash flow conversion.

## Customer And Supplier Dynamics

JD's customer promise is built around trust. In Chinese e-commerce, where counterfeits, inconsistent fulfillment, opaque after-sales service, and merchant reliability have historically been pain points, JD's direct retail model lets it market authenticity and accountability. That matters especially for consumer electronics, home appliances, health products, baby products, premium brands, and other categories where a bad purchase experience can damage consumer confidence. JD's 2025 business highlights point to a continued push into offline appliance and electronics formats, suggesting the company sees value in combining physical experience, local service, and digital purchasing.

Customer acquisition and retention rely on selection, price, speed, promotions, and habit. The Form 20-F says repeat purchases from existing customers are a main driver of customer purchases, and that JD uses authentic products, competitive prices, speedy and reliable delivery, convenient payments, customer service, coupons, loyalty points, and promotions to attract and retain users. The Q4/FY2025 release adds that JD saw robust user growth and increased shopping frequency during the quarter and full year. For investors, the key nuance is that higher frequency can be either high quality or low quality. If frequency comes from better selection, trusted fulfillment, and improved cross-category relevance, it compounds. If it comes from aggressive food-delivery subsidies or short-lived promotions, it may fade when spending normalizes.

On the supplier side, scale is JD's main bargaining chip. The company buys large volumes directly from suppliers and aims to use data, merchandising capability, fulfillment quality, and demand aggregation to secure favorable pricing terms and volume rebates. Suppliers benefit from a channel that can move inventory at scale while preserving service standards. This is particularly important in electronics and home appliances, where JD can support launches, warranties, installation, trade-ins, and offline experience. JD also helps third-party merchants through marketplace tools, marketing products, and logistics services. The more indispensable JD becomes as both a sales channel and a fulfillment partner, the stronger its supplier economics become.

The counterweight is supplier concentration by category and the bargaining power of major brands. In electronics and appliances, large global and domestic brands have their own channel strategies and may not want one platform to capture too much economics. In general merchandise, JD competes with marketplace platforms, social commerce, livestreaming commerce, offline retailers, and local on-demand channels. Suppliers and merchants can multi-home. JD therefore needs to

deliver measurable conversion, trustworthy fulfillment, and attractive economics rather than relying solely on traffic scale.

## Competitive Landscape

JD competes in several overlapping arenas. In core e-commerce, it faces Alibaba's Taobao and Tmall ecosystem, PDD/Pinduoduo, Douyin/Kuaishou-style content commerce, brand-direct channels, offline retailers, and specialty verticals. JD's differentiated position is quality-controlled supply chain and fulfillment, not the broadest long-tail merchant marketplace or the lowest-cost discovery feed. It is strongest where consumers value reliability, authenticity, delivery precision, and after-sales service. It is more vulnerable in categories where price, entertainment, discovery, or merchant breadth matter more than controlled fulfillment.

PDD has reshaped consumer expectations around price and value. Alibaba remains a massive merchant and advertising ecosystem. Douyin and other content platforms can create demand through short video and livestreaming. Meituan is deeply entrenched in local services and food delivery. Against that backdrop, JD's competitive defense is not simply lower prices. It is the combination of first-party procurement, logistics control, after-sales reliability, high-trust categories, and a growing service revenue layer. The Q4/FY2025 release explicitly notes a highly competitive industry landscape, and the 20-F lists intense competition as a material risk.

In logistics, JD Logistics competes with SF Express, Cainiao-related networks, ZTO and other express players, in-house logistics operations of large platforms, and specialized supply-chain service providers. Its advantage is the integrated base load from JD Retail plus a technology and warehouse network designed for high-SKU retail fulfillment rather than only parcel movement. Its challenge is that logistics customers are price-sensitive and sophisticated. External customer growth is valuable only if it improves utilization and margin rather than filling capacity at unattractive rates.

In food delivery and local services, JD is entering against powerful incumbents. Meituan has deep merchant relationships, rider density, consumer habit, local services integration, and operational experience. Alibaba also competes through Ele.me and broader ecosystem assets. JD's argument is that it can bring quality control, food safety, transparent operations, supply-chain credibility, and retail cross-sell into the category. The early numbers, however, show how costly the fight is: New Businesses lost RMB46.641 billion in FY2025. This is the most visible competitive pressure point in the current consolidated P&L.

## Growth Drivers

The first growth driver is mix shift inside JD Retail. Electronics and home appliances remain large, but general merchandise and marketplace/marketing growth are important because they can diversify revenue and profit. FY2025 general merchandise revenue was RMB418.671 billion, and marketplace and marketing revenue was RMB107.131 billion. If JD can expand supermarket, fashion, healthcare, beauty, sports, and other categories while raising advertising and merchant-services monetization, it can reduce reliance on lower-margin first-party electronics and appliances.

The second driver is service revenue. Net service revenues were RMB285.283 billion in FY2025, up from the historical base shown in the quant foundation. This includes logistics and other services as well as marketplace and marketing. Service revenue typically carries better margin potential than first-party product resale because JD is selling access, traffic, tools, fulfillment, and operating capability rather than taking full inventory risk. The strategic test is whether JD can grow services without weakening the customer trust that comes from controlled supply chain quality.

The third driver is logistics automation and externalization. JD Logistics' LangzuTech deployment shows a management focus on warehouse automation, goods-to-person picking, high-density storage, and peak-period resilience. Automation can improve speed and labor productivity, while external customers can add scale. The UK automated warehouse also hints at a possible international supply-chain services opportunity. The base case should still be conservative because FY2025 operating margin was only 2.4%, but the segment has real operating leverage if automation and utilization improve together.

The fourth driver is AI applied to operations, customer service, merchant tools, and product discovery. JD's Q4/FY2025 release highlights AI customer service handling over 4.2 billion customer inquiries during the 2025 11.11 Grand Promotion, more than 50,000 internal AI agents across JD systems by year-end, and over 50,000 merchants using the JoyStreamer digital human tool. AI is not a separate monetization thesis yet, but it may matter in cost-to-serve, customer service quality, merchant content creation, demand forecasting, search relevance, and workflow automation. For JD, the most credible AI upside is operational efficiency rather than a standalone software multiple.

The fifth driver is optionality in New Businesses, including JD Food Delivery, Jingxi, Joybuy, JD Property, and overseas retail. Joybuy's European beta and planned launch show the company trying to export its quality-speed-trust proposition. 7Fresh

Kitchen and food delivery show a push into high-frequency local consumption. These initiatives can open growth vectors, but they are expensive. The investment case needs proof that losses can narrow while user frequency and cross-category purchases persist.

## Risks And Watch Items

The most immediate financial risk is that New Businesses continue to consume the profit pool. JD Retail and JD Logistics generated a combined RMB56.671 billion of FY2025 operating income, but New Businesses and unallocated items reduced consolidated operating income to RMB2.774 billion. If food delivery remains a subsidy war or requires structurally high marketing and rider spending, JD's consolidated margins, ROIC, and free cash flow conversion may stay weak even if core retail remains healthy.

The second risk is retail competition and price pressure. JD's core promise is quality and service, but consumers can shift spending to lower-price platforms, content commerce, local channels, or brand-direct options. If JD must price more aggressively to defend share, retail margin may compress. If it refuses to match price competition, it may lose frequency and supplier relevance. The company's FY2025 retail operating margin of 4.6% is valuable but not enormous; modest competitive pressure can matter.

The third risk is macro and category exposure in China. The Form 20-F notes that most revenues are derived from retail sales in China. Consumption weakness, housing-market stress, consumer confidence, employment conditions, deflation, category subsidy changes, and policy shifts can all affect demand. Electronics and home appliances are large enough that government stimulus, replacement cycles, and high-base effects can visibly influence quarterly growth.

The fourth risk is operational complexity. JD's advantage is a massive fulfillment network, but the same network creates execution risk. Inventory mismanagement, warehouse underutilization, labor cost inflation, delivery service failures, technology outages, customer service failures, and safety incidents can damage economics and reputation. The 20-F specifically calls out fulfillment infrastructure management and inventory management as material risks.

The fifth risk is regulation and corporate structure. JD is a Cayman holding company with PRC subsidiaries and consolidated variable interest entities. The 20-F highlights VIE structure risk, PRC regulatory oversight, cybersecurity and data privacy rules, consumer protection laws, overseas listing and CSRC filing issues, foreign-exchange limitations, and HFCAA/PCAOB-related listing risk. These are not unique to JD among China ADRs, but they affect the valuation framework because minority investors own securities in an offshore holding company exposed to China policy and legal-system uncertainty.

The sixth risk is capital allocation discipline. JD has a strong net cash position, but cash can be used either to return capital or to fund long investment campaigns. FY2025 shareholder returns were large, yet the company also absorbed heavy New Businesses losses. The quality of capital allocation depends on whether buybacks and dividends are balanced against investments with credible long-run returns.

## Capital Allocation And Balance Sheet

JD ended FY2025 with substantial liquidity. The quant foundation reports official cash and cash equivalents of RMB137.488 billion, restricted cash of RMB12.137 billion, and short-term investments of RMB75.744 billion, for combined cash, restricted cash, and short-term investments of RMB225.369 billion. Debt excluding operating leases was RMB73.998 billion, and debt including operating leases was RMB107.105 billion. Net cash was therefore approximately RMB151.371 billion excluding operating leases and RMB118.264 billion including operating leases. This balance sheet gives management room to invest, repurchase shares, pay dividends, and weather competitive pressure.

Cash generation was weaker than the balance sheet. FY2025 operating cash flow was RMB18.991 billion and company-defined free cash flow was RMB6.476 billion. Free cash flow conversion on attributable net income was only 33.0%. The problem is not a liquidity crisis; it is the gap between the scale of the company and the cash currently falling through to owners after strategic investment. For a Gideon-style quality compounder lens, this matters because reinvestment should eventually produce high and durable returns. JD's current consolidated ROIC signal is depressed by the investment cycle.

Shareholder returns were meaningful in 2025. JD repurchased approximately 183.2 million Class A ordinary shares, equivalent to 91.6 million ADSs, for approximately US$3.0 billion, representing about 6.3% of ordinary shares outstanding as of December 31, 2024, and those shares were cancelled. The company also approved an annual cash dividend for FY2025 of US$0.50 per ordinary share, or US$1.00 per ADS, with an expected aggregate amount of about US$1.4 billion. As of December 31, 2025, US$2.0 billion remained under the repurchase authorization adopted in August 2024 and effective

through August 2027.

The investor read-through is mixed but important. On one hand, the company is not hoarding cash indefinitely; it is returning a visible amount to owners and reducing share count. On the other hand, the food-delivery and new-business investment program is large enough to dominate consolidated operating profit. The capital allocation question is therefore not simply whether JD returns cash. It is whether management can demonstrate that the retained and reinvested capital in New Businesses earns a return high enough to justify the near-term hit to earnings and free cash flow.

## Investor Framing

JD.com should be understood as a scaled, trust-centered China retail and supply-chain platform with three very different economic profiles inside one consolidated company. JD Retail is large, profitable, and strategically differentiated by procurement, authenticity, fulfillment, and service. JD Logistics is strategically important and now profitable, but still low margin. New Businesses contain potentially valuable options, especially food delivery frequency and international expansion, but in FY2025 they were a severe earnings drag.

The bull case is that JD Retail keeps compounding through category expansion, general merchandise growth, advertising mix, and operational AI; JD Logistics steadily improves margin through automation and external customers; and New Businesses losses narrow while food delivery and overseas retail add frequency, data, and cross-category purchasing. In that case, FY2025 may look like a trough in consolidated margins rather than a new normal.

The bear case is that JD's core retail advantage is real but not enough to offset structural competition, while New Businesses pull the company into subsidy-heavy arenas where incumbents have local density and consumer habit. Under that view, JD remains a strategically impressive company but not a high-return compounder: enormous revenue, thin margins, heavy operational complexity, low consolidated ROIC, and cash returns partly offset by expensive growth options.

For the ER2 run, the key modeling hinge is not revenue scale. JD already has scale. The key hinge is normalized operating profit after the 2025 investment shock: how much of JD Retail's profit pool survives competitive pressure, how much JD Logistics margin can expand, and how quickly New Businesses losses shrink. Until those questions are answered with segment-level evidence, JD should be treated as a company with a valuable core and a material capital allocation controversy, not as a clean quality compounder.

## Sources Consulted

- Quantitative foundation, `C:\Users\Admin\OneDrive\GPT\ER 2.0\JD.com\quant_foundation.md`, especially P1 product/service revenue, P2 segment revenue and operating income, P4 TTM construction, P5 reconciliation, and P6 cash flow, balance sheet, share count, liquidity, and market data.
- JD.com Q4/FY2025 results release, March 5, 2026: https://ir.jd.com/news-releases/news-release-details/jdcom-announces-fourth-quarter-and-full-year-2025-results-and
- JD.com 2025 Form 20-F / Annual Report, filed April 16, 2026: https://ir.jd.com/system/files-encrypted/nasdaq_kms/assets/2026/04/17/11-33-24/Form%2020-F%20for%20JD%20filed%2004162026.pdf

# Appendix M - Management Assessment

# JD.com (JD) - Management Assessment

Date: 2026-04-25 Stage 0 anchor: TTM ending 2025-12-31; forward horizon 2030-12-31. Primary files read: `data_package.md` and `quant_foundation.md`; no cached warehouse files used. Primary live/official sources checked: JD.com 2025 Form 20-F, JD.com investor relations management page, JD.com investor relations board page, JD.com Q4/FY2025 results release, and live transcript evidence summarized in the cleared data package. JD.com is a foreign private issuer, so there is no U.S. DEF 14A proxy; the Form 20-F and company governance pages are the controlling governance and compensation sources.

## 1. Who Is Running The Company

JD.com is now run by a professional operating team under a founder-controlled board structure. The day-to-day executive owner is Sandy Ran Xu, who has served as chief executive officer and executive director since May 2023. Her route to the top matters: she was JD.com's CFO from June 2020 to May 2023, joined JD.com in 2018, and before that spent nearly two decades at PwC in China and the United States. That background makes her more finance-and-controls oriented than the typical product founder, and it shows in JD's communication style: management tends to anchor commentary in segment margins, category mix, user frequency, buybacks, dividends, and investment budgets rather than pure narrative.

The CFO is Ian Su Shan, appointed in May 2023 after serving as CFO of JD Logistics. He joined JD.com in December 2021. His prior experience includes Lavender Hill Capital and Goldman Sachs Asia's TMT investment-banking group, and he is a CFA charterholder. For a company whose current investment debate turns on whether food delivery, logistics automation, international retail, subsidiary listings, and repurchases are earning adequate returns, Shan's capital markets and logistics finance background is relevant. He is not a long-tenured JD lifer, but he has been in the system long enough to understand the logistics-heavy economics of the company.

The founder-chairman is Richard Qiangdong Liu. JD's official board biography says he founded the company in 2004, served as CEO until April 2022, and has been chairman since inception. He also chairs or holds key roles at important parts of the JD ecosystem, including JD Health, JD Logistics, and JD Technology. This is both an asset and a governance constraint. Liu is the long-term cultural owner of JD's authentic-products, supply-chain, and fulfillment model; he is also the controlling vote holder under the dual-class structure.

JD's board had nine directors as of the 2025 Form 20-F: Richard Liu, Sandy Xu, and seven independent directors: Ming Huang, Louis T. Hsieh, Dingbo Xu, Caroline Scheufele, Carol Yun Yau Li, Grace Kun Ding, and Jennifer Ngar-Wing Yu. The board is unusually female by China internet standards, with five female and four male directors in the Form 20-F diversity matrix. The audit committee consists of Louis Hsieh, Ming Huang, and Dingbo Xu; the Form 20-F states they satisfy Nasdaq and Rule 10A-3 independence requirements. The compensation committee is also independent, consisting of Ming Huang, Carol Li, and Grace Ding. The nomination committee is independent. The ESG committee is chaired by Liu, which is directionally defensible because culture and labor footprint are founder-level issues at JD, but it also concentrates soft-governance oversight in the founder's hands.

Material operating heads disclosed on the company management page include Pang Zhang, chief human resources officer since December 2020; Chengfeng He, chief compliance officer since January 2021; and Peng Cao, technology committee chair and chief security officer. Cao joined JD.com in 2007 and is described as one of the founders of JD's technical framework, including systems for transactions, supply chain, warehousing, logistics, and finance. That matters because JD's strategic edge depends less on a single consumer app than on dense operational execution across retail, logistics, automation, and supplier systems.

## 2. Tenure And Track Record

Sandy Xu has been CEO for almost three years as of April 2026. That is long enough for her to own the current strategy, especially the 2025 food-delivery expansion, the sharper capital-return program, the JD Industrials listing, the Dada take-private, the Joybuy Europe ramp, and the operating-margin trade-off between JD Retail and New Businesses. She cannot be judged as a new arrival inheriting someone else's plan. The 2025 results are her results.

The first major decision under Xu is protecting and monetizing the JD Retail core while building more marketplace, advertising, general merchandise, and on-demand use cases around it. The data package shows JD Retail revenue increased

from RMB1,015.9 billion in FY2024 to RMB1,126.4 billion in FY2025, with operating income rising from RMB41.1 billion to RMB51.4 billion and operating margin expanding from 4.0% to 4.6%. That is a real operating achievement in a brutally competitive China e-commerce market. It also supports management's claim that JD Retail is no longer dependent on one growth driver. The weakness is that consolidated shareholders do not own JD Retail in isolation: group operating income collapsed to RMB2.8 billion in FY2025 because New Businesses consumed the improvement.

The second major decision is the food-delivery and local-services push. Management presents food delivery as an ecosystem frequency, user-acquisition, and cross-category purchase lever, not as a standalone short-cycle profit center. The data package captures management's FY2025 transcript framing: food delivery is meant to improve user frequency and retail cross-sell, and management has said investment should decline in 2026 if market competition becomes more rational. The numbers are much less comfortable. New Businesses revenue rose 157.3% to RMB49.3 billion in FY2025, but operating loss widened to RMB46.6 billion, implying a negative 94.6% margin. In Gideon terms, this is the largest management mark against the team. A disciplined operator can make a long-horizon investment, but the burden of proof rises sharply when the investment nearly wipes out the profit from the core segment.

The third major decision is capital return. JD bought back approximately US$3.0 billion of shares in 2025, equal to about 6.3% of ordinary shares outstanding at 2024 year-end, and cancelled the repurchased shares. It also approved a FY2025 annual dividend of US$1.0 per ADS, or roughly US$1.4 billion in aggregate. The 20-F purchase table shows repurchases at low average Class A ordinary-share prices in late 2025 and March 2026, with November and December 2025 purchases near RMB-equivalent lows and March 2026 at an average US$14.17 per Class A ordinary share. This looks price-sensitive rather than purely mechanical. The downside is funding order: capital return remained large while FY2025 company-defined FCF fell to RMB6.5 billion from RMB43.7 billion in FY2024. The balance sheet can support that choice, but the operating cash signal is not clean.

There are also decisions that have not fully worked. Dada is the clearest example. JD took Dada private in June 2025 after earlier investments in local on-demand retail and delivery, and historical filings show Dada-related impairment in prior years. Management's response has been to integrate the asset into the broader New Businesses/local-services strategy rather than publicly concede a capital-allocation mistake. That may be strategically reasonable, but from a shareholder-candor perspective it makes the Dada outcome harder to score. CECONOMY is another watch item. JD had secured acceptance for a majority of CECONOMY's share capital and voting rights by late 2025, but the data package correctly warns not to model any contribution until closing and disclosure are official.

## 3. Capital Allocation Behavior

The last five years show three simultaneous capital-allocation patterns. First, capex is not exploding despite the infrastructure narrative. Data package capex was RMB18.6 billion in FY2021, RMB22.0 billion in FY2022, RMB20.0 billion in FY2023, RMB13.8 billion in FY2024, and RMB14.2 billion by the FMP cash-flow magnitude in FY2025, or RMB12.7 billion under JD's company FCF definition. Capex/revenue declined from roughly 2.0%-2.1% in FY2021-FY2022 to around 1.1% in FY2025. The implication is that management is not simply pouring fixed capital into warehouses; the heavier 2025 investment showed up in marketing, fulfillment, R&D, human capital, and losses in New Businesses.

Second, R&D is steady but not dominant. R&D rose from RMB16.3 billion in FY2021 to RMB22.2 billion in FY2025, while R&D/revenue stayed around 1.5%-1.7%. JD's AI commentary is therefore more about practical deployment across supply chain, customer service, merchant tools, marketing, and logistics than about an Alibaba-style AI infrastructure spending cycle. That is coherent with JD's operating model. It also means the AI thesis should not be over-capitalized in valuation without disclosed savings or revenue uplift.

Third, buybacks and dividends have become a real capital-return pillar. Buybacks in the data package were RMB5.2 billion in FY2021, RMB1.8 billion in FY2022, RMB2.5 billion in FY2023, RMB25.9 billion in FY2024, and roughly US$3.0 billion officially in FY2025. Annual dividends were approximately US$1.44 billion for FY2024 and about US$1.4 billion approved for FY2025. This is shareholder-friendly and unusually tangible among China internet ADRs. It also partially offsets the governance discount from founder control because excess capital is actually being returned.

M&A is mixed. JD Logistics, JD Health, JD Industrials, JD Property, Dada, JD Technology, and now CECONOMY create a complex ecosystem. The best interpretation is that management is trying to build a supply-chain services platform with multiple monetization surfaces. The skeptical interpretation is that JD periodically creates partially separated listed or quasi-listed entities, then related-party and consolidation complexity rises. The 2025 JD Industrials listing, with roughly RMB2.6 billion of net proceeds and JD retaining consolidation, is a favorable example: it funds the subsidiary and provides a market marker without fully losing control. Dada is the less favorable example. CECONOMY is not yet scoreable, but a

European consumer-electronics acquisition would increase execution complexity and should be held to a strict return hurdle.

## 4. Compensation Alignment

Compensation alignment is mixed. The positive side is that the founder owns enormous economic and voting exposure, while the CEO and CFO own some ordinary shares and RSUs. The 2025 Form 20-F shows Richard Liu beneficially owning 348.6 million ordinary shares, or 12.7% of total ordinary shares and 73.1% of aggregate voting power. Sandy Xu beneficially owned 495,084 ordinary shares and Ian Shan 89,680 ordinary shares as of March 18, 2026. That is real but not founder-level skin in the game for the operating executives.

The negative side is that disclosed compensation is not tightly tied to multi-year ROIC, free cash flow per share, or operating margin recovery. JD's 2023 share incentive plan permits options, restricted shares, RSUs, and other awards, with vesting schedules determined by the plan administrator. The Form 20-F discloses time-based vesting across two to six years for many awards. That creates retention alignment, but it is not the same as hard performance alignment. A Gideon-quality management package would ideally tie senior equity vesting to multi-year economic profit, ROIC, or FCF/share improvement, especially because the company's core problem is not growth but return on incremental capital.

Founder awards deserve explicit scrutiny. In May 2025, Liu received an option for 5.0 million Class A ordinary shares at US$17.175 per share and 10.0 million RSUs, both subject to five-year vesting. This followed his older 2015 option grant. The Form 20-F also records substantial subsidiary-level awards historically, including JD Logistics, JD Health, JD Industrials, and JD Property awards to Liu. A founder-chairman who controls 73.1% of the vote and receives new equity awards is not automatically misaligned, but minority shareholders should treat it as a yellow flag unless the board clearly articulates performance hurdles. The 20-F does not provide that level of compensation-performance disclosure.

Dilution is manageable at the parent level because buybacks are large. The 2025 20-F shows parent-company service-based RSU expense of RMB2.442 billion and share-option expense of RMB1.004 billion for 2025, before subsidiary plans. Against RMB1.309 trillion of revenue, parent SBC is small as a percentage of revenue. The share-count evidence is also favorable: diluted ADS-equivalent share count fell from 1,553.7 million in FY2021 to 1,489.0 million in FY2025 in the data package. The issue is not chronic dilution. The issue is whether senior pay is linked to the right economic target.

JD has insider-trading policies, standard confidentiality/non-compete arrangements for executives, and compensation-committee independence. The annual report also states that CEO compensation cannot be deliberated in the CEO's presence. That is positive process hygiene. The 2023 plan adoption under home-country practice without shareholder approval is less positive and is discussed below under governance.

## 5. Disclosure Quality And Candor

JD's disclosure quality is above average for segment historicals but below ideal for investment economics. The good part: JD discloses three reportable segments, segment revenue, segment operating income, segment margins, product/service revenue buckets, cash flow, buybacks, dividends, liquidity, and share count. The Q4/FY2025 release was explicit that consolidated operating profit fell primarily because of increased strategic investment in new business initiatives. It did not hide the profit hit.

Management's call behavior, based on the live transcript evidence summarized in the data package for Q1-Q4 FY2025 and the publicly available Q4 transcript, is reasonably direct at the top-line level. Xu and Shan repeatedly framed JD Retail as the core, acknowledged high-base pressure in electronics/home appliances, highlighted general merchandise and marketplace/marketing growth, and stated that food-delivery investment should decrease in 2026 if competition rationalizes. That conditional phrasing is important. They did not promise a guaranteed snapback; they tied improvement to market behavior.

The weaker part is voluntary disclosure. JD does not disclose standalone food-delivery revenue, orders, GMV, take rate, subsidy dollars, rider cost per order, merchant monetization, supermarket revenue, fashion revenue, advertising-only revenue, Joybuy revenue, or unit economics. It also does not quantify AI savings or margin basis points. This forces analysts to model New Businesses as a large disclosed segment loss with qualitative explanations rather than a measured cohort ramp. For a company asking shareholders to tolerate a RMB46.6 billion segment loss, that is not enough to earn a full PASS on candor.

Guidance discipline is acceptable but not exceptional. The company said 2025 ended in line with expectations and provided directional 2026 commentary rather than detailed segment guidance. That is understandable in a price-war environment, but it leaves the market with limited ability to test management's food-delivery thesis quarter by quarter. A better disclosure package would include food-delivery order growth, loss per order, subsidy intensity, repeat-user behavior, and cross-category

conversion into JD Retail.

## 6. Strategic Coherence

JD's stated strategy is coherent: build a supply-chain-based technology and service provider that uses authentic products, fulfillment reliability, logistics infrastructure, marketplace services, advertising, AI tools, and local/international retail to increase user frequency and merchant productivity. The 2025 Form 20-F overview describes JD as a supply-chain-based technology and service provider whose retail infrastructure enables consumers to buy across categories and use cases. The Q4/FY2025 release supports this with concrete operating examples: AI agents in internal systems, merchant-facing digital human tools, automated LangzuTech warehouses, JD Fashion on-demand retail, JD Health AI tools, JD Industrials listing, food delivery, and Joybuy Europe.

The investment pattern broadly matches the strategy. Fulfillment expense and marketing expense rose sharply in 2025, R&D increased, JD Logistics continued automation investment, and New Businesses absorbed the local-services push. The strategic logic is clear: if JD can add food delivery and instant retail frequency to a trusted retail/logistics base, it may lower customer-acquisition costs, increase purchase frequency, and improve advertising/merchant monetization. This is the same basic ecosystem logic that Alibaba, Meituan, and PDD use, but JD's differentiator is supply-chain control and fulfillment credibility.

The problem is returns. A coherent strategy can still be poor capital allocation if the incremental dollars are spent in a structurally low-return price war. Food delivery is intensely competitive and already has entrenched scaled rivals. Management says the effort is long-term and not standalone, but a 20-year compounder needs evidence that long-term investments compound capital rather than merely defend relevance. At this point, JD has not disclosed enough unit-economics evidence to prove that food delivery will earn attractive returns.

## 7. Governance, VIE, Related-Party, And Regulatory Flags

Governance is a structural YELLOW. JD is controlled through a dual-class voting structure. The 2025 Form 20-F states that Liu has considerable influence over important corporate matters, and the ownership table shows 73.1% aggregate voting power for directors and executive officers as a group, essentially driven by Liu. Minority shareholders cannot realistically replace the board or redirect strategy if the founder disagrees.

The VIE structure is another unavoidable China ADR flag. The 20-F states that JD.com, Inc. is a Cayman holding company, has no operations of its own, consolidates VIEs under U.S. GAAP, and does not own equity in the consolidated VIEs. This is standard for large China internet issuers but still a governance and enforceability risk. For management assessment, it means shareholder rights are structurally weaker than for a straightforward operating-company equity claim.

Related-party complexity is material. The 20-F notes transactions and balances with JD Technology and property funds, including loans and receivables. It also says JD Technology performs credit-risk assessment and related services for the consumer financing business and purchases certain past-due consumer financing receivables. JD transferred RMB72.032 billion of accounts receivable originated from qualified corporate customers to JD Technology without recourse in 2025. The 20-F says terms are determined based on contracted prices negotiated on normal commercial terms, and the audit committee reviews related-party transactions. Still, JD Technology remains a founder-controlled orbit: JD held 54.9% equity but only 23.3% voting power as of December 31, 2025, and JD Technology remained under Liu's control. This is not a fatal flag, but it is a real one.

There is a smaller but symbolically messy related-party item: Liu owns an aircraft used for both business and personal purposes; JD says business use is free to the group, but the group assumes maintenance, crew, and operational costs relating to business use, which were insignificant. This is not economically material, but it reinforces the need to treat founder-control governance with care.

Controls and regulatory flags are otherwise acceptable. Management concluded disclosure controls and internal control over financial reporting were effective as of December 31, 2025. The auditor provided SOX 404 audit work, and the annual report says there were no defaults, no material modifications to security-holder rights, and no auditor change. Cybersecurity disclosure states JD had not experienced material cybersecurity incidents as of the annual report date and identified no information-security/privacy violations or penalties in 2025. JD also discloses the foreign-private-issuer governance exemption: it followed Cayman home-country practice rather than Nasdaq shareholder-approval requirements for adopting the 2023 Share Incentive Plan. That is a governance discount item.

Regulatory risk remains China-platform risk rather than a single disclosed enforcement event. The food-delivery price war is the live issue: management can hope competition becomes more rational, but it cannot control Meituan, Alibaba/Ele.me, PDD, or regulators. Any new platform-pricing, labor, rider, data, or anti-subsidy intervention could change the economics of the 2026 loss-reduction plan.

## 8. Peer Comparison

Versus Alibaba under Eddie Wu, JD's management is more operationally grounded but less strategically expansive. Alibaba has a broader cloud/AI and international platform portfolio and communicates a clearer AI infrastructure ambition, but it is also juggling many business lines and a heavy AI capex narrative. JD's Sandy Xu and Ian Shan communicate with more supply-chain and retail-operating specificity. On capital return, both companies have become more shareholder-friendly, but JD's 2025 repurchase as a percentage of shares outstanding is especially tangible. Alibaba probably has the more scalable AI/cloud optionality; JD has the cleaner retail/logistics operating story.

Versus PDD under Lei Chen and Jiazhen Zhao, JD is more transparent on segment dollars and capital returns, but PDD has the stronger historical per-dollar compounding record. PDD's management has produced extraordinary profitability and cash accumulation with a lighter asset model, although its disclosure is sparse and Temu/geopolitical risk is harder to underwrite. JD's management deserves credit for candor on segment operating losses and buyback execution, but it does not yet match PDD's evidence of high-return capital allocation.

Versus Meituan under Wang Xing, JD is the challenger in food delivery rather than the incumbent. Meituan has deeper local-services experience, merchant/rider density, and category-specific operating knowledge. JD has the balance sheet and logistics DNA, but its 2025 New Businesses loss shows it is paying heavily to enter Meituan's arena. On food delivery specifically, Wang Xing's team has the stronger demonstrated playbook; JD's team has the less proven but potentially synergistic cross-retail argument.

Overall, Sandy Xu ranks as a capable, finance-literate steward of JD's core retail franchise, but not yet a proven great capital allocator on a five-year basis. Her best evidence is JD Retail margin expansion, shareholder returns, and clean balance-sheet discipline. Her weakest evidence is the scale of New Businesses losses and limited unit-economics disclosure around the largest strategic bet.

## 9. Management Gate Verdict

Management gate: YELLOW.

The team is competent, serious, and operationally credible. Sandy Xu has improved JD Retail's revenue and operating income under competitive pressure, Ian Shan has executed meaningful buybacks and dividends, and the board has several independent directors with real finance, accounting, legal, and operating backgrounds. Disclosure is good enough to see the major segment problem clearly, which is better than hiding behind a blended platform narrative.

The gate cannot be PASS because the current management record does not yet prove high-return capital allocation. FY2025 ROIC/ROCE proxy was around 0.7%, company-defined FCF conversion was only about one-third of net income, and New Businesses lost RMB46.6 billion on RMB49.3 billion of revenue. Founder control, VIE structure, JD Technology related-party complexity, the 2023 incentive plan's home-country shareholder-approval exemption, and large founder equity awards all impose a governance discount.

The gate is not FAIL because there is no evidence of a material control failure, restatement, undisclosed leverage problem, shareholder-value extraction large enough to overwhelm the thesis, or evasive denial of the food-delivery drag. The right stance is conditional: management can earn an upgrade if 2026 shows a clear decline in food-delivery losses, better unit-economics disclosure, continued price-sensitive repurchases below intrinsic value, and no further related-party complexity. It moves toward FAIL if New Businesses losses remain near FY2025 levels without disclosed cohort improvement, if CECONOMY adds opaque capital demands, or if founder-controlled entities create transactions that minority shareholders cannot independently underwrite.

## Source Links

- JD.com 2025 Form 20-F filed April 16, 2026: https://ir.jd.com/system/files-encrypted/nasdaq_kms/assets/2026/04/17/11-33-24/Form%2020-F%20for%20JD%20filed%2004162026.pdf
- JD.com management page: https://ir.jd.com/management

- JD.com board page: https://ir.jd.com/board-of-directors
- JD.com Q4/FY2025 results and dividend release:
  https://ir.jd.com/news-releases/news-release-details/jdcom-announces-fourth-quarter-and-full-year-2025-results-and
- JD.com management changes release, May 11, 2023:
  https://ir.jd.com/news-releases/news-release-details/jdcom-announces-management-changes
- Local ER2 data package used for capital allocation, historicals, and transcript snippets:
  `C:\Users\Admin\OneDrive\GPT\ER 2.0\JD.com\data_package.md`
- Local quant foundation used for TTM anchor, segment tie-outs, FCF, liquidity, share count, and ROIC/ROCE proxy:
  `C:\Users\Admin\OneDrive\GPT\ER 2.0\JD.com\quant_foundation.md`

# Appendix W - Moat and 2046 Durability

# JD.com (JD) - Appendix W: Moat and 2046 Durability

Date: 2026-04-25 Stage 0 anchor: TTM ending 2025-12-31; forward horizon for the ER2 run is 2030-12-31; 2046 durability test date is 2046-04-25. Primary sources: `data_package.md`, reviewed segment appendices for JD Retail, JD Logistics, and New Businesses, `appendix_A_primer.md`, and management appendix context. No cached warehouse files were used.

## 1. Moat Taxonomy Applied

Network effects: JD has partial network effects, but they are not the dominant moat in the same way they are for a pure marketplace or social platform. JD Retail benefits when more consumers attract more suppliers and merchants, and more merchants improve selection and advertising inventory. The marketplace and marketing services line is the clearest network-effect layer because merchant demand follows high-intent consumer traffic. The data package shows FY2025 marketplace and marketing services revenue of RMB107.1 billion and growth of 18.9%, which supports the idea that merchants still find JD traffic monetizable. The limit is that China e-commerce users and merchants multi-home across Alibaba, PDD, Douyin, Meituan-linked local commerce, and brand-direct channels. JD's network effect is therefore real but conditional on purchase intent and fulfillment trust, not a winner-take-most social graph.

Switching costs: Consumer switching costs are low at the app level but higher around trust-sensitive categories and after-sales workflows. A customer can compare prices quickly, but for electronics, appliances, health products, baby products, and other high-trust categories, the cost of a bad purchase, fake product, poor installation, or failed return is high enough to create behavioral stickiness. Supplier and merchant switching costs are also moderate rather than high. Brands can sell through multiple channels, yet JD's procurement, launch support, warehousing, delivery promise, warranty handling, and customer-service standards make it costly to replicate the same service level elsewhere. JD Logistics has stronger switching costs for integrated supply-chain customers that embed JD into warehousing, inventory planning, reverse logistics, and service-level guarantees. Standard parcel customers have much weaker switching costs.

Scale economies: This is JD's strongest moat category. JD Retail produced FY2025 revenue of RMB1,126.4 billion and operating income of RMB51.4 billion, while the broader group operated a large warehouse, delivery, customer-service, procurement, and technology system. Scale matters because fixed and semi-fixed costs in fulfillment, technology, supplier management, customer support, and brand relationships are spread over huge order volume. JD Logistics also benefits from internal JD Retail base load, which helps justify warehouses, sorting capacity, local stations, and automation investments. The caveat is that scale economies are partially competed away in retail and logistics. If rivals use subsidies to reset consumer price expectations, JD must pass some scale benefit back to users.

Brand: JD's brand moat is narrower but meaningful. It is strongest in authenticity, reliability, delivery quality, and after-sales service. That brand is valuable in categories where buyers care about provenance, warranty, delivery timing, and service accountability. It is less valuable in impulse fashion, entertainment-led discovery, and lowest-price commodity goods. The brand does not give JD broad pricing power to charge materially more for identical products. It gives JD the right to remain in the consideration set and to defend conversion where trust matters.

Regulatory moat: JD has no protected license that blocks e-commerce entry. Regulation can help indirectly if China discourages irrational food-delivery subsidies or tightens standards around product authenticity, labor compliance, data security, and consumer protection. JD's operating discipline may be advantaged when regulation raises compliance burdens for smaller players. But regulatory risk cuts both ways: platform-pricing rules, rider labor standards, data rules, VIE structure issues, and China ADR policy can also compress economics or valuation. Regulatory position is not a moat gate positive.

IP and patents: JD has technology, AI, robotics, warehouse automation, dispatch systems, and operational know-how, but this appendix does not treat patents or proprietary software as a standalone moat. The data package cites AI agents, customer service automation, merchant tools, and LangzuTech warehouses, but it does not quantify proprietary savings or revenue uplift. The moat is process knowledge at scale, not a patent wall.

High-trust procurement: This is a genuine JD moat and overlaps with scale and brand. The first-party retail model gives JD more control over sourcing, authenticity, quality assurance, inventory, delivery, installation, returns, and customer service than a pure marketplace. That control is expensive and caps margins, but it is also the reason customers and suppliers treat JD differently from lower-cost or discovery-led platforms. High-trust procurement is strongest in JD Retail and supports JD Health, JD Industrials, electronics, appliances, supermarket, and premium/general merchandise categories.

## 2. Per-Segment Moat

JD Retail has the core moat. Its defensibility comes from procurement scale, trust, fulfillment reliability, after-sales service, high-consideration category strength, supplier relationships, and a growing marketplace/marketing services layer. The reviewed JD Retail appendix frames the moat as operational rather than purely network-based, which is the right description. It should be durable over five and ten years because the assets are hard to copy quickly and because the FY2021-FY2025 segment history shows margin expansion from 3.1% to 4.6% despite severe competition. The 20-year durability is less certain because consumer discovery may shift further toward content platforms or AI agents, and because the largest product lines remain price-transparent retail. Earliest warning sign: JD Retail revenue still grows, but marketplace/marketing growth slows below product revenue growth and segment margin falls toward the 3%-4% range for several quarters.

JD Logistics has a real but bounded infrastructure moat. Its defense is ecosystem-embedded scale from JD Retail, integrated supply-chain capability, warehouse and delivery know-how, automation, and service-level credibility. It is more durable than a commodity courier because integrated customers can embed JD into workflows. It is less durable than a software platform because logistics margins remain exposed to labor, utilization, route density, fuel, property, depreciation, and price pressure. FY2025 revenue grew 18.8%, but margin fell to 2.4% from 3.5%, which shows that volume growth alone is not proof of moat power. Earliest warning sign: external logistics revenue grows while segment margin stays near 2% or lower, implying low-quality volume rather than integrated solution economics.

New Businesses does not yet have a segment-wide moat. The assets inside the segment are heterogeneous: JD Food Delivery, JD Property, Jingxi, Joybuy, and other initiatives. JD Food Delivery can develop local density in selected cities, but it is attacking Meituan and Alibaba/Ele.me on their home field. Joybuy may have a trust and logistics angle in Europe, but Amazon and local retailers already own consumer habit. Jingxi is the weakest moat because value commerce tends to be price-led and multi-homed. JD Property has the most tangible asset moat, but its disclosed contribution is not large enough to carry the segment. Earliest warning sign: FY2026 and FY2027 losses remain close to FY2025's RMB46.6 billion despite management's statement that food-delivery investment peaked.

The blended company moat is weaker than the JD Retail moat. JD Retail is 86.0% of FY2025 consolidated revenue and the profit engine, but New Businesses erased most of the consolidated operating profit in 2025. JD Logistics adds strategic depth but not yet high-return economics. Equity holders own the blend: a defensible core retail franchise, a useful but thin-margin logistics network, and a large loss-making options portfolio. The moat cannot be scored as a clean PASS while consolidated operating margin is 0.2% and ROCE proxy is roughly 0.7%.

## 3. Margin Persistence Evidence

The consolidated margin record is mixed. FY2021 revenue was RMB951.6 billion and operating margin was 0.4%. FY2022 margin improved to 1.9%, FY2023 to 2.4%, and FY2024 to 3.3%. FY2025 then fell sharply to 0.2% because New Businesses lost RMB46.6 billion. A moat should show itself in margin persistence under pressure; JD Retail does, consolidated JD.com currently does not.

| Metric | FY2021 | FY2022 | FY2023 | FY2024 | FY2025 |
|---|---|---|---|---|---|
| Consolidated operating margin | 0.4% | 1.9% | 2.4% | 3.3% | 0.2% |
| JD Retail operating margin | 3.1% | 3.7% | 3.8% | 4.0% | 4.6% |
| JD Logistics operating margin | (1.7)% | 0.4% | 0.6% | 3.5% | 2.4% |
| New Businesses / Others operating margin | (40.7)% | (21.5)% | (1.2)% | (15.0)% | (94.6)% |

JD Retail's margin persistence is the best evidence in the file. Margin rose gradually from 3.1% in FY2021 to 4.6% in FY2025 while competitors remained aggressive and while the company continued investing in user experience, general merchandise, and marketplace/marketing. This is not software-like margin power, but it is evidence that JD's operating moat can preserve and expand profit in the core.

JD Logistics has improving but unsettled evidence. Moving from a 1.7% loss margin in FY2021 to positive margins by FY2022 and 3.5% in FY2024 supports the existence of scale economies. The FY2025 compression to 2.4% warns that new capacity, food-delivery volume, rider investment, and automation spend can consume the scale benefit. The moat is plausible but not yet self-evident in returns.

New Businesses is negative evidence. Revenue grew to RMB49.3 billion in FY2025, but operating loss nearly equaled revenue. No moat should be inferred from growth purchased at a negative 94.6% operating margin. The only positive interpretation is option value plus a potential loss-reduction bridge. Until the segment proves repeat usage with lower incentives, it remains a moat drag.

## 4. AI Disruption Stress Test

JD Retail is not primarily a prompt-to-output workflow. Its value lives in procurement, authentic inventory, supplier relationships, delivery promise, returns, warranty, installation, and customer trust. AI can change discovery and search, but it cannot by itself place inventory in warehouses, negotiate supplier terms, fulfill same-day or next-day delivery, or handle appliance installation. The disruption risk is indirect: AI shopping agents could reduce the power of JD's app surface and route consumers to the lowest total-cost provider that can satisfy delivery and trust constraints. If agents prioritize price over platform habit, JD's traffic moat weakens. If agents prioritize verified inventory, service reliability, and after-sales certainty, JD's physical supply-chain moat becomes more valuable.

JD Logistics is a chokepoint-economics segment rather than a workflow segment. AI can improve routing, warehouse slotting, demand forecasting, labor scheduling, customer service, fraud detection, and exception handling. It can also lower barriers for competitors that buy similar software. But the core chokepoints are physical capacity, route density, automation infrastructure, trained operators, integrated customer relationships, and service history. AI shifts cost curves; it does not dissolve the need for warehouses and delivery networks. The most protected segment from AI disruption is therefore JD Logistics, provided utilization remains high.

New Businesses is the most exposed segment. Food delivery depends on local density, riders, merchants, consumer habit, and incentives; AI can improve dispatch but cannot create density from nothing. Joybuy and Jingxi are exposed because AI agents and content commerce can intermediate product discovery and direct demand toward cheaper or faster alternatives. JD Property is less exposed because physical logistics assets remain useful. The segment most exposed to AI disruption is Joybuy/Jingxi-style customer acquisition and discovery, not the warehouse asset base.

AI is also a potential internal efficiency lever. The primer and data package cite AI customer service, merchant-facing tools, internal agents, and agentic commerce commentary. These may help margin through lower service cost, better ad relevance, improved procurement, fewer stockouts, better routing, and better merchant content creation. However, no disclosed source quantifies AI savings or margin basis points. The appendix therefore gives AI qualitative credit only.

## 5. The 2046 Test

The 2046 test date is 2046-04-25, twenty years from today. A credible 2046 JD.com still sells trusted goods and supply-chain services, not just a generic technology story. In the specific durable case, JD.com is a China-centered and selectively international supply-chain commerce company. Consumers and businesses buy authenticated electronics, appliances, healthcare products, supermarket goods, industrial supplies, and other high-trust categories through AI-mediated shopping interfaces, JD-owned apps, partner surfaces, and enterprise procurement systems. Brands and merchants buy access to JD's demand, procurement systems, advertising tools, warehousing, fulfillment, returns, and after-sales infrastructure. JD Logistics remains as the physical operating layer, with automated warehouses, robotics, route optimization, and integrated supply-chain contracts. JD Retail still exists but is more service-rich and less dependent on first-party electronics revenue. JD Logistics has grown in importance. New Businesses have split: food delivery exists only where density and cross-category economics work; Jingxi-like discount commerce is smaller or absorbed into the core; Joybuy either becomes a focused European/overseas trust-and-delivery niche or is no longer material; JD Property and infrastructure assets remain useful.

Directionally, 2046 operating margin should be higher than FY2025 consolidated margin because FY2025 was depressed by peak New Businesses losses. It should not be assumed to be software-like. A plausible 2046 JD might earn mid-single-digit to high-single-digit consolidated operating margins if Retail service mix, logistics automation, and advertising/merchant tools offset retail price pressure. The intact moat in that world is not app traffic alone. It is the combination of high-trust procurement, supplier relationships, physical fulfillment density, logistics process knowledge, brand reliability, and merchant monetization tied to verifiable purchase intent.

That paragraph is specific enough to pass a weak version of the 2046 test, but not strong enough for a clean PASS. The problem is not imagining JD existing in 2046. It is underwriting high returns in 2046. The strongest durable assets are physical and operational, and those assets often earn lower margins than pure software networks. The core remains economically relevant, but the route to Gideon-quality compounding depends on mix shift and disciplined capital allocation that are not yet fully proven.

The bear-case 2046 description is also credible. In that version, AI agents and content platforms own product discovery, merchants allocate ad budgets away from JD, PDD-style value platforms keep price expectations low, Alibaba and Meituan defend local frequency, and JD's first-party retail model becomes a trusted but low-margin utility. JD Logistics remains busy but earns commodity returns because external customers multi-source and automation is widely available. Food delivery and international initiatives consume capital without creating a durable profit pool. The company survives and may still be large, but consolidated ROIC remains mediocre. I would assign this bear case a meaningful probability, roughly one-third, because the FY2025 evidence already shows how quickly New Businesses can overwhelm core profit and how limited broad pricing power is.

## 6. Competitive Threat Inventory

| Threat | Mechanism | Segment(s) affected | Earliest observable signal | Plausibility |
|---|---|---|---|---|
| Price-value platforms and merchant alternatives | PDD, Alibaba, and other channels condition consumers and merchants to expect lower prices, lower take rates, or better ad ROI | JD Retail, marketplace/marketing | Marketplace/marketing growth slows below product growth; JD Retail margin falls below 4% | High |
| Local services and food-delivery incumbents | Meituan and Alibaba/Ele.me have density, merchant ties, rider networks, and consumer habit | New Businesses, JD Logistics local delivery | New Businesses losses stay above RMB30 billion after FY2026; logistics margin stays near 2% despite volume | High |
| AI/content discovery disintermediation | AI agents, Douyin/Kuaishou-style content commerce, and brand-direct channels capture demand before JD's high-intent surface | JD Retail, Joybuy, Jingxi, marketplace/marketing | Traffic quality deteriorates; merchant ad ROI falls; general merchandise growth requires heavier subsidies | Medium-high |
| Logistics commoditization | SF, Cainiao, express networks, and merchant in-house logistics compete away external logistics margin | JD Logistics | External logistics growth does not lift margins; capex and automation depreciation rise faster than OI | Medium |
| Governance and capital allocation drift | Founder control and complex ecosystem allow long-duration investments or related-party complexity to persist without minority pushback | Consolidated | New losses, opaque transactions, or M&A proceed without unit-economics disclosure | Medium |

## 7. Pricing Power Verification

JD's pricing power is conditional and mostly indirect. There is no evidence in the source package of broad consumer price increases with low churn. Retail customers can compare prices instantly, and JD competes against several scaled platforms willing to spend. JD's power is to reduce non-price risk: authenticity, delivery reliability, service quality, warranty handling, and returns. That can defend conversion and reduce the need for maximum discounting in trust-sensitive categories, but it is not classic pricing power.

The best pricing-power proxy is margin resilience inside JD Retail. Segment margin improved from 3.1% in FY2021 to 4.6% in FY2025 while revenue grew from RMB866.3 billion to RMB1,126.4 billion. Marketplace/marketing revenue also grew to RMB107.1 billion and outpaced product sales in FY2025. This suggests JD can monetize merchant demand and mix shift even in a competitive market. Still, the absolute margin is modest and management's own long-term aspiration is high single digit, not platform monopoly economics.

JD Logistics has pricing power only in integrated supply-chain solutions. Multi-year, embedded customer relationships, warehouse integration, returns, bulky-item handling, cold-chain/category-specific capability, and service-level guarantees can support stickier pricing. Standard parcel delivery and food-delivery logistics have weak pricing power because customers can compare suppliers and platforms can subsidize delivery.

New Businesses currently has weak pricing power. Food delivery consumers, restaurants, and riders multi-home, and the FY2025 loss shows that JD was paying heavily to build participation. Joybuy and Jingxi are also likely to require price, delivery, or marketing incentives until repeat behavior is proven. Pricing power should be scored weak at the segment level until loss reduction occurs without growth collapsing.

Contract evidence is limited. The source files do not disclose multi-year price escalators, minimum commitments, standalone churn, or adoption rates for price increases. Where pricing power is asserted, it must therefore be called partial and observable mainly through segment margins, not through explicit price-taking behavior.

## 8. Moat Verdict

Moat gate: YELLOW.

2046 test: YELLOW.

JD has a real moat in JD Retail and a useful infrastructure moat in JD Logistics. The core defense is high-trust procurement, fulfillment reliability, supplier relationships, operating scale, and marketplace/marketing monetization tied to purchase intent. Margin persistence in JD Retail supports that claim: the segment expanded operating margin from 3.1% to 4.6% over FY2021-FY2025 despite visible competition.

The gate is not PASS because consolidated durability is materially weaker than the core-retail moat. FY2025 consolidated operating margin was only 0.2%, New Businesses lost RMB46.6 billion, JD Logistics remains low margin, and observable pricing power is limited. A clean Gideon moat would show high returns at the consolidated level; JD currently shows a strong core with a large capital-allocation and competitive-intensity overhang.

The 2046 test is YELLOW because a specific durable JD can be described: a trusted supply-chain commerce and logistics platform with AI-enhanced procurement, fulfillment, advertising, and integrated supply-chain services. But the 2046 bear case is equally concrete: AI/content discovery, price-value platforms, local-services incumbents, and logistics commoditization leave JD large but low-return. The segments driving the YELLOW call are JD Retail on the positive side and New Businesses on the negative side.

# Appendix B1 - JD Retail

# Appendix B - JD Retail Segment Deep Dive

Company: JD.com Ticker: JD Segment: JD Retail Segment slug: jd_retail Prepared by: Sub-Agent B Stage 0 anchor: TTM ends 2025-12-31; forward horizon ends 2030-12-31; compounding span is exactly five calendar years. Data rule: JD.com historical figures and management commentary come from `data_package.md` only. External sources are used only for competitive context.

## 0. Segment Boundary And Taxonomy Note

JD Retail is JD.com's core reportable segment. The data package defines it as online retail, online marketplace, and marketing services in China, with JD Health and JD Industrials included among operating segments. JD Retail generated FY2025 revenue of RMB1,126.4 billion, income from operations of RMB51.4 billion, and operating margin of 4.6% [data_package Section 1, reporting structure table; Section 3, JD Retail table]. Current reportable-segment structure is stable from Q1 2024 onward, when JD moved to three reportable segments: JD Retail, JD Logistics, and New Businesses [data_package Section 1, taxonomy flags]. FY2023-FY2025 segment figures are current/recast. FY2021-FY2022 JD Retail dollars remain useful because JD Retail is present throughout the history, but the appendix marks them as old-taxonomy periods and avoids implying a perfectly identical boundary for smaller embedded businesses such as JD Health and JD Industrials.

The product/service taxonomy used for modeling is more stable than the reportable-segment taxonomy. JD discloses annual product/service revenue in four buckets: electronics and home appliances, general merchandise, marketplace and marketing services, and logistics and other services [data_package Section 4, dollar-disclosed product/service categories]. For JD Retail, the three retail-linked buckets are electronics and home appliances, general merchandise, and marketplace and marketing services. Their FY2025 total is RMB1,130.9 billion, which is RMB4.5 billion above disclosed JD Retail segment revenue. That difference is small, about 0.4% of the three-bucket sum, and appears to reflect classification and inter-segment presentation rather than a disclosed standalone business line. The appendix therefore reproduces historical product/service revenue exactly as disclosed in data_package Section 4, but in the forward model scales the three JD Retail-linked product bases by 0.996020868 so the product rollup begins at the official JD Retail FY2025/TTM segment revenue of RMB1,126.4 billion. No standalone revenue is invented for supermarket, fashion, JD Health, JD Industrials, advertising alone, JD Food Delivery, Joybuy, Jingxi, or 7Fresh Kitchen; where those matter, they are treated as qualitative drivers inside the disclosed buckets.

## 1. What JD Retail Actually Is

JD Retail is a hybrid first-party retail, marketplace, and retail-media platform. The first-party side buys inventory and sells directly to consumers, with revenue recorded gross in product sales categories such as electronics, home appliances, supermarket, fashion, health, home goods, and other general merchandise. The marketplace side lets third-party merchants sell through JD's platform and monetizes through commissions, traffic tools, and advertising. The operating proposition is not simply a website with a cart. JD's consumer promise is authenticity, reliable fulfillment, fast delivery, after-sales service, and category depth in higher-consideration goods, especially electronics and appliances. That positioning explains both JD's strengths and its limits: it has trust and supply-chain control, but it carries heavier fulfillment, service, and inventory responsibilities than asset-light advertising-led marketplaces.

The customer is primarily the Chinese online consumer, though the exact geography is not separately allocated in the data package. JD Retail also serves brands and merchants that want access to JD's user base, logistics standards, merchandising tools, and marketing inventory. Pricing models differ by line. Electronics and home appliances and general merchandise are mainly first-party product sales where JD earns gross margin after merchandise cost, fulfillment, warehousing, service, and technology costs. Marketplace and marketing services are service revenue, with structurally higher incremental margins because the platform sells traffic, commissions, and advertising rather than taking inventory risk on every yuan of GMV. JD Health and JD Industrials are strategically relevant because they extend JD's trusted-retail and procurement capabilities into healthcare and enterprise industrial supplies, but the data package does not disclose their revenue as separate JD Retail sub-lines.

Go-to-market is increasingly omni-channel and ecosystem-led. JD Retail is no longer only a destination for electronics; management says it is "no longer a single growth driver business" and frames retail growth as a mix of electronics, general

merchandise, advertising, platform ecosystem, and user-frequency benefits from food delivery [data_package Section 6, JD Retail, Q4 2025]. Supermarket, fashion, and health are not disclosed in dollars, but management commentary shows they are important growth vectors: supermarket posted double-digit growth across FY2025 quarters and full-year mid-teens growth, fashion accelerated, and health was cited with double-digit growth in Q3 [data_package Section 4, growth-rate-only or qualitative product detail].

This creates a segment that is economically two things at once. The first is a large, low-to-mid-margin direct retail engine. The second is a smaller but faster-growing and higher-margin marketplace/marketing layer that becomes more valuable as JD's traffic, frequency, and merchant depth improve. The five-year model therefore does not treat all retail revenue equally: electronics/home appliances should grow slowly and protect trust; general merchandise should compound faster as frequency and category breadth deepen; marketplace/marketing should outgrow both because the monetization layer can expand on a larger and more active retail base.

## 2. Current Economics

TTM is FY2025 because the Stage 0 anchor is the twelve months ended 2025-12-31. JD Retail FY2025 revenue was RMB1,126.4 billion, up 10.9% year over year, with operating income of RMB51.4 billion and operating margin of 4.6% [data_package Section 3, JD Retail table]. The last four reported quarters show the seasonality and margin variability: Q1 FY2025 JD Retail revenue was RMB263.8 billion with 4.9% margin; Q2 was RMB310.1 billion with 4.5% margin; Q3 was RMB250.6 billion with 5.9% margin; and Q4 was RMB301.9 billion with 3.2% margin [data_package Section 5, FY2025 segment quarterly trend].

The segment is large but not structurally high-margin today. A 4.6% operating margin on RMB1.1 trillion of revenue is a powerful profit pool in absolute terms, yet the margin leaves little room for errors in subsidy intensity, fulfillment cost, inventory markdowns, and traffic-acquisition spending. It also means the consolidated company can look weak even when JD Retail is healthy, because New Businesses lost RMB46.6 billion in FY2025 and consumed most of the group operating income [data_package Section 3, New Businesses table; Section 10 load-bearing takeaway 3]. For the segment appendix, the key point is that JD Retail itself remains profitable and more stable than consolidated JD.com, but the segment does not yet prove Gideon-quality economics on margin alone.

The disclosed FY2025 retail-linked product/service buckets were RMB605.1 billion for electronics and home appliances, RMB418.7 billion for general merchandise, and RMB107.1 billion for marketplace and marketing services [data_package Section 4, dollar-disclosed product/service categories]. These are product/service categories, not perfect reportable-segment sub-lines, but they are the best disclosed product basis for a bottom-up retail forecast. Electronics and home appliances represented the largest disclosed bucket and grew 7.1% in FY2025, but Q4 softness was noted in the data package as high-base pressure [data_package Section 9, risk inventory]. General merchandise grew 15.3% in FY2025, supported by supermarket, fashion, health, and broader category expansion [data_package Section 4]. Marketplace and marketing services grew 18.9% in FY2025, and management commentary points to advertising growth above 20% in Q3 and marketplace/marketing growth of 15% in Q4 [data_package Section 4, growth-rate-only detail].

Capital intensity at the segment level is not separately disclosed in the data package. Consolidated capex was RMB14.2 billion on the FMP cash-flow magnitude and approximately RMB12.7 billion under the company-defined FCF definition in FY2025, or roughly 1.1% of consolidated revenue [data_package Section 7]. JD Retail uses JD's fulfillment and technology infrastructure, but part of that infrastructure is reported through JD Logistics and consolidated cash-flow lines rather than segment capex. The appropriate segment reading is that JD Retail has meaningful operational capital needs, especially inventory and service levels, but not the same reported asset intensity as a manufacturing business. The more pressing capital allocation risk is not maintenance capex; it is whether group-level investment in food delivery, international, and other new initiatives continues to depress cash conversion while retail profits fund the ecosystem.

## 3. Unit Economics

JD Retail's unit economics start with category mix. Electronics and home appliances are high-ticket, trust-sensitive categories. They create traffic and reinforce JD's brand promise, but they also carry price transparency, competition from brand-owned channels and omnichannel retailers, inventory risk, return/service cost, and high-base cyclicality around subsidy programs and product cycles. In these categories, JD's moat is not pricing power in the simple sense of charging more for the same item; it is reliability, assortment, fulfillment, authenticity, and after-sales service. That can protect share and reduce customer-friction costs, but it does not create software-like gross margin.

General merchandise has a different profile. Supermarket, fashion, home goods, health, and similar categories are more frequent-purchase and can raise order frequency. The data package does not disclose supermarket or fashion revenue dollars, but it does disclose double-digit growth commentary across FY2025 and mid-teens full-year supermarket growth [data_package Section 4]. If JD can make general merchandise a habitual purchase category without over-subsidizing, unit economics improve because repeat demand spreads fixed platform, technology, and logistics costs across more orders. The risk is that frequency categories often invite the fiercest competition from PDD, Alibaba's quick commerce push, Meituan-linked local services, and Douyin content commerce. In other words, general merchandise can improve the revenue mix, but only if JD avoids buying every order with discounting.

Marketplace and marketing services are the operating-leverage line. The data package combines marketplace and marketing services at the dollar level, so the appendix cannot separately model advertising revenue dollars. Still, the economics are clear: commissions and advertising monetize merchant demand for traffic and conversion. Revenue can grow faster than product sales when merchant density rises, ad tools improve, take rate expands, or user engagement increases. It can also fall quickly if merchants perceive lower return on ad spend, if traffic shifts to content platforms, or if regulators and competition limit take-rate expansion. Current FY2025 marketplace/marketing revenue was RMB107.1 billion, only 9.5% of JD Retail segment revenue after base reconciliation, but it is the most plausible route to sustained margin expansion.

Operating cost drivers include merchandise cost, fulfillment and warehousing, traffic incentives, customer service, technology and R&D, merchant tools, and category management. The FY2025 segment margin of 4.6% is already above FY2021's 3.1% and FY2022's 3.7%, but the path has been gradual rather than explosive [data_package Section 3]. This supports a model where base-case margin improves to 6.8% by 2030, not one where JD Retail suddenly becomes a 10%-plus margin business. Management's long-term aspiration for JD Retail is a "high single-digit profit margin" [data_package Section 6, JD Retail Q4 2025], which anchors the bull case at 8.2% rather than an unconstrained platform margin. The bear case assumes JD protects revenue but gives back some operating leverage through price competition, subsidies, and category mix, reaching 5.5% by 2030.

## 4. Competitive Dynamics

JD Retail competes in one of the most contested consumer internet markets in the world. Alibaba remains the broadest China e-commerce ecosystem through Taobao, Tmall, quick commerce, and retail media. In its December quarter 2025 results, Alibaba reported e-commerce business revenue of RMB131.6 billion, up 1%, quick commerce revenue of RMB20.8 billion, up 56%, and a sharp profit decline tied partly to quick-commerce and user-experience investment. That matters for JD because Alibaba is spending to defend and extend consumer frequency, not merely harvesting a mature marketplace. Source: [Alibaba Group December quarter 2025 results, March 19, 2026](https://www.alibabagroup.com/en-US/document-1971014025827319808).

PDD is the price-value and merchant-efficiency threat. PDD's FY2025 revenue was RMB431.8 billion, up 10%, with online marketing services and transaction services both growing, while operating profit declined 13% as the company increased supply-chain and ecosystem investment. Source: [PDD Holdings FY2025 results, March 25, 2026](https://investor.pddholdings.com/news-releases/news-release-details/pdd-holdings-announces-fourth-quarter-2025-and-fiscal-year-2025/). PDD's model pressures JD in two ways. First, it conditions consumers to compare price aggressively. Second, it gives merchants a large alternative performance-marketing channel. JD's answer cannot be pure price matching across the catalog; that would erode its margin advantage. JD has to win where authenticity, delivery, service, and higher-consideration purchasing matter.

Douyin and content commerce are the demand-discovery threat. WPIC's 2026 China Consumption Growth Report release says its 2023-2025 category data tracked Taobao/Tmall, JD.com, and Douyin, and found a structural shift toward content-driven commerce, with Douyin surpassing Tmall in five of seven analyzed categories. WPIC also cited fashion as a $330.2 billion category growing 23.6% year over year, with Douyin's fashion GMV nearly double Tmall's in the dataset. Source: [WPIC 2025 China market data report release, March 11, 2026](https://wpic.co/news/wpic-releases-2025-china-market-data-report/). This is directly relevant to JD's general merchandise ambitions. Fashion, beauty, and lifestyle discovery may happen on content platforms first, and JD must either capture the fulfillment/trust layer afterward or pay more for traffic.

JD's competitive advantage is strongest in categories where customers care about authenticity, delivery reliability, installation, warranty, service, and lower purchase regret. That is why electronics and appliances remain a backbone. JD's competitive advantage is weaker in pure browsing-led fashion and impulse categories, where content platforms can create demand and capture ad budgets. The middle ground is supermarket, health, and household repeat demand: JD can win if logistics, assortment, and membership benefits create convenience, but it has to contend with local instant retail and delivery

ecosystems.

Pricing power is therefore conditional. JD has consumer trust and supply-chain reliability, which are forms of non-price value. But it does not have monopolistic pricing power. Consumers can compare prices quickly, merchants can allocate marketing spend across platforms, and rivals are willing to invest heavily. The base case assumes JD continues to improve monetization and mix without a destructive price war. The bear case assumes competition forces JD to trade margin for traffic in general merchandise and electronics. The bull case assumes rationalization after the FY2025-2026 investment cycle, with JD benefiting from higher general merchandise frequency and better ad monetization.

## 5. Segment-Level Moat

JD Retail's moat is operational rather than purely network-based. The most durable pieces are trust, fulfillment reliability, brand relationships, supply-chain execution, category expertise in electronics/appliances, and after-sales service. These are hard to replicate quickly because they require infrastructure, merchant and brand relationships, consumer habit, and execution discipline. They are also not invulnerable. PDD can pressure price perception, Alibaba can bundle ecosystem and merchant tools, Douyin can capture discovery, and local/instant-commerce players can attack frequency.

The marketplace/marketing layer has a more classic platform moat, but only to the extent JD maintains high-intent traffic. Advertising revenue follows merchant ROI. If JD users come with purchase intent and JD provides credible conversion data, merchants will pay for placement. If traffic shifts to content platforms or if JD has to buy low-quality traffic with subsidies, ad ROI falls. The data package's FY2025 marketplace/marketing growth of 18.9% is encouraging, especially because it outpaced product sales [data_package Section 4]. However, the appendix treats that as a growth runway, not proof of permanent take-rate expansion.

JD Health and JD Industrials are relevant moat extensions but not separate forecast lines. JD Health benefits from trust, regulated product authenticity, online consultation/pharmacy behavior, and healthcare supply-chain credibility. JD Industrials extends procurement and supply-chain know-how into enterprise categories; the data package notes JD Industrials listed on HKEX in 2025 with net proceeds of about RMB2.6 billion after partial overallotment [data_package Section 9]. Both can reinforce the brand and merchant ecosystem, but the data package does not disclose their JD Retail revenue contribution. They appear in the model as qualitative support for general merchandise and marketplace/marketing durability, not as hidden revenue pools.

Over five to ten years, the moat should be sufficient to keep JD Retail relevant and profitable, but not sufficient to guarantee 20% returns on incremental capital. The reason is simple: the segment's largest revenue lines are still retail categories with price transparency and fulfillment cost. The upside case requires mix shift toward services and higher-frequency general merchandise. The downside case is not obsolescence; it is margin stagnation. A segment can remain strategically important and still fail a Gideon-quality compounding test if profit growth requires continuous subsidy or if operating margin cannot escape the mid-single digits.

## 6. Historical Growth Rates Reproduced From Data Package

All figures in this section are RMB billions unless otherwise stated. The annual segment and product/service figures below are reproduced from the verified data package, not re-fetched. FY2021-FY2022 JD Retail segment figures are old-taxonomy context; FY2023-FY2025 segment figures are current/recast. Product/service categories are annual disclosed product/service revenue buckets. The product rows are not standalone reportable-segment subsegments, but they are the only dollar-disclosed retail-linked product lines available in the data package.

| Product / sub-segment | FY2021 revenue | FY2022 revenue | FY2023 revenue | FY2024 revenue | FY2025 / TTM revenue | 3-year CAGR FY2022-FY2025 | Most recent YoY | Data package cite |
|---|---|---|---|---|---|---|---|---|
| JD Retail segment total | 866.3 | 929.9 | 945.3 | 1,015.9 | 1,126.4 | 6.6% | 10.9% | [data_package Section 3, JD Retail table: revenue and YoY rows] |
| Electronics and home appliances | 492.6 | 515.9 | 538.8 | 565.0 | 605.1 | 5.5% | 7.1% | [data_package Section 4, Dollar-disclosed Product/Service Categories row: Electronics and home appliances] |

| Product / sub-segment | FY2021 revenue | FY2022 revenue | FY2023 revenue | FY2024 revenue | FY2025 / TTM revenue | 3-year CAGR FY2022-FY2025 | Most recent YoY | Data package cite |
|---|---|---|---|---|---|---|---|---|
| General merchandise | 323.1 | 349.1 | 332.4 | 363.0 | 418.7 | 6.2% | 15.3% | [data_package Section 4, Dollar-disclosed Product/Service Categories row: General merchandise] |
| Marketplace and marketing services | 72.1 | 82.0 | 84.7 | 90.1 | 107.1 | 9.3% | 18.9% | [data_package Section 4, Dollar-disclosed Product/Service Categories row: Marketplace and marketing services] |
| Supermarket | Not separately disclosed | Not separately disclosed | Not separately disclosed | Not separately disclosed | Not separately disclosed | N/A | Full-year mid-teens growth, no dollars | [data_package Section 4, Growth-rate-only row: Supermarket] |
| Fashion | Not separately disclosed | Not separately disclosed | Not separately disclosed | Not separately disclosed | Not separately disclosed | N/A | Double-digit commentary, no dollars | [data_package Section 4, Growth-rate-only row: Fashion] |
| Advertising alone | Not separately disclosed | Not separately disclosed | Not separately disclosed | Not separately disclosed | Not separately disclosed | N/A | Ad revenue above 20% in Q3, no dollars | [data_package Section 4, Growth-rate-only row: Advertising] |
| JD Health / JD Industrials | Not separately disclosed in JD Retail revenue | Not separately disclosed | Not separately disclosed | Not separately disclosed | Not separately disclosed | N/A | Qualitative only | [data_package Sections 1 and 9, segment description and JD Industrials listing event] |

Internal arithmetic checks: JD Retail FY2024 revenue of RMB1,015.9 billion multiplied by 1.109 equals RMB1,126.6 billion, within rounding of the disclosed RMB1,126.4 billion. Electronics/home appliances FY2024 revenue of RMB565.0 billion multiplied by 1.071 equals RMB605.1 billion. General merchandise FY2024 revenue of RMB363.0 billion multiplied by 1.153 equals RMB418.5 billion, within rounding of RMB418.7 billion. Marketplace and marketing services FY2024 revenue of RMB90.1 billion multiplied by 1.189 equals RMB107.1 billion. No product row has been back-solved; the not-disclosed rows are intentionally left without dollar estimates.

The historical pattern is clear. JD Retail's segment total grew only 1.7% in FY2023, accelerated to 7.5% in FY2024, and grew 10.9% in FY2025 [data_package Section 3]. Electronics/home appliances was steady rather than explosive, while general merchandise and marketplace/marketing accelerated sharply in FY2025 [data_package Section 4]. That mix is the main reason a five-year model can show profit compounding even with conservative electronics growth. The caution is that FY2025 may have benefited from subsidy cycles, traffic initiatives, and category recovery; the base case does not simply extrapolate the latest year.

## 7. Management Guidance Quoted From Data Package

The data package contains short fetched transcript snippets and interpretations. This appendix uses them as the management-commentary source of truth and does not re-fetch transcripts.

| Data package row | Quote snippet | Topic | Modeling interpretation |
|---|---|---|---|
| Section 6, JD Retail, 2025-05-13 / Q1, Sandy Xu / Ian Shan | "Retail remains the cornerstone" | Core segment role | JD Retail is the profit and customer base from which food delivery, marketplace, and AI initiatives are built. The model does not treat retail as a melting legacy business. |
| Section 6, JD Retail, 2025-08-14 / Q2, Ran Xu / Ian Shan | "JD Retail achieved robust momentum" | Revenue and margin | Q2 was strong, but the model treats it as part of a volatile FY2025 rather than the new steady-state growth rate. |
| Section 6, JD Retail, 2025-11-13 / Q3, Xu Ran | "Retail revenues increased by 11%" | Recency | Q3 supported the idea that JD Retail can still grow double digit, but Q4 showed high-base electronics pressure. |

| Data package row | Quote snippet | Topic | Modeling interpretation |
|---|---|---|---|
| Section 6, JD Retail, 2026-03-05 / Q4, Ian Su Shan | "no longer a single growth driver business" | Mix shift | The forecast explicitly separates electronics, general merchandise, and marketplace/marketing rather than using one segment CAGR. |
| Section 6, JD Retail, 2026-03-05 / Q4, Ian Su Shan | "high single-digit profit margin" | Long-term margin | The bull case approaches high-single-digit margin; the base case remains below it because execution and competition risk are real. |
| Section 6, AI/platform commentary, 2025-05-13 / Q1, Sandy Xu | "AI is transforming the retail industry" | AI | AI supports merchandising, merchant tools, advertising, procurement, and service, but no basis-point savings are disclosed. |
| Section 6, AI/platform commentary, 2025-11-13 / Q3, Xu Ran | "over 4.2 billion inquiries" | AI customer service | There is evidence of operational scale, but the appendix does not quantify savings without disclosed dollars. |
| Section 6, AI/platform commentary, 2026-03-05 / Q4, Xu Ran | "agentic commerce as a greater opportunity" | AI disruption / opportunity | Agentic commerce could help JD if agents value inventory truth and fulfillment reliability, but it could hurt if shopping starts outside JD's app. |

[DATA GAP: The data package does not provide a formal FY2026 JD Retail revenue guide, product-line dollar guide, ad revenue dollars, or JD Health/JD Industrials revenue within JD Retail.]

## 8. Forward Growth Assumptions By Product

The forward model compounds from TTM/FY2025 to 2030-12-31, exactly five calendar years. For historical presentation, the official product/service revenue rows remain unadjusted. For forecasting, the three JD Retail-linked FY2025 product bases are scaled by 0.996020868 to tie to JD Retail segment revenue of RMB1,126.4 billion: electronics/home appliances RMB602.7 billion, general merchandise RMB417.0 billion, and marketplace/marketing RMB106.7 billion. The adjustment is mechanical and does not change the historical growth-rate evidence.

### Base Case Growth Assumptions

| Product | Forecast base revenue | 3-year historical CAGR | Latest YoY | Mgmt FY+1 guide | Base CAGR TTM to 2030 | 2030 revenue | Justification |
|---|---|---|---|---|---|---|---|
| Electronics and home appliances | 602.7 | 5.5% | 7.1% | No formal guide; Q4 high-base pressure noted in data package | 3.5% | 715.8 | Mature but defensible category. Growth decelerates below FY2025 as subsidy/high-base effects normalize, but JD retains trust, service, and appliance strength. |
| General merchandise | 417.0 | 6.2% | 15.3% | Supermarket full-year mid-teens; fashion/health double-digit commentary, no dollars | 7.5% | 598.7 | Faster than electronics because supermarket, health, fashion, and home categories raise frequency. Below FY2025 YoY to allow for competition and normalization. |
| Marketplace and marketing services | 106.7 | 9.3% | 18.9% | Marketplace/marketing +18.9% FY2025; advertising above 20% in Q3, no ad dollars | 10.0% | 171.8 | Service monetization outgrows product sales as merchant tools and ad load improve, but CAGR is below FY2025 because Alibaba, PDD, and Douyin compete for ad budgets. |
| Retail ecosystem: JD Health / JD Industrials / supermarket / fashion | Not separately disclosed | N/A | Qualitative only | No standalone guide | Embedded | Embedded | These drivers are embedded in general merchandise and marketplace/marketing. No standalone revenue line is modeled because the data package discloses no dollars. |

The base case produces JD Retail 2030 revenue of RMB1,486.3 billion, a 5.7% segment CAGR from the RMB1,126.4 billion TTM base. This is below FY2025's 10.9% segment growth and below the latest marketplace/marketing growth, but above the slower electronics history because mix shifts toward general merchandise and services. The base case assumes JD retains the trust advantage in electronics, grows frequency in general merchandise, and expands monetization without triggering a destructive merchant or consumer backlash.

## Bear Case Growth Assumptions

| Product | Forecast base revenue | 3-year historical CAGR | Latest YoY | Mgmt FY+1 guide | Bear CAGR TTM to 2030 | 2030 revenue | Justification |
|---|---|---|---|---|---|---|---|
| Electronics and home appliances | 602.7 | 5.5% | 7.1% | No formal guide; Q4 high-base pressure | 1.5% | 649.3 | Appliance/electronics demand slows, price comparison intensifies, and JD defends share rather than pushing price. The line still grows because replacement demand and trust remain. |
| General merchandise | 417.0 | 6.2% | 15.3% | Mid-teens supermarket growth commentary but no dollars | 4.0% | 507.4 | Frequency categories grow, but PDD, Alibaba quick commerce, Meituan/local services, and Douyin content commerce capture more incremental demand. |
| Marketplace and marketing services | 106.7 | 9.3% | 18.9% | Marketplace/marketing strong in FY2025 | 6.0% | 142.8 | Merchant ROI weakens as traffic fragments and rivals subsidize ad products. JD still grows services, but take-rate expansion is limited. |
| Retail ecosystem: JD Health / JD Industrials / supermarket / fashion | Not separately disclosed | N/A | Qualitative only | No standalone guide | Embedded | Embedded | Qualitative drivers help retention but do not offset traffic and subsidy pressure enough to deserve a separate modeled line. |

The bear case produces JD Retail 2030 revenue of RMB1,299.4 billion, a 2.9% segment CAGR. This is not a collapse case. The more realistic bear case for JD Retail is slow growth plus margin pressure, not disappearing demand. JD remains a major trusted retailer, but growth categories require too much promotion, advertising monetization slows, and electronics cannot carry the segment.

## Bull Case Growth Assumptions

| Product | Forecast base revenue | 3-year historical CAGR | Latest YoY | Mgmt FY+1 guide | Bull CAGR TTM to 2030 | 2030 revenue | Justification |
|---|---|---|---|---|---|---|---|
| Electronics and home appliances | 602.7 | 5.5% | 7.1% | No formal guide; Q4 high-base pressure | 5.0% | 769.2 | JD sustains category authority through service, appliance replacement, and government/brand cycles, but growth remains below a hypergrowth assumption. |
| General merchandise | 417.0 | 6.2% | 15.3% | Supermarket/fashion/health double-digit commentary | 10.0% | 671.6 | JD converts FY2025 category momentum into durable frequency, using supermarket and health/home categories to deepen consumer habit. |

| Product | Forecast base revenue | 3-year historical CAGR | Latest YoY | Mgmt FY+1 guide | Bull CAGR TTM to 2030 | 2030 revenue | Justification |
|---|---|---|---|---|---|---|---|
| Marketplace and marketing services | 106.7 | 9.3% | 18.9% | Marketplace/marketing +18.9% FY2025 | 14.0% | 205.4 | Retail media and merchant services compound strongly as traffic quality improves, ad tools mature, and merchants value JD's high-intent consumer base. |
| Retail ecosystem: JD Health / JD Industrials / supermarket / fashion | Not separately disclosed | N/A | Qualitative only | No standalone guide | Embedded | Embedded | Embedded contribution is strongest in this case, especially JD Health/JD Industrials credibility and supermarket frequency, but still not separately disclosed. |

The bull case produces JD Retail 2030 revenue of RMB1,646.2 billion, a 7.9% segment CAGR. That is plausible only if JD's FY2025 mix shift proves durable and if the Chinese e-commerce competitive cycle rationalizes enough for JD to monetize traffic without sacrificing price perception.

## 9. Forward Operating Margin Assumptions

Current JD Retail operating margin is 4.6% on FY2025 revenue [data_package Section 3, JD Retail table]. Management's long-term margin aspiration is high single digit [data_package Section 6, JD Retail Q4 2025]. Product-level operating margins are not disclosed in the data package, so the model uses explicit product margin assumptions as analytical estimates, then checks the blended result against current segment margin and management's long-term comment. These product margins are not historical disclosures.

| Product | Current margin disclosure | Bear 2030 margin | Base 2030 margin | Bull 2030 margin | Margin mechanism |
|---|---|---|---|---|---|
| Electronics and home appliances | Product margin not separately disclosed; segment FY2025 margin 4.6% | 3.5% | 4.0% | 4.5% | Price transparency and fulfillment/service cost cap upside. Bull case gets modest scale and procurement benefit; bear case sees price competition. |
| General merchandise | Product margin not separately disclosed | 4.5% | 5.5% | 6.5% | Frequency and category breadth improve fixed-cost absorption. Bear case assumes subsidies and local commerce pressure absorb scale benefits. |
| Marketplace and marketing services | Product margin not separately disclosed; structurally service-like | 18.0% | 23.0% | 28.0% | Advertising and commissions have higher incremental margins, but merchant ROI and competitive ad markets constrain the ceiling. |
| JD Health / JD Industrials / other retail ecosystem | Not separately disclosed | Embedded | Embedded | Embedded | No separate margin line because no separate revenue line exists in the data package. |

The bear case 2030 blended margin is 5.5%, with operating income of RMB71.3 billion. That is 90 bps above FY2025, not because pricing power suddenly appears, but because marketplace/marketing becomes a larger share of revenue even in a weak case. The bear mechanism is margin underachievement: electronics stays low margin, general merchandise absorbs promotion, and services do not scale enough to reach management's long-term aspiration.

The base case 2030 blended margin is 6.8%, with operating income of RMB101.1 billion. This requires a 220 bps improvement from FY2025. The mechanism is mix shift plus measured operating leverage: marketplace/marketing grows from the adjusted base of RMB106.7 billion to RMB171.8 billion, general merchandise grows faster than electronics, and JD maintains enough fulfillment efficiency to avoid giving back all the gross profit in subsidies. This is below management's high-single-digit aspiration, which is appropriate because the current environment is intensely competitive.

The bull case 2030 blended margin is 8.2%, with operating income of RMB135.8 billion. This is the only case that reaches management's high-single-digit language. It needs three things to go right at once: general merchandise frequency becomes durable, advertising/merchant monetization compounds at a mid-teens rate, and competitive spending rationalizes. Given

Alibaba's and PDD's 2025-2026 investment posture, this is an upside case, not the default.

## 10. Segment Rollup And Arithmetic Tie-Out

The segment rollup is built bottom-up from the three disclosed retail-linked product/service buckets, after the small FY2025 base reconciliation described above. Revenue sums to the segment total in each case, with only one-decimal table rounding. Operating income is calculated as product revenue multiplied by product margin, then summed. Blended margin equals operating income divided by total segment revenue, so the stated segment margin is a weighted-average output rather than a separate assumption.

| Case | Electronics/home appliances 2030 rev | General merchandise 2030 rev | Marketplace/marketing 2030 rev | Segment 2030 revenue | Segment 2030 OI margin | Segment 2030 operating income | Implied segment CAGR |
|---|---|---|---|---|---|---|---|
| Bear | 649.3 | 507.4 | 142.8 | 1,299.4 | 5.5% | 71.3 | 2.9% |
| Base | 715.8 | 598.7 | 171.8 | 1,486.3 | 6.8% | 101.1 | 5.7% |
| Bull | 769.2 | 671.6 | 205.4 | 1,646.2 | 8.2% | 135.8 | 7.9% |

Arithmetic check: Bear revenue equals RMB649.3 billion plus RMB507.4 billion plus RMB142.8 billion, or RMB1,299.4 billion after rounding; using unrounded compounding, general merchandise is RMB507.3 billion, so the displayed addends differ from the displayed total by RMB0.1 billion only because of one-decimal rounding. Bear operating income equals RMB649.3 billion times 3.5%, plus RMB507.4 billion times 4.5%, plus RMB142.8 billion times 18.0%, or RMB71.3 billion after rounding. Base revenue equals RMB715.8 billion plus RMB598.7 billion plus RMB171.8 billion, or RMB1,486.3 billion. Base operating income equals RMB28.6 billion plus RMB32.9 billion plus RMB39.5 billion, or RMB101.1 billion after rounding. Bull revenue equals RMB769.2 billion plus RMB671.6 billion plus RMB205.4 billion, or RMB1,646.2 billion. Bull operating income equals RMB34.6 billion plus RMB43.7 billion plus RMB57.5 billion, or RMB135.8 billion after rounding.

The model's most important sensitivity is not electronics growth; it is marketplace/marketing scale and margin. In the base case, marketplace/marketing is only 11.6% of segment revenue in 2030 but contributes roughly 39% of segment operating income. This is plausible because the line is service-like, but it also concentrates the profit bridge in the same place where Alibaba, PDD, and Douyin compete hardest for merchant ad budgets. If merchant ROI deteriorates, the base margin bridge breaks quickly.

The second sensitivity is general merchandise quality. General merchandise can raise frequency and broaden JD beyond electronics, but low-quality subsidy-driven orders would not be worth much. A five-year general merchandise CAGR of 7.5% in the base case is not aggressive compared with FY2025's 15.3% growth, but the model assumes that growth carries a 5.5% product operating margin by 2030. If general merchandise grows through price cuts and delivery subsidies, revenue could hit the base case while operating income lands closer to the bear case.

## 11. Key Risks And Wildcards

Bear risk: price competition remains structurally intense. PDD's FY2025 results show the company still has a very large profit pool and cash position despite investment pressure, while Alibaba is investing in quick commerce and user experience. If both competitors keep spending, JD Retail may need to protect traffic and frequency with promotions rather than monetization. The result would be bear-case margins even if revenue is acceptable.

Bear risk: content commerce captures discovery in general merchandise. WPIC's 2026 release points to Douyin strength across several categories, including fashion and beauty. JD's model is strongest when the consumer already wants a trusted purchase and reliable fulfillment. It is weaker when demand is created inside entertainment feeds. That matters because general merchandise is the main base-case growth engine.

Bear risk: electronics and appliance growth normalizes faster than expected. Q4 FY2025 already showed electronics/home-appliances high-base pressure in the data package risk inventory [data_package Section 9]. If the largest product bucket grows only around inflation or replacement demand, JD Retail must rely even more on marketplace/marketing and general merchandise for the profit bridge.

Base risk: management's high-single-digit margin aspiration may take longer than five years. The base case stops at 6.8% because the competitive environment does not justify assuming full delivery on that aspiration by 2030. If the main synthesis needs a cleaner Gideon-quality margin ramp, it should require evidence of sustained quarterly JD Retail margin above 6% without one-off mix benefits.

Bull wildcard: AI and agentic commerce could favor JD's supply-chain credibility. Management frames AI as retail transformation and agentic commerce as an opportunity [data_package Section 6]. If shopping agents prioritize authentic inventory, delivery promise, and after-sales certainty, JD's infrastructure could become more valuable. The model does not assign explicit revenue to this because the data package discloses no quantified AI savings or uplift.

Bull wildcard: JD Health and JD Industrials improve mix and trust. These businesses can extend JD's retail promise into regulated healthcare and enterprise procurement. The JD Industrials HKEX listing is a subsidiary value marker [data_package Section 9]. However, without disclosed JD Retail revenue or OI by these sub-lines, the appendix keeps the benefit qualitative.

Wild card: group-level New Businesses can help or hurt JD Retail. Food delivery is outside JD Retail, but management argues it can increase user frequency, supermarket cross-sell, and advertising synergy [data_package Section 6, New Businesses and JD Retail commentary]. If true, JD Retail traffic and monetization improve. If false, JD Retail profits fund a costly ecosystem battle while the retail segment sees only modest incremental frequency.

## Summary Case Table

| Case | Segment TTM+5y Revenue | Segment TTM+5y Op Margin | Segment TTM+5y Op Income | Probability |
|---|---|---|---|---|
| Bear | RMB1,299.4 billion | 5.5% | RMB71.3 billion | 30% |
| Base | RMB1,486.3 billion | 6.8% | RMB101.1 billion | 50% |
| Bull | RMB1,646.2 billion | 8.2% | RMB135.8 billion | 20% |

The weighted case is not a simple buy signal. JD Retail is a real, scaled, profitable retail franchise with a credible route to RMB100 billion-plus operating income by 2030 in the base case. But the quality of that operating income depends heavily on service monetization and disciplined competition. The segment earns respect; it does not by itself clear the Gideon bar unless the consolidated synthesis shows that New Businesses losses normalize, cash conversion recovers, and the stock price maps to a conservative P/E at or below 15 on five-year-forward EPS.

# Appendix B2 - JD Logistics

# JD Logistics - Segment Deep Dive

## 0. Segment Boundary And Taxonomy Note

JD Logistics is the logistics reportable segment of JD.com. The data package defines it as the internal and external logistics businesses, including integrated supply chain, delivery, warehousing, automation, and related services. The current three-segment reporting structure - JD Retail, JD Logistics, and New Businesses - is stable from FY2024 onward, with FY2023-FY2025 recast in the 2025 annual report / 2025 Form 20-F filed 2026-04-16 [data_package Source Register; Section 1 taxonomy flags]. For JD Logistics specifically, the segment has been separately disclosed across the five-year history in the data package, so FY2021-FY2025 are usable for directional segment history, but the cleanest current-taxonomy comparison is FY2023-FY2025. The Stage 0 anchor is TTM ending 2025-12-31, and the forecast horizon is exactly five calendar years to 2030-12-31. All JD historical revenue, operating income, margins, growth rates, and management commentary in this appendix are taken from the verified data package, not from cached warehouse files or new JD historical pulls.

## 1. What JD Logistics Actually Is

JD Logistics is the operating system that turns JD.com's retail promise into a service level: warehousing, inventory placement, line-haul, sorting, last-mile delivery, reverse logistics, and supply-chain technology. It is not merely a parcel courier bolted onto a shopping app. The segment contains the fulfillment architecture that lets JD carry first-party inventory, promise fast delivery, run returns, serve merchants, and increasingly offer logistics capabilities to external enterprise customers. The data package describes the segment as internal and external logistics businesses, integrated supply chain, delivery, warehousing, automation, and related services [data_package Section 1, JD Logistics row].

The customer set splits into several economic roles even though JD does not disclose separate dollars for each role. First, JD Retail is the internal anchor customer: electronics, appliances, supermarket, general merchandise, and marketplace activity create predictable parcel and warehousing volume. Second, external customers use JD Logistics for integrated supply-chain and delivery services when they want warehousing, transportation, last-mile, reverse logistics, or a service-level alternative to asset-light express networks. Third, JD's newer food-delivery and on-demand initiatives create incremental local delivery volume. That incremental volume can raise route density and rider utilization if it is layered on top of existing local infrastructure, but it can also add labor, dispatch, subsidy, and service-quality costs if it scales faster than operations can absorb. Fourth, overseas and cross-border flows are a strategic option, but the data package does not disclose standalone overseas logistics dollars.

Pricing is a mix of internal transfer revenue, merchant and enterprise service fees, fulfillment charges, parcel-delivery fees, warehousing and handling charges, and value-added supply-chain services. The internal revenue stream should be relatively stable because JD Retail needs fulfillment whether consumer demand is strong or weak, but internal pricing is not the same as free cash flow; it is an allocation inside the group and later eliminated at consolidation. External integrated supply-chain revenue should carry better strategic value because it monetizes fixed assets and technology beyond JD's own retail base. Local food-delivery and instant-commerce volume is different: it is high-frequency, low-ticket, operationally intense, and more exposed to rider capacity, incentive competition, and regulatory pressure.

The go-to-market model therefore differs by customer type. For internal JD volume, the selling motion is strategic planning with JD Retail and New Businesses: where to place inventory, how to staff warehouses, how much same-day/next-day capacity to reserve, and how to support promotional peaks. For external enterprise customers, JD Logistics sells reliability, nationwide coverage, warehousing know-how, technology, and integrated service levels. For food delivery, the relevant go-to-market is not a classic enterprise sale; it is a density game involving merchants, riders, consumers, dispatch algorithms, and cross-sell into JD's broader retail ecosystem.

## 2. Current Economics: FY2025 / TTM

FY2025 is the TTM anchor. JD Logistics generated RMB217.1 billion of revenue, up 18.8% year over year, and RMB5.3 billion of operating income, a 2.4% operating margin [data_package Section 3, JD Logistics table; source: JD Q4/FY2025 release and 2025 20-F]. The segment is profitable, but the margin is still thin relative to the capital, labor, and technology intensity of the service promise. FY2024 was a better margin year at 3.5%; FY2025 growth accelerated but margin compressed by roughly 110 basis points from FY2024. The data package attributes FY2025 growth to integrated supply-chain

customers and delivery services supporting JD Food Delivery, while noting that margin compressed because JD Logistics continued investing in customer experience, technology, rider capacity, and local delivery capabilities [data_package Section 3, JD Logistics availability note].

The quarterly trend shows the moving parts. Q1 FY2025 JD Logistics revenue was RMB47.0 billion with a 0.3% margin. Q2 revenue rose to RMB51.6 billion with a 3.8% margin. Q3 revenue was RMB55.1 billion with a 2.3% margin. Q4 revenue was RMB63.5 billion with a 3.0% margin [data_package Section 5, FY2025 Segment Quarterly Trend; sources: JD Q1 release 2025-05-13, JD Q2/interim release 2025-08-14, JD Q3 release 2025-11-13, JD Q4/FY release 2026-03-05]. That pattern matters for modeling because the full-year margin is not simply a mature fixed-cost leverage story. Margins can bounce by quarter with mix, capacity additions, promotional peaks, food-delivery ramp costs, rider staffing, and technology investment.

At the product/service level, JD discloses only the broad consolidated bucket named Logistics and other services, not a full JD Logistics subsegment table. That bucket was RMB178.2 billion in FY2025, up from RMB140.7 billion in FY2024, and the data package states that it includes incremental delivery revenue from food delivery in FY2025 [data_package Section 4, Logistics and other services row; source: live FMP annual product segmentation and official JD FY2025 release]. The segment revenue of RMB217.1 billion is larger than the consolidated product/service logistics bucket because JD Logistics includes internal and external logistics activity, while consolidated product/service categories are after the group's presentation and inter-segment elimination mechanics. The data package explicitly says that external/internal logistics dollars are not separately disclosed [data_package Section 4, Growth-rate-only Or Qualitative Product Detail, JD Logistics row]. This appendix therefore models internal JD volume, external integrated supply-chain customers, and food-delivery incremental volume as driver lines, not as audited historical subsegment revenue disclosures.

Capital intensity is an important current-economics caveat. JD discloses consolidated capex and R&D, but the data package does not allocate capex to JD Logistics. Consolidated FY2025 capex was RMB14.2 billion by the FMP cash-flow magnitude, or RMB12.7 billion under the company-defined FCF definition; consolidated capex was 1.1% of revenue, and R&D was RMB22.2 billion, or 1.7% of revenue [data_package Section 7]. Those figures cannot be mechanically applied to JD Logistics. Logistics assets, warehouse automation, sorting systems, line-haul, robotics, and local delivery capacity are inherently more capital and operating intensive than a marketplace advertising business. Segment margin expansion must therefore be earned through utilization, automation, pricing, and density, not assumed simply because revenue grows.

## 3. Unit Economics

JD Logistics converts revenue into profit through four main unit-economic layers. The first is network utilization. Warehouses, sorting centers, line-haul routes, delivery stations, dispatch systems, and technology platforms have fixed and semi-fixed costs. When volume rises on the same footprint, unit costs fall. When volume requires new capacity, the revenue may arrive before the margin. FY2025 looks like a mixed example: revenue growth accelerated to 18.8%, but operating margin fell to 2.4% from 3.5%, implying that new demand came with meaningful reinvestment and local-delivery capacity costs [data_package Section 3, JD Logistics table].

The second layer is mix. Internal JD Retail volume gives base load and predictable operating rhythm, but it is not necessarily the highest-margin source of revenue because internal transfer pricing is designed inside the group. External integrated supply-chain customers are strategically attractive because they spread fixed assets and technology across a broader customer base. In a good case, external customers bring higher-value services: warehousing, inventory management, reverse logistics, cold-chain or bulky item handling, fulfillment planning, and service-level guarantees. In a bad case, external customer wins are price-led and resemble commodity parcel volume. The data package does not disclose the external/internal split, so the model does not assign audited historical margin by customer type; it instead uses mix as an explicit assumption.

The third layer is labor and rider economics. Traditional warehousing and parcel operations already depend on staffing, but food delivery adds a more variable, time-sensitive labor model. Incremental food-delivery volume can improve local density if riders and stations can serve multiple categories and time windows. It can also reduce margin if JD must subsidize orders, recruit and retain riders, or maintain service quality in a price war. The data package notes that FY2025 Logistics growth included incremental delivery demand from food delivery, and that margin pressure reflected investment in rider capacity and local delivery capabilities [data_package Section 3, JD Logistics availability note; Section 5 recency interpretation]. This is the key reason the forward model treats food-delivery incremental volume as high-growth but initially lower-margin.

The fourth layer is automation, AI, and robotics. Management commentary in the data package says JD Logistics is investing in customer experience, domestic and overseas capability, AI, and robotics, and cites more than 20 flagship LangzuTech warehouses [data_package Section 6, JD Logistics commentary rows]. Automation can reduce picking, sorting, routing, and

exception-handling cost per order. AI can improve demand forecasting, inventory placement, customer service, dispatch, and route planning. Robotics can raise warehouse throughput and reduce manual handling. The constraint is that none of those benefits is quantified in disclosed savings, revenue uplift, or margin basis points. The base case therefore gives automation credit through gradual margin expansion, but it does not make AI a magic margin bridge.

What breaks the margin upward is a combination of external integrated supply-chain growth, better warehouse utilization, automation productivity, food-delivery density, and disciplined pricing. What breaks it downward is the opposite: low-price external volume, underutilized new capacity, rider-cost inflation, food-delivery subsidy intensity, regulatory pressure around labor, and depreciation from premature automation spend. The historical operating margin range is a useful guardrail: JD Logistics moved from a 1.7% operating loss margin in FY2021 to 0.4% in FY2022, 0.6% in FY2023, 3.5% in FY2024, and 2.4% in FY2025 [data_package Section 3, JD Logistics table]. That history supports margin upside, but it does not yet support a high-single-digit segment margin assumption without stronger evidence.

## 4. Competitive Dynamics

JD Logistics competes across several overlapping markets. In integrated supply-chain and fulfillment, the competitors include Cainiao, SF Holding, ZTO/YTO/STO/Yunda-style express networks, China Post/EMS, merchant in-house logistics, and specialized warehouse or cold-chain providers. In last-mile and on-demand local delivery, the relevant competitive set expands to Meituan, Alibaba's Ele.me/Taobao instant-commerce ecosystem, Dada-related capabilities, and local courier fleets. In cross-border and overseas logistics, JD Logistics faces Cainiao, SF, global freight forwarders, and platform-specific fulfillment networks.

The industry backdrop is still large and growing but less forgiving on price. State Post Bureau data reported by China Daily put China's 2025 express-delivery service volume at roughly 199 billion parcels, up 13.7%, with express service revenue of about RMB1.5 trillion, up 6.5%, and an official 2026 volume projection of about 214 billion parcels, up around 8% ([China Daily / State Post Bureau, Jan. 7 2026](https://www.chinadaily.com.cn/a/202601/07/WS695e1542a310d6866eb327f3.html)). That implies parcel volume can still grow faster than revenue, a warning that unit revenue pressure and efficiency competition remain central. A logistics company can grow shipments and still struggle to expand margin if pricing per parcel falls or service requirements rise.

SF Holding is the clearest premium logistics competitor. Its 2025 annual-results announcement said revenue reached RMB308.2 billion, up 8.4%, and net profit attributable to owners reached RMB11.1 billion ([SF Holding announcement, Mar. 31 2026](https://www.prnewswire.com/apac/news-releases/sf-holding-announces-2025-annual-results-delivering-record-profitability-and-enhanced-shareholder-returns-302728928.html)). SF's scale and profitability show that Chinese logistics can be profitable at large scale, but SF is not identical to JD Logistics. SF has a broad integrated logistics and express franchise that is less dependent on JD's retail ecosystem. JD Logistics has the advantage of captive JD demand and supply-chain data, but the disadvantage that internal ecosystem objectives can override standalone margin optimization.

Cainiao is the most relevant platform-linked competitor. Alibaba's FY2025 results disclosed Cainiao revenue of RMB101.272 billion, up 2%, and adjusted EBITA of RMB302 million, down 78%, with pressure from lower domestic logistics revenue and cross-border fulfillment profit decline ([Alibaba FY2025 results / Business Wire, May 2025](https://www.businesswire.com/news/home/20250514856295/en/Alibaba-Group-Announces-March-Quarter-2025-and-Fiscal-Year-2025-Results)). Cainiao's lower growth in that fiscal year does not mean JD Logistics has won the market; it means platform-linked logistics can be volatile when e-commerce groups reorganize fulfillment roles. The competitive lesson is that logistics revenue tied to platform strategy can move for reasons other than end-demand growth.

Food delivery and instant commerce add a second competitive battlefield. Meituan's Q3 2025 filing showed Core Local Commerce revenue of RMB67.4 billion and an operating loss of RMB14.1 billion, with operating margin at negative 20.9%, compared with positive 21.0% a year earlier; the filing attributed the reversal to lower gross profit margin, higher user incentives, promotion, and advertising amid intensified competition ([Meituan Q3 2025 report mirror](https://financialreports.eu/filings/meituan/interim-quarterly-report/2025/32482212/)). This matters for JD Logistics because food-delivery incremental volume is not simply free logistics demand. If the industry remains in subsidy war mode, JD Logistics can get more orders while JD.com as a group loses money and the logistics segment carries lower-quality volume.

Pricing power is therefore segmented. JD Logistics has some pricing power where it solves complex fulfillment problems, especially for brands that value service reliability, warehousing integration, bulky-item handling, returns, and inventory visibility. It has less pricing power in standard parcel delivery, where many networks can move a package. It may have weak pricing power in food delivery during competitive escalation because riders, merchants, and consumers are sensitive to

incentives and service levels. Entry barriers are real in infrastructure, data, warehouse footprint, and operating know-how, but they are not absolute. The market has multiple scaled operators, and the marginal parcel can be competed away.

## 5. Segment-Level Moat

JD Logistics has a real but bounded moat. The strongest element is ecosystem-embedded scale. JD Retail gives the logistics network a base load of orders, returns, inventory flows, and promotional peaks. That base load helps justify warehouses, sorting capacity, and delivery stations that would be harder to build as a standalone third-party logistics provider. It also gives JD Logistics operational data that can improve inventory placement, routing, labor planning, and delivery promises. For an external customer, JD Logistics can offer proof of performance because it has run JD's own service levels at scale.

The second moat element is integrated supply-chain capability. Many courier networks can deliver parcels; fewer can combine warehousing, inventory planning, reverse logistics, bulky-item delivery, cold-chain or category-specific handling, merchant technology, and last-mile service. The more the customer buys an integrated solution, the less price alone determines the vendor. That is the route to attractive external customer economics. If JD Logistics becomes a strategic operating partner for brands and merchants, churn should be lower and margin should be better than in commodity delivery.

The third moat element is automation and process knowledge. Management's reference to flagship automated warehouses is not enough to quantify savings, but it supports the idea that JD Logistics is not just adding manual capacity [data_package Section 6, JD Logistics commentary]. A large automated network can create learning advantages: better layout design, better robot-human workflows, better route algorithms, fewer exceptions, and better service consistency. These advantages can compound, but only if utilization is high enough to absorb depreciation and maintenance.

The moat has limits. First, the segment's FY2025 operating margin was only 2.4%, so the moat has not yet translated into a high-return profit pool [data_package Section 3, JD Logistics table]. Second, major competitors have scale and capital. SF and Cainiao are not fringe players. Third, some of JD Logistics' volume is tied to JD's own strategic choices. If JD Retail slows, or if New Businesses creates low-quality delivery volume, the logistics segment can be pulled in different directions. Fourth, logistics is operationally exposed: weather, labor, fuel, regulation, property costs, traffic rules, and customer-service expectations can all pressure margins. The segment-level moat is durable enough to support a base-case margin improvement, but not strong enough to underwrite a straight-line march to software-like economics.

## 6. Historical Growth Rates Reproduced From The Data Package

The table below uses only the verified data package. JD Logistics segment revenue is the reportable-segment line. Logistics and other services is the disclosed consolidated product/service bucket relevant to JD Logistics and services. JD does not disclose internal versus external JD Logistics revenue, integrated supply-chain revenue, food-delivery logistics revenue, or automation revenue as separate dollar lines in the data package.

| Product / sub-segment | FY2023 rev | FY2024 rev | FY2025 rev | 3-yr CAGR shown from FY2022 to FY2025 | Most recent YoY | Data package cite |
|---|---|---|---|---|---|---|
| JD Logistics reportable segment | RMB166.6bn | RMB182.8bn | RMB217.1bn | 16.4% | 18.8% | data_package Section 3, JD Logistics Revenue and YoY rows; sources: JD releases / 20-F |
| Logistics and other services product/service bucket | RMB128.7bn | RMB140.7bn | RMB178.2bn | 21.6% | 26.7% | data_package Section 4, Dollar-disclosed Product/Service Categories, Logistics and other services row; source: live FMP annual product segmentation and official JD FY2025 release |
| External/internal logistics split | Not separately disclosed | Not separately disclosed | Not separately disclosed | [DATA GAP: no separate internal/external revenue dollars in data package] | FY2025 segment revenue +18.8%; Q4 transcript says logistics revenue +22% | data_package Section 4, Growth-rate-only Or Qualitative Product Detail, JD Logistics row; Section 6 JD Logistics commentary |
| Food-delivery incremental delivery revenue | Not separately disclosed | Not applicable / not separately disclosed | Not separately disclosed | [DATA GAP: no food-delivery delivery revenue, order count, GMV, or rider cost dollars] | Included qualitatively in FY2025 logistics growth | data_package Section 4, New Businesses JD Food Delivery row; Section 5 Recency interpretation |

Arithmetic tie-out notes: JD Logistics segment revenue grew from RMB137.4 billion in FY2022 to RMB166.6 billion in FY2023, then RMB182.8 billion in FY2024, and RMB217.1 billion in FY2025. The disclosed YoY checks are RMB137.4bn x 1.213 = RMB166.7bn, RMB166.6bn x 1.097 = RMB182.8bn, and RMB182.8bn x 1.188 = RMB217.2bn, all within rounding tolerance [data_package Section 3, JD Logistics table]. Logistics and other services grew from RMB99.2 billion in FY2022 to RMB128.7 billion in FY2023, RMB140.7 billion in FY2024, and RMB178.2 billion in FY2025. The row checks are RMB99.2bn x 1.297 = RMB128.7bn, RMB128.7bn x 1.093 = RMB140.7bn, and RMB140.7bn x 1.267 = RMB178.3bn, within rounding tolerance [data_package Section 4, Logistics and other services row].

The historical pattern is important. Segment revenue decelerated from 31.2% in FY2022 to 21.3% in FY2023 and 9.7% in FY2024, then reaccelerated to 18.8% in FY2025 [data_package Section 3]. The product/service bucket followed a similar but more volatile pattern, with FY2025 growth of 26.7% because it includes logistics and other services at the consolidated product/service level, including incremental delivery revenue from food delivery [data_package Section 4]. The forward model should not extrapolate FY2025 product/service growth without recognizing the food-delivery mix and margin risk.

## 7. Management Guidance And Commentary From The Data Package

Management commentary in the data package is qualitative rather than a hard five-year revenue or margin guide. The relevant JD Logistics rows are below.

| Data package row | Exact fetched snippet | Topic | Interpretation |
|---|---|---|---|
| Section 6, JD Logistics, 2025-08-14 / Q2, Su Shan | "lay the foundation" | Logistics investment | Management framed logistics spending as capacity and efficiency work. The modeling implication is that FY2025 margin pressure may be investment for future density, but the phrase does not quantify timing or return. |
| Section 6, JD Logistics, 2025-11-13 / Q3, Ian Su Shan | "revenues were up 24%" | Q3 trend | The Q3 trend supports real volume momentum from internal and external demand, plus food-delivery services. It does not disclose the revenue split or contribution margin. |
| Section 6, JD Logistics, 2026-03-05 / Q4, Ian Su Shan | "pave the way" | Long-term margin | Management linked continued investment to customer experience, domestic/overseas capability, AI, and robotics. This supports a margin improvement thesis but not an aggressive near-term margin step-up. |
| Section 6, JD Logistics, 2026-03-05 / Q4, Xu Ran | "over 20 flagship LangzuTech warehouses" | Automation | Automation is a concrete operational lever. The data package cannot quantify savings per order, so the appendix treats it as a source of gradual operating leverage rather than a disclosed basis-point bridge. |

Cross-segment management commentary also matters. The data package says food delivery is not a standalone business, that it is a 5-, 10-, even 20-year initiative, that the long-term target is a self-sustaining business, and that investment in food delivery has peaked if competition rationalizes [data_package Section 6, New Businesses rows]. Those comments affect JD Logistics because food-delivery incremental volume can raise logistics activity even when New Businesses absorbs the primary losses. The phrase "if competition rationalizes" is the condition. If competition does not rationalize, logistics revenue can grow while consolidated economics worsen.

The data package also includes AI commentary: AI is transforming retail, JD handled over 4.2 billion AI customer-service inquiries, and management sees agentic commerce as an opportunity because JD controls supply chain and fulfillment [data_package Section 6, AI, Platform Ecosystem, And Cross-Segment Commentary]. For JD Logistics, this supports operational automation and demand-matching optionality. It does not justify assigning a separately disclosed AI revenue line or a quantified savings line.

## 8. Forward Growth Assumptions By Driver

The model starts from FY2025 / TTM JD Logistics revenue of RMB217.1 billion. Because JD does not disclose internal/external, integrated supply-chain, food-delivery logistics, or automation revenue as separate dollar lines, the tables below use a modeled planning allocation. This is not a historical disclosure. It is a transparent way to force the forecast to address the economic drivers that matter: external integrated supply-chain customers, internal JD ecosystem volume,

food-delivery/local-delivery incremental demand, and cross-border/express/other logistics. The modeled FY2025 planning bases sum to the disclosed FY2025 JD Logistics segment revenue of RMB217.1 billion.

Base case: the base case assumes JD Logistics grows faster than China's broad express-delivery revenue market because it benefits from integrated supply-chain services, JD ecosystem volume, and local-delivery demand, but slower than the FY2025 logistics-and-other-services product bucket because food-delivery incremental revenue normalizes and price competition remains intense. The base case uses an 11.7% segment CAGR from TTM to TTM+5y, ending at RMB376.8 billion in 2030.

| Driver line | FY2025 modeled planning base | Relevant historical anchor | Latest YoY | Mgmt FY+1 guide / commentary | Base CAGR TTM to TTM+5y | 2030 revenue | Justification |
|---|---|---|---|---|---|---|---|
| External integrated supply-chain customers | RMB95.0bn | JD Logistics segment 3-yr CAGR 16.4%; logistics/other services 3-yr CAGR 21.6% | Segment +18.8%; logistics/other services +26.7% | Q2 2025 Su Shan: "lay the foundation"; Q4 2025 Ian Su Shan: "pave the way" | 13.0% | RMB175.0bn | Growth stays above market because JD can sell warehousing, fulfillment, and supply-chain solutions, but decelerates from the FY2025 product-service growth spike as external wins face SF, Cainiao, and express pricing pressure. |
| Internal JD ecosystem volume | RMB70.0bn | JD Retail FY2025 revenue +10.9%; JD Logistics segment +18.8% | Internal split not disclosed | Retail remains the cornerstone; food delivery increases frequency | 6.5% | RMB95.9bn | Internal logistics grows with JD Retail and marketplace activity, but slower than external services because mature JD Retail volume is less likely to compound at high-teens rates. |
| Food-delivery and local-delivery incremental logistics | RMB28.0bn | No standalone dollars; FY2025 logistics growth supported by food delivery | Not separately disclosed | Food delivery investment peaked if competition rationalizes; long-term self-sustaining target | 20.0% | RMB69.7bn | High growth reflects low starting base and order-density expansion, but the base case avoids extrapolating subsidy-driven FY2025 demand because Meituan and Alibaba remain aggressive. |
| Cross-border, express, automation-enabled and other logistics | RMB24.1bn | Logistics/other services bucket 21.6% 3-yr CAGR | +26.7% bucket YoY | AI, robotics, overseas capability referenced qualitatively | 8.5% | RMB36.2bn | Other logistics grows with cross-border and automation-enabled services but remains constrained by product opacity and competition. |
| Total JD Logistics | RMB217.1bn | Segment 3-yr CAGR 16.4% | +18.8% | No hard revenue guide | 11.7% | RMB376.8bn | Bottom-up sum; within a plausible deceleration path from FY2025. |

Bull case: the bull case assumes external integrated supply-chain adoption stays strong, food-delivery volume becomes a density advantage rather than a drag, automation improves throughput, and overseas/cross-border capability adds incremental growth. It also assumes China's parcel market remains healthy and JD gains share in higher-value fulfillment rather than commodity delivery. The bull case reaches RMB462.4 billion in 2030, a 16.3% CAGR.

| Driver line | FY2025 modeled planning base | Relevant historical anchor | Latest YoY | Mgmt FY+1 guide / commentary | Bull CAGR TTM to TTM+5y | 2030 revenue | What changes versus base |
|---|---|---|---|---|---|---|---|
| External integrated supply-chain customers | RMB95.0bn | Segment 3-yr CAGR 16.4%; logistics/other services 21.6% | Segment +18.8%; bucket +26.7% | Investment supports customer experience and domestic/overseas capability | 17.0% | RMB208.3bn | JD wins more external enterprise customers, sells more integrated solutions, and avoids pure parcel price competition. |

| Driver line | FY2025 modeled planning base | Relevant historical anchor | Latest YoY | Mgmt FY+1 guide / commentary | Bull CAGR TTM to TTM+5y | 2030 revenue | What changes versus base |
|---|---|---|---|---|---|---|---|
| Internal JD ecosystem volume | RMB70.0bn | JD Retail +10.9% in FY2025 | Split not disclosed | Retail ecosystem frequency benefits from food delivery | 9.0% | RMB107.7bn | JD Retail and marketplace order frequency remain resilient, and internal logistics benefits from better inventory placement and higher cross-category use. |
| Food-delivery and local-delivery incremental logistics | RMB28.0bn | No disclosed historical dollars | Not separately disclosed | Long-term self-sustaining target | 30.0% | RMB104.0bn | Food delivery becomes a route-density flywheel, cross-sell improves, and competition rationalizes enough for volume to compound without extreme subsidy leakage. |
| Cross-border, express, automation-enabled and other logistics | RMB24.1bn | Logistics/other services 21.6% 3-yr CAGR | +26.7% | AI and robotics optionality | 12.0% | RMB42.5bn | Automation and overseas capability create incremental services, but the line remains below food-delivery growth due to opacity. |
| Total JD Logistics | RMB217.1bn | Segment 3-yr CAGR 16.4% | +18.8% | No hard revenue guide | 16.3% | RMB462.4bn | Bottom-up sum; close to sustaining historical segment CAGR. |

Bear case: the bear case assumes commodity parcel pricing pressure, weaker external customer wins, food-delivery competition remains expensive, and internal JD volume slows with consumer softness or category mix. It does not assume collapse; JD Logistics still has base volume and market growth. It reaches RMB284.2 billion in 2030, a 5.5% CAGR.

| Driver line | FY2025 modeled planning base | Relevant historical anchor | Latest YoY | Mgmt FY+1 guide / commentary | Bear CAGR TTM to TTM+5y | 2030 revenue | What changes versus base |
|---|---|---|---|---|---|---|---|
| External integrated supply-chain customers | RMB95.0bn | Segment 3-yr CAGR 16.4% | +18.8% | Investment framed as long-term | 7.5% | RMB136.4bn | External customers grow, but pricing is competitive and JD wins more volume than profit. |
| Internal JD ecosystem volume | RMB70.0bn | JD Retail +10.9% FY2025 | Split not disclosed | Retail remains the anchor | 2.5% | RMB79.2bn | JD Retail order growth slows and internal logistics sees limited incremental volume. |
| Food-delivery and local-delivery incremental logistics | RMB28.0bn | No disclosed historical dollars | Not separately disclosed | Investment peaked only if competition rationalizes | 7.0% | RMB39.3bn | Food-delivery volume still rises, but subsidy wars and rider constraints limit profitable expansion. |
| Cross-border, express, automation-enabled and other logistics | RMB24.1bn | Logistics/other services 21.6% 3-yr CAGR | +26.7% | Overseas capability referenced qualitatively | 4.0% | RMB29.3bn | Cross-border and other services are crowded and do not produce a major growth leg. |
| Total JD Logistics | RMB217.1bn | Segment 3-yr CAGR 16.4% | +18.8% | No hard revenue guide | 5.5% | RMB284.2bn | Bottom-up sum; materially below history but still positive due to base network demand. |

The base-case deceleration is deliberate. FY2025 segment growth of 18.8% benefited from integrated supply-chain customers and food-delivery incremental volume [data_package Section 3]. The forward market backdrop, however, includes parcel volume growing faster than parcel revenue and intense on-demand competition. A five-year 11.7% CAGR means JD Logistics still compounds ahead of the broad express revenue market, but it does not assume FY2025's most favorable mix repeats every year.

## 9. Forward Operating Margin Assumptions

Current JD Logistics operating margin is 2.4% for FY2025 / TTM [data_package Section 3]. The base case moves the segment to a 4.4% operating margin by 2030, producing RMB16.5 billion of operating income. This is a 200-basis-point improvement from FY2025, justified by utilization, automation, external integrated supply-chain mix, and food-delivery density. The base case remains below a high-single-digit margin because logistics is labor- and asset-intensive, and because FY2025 already showed that growth can arrive with margin compression.

| Driver line | 2030 base revenue | 2030 base OI margin | 2030 base OI | Mechanism |
|---|---|---|---|---|
| External integrated supply-chain customers | RMB175.0bn | 5.5% | RMB9.6bn | Scale, external customer mix, warehousing utilization, and service bundling support margin above the segment average. |
| Internal JD ecosystem volume | RMB95.9bn | 4.0% | RMB3.8bn | Internal base load supports utilization, but internal transfer economics and service commitments cap margin. |
| Food-delivery and local-delivery incremental logistics | RMB69.7bn | 2.0% | RMB1.4bn | Density improves, but rider costs and competitive incentives keep this below mature logistics margins. |
| Cross-border, express, automation-enabled and other logistics | RMB36.2bn | 4.5% | RMB1.6bn | Automation and cross-border services help, but price competition and depreciation remain constraints. |
| Total JD Logistics | RMB376.8bn | 4.4% | RMB16.5bn | Revenue-weighted sum. |

The bull case moves to a 5.8% margin, producing RMB26.7 billion of operating income. This requires several things to go right at once: food-delivery competition rationalizes, automation lifts throughput, external integrated supply-chain revenue is higher value, and depreciation does not outrun productivity. The bull case is not a software-margin case; it is an efficient logistics-network case.

| Driver line | 2030 bull revenue | 2030 bull OI margin | 2030 bull OI | Mechanism |
|---|---|---|---|---|
| External integrated supply-chain customers | RMB208.3bn | 7.0% | RMB14.6bn | Higher-value external solutions and stronger retention create pricing and utilization leverage. |
| Internal JD ecosystem volume | RMB107.7bn | 5.0% | RMB5.4bn | JD Retail volume supports network density, and AI improves inventory and routing efficiency. |
| Food-delivery and local-delivery incremental logistics | RMB104.0bn | 4.0% | RMB4.2bn | Local density and route batching improve enough that food delivery becomes a positive margin contributor. |
| Cross-border, express, automation-enabled and other logistics | RMB42.5bn | 6.0% | RMB2.6bn | Automation and cross-border mix offset price pressure. |
| Total JD Logistics | RMB462.4bn | 5.8% | RMB26.7bn | Revenue-weighted sum. |

The bear case holds margin to 2.0%, producing RMB5.7 billion of operating income, barely above FY2025 despite larger revenue. This is the case where volume growth is low quality: price pressure, food-delivery subsidies, rider costs, and automation depreciation absorb scale benefits.

| Driver line | 2030 bear revenue | 2030 bear OI margin | 2030 bear OI | Mechanism |
|---|---|---|---|---|
| External integrated supply-chain customers | RMB136.4bn | 3.0% | RMB4.1bn | External demand exists but pricing is competitive and service intensity remains high. |
| Internal JD ecosystem volume | RMB79.2bn | 2.5% | RMB2.0bn | Lower internal growth leaves less fixed-cost leverage. |
| Food-delivery and local-delivery incremental logistics | RMB39.3bn | -2.5% | RMB-1.0bn | Rider costs and incentives keep local delivery loss-making at the logistics layer. |

| Driver line | 2030 bear revenue | 2030 bear OI margin | 2030 bear OI | Mechanism |
|---|---|---|---|---|
| Cross-border, express, automation-enabled and other logistics | RMB29.3bn | 2.0% | RMB0.6bn | Other services remain profitable but too small to offset food-delivery drag. |
| Total JD Logistics | RMB284.2bn | 2.0% | RMB5.7bn | Revenue-weighted sum. |

The margin bridge is the most important modeling judgment. From 2.4% today, a base-case 4.4% margin requires about 200 basis points of improvement. I assign roughly 80 basis points to network utilization and route density, 50 basis points to automation and AI-enabled warehouse/routing productivity, 40 basis points to external integrated supply-chain mix, and 30 basis points to food-delivery/local-delivery maturing from investment mode toward contribution. These are not disclosed management targets; they are the analyst's bridge. The bear case removes most of the bridge because new volume remains expensive. The bull case adds another 140 basis points above base because automation and food-delivery density work better than expected.

Capex and intensity risk should be treated as a check on the bull case. A logistics company can report operating margin expansion while cash conversion disappoints if it must keep adding warehouses, vehicles, automation systems, and delivery capacity. The data package flags FY2025 consolidated FCF deterioration: company-defined FCF fell to RMB6.5 billion from RMB43.7 billion in FY2024, and consolidated capex was still material [data_package Sections 7 and 10]. Segment capex is not disclosed, so the model does not estimate JD Logistics free cash flow. The risk is that operating income improvement may overstate owner earnings if automation and local delivery require sustained capital intensity.

## 10. Segment Rollup

The rollup ties directly to the driver tables in Sections 8 and 9. The disclosed TTM base is RMB217.1 billion of revenue and RMB5.3 billion of operating income, a 2.4% margin. The five-year endpoint is 2030-12-31.

| Case | 2030 integrated supply-chain / external | 2030 internal JD ecosystem | 2030 food-delivery/local-delivery | 2030 cross-border/other | Segment 2030 revenue | Segment 2030 OI margin | Segment 2030 OI |
|---|---|---|---|---|---|---|---|
| Bear | RMB136.4bn | RMB79.2bn | RMB39.3bn | RMB29.3bn | RMB284.2bn | 2.0% | RMB5.7bn |
| Base | RMB175.0bn | RMB95.9bn | RMB69.7bn | RMB36.2bn | RMB376.8bn | 4.4% | RMB16.5bn |
| Bull | RMB208.3bn | RMB107.7bn | RMB104.0bn | RMB42.5bn | RMB462.4bn | 5.8% | RMB26.7bn |

The totals reconcile to product-level assumptions within rounding. Base revenue is 1.74x FY2025, which is demanding but not heroic against JD Logistics' 16.4% FY2022-FY2025 segment CAGR. Bear revenue is 1.31x FY2025, which assumes the segment undergrows its recent history and captures limited local-delivery upside. Bull revenue is 2.13x FY2025, which requires sustained external wins and profitable instant-commerce logistics density.

The base case receives 55% probability because it respects both sides of the evidence. The positive evidence is clear: JD Logistics is growing, profitable, embedded in JD's retail ecosystem, and investing in automation. The negative evidence is also clear: operating margin is low, FY2025 margin compressed despite strong growth, food delivery is competitive, and the data package does not disclose the subsegment economics that would prove high-quality mix shift. The 25% bear weight is higher than the 20% bull weight because recent quarterly and management commentary make the food-delivery and rider-capacity cost risks more immediate than the unquantified AI/robotics upside.

## 11. Key Risks And Wildcards

Bear risk: commodity pricing pressure. China's parcel market continues to grow, but volume growth can exceed revenue growth, pressuring revenue per parcel. If JD Logistics wins volume through price, external customer growth may dilute margin rather than expand it.

Bear risk: food-delivery volume is low quality. JD Food Delivery can create logistics revenue and rider density, but if competition with Meituan and Alibaba remains intense, the delivery layer may carry high labor, incentive, and service-quality costs. The bear case assigns negative 2030 margin to this driver to reflect that possibility.

Bear risk: capex and automation depreciation. Robotics and automated warehouses can lower unit costs, but only at sufficient utilization. If JD builds capacity ahead of demand, operating leverage is delayed and cash conversion deteriorates.

Base risk: internal JD volume matures. JD Retail is the anchor customer, but internal volume cannot compound forever at high rates. A slower retail environment or mix shift away from logistics-heavy categories would reduce base load.

Base risk: disclosure opacity. JD does not disclose internal/external logistics revenue, integrated supply-chain dollars, food-delivery logistics dollars, or segment capex. The model is therefore transparent but necessarily less verifiable than a line-by-line audited subsegment model.

Bull wildcard: integrated supply-chain becomes the profit pool. If external customers increasingly buy full-stack warehousing, inventory, returns, and last-mile solutions rather than commodity parcel delivery, JD Logistics could structurally outgrow parcel market revenue and earn better margins.

Bull wildcard: food delivery improves the whole ecosystem. Management argues food delivery is not standalone and can increase user frequency, cross-sell, and ecosystem value [data_package Section 6, New Businesses commentary]. If that is right, JD Logistics may gain density while JD Retail and marketplace advertising also benefit.

Bull wildcard: AI and robotics produce real operating leverage. The data package flags AI, robotics, and automated warehouses but lacks quantified savings. If the savings are larger than modeled, 5.8% segment margin could prove conservative.

## Data Gaps Inserted

[DATA GAP: JD does not disclose internal versus external JD Logistics revenue dollars in the data package.]

[DATA GAP: JD does not disclose standalone integrated supply-chain customer revenue, customer count, retention, or margin in the data package.]

[DATA GAP: JD does not disclose food-delivery logistics revenue, order count, GMV, rider cost per order, subsidy dollars, or logistics contribution margin in the data package.]

[DATA GAP: JD does not disclose JD Logistics segment capex, depreciation by asset class, or automation savings per order in the data package.]

[DATA GAP: JD does not disclose AI/robotics savings, revenue uplift, or margin basis-point contribution for JD Logistics in the data package.]

## Summary Table

| Case | Segment TTM+5y Revenue | Segment TTM+5y Op Margin | Segment TTM+5y Op Income | Probability |
|---|---|---|---|---|
| Bear | RMB284.2bn | 2.0% | RMB5.7bn | 25% |
| Base | RMB376.8bn | 4.4% | RMB16.5bn | 55% |
| Bull | RMB462.4bn | 5.8% | RMB26.7bn | 20% |

# Appendix B3 - New Businesses

# New Businesses - Segment Deep Dive

Stage 0 anchor: TTM end 2025-12-31; forward horizon 2030-12-31; compounding span exactly five calendar years. Company fiscal year ends December 31. All JD historical dollars, growth rates, and management commentary in this appendix come from `data_package.md`, which was DR verified and cleared. External sources are used only for competitive context.

## 0. Segment boundary + taxonomy note

New Businesses is JD.com's reportable segment for JD Food Delivery, JD Property, Jingxi, overseas businesses including Joybuy, and related newer initiatives. The segment boundary is usable on a current-taxonomy basis from FY2023 through FY2025. The data package explicitly flags that beginning in Q1 FY2024 JD reports three reportable segments - JD Retail, JD Logistics, and New Businesses - and that FY2023-FY2025 are recast in the 2025 annual report [data_package.md:58]. Earlier FY2021-FY2022 data used a different presentation in which Dada was separately disclosed or grouped differently, so those years are shown for context but not used as a clean same-bucket growth base [data_package.md:62]. This matters because the FY2025 explosion in New Businesses revenue and operating losses is not a simple continuation of the old "Others" bucket; it reflects the new food-delivery push layered onto JD Property, Jingxi, overseas initiatives, and related incubations.

The most important modeling discipline is therefore negative: do not invent separate revenue for JD Food Delivery, Joybuy/international, Jingxi, or JD Property. The data package states that JD discloses product/service buckets but not granular dollar revenue for JD Food Delivery, Joybuy, Jingxi, or other strategically important sub-buckets [data_package.md:128, data_package.md:149-data_package.md:153]. The only dollar-disclosed line for this appendix is the New Businesses segment total. Product-level modeling below uses explicit qualitative contribution ranges, not fabricated standalone revenue allocations. Segment revenue, segment operating margin, and segment operating income are modeled directly from the disclosed segment base.

## 1. What this segment actually is

New Businesses is JD's portfolio of initiatives that sit beside the core retail marketplace and the separately reported logistics subsidiary. In FY2025, the portfolio included four economically different activity clusters.

First, JD Food Delivery is the biggest swing factor. JD entered food delivery in 2025 as a strategic extension of its retail and logistics ecosystem. Management's description in the data package is not "we found a high-margin standalone marketplace"; it is that food delivery is "not a standalone business" and is meant to increase user frequency, improve cross-sell, and support the broader JD shopping ecosystem [data_package.md:212]. That framing is crucial. Food delivery may produce merchant commissions, delivery fees, advertising, and retail cross-sell over time, but at launch it also requires user subsidies, merchant subsidies, rider capacity, local dispatch density, sales and marketing, and service-quality investment. In a three-player market against Meituan and Alibaba's Ele.me/Taobao Instant Commerce, near-term profit is not the point of entry.

Second, Joybuy/international is JD's renewed overseas retail platform effort. The data package says Joybuy/international is qualitative only and has no standalone dollar revenue disclosure [data_package.md:150]. In March 2026, Joybuy launched across the UK, Germany, France, the Netherlands, Belgium, and Luxembourg, taking JD's supply-chain retail model into Europe and positioning against Amazon and regional e-commerce players. Joybuy's own UK launch release says the platform offers tech, appliances, beauty, home, grocery, and everyday essentials, with same-day delivery in eligible areas and free delivery above a threshold, supported by JD's logistics footprint. JD also announced JoyExpress in February 2026 as a dedicated European delivery service initially supporting Joybuy. These external facts help frame the competitive context; they do not create historical JD revenue dollars.

Third, Jingxi is JD's lower-tier-market and value-oriented retail initiative. The data package gives only qualitative detail: lower-tier market penetration, user growth, expected modest investment increase in 2026, and unit-economics improvement [data_package.md:151]. The economic logic is different from Joybuy. Jingxi is domestic, value-led, and likely closer to Pinduoduo-style user acquisition and frequency economics than to premium 1P retail. The margin risk is therefore subsidy discipline and assortment quality rather than overseas fulfillment density.

Fourth, JD Property/other captures logistics-property and related newer initiatives inside New Businesses, but JD does not disclose a standalone revenue or margin row for JD Property in the data package. Conceptually this is the most asset-backed portion of the segment: warehouses, logistics parks, development, leasing, and possibly capital recycling. It can be more

durable than food delivery if occupancy and lease yields are strong, but it is capital intensive and tied to JD Logistics and JD Retail demand. Because the data package gives no separate dollars, this appendix treats JD Property/other as a stabilizer inside the segment rather than a separately forecast revenue engine.

The segment is therefore not one business with one economic curve. It is a portfolio in which one line, food delivery, can overwhelm everything else. FY2025 segment revenue was RMB49.3 billion and segment operating loss was RMB46.6 billion, a negative 94.6% operating margin [data_package.md:49]. That is not an early-stage software loss; it is almost a one-yuan operating loss for every yuan of revenue. The modeling question is whether food delivery losses can shrink fast enough for the segment to stop consuming the profit generated by JD Retail.

## 2. Current economics (FY2025 / TTM)

The TTM base is FY2025 because JD's fiscal year ends December 31 and the Stage 0 TTM anchor is 2025-12-31. New Businesses revenue was RMB49.3 billion in FY2025, representing 3.8% of consolidated JD revenue [data_package.md:49]. Operating loss was RMB46.6 billion, yielding a negative 94.6% operating margin [data_package.md:49]. On reported annual numbers, the segment was small in revenue share but enormous in profit impact. JD Retail generated RMB51.4 billion of operating income in FY2025, while New Businesses lost RMB46.6 billion; the data package notes that consolidated operating income fell to only RMB2.8 billion because New Businesses almost offset the retail profit pool [data_package.md:300].

The quarterly shape shows why the segment is a live underwriting risk rather than a neat annual footnote. New Businesses revenue moved from RMB5.8 billion in Q1 FY2025 to RMB13.9 billion in Q2, RMB15.6 billion in Q3, and RMB14.1 billion in Q4 [data_package.md:163-data_package.md:166]. Reported quarterly segment margins were negative 23.1%, negative 106.7%, negative 100.9%, and negative 105.1%, respectively [data_package.md:163-data_package.md:166]. The implied operating losses were roughly RMB1.3 billion in Q1, RMB14.8 billion in Q2, RMB15.7 billion in Q3, and RMB14.8 billion in Q4. That profile is consistent with a launch curve: a small Q1 base, then a sharp subsidy and capacity ramp in Q2-Q4.

Annual growth is equally distorted. The current/recast segment revenue base was RMB26.6 billion in FY2023, RMB19.2 billion in FY2024, and RMB49.3 billion in FY2025 [data_package.md:107-data_package.md:112]. The official YoY line shows negative 28.0% in FY2024 and positive 157.3% in FY2025 [data_package.md:109-data_package.md:110]. That growth is real at the segment level but not yet high-quality growth. The same line that grew 157.3% produced an operating loss of RMB46.6 billion [data_package.md:111]. This appendix therefore gives less weight to revenue CAGR and more weight to the loss-per-renminbi improvement path.

Capital intensity is not separately disclosed for New Businesses. The balance-sheet and cash-flow context nevertheless matters. The data package says FY2025 company-defined free cash flow was RMB6.5 billion versus RMB43.7 billion in FY2024 [data_package.md:76], and that New Businesses losses are the central balance-sheet risk despite strong liquidity [data_package.md:257, data_package.md:282]. For food delivery, capital intensity is primarily working capital, sales and marketing, rider incentives, service operations, and dispatch technology rather than owned warehouses. For Joybuy and JoyExpress, however, the international strategy depends on local inventory, warehousing, last-mile assets, and service coverage. For JD Property/other, capital intensity can be structural. The segment can improve accounting margin while still consuming cash if overseas logistics and property buildout accelerate.

Sub-product share is not disclosed. JD Food Delivery, Joybuy/international, Jingxi, and JD Property/other are therefore discussed as drivers, not as revenue rows. The data package gives a specific warning: "Do not back-solve those product dollars from qualitative comments" [data_package.md:128]. The model obeys that instruction.

## 3. Unit economics

The segment's economics are best understood as a loss bridge from FY2025's negative 94.6% operating margin toward a smaller loss, not as a normal margin expansion story. Three mechanisms drive the bridge: delivery density, subsidy intensity, and ecosystem monetization.

For JD Food Delivery, revenue can come from delivery fees, merchant commissions, advertising, and possibly cross-sell into JD Retail categories. Costs include rider pay and benefits, dispatch and customer-service operations, merchant onboarding, consumer coupons, free delivery, performance marketing, technology, and quality assurance. The early-stage problem is that the revenue line and the cost line scale together until order density is high enough. If JD pays for both sides of the marketplace - consumers through coupons and merchants through commission holidays or traffic incentives - every incremental order can deepen losses. The data package cites management saying food delivery is a "5-, 10-, even 20-year initiative" [data_package.md:213]. That quote is not merely philosophical; it tells us management is prepared to tolerate a long

payback period.

The clearest positive management anchor is the Q4 comment that "investment in food delivery has peaked" [data_package.md:215]. A base case should therefore assume FY2026 loss intensity improves from the worst FY2025 quarters, but not that the segment turns profitable quickly. The phrase is conditional: the data package's forward modeling implication says loss reduction depends on market competition rationalizing [data_package.md:218]. External competitive evidence supports that caution. In July 2025, China's State Administration for Market Regulation summoned Meituan, JD, and Alibaba's Ele.me and urged rational competition in online food delivery after months of discounting. SCMP reported that the three players later publicly committed to resist excessive subsidies. The regulatory pressure lowers the probability of an endless free-lunch price war, but it does not guarantee rational conduct. Platforms can still compete through targeted coupons, merchant rebates, rider incentives, and instant-retail promotions that are harder to observe than headline discounts.

Meituan is the most useful peer for unit-economics boundaries, though not for JD historicals. Before the 2025 subsidy war, Meituan's core local commerce segment earned operating margins around 18.7% in 2023 and 20.9% in 2024, according to its published segment data aggregated by FinancialReports.eu. During the 2025 battle, Meituan's core local commerce margin fell to 5.7% in Q2 and negative 20.9% in Q3, with management attributing the swing to user incentives, promotions, and intensified competition. This peer path shows both sides of the JD case. A dense, incumbent local-commerce network can be very profitable in rational periods, but even the incumbent can be pushed into large operating losses when subsidy intensity resets.

For Joybuy/international, the unit economics are more like 1P/marketplace retail plus fulfillment. Joybuy's launch promise - local categories, trusted brands, same-day or next-day delivery, and free delivery above thresholds - implies a cost base in warehousing, inventory, line-haul, last-mile delivery, customer service, and marketing. The strategic advantage is JD's logistics know-how and procurement discipline. The risk is that Europe is not China: labor costs are higher, Amazon has entrenched Prime habits, marketplace seller acquisition is expensive, and regulatory/compliance complexity is higher. Joybuy can add optionality, but it likely extends the loss period before it helps segment OI.

For Jingxi, unit economics depend on acquiring lower-tier consumers without becoming trapped in permanent discounting. JD's core brand is quality, authenticity, and reliable delivery; Jingxi's value proposition pushes toward price sensitivity. The line can be useful if it brings incremental customers into JD's retail ecosystem and uses existing fulfillment capacity. It can destroy value if it competes on price against Pinduoduo-like user expectations without a clear margin bridge.

For JD Property/other, the unit economics are asset utilization and capital recycling. The property base can produce lease income, asset-management income, and logistics ecosystem benefits. However, property economics can look stable in revenue while consuming capital in development cycles. Without separate disclosure, the model treats JD Property/other as a partial offset to food-delivery losses, not as a hidden profit pool large enough to change the segment conclusion.

The operating-cost ramp therefore has to be modeled explicitly. FY2025 revenue of RMB49.3 billion and loss of RMB46.6 billion implies total operating costs and expenses allocated to the segment of roughly RMB95.9 billion, or 194.6% of revenue. To reach the base-case 2030 margin of negative 8.0%, the segment does not need software-like economics; it needs cost intensity to fall from 194.6% of revenue to 108.0%. That can happen through lower subsidies, more repeat orders, better rider utilization, higher merchant monetization, and cross-sell. But it is still a huge operating improvement.

## 4. Competitive dynamics

JD Food Delivery competes directly with Meituan and Alibaba's Ele.me/Taobao Instant Commerce. Meituan entered 2025 as the dominant local-services and food-delivery platform with dense merchant, consumer, and courier networks. Alibaba controls a massive consumer app surface through Taobao and can subsidize instant commerce to defend e-commerce frequency. JD brings trust, supply-chain execution, and logistics discipline, but it entered late and had to buy trial.

The 2025 competitive setting was unusually aggressive. CNBC described the instant-commerce price war as a three-way battle among JD, Alibaba, and Meituan, with companies expanding delivery networks and pledging large subsidies to consumers and merchants. SCMP reported that Alibaba announced a RMB50 billion subsidy program for instant commerce over twelve months, aimed at consumers and merchants. Reuters, via Investing.com, reported that JD Takeaway began onboarding restaurants with promises of zero commissions for the year, and that JD alleged anti-competitive pressure on couriers. These facts matter because JD's FY2025 loss did not occur in a vacuum; it occurred during an industry-wide attempt to reset share.

Pricing power in food delivery is weak in the launch period. Consumers can multi-home across apps, restaurants can multi-home unless exclusivity rules are enforced, and riders can switch platforms if incentives differ. The main barrier is

density. Once a platform has enough orders per zone, enough merchants, and enough riders, dispatch efficiency improves and delivery cost per order falls. JD's challenge is reaching density without destroying economics. If rational competition holds, JD can retain a smaller but valuable food-delivery position that increases shopping frequency and retail advertising inventory. If competition re-accelerates, JD's late-entrant economics remain exposed.

Joybuy/international faces a different competitive map: Amazon, regional platforms, Temu, Shein, grocery and electronics retailers, and national courier networks. Joybuy's official UK launch says the platform is using JD's retail and logistics experience, same-day delivery in selected zones, and trusted-brand assortment. Reuters reported the March 2026 launch across six European markets and noted that JD's arrival adds pressure to Amazon while Chinese retailers look overseas for growth away from domestic competition. The competitive question is not whether Joybuy can launch a website; it is whether it can create a repeat-purchase loop in markets where Amazon Prime already anchors consumer behavior. Same-day delivery is a real hook, but matching Amazon's breadth and customer habit is expensive.

Jingxi competes with Pinduoduo, Taobao value offerings, Douyin commerce, and local group-buying/value channels. Lower-tier consumers can be highly price sensitive, and the China value-commerce market has trained users to expect deals. Jingxi's moat must come from JD trust and fulfillment quality, not from price alone. That makes Jingxi useful for broadening the user funnel but risky as a standalone profit engine.

JD Property/other competes in logistics real estate and infrastructure. The segment-level moat can be stronger here because warehouse location, tenant relationships, automation, and JD ecosystem demand are harder to copy than coupons. But capital markets, lease yields, occupancy, and property cycles matter. JD Property is unlikely to rescue the segment if food delivery remains deeply negative.

The competitive bottom line: New Businesses has optionality, but the only near-term variable large enough to move JD.com consolidated earnings is food-delivery loss reduction. Joybuy and Jingxi may improve revenue growth, while JD Property may stabilize returns, but food delivery determines whether the segment is a tolerable investment or a value trap.

## 5. Moat at the segment level

New Businesses has a partial moat, not a segment-wide moat. The segment inherits some JD advantages: brand trust, procurement scale, logistics know-how, data from retail users, merchant relationships, and the ability to cross-sell across retail, logistics, and local services. Those advantages are real, but they do not automatically translate into food-delivery pricing power.

Food delivery's moat is local density. If JD can concentrate orders in selected cities, riders and merchants can be utilized more efficiently, customer wait times can fall, and repeat behavior can rise. JD's core retail app gives it traffic, while JD Logistics gives operating discipline. However, Meituan's incumbent density and Alibaba's traffic pool are formidable. The segment-level moat is therefore city-by-city and category-by-category, not national by default. JD can win profitable niches - quality restaurants, supermarket-linked meals, high-frequency users already loyal to JD - while still losing money nationally if it chases share everywhere.

Joybuy's moat is more speculative. JD's owned-process model and logistics culture can differentiate in Europe if consumers value reliability and same-day delivery. JoyExpress and local warehousing give JD a service proposition beyond cross-border dropshipping. Yet Amazon already has fulfillment density and subscription lock-in. Temu and Shein have trained consumers on low prices. Joybuy's best moat path is curated assortment plus reliable delivery, not pure price competition.

Jingxi's moat is weakest. Value commerce in China is crowded, and price-led customer acquisition is hard to defend. JD's trust and supply-chain quality can prevent the platform from becoming low-quality discount retail, but the economic moat depends on whether Jingxi users graduate into broader JD spending.

JD Property/other has the most tangible asset moat. Logistics parks, automated warehouses, and strategically located assets can support JD's retail and logistics ecosystems. But because no separate JD Property dollars are disclosed, the moat cannot be treated as a quantified earnings bridge.

Over five to ten years, the segment can become defensible only if it stops being a subsidy portfolio and becomes a frequency-and-infrastructure portfolio. That means food delivery must produce repeat usage at lower incentives, Joybuy must prove service differentiation without unlimited marketing, Jingxi must expand lower-tier penetration without permanent discounting, and JD Property/other must earn acceptable returns on capital. Today, the moat is not yet proven by segment economics.

## 6. Historical growth rates - reproduced from data package, not re-derived

The table below follows the data package exactly. FY2021-FY2022 are included only as old-taxonomy context. FY2023-FY2025 are the current/recast basis used for modeling. All figures are RMB billions unless stated otherwise.

| Product / sub-segment | FY2023 rev | FY2024 rev | FY2025 rev | 2-yr CAGR | Most recent YoY | Data package cite |
|---|---|---|---|---|---|---|
| New Businesses / Others segment total - current/recast | 26.6 | 19.2 | 49.3 | 36.2% | 157.3% | [data_package.md:107-data_package.md:112] |
| JD Food Delivery | Not separately disclosed | Not separately disclosed | Not separately disclosed | N/A | Qualitative: rapid scale, sequential loss reduction | [data_package.md:149] |
| Joybuy / international | Not separately disclosed | Not separately disclosed | Not separately disclosed | N/A | Qualitative: beta/testing and launch timing | [data_package.md:150] |
| Jingxi | Not separately disclosed | Not separately disclosed | Not separately disclosed | N/A | Qualitative: lower-tier user growth; 2026 investment expected to rise modestly with UE improvement | [data_package.md:151] |
| JD Property / other | Not separately disclosed | Not separately disclosed | Not separately disclosed | N/A | No standalone dollar or growth disclosure | [data_package.md:49, data_package.md:153] |

Old-taxonomy context, not used for current-basis CAGR: FY2021 revenue was RMB26.1 billion and FY2022 revenue was RMB29.8 billion; the data package states these years combine Dada and New Businesses where needed and are not directly comparable to FY2023-FY2025 [data_package.md:107-data_package.md:114].

Internal arithmetic check: FY2024 revenue of RMB19.2 billion multiplied by 1 + 157.3% equals RMB49.4 billion, which ties the reported FY2025 RMB49.3 billion within rounding. FY2023 revenue of RMB26.6 billion multiplied by 1 - 28.0% equals RMB19.2 billion, tying the reported FY2024 figure. FY2023 to FY2025 current/recast CAGR is calculated as (49.3 / 26.6)^(1/2) - 1 = 36.2%; because FY2025 was launch-distorted, this CAGR is not used mechanically.

Quarterly current-year context:

| Quarter | New Businesses revenue | Segment margin | Implied operating income/(loss) | Data package cite |
|---|---|---|---|---|
| Q1 FY2025 | 5.8 | (23.1)% | (1.3) | [data_package.md:161-data_package.md:164] |
| Q2 FY2025 | 13.9 | (106.7)% | (14.8) | [data_package.md:161-data_package.md:165] |
| Q3 FY2025 | 15.6 | (100.9)% | (15.7) | [data_package.md:161-data_package.md:166] |
| Q4 FY2025 | 14.1 | (105.1)% | (14.8) | [data_package.md:161-data_package.md:167] |
| FY2025 / TTM | 49.3 | (94.6)% | (46.6) | [data_package.md:167] |

No sub-product revenue row is back-solved. [REVIEWER NOTE: data gap - JD does not disclose standalone JD Food Delivery revenue, GMV, order count, take rate, subsidy dollars, rider cost per order, Joybuy revenue, Jingxi revenue, or JD Property revenue in the data package; do not fill this gap with back-solved estimates.]

## 7. Management guidance - quoted from data package Section 6

| Date / period | Speaker | Exact fetched snippet | Topic | Interpretation |
|---|---|---|---|---|
| 2025-05-13 / Q1 | Sandy Xu | "not a standalone business" | Food delivery | Food delivery should be evaluated as ecosystem infrastructure, not only as a reported segment P&L line. The risk is that ecosystem benefits show up in JD Retail while losses stay in New Businesses. [data_package.md:212] |

| Date / period | Speaker | Exact fetched snippet | Topic | Interpretation |
|---|---|---|---|---|
| 2025-08-14 / Q2 | Ran Xu | "5-, 10-, even 20-year initiative" | Food delivery duration | Management is explicitly willing to fund the initiative beyond a normal one-year payback window. The base case should assume a multi-year path to tolerable losses, not instant profitability. [data_package.md:213] |
| 2025-11-13 / Q3 | Xu Ran | "self-sustaining business" | Unit economics | The long-term target is positive unit economics, but the data package notes no date or dollar target was disclosed. This supports a loss-reduction model, not a guaranteed profit inflection. [data_package.md:214] |
| 2026-03-05 / Q4 | Ian Su Shan | "investment in food delivery has peaked" | 2026 loss trajectory | This is the main FY+1 anchor. Base case assumes FY2026 loss intensity improves, while bear case assumes competitive behavior prevents the peak from translating into durable loss reduction. [data_package.md:215] |
| 2026-03-05 / Q4 | Ian Su Shan | "Joybuy is our full category online retail platform" | International | Joybuy is strategic and broader than a single category, but CECONOMY remained under regulatory review in the Q4 call and no revenue dollars are disclosed. [data_package.md:216] |

The data package's forward modeling implication is the controlling summary: New Businesses is the largest swing factor; food delivery brings user growth, shopping frequency, advertising, and supermarket cross-sell, but profitability must be modeled as a loss-reduction scenario with high sensitivity to Meituan/Alibaba competitive intensity and regulation [data_package.md:218].

## 8. Forward growth assumptions - explicit, per product, justified

The model compounds from FY2025 / TTM revenue of RMB49.3 billion to 2030-12-31. Because sub-product dollars are not disclosed, each product row uses a qualitative contribution range to the segment growth algorithm rather than a fabricated revenue base. The disclosed segment total is the only revenue dollar line.

### Base-case growth table

| Product / driver | Historical evidence | Latest disclosed trend | Mgmt FY+1 guide | Base CAGR TTM to TTM+5y | Justification |
|---|---|---|---|---|---|
| Disclosed New Businesses segment total | FY2023 RMB26.6bn; FY2024 RMB19.2bn; FY2025 RMB49.3bn; 2-yr CAGR 36.2% [data_package.md:107-data_package.md:112] | FY2025 +157.3%, launch-distorted [data_package.md:110] | Investment in food delivery has peaked [data_package.md:215] | 18.5% | Growth slows sharply after the food-delivery launch year, but remains high because the FY2025 base is still early and Joybuy/Jingxi add optionality. Segment reaches RMB115.0bn in 2030. |
| JD Food Delivery | No standalone dollars; rapid scale and loss reduction only [data_package.md:149] | Q2-Q4 segment revenue step-up coincided with food-delivery launch [data_package.md:163-data_package.md:166] | Not standalone; 5-20 year initiative; target self-sustaining business [data_package.md:212-data_package.md:215] | Above-segment early, then decelerates | Food delivery drives most incremental revenue through 2027, but subsidies normalize and order growth decelerates after user-acquisition cohorts mature. No standalone revenue dollars are assigned. |
| Joybuy / international | No standalone dollars [data_package.md:150] | Beta/testing in FY2025; Europe launch in March 2026 per Joybuy/Reuters | Joybuy is full-category platform [data_package.md:216] | Small-to-rising contributor | Joybuy contributes more after 2026 but from an undisclosed base; growth is constrained by Amazon competition and high European fulfillment costs. |

| Product / driver | Historical evidence | Latest disclosed trend | Mgmt FY+1 guide | Base CAGR TTM to TTM+5y | Justification |
|---|---|---|---|---|---|
| Jingxi | No standalone dollars [data_package.md:151] | Lower-tier penetration and user growth qualitative only | 2026 investment expected to rise modestly with UE improvement [data_package.md:151] | Modest contributor | Jingxi helps user acquisition but is not modeled as a high-margin revenue driver because lower-tier value commerce is subsidy-sensitive. |
| JD Property / other | No standalone dollars; included in segment boundary [data_package.md:49] | No separate trend | No explicit guide in data package | Stable contributor | Property/other stabilizes the segment and supports logistics infrastructure, but does not drive growth because the data package gives no dollar or growth disclosure. |

## Bear-case growth table

| Product / driver | Historical evidence | Latest disclosed trend | Mgmt FY+1 guide | Bear CAGR TTM to TTM+5y | Justification |
|---|---|---|---|---|---|
| Disclosed New Businesses segment total | FY2025 revenue RMB49.3bn after +157.3% growth [data_package.md:109-data_package.md:110] | Q4 revenue RMB14.1bn, below Q3 RMB15.6bn [data_package.md:165-data_package.md:166] | Peak investment comment is conditional on rational competition [data_package.md:215, data_package.md:218] | 7.3% | Segment reaches only RMB70.0bn by 2030 as food delivery share gains stall and Joybuy absorbs spend without scaling. |
| JD Food Delivery | No standalone dollars [data_package.md:149] | Segment margin stayed around negative 100% in Q2-Q4 [data_package.md:164-data_package.md:166] | Self-sustaining target lacks date [data_package.md:214] | Low-to-mid single digit after FY2026 | Meituan and Alibaba continue targeted subsidies; JD retains users only with incentives. No standalone revenue dollars are assigned. |
| Joybuy / international | No standalone dollars [data_package.md:150] | Europe launch creates awareness but no financial disclosure | Full-category platform [data_package.md:216] | Small contributor | Amazon/Temu/Shein and high logistics costs keep Joybuy a long-payback project. |
| Jingxi | No standalone dollars [data_package.md:151] | Lower-tier penetration qualitative only | Investment rises modestly with UE improvement [data_package.md:151] | Small contributor | Value-commerce traffic is expensive and retention weak when discounts fade. |
| JD Property / other | No standalone dollars [data_package.md:49] | No separate trend | No explicit guide | Stable-to-down contributor | Property returns are pressured by utilization and capital costs; not enough disclosure to underwrite offsetting growth. |

## Bull-case growth table

| Product / driver | Historical evidence | Latest disclosed trend | Mgmt FY+1 guide | Bull CAGR TTM to TTM+5y | Justification |
|---|---|---|---|---|---|
| Disclosed New Businesses segment total | FY2025 revenue RMB49.3bn [data_package.md:109] | FY2025 +157.3%; scale established quickly [data_package.md:110] | Investment has peaked; long-term self-sustaining target [data_package.md:214-data_package.md:215] | 28.1% | Segment reaches RMB170.0bn by 2030 if food delivery retains cohorts, regulation keeps subsidies rational, and Joybuy scales in Europe. |
| JD Food Delivery | No standalone dollars [data_package.md:149] | Rapid scale and sequential loss reduction qualitative [data_package.md:149] | Food delivery not standalone; ecosystem frequency [data_package.md:212] | High early, then mid-teens | Food delivery becomes a frequency layer for supermarket, ads, and retail cross-sell; no standalone revenue dollars are assigned. |
| Joybuy / international | No standalone dollars [data_package.md:150] | Six-market European launch in 2026 | Full-category platform [data_package.md:216] | Rising contributor | Joybuy wins a narrow convenience niche with same-day delivery and trusted brands; still modeled as undisclosed contribution, not separate revenue. |
| Jingxi | No standalone dollars [data_package.md:151] | Lower-tier penetration qualitative only | UE improvement expected with modest 2026 investment [data_package.md:151] | Mid-teens contribution | Jingxi improves lower-tier user conversion and feeds JD Retail; no standalone revenue dollars are assigned. |
| JD Property / other | No standalone dollars [data_package.md:49] | No separate trend | No explicit guide | Stable contributor | Property/other benefits from higher logistics utilization and asset recycling but remains a support line. |

The deceleration is explicit. FY2025 segment growth of 157.3% is not extrapolated. In base case, annual segment revenue path is RMB49.3bn in 2025, RMB63.5bn in 2026, RMB77.0bn in 2027, RMB90.0bn in 2028, RMB103.0bn in 2029, and RMB115.0bn in 2030. That is a step-down from launch growth to 11.7% growth in the final year and an 18.5% five-year CAGR from the FY2025 / TTM base. Bear case reaches RMB70.0bn; bull case reaches RMB170.0bn.

## 9. Forward operating margin assumptions - explicit and justified

Current TTM operating margin is negative 94.6% [data_package.md:49]. The margin forecast is the core of the appendix. Revenue growth without loss reduction is not valuable because FY2025 showed that growth can destroy consolidated earnings.

### Operating margin bridge by case

| Case | FY2025 / TTM margin | TTM+5y margin | Implied cost intensity improvement | Mechanism |
|---|---|---|---|---|
| Bear | (94.6)% | (25.0)% | Costs fall from 194.6% of revenue to 125.0% | Subsidies fall from peak but competition remains aggressive; Joybuy and Jingxi add growth but absorb marketing and fulfillment cost. |
| Base | (94.6)% | (8.0)% | Costs fall from 194.6% of revenue to 108.0% | Food-delivery investment peaks in FY2025, rider density improves, coupons normalize, merchant monetization and retail cross-sell offset some costs. |
| Bull | (94.6)% | 3.0% | Costs fall from 194.6% of revenue to 97.0% | Regulation and competitor discipline hold; JD focuses on profitable zones; Joybuy scales without a broad subsidy war; property/other stabilizes margin. |

The bear case still assumes massive improvement from FY2025. A negative 25.0% margin in 2030 is not a disaster scenario in operating-process terms; it means JD reduces losses materially but cannot make the model self-funding. Segment revenue of RMB70.0bn and margin of negative 25.0% imply operating loss of RMB17.5bn. This remains a drag large enough to matter for consolidated JD, especially if JD Retail margins are under pressure.

The base case assumes the Q4 2025 peak-investment comment becomes directionally true. Segment margin improves from negative 94.6% to negative 50% in 2026, negative 30% in 2027, negative 20% in 2028, negative 13% in 2029, and negative 8% in 2030. That path still loses money for the full horizon, but the loss falls from RMB46.6bn in FY2025 to RMB9.2bn in 2030 despite higher revenue. This is a deliberately conservative base because management did not disclose a positive-unit-economics date [data_package.md:214]. The base case gives credit for loss reduction, not for profit conversion.

The bull case requires three things to happen together. First, food delivery becomes city-selective and density-led rather than nationally subsidy-led. Second, regulation keeps the competitive environment from returning to the July 2025 price-war peak. Third, Joybuy and Jingxi expand without requiring the same loss per yuan of revenue as food delivery. Under those conditions, segment revenue reaches RMB170.0bn and operating margin reaches positive 3.0%, producing RMB5.1bn of operating income. That is still below mature Meituan core local commerce margins before the 2025 price war, which is appropriate because JD is a challenger and the segment includes overseas and value-commerce investments.

Product-level margins are not disclosed and are not invented. Directionally, JD Property/other should carry better unit economics than food delivery, Joybuy should be negative or near breakeven during launch, Jingxi should be low margin until retention improves, and food delivery determines the blended outcome. The model's blended margin is therefore a segment-level result, not a revenue-weighted sum of fabricated product margins.

## 10. Segment rollup - built bottoms-up without fabricated sub-product dollars

Because sub-product revenue is not disclosed, the rollup uses a driver-based segment build. Each case begins with the only disclosed base - FY2025 New Businesses revenue of RMB49.3bn and OI loss of RMB46.6bn - and applies explicit assumptions about which qualitative drivers expand the total segment and how loss intensity improves.

### Scenario revenue path and operating income

| Year | Bear revenue | Bear margin | Bear OI/(loss) | Base revenue | Base margin | Base OI/(loss) | Bull revenue | Bull margin | Bull OI/(loss) |
|---|---|---|---|---|---|---|---|---|---|
| FY2025 / TTM | 49.3 | (94.6)% | (46.6) | 49.3 | (94.6)% | (46.6) | 49.3 | (94.6)% | (46.6) |
| 2026E | 55.0 | (75.0)% | (41.3) | 63.5 | (50.0)% | (31.8) | 75.0 | (35.0)% | (26.3) |
| 2027E | 60.0 | (55.0)% | (33.0) | 77.0 | (30.0)% | (23.1) | 100.0 | (15.0)% | (15.0) |
| 2028E | 64.0 | (40.0)% | (25.6) | 90.0 | (20.0)% | (18.0) | 125.0 | (5.0)% | (6.3) |
| 2029E | 67.0 | (32.0)% | (21.4) | 103.0 | (13.0)% | (13.4) | 148.0 | 0.0% | 0.0 |
| 2030E / TTM+5y | 70.0 | (25.0)% | (17.5) | 115.0 | (8.0)% | (9.2) | 170.0 | 3.0% | 5.1 |

Arithmetic tie-outs: 2030 bear OI is RMB70.0bn x negative 25.0% = negative RMB17.5bn. 2030 base OI is RMB115.0bn x negative 8.0% = negative RMB9.2bn. 2030 bull OI is RMB170.0bn x 3.0% = RMB5.1bn. All segment totals reconcile to the assumptions above because no separate product revenue dollars are inserted.

### Product-driver contribution framework

| Driver | Bear contribution to 2030 segment outcome | Base contribution to 2030 segment outcome | Bull contribution to 2030 segment outcome | Disclosure discipline |
|---|---|---|---|---|
| JD Food Delivery | Retains some orders but remains subsidy-dependent; largest source of 2030 loss | Main revenue and loss-reduction driver; improves density but still loses money | Reaches positive contribution in selected dense zones and supports retail frequency | No standalone revenue, GMV, order count, take rate, or rider cost disclosed [data_package.md:290] |
| Joybuy / international | Awareness grows but fulfillment and marketing costs dominate | Adds revenue optionality after March 2026 launch but remains investment phase | Builds a credible service niche in selected European markets | No standalone revenue disclosed [data_package.md:150] |
| Jingxi | Low-retention discount traffic | Modest lower-tier user funnel with improving UE | Helps JD acquire value users and cross-sell | No standalone revenue disclosed [data_package.md:151] |
| JD Property / other | Stable but capital intensive; cannot offset food delivery | Partial margin stabilizer and infrastructure support | Better utilization and asset recycling support margin | No standalone revenue disclosed; included in segment boundary [data_package.md:49] |

The base-case TTM+5y segment remains loss-making. That is not pessimism for its own sake; it is a direct result of the disclosed FY2025 loss base and the absence of a management-provided date for positive segment earnings. The segment can still be strategically valuable if it improves JD Retail frequency and advertising, but that benefit belongs primarily in JD Retail's model. This appendix does not double-count cross-segment benefits by adding hidden profit to New Businesses.

## 11. Key risks and wildcards

Bear risk - subsidy war resumes. The July 2025 regulatory intervention reduced visible promotional excess, but competition can reappear through targeted consumer coupons, merchant rebates, free delivery, rider incentives, and instant-retail bundles. If Meituan and Alibaba decide that JD's share gains are unacceptable, JD may have to choose between retreating or funding another loss cycle.

Bear risk - food delivery never becomes dense enough outside selected cities. Delivery marketplaces are local. National app traffic does not guarantee route density in every zone. If JD spreads resources too widely, rider utilization stays low and service quality cannot match Meituan.

Bear risk - ecosystem benefits are real but not monetized in this segment. Management says food delivery is not standalone [data_package.md:212]. That may be correct strategically, but segment accounting can remain ugly if retail frequency and advertising benefits show up in JD Retail while food-delivery costs remain in New Businesses.

Base risk - Joybuy international requires more capital than modeled. Same-day delivery in Europe is operationally demanding. Labor, real estate, parcel density, returns, VAT, and consumer-service expectations can make the European model slower to scale than JD's China logistics model.

Base risk - Jingxi attracts price-sensitive users without loyalty. Lower-tier market penetration can be valuable, but if users only engage when coupons are high, unit economics fail to improve.

Bull wildcard - regulation creates a rational oligopoly. If SAMR pressure and industry self-discipline stick, JD can cut subsidies while retaining a useful food-delivery cohort. This is the cleanest path to the bull margin case.

Bull wildcard - Joybuy creates a differentiated European convenience niche. If Joybuy's same-day/next-day promise and JD's owned logistics create repeat purchase behavior in selected dense cities, international could become a credible long-term growth engine rather than an expensive experiment.

Bull wildcard - JD Property/other monetizes infrastructure. Asset recycling, third-party tenant demand, and logistics automation could make the property/other portion a steadier margin contributor, although the data package does not disclose enough to quantify it.

## Summary table

| Case | Segment TTM+5y Revenue | Segment TTM+5y Op Margin | Segment TTM+5y Op Income | Probability |
|---|---|---|---|---|
| Bear | RMB70.0bn | (25.0)% | RMB(17.5)bn | 30% |
| Base | RMB115.0bn | (8.0)% | RMB(9.2)bn | 50% |
| Bull | RMB170.0bn | 3.0% | RMB5.1bn | 20% |

Probability-weighted 2030 New Businesses revenue is RMB112.5bn, and probability-weighted operating income is negative RMB8.8bn. The expected value is still a loss because the downside case remains large and the bull case requires both rational food-delivery competition and international scaling. The underwriting conclusion for the combined JD model is straightforward: New Businesses is not a profit contributor in the base case by 2030. It is a loss-reduction swing factor. The segment can stop destroying most of JD Retail's operating profit, but it has not yet earned credit as a high-return compounder.

## External competitive sources used

- CNBC, July 2025: instant-commerce subsidy war among JD, Alibaba, and Meituan, including delivery-network expansion and subsidies: https://www.cnbc.com/2025/07/11/china-instant-commerce-price-war-billions-subsidies-jd-alibaba-meituan-ele-me.html
- SCMP, July/August 2025: SAMR summons and rational-competition commitments after delivery price war: https://www.scmp.com/tech/big-tech/article/3318843/chinas-top-market-regulator-summons-alibaba-meituan-jdcom-over-delivery-price-war and https://www.scmp.com/tech/big-tech/article/3320452/alibaba-meituan-jdcom-commit-truce-after-regulator-calls-rational-competition
- FinancialReports.eu / Meituan interim and quarterly filings: peer evidence that Meituan core local commerce margins moved from high profitability to loss under subsidy pressure: https://financialreports.eu/filings/meituan/interim-quarterly-report/2025/32482212/
- Joybuy official UK launch release, March 2026: Joybuy launch, categories, same-day delivery, and markets: https://about.joybuy.com/joybuy-launches-in-the-uk/
- JD Corporate Blog, February 2026: JoyExpress European delivery service supporting Joybuy: https://jdcorporateblog.com/jd-com-announces-joyexpress-a-new-delivery-service-for-europe/
- Reuters via Investing.com, March 2026: Joybuy launched in six European markets and targets Amazon: https://www.investing.com/news/stock-market-news/jdcom-launches-joybuy-in-europe-targeting-amazon-4561607

# Appendix S - Synthesis (Combined Earnings Model)

# JD.com (JD) - Appendix S: Synthesis / Combined Earnings Model

Prepared for ER2 / Gideon Sub-Agent S. All historical data, segment endpoints, and qualitative gates are taken from the reviewed local ER2 data package and reviewed appendices in `C:\Users\Admin\OneDrive\GPT\ER 2.0\JD.com`. This synthesis does not re-fetch market price and uses the orchestrator-passed current price of US$30.3219 per JD ADS. Figures are RMB billions unless otherwise stated. EPS and valuation tests are USD per ADS. Each JD ADS represents two ordinary shares, and the share-count base is the ADS-equivalent diluted share count used in the data package and quant foundation.

## 1. Anchors

| Item | Anchor |
|---|---|
| Today | 2026-04-25 |
| Company fiscal year end | December 31 |
| Most recent reported period | Q4 FY2025 / FY2025, period ended 2025-12-31, announced 2026-03-05 |
| TTM anchor | Q1 FY2025 + Q2 FY2025 + Q3 FY2025 + Q4 FY2025 |
| TTM end date | 2025-12-31 |
| Latest completed FY label | FY2025 |
| Forward horizon | 2030-12-31 |
| Compounding span | Exactly 5.0 calendar years from TTM end to horizon |
| Current price | US$30.3219 per JD ADS |
| ADS ratio | 1 ADS = 2 Class A ordinary shares |
| Starting diluted ADS-equivalent share count | 1,489.0 million, from data_package Section 2 |
| FX conversion used for EPS | RMB6.9931 per US$1.00, from JD FY2025 official release convenience translation |

The most important anchoring discipline is that TTM equals FY2025 only because JD's fiscal year ends on December 31 and the latest completed period is the full fiscal year. The model still compounds from the TTM window, not from a loose FY-minus-one shortcut. All segment revenue and operating income endpoints used below are the reviewed segment reviewer horizon numbers supplied by the orchestrator and reflected in the reviewed appendices: JD Retail, JD Logistics, and New Businesses.

## 2. Segment-Level Forward Assumptions

The synthesis reproduces the reviewed segment outputs rather than re-underwriting them. The only synthesis work is to combine them, add eliminations and corporate items, convert to attributable earnings, and test price.

| Segment | TTM revenue | Bear TTM+5y revenue | Base TTM+5y revenue | Bull TTM+5y revenue | Bear OI margin | Base OI margin | Bull OI margin | Source |
|---|---|---|---|---|---|---|---|---|
| JD Retail | 1,126.4 | 1,299.4 | 1,486.3 | 1,646.2 | 5.5% | 6.8% | 8.2% | appendix_B_jd_retail Sections 8-10 and Summary Case Table |
| JD Logistics | 217.1 | 284.2 | 376.8 | 462.4 | 2.0% | 4.4% | 5.8% | appendix_B_jd_logistics Sections 8-10 and Summary Table |
| New Businesses | 49.3 | 70.0 | 115.0 | 170.0 | (25.0)% | (8.0)% | 3.0% | appendix_B_new_businesses Sections 8-10 and Summary Table |

The operating income endpoints are also reproduced, not optimized in this synthesis. JD Retail contributes RMB71.3 billion / RMB101.1 billion / RMB135.8 billion in bear/base/bull. JD Logistics contributes RMB5.7 billion / RMB16.5 billion / RMB26.7 billion. New Businesses contributes RMB(17.5) billion / RMB(9.2) billion / RMB5.1 billion. The base case therefore assumes that New Businesses remains loss-making in 2030, which is important. This is not a blue-sky platform model that turns food delivery, Joybuy, Jingxi, and property into a hidden profit pool. The segment appendix deliberately gives credit for loss reduction, not for guaranteed profit conversion.

## 3. Combined Revenue Build

The segment appendices model reportable segment revenue. Consolidated JD.com revenue must then deduct inter-segment eliminations, mainly logistics and property revenue generated within the JD ecosystem. The data package gives the FY2025 base: JD Retail RMB1,126.4 billion, JD Logistics RMB217.1 billion, New Businesses RMB49.3 billion, and eliminations of RMB(83.7) billion, resulting in consolidated revenue of RMB1,309.1 billion. Eliminations were therefore 6.0% of gross segment revenue and 38.6% of JD Logistics segment revenue in FY2025.

For 2030, I model eliminations explicitly rather than assuming the segment sum is consolidated revenue. The eliminations assumption rises with JD Logistics and local-delivery/internal ecosystem activity: RMB(105.0) billion in bear, RMB(135.0) billion in base, and RMB(165.0) billion in bull. The ratio to gross segment revenue is 6.4% / 6.8% / 7.2%. This is slightly above FY2025 in base and bull because the forward segment models give more weight to internal JD ecosystem logistics, food-delivery/local-delivery logistics, JD Property support, and marketplace frequency. It is not treated as an operating income deduction, because segment operating income and unallocated corporate items are modeled separately.

| Line | Bear | Base | Bull |
|---|---|---|---|
| JD Retail TTM+5y revenue | 1,299.4 | 1,486.3 | 1,646.2 |
| JD Logistics TTM+5y revenue | 284.2 | 376.8 | 462.4 |
| New Businesses TTM+5y revenue | 70.0 | 115.0 | 170.0 |
| Sum of segment TTM+5y revenue | 1,653.6 | 1,978.1 | 2,278.6 |
| Corporate / inter-segment eliminations | (105.0) | (135.0) | (165.0) |
| Combined TTM+5y revenue | 1,548.6 | 1,843.1 | 2,113.6 |
| Implied revenue CAGR from TTM consolidated revenue | 3.4% | 7.1% | 10.1% |
| Eliminations as % of gross segment revenue | (6.4)% | (6.8)% | (7.2)% |

The base case consolidated revenue CAGR of 7.1% is higher than the JD Retail segment CAGR because JD Logistics and New Businesses grow faster than the core retail segment. It is still below the current-year headline growth of New Businesses and below the FY2025 JD Logistics product/service growth spike. The forward revenue build is therefore a mixed normalization case: core retail grows mid-single digits, logistics grows low-double digits, New Businesses grows rapidly off a small and loss-making base, and internal eliminations rise because the ecosystem becomes more integrated.

## 4. Combined Operating Income Build

Operating income begins with the three segment operating income endpoints and then deducts unallocated corporate expense. The data package and quant foundation tie FY2025 segment OI to consolidated OI as follows: JD Retail RMB51.4 billion plus JD Logistics RMB5.3 billion less New Businesses RMB46.6 billion less unallocated items RMB7.3 billion equals consolidated OI of RMB2.8 billion. That is the critical FY2025 fact: the core is profitable, but consolidated profit is almost fully consumed by New Businesses losses and corporate/unallocated items.

For 2030, I model unallocated corporate expense as a visible line. The base assumption starts from FY2025 unallocated items of RMB7.3 billion and grows them at roughly 4% annually to RMB8.8 billion. Bear uses RMB9.3 billion, reflecting higher governance, compensation, strategic overhead, and integration cost leakage. Bull uses RMB8.4 billion, reflecting better operating discipline and scale absorption. This line is intentionally not zeroed out. JD has real public-company, holding-company, ecosystem, technology, and compensation complexity, and the management appendix keeps the governance/capital-allocation gate at YELLOW.

| Line | Bear | Base | Bull |
|---|---|---|---|
| JD Retail TTM+5y OI | 71.3 | 101.1 | 135.8 |
| JD Logistics TTM+5y OI | 5.7 | 16.5 | 26.7 |
| New Businesses TTM+5y OI/(loss) | (17.5) | (9.2) | 5.1 |
| Sum of segment TTM+5y OI | 59.5 | 108.4 | 167.6 |
| Unallocated corporate expense | (9.3) | (8.8) | (8.4) |
| Combined TTM+5y OI | 50.2 | 99.6 | 159.2 |
| Implied consolidated OI margin | 3.2% | 5.4% | 7.5% |

The base OI margin of 5.4% is a large improvement from FY2025 consolidated OI margin of 0.2%, but the bridge is not mysterious. JD Retail moves from 4.6% to 6.8% as services and general merchandise mix improve. JD Logistics moves from 2.4% to 4.4% as scale, route density, automation, and external integrated supply-chain mix improve. New Businesses improves from a negative 94.6% margin to a still-negative 8.0% margin. The biggest absolute swing is New Businesses loss reduction: FY2025 loss was RMB46.6 billion; base 2030 loss is RMB9.2 billion. This is a RMB37.4 billion operating income improvement before any credit for retail or logistics margin expansion. That is why the management and moat appendices remain YELLOW. The five-year earnings bridge is credible, but it depends on management actually reducing the strategic investment burn.

## 5. Net Income And EPS Build

The net-income build must not blindly capitalize FY2025 non-operating income. FMP/data-package figures show FY2025 operating income of RMB2.774 billion, total other income/expenses net of RMB22.549 billion, pre-tax income of RMB25.323 billion, tax expense of RMB2.181 billion, and net income attributable to ordinary shareholders of RMB19.631 billion. The FY2025 effective tax rate was only 8.6%, and non-operating income was unusually large relative to operating income. A conservative five-year model should not assume investment gains or other non-operating income continue to rescue a weak operating model.

I therefore split non-operating items into two explicit lines. First, net interest income is positive because JD has net cash and substantial liquidity. Second, other income is normalized and much lower than FY2025 total other income. Base case assumes RMB4.0 billion of net interest income and RMB5.0 billion of other income. Bear assumes RMB2.0 billion and zero other income. Bull assumes RMB5.0 billion and RMB8.0 billion. These are deliberately lower than FY2025's RMB22.5 billion total other income/expenses net. The tax rate is normalized at 22% / 20% / 18% in bear/base/bull. Minority interest and attribution adjustments are included because JD has partially owned and separately listed or quasi-listed subsidiaries; FY2025 pre-tax less tax exceeded net income attributable by roughly RMB3.5 billion.

| Line | Bear | Base | Bull |
|---|---|---|---|
| Combined TTM+5y OI | 50.2 | 99.6 | 159.2 |
| Net interest income | 2.0 | 4.0 | 5.0 |
| Other income / investment and equity-method items | 0.0 | 5.0 | 8.0 |
| Pre-tax income | 52.2 | 108.6 | 172.2 |
| Tax rate assumed | 22.0% | 20.0% | 18.0% |
| Tax expense | (11.5) | (21.7) | (31.0) |
| Income after tax before attribution | 40.7 | 86.9 | 141.2 |
| Minority interest / attribution adjustment | (2.0) | (5.0) | (7.0) |
| Net income attributable to ordinary shareholders | 38.7 | 81.9 | 134.2 |
| Diluted ADS-equivalent share count at TTM+5y | 1,375.3m | 1,375.3m | 1,375.3m |
| EPS, RMB per ADS | 28.15 | 59.54 | 97.58 |
| EPS, USD per ADS | 4.03 | 8.51 | 13.95 |

The key conversion is: EPS in RMB per ADS = attributable net income in RMB billions times 1,000 divided by diluted ADS-equivalent shares in millions. EPS in USD per ADS = RMB EPS divided by RMB6.9931 per US$1.00. Because the data package already presents diluted EPS per ADS and an ADS-equivalent diluted share count, I do not divide by two again at the EPS stage. The two-ordinary-shares-per-ADS relationship is already embedded in the ADS-equivalent count. Dividing again would understate ADS EPS by half.

## 6. Share Count Path

The starting diluted ADS-equivalent share count is 1,489.0 million from the data package's FY2025 consolidated historicals. The quant foundation states that each ADS represents two Class A ordinary shares and that the Q4/FY2025 release gave 2,742 million shares outstanding as of December 31, 2025. It also states that JD repurchased 183.2 million Class A ordinary shares, equivalent to 91.6 million ADSs, for about US$3.0 billion in 2025, and that those shares were cancelled.

The forward share-count path uses the remaining US$2.0 billion authorization as of December 31, 2025 plus a continuing but lower buyback pace. It does not assume that JD repeats the 2025 repurchase intensity indefinitely. The path assumes US$2.0 billion of repurchases in 2026 at an average US$35 per ADS, then US$1.5 billion per year from 2027 to 2030 at rising average prices. For SBC issuance, the management appendix gives parent-company service-based RSU expense of RMB2.442 billion and share-option expense of RMB1.004 billion in FY2025, or RMB3.446 billion. I convert that at the current ADS price and the RMB6.9931 FX rate: RMB3.446 billion divided by RMB212.0 per ADS equals about 16.3 million ADS-equivalent shares per year. That is intentionally rough, but explicit.

| Year | Starting diluted ADS count | Buyback spend, USD bn | Average buyback price | ADS retired | SBC issuance | Ending diluted ADS count |
|---|---|---|---|---|---|---|
| 2026E | 1,489.0 | 2.0 | 35.00 | (57.1) | 16.3 | 1,448.1 |
| 2027E | 1,448.1 | 1.5 | 38.00 | (39.5) | 16.3 | 1,424.9 |
| 2028E | 1,424.9 | 1.5 | 42.00 | (35.7) | 16.3 | 1,405.4 |
| 2029E | 1,405.4 | 1.5 | 46.00 | (32.6) | 16.3 | 1,389.1 |
| 2030E | 1,389.1 | 1.5 | 50.00 | (30.0) | 16.3 | 1,375.3 |

This path reduces diluted ADS count by 7.6% over five years. It is plausible because JD has net cash and an active capital-return program, but it should not be treated as guaranteed. The management gate is YELLOW partly because buybacks are shareholder-friendly but do not solve weak incremental returns if New Businesses continues to consume cash. In the sensitivity section, I show the effect of a plus/minus 5% ending share count, because share count is one of the few model levers management can directly influence without relying on competitors.

## 7. P/E 15 Test

The required five-year-forward EPS at the current price is US$30.3219 divided by 15, or US$2.02 per ADS. The base case clears this threshold with US$8.51 per ADS, so the P/E 15 gate passes arithmetically. The cushion is 321.2%, calculated as (US$8.51 times 15 less US$30.3219) divided by US$30.3219.

| Case | EPS at TTM+5y, USD/ADS | EPS times 15 | Current price | Cushion | Pass? |
|---|---|---|---|---|---|
| Bear | 4.03 | 60.38 | 30.3219 | 99.1% | Pass |
| Base | 8.51 | 127.70 | 30.3219 | 321.2% | Pass |
| Bull | 13.95 | 209.31 | 30.3219 | 590.3% | Pass |

The confident case that matters is the base case, not the bull case. On price alone, the base case is a clear pass. That does not automatically make JD a Gideon BUY, because the management gate, moat gate, and 2046 test are all YELLOW. The synthesis conclusion is narrower: if the reviewed segment assumptions are accepted, the current ADS price is not the binding constraint. The binding constraint is whether JD deserves confidence in the base case. The numbers say the market price already discounts a large amount of skepticism. The qualitative appendices say some of that skepticism is warranted.

## 8. Reflexivity Check Against TTM And Latest Completed FY

The model's starting point ties because TTM equals FY2025 and the data package/quant foundation independently reconcile the segment and consolidated numbers. The relevant FY2025 arithmetic is:

| Anchor check | Calculation | Result |
|---|---|---|
| Segment revenue to consolidated revenue | 1,126.4 + 217.1 + 49.3 - 83.7 | 1,309.1, ties consolidated revenue |
| Segment OI to consolidated OI | 51.4 + 5.3 - 46.6 - 7.3 | 2.8, ties consolidated OI |
| Product/service revenue to total revenue | 605.1 + 418.7 + 107.1 + 178.2 | 1,309.1, ties total revenue |
| FY2025 EPS source | Diluted EPS per ADS | RMB12.90, ties data package and official release |

The forward build is therefore not trying to close a historical gap. It is compounding from a verified base. This matters because FY2025 looks optically strange: consolidated OI is only RMB2.8 billion despite JD Retail OI of RMB51.4 billion. That is not an arithmetic error. It is the economic fact the thesis must solve. The forward model solves it only if New Businesses losses contract sharply and if the Retail/Logistics operating-margin bridges materialize.

## 9. In-Progress FY Reconciliation

No in-progress FY treatment is required for this synthesis. Stage 0 anchor used Q1 FY2025 through Q4 FY2025, and FY2025 was complete as of the March 5, 2026 release. There is no partial-year annualization or stub period to reconcile. The quarterly data package still gives a recency check: Q4 FY2025 consolidated revenue was RMB352.3 billion, and the four reported FY2025 quarters sum to RMB1,309.1 billion. Segment recency shows the pressure points: Q4 JD Retail margin was 3.2%, JD Logistics margin was 3.0%, and New Businesses margin was negative 105.1%. That is why the forward model should not start with an immediate 2030-like margin. It starts from a full TTM trough and requires five years of improvement.

For the recency-anchor tie-out, a constant base-case consolidated CAGR of 7.1% implies first-forward-year consolidated revenue of about RMB1,401.8 billion before more detailed seasonality. That is 7.1% above TTM and within the 10% recency threshold. It does not jump to the 2030 run-rate in year one. New Businesses has the steepest explicit path, but the reviewed appendix shows the base segment path from RMB49.3 billion in 2025 to RMB63.5 billion in 2026, then RMB77.0 billion, RMB90.0 billion, RMB103.0 billion, and RMB115.0 billion by 2030. That makes the loss-reduction ramp demanding but visible.

## 10. Sensitivity

The base EPS is US$8.51 per ADS. The table below holds all other base-case assumptions constant and flexes one driver at a time. The point is not to produce a full matrix; it is to identify which assumptions actually decide the verdict.

| Sensitivity | Downside case EPS | Upside case EPS | Downside impact vs base | Upside impact vs base |
|---|---|---|---|---|
| JD Retail revenue CAGR minus/plus 200 bps, preserving base retail margin logic | 7.74 | 9.33 | (0.77) | 0.82 |
| JD Logistics OI margin minus/plus 200 bps | 7.88 | 9.14 | (0.63) | 0.63 |
| Ending diluted ADS count minus/plus 5% | 8.96 | 8.11 | 0.45 | (0.41) |
| Tax rate minus/plus 300 bps | 8.85 | 8.17 | 0.34 | (0.34) |
| New Businesses 2030 margin minus/plus 1,000 bps on base revenue | 7.55 | 9.47 | (0.96) | 0.96 |

The most important driver is not the tax rate or the share count. It is operating quality. JD Retail growth and service-mix margin matter because the segment contributes most base-case profit. New Businesses loss reduction matters because FY2025 losses nearly erased the core. JD Logistics margin matters because revenue growth without route-density and automation leverage produces low-quality earnings. Share count helps, but the model still passes without heroic repurchases. Tax rate is meaningful but not thesis-defining.

## 11. Combined Earnings Summary

I use probability weights of 25% bear, 55% base, and 20% bull. This is not a uniform 33/33/34 distribution because the data package and reviewed appendices show a real profitable core, a strong balance sheet, and a plausible loss-reduction path, which justify a base-heavy weighting. The bear weight remains high because management, moat, and 2046 gates are YELLOW; New Businesses losses are recent, large, and not yet proven to be self-funding. The bull weight remains lower than base because it requires rationalized food-delivery competition, successful Joybuy/Jingxi scaling, better logistics margin, and a high-single-digit JD Retail margin.

| Case | Revenue | OI | OI margin | NI attributable | EPS, USD/ADS | Probability | EPS times 15 | vs. US$30.3219 |
|---|---|---|---|---|---|---|---|---|
| Bear | 1,548.6 | 50.2 | 3.2% | 38.7 | 4.03 | 25% | 60.38 | 99.1% |
| Base | 1,843.1 | 99.6 | 5.4% | 81.9 | 8.51 | 55% | 127.70 | 321.2% |
| Bull | 2,113.6 | 159.2 | 7.5% | 134.2 | 13.95 | 20% | 209.31 | 590.3% |
| Probability-weighted | 1,823.6 | 99.2 | 5.4% | 81.6 | 8.48 | 100% | 127.19 | 319.5% |

The probability-weighted EPS is effectively the same as base EPS because base carries the largest probability and the bear/bull spread is wide. The broader conclusion is that JD at US$30.3219 does not need the bull case to clear P/E 15. Even the bear case clears the mechanical price test. The question is therefore not whether the multiple math works; it is whether the base case is trustworthy enough for Gideon's quality bar. Given the YELLOW management and moat gates, the synthesis should be read as a valuation pass but not a standalone BUY verdict.

## Tie-Out Checks

- Reported-financial tie-out (TTM plus latest completed FY): PASS. TTM equals FY2025. Segment revenue of 1,126.4 + 217.1 + 49.3 - 83.7 equals consolidated revenue of 1,309.1 within rounding. Segment OI of 51.4 + 5.3 - 46.6 - 7.3 equals consolidated OI of 2.8 within rounding. FY2025 is also the latest completed FY, so the TTM and FY sanity checks are the same verified period.

- NI / shares = EPS: PASS. Base EPS is calculated as RMB81.88 billion attributable net income times 1,000 divided by 1,375.3 million ADS-equivalent diluted shares, or RMB59.54 per ADS. RMB59.54 divided by RMB6.9931 per US$1.00 equals US$8.51 per ADS. Bear and bull use the same method and tie within rounding.

- Segment sum tie-out at horizon: PASS. The model names eliminations explicitly. Base gross segment revenue is RMB1,978.1 billion and base eliminations are RMB(135.0) billion, producing consolidated revenue of RMB1,843.1 billion. The gap is not unexplained; it is inter-segment eliminations.

- Product-to-segment rollup: PASS. JD Retail Section 10 shows the product rollup to RMB1,299.4 / RMB1,486.3 / RMB1,646.2 billion. JD Logistics Section 10 shows the driver rollup to RMB284.2 / RMB376.8 / RMB462.4 billion. New Businesses Section 10 uses the disclosed segment total and an explicit revenue path because no sub-product dollars are disclosed; it does not fabricate product rows.

- Weighted margin check: PASS. JD Retail and JD Logistics segment margins are revenue-weighted outputs from product/driver tables in their reviewed appendices. New Businesses intentionally does not present fabricated product-level margins; the reviewed appendix applies segment-level margins because sub-product economics are not disclosed. The synthesis uses the reviewed segment OI numbers directly.

- Share count path: PASS. Ending diluted ADS count is derived from starting 1,489.0 million plus five years of SBC issuance and less modeled buybacks. The path ends at 1,375.3 million ADS-equivalent shares. The model does not assume a flat share count or a buyback-maintains-EPS shortcut.

- Growth plausibility: PASS. JD Retail base segment CAGR is 5.7%, below 1.2 times its 6.6% FY2022-FY2025 historical CAGR. JD Logistics base segment CAGR is 11.7%, below 1.2 times its 16.4% historical segment CAGR. New Businesses base segment CAGR is 18.5%, below 1.2 times its 36.2% current/recast FY2023-FY2025 CAGR, and the appendix explicitly warns that FY2025 was launch-distorted.

- Historical arithmetic: PASS. Retail base revenue ties to the product rows in Section 10. Logistics base revenue of RMB376.8 billion ties to RMB217.1 billion compounded at roughly 11.7% for exactly five years. New Businesses base revenue of RMB115.0 billion ties to the explicit annual path from RMB49.3 billion to RMB63.5 billion, RMB77.0 billion, RMB90.0 billion, RMB103.0 billion, and RMB115.0 billion.

- Recency anchor: PASS. Base-case first-forward-year consolidated revenue implied by a 7.1% CAGR is about RMB1,401.8 billion, which is within 10% of FY2025 / TTM revenue of RMB1,309.1 billion. The model does not start at a 2030 margin or revenue run-rate.

- Tax, other income, and attribution math: PASS. The net-income build explicitly separates OI, net interest income, other income, tax, and minority interest/attribution adjustment. It does not carry forward FY2025's unusually high RMB22.5 billion total other income/expenses net as a hidden recurring earnings line. Base uses RMB9.0 billion combined net interest plus other income, a 20% tax rate, and a RMB5.0 billion attribution adjustment.

- RMB-to-USD per ADS conversion: PASS. The valuation test uses USD per ADS because the current price is a NASDAQ ADS price. The model uses the official FY2025 convenience FX rate of RMB6.9931 per US$1.00 and the ADS-equivalent diluted share count. Since each ADS represents two ordinary shares and the share count is already ADS-equivalent, no extra divide-by-two is applied.

## Key Findings

The P/E 15 gate passes with a wide base-case cushion. Required FY+5 EPS is US$2.02 per ADS, while base-case EPS is US$8.51 per ADS. Base EPS times 15 equals US$127.70, which is 321.2% above the current US$30.3219 ADS price.

The model's positive result comes from operating normalization, not from financial engineering. Buybacks reduce share count by about 7.6% over five years, but the decisive bridge is consolidated OI rising from RMB2.8 billion in FY2025 to RMB99.6 billion in base 2030. That bridge depends on JD Retail moving toward RMB101.1 billion of OI, JD Logistics reaching RMB16.5 billion, and New Businesses losses falling to RMB9.2 billion.

The largest underwriting risk is New Businesses. If food delivery, Joybuy, Jingxi, and related initiatives keep consuming capital near FY2025 levels, the base case breaks quickly. The base case still treats New Businesses as loss-making in 2030, but it assumes the loss rate falls from negative 94.6% to negative 8.0%. That is a huge operational improvement and needs evidence in 2026 and 2027.

The second risk is quality of earnings. JD's FY2025 net income benefited from large non-operating income relative to operating income. The synthesis normalizes this downward, but future reported EPS may still be noisy because investment gains, equity-method items, subsidiary listings, and minority interests can distort GAAP earnings. For Gideon-style underwriting, operating income and free cash conversion should matter more than headline EPS.

The management and moat gates remain the main qualitative brakes. Management is competent and shareholder returns are real, but FY2025 ROIC/ROCE was weak, FCF conversion deteriorated, and governance/VIE/founder-control issues justify a discount. The moat is real in JD Retail and useful in JD Logistics, but consolidated JD.com has not yet shown high-return durability.

The synthesis verdict is therefore: valuation gate PASS, quality gate not independently cleared. At US$30.3219, JD appears cheap against a normalized five-year earnings model, but the investment case still needs proof that New Businesses losses decline, JD Retail margin expansion persists without destructive competition, JD Logistics margin improves with cash conversion, and capital returns remain disciplined.

# Appendix CS - Compounder Score

# JD.com (JD) - Compounder Score

Analysis date: 2026-05-28 Company: JD.com, Inc. Ticker: JD, NASDAQ ADS Currency: RMB for company financials; USD per ADS for market price and shareholder return model Diagnostic only: this score is not an ER2 gate and does not override the ER2 PASS/WATCH/BUY verdict.

## 1. Executive Verdict

The evidence supports a cheap normalized-earnings case, not a clean compounder case. JD Retail is a real, scaled, profitable commerce engine; JD Logistics is strategically useful and profitable but thin-margin; New Businesses consumed almost the entire group profit pool in FY2025.

The compounder score is capped because consolidated FY2025 operating income was only RMB2.774 billion on RMB1,309.085 billion of revenue, FY2025 ROIC/ROCE proxy was roughly 0.7%, and company-defined free cash flow was RMB6.476 billion versus attributable net income of RMB19.631 billion. The evidence does not support calling JD a high-ROIIC compounder today.

Score-implied classification: **Reject under the CompounderScorer rubric**. This means reject as a diagnostic compounder, not that the stock cannot work. The local ER2 synthesis shows the stock can clear a normalized five-year valuation test if New Businesses losses shrink and core segment margins improve.

| Score component | Score | Max | Interpretation |
|---|---|---|---|
| Incremental returns on capital | 8 | 25 | Consolidated returns are weak and deteriorated sharply in FY2025; segment returns are better but not enough to score the group highly. |
| Reinvestment runway | 13 | 20 | The markets are large, but reinvestment quality is unproven outside JD Retail and parts of JD Logistics. |
| Durability of moat | 8 | 15 | JD Retail has a real moat; the blended company moat is diluted by low-margin logistics and loss-making New Businesses. |
| Accounting and financial quality | 7 | 10 | Disclosures are adequate and the balance sheet is strong, but FCF conversion and non-operating income quality are weak spots. |
| Capital allocation | 6 | 10 | Buybacks/dividends are real; food-delivery/local-services spend has not yet proved attractive returns. |
| Price and 20% underwriting | 17 | 20 | The five-year base-case math clears 20% annualized without terminal multiple expansion, but it depends on large operating normalization. |
| **Total** | **59** | **100** | Cheap but not yet a proven compounder. |

## 2. Data Source Map

No new live fetch was required because the local ER2 artifacts contained the material evidence, including live-sourced FMP pulls, official JD.com releases, 20-F data, segment appendices, management, moat, and synthesis work.

| Evidence item | Source used | Period / date | Treatment |
|---|---|---|---|
| Price / market cap | `quant_foundation.md`; `appendix_synthesis.md`; local raw FMP quote | Price US$30.3219 per ADS; market cap US$43.166bn | Used as current price anchor from local ER2 packet. |
| Enterprise value | `quant_foundation.md`; local raw FMP enterprise values | 2025-12-31 FMP EV RMB243.132bn | Used with date distinction; not treated as same timestamp as quote. |

| Evidence item | Source used | Period / date | Treatment |
|---|---|---|---|
| Income statement | `quant_foundation.md`; `data_package.md`; JD Q4/FY2025 release | FY2021-FY2025; TTM = FY2025 | Official JD data controls where FMP differs. |
| Balance sheet | `quant_foundation.md`; `data_package.md`; JD Q4/FY2025 release | FY2025 | Official cash, investments, debt, lease, and share-count definitions control. |
| Cash flow / FCF | `quant_foundation.md`; `data_package.md`; JD Q4/FY2025 release | FY2021-FY2025; FY2025 official FCF | Company-defined FY2025 FCF controls over FMP FCF difference. |
| Share count | `quant_foundation.md`; `data_package.md`; `appendix_synthesis.md` | FY2021-FY2025; 2030 model | ADS-equivalent diluted shares used; each ADS represents two ordinary shares. |
| SBC | `appendix_management.md`; `appendix_synthesis.md`; 2025 Form 20-F | FY2025 | Parent service-based RSU expense RMB2.442bn and option expense RMB1.004bn used. |
| Segment economics | `data_package.md`; appendices B for Retail, Logistics, New Businesses | FY2021-FY2025; 2030 cases | FY2023-FY2025 current taxonomy emphasized. |
| Management / governance | `appendix_management.md`; 2025 Form 20-F | 2025 / filed 2026 | Founder control, VIE, related-party, incentives, buybacks, and dividend reviewed. |
| Moat / competitors | `appendix_moat.md`; segment appendices | FY2025 and forward | JD Retail moat credited; blended-company moat capped. |
| TAM / runway | `appendix_B_jd_retail.md`; `appendix_B_jd_logistics.md`; `appendix_B_new_businesses.md` | 2025-2030 | Large markets acknowledged; unit-economics gaps penalized. |

# 3. Key Financial and Quality Metrics

| Metric | Evidence | Score implication |
|---|---|---|
| FY2025 revenue | RMB1,309.085bn | Scale is real. |
| FY2025 operating income | RMB2.774bn | Consolidated margin only 0.2%; quality cap. |
| FY2025 attributable net income | RMB19.631bn | Helped by large non-operating income versus operating income. |
| FY2025 company-defined FCF | RMB6.476bn | FCF conversion only 33.0% of attributable net income. |
| FY2025 ROIC / ROCE proxy | ~0.7% | Below cost of capital; hard watch/fail for compounder quality. |
| FY2021-FY2025 ROCE proxy range | 1.5%, 6.0%, 7.2%, 9.7%, 0.7% | Median below 10%; no high-ROIC proof at group level. |
| FY2025 JD Retail OI / margin | RMB51.402bn / 4.6% | Real core profit engine. |
| FY2025 JD Logistics OI / margin | RMB5.269bn / 2.4% | Profitable but thin-margin and capital/labor intensive. |
| FY2025 New Businesses OI / margin | RMB(46.641)bn / (94.6)% | Main quality and ROIIC problem. |
| Cash + restricted cash + short-term investments | RMB225.4bn | Balance sheet cushion is strong. |
| Debt excluding leases | RMB74.0bn | Net cash supports survivability and capital returns. |
| FY2025 buybacks | ~US$3.0bn; 91.6m ADS equivalent cancelled | Shareholder-friendly but partly funded while FCF was depressed. |
| FY2025 dividend | US$1.0 per ADS; ~US$1.4bn aggregate | Cash return helps but does not solve operating quality. |
| Base 2030 EPS from synthesis | US$8.51 per ADS | Valuation case is strong if operating normalization occurs. |
| Bear 2030 EPS from synthesis | US$4.03 per ADS | Even bear clears 15x price test, but quality proof remains weak. |

# 4. Rubric Scorecard

## Category 1: Incremental Returns on Capital - 8 / 25

| Sub-item | Score | Max | Evidence |
|---|---|---|---|
| Normalized ROIC is high | 1 | 5 | Five-year ROCE proxy median is below 10%; FY2025 is ~0.7%. |
| ROIIC is high | 0 | 8 | Consolidated ROIIC cannot be credibly shown as high because FY2025 NOPAT collapsed and segment reinvestment is not fully disclosed. |
| ROIIC is not deteriorating sharply | 0 | 3 | FY2025 deterioration is sharp. |
| Unit economics support reported returns | 2 | 3 | JD Retail supports the core; New Businesses does not. |
| Cash conversion is real | 2 | 3 | OCF stayed positive, but FY2025 FCF conversion was weak. |
| ROIC is not an accounting artifact | 3 | 3 | Low ROIC is not an artifact; it reflects real consolidated operating profit collapse. |

### Category 2: Reinvestment Runway - 13 / 20

JD has large addressable markets across China retail, marketplace/marketing services, logistics, supply-chain services, and selective local/international initiatives. The score is capped because growth outside the core can destroy value. FY2025 New Businesses revenue growth came with a RMB46.641bn operating loss, and sub-product economics for food delivery, Joybuy, Jingxi, supermarket, advertising-only, and other initiatives are not disclosed.

### Category 3: Durability of Moat - 8 / 15

JD Retail has meaningful advantages in procurement scale, authenticity, fulfillment reliability, supplier relationships, after-sales service, and high-trust categories. JD Logistics has bounded infrastructure/process advantages. The blended company moat is weaker because logistics margins are thin, pricing power is conditional, customers and merchants multi-home, and New Businesses has no proven segment-wide moat.

### Category 4: Accounting Honesty and Financial Quality - 7 / 10

The evidence supports adequate disclosure of segment revenue, segment operating income, product/service buckets, cash flow, buybacks, dividends, liquidity, and share count. The score is capped because FY2025 net income benefited from non-operating income relative to operating income, FCF conversion deteriorated, and critical New Businesses unit economics are not disclosed.

### Category 5: Capital Allocation Discipline - 6 / 10

Buybacks and dividends are real positives. JD repurchased about US$3.0bn of stock in 2025 and cancelled the shares, and approved a US$1.0 per ADS dividend. The score is capped because management simultaneously funded a very large New Businesses loss while FY2025 FCF fell sharply. Founder control, VIE structure, related-party complexity, and incentive disclosure also prevent a full score.

### Category 6: Price and 20% Return Underwriting - 17 / 20

The local synthesis model clears a five-year 20% annualized return in the base case without terminal multiple expansion. Starting price is US$30.3219 per ADS. Using the synthesis 2030 EPS outcomes and a 15x exit P/E, ending values are about US$60.45 in bear, US$127.70 in base, and US$209.25 in bull before interim dividends. That implies approximate five-year price-only IRRs of 14.8%, 33.3%, and 47.2%, respectively.

The valuation score is not 20/20 because the return case depends on operating normalization: consolidated OI must rise from RMB2.8bn in FY2025 to RMB99.6bn in the base 2030 case, mainly through New Businesses loss reduction and JD Retail / JD Logistics margin improvement. The 20% case is cheap enough, but not operationally de-risked.

## 5. ROIIC and Reinvestment Analysis

The evidence does not support a high consolidated ROIIC score. A clean 3-year or 5-year ROIIC calculation is not available from segment-level reinvestment because JD does not allocate capex, working capital, R&D, marketing investment, or New Businesses spend by segment with enough precision. The consolidated proxy is unfavorable: operating income rose from low levels through FY2024 but collapsed to RMB2.774bn in FY2025 as New Businesses losses expanded.

Capex itself is not the main issue. Consolidated capex was modest as a percent of revenue, around 1.1% in FY2025 by FMP magnitude / company FCF definition. The reinvestment problem is that strategic growth opex, fulfillment, rider capacity, marketing, subsidies, and local-services investment are running through operating expenses and segment losses. Treating those costs as growth investment would still not earn a high score until the company proves loss reduction and positive incremental contribution.

## 6. Runway Analysis

The evidence supports a large runway but not a clean high-return runway. JD Retail can grow through general merchandise, marketplace/marketing services, advertising, and service mix. JD Logistics can grow through external integrated supply-chain customers, automation, route density, and overseas/cross-border capabilities. New Businesses can add frequency if food delivery and local services become dense and less subsidy-dependent.

The main underwriting risk is that the largest growth vectors may have lower returns than the core. Food delivery and local services are especially dangerous because they can grow revenue while consuming capital and core profit. The base case gives New Businesses credit for loss reduction, not for becoming a major profit center by 2030.

## 7. Moat Analysis

The moat paragraph is explainable but not clean enough for a high score: JD is a trusted China-centered supply-chain commerce and logistics platform with procurement control, high-trust categories, fulfillment reliability, supplier relationships, after-sales service, and marketplace/marketing monetization tied to high-intent traffic. That moat is strongest in JD Retail and partially present in JD Logistics.

The evidence does not support broad pricing power. Consumers compare prices, merchants multi-home, PDD and Alibaba pressure value and merchant economics, Douyin/content commerce competes for discovery, and Meituan / Alibaba pressure local services. The blended company can survive and may be valuable, but it has not yet shown durable high consolidated returns.

## 8. Accounting and Capital Allocation Analysis

The accounting evidence is not a red flag severe enough to discard the company, but it is not clean compounder evidence. Controls were reported effective, there was no cited auditor failure, and disclosure gives enough segment-level data to see the problem. The weakness is that investors cannot underwrite food delivery, Joybuy, Jingxi, advertising-only, supermarket, or other unit economics from disclosed dollars.

Capital allocation is mixed. Buybacks and dividends are positive, and the balance sheet is strong. However, a high-quality compounder should show that reinvestment earns attractive incremental returns. FY2025 instead shows a core profit pool consumed by New Businesses losses. Founder voting control, VIE risk, related-party complexity with JD Technology, and founder equity awards are governance discounts.

## 9. 20% Return Underwriting

| Case | 2030 EPS | Exit multiple | Ending value | Approx. 5-year price-only IRR | View |
|---|---|---|---|---|---|
| Bear | US$4.03 | 15x P/E | US$60.45 | 14.8% | Acceptable valuation downside if EPS materializes, but still quality-risky. |
| Base | US$8.51 | 15x P/E | US$127.70 | 33.3% | Clears 20% without multiple expansion. |
| Bull | US$13.95 | 15x P/E | US$209.25 | 47.2% | Requires much stronger execution and competitive rationality. |

Reverse-DCF interpretation: the 20% return case does not require terminal multiple expansion from current depressed earnings optics; it requires a large improvement in NOPAT/earnings. At the local ER2 price anchor, the market appears to discount severe skepticism. That helps the valuation score but does not repair the quality score.

## 10. Hard Veto Checklist

| Veto | Status | Evidence |
|---|---|---|
| ROIIC below cost of capital with no credible path | Watch / Fail | FY2025 consolidated ROIC proxy is ~0.7%; path depends on New Businesses loss reduction. |
| Reported ROIC high only because invested capital is artificially tiny | Pass | Reported group returns are low, not artificially high. |
| Growth requires persistent external financing | Pass | Net cash and liquidity are strong. |
| Share count rises materially without per-share value creation | Pass | Diluted ADS-equivalent shares fell from 1,553.7m in FY2021 to 1,489.0m in FY2025. |
| Large acquisitions without return disclosure | Watch | M&A/subsidiary ecosystem is complex; CECONOMY and logistics integration need return evidence. |
| FCF consistently lags earnings structurally | Watch | FY2025 FCF conversion was weak; not enough evidence to call structural across all years. |
| Concentration, regulation, platform dependency, cyclicality, or leverage can impair equity | Watch | China platform, ADR/VIE, food delivery, and competitive risks are material; leverage is not. |
| 20% return case requires terminal multiple expansion | Pass | Base case clears using 15x exit P/E from depressed current price. |
| Company needs flawless execution to justify price | Watch | Price is low, but quality upgrade needs clear loss reduction and margin recovery. |
| Cannot explain moat in one paragraph | Pass / Watch | Moat can be explained, but blended-company moat is not clean. |
| Accounting, governance, auditor, related-party, or restatement issues impair trust | Watch | Governance/VIE/related-party complexity warrant discount, not disqualification. |
| Balance sheet risk could wipe out equity holders | Pass | Net cash and liquidity are strong. |

## 11. Final Decision

Compounder Score note: 59/100; rejected under this diagnostic rubric because consolidated returns, ROIIC evidence, and moat durability are not strong enough despite cheap normalized-earnings math.

Business Quality Score note: 42/80; JD Retail is a real profit engine and the balance sheet is strong, but FY2025 group ROIC/ROCE around 0.7%, weak FCF conversion, New Businesses losses, thin logistics margins, and governance complexity cap the score.

20% Return UW Score note: 17/20; the local base case clears 20% annualized without terminal multiple expansion at US$30.3219/ADS, but the return depends on major operating normalization and New Businesses loss reduction.

Data gaps: no disclosed food-delivery revenue, GMV, orders, take rate, subsidy dollars, rider cost/order, cohort retention, repeat rate, or cross-category conversion; no segment-level capex/working-capital/R&D allocation for ROIIC; no advertising-only dollar disclosure; limited acquisition-return disclosure.

Source confidence: Medium. The local ER2 source chain is strong and official-source controlled, but the most important compounder variables are not fully disclosed.

## 12. Machine-Readable JSON

See `compounder_score.json` in this folder.

# Appendix CSA - Scoring Audit

# JD.com (JD) - Scoring Audit

Analysis date: 2026-05-28 Auditor role: CSA / Scoring Auditor Inputs audited: `appendix_compounder_score.md`, `compounder_score.json`, `quant_foundation.md`, `data_package.md`, segment appendices, management, moat, and synthesis.

## 1. Original vs Audited Scores

| Item | Original | Audited | Notes |
|---|---|---|---|
| Business Quality Score / 80 | 42 | 37 | Reduced for missing calculated ROIIC, incomplete multi-year FCF conversion testing, unproven New Businesses unit economics, and acquisition-return gaps. |
| Valuation / 20% Return UW Score / 20 | 17 | 15 | Base-case IRR math works, but reverse-DCF / required NOPAT growth linkage is underdeveloped and depends on a large operating normalization bridge. |
| Total Score / 100 | 59 | 52 | Classification remains Reject under the diagnostic rubric. |
| Classification | Reject | Reject | Score below 70, Business Quality below 65/80, hard vetoes remain, and ROIIC is not calculated. |

Original JSON and markdown agree on the key values: Business Quality 42/80, Valuation 17/20, Total 59/100, Reject classification, base IRR 33.3%, bear IRR 14.8%, bull IRR 47.2%, and maximum buy price for 20% IRR of US$51.31.

## 2. Score Reductions and Reasons

This score is reduced because the original report correctly penalized JD but still gave too much credit in several areas where the CSA rules require calculated evidence, not directional comfort.

Category 1, Incremental Returns on Capital, is reduced from 8/25 to 7/25. The original correctly gives ROIIC zero points because clean 3-year and 5-year ROIIC are not available. The additional reduction is for cash conversion. The evidence base shows FY2025 company-defined free cash flow of RMB6.476 billion versus attributable net income of RMB19.631 billion, and the data package shows company-defined FCF of RMB26.2 billion, RMB35.6 billion, not separately re-pulled, RMB43.7 billion, and RMB6.5 billion for FY2021-FY2025. That is useful history, but the scorer did not calculate a multi-year FCF/NOPAT or FCF/net income conversion series. Under CSA rule 8, this caps the cash-conversion sub-score.

Category 2, Reinvestment Runway, is reduced from 13/20 to 12/20. The large market opportunity is supported, but New Businesses is the fastest-growth swing factor and is mostly supported by management commentary plus segment-level loss data, not standalone food-delivery, Joybuy, Jingxi, or JD Property economics. The evidence supports optionality, not a proven repeatable high-return runway.

Category 3, Durability of Moat, is reduced from 8/15 to 7/15. JD Retail has a real moat, but consolidated pricing power is weak. The moat appendix explicitly states the gate is not PASS because FY2025 consolidated operating margin was only 0.2%, New Businesses lost RMB46.6 billion, JD Logistics remains low margin, and pricing power is limited. A blended-company moat score above roughly half credit needs stronger proof that the non-retail pieces do not dilute returns.

Category 4, Accounting and Financial Quality, is reduced from 7/10 to 6/10. The disclosures are adequate and the balance sheet is strong, but FY2025 earnings quality was noisy because operating income was only RMB2.774 billion while attributable net income was RMB19.631 billion. FCF conversion was weak, SBC was treated as a real cost in the synthesis, and governance/VIE/related-party complexity remains a trust discount.

Category 5, Capital Allocation Discipline, is reduced from 6/10 to 5/10. Buybacks and dividends are real positives, but the audit cannot award a mid-to-high score while FY2025 New Businesses losses almost erased JD Retail's profit pool and acquisition-inclusive ROIIC is not calculated. Dada and CECONOMY are specifically flagged as unresolved capital-allocation items in the management and data-package files.

Category 6, Price and 20% Return Underwriting, is reduced from 17/20 to 15/20. The base-case IRR and max-buy-price calculations are arithmetically sound: US$127.70 / 30.3219 compounded over five years is about 33.3%, and US$127.70 / 1.2^5 is about US$51.31. The reduction is because the reverse-DCF requirement is not fully connected to current NOPAT. The model passes because consolidated operating income rises from RMB2.8 billion in FY2025 to RMB99.6 billion in base 2030, mainly from New Businesses loss reduction and Retail/Logistics margin improvement. That may be possible, but the scorer should not receive full reverse-DCF credit without explicitly stating the required NOPAT growth and how much is operating recovery versus durable compounding.

## 3. Unsupported Claims

The original score does not contain severe unsupported promotional claims, but several claims are only partly supported.

The "large runway" claim is supported at the market level and partly supported at the company level. It is not supported as a high-return reinvestment runway because New Businesses lacks standalone revenue, GMV, order count, subsidy, rider-cost, take-rate, retention, or cross-sell disclosure.

The "buyback discipline" claim is partly supported. JD repurchased about US$3.0 billion in FY2025 and cancelled shares, which is shareholder-friendly. However, the same year produced depressed FCF and a RMB46.641 billion New Businesses operating loss. Price-sensitive repurchase evidence is not enough to prove overall capital discipline.

The "bear case acceptable" valuation claim is arithmetically supported on EPS and a 15x exit P/E, but it remains operationally fragile. The bear EPS still requires substantial profit recovery from FY2025 trough conditions.

## 4. Calculation Errors

No material arithmetic error was found in the headline IRR mechanics. The bear, base, and bull ending values equal 2030 EPS multiplied by a 15x exit P/E. The base max-buy-price calculation ties to the base ending value discounted at 20% for five years.

The key calculation issue is omission rather than a wrong number. ROIIC is not calculated, acquisition-inclusive ROIIC is not calculated, reinvestment rate is not calculated, and reverse-DCF required NOPAT CAGR is not calculated. The scorer correctly leaves several JSON fields null, but the corresponding category scores should be capped more tightly.

SBC burden is included in the forward share-count path, and the original JSON gives latest SBC/FCF of 53.2%. This supports a real-cost treatment. It also reinforces why financial-quality credit should be capped when FY2025 FCF is so low.

## 5. Missing Data

The most important missing evidence is unit economics for New Businesses: food-delivery revenue, GMV, order count, take rate, subsidy dollars, rider cost per order, retention, repeat purchase, cross-category conversion, Joybuy revenue, Jingxi revenue, and JD Property revenue/margin.

The second missing evidence set is capital allocation: no segment-level capex, working capital, R&D, marketing, growth opex, or acquisition spend allocation sufficient to calculate organic or acquisition-inclusive ROIIC.

The third missing evidence set is valuation bridge detail: the scorer does not quantify the required NOPAT CAGR from current EV/current NOPAT to a 20% return at a flat or lower exit multiple. This matters because FY2025 NOPAT is depressed and EV/current NOPAT is optically high.

## 6. Hard-Veto and Threshold Test Audit

The original hard-veto list is directionally fair. ROIIC below cost of capital or insufficiently evidenced remains Watch/Fail. FCF lagging earnings remains Watch. Capital allocation into low-return growth remains Watch/Fail. Governance and enforceability remain Watch.

Threshold tests remain failed for total score, Business Quality, ROIIC plus runway, and no-hard-vetoes. The valuation score still clears 15/20 after audit, base-case IRR still clears 20%, and the 20% case does not require terminal multiple expansion because the model uses a 15x exit P/E. However, the 20% case does require major operating normalization, which should be stated separately from the multiple-expansion test.

## 7. Final 20% Hurdle Pass/Fail

Final 20% hurdle: Pass, but low-quality pass. The model clears the arithmetic base-case 20% return hurdle at the local price anchor without terminal multiple expansion. The pass should not be confused with proof that JD is a high-quality compounder. The operating bridge is demanding: base consolidated operating income rises from RMB2.8 billion in FY2025 to RMB99.6 billion in 2030, and New Businesses losses fall from RMB46.6 billion to RMB9.2 billion.

## 8. Dream Business / Dream Investment Classification

JD is neither a dream business nor a clean dream investment under this rubric. It is a statistically cheap normalization candidate with a real retail core, a strong balance sheet, and shareholder returns. It is not a dream business because consolidated returns are low, ROIIC is unproven, logistics is thin-margin, New Businesses is deeply loss-making, and governance complexity requires a discount. It is not a clean dream investment because the valuation upside depends on a large operational repair.

## 9. Stage 7 Scorecard Notes

Compounder Score note: 52/100; Reject under the diagnostic rubric because the cheap five-year EPS case is outweighed by weak consolidated returns, missing ROIIC proof, New Businesses losses, and unresolved capital-allocation evidence.

Business Quality Score note: 37/80; JD Retail is real and profitable, but the group does not yet show high-return compounding because FY2025 ROIC/ROCE was roughly 0.7%, FCF conversion was weak, and segment-level reinvestment economics are not disclosed.

20% Return UW Score note: 15/20; the base case clears 20% annualized at US$30.3219/ADS using a 15x 2030 P/E, but the return depends on major operating normalization rather than proven durable ROIIC.

## 10. Auditor JSON

See `compounder_score_audit.json` in this folder.

# Appendix RT - Red Team

# JD.com (JD) - Appendix RT: Red Team

Prepared for ER2 / Gideon Sub-Agent RT. Output path: `C:\Users\Admin\OneDrive\GPT\ER 2.0\JD.com\appendix_red_team.md`. Primary inputs are the reviewed local ER2 synthesis, segment appendices, management appendix, moat appendix, and data package. No cached warehouse files were used. External competitive facts are used only where already cited by the ER2 segment work and are not used to fabricate undisclosed JD sub-segment economics.

## 1. The Most Fragile Assumption

The most fragile assumption in the Stage 5 synthesis is the New Businesses loss-reduction path, specifically the move from FY2025 New Businesses operating loss of RMB46.6 billion on RMB49.3 billion of revenue, a negative 94.6% margin, to only RMB9.2 billion of operating loss on RMB115.0 billion of revenue in 2030, a negative 8.0% margin. This is not a small modeling judgment. It is the largest bridge in the entire combined earnings model. The synthesis itself states that consolidated base-case operating income rises from FY2025 operating income of RMB2.8 billion to RMB99.6 billion in 2030, and that the biggest absolute swing is New Businesses loss reduction of RMB37.4 billion before any credit for retail or logistics margin expansion. That means the model is not mainly a cheap-core-retail story. It is a bet that the 2025 strategic-investment burn was near peak and will collapse over five years while revenue more than doubles.

That assumption is fragile because the most recent quarterly evidence is hostile to it. New Businesses revenue was RMB5.8 billion in Q1 FY2025, RMB13.9 billion in Q2, RMB15.6 billion in Q3, and RMB14.1 billion in Q4. The margins were negative 23.1%, negative 106.7%, negative 100.9%, and negative 105.1%. The segment did not exit 2025 with a visible margin glide path toward breakeven. It exited the year with Q4 losses still slightly larger than segment revenue. The base case requires 2026 to begin a sharp improvement to negative 50%, then negative 30% in 2027, negative 20% in 2028, negative 13% in 2029, and negative 8% in 2030. That may be possible, but it is not proven by the last four quarters. It rests on management's statement that food-delivery investment has peaked, and even the data package frames that claim as conditional on competition rationalizing.

The fragility is amplified by disclosure. JD does not disclose food-delivery revenue, order count, GMV, take rate, subsidy dollars, rider cost per order, loss per order, repeat user behavior, merchant cohort retention, Joybuy revenue, Jingxi revenue, or JD Property revenue. The New Businesses appendix properly refuses to back-solve those dollars, which is good analytical hygiene. But the absence of disclosure means the loss-reduction model cannot be underwritten from cohorts. It is a segment-level curve laid over a loss pool. The model may be directionally right, but it has a weak evidentiary base.

The EPS impact is direct. Stage 5 sensitivity says New Businesses 2030 margin minus 1,000 basis points from base reduces base EPS from US$8.51 to US$7.55, a US$0.96 hit. But that sensitivity understates the true bear if the margin path fails more severely. The base assumes RMB115.0 billion of 2030 revenue at negative 8.0%, or RMB9.2 billion loss. If New Businesses instead earns the bear-case negative 25.0% margin on RMB70.0 billion, the segment loss is RMB17.5 billion, only RMB8.3 billion worse than base. If revenue still reaches RMB115.0 billion but margin is negative 25.0%, the loss is RMB28.8 billion, RMB19.6 billion worse than base. After a 20% tax assumption and roughly 1,375 million ADS-equivalent shares, that would reduce EPS by roughly US$1.63 per ADS. If losses remain anywhere close to the FY2025 absolute loss of RMB46.6 billion, the hit versus base is about RMB37.4 billion pre-tax, or roughly US$3.11 per ADS after a 20% tax assumption. That would still clear the mechanical P/E 15 hurdle at the current price, but it would demolish the quality argument and turn the valuation pass into a low-quality recovery trade.

## 2. The Most-Likely-To-Be-Optimistic Stage 5 Number

The single Stage 5 number most likely to be optimistic is base-case 2030 consolidated operating income of RMB99.6 billion. The model's EPS output, US$8.51 per ADS, looks enormous relative to the US$30.3219 ADS price, but the EPS is a downstream artifact. The load-bearing number is operating income. It assumes three things happen together: JD Retail OI reaches RMB101.1 billion, JD Logistics OI reaches RMB16.5 billion, and New Businesses losses fall to RMB9.2 billion, with unallocated corporate expense held to RMB8.8 billion. Each of those can be defended in isolation. Together, they ask the real-world business to transform from FY2025 consolidated operating margin of 0.2% to 5.4% in five years while fighting Alibaba, PDD, Meituan, Douyin/content commerce, SF, Cainiao, Amazon/Temu/Shein in Europe, and local delivery subsidy cycles.

The synthesis correctly says the operating bridge is not mysterious. That is fair, but a bridge can be arithmetically transparent and still economically too generous. The 5.4% consolidated OI margin is built on JD Retail moving to 6.8%, logistics moving to 4.4%, and New Businesses becoming a much smaller loss. Yet the moat appendix keeps the moat gate YELLOW, the management appendix keeps management YELLOW, and the 2046 test is YELLOW. Those gates are inconsistent with treating a 5.4% consolidated margin as a comfortable base case. A YELLOW moat company can normalize from a trough, but the red team should demand observed proof before underwriting a five-year margin level that is more than twenty-five times the FY2025 consolidated margin.

The reason this OI number is more optimistic than the share count or tax rate is that share count and tax only shape the final EPS. Operating income determines whether JD is actually a high-quality compounder. The share-count path assumes a 7.6% reduction over five years, funded by a remaining US$2.0 billion authorization and US$1.5 billion per year after 2026. That is debatable given FY2025 company-defined FCF of only RMB6.5 billion, but JD has net cash and has executed buybacks. The 20% tax rate is also a judgment, but tax is not the central risk. The biggest optimism is the idea that a company whose current consolidated OI is almost fully erased by New Businesses can reach RMB99.6 billion of normalized OI by 2030 without another competitive investment cycle resetting the clock.

## 3. The Strongest Bear Case In Its Strongest Form

The bear case is that JD.com is a good core retailer wrapped in a structurally low-return fight for relevance. JD Retail remains large and trusted, but the customer acquisition surface moves toward content commerce, value platforms, local services, and AI-mediated shopping agents, forcing JD to defend frequency with general merchandise expansion, food delivery, discounts, and logistics service commitments rather than extracting clean pricing power. New Businesses is not an option portfolio; it is the price JD must pay to keep the core from slowly losing user habit, and that price is measured in tens of billions of RMB of operating losses.

Under this bear case, JD Retail still grows, but the margin bridge stalls. Marketplace and marketing services do not become the high-quality profit layer expected in the base model because merchants can allocate spend to Alibaba, PDD, Douyin, Meituan-linked instant retail, and brand-direct channels. JD Logistics grows revenue, especially from internal ecosystem and local-delivery demand, but margins stay around 2%-3% because food-delivery and commodity parcel volume dilute integrated supply-chain economics. New Businesses losses fall from the FY2025 peak, but not enough: competition reappears through targeted coupons, merchant rebates, rider incentives, free delivery, and city-level promotions, so JD cannot reach negative 8% segment margin by 2030.

The timeline is not a distant 2046 worry. It should show up by 2026 and 2027. If management's peak-investment claim is real, New Businesses losses should decline quickly after the Q2-Q4 2025 loss spike. If they do not, the market should stop calling the segment strategic investment and start calling it structural competitive tax. The observable anchor is New Businesses operating loss and margin. If FY2026 losses remain above RMB30 billion, or if two consecutive quarters after Q1 FY2026 show New Businesses margin worse than negative 60%, the base case's loss-reduction curve is already too optimistic.

## 4. Cross-Examination Of Management Commentary

First management statement to cross-examine: food delivery is not a standalone business. Strategically, this is the right thing for management to say. It lets JD argue that the losses in New Businesses should be evaluated alongside retail frequency, supermarket cross-sell, advertising, and logistics density. The skeptical interpretation is that this framing lowers accountability. If the benefits appear in JD Retail while the costs remain in New Businesses, investors still need to see the consolidated return. In FY2025, the consolidated return signal was ugly: JD Retail generated RMB51.4 billion of operating income, New Businesses lost RMB46.6 billion, and consolidated operating income was only RMB2.8 billion. If the ecosystem logic is real, the first evidence should be simultaneous improvement in New Businesses loss intensity and JD Retail marketplace/marketing growth. If retail advertising growth slows while New Businesses remains deeply negative, the cross-sell story is failing.

Second statement: food delivery is a 5-, 10-, even 20-year initiative. A long horizon can be a sign of founder-quality patience, but it can also be a license for open-ended spend. Gideon does not reward duration by itself. It rewards durable high returns on capital. A 20-year initiative that never earns attractive incremental returns is not patient compounding; it is capital misallocation dressed as strategy. JD's problem is not the existence of a long-term initiative. It is the starting economics: negative 94.6% segment margin and FY2025 company-defined FCF falling to RMB6.5 billion from RMB43.7 billion. If this investment deserves patience, management should disclose loss per order, cohort retention, repeat rate, order density, cross-category conversion, and subsidy intensity. Without those, investors are asked to trust the curve.

Third statement: investment in food delivery has peaked. This is the clearest forward anchor and the easiest to test. The phrase is valuable only if it means absolute losses fall, not merely that losses as a percentage of a larger revenue base improve. If New Businesses revenue grows in 2026 while absolute losses stay near the Q2-Q4 2025 run-rate, then peak investment was not an economic peak. It was a semantic peak. The first failure signal would be another quarter with New Businesses margin near negative 100% or a FY2026 first-half loss run-rate above RMB15 billion. That would imply the base model's negative 50% 2026 margin is already at risk.

Fourth statement: JD Retail has a long-term high-single-digit profit-margin aspiration. This may be true in a rationalized environment, but the base case's 6.8% retail margin already asks for a 220 basis-point improvement from FY2025. Q4 FY2025 retail margin was 3.2%, not 6%. The segment appendix sensibly keeps the bull case at 8.2% and base below the aspiration. The red-team concern is that the path to higher retail margin relies heavily on marketplace/marketing and general merchandise mix. Those are exactly the places where competition is intense and where content-commerce discovery can weaken JD's high-intent traffic. The first sign the aspiration is overpromising would be marketplace/marketing growth falling below product revenue growth while JD Retail margin remains below 5% for several quarters.

## 5. Stage 5 Tie-Out Realism

I am not re-running the synthesis's 11 arithmetic tie-outs. The issue is not whether the spreadsheet adds. The issue is whether the tied-out model begins from a live trend that deserves the forecast slope.

The recency anchor is technically correct: TTM equals FY2025, Q1 through Q4, ending 2025-12-31, and the forward horizon is 2030-12-31. But the latest quarter is not neutral. Q4 JD Retail revenue was RMB301.9 billion with 3.2% margin, down from Q3 margin of 5.9%. JD Logistics Q4 margin was 3.0%, better than full-year but still thin. New Businesses Q4 margin was negative 105.1%. A model that uses full-year TTM as the base is allowed to smooth seasonality, but it should not treat FY2025 as a clean trough with obvious rebound. The most recent quarter still shows the consolidated problem.

The share-count path is plausible but should be haircut as a quality signal. The model assumes diluted ADS-equivalent shares decline from 1,489.0 million to 1,375.3 million by 2030. JD did repurchase US$3.0 billion in 2025 and cancelled shares, which is real. But FY2025 company-defined FCF was only RMB6.5 billion, while the dividend was about US$1.4 billion and buybacks were US$3.0 billion. The balance sheet can fund that for a while, but recurring repurchases cannot be considered self-funding unless operating FCF recovers. If New Businesses losses stay elevated, management will face a choice between buybacks, dividends, food-delivery/international investment, and balance-sheet conservatism. The synthesis sensitivity says plus 5% ending share count reduces EPS to US$8.10, so the valuation gate is not share-count dependent. But the quality gate is: buybacks funded from cash reserves while FCF is depressed are not the same as owner-earnings compounding.

The model also gives JD Logistics a 4.4% base margin by 2030. That is not wild, but it leans on utilization, automation, external integrated-supply-chain mix, and food-delivery density without disclosed subsegment economics. FY2025 logistics revenue grew 18.8%, yet margin compressed to 2.4% from 3.5% in FY2024. That is a red flag against extrapolating volume into margin. If the incremental revenue is food-delivery support or price-led external volume, logistics can grow and still fail the OI bridge.

The JD Retail base case assumes marketplace/marketing services compound at 10.0% to RMB171.8 billion and carry a 23.0% product operating margin by 2030. This is the right place to look for upside, but also the right place to challenge. Marketplace/marketing is only 11.6% of base-case 2030 retail revenue but contributes roughly 39% of segment operating income in the retail appendix. If merchant ad ROI weakens because traffic shifts to Douyin/content commerce, PDD, Alibaba, or AI shopping surfaces, the retail OI bridge can miss even if total revenue is acceptable. The model's strongest retail profit lever is the one most exposed to merchant budget competition.

## 6. The Signal That Forces An Exit

The exit signal should be New Businesses loss reduction failing on an absolute and margin basis. Threshold: exit if FY2026 New Businesses operating loss exceeds RMB30 billion or if any two consecutive reported quarters after Q1 FY2026 show New Businesses operating margin worse than negative 60%. Time window: Q2 FY2026 through Q4 FY2026, with the full-year FY2026 result as the final checkpoint.

This is the right signal because the Stage 5 base case is not mainly testing whether JD remains relevant. It is testing whether JD can stop New Businesses from consuming the core profit pool. The base segment path requires a move to negative 50% margin in 2026 and then continued improvement. If losses remain above RMB30 billion in FY2026, the path to RMB9.2 billion

loss by 2030 becomes much less credible, and management's peak-investment comment loses underwriting value. If two post-Q1 quarters remain worse than negative 60%, the quarterly data would show that rationalization is not arriving fast enough.

A secondary watch signal is JD Retail margin. If JD Retail margin falls below 4.0% for two consecutive quarters while marketplace/marketing growth falls below total JD Retail revenue growth, the core margin bridge should be cut. That would show that the ecosystem spend is not improving monetization and that the high-single-digit long-term margin aspiration is drifting away. But the primary exit signal remains New Businesses because it is the largest and most fragile swing factor.

## 7. Red-Team Conclusion

Thesis conclusion: conditional, with a hard adversarial bias against upgrading this to a clean BUY until 2026 proves loss reduction. The valuation math survives almost every simple haircut because the stock price is low relative to even bear-case normalized EPS. But Gideon is not just buying low P/E arithmetic. Gideon wants a business that can compound capital for decades under credible management. JD currently shows a scaled, defensible core wrapped in a loss-making competitive campaign whose unit economics are not disclosed.

The synthesis should not be rewritten around the P/E 15 pass. It should be rewritten around the tension between a very cheap normalized earnings case and a still-unproven quality case. The most honest framing is: JD is potentially mispriced if New Businesses losses contract sharply and retail/logistics margins normalize, but the company has not yet earned a PASS on consolidated moat or management capital allocation. The bear case is plausible enough that position sizing, if any, should be small and milestone-driven.

The red team does not say the thesis is broken beyond repair. It says the proof burden is higher than the base synthesis implies. JD Retail deserves respect. JD Logistics has useful infrastructure. The balance sheet gives management time. But the current consolidated economics are not Gideon-quality, and the path from FY2025's RMB2.8 billion of operating income to 2030 base OI of RMB99.6 billion depends on management doing exactly what it has not yet proven: turning a subsidy-heavy, opaque New Businesses portfolio into a tolerable strategic layer without restarting the profit drain. Until New Businesses losses fall decisively and disclosed unit economics improve, the right red-team stance is conditional survival, not clean endorsement.

# Appendix D - Data Package (raw historicals)

# JD.com (JD) - Data Package

Prepared for ER2 / Gideon Sub-Agent D. All financial amounts are RMB billions unless otherwise stated. The quantitative source of truth is `C:\Users\Admin\OneDrive\GPT\ER 2.0\JD.com\quant_foundation.md`, with live spot checks performed in this run against FMP stable endpoints, JD.com IR releases, SEC EDGAR exhibits, and fetched FMP transcripts saved under `C:\Users\Admin\OneDrive\GPT\ER 2.0\JD.com\raw\`.

## Source Register And Anchor

Stage 0 anchor: Today is 2026-04-25 Asia/Singapore. JD.com fiscal year ends December 31. Most recent reported quarter is Q4 FY2025 / full-year FY2025, period ended 2025-12-31, announced 2026-03-05. TTM equals Q1 FY2025 + Q2 FY2025 + Q3 FY2025 + Q4 FY2025, ending 2025-12-31. Forward horizon for all downstream work is 2030-12-31.

Live FMP endpoints fetched through `C:\Users\Admin\.codex\skills\fmp-financial-data\scripts\fmp_request.py` in this run:

| Endpoint | Parameters | Raw file |
|---|---|---|
| `income-statement` | `JD --limit 6 --param period=annual` | `raw/D_fmp_income_statement_annual.json` |
| `balance-sheet-statement` | `JD --limit 5 --param period=annual` | `raw/D_fmp_balance_sheet_annual.json` |
| `cash-flow-statement` | `JD --limit 5 --param period=annual` | `raw/D_fmp_cash_flow_annual.json` |
| `revenue-product-segmentation` | `JD --param period=annual` | `raw/D_fmp_revenue_product_segmentation_annual.json` |
| `revenue-product-segmentation` | `JD --param period=quarter` | `raw/D_fmp_revenue_product_segmentation_quarter.json` |
| `key-metrics` | `JD --limit 5 --param period=annual` | `raw/D_fmp_key_metrics_annual.json` |
| `quote` | `JD` | `raw/D_fmp_quote.json` |
| `earning-call-transcript` | `JD year=2025 quarter=1..4` | `raw/D_fmp_transcript_2025_Q1.json` through `Q4.json` |

Official JD/SEC sources fetched or opened live in this run:

| Source | Date / period | URL |
|---|---|---|
| JD Q1 2025 results | 2025-05-13; Q1 ended 2025-03-31 | https://ir.jd.com/zh-hant/news-releases/news-release-details/jdcom-announces-first-quarter-2025-results |
| JD Q2/interim 2025 results | 2025-08-14; Q2 ended 2025-06-30 | https://ir.jd.com/zh-hant/news-releases/news-release-details/jdcom-announces-second-quarter-and-interim-2025-results |
| JD Q3 2025 results | 2025-11-13; Q3 ended 2025-09-30 | https://ir.jd.com/news-releases/news-release-details/jdcom-announces-third-quarter-2025-results |
| JD Q4/FY2025 results | 2026-03-05; Q4/FY ended 2025-12-31 | https://ir.jd.com/news-releases/news-release-details/jdcom-announces-fourth-quarter-and-full-year-2025-results-and |
| SEC Q4/FY2025 6-K exhibit | 2026-03-05 release exhibit | https://www.sec.gov/Archives/edgar/data/1549802/000119312526092445/d150586dex991.htm |
| JD 2025 Form 20-F / annual report | Filed 2026-04-16 | https://ir.jd.com/system/files-encrypted/nasdaq_kms/assets/2026/04/17/11-33-24/Form%2020-F%20for%20JD%20filed%2004162026.pdf |
| 2025 annual report text mirror used for segment table readability | Filed 2026 | https://financialreports.eu/filings/jdcom-inc-1/regulatory-filings/2026/34646867/ |
| 2022 Form 20-F XBRL segment table | Filed 2023 | https://www.sec.gov/Archives/edgar/data/1549802/000119312523107486/R65.htm |

Self-verification spot checks, re-checked by DR against live sources during review:

- Thesis-critical Q4/FY2025 segment check: the official Q4/FY2025 release confirms Q4 JD Retail revenue of RMB301.902 billion, down 1.7% year-on-year, with Q4 JD Retail operating margin of 3.2%; FY2025 JD Retail revenue was RMB1,126.399 billion and FY2025 JD Retail income from operations was RMB51.402 billion. The same release

confirms FY2025 New Businesses revenue of RMB49.282 billion and operating loss of RMB46.641 billion, the main cause of the consolidated operating income collapse. Source: JD IR Q4/FY2025 release / SEC 6-K exhibit, 2026-03-05.

- Management quote check: live FMP `earning-call-transcript` for `JD year=2025 quarter=4` returned date `2026-03-05`, period `Q4`, year `2025`; live FMP Q1-Q3 FY2025 transcript pulls returned dates `2025-05-13`, `2025-08-14`, and `2025-11-13`. The short snippets used below were re-checked against those live transcript pulls.
- Full fiscal-year revenue check: live FMP `/stable/income-statement` equivalent via helper returned FY2025 revenue RMB1,309.085 billion, operating income RMB2.774 billion, net income RMB19.631 billion, and diluted EPS per ADS RMB12.90, matching the official Q4/FY2025 release and the quant foundation within rounding tolerance.

## 1. Reporting Structure And Taxonomy

Current reportable segments:

| Segment | Description | FY2025 revenue | % of consolidated FY2025 revenue | FY2025 OI/(loss) | FY2025 margin | Source |
|---|---|---|---|---|---|---|
| JD Retail | Online retail, online marketplace and marketing services in China; includes JD Health and JD Industrials among other operating segments. | 1,126.4 | 86.0% | 51.4 | 4.6% | JD Q4/FY2025 release; 2025 20-F |
| JD Logistics | Internal and external logistics businesses, integrated supply chain, delivery, warehousing, automation, and related services. | 217.1 | 16.6% | 5.3 | 2.4% | JD Q4/FY2025 release; 2025 20-F |
| New Businesses | JD Food Delivery, JD Property, Jingxi, overseas businesses, and related newer initiatives. | 49.3 | 3.8% | (46.6) | (94.6)% | JD Q4/FY2025 release; 2025 20-F |
| Inter-segment eliminations | Eliminates logistics and property revenue among JD entities. | (83.7) | (6.4)% | N/A | N/A | JD Q4/FY2025 release; 2025 20-F |
| Consolidated | Total net revenues. | 1,309.1 | 100.0% | 2.8 | 0.2% | JD Q4/FY2025 release; FMP income statement |

Taxonomy flags:

| Flag | Finding | Treatment |
|---|---|---|
| Foreign issuer override | JD.com is a foreign private issuer and ADR; official JD IR / SEC 6-K / 20-F sources control when FMP is stale, empty, or differently classified. | Use official source for segment, product/service, share count, company-defined FCF, and liquidity definitions. |
| Segment reporting changed | Starting Q1 2024, JD reports three reportable segments: JD Retail, JD Logistics, New Businesses. FY2023-FY2025 are recast in the 2025 annual report. Earlier FY2021-FY2022 data used JD Retail, JD Logistics, Dada, and New Businesses or an "Others" grouping. | Segment tables mark FY2021-FY2022 as old taxonomy / not directly comparable to FY2023-FY2025 New Businesses. |
| Product/service taxonomy stable | Product/service revenue categories are Electronics and home appliances, General merchandise, Marketplace and marketing services, and Logistics and other services. | FMP annual product endpoint ties official FY2025 exactly. FMP quarterly product endpoint is stale and only has 2019 rows; use official quarterly releases for FY2025 quarters. |
| Geographic disclosure | Revenue is not presented as a detailed geographic segment in the quarterly release tables. JD's business is China-centered, with overseas/Joybuy in New Businesses. | Do not allocate revenue by geography. Treat international exposure as qualitative unless official dollar revenue is disclosed. |

Reporting structure is stable in current form from FY2024 onward; current-taxonomy annual dollars are clean for FY2023-FY2025. FY2021-FY2022 segment dollars are usable for history but not a same-bucket comparison to post-Q1 2024 New Businesses because Dada was separately identified before being merged into the broader "Others" / New Businesses presentation.

## 2. Consolidated Historicals

| Metric | FY2021 | FY2022 | FY2023 | FY2024 | FY2025 | Source |
|---|---|---|---|---|---|---|
| Revenue | 951.6 | 1,046.2 | 1,084.7 | 1,158.8 | 1,309.1 | FMP income statement; JD releases |
| Operating income | 4.1 | 19.7 | 26.0 | 38.7 | 2.8 | FMP income statement; JD releases |
| Operating margin | 0.4% | 1.9% | 2.4% | 3.3% | 0.2% | Calculated |
| Net income attributable / net income | (3.6) | 10.4 | 24.2 | 41.4 | 19.6 | FMP income statement; JD releases |
| Diluted EPS per ADS | (2.30) | 6.42 | 15.24 | 26.90 | 12.90 | FMP income statement; official FY2025 release |
| Diluted share count / ADS equivalent, M | 1,553.7 | 1,590.4 | 1,585.3 | 1,538.0 | 1,489.0 | FMP income statement |
| Capex, FMP cash-flow magnitude | 18.6 | 22.0 | 20.0 | 13.8 | 14.2 | FMP cash flow |
| FCF, FMP | 23.7 | 35.8 | 39.5 | 44.3 | 4.8 | FMP cash flow |
| Company-defined FCF | 26.2 | 35.6 | not separately re-pulled | 43.7 | 6.5 | JD releases where available; FY2025 official controls |
| ROIC / ROCE proxy | 1.5% | 6.0% | 7.2% | 9.7% | 0.7% | FMP key metrics `returnOnCapitalEmployed` |

ROIC / capital return calculation note: FMP key metrics did not populate a separate `roic` field in the live pull, but did return `returnOnCapitalEmployed`. For FY2025, official operating income was RMB2.774 billion. FMP income statement tax expense was RMB2.181 billion on pre-tax income of RMB25.323 billion, an 8.6% effective tax rate. FY2025 NOPAT proxy is RMB2.535 billion, or operating income multiplied by (1 - 8.6%). Dividing that NOPAT by the implied FMP capital-employed denominator of approximately RMB356 billion gives roughly 0.7%. This is a yellow-to-red historical return datapoint and reflects the collapse in consolidated operating income caused by New Businesses investment rather than JD Retail's segment profit alone.

## 3. Segment Historicals

### JD Retail

| JD Retail | FY2021 | FY2022 | FY2023 | FY2024 | FY2025 | Source |
|---|---|---|---|---|---|---|
| Revenue | 866.3 | 929.9 | 945.3 | 1,015.9 | 1,126.4 | FY2021/FY2022 old taxonomy; FY2023-FY2025 current/recast |
| YoY | N/A | 7.3% | 1.7% | 7.5% | 10.9% | Calculated |
| Operating income | 26.6 | 34.9 | 35.9 | 41.1 | 51.4 | JD releases / 20-F |
| Operating margin | 3.1% | 3.7% | 3.8% | 4.0% | 4.6% | Calculated |

Availability note: JD Retail is the cleanest historical segment because it is present in all years and continues to represent the core online retail / marketplace business. FY2023-FY2025 are current-taxonomy figures from the 2025 20-F and Q4/FY2025 release. FY2021-FY2022 are from historical releases and remain directionally comparable, but JD's inclusion of JD Health/JD Industrials and classification language changed around the 2024 reportable-segment update.

### JD Logistics

| JD Logistics | FY2021 | FY2022 | FY2023 | FY2024 | FY2025 | Source |
|---|---|---|---|---|---|---|
| Revenue | 104.7 | 137.4 | 166.6 | 182.8 | 217.1 | JD releases / 20-F |
| YoY | N/A | 31.2% | 21.3% | 9.7% | 18.8% | Calculated |
| Operating income/(loss) | (1.8) | 0.5 | 1.0 | 6.3 | 5.3 | JD releases / 20-F |
| Operating margin | (1.7)% | 0.4% | 0.6% | 3.5% | 2.4% | Calculated |

Availability note: JD Logistics is a separately listed consolidated subsidiary and the segment data are disclosed in dollars. FY2025 growth was supported by integrated supply chain customers and delivery services supporting JD Food Delivery, but margin compressed from FY2024 because JD Logistics continued investing in customer experience, technology, rider

capacity, and local delivery capabilities.

### New Businesses / Others

| New Businesses / Others | FY2021 old taxonomy | FY2022 old taxonomy | FY2023 current/recast | FY2024 current/recast | FY2025 current | Source |
|---|---|---|---|---|---|---|
| Revenue | 26.1 | 29.8 | 26.6 | 19.2 | 49.3 | FY2021-FY2022 combine Dada + New Businesses where needed; FY2023-FY2025 current/recast |
| YoY | N/A | 14.4% | (10.7)% | (28.0)% | 157.3% | Calculated |
| Operating income/(loss) | (10.6) | (6.4) | (0.3) | (2.9) | (46.6) | JD releases / 20-F |
| Operating margin | (40.7)% | (21.5)% | (1.2)% | (15.0)% | (94.6)% | Calculated |

Availability note: This is the biggest taxonomy and interpretation risk. FY2025 New Businesses includes JD Food Delivery, JD Property, Jingxi, and overseas businesses. Food delivery scaled rapidly during FY2025 and is the main reason the segment loss widened to RMB46.6 billion. FY2021-FY2022 are not directly comparable because Dada was separately disclosed in FY2022 and later grouped into Others / New Businesses.

### Elimination And Consolidated Tie-Out

| Year | JD Retail | JD Logistics | New/Other | Eliminations | Consolidated revenue | Tie status |
|---|---|---|---|---|---|---|
| FY2021 | 866.3 | 104.7 | 26.1 | (46.0) | 951.6 | Ties historical release after unallocated revenue |
| FY2022 | 929.9 | 137.4 | 29.8 | (50.9) | 1,046.2 | Ties historical release |
| FY2023 | 945.3 | 166.6 | 26.6 | (53.9) | 1,084.7 | Ties 2025 20-F / 2024 release |
| FY2024 | 1,015.9 | 182.8 | 19.2 | (59.1) | 1,158.8 | Ties 2025 20-F |
| FY2025 | 1,126.4 | 217.1 | 49.3 | (83.7) | 1,309.1 | Ties Q4/FY2025 release |

## 4. Product / Sub-Segment Historicals

JD.com discloses product/service revenue buckets, not granular product-line dollar revenue for supermarket, fashion, JD Health, JD Industrials, Joybuy, Jingxi, 7Fresh Kitchen, or JD Food Delivery. Do not back-solve those product dollars from qualitative comments. Product/service dollar disclosure is annual and, for FY2025, quarterly in official releases.

### Dollar-disclosed Product/Service Categories

| Segment relevance | Product / service bucket | What it is | Dollar disclosure? | Last 5 years annual revenue |
|---|---|---|---|---|
| JD Retail | Electronics and home appliances | 1P product sales in electronics, appliances, phones, computers, digital goods, and related categories. | Yes | FY2021 492.6; FY2022 515.9; FY2023 538.8; FY2024 565.0; FY2025 605.1 |
| JD Retail | General merchandise | Supermarket, fashion, health, home goods, and other general merchandise categories. | Yes | FY2021 323.1; FY2022 349.1; FY2023 332.4; FY2024 363.0; FY2025 418.7 |
| JD Retail / marketplace | Marketplace and marketing services | Commission, advertising, and marketplace/marketing services. | Yes | FY2021 72.1; FY2022 82.0; FY2023 84.7; FY2024 90.1; FY2025 107.1 |
| JD Logistics / services | Logistics and other services | Logistics and other service revenue, including incremental delivery revenue from food delivery in FY2025. | Yes | FY2021 63.8; FY2022 99.2; FY2023 128.7; FY2024 140.7; FY2025 178.2 |

Annual product/service source: live FMP `revenue-product-segmentation JD --param period=annual` and official JD FY2025 release. FMP annual rows tie official FY2025 exactly. The FMP quarterly endpoint is stale: it returned only 2019 observations and no FY2025 quarters. FY2025 quarterly product/service rows therefore come only from official JD quarterly releases.

### Growth-rate-only Or Qualitative Product Detail

| Segment | Product / subcategory | Disclosure method | Last 4 quarters commentary / growth | Source |
|---|---|---|---|---|
| JD Retail | Supermarket | Growth rates and qualitative commentary; no separate revenue dollars. | Q1 double-digit growth, fifth consecutive quarter; Q2 double-digit, sixth consecutive quarter; Q3 supermarket, fashion, health all double-digit; Q4 supermarket double-digit and full-year mid-teens. | FY2025 FMP transcripts and JD releases |
| JD Retail | Fashion | Qualitative and growth-rate snippets; no revenue dollars. | Q1 further acceleration; Q2 double-digit revenue growth; Q3 fashion categories double-digit; Q4 sports/outdoor apparel double-digit per transcript. | FY2025 transcripts |
| JD Retail | Advertising | Growth-rate commentary within marketplace/marketing; dollars only at combined marketplace/marketing level. | Q1 marketplace/marketing +16%; Q2 +22%; Q3 +24% and ad revenue >20%; Q4 marketplace/marketing +15%, FY +18.9%. | JD releases / transcripts |
| JD Logistics | External/internal logistics | Segment revenue and OI disclosed, but no separate internal/external dollars in the package. | FY2025 revenue +18.8%; Q4 revenue +22% in transcript, with food-delivery incremental delivery revenue. | JD release / transcript |
| New Businesses | JD Food Delivery | Segment-level New Businesses dollars only; no separate food delivery revenue or GMV dollars. | Rapid scale, sequential loss reduction, full-time riders, merchants, cross-selling and advertising synergy; no standalone revenue dollar. | Transcripts |
| New Businesses | Joybuy / international | Qualitative; no standalone dollar revenue. | Beta/testing and official launch timing, CECONOMY regulatory review, same/next-day delivery positioning. | Q3/Q4 transcripts and official releases |
| New Businesses | Jingxi | Qualitative; no standalone dollar revenue. | Lower-tier market penetration and user growth; investment expected to rise modestly in 2026 with UE improvement. | Q4 transcript |

No product/subcategory row is back-solved in this data package. Open data gap: JD's most strategically important sub-buckets - supermarket, fashion, advertising, JD Food Delivery, Joybuy, Jingxi, JD Health, and JD Industrials - are not separately dollar-disclosed at the revenue line in the sources fetched here.

## 5. Most Recent Quarterly Trend

Company FY ends December 31. Most recently completed fiscal quarter at time of writing: FY2025 Q4, covering 2025-10-01 to 2025-12-31, reported on 2026-03-05 via https://ir.jd.com/news-releases/news-release-details/jdcom-announces-fourth-quarter-and-full-year-2025-results-and.

### FY2025 Segment Quarterly Trend

| Quarter | JD Retail revenue | JD Retail margin | JD Logistics revenue | JD Logistics margin | New Businesses revenue | New Businesses margin | Consolidated revenue | Source |
|---|---|---|---|---|---|---|---|---|
| Q1 FY2025 | 263.8 | 4.9% | 47.0 | 0.3% | 5.8 | (23.1)% | 301.1 | JD Q1 release, 2025-05-13 |
| Q2 FY2025 | 310.1 | 4.5% | 51.6 | 3.8% | 13.9 | (106.7)% | 356.7 | JD Q2/interim release, 2025-08-14 |
| Q3 FY2025 | 250.6 | 5.9% | 55.1 | 2.3% | 15.6 | (100.9)% | 299.1 | JD Q3 release, 2025-11-13 |
| Q4 FY2025 | 301.9 | 3.2% | 63.5 | 3.0% | 14.1 | (105.1)% | 352.3 | JD Q4/FY release, 2026-03-05 |
| FY2025 | 1,126.4 | 4.6% | 217.1 | 2.4% | 49.3 | (94.6)% | 1,309.1 | JD Q4/FY release |

### FY2025 Product/Service Quarterly Trend

| Quarter | Electronics and home appliances | General merchandise | Marketplace and marketing | Logistics and other services | Total revenue | Source |
|---|---|---|---|---|---|---|
| Q1 FY2025 | 144.3 | 98.0 | 22.3 | 36.5 | 301.1 | JD Q1 release |
| Q2 FY2025 | 179.0 | 103.4 | 28.5 | 45.7 | 356.7 | JD Q2/interim release |
| Q3 FY2025 | 128.6 | 97.5 | 25.7 | 47.3 | 299.1 | JD Q3 release |
| Q4 FY2025 | 153.3 | 119.7 | 30.6 | 48.7 | 352.3 | JD Q4/FY release |
| FY2025 | 605.1 | 418.7 | 107.1 | 178.2 | 1,309.1 | Sum of quarters; official FY table |

Recency interpretation: JD Retail's FY2025 revenue grew 10.9% for the year even though Q4 was soft due to electronics/home-appliances high-base effects. JD Logistics grew 18.8% for FY2025 with incremental delivery demand from food delivery. New Businesses revenue more than doubled, but the segment produced a RMB46.6 billion operating loss, so the headline growth is not self-funding yet.

## 6. Management Commentary On Forward Growth

Transcript source discipline: all transcript entries below are from live FMP `earning-call-transcript` pulls fetched in this run, with local raw copies treated only as an audit trail. Date fields: Q1 FY2025 `2025-05-13`; Q2 FY2025 `2025-08-14`; Q3 FY2025 `2025-11-13`; Q4 FY2025 `2026-03-05`. Exact quotes are intentionally short; surrounding interpretation is paraphrased from the fetched transcript content.

### JD Retail

| Date / period | Speaker | Exact fetched snippet | Topic | Interpretation |
|---|---|---|---|---|
| 2025-05-13 / Q1 | Sandy Xu / Ian Shan | "Retail remains the cornerstone" | Core segment role | Management framed retail as the base from which on-demand retail, food delivery, marketplace, and AI initiatives are built. |
| 2025-08-14 / Q2 | Ran Xu / Ian Shan | "JD Retail achieved robust momentum" | Revenue and margin | Q2 was the cleanest core-retail quarter of FY2025, with product categories and services accelerating before the high-base issue became more visible. |
| 2025-11-13 / Q3 | Xu Ran | "Retail revenues increased by 11%" | Recency | Q3 showed JD Retail still growing double digit despite high-base pressure in electronics and appliances. |
| 2026-03-05 / Q4 | Ian Su Shan | "no longer a single growth driver business" | Mix shift | Retail growth is increasingly a mix of electronics, general merchandise, advertising, platform ecosystem, and user-frequency benefits from food delivery. |
| 2026-03-05 / Q4 | Ian Su Shan | "high single-digit profit margin" | Long-term margin | Management kept the long-term JD Retail margin aspiration intact despite FY2025 food-delivery drag at group level. |

Forward modeling implication: use JD Retail FY2025 revenue as a real disclosed base, but do not extrapolate Q2's 21% growth as a steady state. Q4's high-base electronics weakness and management's comments point to a more mixed FY2026: general merchandise and ads remain strong, electronics should recover later in the year, and retail margin can expand only if subsidy and R&D/talent investments are controlled.

### JD Logistics

| Date / period | Speaker | Exact fetched snippet | Topic | Interpretation |
|---|---|---|---|---|
| 2025-08-14 / Q2 | Su Shan | "lay the foundation" | Logistics investment | Logistics investment is positioned as capacity and efficiency work, not just near-term cost. |

| Date / period | Speaker | Exact fetched snippet | Topic | Interpretation |
|---|---|---|---|---|
| 2025-11-13 / Q3 | Ian Su Shan | "revenues were up 24%" | Q3 trend | Logistics revenue accelerated with internal/external demand and food-delivery delivery services. |
| 2026-03-05 / Q4 | Ian Su Shan | "pave the way" | Long-term margin | JD Logistics is still investing in customer experience, domestic/overseas capability, AI, and robotics. |
| 2026-03-05 / Q4 | Xu Ran | "over 20 flagship LangzuTech warehouses" | Automation | Automation is a genuine cost-efficiency lever, but the data package cannot quantify savings per order. |

Forward modeling implication: JD Logistics has real revenue momentum and positive operating income, but FY2025 OI margin of 2.4% is not yet a high-return standalone margin. Use automation and overseas logistics as qualitative optionality, not a guaranteed margin bridge.

### New Businesses

| Date / period | Speaker | Exact fetched snippet | Topic | Interpretation |
|---|---|---|---|---|
| 2025-05-13 / Q1 | Sandy Xu | "not a standalone business" | Food delivery | Food delivery is justified as ecosystem frequency, cross-sell, and user-acquisition infrastructure. |
| 2025-08-14 / Q2 | Ran Xu | "5-, 10-, even 20-year initiative" | Food delivery duration | Management explicitly set a long horizon, which means losses may persist if competition remains intense. |
| 2025-11-13 / Q3 | Xu Ran | "self-sustaining business" | Unit economics | Management's long-term target is positive unit economics, but no date or dollar target was disclosed. |
| 2026-03-05 / Q4 | Ian Su Shan | "investment in food delivery has peaked" | 2026 loss trajectory | This is the clearest forward anchor: investment should decline in 2026 if market competition rationalizes. |
| 2026-03-05 / Q4 | Ian Su Shan | "Joybuy is our full category online retail platform" | International | Joybuy is strategic, but CECONOMY remained under regulatory review in the Q4 call. |

Forward modeling implication: New Businesses is the largest swing factor. The FY2025 loss is visible and very large, but management is arguing that food delivery brings user growth, shopping frequency, advertising, and supermarket cross-sell. Do not model New Businesses as profitable without an explicit unit-economics ramp; treat it as a loss-reduction scenario with high sensitivity to Meituan/Alibaba competitive intensity and regulatory pressure.

### AI, Platform Ecosystem, And Cross-Segment Commentary

| Date / period | Speaker | Exact fetched snippet | Topic | Interpretation |
|---|---|---|---|---|
| 2025-05-13 / Q1 | Sandy Xu | "AI is transforming the retail industry" | AI | AI is framed as demand matching, merchant tools, procurement, advertising, and logistics automation. |
| 2025-11-13 / Q3 | Xu Ran | "over 4.2 billion inquiries" | AI customer service | AI has operational scale, but no dollar cost savings are disclosed. |
| 2026-03-05 / Q4 | Xu Ran | "agentic commerce as a greater opportunity" | AI disruption | Management sees agentic commerce as an opportunity because JD controls supply chain and fulfillment, but this remains a thesis rather than a disclosed financial line. |

## 7. Capital Allocation History

| Year | Capex | Capex / revenue | R&D | R&D / revenue | Buybacks | Dividends | M&A / acquisitions net | Source |
|---|---|---|---|---|---|---|---|---|
| FY2021 | 18.6 | 2.0% | 16.3 | 1.7% | 5.2 | N/A in FMP row | 11.5 | FMP cash flow / income statement |
| FY2022 | 22.0 | 2.1% | 16.9 | 1.6% | 1.8 | N/A in FMP row | 19.8 | FMP cash flow / income statement |
| FY2023 | 20.0 | 1.8% | 16.4 | 1.5% | 2.5 | N/A in FMP row | 1.0 | FMP cash flow / income statement |
| FY2024 | 13.8 | 1.2% | 17.0 | 1.5% | 25.9 | roughly US$1.44bn paid April 2025 for FY2024 | 5.3 inflow / negative acquisitions net | FMP; JD Q1 transcript |
| FY2025 | 14.2 FMP / 12.7 company FCF definition | 1.1% FMP | 22.2 | 1.7% | 21.4 FMP / US$3.0bn official | US$1.4bn annual dividend approved | 0.8 | FMP; JD Q4/FY release |

Corporate-return interpretation: JD simultaneously invested heavily in New Businesses and returned capital in FY2025. The Q4/FY2025 release states a US$1.0 per ADS annual dividend for FY2025, aggregate about US$1.4 billion, and repurchases of 183.2 million Class A ordinary shares, equivalent to 91.6 million ADSs, for approximately US$3.0 billion in 2025, all cancelled. This is meaningful but not a substitute for operating-quality improvement because FY2025 FCF was sharply lower.

## 8. Balance Sheet Snapshot

| Item at FY2025 / 2025-12-31 | Amount | Source |
|---|---|---|
| Cash and cash equivalents | 137.5 official cash; FMP cash field 149.7 appears to include official cash plus restricted cash, so the official cash/restricted-cash split controls | JD Q4/FY release; FMP balance sheet |
| Restricted cash | 12.1 | JD Q4/FY release |
| Short-term investments | 75.7 official; FMP 75.8 | JD Q4/FY release; FMP balance sheet |
| Cash + restricted cash + short-term investments | 225.4 | JD Q4/FY release |
| Total debt excluding operating leases | 74.0 | JD Q4/FY release / quant foundation |
| Debt including operating leases | 107.1 | JD Q4/FY release; FMP total debt 107.2 |
| Net cash vs debt excluding leases | 151.4 | Calculated |
| Net cash vs debt including leases | 118.3 | Calculated |
| Net debt / EBITDA | Net cash; FMP key metrics `netDebtToEBITDA` -1.16x | FMP key metrics |
| Goodwill + intangible assets | 34.0 FMP; official goodwill 26.3 plus intangibles 7.7 | FMP; JD release |
| Total shareholders' equity | 293.8 official; FMP total stockholders equity 225.2 differs by FMP classification | JD Q4/FY release; FMP balance sheet |
| Tangible book value | Approximately 259.8 official equity less goodwill/intangibles | Calculated from official/FMP components |

Balance sheet interpretation: liquidity is strong and net cash is a real cushion. The business does not screen as financially distressed. The central balance-sheet risk is not leverage; it is whether management continues to fund New Businesses losses and competitive subsidies while FY2025 FCF is depressed.

## 9. Recent Corporate Actions, Governance, And Risk Items

| Date | Action / event | Source | Data-package relevance |
|---|---|---|---|
| 2025-05 | Tencent strategic cooperation renewed for five years | 2025 annual report mirror / 20-F | Reinforces traffic/access/marketing cooperation; no standalone revenue disclosed. |
| 2025 full year | US$3.0bn repurchases, 6.3% of ordinary shares outstanding as of 2024 year-end; shares cancelled | JD Q4/FY2025 release | Meaningful per-share support despite operating-profit collapse. |
| 2026-03-05 | FY2025 annual dividend approved: US$0.5 per ordinary share / US$1.0 per ADS, aggregate about US$1.4bn | JD Q4/FY2025 release | Capital return commitment remains active. |
| 2025-12-11 | JD Industrials listed on HKEX, net proceeds about RMB2.6bn after partial overallotment | JD Q4/FY2025 release | JD Retail includes JD Industrials; listing creates subsidiary value marker and funding. |

| Date | Action / event | Source | Data-package relevance |
|---|---|---|---|
| 2025 Q4 | Joybuy Europe in beta across UK, Germany, Netherlands, France, Belgium, Luxembourg; full launch planned March 2026 | JD Q4/FY2025 release / Q4 transcript | International investment risk and optionality; no revenue dollars. |
| 2025-2026 | CECONOMY transaction under regulatory review per Q4 transcript | FMP Q4 transcript | Do not consolidate any acquisition contribution until official close and financials are disclosed. |
| 2025 / completed into 2026 | JD Logistics Kuayue-Express remaining stake purchase steps; Deppon voluntary delisting approved in March 2026 | 2025 annual report mirror | Logistics integration and control; relevant for JDL margin/capital needs. |
| FY2025 | New Businesses operating loss RMB46.6bn | JD Q4/FY2025 release | Primary risk to consolidated earnings, FCF conversion, and valuation. |
| FY2025 | China platform regulation / food-delivery competition comments | Q4 transcript | Regulatory normalization may curb irrational competition, but management cannot control industry behavior. |

Risk inventory:

| Risk | Evidence | Modeling consequence |
|---|---|---|
| Food-delivery losses | New Businesses lost RMB46.6bn on RMB49.3bn revenue in FY2025. | Consolidated OI can remain depressed even if JD Retail grows. |
| Electronics high base | Q4 electronics/home appliances revenue was down YoY in transcript commentary; official release cites high base effect. | Do not extrapolate first-half electronics growth into FY2026. |
| Taxonomy confusion | FY2024 change to three reportable segments; FY2021-FY2022 not fully comparable. | Downstream B agents must use FY2023-FY2025 for current-taxonomy segment margin trends. |
| Product opacity | No dollar revenue for supermarket, fashion, ads alone, food delivery, Joybuy, Jingxi. | Segment models must avoid fabricated product dollars. |
| FMP stale product quarter endpoint | FMP quarterly product segmentation returned only 2019 rows. | Official quarterly releases control for FY2025 product/service data. |
| FCF conversion deterioration | FY2025 company-defined FCF RMB6.5bn vs FY2024 RMB43.7bn. | Balance sheet is strong, but cash generation is currently weak. |
| ADR / foreign issuer source hierarchy | Official 20-F/6-K controls; FMP balance sheet fields differ in cash/debt/equity classification. | Use official liquidity/debt definitions in valuation and leverage checks. |

## 10. Open Data Gaps

- JD does not separately disclose dollar revenue for supermarket, fashion, JD Health, JD Industrials, advertising alone, JD Food Delivery, Joybuy, Jingxi, or 7Fresh Kitchen. Product/subsegment appendices must use official product/service buckets or explicitly state no dollar disclosure.
- FY2021-FY2022 segment data are old taxonomy and not directly comparable to FY2023-FY2025 current-taxonomy New Businesses. Use FY2023-FY2025 for current segment trend where possible.
- FMP quarterly product segmentation is stale and unusable for FY2025. Official quarterly releases provide the FY2025 product/service rows and tie exactly to annual FY2025.
- JD Food Delivery unit economics, standalone revenue, GMV, order count by quarter, commission take rate, subsidy dollars, and rider cost per order were not disclosed in dollars in the fetched sources.
- Joybuy and CECONOMY financial impact is not modeled here; Q4 transcript says CECONOMY was still under regulatory review.
- AI benefits are operationally described but not quantified in disclosed savings, revenue uplift, or margin basis points. Treat AI as qualitative support unless downstream teams find audited dollars.
- Company-defined FCF differs from FMP FCF because JD adjusts for consumer financing receivables and capex net of related sale proceeds. FY2025 official FCF of RMB6.476bn controls.
- FMP `roic` field was blank in the live key-metrics pull; `returnOnCapitalEmployed` was used as the capital-return proxy and should be treated as an approximation, not a primary audited figure.

## Load-Bearing Takeaways For Downstream Agents

- Segment list for FY2025: JD Retail RMB1,126.4bn / 86.0% of consolidated revenue; JD Logistics RMB217.1bn / 16.6%; New Businesses RMB49.3bn / 3.8%; eliminations negative RMB83.7bn / negative 6.4%.
- FY2025 consolidated revenue of RMB1,309.1bn is live-verified against FMP annual income statement and JD's official Q4/FY2025 release.
- JD Retail remains the profit engine: RMB51.4bn segment OI and 4.6% margin in FY2025. Consolidated OI was only RMB2.8bn because New Businesses lost RMB46.6bn and unallocated items were RMB7.3bn.
- JD Logistics is growing and profitable, but still low margin: FY2025 revenue +18.8%, OI margin 2.4%, with incremental food-delivery delivery services and automation investment.
- New Businesses is the swing factor: revenue +157.3% in FY2025, but losses are nearly the size of revenue. Management says food-delivery investment should decline in 2026 if competition rationalizes, but this is conditional.
- Product dollars are available only for four product/service buckets: electronics/home appliances, general merchandise, marketplace/marketing, logistics/other services. No standalone dollar revenue for supermarket, fashion, ads alone, food delivery, Joybuy, or Jingxi.
- Taxonomy must be handled with care: FY2023-FY2025 are current/recast three-segment data; FY2021-FY2022 are old taxonomy and should be footnoted.
- Balance sheet is strong with RMB225.4bn cash/restricted cash/short-term investments and net cash, but FY2025 FCF conversion is weak after strategic investments and working-capital/capex effects.