

# Yunji Announces Second Quarter 2024 Unaudited Financial Results

HANGZHOU, China, Aug. 23, 2024 /PRNewswire/ -- Yunji Inc. ("Yunji" or the "Company") (NASDAQ: YJ), a leading membership-based social e-commerce platform, today announced its unaudited financial results for the second quarter ended June 30, 2024<sup>[1]</sup>.

## Second Quarter 2024 Highlights

- **Total revenues** in the second quarter of 2024 were RMB106.0 million (US\$14.6 million), compared with RMB167.1 million in the same period of 2023. The change was primarily due to soft consumer confidence and the Company's continued strategy to refine its product selection across all categories and optimize its selection of suppliers and merchants, which had a near-term impact on sales.
- **Repeat purchase rate**<sup>[2]</sup> in the twelve months ended June 30, 2024 was 73.5%.

Mr. Shanglue Xiao, Chairman and Chief Executive Officer of Yunji, said, "In the second quarter of 2024, we continued to enhance our efforts in short videos and livestreaming while also integrating offline initiatives alongside our digital presence. Recognizing the significant potential within the silver economy in China, we diversified our product mix and services to better serve the mature adult demographic. By complementing our online efforts with these offline initiatives and refining our product offerings, we aim to broaden our customer base and increase repeat purchases. This balanced approach reflects our commitment to adaptability and sustainable growth in a dynamic market environment."

"Our current financial position allows us to support our strategic initiatives. We regularly assess the profitability of both new and existing business lines, making thoughtful adjustments in response to market changes. This approach helps us maintain a stable financial position in a shifting business landscape. As we move forward, we will continue to pursue growth opportunities prudently while ensuring our financial stability," said Mr. Yeqing Cui, Senior Financial Director of Yunji.

## Second Quarter 2024 Unaudited Financial Results

**Total revenues** were RMB106.0 million (US\$14.6 million), compared with RMB167.1 million in the same period of 2023. This change was primarily due to soft consumer confidence and the Company's continued strategy to refine its product selection across all categories and optimize its selection of suppliers and merchants, which had a near-term impact on sales.

- Revenues from sales of merchandise were RMB83.0 million (US\$11.4 million), compared with RMB131.2 million in the same period of 2023.
- Revenues from the marketplace business were RMB21.1 million (US\$2.9 million), compared with RMB34.3 million in the same period of 2023.
- Other revenues were RMB1.9 million (US\$0.3 million), compared with RMB1.6 million in the same period of 2023.

**Total cost of revenues** decreased by 30.0% to RMB56.6 million (US\$7.8 million), or 53.4% of total revenues, from RMB80.8 million, or 48.4% of total revenues, in the same period of 2023. The decrease was mainly attributable to the change in merchandise sales, for which revenues are recognized on a gross basis. Total cost of revenues was mainly comprised of the costs related to the sales of merchandise in the second quarter of 2024.

**Total operating expenses** decreased by 33.9% to RMB73.3 million (US\$10.1 million) from RMB110.8 million in the same period of 2023.

- **Fulfillment expenses** decreased by 30.9% to RMB20.7 million (US\$2.8 million), or 19.5% of total revenues, from RMB29.9 million, or 17.9% of total revenues, in the same period of 2023. The decrease was mainly due to (i) reduced warehousing and logistics expenses due to lower merchandise sales, and (ii) reduced personnel costs as a result of staffing structure refinements.
- **Sales and marketing expenses** decreased by 35.0% to RMB21.7 million (US\$3.0 million), or 20.5% of total revenues, from RMB33.4 million, or 20.0% of total revenues, in the same period of 2023. The decrease was mainly due to the reduction in member management fees.
- **Technology and content expenses** decreased by 14.4% to RMB12.2 million (US\$1.7 million), or 11.5% of total revenues, from RMB14.3 million, or 8.5% of total revenues, in the same period of 2023. The decrease was mainly due to (i) the reduction in personnel costs as a result of staffing structure refinements, and (ii) reduced server service fees.
- **General and administrative expenses** decreased by 43.8% to RMB18.7 million (US\$2.6 million), or 17.6% of total revenues, from RMB33.2 million, or 19.9% of total revenues, in the same period of 2023. The decrease was mainly due to (i) the reduction in the allowance for credit losses, and (ii) reduced personnel costs as a result of staffing structure refinements.

**Loss from operations** was RMB23.1 million (US\$3.2 million), compared with RMB11.8 million in the same period of 2023.

**Financial income, net** was RMB10.9 million (US\$1.5 million), compared with financial loss, net of RMB12.7 million in the same period of 2023, mainly due to an increase in the fair value changes of equity securities investments.

**Net loss** was RMB11.9 million (US\$1.6 million), compared with RMB41.5 million in the same period of 2023.

**Adjusted net loss (non-GAAP)**<sup>[3]</sup> was RMB9.7 million (US\$1.3 million), compared with RMB39.8 million in the same period of 2023.

**Basic and diluted net loss per share** attributable to ordinary shareholders were both RMB0.01, compared with RMB0.02 in the same period of 2023.

### **Use of Non-GAAP Financial Measures**

In evaluating the business, the Company considers and uses adjusted net loss as a supplemental measure to review and assess operating performance. The presentation of this non-GAAP financial measure is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with U.S. GAAP. The Company defines adjusted net loss as net loss excluding share-based compensation.

The Company presents adjusted net loss because it is used by management to evaluate operating performance and formulate business plans. Adjusted net loss enables management to assess operating performance without considering the impact of share-based compensation recorded under ASC 718, "Compensation-Stock Compensation." The Company also believes that the use of this non-GAAP measure facilitates investors' assessment of operating performance.

This non-GAAP financial measure is not defined under U.S. GAAP and is not presented in accordance with U.S. GAAP. The non-GAAP financial measure has limitations as an analytical tool. One of the key limitations of using adjusted net loss is that it does not reflect all items of income and expense that affect the Company's operations. Share-based compensation has been and may continue to be incurred in Yunji's business and is not reflected in the presentation of adjusted net loss. Further, this non-GAAP measure may differ from the non-GAAP information used by other companies, including peer companies, and therefore its comparability may be limited.

The Company compensates for these limitations by reconciling the non-GAAP financial measure to the nearest U.S. GAAP performance measure, all of which should be considered when evaluating performance. Yunji encourages investors and others to review its financial information in its entirety and not rely on a single financial measure.

For more information on the non-GAAP financial measures, please see the table captioned "Reconciliation of Non-GAAP Measures to the Most Directly Comparable Financial Measures" set forth at the end of this press release.

### **Conference Call**

The Company will host a conference call on Friday, August 23, 2024, at 7:30 A.M. Eastern Time or 7:30 P.M. Beijing/Hong Kong Time to discuss its earnings. Listeners may access the call by dialing the following numbers:

|                           |                |
|---------------------------|----------------|
| International:            | 1-412-902-4272 |
| United States Toll Free:  | 1-888-346-8982 |
| Mainland China Toll Free: | 4001-201203    |
| Hong Kong Toll Free:      | 800-905945     |
| Conference ID:            | Yunji Inc.     |

A telephone replay of the call will be available after the conclusion of the conference call for one week.

Dial-in numbers for the replay are as follows:

|                         |                |
|-------------------------|----------------|
| United States Toll Free | 1-877-344-7529 |
| International           | 1-412-317-0088 |
| Replay Access Code      | 3316837        |

### **Safe Harbor Statements**

This announcement contains forward-looking statements. These statements are made under the "safe harbor" provisions of the U.S. Private Securities Litigation Reform Act of 1995. These forward-looking statements can be identified by terminology such as "will," "expects," "anticipates," "aims," "future," "intends," "plans," "believes," "estimates," "confident," "potential," "continue" or other similar expressions. Among other things, the quotations from management in this announcement, as well as Yunji's strategic and operational plans, contain forward-looking statements. Yunji may also make written or oral forward-looking statements in its periodic reports to the U.S. Securities and Exchange Commission (the "SEC"), in its annual report to shareholders, in press releases and other written materials and in oral statements made by its officers, directors or employees to third parties. Statements that are not historical facts, including but not limited to statements about Yunji's beliefs and expectations, are forward-looking statements. Forward-looking statements involve inherent risks and uncertainties. A number of factors could cause actual results to differ materially from those contained in any forward-looking statement, including but not limited to the following: Yunji's growth strategies; its future business development, results of operations and financial condition; its ability to understand buyer needs and provide products and services to attract and retain buyers; its ability to maintain and enhance the recognition and reputation of its brand; its

ability to rely on merchants and third-party logistics service providers to provide delivery services to buyers; its ability to maintain and improve quality control policies and measures; its ability to establish and maintain relationships with merchants; trends and competition in China's e-commerce market; changes in its revenues and certain cost or expense items; the expected growth of China's e-commerce market; PRC governmental policies and regulations relating to Yunji's industry, and general economic and business conditions globally and in China and assumptions underlying or related to any of the foregoing. Further information regarding these and other risks is included in Yunji's filings with the SEC. All information provided in this press release and in the attachments is as of the date of this press release, and Yunji undertakes no obligation to update any forward-looking statement, except as required under applicable law.

## About Yunji Inc.

Yunji Inc. is a leading social e-commerce platform in China that has pioneered a unique, membership-based model to leverage the power of social interactions. The Company's e-commerce platform offers high-quality products at attractive prices across a wide variety of categories catering to the day-to-day needs of Chinese consumers. In addition, the Company uses advanced technologies including big data and artificial intelligence to optimize user experience and incentivize members to promote the platform as well as share products with their social contacts. Through deliberate product curation, centralized merchandise sourcing, and efficient supply chain management, Yunji has established itself as a trustworthy e-commerce platform with high-quality products and exclusive membership benefits, including discounted prices.

For more information, please visit <https://investor.yunjiglobal.com/>

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## YUNJI INC.

### UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

(All amounts in thousands, except for share and per share data, unless otherwise noted)

|  | As of                |                  |        |
|--|----------------------|------------------|--------|
|  | December 31,<br>2023 | June 30,<br>2024 |        |
|  | RMB                  | RMB              | US\$   |
| <b>ASSETS</b>  |                      |                  |        |
| <b>Current Assets</b>  |                      |                  |        |
| Cash and cash equivalents  | 517,542              | 299,255          | 41,179 |
| Restricted cash  | 27,169               | 25,253           | 3,475  |
| Short-term investments   | 7,195                | -                | -      |
| Accounts receivable, net (Allowance for credit losses of RMB35,159 and RMB34,660, respectively)                                    | 64,312               | 64,663           | 8,898  |
| Advance to suppliers   | 14,058               | 8,825            | 1,214  |
| Inventories, net   | 42,716               | 31,696           | 4,362  |
| Amounts due from related parties   | 1,361                | 861              | 118    |
| Prepaid expenses and other current assets <sup>[4]</sup><br>(Allowance for credit losses of RMB13,017 and RMB19,185, respectively) | 134,247              | 150,578          | 20,720 |

|  |                  |                  |                |
|--|------------------|------------------|----------------|
| <b>Total current assets</b>  | <b>808,600</b>   | <b>581,131</b>   | <b>79,966</b>  |
| <b>Non-current assets</b>  |                  |                  |                |
| Property and equipment, net  | 175,451          | 174,176          | 23,967         |
| Long-term investments  | 364,159          | 381,225          | 52,458         |
| Operating lease right-of-use assets, net   | 16,507           | 15,925           | 2,191          |
| Other non-current assets <sup>[5]</sup> (Allowance for credit losses of RMB22,213 and RMB13,395, respectively) | 189,067          | 338,457          | 46,573         |
| <b>Total non-current assets</b>  | <b>745,184</b>   | <b>909,783</b>   | <b>125,189</b> |
| <b>Total assets</b>  | <b>1,553,784</b> | <b>1,490,914</b> | <b>205,155</b> |

**YUNJI INC.**

**UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS (CONTINUED)**  
(All amounts in thousands, except for share and per share data, unless otherwise noted)

|  | As of                |                  |               |
|--|----------------------|------------------|---------------|
|  | December 31,<br>2023 | June 30,<br>2024 |               |
|  | RMB                  | RMB              | US\$          |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>  |                      |                  |               |
| <b>Current Liabilities</b>                   |                      |                  |               |
| Accounts payable                             | 96,782               | 79,810           | 10,982        |
| Deferred revenue                             | 9,412                | 9,388            | 1,292         |
| Incentive payables to members <sup>[6]</sup> | 124,889              | 86,726           | 11,934        |
| Member management fees payable               | 4,373                | 2,861            | 394           |
| Other payable and accrued liabilities        | 109,200              | 104,827          | 14,422        |
| Amounts due to related parties               | 3,535                | 2,976            | 410           |
| Operating lease liabilities - current        | 3,376                | 5,773            | 794           |
| <b>Total current liabilities</b>             | <b>351,567</b>       | <b>292,361</b>   | <b>40,228</b> |
| Non-current liabilities                      |                      |                  |               |
| Operating lease liabilities                  | 11,122               | 9,967            | 1,371         |
| <b>Total non-current liabilities</b>         | <b>11,122</b>        | <b>9,967</b>     | <b>1,371</b>  |
| <b>Total Liabilities</b>                     | <b>362,689</b>       | <b>302,328</b>   | <b>41,599</b> |

**YUNJI INC.**

**UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS (CONTINUED)**  
(All amounts in thousands, except for share and per share data, unless otherwise noted)

|   | As of                |                  |                |
|---|----------------------|------------------|----------------|
|   | December 31,<br>2023 | June 30,<br>2024 |                |
|   | RMB                  | RMB              | US\$           |
| <b>Shareholders' equity</b>                       |                      |                  |                |
| Ordinary shares                                   | 70                   | 70               | 10             |
| Less: Treasury stock                              | (116,108)            | (116,045)        | (15,968)       |
| Additional paid-in capital                        | 7,328,680            | 7,329,968        | 1,008,637      |
| Statutory reserve                                 | 16,254               | 16,254           | 2,237          |
| Accumulated other comprehensive income            | 85,291               | 89,412           | 12,304         |
| Accumulated deficit                               | (6,123,971)          | (6,131,951)      | (843,785)      |
| <b>Total Yunji Inc. shareholders' equity</b>      | <b>1,190,216</b>     | <b>1,187,708</b> | <b>163,435</b> |
| Non-controlling interests                         | 879                  | 878              | 121            |
| <b>Total shareholders' equity</b>                 | <b>1,191,095</b>     | <b>1,188,586</b> | <b>163,556</b> |
| <b>Total liabilities and shareholders' equity</b> | <b>1,553,784</b>     | <b>1,490,914</b> | <b>205,155</b> |

### YUNJI INC.

#### UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS (All amounts in thousands, except for share and per share data, unless otherwise noted)

|   | For the Three Months Ended |                  |                 | For the Six Months Ended |                  |                 |
|---|----------------------------|------------------|-----------------|--------------------------|------------------|-----------------|
|   | June 30,<br>2023           | June 30,<br>2024 |                 | June 30,<br>2023         | June 30,<br>2024 |                 |
|   | RMB                        | RMB              | US\$            | RMB                      | RMB              | US\$            |
| <b>Revenues:</b>  |                            |                  |                 |                          |                  |                 |
| Sales of merchandise, net   | 131,231                    | 82,979           | 11,418          | 274,189                  | 185,025          | 25,460          |
| Marketplace revenue   | 34,269                     | 21,110           | 2,905           | 67,226                   | 45,167           | 6,215           |
| Other revenues  | 1,629                      | 1,890            | 260             | 4,458                    | 3,645            | 502             |
| <b>Total revenues</b>   | <b>167,129</b>             | <b>105,979</b>   | <b>14,583</b>   | <b>345,873</b>           | <b>233,837</b>   | <b>32,177</b>   |
| <b>Operating cost and expenses:</b>   |                            |                  |                 |                          |                  |                 |
| Cost of revenues  | (80,831)                   | (56,566)         | (7,784)         | (174,293)                | (121,311)        | (16,693)        |
| Fulfillment   | (29,888)                   | (20,660)         | (2,843)         | (57,006)                 | (42,568)         | (5,857)         |
| Sales and marketing   | (33,368)                   | (21,680)         | (2,983)         | (62,953)                 | (47,488)         | (6,535)         |
| Technology and content  | (14,253)                   | (12,205)         | (1,680)         | (27,605)                 | (25,531)         | (3,513)         |
| General and administrative  | (33,244)                   | (18,686)         | (2,571)         | (48,416)                 | (33,521)         | (4,613)         |
| <b>Total operating cost and expenses</b>  | <b>(191,584)</b>           | <b>(129,797)</b> | <b>(17,861)</b> | <b>(370,273)</b>         | <b>(270,419)</b> | <b>(37,211)</b> |
| Other operating income  | 12,668                     | 729              | 100             | 13,577                   | 4,161            | 573             |
| <b>Loss from operations</b>   | <b>(11,787)</b>            | <b>(23,089)</b>  | <b>(3,178)</b>  | <b>(10,823)</b>          | <b>(32,421)</b>  | <b>(4,461)</b>  |
| Financial (loss)/income, net  | (12,723)                   | 10,928           | 1,504           | (34,915)                 | 25,593           | 3,522           |
| Foreign exchange (loss)/income, net   | (9,741)                    | 2,571            | 354             | (7,378)                  | 2,330            | 321             |
| Other non-operating (loss)/income, net  | (3,550)                    | 118              | 16              | (3,064)                  | 118              | 16              |
| <b>Loss before income tax expense, and equity in loss of affiliates, net of tax</b> | <b>(37,801)</b>            | <b>(9,472)</b>   | <b>(1,304)</b>  | <b>(56,180)</b>          | <b>(4,380)</b>   | <b>(602)</b>    |
| Income tax expense  | (2,328)                    | (962)            | (132)           | (5,407)                  | (1,293)          | (178)           |
| Equity in loss of affiliates, net of tax  | (1,411)                    | (1,463)          | (201)           | (2,886)                  | (2,359)          | (325)           |
| <b>Net loss</b>   | <b>(41,540)</b>            | <b>(11,897)</b>  | <b>(1,637)</b>  | <b>(64,473)</b>          | <b>(8,032)</b>   | <b>(1,105)</b>  |
| Less: net loss attributable to non-controlling interests shareholders               | (1)                        | (3)              | -               | (1)                      | (1)              | -               |
| <b>Net loss attributable to YUNJI INC.</b>  | <b>(41,539)</b>            | <b>(11,894)</b>  | <b>(1,637)</b>  | <b>(64,472)</b>          | <b>(8,031)</b>   | <b>(1,105)</b>  |

YUNJI INC.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS (CONTINUED)  
(All amounts in thousands, except for share and per share data, unless otherwise noted)

|  | For the Three Months Ended |                      |                      | For the Six Months Ended |                      |                      |
|--|----------------------------|----------------------|----------------------|--------------------------|----------------------|----------------------|
|  | June 30,<br>2023           | June 30,<br>2024     |                      | June 30,<br>2023         | June 30,<br>2024     |                      |
|  | RMB                        | RMB                  | US\$                 | RMB                      | RMB                  | US\$                 |
| <b>Net loss attributable to ordinary shareholders</b>  | (41,539)                   | (11,894)             | (1,637)              | (64,472)                 | (8,031)              | (1,105)              |
| <b>Net loss</b>  | <b>(41,540)</b>            | <b>(11,897)</b>      | <b>(1,637)</b>       | <b>(64,473)</b>          | <b>(8,032)</b>       | <b>(1,105)</b>       |
| Other comprehensive income   |                            |                      |                      |                          |                      |                      |
| Foreign currency translation adjustment  | 40,983                     | 2,706                | 372                  | 29,056                   | 4,121                | 567                  |
| <b>Total comprehensive loss</b>  | <b>(557)</b>               | <b>(9,191)</b>       | <b>(1,265)</b>       | <b>(35,417)</b>          | <b>(3,911)</b>       | <b>(538)</b>         |
| Less: total comprehensive loss attributable to non-controlling interests shareholders              | (1)                        | (3)                  | -                    | (1)                      | (1)                  | -                    |
| <b>Total comprehensive loss attributable to YUNJI INC.</b>   | <b>(556)</b>               | <b>(9,188)</b>       | <b>(1,265)</b>       | <b>(35,416)</b>          | <b>(3,910)</b>       | <b>(538)</b>         |
| <b>Net loss attributable to ordinary shareholders</b>  | <b>(41,539)</b>            | <b>(11,894)</b>      | <b>(1,637)</b>       | <b>(64,472)</b>          | <b>(8,031)</b>       | <b>(1,105)</b>       |
| Weighted average number of ordinary shares used in computing net loss per share, basic and diluted | <b>1,966,698,843</b>       | <b>1,967,086,032</b> | <b>1,967,086,032</b> | <b>1,975,321,887</b>     | <b>1,967,050,455</b> | <b>1,967,050,455</b> |
| <b>Net loss per share attributable to ordinary shareholders</b>                                    |                            |                      |                      |                          |                      |                      |
| <b>Basic</b>   | (0.02)                     | (0.01)               | -                    | (0.03)                   | -                    | -                    |
| <b>Diluted</b>   | (0.02)                     | (0.01)               | -                    | (0.03)                   | -                    | -                    |

YUNJI INC.

NOTES TO UNAUDITED FINANCIAL INFORMATION  
(All amounts in thousands, except for share and per share data, unless otherwise noted)

|   | For the Three Months Ended |                  |            | For the Six Months Ended |                  |            |
|---|----------------------------|------------------|------------|--------------------------|------------------|------------|
|   | June 30,<br>2023           | June 30,<br>2024 |            | June 30,<br>2023         | June 30,<br>2024 |            |
|   | RMB                        | RMB              | US\$       | RMB                      | RMB              | US\$       |
| <b>Share-based compensation expenses included in:</b> |                            |                  |            |                          |                  |            |
| Technology and content                                | 682                        | 403              | 55         | 543                      | 823              | 113        |
| General and administrative                            | 778                        | 1,696            | 233        | 63                       | 448              | 62         |
| Fulfillment   | 173                        | 154              | 21         | (2,647)                  | 36               | 5          |
| Sales and marketing                                   | 62                         | (19)             | (2)        | (569)                    | 44               | 6          |
| <b>Total</b>  | <b>1,695</b>               | <b>2,234</b>     | <b>307</b> | <b>(2,610)</b>           | <b>1,351</b>     | <b>186</b> |

**YUNJI INC.**

**RECONCILIATION OF NON-GAAP MEASURES TO THE MOST DIRECTLY COMPARABLE  
FINANCIAL MEASURES**

(All amounts in thousands, except for share and per share data, unless otherwise noted)

|   | For the Three Months Ended |                  |                | For the Six Months Ended |                  |              |
|---|----------------------------|------------------|----------------|--------------------------|------------------|--------------|
|   | June 30,<br>2023           | June 30,<br>2024 | US\$           | June 30,<br>2023         | June 30,<br>2024 | US\$         |
|   | RMB                        | RMB              |                | RMB                      | RMB              |              |
| <b>Reconciliation of Net Loss to Adjusted Net Loss:</b> |                            |                  |                |                          |                  |              |
| Net loss  | (41,540)                   | (11,897)         | (1,637)        | (64,473)                 | (8,032)          | (1,105)      |
| Add: Share-based compensation                           | 1,695                      | 2,234            | 307            | (2,610)                  | 1,351            | 186          |
| Adjusted net loss                                       | <u>(39,845)</u>            | <u>(9,663)</u>   | <u>(1,330)</u> | <u>(67,083)</u>          | <u>(6,681)</u>   | <u>(919)</u> |

1. This announcement contains translations of certain Renminbi (RMB) amounts into U.S. dollars (US\$) at a specified rate solely for the convenience of the reader. Unless otherwise noted, the translation of RMB into US\$ has been made at RMB7.2672 to US\$1.00, the exchange rate in effect as of June 28, 2024 as set forth in the H.10 statistical release of The Board of Governors of the Federal Reserve System.

2. "Repeat purchase rate" in a given period is calculated as the number of transacting members who purchased not less than twice divided by the total number of transacting members during such period. "Transacting member" in a given period refers to a member who successfully promotes Yunji's products to generate at least one order or places at least one order on Yunji's platform, regardless of whether any product in such order is ultimately sold or delivered or whether any product in such order is returned. "Repeat purchase rate" only considers orders placed through the Company's app. Repeat purchases made through the Company's mini-programs are excluded from the calculation.

3. Adjusted net loss is a non-GAAP financial measure, which is defined as net loss excluding share-based compensation expense. See "Reconciliation of Non-GAAP Measures to the Most Directly Comparable Financial Measures" set forth at the end of this press release.

4. As of June 30, 2024, short-term loan receivables of amount RMB104,618 were included in the prepaid expenses and other current assets balance, which represent the principal and interest to be collected on loans provided by the Group to third-party companies.

5. In June 2024, the Company won the bid for a parcel of land located in Xiaoshan District, Hangzhou, China, covering approximately 10 thousand square meters (the "Hangzhou Land Parcel") and entered into an agreement with the local government to acquire the land use right of the Hangzhou Land Parcel for an aggregate consideration of approximately RMB171.5 million. The prepayment for land use right was recorded in other non-current assets. The Company intends to construct a new office building on the Hangzhou Land Parcel to use it as its new headquarters and also lease offices to external parties. The total amount for the land acquisition and office building construction is expected to be approximately RMB600.0 million. The Company intends to fund the land acquisition and building construction through cash on hand and bank financing.

6. As of June 30, 2024, the decrease in incentive payables was mainly due to derecognition of long-aged payables to inactive members.

7. As of June 30, 2024, the Group, as one of the five co-defendants, was involved in an on-going legal proceeding that arose in the ordinary course of business (the "Case"). The plaintiff sought monetary damages jointly and severally from all co-defendants. As of the date of this earnings release, the Case is still under the appeal trial process and subject to final judgment by the Guangzhou Intermediate People's Court, and the amount involved is approximately RMB23.1 million. Based on the currently available information, management believes that the claims by the plaintiff have no merit and the Group has valid defence and will defend vigorously in the Case. Accordingly, the Group has not made accrual for the Case as of June 30, 2024.

SOURCE Yunji Inc.