

June Quarter 2023 Results

August 10, 2023

 **Alibaba**



This presentation contains certain financial measures that are not recognized under generally accepted accounting principles in the United States (“GAAP”), including adjusted EBITDA (including adjusted EBITDA margin), adjusted EBITA (including adjusted EBITA margin), non-GAAP net income, non-GAAP diluted earnings per share/ADS and free cash flow. For a reconciliation of these non-GAAP financial measures to the most directly comparable GAAP measures, see GAAP to Non-GAAP Measures Reconciliation, GAAP to Non-GAAP Net Income Attributable to Ordinary Shareholders and the slides presenting revenue and EBITA by segments.

This presentation 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 “may,” “will,” “expect,” “anticipate,” “future,” “aim,” “estimate,” “intend,” “seek,” “plan,” “believe,” “potential,” “continue,” “ongoing,” “target,” “guidance,” “is/are likely to” and similar statements. In addition, statements that are not historical facts, including statements about Alibaba Group’s new organizational and governance structure, Alibaba’s strategies and business plans, Alibaba’s beliefs, expectations and guidance regarding the growth of its business and its revenue, the business outlook and quotations from management in this presentation, as well as Alibaba’s strategic and operational plans, are or contain forward-looking statements. Alibaba may also make forward-looking statements in its periodic reports to the U.S. Securities and Exchange Commission (the “SEC”), in announcements made on the website of The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”), in press releases and other written materials and in oral statements made by its officers, directors or employees to third parties. 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. These factors include but are not limited to the following: Alibaba’s corporate structure, including the VIE structure it uses to operate certain businesses in the PRC; the implementation of Alibaba Group’s new organizational and governance structure and the execution of spin-off or capital raising plans of its subsidiaries; Alibaba’s ability to maintain the trusted status of its ecosystem; Alibaba’s ability to compete, innovate and maintain or grow its revenue or business, including expanding its international and cross-border businesses and operations and managing a large and complex organization; risks associated with sustained investments in Alibaba’s businesses; fluctuations in general economic and business conditions in China and globally; uncertainties arising from competition among countries and geopolitical tensions, including protectionist or national security policies and export control, economic or trade sanctions; risks associated with Alibaba’s acquisitions, investments and alliances; uncertainties and risks associated with a broad range of complex laws and regulations (including in the areas of data security and privacy protection, anti-monopoly and anti-unfair competition, content regulation, consumer protection and regulation of Internet platforms) in the PRC and globally; cybersecurity risks; impacts of the COVID-19 pandemic and assumptions underlying or related to any of the foregoing. Further information regarding these and other risks is included in Alibaba’s filings with the SEC and announcements on the website of the Hong Kong Stock Exchange. All information provided in this presentation is as of the date of this presentation and are based on assumptions that we believe to be reasonable as of this date, and Alibaba does not undertake any obligation to update any forward-looking statement, except as required under applicable law.

<i>(in RMB Mn, except per share data and percentages)</i>	Three months ended June 30,		
	2022	2023	YoY%
Taobao and Tmall Group	102,517	114,953	12%
Alibaba International Digital Commerce Group	15,721	22,123	41%
Local Services Group	11,131	14,450	30%
Cainiao Smart Logistics Network Limited	17,292	23,164	34%
Cloud Intelligence Group	24,127	25,123	4%
Digital Media and Entertainment Group	3,966	5,381	36%
All others ⁽¹⁾	45,152	45,541	1%
Total segment revenue	219,906	250,735	14%
Unallocated	193	249	
Consolidation adjustments ⁽²⁾	(14,544)	(16,828)	
Consolidated revenue	205,555	234,156	14%
Income from operations	24,943	42,490	70% ⁽³⁾
Share-based compensation expense	6,725	(1,629)	N/A
Amortization of intangible assets	2,751	2,479	(10)%
Impairment of goodwill	-	2,031	N/A
Diluted earnings per share ⁽⁴⁾	1.06	1.66	56% ⁽⁵⁾⁽⁶⁾
Diluted earnings per ADS ⁽⁴⁾	8.51	13.30	56% ⁽⁵⁾⁽⁶⁾
Non-GAAP Measures			
Adjusted EBITA ⁽⁷⁾	34,419	45,371	32% ⁽⁸⁾
Non-GAAP diluted earnings per share ⁽⁴⁾⁽⁷⁾	1.47	2.17	48% ⁽⁶⁾⁽⁸⁾
Non-GAAP diluted earnings per ADS ⁽⁴⁾⁽⁷⁾	11.73	17.37	48% ⁽⁶⁾⁽⁸⁾

Notes: Starting from the quarter ended June 30, 2023, we have implemented a new organizational and governance structure, under which we are a holding company of six major business groups and various other businesses, with each business operating with a high degree of independence (the "Reorganization"). Our segment reporting has been updated to reflect our Reorganization. Our chief operating decision maker ("CODM") started to review information under a new reporting structure, and segment reporting has been updated to conform to this change. Comparative figures were reclassified to conform to this presentation.

- (1) All others include Sun Art, Freshippo, Alibaba Health, Lingxi Games, Intime, Intelligent Information Platform (which mainly consists of UCWeb and Quark businesses), Fliggy and other businesses. The majority of revenue within all others consist of direct sales revenue, which is recorded on a gross basis.
- (2) Consolidation adjustments primarily relate to inter-segment adjustments.
- (3) Excluding the reversal of share-based compensation expense of RMB6,901 million, income from operations would have increased by 43% year-over-year, primarily contributed by revenue growth and increase in operating efficiency.
- (4) Each ADS represents eight ordinary shares.
- (5) The year-over-year increases were primarily attributable to the increase in income from operations and the increase in share of results of equity method investees, partly offset by the net losses arising from the decreases in market prices of our equity investments in publicly-traded companies, compared to net gains from these investments in the same quarter last year.
- (6) The year-over-year percentages as stated are calculated based on the exact amount and there may be minor differences from the year-over-year percentages calculated based on the RMB amounts after rounding.
- (7) See the sections entitled "GAAP to Non-GAAP Measures Reconciliation" for more information about the non-GAAP measures on pages 16 and 17.
- (8) The year-over-year increases were primarily contributed by the revenue growth and the increase in operating efficiency.

Cost of Revenue and Operating Expenses

Cost of Revenue (excluding SBC)

(RMB Mn)

Three months ended

% of
Revenue

62%

61%

128,044

142,654

June 30, 2022

June 30, 2023

Sales & Marketing Expenses (excluding SBC)

(RMB Mn)

Three months ended

% of
Revenue

12%

12%

24,678

27,172

June 30, 2022

June 30, 2023

Product Development Expenses (excluding SBC)

(RMB Mn)

Three months ended

% of
Revenue

5%

4%

11,206

10,707

June 30, 2022

June 30, 2023

General & Administrative Expenses (excluding SBC)

(RMB Mn)

Three months ended

% of
Revenue

4%

4%

7,208

8,252

June 30, 2022

June 30, 2023

Income Statement: Selected Financials

(in RMB Mn, except percentages)	Three months ended June 30,			
	2022	2023	YoY%	Change YoY
Income from operations	24,943	42,490	70%	17,547
Interest and investment income, net	5,369	(5,898)	N/A	(11,267)
Interest expense	(1,244)	(1,784)	43%	(540)
Other income, net	109	1,364	1151%	1,255
Income before income tax and share of results of equity method investees	29,177	36,172	24%	6,995
Income tax expenses	(5,399)	(6,022)	12%	(623)
Share of results of equity method investees	(3,480)	2,850	N/A	6,330
Net income	20,298	33,000	63%	12,702
Net income attributable to ordinary shareholders	22,739	34,332	51%	11,593
Adjustments to reconcile net income to non-GAAP net income:				
Share-based compensation expense	6,725	(1,629)	N/A	(8,354)
Amortization of intangible assets	2,751	2,479	(10)%	(272)
Impairment of goodwill and investments	3,114	4,269	37%	1,155
(Gain) Loss on deemed disposals/disposals/revaluation of investments and others	(1,712)	9,038	N/A	10,750
Tax effects ⁽¹⁾	(924)	(2,235)	142%	(1,311)
Non-GAAP net income	30,252	44,922	48%	14,670
Non-GAAP net income attributable to ordinary shareholders	31,355	44,803	43%	13,448

Note:

(1) Tax effects primarily comprises tax effects relating to share-based compensation expense, amortization of intangible assets and certain gains and losses from investments, and others.

	Three months ended June 30,		
	2022	2023	
	RMB Mn	RMB Mn	USD Mn
Cash Flow			
Net cash provided by operating activities	33,869	45,306	6,248
Less:			
Purchase of property and equipment (excluding land use rights and construction in progress relating to office campuses)	(11,110)	(6,007)	(828)
Purchase of intangible assets (excluding those acquired through acquisitions)	(22)	-	-
Changes in the buyer protection fund deposits	(564)	(210)	(29)
Free cash flow	22,173	39,089	5,391
Capital Expenditure	(11,843)	(6,927)	(955)
Net cash (outflow) inflow from investment and acquisition activities⁽¹⁾	(1,836)	2,656	366
Share Repurchase	(23,880)	(22,151)	(3,055)
	As of March 31,	As of June 30,	
	2023	2023	
	RMB Mn	RMB Mn	USD Mn
Balance Sheet			
Cash and cash equivalents	193,086	226,405	31,223
Short-term investments	326,492	283,953	39,159
Other treasury investments	40,736	74,337	10,251
Cash balance	560,314	584,695	80,633
Less:			
Current and non-current bank borrowings	(59,489)	(62,933)	(8,679)
Current and non-current unsecured senior notes	(101,865)	(102,610)	(14,151)
Net cash position	398,960	419,152	57,803

Note:

(1) Net cash used in investment and acquisition activities represent cash outflow for investment and acquisition activities, net of cash inflow from disposal of investments.

Segment Results

Three months ended June 30, 2023

(in RMB Mn, except percentages)	Taobao and Tmall Group	Alibaba International Digital Commerce Group	Local Services Group	Cainiao Smart Logistics Network Limited	Cloud Intelligence Group	Digital Media and Entertainment Group	All others ⁽¹⁾	Total segments	Unallocated ⁽²⁾	Consolidation adjustments ⁽³⁾	Consolidated
Revenue	114,953	22,123	14,450	23,164	25,123	5,381	45,541	250,735	249	(16,828)	234,156
Revenue YoY%	12%	41%	30%	34%	4%	36%	1%	14%			14%
Adjusted EBITA	49,319	(420)	(1,982)	877	387	63	(1,204)	47,040	(1,463)	(206)	45,371
Adjusted EBITA YoY Change	4,100	960	852	1,062	199	970	1,071	9,214	1,438	300	10,952
Adjusted EBITA YoY ⁽⁴⁾	9%	70%	30%	N/A	106%	N/A	47%	24%			32%

Three months ended June 30, 2022

(in RMB Mn)	Taobao and Tmall Group	Alibaba International Digital Commerce Group	Local Services Group	Cainiao Smart Logistics Network Limited	Cloud Intelligence Group	Digital Media and Entertainment Group	All others ⁽¹⁾	Total segments	Unallocated ⁽²⁾	Consolidation adjustments ⁽³⁾	Consolidated
Revenue	102,517	15,721	11,131	17,292	24,127	3,966	45,152	219,906	193	(14,544)	205,555
Adjusted EBITA	45,219	(1,380)	(2,834)	(185)	188	(907)	(2,275)	37,826	(2,901)	(506)	34,419

Notes: Starting from the quarter ended June 30, 2023, our segment reporting has been updated to reflect our Reorganization. Our CODM started to review information under a new reporting structure, and segment reporting has been updated to conform to this change. Comparative figures were reclassified to conform to this presentation.

(1) All others include Sun Art, Freshippo, Alibaba Health, Lingxi Games, Intime, Intelligent Information Platform (which mainly consists of UCWeb and Quark businesses), Fliggy and other businesses.

(2) Unallocated primarily relate to certain costs incurred by corporate functions and other miscellaneous items that are not allocated to individual segments.

(3) Consolidation adjustments primarily relate to inter-segment adjustments.

(4) For a more intuitive presentation, widening of loss in YoY% is shown in terms of negative growth rate, and narrowing of loss in YoY% is shown in terms of positive growth rate.

China Commerce Retail Revenue

- **Revenue from our China commerce retail business** in the quarter ended June 30, 2023 was **RMB109,828 million** (US\$15,146 million), an increase of **13%** compared to RMB97,423 million in the same quarter of 2022.
- **Customer management revenue** was **RMB79,661 million** (US\$10,986 million), an increase of **10%** year-over-year, primarily due to the increase in merchant's willingness to invest in advertising and increase in online physical goods GMV generated on Taobao and Tmall, excluding unpaid order. The growth also reflected a successful 6.18 Shopping Festival that generated solid growth in order volume and average order value.
- **Direct sales and others revenue** under China commerce retail business in the quarter ended June 30, 2023 was **RMB30,167 million** (US\$4,160 million), an increase of **21%** compared to RMB24,998 million in the same quarter of 2022, primarily due to strong sales driven by the consumer electronics category.

China Commerce Wholesale Revenue

- **Revenue from our China commerce wholesale business** in the quarter ended June 30, 2023 was **RMB5,125 million** (US\$707 million), an increase of **1%** compared to RMB5,094 million in the same quarter of 2022.

Segment Adjusted EBITA

- **Taobao and Tmall Group adjusted EBITA** increased by **9%** to **RMB49,319 million** (US\$6,801 million) in the quarter ended June 30, 2023, compared to RMB45,219 million in the same quarter of 2022. The increase was primarily due to the increase in profit from customer management service and narrowing losses in certain businesses.

Business Highlights

- For the month ended June 30, 2023, Taobao app grew average daily active users (DAU) by 6.5% year-over-year, resulting from effective user acquisition programs and improving retention of Taobao app users during the quarter. Importantly, the improvements in user acquisition and retention supported a successful 6.18 Shopping Festival that generated solid growth in order volume and average order value.
- During the festival, spending by 88VIP members grew double digits, while the number of paying subscribers also recorded strong growth. The 6.18 Shopping Festival also gained strong support from existing and new merchants offering rich assortment of price competitive products as well as creators introducing new interactive content.

(in RMB Mn, except percentages)	Three months ended June 30,		
	2022	2023	YoY %
Customer management	72,425	79,661	10%
Direct sales and others	24,998	30,167	21%
China commerce wholesale	5,094	5,125	1%
Revenue	102,517	114,953	12%
Adj. EBITA	45,219	49,319	9%



International Commerce Retail Revenue

- **Revenue from our International commerce retail business** in the quarter ended June 30, 2023 was **RMB17,138 million** (US\$2,364 million), an increase of **60%** compared to RMB10,742 million in the same quarter of 2022. The increase was primarily due to strong combined order growth of retail businesses driven by solid performance of all major retail platforms, and improvements in monetization. Because certain of our international businesses generate revenue in local currencies while our reporting currency is Renminbi, AIDC's revenue is affected by exchange rate fluctuations.

International Commerce Wholesale Revenue

- **Revenue from our International commerce wholesale business** in the quarter ended June 30, 2023 was **RMB4,985 million** (US\$687 million), which remained stable compared to RMB4,979 million in the same quarter of 2022.

Segment Adjusted EBITA

- **Alibaba International Digital Commerce Group adjusted EBITA** was **a loss of RMB420 million** (US\$58 million) in the quarter ended June 30, 2023, compared to a loss of RMB1,380 million in the same quarter of 2022.
- Losses significantly narrowed year-over-year primarily because of improved margins of Trendyol and Lazada, partly offset by the increase in investments in new business, such as Miravia, and AliExpress. Trendyol continued to deliver strong order growth in both of its e-commerce and local consumer services businesses. Through robust revenue growth and continuing improvement in operating efficiency, for the first time, Trendyol achieved positive operating results during the quarter. The reduced loss from Lazada is primarily due to improvement in monetization.

Business Highlights

- During the June quarter, the combined order growth of AIDC's retail businesses was around 25% year-over-year, driven by solid performance from all major retail platforms.
- AliExpress delivered robust order growth driven by growth of transacting users and enhanced consumer experience. During the quarter, AliExpress' *Choice* continued to upgrade consumer experience with price competitiveness and improved service standards, through supply chain optimization and parcel consolidation in key strategic countries. These convenient services enhanced consumer experience and significantly improved AliExpress' user retention rate and purchase frequency.
- Lazada recorded double-digit order growth year-over-year during the quarter. As a result of improving monetization and operating efficiency, Lazada's unit economics continued to improve compared to the same period last year.
- Trendyol continued to deliver strong order growth driven by growth in both its e-commerce and local consumer services businesses. Through robust revenue growth and continuing improvement in operating efficiency, for the first time, Trendyol achieved positive operating results during the quarter.

(in RMB Mn, except percentages)	Three months ended June 30,		
	2022	2023	YoY %
International commerce retail	10,742	17,138	60%
International commerce wholesale	4,979	4,985	0%
Revenue	15,721	22,123	41%
Adj. EBITA	(1,380)	(420)	70%

Segment Revenue

- **Revenue from Local Services Group** was **RMB14,450 million** (US\$1,993 million) in the quarter ended June 30, 2023, an increase of **30%** compared to RMB11,131 million in the same quarter of 2022, primarily due to robust GMV growth of Ele.me and the rapid order growth of Amap.

Segment Adjusted EBITA

- **Local Services Group adjusted EBITA** was **a loss of RMB1,982 million** (US\$273 million) in the quarter ended June 30, 2023, compared to a loss of RMB2,834 million in the same quarter of 2022, reflecting the continued narrowing of losses driven by Ele.me's order growth and positive unit economics per order, as well as rapid order growth of Amap driven by market demand.

Business Highlights

- **To-Home:** During this quarter, Ele.me experienced GMV growth year-over-year, primarily due to strong order growth that benefited from improving consumer demand, increasing number of active merchants and improving delivery capacity. Ele.me continues to focus on diversifying the availability of quality items from non-restaurant categories. During this quarter, Ele.me increased its supply of consumer electronics by onboarding authorized Apple franchise stores and Suning.com offline stores. For the quarter ended June 30, 2023, Ele.me's unit economics per order continued to be positive and order density continued to improve. As a result, Ele.me's losses continued to narrow year-over-year.
- **To-Destination:** For the quarter ended June 30, 2023, order growth of Amap increased rapidly year-over-year, due to its new position and additional capabilities as a comprehensive "To-Destination" service platform, as well as due to the strong recovery in commuting and travel demand. During the Labor Day holiday in May 2023, Amap achieved over 200 million peak daily active users, the highest number of daily active users compared to Labor Day holidays in previous years, as the Chinese economy experienced strong recovery in travel demand.

(in RMB Mn, except percentages)	Three months ended June 30,		
	2022	2023	YoY %
Revenue	11,131	14,450	30%
Adj. EBITA	(2,834)	(1,982)	30%

Segment Revenue

- Revenue from Cainiao Smart Network Logistics Limited was **RMB23,164 million** (US\$3,194 million) in the quarter ended June 30, 2023, increased by **34%** compared to RMB17,292 million in the same quarter of 2022, primarily contributed by the increase in revenue from international fulfillment solution services and domestic consumer logistics services.

Segment Adjusted EBITA

- Cainiao Smart Logistics Network Limited adjusted EBITA was **a profit of RMB877 million** (US\$121 million) in the quarter ended June 30, 2023, compared to a loss of RMB185 million in the same quarter of 2022. Profitability turned positive year-over-year primarily because of improved operating results from international fulfillment solution services and domestic consumer logistics services.

Business Highlights

- Cainiao has a global end-to-end logistics network at scale that uses its proprietary technology to optimize efficiencies across first-mile pick-up, line haul, overseas distribution, and last-mile delivery.
- During the quarter, Cainiao supported merchants on AliExpress' *Choice* by offering services with lower costs and faster delivery, including the recently-launched flagship service of "5-Day Global Delivery." In June 2023, Cainiao commenced operation of three new international sorting centers, bringing the number of overseas sorting centers in operation to 18.
- In China, Cainiao continues to expand its value-added services to enhance consumer experience. During the quarter, Cainiao prioritized the development of fulfillment services, offering "Half-Day Delivery" and "Next-Day Delivery" in key strategic cities. Consumers can enjoy time-guaranteed doorstep delivery services.

(in RMB Mn, except percentages)	Three months ended June 30,		
	2022	2023	YoY %
Revenue	17,292	23,164	34%
Adj. EBITA	(185)	877	N/A

Segment Revenue

- **Revenue from Cloud Intelligence Group** was **RMB25,123 million** (US\$3,465 million) in the quarter ended June 30, 2023, increased by **4%** compared to RMB24,127 million in the same quarter of 2022.
- Year-over-year revenue growth was mainly driven by Alibaba-consolidated businesses and customers within financial services, education, electric power, and automobile industries, partly offset by our proactive efforts to manage revenue from project-based cloud services.

Segment Adjusted EBITA

- **Cloud Intelligence Group adjusted EBITA** increased by **106%** to **RMB387 million** (US\$53 million) in the quarter ended June 30, 2023, compared to RMB188 million in the same quarter of 2022, primarily due to reduced colocation and bandwidth costs of DingTalk as a result of normalization of usage as compared to the same quarter last year.

Business Highlights

- **AI Community:** ModelScope (魔搭), our open-source platform providing a large number of machine-learning and deep learning models, tools and services, hosted over 1,000 AI models and received in aggregate over 45 million downloads as of July 2023. The platform is one of China's leading online community for open-source model resources and allows developers to train and experiment with the models by leveraging Alibaba Cloud's AI computing capabilities.
- **Generative AI:** Alibaba Cloud announced a series of new features for our generative AI model. Since unveiling Tongyi Qianwen (通义千问) in April 2023, Alibaba Cloud upgraded its audio transcription platform Tingwu (听悟) with AI-powered meeting analysis capability. In July, Alibaba Cloud launched its generative AI text-to-image model Tongyi Wanxiang (通义万相).
- **AI for Science:** During this quarter, Fudan University and Alibaba Cloud jointly launched one of the largest cloud-based scientific research and intelligent computing platforms for universities in China. Leveraging our AI infrastructure and services, Alibaba Cloud supports scientific research to improve efficiency and reduce cost, and promotes the development and adoption of large language models in scientific research.

Three months ended June 30,

<i>(in RMB Mn, except percentages)</i>	2022	2023	YoY %
Revenue	24,127	25,123	4%
Adj. EBITA	188	387	106%

Segment Revenue

- Revenue from Digital Media and Entertainment Group was **RMB5,381 million** (US\$742 million) in the quarter ended June 30, 2023, an increase of **36%** compared to RMB3,966 million in the same quarter of 2022, primarily driven by growth in our online entertainment business and strong recovery of offline entertainment business.

Segment Adjusted EBITA

- Digital Media and Entertainment Group adjusted EBITA in the quarter ended June 30, 2023 was **a profit of RMB63 million** (US\$9 million), compared to a loss of RMB907 million in the same quarter of 2022. The improved adjusted EBITA was mainly due to the increase in revenue from Alibaba Pictures and Damai.

Business Highlights

- Damai, a leading online ticketing platform for live events in China, saw strong revenue recovery, driven by increasing demand for offline entertainment events, which grew rapidly compared to the same period last year.
- For the quarter ended June 30, 2023, revenue from Alibaba Pictures' movie and online platform business grew strongly year-over-year due to the launch of several blockbusters and robust China box office demands.

	Three months ended June 30,		
<i>(in RMB Mn, except percentages)</i>	2022	2023	YoY %
Revenue	3,966	5,381	36%
Adj. EBITA	(907)	63	N/A

All Others



Segment Revenue

- Revenue from all others segment was **RMB45,541 million** (US\$6,280 million) in the quarter ended June 30, 2023, which increased slightly by **1%** compared to RMB45,152 million in the same quarter of 2022, primarily due to the revenue growth contributed by Alibaba Health, Fliggy, Freshippo and Intelligent Information Platform, partly offset by the decrease in revenue from Sun Art due to decrease in ticket size resulted from the decrease in consumer stockpiling behavior compared to the same quarter last year.

Segment Adjusted EBITA

- Adjusted EBITA from all others segment in the quarter ended June 30, 2023 was **a loss of RMB1,204 million** (US\$166 million), compared to a loss of RMB2,275 million in the same quarter of 2022, primarily due to improved operating results from Freshippo, Lingxi Games and Fliggy.

	Three months ended June 30,		
<i>(in RMB Mn, except percentages)</i>	2022	2023	YoY %
Revenue	45,152	45,541	1%
Adj. EBITA	(2,275)	(1,204)	47%



Appendix

<i>(in RMB Mn, except percentages)</i>	Three months ended June 30,		
	2022	2023	YoY %
Taobao and Tmall Group	102,517	114,953	12%
China commerce retail			
- Customer management	72,425	79,661	10%
- Direct sales and others ⁽¹⁾	24,998	30,167	21%
China commerce wholesale	5,094	5,125	1%
Alibaba International Digital Commerce Group	15,721	22,123	41%
International commerce retail	10,742	17,138	60%
International commerce wholesale	4,979	4,985	0%
Local Services Group	11,131	14,450	30%
Cainiao Smart Logistics Network Limited	17,292	23,164	34%
Cloud Intelligence Group	24,127	25,123	4%
Digital Media and Entertainment Group	3,966	5,381	36%
All others⁽²⁾	45,152	45,541	1%
Total segment revenue	219,906	250,735	14%
Unallocated	193	249	
Consolidation adjustments ⁽³⁾	(14,544)	(16,828)	
Consolidated revenue	205,555	234,156	14%

Notes: Starting from the quarter ended June 30, 2023, our segment reporting has been updated to reflect our Reorganization. Our CODM started to review information under a new reporting structure, and segment reporting has been updated to conform to this change. Comparative figures were reclassified to conform to this presentation.

(1) Direct sales and others revenue under Taobao and Tmall Group primarily represents our direct sales businesses, comprising mainly Tmall Supermarket and Tmall Global, where revenue and cost of inventory are recorded on a gross basis.

(2) All others include Sun Art, Freshippo, Alibaba Health, Lingxi Games, Intime, Intelligent Information Platform (which mainly consists of UCWeb and Quark businesses), Fliggy and other businesses. The majority of revenue within all others consist of direct sales revenue, which is recorded on a gross basis.

(3) Consolidation adjustments primarily relate to inter-segment adjustments.

GAAP to Non-GAAP Measures Reconciliation

	Three months ended June 30,		
	2022	2023	
	RMB Mn	RMB Mn	USD Mn
Adjusted EBITA and Adjusted EBITDA			
Income from operations	24,943	42,490	5,860
Share-based compensation expense	6,725	(1,629)	(225)
Amortization of intangible assets	2,751	2,479	342
Impairment of goodwill	-	2,031	280
Adjusted EBITA	34,419	45,371	6,257
Depreciation and impairment of property and equipment, and operating lease cost relating to land use rights	6,695	6,681	921
Adjusted EBITDA	41,114	52,052	7,178
Non-GAAP net income			
Net income	20,298	33,000	4,551
Adjustments to reconcile net income to non-GAAP net income:			
Share-based compensation expense	6,725	(1,629)	(225)
Amortization of intangible assets	2,751	2,479	342
Impairment of goodwill and investments	3,114	4,269	589
(Gain) Loss on deemed disposals/disposals/revaluation of investments and others	(1,712)	9,038	1,246
Tax effects ⁽¹⁾	(924)	(2,235)	(308)
Non-GAAP net income	30,252	44,922	6,195
Non-GAAP Free cash flow			
Net cash provided by operating activities	33,869	45,306	6,248
Less:			
Purchase of property and equipment (excluding land use rights and construction in progress relating to office campuses)	(11,110)	(6,007)	(828)
Purchase of intangible assets (excluding those acquired through acquisitions)	(22)	-	-
Changes in the buyer protection fund deposits	(564)	(210)	(29)
Free cash flow	22,173	39,089	5,391

Note:

(1) Tax effects primarily comprises tax effects relating to share-based compensation expense, amortization of intangible assets and certain gains and losses from investments, and others.

GAAP to Non-GAAP Net Income Attributable to Ordinary Shareholders

	Three months ended June 30,		
	2022	2023	
	RMB	RMB	USD
<i>(in Mn, except per share data)</i>			
Net income attributable to ordinary shareholders – basic	22,739	34,332	4,735
Dilution effect on earnings arising from share-based awards operated by equity method investees and subsidiaries	-	(68)	(10)
Net income attributable to ordinary shareholders – diluted	22,739	34,264	4,725
Non-GAAP adjustments to net income attributable to ordinary shareholders ⁽¹⁾	8,616	10,471	1,444
Non-GAAP net income attributable to ordinary shareholders for computing non-GAAP diluted earnings per share/ADS	31,355	44,735	6,169
Weighted average number of shares on a diluted basis for computing non-GAAP diluted earnings per share/ADS (million shares) ⁽²⁾	21,384	20,608	
Diluted earnings per share ⁽²⁾⁽³⁾	1.06	1.66	0.23
Non-GAAP diluted earnings per share ⁽²⁾⁽⁴⁾	1.47	2.17	0.30
Diluted earnings per ADS ⁽²⁾⁽³⁾	8.51	13.30	1.83
Non-GAAP diluted earnings per ADS ⁽²⁾⁽⁴⁾	11.73	17.37	2.40

Notes:

- (1) See the section entitled “GAAP to Non-GAAP Measures Reconciliation” for the reconciliation of net income to non-GAAP net income for more information of these non-GAAP adjustments.
- (2) Each ADS represents eight ordinary shares.
- (3) Diluted earnings per share is derived from dividing net income attributable to ordinary shareholders by the weighted average number of outstanding ordinary shares, on a diluted basis. Diluted earnings per ADS is derived from the diluted earnings per share after adjusting for the ordinary share-to-ADS ratio.
- (4) Non-GAAP diluted earnings per share is derived from dividing non-GAAP net income attributable to ordinary shareholders by the weighted average number of outstanding ordinary shares for computing non-GAAP diluted earnings per share, on a diluted basis. Non-GAAP diluted earnings per ADS is derived from the non-GAAP diluted earnings per share after adjusting for the ordinary share-to-ADS ratio.

Revenue by Segment: from June Quarter 2022 to June Quarter 2023

(in RMB Mn, except percentages)	Three months ended,					YoY % Change
	Jun 2022	Sep 2022	Dec 2022	Mar 2023	Jun 2023	Jun 2023
Taobao and Tmall Group	102,517	93,735	127,065	89,889	114,953	12%
Alibaba International Digital Commerce Group	15,721	16,046	19,824	18,915	22,123	41%
Local Services Group	11,131	13,381	13,397	12,340	14,450	30%
Cainiao Smart Logistics Network Limited	17,292	18,282	23,023	18,915	23,164	34%
Cloud Intelligence Group	24,127	26,959	26,929	24,766	25,123	4%
Digital Media and Entertainment Group	3,966	5,228	4,261	4,989	5,381	36%
All others ⁽¹⁾	45,152	47,955	50,120	53,048	45,541	1%
Total segment revenue	219,906	221,586	264,619	222,862	250,735	14%
Unallocated	193	216	225	232	249	
Consolidation adjustments ⁽²⁾	(14,544)	(14,626)	(17,088)	(14,894)	(16,828)	
Consolidated revenue	205,555	207,176	247,756	208,200	234,156	14%

Notes: Starting from the quarter ended June 30, 2023, our segment reporting has been updated to reflect our Reorganization. Our CODM started to review information under a new reporting structure, and segment reporting has been updated to conform to this change. Comparative figures were reclassified to conform to this presentation.

(1) All others include Sun Art, Freshippo, Alibaba Health, Lingxi Games, Intime, Intelligent Information Platform (which mainly consists of UCWeb and Quark businesses), Fliggy and other businesses. The majority of revenue within all others consist of direct sales revenue, which is recorded on a gross basis.

(2) Consolidation adjustments primarily relate to inter-segment adjustments.

Adjusted EBITA by Segment: from June Quarter 2022 to June Quarter 2023

(in RMB Mn, except percentages)	Three months ended,					YoY % Change ⁽⁴⁾
	Jun 2022	Sep 2022	Dec 2022	Mar 2023	Jun 2023	Jun 2023
Taobao and Tmall Group	45,219	45,635	59,245	39,041	49,319	9%
Alibaba International Digital Commerce Group	(1,380)	(748)	(645)	(2,171)	(420)	70%
Local Services Group	(2,834)	(3,328)	(2,923)	(4,063)	(1,982)	30%
Cainiao Smart Logistics Network Limited	(185)	125	(12)	(319)	877	N/A
Cloud Intelligence Group	188	428	366	396	387	106%
Digital Media and Entertainment Group	(907)	(362)	(391)	(1,129)	63	N/A
All others ⁽¹⁾	(2,275)	(2,331)	(795)	(1,264)	(1,204)	47%
Total segment adjusted EBITA	37,826	39,419	54,845	30,491	47,040	24%
Unallocated ⁽²⁾	(2,901)	(2,705)	(2,173)	(4,364)	(1,463)	
Consolidation adjustments ⁽³⁾	(506)	(550)	(624)	(847)	(206)	
Consolidated adjusted EBITA	34,419	36,164	52,048	25,280	45,371	32%

Notes: Starting from the quarter ended June 30, 2023, our segment reporting has been updated to reflect our Reorganization. Our CODM started to review information under a new reporting structure, and segment reporting has been updated to conform to this change. Comparative figures were reclassified to conform to this presentation.

(1) All others include Sun Art, Freshippo, Alibaba Health, Lingxi Games, Intime, Intelligent Information Platform (which mainly consists of UCWeb and Quark businesses), Fliggy and other businesses.

(2) Unallocated primarily relate to certain costs incurred by corporate functions and other miscellaneous items that are not allocated to individual segments.

(3) Consolidation adjustments primarily relate to inter-segment adjustments.

(4) For a more intuitive presentation, widening of loss in YoY% is shown in terms of negative growth rate, and narrowing of loss in YoY% is shown in terms of positive growth rate.

