

March Quarter 2023 Results

May 18, 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.

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Financial Highlights



(in RMB millions, except per share data and percentages)	Three months ended March 2023,				Year ended March 31,			
	2022	2023	YoY%	% Total Revenue	2022	2023	YoY%	% Total Revenue
Total revenue	204,052	208,200	2%	100%	853,062	868,687	2%	100%
China commerce ⁽¹⁾	140,079	136,073	(3)%	65%	591,580	582,731	(1)%	67%
International commerce	14,335	18,541	29%	9%	61,078	69,204	13%	8%
Local consumer services ⁽¹⁾	10,696	12,549	17%	6%	44,616	50,112	12%	6%
Cainiao	11,582	13,619	18%	7%	46,107	55,681	21%	6%
Cloud	18,971	18,582	(2)%	9%	74,568	77,203	4%	9%
Digital media and entertainment	8,005	8,273	3%	4%	32,272	31,482	(2)%	4%
Innovation initiatives and others	384	563	47%	0%	2,841	2,274	(20)%	0%
Income from operations	16,717	15,240	(9)% ⁽³⁾	7%	69,638	100,351	44% ⁽³⁾	12%
Share-based compensation expense	(3,737)	7,546	N/A	4%	23,971	30,831	29%	4%
Amortization and impairment of intangible assets	2,831	2,494	(12)%	1%	11,647	13,504	16%	1%
Impairment of goodwill	-	-	N/A	N/A	25,141	2,714	(89)%	0%
Diluted (loss) earnings per share ⁽⁶⁾	(0.76) ⁽⁵⁾	1.12 ⁽⁵⁾	N/A		2.84	3.43	21% ⁽⁵⁾⁽⁷⁾	
Diluted (loss) earnings per ADS ⁽⁶⁾	(6.07) ⁽⁵⁾	9.00 ⁽⁵⁾	N/A		22.74	27.46	21% ⁽⁵⁾⁽⁷⁾	
Non-GAAP Measures								
Adjusted EBITA ⁽²⁾	15,811	25,280	60% ⁽⁴⁾	12%	130,397	147,911	13%	17%
Non-GAAP diluted earnings per share ⁽²⁾⁽⁶⁾	0.99	1.34	35% ⁽⁴⁾⁽⁷⁾		6.59	6.82	4% ⁽⁴⁾⁽⁷⁾	
Non-GAAP diluted earnings per ADS ⁽²⁾⁽⁶⁾	7.95	10.71	35% ⁽⁴⁾⁽⁷⁾		52.69	54.56	4% ⁽⁴⁾⁽⁷⁾	

Notes:

- (1) Beginning on October 1, 2022, we reclassified the revenue of our Instant Supermarket Delivery (全能超市) business, which was previously reported under China commerce segment, as revenue from Local consumer services segment following the strategy refinement of Instant Supermarket Delivery business to focus on building customer mindshare for grocery delivery services through Ele.me platform. This reclassification conforms to the way that we manage and monitor segment performance. Comparative figures were reclassified to conform to this presentation.
- (2) See the section entitled "GAAP to Non-GAAP Measures Reconciliation" for more information about the non-GAAP measures on Pages 16 and 17.
- (3) Excluding the impact of the RMB13,046 million reversal of share-based compensation expense related to the mark-to-market adjustment of Ant Group share-based awards granted to our employees, income from operations for the quarter ended March 31, 2023 would have increased by RMB11,569 million year-over-year. Excluding the impact of certain items, our income from operations in fiscal year 2023 would have increased by RMB24,143 million year-over-year.
- (4) The year-over-year increases were primarily due to an increase in China commerce adjusted EBITA, as well as narrowed adjusted EBITA losses of Local consumer services and Digital media and entertainment.
- (5) The year-over-year changes for the quarter ended March 31, 2023 were primarily due to net gains arising from the increases in the market prices of our equity investments in publicly-traded companies, compared to net losses from these investments in the same quarter last year, partly offset by the decrease in share of profit of equity method investees, the increase in impairment of investments and the decrease in income from operations. The year-over-year increases in fiscal year 2023 were primarily due to the increase in income from operations and the decrease in net losses arising from changes in the fair values of our equity investments, partly offset by the decrease in share of profit of equity method investees and the increase in impairment of investments.
- (6) Each ADS represents eight ordinary shares.
- (7) 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.

Cost of Revenue and Operating Expenses

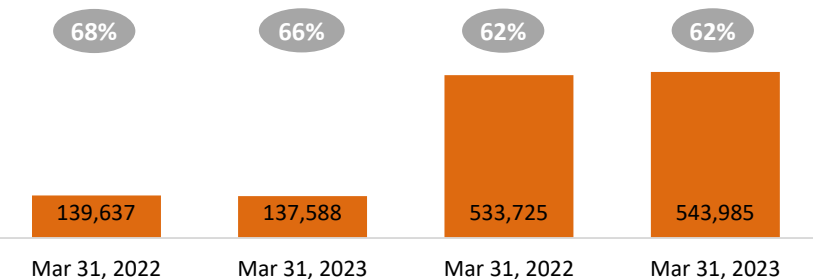
Cost of Revenue (excluding SBC)

(RMB Mn)

Three months ended

Year ended

% of Revenue



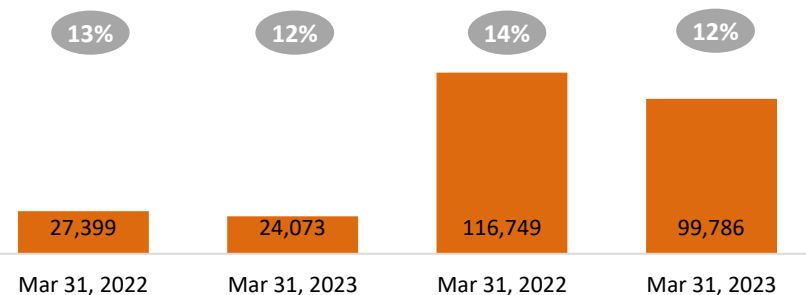
Sales & Marketing Expenses (excluding SBC)

(RMB Mn)

Three months ended

Year ended

% of Revenue



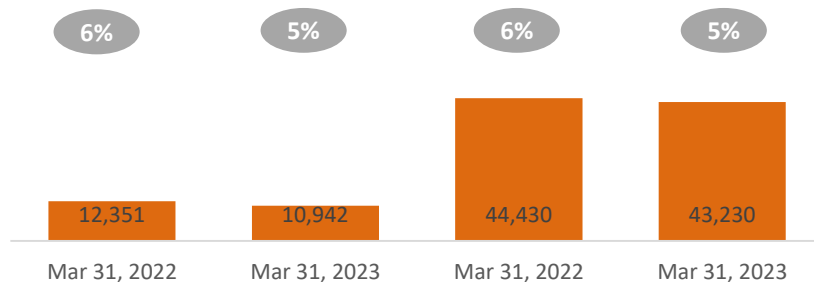
Product Development Expenses (excluding SBC)

(RMB Mn)

Three months ended

Year ended

% of Revenue



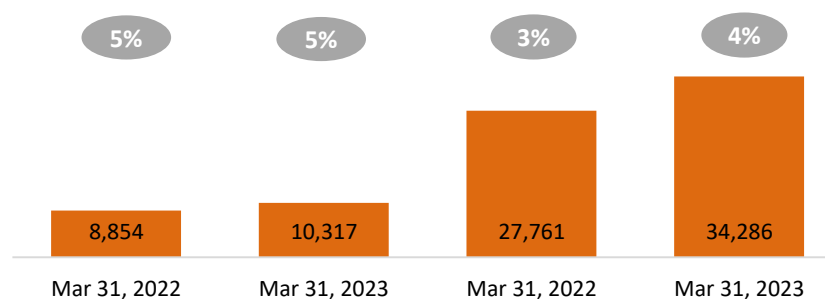
General & Administrative Expenses (excluding SBC)

(RMB Mn)

Three months ended

Year ended

% of Revenue



Income Statement: Selected Financials

	Three months ended March 31,				Year ended March 31,			
	2022	2023	YoY%	Change YoY	2022	2023	YoY%	Change YoY
<i>(in RMB Mn, except percentages)</i>								
Income from operations	16,717	15,240	(9)%	(1,477)	69,638	100,351	44%	30,713
Interest and investment income, net	(36,708)	10,496	N/A	47,204	(15,702)	(11,071)	(29)%	4,631
Interest expense	(1,189)	(1,736)	46%	(547)	(4,909)	(5,918)	21%	(1,009)
Other income, net	1,620	1,308	(19)%	(312)	10,523	5,823	(45)%	(4,700)
(Loss) Income before income tax and share of results of equity method investees	(19,560)	25,308	N/A	44,868	59,550	89,185	50%	29,635
Income tax expenses	(2,079)	(3,758)	81%	(1,679)	(26,815)	(15,549)	(42)%	11,266
Share of results of equity method investees	3,282	446	(86)%	(2,836)	14,344	(8,063)	N/A	(22,407)
Net (loss) income	(18,357)	21,996	N/A	40,353	47,079	65,573	39%	18,494
Net (loss) income attributable to ordinary shareholders	(16,241)	23,516	N/A	39,757	61,959	72,509	17%	10,550
Adjustments to reconcile net income to non-GAAP net income:								
Share-based compensation expense	(3,737)	7,546	N/A	11,283	23,971	30,831	29%	6,860
Amortization and impairment of intangible assets	2,831	2,494	(12)%	(337)	11,647	13,504	16%	1,857
Impairment of goodwill and investments	5,303	7,290	37%	1,987	40,264	24,351	(40)%	(15,913)
Loss (Gain) on deemed disposals/disposals/revaluation of investments and others	37,845	(11,804)	N/A	(49,649)	21,671	13,857	(36)%	(7,814)
Equity-settled donation expense	-	-	N/A	N/A	-	511	N/A	511
Tax effects ⁽¹⁾	(4,086)	(147)	(96)%	3,939	(8,244)	(7,248)	(12)%	996
Non-GAAP net income	19,799	27,375	38%	7,576	136,388	141,379	4%	4,991
Non-GAAP net income attributable to ordinary shareholders	21,462	27,985	30%	6,523	143,552	144,029	0%	477

Note:

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

Cash Flow & Balance Sheet: Selected Financials

	Three months ended March 31,			Year ended March 31,		
	2022	2023		2022	2023	
	RMB Mn	RMB Mn	USD Mn	RMB Mn	RMB Mn	USD Mn
Cash Flow						
Net cash (used in) provided by operating activities	(7,040)	31,401	4,572	142,759	199,752	29,086
Less:						
Purchase of property and equipment (excluding land use rights and construction in progress relating to office campuses)	(9,201)	(2,513)	(366)	(42,028)	(30,373)	(4,423)
Purchase of intangible assets (excluding those acquired through acquisitions)	-	-	-	(15)	(22)	(3)
Changes in the consumer protection fund deposits	1,171	3,379	492	(1,842)	2,306	336
Free cash flow	(15,070)	32,267	4,698	98,874	171,663	24,996
Capital Expenditure	(11,502)	(3,478)	(506)	(53,309)	(34,330)	(4,999)
Net cash (outflow) inflow from investment and acquisition activities ⁽¹⁾	(3,824)	1,478	215	(37,380)	(840)	(123)
Share Repurchase	(12,132)	(12,611)	(1,836)	(61,225)	(74,746)	(10,884)
	As of December 31,	As of March 31,				
	2022	2023				
	RMB Mn	RMB Mn	USD Mn			
Balance Sheet						
Cash and cash equivalents	195,249	193,086	28,115			
Short-term investments	315,990	326,492	47,541			
Other treasury investments	27,977	40,736	5,932			
Restricted cash and escrow receivables	40,188	36,424	5,304			
Cash balance	579,404	596,738	86,892			
Less:						
Current and non-current bank borrowings	(56,558)	(59,489)	(8,662)			
Current and non-current unsecured senior notes	(103,267)	(101,865)	(14,833)			
Net cash position	419,579	435,384	63,397			
Net cash position (excluding restricted cash and escrow receivables)	379,391	398,960	58,093			

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.

	Three months ended March 31, 2023								
	China commerce ⁽¹⁾	International commerce	Local consumer services ⁽¹⁾	Cainiao	Cloud	Digital media and entertainment	Innovation initiatives and others	Unallocated ⁽²⁾	Consolidated
	(in RMB Mn, except percentages)								
Revenue	136,073	18,541	12,549	13,619	18,582	8,273	563	-	208,200
Revenue YoY% Change	(3)%	29%	17%	18%	(2)%	3%	47%	N/A	2%
Adjusted EBITA	38,487	(2,330)	(4,153)	(319)	385	(1,102)	(1,830)	(3,858)	25,280
Adjusted EBITA YoY Change	6,253	233	1,415	593	109	864	622	(620)	9,469
Adjusted EBITA YoY% Change ⁽³⁾	19%	9%	25%	65%	39%	44%	25%	(19)%	60%
Adjusted EBITA margin	28%	(13)%	(33)%	(2)%	2%	(13)%	(325)%	N/A	12%

	Three months ended March 31, 2022								
	China commerce ⁽¹⁾	International commerce	Local consumer services ⁽¹⁾	Cainiao	Cloud	Digital media and entertainment	Innovation initiatives and others	Unallocated ⁽²⁾	Consolidated
	(in RMB Mn, except percentages)								
Revenue	140,079	14,335	10,696	11,582	18,971	8,005	384	-	204,052
Adjusted EBITA	32,234	(2,563)	(5,568)	(912)	276	(1,966)	(2,452)	(3,238)	15,811
Adjusted EBITA margin	23%	(18)%	(52)%	(8)%	1%	(25)%	(639)%	N/A	8%

Notes:

- (1) Beginning on October 1, 2022, we reclassified the results of our Instant Supermarket Delivery (全能超市) business, which was previously reported under China commerce segment, to Local consumer services segment following the strategy refinement of Instant Supermarket Delivery business to focus on building customer mindshare for grocery delivery services through Ele.me platform. This reclassification conforms to the way that we manage and monitor segment performance. Comparative figures were reclassified to conform to this presentation.
- (2) Unallocated expenses primarily relate to corporate administrative costs and other miscellaneous items that are not allocated to individual segments.
- (3) 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 March 31, 2023 was **RMB132,062 million** (US\$19,230 million), a decrease of **3%** compared to RMB135,696 million in the same quarter of 2022.
- **Direct sales and others revenue** under China commerce retail business in the quarter ended March 31, 2023 was **RMB71,788 million** (US\$10,453 million), decreasing slightly by **1%** year-over-year, compared to RMB72,275 million in the same quarter of 2022, mainly due to decrease in offline store sales, which was negatively affected by the COVID-19 disruption in January and seasonal volatility from an earlier Chinese New Year, as well as normalizing grocery demand due to decrease in consumer hoarding behavior post-COVID-19.

China Commerce Wholesale revenue

- **Revenue from our China commerce wholesale business** in the quarter ended March 31, 2023 was **RMB4,011 million** (US\$584 million), a decrease of **8%** compared to RMB4,383 million in the same quarter of 2022.

Segment adjusted EBITA

- **China commerce adjusted EBITA** increased by **19%** to **RMB38,487 million** (US\$5,604 million) in the quarter ended March 31, 2023, compared to RMB32,234 million in the same quarter of 2022.

Business Highlight

- For the quarter ended March 31, 2023, online physical goods GMV on Taobao and Tmall, excluding unpaid orders, declined mid-single-digit year-over-year. China's consumption gradually recovered throughout the quarter ended March 31, 2023. In the month of March, online physical goods GMV growth on Taobao and Tmall, excluding unpaid orders, turned positive, driven by strong growth of fashion & accessories and healthcare categories.
- We remain focused on improving the customer value proposition of our Taobao app by increasing media content that strengthens consumer engagement; being more price competitive through more effective targeting and introduction of new marketing features; and catering to consumers' time-sensitive needs for high-frequency everyday necessities through our neighborhood retail businesses. In April, we started testing a new interface for Taobao app that aims at increasing front page exposure for livestreaming, channels for price competitive products and neighborhood shopping categories.

(in RMB Mn, except percentages)	Three months ended March 31,			Year ended March 31,		
	2022	2023	YoY %	2022	2023	YoY %
Customer management	63,421	60,274	(5)%	315,038	290,378	(8)%
Direct sales and others	72,275	71,788	(1)%	259,830	274,954	6%
China commerce wholesale	4,383	4,011	(8)%	16,712	17,399	4%
Revenue	140,079	136,073	(3)%	591,580	582,731	(1)%
Adj. EBITA	32,234	38,487	19%	182,431	184,862	1%
Adj. EBITA Margin	23%	28%		31%	32%	



International Commerce Retail revenue

- Revenue from our International commerce retail business in the quarter ended March 31, 2023 was **RMB13,967 million** (US\$2,034 million), an increase of **41%** compared to RMB9,887 million in the same quarter of 2022. The increase was primarily due to the growth in revenue generated by Trendyol, Lazada and AliExpress. The increase in revenue from Trendyol resulted from robust year-over-year order growth and more efficient use of subsidies. The increase in revenue from Lazada is driven by the continuous improvement in monetization rate by offering more value-added services and the robust year-over-year order growth. The increase in revenue from AliExpress was mainly driven by the double-digit order growth of AliExpress, accelerated by the direct sales and fulfillment service, with the launch of a new service *Choice* to global consumers.

International Commerce Wholesale revenue

- Revenue from our International commerce wholesale business in the quarter ended March 31, 2023 was **RMB4,574 million** (US\$666 million), an increase of **3%** compared to RMB4,448 million in the same quarter of 2022.

Segment adjusted EBITA

- International commerce adjusted EBITA was a loss of **RMB2,330 million** (US\$339 million) in the quarter ended March 31, 2023, compared to a loss of RMB2,563 million in the same quarter of 2022.

Business Highlight

- During the quarter, AliExpress launched *Choice*, a new service to global consumers. *Choice* offers consumers a curation of great value products across an extensive range of categories. Consumers in selected countries enjoy free shipping, free returns and quality delivery guarantees when placing orders on *Choice*.
- In Southeast Asia, Lazada recorded double-digit order growth year-over-year during the quarter ended March 31, 2023. Through continuous improvement of user engagement program to most of the markets, Lazada continued to increase buyer base.
- During the quarter, Trendyol mobilized its resources to provide aid and support for those affected by the major earthquakes that struck Türkiye in February. Year-over-year order growth rate in the quarter remained resilient, driven by the normalization of the Turkish business from March onwards as well as the strong order growth in new businesses.

(in RMB Mn, except percentages)	Three months ended March 31,			Year ended March 31,		
	2022	2023	YoY %	2022	2023	YoY %
International commerce retail	9,887	13,967	41%	42,668	49,873	17%
International commerce wholesale	4,448	4,574	3%	18,410	19,331	5%
Revenue	14,335	18,541	29%	61,078	69,204	13%
Adj. EBITA	(2,563)	(2,330)	9%	(8,991)	(5,620)	37%
Adj. EBITA Margin	(18)%	(13)%		(15)%	(8)%	

Segment revenue

- **Revenue from Local consumer services**, which includes “To-Home” and “To-Destination” businesses such as Ele.me, Amap and Fliggy, was **RMB12,549 million** (US\$1,827 million) in the quarter ended March 31, 2023, an increase of **17%** compared to RMB10,696 million in the same quarter of 2022, primarily due to GMV growth of Ele.me driven by order growth and higher average order value.

Segment adjusted EBITA

- **Local consumer services adjusted EBITA** was a loss of **RMB4,153 million** (US\$605 million) in the quarter ended March 31, 2023, compared to a loss of RMB5,568 million in the same quarter of 2022, primarily due to the continued narrowing of loss from our “To-Home” business driven by Ele.me’s improved unit economics per order, which was due to increased average order value and reduced delivery cost per order year-over-year.

Business Highlight

- **To-Home:** Starting in February, Ele.me's GMV growth and order growth substantially increased due to improving consumer demand, increasing number of active merchants and effective scaling of our delivery capacity. For the quarter ended March 31, 2023, Ele.me's unit economics per order continued to be positive and improved year-over-year due to increased average order value and reduced delivery cost per order.
- **To-Destination:** For the quarter ended March 31, 2023, year-over-year order growth of "To-Destination" businesses, which included Amap and Fliggy, increased rapidly due to the strong recovery in commuting and travel demand. In March, the number of average daily active users of Amap reached a new record high of 150 million, driven by increasing intra-city commute and inter-city travel demand. In March, Fliggy's domestic hotel booking value grew over 70% compared to the same period in 2019 driven by a surge in business and recreational travel demand.

(in RMB Mn, except percentages)	Three months ended March 31,			Year ended March 31,		
	2022	2023	YoY %	2022	2023	YoY %
Revenue	10,696	12,549	17%	44,616	50,112	12%
Adj. EBITA	(5,568)	(4,153)	25%	(22,092)	(14,021)	37%
Adj. EBITA Margin	(52)%	(33)%		(50)%	(28)%	

Segment Revenue

- **Revenue from Cainiao**, which represents revenue from its domestic and international one-stop-shop logistics services and supply chain management solutions, **after inter-segment elimination**, was **RMB13,619 million** (US\$1,983 million) in the quarter ended March 31, 2023, an increase of **18%** compared to RMB11,582 million in the same quarter of 2022, primarily driven by increasing revenue per order from international fulfillment solution services as well as increasing demand for consumer logistics services.
- **Total revenue generated by Cainiao, before inter-segment elimination**, which includes revenue from services provided to other Alibaba businesses, was **RMB18,915 million** (US\$2,754 million), an increase of **15%** compared to RMB16,451 million in the same quarter of 2022.

Segment adjusted EBITA

- **Cainiao adjusted EBITA** was a loss of **RMB319 million** (US\$46 million) in the quarter ended March 31, 2023, compared to a loss of RMB912 million in the same quarter of 2022.

Business Highlight

- Cainiao continues to expand its international logistics network by strengthening its end-to-end logistics capabilities. For AliExpress *Choice*, Cainiao has upgraded its warehouse network to improve its parcel bundling and direct shipping capabilities, enabling merchants to achieve full-scale global logistics management for worldwide shipping.
- In March, Cainiao became the first China logistics partner of the United Nations World Food Programme (WFP), and through the partnership Cainiao will help WFP shorten delivery time of critical supplies during global emergency situations.
- In China, Cainiao continues to expand its Cainiao Post network that offers a variety of value-added services. During the quarter ended March 31, 2023, Cainiao Post further increased its penetration of door-step parcel delivery service to customers, with door-step delivery parcels increasing by approximately 85% year-over-year.

(in RMB Mn, except percentages)	Three months ended March 31,			Year ended March 31,		
	2022	2023	YoY %	2022	2023	YoY %
Revenue	11,582	13,619	18%	46,107	55,681	21%
Adj. EBITA	(912)	(319)	65%	(1,465)	(391)	73%
Adj. EBITA Margin	(8)%	(2)%		(3)%	(1)%	

Segment Revenue

- Revenue from our Cloud segment, after inter-segment elimination, was **RMB18,582 million** (US\$2,706 million) in the quarter ended March 31, 2023, a decline of **2%** compared to RMB18,971 million in the same quarter of 2022. **Total revenue from our Cloud business, before inter-segment elimination**, which includes revenue from services provided to other Alibaba businesses, was **RMB24,559 million** (US\$3,576 million), decrease of **3%** compared to RMB25,230 million in the same quarter of 2022.

Segment adjusted EBITA

- Cloud adjusted EBITA was **RMB385 million** (US\$56 million) in the quarter ended March 31, 2023, compared to RMB276 million in the same quarter of 2022.

Business Highlight

- Generative AI:** In April, Alibaba Cloud unveiled its latest large language model (LLM), Tongyi Qianwen (通义千问). We plan to integrate new LLM into all business applications across Alibaba's ecosystem in the near future to further enhance user experience.
- Product Pricing:** Recently, Alibaba Cloud has endorsed multiple actions to make computing more accessible and affordable. We announced a new instance family that provides the same level of stability and offers up to 40% cost savings. For existing products, we reduced the prices of some of our core utility products, including computing, storage, networking and security products, by up to 50%.
- DingTalk:** During the 2023 DingTalk Spring Summit on April 18, 2023, DingTalk unveiled the integration of intelligent capabilities based on Alibaba's Tongyi Qianwen LLM into its product. Users can activate multiple AI capabilities by typing the slash symbol (/), including article creation, meeting notes summary, image generation, DingTalk mini-app building, and robot training. As a PaaS platform, DingTalk will further help customers and ecosystem partners to unlock the potential of AI capabilities.

(in RMB Mn, except percentages)	Three months ended March 31,			Year ended March 31,		
	2022	2023	YoY %	2022	2023	YoY %
Revenue	18,971	18,582	(2)%	74,568	77,203	4%
Adj. EBITA	276	385	39%	1,146	1,422	24%
Adj. EBITA Margin	1%	2%		2%	2%	

Segment Revenue

- Revenue from our Digital media and entertainment segment in the quarter ended March 31, 2023 was **RMB8,273 million** (US\$1,204 million), an increase of **3%**, compared to RMB8,005 million in the same quarter of 2022.

(in RMB Mn, except percentages)	Three months ended March 31,			Year ended March 31,		
	2022	2023	YoY %	2022	2023	YoY %
Revenue	8,005	8,273	3%	32,272	31,482	(2)%
Adj. EBITA	(1,966)	(1,102)	44%	(4,690)	(1,874)	60%
Adj. EBITA Margin	(25)%	(13)%		(15)%	(6)%	

Segment Adjusted EBITA

- Digital media and entertainment adjusted EBITA in the quarter ended March 31, 2023 was a loss of **RMB1,102 million** (US\$160 million), compared to a loss of RMB1,966 million in the same quarter of 2022, primarily due to the narrowing of loss from Youku driven by disciplined investment in content and production capability.

Innovation Initiatives and Others

Segment Revenue

- Revenue from Innovation initiatives and others was **RMB563 million** (US\$82 million) in the quarter ended March 31, 2023, an increase of **47%** compared to RMB384 million in the same quarter of 2022.

(in RMB Mn, except percentages)	Three months ended March 31,			Year ended March 31,		
	2022	2023	YoY %	2022	2023	YoY %
Revenue	384	563	47%	2,841	2,274	(20)%
Adj. EBITA	(2,452)	(1,830)	25%	(7,129)	(6,907)	3%
Adj. EBITA Margin	(639)%	(325)%		(251)%	(304)%	

Segment Adjusted EBITA

- Innovation initiatives and others adjusted EBITA in the quarter ended March 31, 2023 was a loss of **RMB1,830 million** (US\$267 million), compared to a loss of RMB2,452 million in the same quarter of 2022.



Appendix

Revenue Breakdown

(in RMB Mn, except percentages)	Three months ended March 31,				Year ended March 31,			
	2022	2023	% YoY	% Total Revenue	2022	2023	% YoY	% Total Revenue
Total China commerce ⁽¹⁾	140,079	136,073	(3)%	65%	591,580	582,731	(1)%	67%
China commerce retail								
- Customer management	63,421	60,274	(5)%	29%	315,038	290,378	(8)%	33%
- Direct sales and others ⁽²⁾	72,275	71,788	(1)%	34%	259,830	274,954	6%	32%
China commerce wholesale	4,383	4,011	(8)%	2%	16,712	17,399	4%	2%
Total International commerce	14,335	18,541	29%	9%	61,078	69,204	13%	8%
International commerce retail	9,887	13,967	41%	7%	42,668	49,873	17%	6%
International commerce wholesale	4,448	4,574	3%	2%	18,410	19,331	5%	2%
Local consumer services ⁽¹⁾	10,696	12,549	17%	6%	44,616	50,112	12%	6%
Cainiao	11,582	13,619	18%	7%	46,107	55,681	21%	6%
Cloud	18,971	18,582	(2)%	9%	74,568	77,203	4%	9%
Digital media and entertainment	8,005	8,273	3%	4%	32,272	31,482	(2)%	4%
Innovation initiatives and others	384	563	47%	0%	2,841	2,274	(20)%	0%
Total	204,052	208,200	2%	100%	853,062	868,687	2%	100%

Notes:

(1) Beginning on October 1, 2022, we reclassified the revenue of our Instant Supermarket Delivery (全能超市) business, which was previously reported under China commerce segment, as revenue from Local consumer services segment following the strategy refinement of Instant Supermarket Delivery business to focus on building customer mindshare for grocery delivery services through Ele.me platform. This reclassification conforms to the way that we manage and monitor segment performance. Comparative figures were reclassified to conform to this presentation.

(2) Direct sales and others revenue under China commerce retail primarily represents our direct sales businesses, comprising mainly Sun Art, Tmall Supermarket, Freshippo, and Alibaba Health's direct sales businesses where revenue and the cost of inventory are recorded on a gross basis.

GAAP to Non-GAAP Measures Reconciliation

	Three months ended March 31,			Year ended March 31,		
	2022	2023		2022	2023	
	RMB Mn	RMB Mn	USD Mn	RMB Mn	RMB Mn	USD Mn
Adjusted EBITA and Adjusted EBITDA						
Income from operations	16,717	15,240	2,219	69,638	100,351	14,612
Share-based compensation expense	(3,737)	7,546	1,099	23,971	30,831	4,489
Amortization and impairment of intangible assets	2,831	2,494	363	11,647	13,504	1,967
Impairment of goodwill	-	-	-	25,141	2,714	395
Equity-settled donation expense	-	-	-	-	511	75
Adjusted EBITA	15,811	25,280	3,681	130,397	147,911	21,538
Depreciation of property and equipment, and operating lease cost relating to land use rights	7,562	6,843	996	27,808	27,799	4,047
Adjusted EBITDA	23,373	32,123	4,677	158,205	175,710	25,585
Non-GAAP net income						
Net income	(18,357)	21,996	3,203	47,079	65,573	9,548
Adjustments to reconcile net income to non-GAAP net income:						
Share-based compensation expense	(3,737)	7,546	1,099	23,971	30,831	4,489
Amortization and impairment of intangible assets	2,831	2,494	363	11,647	13,504	1,967
Impairment of goodwill and investments	5,303	7,290	1,061	40,264	24,351	3,546
Loss(Gain) on deemed disposals/disposals/revaluation of investments and others	37,845	(11,804)	(1,719)	21,671	13,857	2,017
Equity-settled donation expense	-	-	-	-	511	75
Tax effects ⁽¹⁾	(4,086)	(147)	(21)	(8,244)	(7,248)	(1,056)
Non-GAAP net income	19,799	27,375	3,986	136,388	141,379	20,586
Non-GAAP Free cash flow						
Net cash (used in) provided by operating activities	(7,040)	31,401	4,572	142,759	199,752	29,086
Less:						
Purchase of property and equipment (excluding land use rights and construction in progress relating to office campuses)	(9,201)	(2,513)	(366)	(42,028)	(30,373)	(4,423)
Purchase of intangible assets (excluding those acquired through acquisitions)	-	-	-	(15)	(22)	(3)
Changes in the consumer protection fund deposits	1,171	3,379	492	(1,842)	2,306	336
Free cash flow	(15,070)	32,267	4,698	98,874	171,663	24,996

Note:

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

GAAP to Non-GAAP Net Income Attributable to Ordinary Shareholders

(in Mn, except per share data)	Three months ended March 31,			Year ended March 31,		
	2022	2023		2022	2023	
	RMB	RMB	USD	RMB	RMB	USD
Net (loss) income attributable to ordinary shareholders – basic	(16,241)	23,516	3,424	61,959	72,509	10,558
Dilution effect on earnings arising from share-based awards operated by equity method investees and subsidiaries	(8)	(29)	(4)	(37)	(38)	(5)
Net (loss) income attributable to ordinary shareholders – diluted	(16,249)	23,487	3,420	61,922	72,471	10,553
Non-GAAP adjustments to net income attributable to ordinary shareholders ⁽¹⁾	37,703	4,469	651	81,593	71,520	10,414
Non-GAAP net income attributable to ordinary shareholders for computing non-GAAP diluted earnings per share/ADS	21,454	27,956	4,071	143,515	143,991	20,967
Weighted average number of shares on a diluted basis for computing non-GAAP diluted earnings per share/ADS (million shares) ⁽⁴⁾	21,599	20,882		21,787	21,114	
Diluted (loss) earnings per share ⁽²⁾⁽⁴⁾	(0.76)	1.12	0.16	2.84	3.43	0.50
Non-GAAP diluted earnings per share ⁽³⁾⁽⁴⁾	0.99	1.34	0.20	6.59	6.82	0.99
Diluted (loss) earnings per ADS ⁽²⁾⁽⁴⁾	(6.07)	9.00	1.31	22.74	27.46	4.00
Non-GAAP diluted earnings per ADS ⁽³⁾⁽⁴⁾	7.95	10.71	1.56	52.69	54.56	7.94

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) Diluted (loss) earnings per share is derived from dividing net (loss) income attributable to ordinary shareholders by the weighted average number of shares on a diluted basis. Diluted (loss) earnings per ADS is derived from the diluted (loss) earnings per share after adjusting for the ordinary share-to-ADS ratio.
- (3) Non-GAAP diluted earnings per share is derived from dividing non-GAAP net income attributable to ordinary shareholders by weighted average number of 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.
- (4) Each ADS represents eight ordinary shares.

Revenue and Adjusted EBITA by Segments for March Quarter

Three months ended March 31, 2023									
	China commerce ⁽¹⁾	International commerce	Local consumer services ⁽¹⁾	Cainiao	Cloud	Digital media and entertainment	Innovation initiatives and others	Unallocated ⁽²⁾	Consolidated
(in RMB Mn, except percentages)									
Revenue	136,073	18,541	12,549	13,619	18,582	8,273	563	-	208,200
YoY % Change	(3)%	29%	17%	18%	(2)%	3%	47%	N/A	2%
Income (Loss) from operations	36,529	(2,974)	(6,599)	(1,167)	(910)	(1,702)	(2,437)	(5,500)	15,240
Add: Share-based compensation expense	1,544	620	1,063	596	1,292	441	396	1,594	7,546
Add: Amortization of intangible assets	414	24	1,383	252	3	159	211	48	2,494
Adjusted EBITA	38,487	(2,330)	(4,153)	(319)	385	(1,102)	(1,830)	(3,858)	25,280
Adjusted EBITA margin	28%	(13)%	(33)%	(2)%	2%	(13)%	(325)%	N/A	12%
Three months ended March 31, 2022									
	China commerce ⁽¹⁾	International commerce	Local consumer services ⁽¹⁾	Cainiao	Cloud	Digital media and entertainment	Innovation initiatives and others	Unallocated ⁽²⁾	Consolidated
(in RMB Mn, except percentages)									
Revenue	140,079	14,335	10,696	11,582	18,971	8,005	384	-	204,052
Income (Loss) from operations	32,556	(1,918)	(6,588)	(1,081)	598	(2,170)	(2,727)	(1,953)	16,717
Add: Share-based compensation expense	(902)	(664)	(479)	(85)	(326)	5	64	(1,350)	(3,737)
Add: Amortization of intangible assets	580	19	1,499	254	4	199	211	65	2,831
Adjusted EBITA	32,234	(2,563)	(5,568)	(912)	276	(1,966)	(2,452)	(3,238)	15,811
Adjusted EBITA margin	23%	(18)%	(52)%	(8)%	1%	(25)%	(639)%	N/A	8%

Notes:

- (1) Beginning on October 1, 2022, we reclassified the results of our Instant Supermarket Delivery (全能超市) business, which was previously reported under China commerce segment, to Local consumer services segment following the strategy refinement of Instant Supermarket Delivery business to focus on building customer mindshare for grocery delivery services through Ele.me platform. This reclassification conforms to the way that we manage and monitor segment performance. Comparative figures were reclassified to conform to this presentation.
- (2) Unallocated expenses primarily relate to corporate administrative costs and other miscellaneous items that are not allocated to individual segments.

Revenue and Adjusted EBITA by Segments for Year ended March 31

Year ended March 31, 2023									
	China commerce ⁽¹⁾	International commerce	Local consumer services ⁽¹⁾	Cainiao	Cloud	Digital media and entertainment	Innovation initiatives and others	Unallocated ⁽²⁾	Consolidated
(in RMB Mn, except percentages)									
Revenue	582,731	69,204	50,112	55,681	77,203	31,482	2,274	-	868,687
YoY % Change	(1)%	13%	12%	21%	4%	(2)%	(20)%	N/A	2%
Income (Loss) from operations	172,191	(8,429)	(23,302)	(3,622)	(5,151)	(4,638)	(9,409)	(17,289)	100,351
Add: Share-based compensation expense	7,969	2,716	3,672	2,218	6,561	1,756	1,658	4,281	30,831
Add: Amortization and impairment of intangible assets	4,702	93	5,609	1,013	12	1,008	844	223	13,504
Add: Impairment of goodwill	-	-	-	-	-	-	-	2,714	2,714
Add: Equity-settled donation expense	-	-	-	-	-	-	-	511	511
Adjusted EBITA	184,862	(5,620)	(14,021)	(391)	1,422	(1,874)	(6,907)	(9,560)	147,911
Adjusted EBITA margin	32%	(8)%	(28)%	(1)%	2%	(6)%	(304)%	N/A	17%

Year ended March 31, 2022									
	China commerce ⁽¹⁾	International commerce	Local consumer services ⁽¹⁾	Cainiao	Cloud	Digital media and entertainment	Innovation initiatives and others	Unallocated ⁽²⁾	Consolidated
(in RMB Mn, except percentages)									
Revenue	591,580	61,078	44,616	46,107	74,568	32,272	2,841	-	853,062
Income (Loss) from operations	172,536	(10,655)	(30,802)	(3,920)	(5,167)	(7,019)	(9,424)	(35,911)	69,638
Add: Share-based compensation expense	7,078	1,569	2,556	1,396	6,297	1,520	1,839	1,716	23,971
Add: Amortization of intangible assets	2,817	95	6,154	1,059	16	809	456	241	11,647
Add: Impairment of goodwill	-	-	-	-	-	-	-	25,141	25,141
Adjusted EBITA	182,431	(8,991)	(22,092)	(1,465)	1,146	(4,690)	(7,129)	(8,813)	130,397
Adjusted EBITA margin	31%	(15)%	(50)%	(3)%	2%	(15)%	(251)%	N/A	15%

Notes:

- (1) Beginning on October 1, 2022, we reclassified the results of our Instant Supermarket Delivery (全能超市) business, which was previously reported under China commerce segment, to Local consumer services segment following the strategy refinement of Instant Supermarket Delivery business to focus on building customer mindshare for grocery delivery services through Ele.me platform. This reclassification conforms to the way that we manage and monitor segment performance. Comparative figures were reclassified to conform to this presentation.
- (2) Unallocated expenses primarily relate to corporate administrative costs and other miscellaneous items that are not allocated to individual segments. The goodwill impairment, and the equity-settled donation expense related to the allotment of shares to a charitable trust, are presented as unallocated items in the segment information because our management does not consider these as part of the segment operating performance measure.

