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# Financial Highlights



<i>(in RMB millions, except per share data and percentages)</i>	Three months ended September 30,				Six months ended September 30,			
	2021	2022	YoY%	% Total Revenue	2021	2022	YoY%	% Total Revenue
<b>Total revenue</b>	<b>200,690</b>	<b>207,176</b>	<b>3%</b>	<b>100%</b>	<b>406,430</b>	<b>412,731</b>	<b>2%</b>	<b>100%</b>
China commerce	136,120	135,431	(1)%	65%	280,149	277,366	(1)%	67%
International commerce	15,092	15,747	4%	8%	30,294	31,198	3%	8%
Local consumer services	10,806	13,073	21%	6%	20,905	23,705	13%	6%
Cainiao	9,846	13,367	36%	7%	21,447	25,509	19%	6%
Cloud	20,007	20,757	4%	10%	36,058	38,442	7%	9%
Digital media and entertainment	8,081	8,392	4%	4%	16,154	15,623	(3)%	4%
Innovation initiatives and others	738	409	(45)%	0%	1,423	888	(38)%	0%
<b>Income from operations</b>	<b>15,006</b>	<b>25,137</b>	<b>68%</b> <sup>(2)</sup>	<b>12%</b>	<b>45,853</b>	<b>50,080</b>	<b>9%</b>	<b>12%</b>
Share-based compensation expense	10,121	7,787	(23)%	4%	17,932	14,512	(19)%	4%
Amortization of intangible assets	2,906	2,729	(6)%	1%	5,979	5,480	(8)%	1%
<b>Diluted earnings per share</b> <sup>(5)</sup>	<b>0.25</b> <sup>(4)</sup>	<b>(0.97)</b> <sup>(4)</sup>	<b>N/A</b>		<b>2.30</b>	<b>0.10</b>	<b>(96)%</b>	
<b>Diluted earnings per ADS</b> <sup>(5)</sup>	<b>1.97</b> <sup>(4)</sup>	<b>(7.77)</b> <sup>(4)</sup>	<b>N/A</b>		<b>18.44</b>	<b>0.82</b>	<b>(96)%</b>	
<b>Non-GAAP Measures</b>								
<b>Adjusted EBITA</b> <sup>(1)</sup>	<b>28,033</b>	<b>36,164</b>	<b>29%</b> <sup>(3)</sup>	<b>17%</b>	<b>69,764</b>	<b>70,583</b>	<b>1%</b>	<b>17%</b>
<b>Non-GAAP diluted earnings per share</b> <sup>(1)(5)</sup>	<b>1.40</b>	<b>1.61</b>	<b>15%</b> <sup>(4)(6)</sup>		<b>3.48</b>	<b>3.08</b>	<b>(11)%</b>	
<b>Non-GAAP diluted earnings per ADS</b> <sup>(1)(5)</sup>	<b>11.20</b>	<b>12.92</b>	<b>15%</b> <sup>(4)(6)</sup>		<b>27.84</b>	<b>24.64</b>	<b>(11)%</b>	

Notes:

- (1) See the section entitled "GAAP to Adjusted/Non-GAAP Measures Reconciliation" for more information about the non-GAAP measures referred to on Pages 16 and 17.
- (2) The year-over-year increase was mainly due to the increase in adjusted EBITA as well as decrease in share-based compensation expense.
- (3) The year-over-year increase was primarily attributable to the narrowed adjusted EBITA loss of Local consumer services driven by Ele.me's improved unit economics per order and increase in China commerce adjusted EBITA primarily due to Taobao Deals' and Taocai's reduced losses as a result of the improved operating efficiency, partly offset by the decrease in customer management revenue.
- (4) The year-over-year change was primarily attributable to an increase in net losses arising from the decrease in market prices of our equity investments in publicly-traded companies and a decrease in share of results of equity method investees, partly offset by the increase in adjusted EBITA. We excluded net gains or losses arising from the changes in fair value of our investments from our non-GAAP measurements.
- (5) Each ADS represents eight ordinary shares.
- (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.

## Cost of Revenue and Operating Expenses

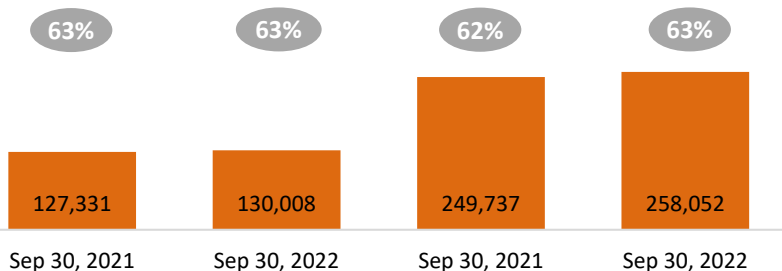
### Cost of Revenue (excluding SBC)

(RMB Mn)

**Three months ended**

**Six months ended**

% of Revenue



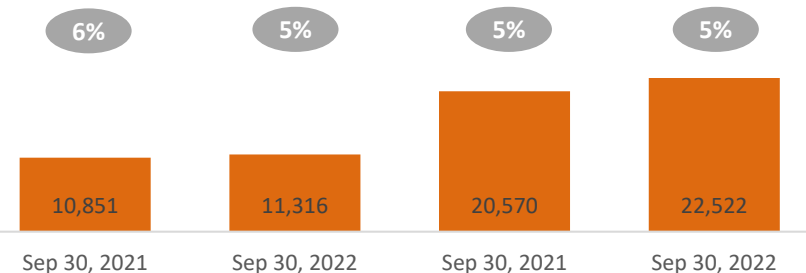
### Product Development Expenses (excluding SBC)

(RMB Mn)

**Three months ended**

**Six months ended**

% of Revenue



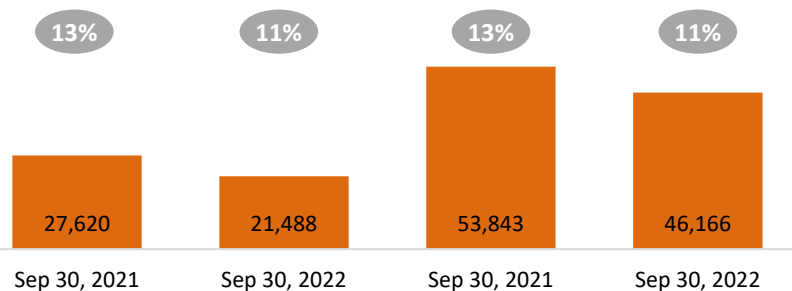
### Sales & Marketing Expenses (excluding SBC)

(RMB Mn)

**Three months ended**

**Six months ended**

% of Revenue



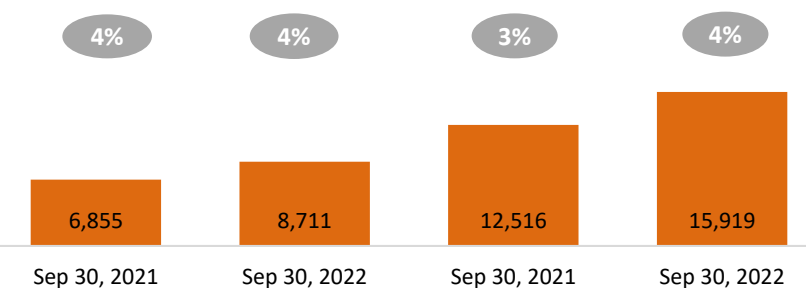
### General & Administrative Expenses (excluding SBC)

(RMB Mn)

**Three months ended**

**Six months ended**

% of Revenue



# Income Statement: Selected Financials

<i>(in RMB Mn, except percentages)</i>	<u>Three months ended September 30,</u>				<u>Six months ended September 30,</u>			
	<b>2021</b>	<b>2022</b>	<b>YoY%</b>	<b>Change YoY</b>	<b>2021</b>	<b>2022</b>	<b>YoY%</b>	<b>Change YoY</b>
<b>Income from operations</b>	<b>15,006</b>	<b>25,137</b>	<b>68%</b>	<b>10,131</b>	<b>45,853</b>	<b>50,080</b>	<b>9%</b>	<b>4,227</b>
Interest and investment income, net	(11,456)	(42,452)	271%	(30,996)	2,645	(37,083)	N/A	(39,728)
Interest expense	(1,267)	(1,388)	10%	(121)	(2,534)	(2,632)	4%	(98)
Other income, net	1,663	2,944	77%	1,281	3,820	3,053	(20)%	(767)
<b>Income (Loss) before income tax and share of results of equity method investees</b>	<b>3,946</b>	<b>(15,759)</b>	<b>N/A</b>	<b>(19,705)</b>	<b>49,784</b>	<b>13,418</b>	<b>(73)%</b>	<b>(36,366)</b>
Income tax expenses	(6,087)	(2,572)	(58)%	3,515	(15,183)	(7,971)	(48)%	7,212
Share of results of equity method investees	5,518	(4,136)	N/A	(9,654)	11,611	(7,616)	N/A	(19,227)
<b>Net income (loss)</b>	<b>3,377</b>	<b>(22,467)</b>	<b>N/A</b>	<b>(25,844)</b>	<b>46,212</b>	<b>(2,169)</b>	<b>N/A</b>	<b>(48,381)</b>
<b>Net income (loss) attributable to ordinary shareholders</b>	<b>5,367</b>	<b>(20,561)</b>	<b>N/A</b>	<b>(25,928)</b>	<b>50,508</b>	<b>2,178</b>	<b>(96)%</b>	<b>(48,330)</b>
<b>Adjustments to reconcile net income (loss) to non-GAAP net income:</b>								
Share-based compensation expense	10,121	7,787	(23)%	(2,334)	17,932	14,512	(19)%	(3,420)
Amortization of intangible assets	2,906	2,729	(6)%	(177)	5,979	5,480	(8)%	(499)
Impairment of investments	3,120	10,020	221%	6,900	3,517	13,134	273%	9,617
Loss on deemed disposals/disposals/revaluation of investments and others	11,273	38,560	242%	27,287	649	36,848	5,578%	36,199
Equity-settled donation expense	-	511	N/A	511	-	511	N/A	511
Tax effects <sup>(1)</sup>	(2,273)	(3,320)	46%	(1,047)	(2,324)	(4,244)	83%	(1,920)
<b>Non-GAAP net income</b>	<b>28,524</b>	<b>33,820</b>	<b>19%</b>	<b>5,296</b>	<b>71,965</b>	<b>64,072</b>	<b>(11)%</b>	<b>(7,893)</b>
<b>Non-GAAP net income attributable to ordinary shareholders</b>	<b>30,514</b>	<b>34,348</b>	<b>13%</b>	<b>3,834</b>	<b>76,261</b>	<b>65,703</b>	<b>(14)%</b>	<b>(10,558)</b>

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 September 30, 2022

	China commerce	International commerce	Local consumer services	Cainiao	Cloud	Digital media and entertainment	Innovation initiatives and others	Unallocated <sup>(1)</sup>	Consolidated
	(in RMB Mn, except percentages)								
<b>Revenue</b>	<b>135,431</b>	<b>15,747</b>	<b>13,073</b>	<b>13,367</b>	<b>20,757</b>	<b>8,392</b>	<b>409</b>	-	<b>207,176</b>
Revenue YoY%	(1)%	4%	21%	36%	4%	4%	(45)%	N/A	3%
<b>Adjusted EBITA</b>	<b>43,980</b>	<b>(960)</b>	<b>(3,493)</b>	<b>125</b>	<b>434</b>	<b>(117)</b>	<b>(1,946)</b>	<b>(1,859)</b>	<b>36,164</b>
Adjusted EBITA YoY Change	2,626	1,521	3,042	440	38	814	(311)	(39)	8,131
Adjusted EBITA YoY% <sup>(2)</sup>	6%	61%	47%	NA	10%	87%	(19)%	(2)%	29%
<b>Adjusted EBITA margin</b>	<b>32%</b>	<b>(6)%</b>	<b>(27)%</b>	<b>1%</b>	<b>2%</b>	<b>(1)%</b>	<b>(476)%</b>	<b>N/A</b>	<b>17%</b>

## Three months ended September 30, 2021

	China commerce	International commerce	Local consumer services	Cainiao	Cloud	Digital media and entertainment	Innovation initiatives and others	Unallocated <sup>(1)</sup>	Consolidated
	(in RMB Mn, except percentages)								
<b>Revenue</b>	<b>136,120</b>	<b>15,092</b>	<b>10,806</b>	<b>9,846</b>	<b>20,007</b>	<b>8,081</b>	<b>738</b>	-	<b>200,690</b>
<b>Adjusted EBITA</b>	<b>41,354</b>	<b>(2,481)</b>	<b>(6,535)</b>	<b>(315)</b>	<b>396</b>	<b>(931)</b>	<b>(1,635)</b>	<b>(1,820)</b>	<b>28,033</b>
<b>Adjusted EBITA margin</b>	<b>30%</b>	<b>(16)%</b>	<b>(60)%</b>	<b>(3)%</b>	<b>2%</b>	<b>(12)%</b>	<b>(222)%</b>	<b>N/A</b>	<b>14%</b>

## Notes:

- (1) Unallocated expenses primarily relate to corporate administrative costs and other miscellaneous items that are not allocated to individual segments. The equity-settled donation expense was related to the allotment of shares to a charitable trust, which is presented as an unallocated item in the segment information because our management does not consider this as part of the segment operating performance measure.
- (2) 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 September 30, 2022 was **RMB131,222 million** (US\$18,447 million), a decrease of **1%** compared to RMB131,946 million in the same quarter of 2021. Customer management revenue decreased by 7% year-over-year, primarily due to the low single-digit decline of online physical goods GMV generated on Taobao and Tmall, excluding unpaid orders year-over-year, mainly as a result of softer consumption demand, COVID-19 resurgence and restrictions, as well as ongoing competition. However, the decline narrowed compared to the prior June quarter as key categories such as apparel and accessories and consumer electronics saw less year-over-year decline. Healthcare products and interests-based consumption categories such as outdoor and active gear and pet care continued to exhibit resilient demand.
- **Direct sales and others revenue** under China commerce retail business in the quarter ended September 30, 2022 was **RMB64,725 million** (US\$9,099 million), an increase of **6%** compared to RMB60,815 million in the same quarter of 2021, primarily due to the revenue growth contributed by our Freshippo and Alibaba Health's direct sales businesses.

### China Commerce Wholesale revenue

- **Revenue from our China commerce wholesale business** in the quarter ended September 30, 2022 was **RMB4,209 million** (US\$592 million), an increase of **1%** compared to RMB4,174 million in the same quarter of 2021.

### Segment adjusted EBITA

- **China commerce adjusted EBITA** increased by **6%** to **RMB43,980 million** (US\$6,183 million) in the quarter ended September 30, 2022, compared to RMB41,354 million in the same quarter of 2021. The increase was primarily due to Taobao Deals' and Taocaicai's reduced losses as a result of improved operating efficiency, partly offset by a decrease in customer management revenue, which also led to an increase in adjusted EBITA margin from 30% in the quarter ended September 30, 2021 to 32% in the quarter ended September 30, 2022. During the quarter ended September 30, 2022, Taobao Deals significantly narrowed losses year-over-year, driven by optimized spending in user acquisition. Taocaicai significantly narrowed losses year-over-year, driven by optimized pricing strategy, enhanced sourcing capability and lowered operation and fulfillment costs.

<i>(in RMB Mn, except percentages)</i>	Three months ended September 30,			Six months ended September 30,		
	2021	2022	YoY %	2021	2022	YoY %
Customer management	71,131	66,497	(7)%	151,528	138,760	(8)%
Direct sales and others	60,815	64,725	6%	120,523	129,439	7%
China commerce wholesale	4,174	4,209	1%	8,098	9,167	13%
<b>Revenue</b>	<b>136,120</b>	<b>135,431</b>	<b>(1)%</b>	<b>280,149</b>	<b>277,366</b>	<b>(1)%</b>
Adj. EBITA	41,354	43,980	6%	92,176	87,554	(5)%
Adj. EBITA Margin	30%	32%		33%	32%	





### International Commerce Retail revenue

- **Revenue from our International commerce retail business** in the quarter ended September 30, 2022 was **RMB10,738 million** (US\$1,510 million), an increase of **3%** compared to RMB10,375 million in the same quarter of 2021. The increase was primarily due to an increase in revenue contributed by Trendyol as a result of the strong order growth from its e-commerce business and more efficient use of subsidies, partly offset by the decrease in revenue due to declining orders of AliExpress as a result of the depreciation of the Euro against U.S. dollar.

### International Commerce Wholesale revenue

- **Revenue from our International commerce wholesale business** in the quarter ended September 30, 2022 was **RMB5,009 million** (US\$704 million), an increase of **6%** compared to RMB4,717 million in the same quarter of 2021. The increase was primarily due to an increase in revenue generated by cross-border related value-added services.

### Segment adjusted EBITA

- **International commerce adjusted EBITA** was a loss of **RMB960 million** (US\$135 million) in the quarter ended September 30, 2022, compared to a loss of RMB2,481 million in the same quarter of 2021. The decrease in loss year-over-year was primarily due to the reduced losses from Lazada and Trendyol. Continued narrowing of losses from Lazada was a result of continued improvement in monetization rate by offering more value-added services as well as enhancing operating efficiency. The reduced loss from Trendyol is primarily due to revenue growth and enhanced operating efficiency.

<i>(in RMB Mn, except percentages)</i>	Three months ended September 30,			Six months ended September 30,		
	2021	2022	YoY %	2021	2022	YoY %
International commerce retail	10,375	10,738	3%	21,175	21,262	0%
International commerce wholesale	4,717	5,009	6%	9,119	9,936	9%
<b>Revenue</b>	<b>15,092</b>	<b>15,747</b>	<b>4%</b>	<b>30,294</b>	<b>31,198</b>	<b>3%</b>
<b>Adj. EBITA</b>	<b>(2,481)</b>	<b>(960)</b>	<b>61%</b>	<b>(3,511)</b>	<b>(2,527)</b>	<b>28%</b>
<b>Adj. EBITA Margin</b>	<b>(16)%</b>	<b>(6)%</b>		<b>(12)%</b>	<b>(8)%</b>	

### Local Consumer Services revenue

- **Revenue from Local consumer services**, which includes “To-Home” and “To-Destination” businesses such as Ele.me, Amap and Fliggy, was **RMB13,073 million** (US\$1,838 million) in the quarter ended September 30, 2022, an increase of **21%** compared to RMB10,806 million in the same quarter of 2021, primarily due to revenue growth resulted from strong growth of Amap orders, as well as higher average order value and more efficient use of subsidies that were contra revenue of Ele.me.

### Segment adjusted EBITA

- **Local consumer services adjusted EBITA** was a loss of **RMB3,493 million** (US\$491 million) in the quarter ended September 30, 2022, compared to a loss of RMB6,535 million in the same quarter of 2021, primarily due to the continued narrowing of losses from our “To-Home” and “To-Destination” businesses. Narrowing of loss from our “To-Home” business was driven by Ele.me’s improved unit economics per order, which was due to increased average order value year-over-year, reduced delivery cost per order and optimized user acquisition spending. Narrowing of loss from our “To-Destination” business was driven by the strong order growth of Amap business, as well as optimized spending in user acquisition.

<i>(in RMB Mn, except percentages)</i>	Three months ended September 30,			Six months ended September 30,		
	2021	2022	YoY %	2021	2022	YoY %
<b>Revenue</b>	10,806	13,073	21%	20,905	23,705	13%
<b>Adj. EBITA</b>	(6,535)	(3,493)	47%	(11,305)	(6,537)	42%
<b>Adj. EBITA Margin</b>	(60)%	(27)%		(54)%	(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 **RMB13,367 million** (US\$1,879 million) in the quarter ended September 30, 2022, an increase of **36%** compared to RMB9,846 million in the same quarter of 2021, primarily contributed by the increase in revenue from domestic consumer logistics services as a result of service model upgrade since late 2021 where Cainiao takes on more responsibilities throughout the logistics process to better serve consumers and enhance consumer experience, as well as international fulfillment solution services.
- **Total revenue generated by Cainiao, before inter-segment elimination**, which includes revenue from services provided to other Alibaba businesses, was **RMB18,282 million** (US\$2,570 million), an increase of **26%** compared to RMB14,559 million in the same quarter of 2021. This increase also reflected the growth of fulfillment solutions and value-added services provided to our China commerce retail businesses, such as Tmall, Taobao and Taobao Deals.

### Segment adjusted EBITA

- **Cainiao adjusted EBITA** was a profit of **RMB125 million** (US\$18 million) in the quarter ended September 30, 2022, compared to a loss of RMB315 million in the same quarter of 2021.

<i>(in RMB Mn, except percentages)</i>	Three months ended September 30,			Six months ended September 30,		
	2021	2022	YoY %	2021	2022	YoY %
Revenue	9,846	13,367	36%	21,447	25,509	19%
Adj. EBITA	(315)	125	NA	(461)	(60)	87%
Adj. EBITA Margin	(3)%	1%		(2)%	(0)%	

### Segment Revenue

- **Revenue from our Cloud segment, after inter-segment elimination**, was **RMB20,757 million** (US\$2,918 million) in the quarter ended September 30, 2022, an increase of **4%** compared to RMB20,007 million in the same quarter of 2021. Year-over-year revenue growth of our Cloud segment reflected the strong revenue growth from non-Internet industries driven by financial services, telecommunication and public services industries, partly offset by a decline in revenue from customers in the Internet industry mainly driven by declining revenue from the top Internet customer that has gradually stopped using our overseas cloud services for its international business due to non-product related requirements and online education customers, as well as softening demand from other customers in China’s Internet industry.
- **Total revenue from our Cloud segment, before inter-segment elimination**, which includes revenue from services provided to other Alibaba businesses, was **RMB26,760 million** (US\$3,762 million), an increase of **2%** compared to RMB26,262 million in the same quarter of 2021.

### Segment adjusted EBITA

- **Cloud adjusted EBITA**, which comprises Alibaba Cloud and DingTalk, was **RMB434 million** (US\$61 million) in the quarter ended September 30, 2022, compared to RMB396 million in the same quarter of 2021.

<i>(in RMB Mn, except percentages)</i>	Three months ended September 30,			Six months ended September 30,		
	2021	2022	YoY %	2021	2022	YoY %
Revenue	20,007	20,757	4%	36,058	38,442	7%
Adj. EBITA	396	434	10%	736	681	(7)%
Adj. EBITA Margin	2%	2%		2%	2%	

## Segment Revenue

- Revenue from our Digital media and entertainment segment in the quarter ended September 30, 2022 was **RMB8,392 million** (US\$1,179 million), an increase of **4%**, compared to RMB8,081 million in the same quarter of 2021, primarily due to the increase in revenue from Alibaba Pictures and Youku, which was partly offset by a decrease in online games business revenue.

<i>(in RMB Mn, except percentages)</i>	Three months ended September 30,			Six months ended September 30,		
	2021	2022	YoY %	2021	2022	YoY %
Revenue	8,081	8,392	4%	16,154	15,623	(3)%
Adj. EBITA	(931)	(117)	87%	(1,350)	(747)	45%
Adj. EBITA Margin	(12)%	(1)%		(8)%	(5)%	

## Segment Adjusted EBITA

- Digital media and entertainment adjusted EBITA in the quarter ended September 30, 2022 was a loss of **RMB117 million** (US\$16 million), compared to a loss of RMB931 million in the same quarter of 2021, primarily due to our disciplined investment in content and production capability and increase in revenue, which resulted in narrowing of loss from Youku, as well as improved quality content that resulted in an increase in revenue from Alibaba Pictures.

## Innovation Initiatives and Others

## Segment Revenue

- Revenue from Innovation initiatives and others was **RMB409 million** (US\$57 million) in the quarter ended September 30, 2022, a decrease of **45%** compared to RMB738 million in the same quarter of 2021.

<i>(in RMB Mn, except percentages)</i>	Three months ended September 30,			Six months ended September 30,		
	2021	2022	YoY %	2021	2022	YoY %
Revenue	738	409	(45)%	1,423	888	(38)%
Adj. EBITA	(1,635)	(1,946)	(19)%	(3,068)	(3,842)	(25)%
Adj. EBITA Margin	(222)%	(476)%		(216)%	(433)%	

## Segment Adjusted EBITA

- Innovation initiatives and others adjusted EBITA in the quarter ended September 30, 2022 was a loss of **RMB1,946 million** (US\$274 million), compared to a loss of RMB1,635 million in the same quarter of 2021, primarily due to our investments in technology and innovation.



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# Appendix

## Revenue Breakdown

<i>(in RMB Mn, except percentages)</i>	Three months ended September 30,				Six months ended September 30,			
	2021	2022	% YoY	% Total Revenue	2021	2022	% YoY	% Total Revenue
<b>Total China commerce</b>	<b>136,120</b>	<b>135,431</b>	<b>(1)%</b>	<b>65%</b>	<b>280,149</b>	<b>277,366</b>	<b>(1)%</b>	<b>67%</b>
China commerce retail								
- Customer management	71,131	66,497	(7)%	32%	151,528	138,760	(8)%	34%
- Direct sales and others <sup>(1)</sup>	60,815	64,725	6%	31%	120,523	129,439	7%	31%
China commerce wholesale	4,174	4,209	1%	2%	8,098	9,167	13%	2%
<b>Total International commerce</b>	<b>15,092</b>	<b>15,747</b>	<b>4%</b>	<b>8%</b>	<b>30,294</b>	<b>31,198</b>	<b>3%</b>	<b>8%</b>
International commerce retail	10,375	10,738	3%	5%	21,175	21,262	0%	5%
International commerce wholesale	4,717	5,009	6%	3%	9,119	9,936	9%	3%
<b>Local consumer services</b>	<b>10,806</b>	<b>13,073</b>	<b>21%</b>	<b>6%</b>	<b>20,905</b>	<b>23,705</b>	<b>13%</b>	<b>6%</b>
<b>Cainiao</b>	<b>9,846</b>	<b>13,367</b>	<b>36%</b>	<b>7%</b>	<b>21,447</b>	<b>25,509</b>	<b>19%</b>	<b>6%</b>
<b>Cloud</b>	<b>20,007</b>	<b>20,757</b>	<b>4%</b>	<b>10%</b>	<b>36,058</b>	<b>38,442</b>	<b>7%</b>	<b>9%</b>
<b>Digital media and entertainment</b>	<b>8,081</b>	<b>8,392</b>	<b>4%</b>	<b>4%</b>	<b>16,154</b>	<b>15,623</b>	<b>(3)%</b>	<b>4%</b>
<b>Innovation initiatives and others</b>	<b>738</b>	<b>409</b>	<b>(45)%</b>	<b>0%</b>	<b>1,423</b>	<b>888</b>	<b>(38)%</b>	<b>0%</b>
<b>Total</b>	<b>200,690</b>	<b>207,176</b>	<b>3%</b>	<b>100%</b>	<b>406,430</b>	<b>412,731</b>	<b>2%</b>	<b>100%</b>

Note:

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



## GAAP to Adjusted/Non-GAAP Measures Reconciliation

	Three months ended September 30,			Six months ended September 30,		
	2021	2022		2021	2022	
	RMB Mn	RMB Mn	USD Mn	RMB Mn	RMB Mn	USD Mn
<b>Adjusted EBITA and Adjusted EBITDA</b>						
<b>Income from operations</b>	<b>15,006</b>	<b>25,137</b>	<b>3,534</b>	<b>45,853</b>	<b>50,080</b>	<b>7,040</b>
Share-based compensation expense	10,121	7,787	1,094	17,932	14,512	2,040
Amortization of intangible assets	2,906	2,729	384	5,979	5,480	770
Equity-settled donation expense	-	511	72	-	511	72
<b>Adjusted EBITA</b>	<b>28,033</b>	<b>36,164</b>	<b>5,084</b>	<b>69,764</b>	<b>70,583</b>	<b>9,922</b>
Depreciation and impairment of property and equipment, and operating lease cost relating to land use rights	6,807	7,147	1,005	13,704	13,842	1,946
<b>Adjusted EBITDA</b>	<b>34,840</b>	<b>43,311</b>	<b>6,089</b>	<b>83,468</b>	<b>84,425</b>	<b>11,868</b>
<b>Non-GAAP net income</b>						
<b>Net income (loss)</b>	<b>3,377</b>	<b>(22,467)</b>	<b>(3,158)</b>	<b>46,212</b>	<b>(2,169)</b>	<b>(305)</b>
<b>Adjustments to reconcile net income (loss) to non-GAAP net income:</b>						
Share-based compensation expense	10,121	7,787	1,094	17,932	14,512	2,040
Amortization of intangible assets	2,906	2,729	384	5,979	5,480	770
Impairment of investments	3,120	10,020	1,408	3,517	13,134	1,846
Loss on deemed disposals/disposals/revaluation of investments and others	11,273	38,560	5,421	649	36,848	5,180
Equity-settled donation expense	-	511	72	-	511	72
Tax effects <sup>(1)</sup>	(2,273)	(3,320)	(467)	(2,324)	(4,244)	(596)
<b>Non-GAAP net income</b>	<b>28,524</b>	<b>33,820</b>	<b>4,754</b>	<b>71,965</b>	<b>64,072</b>	<b>9,007</b>
<b>Non-GAAP Free cash flow</b>						
<b>Net cash provided by operating activities</b>	<b>35,830</b>	<b>47,112</b>	<b>6,623</b>	<b>69,433</b>	<b>80,981</b>	<b>11,384</b>
Less:						
Purchase of property and equipment (excluding land use rights and construction in progress relating to office campuses)	(12,677)	(10,957)	(1,540)	(23,574)	(22,067)	(3,102)
Purchase of intangible assets (excluding those acquired through acquisitions)	(14)	-	-	(15)	(22)	(3)
Changes in the consumer protection fund deposits	(900)	(446)	(63)	(2,922)	(1,010)	(142)
<b>Free cash flow</b>	<b>22,239</b>	<b>35,709</b>	<b>5,020</b>	<b>42,922</b>	<b>57,882</b>	<b>8,137</b>

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



<i>(in Mn, except per share data)</i>	Three months ended September 30,			Six months ended September 30,		
	2021	2022		2021	2022	
	RMB	RMB	USD	RMB	RMB	USD
<b>Net income (loss) attributable to ordinary shareholders – basic</b>	<b>5,367</b>	<b>(20,561)</b>	<b>(2,890)</b>	<b>50,508</b>	<b>2,178</b>	<b>306</b>
Dilution effect on earnings arising from option plans operated by equity method investees and subsidiaries	(1)	(1)	-	(3)	(1)	-
Net income (loss) attributable to ordinary shareholders – diluted	5,366	(20,562)	(2,890)	50,505	2,177	306
Non-GAAP adjustments to net income (loss) attributable to ordinary shareholders <sup>(1)</sup>	25,147	54,909	7,718	25,753	63,525	8,930
<b>Non-GAAP net income attributable to ordinary shareholders for computing non-GAAP diluted earnings per share/ADS</b>	<b>30,513</b>	<b>34,347</b>	<b>4,828</b>	<b>76,258</b>	<b>65,702</b>	<b>9,236</b>
<b>Weighted average number of shares on a diluted basis for computing non-GAAP diluted earnings per share/ADS (million shares)<sup>(4)</sup></b>	<b>21,794</b>	<b>21,276</b>		<b>21,916</b>	<b>21,329</b>	
<b>Diluted earnings (loss) per share<sup>(2)(4)</sup></b>	<b>0.25</b>	<b>(0.97)</b>	<b>(0.14)</b>	<b>2.30</b>	<b>0.10</b>	<b>0.01</b>
<b>Non-GAAP diluted earnings per share<sup>(3)(4)</sup></b>	<b>1.40</b>	<b>1.61</b>	<b>0.23</b>	<b>3.48</b>	<b>3.08</b>	<b>0.43</b>
<b>Diluted earnings (loss) per ADS<sup>(2)(4)</sup></b>	<b>1.97</b>	<b>(7.77)</b>	<b>(1.09)</b>	<b>18.44</b>	<b>0.82</b>	<b>0.12</b>
<b>Non-GAAP diluted earnings per ADS<sup>(3)(4)</sup></b>	<b>11.20</b>	<b>12.92</b>	<b>1.82</b>	<b>27.84</b>	<b>24.64</b>	<b>3.46</b>

### Notes:

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

# Revenue and EBITA by Segments for September Quarter



	Three months ended September 30, 2022								
	China commerce	International commerce	Local consumer services	Cainiao	Cloud	Digital media and entertainment	Innovation initiatives and others	Unallocated <sup>(1)</sup>	Consolidated
	(in RMB Mn, except percentages)								
<b>Revenue</b>	<b>135,431</b>	<b>15,747</b>	<b>13,073</b>	<b>13,367</b>	<b>20,757</b>	<b>8,392</b>	<b>409</b>	<b>-</b>	<b>207,176</b>
YoY % Change	(1)%	4%	21%	36%	4%	4%	(45)%	N/A	3%
<b>Income (Loss) from operations</b>	<b>41,283</b>	<b>(1,652)</b>	<b>(5,702)</b>	<b>(661)</b>	<b>(1,442)</b>	<b>(697)</b>	<b>(2,521)</b>	<b>(3,471)</b>	<b>25,137</b>
Add: Share-based compensation expense	2,107	670	808	533	1,873	394	364	1,038	7,787
Add: Amortization of intangible assets	590	22	1,401	253	3	186	211	63	2,729
Add: Equity-settled donation expense	-	-	-	-	-	-	-	511	511
<b>Adjusted EBITA</b>	<b>43,980</b>	<b>(960)</b>	<b>(3,493)</b>	<b>125</b>	<b>434</b>	<b>(117)</b>	<b>(1,946)</b>	<b>(1,859)</b>	<b>36,164</b>
<b>Adjusted EBITA margin</b>	<b>32%</b>	<b>(6)%</b>	<b>(27)%</b>	<b>1%</b>	<b>2%</b>	<b>(1)%</b>	<b>(476)%</b>	<b>N/A</b>	<b>17%</b>
	Three months ended September 30, 2021								
	China commerce	International commerce	Local consumer services	Cainiao	Cloud	Digital media and entertainment	Innovation initiatives and others	Unallocated <sup>(1)</sup>	Consolidated
	(in RMB Mn, except percentages)								
<b>Revenue</b>	<b>136,120</b>	<b>15,092</b>	<b>10,806</b>	<b>9,846</b>	<b>20,007</b>	<b>8,081</b>	<b>738</b>	<b>-</b>	<b>200,690</b>
<b>Income (Loss) from operations</b>	<b>37,676</b>	<b>(3,298)</b>	<b>(9,133)</b>	<b>(1,219)</b>	<b>(1,985)</b>	<b>(1,700)</b>	<b>(2,313)</b>	<b>(3,022)</b>	<b>15,006</b>
Add: Share-based compensation expense	2,857	793	1,089	630	2,377	566	664	1,145	10,121
Add: Amortization of intangible assets	821	24	1,509	274	4	203	14	57	2,906
<b>Adjusted EBITA</b>	<b>41,354</b>	<b>(2,481)</b>	<b>(6,535)</b>	<b>(315)</b>	<b>396</b>	<b>(931)</b>	<b>(1,635)</b>	<b>(1,820)</b>	<b>28,033</b>
<b>Adjusted EBITA margin</b>	<b>30%</b>	<b>(16)%</b>	<b>(60)%</b>	<b>(3)%</b>	<b>2%</b>	<b>(12)%</b>	<b>(222)%</b>	<b>N/A</b>	<b>14%</b>

Note:

(1) Unallocated expenses primarily relate to corporate administrative costs and other miscellaneous items that are not allocated to individual segments. The equity-settled donation expense was related to the allotment of shares to a charitable trust, which is presented as an unallocated item in the segment information because our management does not consider this as part of the segment operating performance measure.

# Revenue and EBITA by Segments for Six months ended September 30

	Six months ended September 30, 2022								Consolidated
	China commerce	International commerce	Local consumer services	Cainiao	Cloud	Digital media and entertainment	Innovation initiatives and others	Unallocated <sup>(1)</sup>	
	(in RMB Mn, except percentages)								
<b>Revenue</b>	<b>277,366</b>	<b>31,198</b>	<b>23,705</b>	<b>25,509</b>	<b>38,442</b>	<b>15,623</b>	<b>888</b>	<b>-</b>	<b>412,731</b>
YoY % Change	(1)%	3%	13%	19%	7%	(3)%	(38)%	N/A	2%
<b>Income (Loss) from operations</b>	<b>82,318</b>	<b>(3,794)</b>	<b>(11,013)</b>	<b>(1,472)</b>	<b>(2,746)</b>	<b>(1,912)</b>	<b>(5,039)</b>	<b>(6,262)</b>	<b>50,080</b>
Add: Share-based compensation expense	4,058	1,227	1,644	905	3,421	793	775	1,689	14,512
Add: Amortization of intangible assets	1,178	40	2,832	507	6	372	422	123	5,480
Add: Equity-settled donation expense	-	-	-	-	-	-	-	511	511
<b>Adjusted EBITA</b>	<b>87,554</b>	<b>(2,527)</b>	<b>(6,537)</b>	<b>(60)</b>	<b>681</b>	<b>(747)</b>	<b>(3,842)</b>	<b>(3,939)</b>	<b>70,583</b>
<b>Adjusted EBITA margin</b>	<b>32%</b>	<b>(8)%</b>	<b>(28)%</b>	<b>(0)%</b>	<b>2%</b>	<b>(5)%</b>	<b>(433)%</b>	<b>N/A</b>	<b>17%</b>
	Six months ended September 30, 2021								
	China commerce	International commerce	Local consumer services	Cainiao	Cloud	Digital media and entertainment	Innovation initiatives and others	Unallocated <sup>(1)</sup>	Consolidated
	(in RMB Mn, except percentages)								
<b>Revenue</b>	<b>280,149</b>	<b>30,294</b>	<b>20,905</b>	<b>21,447</b>	<b>36,058</b>	<b>16,154</b>	<b>1,423</b>	<b>-</b>	<b>406,430</b>
<b>Income (Loss) from operations</b>	<b>85,279</b>	<b>(5,030)</b>	<b>(16,338)</b>	<b>(1,852)</b>	<b>(3,628)</b>	<b>(2,710)</b>	<b>(4,263)</b>	<b>(5,605)</b>	<b>45,853</b>
Add: Share-based compensation expense	5,240	1,464	1,877	842	4,356	949	1,167	2,037	17,932
Add: Amortization of intangible assets	1,657	55	3,156	549	8	411	28	115	5,979
<b>Adjusted EBITA</b>	<b>92,176</b>	<b>(3,511)</b>	<b>(11,305)</b>	<b>(461)</b>	<b>736</b>	<b>(1,350)</b>	<b>(3,068)</b>	<b>(3,453)</b>	<b>69,764</b>
<b>Adjusted EBITA margin</b>	<b>33%</b>	<b>(12)%</b>	<b>(54)%</b>	<b>(2)%</b>	<b>2%</b>	<b>(8)%</b>	<b>(216)%</b>	<b>N/A</b>	<b>17%</b>

Note:

(1) Unallocated expenses primarily relate to corporate administrative costs and other miscellaneous items that are not allocated to individual segments. The equity-settled donation expense was related to the allotment of shares to a charitable trust, which is presented as an unallocated item in the segment information because our management does not consider this as part of the segment operating performance measure.

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