

# March Quarter 2022 and Full Fiscal Year 2022 Results

May 26, 2022

 Alibaba Group  
阿里巴巴集团



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 Adjusted/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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## We Achieved 1.3 Billion Annual Active Consumers Globally

	AAC <sup>(1)</sup> (Mn)					GMV (RMB Bn)		
	Mar 2021	Dec 2021	Mar 2022	YoY Net Adds	QoQ Net Adds	FY21	FY22	YoY %
<b>China</b>	<b>891</b>	<b>979</b>	<b>1,004</b>	<b>113</b>	<b>25</b>	<b>7,817</b>	<b>7,976</b>	<b>2%</b>
China Commerce <sup>(2)</sup>	814	882	903	89	21			
Local Consumer Services <sup>(3)</sup>	312	372	376	64	4			
<b>International</b>	<b>241</b>	<b>301</b>	<b>305</b>	<b>64</b>	<b>4</b>	<b>302</b>	<b>341</b>	<b>13%</b>
<b>TOTAL</b>	<b>1,132</b>	<b>1,281</b>	<b>1,309</b>	<b>177</b>	<b>28</b>	<b>8,119</b>	<b>8,317</b>	<b>2%</b>

Notes:

(1) Annual Active Consumers in China have been deduplicated.

(2) Includes retail businesses under China Commerce segment, including Taobao, Tmall, Taobao Deals, Taocaicai, Tmall Supermarket, Tmall Global, Freshippo, Alibaba Health and Sun Art.

(3) Local Consumer Services include Ele.me, Amap, Fliggy and Taoxianda.

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# Financial Highlights

<i>(in RMB millions, except per share data and percentages)</i>	Three months ended March 31,				Year ended March 31,			
	2021	2022	YoY% <sup>(7)</sup>	% of Total Revenue	2021	2022	YoY% <sup>(7)</sup>	% of Total Revenue
<b>Total revenue</b>	<b>187,395</b>	<b>204,052</b>	<b>9%</b>	<b>100%</b>	<b>717,289</b>	<b>853,062</b>	<b>19%</b>	<b>100%</b>
China commerce	130,391	140,330	8%	69%	501,683	592,705	18%	69%
International commerce	13,416	14,335	7%	7%	48,851	61,078	25%	7%
Local consumer services	8,123	10,445	29%	5%	35,442	43,491	23%	5%
Cainiao	9,959	11,582	16%	6%	37,258	46,107	24%	5%
Cloud	16,865	18,971	12%	9%	60,558	74,568	23%	9%
Digital media and entertainment	8,047	8,005	-1%	4%	31,186	32,272	3%	4%
Innovation initiatives and others	594	384	-35%	0%	2,311	2,841	23%	1%
<b>(Loss) Income from operations</b>	<b>-7,663<sup>(1)</sup></b>	<b>16,717<sup>(1)</sup></b>	<b>N/A</b>	<b>8%</b>	<b>89,678</b>	<b>69,638</b>	<b>-22%<sup>(2)</sup></b>	<b>8%</b>
Add: Share-based compensation expense	8,632	-3,737	N/A	-2%	50,120	23,971	-52%	3%
Add: Amortization of intangible assets	3,415	2,831	-17%	2%	12,427	11,647	-6%	1%
Add: Impairment of goodwill	—	—	—	—	—	25,141	N/A	3%
Add: Fine imposed pursuant to China's Anti-monopoly Law	18,228	—	-100%	N/A	18,228	—	-100%	N/A
<b>Diluted (loss) earnings per share<sup>(3)(5)</sup></b>	<b>-0.25</b>	<b>-0.76</b>	<b>-205%<sup>(4)</sup></b>		<b>6.84</b>	<b>2.84</b>	<b>-58%<sup>(4)</sup></b>	
<b>Diluted (loss) earnings per ADS<sup>(3)(5)</sup></b>	<b>-1.99</b>	<b>-6.07</b>	<b>-205%<sup>(4)</sup></b>		<b>54.70</b>	<b>22.74</b>	<b>-58%<sup>(4)</sup></b>	
<b>Non-GAAP Measures</b>								
<b>Adjusted EBITA</b>	<b>22,612</b>	<b>15,811</b>	<b>-30%</b>	<b>8%</b>	<b>170,453</b>	<b>130,397</b>	<b>-23%</b>	<b>15%</b>
<b>Non-GAAP diluted earnings per share<sup>(3)(6)</sup></b>	<b>1.29</b>	<b>0.99</b>	<b>-23%<sup>(4)</sup></b>		<b>8.14</b>	<b>6.59</b>	<b>-19%<sup>(4)</sup></b>	
<b>Non-GAAP diluted earnings per ADS<sup>(3)(6)</sup></b>	<b>10.32</b>	<b>7.95</b>	<b>-23%<sup>(4)</sup></b>		<b>65.15</b>	<b>52.69</b>	<b>-19%<sup>(4)</sup></b>	

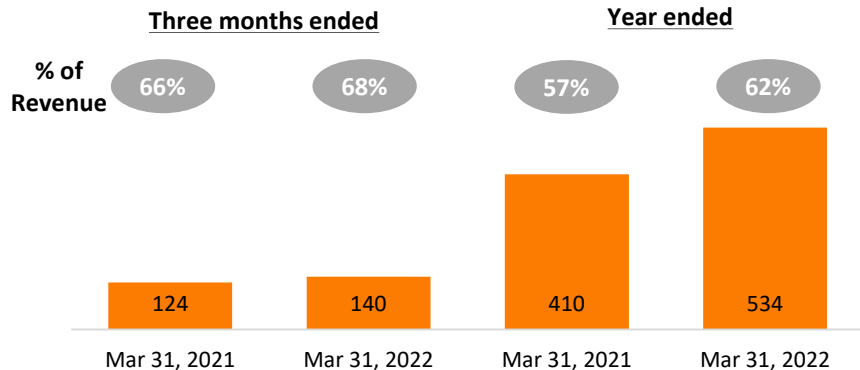
## Notes:

- (1) Excluding one-off and certain other items, our income from operations in the quarter ended March 31, 2022 would have decreased by RMB6,894 million year-over-year, primarily due to our increased investments in Taocaicai and Taobao Deals, the continued impact of COVID-19 as well as asset impairment and special provisions made by Sun Art.
- (2) Excluding one-off and certain other items, our income from operations in fiscal year 2022 would have decreased by RMB41,683 million year-over-year, primarily due to our increased investments in Taobao Deals and Taocaicai, our increased spending for user growth, as well as our support to merchants.
- (3) Each ADS represents eight ordinary shares.
- (4) 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.
- (5) Diluted (loss) earnings per share is derived from net (loss) income attributable to ordinary shareholders for computing diluted (loss) earnings per share divided by weighted average number of shares on a diluted basis. Diluted (loss) earnings per ADS is derived from the diluted (loss) earnings per share after adjustment to the ordinary share-to-ADS ratio.
- (6) 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.
- (7) 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.

# Cost of Revenue and Operating Expenses

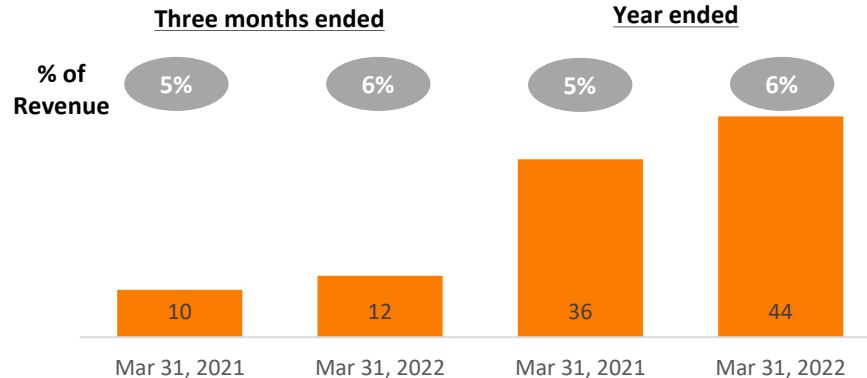
## Cost of Revenue (excluding SBC)

(RMB Bn)



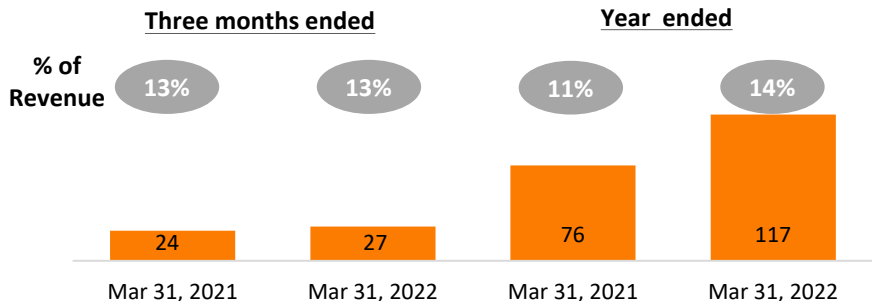
## Product Development Expenses (excluding SBC)

(RMB Bn)



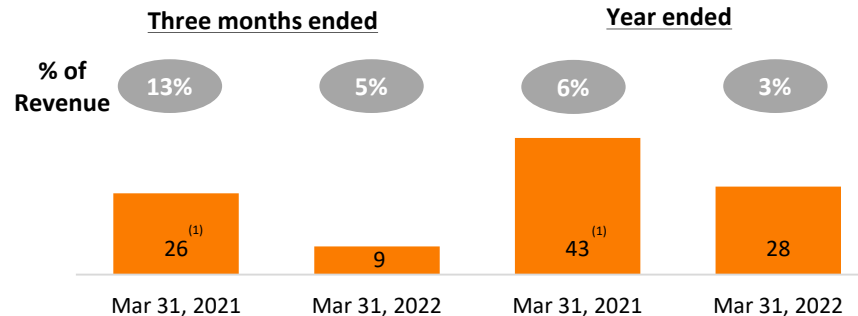
## Sales & Marketing Expenses (excluding SBC)

(RMB Bn)



## General & Administrative Expenses (excluding SBC)

(RMB Bn)



Note:  
 (1) This included the Anti-monopoly Fine in the amount of RMB18,228 million.



# Income Statement: Selected Financials

<i>(in RMB Mn, except percentages)</i>	Three months ended March 31,				Year ended March 31,			
	2021	2022	YoY% <sup>(6)</sup>	Change YoY	2021	2022	YoY% <sup>(6)</sup>	Change YoY
<b>(Loss) Income from operations</b>	<b>-7,663</b>	<b>16,717</b>	<b>N/A</b>	<b>24,380</b>	<b>89,678</b>	<b>69,638</b>	<b>-22%</b>	<b>-20,040</b>
Interest and investment income, net	111	-36,708	N/A	-36,819	72,794	-15,702	N/A	-88,496
Interest expense	-1,160	-1,189	2%	-29	-4,476	-4,909	10%	-433
Other income, net	2,115	1,620	-23%	-495	7,582	10,523	39%	2,941
<b>(Loss) Income before income tax and share of results of equity method investees</b>	<b>-6,597</b>	<b>-19,560</b>	<b>-196%</b>	<b>-12,963</b>	<b>165,578</b>	<b>59,550</b>	<b>-64%</b>	<b>-106,028</b>
Income tax expenses	-7,049	-2,079	-71%	4,970	-29,278	-26,815	-8%	2,463
Share of results of equity method investees	5,992	3,282	-45%	-2,710	6,984	14,344	105%	7,360
<b>Net (loss) income</b>	<b>-7,654</b>	<b>-18,357</b>	<b>-140%</b> <sup>(2)</sup>	<b>-10,703</b>	<b>143,284</b>	<b>47,079</b>	<b>-67%</b> <sup>(3)</sup>	<b>-96,205</b>
<b>Net (loss) income attributable to ordinary shareholders</b>	<b>-5,479</b>	<b>-16,241</b>	<b>-196%</b> <sup>(2)</sup>	<b>-10,762</b>	<b>150,308</b>	<b>61,959</b>	<b>-59%</b> <sup>(3)</sup>	<b>-88,349</b>
<b>Adjustments to reconcile net income to non-GAAP net income:</b>								
Share-based compensation expense	8,632	-3,737	N/A	-12,369	50,120	23,971	-52%	-26,149
Amortization of intangible assets	3,415	2,831	-17%	-584	12,427	11,647	-6%	-780
Impairment of goodwill and investments	532	5,303	897%	4,771	14,737	40,264	173%	25,527
Loss (Gain) on deemed disposals/disposals/reevaluation of investments and others	3,085	37,845	1127%	34,760	-66,305	21,671	N/A	87,976
Fine imposed pursuant to China's Anti-monopoly Law	18,228	—	-100%	-18,228	18,228	—	-100%	-18,228
Tax effects <sup>(1)</sup>	-22	-4,086	18473%	-4,064	-506	-8,244	1529%	-7,738
<b>Non-GAAP net income</b>	<b>26,216</b>	<b>19,799</b>	<b>-24%</b> <sup>(4)</sup>	<b>-6,417</b>	<b>171,985</b>	<b>136,388</b>	<b>-21%</b> <sup>(5)</sup>	<b>-35,597</b>
<b>Non-GAAP net income attributable to ordinary shareholders</b>	<b>28,391</b>	<b>21,462</b>	<b>-24%</b> <sup>(4)</sup>	<b>-6,929</b>	<b>179,009</b>	<b>143,552</b>	<b>-20%</b> <sup>(5)</sup>	<b>-35,457</b>

Notes:

- (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.
- (2) The year-over-year increases in net loss in the quarter ended March 31, 2022 were primarily attributable to the increase in net losses arising from the decrease in market price of our equity investments in publicly-traded companies, partly offset by the increase in income from operations.
- (3) The year-over-year decreases in fiscal year 2022 were primarily due to the net losses arising from decreases in the market price of our equity investments in publicly-traded companies, compared to net gains from these investments in last year.
- (4) The year-over-year decreases in the quarter ended March 31, 2022 were primarily due to our increased investments in Taocaicai and Taobao Deals, the continued impact of COVID-19 as well as asset impairment and special provisions made by Sun Art.
- (5) The year-over-year decreases in fiscal year 2022 were primarily due to our increased investments in Taobao Deals and Taocaicai, our increased spending for user growth, as well as our support to merchants.
- (6) 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.

# Cash Flow & Balance Sheet: Selected Financials

<i>(in RMB Mn, except percentages)</i>	Three months ended March 31,				Year ended March 31,			
	2021	2022	YoY%	Change YoY	2021	2022	YoY%	Change YoY
<b>Cash Flow</b>								
<b>Net cash provided by (used in) operating activities</b>	<b>24,183</b>	<b>-7,040</b>	<b>N/A</b>	<b>-31,223</b>	<b>231,786</b>	<b>142,759</b>	<b>-38%</b>	<b>-89,027</b>
Less:								
Purchase of property and equipment <sup>(1)</sup>	-6,043	-9,201	52%	-3,158	-36,160	-42,028	16%	-5,868
Acquisition of intangible assets	-2	—	-100%	2	-1,735	-15	-99%	1,720
Changes in the consumer protection fund deposits	-18,796	1,171	N/A	19,967	-21,229	-1,842	-91%	19,387
<b>Free cash flow</b>	<b>-658</b>	<b>-15,070</b>	<b>-2190%</b>	<b>-14,412</b>	<b>172,662</b>	<b>98,874</b>	<b>-43%</b>	<b>-73,788</b>
<b>Capital Expenditure</b>	<b>7,688</b>	<b>11,502</b>	<b>50%</b>	<b>3,814</b>	<b>41,450</b>	<b>53,309</b>	<b>29%</b>	<b>11,859</b>
<b>Share Repurchase</b>	<b>119</b>	<b>12,132</b>	<b>10095%</b>	<b>12,013</b>	<b>773</b>	<b>61,225</b>	<b>7820%</b>	<b>60,452</b>
	<b>As of March 31,</b>							
	<b>2021</b>		<b>2022</b>					
	<b>RMB Mn</b>	<b>RMB Mn</b>	<b>USD Mn</b>					
<b>Balance Sheet</b>								
Cash and cash equivalents, restricted cash and escrow receivables at end of period	356,469	227,353	35,864					
Short-term investments	152,376	256,514	40,464					
Less:								
Current and non-current bank borrowings	-41,941	-47,085	-7,428					
Current and non-current unsecured senior notes	-107,212	-94,259	-14,869					
<b>Net cash</b>	<b>359,692</b>	<b>342,523</b>	<b>54,031</b>					

Note:  
 (1) Purchase of property and equipment excluded land use rights and construction in progress relating to office campuses.

## Segment Results

	China	International	Local	Cainiao	Cloud	Digital	Innovation	Unallocated <sup>(1)</sup>	Consolidated
<i>(in RMB Mn, except percentages)</i>	commerce	commerce	consumer services			media and entertainment	initiatives and others		
<b>Three months ended March 31, 2022</b>									
Revenue	140,330	14,335	10,445	11,582	18,971	8,005	384	—	204,052
Revenue YoY %	8%	7%	29%	16%	12%	-1%	-35%	—	9%
Adjusted EBITA	32,149	-2,563	-5,483	-912	276	-1,966	-2,452	-3,238	15,811
Adjusted EBITA YoY% change <sup>(2)</sup>	-19%	-3%	17%	-56%	N/A	27%	-49%	-30%	-30%
Adjusted EBITA margin	23%	-18%	-52%	-8%	1%	-25%	-639%	—	8%
<b>Year ended March 31, 2022</b>									
Revenue	592,705	61,078	43,491	46,107	74,568	32,272	2,841	—	853,062
Revenue YoY %	18%	25%	23%	24%	23%	3%	23%	—	19%
Adjusted EBITA	182,114	-8,991	-21,775	-1,465	1,146	-4,690	-7,129	-8,813	130,397
Adjusted EBITA YoY% change <sup>(2)</sup>	-15%	-82%	-34%	-80%	N/A	23%	-37%	-17%	-23%
Adjusted EBITA margin	31%	-15%	-50%	-3%	2%	-15%	-251%	—	15%

Notes:

(1) Unallocated expenses primarily relate to corporate administrative costs and other miscellaneous items that are not allocated to individual segments

(2) For a more intuitive presentation, widening of adjusted EBITA loss in YoY% is shown in terms of negative growth rate, and narrowing of adjusted EBITA 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, 2022 was **RMB135,947 million** (US\$21,445 million), an increase of **7%** compared to RMB127,021 million in the same quarter of 2021.
- **Customer management revenue** remained stable year-over-year, primarily due to a **low single-digit decline year-over-year** in online physical goods GMV of Taobao and Tmall, excluding unpaid orders. For the March quarter, the combined GMV growth of January and February was flat and the GMV declined in March due to the impact of COVID-19.
- **“Direct sales and others” revenue** under China commerce retail business in the quarter ended March 31, 2022 was **RMB72,526 million** (US\$11,441 million), an increase of **14%** compared to RMB63,797 million in the same quarter of 2021, primarily due to the revenue contributed by our direct sales businesses, such as Freshippo and Tmall Supermarket.

## China commerce wholesale revenue

- **Revenue from our China commerce wholesale business** in the quarter ended March 31, 2022 was **RMB4,383 million** (US\$692 million), an increase of **30%** compared to RMB3,370 million in the same quarter of 2021, primarily due to an increase in revenue from value-added services to wholesale buyers and paying members.

## Segment adjusted EBITA

- **Adjusted EBITA** decreased by **19%** to **RMB32,149 million** (US\$5,071 million) in the quarter ended March 31, 2022, compared to RMB39,500 million in the same quarter of 2021. The decrease was primarily due to our increased investments in Taocaicai and Taobao Deals, the continued impact of COVID-19 as well as asset impairment and special provisions made by Sun Art. These factors also led to a decrease in adjusted EBITA margin from 30% in the quarter ended March 31, 2021 to 23% in the quarter ended March 31, 2022. We expect that our China commerce adjusted EBITA margin will continue to be affected by the growth of our direct sales businesses.

(in RMB Mn, except percentages)	Three months ended March 31,			Year ended March 31,		
	2021	2022	YoY %	2021	2022	YoY%
Customer management	63,224	63,421	0%	304,543	315,038	3%
Direct sales and others	63,797	72,526	14%	182,818	260,955	43%
China commerce wholesale	3,370	4,383	30%	14,322	16,712	17%
<b>Revenue</b>	<b>130,391</b>	<b>140,330</b>	<b>8%</b>	<b>501,683</b>	<b>592,705</b>	<b>18%</b>
<b>Adj. EBITA</b>	<b>39,500</b>	<b>32,149</b>	<b>-19%</b>	<b>213,562</b>	<b>182,114</b>	<b>-15%</b>
<b>Adj. EBITA Margin</b>	<b>30%</b>	<b>23%</b>		<b>43%</b>	<b>31%</b>	



## International commerce retail revenue

- Revenue from our international commerce retail business in the quarter ended March 31, 2022 was **RMB9,887 million** (US\$1,560 million), an increase of **4%** compared to RMB9,496 million in the same quarter of 2021. The increase was primarily due to the growth in revenue generated by Lazada. The slower year-over-year growth rate as compared to prior quarters was mainly due to a decrease in revenue of Trendyol that was negatively impacted by the depreciation of Turkish lira against Renminbi, and a decline in orders of AliExpress which was due to the ongoing impact from the change in the European Union's VAT rules as well as supply chain and logistics disruptions due to the Russia and Ukraine conflict.

## International commerce wholesale revenue

- Revenue from our international commerce wholesale business in the quarter ended March 31, 2022 was **RMB4,448 million** (US\$701 million), an increase of **13%** compared to RMB3,920 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, as well as an increase in the number of paying members on Alibaba.com. The slower year-over-year growth rate as compared to prior quarters was primarily due to slowing export growth in China as well as supply chain disruptions as a result of the impact of COVID-19.

## Segment adjusted EBITA

- Adjusted EBITA was a loss of **RMB2,563 million** (US\$404 million) in the quarter ended March 31, 2022, compared to a loss of RMB2,483 million in the same quarter of 2021. The slight increase in loss year-over-year was primarily due to increase in loss of Trendyol resulted from its investments in new businesses, such as international business and local consumer services in Turkey, offset by the increase in profit contributed by our International wholesale businesses.

<i>(in RMB Mn, except percentages)</i>	Three months ended March 31,			Year ended March 31,		
	2021	2022	YoY %	2021	2022	YoY%
International Retail	9,496	9,887	4%	34,455	42,668	24%
International commerce wholesale	3,920	4,448	13%	14,396	18,410	28%
<b>Revenue</b>	<b>13,416</b>	<b>14,335</b>	<b>7%</b>	<b>48,851</b>	<b>61,078</b>	<b>25%</b>
<b>Adj. EBITA</b>	<b>-2,483</b>	<b>-2,563</b>	<b>-3%</b>	<b>-4,932</b>	<b>-8,991</b>	<b>-82%</b>
<b>Adj. EBITA Margin</b>	<b>-19%</b>	<b>-18%</b>		<b>-10%</b>	<b>-15%</b>	

### Local consumer services revenue

- Revenue from Local consumer services**, which mainly includes location-based services, such as Ele.me, Amap, Fliggy and Taoxianda, was **RMB10,445 million** (US\$1,647 million) in the quarter ended March 31, 2022, an increase of **29%** compared to RMB8,123 million in the same quarter of 2021, primarily due to more efficient use of subsidies that were contra revenue as well as resilient GMV growth. The resilient GMV growth was driven by higher average order value but was partially offset by declining order in March due to the impact of COVID-19.

### Segment adjusted EBITA

- Adjusted EBITA** was a loss of **RMB5,483 million** (US\$865 million) in the quarter ended March 31, 2022, compared to a loss of RMB6,633 million in the same quarter of 2021, primarily due to the narrowed losses of our “To Home” businesses, driven by optimized user acquisition spending and reduction in delivery costs.

<i>(in RMB Mn, except percentages)</i>	Three months ended March 31,			Year ended March 31,		
	2021	2022	YoY %	2021	2022	YoY%
Revenue	8,123	10,445	29%	35,442	43,491	23%
Adj. EBITA	-6,633	-5,483	17%	-16,276	-21,775	-34%
Adj. EBITA Margin	-82%	-52%		-46%	-50%	

### 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 **RMB11,582 million** (US\$1,827 million) in the quarter ended March 31, 2022, an increase of **16%** compared to RMB9,959 million in the same quarter of 2021, primarily contributed by the increase in revenue from consumer logistics services as a result of service upgrade to enhance consumer experience, partly offset by the decrease in international orders that was mainly impacted by the supply chain and logistics disruptions due to the Russia and Ukraine conflict.
- Total revenue generated by Cainiao, before inter-segment elimination**, which includes revenue from services provided to other Alibaba businesses, was **RMB16,451 million** (US\$2,595 million), an increase of **19%** compared to RMB13,866 million in the same quarter of 2021. The year-over-year increase, in addition to the growth from external revenue, 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

- Adjusted EBITA** was a loss of **RMB912 million** (US\$144 million) in the quarter ended March 31, 2022, compared to a loss of RMB585 million in the same quarter of 2021. The year-over-year increase in loss was primarily due to increase in operating cost as a result of our investment in expanding the global smart logistics infrastructure, as well as the impacts from COVID-19 and the Russia and Ukraine conflict.

<i>(in RMB Mn, except percentages)</i>	Three months ended March 31,			Year ended March 31,		
	2021	2022	YoY %	2021	2022	YoY%
Revenue	9,959	11,582	16%	37,258	46,107	24%
Adj. EBITA	-585	-912	-56%	-813	-1,465	-80%
Adj. EBITA Margin	-6%	-8%		-2%	-3%	

## Segment Revenue

- Revenue from our Cloud segment, after inter-segment elimination**, was **RMB18,971 million** (US\$2,993 million) in the quarter ended March 31, 2022, an increase of **12%** compared to RMB16,865 million in the same quarter of 2021. Year-over-year revenue growth, which moderated during the quarter, was primarily driven by strong growth in telecommunications, financial services, and retail industries that was partially offset by declining revenue in certain other industries, such as select Internet verticals including online education and entertainment. Excluding revenue generated from a top customer in the Internet industry that has gradually stopped using our overseas cloud services for its international business due to non-product related requirements, our Cloud segment revenue, after inter-segment elimination, would have grown 15% year-over-year during the quarter ended March 31, 2022. Year-over-year revenue growth was slower compared to prior quarters, reflecting slowing economic activities, softening demand from customers in China's Internet industry and delays in completing hybrid cloud projects due to the impact of COVID-19.
- Total revenue from our Cloud business before inter-segment elimination**, which includes revenue from services provided to other Alibaba businesses, was **RMB25,230 million** (US\$3,980 million), an increase of **12%** compared to RMB22,624 million in the same quarter of 2021.

## Segment adjusted EBITA

- Adjusted EBITA** of Cloud segment, which comprised of Alibaba Cloud and DingTalk, was a profit of **RMB276 million** (US\$44 million) in the quarter ended March 31, 2022, compared to a loss of RMB342 million in the same quarter of 2021, primarily attributable to the realization of economies of scale, partly offset by our increased investments in DingTalk.

<i>(in RMB Mn, except percentages)</i>	Three months ended March 31,			Year ended March 31,		
	2021	2022	YoY %	2021	2022	YoY %
Revenue	16,865	18,971	12%	60,558	74,568	23%
Adj. EBITA	-342	276	N/A	-2,251	1,146	N/A
Adj. EBITA Margin	-2%	1%		-4%	2%	



## Segment Revenue

- Revenue from our Digital media and entertainment segment in the quarter ended March 31, 2022 was **RMB8,005 million** (US\$1,263 million), a decrease of **1%**, compared to RMB8,047 million in the same quarter of 2021.

<i>(in RMB Mn, except percentages)</i>	Three months ended March 31,			Year ended March 31,		
	2021	2022	YoY %	2021	2022	YoY%
Revenue	8,047	8,005	-1%	31,186	32,272	3%
Adj. EBITA	-2,698	-1,966	27%	-6,118	-4,690	23%
Adj. EBITA Margin	-34%	-25%		-20%	-15%	

## Segment Adjusted EBITA

- Adjusted EBITA** in the quarter ended March 31, 2022 was a loss of **RMB1,966 million** (US\$310 million), compared to a loss of RMB2,698 million in the same quarter of 2021, primarily due to our disciplined investment in content and production capability, which resulted in narrowing of losses of Youku year-over-year.

## Innovation Initiatives and Others

## Segment Revenue

- Revenue from Innovation initiatives and others was **RMB384 million** (US\$60 million) in the quarter ended March 31, 2022, a decrease of **35%** compared to RMB594 million in the same quarter of 2021.

<i>(in RMB Mn, except percentages)</i>	Three months ended March 31,			Year ended March 31,		
	2021	2022	YoY %	2021	2022	YoY%
Revenue	594	384	-35%	2,311	2,841	23%
Adj. EBITA	-1,648	-2,452	-49%	-5,201	-7,129	-37%
Adj. EBITA Margin	-277%	-639%		-225%	-251%	

## Segment Adjusted EBITA

- Adjusted EBITA** in the quarter ended March 31, 2022 was a loss of **RMB2,452 million** (US\$387 million), compared to a loss of RMB1,648 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 March 31,			Year ended March 31,		
	2022	% YoY	% of Total Revenue	2022	% YoY	% of Total Revenue
<b>Total China Commerce</b>	140,330	8%	69%	592,705	18%	69%
China commerce retail	135,947	7%	67%	575,993	18%	67%
- Customer management	63,421	0%	31%	315,038	3%	37%
- Direct sales and others <sup>(1)</sup>	72,526	14%	36%	260,955	43%	30%
China commerce wholesale	4,383	30%	2%	16,712	17%	2%
<b>Total international commerce</b>	14,335	7%	7%	61,078	25%	7%
International commerce retail	9,887	4%	5%	42,668	24%	5%
International commerce wholesale	4,448	13%	2%	18,410	28%	2%
<b>Local consumer services</b>	10,445	29%	5%	43,491	23%	5%
<b>Cainiao</b>	11,582	16%	6%	46,107	24%	5%
<b>Cloud</b>	18,971	12%	9%	74,568	23%	9%
<b>Digital media and entertainment</b>	8,005	-1%	4%	32,272	3%	4%
<b>Innovation initiatives and others</b>	384	-35%	0%	2,841	23%	1%
<b>Total</b>	<b>204,052</b>	<b>9%</b>	<b>100%</b>	<b>853,062</b>	<b>19%</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, Tmall Supermarket and Freshippo, where revenue and the cost of inventory are recorded on a gross basis.

# GAAP to Adjusted/Non-GAAP Measures Reconciliation

	Three months ended March 31,			Year ended March 31,		
	2021	2022		2021	2022	
	RMB Mn	RMB Mn	USD Mn	RMB Mn	RMB Mn	USD Mn
<b>Adjusted EBITA and Adjusted EBITDA</b>						
<b>(Loss) Income from operations</b>	<b>-7,663</b>	<b>16,717</b>	<b>2,637</b>	<b>89,678</b>	<b>69,638</b>	<b>10,985</b>
Share-based compensation expense	8,632	-3,737	-590	50,120	23,971	3,782
Amortization of intangible assets	3,415	2,831	447	12,427	11,647	1,837
Fine imposed pursuant to China's Anti-monopoly Law	18,228	—	—	18,228	—	—
Impairment of goodwill	—	—	—	—	25,141	3,966
<b>Adjusted EBITA</b>	<b>22,612</b>	<b>15,811</b>	<b>2,494</b>	<b>170,453</b>	<b>130,397</b>	<b>20,570</b>
Depreciation and impairment of property and equipment, and operating lease cost relating to land use rights	7,286	7,562	1,193	26,389	27,808	4,386
<b>Adjusted EBITDA</b>	<b>29,898</b>	<b>23,373</b>	<b>3,687</b>	<b>196,842</b>	<b>158,205</b>	<b>24,956</b>
<b>Non-GAAP net income</b>						
<b>Net (loss) income</b>	<b>-7,654</b>	<b>-18,357</b>	<b>-2,896</b>	<b>143,284</b>	<b>47,079</b>	<b>7,427</b>
<b>Adjustments to reconcile net income to non-GAAP net income:</b>						
Share-based compensation expense	8,632	-3,737	-590	50,120	23,971	3,782
Amortization of intangible assets	3,415	2,831	447	12,427	11,647	1,837
Impairment of goodwill and investments	532	5,303	837	14,737	40,264	6,351
Loss (Gain) on deemed disposals/disposals/reevaluation of investments and others	3,085	37,845	5,970	-66,305	21,671	3,419
Fine imposed pursuant to China's Anti-monopoly Law	18,228	—	—	18,228	—	—
Tax effects <sup>(1)</sup>	-22	-4,086	-645	-506	-8,244	-1,301
<b>Non-GAAP net income</b>	<b>26,216</b>	<b>19,799</b>	<b>3,123</b>	<b>171,985</b>	<b>136,388</b>	<b>21,515</b>
<b>Free cash flow</b>						
<b>Net cash provided by (used in) operating activities</b>	<b>24,183</b>	<b>-7,040</b>	<b>-1,111</b>	<b>231,786</b>	<b>142,759</b>	<b>22,520</b>
Less:						
Purchase of property and equipment <sup>(2)</sup>	-6,043	-9,201	-1,451	-36,160	-42,028	-6,630
Acquisition of intangible assets	-2	—	—	-1,735	-15	-2
Changes in the consumer protection fund deposits	-18,796	1,171	185	-21,229	-1,842	-291
<b>Free cash flow</b>	<b>-658</b>	<b>-15,070</b>	<b>-2,377</b>	<b>172,662</b>	<b>98,874</b>	<b>15,597</b>

Notes:

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

(2) Purchase of property and equipment excluded land use rights and construction in progress relating to office campuses.

# GAAP to Non-GAAP Net Income Attributable to Ordinary Shareholders

<i>(in Mn, except per share data)</i>	Three months ended March 31,			Year ended March 31,		
	2021	2022		2021	2022	
	RMB	RMB	USD	RMB	RMB	USD
<b>Net (loss) income attributable to ordinary shareholders – basic</b>	<b>-5,479</b>	<b>-16,241</b>	<b>-2,562</b>	<b>150,308</b>	<b>61,959</b>	<b>9,774</b>
Dilution effect on earnings arising from option plans operated by equity method investees and subsidiaries	-2	-8	-1	-55	-37	-6
Net (loss) income attributable to ordinary shareholders – diluted	-5,481	-16,249	-2,563	150,253	61,922	9,768
Non-GAAP adjustments to net income attributable to ordinary shareholders <sup>(1)</sup>	33,870	37,703	5,948	28,701	81,593	12,871
<b>Non-GAAP net income attributable to ordinary shareholders for computing non-GAAP diluted earnings per share/ADS</b>	<b>28,389</b>	<b>21,454</b>	<b>3,385</b>	<b>178,954</b>	<b>143,515</b>	<b>22,639</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>22,024</b>	<b>21,599</b>		<b>21,982</b>	<b>21,787</b>	
<b>Diluted (loss) earnings per share<sup>(2)(4)</sup></b>	<b>-0.25</b>	<b>-0.76</b>	<b>-0.12</b>	<b>6.84</b>	<b>2.84</b>	<b>0.45</b>
<b>Non-GAAP diluted earnings per share<sup>(3)(4)</sup></b>	<b>1.29</b>	<b>0.99</b>	<b>0.16</b>	<b>8.14</b>	<b>6.59</b>	<b>1.04</b>
<b>Diluted (loss) earnings per ADS<sup>(2)(4)</sup></b>	<b>-1.99</b>	<b>-6.07</b>	<b>-0.96</b>	<b>54.70</b>	<b>22.74</b>	<b>3.59</b>
<b>Non-GAAP diluted earnings per ADS<sup>(3)(4)</sup></b>	<b>10.32</b>	<b>7.95</b>	<b>1.25</b>	<b>65.15</b>	<b>52.69</b>	<b>8.31</b>

Notes:

- (1) See the table above for the reconciliation of net (loss) income to non-GAAP net income for more information of these non-GAAP adjustments.
- (2) Diluted (loss) earnings per share is derived from net (loss) income attributable to ordinary shareholders for computing diluted (loss) earnings per share divided by weighted average number of shares on a diluted basis. Diluted (loss) earnings per ADS is derived from the diluted (loss) earnings 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 March Quarter and Full Fiscal Year 2022

## Three months ended March 31, 2022

	China commerce	International commerce	Local consumer services	Cainiao	Cloud	Digital media and entertainment	Innovation initiatives and others	Unallocated <sup>(1)</sup>	Consolidated
	RMB Mn	RMB Mn	RMB Mn	RMB Mn	RMB Mn	RMB Mn	RMB Mn	RMB Mn	RMB Mn
<b>Revenue</b>	<b>140,330</b>	<b>14,335</b>	<b>10,445</b>	<b>11,582</b>	<b>18,971</b>	<b>8,005</b>	<b>384</b>	<b>—</b>	<b>204,052</b>
<b>Income (Loss) from operations</b>	<b>32,471</b>	<b>-1,918</b>	<b>-6,503</b>	<b>-1,081</b>	<b>598</b>	<b>-2,170</b>	<b>-2,727</b>	<b>-1,953</b>	<b>16,717</b>
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
<b>Adjusted EBITA</b>	<b>32,149</b>	<b>-2,563</b>	<b>-5,483</b>	<b>-912</b>	<b>276</b>	<b>-1,966</b>	<b>-2,452</b>	<b>-3,238</b>	<b>15,811</b>
<b>Adjusted EBITA margin</b>	<b>23%</b>	<b>-18%</b>	<b>-52%</b>	<b>-8%</b>	<b>1%</b>	<b>-25%</b>	<b>-639%</b>		<b>8%</b>

## Year ended March 31, 2022

	China commerce	International commerce	Local consumer services	Cainiao	Cloud	Digital media and entertainment	Innovation initiatives and others	Unallocated <sup>(1)</sup>	Consolidated
	RMB Mn	RMB Mn	RMB Mn	RMB Mn	RMB Mn	RMB Mn	RMB Mn	RMB Mn	RMB Mn
<b>Revenue</b>	<b>592,705</b>	<b>61,078</b>	<b>43,491</b>	<b>46,107</b>	<b>74,568</b>	<b>32,272</b>	<b>2,841</b>	<b>—</b>	<b>853,062</b>
<b>Income (Loss) from operations</b>	<b>172,219</b>	<b>-10,655</b>	<b>-30,485</b>	<b>-3,920</b>	<b>-5,167</b>	<b>-7,019</b>	<b>-9,424</b>	<b>-35,911</b>	<b>69,638</b>
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
<b>Adjusted EBITA</b>	<b>182,114</b>	<b>-8,991</b>	<b>-21,775</b>	<b>-1,465</b>	<b>1,146</b>	<b>-4,690</b>	<b>-7,129</b>	<b>-8,813</b>	<b>130,397</b>
<b>Adjusted EBITA margin</b>	<b>31%</b>	<b>-15%</b>	<b>-50%</b>	<b>-3%</b>	<b>2%</b>	<b>-15%</b>	<b>-251%</b>		<b>15%</b>

Note:

(1) Unallocated expenses primarily relate to corporate administrative costs and other miscellaneous items that are not allocated to individual segments. The goodwill impairment 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.

