

# BUS 417 - Group 1

E-Commerce Sector  
Presented to: BUS 417 22-2  
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**amazon**

The Amazon logo features the word "amazon" in a bold, black, sans-serif font. Below the text is a curved orange arrow that starts under the 'a' and points towards the 'n'.

 ***shopify***

The Shopify logo consists of a green shopping bag icon with a white 'S' on it, followed by the word "shopify" in a bold, black, italicized sans-serif font.

  
**Alibaba**

The Alibaba logo features a stylized orange icon above the word "Alibaba" in a bold, orange, sans-serif font. The icon is a combination of a stylized 'A' and a 'Z' shape.

# About the Industry

- E-commerce, or electronic commerce, refers to transactions conducted via the internet.
- Every time individuals and companies are buying or selling products and services online they're engaging in ecommerce.
- The term e-commerce also encompasses other activities including online auctions, internet banking, payment gateways, and online ticketing.

# HISTORIC HIGHLIGHTS OF E-COMMERCE

1960



Electronic data interchange



1979



Michael Aldrich invented the first online shopping system to enable online transaction processing between B2B & B2C

1990

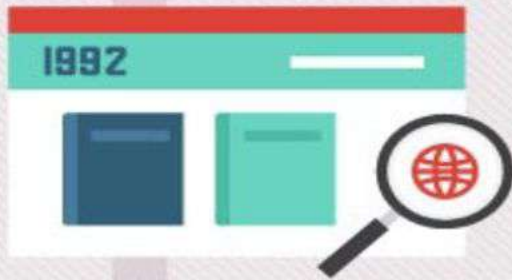


Tim Berners-Lee created first World Wide Web server and browser

1992



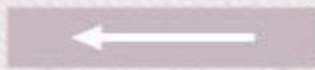
Tim Berners-Lee created first  
World Wide Web server and browser



First online book store - Book  
Stacks Unlimited



First pizza sold online -  
Pepperoni and mushroom  
with extra cheese

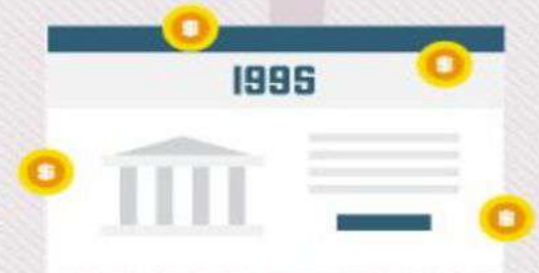


amazon

ebay

1995

Amazon and  
eBay launched



First to launch online banking -  
The Presidential Bank

**1998**

Paypal was founded



**1999**

Alibaba was established in China by Jack Ma



**2004**



Credit card companies create PCI data security standards



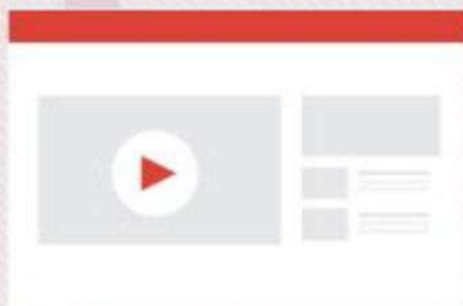
**2003**

Apple launches iTunes store





Credit card companies create  
PCI data security standards



**2005** YouTube was launched



**2012**

E-commerce sales topped  
\$1 trillion for the first time  
in history



**2009**

Bitcoin became  
the first  
decentralized  
cryptocurrency



Smartphone card  
reader launched



**2014**



Overstock.com  
processes over  
\$1 million in  
Bitcoin sales

**2015**

Amazon.com accounts for more  
than half of all e-commerce growth,  
selling almost 500 Million stock  
keeping unit 's in the US

**2016**

Alibaba entered  
India's e-commerce  
space with 25%  
stake in Paytm



# Types of E-Commerce

1. Business-to-Business (B2B)
2. Business-to-Consumer (B2C)
3. Consumer-to-Consumer (C2C)

# Business-to-Business(B2B)

E-Commerce B2B sales are the purchases or selling of platforms, goods, services that help other businesses operate.

B2B sales have made up 23.6% of all E-Commerce U.S. sales in February, 2020.

Examples: Alibaba, Shopify

# Business-to-Business(B2B)

## **Pros:**

- High Revenue
- Less labour needed as there are no physical retail stores
- Less physical space needed (ex. Store front)
- Ability to sell in bulk to businesses = cheaper shipping

## **Cons:**

- Barriers to entry are high (Lots of competition)
- E-commerce Regulations (We will look at later)
- Customs/Duties

# Business-to-Consumer(B2C)

E-Commerce B2C sales are purchasing or selling goods and services directly to consumers.

B2C sales have made up 33.7% of all E-Commerce U.S. sales in February, 2020.

Example: Amazon, Shopify, and Wayfair



# Business-to-Consumer(B2C)

## **Pros:**

- High Revenue
- The entire market is transitioning to purchasing everything online.
- Less labour needed compared to a physical store

## **Cons:**

- High barriers to entry
- E-commerce Regulations (we will look at later)
- Selling in bulk won't be applicable, therefore, shipping 1 item at a time can be expensive.

# Consumer-to-Consumer(C2C)

E-commerce C2C sales is selling and purchasing goods or services between two consumers using an third party platform.

Examples: Ebay, Craigslist, Etsy, AirBnb.

# Consumer-to-Consumer(C2C)

## **Pros:**

- Low operating costs
- Low start-up costs
- Little or no initial labour required

## **Cons:**

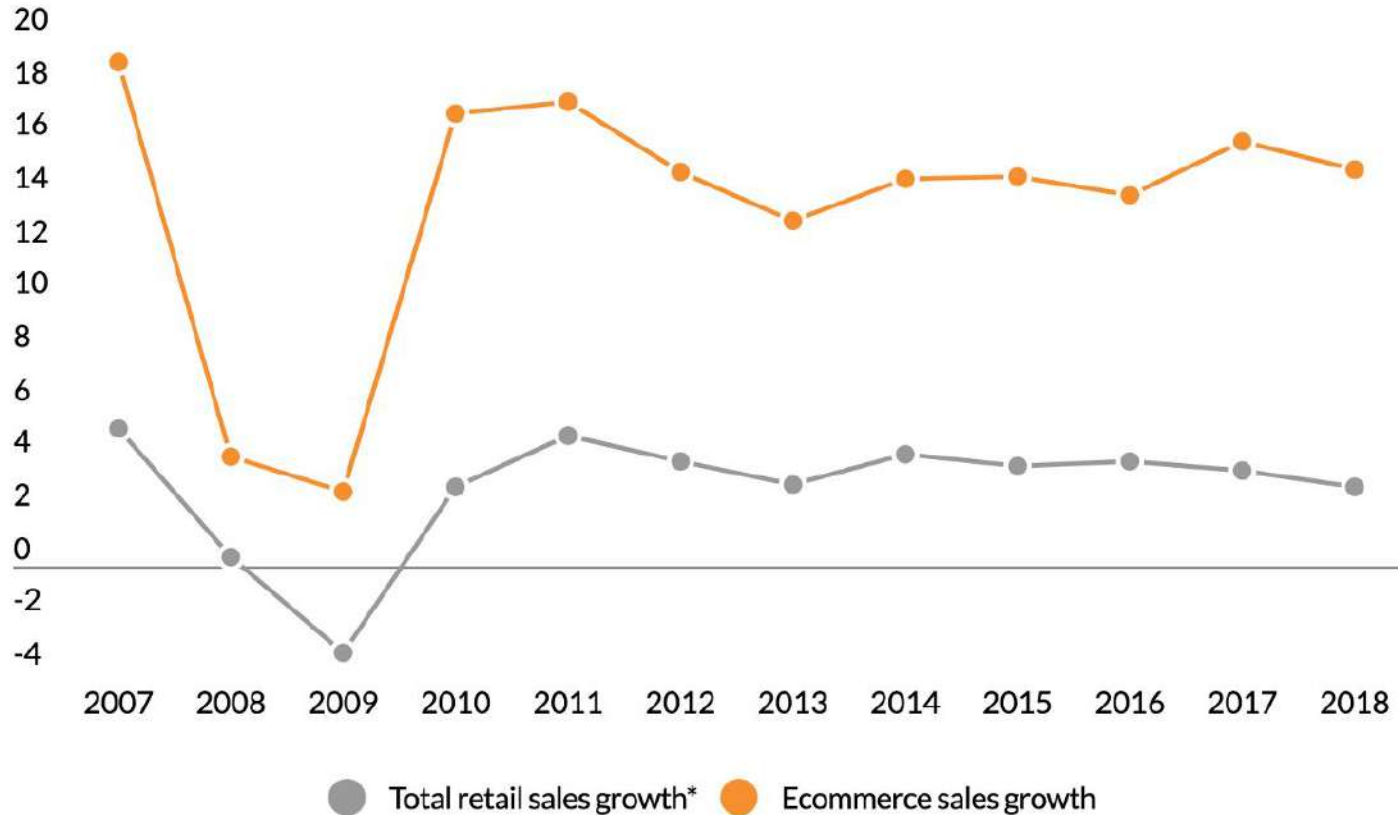
- Low Revenue ( mostly from ads)
- Need to be the biggest C2C business in the area (ex. You only use Craigslist, and Facebook marketplace, because it has the most traffic)

## 10 largest ecommerce markets

By billions of USD



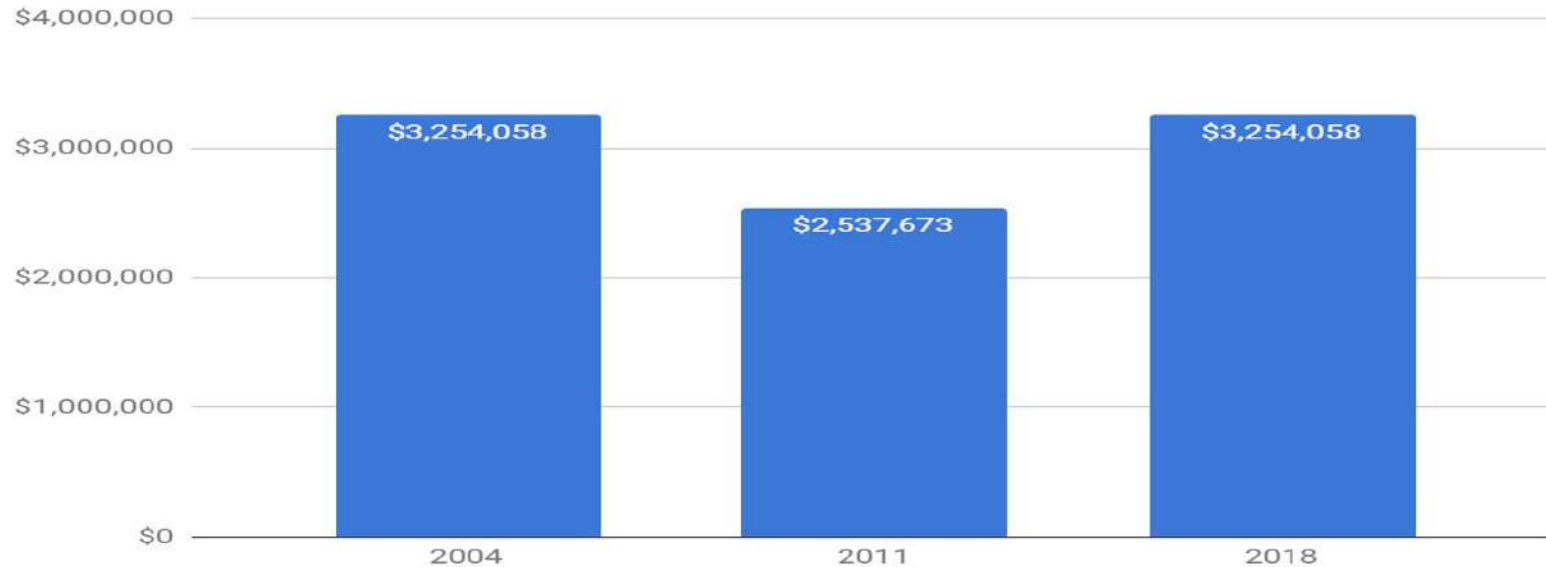
## Comparing growth: U.S. retail sales\* vs. ecommerce



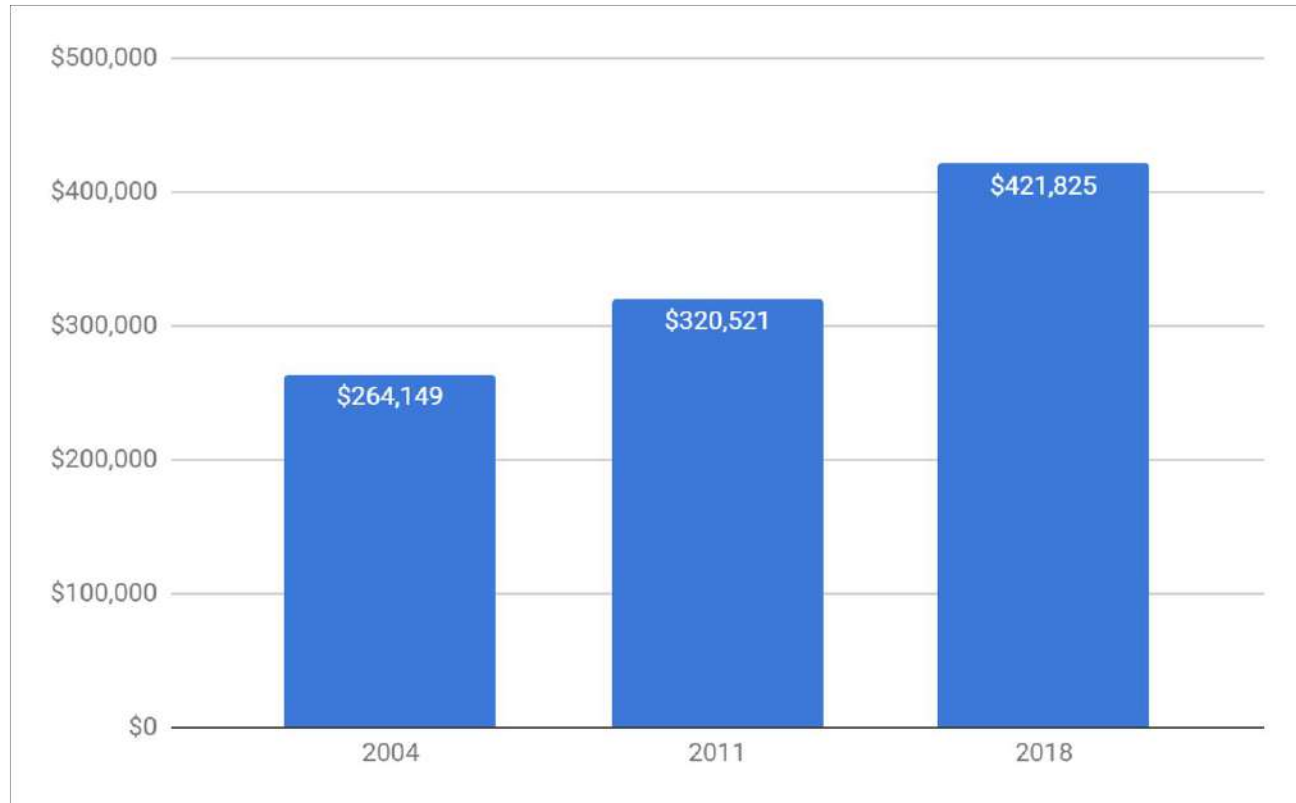
# Comparing growth: US retail sales vs e-commerce

- E-commerce accounted for over 50% of the overall retail growth (50.5%) in the United States in 2022.
- This is the percentage growth accounted by e-commerce in 2008 was 63.8%.

# Overall Retailing Sales (USA)



# Overall Retailing Sales (Canada)





# Competitive Landscape

- Low concentration**

- The top four players in the retail sector in the USA are projected to generate around 14% of the total industry revenue

- Walmart is expected to account for 5%

- High competition**

- Many companies with small share

# Competitive Landscape

- Barrier to entry is low**

- However, potential entrants may struggle to compete with large MNCs who benefit from economies of scale

- Capital costs are high up front for brick and mortar locations. However, these are generally lower for online retailers

- Product differentiation is generally low**

# Competitive Landscape

## Barriers to Entry checklist

Competition	High
Concentration	Low
Life Cycle Stage	Mature
Capital Intensity	Low
Technology Change	Medium
Regulation & Policy	Medium
Sector Assistance	None

SOURCE: [WWW.IBISWORLD.COM](http://WWW.IBISWORLD.COM)

A higher level of revenue volatility implies greater industry risk. Volatility can negatively affect long-term strategic decisions, such as the time frame for capital investment.

When a firm makes poor investment decisions it may face underutilized capacity if demand suddenly falls, or capacity constraints if it rises quickly.

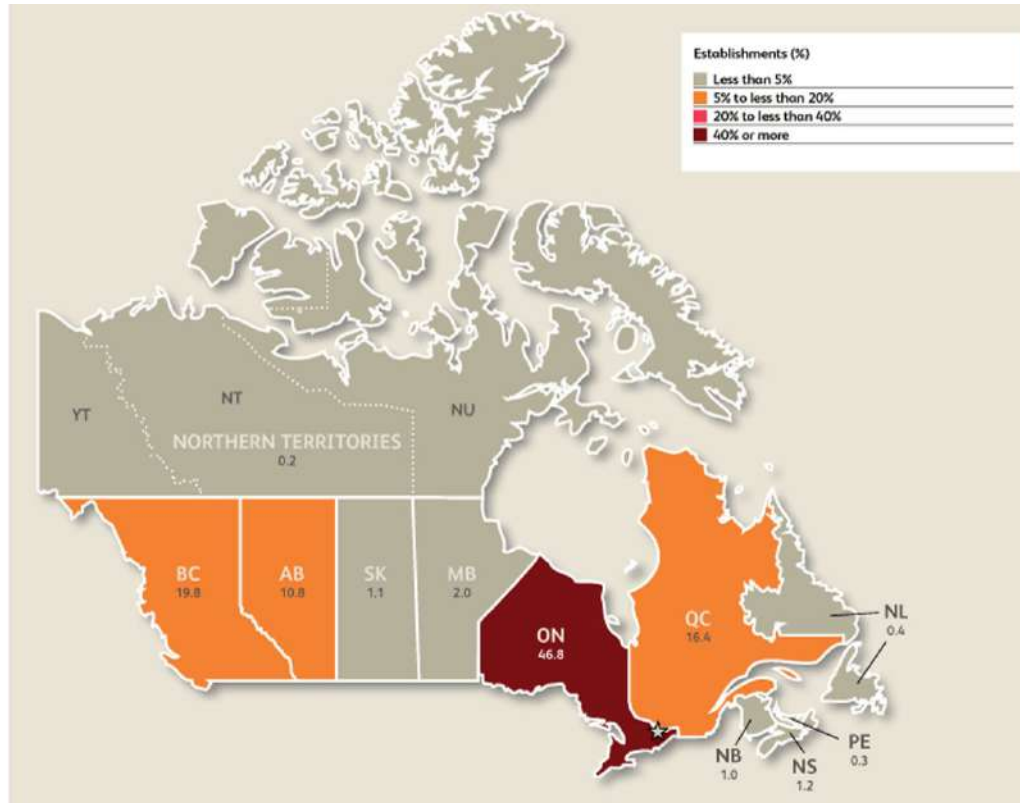
### Volatility vs. growth



\* Axis is in logarithmic scale

SOURCE: [WWW.IBISWORLD.COM](http://WWW.IBISWORLD.COM)

# E-Commerce in Canada





## CONSUMER SPENDING

Total online consumer spending

**CAN\$600** per internet user



Total online grocery\*

consumer spending  
**CAN\$11.88**  
per internet user in 2017.

Total online grocery purchases

**CAN\$431.2M**



With a growth rate  
of **10.2 %**  
from 2012 to 2016.

Total online packaged food purchases

**CAN\$139.5M\*** in 2016



With a growth rate  
of **6.8%**  
from 2012 to 2016.

\*Total online grocery data only includes food and drinks

\*Estimate

# Current Performance in Canada

- Over the five years to 2021, industry revenue is increased to \$53.77 billion, including a 14% growth in 2021 alone.
- Online sales accounted for 1.5% of retail sales in 2013, which represents a marginal increase from 1.3% in 2003
- Online sales accounting for an estimated 6.2% of total retail sales in 2021.

## Revenue Growth

Year	Revenue \$ million	Growth %
2004	1,646.5	0.0
2005	2,102.9	27.7
2006	2,169.8	3.2
2007	2,120.5	-2.3
2008	2,050.3	-3.3
2009	2,021.9	-1.4
2010	2,182.1	7.9
2011	2,566.0	17.6
2012	2,774.6	8.1
2013	3,167.7	14.2
2014	4,061.1	28.2
2015	4,934.2	21.5
2016	5,616.8	13.8
2017	6,841.9	21.8
2018	8,039.4	17.5



## TOP DEVICES USED FOR MAKING ONLINE PURCHASES 2016



**CAN\$47.9B**

Personal computer  
purchases



**CAN\$9.2B**

Tablet  
purchases



**CAN\$9.9B**  
Mobile purchases

➤ M-commerce accounted for 26% of all Internet retail sales in 2016, double the 13% share of 2012, and is projected to account for 34% by 2021.

➤ 87% of Canadian households possessed a personal computer in 2016, while 59% of Canadian households possessed a laptop.

➤ 73% of Canadian households owned a smartphone in 2016, while 44% owned a tablet.

## CANADA'S TOP ONLINE RETAILERS\* C\$M



**\*Note:** Only includes top retailers that sell groceries online.  
Data represents total e-commerce sales (i.e. food and other products).

## High Online Engagement

Canadians visit more pages on a monthly basis than their American counterparts (101 vs. 97)



## Loves to Buy Via Mobile



67%

Canadian Smartphone owners have purchased a product via mobile device



U.S. owners compare at 64%



VS.



## E-Commerce Market Nascent But Growing



By 2018, online spending will reach 10% of total retail spending

## Lags Slightly Behind U.S. In Online Spending



Average Canadian spends \$1,130 online annually



Average American spends \$1,483

Internet users making online purchases



Canada



U.S.

Online percentage of total retail shopping remains lower in Canada than the United States



Canadians Often Shop  
Cross-Border to Fulfill Needs

25%

of online  
spending  
occurs through

international  
websites



Canadian B2B and B2C Consumers  
are Used to Paying Additional Charges

- + GOODS AND SERVICES
- + PROVINCIAL SALES TAX
- + HARMONIZED SALES TAX
- + SHIPPING
- + CONVERSION
- + DUTIES
- + BROKERAGE FEES
- + CUSTOMS CLEARANCE
- + DISBURSEMENT FEES

Price conscious consumers in Canada  
favor Comparison Shopping  
Engines (CSEs) seeking  
cheapest channels



PriceGrabber.com

81% rely on search engines to  
compare prices



27% check the U.S. and Canadian  
websites to find the lowest prices

B2B Sales Stronger Than B2C Sales in **Canada**

**Canadian**

**B2B**

e-commerce  
market was



the level of  
**B2C**  
e-commerce  
in 2012

This mirrors the



B2B - B2C rate  
in the **U.S.**



Canada E-Retailers Present in Canada

kijiji

Well.ca

SHOP • CA™

But

Overshadowed by U.S. Retailers

amazon.com

ebay™

## Shipping Costs Remain Prohibitive

A typical **Canadian** e-commerce shipment costs

3.6x  
more

than in the **U.S.**



Though

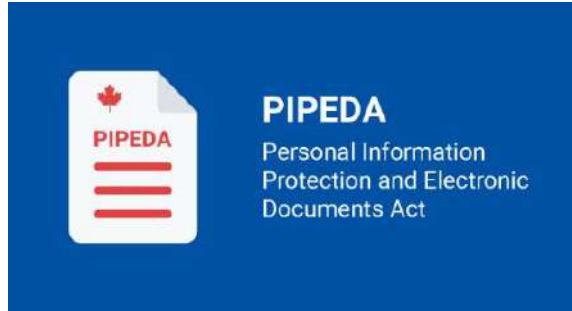
## Shipping Options Through International Couriers Have Still Proliferated



Retailers have introduced free shipping, and have seen a surge in sales

# Regulation & Policy in Canada

## PIPEDA - Personal Information Protection and Electronic Documents Act



Businesses must have consent to collect, use, or disclose personal information.

You must protect the information against unauthorized access, theft, copying or alteration.



# Regulation & Policy in Canada

Canada's anti-spam law (CASL)

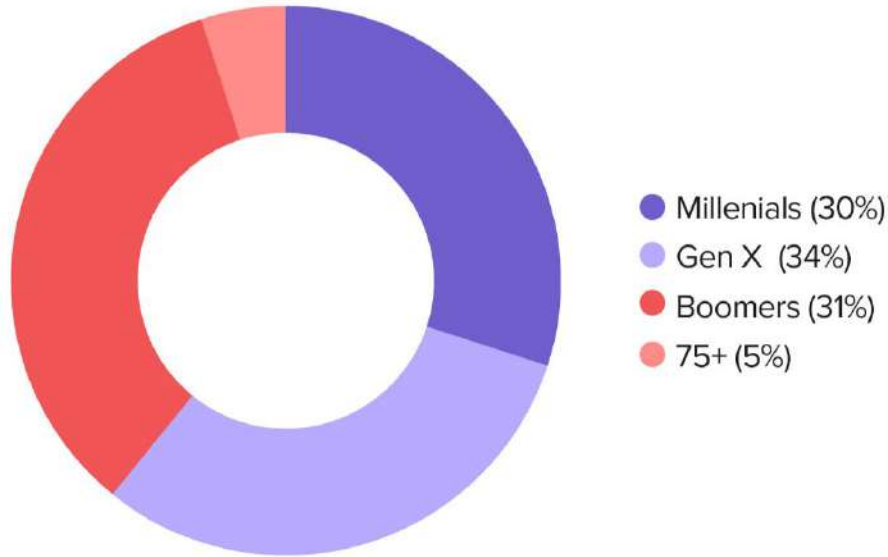


Businesses cannot: send electronic messages (emails, social media messages, or cell phone messages) without customer consent

All messages must have an unsubscribe function

# Who Shops Online?

## Age Distribution of Online Shoppers [%]



# Who Shops Online?

## **-Generation Z**

-People born after the early 2000s

-Won't directly make online purchases

-They have a major influence on the parents

-Possesses the technological proficiency to browse for products online

# Who Shops Online?

## **-Millennials (Generation Y)**

- Age from roughly 25 to 39 years old
- A lower disposable income
- Optimistic about their future economic status
- Lower levels of traditional brand loyalty
- Like to compare products and prices

# Who Shops Online?

## -Generation X

-Age from roughly 40 to 54 years old

-A significant majority grew up without home computers

-Can afford higher-priced goods

-Often busy with work or family

-Attracted by the convenience of e-commerce and the ability to ship directly to their homes

# Who Shops Online?

## **-Boomers**

- Age from roughly 55 to 74 years old
- Generate the largest amount of revenue
- Slowly but surely adapted to internet trends
- Favouring convenience over tradition
- Increased disposable income due to the emancipation of children

# Who Shops Online?

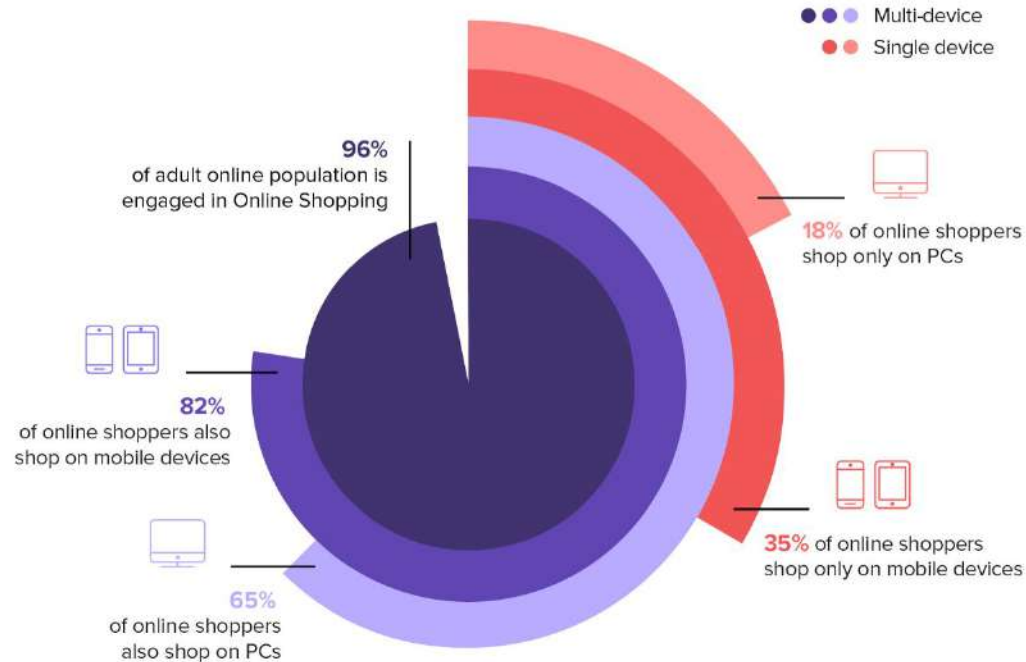
- Age 75+

- Tend to have a lot of leisure time

- Little trust of or familiarity with the internet

# Which Devices Do Shoppers Use?

## The Reach of Online Shopping



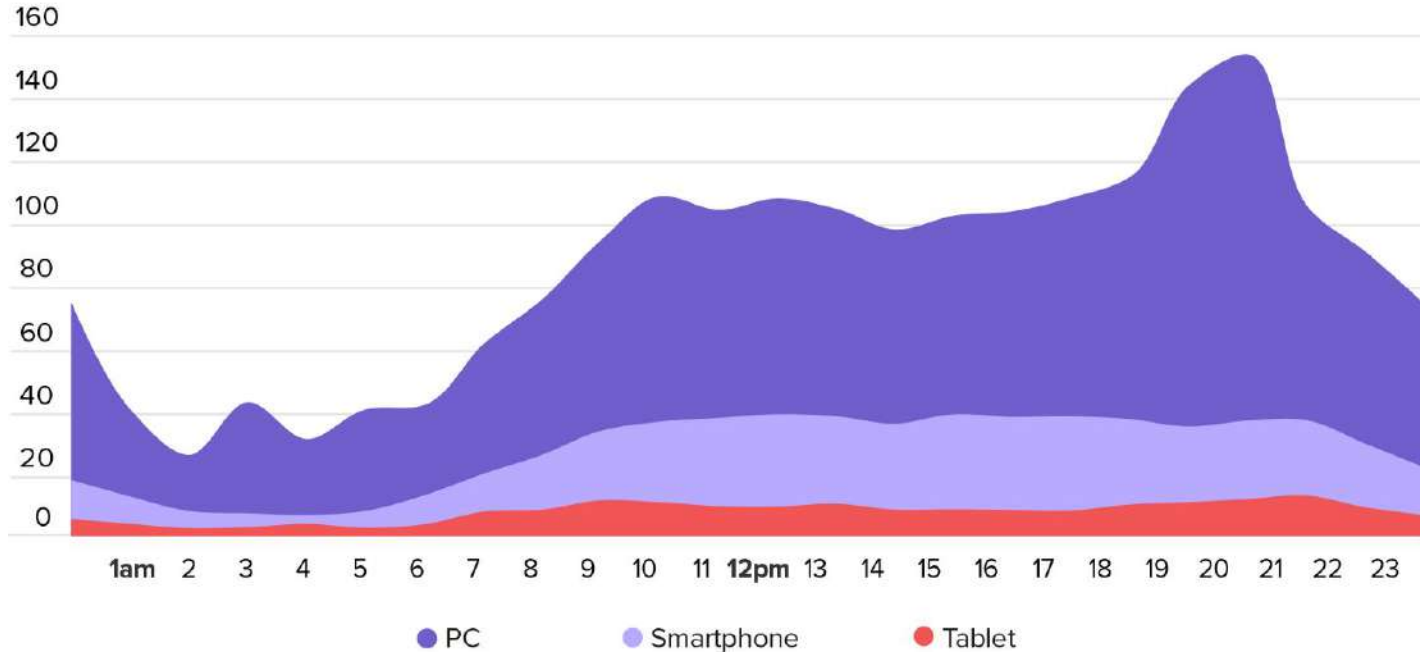


# Which Devices Do Shoppers Use?

- The number of fixed broadband connections
- Grow an annualized 3.4% over the five years to 2023
- The number of mobile telephone subscriptions
- Grow at an annualized rate of 3.6% during the outlook period

# Total Time Spent Shopping in Millions of Hours

Million of Hours

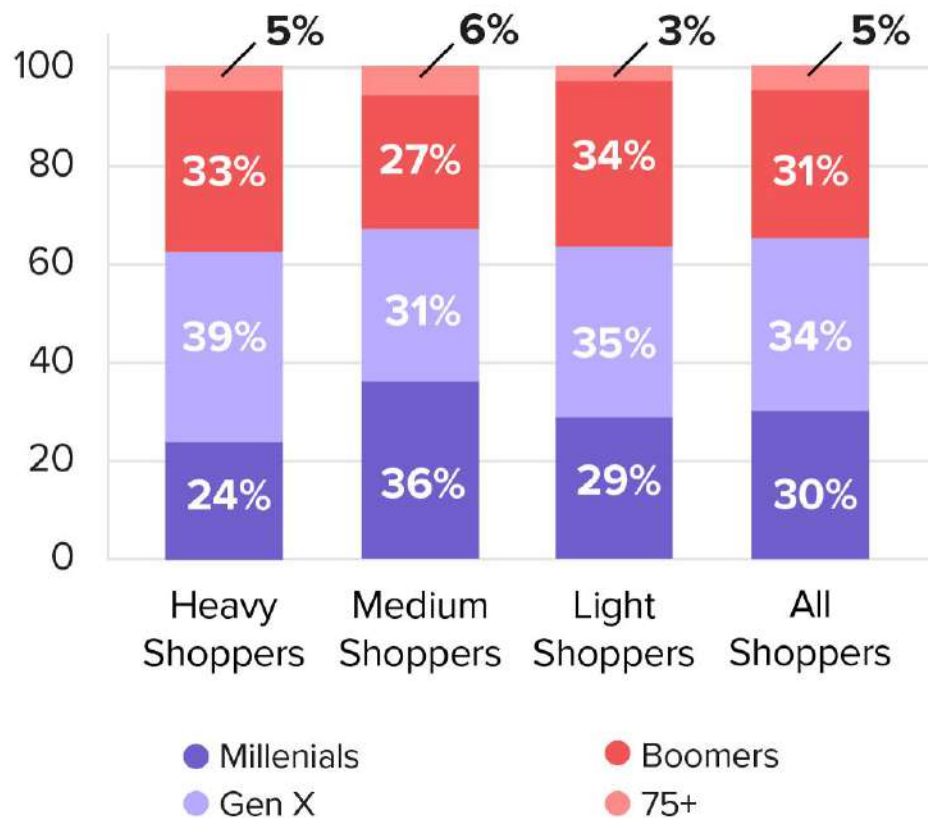


Source: Verto Analytics, 2018

# The Three Categories Of Online Shoppers

- Based on the amount of time they spend per month with online shopping brands
- Heavy shoppers: Top 20% of all online shoppers
- Medium shoppers: Between 40% and 80% of all online shoppers
- Light shoppers: Bottom 40% of all online shoppers

## Age Distribution [%]



# WHAT INFLUENCES SHOPPERS TO BUY

(Sector)

## FACTORS INFLUENCING THE AMERICAN'S DECISION TO PURCHASE ONLINE



# WHAT SHOPPERS HATE

## AMERICANS' LEAST FAVORITE PARTS OF SHOPPING ONLINE



**amazon**

The Amazon logo consists of the word "amazon" in a bold, lowercase, sans-serif font. Below the text is a curved orange arrow that starts under the 'a' and points towards the 'n', resembling a smile.

# Amazon.com, Inc. (AMZN)

NasdaqGS - NasdaqGS Real Time Price. Currency in USD

☆ Add to watchlist

**113.50** **+3.94 (+3.60%)**

At close: 04:00PM EDT

**113.38** **-0.12 (-0.11%)**

After hours: 5:32PM EDT

**Summary**

[Chart](#)

[Conversations](#)

[Statistics](#)

[Historical Data](#)

[Profile](#)

[Financials](#)

[Analysis](#)

[Options](#)

[Holders](#)

[Sustainability](#)

Previous Close **109.56** Market Cap **1.155T**

Open **107.60** Beta (5Y Monthly) **1.24**

Bid **113.40 x 1800** PE Ratio (TTM) **53.04**

Ask **113.47 x 1100** EPS (TTM) **2.14**

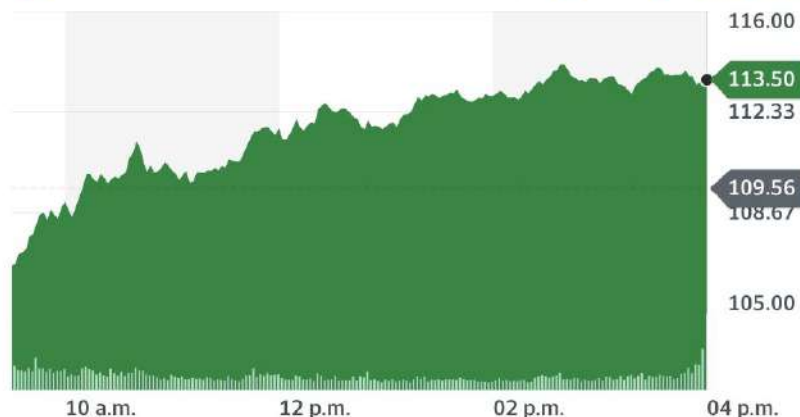
Day's Range **106.33 - 114.07** Earnings Date **Jul 27, 2022 - Aug 01, 2022**

52 Week Range **101.26 - 188.65** Forward Dividend & Yield **N/A (N/A)**

Volume **71,526,649** Ex-Dividend Date **N/A**

Avg. Volume **90,049,400** 1y Target Est **174.91**

**1D** 5D 1M 6M YTD 1Y 5Y Max  [Full screen](#)





# Key Statistics

## Trading Information

### Stock Price History

Beta (5Y Monthly)	1.24
52-Week Change <sup>3</sup>	-40.39%
S&P500 52-Week Change <sup>3</sup>	-11.93%
52 Week High <sup>3</sup>	188.65
52 Week Low <sup>3</sup>	101.26
50-Day Moving Average <sup>3</sup>	116.54
200-Day Moving Average <sup>3</sup>	151.30

### Valuation Measures<sup>4</sup>

Market Cap (intraday)	1.11T
Enterprise Value	1.16T
Trailing P/E	52.85
Forward P/E	66.23
PEG Ratio (5 yr expected)	4.13
Price/Sales (ttm)	2.36
Price/Book (mrq)	8.32
Enterprise Value/Revenue	2.43
Enterprise Value/EBITDA	19.27

# 5 - Day Performance



# 1 - Month Performance



# 6 - Month Performance



# 1 - Year Performance



# 5 - Year Performance



# Company Overview

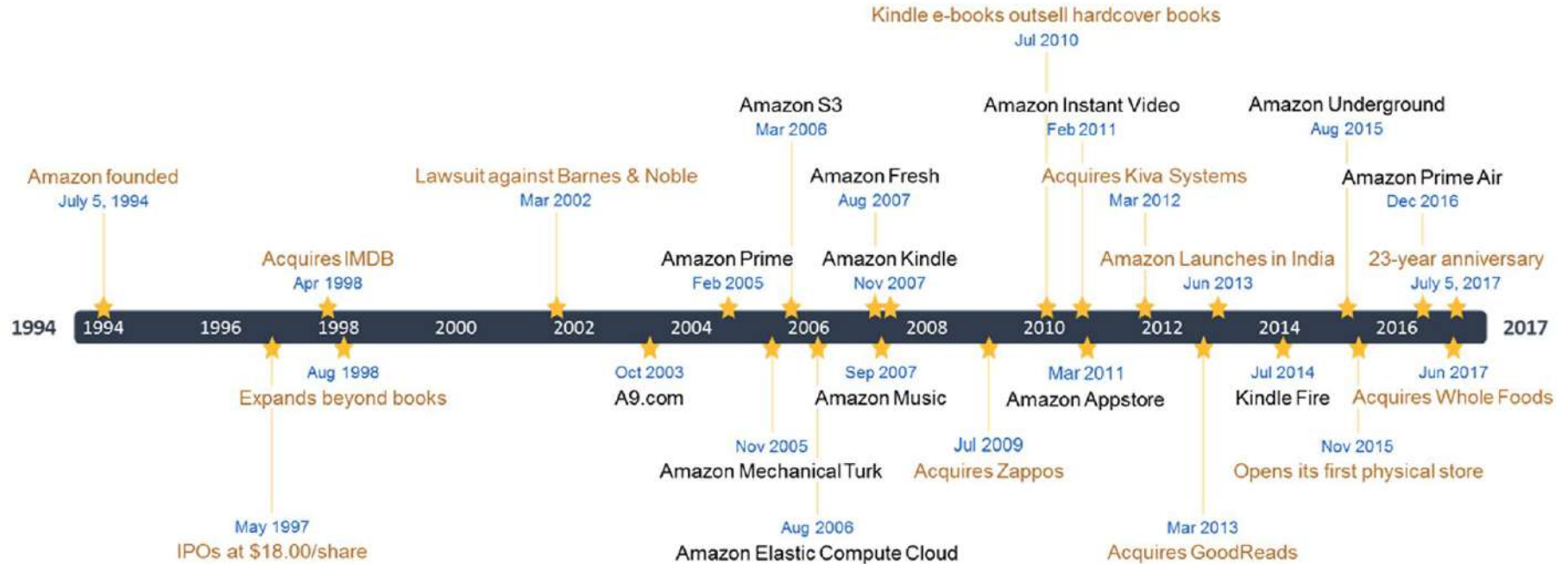
**AMAZON.COM, INC. (NASDAQ: AMZN)**

An American multinational technology company that focuses on e-commerce, cloud computing, digital streaming and artificial intelligence

- ▶ **Founded:** July 5, 1994
- ▶ **Headquarters:** 410 Terry Avenue North Seattle, Washington
- ▶ **Employees:** ~1,622,000
- ▶ **Initial Public Offering:** May 15, 1997
- ▶ Amazon Marketplace is the largest online retailer in the US

# Company History

★ Company milestones    ★ Product launches





# Recent Company History

- February 8, 2018 - Launches Whole foods delivery
- April 26, 2018 - Amazon Webservices outperform and account for just under half of Q1 2021 revenue.
- June 18, 2018 - Jeff Bezos become worlds richest man overtaking Bill Gates
- April 3, 2019 - AWS announces plans of expansion into Indonesia (Jakarta Region, 9th in Asia Pacific Region)
- September 16, 2019 - Expands Tec Hub and Opens Own Airport in Chicago for Amazon Air delivers
- November 6, 2020 - Expands fulfilment centers, two new centers in Missouri and Nebraska creating 1500+ new jobs
- December 10, 2020 - Amazon becomes worlds largest corporate purchaser of renewable energy

# Recent Company History

- May 12, 2021 - Amazon issues \$18.5 billion in debt, reported usage for stock buy back and debt refinancing
- May 27, 2021 - Amazon and MGM Studios are merging in a deal worth \$8.45 billion
- July 6, 2021 - Jeff Bezos officially steps down as CEO, Andy Jassy (AWS) becomes CEO of entire company
- March 3, 2022 - Amazon closes 68 of its brick and mortar book stores
- April 21, 2022 - Amazon plans to compete with original shipping giants, letting 3rd parties ship using Amazons vast shipping network

# Notable Acquisitions

Amazon has completed ~111 acquisitions since it was founded in 1994. The following are some of the more recent larger transactions:



\$8.45B, 2021

ZOOX

\$1.2B, 2020



\$13.7B, 2017



\$1.2B, 2018



\$1.2B, 2009



\$970M, 2014



\$1B, 2018



\$775M, 2012



\$580M, 2017



\$500M, 2011

# Acquisitions Description

- MGM (\$8.45B, 2021) The completion of the transaction will see more than 4,000 films and 17,000 TV shows become a part of Prime Video, the online retailer's streaming service. Amazon says the nearly century-old studio will complement Prime Video and Amazon Studios' content and that together, the two will create more quality entertainment options for subscribers.
- Zoox (\$1.2B, 2020) "Creating autonomous mobility from the ground up." Includes developing zero-emission vehicles for riders, not drivers. Autonomous ride-hailing service, meant to revolutionize the taxi and ride-hailing industry.
- Whole foods (\$13.7B, 2017) Dwarfs Amazon's third second largest acquisition. The acquisition dramatically expanded Amazon's brick and mortar footprint, as well as giving Amazon a much stronger position in grocery delivery that capitalizes on Whole Food's loyal customer base.
- Ring (\$1.2B, 2018) is a Wi-Fi enabled doorbell that streams live video of a home's doorstep to a smartphone or tablet. The acquisition helped strengthen Amazon's smart home offerings, and opened the door for Amazon couriers to leave packages inside customers houses.
- Zappos (\$1.2B, 2009) was Amazon's first \$1B+ acquisition. Known for its unique culture and customer centric ethos, Zappos fit neatly with Bezo's relentless customer-focused approach and brought an online competitor into the Amazon fold.

# Acquisitions Description

- Twitch Interactive (\$970M, 2014) is a video game platform and community. The deal raised eyebrows at the time, but Amazon has since capitalized on Twitch's fiercely loyal fan base to gain a competitive advantage as major tech companies zero in on cloud-based gaming as an emerging market.
- Pill Pack (\$1.2B, 2018), Amazon's long rumoured entry into healthcare. The markets reacted accordingly with share prices for several incumbent pharma companies diving nearly 10% on the news.
- KIVA Systems (\$775M, 2012), a robotic fulfillment system manufacturer, was the one of Amazon's most impactful acquisitions to its long-term business - no e-commerce competitor has yet been able to rival Amazon's warehouse automation.
- Souq.com (\$580M, 2017), based in Dubai, gave Amazon a beachhead in the growing Middle Eastern market. International expansion remains a focal point of Amazon's strategy, particularly in emerging markets.
- Quidishi (\$500M, 2011), the parent company of Diapers.com, was one of Amazon's largest acquisitions at the time. Just a few years later after the deal, Quidishi co-founder and co-CEO Marc Lore left to launch Jet.com, which Walmart subsequently acquired for \$3.3B in 2016. Amazon ultimately shut down Quidishi in 2017, citing profitability concerns.

# Products & Services

# Amazon Prime



Amazon Prime is a paid subscription service offered by Amazon that gives users access to services that would otherwise be unavailable, or cost extra, to the typical Amazon customer.

# Amazon Prime - Shopping Benefits

## FREE delivery, as fast as today

Fast, free and convenient ways to get millions of items, from unlimited Two-Day Shipping to Same-Day and 2-Hour Delivery in select areas



## Exclusive Deals Just for you

Get exclusive access to deals and discounts before anyone else with 30-minute early access to Lightning Deals



## Save big on Groceries

Exclusive deals at Whole Foods Market, 5% Back with the Amazon Prime Rewards Visa Card, and 2-hour delivery with Prime Now in select cities (more soon).



## Savings for the Family

Prime members save up to 20% on diapers and baby food subscription





# Amazon Prime - Entertainment Benefits



## **Prime members read FREE**

Prime members can now read as much as they want from over a thousand books, magazines, comics, Kindle Singles, and more



## **Over two million songs, ad free**

Get access to an exclusive library of songs from Amazon Music without any ads.



## **Award-Winning Movies & TV Shows**

Watch what you love with award-winning Amazon Originals, movies and TV shows, included in your membership.



## **Free Games and Loot with Twitch**

With Prime, get bonus games, free in-game loot and a monthly channel subscription on Twitch. New offers every month, so the more you play the more you win.

# Amazon Prime - Other Benefits

## More benefits included with Prime

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### Shopping

FREE One-Day, Two-Day Shipping

FREE Same-Day Delivery

2-Hour grocery & restaurant delivery

Scheduled, In-Home & In-Car Delivery

'Try before you buy' clothes

Alexa Voice Shopping & Deals

Savings at Whole Foods Market

20% off diapers, baby food & more

### Entertainment

Thousands of movies, TV shows & Amazon Originals

Over two million songs, ad-free

20% off Amazon Music Unlimited

Rotating podcasts on Audible Channels

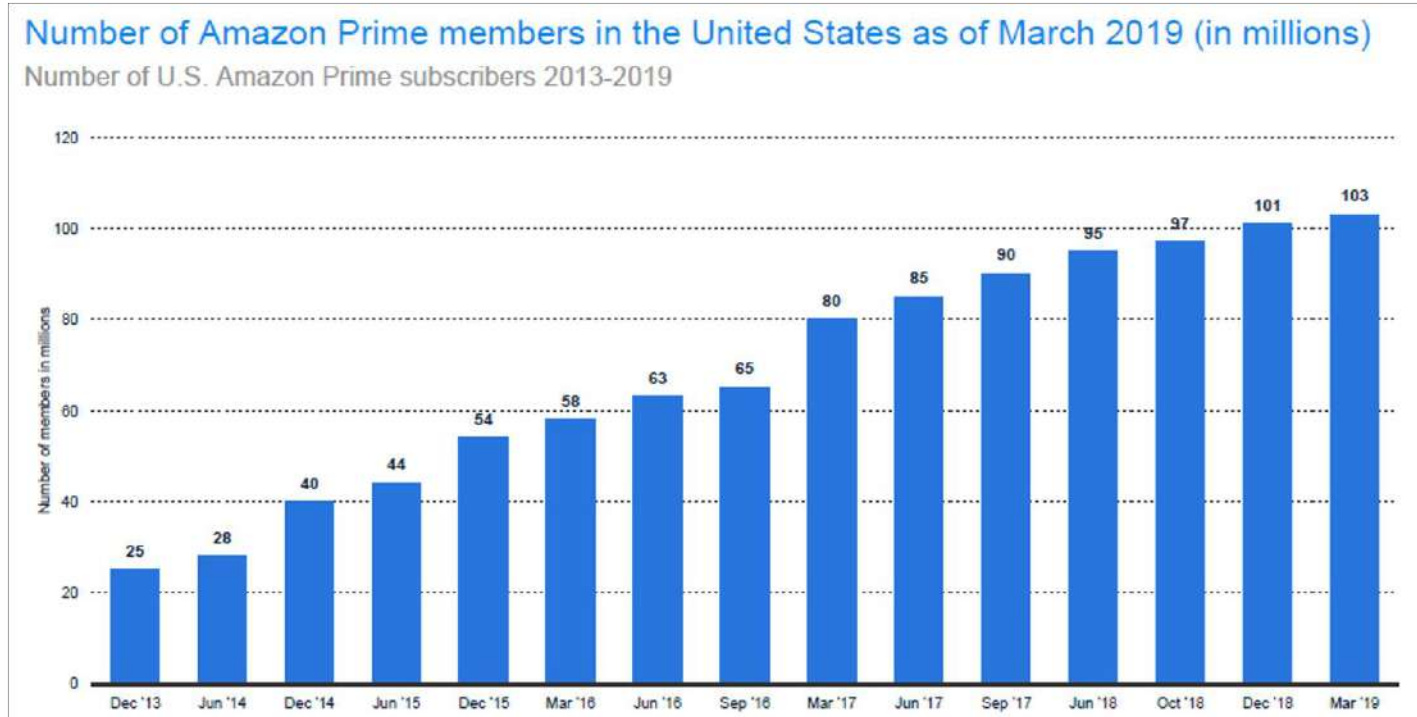
1,000+ eBooks, magazines, comics & audiobooks

Early access to Kindle books each month

Free Games & In-Game Loot with Twitch

Unlimited photo storage

# Amazon Prime - Membership



Recent numbers are 2020 - 142.5M and 2021 - 151.9M

# Amazon Prime - Spending

Average annual amount spent on Amazon according to U.S. Amazon Prime and non-Prime members as of March 2019 (in U.S. dollars)

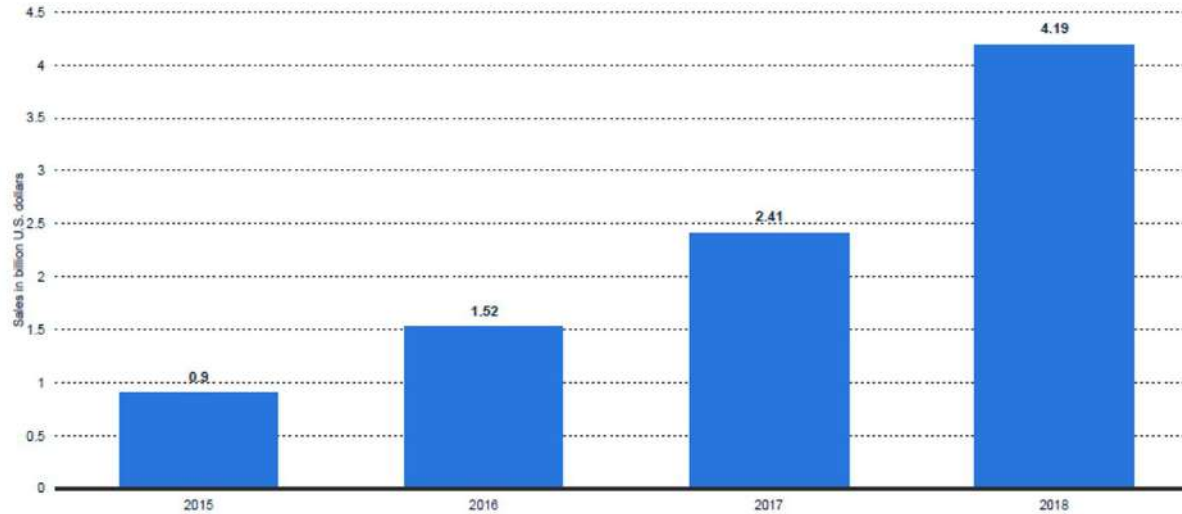
Average spending of Amazon Prime and non-Prime members 2015-2019



# Amazon Prime - Prime Day Spending

Global Amazon Prime Day sales from 2015 to 2018 (in billion U.S. dollars)

Amazon Prime Day sales worldwide 2015-2018



2019 grew to \$7.16B  
2020 grew to \$10.4B 2021  
grew to **\$11.2B**

# Amazon Web Services (AWS)



Amazon Web Services provides on-demand cloud computing platforms to individuals, companies and governments, on a metered pay-as-you-go basis.

# Amazon Web Services - Solutions



## Machine Learning

Build with powerful services and platforms, and the broadest machine learning framework support anywhere.



## Analytics & Data Lakes

Securely store, categorize, and analyze all your data in one, centralized repository.



## Internet of Things

A system of ubiquitous devices connecting the physical world to the cloud.



## Serverless Computing

Build and run applications and services without thinking about servers.



## Containers

Package and deploy applications that are lightweight and provide a consistent, portable software environment for applications to easily run and scale anywhere.



## Enterprise Applications

Build with a mature set of services specifically designed for the unique security, compliance, privacy, and governance requirements of large organizations.



## Storage

Durable, cost-effective options for backup, disaster recovery, and data archiving at petabyte scale.



## Windows Workloads

Flexible, scalable compute capacity for Microsoft applications. Easily manage and secure Windows workloads.



# Amazon Web Services - Pricing

Offers pay-as-you-go pricing for 160+ cloud services. You pay only for the services you need and for as long as you use them. Once you stop using them, there are no additional costs or termination fees.



## Pay-as-you-go

Pay-as-you-go allows you to easily adapt to changing business needs without overcommitting budgets and improving your responsiveness to changes. With a pay-as-you-go model, you can adapt your business depending on need and not on forecasts, reducing the risk of overpositioning or missing capacity.



## Save when you reserve

For certain services like Amazon EC2 and Amazon RDS, you can invest in reserved capacity. With Reserved Instances, you can save up to 75% over equivalent on-demand capacity. When you buy Reserved Instances, the larger the upfront payment, the greater the discount.



## Pay less by using more

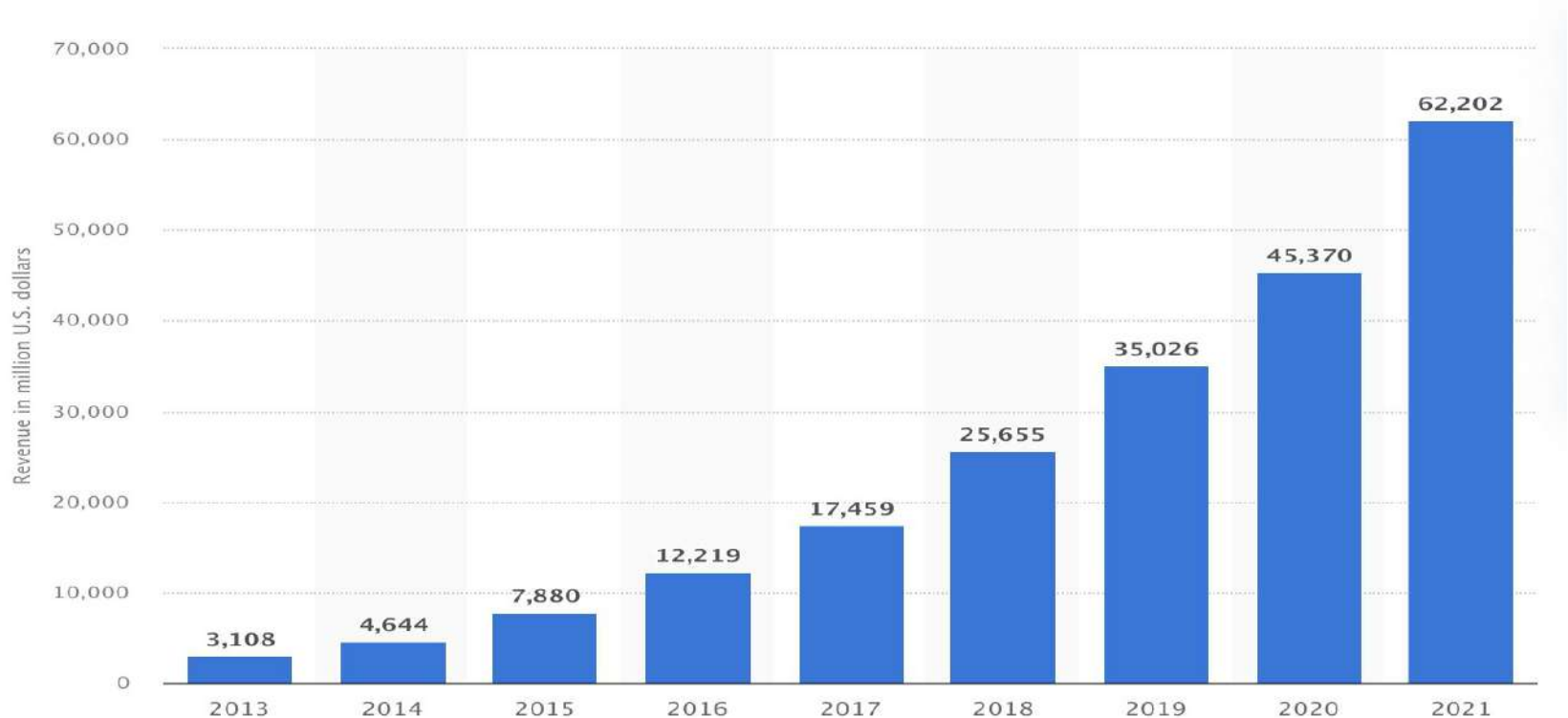
With AWS, you can get volume based discounts and realize important savings as your usage increases. For services such as S3, pricing is tiered, meaning the more you use, the less you pay per GB. AWS also gives you options to acquire services that help you address your business needs.



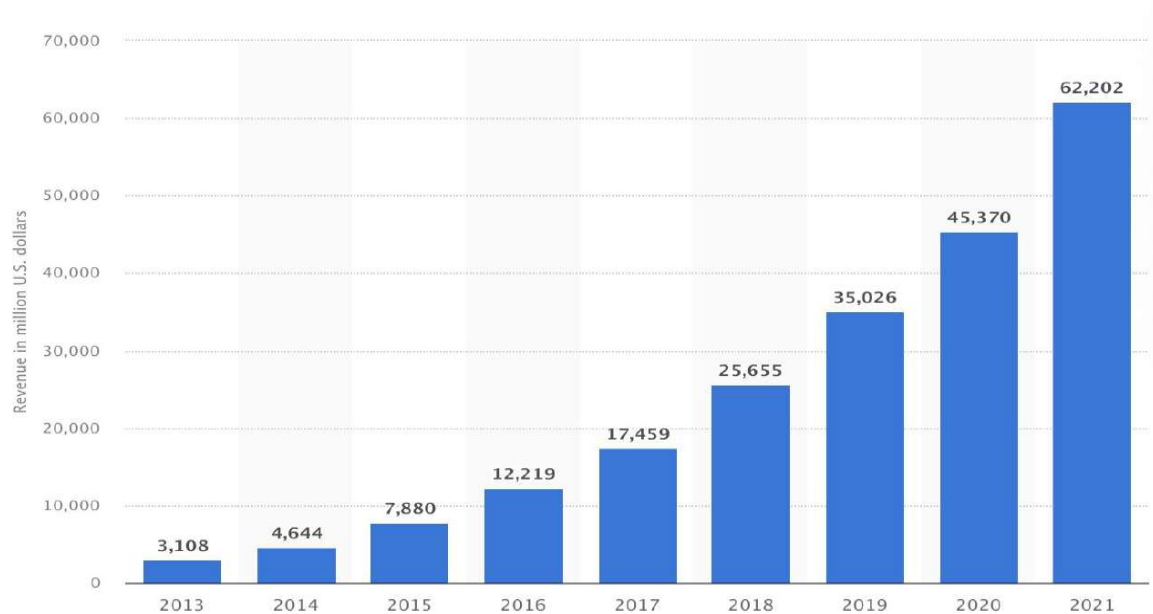
# Amazon Web Services - Notable Customers



# Amazon Web Services - Annual AWS Revenue from 2013 to 2021(USD in M)



# TRENDING UP!!! Amazon Web Services



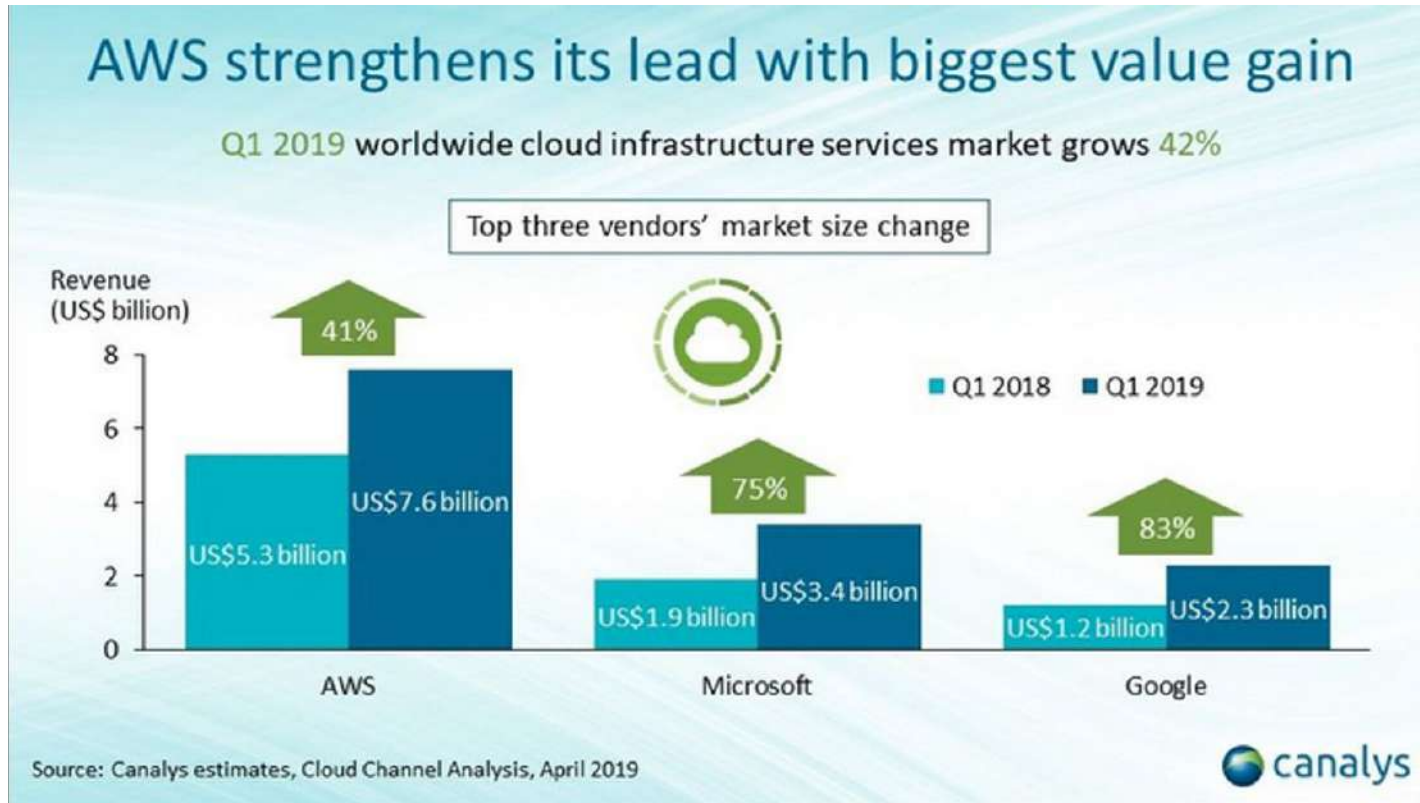
Compounded Annual Growth Rate since 2013.

=

$$(62,202,000,000)/(3,108,000,000)^{1/9} - 1$$

= **39.5%** annual growth rate

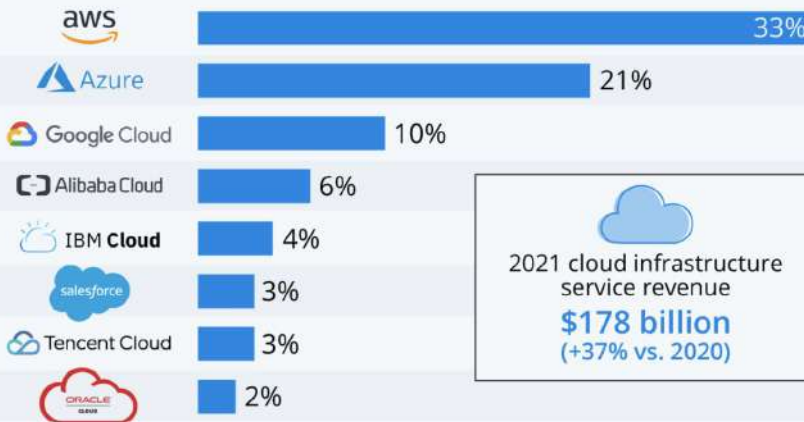
# Amazon Web Services - Market Share



# Amazon Web Services - Market Share

## Amazon Leads \$180-Billion Cloud Market

Worldwide market share of leading cloud infrastructure service providers in Q4 2021\*



2021 cloud infrastructure  
service revenue  
**\$178 billion**  
(+37% vs. 2020)

\* includes platform as a service (PaaS) and infrastructure as a service (IaaS)  
as well as hosted private cloud services

Source: Synergy Research Group

# Whole Foods Market



The company offers a selection of natural and organic products with emphasis on perishable foods. Its stores also feature various non-GMO, vegan, gluten-free, dairy-free and other special diet foods.

# Whole Foods Market - Prime Member Perks



**Free 2-hour delivery.**

Shop your savings and deals online with free 2-hour delivery, just for Prime members. You choose the delivery window, so grocery shopping fits into your schedule.

[Shop Prime Now](#) 



**Extra 10% Off**

Get an extra 10% off items with yellow sale signs.\*



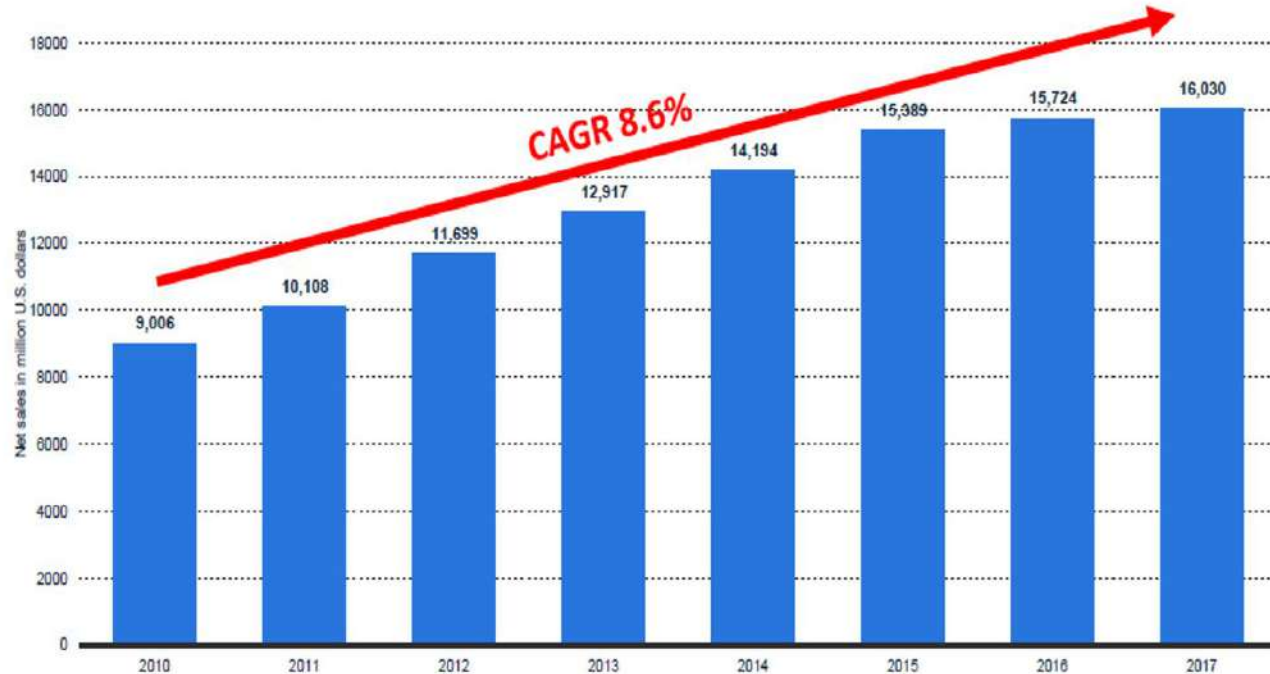
**Prime Member Deals**

Special deals in-store just for you.  
Yes, you.

# Whole Foods Market - Net Sales

Net sales of Whole Foods Market worldwide from 2010 to 2017 (in million U.S. dollars)

Global net sales of Whole Foods Market 2010-2017

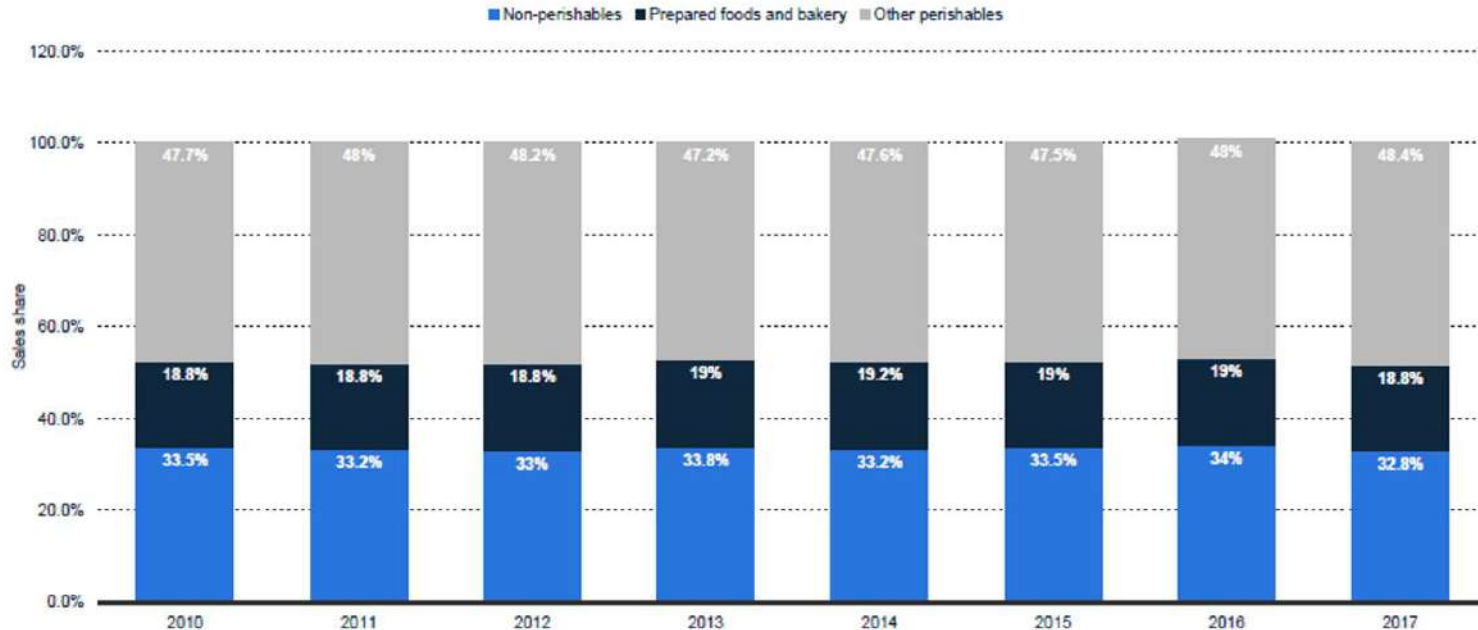




# Whole Foods Market - Sales By Category

Sales share of Whole Foods Market worldwide from 2010 to 2017, by product category

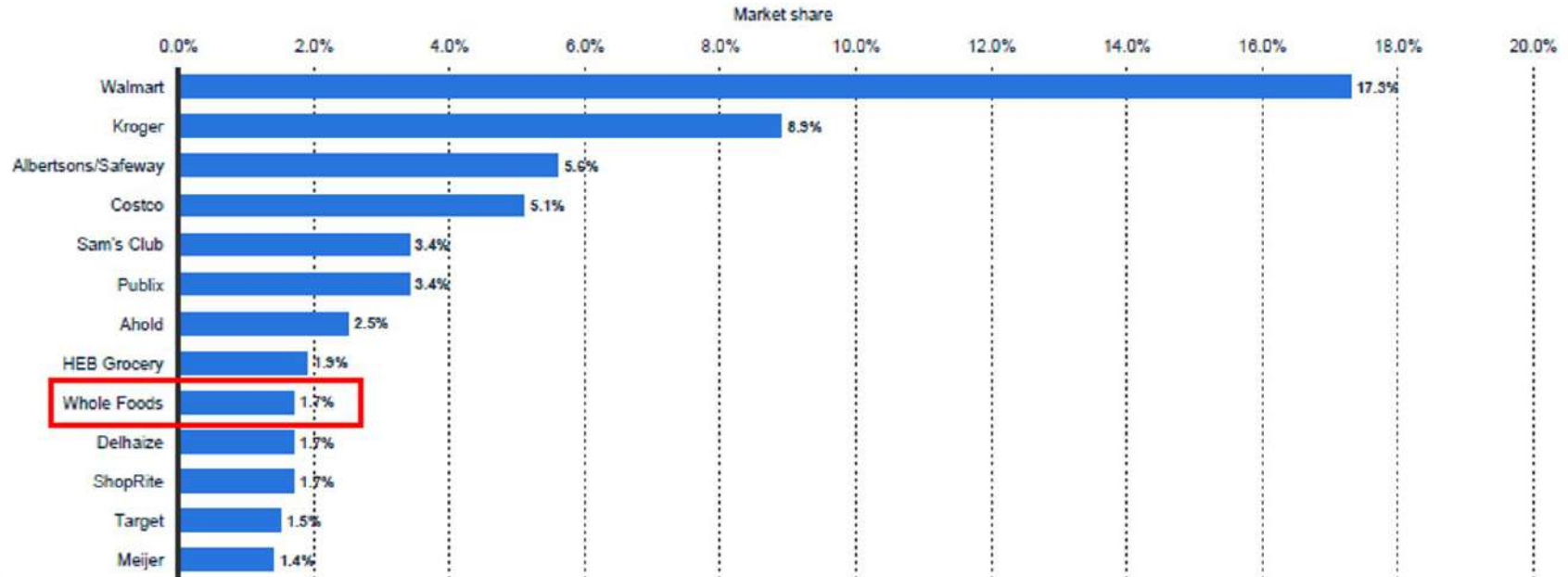
Whole Foods Market's sales distribution worldwide by product category 2010-2017



# Whole Foods Market - Market Share

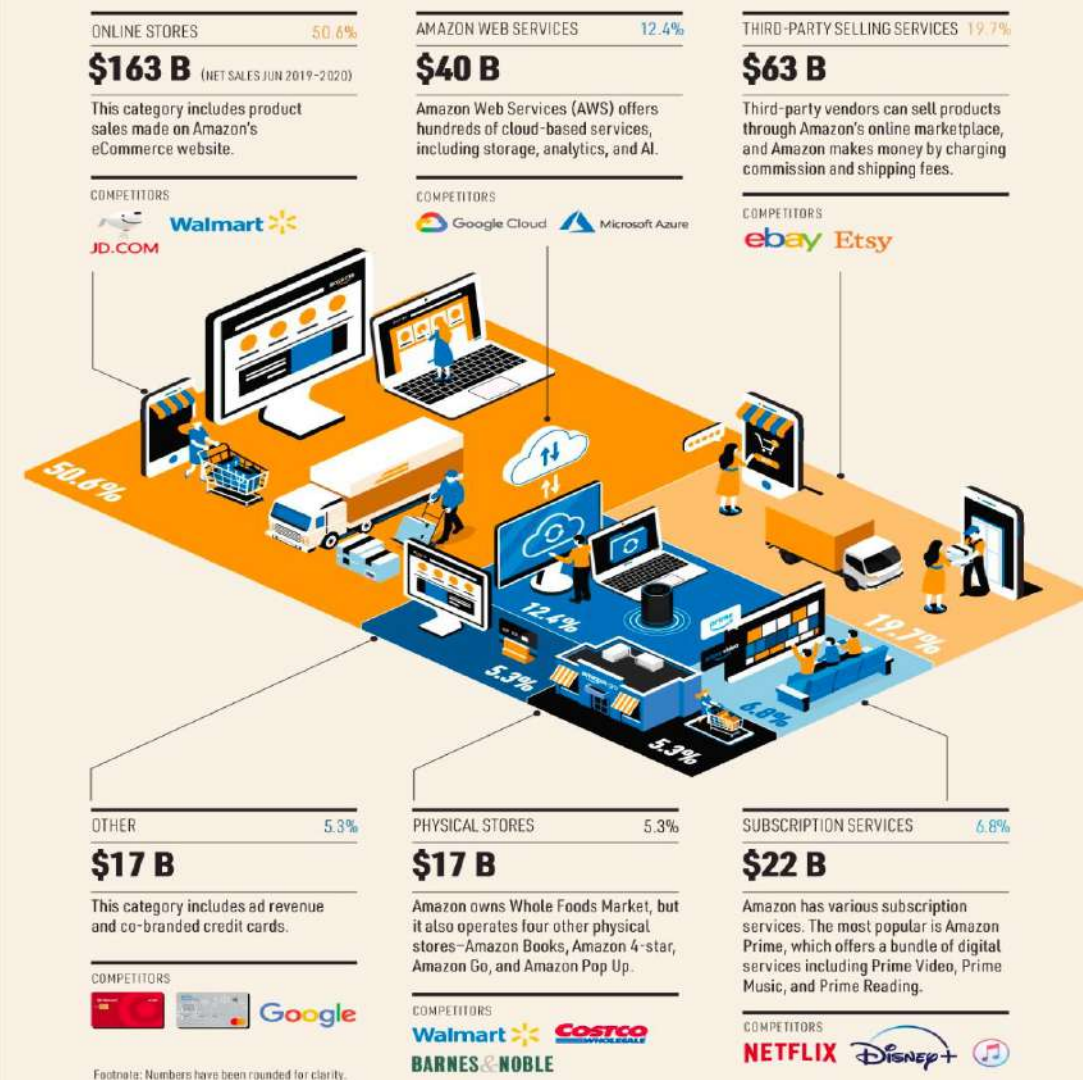
## Market share of U.S. food and beverage purchases in 2016, by company\*

Market share of the leading U.S. food retailers 2016



# Amazon's business model

Amazon has evolved into more than just an online store. While ecommerce makes up a significant portion of the companies overall sales, its diverse revenue model generates billions through various business segments.



# Analysis of Business Segments

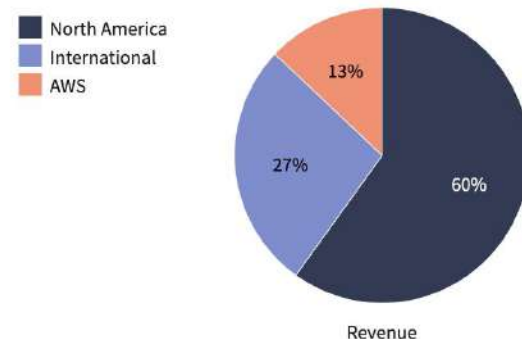
# Business Segment Overview

Information on reportable segments and reconciliation to consolidated net income (loss) is as follows (in millions):

	Three Months Ended March 31,	
	2021	2022
<b>North America</b>		
Net sales	\$ 64,366	\$ 69,244
Operating expenses	60,916	70,812
Operating income (loss)	\$ 3,450	\$ (1,568)
<b>International</b>		
Net sales	\$ 30,649	\$ 28,759
Operating expenses	29,397	30,040
Operating income (loss)	\$ 1,252	\$ (1,281)
<b>AWS</b>		
Net sales	\$ 13,503	\$ 18,441
Operating expenses	9,340	11,923
Operating income	\$ 4,163	\$ 6,518
<b>Consolidated</b>		
Net sales	\$ 108,518	\$ 116,444
Operating expenses	99,653	112,775
Operating income	8,865	3,669
Total non-operating income (expense)	1,403	(8,934)
Benefit (provision) for income taxes	(2,156)	1,422
Equity-method investment activity, net of tax	(5)	(1)
Net income (loss)	\$ 8,107	\$ (3,844)

## Amazon Segment Breakdown

Based on Amazon's Q4 FY 2021 ended Dec. 31, 2021



# North America

Amazon's North America segment dominates its net sales, accounting for \$82.4 billion in Q4 FY 2021. That is an increase of 9.3% from the year-ago quarter and comprises about 60% of the company's net sales for the quarter. The segment posted an [operating loss](#) of \$206 million during the quarter, a significant deterioration from operating income of \$2.9 billion in the year-ago quarter.<sup>6</sup>

Aside from retail, the other primary source of revenue for North America is subscriptions, including Amazon Prime, which offers unlimited free shipping and unlimited streaming of movies, TV shows, and more.<sup>7</sup>

# International Segment

Amazon's International segment consists of Amazon's retail business for consumer products and subscriptions for internationally focused online stores. It also includes export sales from those stores, but not those from North America-focused online stores.<sup>4</sup>

The segment reported an operating loss of \$1.6 billion in Q4 FY 2021, a significant deterioration from operating income of \$363 million posted in the year-ago quarter. Net sales for the International segment fell nearly 1.0% YOY to \$37.3 billion, comprising about 27% of total net sales.<sup>6</sup>

# Amazon Web Services (AWS) Segment

[Amazon Web Services \(AWS\)](#), launched in 2006, provides services to businesses, government agencies, and academic institutions to store information and deliver content.<sup>4</sup> Amazon says AWS provides an “infrastructure platform in the cloud” for a variety of “solutions” such as hosting applications and websites, providing enterprise information technology (IT), and content delivery.<sup>8</sup>

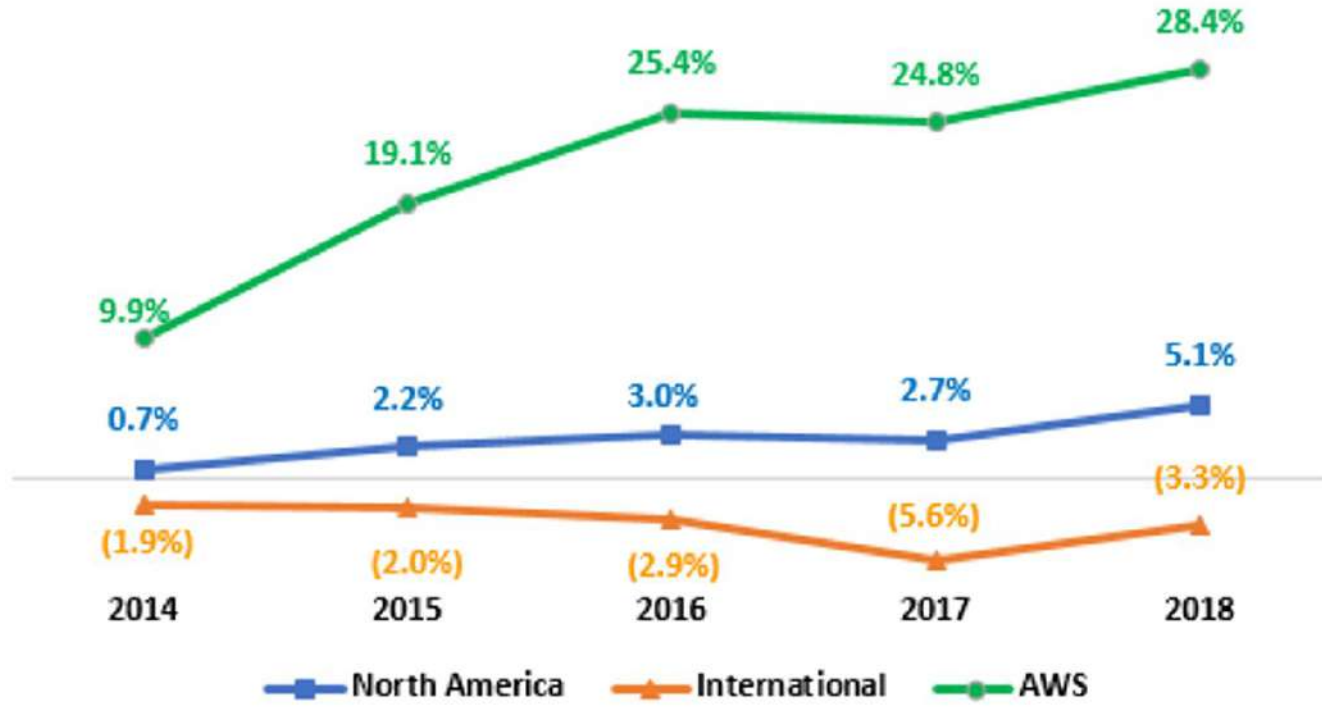
Amazon’s AWS segment generated net sales of \$17.8 billion and operating income of \$5.3 billion in Q4 FY 2021. Net sales grew 39.5% and operating income rose 48.5% compared with the year-ago quarter. Although net sales from AWS are below net sales for the North America segment and International segments, AWS’s operating income is substantially higher. The AWS segment accounts for about 13% of total net sales. Because the other two segments posted operating losses in the fourth quarter, AWS accounts for all of the company’s operating income.<sup>6</sup>

Amazon controls about a third of the global cloud market, substantially more than its next closest competitor. AWS’s biggest rivals are Microsoft Corp.’s ([MSFT](#)) Azure and Alphabet Inc.’s ([GOOGL](#)) Google Cloud.<sup>9</sup>



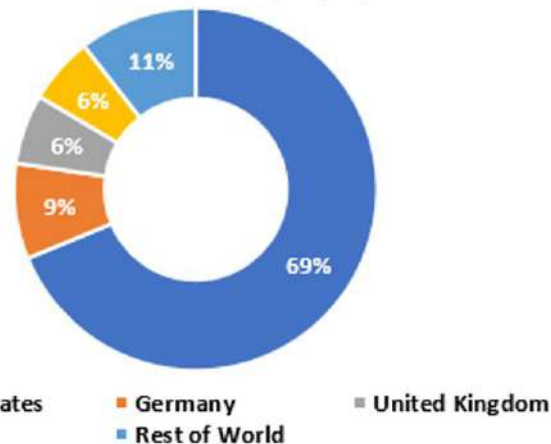
# Operating Margin Analysis By Segment

Operating Margin By Business Segment



# Geographical Breakdown

Revenue By Geography



Net Sales (millions)	2014	2015	2016	2017	2018	CAGR
United States	54,717	70,537	90,349	120,486	160,146	31%
Germany	11,919	11,816	14,148	16,951	19,881	14%
United Kingdom	8,341	9,033	9,547	11,372	14,524	15%
Japan	7,912	8,264	10,797	11,907	13,829	15%
Rest of World	6,099	7,356	11,146	17,150	24,507	42%
<b>Total</b>	<b>88,988</b>	<b>107,006</b>	<b>135,987</b>	<b>177,866</b>	<b>232,887</b>	<b>27%</b>

# Management Team/Executive Officers

## Information About Our Executive Officers

Name	Age	Position
Jeffrey P. Bezos	58	Executive Chair
Andrew R. Jassy	54	President and Chief Executive Officer
David H. Clark	49	CEO Worldwide Consumer
Brian T. Olsavsky	58	Senior Vice President and Chief Financial Officer
Shelley L. Reynolds	57	Vice President, Worldwide Controller, and Principal Accounting Officer
Adam N. Selipsky	55	CEO Amazon Web Services
David A. Zapolsky	58	Senior Vice President, General Counsel, and Secretary

# Jeff Bezos

- Chairman of the Board of Amazon since 1994
- CEO (1996 – 2021)
- Founder of Amazon
- Founder of Blue Origin
- Owner of Nash Holdings
- Top shareholders of Amazon
- Divorce in 2019
- MacKenzie (his ex-wife) received 25% of his stake in Amazon
- Still the biggest shareholders (holding 15.1% of outstanding shares)



# Andy Jassy

- Andy Jassy is President and CEO of [Amazon.com](https://www.amazon.com) and also serves on the Board of Directors.
- He founded and led Amazon Web Services (AWS) from its inception and served as its CEO from April 2016 until July 2021.
- He joined Amazon in 1997 and, prior to founding AWS, held various leadership roles across the company, including both business-to-business and business-to-consumer.
- He has an AB from Harvard University and an MBA from Harvard Business School.



# More about Andy Jassy

- 24 years working for Amazon
- He is 54 years old
- Comes from Scarsdale, which is an affluent suburb of New York City
- Minority stakeholder in Seattle Kraken (new NHL franchise)
- Current salary as CEO - \$767,650USD
- As of July 2022, his net worth is an estimated \$400 million



# David H. Clark



David H. Clark. Mr. Clark has served as CEO Worldwide Consumer since January 2021, and Senior Vice President, Worldwide Operations, from May 2014 until January 2021.

# Brian T. Olsavsky



Joined Amazon in April 2002

- Vice President, Finance for Amazon's North America retail business (2007 – 2010)
- Senior Vice President (2015 – now)
- CFO (2015 – now)



# Shelley L. Reynolds



- Oversees Amazon's accounting function
- (2007-Present) - VP, Worldwide Controller & Principal Accounting Officer
- (2006-2007) - VP, Finance & Controller
- (1998-2006) - Partner at Deloitte & Touche LLP

# Adam N. Selipsky



Mr. Selipsky has served as CEO Amazon Web Services since July 2021, Senior Vice President, Amazon Web Services from May 2021 until July 2021, President and CEO of Tableau Software from September 2016 until May 2021, and Vice President, Marketing, Sales and Support of Amazon Web Services from May 2005 to September 2016.



# David A. Zapolsky



- (2014-Present) - SVP, General Counsel and Secretary
- (2002-2014) - VP, General Counsel and Secretary
- (1999-2002) - Associate General Counsel
- (1999) - Partner at Dorsey & Whitney LLP
- (1994-1999) - Partner at Bogle & Gates
- (1991-1994) - Associate at Wachtell, Lipton, Rosen & Katz
- (1998-1991) - Assistant District Attorney at Kings County District Attorney's Office
- (1985-1988) - J.D., Law from Berkeley School of Law

# Management Compensation

The following table sets forth for the year ended December 31, 2021 the compensation reportable for the named executive officers, as determined by SEC rules.

**2021 Summary Compensation Table**

Name and Principal Position	Year	Salary	Stock Awards <sup>(1)</sup>	All Other Compensation	Total
<b>Andrew R. Jassy</b> President and Chief Executive Officer	2021	\$175,000	\$211,933,520 <sup>(2)</sup>	\$ 592,649 <sup>(3)</sup>	\$212,701,169
	2020	175,000	35,639,068	34,381	35,848,449
	2019	175,000	—	173,809	348,809
<b>Jeffrey P. Bezos</b> Founder and Executive Chair	2021	81,840	—	1,600,000 <sup>(4)</sup>	1,681,840
	2020	81,840	—	1,600,000	1,681,840
	2019	81,840	—	1,600,000	1,681,840
<b>Brian T. Olsavsky</b> SVP and Chief Financial Officer	2021	160,000	—	3,200 <sup>(5)</sup>	163,200
	2020	160,000	17,010,985	3,200	17,174,185
	2019	160,000	—	3,200	163,200
<b>David H. Clark</b> CEO Worldwide Consumer	2021	175,000	55,589,120 <sup>(6)</sup>	310,451 <sup>(3)</sup>	56,074,571
	2020	160,000	46,121,888 <sup>(6)</sup>	6,783	46,288,671
<b>Adam N. Selipsky</b> CEO Amazon Web Services	2021	109,722	81,294,756 <sup>(7)</sup>	49,045 <sup>(3)</sup>	81,453,523
<b>David A. Zapolsky</b> SVP, General Counsel, and Secretary	2021	160,000	—	3,200 <sup>(5)</sup>	163,200
	2020	160,000	17,010,985	3,200	17,174,185

# Amazon's Board of Directors



**Jeffrey P. Bezos**

Founder and Executive Chair of Amazon

## Background

Mr. Bezos has been Chair of the Board since founding the Company in 1994. Prior to becoming Executive Chair in July 2021, he served as Chief Executive Officer from May 1996 to July 2021 and as President from founding until June 1999 and again from October 2000 to July 2021.

## Qualifications and Skills

Mr. Bezos's individual qualifications and skills as a director include his customer-focused point of view, his willingness to encourage invention, his long-term perspective, and his ongoing contributions as founder and Executive Chair.

Mr. Bezos serves as Executive Chair of the Bezos Earth Fund, which he founded with a commitment of \$10 billion to be disbursed as grants within the current decade to fight climate change and protect nature. Mr. Bezos also founded the Bezos Day One Fund, a \$2 billion commitment to focus on making meaningful and lasting impacts in two areas: funding existing non-profits that help families experiencing homelessness and creating a network of new, non-profit tier-one preschools in low-income communities. Finally, Mr. Bezos founded Blue Origin with the vision of enabling a future where millions of people are living and working in space for the benefit of Earth, and owns The Washington Post, a major U.S. newspaper dedicated to the principles of a free press and winner of 69 Pulitzer Prizes.

**Age:**  
58

**Director since:**  
July 1994

**Board committees:**  
None

**Other current public company boards:**  
None



**Andrew R. Jassy**

President and  
CEO of Amazon

#### Background

Mr. Jassy has been President and Chief Executive Officer of the Company since July 2021. He founded and led Amazon Web Services since its inception, serving as its CEO from April 2016 to July 2021 and its Senior Vice President from April 2006 until April 2016. Mr. Jassy joined the Company in 1997, and, prior to founding AWS, he held various leadership roles across the Company, including both business-to-business and business-to-consumer.

Mr. Jassy has served as a trustee and sponsor of Rainier Scholars, a program that offers a pathway to college graduation and career success for underrepresented students of color, since 2011, and serves as Chair and is a founding member of the board of directors of Rainier Prep, a charter middle school committed to college and career readiness for limited-income and immigrant students and students of color.

#### Qualifications and Skills

Mr. Jassy's individual qualifications and skills as a director include his customer-focused point of view, his long-term perspective, his deep understanding of Amazon's business and culture, his in-depth knowledge of human capital management issues, including oversight of workplace environment and culture, administration of diversity and inclusion initiatives, and implementation of policies and practices to promote employee engagement and effectiveness, and his ongoing contributions as President and CEO.

Age:  
54

Director since:  
July 2021

Board committees:  
None

Other current public company boards:  
None



**General (Ret.) Keith B. Alexander**

Co-CEO, President, and  
Chair of IronNet

#### Background

General (Ret.) Keith B. Alexander has been the Co-Chief Executive Officer, President, and Chair of IronNet, Inc. ("IronNet"), a cybersecurity technology company he founded, since 2014. Gen. Alexander served as the Commander of U.S. Cyber Command from May 2010 to March 2014 and was Director of the National Security Agency and Chief of the Central Security Service from August 2005 to March 2014.

Gen. Alexander served as a director of CSRA, Inc. from November 2015 to April 2018.

#### Qualifications and Skills

Gen. Alexander's individual qualifications and skills as a director include his leadership and public policy experience as a high-ranking military official responsible for intelligence and national security affairs, through which he gained experience with emerging technologies and cybersecurity. Gen. Alexander further honed his entrepreneurial and commercial experience and customer experience skills in his role at IronNet.

Age:  
70

Director since:  
September 2020

Board committees:  
Audit

Other current public company boards:  
IronNet, Inc.



**Edith W. Cooper**

Co-Founder of Medley Living, Inc.  
and Former EVP of Goldman Sachs

#### Background

Ms. Cooper is a co-founder of Medley Living, Inc., a membership-based community for personal and professional growth that launched in September 2020. In addition, Ms. Cooper served as Executive Vice President, Global Head of Human Capital Management of Goldman Sachs Group, Inc. ("Goldman Sachs") from March 2008 to December 2017. Previously at Goldman Sachs, Ms. Cooper led various client franchise businesses for the firm.

Ms. Cooper has served as a director of PepsiCo, Inc. since September 2021, a director of MSD Acquisition Corp. since March 2021, a director of EQT AB since October 2018, a director of Etsy, Inc. from April 2018 to September 2021, and a director of Slack Technologies, Inc. from January 2018 to July 2021. Ms. Cooper has also served as a trustee of the Museum of Modern Art since 2017, as a member of the Museum Council of the Smithsonian National Museum of African American History and Culture since 2018, and as a trustee of Mount Sinai Health Systems, Institute for Health Equity Research, an organization dedicated to addressing longstanding disparities in health and health care, since 2017.

#### Qualifications and Skills

Ms. Cooper's individual qualifications and skills as a director include her leadership, finance, and human capital management experience, including as a longtime senior executive at Goldman Sachs, through which she gained experience with talent development, recruiting, retention, and workplace culture, as well as her customer experience skills.

Age:  
60

Director since:  
September 2021

Board committees:  
Leadership Development and  
Compensation

Other current public company boards:  
EQT AB, MSD Acquisition Corp.,  
PepsiCo, Inc.



**Jamie S. Gorelick**

Partner with Wilmer Cutler  
Pickering Hale and Dorr LLP

#### Background

Ms. Gorelick has been a partner with the law firm Wilmer Cutler Pickering Hale and Dorr LLP since July 2003. She has held numerous positions in the U.S. government, serving as Deputy Attorney General of the United States, General Counsel of the Department of Defense, Assistant to the Secretary of Energy, and a member of the bipartisan National Commission on Terrorist Threats Upon the United States.

Ms. Gorelick has served as a director of VeriSign, Inc. since January 2015, a director of United Technologies Corporation from February 2000 to December 2014, and a director of Schlumberger Limited from April 2002 to June 2010. Ms. Gorelick has also served as Chair of the Urban Institute, the United States' leading research organization dedicated to developing evidence-based insights that improve people's lives and strengthen communities, since 2014 and as a director since 2004. She was one of the founding supporters and a long-time board member of the Washington Legal Clinic for the Homeless and served on the board of the National Women's Law Center.

#### Qualifications and Skills

Ms. Gorelick's individual qualifications and skills as a director include her experience as a lawyer, her leadership experience in senior governmental positions, including experience with regulatory and compliance matters, her corporate governance experience, as well as her customer experience skills and skills relating to public policy and financial statement and accounting matters. Ms. Gorelick also has deep experience addressing diversity, equity, and inclusion, both on a policy level and in practice in the workplace, through her work advising companies and institutions on anti-harassment, non-discrimination, and gender and race issues, and is sought as a counselor on climate, environmental regulation, and environmental justice issues.

Age:  
71

Director since:  
February 2012

Board committees:  
Nominating and Corporate  
Governance (Chair)

Other current public company boards:  
VeriSign, Inc.





**Daniel P. Huttenlocher**

Dean of MIT Schwarzman College of Computing

#### Background

Mr. Huttenlocher has been the Dean of MIT Schwarzman College of Computing since August 2019. He served as Dean and Vice Provost, Cornell Tech at Cornell University from 2012 to July 2019 and worked for Cornell University from 1988 to 2012 in various positions.

Mr. Huttenlocher has served as a director of Corning Incorporated since February 2015. Mr. Huttenlocher has also served as the Chair of the John D. and Catherine T. MacArthur Foundation, an independent foundation that makes grants and impact investments to support non-profit organizations that are addressing global social challenges, since 2018 and as a director since 2010.

#### Qualifications and Skills

Mr. Huttenlocher's individual qualifications and skills as a director include his experience as an internationally recognized computer scientist and in senior positions at MIT and Cornell University, both leading universities, Cornell Tech, a research, technology commercialization, and graduate-level educational facility, and the Xerox Palo Alto Research Center, a technology research facility, through which he gained experience with emerging technologies, as well as his customer experience skills.

<b>Age:</b> 63	<b>Director since:</b> September 2016	<b>Board committees:</b> Leadership Development and Compensation	<b>Other current public company boards:</b> Corning Incorporated
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**Judith A. McGrath**

Former Chair and CEO of MTV Networks

#### Background

Ms. McGrath served as Chair and Chief Executive Officer of MTV Networks Entertainment Group worldwide, a division of Viacom, Inc., including Comedy Central and Nickelodeon, from July 2004 until May 2011. She was part of the original founding and launch team for MTV in 1981. Subsequent to leaving Viacom, Ms. McGrath formed a multi-media joint venture with Sony Music Entertainment called Astronauts Wanted: No Experience Necessary, identifying and creating content with emerging digital media talent, at which Ms. McGrath served as President from June 2013 to March 2018 and continued as a senior advisor from March 2018 to December 2019.

Ms. McGrath served as a board member of the American Red Cross from 2011 until 2014, and has served on the board of the Rock and Roll Hall of Fame since 2007.

#### Qualifications and Skills

Ms. McGrath's individual qualifications and skills as a director include her leadership and multimedia operations experience as a longtime senior executive of MTV Networks Entertainment Group, through which she gained experience with content creation, advertising, and content distribution, as well as her customer experience skills. As CEO of MTV, Ms. McGrath was responsible for the compensation strategy for over 12,000 employees, diversity and inclusion initiatives for the employee population, and launching new multimedia brands like LOGO, a cable channel dedicated to lifestyle and entertainment aimed at the LGBTQ+ consumer. Ms. McGrath further honed her digital and entrepreneurial experience with global customers in her role at Astronauts Wanted: No Experience Necessary.

<b>Age:</b> 69	<b>Director since:</b> July 2014	<b>Board committees:</b> Leadership Development and Compensation (Chair)	<b>Other current public company boards:</b> None
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**Indra K. Nooyi**

Former Chair and CEO of PepsiCo, Inc.

#### Background

Mrs. Nooyi was the Chief Executive Officer of PepsiCo, Inc., a multinational food, snack, and beverage company, from October 2006 to October 2018, where she also served as the Chair of its board of directors from May 2007 to February 2019. She was elected to PepsiCo's board of directors and became its President and Chief Financial Officer in 2007, and held leadership roles in finance and corporate strategy and development after joining PepsiCo in 1994.

Mrs. Nooyi has served as a director of Royal Philips since May 2021 and a director of Schlumberger Limited from April 2015 to April 2020. Mrs. Nooyi has also served as a trustee of The Asia Society, a global non-profit organization forging closer ties with Asia through arts, education, policy, and business outreach, since 2014; as a director of Partnership for Public Service, a non-profit, nonpartisan organization that strives for a more effective government for the American people, since 2019; as a trustee of Memorial Sloan Kettering Cancer Center, the world's oldest and largest private cancer center, since 2020; and as a trustee of the National Gallery of Art since 2021.

#### Qualifications and Skills

Mrs. Nooyi's individual qualifications and skills as a director include her leadership experience as a longtime senior executive at a large corporation with international operations, through which she gained experience with consumer-focused product development, international operations, and marketing issues, as well as her customer experience skills and skills relating to financial statement and accounting matters when she was CEO. At PepsiCo, Mrs. Nooyi was the architect of Performance with Purpose ("PwP"), a strategy focused on delivering financial performance while shifting the company's portfolio to healthier products (human sustainability), reducing water use and the company's carbon footprint and moving to a closed loop plastics system (environmental sustainability), and creating an environment at PepsiCo where all employees could be supported as associates and family builders/nurturers (talent sustainability). Mrs. Nooyi's PwP was lauded for advancing environmental issues, implementing excellent governance, and sensible people practices.

<b>Age:</b> 66	<b>Director since:</b> February 2019	<b>Board committees:</b> Audit (Chair)	<b>Other current public company boards:</b> Royal Philips
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**Jonathan J. Rubinstein**

Former co-CEO of Bridgewater Associates, LP

#### Background

Mr. Rubinstein was co-CEO of Bridgewater Associates, LP, a global investment management firm, from May 2016 to April 2017. Previously, Mr. Rubinstein was Senior Vice President, Product Innovation, for the Personal Systems Group at the Hewlett-Packard Company ("HP"), a multinational information technology company, from July 2011 to January 2012, and served as Senior Vice President and General Manager, Palm Global Business Unit, at HP from July 2010 to July 2011. Mr. Rubinstein was Chief Executive Officer and President of Palm, Inc., a smartphone manufacturer, from June 2009 until its acquisition by HP in July 2010, and Chair of the Board of Palm, Inc. from October 2007 through the acquisition. Prior to joining Palm, Mr. Rubinstein was a Senior Vice President at Apple Inc., also serving as the General Manager of the iPod Division.

Mr. Rubinstein has served as the lead director of Robinhood Markets, Inc. since May 2021 and a director of Qualcomm Incorporated from May 2013 to May 2016.

#### Qualifications and Skills

Mr. Rubinstein's individual qualifications and skills as a director include his leadership and technology experience as a senior executive at large financial and technology companies, through which he gained experience with hardware devices and emerging technologies, as well as his customer experience skills and skills relating to financial statement and accounting matters. Mr. Rubinstein also has deep experience addressing human capital management issues, including oversight of workplace environment and culture, as well as in-depth knowledge of diversity, equity, and inclusion matters and environmental issues, through his roles as a senior executive and director at numerous technology and finance companies.

<b>Age:</b> 65	<b>Director since:</b> December 2010	<b>Board committees:</b> Nominating and Corporate Governance	<b>Other current public company boards:</b> Robinhood Markets, Inc.
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**Patricia Q. Stonesifer**

Former President and CEO of  
Martha's Table

#### Background

Ms. Stonesifer served as the President and CEO of Martha's Table, a non-profit, from April 2013 to March 2019. She served as Chair of the Board of Regents of the Smithsonian Institution from January 2009 to January 2012 and as Vice Chair from January 2012 to January 2013. From September 2008 to January 2012, she served as senior advisor to the Bill and Melinda Gates Foundation, a private philanthropic organization, where she was Chief Executive Officer from January 2006 to September 2008 and President and Co-chair from June 1997 to January 2006. Since September 2009, she has also served as a private philanthropy advisor. From 1988 to 1997, she worked in many roles at Microsoft Corporation, including as a Senior Vice President of the Interactive Media Division, and also served as the Chairwoman of the Gates Learning Foundation from 1997 to 1999.

Ms. Stonesifer has served as a trustee of The Rockefeller Foundation, a private foundation dedicated to promoting the well-being of humanity throughout the world, since 2019, as an emeritus member of the Museum Council of the Smithsonian National Museum of African American History and Culture since 2021, and as a member of the Museum Council from 2012 to 2020. Ms. Stonesifer has been a member of the Board of Advisors of TheDream.US, a college access and success program for immigrant students, since 2020.

#### Qualifications and Skills

Ms. Stonesifer's individual qualifications and skills as a director include her leadership experience as a senior executive at the Bill and Melinda Gates Foundation and at Microsoft, through which she gained experience with emerging technologies and consumer-focused product development and marketing issues, her knowledge of Amazon from having served as a director since 1997, her experience with non-profits from her leadership of Martha's Table and the Bill and Melinda Gates Foundation, as well as her customer experience skills and skills relating to public policy and financial statement and accounting matters.

**Age:**  
65

**Director since:**  
February 1997

**Board committees:**  
Nominating and Corporate  
Governance

**Other current public company boards:**  
None



**Wendell P. Weeks**

Chairman and CEO of  
Corning Incorporated

#### Background

Mr. Weeks has been the Chief Executive Officer of Corning Incorporated, a glass and materials science innovator, since April 2005 and Chairman of the board of directors since April 2007. He has also held a variety of financial, commercial, business development, and general management positions across Corning's market access platforms and technologies since he joined the company in 1983.

Mr. Weeks has served on the Board of Trustees for the Corning Museum of Glass, which is dedicated to enriching and engaging local and global communities by sharing knowledge, collections, programs, facilities, and resources, since 2001. He also served as a director of Merck & Co., Inc. from February 2004 to May 2020.

#### Qualifications and Skills

Mr. Weeks's individual qualifications and skills as a director include his leadership and operations experience as a senior executive at a large, multinational corporation, experience with restructuring, emerging technologies, and product development, including his experience having earned 33 U.S. patents, as well as his customer experience skills and skills relating to financial statement and accounting matters. Mr. Weeks's qualifications and skills also include his oversight of climate change initiatives in the areas of clean air and renewable energy, including overseeing Corning's creation of new products in glass and ceramics vital to industry transformation, and his knowledge of diversity, equity, and inclusion initiatives through his experience launching Corning's Office of Racial Equality and Social Unity, which is responsible for advancing community partnerships to support school diversity, community activism, and economic growth.

**Age:**  
62

**Director since:**  
February 2016

**Board committees:**  
Audit

**Other current public company boards:**  
Corning Incorporated

# Ownership Summary

As of February 22,  
2022  
Total of  
**508,623,592**  
shares of common  
stock outstanding

\* Less than 1%

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
<b>Jeffrey P. Bezos</b> 410 Terry Avenue North, Seattle, WA 98109	64,588,418 <sup>(1)</sup>	12.7%
<b>The Vanguard Group, Inc.</b> 100 Vanguard Blvd, Malvern, PA 19355	33,421,754 <sup>(2)</sup>	6.6%
<b>BlackRock, Inc.</b> 55 East 52nd Street, New York, NY 10055	28,764,843 <sup>(3)</sup>	5.7%
<b>Andrew R. Jassy</b>	94,729	*
<b>Keith B. Alexander</b>	96	*
<b>Edith W. Cooper</b>	24	*
<b>Jamie S. Gorelick</b>	5,752	*
<b>Daniel P. Huttenlocher</b>	1,036	*
<b>Judith A. McGrath</b>	2,052	*
<b>Indra K. Nooyi</b>	1,034	*
<b>Jonathan J. Rubinstein</b>	6,072	*
<b>Patricia Q. Stonesifer</b>	2,139	*
<b>Wendell P. Weeks</b>	1,935	*
<b>Brian T. Olsavsky</b>	2,372	*
<b>David H. Clark</b>	4,130	*
<b>Adam N. Selipsky</b>	4,581 <sup>(4)</sup>	*
<b>David A. Zapolsky</b>	3,119	*
<b>All directors and executive officers as a group (16 persons)</b>	64,723,611 <sup>(5)</sup>	12.7%

# Financial Statements



# Balance Sheet: 10-Q (Assets)

**AMAZON.COM, INC.**  
**CONSOLIDATED BALANCE SHEETS**  
(in millions, except per share data)

	December 31, 2021	March 31, 2022 (unaudited)
<b><u>ASSETS</u></b>		
Current assets:		
Cash and cash equivalents	\$ 36,220	\$ 36,393
Marketable securities	59,829	29,992
Inventories	32,640	34,987
Accounts receivable, net and other	32,891	32,504
Total current assets	161,580	133,876
Property and equipment, net	160,281	168,468
Operating leases	56,082	56,161
Goodwill	15,371	20,229
Other assets	27,235	32,033
Total assets	\$ 420,549	\$ 410,767

# Balance Sheet: 10-Q (Liabilities and Shareholders' Equity)

<b><u>LIABILITIES AND STOCKHOLDERS' EQUITY</u></b>			
Current liabilities:			
Accounts payable	\$	78,664	\$ 68,547
Accrued expenses and other		51,775	58,141
Unearned revenue		11,827	12,820
Total current liabilities		142,266	139,508
Long-term lease liabilities		67,651	65,731
Long-term debt		48,744	47,556
Other long-term liabilities		23,643	23,971
Commitments and contingencies (Note 4)			
Stockholders' equity:			
Preferred stock, \$0.01 par value:			
Authorized shares — 500			
Issued and outstanding shares — none		—	—
Common stock, \$0.01 par value:			
Authorized shares — 5,000			
Issued shares — 532 and 533			
Outstanding shares — 509 and 509		5	5
Treasury stock, at cost		(1,837)	(4,503)
Additional paid-in capital		55,538	58,793
Accumulated other comprehensive income (loss)		(1,376)	(2,365)
Retained earnings		85,915	82,071
Total stockholders' equity		138,245	134,001
Total liabilities and stockholders' equity	\$	420,549	\$ 410,767

See accompanying notes to consolidated financial statements.

# Balance Sheet: 10-K (Assets)

AMAZON.COM, INC.  
CONSOLIDATED BALANCE SHEETS  
(in millions, except per share data)

	December 31,	
	2020	2021
<b><u>ASSETS</u></b>		
Current assets:		
Cash and cash equivalents	\$ 42,122	\$ 36,220
Marketable securities	42,274	59,829
Inventories	23,795	32,640
Accounts receivable, net and other	24,542	32,891
Total current assets	132,733	161,580
Property and equipment, net	113,114	160,281
Operating leases	37,553	56,082
Goodwill	15,017	15,371
Other assets	22,778	27,235
Total assets	\$ 321,195	\$ 420,549

# Balance Sheet: 10-K (Liabilities and Shareholders' Equity)

<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>			
Current liabilities:			
Accounts payable	\$	72,539	\$ 78,664
Accrued expenses and other		44,138	51,775
Unearned revenue		9,708	11,827
Total current liabilities		126,385	142,266
Long-term lease liabilities		52,573	67,651
Long-term debt		31,816	48,744
Other long-term liabilities		17,017	23,643
Commitments and contingencies (Note 7)			
Stockholders' equity:			
Preferred stock, \$0.01 par value:			
Authorized shares — 500			
Issued and outstanding shares — none		—	—
Common stock, \$0.01 par value:			
Authorized shares — 5,000			
Issued shares — 527 and 532			
Outstanding shares — 503 and 509		5	5
Treasury stock, at cost		(1,837)	(1,837)
Additional paid-in capital		42,865	55,538
Accumulated other comprehensive income (loss)		(180)	(1,376)
Retained earnings		52,551	85,915
Total stockholders' equity		93,404	138,245
Total liabilities and stockholders' equity	\$	321,195	\$ 420,549

# Income Statement: 10-K

AMAZON.COM, INC.  
CONSOLIDATED STATEMENTS OF OPERATIONS  
(in millions, except per share data)

	Year Ended December 31,		
	2019	2020	2021
Net product sales	\$ 160,408	\$ 215,915	\$ 241,787
Net service sales	120,114	170,149	228,035
Total net sales	280,522	386,064	469,822
Operating expenses:			
Cost of sales	165,536	233,307	272,344
Fulfillment	40,232	58,517	75,111
Technology and content	35,931	42,740	56,052
Marketing	18,878	22,008	32,551
General and administrative	5,203	6,668	8,823
Other operating expense (income), net	201	(75)	62
Total operating expenses	265,981	363,165	444,943
Operating income	14,541	22,899	24,879
Interest income	832	555	448
Interest expense	(1,600)	(1,647)	(1,809)
Other income (expense), net	203	2,371	14,633
Total non-operating income (expense)	(565)	1,279	13,272
Income before income taxes	13,976	24,178	38,151
Provision for income taxes	(2,374)	(2,863)	(4,791)
Equity-method investment activity, net of tax	(14)	16	4
Net income	\$ 11,588	\$ 21,331	\$ 33,364
Basic earnings per share	\$ 23.46	\$ 42.64	\$ 65.96
Diluted earnings per share	\$ 23.01	\$ 41.83	\$ 64.81
Weighted-average shares used in computation of earnings per share:			
Basic	494	500	506
Diluted	504	510	515

See accompanying notes to consolidated financial statements.

# Income Statement: 10-K

**AMAZON.COM, INC.**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
(in millions)

	Year Ended December 31,		
	2019	2020	2021
Net income	\$ 11,588	\$ 21,331	\$ 33,364
Other comprehensive income (loss):			
Net change in foreign currency translation adjustments:			
Foreign currency translation adjustments, net of tax of \$(5), \$(36), and \$47	78	561	(819)
Reclassification adjustment for foreign currency translation included in "Other operating expense (income), net," net of tax of \$29, \$0, and \$0	(108)	—	—
Net foreign currency translation adjustments	(30)	561	(819)
Net change in unrealized gains (losses) on available-for-sale debt securities:			
Unrealized gains (losses), net of tax of \$(12), \$(83), and \$72	83	273	(343)
Reclassification adjustment for losses (gains) included in "Other income (expense), net," net of tax of \$0, \$8, and \$13	(4)	(28)	(34)
Net unrealized gains (losses) on available-for-sale debt securities	79	245	(377)
Total other comprehensive income (loss)	49	806	(1,196)
Comprehensive income	\$ 11,637	\$ 22,137	\$ 32,168

See accompanying notes to consolidated financial statements.



# Cash Flows Statement: 10-K

**AMAZON.COM, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(in millions)

	Year Ended December 31,		
	2019	2020	2021
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, BEGINNING OF PERIOD	\$ 32,173	\$ 36,410	\$ 42,377
OPERATING ACTIVITIES:			
Net income	11,588	21,331	33,364
Adjustments to reconcile net income to net cash from operating activities:			
Depreciation and amortization of property and equipment and capitalized content costs, operating lease assets, and other	21,789	25,251	34,296
Stock-based compensation	6,864	9,208	12,757
Other operating expense (income), net	164	(71)	137
Other expense (income), net	(249)	(2,582)	(14,306)
Deferred income taxes	796	(554)	(310)
Changes in operating assets and liabilities:			
Inventories	(3,278)	(2,849)	(9,487)
Accounts receivable, net and other	(7,681)	(8,169)	(18,163)
Accounts payable	8,193	17,480	3,602
Accrued expenses and other	(1,383)	5,754	2,123
Unearned revenue	1,711	1,265	2,314
Net cash provided by (used in) operating activities	38,514	66,064	46,327
INVESTING ACTIVITIES:			
Purchases of property and equipment	(16,861)	(40,140)	(61,053)
Proceeds from property and equipment sales and incentives	4,172	5,096	5,657
Acquisitions, net of cash acquired, and other	(2,461)	(2,325)	(1,985)
Sales and maturities of marketable securities	22,681	50,237	59,384
Purchases of marketable securities	(31,812)	(72,479)	(60,157)
Net cash provided by (used in) investing activities	(24,281)	(59,611)	(58,154)
FINANCING ACTIVITIES:			
Proceeds from short-term debt, and other	1,402	6,796	7,956
Repayments of short-term debt, and other	(1,518)	(6,177)	(7,753)
Proceeds from long-term debt	871	10,525	19,003
Repayments of long-term debt	(1,166)	(1,553)	(1,590)
Principal repayments of finance leases	(9,628)	(10,642)	(11,163)
Principal repayments of financing obligations	(27)	(53)	(162)
Net cash provided by (used in) financing activities	(10,066)	(1,104)	6,291
Foreign currency effect on cash, cash equivalents, and restricted cash	70	618	(364)
Net increase (decrease) in cash, cash equivalents, and restricted cash	4,237	5,967	(5,900)
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, END OF PERIOD	\$ 36,410	\$ 42,377	\$ 36,477

See accompanying notes to consolidated financial statements.

# Financial Statement Analysis



# Cons

- Poor investment in Rivian Automotive (timing/decision) led to sizeable loss in Q1 2022
- Operating income declined 58.6% (Q1 2021 → Q3 2022)
- No Dividend
- Low Margin Business

# Pros

- Diverse Revenue streams:
- AWS growing and Advertising (Growing - \$8.1B), physical retail
- Stock Split (historically bull case)
- Reputable firms label as top stock in 2022 for internet space
- Strong balance sheet, high cashflow and large market share, positions them as leaders in recovery
- Share buy back (traditional positive, rightnow is propping share price?)

# Tremendous Cash Generation



# Cash Stockpile Over Time



# Overall Low Margin Business ...



... Due To High Operating Expenses



# Recommendation

- Andy Jassy was one of Amazon's first employee's, he was the leader in creating Amazon's most profitable segment AWS, and worked as close confidant with Jeff over the years. He is well respected internally and is a true business man. He wants to make money!
- Continued growth potential with Amazon Web Services, and expansion of physical retail stores (Whole Foods and Clerkless stores) and continued online retail internationally.
- Whole Foods is hedging against downside economy risks
- Tremendous cash generation ability (CFO - 46% CAGR)
- Increasing operating margin and income with scale

# Recommendation

Long term Buy,

Markets are trending down, but Amazon is trading nearly 40% off highs largely because of a struggling global political climate. The underlying business is undoubtedly strong and as the economy turns around, Amazon is positioned incredibly.

Nobody can time a bottom; I recommend starting a position now, following broader market sentiment and financials closely for a continued positions.





***shopify***

# Shopify Inc. (SHOP)

NYSE - NYSE Delayed Price. Currency in USD

☆ Add to watchlist

**31.41** +0.17 (+0.54%) **31.47** +0.06 (+0.19%)

At close: July 1 04:00PM EDT

After hours: Jul 1, 07:59PM EDT

Summary

Chart

Conversations

Statistics

Historical Data

Profile

Financials

Analysis

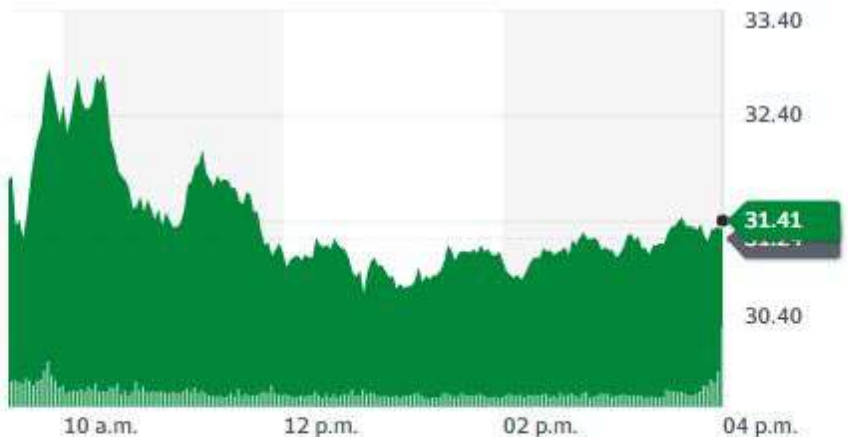
Options

Holders

Sustainability

Previous Close	31.24	Market Cap	39.621B
Open	32.08	Beta (5Y Monthly)	1.82
Bid	31.33 x 3000	PE Ratio (TTM)	241.62
Ask	31.50 x 800	EPS (TTM)	0.13
Day's Range	30.70 - 33.06	Earnings Date	Jul 26, 2022 - Aug 01, 2022
52 Week Range	29.76 - 176.29	Forward Dividend & Yield	N/A (N/A)
Volume	20,371,645	Ex-Dividend Date	N/A
Avg. Volume	44,009,288	1y Target Est	85.13

1D 5D 1M 6M YTD 1Y 5Y Max  Full screen



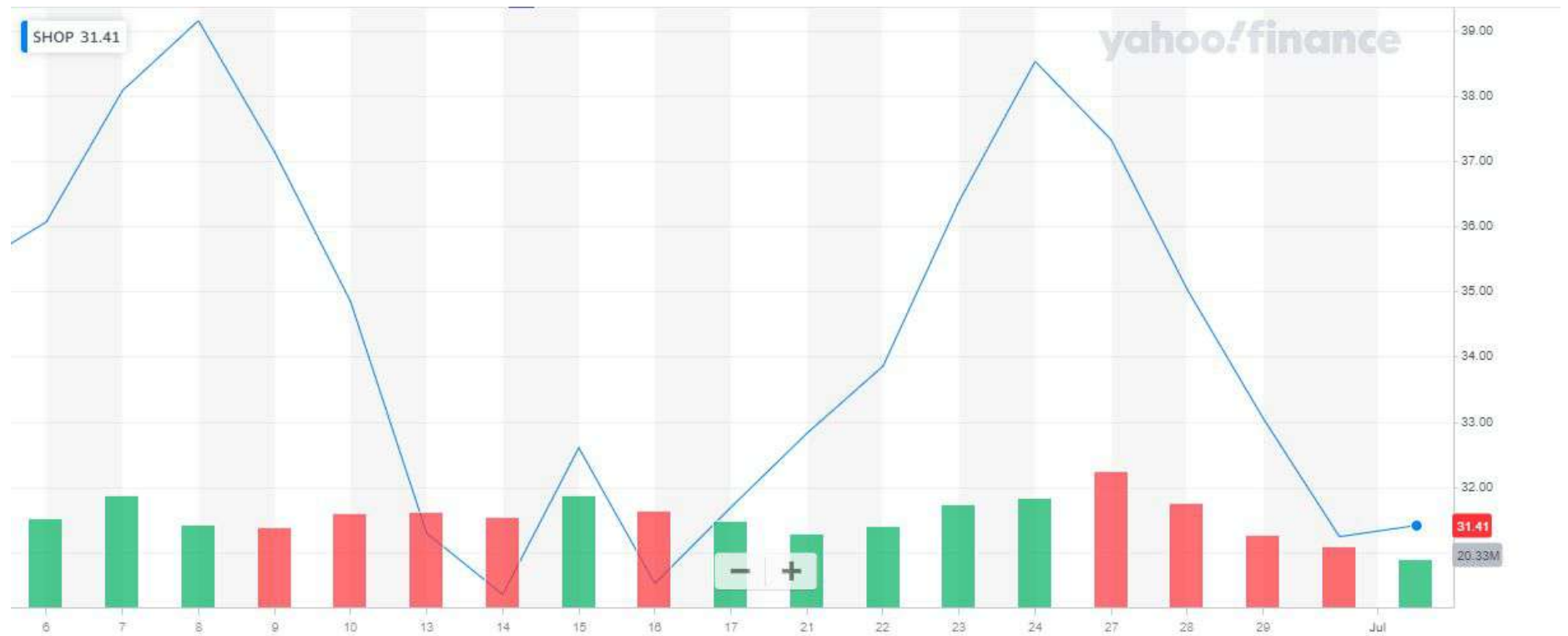
# Key Statistics

Valuation Measures <sup>4</sup>		Trading Information	
Market Cap (intraday)	39.62B	<b>Stock Price History</b>	
Enterprise Value	33.57B	Beta (5Y Monthly)	1.82
Trailing P/E	249.29	52-Week Change <sup>3</sup>	-79.58%
Forward P/E	500.00	S&P500 52-Week Change <sup>3</sup>	-11.93%
PEG Ratio (5 yr expected)	N/A	52 Week High <sup>3</sup>	176.29
Price/Sales (ttm)	8.28	52 Week Low <sup>3</sup>	29.76
Price/Book (mrq)	4.05	50-Day Moving Average <sup>3</sup>	37.31
Enterprise Value/Revenue	6.95	200-Day Moving Average <sup>3</sup>	93.47
Enterprise Value/EBITDA	179.98	<b>Share Statistics</b>	
<b>Financial Highlights</b>		Avg Vol (3 month) <sup>3</sup>	44.35M
<b>Fiscal Year</b>		Avg Vol (10 day) <sup>3</sup>	37.31M
Fiscal Year Ends	Dec 31, 2021	Shares Outstanding <sup>5</sup>	1.14B
Most Recent Quarter (mrq)	Mar 31, 2022	Implied Shares Outstanding <sup>6</sup>	N/A
<b>Profitability</b>		Float <sup>8</sup>	1.14B
Profit Margin	3.77%	% Held by Insiders <sup>1</sup>	0.17%
Operating Margin (ttm)	1.90%	% Held by Institutions <sup>1</sup>	69.99%
		Shares Short (Jun 15, 2022) <sup>4</sup>	52.63M

# 5 - Day Performance



# 1 - Month Performance



# 6 - Month Performance



# 1 - Year Performance



# 5 - Year Performance





# Shopify at a Glance

## Milestones

SHOPIFY PLATFORM RELEASED  
**2006**

# EMPLOYEES  
**10,000+**

# MERCHANTS  
**millions of  
merchants**

# OF EXPERTS IN OUR NETWORK  
**780+**

MERCHANTS IN  
**~175 Countries**

# APPS IN OUR APP STORE  
**8,000+**

# THEMES IN OUR THEME STORE  
**70**

TOTAL SALES ON SHOPIFY  
**~\$496 Billion**

# 2021 at a Glance

**\$4.6B** Revenue  
up 57%  
from 2020

**\$175B** GMV  
up 47%  
from 2020

 **Millions**  
of Merchants

 **10,000+**  
Employees

 **8,000+**  
Apps in App Store

 **40,000+**  
Partners who have referred at  
least one merchant to Shopify  
in the past 12 months

 **\$307B**  
Global economic  
activity enabled by  
Shopify in 2020

 **+55%**  
Growth in Research  
& Development  
from 2020

## Key Achievements



# Company Overview

## Shopify Inc.

151 O'Connor Street  
Ground floor  
Ottawa, ON K2P 2L8  
Canada

Sector(s): **Technology**  
Industry: **Software—Application**  
Full Time Employees: **10,000**

## Description

Shopify Inc., a commerce company, provides a commerce platform and services in Canada, the United States, Europe, the Middle East, Africa, the Asia Pacific, and Latin America. The company's platform enables merchants to displays, manages, markets, and sells its products through various sales channels, including web and mobile storefronts, physical retail locations, pop-up shops, social media storefronts, native mobile apps, buy buttons, and marketplaces; and enables to manage products and inventory, process orders and payments, fulfill and ship orders, new buyers and build customer relationships, source products, leverage analytics and reporting, manage cash, payments and transactions, and access financing. It also sells custom themes and apps, and registration of domain names; and merchant solutions, which include accepting payments, shipping and fulfillment, and securing working capital. The company was formerly known as Jaded Pixel Technologies Inc. and changed its name to Shopify Inc. in November 2011. Shopify Inc. was incorporated in 2004 and is headquartered in Ottawa, Canada.

Mission: Making commerce better for everyone

# *a brief history of* **SHOPIFY**

**2004**

Before Shopify was a platform for creating online stores, it was an online store itself. That was the original vision—when the company was created, it was never intended to be a platform for e-commerce. The site didn't even initially plan to create its own software for the e-commerce side of things.

The first iteration of Shopify (before it was called such) was an online store that sold snowboards. When Shopify was a store selling snowboards, it was called Snowdevil. When Shopify was first an e-commerce platform, it was called Jaded Pixel.

**2006**

Shopify as we know it today was founded in Ottawa by Tobias Lütke, Daniel Weinand, and Scott Lake.

# *a brief history of* **SHOPIFY**

**2009**

Retailers on Shopify's platform net a combined total of \$100 million in sales since the company's shopping cart system launched in 2007.

In 2009, the company also launched its annual Build-a-Business contest.

**2010**

Late in the year, Shopify raised a Series A round of financing worth \$7 million from from Bessemer Venture Partners, FirstMark Capital and Felicis Ventures. Alex Ferrara, a Bessemer partner, joined Shopify's board.

At the time, Shopify was processing \$100 million in revenue for customers.

# *a brief history of* **SHOPIFY**

## 2011

Less than a year later, Shopify raised a Series B round. The \$15 million flush of capital came from Bessemer Venture Partners, FirstMark Capital, Felicis Ventures, and Georgian Partners.

In 2011, 15,000 active stores across 80 countries were powered by Shopify.

## 2012

Profit Magazine named Shopify “Canada’s Smartest Company” in 2012. By the end of that year, Shopify—with 150 employees at the time—had grown to 40,000 stores across 90 countries selling \$740 million worth of product.

In 2012, Shopify was a finalist for Startup of the Year in the Canadian Startup Awards. Founder Lütke was a finalist for Entrepreneur of the Year.



# *a brief history of* **SHOPIFY**

## **2013**

Despite its constantly increasing size, Shopify works hard to maintain a startup-like culture. In the summer of 2013, Shopify acquired Jet Cooper, a design and user experience agency based in Toronto, “to rapidly expand operations in Toronto, while strengthening [Shopify’s] design and UX capabilities.”

In December of 2013, Shopify raised a massive \$100 million Series C round. The round included existing investors Bessemer Venture Partners, FirstMark Capital, Felicis Ventures, and Georgian Partners, and as joined by Omers Ventures and New York’s Insight Ventures Partners. The capital was used to transition the company from being an e-commerce platform to being a commerce platform.

## **2014**

By the start of this new year, Shopify had more than 80,000 customers who combined more than \$1.6 billion in sales in 2013. With over 300 employees, rumours of a Shopify IPO started swirling.

Shopify’s market value, by year’s end, was estimated to be \$1 billion. It had 100,000 stores and 500 employees.

# *a brief history of* **SHOPIFY**

2015

Crowned Employer of the Year in the 2014 Canadian Startup Awards, Shopify started the new year by showing off impressive numbers for 2014: 140,000 stores, \$3.7 billion in sales, and massive growth in mobile commerce. It was soon after named one of Canada's most innovative companies.

But the company's biggest news this year has been its initial public offering, which it filed for in April. The company went public in May, raising \$131 million, valuing Shopify has \$1.3 billion.

Shopify generated \$4.5 million during its first quarter as a public company, doubled from the year-ago quarter. For all of 2015, the company forecasts generating \$182 million in revenue, losing \$22 million. Shopify posted \$105 million in revenue in 2014.

Harley Finkelstein, the company's chief platform officer, told CBC News that "we want to build a company for the next 100 years," which is not common among Canadian companies, who often get acquired by larger US firms before ever approaching IPO territory.



# *a brief history of* **SHOPIFY**

2016

To merge personalized touch of offline commerce with convenience of e-commerce, Shopify introduced an integration with Facebook Messenger

2017

Shopify closed the gap between online and offline shopping with Shopify QR codes

These allowed shoppers to scan a code and directly give shoppers access to items in the merchant's online store

Integration of BuzzFeed and eBay as a channel for merchants

Powers more than 500,000 business in approximately 175 countries

Integrates DHL Express and UPS as shipping partners

# *a brief history of* **SHOPIFY**

## 2018

Shopify launched an integration with Google Pay on Shopify stores accelerating checkout

Enhanced back office workflow efficiencies like multi-location inventory management, fraud protection among others

Launched Shopify AR making selling with Augmented Reality accessible for small businesses

Sold 2,600,000 Class A subordinate voting shares at a price to the public of \$154.00 USD per share to strengthen its balance sheet to support further growth

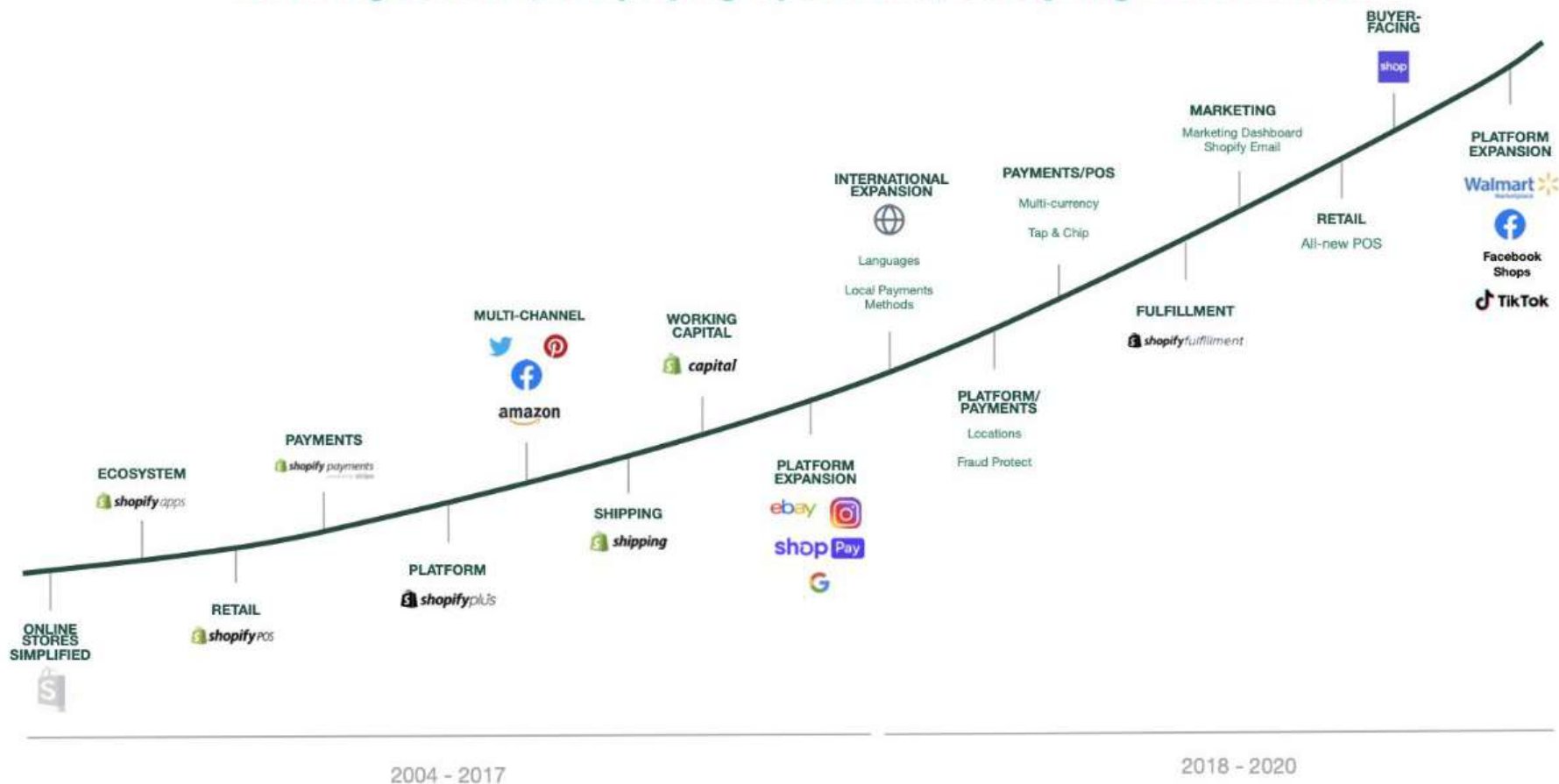
## 2019

Acquired 6 River Systems, a leading provider of collaborative warehouse fulfillment solution to accelerate growth of Shopify Fulfillment Network while supporting 6 River Systems to continue building and selling their solutions for warehouses

Launched Sustainability Fund to invest at least \$5 million to help reduce carbon footprint

Shopify sold 2,185,000 Class A subordinate voting shares at a price of \$317.50 USD per share to strengthen its balance sheet to support growth initiatives

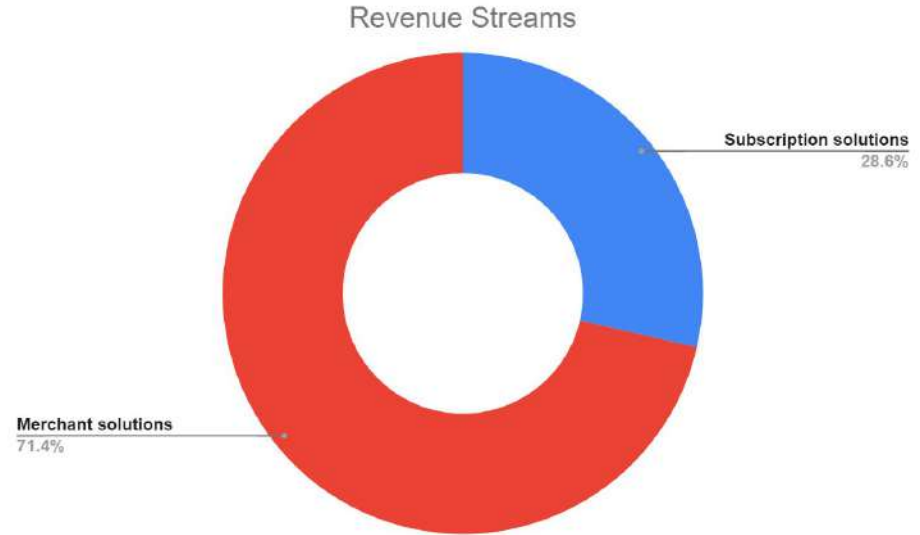
# Lowering Barriers, Simplifying Operations, Catalyzing Merchant Sales



# Revenue Streams

Two main revenue streams:

- 1) Subscription solutions:
  - 28.6% of total revenue in Q1 2022
  
- 2) Merchant solutions:
  - 71.4% of total revenue in Q1 2022



# Subscription Solutions

Subscription solution revenues are generated from sale of subscriptions for its platform.

4 different plans:

- Basic
- Shopify
- Advanced Shopify
- Shopify Plus

Most subscribe to Basic and Shopify.

Majority of gross merchandise volume comes from Advanced and Plus

Also generate associated solutions revenues from the sale of custom themes and apps and the registration of domain names

	Basic Shopify	Shopify	Advanced Shopify	Shopify Plus
Total Price	<b>\$29.00</b>	<b>\$79.00</b>	<b>\$299.00</b>	<b>\$2,000.00</b>
Fee estimate				
Credit card rate	\$0.00 2.9% + 30¢	\$0.00 2.6% + 30¢	\$0.00 2.4% + 30¢	\$0.00 1.6% + 30¢
Transaction fee	None	None	None	None
Features included				
Staff accounts	2	5	15	Unlimited
Numbers of products	Unlimited	Unlimited	Unlimited	Unlimited
File Storage	Unlimited	Unlimited	Unlimited	Unlimited
Shopify Shipping discount	Good	Better	Best	Outstanding

## Our Market

Shopify is the entrepreneurship company for merchants of all sizes

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### Basic

\$29 per month

---

### Shopify

\$79 per month

---

### Advanced

\$299 per month

---

### Shopify Plus

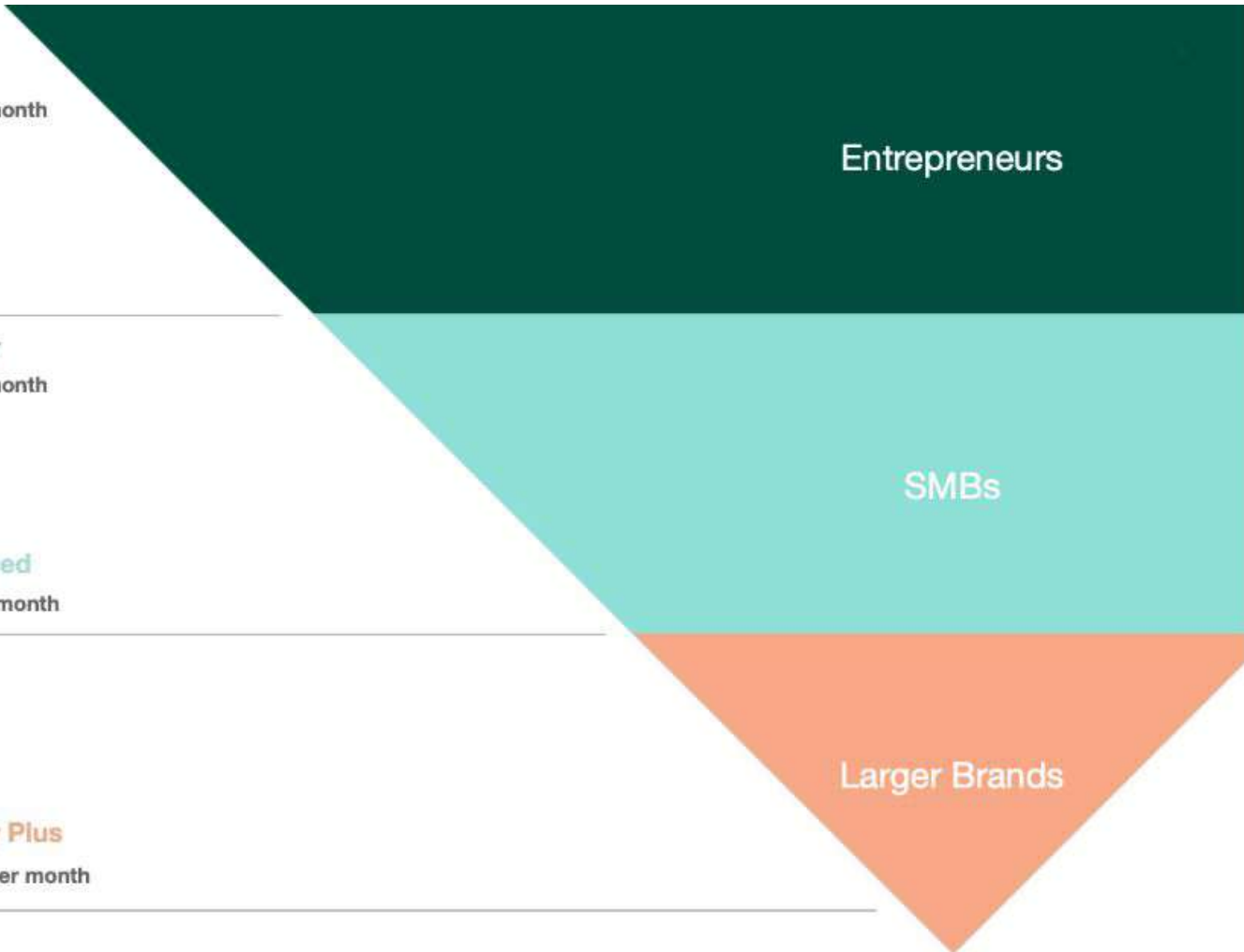
\$2,000+ per month

---

Entrepreneurs

SMBs

Larger Brands

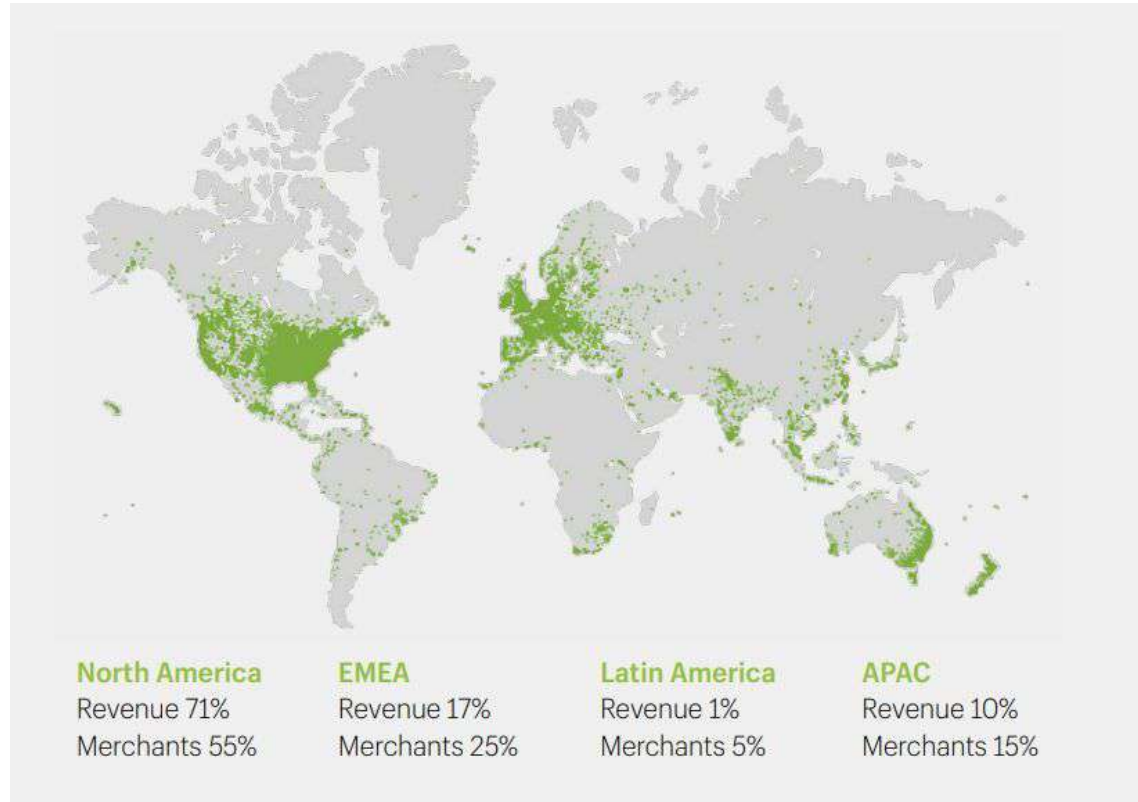


# Merchant Solutions

Merchant Solutions enhance the subscription with payment services (Shopify Payments), shipping (Shopify Shipping), and working capital (Shopify Capital). More than two-thirds of Shopify's merchants have enabled Shopify Payments, which eliminates the need for a third-party payment gateway.

Shopify now generates more revenue from Merchant Solutions than Subscription model

# Global Presence





# Shopper Growth

## Shopify helped merchants reach millions of new buyers...

The growth of new buyers shopping online with a Shopify merchant remained strong as digital commerce tailwinds continued in 2021.



Added accelerated checkout, Shop Pay to Facebook and Instagram



Expansion of new retail POS hardware with integrated payments to 6 new markets



Launch of Spotify channel



Cross-border commerce with Shopify Markets (early access)

...wherever they are

# Acquisitions

Shopify has completed 15 acquisitions since it was founded



Handshake



Select Start Studios



Tictail



Oberlo



Return Magic



Jet Cooper

donde



Kit



boltmade



tiny hearts

PRIMER

Helpful.com

selectstart

Deliverr



- Estimated cost of \$100 million
- Bought to continue its expansion of the services and products that merchants can sell and purchase through its platform
- Area of the e-commerce market where brands and other merchants sell items wholesale, potentially alongside retail efforts also focused on consumers
- The app allows sales reps through their mobiles to
  - o Access their company's product catalog
  - o Check inventory
  - o Enter orders for customers
  - o Check order history



Tictail is an e-commerce platform based in Sweden which lets users shop for various goods such as clothing or art from small business owners around the world.

- TicTail is engaged in providing a online marketplace enabling shoppers to discover products of around 80,000 - 125,000 brands.
- Allows customers to discover emerging designers around world.
- Shopify continues to work on its goal of international expansion
- Tic Tac also has set up pop up shops in North America which will help Shopify's goal of setting up Brick-and mortar locations



Return Magic is a Montreal based e-commerce return solution.

Return Magic supports buyers and merchants in three key ways:

- 1) By enhancing the buyer experience
  - enhances post shopping experience which is becoming a differentiation factor such as faster shipping and free and easy returns.
- 2) By helping merchants save time
  - It automates several core, repetitive tasks such as issuing refund or gift card etc
- 3) By making it easy for retailers to set up a return system
  - It understands retailers have different needs when it comes to return and aims to address as many as possible.



Shopify completes acquisition of 6 River Systems in October 2019.

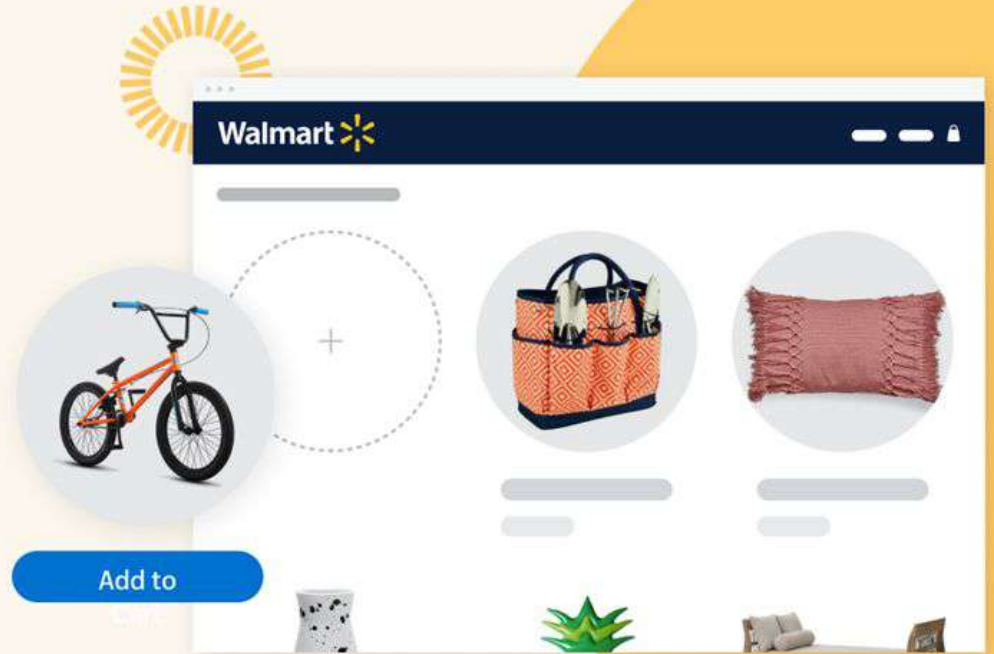
6 River Systems is flexible and scalable warehouse automation powered by collaborative robots and artificial intelligence. The solution engages associates, keeps them on task and boosts productivity by 2-3x.

Tobi Lütke, CEO of Shopify, said “With 6 River Systems, we will bring technology and operational efficiencies to companies of all sizes around the world.”



- Largest acquisition @ 2.1B USD (cash + stock)
- It will enable the company to create an “end-to-end logistics” platform for millions of merchants (CEO Tobi Lütke)
- Will combine with with Shopify Fulfillment Network (SFN) — Shopify’s fulfillment service that merchants can use to store inventory and fulfill orders — to strengthen SFN’s merchant inventory management capabilities
- Deliverr’s technology will also power Shop Promise, a new service that will provide customers two-day and next-day delivery, as well as expanded options for storage, freight, inventory preparation and returns

# New Partnerships





# Walmart Partnership 2020



Goal: Bring small businesses from Shopify to Walmart's Marketplace

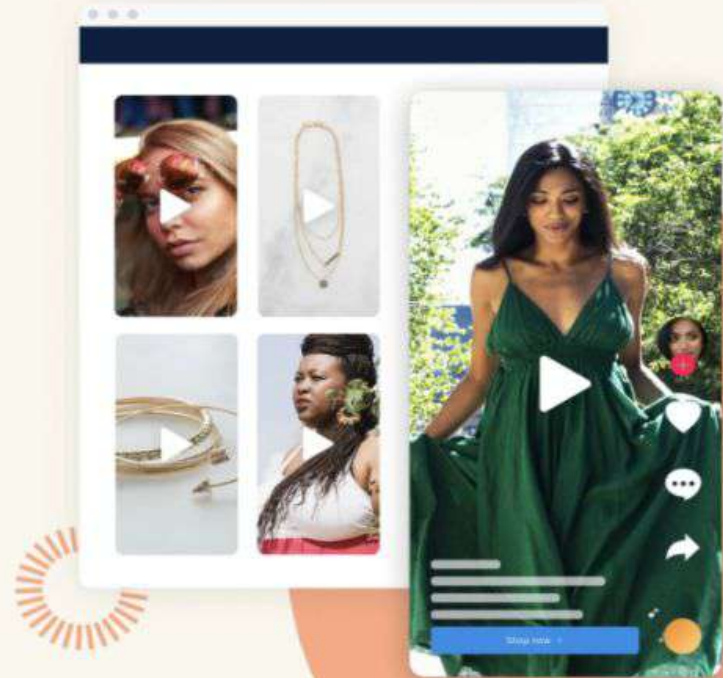
- Shopify becomes Walmart's first-ever commerce platform partner helping businesses reach shoppers and grow sales
- An estimated 1200 Shopify users will be able to display their products to Walmart's 120 million monthly visitors
- Enables Shopify merchants to get their products in front of high-intent, loyal Walmart buyers helping merchants expand their reach and drive sales

# TikTok Partnership 2020



×

**TikTok**  
For Business



# TikTok Partnership

- Announced a partnership with TikTok in October 2020
- TikTok has 1 billion monthly active users (MAUs)
- First-of-its-kind commerce partnership bringing the world's leading destination for short form video to Shopify's more than one million merchants
- TikTok channel allows merchants to create and connect their TikTok For Business account and deploy In-Feed shoppable video ads within Shopify

# Shopify Cannabis Play

Shopify's platform was widely adopted for online sales of recreational marijuana, which Canada legalized on Oct 17, 2018.

Government run websites in several provinces including Ontario and British Columbia use Shopify's platform.

Most of the big licensed producers in the Cannabis market, Canopy Growth Corp, Aurora Cannabis Inc and HEXO Corp. all use Shopify's point of sale system.

# Shopify Cannabis Play

Shopify can capture the part of the Cannabis legalization due to its perfect position.

In Canada, government is giving out licenses to only a handful of players and billions pouring into this market likely means that Canada's cannabis industry will evolve into an oligopoly like Big Tobacco.

Canada's market is dwarfed in comparison to North American market which is estimated \$45 billion today and expected to be worth \$200 billion by 2030.

Already has a market presence in US with ~7200 US ecommerce business using Shopify.

## Management Team

**Tobi Lütke**, Founder, Chief Executive Officer

**Harley Finkelstein**, President

**Amy Shapero**, Chief Financial Officer

**Toby Shannan**, Chief Operating Officer

**Allan Leinwand**, Chief Technology Officer

**John Asante**, Chief Information Security Officer

# Tobi Lutke

Tobi and founding team launched the Shopify platform in 2006. He has served as CEO since 2008 at the company's headquarters in Ottawa, Canada

He has been part of the core team of the Ruby on Rails framework

Began rewriting the code of the games he played and modifying computer hardware as a hobby at 12 years old

Dropped out of school and entered an apprenticeship program at the Koblenzer Carl-Benz-School to become a computer programmer after tenth grade.



# Harley Finkelstein

Been with the company since 2010. He oversees Shopify's commercial teams, growth & external affairs.

Bachelor degree in Economics from Concordia University.

J.D./M.B.A. joint degree in Law and Business from the University of Ottawa.

Former Shopify COO.

Founded numerous startups and ecommerce companies





# Amy Shapero

Amy Shapero is the Chief Financial Officer at Shopify and joined in April 2018

Previously the CFO at Betterment, an online wealth-management service, since 2016

Previously CFO at Sailthru, and Senior Vice President of Strategy, Corporate Development and Corporate Communications at DigitalGlobe

Began her career as a CPA at Ernst & Young, followed by investment banking positions at Credit Suisse and Goldman Sachs serving emerging growth companies

She holds an MBA from the University of Chicago Booth School of Business.



# Allan Leinwand

CTO at Shopify, joining in 2021 to lead the engineering teams

Previously Senior Vice President of Engineering at Slack from pre-IPO, transforming the way work gets done for hundreds of thousands of companies and tens of millions of users

Previously, was CTO at ServiceNow, and has co-founded and held senior leadership positions at multiple companies and was also a venture capital investor for seven years.

Previously served as an adjunct professor at the University of California, Berkeley where he taught on the subjects of computer networks, network management and network design

BSc in Computer Science from the University of Colorado at Boulder



# John Asante

Chief Information Security Officer at Shopify since 2021

Leads Shopify's Trust organization, overseeing the company's efforts in cybersecurity, fraud, abuse, and privacy

Previously at Google, where he led the Cloud Security & Trust Center.

Previously was Vice President, Global Head of Cyber Defense at Visa where he was responsible for the operational defense of the world's largest payment system

Co-founded the client facing incident response group at Microsoft, and has a track record of innovative security engineering and successful defense at other high-profile organizations, including Nike, Mastercard, and the US Department of Defense

Bachelors in Geographic Information Science and Cartography at University of Washington



# Toby Shannan

Chief Operating Officer at Shopify and has been with the company since 2010

Oversees global business operations, revenue and sales functions, as well as Shopify's talent and customer support strategies.

Co-founded and was the CEO of Social Fabric, a personal genomics company, and served as Vice President of Sales and Marketing at DNA Genotek where he helped commercialise the Oragene spit kit used by personal genomic companies such as 23andme

Carleton Place High School



# Management Compensation

Name and Principal Position	Year	Salary <sup>(1)</sup> (\$)	Share-based Awards <sup>(2)</sup> (\$)	Option-based Awards <sup>(3)</sup> (\$)	Annual incentive plans (\$)	Long-term incentive plans (\$)	Pension Value <sup>(5)</sup> (\$)	All Other Compensation <sup>(6)</sup> (\$)	Total Compensation (\$)
<b>Tobias Lütke</b> CEO	2021	1	—	20,000,457	—	—	—	—	20,000,458
	2020	104,721	—	15,000,456	—	—	—	—	15,105,177
	2019	615,920	—	10,000,032	—	—	—	—	10,615,952
<b>Amy Shapero</b> CFO	2021	596,850	3,500,395	3,500,120	—	—	—	13,277	7,610,642
	2020	589,050	3,000,326	3,000,091	—	—	—	—	6,589,467
	2019	538,930	2,000,053	2,000,023	—	—	—	—	4,539,006
<b>Allan Leinwand</b> Chief Technology Officer	2021	112,500	13,001,236	—	—	—	—	100,000	13,213,736
<b>Toby Shannan</b> Chief Operating Officer	2021	512,720	3,001,070	3,000,256	—	—	—	—	6,514,046
	2020	373,719	4,000,226	4,000,143	—	—	—	—	8,374,088
	2019	307,960	1,000,027	1,000,012	—	—	—	—	2,307,999
<b>Harley Finkelstein</b> President	2021	473,280	3,250,732	3,250,456	—	—	—	—	6,974,468
	2020	471,240	2,500,272	2,500,136	—	—	—	—	5,471,648
	2019	423,445	2,000,053	2,000,023	—	—	—	—	4,423,521
<b>Jean-Michel Lemieux</b> Former Chief Technology Officer	2021	276,080	4,001,000	4,000,520	—	—	—	—	8,277,600
	2020	549,780	3,500,381	3,500,226	—	—	—	—	7,550,387
	2019	384,950	1,000,027	1,000,012	—	—	—	—	2,384,989

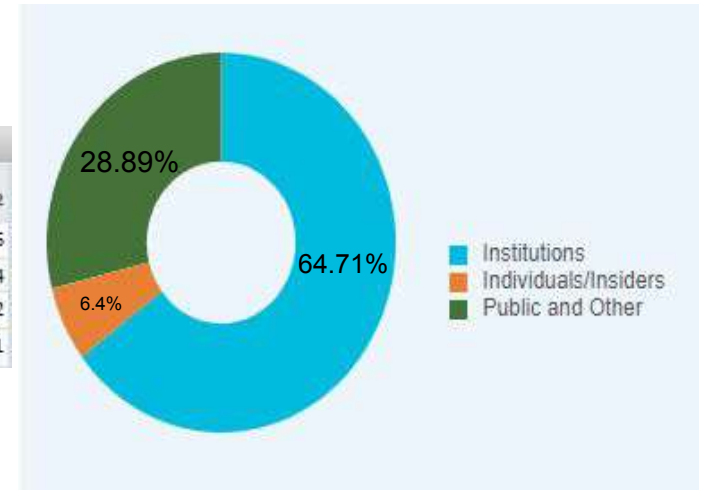
# CEO Compensation

Name and Principal Position	Year	Salary <sup>(1)</sup> (\$)	Share-based Awards <sup>(2)</sup> (\$)	Option-based Awards <sup>(3)</sup> (\$)	Annual incentive plans (\$)	Long-term incentive plans (\$)	Pension Value <sup>(5)</sup> (\$)	All Other Compensation <sup>(6)</sup> (\$)	Total Compensation (\$)
Tobias Lütke CEO	2021	1	—	20,000,457	—	—	—	—	20,000,458
	2020	104,721	—	15,000,456	—	—	—	—	15,105,177
	2019	615,920	—	10,000,032	—	—	—	—	10,615,952

# Share Ownership Summary

## Ownership Summary <sup>1</sup>

Type	Common Stock Equivalent Held	% of Total Shares Outstanding	Market Value (USD in mm) <sup>2</sup>
Institutions <sup>5</sup>	816,351,000	64.72	25,641.6
Individuals/Insiders	80,686,340	6.40	2,534.4
Public and Other <sup>3</sup>	364,379,330	28.89	11,445.2
<b>Total</b>	<b>1,261,416,670</b>	<b>100.00 <sup>6</sup></b>	<b>39,621.1</b>



## Top Holders [View All](#) <sup>1</sup>

Holder	Common Stock Equivalent Held	% of Total Shares Outstanding	Market Value (USD in mm) <sup>2</sup>	Position Date
Lütke, Tobias	79,267,190	6.28	2,489.8	Jun-09-2022
Capital Research and Management Company	70,255,350	5.57	2,206.7	Mar-31-2022
Morgan Stanley Investment Management Inc.	60,182,720	4.77	1,890.3	Mar-31-2022
Baillie Gifford & Co.	53,729,620	4.26	1,687.6	Mar-31-2022
Klister Credit Corp.	37,500,000	2.97	1,177.9	Jun-09-2022



# Institutional Ownership Details

Institutional Ownership Details By: <span>Owner Type</span> <span>▼</span>					
Type	Common Stock Equivalent Held	% of Inst. Ownership	% of Total Shares Outstanding	Market Value (USD in mm) <sup>2</sup>	Number Of Holders
Traditional Investment Managers	650,940,820	79.74	51.60	20,446.1	905
Hedge Fund Managers (<5% stake)	75,954,750	9.30	6.02	2,385.7	110
VC/PE Firms (<5% stake)	38,433,790	4.71	3.05	1,207.2	13
Banks/Investment Banks	23,279,100	2.85	1.85	731.2	63
Government Pension Sponsors	17,317,100	2.12	1.37	543.9	15
Family Offices/Trusts	5,043,850	0.62	0.40	158.4	322
Educational/Cultural Endowments	2,408,980	0.30	0.19	75.7	2
Sovereign Wealth Funds (<5% stake)	1,988,850	0.24	0.16	62.5	4
Corporate Pension Sponsors	534,030	0.07	0.04	16.8	4
Insurance Companies	427,990	0.05	0.03	13.4	3
REITs	13,740	0.00	0.00	0.4	3
Charitable Foundations	8,000	0.00	0.00	0.3	1
<b>Total</b>	<b>816,351,000</b>	<b>100.00</b>	<b>64.72</b>	<b>25,641.6</b>	<b>1,445</b>





# Ownership Activity

Ownership Activity		
Institutions		
Dec-31-2021 To Mar-31-2022	Holders	Common Stock Equivalent Held
Total Positions	1,449	816,475,864
New Positions	156	18,485,766
Increased Positions	542	92,412,140
Decreased Positions	391	(103,219,020)
Sold Out Positions	338	(25,276,350)
Individuals/Insiders		
Dec-31-2021 To Mar-31-2022	Holders	Common Stock Equivalent Held
Total Positions	8	80,275,020
New Positions	-	-
Increased Positions	4	18,470
Decreased Positions	-	-
Sold Out Positions	-	-

Net Institutional Activity: -17,597,464 common stock equivalent sold

# Balance Sheet: 10-Q (Assets)

	As at	
	March 31, 2022	December 31, 2021
	\$	\$
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	2,451,545	2,502,992
Marketable securities	4,795,145	5,265,101
Trade and other receivables, net	225,252	192,209
Merchant cash advances, loans and related receivables, net	486,507	470,722
Income taxes receivable	3,369	5,023
Other current assets	113,063	103,273
	<b>8,074,881</b>	<b>8,539,320</b>
<b>Long-term assets</b>		
Property and equipment, net	109,570	105,526
Right-of-use assets, net	220,205	196,388
Intangible assets, net	131,608	138,496
Deferred tax assets	47,064	48,369
Equity and other investments (\$1,859,444 and \$3,412,166, carried at fair value)	2,894,601	3,955,545
Goodwill	356,528	356,528
	<b>3,759,576</b>	<b>4,800,852</b>
<b>Total assets</b>	<b>11,834,457</b>	<b>13,340,172</b>

# Balance Sheet: 10-Q (Liabilities and Shareholders Equity)

<b>Liabilities and shareholders' equity</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	406,647	456,688
Income taxes payable	8,294	13,505
Deferred revenue	247,647	216,792
Lease liabilities	19,344	15,748
	<u>681,932</u>	<u>702,733</u>
<b>Long-term liabilities</b>		
Deferred revenue	186,636	162,932
Lease liabilities	264,534	246,776
Convertible senior notes	911,549	910,963
Deferred tax liabilities	211	183,427
	<u>1,362,930</u>	<u>1,504,098</u>
<b>Commitments and contingencies</b>		
<b>Shareholders' equity</b>		
Common stock, unlimited Class A subordinate voting shares authorized, 114,185,448 and 113,954,492, issued and outstanding; unlimited Class B multiple voting shares authorized, 11,951,154 and 11,942,667 issued and outstanding	8,150,878	8,040,099
Additional paid-in capital	174,570	161,074
Accumulated other comprehensive income (loss)	413	(5,974)
Retained earnings	1,463,734	2,938,142
<b>Total shareholders' equity</b>	<u>9,789,595</u>	<u>11,133,341</u>
<b>Total liabilities and shareholders' equity</b>	<u>11,834,457</u>	<u>13,340,172</u>

# Balance Sheet: 10-K (Assets)

		As at	
		December 31, 2021	December 31, 2020
	Note	\$	\$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	2,502,992	2,703,597
Marketable securities	5	5,265,101	3,684,370
Trade and other receivables, net	7	192,209	120,752
Merchant cash advances, loans and related receivables, net	8	470,722	244,723
Income taxes receivable	21	5,023	56,067
Other current assets	9	103,273	68,247
		8,539,320	6,877,756
<b>Long-term assets</b>			
Property and equipment, net	10, 23	105,526	92,104
Right-of-use assets, net	11	196,388	119,373
Intangible assets, net	12	138,496	135,676
Deferred tax assets	21	48,369	52,677
Equity and other investments (including \$3,412,166 and \$nil, carried at fair value)	5, 6	3,955,545	173,454
Goodwill	13	356,528	311,865
		4,800,852	885,149
<b>Total assets</b>		13,340,172	7,762,905

# Balance Sheet: 10-K (Liabilities and Shareholder's Equity)

<b>Liabilities and shareholders' equity</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	14	456,688	300,795
Income taxes payable	21	13,505	19,677
Deferred revenue	15	216,792	107,809
Lease liabilities	11	15,748	10,051
		702,733	438,332
<b>Long-term liabilities</b>			
Deferred revenue	15	162,932	21,006
Lease liabilities	11	246,776	144,836
Convertible senior notes	3, 16	910,963	758,008
Deferred tax liabilities	21	183,427	—
		1,504,098	923,850
<b>Commitments and contingencies</b>	11, 18		
<b>Shareholders' equity</b>			
Common stock, unlimited Class A subordinate voting shares authorized, 113,954,492 and 110,929,570, issued and outstanding; unlimited Class B multiple voting shares authorized, 11,942,667 and 11,599,301 issued and outstanding	19	8,040,099	6,115,232
Additional paid-in capital		161,074	261,436
Accumulated other comprehensive (loss) income	20	(5,974)	8,770
Retained earnings		2,938,142	15,285
<b>Total shareholders' equity</b>		11,133,341	6,400,723
<b>Total liabilities and shareholders' equity</b>		13,340,172	7,762,905

# Income Statement: 10-K

	Note	Years ended	
		December 31, 2021	December 31, 2020
		\$	\$
<b>Revenues</b>			
Subscription solutions	23	1,342,334	908,757
Merchant solutions	23	3,269,522	2,020,734
		4,611,856	2,929,491
<b>Cost of revenues</b>			
Subscription solutions		264,351	193,532
Merchant solutions		1,866,361	1,194,439
		2,130,712	1,387,971
<b>Gross profit</b>		2,481,144	1,541,520
<b>Operating expenses</b>			
Sales and marketing		901,557	602,048
Research and development		854,383	552,127
General and administrative	10, 11	374,844	245,343
Transaction and loan losses		81,717	51,849
Total operating expenses		2,212,501	1,451,367
<b>Income from operations</b>		268,643	90,153
<b>Other income, net</b>			
Interest income		15,356	23,434
Interest expense	16	(3,493)	(9,085)
Net unrealized gain on equity and other investments	6	2,859,800	135,193
Foreign exchange gain		286	669
Total other income, net		2,871,949	150,211
<b>Income before income taxes</b>		3,140,592	240,364
(Provision for) recovery of income taxes	21	(225,933)	79,145
<b>Net income</b>		2,914,659	319,509
<b>Net income per share attributable to shareholders:</b>			
Basic	22	\$ 23.38	\$ 2.67
Diluted	22	\$ 22.90	\$ 2.59
<b>Weighted average shares used to compute net income per share attributable to shareholders:</b>			
Basic	22	124,658,891	119,569,705
Diluted	22	127,364,735	123,463,274
<b>Other comprehensive (loss) income</b>			
Unrealized (loss) gain on cash flow hedges	20	(20,061)	10,510
Tax effect on unrealized (loss) gain on cash flow hedges	20	5,317	(2,786)
Total other comprehensive (loss) income		(14,744)	7,724
<b>Comprehensive income</b>		2,899,915	327,233



# Income Statement: 10-Q

	Three months ended	
	March 31, 2022	March 31, 2021
	\$	\$
<b>Revenues</b>		
Subscription solutions	344,761	320,681
Merchant solutions	858,862	667,966
	1,203,623	988,647
<b>Cost of revenues</b>		
Subscription solutions	77,545	58,382
Merchant solutions	488,441	371,549
	565,986	429,931
<b>Gross profit</b>	637,637	558,716
<b>Operating expenses</b>		
Sales and marketing	303,371	186,223
Research and development	303,661	175,886
General and administrative	108,088	67,102
Transaction and loan losses	20,493	10,606
Total operating expenses	735,613	439,817
<b>(Loss) income from operations</b>	(97,976)	118,899
<b>Other (expense) income, net</b>	(1,554,881)	1,250,645
<b>(Loss) income before income taxes</b>	(1,652,857)	1,369,544
<b>Recovery of (provision for) income taxes</b>	178,449	(111,099)
<b>Net (loss) income</b>	(1,474,408)	1,258,445
<b>Other comprehensive income (loss)</b>	6,387	(2,724)
<b>Comprehensive (loss) income</b>	(1,468,021)	1,255,721
<b>Net (loss) income per share attributable to shareholders:</b>		
Basic	(11.70)	10.21
Diluted	(11.70)	9.94
<b>Shares used to compute net (loss) income per share attributable to shareholders:</b>		
Basic	126,013,066	123,243,650
Diluted	126,013,066	126,674,388

# Cash Flows Statement: 10-K (Operating activities)

	Note	Years ended	
		December 31, 2021	December 31, 2020
		\$	\$
<b>Cash flows from operating activities</b>			
Net income for the year		2,914,659	319,509
Adjustments to reconcile net income to net cash provided by operating activities:			
Amortization and depreciation		66,308	70,060
Stock-based compensation	19	330,763	246,940
Amortization of debt offering costs	16	2,343	8,756
Impairment of right-of-use assets and leasehold improvements	10, 11	30,145	31,623
Provision for transaction and loan losses		43,781	27,282
Deferred income tax expense (recovery)	21, 25	190,963	(44,801)
Revenue related to non-cash consideration	25	(58,380)	(3,814)
Net unrealized gain on equity and other investments	6	(2,859,800)	(135,193)
Unrealized foreign exchange loss (gain)		4,570	(1,689)
Changes in operating assets and liabilities:			
Trade and other receivables		(72,300)	(29,146)
Merchant cash advances, loans and related receivables		(266,077)	(112,721)
Other current assets		(50,151)	(11,404)
Non-cash consideration received in exchange for services	6	(268,058)	(24,710)
Accounts payable and accrued liabilities		138,175	118,588
Income taxes receivable and payable	25	45,263	(103,087)
Deferred revenue	25	309,289	69,969
Lease assets and liabilities		2,935	(1,204)
Net cash provided by operating activities		504,428	424,958



# Cash Flows Statement: 10-K (Investing and Financing activities)

<b>Cash flows from investing activities</b>			
Purchase of marketable securities		(7,337,366)	(5,600,207)
Maturity of marketable securities		5,750,224	3,721,405
Purchase of equity and other investments	6	(650,233)	(11,051)
Acquisitions of property and equipment		(50,788)	(41,733)
Acquisition of businesses, net of cash acquired	24	(59,627)	—
Acquisitions of intangible assets		—	(262)
Net cash used in investing activities		(2,347,790)	(1,931,848)
<b>Cash flows from financing activities</b>			
Proceeds from public equity offerings, net of issuance costs	19	1,541,168	2,578,591
Proceeds from the exercise of stock options		108,594	70,809
Proceeds from convertible senior notes, net of underwriting fees and offering costs	16	—	907,950
Net cash provided by financing activities		1,649,762	3,557,350
Effect of foreign exchange on cash and cash equivalents		(7,005)	3,221
<b>Net (decrease) increase in cash and cash equivalents</b>		(200,605)	2,053,681
<b>Cash and cash equivalents – Beginning of Year</b>		2,703,597	649,916
<b>Cash and cash equivalents – End of Year</b>		2,502,992	2,703,597

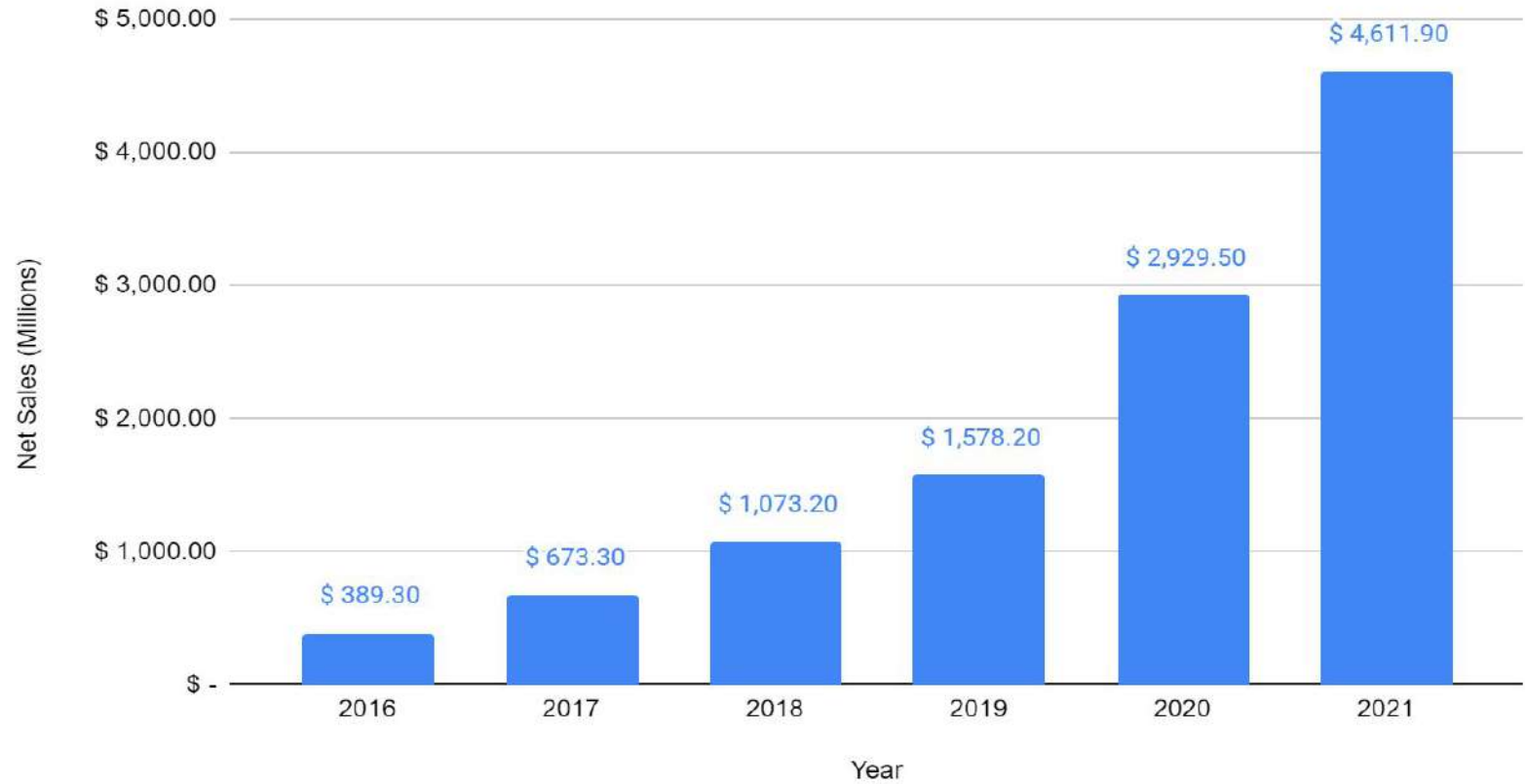
# Cash Flows Statement: 10-Q (Operating activities)

	Three months ended	
	March 31, 2022	March 31, 2021
	\$	\$
<b>Cash flows from operating activities</b>		
Net (loss) income for the period	(1,474,408)	1,258,445
Adjustments to reconcile net (loss) income to net cash (used in) provided by operating activities:		
Amortization and depreciation	16,670	15,800
Stock-based compensation	117,989	69,156
Amortization of debt offering costs	586	585
Provision for transaction and loan losses	9,805	4,236
Deferred income tax (recovery) expense	(184,214)	100,954
Revenue related to non-cash consideration	(26,081)	(2,031)
Net loss (gain) on equity and other investments	1,593,655	(1,250,944)
Unrealized foreign exchange loss	6,322	1,734
Changes in operating assets and liabilities:		
Trade and other receivables	(31,291)	(39,063)
Merchant cash advances, loans and related receivables	(27,283)	(74,561)
Other current assets	(4,782)	(13,205)
Non-cash consideration received in exchange for services	(76,726)	—
Accounts payable and accrued liabilities	(44,024)	39,756
Income taxes receivable and payable	(4,898)	9,525
Deferred revenue	80,640	10,358
Lease assets and liabilities	(5,520)	4,938
Net cash (used in) provided by operating activities	(53,560)	135,683

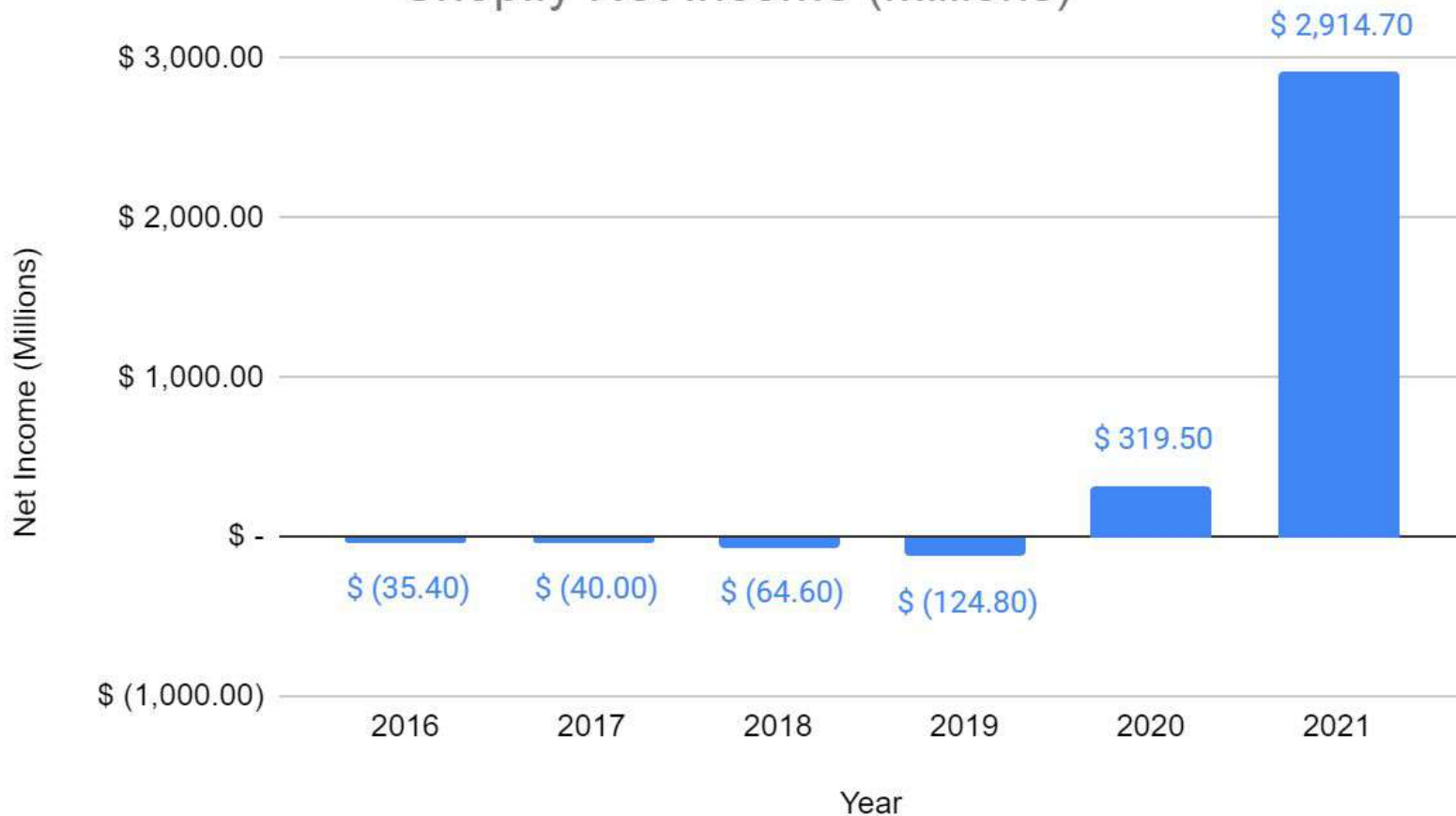
# Cash Flows Statement: 10-Q (Investing and Financing activities)

<b>Cash flows from investing activities</b>		
Purchase of marketable securities	(1,463,705)	(2,444,955)
Maturity of marketable securities	1,929,395	1,038,316
Purchase of equity and other investments	(453,945)	(206,552)
Acquisitions of property and equipment	(15,940)	(5,188)
<b>Net cash used in investing activities</b>	<b>(4,195)</b>	<b>(1,618,379)</b>
<b>Cash flows from financing activities</b>		
Proceeds from public equity offerings, net of issuance costs	—	1,541,168
Proceeds from the exercise of stock options	6,286	22,925
<b>Net cash provided by financing activities</b>	<b>6,286</b>	<b>1,564,093</b>
Effect of foreign exchange on cash and cash equivalents	22	577
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(51,447)</b>	<b>81,974</b>
<b>Cash and cash equivalents – Beginning of Period</b>	<b>2,502,992</b>	<b>2,703,597</b>
<b>Cash and cash equivalents – End of Period</b>	<b>2,451,545</b>	<b>2,785,571</b>

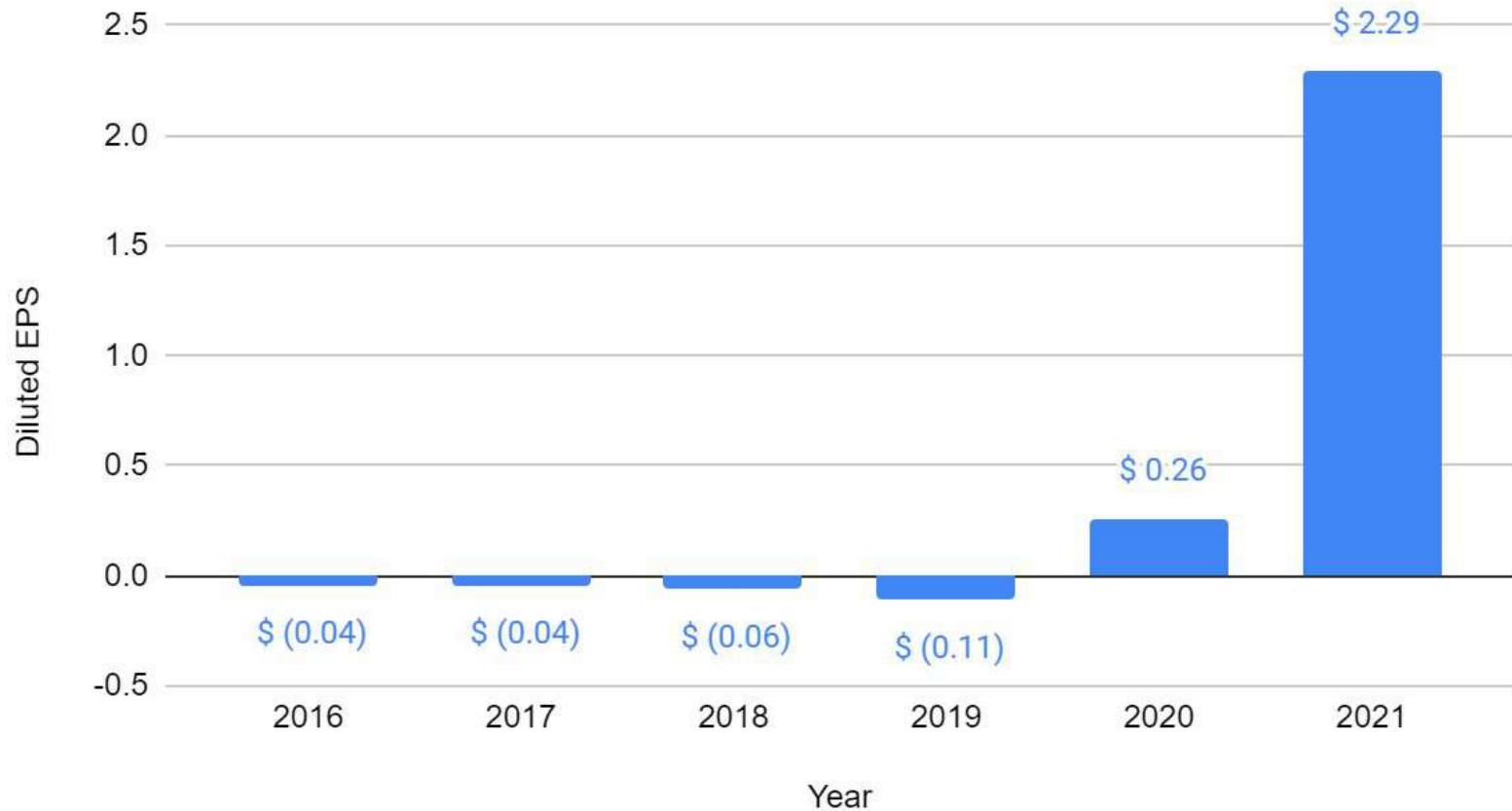
## Shopify Net Sales (Millions)



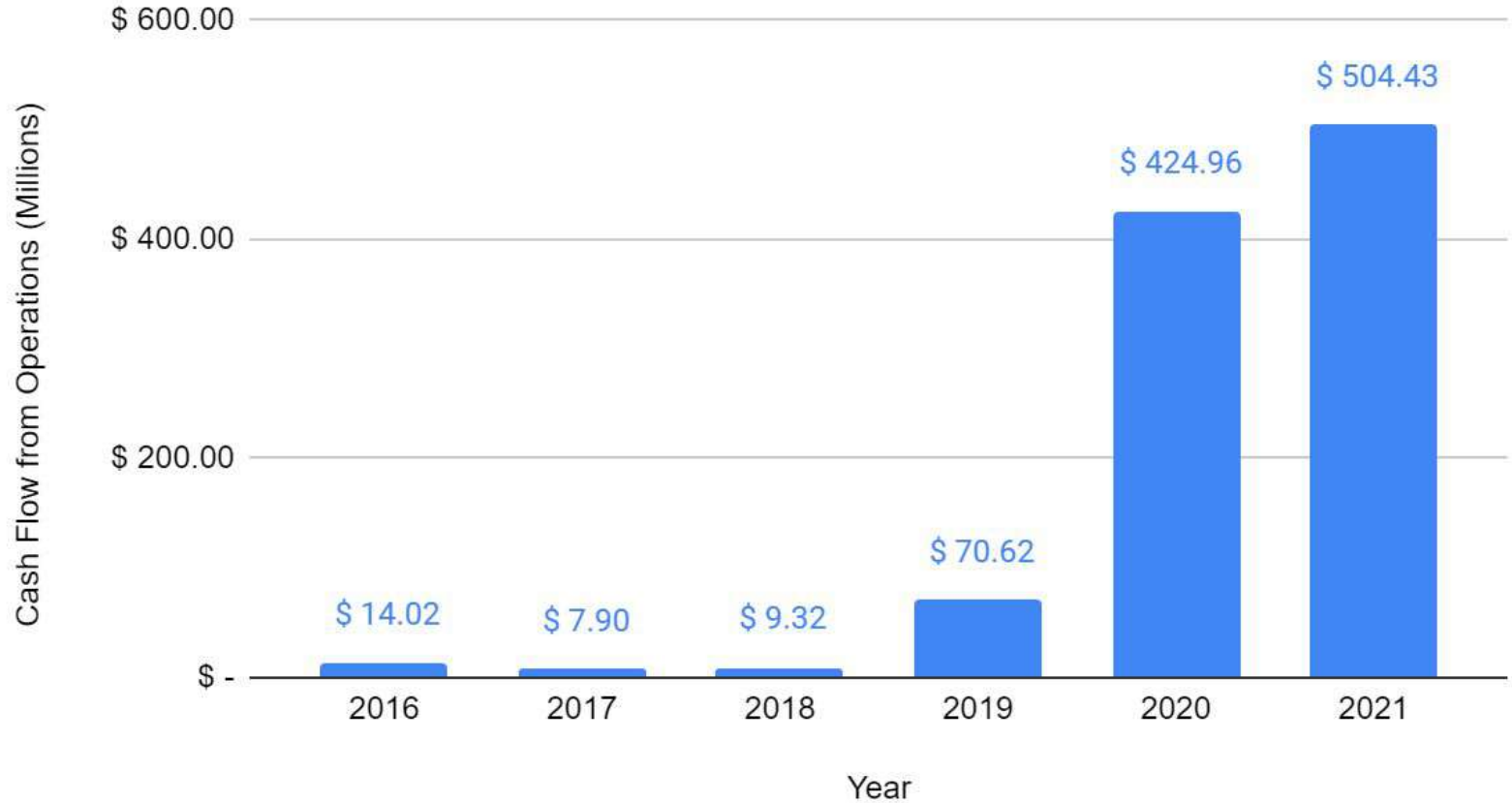
## Shopify Net Income (Millions)



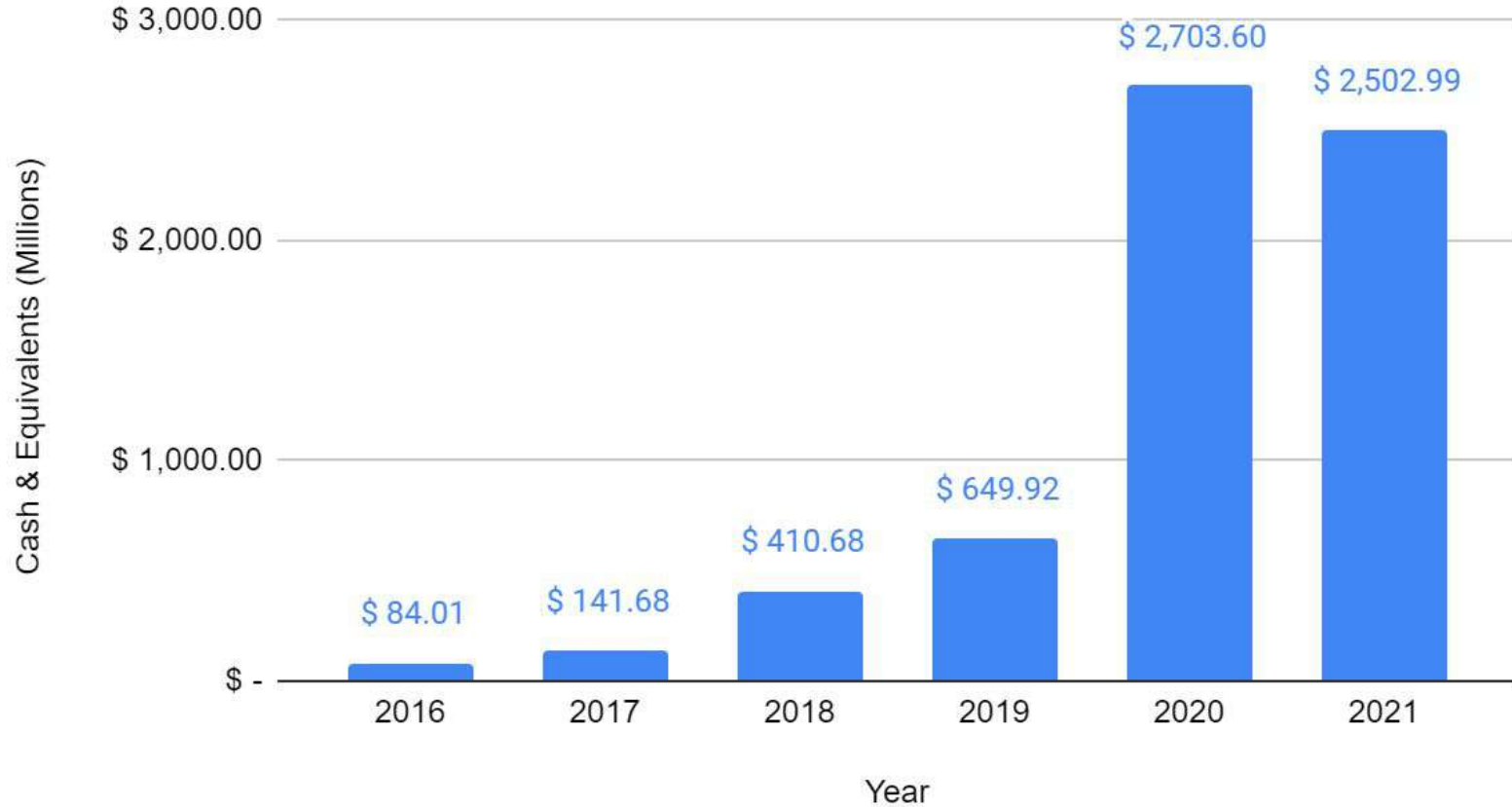
## Diluted EPS



## Cash Flow from Operations (Millions)

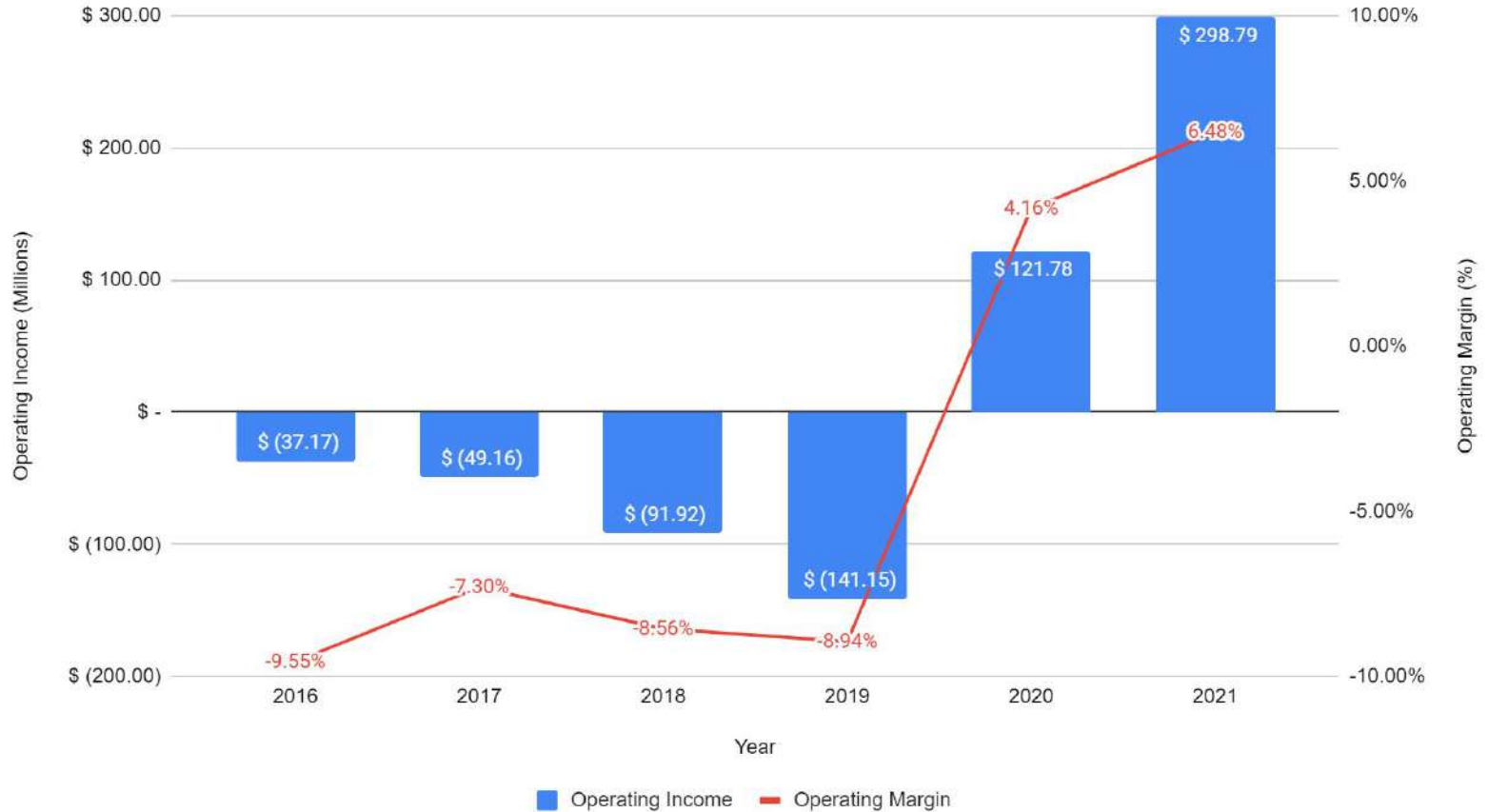


## Cash & Equivalents (Millions)

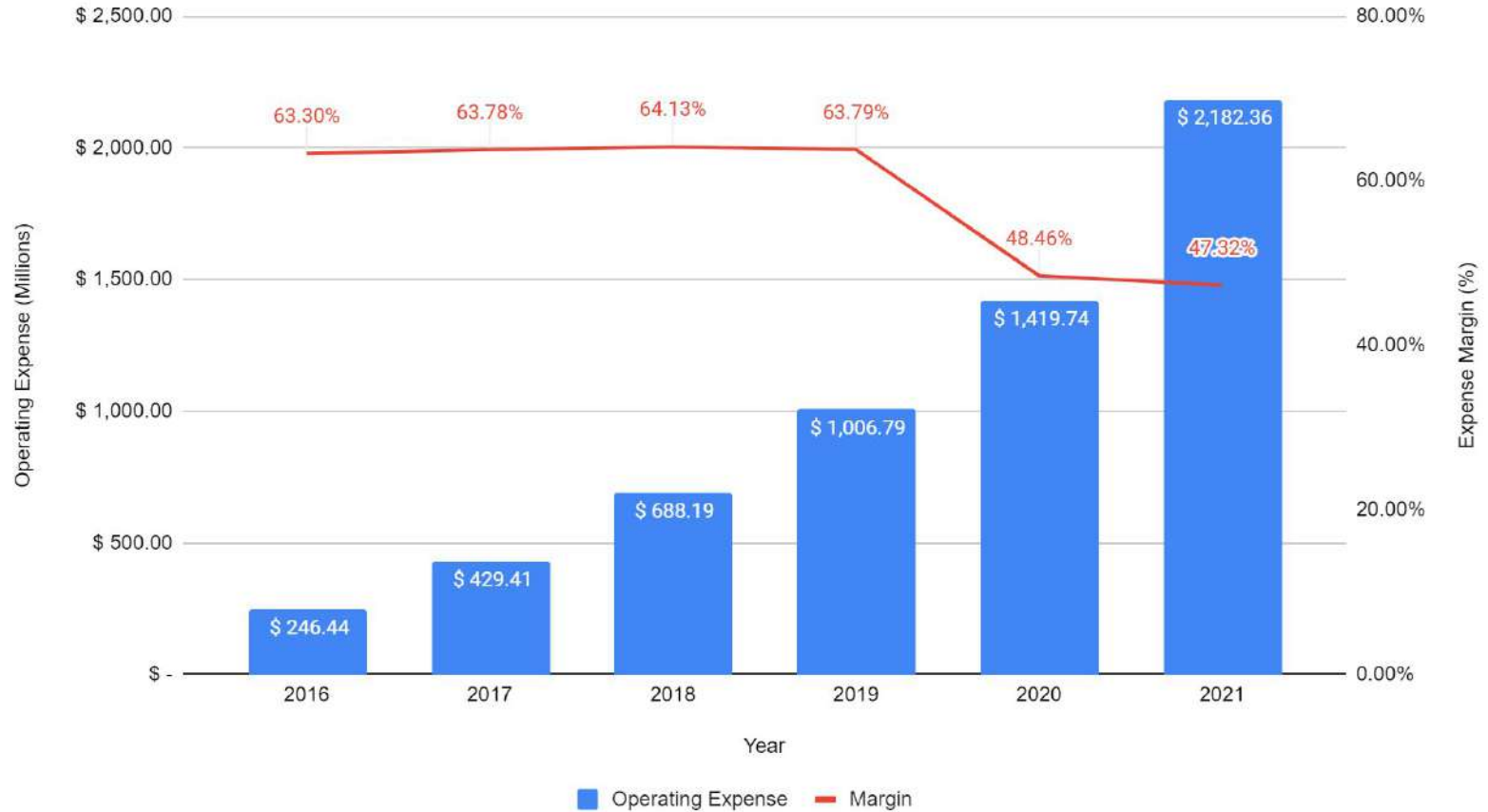




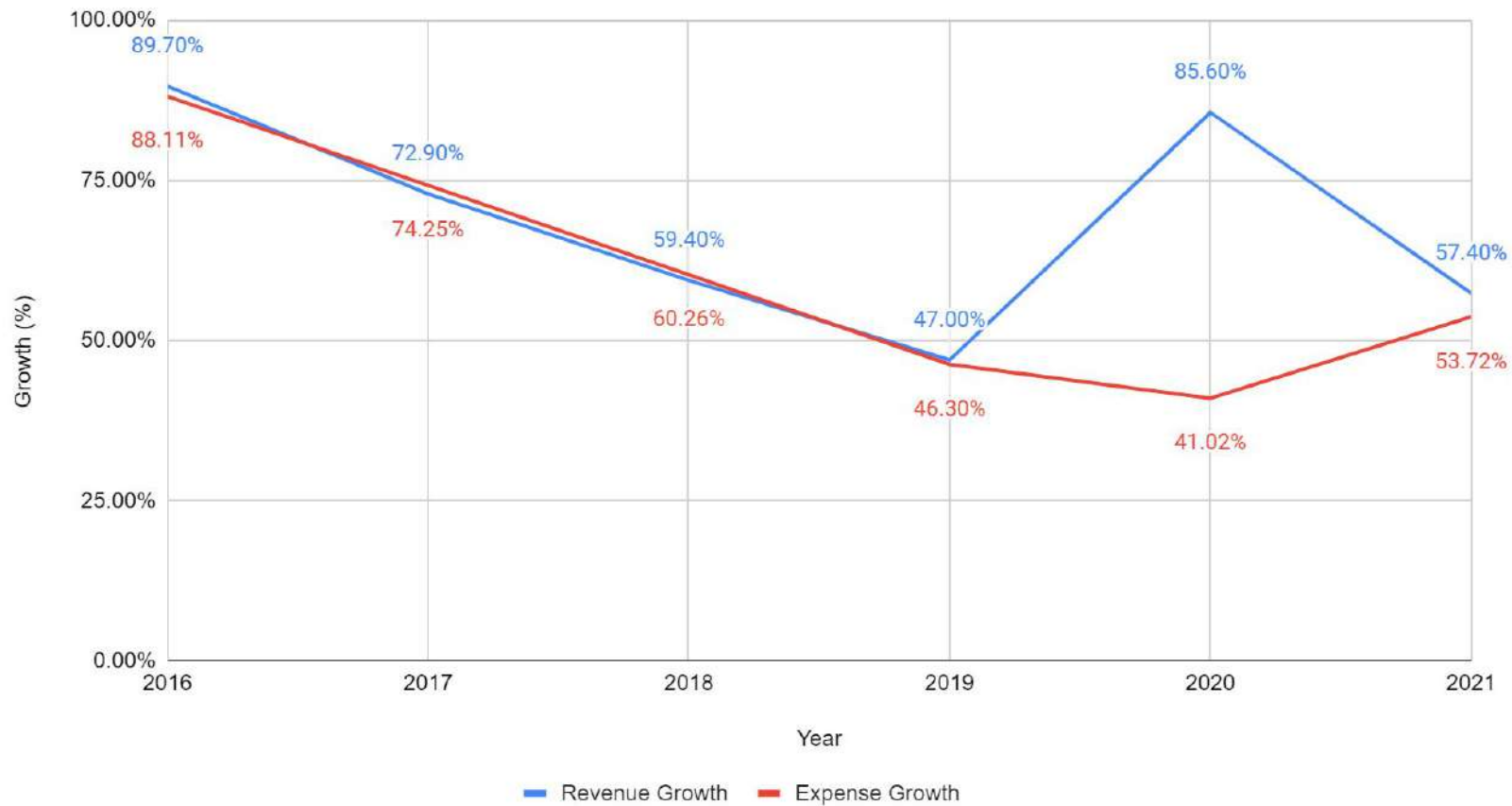
## Operating Income and Margin (Millions)



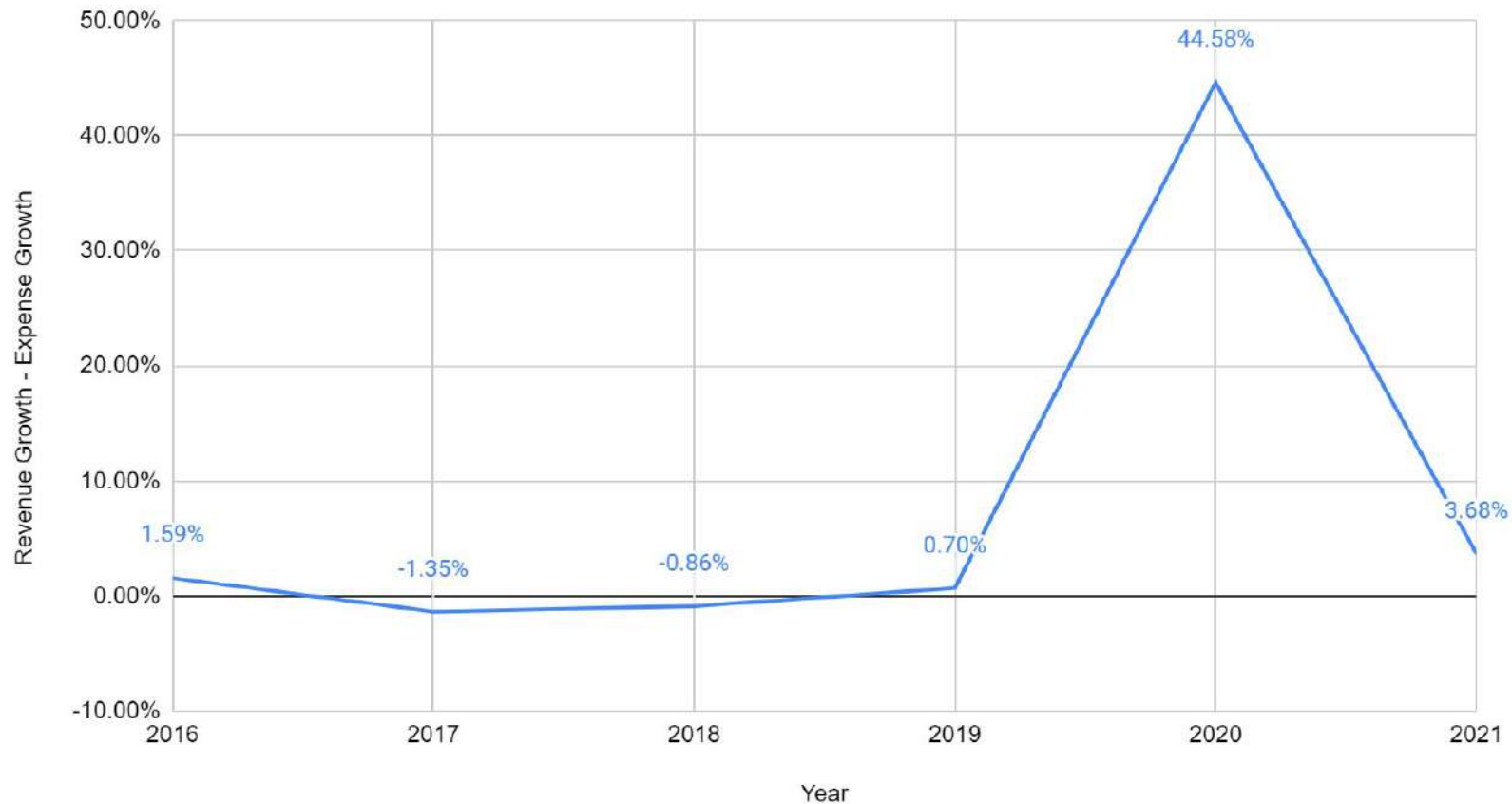
## Operating Expense and Margin



## Revenue and Expense Growth



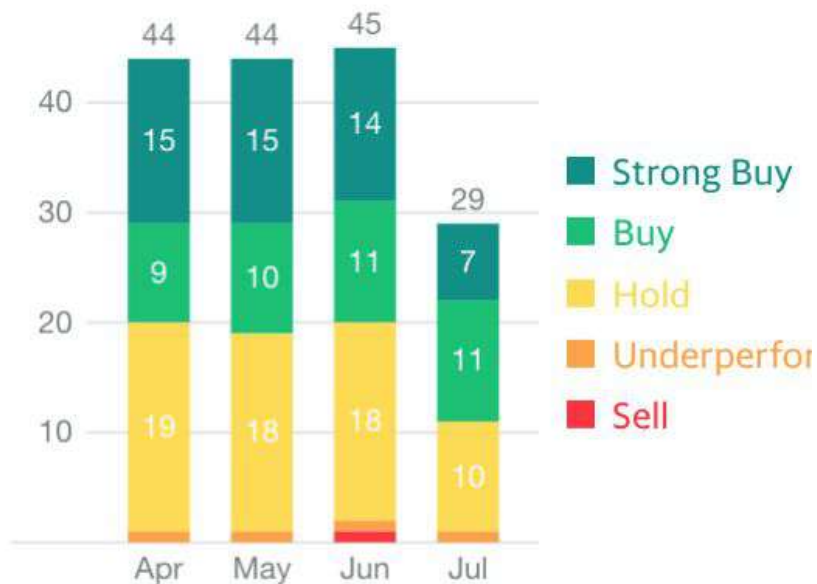
## Revenue Growth Minus Expense Growth



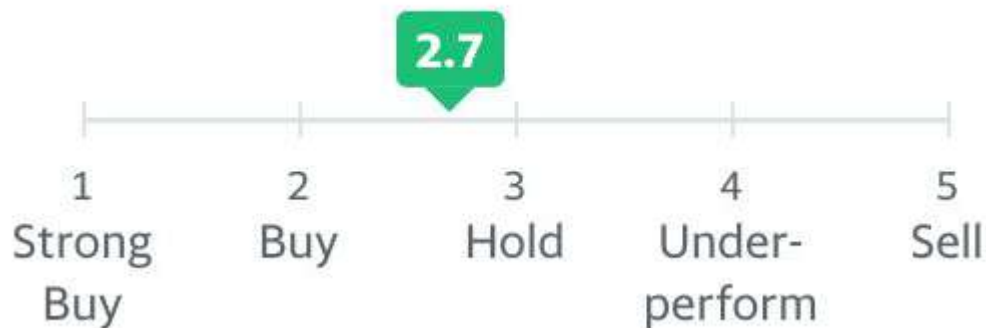
# Recommendation



## Recommendation Trends >



## Recommendation Rating >



Alibaba



**Alibaba.com<sup>TM</sup>**

# Alibaba - Key Elements

- Taobao
- Alibaba
- Aliexpress
- Lazada
- Alibaba Cloud
- Ant Group
- Youku
- Management
- Stock Performance
- Political Risks
- Regulatory Environment
- Balance Sheet
- Cash Flows
- Dual Listing / ADS / VIE

# Dual Listing

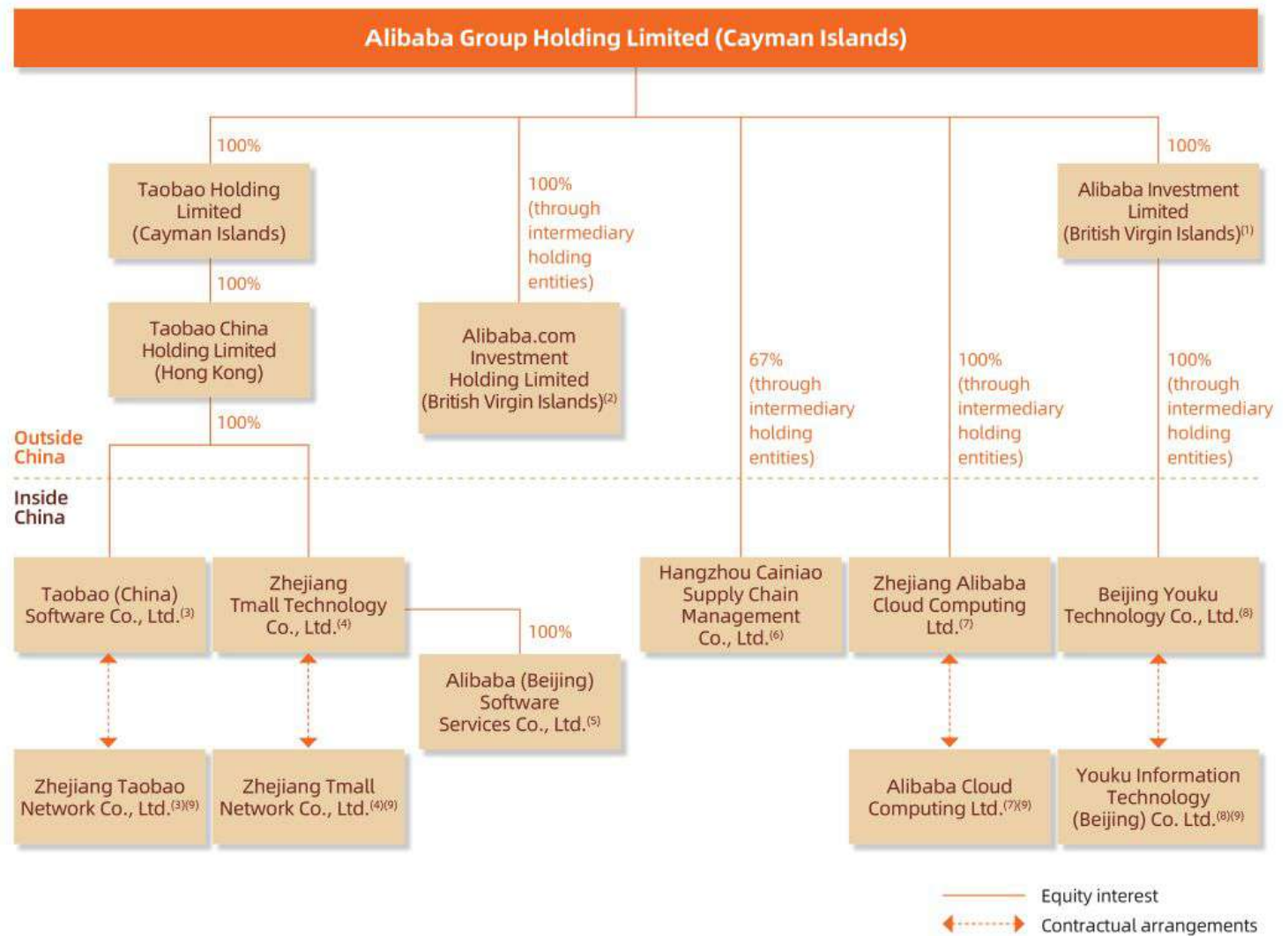




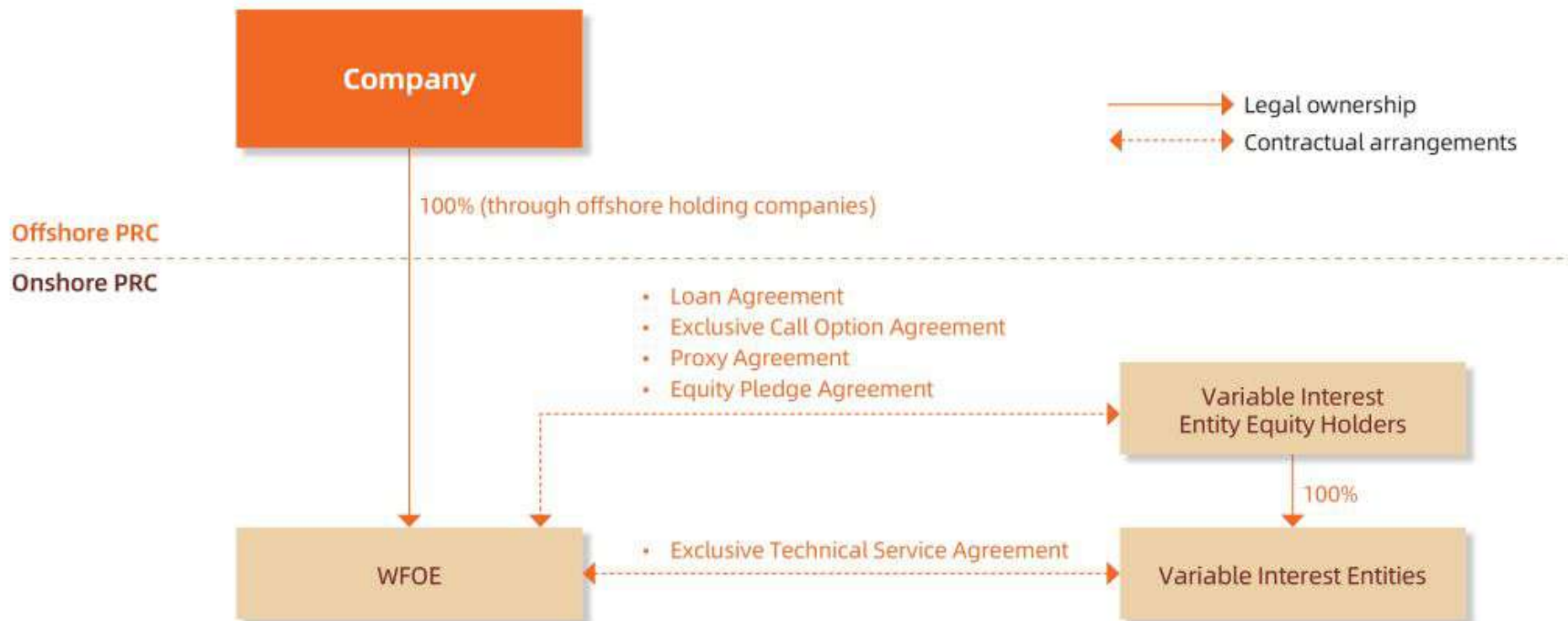
## Corporate Structure

Alibaba Group Holding Limited is an exempted company incorporated with limited liability under the laws of the Cayman Islands on June 28, 1999, and we conduct our business through our subsidiaries and variable interest entities. We are listed on the NYSE under the symbol “BABA” and on the Hong Kong Stock Exchange under the stock code “9988.”

# VIE



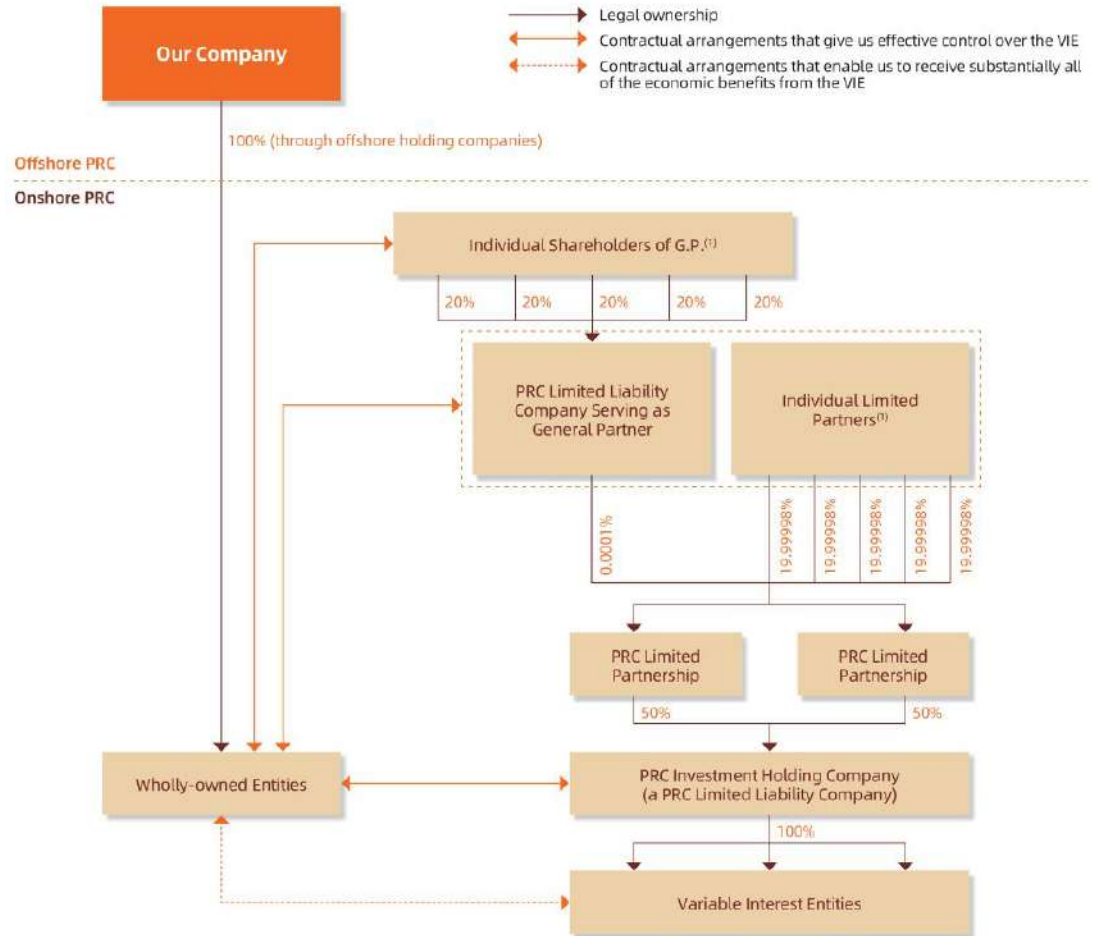
# VIE Structure



# VIE

So what do shareholders actually own?

The following diagram is a simplified illustration of the typical ownership structure and contractual arrangements of the VIEs following the VIE Structure Enhancement.



Note:

(1) Selected members of the Alibaba Partnership or our management who are PRC citizens.

# Stock Price - NYSE: BABA 1 Day

## Alibaba Group Holding Limited (BABA)

NYSE - NYSE Delayed Price. Currency in USD

★ Add to watchlist

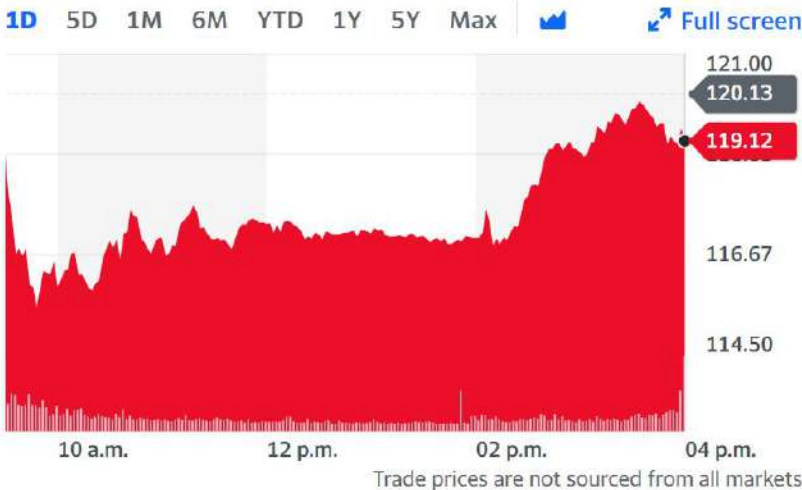
**119.12** **-1.01 (-0.84%)** **118.61** **-0.51 (-0.43%)**

At close: 04:01PM EDT

After hours: 07:59PM EDT

- Summary
- Chart
- Conversations
- Statistics
- Historical Data
- Profile
- Financials
- Analysis
- Options
- Holders
- Sustainability

Previous Close	120.13	Market Cap	318.646B
Open	118.93	Beta (5Y Monthly)	0.91
Bid	0.00 x 2900	PE Ratio (TTM)	33.27
Ask	0.00 x 2200	EPS (TTM)	3.58
Day's Range	115.51 - 120.00	Earnings Date	May 26, 2022
52 Week Range	73.28 - 216.60	Forward Dividend & Yield	N/A (N/A)
Volume	19,706,192	Ex-Dividend Date	N/A
Avg. Volume	27,036,506	1y Target Est	156.63



# Stock Price - NYSE: BABA 5 Day

## Alibaba Group Holding Limited (BABA)

NYSE - NYSE Delayed Price. Currency in USD

☆ Add to watchlist

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Summary

Chart

Conversations

Statistics

Historical Data

Profile

Financials

Analysis

Options

Holders

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1D **5D** 1M 6M YTD 1Y 5Y Max   Full screen





# Stock Price - NYSE: BABA 1 Month

## Alibaba Group Holding Limited (BABA)

NYSE - NYSE Delayed Price. Currency in USD

★ Add to watchlist

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Chart

Conversations

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Historical Data

Profile

Financials

Analysis

Options

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1D 5D 1M 6M YTD 1Y 5Y Max   Full screen



Trade prices are not sourced from all markets

# Stock Price - NYSE: BABA 6 Month

**Alibaba Group Holding Limited (BABA)**

NYSE - NYSE Delayed Price. Currency in USD

☆ Add to watchlist

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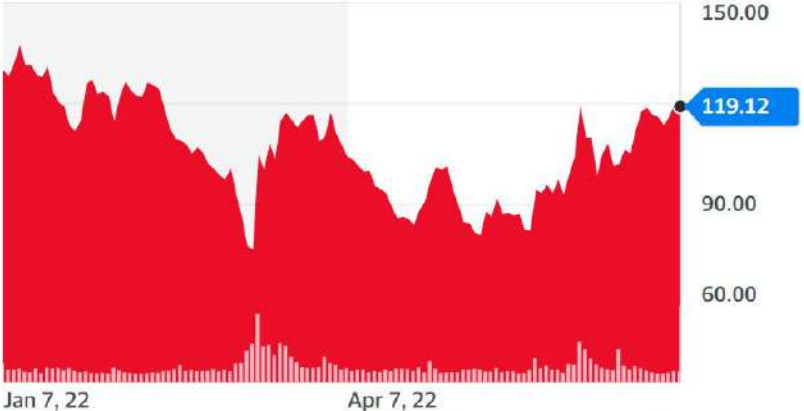
At close: 04:01PM EDT

After hours: 07:59PM EDT

[Summary](#) [Chart](#) [Conversations](#) [Statistics](#) [Historical Data](#) [Profile](#) [Financials](#) [Analysis](#) [Options](#) [Holders](#) [Sustainability](#)

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1D 5D 1M **6M** YTD 1Y 5Y Max   Full screen



Trade prices are not sourced from all markets



# Stock Price - NYSE: BABA 1 Year

## Alibaba Group Holding Limited (BABA)

NYSE - NYSE Delayed Price. Currency in USD

☆ Add to watchlist

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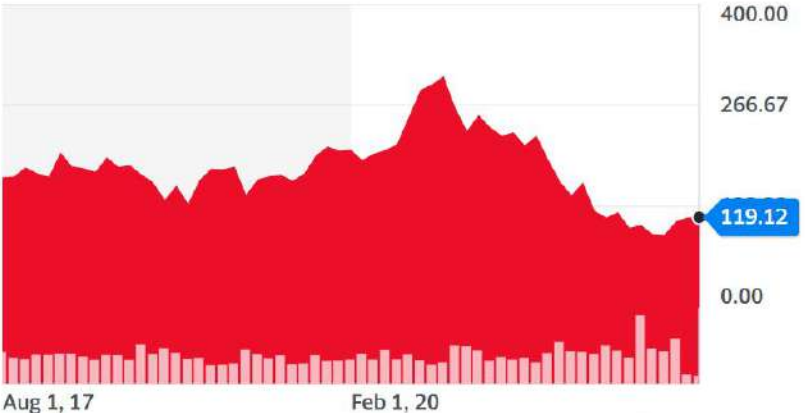
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1D 5D 1M 6M YTD 1Y **5Y** Max  [Full screen](#)



# Stock Price - HKSE: 9988 1 Day

## Alibaba Group Holding Limited (9988.HK)

HKSE - HKSE Delayed Price. Currency in HKD

☆ Add to watchlist

**116.500** -0.500 (-0.43%)

As of 02:12PM HKT. Market open.

- Summary
- Chart
- Conversations
- Statistics
- Historical Data
- Profile
- Financials
- Analysis
- Options
- Holders
- Sustainability

Previous Close	117.000	Market Cap	2.493T
Open	115.300	Beta (5Y Monthly)	0.91
Bid	116.600 x N/A	PE Ratio (TTM)	34.37
Ask	116.700 x N/A	EPS (TTM)	3.390
Day's Range	113.500 - 117.500	Earnings Date	N/A
52 Week Range	71.000 - 214.200	Forward Dividend & Yield	N/A (N/A)
Volume	26,809,382	Ex-Dividend Date	N/A
Avg. Volume	58,484,555	1y Target Est	148.72



# Stock Price - HKSE: 9988 5 Day

## Alibaba Group Holding Limited (9988.HK)

HKSE - HKSE Delayed Price. Currency in HKD

☆ Add to watchlist

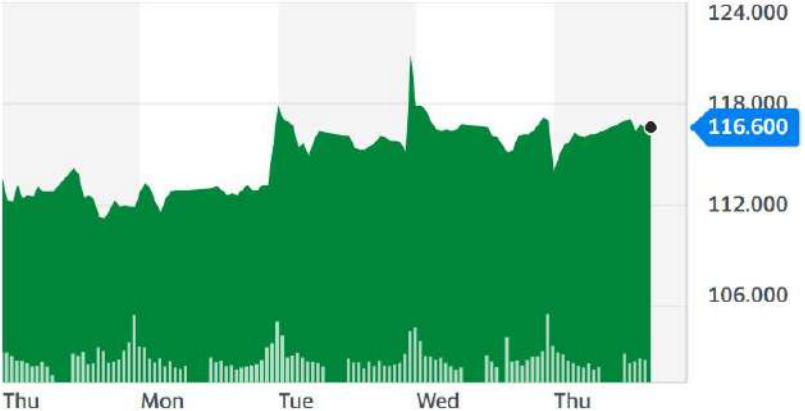
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1D 5D 1M 6M YTD 1Y 5Y Max   Full screen



# Stock Price - HKSE: 9988 1 Month

## Alibaba Group Holding Limited (9988.HK)

HKSE - HKSE Delayed Price. Currency in HKD

☆ Add to watchlist

**116.500** **-0.500 (-0.43%)**

As of 02:12PM HKT. Market open.

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# Stock Price - HKSE: 9988 6 Month

## Alibaba Group Holding Limited (9988.HK)

HKSE - HKSE Delayed Price. Currency in HKD

☆ Add to watchlist

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As of 02:12PM HKT. Market open.

Summary

Chart

Conversations

Statistics

Historical Data

Profile

Financials

Analysis

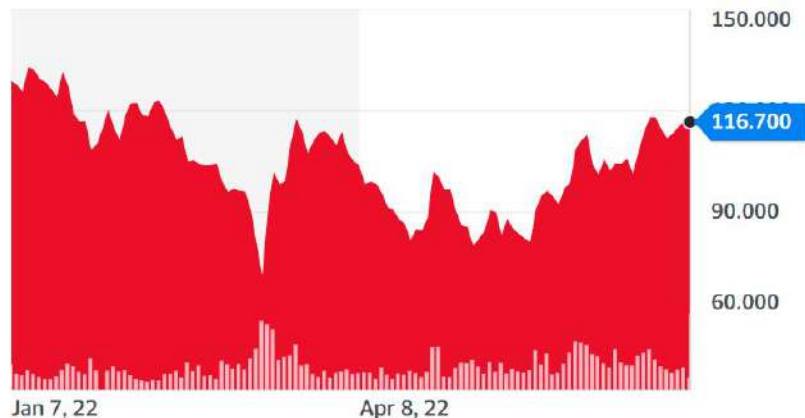
Options

Holders

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1D 5D 1M **6M** YTD 1Y 5Y Max   Full screen



# Stock Price - HKSE: 9988 1 Year

## Alibaba Group Holding Limited (9988.HK)

HKSE - HKSE Delayed Price. Currency in HKD

☆ Add to watchlist

**116.500** -0.500 (-0.43%)

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Chart

Conversations

Statistics

Historical Data

Profile

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1D 5D 1M 6M YTD 1Y 5Y Max   Full screen



# USD/HKD - 5 Year

USD/HKD (HKD=X)

CCY - CCY Delayed Price. Currency in HKD

[★ Add to watchlist](#)

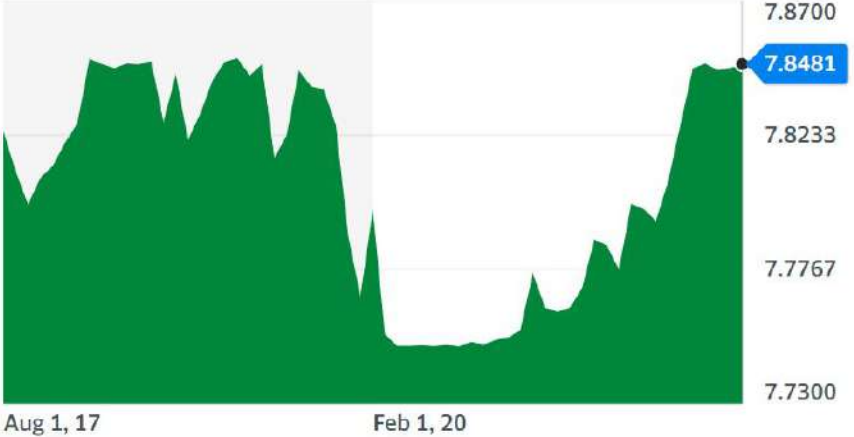
7.8477 +0.0007 (+0.0090%)

As of 07:38AM BST. Market open.

[Summary](#) [Chart](#) [Conversations](#) [Historical Data](#)

Previous Close	7.8470	Day's Range	7.8463 - 7.8481
Open	7.8470	52 Week Range	7.7648 - 7.8508
Bid	7.8481	Ask	7.8481

1D 5D 1M 6M YTD 1Y 5Y Max  [Full screen](#)





# USD/HKD 20 Year

USD/HKD (HKD=X)

CCY - CCY Delayed Price. Currency in HKD

☆ Add to watchlist

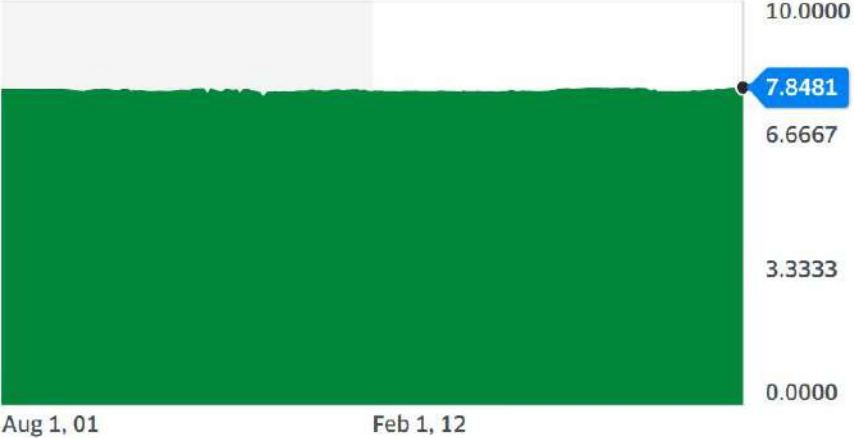
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Summary Chart Conversations Historical Data

Previous Close	7.8470	Day's Range	7.8463 - 7.8481
Open	7.8470	52 Week Range	7.7648 - 7.8508
Bid	7.8481	Ask	7.8481

1D 5D 1M 6M YTD 1Y 5Y Max Full screen



# Alibaba

## Converting ADSs to Shares Trading in Hong Kong

An investor who holds ADSs and who intends to convert his/her ADSs into Shares to trade on the Hong Kong Stock Exchange must cancel the ADSs the investor holds and withdraw Shares from our ADS program and cause his or her broker or other financial institution to trade such Shares on the Hong Kong Stock Exchange.

Alibaba

## Dividend Policy

Since our inception, we have not declared or paid any dividends on our ordinary shares. We have no present plan to pay any dividends on our ordinary shares in the foreseeable future. We intend to retain most, if not all, of our available funds and any future earnings to operate and expand our business.

## ADS Conversion

### Conversion between ADSs and Shares

#### Dealings and Settlement of Shares in Hong Kong

Our Shares trade on the Hong Kong Stock Exchange in board lots of 100 Shares. Dealings in our Shares on the Hong Kong Stock Exchange are conducted in Hong Kong dollars.

All Shares offered in our Hong Kong public offering are registered on the Hong Kong share register in order to be listed and traded on the Hong Kong Stock Exchange. As described in further detail below, holders of Shares registered on the Hong Kong share register are able to convert these Shares into ADSs, and vice versa.

# Company Overview - Core Commerce

Retail Commerce – China

Wholesale Commerce – China

Retail Commerce – Cross-border and Global

Logistics Services

Consumer Services

淘宝网  
Taobao.com

AliExpress™

# Company Overview - Other Business Units

Cloud Computing

Innovation Initiatives

Digital Media and Entertainment

Financial Technology



# Alibaba Ecosystem

The following chart sets forth the key businesses and services provided by us and Ant Group<sup>(1)</sup>, our major cooperation partner.

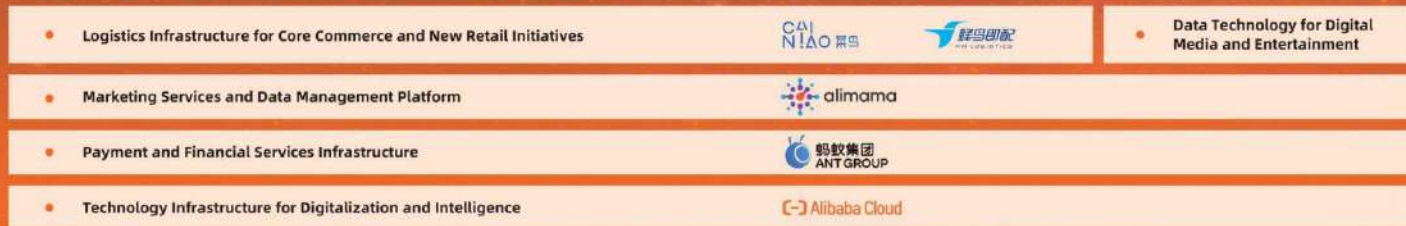
## Core Commerce



## Digital Media and Entertainment



## Innovation Initiatives



Note:

(1) Ant Group provides digital payment services and offers digital financial services to consumers and merchants on our platforms. We currently hold a 33% equity interest in Ant Group and account for this investment in our financial statements using the equity method.



# Taobao Live



The Taobao app enables merchants to engage with consumers through a variety of formats, such as livestreaming, short-form videos and interactive games, shortening the distance between farmers and consumers.



# 1688.com

1688.com, China's leading integrated domestic wholesale marketplace in 2020 by revenue, according to Analysys, provides sourcing and online transaction services by connecting manufacturers and wholesale sellers to wholesale buyers in China. They typically trade in apparel, accessories, electronics and computers, packaging materials, home decoration and furnishing materials, among others. Sellers may purchase a China TrustPass membership for an annual subscription fee to list items on 1688.com, reach customers, provide quotations and transact on the marketplace without any additional charges.

# Lingshoutong

Lingshoutong helps FMCG manufacturers and their distributors connect directly with small retailers, primarily mom-and-pop stores, in China, by facilitating the digitalization of small retailers. With Lingshoutong's commerce technologies and consumer insights, FMCG manufacturers and distributors can distribute their products to small retailers efficiently and small retailers can offer broader selections of FMCG products to their customers, digitalize their offline operations, and expand their scope of business, such as delivery of groceries to their consumers. Lingshoutong also serves as an example of a new format that we innovated to drive customer experience and operational efficiency

.

## Lazada

We operate Lazada, a leading and fast-growing e-commerce platform in Southeast Asia that connects local consumers with local SMEs and regional and global brands. Lazada provides consumers with access to a broad range of offerings, serving over 100 million annual active consumers in the twelve months ended March 31, 2021. We believe Lazada also runs one of the largest logistics networks in the region, with more than 82% of Lazada's parcels going through its own facilities or first-mile fleet during the same period.

# Strategies

Drive User Growth and Engagement

Empower Businesses to Facilitate Digital Transformation  
and Improve Operational Efficiency

Continue to Innovate

# Overview

**891 million**

China AACs<sup>(4)</sup>

**811 million**

China Retail  
Marketplaces AACs

**淘宝**  
Taobao

**TMALL 天猫**

**YOUKU**

**饿了么**  
ele.me

**FRESHIPPO**

**~240 million**

International AACs<sup>(5)</sup>

**Lazada**

**AliExpress**

**trendyol**

**daraz**

# Overview

Core Commerce is still undergoing high growth phase.

**Approximately**

**20%** Year-over-Year growth of Taobao online physical goods GMV<sup>(1)</sup>

**Over 150 million**

annual active consumers on Taobao Deals<sup>(2)</sup>



**Over 250,000**

brands and merchants on

# Overview

Gross merchandise  
volume (GMV)

## Alibaba in Numbers

(For the fiscal year ended March 31, 2021)

**Alibaba Ecosystem GMV<sup>(1)</sup>**

**US\$1.2 trillion+<sup>(2)</sup>** (RMB8,119 billion)

China Retail Marketplaces GMV

**US\$1.1 trillion+<sup>(2)</sup>** (RMB7,494 billion)

**Over 1 billion**

**Global AACs<sup>(3)</sup>**

# Overview

## Fiscal Year 2024 Goals

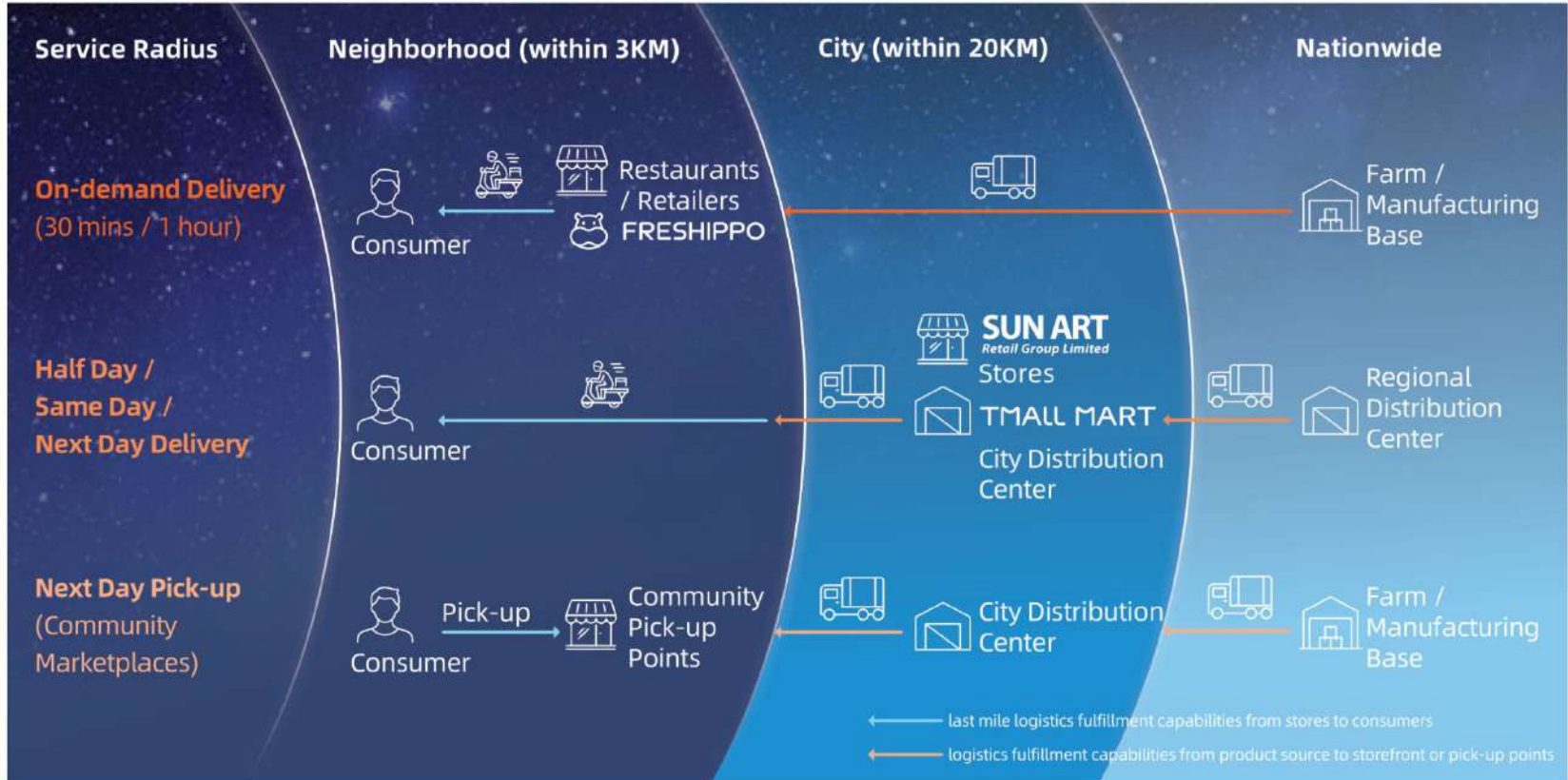
- Continue to expand our **globalization** efforts
- Serve more than **1 billion** consumers through our China consumer business
- Facilitate more than **RMB10 trillion** of annual consumption on our platforms

## Fiscal Year 2036 Vision

- Serve **2 billion** global consumers
- Enable **10 million** businesses to be profitable
- Create **100 million** jobs



# Overview



# Taobao

## Follow

Follow brands / merchants for product and promotion updates

Tap to access different marketplaces and services

View trending items or promotions (e.g., flash sales, curated storefront list and shopping news)

Browse recommendation feeds of product listings, multimedia content, platform campaigns

## Entertain

Explore the latest consumption and lifestyle trends & follow favorite KOLs, vloggers and content creators

## Taobao Homepage



# Taobao

## Businesses: Enabling Merchants to Engage with Consumers

The Taobao app enables merchants to engage with customers beyond their storefronts through livestreaming, short-form videos, social media and other interactive formats

### Taobao Live - 24/7 Livestreaming

Taobao Live, where merchants and KOLs use livestreaming to market to their fans and customers, has become one of the fast-growing sales formats on our China retail marketplaces.

Browse followed, recommended, and local livestreaming sessions

View personalized recommendations for livestreaming sessions hosted by merchants and KOLs



Search for livestreaming channels, KOLs & products

View real-time user comments and interact with KOLs

Purchase link to the recommended products



Comment and share

AI chatbot to answer customers' questions

Chat and interact with hosts

Preview products in upcoming livestreaming sessions



**Personalized livestreaming content and shopping experience**

**Real-time interaction between users and KOLs**

**Sign up for next livestreaming sessions, interact with other fans and receive fans-only benefits**

# Taobao

## Small Flagship Store 2.0 – An Interactive Shopping Experience

Tmall Flagship 2.0 provides additional interactive features that augment consumers' shopping experience.

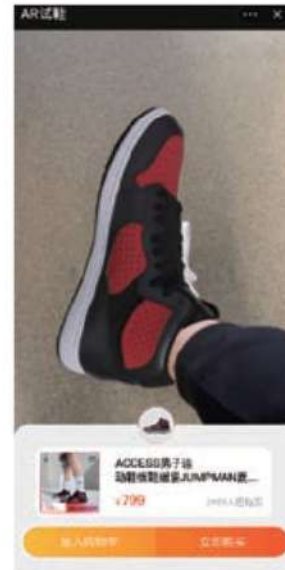
### LiveCard: Interactive Product Display



### 3D Show Room



### Virtual Product Try-on



# Alibaba

## Our Operating Segments

We organize and report our business in four operating segments:

- Core commerce;
- Cloud computing;
- Digital media and entertainment; and
- Innovation initiatives and others.

# Alibaba

***Core commerce.*** The core commerce segment is comprised of platforms and businesses operating in retail and wholesale commerce in China, retail and wholesale commerce – cross-border and global, logistics services, Local Consumer Services and others.

# Alibaba

***Cloud computing.*** The cloud computing segment is comprised of Alibaba Cloud, which offers a complete suite of cloud services to customers worldwide, including elastic computing, database, storage, network virtualization, large scale computing, security, management and application, big data analytics, machine learning platform and IoT services.



# Alibaba

***Digital media and entertainment.*** The digital media and entertainment businesses leverage our deep consumer insights to serve the broader interests of consumers through our key distribution platform, Youku, and through Alibaba Pictures and our other diverse content platforms that provide online videos, films, live events, news feeds and literature, among others. In addition, we develop, operate and distribute mobile games through Lingxi Games (靈犀互娛).



# Alibaba

***Innovation initiatives and others.*** The innovation initiatives and others segment includes businesses such as Amap, DingTalk, Tmall Genie and others.

# Mission Statement

## Our Mission

To make it easy to do  
business anywhere

Our founders started our company to champion small businesses, in the belief that the Internet would level the playing field by enabling small enterprises to leverage innovation and technology to grow and compete more effectively in domestic and global economies. We believe that concentrating on customer needs and solving their problems – whether those customers are consumers, merchants or enterprises – ultimately will lead to the best outcome for our business.

We have developed a large ecosystem that enables participants to create and share value on our platforms. Our decisions are guided by how they serve our mission over the long term, not by the pursuit of short-term gains.

# History

Alibaba is a story of  
incredibly rapid growth.



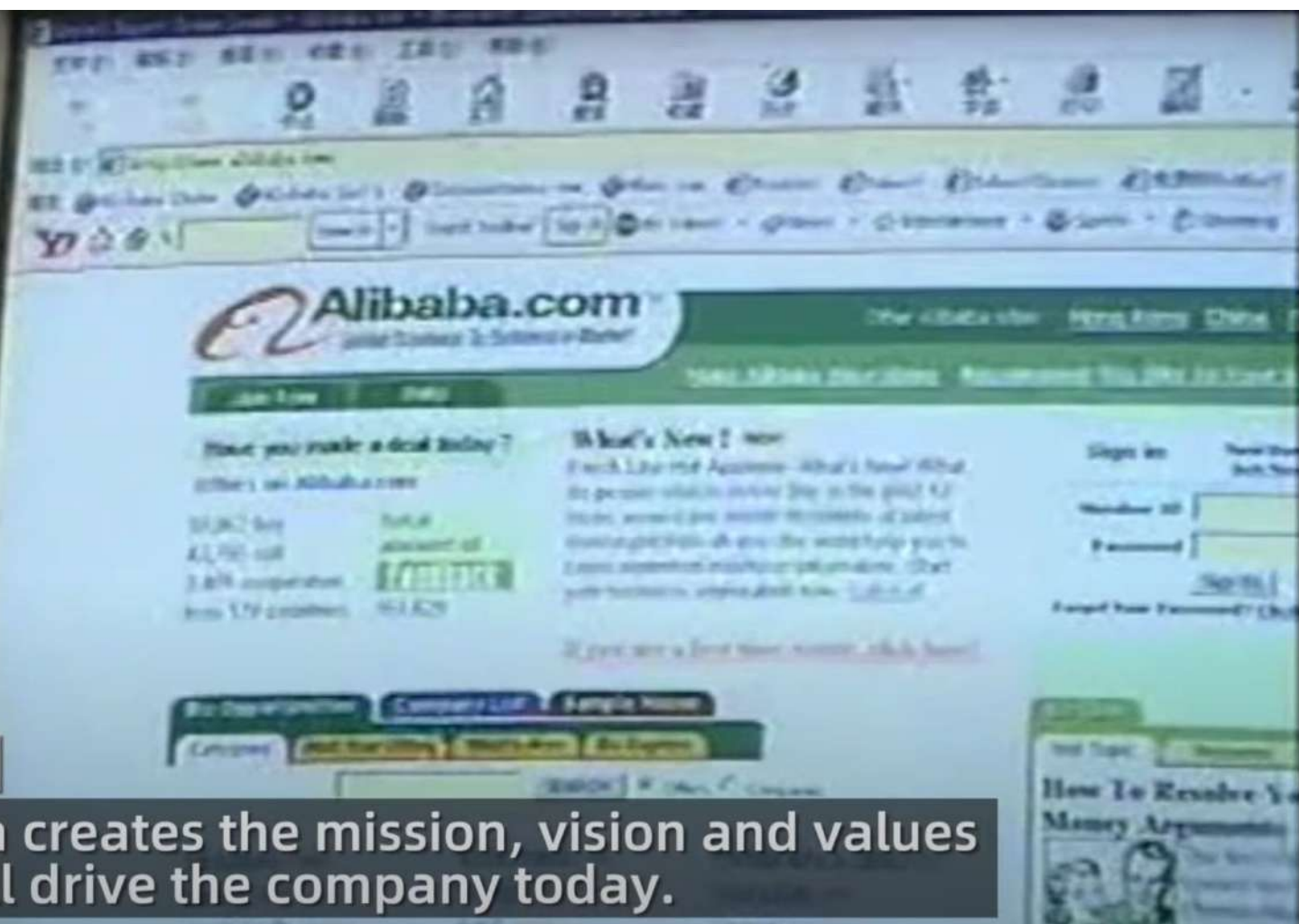
**1999**

Alibaba is founded in Jack Ma's apartment in Hangzhou.

A photograph of two men sitting at a dark wooden table, signing documents. The man on the left is wearing a dark blue suit and tie, and the man on the right is wearing a grey sweater. Both are focused on their papers. On the table are two small bowls, one on each side. In the background, there is a white wall and a framed piece of calligraphy.

**2000**

**SoftBank invests \$20 million in Alibaba.**



2001

Alibaba creates the mission, vision and values that still drive the company today.



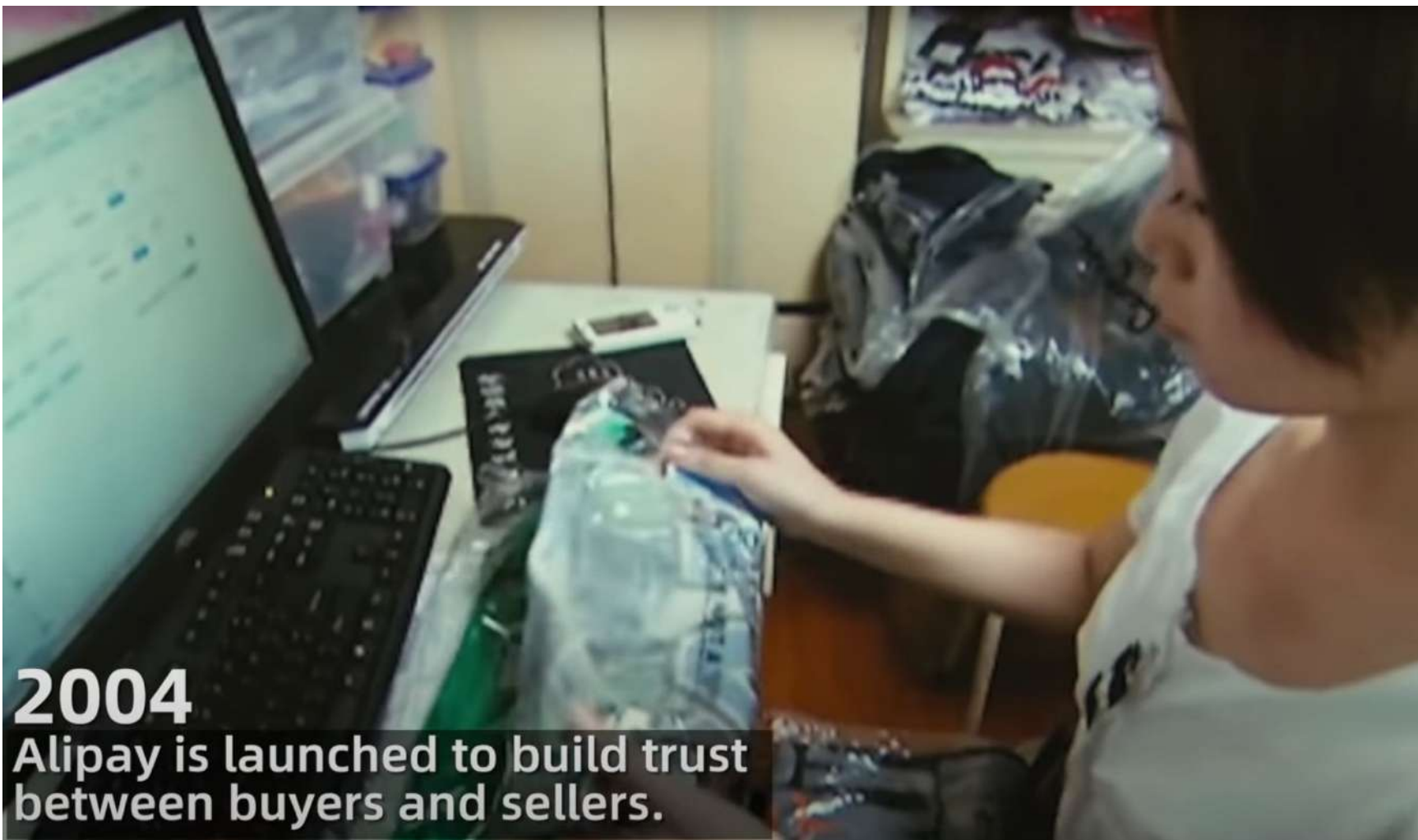


**2003**

**Alibaba employees are forced to work from home in quarantine as SARS breaks out in China.**







**2004**

**Alipay is launched to build trust between buyers and sellers.**



**2005**

Alibaba keeps expanding, adding C2C and B2C shopping for consumers to its original B2B business.



### 孕妇复合维生素

美国直邮 Nature Made  
Prenatal Multi+DHA  
孕妇复合维生素液体版

¥126.66 8274



### 男性备孕首选

美国直邮 GNC男性备孕  
精氨酸90粒提高精子质  
量

¥95 8232

HYTHIOL



Amway



升级版全身美白丸

2008

It creates more than 100,000  
jobs on the platform.



[illegible]

交通工具	数量	新能源车占比
山公交	1236	8%
两客一危	21013	76.1%
发车	43444	60.9%
出租车	9136	98.6%

车辆总数: 17842辆 | 车正在运营车辆数: 76067辆

2009  
Alibaba enter

## 09:48:38:24

新橋站	2309車
泰山站	1800車
新橋站	487車
新橋站	81
新橋站	74



2009

## Alibaba enters a new sector: cloud computing.

淘宝商城 品质保证

时尚生活广告

全场5折起  
全国包邮  
11月11日 仅此1天

全国支持信用卡支付

adidas

Sasa

JACK & JONES

NINE WEST

GXG

BeLLE

VERO MODA

美特斯·邦威

fed

Metersbonwe

探路者

USCIBO

WUJIA

七匹狼

X-MB 西罗军

Tata

ST&SAT

La Kappa

Tonlion 唐狮

Dohia 多喜爱

法司特

ochirly

YOUNG

CLASS

ONLY

BEYOND

YISHION 以纯

南极人

Amor

金鹰

FAIRWHALE F

美特斯·邦威

tenaxonda

Mizzon

2009

The first-ever 11.11 Global Shopping Festival is held.

淘宝网  
www.tmall.com





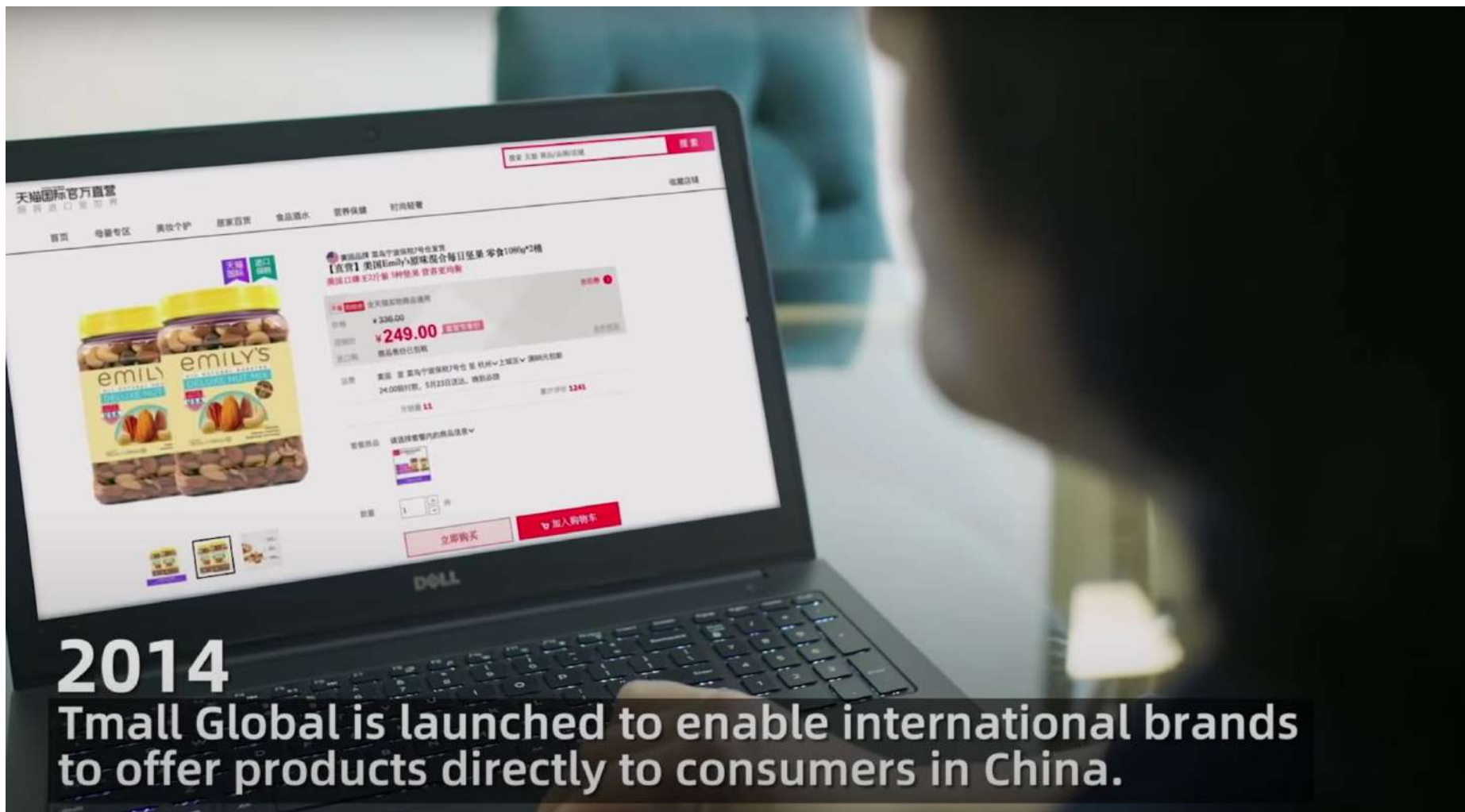
**2010**

**Alibaba's e-commerce marketplaces continue to grow with annual GMV surpassing RMB 1 trillion.**



**2013**

**Cainiao Logistics is founded**



天猫国际官方直营

首页

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美妆个护

居家百货

食品酒水

营养保健

时尚轻奢



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数量

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件

立即购买

加入购物车

2014

Tmall Global is launched to enable international brands to offer products directly to consumers in China.





**2014**

**Alibaba Group holds the biggest IPO in history.**



# LAZADA

**2016**

**Alibaba acquires a controlling stake in Lazada.**

• CO • TH

# History

Alibaba Group Holding Ltd.'s Singles' Day shopping festival posted record sales of 540.3 billion yuan (\$84.5 billion)



# History

Alibaba was founded in 1999, HangZhou, China.

It's most famous co-founder, Jack Ma.

October 1, 2020 - Jack Ma steps down as chairman of the board





# Daniel Zhang - Chairman and CEO

Zhang was born in Shanghai in 1972. He studied finance at Shanghai University of Finance and Economics.

Before becoming the CEO, Zhang was best known for his roles as CEO of Taobao and president of Tmall (owned by Alibaba).

While running Tmall, Zhang created the Singles' Day shopping holiday, an annual Chinese sales event with gross sales reaching four times higher than Black Friday and Cyber Monday combined.



# Joseph Tsai - Executive Vice Chairman

Tsai earned a B.A. in economics and East Asian studies from Yale College in 1986. In 1990, he earned a J.D. from Yale Law School

In 1999, he quit his \$700,000-a-year job at Investor AB and offered to join Ma as a member of the founding team for almost nothing.

At the time each of Alibaba's 18 co-founders—of which Tsai was the only Western-educated member—accepted a salary of only \$600 a year.

He served as chief operating officer, chief financial officer, and founding board member. He single-handedly established Alibaba's financial and legal structure, since no other member of the team had any experience in venture capital or law.



# Maggie Wu - Director and CFO

Maggie joined our company in July 2007 as chief financial officer of Alibaba.com.

Before joining Alibaba, Maggie was an audit partner at KPMG in Beijing.

Maggie is a member of the Association of Chartered Certified Accountants (ACCA). She received a bachelor's degree in accounting from Capital University of Economics and Business.



# Michael Evans - Director and President

He attended Upper Canada College in Toronto and received his bachelor's degree from Princeton University.[4] He later studied at University College, Oxford.

He previously spent 20 years working for U.S. investment bank Goldman Sachs





# Judy Tong - Chief People Officer

Starting in 2013, Judy led the formation of Cainiao Network and served at various times as chief operating officer, president, chief executive officer and non-executive chairwoman, overseeing the operations of the company.

Judy is a graduate of Zhejiang University.



# Li Cheng - Chief Technology Officer

Prior to joining our company, Li Cheng was the chief technology officer of Ant Group from 2014 to 2019, chief operating officer of Ant Group's global business group from 2018 to 2019, chief software architect of Alipay from 2007 to 2014 and founding engineer of Alipay from 2005 to 2007.

Prior to joining Alipay in 2005, Li Cheng was a doctorate student in the computer science faculty of Shanghai Jiao Tong University. He holds a master's degree in applied computer studies and a bachelor's degree in computer software from Shanghai University.



# Jessie Zheng - Chief Risk Officer

Prior to her current position, Jessie served as our deputy chief financial officer from November 2013 to June 2016, and financial vice president of Alibaba.com from December 2010 to October 2013. Before joining our company, she was an audit partner at KPMG.

Jessie received a bachelor's degree in accounting from Northeastern University in China.



# Chris Tung - Chief Marketing Officer

Prior to his current position, Chris was the chief executive officer of VML China, a marketing agency, from October 2010 to January 2016. Before joining VML, he was at PepsiCo China from October 2004 to October 2010 where he served as vice president of marketing. Prior to that, Chris worked at Proctor & Gamble from 1995 to 1998, Gigamedia from 1998 to 2001 and L'Oréal from 2001 to 2003 in various senior management positions.

Chris is currently a director of Weibo, a company listed on both the Nasdaq and the Hong Kong Stock Exchange.

Chris received a bachelor's degree in electrical engineering from Taiwan University and a master's degree in industrial engineering from University of Michigan, Ann Arbor.



# Trudy Dai - President of E-commerce

Prior to her current position, from January 2017 to December 2021, Trudy was president of Alibaba's Industrial E-commerce (formerly "B2B business"), which at the time comprised Alibaba.com, 1688.com, AliExpress, Taobao Deals as well as digital agriculture. She concurrently served as president of Alibaba's Community E-commerce from March to December 2021. Trudy was chief customer officer of Alibaba Group from June 2014 to January 2017. She also served as senior vice president of human resources and administration of Taobao and Alibaba.com, as well as deputy chief people officer and chief people officer of Alibaba Group from 2009 to 2014. She was general manager of Alibaba.com from 2007 to 2008. Prior to that, she was vice president of human resources of Yahoo China and the first general manager of Alibaba.com's Guangzhou branch, in charge of field and telephone sales, marketing and human resources in Guangdong Province. From 2002 to 2005, Trudy served as senior sales director of TrustPass.

Trudy received a bachelor's degree in engineering from Hangzhou Institute of Electrical Engineering.



# Jeff Zhang - President of Alibaba Cloud

Jeff was our chief technology officer from April 2016 to March 2020. He was president of China retail marketplaces from May 2015 to December 2015, president of Alibaba Group Middle Office business unit from December 2015 to March 2016, and president of Taobao Marketplace and the wireless business division prior to that. He joined our company in July 2004 and has held various management positions, at different times leading Taobao Marketplace's technology teams, the B2C development team, Alibaba.com's China operations, local services, 1688.com, and Tmall.com.

Jeff studied computer science at Zhejiang University.



# Fan Jiang - President of Taobao

Prior to his current position, Fan Jiang has served as president of Taobao since December 2017, president of Tmall since March 2019 and president of Alimama since December 2019. Fan Jiang had been responsible for the Taobao app from August 2013 to December 2017.

Prior to joining Alibaba, Fan Jiang founded and served as chief executive officer of Umeng, a provider of mobile app analytics solutions for developers which Alibaba Group acquired. Before founding Umeng in 2010, he worked in product development at Google China.

Fan Jiang received a bachelor's degree in computer science from Fudan University.





# Luyuan Fan - President of Digital Media

Luyuan Fan has served as president of our Digital Media and Entertainment Group since November 2018. He has been an executive director of Alibaba Pictures since January 2016, and currently serves as the chief executive officer and chairman of Alibaba Pictures.

Luyuan Fan joined Alipay in 2007, where he served in a number of senior management positions, including the president of Alipay and the president of Ant Group's wealth management business.

Luyuan Fan holds an executive master's degree in business administration from Cheung Kong Graduate School of Business.





# Consolidated Income Statements

## Income Statement

		Year ended March 31,			
		2019	2020	2021	
		RMB	RMB	RMB	US\$
		(Note 2(a))			
		(in millions, except per share data)			
	Notes				
<b>Revenue</b>	5, 22	376,844	509,711	<b>717,289</b>	<b>109,480</b>
Cost of revenue	22	(206,929)	(282,367)	<b>(421,205)</b>	<b>(64,289)</b>
Product development expenses	22	(37,435)	(43,080)	<b>(57,236)</b>	<b>(8,736)</b>
Sales and marketing expenses	22	(39,780)	(50,673)	<b>(81,519)</b>	<b>(12,442)</b>
General and administrative expenses	22	(24,889)	(28,197)	<b>(55,224)</b>	<b>(8,429)</b>
Amortization and impairment of intangible assets	16	(10,727)	(13,388)	<b>(12,427)</b>	<b>(1,896)</b>
Impairment of goodwill	17	—	(576)	<b>—</b>	<b>—</b>
<b>Income from operations</b>		<b>57,084</b>	<b>91,430</b>	<b>89,678</b>	<b>13,688</b>
Interest and investment income, net		44,106	72,956	<b>72,794</b>	<b>11,110</b>
Interest expense		(5,190)	(5,180)	<b>(4,476)</b>	<b>(683)</b>
Other income, net	22	221	7,439	<b>7,582</b>	<b>1,157</b>
<b>Income before income tax and share of results of equity method investees</b>		<b>96,221</b>	<b>166,645</b>	<b>165,578</b>	<b>25,272</b>
Income tax expenses	7	(16,553)	(20,562)	<b>(29,278)</b>	<b>(4,469)</b>
Share of results of equity method investees	14	566	(5,733)	<b>6,984</b>	<b>1,066</b>
<b>Net income</b>		<b>80,234</b>	<b>140,350</b>	<b>143,284</b>	<b>21,869</b>
Net loss attributable to noncontrolling interests		7,652	9,083	<b>7,294</b>	<b>1,114</b>
<b>Net income attributable to Alibaba Group Holding Limited</b>		<b>87,886</b>	<b>149,433</b>	<b>150,578</b>	<b>22,983</b>
Accretion of mezzanine equity		(286)	(170)	<b>(270)</b>	<b>(42)</b>
<b>Net income attributable to ordinary shareholders</b>		<b>87,600</b>	<b>149,263</b>	<b>150,308</b>	<b>22,941</b>
<b>Earnings per share attributable to ordinary shareholders (Note)</b>	9				
Basic		4.24	7.10	<b>6.95</b>	<b>1.06</b>
Diluted		4.17	6.99	<b>6.84</b>	<b>1.04</b>
<b>Earnings per ADS attributable to ordinary shareholders (one ADS equals eight ordinary shares)</b>	9				
Basic		33.95	56.82	<b>55.63</b>	<b>8.49</b>
Diluted		33.38	55.93	<b>54.70</b>	<b>8.35</b>
<b>Weighted average number of shares used in computing earnings per share (million shares) (Note)</b>	9				
Basic		20,640	21,017	<b>21,619</b>	
Diluted		20,988	21,346	<b>21,982</b>	

# Consolidated Statements of Comprehensive Income

## Income

	Year ended March 31,			
	2019	2020	2021	
	RMB	RMB	RMB	US\$
			(Note 2(a))	
			(in millions)	
<b>Net income</b>	80,234	140,350	<b>143,284</b>	<b>21,869</b>
<b>Other comprehensive income (loss):</b>				
– Foreign currency translation:				
Change in unrealized gains (losses)	1,068	3,058	<b>(18,646)</b>	<b>(2,846)</b>
– Share of other comprehensive income of equity method investees:				
Change in unrealized gains (losses)	582	(546)	<b>(1,449)</b>	<b>(221)</b>
– Interest rate swaps under hedge accounting and others:				
Change in unrealized (losses) gains	(295)	(507)	<b>104</b>	<b>16</b>
Other comprehensive income (loss)	1,355	2,005	<b>(19,991)</b>	<b>(3,051)</b>
<b>Total comprehensive income</b>	<b>81,589</b>	<b>142,355</b>	<b>123,293</b>	<b>18,818</b>
Total comprehensive loss attributable to noncontrolling interests	6,637	8,615	<b>9,005</b>	<b>1,375</b>
<b>Total comprehensive income attributable to ordinary shareholders</b>	<b>88,226</b>	<b>150,970</b>	<b>132,298</b>	<b>20,193</b>

# Consolidated Balance Sheets

## Balance Sheet

		As of March 31,		
		2020	2021	
		RMB	RMB	US\$
		(Note 2(a))		
		(in millions)		
	Notes			
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	2(p)	330,503	321,262	49,034
Short-term investments	2(q)	28,478	152,376	23,257
Restricted cash and escrow receivables	10	15,479	35,207	5,374
Equity securities and other investments	11	4,234	9,807	1,497
Prepayments, receivables and other assets	13	84,229	124,708	19,034
Total current assets		462,923	643,360	98,196
Equity securities and other investments	11	161,329	237,221	36,207
Prepayments, receivables and other assets	13	57,985	98,432	15,024
Investments in equity method investees	14	189,632	200,189	30,555
Property and equipment, net	15	103,387	147,412	22,499
Intangible assets, net	16	60,947	70,833	10,811
Goodwill	17	276,782	292,771	44,686
<b>Total assets</b>		1,312,985	1,690,218	257,978
<b>Liabilities, mezzanine equity and shareholders' equity</b>				
Current liabilities:				
Current bank borrowings	20	5,154	3,606	550
Current unsecured senior notes	21	—	9,831	1,500
Income tax payable		20,190	25,275	3,858
Escrow money payable		3,014	211	32
Accrued expenses, accounts payable and other liabilities	19	161,536	260,929	39,826
Merchant deposits	2(ac)	13,640	15,017	2,292
Deferred revenue and customer advances	18	38,338	62,489	9,538
Total current liabilities		241,872	377,358	57,596
Deferred revenue	18	2,025	3,158	482
Deferred tax liabilities	7	43,898	59,598	9,097
Non-current bank borrowings	20	39,660	38,335	5,851
Non-current unsecured senior notes	21	80,616	97,381	14,863
Other liabilities	19	25,263	30,754	4,694
<b>Total liabilities</b>		433,334	606,584	92,583

# Balance

		As of March 31,		
		2020	2021	
		RMB	RMB	US\$
			(Note 2(a))	
			(in millions)	
	Notes			
Commitments and contingencies	24, 25	–	–	–
Mezzanine equity		9,103	8,673	1,324
Shareholders' equity:				
Ordinary shares, US\$0.000003125 par value; 32,000,000,000 shares authorized as of March 31, 2020 and 2021; 21,491,994,944 and 21,699,031,448 shares issued and outstanding as of March 31, 2020 and 2021, respectively		1	1	–
Additional paid-in capital		343,707	394,308	60,183
Treasury shares, at cost	2(af)	–	–	–
Subscription receivables		(51)	(47)	(7)
Statutory reserves	2(ag)	6,100	7,347	1,121
Accumulated other comprehensive loss				
Cumulative translation adjustments		(387)	(18,930)	(2,889)
Unrealized losses on interest rate swaps and others		(256)	(133)	(20)
Retained earnings		406,287	554,924	84,698
Total shareholders' equity		755,401	937,470	143,086
Noncontrolling interests		115,147	137,491	20,985
<b>Total equity</b>		870,548	1,074,961	164,071
<b>Total liabilities, mezzanine equity and equity</b>		1,312,985	1,690,218	257,978

# Equity

## Consolidated Statements of Changes in Shareholders' Equity

	Ordinary shares					Accumulated other comprehensive income (loss)							
	Share (Note)	Amount	Additional paid-in capital	Treasury shares	Restructuring reserve	Subscription receivables	Statutory reserves	Cumulative translation adjustments	Unrealized gains (losses) on available- for-sale securities, interest rate swaps and others	Retained earnings	Total shareholders' equity	Noncontrolling interests	Total equity
		RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB
<i>(In millions, except share data)</i>													
Balance as of March 31, 2018	20,575,438,744	1	186,764	(2,233)	(361)	(163)	4,378	(3,594)	8,677	172,353	365,822	70,616	436,438
Cumulative effect of change in accounting principle (Note 2(f))	-	-	-	-	-	-	-	(32)	(8,164)	8,196	-	-	-
Balance as of April 1, 2018	20,575,438,744	1	186,764	(2,233)	(361)	(163)	4,378	(3,626)	513	180,549	365,822	70,616	436,438
Foreign currency translation adjustment	-	-	-	-	-	(12)	-	452	39	-	479	577	1,056
Share of additional paid-in capital and other comprehensive income of equity method investees	-	-	142	-	-	-	-	582	-	-	724	-	724
Change in fair value of interest rate swaps under hedge accounting and others	-	-	-	-	-	-	-	-	(295)	-	(295)	-	(295)
Net income for the year	-	-	-	-	-	-	-	-	-	87,886	87,886	(7,214)	80,672
Acquisition of subsidiaries	-	-	7,515	-	-	-	-	-	-	-	7,515	49,805	57,320
Issuance of shares, including vesting of RSUs and early exercised options and exercise of share options	208,011,512	-	228	-	-	126	-	-	-	-	354	-	354
Repurchase and retirement of ordinary shares	(86,973,680)	-	(1,013)	-	-	-	-	-	-	(9,859)	(10,872)	-	(10,872)
Transactions with noncontrolling interests	-	-	3,412	-	-	-	-	-	-	-	3,412	406	3,818
Amortization of compensation cost	-	-	35,015	-	-	-	-	-	-	-	35,015	2,586	37,601
Disposal of the Company's shares by Suning.com Co., Ltd.	-	-	-	2,233	-	-	-	-	-	-	2,233	-	2,233
Appropriation to statutory reserves	-	-	-	-	-	-	690	-	-	(690)	-	-	-
Others	-	-	(280)	-	264	-	-	-	-	-	(16)	(450)	(466)
Balance as of March 31, 2019	20,696,476,576	1	231,783	-	(97)	(49)	5,068	(2,592)	257	257,886	482,257	116,326	608,583

# Alibaba

## Consolidated Statements of Changes in Shareholders' Equity

	Ordinary shares					Accumulated other comprehensive income (loss)								
	Share (Note)	Amount	Additional paid-in capital	Treasury shares	Restructuring reserve	Subscription receivables	Statutory reserves	Cumulative translation adjustments	Unrealized gains (losses) on interest rate swaps and others	Retained earnings	Total shareholders' equity	Noncontrolling interests	Total equity	
		RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	
	(in millions, except share data)													
Balance as of April 1, 2019	20,696,476,576	1	231,783	—	(97)	(49)	5,068	(2,592)	257	257,886	492,257	116,326	608,583	
Foreign currency translation adjustment	—	—	—	—	—	(2)	—	2,711	3	—	2,712	344	3,056	
Share of additional paid-in capital and other comprehensive income of equity method investees	—	—	(186)	—	—	—	—	(537)	(9)	—	(732)	—	(732)	
Change in fair value of interest rate swaps under hedge accounting and others	—	—	—	—	—	—	—	—	(507)	—	(507)	—	(507)	
Net income for the year	—	—	—	—	—	—	—	—	—	149,433	149,433	(8,959)	140,474	
Acquisition of subsidiaries	14,329,896	—	2,252	—	—	—	—	—	—	—	2,252	(501)	1,751	
Issuance of shares, including vesting of RSUs and early exercised options and exercise of share options	206,246,032	—	960	—	—	—	—	—	—	—	960	—	960	
Issuance of shares - global offering, net of issuance costs	575,000,000	—	91,112	—	—	—	—	—	—	—	91,112	—	91,112	
Repurchase and retirement of ordinary shares	(57,560)	—	—	—	—	—	—	—	—	—	—	—	—	
Transactions with noncontrolling interests	—	—	(9,629)	—	—	—	—	—	—	—	(9,629)	4,138	(5,491)	
Amortization of compensation cost	—	—	27,584	—	—	—	—	—	—	—	27,584	4,009	31,593	
Appropriation to statutory reserves	—	—	—	—	—	—	1,032	—	—	(1,032)	—	—	—	
Others	—	—	(169)	—	97	—	—	31	—	—	(41)	(210)	(251)	
Balance as of March 31, 2020	21,491,994,944	1	343,707	—	—	(51)	6,100	(387)	(256)	406,287	755,401	115,147	870,548	

# Alibaba

## Consolidated Statements of Changes in Shareholders' Equity

	Ordinary shares		Accumulated other comprehensive income (loss)																					
	Share	Amount	Additional paid-in capital	Treasury shares	Restructuring reserve	Subscription receivables	Statutory reserves	Cumulative translation adjustments	Unrealized gains (losses) on interest rate swaps and others	Retained earnings	Total shareholders' equity	Noncontrolling interests	Total equity											
														RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB
														(in millions, except share data)										
Balance as of April 1, 2020	21,491,994,944	1	343,707	-	-	(51)	6,700	(387)	(256)	406,287	755,401	115,147	870,548											
Foreign currency translation adjustment	-	-	-	-	-	4	-	(17,092)	17	-	(17,071)	(1,571)	(18,642)											
Share of additional paid-in capital and other comprehensive income of equity method investees	-	-	702	-	-	-	-	(1,451)	2	-	(747)	1	(746)											
Change in fair value of interest rate swaps under hedge accounting and others	-	-	-	-	-	-	-	-	104	-	104	-	104											
Net income for the year	-	-	-	-	-	-	-	-	-	150,578	150,578	(7,434)	143,144											
Acquisition of subsidiaries	-	-	1,836	-	-	-	-	-	-	-	1,836	28,389	30,225											
Issuance of shares, including vesting of RSUs and early exercised options and exercise of share options	211,562,920	-	205	-	-	-	-	-	-	-	205	-	205											
Repurchase and retirement of ordinary shares	(4,526,416)	-	(79)	-	-	-	-	-	-	(694)	(773)	-	(773)											
Transactions with noncontrolling interests	-	-	1,201	-	-	-	-	-	-	-	1,201	(507)	694											
Amortization of compensation cost	-	-	47,006	-	-	-	-	-	-	-	47,006	3,983	50,989											
Appropriation to statutory reserves	-	-	-	-	-	-	1,247	-	-	(1,247)	-	-	-											
Others	-	-	(270)	-	-	-	-	-	-	-	(270)	(517)	(787)											
Balance as of March 31, 2021	21,699,031,448	1	394,308	-	-	(47)	7,347	(18,930)	(133)	554,924	937,470	137,491	1,074,961											



# Cash Flows

	Year ended March 31,			
	2019	2020	2021	
	RMB	RMB	RMB	US\$
	(Note 2(a))			
	(in millions)			
<b>Cash flows from operating activities:</b>				
Net income	80,234	140,350	143,284	21,869
Adjustments to reconcile net income to net cash provided by operating activities:				
Revaluation gain on previously held equity interest	(30,187)	(1,538)	(8,759)	(1,337)
Gain on disposals of equity method investees	(42)	(1)	(644)	(98)
(Gain) Loss related to equity securities and other investments	(16,082)	4,439	(57,930)	(8,842)
Change in fair value of other assets and liabilities	(1,422)	1,661	250	38
Gain in relation to the receipt of the 33% equity interest in Ant Group (Note 4(n))	—	(71,561)	—	—
Loss (Gain) on disposals of subsidiaries	4	(10,042)	(383)	(58)
Depreciation of property and equipment, and operating lease cost relating to land use rights	14,962	20,523	26,389	4,028
Amortization of intangible assets and licensed copyrights	22,118	21,904	21,520	3,284
Share-based compensation expense	37,491	31,742	50,120	7,650
Impairment of equity securities and other investments, and other assets	10,867	13,256	7,481	1,142
Impairment of goodwill, intangible assets and licensed copyrights	2,843	4,104	1,688	258
Loss (Gain) on disposals of property and equipment	55	(24)	75	11
Amortization of restructuring reserve	264	97	—	—
Share of results of equity method investees	(566)	5,733	(6,984)	(1,066)
Deferred income taxes	(2,197)	(3,443)	3,236	494
Allowance for doubtful accounts	383	1,989	1,935	295
Changes in assets and liabilities, net of effects of acquisitions and disposals:				
Prepayments, receivables and other assets, and long-term licensed copyrights (Note 2(x))	(10,185)	(43,386)	(43,611)	(6,656)
Income tax payable	3,060	2,538	4,026	615
Escrow money payable	5,197	(5,216)	(2,803)	(428)
Accrued expenses, accounts payable and other liabilities	24,355	56,690	77,357	11,807
Merchant deposits	1,184	2,878	1,377	210
Deferred revenue and customer advances	8,639	7,914	14,162	2,162
Net cash provided by operating activities	150,975	180,607	231,786	35,378



# Cash Flows

	Year ended March 31,			
	2019	2020	2021	
	RMB	RMB	RMB	US\$
	(Note 2(a))			
	(in millions)			
<b>Cash flows from investing activities:</b>				
Decrease (Increase) in short-term investments, net	8,028	(24,907)	(114,826)	(17,526)
Payments for settlement of forward exchange contracts	(15)	(193)	(803)	(122)
Acquisitions of equity securities and other investments and other assets	(72,472)	(29,944)	(57,514)	(8,778)
Disposals of equity securities and other investments	10,057	18,798	7,280	1,111
Acquisitions of equity method investees	(11,860)	(24,488)	(18,661)	(2,848)
Disposals of equity method investees	282	78	2,538	387
Disposals of intellectual property rights and assets (Note 4(n))	—	12,648	369	56
Acquisitions of:				
Land use rights, property and equipment	(35,482)	(32,550)	(41,450)	(6,326)
Licensed copyrights (Note 2(x)) and other intangible assets	(14,161)	(12,836)	(1,735)	(265)
Cash paid for business combinations, net of cash acquired	(35,434)	(14,536)	(19,137)	(2,921)
Deconsolidation and disposal of subsidiaries, net of cash proceeds	(10)	(107)	(126)	(19)
Loans to employees, net of repayments	7	(35)	(129)	(20)
Net cash used in investing activities	(151,060)	(108,072)	(244,194)	(37,271)

# Cash Flows

	Year ended March 31,			
	2019	2020	2021	
	RMB	RMB	RMB	US\$
	(Note 2(a))			
	(in millions)			
<b>Cash flows from financing activities:</b>				
Issuance of ordinary shares	354	91,506	175	27
Repurchase of ordinary shares	(10,872)	–	(773)	(118)
Acquisition of additional equity interests in non-wholly owned subsidiaries	(1,123)	(15,402)	(11,218)	(1,712)
Dividends paid by non-wholly owned subsidiaries to noncontrolling interests	(226)	(278)	(471)	(72)
Capital injection from noncontrolling interests	8,706	11,049	11,020	1,682
Proceeds from bank borrowings, net of upfront fee payment for a syndicated loan	12,116	15,719	6,402	977
Repayment of bank borrowings	(16,347)	(15,943)	(7,061)	(1,078)
Proceeds from unsecured senior notes, net of debt issuance cost	–	–	32,008	4,885
Repayment of unsecured senior notes	–	(15,798)	–	–
Net cash (used in) provided by financing activities	(7,392)	70,853	30,082	4,591
Effect of exchange rate changes on cash and cash equivalents, restricted cash and escrow receivables	3,245	4,100	(7,187)	(1,097)
(Decrease) Increase in cash and cash equivalents, restricted cash and escrow receivables	(4,232)	147,488	10,487	1,601
Cash and cash equivalents, restricted cash and escrow receivables at beginning of year	202,726	198,494	345,982	52,807
Cash and cash equivalents, restricted cash and escrow receivables at end of year	198,494	345,982	356,469	54,408

# Alibaba

## Consolidated Statements of Cash Flows

### Supplemental disclosures of cash flow information:

#### Payment of income tax

Income tax paid was RMB15,713 million, RMB21,474 million and RMB20,898 million for the years ended March 31, 2019, 2020 and 2021, respectively.

#### Payment of interest

Interest paid was RMB4,972 million, RMB5,066 million and RMB4,101 million for the years ended March 31, 2019, 2020 and 2021, respectively.

#### Business combinations

	Year ended March 31,		
	2019	2020	2021
	<i>(in millions of RMB)</i>		
Cash paid for business combinations	(48,206)	(16,022)	<b>(27,014)</b>
Cash acquired in business combinations	12,772	1,486	<b>7,877</b>
	(35,434)	(14,536)	<b>(19,137)</b>

# Alibaba

## Mergers and acquisitions (Continued)

### (a) Acquisition of Sun Art Retail Group Limited ("Sun Art") (Continued)

The allocation of the purchase price as of the date of acquisition is summarized as follows:

	Amounts (in millions of RMB)
Net assets acquired (i)	49,672
Amortizable intangible assets (ii)	
Trade names, trademarks and domain names	11,500
Non-compete agreements	4,700
Developed technology and patents	615
User base and customer relationships	47
Goodwill (Note 17)	13,474
Deferred tax liabilities	(9,629)
Noncontrolling interests (iii)	(23,684)
	46,695

	Amounts (in millions of RMB)
Total purchase price is comprised of:	
- cash consideration	24,136
- fair value of previously held equity interests	22,559
	46,695

# Alibaba

## Mergers and acquisitions (Continued)

### (b) Acquisition of HQG, Inc. ("Kaola")

Kaola is an import e-commerce platform in the PRC. In September 2019, the Company acquired a 100% equity interest in Kaola from NetEase, Inc. for an aggregate purchase price of US\$1,874 million (RMB13,326 million), comprising cash and approximately 14.3 million newly issued ordinary shares (equivalent to approximately 1.8 million ADSs) of the Company valued at US\$316 million (RMB2,252 million).

The allocation of the purchase price as of the date of acquisition is summarized as follows:

	Amounts (in millions of RMB)
Net assets acquired (i)	1,621
Amortizable intangible assets (ii)	
Trade names, trademarks and domain names	2,531
User base and customer relationships	1,297
Non-compete agreements	1,040
Developed technology and patents	394
Goodwill (Note 17)	6,781
Deferred tax liabilities	(338)
	13,326

	Amounts (in millions of RMB)
Total purchase price is comprised of:	
- cash consideration	10,025
- share consideration	2,252
- contingent consideration (iii)	1,049
	13,326

# Alibaba

## (c) Acquisition of Alibaba Pictures Group Limited ("Alibaba Pictures")

Alibaba Pictures, a company that is listed on the HKSE, is an Internet-driven integrated platform that covers content production, promotion and distribution, intellectual property licensing and integrated management, cinema ticketing management and data services for the entertainment industry. The Company previously held an approximately 49% equity interest in Alibaba Pictures and the investment in Alibaba Pictures was previously accounted for under the equity method.

In March 2019, the Company subscribed for newly issued ordinary shares of Alibaba Pictures for a cash consideration of HK\$1,250 million (RMB1,069 million). Upon the completion of the transaction, the Company's equity interest in Alibaba Pictures increased to approximately 51%, and Alibaba Pictures became a consolidated subsidiary of the Company.

The allocation of the purchase price as of the date of acquisition is summarized as follows:

	Amounts (in millions of RMB)
Net assets acquired (i)	11,766
Amortizable intangible assets (ii)	
User base and customer relationships	2,979
License	934
Developed technology and patents	516
Trade names, trademarks and domain names	221
Goodwill	18,750
Deferred tax liabilities	(969)
Noncontrolling interests (iii)	(16,899)
	17,298

	Amounts (in millions of RMB)
Total purchase price is comprised of:	
- cash consideration	1,069
- fair value of previously held equity interests	16,229
	17,298

# Alibaba

## (d) Acquisitions and integration of Rajax Holding (“Ele.me”) and Koubei Holding Limited (“Koubei”)

### *Ele.me*

Ele.me is a leading local services and on-demand delivery platform in the PRC, which was previously owned by a joint investment vehicle established by the Company and Ant Group. The Company previously held an approximately 27% effective equity interest in Ele.me on a fully diluted basis and the investment was previously accounted for using the measurement alternative.

In May 2018, the joint investment vehicle completed the acquisition of all outstanding shares of Ele.me that it did not already own at a consideration of US\$5,482 million (RMB34,923 million). Upon the completion of the acquisition, Ele.me became a consolidated subsidiary of the Company.

The allocation of the purchase price as of the date of acquisition is summarized as follows:

	Amounts (in millions of RMB)
Net liabilities assumed (i)	(6,327)
Amortizable intangible assets (ii)	
User base and customer relationships	13,702
Trade names, trademarks and domain names	5,764
Non-compete agreements	4,188
Developed technology and patents	1,415
Goodwill	34,572
Deferred tax liabilities	(481)
Noncontrolling interests (iii)	(5,015)
	47,818

	Amounts (in millions of RMB)
Total purchase price is comprised of:	
- cash consideration	30,133
- contingent cash consideration (iv)	4,790
- fair value of previously held equity interests	12,895
	47,818



# Alibaba

## 5. Revenue

Revenue by segment is as follows:

	Year ended March 31,		
	2019	2020	2021
	<i>(in millions of RMB)</i>		
Core commerce:			
China commerce retail (i)			
- Customer management (ii)	207,531	246,482	306,070
- Others (iii)	40,084	86,268	167,613
	247,615	332,750	473,683
China commerce wholesale (iv)	9,988	12,427	14,322
International commerce retail (v)	19,558	24,323	34,455
International commerce wholesale (vi)	8,167	9,594	14,396
Cainiao logistics services (vii)	14,885	22,233	37,258
Local Consumer Services (viii)	18,058	25,440	31,537
Others	5,129	9,337	15,495
Total core commerce	323,400	436,104	621,146
Cloud computing (ix)	24,702	40,016	60,120
Digital media and entertainment (x)(xii)	24,286	29,094	31,186
Innovation initiatives and others (xi)(xii)	4,456	4,497	4,837
	376,844	509,711	717,289



# Alibaba

## 5. Revenue (Continued)

Revenue by type is as follows:

	Year ended March 31,		
	2019	2020	2021
	<i>(in millions of RMB)</i>		
Customer management services (i)	246,702	297,592	<b>363,381</b>
Membership fees	19,139	22,846	<b>29,450</b>
Logistics services	23,397	33,942	<b>55,653</b>
Cloud computing services	24,702	40,016	<b>60,120</b>
Sales of goods	46,942	95,503	<b>180,634</b>
Other revenue (ii)	15,962	19,812	<b>28,051</b>
	376,844	509,711	<b>717,289</b>

# Alibaba

## 6. Leases

The Company entered into operating lease agreements primarily for shops and malls, offices, warehouses and land. Certain lease agreements contain an option for the Company to renew a lease for a term of up to five years or an option to terminate a lease early. The Company considers these options in determining the classification and measurement of the leases.

The leases may include variable payments based on measures such as the level of sales at a physical store, which are expensed as incurred.

Components of operating lease cost are as follows:

	Year ended March 31,	
	2020	2021
	<i>(in millions of RMB)</i>	
Operating lease cost	5,600	<b>6,812</b>
Variable lease cost	79	<b>47</b>
Total operating lease cost	5,679	<b>6,859</b>

# EPS

	Year ended March 31,		
	2019	2020	2021
	(in millions of RMB, except share data and per share data)		
<b>Earnings per share</b>			
Numerator:			
Net income attributable to ordinary shareholders for computing net income per ordinary share – basic	87,600	149,263	<b>150,308</b>
Dilution effect arising from share-based awards issued by subsidiaries and equity method investees	(42)	(48)	<b>(55)</b>
Net income attributable to ordinary shareholders for computing net income per ordinary share – diluted	87,558	149,215	<b>150,253</b>
Shares (denominator):			
Weighted average number of shares used in calculating net income per ordinary share – basic (million shares) (Note)	20,640	21,017	<b>21,619</b>
Adjustments for dilutive RSUs and share options (million shares) (Note)	348	329	<b>363</b>
Weighted average number of shares used in calculating net income per ordinary share – diluted (million shares) (Note)	20,988	21,346	<b>21,982</b>
Net income per ordinary share – basic (RMB) (Note)	4.24	7.10	<b>6.95</b>
Net income per ordinary share – diluted (RMB) (Note)	4.17	6.99	<b>6.84</b>
<b>Earnings per ADS</b>			
Net income per ADS – basic (RMB)	33.95	56.82	<b>55.63</b>
Net income per ADS – diluted (RMB)	33.38	55.93	<b>54.70</b>

# Revenue

The table below sets forth supplemental financial information of our reported segments for fiscal year 2021:

	Year ended March 31, 2021						
	Core commerce	Cloud computing	Digital media and entertainment <sup>(1)</sup>	Innovation initiatives and others <sup>(1)</sup>	Unallocated <sup>(2)</sup>	Consolidated	
	RMB	RMB	RMB	RMB	RMB	RMB	US\$
	<i>(in millions, except percentages)</i>						
Revenue	621,146	60,120	31,186	4,837	-	717,289	109,480
Income (Loss) from operations	158,981	(9,050)	(10,321)	(15,502)	(34,430)	89,678	13,688
Add: Share-based compensation expense	24,356	8,861	3,281	5,162	8,460	50,120	7,650
Add: Amortization of intangible assets	11,175	23	922	83	224	12,427	1,896
Add: Fine imposed pursuant to China's Anti-monopoly Law <sup>(3)</sup>	-	-	-	-	18,228	18,228	2,782
Adjusted EBITA	194,512	(166)	(6,118)	(10,257)	(7,518)	170,453	26,016
Adjusted EBITA margin	31%	(0)%	(20)%	(212)%		24%	

# Revenue

The following table sets forth the principal components of our revenue for the periods indicated:

	Year ended March 31,						
	2019		2020		2021		
	RMB	% of revenue	RMB	% of revenue	RMB	US\$	% of revenue
<i>(in millions, except percentages)</i>							
Core commerce:							
China commerce retail	247,615	66%	332,750	65%	473,683	72,298	66%
China commerce wholesale	9,988	3%	12,427	3%	14,322	2,186	2%
International commerce retail	19,558	5%	24,323	5%	34,455	5,259	5%
International commerce wholesale	8,167	2%	9,594	2%	14,396	2,197	2%
Cainiao logistics services	14,885	4%	22,233	4%	37,258	5,687	5%
Local Consumer Services	18,058	5%	25,440	5%	31,537	4,813	5%
Others	5,129	1%	9,337	2%	15,495	2,365	2%
Total core commerce	323,400	86%	436,104	86%	621,146	94,805	87%
Cloud computing	24,702	7%	40,016	8%	60,120	9,176	8%
Digital media and entertainment <sup>(1)</sup>	24,286	6%	29,094	5%	31,186	4,760	4%
Innovation initiatives and others <sup>(1)</sup>	4,456	1%	4,497	1%	4,837	739	1%
Total	376,844	100%	509,711	100%	717,289	109,480	100%

# Revenue

The following table sets forth the revenue from our China commerce retail business, in absolute amounts and as percentages of our total revenue, for the fiscal years presented:

	Year ended March 31,						
	2019		2020		2021		
	RMB	% of revenue	RMB	% of revenue	RMB	US\$	% of revenue
<i>(in millions, except percentages)</i>							
China commerce retail							
Customer management <sup>(1)</sup>	207,531	55%	246,482	48%	306,070	46,715	43%
Others	40,084	11%	86,268	17%	167,613	25,583	23%
Total	247,615	66%	332,750	65%	473,683	72,298	66%

# Active Users

## Annual active consumers

The table below sets forth the number of annual active consumers of our China retail marketplaces for the periods indicated:

	Twelve months ended							
	Jun 30, 2019	Sep 30, 2019	Dec 31, 2019	Mar 31, 2020	Jun 30, 2020	Sep 30, 2020	Dec 31, 2020	Mar 31, 2021
	<i>(in millions)</i>							
Annual active consumers	674	693	711	726	742	757	779	811



# Monthly Active Users

## Mobile MAUs

The table below sets forth the mobile MAUs on our various mobile apps that access our China retail marketplaces for the periods indicated:

	The month ended							
	Jun 30,	Sep 30,	Dec 31,	Mar 31,	Jun 30,	Sep 30,	Dec 31,	Mar 31,
	2019	2019	2019	2020	2020	2020	2020	2021
	<i>(in millions)</i>							
Mobile MAUs	755	785	824	846	874	881	902	925



# Alibaba

The following table sets forth an analysis of share-based compensation expense by function for the periods indicated:

	Year ended March 31,			
	2019	2020	2021	
	RMB	RMB	RMB	US\$
	<i>(in millions)</i>			
Cost of revenue	8,915	7,322	11,224	1,713
Product development expenses	15,378	13,654	21,474	3,278
Sales and marketing expenses	4,411	3,830	5,323	812
General and administrative expenses	8,787	6,936	12,099	1,847
Total	37,491	31,742	50,120	7,650

# Alibaba

## Results of Operations

The following table sets out our consolidated results of operations for the periods indicated:

	Year ended March 31,			
	2019	2020	2021	
	RMB	RMB	RMB	US\$
<i>(in millions, except per share data)</i>				
Revenue				
Core commerce	323,400	436,104	621,146	94,805
Cloud computing	24,702	40,016	60,120	9,176
Digital media and entertainment <sup>(1)</sup>	24,286	29,094	31,186	4,760
Innovation initiatives and others <sup>(1)</sup>	4,456	4,497	4,837	739
Total	376,844	509,711	717,289	109,480
Cost of revenue	(206,929)	(282,367)	(421,205)	(64,289)
Product development expenses	(37,435)	(43,080)	(57,236)	(8,736)
Sales and marketing expenses	(39,780)	(50,673)	(81,519)	(12,442)
General and administrative expenses	(24,889)	(28,197)	(55,224)	(8,429)
Amortization and impairment of intangible assets	(10,727)	(13,388)	(12,427)	(1,896)
Impairment of goodwill	-	(576)	-	-
Income from operations	57,084	91,430	89,678	13,688
Interest and investment income, net	44,106	72,956	72,794	11,110
Interest expense	(5,190)	(5,180)	(4,476)	(683)
Other income, net	221	7,439	7,582	1,157

# Alibaba

	Year ended March 31,			
	2019	2020	2021	
	RMB	RMB	RMB	US\$
	<i>(in millions, except per share data)</i>			
Income before income tax and share of results of equity method investees	96,221	166,645	165,578	25,272
Income tax expenses	(16,553)	(20,562)	(29,278)	(4,469)
Share of results of equity method investees	566	(5,733)	6,984	1,066
Net income	80,234	140,350	143,284	21,869
Net loss attributable to noncontrolling interests	7,652	9,083	7,294	1,114
Net income attributable to Alibaba Group Holding Limited	87,886	149,433	150,578	22,983
Accretion of mezzanine equity	(286)	(170)	(270)	(42)
Net income attributable to ordinary shareholders	87,600	149,263	150,308	22,941
Earnings per share attributable to ordinary shareholders: <sup>(2)</sup>				
Basic	4.24	7.10	6.95	1.06
Diluted	4.17	6.99	6.84	1.04
Earnings per ADS attributable to ordinary shareholders: <sup>(2)</sup>				
Basic	33.95	56.82	55.63	8.49
Diluted	33.38	55.93	54.70	8.35

# Alibaba

	Year ended March 31,		
	2019	2020	2021
	%	%	%
	<i>(as percentage of revenue)</i>		
Revenue			
Core commerce	86	86	87
Cloud computing	7	8	8
Digital media and entertainment	6	5	4
Innovation initiatives and others	1	1	1
Total	100	100	100
Cost of revenue	(55)	(55)	(59)
Product development expenses	(10)	(9)	(8)
Sales and marketing expenses	(11)	(10)	(11)
General and administrative expenses	(6)	(5)	(8)
Amortization and impairment of intangible assets	(3)	(3)	(1)
Impairment of goodwill	–	–	–

# Alibaba

	Year ended March 31,		
	2019	2020	2021
	%	%	%
	<i>(as percentage of revenue)</i>		
Income from operations	15	18	13
Interest and investment income, net	12	15	10
Interest expense	(1)	(1)	(1)
Other income, net	-	1	1
Income before income tax and share of results of equity method investees	26	33	23
Income tax expenses	(5)	(4)	(4)
Share of results of equity method investees	-	(1)	1
Net income	21	28	20
Net loss attributable to noncontrolling interests	2	1	1
Net income attributable to Alibaba Group Holding Limited	23	29	21
Accretion of mezzanine equity	-	-	-
Net income attributable to ordinary shareholders	23	29	21

# Alibaba

## Segment Information for Fiscal Years 2019, 2020 and 2021

The table below sets forth certain financial information of our operating segments for the periods indicated:

	Year ended March 31, 2021						
	Core commerce	Cloud computing	Digital media and entertainment <sup>(1)</sup>	Innovation initiatives and others <sup>(1)</sup>	Unallocated <sup>(2)</sup>	Consolidated	
	RMB	RMB	RMB	RMB	RMB	RMB	US\$
	<i>(in millions, except percentages)</i>						
Revenue	621,146	60,120	31,186	4,837	-	717,289	109,480
Income (Loss) from operations	158,981	(9,050)	(10,321)	(15,502)	(34,430)	89,678	13,688
Add: Share-based compensation expense	24,356	8,861	3,281	5,162	8,460	50,120	7,650
Add: Amortization of intangible assets	11,175	23	922	83	224	12,427	1,896
Add: Fine imposed pursuant to China's Anti-monopoly Law <sup>(3)</sup>	-	-	-	-	18,228	18,228	2,782
Adjusted EBITA	194,512	(166)	(6,118)	(10,257)	(7,518)	170,453	26,016
Adjusted EBITA margin	31%	(0)%	(20)%	(212)%		24%	

# Alibaba

	Year ended March 31, 2020					
	Core commerce	Cloud computing	Digital media and entertainment <sup>(1)</sup>	Innovation initiatives and others <sup>(1)</sup>	Unallocated <sup>(2)</sup>	Consolidated
	RMB	RMB	RMB	RMB	RMB	RMB
	<i>(in millions, except percentages)</i>					
Revenue	436,104	40,016	29,094	4,497	-	509,711
Income (Loss) from operations	138,631	(7,016)	(15,389)	(12,499)	(12,297)	91,430
Add: Share-based compensation expense	15,427	5,577	2,566	3,928	4,244	31,742
Add: Amortization and impairment of intangible assets	11,742	25	1,377	86	158	13,388
Add: Impairment of goodwill	-	-	-	-	576	576
Adjusted EBITA	165,800	(1,414)	(11,446)	(8,485)	(7,319)	137,136
Adjusted EBITA margin	38%	(4)%	(39)%	(189)%		27%
	Year ended March 31, 2019					
	Core commerce	Cloud computing	Digital media and entertainment <sup>(1)</sup>	Innovation initiatives and others <sup>(1)</sup>	Unallocated <sup>(2)</sup>	Consolidated
	RMB	RMB	RMB	RMB	RMB	RMB
	<i>(in millions, except percentages)</i>					
Revenue	323,400	24,702	24,286	4,456	-	376,844
Income (Loss) from operations	109,312	(5,508)	(20,523)	(11,318)	(14,879)	57,084
Add: Share-based compensation expense	17,694	4,332	3,035	5,727	6,703	37,491
Add: Amortization of intangible assets	9,161	18	1,262	50	236	10,727
Add: Settlement of U.S. federal class action lawsuit	-	-	-	-	1,679	1,679
Adjusted EBITA	136,167	(1,158)	(16,226)	(5,541)	(6,261)	106,981
Adjusted EBITA margin	42%	(5)%	(67)%	(124)%		28%



# Alibaba

## Non-GAAP Measures

We use adjusted EBITDA (including adjusted EBITDA margin), adjusted EBITA (including adjusted EBITA margin), marketplace-based core commerce adjusted EBITA, non-GAAP net income, non-GAAP diluted earnings per share/ADS and free cash flow, each a non-GAAP financial measure, in evaluating our operating results and for financial and operational decision-making purposes.



# Alibaba

	Year ended March 31,			
	2019	2020	2021	
	RMB	RMB	RMB	US\$
	(in millions)			
Net income	80,234	140,350	143,284	21,869
Less: Interest and investment income, net	(44,106)	(72,956)	(72,794)	(11,110)
Add: Interest expense	5,190	5,180	4,476	683
Less: Other income, net	(221)	(7,439)	(7,582)	(1,157)
Add: Income tax expenses	16,553	20,562	29,278	4,469
Add: Share of results of equity method investees	(566)	5,733	(6,984)	(1,066)
Income from operations	57,084	91,430	89,678	13,688
Add: Share-based compensation expense	37,491	31,742	50,120	7,650
Add: Amortization and impairment of intangible assets	10,727	13,388	12,427	1,896
Add: Fine imposed pursuant to China's Anti-monopoly Law <sup>(1)</sup>	-	-	18,228	2,782
Add: Impairment of goodwill	-	576	-	-
Add: Settlement of U.S. federal class action lawsuit	1,679	-	-	-
Adjusted EBITA	106,981	137,136	170,453	26,016
Add: Depreciation of property and equipment, and operating lease cost relating to land use rights	14,962	20,523	26,389	4,028
Adjusted EBITDA	121,943	157,659	196,842	30,044

# Alibaba

## Comparison of Fiscal Years 2020 and 2021

### Revenue

	Year ended March 31,			% Change
	2020	2021		
	RMB	RMB	US\$	
(in millions, except percentages)				
Core commerce:				
China commerce retail	332,750	473,683	72,298	42%
China commerce wholesale	12,427	14,322	2,186	15%
International commerce retail	24,323	34,455	5,259	42%
International commerce wholesale	9,594	14,396	2,197	50%
Cainiao logistics services	22,233	37,258	5,687	68%
Local Consumer Services	25,440	31,537	4,813	24%
Others	9,337	15,495	2,365	66%
Total core commerce	436,104	621,146	94,805	42%
Cloud computing	40,016	60,120	9,176	50%
Digital media and entertainment <sup>(1)</sup>	29,094	31,186	4,760	7%
Innovation initiatives and others <sup>(1)</sup>	4,497	4,837	739	8%
Total revenue	509,711	717,289	109,480	41%

# Alibaba

## Cost of Revenue

	Year ended March 31,			
	2020	2021		
	RMB	RMB	US\$	% Change
	(in millions, except percentages)			
Cost of revenue	282,367	421,205	64,289	49%
Percentage of revenue	55%	59%		
Share-based compensation expense included in cost of revenue	7,322	11,224	1,713	53%
Percentage of revenue	1%	2%		
Cost of revenue excluding share-based compensation expense	275,045	409,981	62,576	49%
Percentage of revenue	54%	57%		

# Alibaba

## Adjusted EBITA and adjusted EBITA margin

Adjusted EBITA and adjusted EBITA margin by segments are set forth in the table below. See the section entitled “- Segment Information for Fiscal Years 2019, 2020 and 2021” above for a reconciliation of income (loss) from operations to adjusted EBITA.

	Year ended March 31,				
	2020		2021		
	RMB	% of Segment Revenue	RMB	US\$	% of Segment Revenue
<i>(in millions, except percentages)</i>					
Core commerce	165,800	38%	<b>194,512</b>	<b>29,688</b>	<b>31%</b>
Cloud computing	(1,414)	(4)%	<b>(166)</b>	<b>(25)</b>	<b>(0)%</b>
Digital media and entertainment <sup>(1)</sup>	(11,446)	(39)%	<b>(6,118)</b>	<b>(934)</b>	<b>(20)%</b>
Innovation initiatives and others <sup>(1)</sup>	(8,485)	(189)%	<b>(10,257)</b>	<b>(1,566)</b>	<b>(212)%</b>

# Alibaba

## Contractual Obligations

The following table sets forth our contractual obligations and commercial commitments as of March 31, 2021.

	Payment due by period				
	Total	Less than 1 Year	1 - 3 Years	3 - 5 Years	More than 5 Years
	RMB	RMB	RMB	RMB	RMB
<i>(in millions)</i>					
<b>Contractual Obligations</b>					
Short-term borrowings <sup>(1)</sup>	3,606	3,606	-	-	-
Long-term borrowings <sup>(2)</sup>	12,182	-	2,434	4,766	4,982
US\$4.0 billion syndicated loan denominated in US\$ <sup>(3)</sup>	26,254	-	-	26,254	-
Unsecured senior notes <sup>(4)</sup>	107,968	9,845	4,594	14,768	78,761
Operating lease liabilities	40,733	5,779	9,550	7,188	18,216
<b>Contractual Commitments</b>					
Purchase of property and equipment	22,736	17,348	4,910	465	13
Construction of corporate campuses	14,859	6,076	6,671	1,722	390
Investment commitments <sup>(5)</sup>	19,466	19,466	-	-	-
Other commitments <sup>(6)</sup>	55,224	35,109	13,102	4,164	2,849
<b>Total</b>	<b>303,028</b>	<b>97,229</b>	<b>41,261</b>	<b>59,327</b>	<b>105,211</b>

