2021 INVESTOR DAY

New Consumer Marketplaces
- Taobao Deals & Taocaicai

Trudy DAI, President of Industrial E-commerce & Community E-commerce
Huge Potential of Less-developed Areas in China

Taobao Deals: Value-for-money Products from Manufacturer

Taocaicai: Next-day Self-pickup Fulfillment Network

Continuous Upgrade of Commerce Infrastructure
Huge Potential of Less-developed Areas in China

中国下沉市场潜力巨大

- **Large Target Consumer Base**
  - 目标用户规模大
  - ~600 Mn
  - Internet Users with Monthly Income of RMB1K-8K, 2020

- **Massive Retail Market**
  - 零售市场空间广
  - RMB15 Tn
  - Total Retail Sales in Lower-tier Cities & Towns, 2020

- **Rapid Penetration of E-commerce**
  - 数字化交易增速迅猛
  - 5x
  - Rural E-commerce GMV Growth 2015-2020

**Notes:**
2. Combined retail sales of tier-3 and below cities as well as all rural areas in 2020. Data from CEIC, 'Lower-tier market size' (2021).
Our Focus: Manufacturer-to-Consumer (M2C)

Our choice: M2C

Manufacturer
(Factory / Farm)

Tier-1 Distributor
Tier-2 Distributor
Wholesaler
Retailer

Low Efficiency
High Cost
Subpar Service

Wholesaler 1
(at Source)
Wholesaler 2
(at Source)
Wholesaler 3
(Trans-regional)
Wholesaler 4
(in Market)
Wet Market / Grocery Store

Consumer
Our Focus: Manufacturer-to-Consumer (M2C)

We choose M2C

Our Focus: Manufacturer-to-Consumer (M2C)

Manufacturer
(Factory / Farm)

Warehouse Operated by Taobao Deals / Merchant Warehouse

High Efficiency  Low Cost  Good Service

Regional Distribution Center  Community Pick-up Point

Taobao Deals
Multi-day Delivery

Taocaicai
Next-day Self-pickup

Consumer
Value Proposition in Alibaba

业务定位

Serve Existing Consumers

Acquire New Consumers

Higher Purchase Frequency
Perishables / FMCG / …

Differentiated Fulfillment Experience
Next-day Self-pickup

Optimized Product Assortment for Less-developed Areas
Value-for-money Goods
Rapidly Winning Consumer Mindshare

**Strong User Growth**
用户规模快速扩大

~270 Mn
Taobao Deals + Taocaicai
AAC (Deduped)\(^{(1)}\)

200%
YoY Increase\(^{(2)}\)

**Fast Order Growth**
交易订单量快速增长

~400%
Taobao Deals + Taocaicai
Daily Orders YoY Increase
(Deduped)\(^{(3)}\)

**Increased Consumer Stickiness**
用户粘性显著增加

1.8x
Purchase Frequency
(Taobao & Taobao Deals & Taocaicai) vs. Taobao Only\(^{(4)}\)

Notes:
1. Annual active consumers of Taobao Deals and Taocaicai (deduped) for the twelve months ended September 30, 2021. 'Annual active consumers' are to user accounts that placed one or more confirmed orders through the relevant platform, regardless of whether or not the buyer and seller settle the transaction.
2. YoY increase of annual active consumers of Taobao Deals and Taocaicai (deduped) for the twelve months ended September 30, 2021.
3. YoY increase of orders on Taobao Deals and Taocaicai (deduped) for the month ended September 30, 2021.
4. Average number of purchase days per year comparison: consumers who shopped on Taobao & Taobao Deals & Taocaicai compared to consumers who shopped on Taobao only, for the twelve months ended September 30, 2021.
01 Huge Potential of Less-developed Areas in China

02 Taobao Deals: Value-for-money Products from Manufacturer

03 Taocaicai: Next-day Self-pickup Fulfillment Network

04 Continuous Upgrade of Commerce Infrastructure
Taobao Deals: Three Core Capabilities

- Manufacturer (Factory / Farm)
- Warehouse Operated by Taobao Deals / Merchant Warehouse
- Consumer

Product & Supply Chain
Fulfillment & Delivery
Consumer Management
Product & Supply Chain: Value-for-money

Our Advantages
- 1688.com-verified Factories, Unbranded
- Essential Functionality
- Agile Manufacturing
- Turn-key Retail Operation Services
- Precision Marketing
- Quality Control

Pricing Model
- Branding Cost
- Design Cost
- Manufacturing Cost
- Retail Operation Cost
- Marketing Cost
- After-sales Service Cost

Total Cost \times Markup\% = Retail Price

Growing Supplier Network
~6 K Participating Factories\(^1\)

Broadening Product Assortment
1.7 K+ Sub-categories\(^1\)
- Personal Care
- Beauty Tools
- Home Textile
- Home Care

Note:
1. As of September 30, 2021.
Product & Supply Chain: Value-for-money

商品力：极具性价比

Notes:
1. Retail price of similar product on other platforms.
2. Data provided by the factory for the month ended September 30, 2021.
3. Retail price of similar product on Taobao Deals.
6. Data provided by the factory for the twelve months ended September 30, 2021.
Streamlined Distribution
M2C Model
→ No Unnecessary Intermediaries

Nationwide Warehouse Network
30+ Warehouses Close to Manufacturing Bases
→ Higher Efficiency & Lower Fulfillment Cost

Fulfillment by Taobao Deals
24-hour Collection & One-stop Customer Service
→ Enhanced Logistics Experience

Fulfillment & Delivery: High Efficiency, Low Cost
履约力：高效率低成本

Note:
1. As of September 30, 2021.
Consumer Management: Fun and User-friendly

运营力：好玩简单
Taobao Deals: Rapid Consumer and Order Growth

淘特：用户及订单快速增长

**240 Mn+**
AAC (1)

**290%+**
Total Order Growth YoY (2)

**1.1 Bn**
M2C Orders for Direct-from-factory Products (3)

**180 Mn**
Orders of Agricultural Products (4)

Notes:
1. Annual active consumers of Taobao Deals for the twelve months ended September 30, 2021.
2. YoY increase of Taobao Deals orders for the twelve months ended September 30, 2021.
3. Number of M2C orders for direct-from-factory products for the twelve months ended September 30, 2021.
4. Number of agricultural product orders for the twelve months ended September 30, 2021.
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Taocaicai: Four Core Capabilities

- Manufacturer (Factory / Farm)
- Regional Distribution Center
- Community Pick-up Point
- Consumer

Product & Supply Chain
Fulfillment & Delivery
Social Commerce Channel Development & Operations
Consumer Management
Product & Supply Chain: High Quality, Rich Assortment

Taobao Deals: Value-for-money Merchandise

Sun Art: Synergy in Procurement and Supply

Third-party Procurement

Notes:
1. Number of brands with sales in the joint procurement program between Taocaicai and Sun Art for the six months ended September 30, 2021.
Product & Supply Chain: High Quality, Rich Assortment

Direct Procurement from Farms: 7 Years of Experience

700+ Agricultural Bases

Sun Art: Co-operated Perishables Processing Centers (PPC)

PPC for Each Distribution Center
Digitalized & Automated Freshness Preservation Technology
Automated Grading & Sorting Lines for Fruits & Vegetables

Note:
1. Total number of agricultural procurement bases: Sun Art + Taocaical, as of September 30, 2021.
Fulfillment & Delivery: Effective, Efficient, Reliable

履约力：高效、准时、可靠

Fulfillment Model 3.0

Supply
- VMI Warehouse
- PPC
- Local Supplier (Brand & Distributor (National & Regional))
- Direct Procurement Base
- Multi-temperature Cold Chain
- Intra-province Dispatch, Joint Logistics, Real-time Replenishment

Fulfillment
- RDC
- FDC
- Grid Warehouse
- Regional Distribution Center (RDC)
- Front Distribution Center (FDC)
- Deepen Rural Penetration Leveraging Cainiao Rural
- Self-pickup Point (Standardized Process)

Logistics Model
- Digitalization
- Automation
- Intelligent Algorithms

Note:
1. Percentage of orders delivered before 12:00pm noon the next day, for the month ended September 30, 2021.
Fulfillment & Delivery: Effective, Efficient, Reliable

Effective
Category-specific Solutions
Fully Controlled End-to-end Digital Operations

Efficient
Optimized Delivery Schedule Based on Distance
97% of Orders Delivered before Noon the Next Day\(^1\)

Reliable
End-to-end Cold Chain Capability with Three Temperature Tiers: Temperature-controlled, Refrigerated, Frozen

Note:
1. Percentage of orders delivered before 12:00pm noon the next day, for the month ended September 30, 2021.
Social Commerce Channel Development & Operations: Multi-format Services for Local Communities

### Store Owner Pick-up Points

- 560 K Stores
- Integrated Operation of Community Group and Physical Store

### Synergy with Cainiao Posts

- 45 K+ Posts within Taocaicai Service Areas
- Upgrade from Parcel Pick-up Service Providers to Social Commerce Group Leaders

### Coverage of Counties and Townships

- 40% Taocaicai Penetration Rate
- Enhanced Integration of Logistics & Commerce by Leveraging Cainiao Capabilities in Rural Areas

**Notes:**
1. Number of Taocaicai social commerce group leaders who are store owners, as of September 30, 2021.
2. Number of Cainiao Posts that are within Taocaicai service areas, as of September 30, 2021.
Consumer Management: Multiple Entry Points with Various Shopping Scenarios

Taobao App

Entry Points

Taobao Deals App

Mini Program

Shopping Scenarios

Community Shopping Group

Livestreaming
Taocaicai: Rapidly Scaling Commerce Infrastructure

淘菜菜-商业基础设施快速布局

- **350%+**
  - 6-month Increase
  - RDC Gross Floor Area(1)

- **~800%**
  - 6-month Increase
  - Number of SKUs Sold(2)

- **530%+**
  - 6-month Increase
  - GMV(3)

Notes:
1. Increase in RDC gross floor area, September 30, 2021 vs. March 31, 2021.
2. Increase in daily average number of SKUs sold for the month ended September 30, 2021 vs. the month ended March 31, 2021.
3. Increase in GMV for the month ended September 30, 2021 vs. the month ended March 31, 2021.
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04  Continuous Upgrade of Commerce Infrastructure
Continuous Upgrade of Manufacturing Infrastructure

Smart Factory
- Smart Production Lines
- Product Customization Capability
- Agile Manufacturing

Digitalized Agriculture
- Digitalized Seed Selection
- Digitalized Planting
- Digitalized Traceability

Technology-enabled Direct Marketing
- Livestreaming from Origin
- Brand Incubation
Continuous Upgrade of Fulfillment Infrastructure

Integrated Inbound and Outbound Fulfillment Network for Rural Areas

**First-mile:**
Warehouse Operation
Automated Sorting, Processing, Conveying
→ Reduce Cost & Enhance Efficiency

**Last-mile:**
Fulfillment
Shared Warehouse & Delivery Resources,
Serving County, Township & Village Levels
→ Deeper Coverage
Alibaba Ecosystem: Serving Consumers in Less-developed Areas

阿里巴巴生态体系服务下沉市场用户
Positive Social Impacts

Ensuring Stable Supply of Daily Necessities
Maintaining Uninterrupted Services During COVID-19 Quarantine and Extreme Weather

Empowering Industries with Science & Technology
Driving Standardization and Higher Value Add in Agriculture

Creating Jobs
Delivering Vocational Training Facilitating Business Start-ups in Hometown
To Make It Easy To Do Business Anywhere

让天下没有难做的生意