

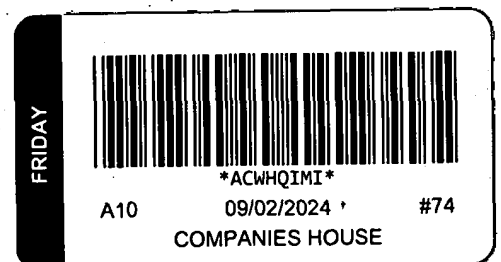
**ALIBABA.COM (EUROPE) LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**31 March 2023**

**REGISTERED NUMBER: 06721521**



**ALIBABA.COM (EUROPE) LIMITED**

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## **ALIBABA.COM (EUROPE) LIMITED**

### **STRATEGIC REPORT**

The director presents their strategic report of Alibaba.com (Europe) Limited (the "Company") for the year ended 31 March 2023.

#### **Review of the business**

The Company is a wholly owned subsidiary of Alibaba.com Singapore E-Commerce Private Limited, incorporated in Singapore, and of its ultimate parent, Alibaba Group Holding Limited which is incorporated in the Cayman Islands. The Company's principal activities during the year is to provide marketing and administrative services to other group companies, investment holding and cloud computing services to external customers.

Revenue for 2023 was GBP59,553,392 (2022: GBP65,690,050) dropped by 10% compared to the last year due to the decrease in number of customers, with loss for the year increased from GBP4,843,347 in 2022 to GBP72,110,632 due to the increase in fair value loss on financial assets. The net assets decreased from GBP697,695,406 as of 31 March 2022 to GBP625,576,974 of 31 March 2023.

For details of dividends, please see the Report of the Director on page 4.

#### **Principal risks and financial risk and uncertainties**

From the perspective of the Company, the principal risks and uncertainties relate to the funding from the group companies for the daily operations. A fellow subsidiary acts as a treasury center and monitors the current and expected liquidity requirements of the Company. The Company adopts prudent treasury management objectives and aims to maintain flexibility by keeping sufficient cash and cash equivalents generated from operations as well as adequate funding from the ultimate holding company to meet its commitment over the foreseeable future in accordance with its strategic plan.

In addition, the Company is exposed to a number of risks related to changes in foreign currency exchange rates. The director has mitigated these risks through denominating the major transactions in Great British Pound ("GBP") which is the functional currency of the Company. As at 31 March 2023, the Company's monetary assets/liabilities are exposed to foreign exchange risk, including United States Dollar ("USD") and Euro ("EUR"). Further information for financial risk management is included in the Report of the director.

#### **Key performance indicators ("KPIs")**

The director considers the key performance indicators to be revenue and profit before tax which are provided below.

In 2023, the Company generated revenue of GBP59,553,392 (2022: GBP65,690,050). This can be explained by the decrease in number of customers. The loss before tax was GBP72,546,947 (2022: GBP3,894,392) due to the increase in fair value loss on financial assets.

**ALIBABA.COM (EUROPE) LIMITED**

**STRATEGIC REPORT (CONTINUED)**

**Statement by the director in relation to Performance of their Statutory Duties in accordance with Section 172 Companies Act 2006**

Section 172 of the Companies Act 2006 ("the Act") requires director to take into consideration the interests of stakeholders in their decision-making having regard to the matters set out in Section 172(1) of the Act. The following section sets out how the director has engaged with the Company's stakeholders during the year.

The Company is wholly-owned by Alibaba.com Singapore E-Commerce Private Limited, a company incorporated and registered in Singapore and the director consider the impact of the Company's activities on its immediate holding company. The Company engages with its immediate holding company on an ad-hoc basis on requests for additional capital distributions or funding. The director assesses such requests in light of the Company's minimum capital requirements to maintain profitability in the long term.

**S172(1)(a) – The likely consequences of any decision in the long term**

The ultimate parent undertaking is Alibaba Group Holding Limited (the "Alibaba Group"). Any decisions taken will be aligned to the strategies and standards of the Alibaba Group and be made in the best interests of all stakeholders. Impacts of any decisions will be determined through ongoing risk assessments with all relevant stakeholders.

The Company's stakeholders are consulted routinely on a wide range of matters including funding decisions, delivery of the Alibaba Group's strategy, compliance with Alibaba Group policies, corporate governance matters and operational matters, to ensure that the Company operates with high standards of business conduct and governance in line with the Alibaba Group.

**S172(1)(b) – The interests of the Company's employees**

The director recognises that employees are fundamental and core to our business and delivery of our strategic ambitions. The success of our business depends on attracting, retaining and motivating employees. From ensuring that we remain a responsible employer, from pay and benefits to our health, safety and workplace environment, the director factors the implications of decisions on employees and the wider workforce, where relevant and feasible.

**S172(1)(c) – The need to foster the Company's business relationships with suppliers, customers and others**

Our suppliers are fundamental to the quality of our services and to ensuring that as a business we meet the high standards of conduct that we set ourselves. We engage with local suppliers through working group initiatives that are run by regional management. Following the above, we have a closer analysis of our supplier payment data and this resulted in a negative impact on working capital.

The Company provides cloud computing services to external customers and receives service fee income from intra-group companies. The Company recognises the importance of building strong relationships with its customers. The board ensures it has visibility over these key relationships and takes these into accounts when making decisions.

**S172(1)(d) – The impact of the Company's operations on the community and the environment**

The Company seeks to be a contributor to responsible and sustainable global development. Its ambition is to have a positive impact on its stakeholders and on the wider society. The Company strives to mitigate potential violation of social or environmental rights, including human rights, from its financing and investment activities.

**ALIBABA.COM (EUROPE) LIMITED**

**STRATEGIC REPORT (CONTINUED)**

**Statement by the director in relation to Performance of their Statutory Duties in accordance with Section 172 Companies Act 2006 (Continued)**

S172(1)(e) – The desirability of the Company maintaining a reputation for high standards of business conduct

The Company is committed to the highest standards of business conduct in our relationships with each other and with our users, customers and suppliers, shareholders and other business partners. This means that while we should conduct our business in accordance with Alibaba Group's values and all applicable laws and regulations, we should also conduct ourselves in accordance with the highest standards of business ethics. The Alibaba Group Code of Ethics ("the Code") is well-published on our Alibaba Group's website. Each employee is responsible for knowing and understanding the policies and guidelines contained in this Code.

On behalf of the board

DocuSigned by:  
*Yang Sun*  
6B75713C28F4411

DS  
*YS*

Yang SUN  
Director  
6 February 2024

## **ALIBABA.COM (EUROPE) LIMITED**

### **REPORT OF THE DIRECTOR**

The director is pleased to present their report together with the audited financial statements of Alibaba.com (Europe) Limited (the "Company") for the year ended 31 March 2023.

#### **Principal activities**

The principal activity of the Company is the provision of marketing and administrative services to other group companies, investment holding and cloud computing services to external customers.

#### **Results and appropriations**

The results of the Company for the year ended 31 March 2023 are set out in the statement of comprehensive income on page 10.

The director does not recommend the payment of a dividend (2022: nil).

#### **Directors**

The directors who held office during the year and up to the date of signing the financial statements are given below:

ZHANG Jinwei

(Resigned on 16 August 2023)

LEE Yik Lam

(Resigned on 16 August 2023)

SUN Yang

(Appointed on 16 August 2023)

#### **Statement of director's responsibilities in respect of the financial statements**

The director is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, a director must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The director is also responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

## **ALIBABA.COM (EUROPE) LIMITED**

### **REPORT OF THE DIRECTOR (CONTINUED)**

#### **Director's confirmations**

In the case of each director in office at the date the director's report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

#### **Statement on engagement with suppliers, customers and others in a business relationship with the company**

The stakeholder engagement statement is included in the Section 172(1) statement of Strategic report.

#### **Permitted indemnity provisions**

During the financial year and up to the date of this Report of the Director, there is a qualifying indemnity provision related to liability to a third party for the benefit of all directors of the Company and/or associated undertakings, which will be in force until their resignation.

#### **Financial risk management**

The Company's activities expose it to a variety of financial risks: foreign currency exchange risk, interest rate risk, credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

The Company's management regularly monitors the exposures and implements timely and effective policies to mitigate these potential financial risks, which including use of derivative and non-derivative financial instruments, adopts prudent treasury management objectives by keeping sufficient cash and cash equivalents generated from operations to meet its commitment over the foreseeable future and deposits at banks with financial institutions of sound credit quality and bears maximum original maturities of less than 12 months.

#### **Going Concern**

As of 31 March 2023, the Company's current liabilities exceeded its current assets by GBP1,390,790 (2022: net current asset GBP14,373,419). These financial statements have been prepared on a going concern basis as the ultimate holding company has undertaken to provide continuing financial support so that the Company is able to pay its debts as and when they fall due.

**ALIBABA.COM (EUROPE) LIMITED**

**REPORT OF THE DIRECTOR (CONTINUED)**

**Streamlined energy and carbon reporting (SECR)**

The SECR disclosure presents the Company's carbon footprint within the United Kingdom across scope 1, 2 and to some extent of scope 3 emissions, an appropriate intensity metric, the total energy use of electricity, gas and transport fuel and an energy efficiency actions summary taken during the relevant financial year.

	For the year ended 31 March 2023	For the year ended 31 March 2022
Energy consumption used to calculate emissions (kWh)	87,474	140,830
Scope 2 emissions in metric tonnes CO <sub>2</sub> e from the purchase of electricity	17	30
- Purchased electricity		
Intensity Ratio (Emissions data - metric tonnes of carbon dioxide equivalent (CO <sub>2</sub> e) per kWh)	0.19338	0.21233

**Quantification and reporting methodology**

Emissions are generated from purchased electricity in alignment with the requirements of the UK Streamlined Energy and Carbon Reporting regulations. This includes office equipment and other IT equipment along with the operational overhead to deliver our services.

Our measurements take the amount of activities conducted multiplied by its appropriate emissions factor, to provide a representative value for the carbon dioxide emissions associated with each activity. To calculate carbon emissions, we have used conversion factors published by UK Government.

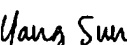
**Measures taken to improve energy efficiency: Energy and Carbon Reduction**

Alibaba Group is committed to reduce the carbon footprint of our businesses. For Alibaba Cloud, some of our data centers are currently powered by renewable energy, such as wind power or solar power. In FY2023, Alibaba Cloud's data centers reduced around 1,105,000 MtCO<sub>2</sub>e (metric tons of CO<sub>2</sub> equivalent) of emissions by purchasing clean energy and natural gas, with clean energy accounting for 53.9% of its total electricity consumption.

**Future developments**

The Company will remain providing marketing and administrative services to other group companies and cloud computing services to external customers.

**On behalf of the Board**

DocuSigned by:  
  
 6B75713C28F4411

DS  


Yang SUN  
 Director

Registered Office  
 8th Floor  
 Millbank Tower  
 21-24 Millbank  
 London  
 England  
 SW1P 4QP

# Independent auditors' report to the members of Alibaba.com (Europe) Limited

## Report on the audit of the financial statements

### Opinion

In our opinion, Alibaba.com (Europe) Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the statement of financial position as at 31 March 2023; the statement of comprehensive income and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the director with respect to going concern are described in the relevant sections of this report.

# Independent auditors' report to the members of Alibaba.com (Europe) Limited (continued)

## Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The director is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Report of the director, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

## Strategic report and Report of the director

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Report of the director for the year ended 31 March 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Report of the director.

## Responsibilities for the financial statements and the audit

### Responsibilities of the director for the financial statements

As explained more fully in the statement of director's responsibilities in respect of the financial statements, the director is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The director is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the director is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the director either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

### Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

# Independent auditors' report to the members of Alibaba.com (Europe) Limited (continued)

## Auditors' responsibilities for the audit of the financial statements (continued)

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the requirements of UK tax legislation and Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries. Audit procedures performed by the engagement team included:

- enquiries of management including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- reviewing relevant meeting minutes, including those of the Board;
- identifying and testing journal entries, in particular any journal entries posted to revenue and expenses with unusual account combinations, where any such journal entries were identified; and
- incorporating elements of unpredictability.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

## Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## Other required reporting

### Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of director's remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Neil Philpott (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Birmingham

6 February 2024

**ALIBABA.COM (EUROPE) LIMITED****STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2023**

	Note	2023	2022
		GBP	GBP
Revenue	5	59,553,392	65,690,050
Cost of sales		(24,907,133)	(19,021,548)
Fair value (loss)/gains on financial assets	13	(19,511,325)	4,676,844
Other expenses		-	(95,379)
Administrative expenses		(33,765,597)	(43,166,076)
Net impairment losses on investments in subsidiaries	14	(40,904,373)	
Net impairment losses on investments in associated undertakings	15	(13,004,833)	(11,976,010)
Loss before interest and taxation		(72,539,869)	(3,892,119)
Finance costs		(7,078)	(2,273)
<b>Operating loss before taxation</b>	6	<b>(72,546,947)</b>	<b>(3,894,392)</b>
Income tax credit/(expense)	9	436,315	(948,955)
<b>Loss and total comprehensive loss for the financial year</b>		<b>(72,110,632)</b>	<b>(4,843,347)</b>

All of the results relate to continuing operations.

The notes on pages 14 to 35 are an integral part of these financial statements.

**ALIBABA.COM (EUROPE) LIMITED****STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2023**

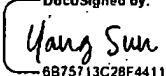

	Note	2023 GBP	2022 GBP
<b>Fixed assets</b>			
Tangible assets	11	6,076,725	9,860,535
Right-of-use asset	12	281,792	470,352
Financial assets at fair value through profit or loss	13	5,076,565	24,587,890
Investments in subsidiaries	14	583,754,314	624,658,687
Investments in associated undertakings	15	32,000,688	24,040,319
		<u>627,190,084</u>	<u>683,617,783</u>
<b>Current assets</b>			
Inventory		25,218	91,723
Deferred tax assets	18	1,254,453	731,680
Debtors	16	24,985,904	32,782,090
Cash and cash equivalents		16,788,120	23,259,187
		<u>43,053,695</u>	<u>56,864,680</u>
<b>Current liabilities</b>			
Corporation tax payables		(783,127)	(696,668)
Creditors - amounts falling due within one year	17	(43,661,358)	(41,794,593)
		<u>(44,444,485)</u>	<u>(42,491,261)</u>
<b>Net current (liabilities)/assets</b>		(1,390,790)	14,373,419
<b>Total assets less current liabilities</b>		625,799,294	697,991,202
<b>Non-current liabilities</b>			
Contract liabilities		(140,281)	(55,880)
Lease liabilities	12	(82,039)	(239,916)
<b>Net assets</b>		<u>625,576,974</u>	<u>697,695,406</u>

The notes on pages 14 to 35 are an integral part of these financial statements.

**ALIBABA.COM (EUROPE) LIMITED****STATEMENT OF FINANCIAL POSITION (CONTINUED)  
AS AT 31 MARCH 2023**

	Note	2023 GBP	2022 GBP
<b>Capital and Reserves</b>			
Ordinary shares	19	574,287,034	574,287,034
Share premium account		185,631,505	185,631,505
Accumulated losses		(137,868,113)	(65,757,481)
Share-based compensation reserve	10	3,526,548	3,534,348
<b>Total shareholders' funds</b>		<b>625,576,974</b>	<b>697,695,406</b>

The financial statements on pages 10 to 35 were approved by the board of directors on 6 February 2024 and were signed on its behalf by:

DocuSigned by:  

  
 8B75713C28F4411

.....  
 Yang SUN  
 Director

The notes on pages 14 to 36 are an integral part of these financial statements.

**ALIBABA.COM (EUROPE) LIMITED****STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2023**

	Ordinary shares (Note 19) GBP	Share premium account GBP	Accumulated losses GBP	Share-based compensation reserve GBP	Total shareholders' funds GBP
<b>Balance as of 1 April 2021</b>	574,287,034	185,631,505	(60,914,134)	4,279,051	703,283,456
Loss and total comprehensive loss for the financial year	-	-	(4,843,347)	-	(4,843,347)
Value of employee services under equity-settled share-based compensation plans	-	-	-	2,155,264	2,155,264
Share-based compensation recharge	-	-	-	(2,899,967)	(2,899,967)
<b>Balance as of 31 March 2022 and 1 April 2022</b>	574,287,034	185,631,505	(65,757,481)	3,534,348	697,695,406
Loss and total comprehensive loss for the financial year	-	-	(72,110,632)	-	(72,110,632)
Value of employee services under equity-settled share-based compensation plans	-	-	-	2,935,782	2,935,782
Share-based compensation recharge	-	-	-	(2,943,582)	(2,943,582)
<b>Balance as of 31 March 2023</b>	<u>574,287,034</u>	<u>185,631,505</u>	<u>(137,868,113)</u>	<u>3,526,548</u>	<u>625,576,974</u>

The notes on pages 14 to 35 are an integral part of these financial statements.

## **ALIBABA.COM (EUROPE) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **1 General information**

Alibaba.com (Europe) Limited (the "Company") provides marketing and administrative services to other group companies, investment holding and cloud computing services to external customers.

The Company is a private company limited by shares and is incorporated and domiciled in the United Kingdom and registered in England and Wales. The address of its registered office is 8<sup>th</sup> floor, Millbank Tower, 21-24 Millbank, London, England, SW1P 4QP.

#### **2 Accounting policies**

The principal accounting policies adopted in the preparation of these financial statements, which have been applied consistently throughout the year, unless otherwise stated, are set out below.

##### **Basis of preparation**

The financial statements of the Company have been prepared on a going concern basis in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The Company has adopted FRS 101 in these financial statements. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets measured at fair value through profit or loss, which are carried at fair value, and in accordance with the Companies Act 2006 as applicable to companies applying FRS 101. The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted-average exercise prices of share options, and how the fair value of goods or services received was determined).
- IFRS 7, 'Financial Instruments: Disclosures'.
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
  - i. paragraph 79(a)(iv) of IAS 1;
  - ii. paragraph 73(e) of IAS 16 'Property, plant and equipment';
  - iii. paragraph 118(e) of IAS 38 'Intangible assets' (reconciliations between the carrying amount at the beginning and end of the period);
- The following paragraphs of IAS 1, 'Presentation of financial statements':
  - 10(d), (statement of cash flows),
  - 16 (statement of compliance with all IFRS),
  - 38A (requirement for minimum of two primary statements, including cash flow statements),
  - 38B-D (additional comparative information);
  - 111 (cash flow statement information), and
  - 134-136 (capital management disclosures).
- IAS 7, 'Statement of cash flows'.
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation).
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.

## **ALIBABA.COM (EUROPE) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **2 Accounting policies (Continued)**

##### **Going concern**

As of 31 March 2023, the Company's current liabilities exceeded its current assets by GBP1,390,790 (2022: net current asset GBP14,373,419). These financial statements have been prepared on a going concern basis as the ultimate holding company has undertaken to provide continuing financial support so that the Company is able to pay its debts as and when they fall due.

##### **Consolidation**

The Company is a wholly owned subsidiary of Alibaba.com Singapore E-Commerce Private Limited and of its ultimate parent, Alibaba Group Holding Limited which is incorporated in the Cayman Islands. It is included in the consolidated financial statements of Alibaba Group Holding Limited, which are publicly available. Therefore, the Company is exempt by virtue of section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

These financial statements are separate financial statements.

#### **(a) Foreign currency translation**

##### **(i) Functional and presentation currency**

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). The financial statements of the Company are presented in Great British Pound ("GBP"), which is the Company's functional and presentation currency.

##### **(ii) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

#### **(b) Tangible assets**

Tangible assets are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the item.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of comprehensive income during the year in which they are incurred.

## **ALIBABA.COM (EUROPE) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **2 Accounting policies (Continued)**

##### **(b) Tangible assets (Continued)**

Depreciation on tangible asset is calculated using the straight-line method to allocate their costs, less residual value, over their estimated useful lives, as follows:

Computer equipment	3 years
Furniture and office equipment	3 years
Leasehold improvements	3 years

The asset's residual value and useful life are reviewed, and adjusted if appropriate, at each statement of financial position date.

The asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains or losses on disposals are determined by comparing the net sales proceeds with the carrying amount of the relevant asset, and are recognised in the statement of comprehensive income.

##### **(c) Financial assets**

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value through profit or loss; and
- those to be measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of cash flows.

Trade debtors are recognised initially at the amount of consideration that is unconditional and measured subsequently at amortised costs using effective interest method. All other debtors are measured at amortised costs. The Company's impairment policies and impact of the adoption of IFRS 9 are set out in note 2(d) to the financial statements.

Except for debtors, if the collection of financial assets measured at amortised cost is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

##### **(d) Impairment of financial assets**

The Company assesses on a forward-looking basis the expected credit losses associated with its financial assets carried at amortised cost. The Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the trade debtors. For other financial assets at amortised cost, the impairment methodology applied depends on whether there has been a significant increase in credit risk.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the provision is recognised in the statement of comprehensive income within administrative expenses.

##### **(e) Investment in subsidiaries**

Subsidiaries are those entities over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

**ALIBABA.COM (EUROPE) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**2 Accounting policies (Continued)**

**(e) Investment in subsidiaries (Continued)**

In the Company's statement of financial position, investment in subsidiaries are stated at cost less provision for impairment losses.

On disposal of investment in subsidiaries, the difference between net disposal proceeds and the carrying amount of the investment is taken to the statement of comprehensive income.

Impairment testing of the investments in subsidiaries is required as explain in note 2(g).

**(f) Investment in associated undertakings**

Associated undertakings are those entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting right.

Investment in an associated undertakings is recorded at cost less impairment. On disposal of investment in an associated undertakings, the difference between net disposal proceeds and the carrying amounts of the investments are taken to the statement of comprehensive income.

**(g) Impairment of non-financial assets**

Tangible assets, right-of-use asset and investment in subsidiaries and associated undertakings are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of accumulated depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in the statement of comprehensive income.

**(h) Inventories**

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the moving weighted average cost method. The cost of finished goods comprises purchase cost, commission and freight cost. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

**(i) Revenue**

The Company adopted IFRS 15 "Revenue from contracts with customers". Revenues are recognised when or as the control of the good or service is transferred to the customer, depending on the terms of the contract and the laws that apply to the contract, control of the good or service may be transferred over time or at a point in time. Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes.

**(i) Cloud computing**

The Company earns cloud computing services revenue from the provision of services such as database, storage and large scale computing. Cloud computing services are mainly charged on basis of subscription. Revenue related to cloud services charged on a subscription basis is recognized in the accounting period in which the related services are rendered.

**ALIBABA.COM (EUROPE) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**2 Accounting policies (Continued)**

**(i) Revenue (Continued)**

**(ii) Services income**

Revenue from rendering of services are recognised in the accounting period in which the related services are rendered.

**(j) Pension obligations**

The Company operates a defined contribution pension scheme. Contributions are charged in the statement of comprehensive income as they become payable in accordance with the rules of the scheme.

**(k) Share-based compensation**

Alibaba Group operates certain equity-settled share-based compensation plans. Share-based awards granted are measured at fair value on grant date and the fair values of the share-based awards are determined with reference to the fair value of the underlying shares. The fair value of the employee services received in exchange for the grant of these share-based awards is recognised as staff costs in the statement of comprehensive income over the requisite service period, net of estimated forfeitures with a corresponding increase in share-based compensation reserve under equity, except for the portion that is subject to a reimbursement arrangement with Alibaba Group.

Under the arrangement, the Company will pay a cash reimbursement to Alibaba Group upon the vesting of share-based awards according to an intercompany reimbursement agreement entered into with Alibaba Group. Such reimbursement is recorded as a deduction of share-based compensation reserves under equity on the statement of financial position.

At each statement of financial position date, the estimate of the number of these share-based awards that are expected to become vested is revised, if subsequent information indicates that the number of share-based awards expected to vest differs from previous estimates. The impact of the revision of original estimates, if any, is recognised in the statement of comprehensive income with a corresponding adjustment to equity.

**(l) Cash at bank and in hand**

Cash at bank and in hand comprise deposits at banks.

**(m) Share capital**

Ordinary shares are classified as equity.

**(n) Trade and other payables**

Trade payables are obligations to pay for goods that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

**(o) Provisions**

Provisions are recognised when the Company has a present obligation as a result of past event, it is probable that an outflow of resources will be required to settle the obligation, and the amount of the obligation can be reliably estimated.

## **ALIBABA.COM (EUROPE) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **2 Accounting policies (Continued)**

##### **(p) Leases**

The Company leases an office. Rental contract is typically made for fixed period of 10 years.

Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Company is a lessee and for which it has major leases, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leases assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivables;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the company under residual value guarantees;
- the exercise price of a purchase option if the company is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

**ALIBABA.COM (EUROPE) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**2 Accounting policies (Continued)**

**(p) Leases (Continued)**

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

**(q) Current and deferred income tax**

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

**(r) Contract liabilities**

Contract liabilities represent services fee received from customers that relate to services to be provided in the future. Contract liabilities is stated at the amount of service fees received less the amount previously recognized as revenue upon the provision of the respective services over the terms of the respective services contracts.

**(s) New standards, amendments, IFRIC interpretations and new relevant disclosure requirements**

There are no amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 March 2022 that have a material impact on the company's financial statements.

## ALIBABA.COM (EUROPE) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

#### 3 Financial risk management

The Company's major financial assets and liabilities include financial assets at fair value through profit or loss, cash at bank and in hand, debtors, and creditors. The details of these financial assets and liabilities are disclosed in the respective notes to the financial statements. Major risks associated with these financial assets and liabilities and the policies on how to mitigate these risks are set out below. The Company's management regularly monitors the exposures and implements timely and effective policies to mitigate potential risks.

##### (a) Financial risk factors

###### (i) Foreign currency exchange risk

Foreign currency exchange risk arises from future commercial transactions and recognised assets and liabilities in foreign currency. As at 31 March 2023, the Company's monetary assets/liabilities are exposed to foreign exchange risk, including USD and EUR.

###### Sensitivity analysis

As at 31 March 2023, if USD had strengthened/weakened 12% against GBP (2022: 5%) with all other variables held constant, loss for the year would have been increased/decreased by GBP668,344 (2022: GBP1,120,383) as a result of foreign exchange gains/losses.

As at 31 March 2023, if EUR had strengthened/weakened 5% against GBP with all other variables held constant, loss for the year would have been decreased/increased by GBP331,928 (2022: GBP337,793) as a result of foreign exchange gains/losses.

###### (ii) Interest rate risk

The Company has no interest-bearing borrowings. The Company's exposure to changes in interest rates, which is mainly attributable to its interest-bearing deposits placed with banks, is not significant. The GBP LIBOR interest rates used currently are synthetically available. The Company is currently in the process of updating the lease agreements to reflect various LIBOR rates being discontinued. The rates to be applied will be the market equivalent of the discontinued rates.

###### (iii) Credit risk

Credit risk arises from deposits at banks, trade debtors, amounts owed by group undertakings, amount owed by a related party, other debtors, rental deposits.

The Company assesses on a forward-looking basis the expected credit losses associated with its financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The Company applies the simplified approach permitted by IFRS 9, which required lifetime losses to be recognized from initial recognition of the trade debtors.

The carrying amount of the receivables included in the Statement of financial position represents the Company's maximum exposure to credit risk in relation to these financial assets. Whilst amounts owed by group undertakings, amount owed by a related party, other debtors, rental deposits are limited because the counterparties are of high credit worthiness, any identified impairment loss is immaterial. The credit risk for deposits at banks are considered by the Company to be minimal as such amounts are generally placed with banks with good ratings.

**ALIBABA.COM (EUROPE) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**3 Financial risk management (Continued)**

**(a) Financial risk factors (Continued)**

**(iv) Liquidity risk**

A fellow subsidiary acts as a treasury center and monitors the current and expected liquidity requirements of the Company. The Company adopts prudent treasury management objectives and aims to maintain flexibility by keeping sufficient cash and cash equivalents generated from operations as well as adequate funding from the ultimate holding company to meet its commitment over the foreseeable future in accordance with its strategic plan.

The Company does not have significant financial liabilities except for trade creditors, amounts due to the ultimate holding company, immediate holding company, fellow subsidiaries, lease liabilities and other payables. The amounts due to group companies are unsecured, interest-free and have no fixed terms of repayment. Other payables were contractually due for settlement within 12 months.

**(b) Capital risk management**

The Company manages its capital to ensure its ability to continue as a going concern while maximising the returns to the member and benefits to other stakeholders. In order to achieve these objectives, the Company will periodically review its capital structure, with consideration on the macroeconomic conditions, prevailing interest rate and adequacy of cash flows generating from operations, and adjust it through the payment of dividends, issue of new shares or debts, the repurchase of shares and redemption of existing debt.

**4 Critical judgements and estimates in applying the entity's accounting policies**

**(a) Provision for impairment of investment in subsidiaries and associates**

At each balance sheet date, the Company reviews internal and external sources of information to identify indications that the investment in subsidiaries and associates may be impaired according to the accounting policies as described in Note 2(e) and 2(f). The sources utilised to identify indications of impairment are often subjective in nature and the Company is required to use judgment in applying such information to its business. The Company's interpretation of this information has a direct impact on whether an impairment assessment is performed as of any given balance sheet date. If an indication of impairment is identified, such information is further subjected to an exercise that requires the Company to estimate the recoverable amount, representing the higher of the fair value less cost to sell or its value in use.

Depending on the Company's assessment of the overall materiality of the asset under review and complexity of deriving reasonable estimates of the recoverable amount, the Company may perform such assessment utilising internal resources or the Company may engage external advisors to assist the Company in making this assessment. Regardless of the resources utilised, management assumptions would be made during the assessment which includes the utilisation of such asset, the cash flows to be generated, appropriate market discount rates and the projected market and regulatory conditions. Changes in any of these assumptions could result in a material change to future estimates of the recoverable amount of any asset. For investment in subsidiaries and associates, details are disclosed in Note 14 and 15.

**ALIBABA.COM (EUROPE) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**4 Critical judgements and estimates in applying the entity's accounting policies (Continued)**

**(b) Estimate of fair value of financial assets**

The best evidence of fair value is current prices in an active market for similar financial assets. In the absence of such information, the management determine the amount within a range of reasonable fair value estimates. In making its judgement, the director considers information including current prices in an active market for financial assets of different nature and condition adjusted to reflect those differences; and recent prices of similar financial assets in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices. For fair value of financial assets, details are disclosed in Note 13.

**(c) Determination of share-based compensation expense**

The Company's employees have participated in various equity-settled share-based compensation plans of Alibaba Group. The fair values of share-based awards granted are determined with reference to the fair value of the underlying shares of Alibaba Group.

In addition, the Company is required to estimate the expected percentage of grantees that will remain in employment with the Company at the end of the vesting period. The Company only recognises an expense for those share-based awards expected to vest over the vesting period during which the grantees become unconditionally entitled to share-based awards. Changes in these estimates and assumptions could have a material effect on the amount of such share-based awards expected to become vested, which may in turn significantly impact the determination of the share-based compensation expense.

Based on the fair value of share-based awards granted by Alibaba Group to the Company's employees and the expected turnover rate of grantees, the corresponding share-based compensation expense recognized by the Company in respect of their services rendered for the year ended 31 March 2023 was approximately GBP2,935,782 (2022: GBP2,155,264). Details is disclosed in Note 10.

**(d) Impairment of non-financial assets**

The Company assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Non-financial assets with finite useful lives are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

**ALIBABA.COM (EUROPE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**5 Revenue**

	2023 GBP	2022 GBP
Service income	23,502,985	27,749,294
Cloud computing revenue	36,050,407	37,940,756
	<u>59,553,392</u>	<u>65,690,050</u>

Analysis of revenue by geography:

	2023 GBP	2022 GBP
United Kingdom	5,759,799	5,416,876
Rest of Europe	29,543,070	31,649,657
Singapore	23,502,985	27,590,014
Rest of the world	747,538	1,033,503
	<u>59,553,392</u>	<u>65,690,050</u>

The following is an analysis of the Company's revenue by timing of satisfaction of performance obligation:

	2023 GBP	2022 GBP
Revenue recognized over time	59,553,392	65,690,050
Total	<u>59,553,392</u>	<u>65,690,050</u>

Note: Revenue recognised that was included in the contract liability at the beginning of the financial year 2023 is GBP1,066,092 (2022: GBP1,384,703). The contract liabilities primarily relate to advance considerations received from few customers for cloud computing services of which the revenue will be recognised over the remaining contract term of specific contract it relates to. In case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by the company exceeds the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

**ALIBABA.COM (EUROPE) LIMITED****NOTES TO THE FINANCIAL STATEMENTS****6 Operating loss before taxation**

Operating loss before taxation is stated after charging/(crediting) the following:

	2023 GBP	2022 GBP
Loss on disposal of tangible assets	436	95,379
Fair value loss/(gain) on financial assets (Note 13)	19,511,325	(4,676,844)
Net impairment losses on investment in an associated undertaking (Note 15)	13,004,833	11,976,010
Net impairment losses on investments in subsidiaries (Note 14)	40,904,373	-
Depreciation (Note 11)	6,302,885	9,221,707
Depreciation of right-of-use assets (Note 12)	192,108	155,269
Staff costs (Note 7)	7,506,169	9,235,914
Exchange gain	(1,957,683)	(679,827)
Professional fees	164,272	142,002
(Reversal of)/Impairment loss on trade receivables	(2,611,356)	3,354,633

Note: Auditors' remuneration for the statutory audit of the company's annual financial statements was borne by Alibaba Group Holding Limited GBP58,839 (2022: GBP30,000) and Alibaba.com (Europe) Limited GBP11,763 (2022: GBPnil). Remuneration for provision of non-audit services was GBPnil (2022: GBPnil).

**7 Staff costs**

	2023 GBP	2022 GBP
Wages and salaries	3,523,690	5,550,422
Social security costs	1,008,922	1,396,341
Other pension costs	37,775	133,887
Share-based compensation expense	2,935,782	2,155,264
	<u>7,506,169</u>	<u>9,235,914</u>

The monthly average number of employees during the financial year was as follows:

	2023 Number	2022 Number
Sales and marketing	<u>33</u>	<u>42</u>

**8 Directors' emoluments**

The directors did not receive any fees or emoluments in respect of their services to the Company during the year (2022: nil).

The directors of the Company received various share-based awards issued by Alibaba Group for the services rendered as employee of the group as a whole. No allocation of share-based compensation expense was made to the statement of comprehensive income of the Company as the services rendered to the Company were insignificant during the year (2022: nil).

**ALIBABA.COM (EUROPE) LIMITED****NOTES TO THE FINANCIAL STATEMENTS****9 Income tax credit/(expense).**

Provision for tax has been made as the Company has an assessable profit for the year.

	2023 GBP	2022 GBP
<b>Current tax</b>		
UK Corporation tax on loss of the financial year	220,023	696,665
Adjustments in respect of prior periods	(133,565)	193,502
	<u>86,458</u>	<u>890,167</u>
<b>Deferred tax (Note 18)</b>		
Origination and reversal of timing differences	(522,773)	58,788
<b>Total tax (credit)/expense</b>	<u>(436,315)</u>	<u>948,955</u>

**Factors affecting the tax expense for the financial year**

The tax assessed for the year is lower (2022: higher) than the standard rate of tax.

	2023 GBP	2022 GBP
Loss before taxation	(72,546,947)	(3,894,392)
Tax calculated at the standard UK tax rate of 19% (2022: 19%)	(13,783,920)	(739,935)
Expenses not deductible for tax purposes	13,968,734	1,304,529
Income not taxable for tax purposes	(512,009)	(418,602)
(Over)/under-provision for prior year	(109,120)	802,963
<b>Total tax (credit)/expense for the financial year</b>	<u>(436,315)</u>	<u>948,955</u>

Note: In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remaining at 19%, as previously enacted). This new law was substantively enacted on 24 May 2021. In the Autumn Statement in November 2022, the government confirmed the increase in corporation tax rate to 25% from April 2023 will go ahead. This will increase the company's future current tax charge accordingly and increase the unprovided deferred tax asset. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements

**ALIBABA.COM (EUROPE) LIMITED****NOTES TO THE FINANCIAL STATEMENTS****10 Share-based compensation**

The Company's employees participate in the equity-settled share-based compensation plans of Alibaba Group. Share-based awards under these equity-settled share-based compensation plans are granted to the employees of the Company to acquire shares of Alibaba Group and they are subject to a four-year vesting schedule whereby the share-based awards generally vest 25% or 50% upon the first or second anniversary of the vesting commencement date, respectively, as provided in the award agreement, and 25% every year thereafter. No outstanding share-based awards will be vested after the expiry of a period up to ten years from the date of grant. Neither Alibaba Group nor the other group companies have legal or constructive obligation to repurchase or settle these share-based awards in cash.

For the purpose of financial reporting of the Company, share-based compensation expense arising from the granting of share-based awards by Alibaba Group to the employees of the Company, to the extent of services rendered to the Company, is deemed to have been allocated to the Company as its expense with the corresponding increase in the share-based compensation reserve under equity.

*Share-based awards relating to shares of Alibaba Group*

Movements in the number of share-based awards outstanding and the respective weighted average grant date fair value attributable to the employees of the Company as grantees were as follows:

	2023		2022	
	Weighted average grant date fair value USD	Number of share-based awards	Weighted average grant date fair value USD	Number of share-based awards
Outstanding as of beginning of the year	179.44	65,415	204.93	74,640
Granted	103.31	23,654	172.37	39,895
Transfer-in <sup>(i)</sup>	-	-	183.81	3,545
Transfer-out <sup>(i)</sup>	164.82	(3,788)	201.64	(5,788)
Vested	192.28	(18,904)	179.64	(23,384)
Cancelled/forfeited	196.81	(4,321)	243.40	(23,493)
Outstanding as of end of the year	<u>146.19</u>	<u>62,056</u>	<u>179.44</u>	<u>65,415</u>

- (i) Transfer-in/-out represents movement of share-based awards owned by grantees who transferred from/to other subsidiaries of Alibaba Group to/from the Company.

**ALIBABA.COM (EUROPE) LIMITED****NOTES TO THE FINANCIAL STATEMENTS****11 Tangible assets**

	Computer Equipment GBP	Furniture and office equipment GBP	Leasehold improvements GBP	Total GBP
<b>Cost</b>				
1 April 2022	41,771,200	254,040	2,416,372	44,441,612
Additions	2,927,334	-	75,746	3,003,080
Disposals	(19,747)	-	-	(19,747)
Write-off	(1,153,355)	(806)	-	(1,154,161)
31 March 2023	<u>43,525,432</u>	<u>253,234</u>	<u>2,492,118</u>	<u>46,270,784</u>
<b>Accumulated depreciation</b>				
1 April 2022	32,601,975	170,525	1,808,577	34,581,077
Depreciation charge	5,819,949	52,177	430,759	6,302,885
Disposals	(19,747)	-	-	(19,747)
Write-off	(669,350)	(806)	-	(670,156)
31 March 2023	<u>37,732,827</u>	<u>221,896</u>	<u>2,239,336</u>	<u>40,194,059</u>
<b>Net book value</b>				
31 March 2022	<u>9,169,225</u>	<u>83,515</u>	<u>607,795</u>	<u>9,860,535</u>
31 March 2023	<u>5,792,605</u>	<u>31,338</u>	<u>252,782</u>	<u>6,076,725</u>

**ALIBABA.COM (EUROPE) LIMITED****NOTES TO THE FINANCIAL STATEMENTS****12 Leases**

The Company has lease contract for office used in the operations. The amounts recognised in the financial statements in relation to the leases are as follows:

**(i) Amounts recognised in the statement of financial position**

The balance sheet shows the following amounts relating to leases:

	2023 GBP	2022 GBP
<b>Right-of-use assets</b>		
Office	281,792	470,352
<b>Lease liabilities</b>		
Current	157,877	185,934
Non-current	82,039	239,916
	<u>239,916</u>	<u>425,850</u>

Note: There were additions of GBP473,900 in FY22. The total cash outflow for leases in 2022 was GBP301,924.

The table below analyses the Company's lease liabilities into relevant maturity groups based on the remaining period at the end of the reporting periods to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows (including interests payments computed using contractual rates).

	2023 GBP	2022 GBP
Not later than one year	192,850	192,850
Later than one year and not later than five years	50,355	243,205
Total gross payment	<u>243,205</u>	<u>436,055</u>
Impact of finance expenses	(3,289)	(10,205)
Carrying amount of liability	<u>239,916</u>	<u>425,850</u>

**(ii) Amounts recognised in the income statement**

The income statement shows the following amounts relating to leases:

	2023 GBP	2022 GBP
<b>Depreciation charge of right-of-use assets</b>		
Office	192,108	155,269
Interest expense (presented as finance costs)	7,078	2,273

**ALIBABA.COM (EUROPE) LIMITED****NOTES TO THE FINANCIAL STATEMENTS****13 Financial assets at fair value through profit or loss**

	2023 GBP	2022 GBP
Beginning of the financial year	24,587,890	76,716,119
Fair value change	(19,511,325)	4,676,844
Disposal (Note(i))	-	(56,805,073)
End of the financial year	<u>5,076,565</u>	<u>24,587,890</u>

## Note

- (i) In financial year 2022, the Company disposed of its interest held in SB Robotic which amounted GBP56,805,073 (equivalent to ¥8,674,702,745).

**14 Investments in subsidiaries**

	2023 GBP	2022 GBP
<b>Cost</b>		
Beginning of the financial year	624,658,687	591,511,380
Addition (Note(i)(ii)(iii))	-	33,147,307
End of the financial year	<u>624,658,687</u>	<u>624,658,687</u>
<b>Provision for impairment</b>		
Beginning of the financial year	-	-
Impairment of subsidiary (Note (iv))	(40,904,373)	-
Net book value	<u>583,754,314</u>	<u>624,658,687</u>

**ALIBABA.COM (EUROPE) LIMITED****NOTES TO THE FINANCIAL STATEMENTS****14 Investments in subsidiaries (Continued)**

Details of the subsidiaries as of 31 March 2023 and 2022 were set out below:

Name	Place of incorporation/ establishment	Registered address	Principal activities	Particulars of issued share registered capital as of 31 March 2023	Effective interest held 31 March 2023		Effective interest held 31 March 2022	
					Direct	Indirect	Direct	Indirect
AliCloud (Germany) GmbH (Note (i))	Germany	Neue Rothofstraße 13-19, 60313 Frankfurt am Main, Germany	Operating internet data center	€25,000	100%	-	100%	-
Alibaba (Germany) GmbH	Germany	1st Floor, Viktualienmarkt 8, 80331 Munich, Germany	Customer services and marketing activities in Germany	€25,000	100%	-	100%	-
Alibaba (Italy) S.r.l.	Italy	Corso Europa, 13 20122 Milano, Italy	Customer services and marketing activities in Italy	€1,210,000	100%	-	100%	-
Alibaba (France) SASU	France	6 Rue Ménars, 75002, Paris, France	Customer services and marketing activities in France	€2,710,000	100%	-	100%	-
Alibaba (Netherlands) B.V. (Note (ii),(iv))	Netherlands	Herengracht 448, 1017CA Amsterdam, the Netherlands	Marketing support and business development support for the e-commerce business of Alibaba Group the provision of cloud services to external customers	€610,000	100%	-	100%	-
Alibaba Cloud Japan Services Corporation	Japan	27F Kyobashi Edogrand, 2-2-1 Kyobashi, Chuo-ku, Tokyo 1040031, Japan	Business development for cloud computing services	¥2,852,500,000	100%	-	100%	-
Tmall (Japan) Limited	Japan	27F Kyobashi Edogrand, 2-2-1 Kyobashi, Chuo-ku, Tokyo 1040031, Japan	Procurement of Japanese brand products for Tmall Global	¥419,300,000	100%	-	100%	-
Alibaba Group (U.S.) Inc.	USA	3500 South DuPont Highway, City of Dover, County of Kent, Delaware 19901, USA	Service Provider	USD578,930,381	100%	-	100%	-

## ALIBABA.COM (EUROPE) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

## 14 Investments in subsidiaries (Continued)

Name	Place of incorporation/ establishment	Registered address	Principal activities	Particulars of issued share registered capital as of 31 March 2023	Effective interest held 31 March 2023		Effective interest held 31 March 2022	
					Direct	Indirect	Direct	Indirect
Fliggy Travel Japan Co., Ltd	Japan	27F Kyobashi Edogrand, 2-2-1 Kyobashi, Chuo-ku, Tokyo 1040031, Japan	Travel agency business	¥16,000,100	100%		100%	
ALPX DO BRASIL TECNOLOGIA E SERVICOS LTDA (Note (iii))	Brazil	City and State of São Paulo, at Rua Apeninos, No. 485, Room 12, Aclimação, CEP 01533-000, Brazil	Retail and wholesale trade in general, in Brazil and/or abroad, of any goods or products	R\$18,000,000	100%		100%	

All classes of shares held are ordinary shares.

## Note

- (i) In financial year 2022, the Company further contributed GBP28,407,360 (USD38,100,000, representing share premium) into AliCloud (Germany) GmbH. The share capital of AliCloud (Germany) GmbH remained unchanged at €25,000 as of statement of financial position date.
- (ii) In financial year 2022, the Company further contributed GBP2,200,592 (€2,600,000, representing share premium) into Alibaba (Netherlands) B.V. The share capital of Alibaba (Netherlands) B.V. remained unchanged at €610,000 as of statement of financial position date.
- (iii) In financial year 2022, the Company contributed GBP2,539,355 (equivalent to R\$18,000,000) into ALPX DO BRASIL TECNOLOGIA E SERVICOS LTDA. The share capital of ALPX DO BRASIL TECNOLOGIA E SERVICOS LTDA at R\$18,000,000 as of statement of financial position date.
- (iv) In financial year 2023, a provision for impairment amounting to GBP40,904,373 was recognised against the Company's investment in Alibaba (Netherlands) B.V.. The valuation techniques and key inputs used to determine the fair value of the subsidiary is categorised under Level 3 of the fair value hierarchy. Significant judgement are used to estimate the last twelve months earnings before interest and taxes (LTM EBIT) and earnings before interest and taxes (EV/EBIT) multiplier in computing the fair value of the subsidiary. In making these estimates, management has relied on past performance, its expectation of global market developments, and industry trend for global cloud services.

If the LTM EBIT and EV/EBIT multiplier used in the fair value calculation had been 2% lower than management's estimates, the Company would have recognised a further impairment of GBP429,818

**ALIBABA.COM (EUROPE) LIMITED****NOTES TO THE FINANCIAL STATEMENTS****15 Investments in associated undertakings**

	2023 GBP	2022 GBP
Beginning of the financial year	24,040,319	28,666,987
Addition (Note (ii))	20,965,202	12,555,631
Net impairment losses	(13,004,833)	(11,976,010)
Disposal (Note (i))	-	(5,206,289)
End of the financial year	<u>32,000,688</u>	<u>24,040,319</u>

Details of the associated undertakings as of 31 March 2023 and 2022 were set out below:

<u>Name</u>	<u>Place of incorporation establishment</u>	<u>Registered address</u>	<u>Principal activities</u>	<u>Cost of investments As at 31 March 2023</u>	<u>Effective interest held As at 31 March 2023</u>	<u>Cost of investments As at 31 March 2022</u>	<u>Effective interest held As at 31 March 2022</u>
Alibaba.com Japan Co., Ltd.	Japan	27F, Kyobashi Edogrand, 2-2-1 Kyobashi, Chuo-ku Tokyo, 1040031, Japan	Internet content and advertising services	¥1,024,729,250	28%	¥1,024,729,250	28%
Da Vinci Holdings Limited (Note(i))	United Kingdom	1 The Village Offices, Westfield, Ariel, London W12 7GF	Platform management business	¥552,800,915	49%	¥375,099,424	49%

All classes of shares held are ordinary shares.

Note

- (i) Pursuant to the share purchase agreement entered into by the Company in 31 March, 2021, the Company disposed £5,206,289 (equivalent to ¥799,586,262) on 1 July, 2021.
- (ii) Pursuant to the directors' resolution dated 20 October, 2021, the Company further contributed GBP12,555,631 (equivalent to CNY109,274,424.00) to the associated company, without change of direct interest in the associated company.

Pursuant to the directors' resolution dated 20 June, 2022, the Company further contributed GBP7,793,155 (equivalent to CNY65,978,108) to the associated company, without change of direct interest in the associated company.

Pursuant to the directors' resolution date 20 December, 2022, the Company further contributed GBP13,172,047 (equivalent to CNY111,723,383) to the associated company, without change of direct interest in the associated company.

**ALIBABA.COM (EUROPE) LIMITED****NOTES TO THE FINANCIAL STATEMENTS****16 Debtors**

	2023 GBP	2022 GBP
Trade debtors	8,591,214	12,442,823
Amounts owed by group undertakings	14,387,673	17,352,400
Amount owed by related parties	793,012	898,126
Other debtors	620,238	1,636,419
Prepayments and accrued income	593,767	452,322
	<u>24,985,904</u>	<u>32,782,090</u>

The amounts owed by group undertakings and related parties are unsecured, interest-free and have no fixed terms of repayment. The carrying amounts of the balances approximate to the respective fair values.

Trade debtors are stated after reversal of impairment of GBP2,611,356 (2022: provision for impairment of GBP3,354,633).

**17 Creditors – amounts falling due within one year**

	2023 GBP	2022 GBP
<b>Amounts due within one year</b>		
Trade creditors	4,163,952	2,649,406
Contract liabilities	834,021	1,010,212
Amounts owed to group undertaking	24,551,566	3,392,708
Amounts owed to related parties	260,538	2,870,771
Lease liabilities (Note 12)	157,877	185,934
Taxations and social security	-	548,615
Accruals	13,693,404	31,136,947
	<u>43,661,358</u>	<u>41,794,593</u>

The amounts owed to group undertaking and related parties are unsecured, interest-free and have no fixed terms of repayment. The carrying amounts of the balances approximate to the respective fair values.

**ALIBABA.COM (EUROPE) LIMITED****NOTES TO THE FINANCIAL STATEMENTS****18 Deferred tax assets**

	Accelerated capital allowances GBP	Share-based compensation GBP	Total GBP
<b>Deferred tax (liabilities)/assets</b>			
At 1 April 2021	2,197,630	(1,407,160)	790,470
Credited/(charged) to statement of comprehensive income	170,350	(229,140)	(58,790)
At 31 March 2022 and 1 April 2022	2,367,980	(1,636,300)	731,680
Credited to statement of comprehensive income	270,642	252,131	522,773
At 31 March 2023	<u>2,638,622</u>	<u>(1,384,169)</u>	<u>1,254,453</u>

**19 Ordinary shares**

Ordinary shares of GBP1 each

	Number	GBP
<b>Authorised, issued and fully paid:</b>		
At 1 April 2022 and 31 March 2023	<u>574,287,034</u>	<u>574,287,034</u>

All shares rank pari passu in all respects.

**20 Ultimate controlling party**

The Company's immediate holding Company and controlling entity is Alibaba.com Singapore E-Commerce Private Limited, a Company incorporated and registered in Singapore.

The ultimate parent undertaking, the smallest and largest group to consolidate these financial statements and ultimate controlling party is Alibaba Group Holding Limited. Copies of the Alibaba Group Holding Limited consolidated financial statements can be obtained at <https://www.alibabagroup.com/>.

The registered office of the Alibaba Group Holding Limited is Trident Trust Company (Cayman) Limited, Fourth Floor, One Capital Place, P.O. Box 847, George Town, Grand Cayman, Cayman Islands.