

NetEase

4Q24 Investor Presentation

Investor Relations
February 20, 2024

SAFE HARBOR STATEMENT

This announcement contains statements of a forward-looking nature. These statements are made under the “safe harbor” provisions of the U.S. Private Securities Litigation Reform Act of 1995. You can identify these forward-looking statements by terminology such as “will,” “expects,” “anticipates,” “future,” “intends,” “plans,” “believes,” “estimates” and similar expressions. In addition, statements that are not historical facts, including statements about NetEase’s strategies and business plans, its expectations regarding the growth of its business and its revenue and the quotations from management in this announcement are or contain forward-looking statements. NetEase may also make forward-looking statements in its periodic reports to the U.S. Securities and Exchange Commission (the “SEC”), in announcements made on the website of The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”), in press releases and other written materials and in oral statements made by its officers, directors or employees to third parties. The accuracy of these statements may be impacted by a number of business risks and uncertainties that could cause actual results to differ materially from those projected or anticipated, including risks related to: the risk that the online games market will not continue to grow or that NetEase will not be able to maintain its position in that market in China or globally; risks associated with NetEase’s business and operating strategies and its ability to implement such strategies; NetEase’s ability to develop and manage its operations and business; competition for, among other things, capital, technology and skilled personnel; potential changes in regulation environment in the markets where NetEase operates; the risk that NetEase may not be able to continuously develop new and creative online services or that NetEase will not be able to set, or follow in a timely manner, trends in the market; risks related to evolving economic cycles and geopolitical events; risks related to the expansion of NetEase’s businesses and operations internationally; risks associated with cybersecurity threats or incidents; and fluctuations in foreign currency exchange rates that could adversely affect NetEase's business and financial results. Further information regarding these and other risks is included in NetEase’s filings with the SEC and announcements on the website of the Hong Kong Stock Exchange. NetEase does not undertake any obligation to update this forward-looking information, except as required under applicable law.



NetEase, Inc.

NetEase, Inc. (NASDAQ: NTES and HKEX: 9999, “NetEase”) is a leading internet and game services provider centered around premium content. With extensive offerings across its expanding gaming ecosystem, the Company develops and operates some of the most popular and longest running mobile and PC games available in China and globally.

Powered by one of the largest in-house game R&D teams focused on mobile, PC and console, NetEase creates superior gaming experiences, inspires players, and passionately delivers value for its thriving community worldwide. By infusing play with culture, and education with technology, NetEase transforms gaming into a meaningful vehicle to build a more entertaining and enlightened world.

Beyond games, NetEase service offerings include its majority-controlled subsidiaries Youdao (NYSE: DAO), an intelligent learning company with industry-leading technology, and NetEase Cloud Music (HKEX: 9899), a well-known online music platform featuring a vibrant content community, as well as Yanxuan, NetEase’s private label consumer lifestyle brand. For more information, please visit: <http://ir.netease.com/>.

MARKET SNAPSHOT

In USD

\$67.2
billion

Market Cap ¹
(2/19/25)

3.2
billion

Shares Outstanding,
Diluted (4Q24)

\$1.89

Basic Net Income per ADS
(GAAP) (4Q24)

\$3.7
billion

Net Revenues
(4Q24)

\$1.2
billion

Net income attributable to the
Company's shareholders (GAAP)
(4Q24)

\$18.0
billion

Net cash ²
(12/31/24)

AA

MSCI ESG Rating ³

Notes:

¹ Market Cap is calculated using the closing price on NASDAQ; Our market cap is HK\$524.0 billion based on the closing price on the Hong Kong Stock Exchange

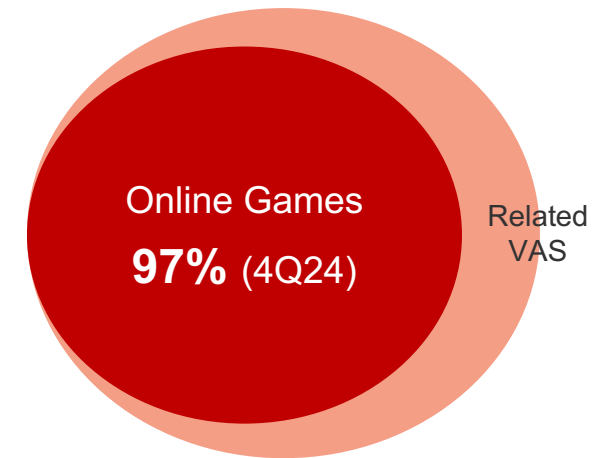
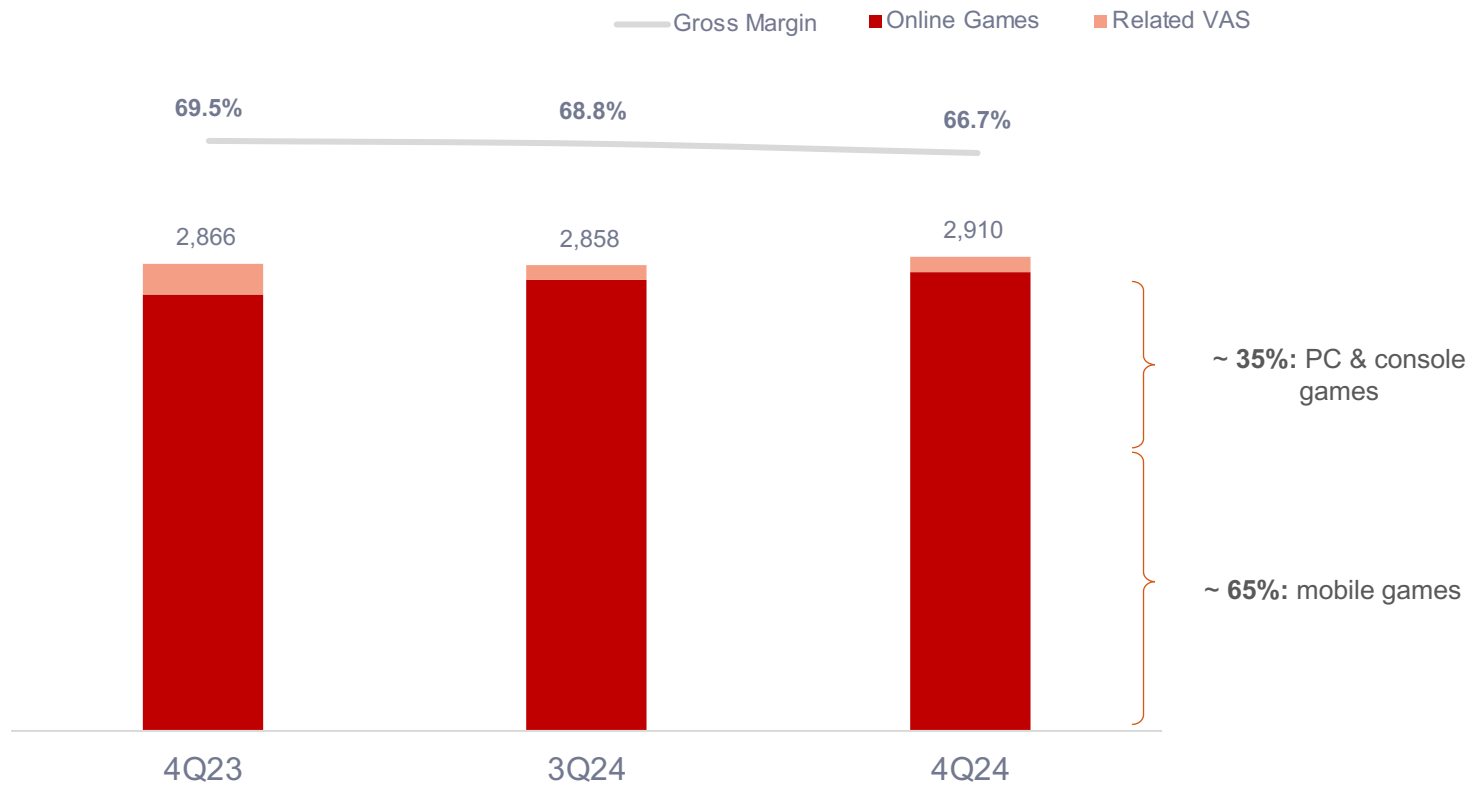
² Net cash refers to total cash and cash equivalents, current and non-current time deposits and restricted cash, as well as short-term investments balance, minus short-term and long-term loans

³ The result is based on the latest update in October 2024

GAMES AND RELATED VALUE-ADDED SERVICES

USD million¹

Games and Related Value-added Services Net Revenues and Gross Margin



Note:

¹ US\$1.00 = RMB7.2993 on December 31, 2024. Same exchange rate is applied to all years for illustrative purposes

ONLINE GAMES

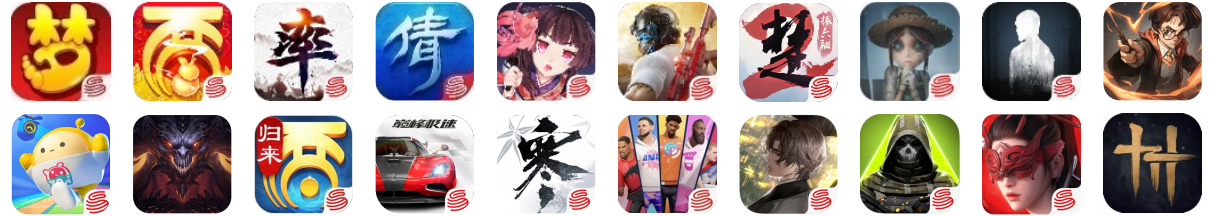
PC & CONSOLE GAMES

Flagship Self-Developed PC & Console Titles



MOBILE GAMES

Self-Developed Mobile Games



Mobile Games in Overseas Markets



Licensed Mobile Games From Overseas Developers

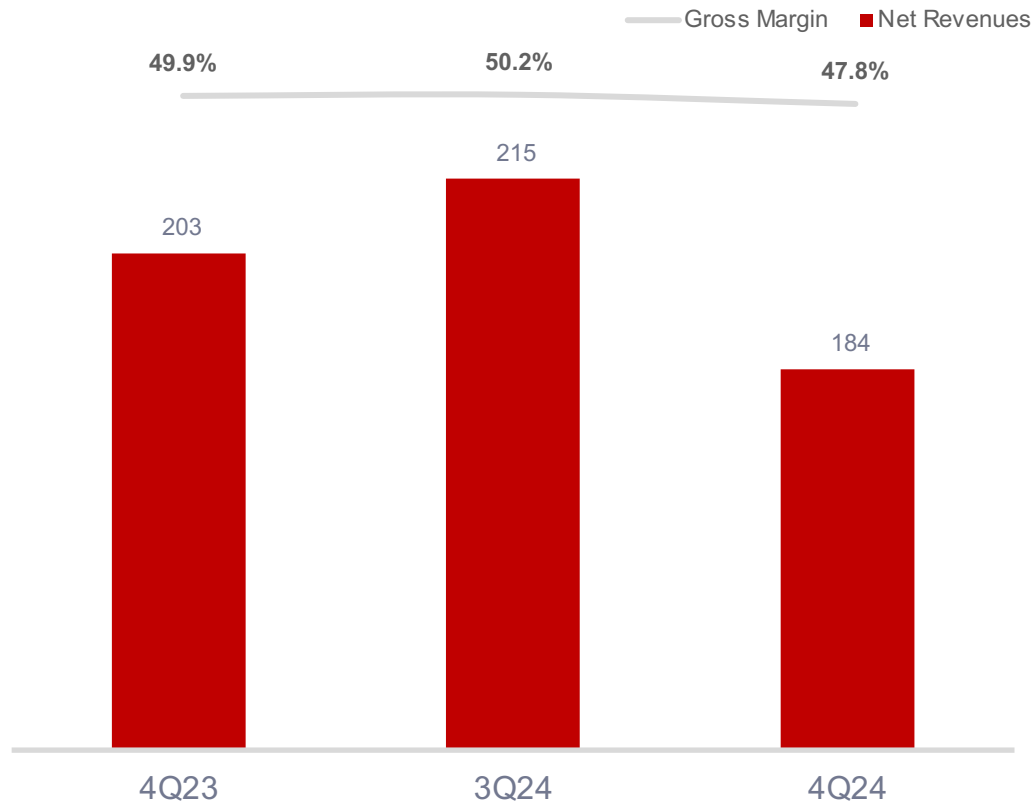


- Introduced more new blockbuster games around the globe, reinforcing NetEase's leadership across diverse genres and growing global momentum.
- **Marvel Rivals** topped Steam's global top sellers chart shortly after its launch on December 6, with over 40 million registered users to date. Its Season 1 update in January 2025 sparked another surge, claiming the No. 1 spots on Steam's top sellers and most-played charts worldwide.
- **Where Winds Meet** accumulated over 15 million players within two weeks after the successful release of the game's mobile version.
- **Justice** mobile game topped the iOS download charts in Hong Kong, Macau and Taiwan and reached No. 1 position on the iOS top grossing chart in Taiwan in January 2025.
- Blizzard titles **World of Warcraft** and **Hearthstone** continued to generate strong enthusiasm from the Chinese gaming community, while the return of **Overwatch 2** on February 19, 2025 further fueled players' passion.
- Established titles maintained their popularity, such as **Westward Journey Online 2**, **Fantasy Westward Journey Online** and mobile game, **Infinite Borders**, **Onmyoji**, **Identity V**, **Naraka: Bladepoint** and **Justice** franchise, demonstrating NetEase's prowess in long-term game operations.
- New game lineup for global markets, including **Fragpunk**, **Destiny: Rising** and **MARVEL Mystic Mayhem**, positioned to further diversify game portfolio.

YOUDAO

USD million¹

Youdao Net Revenues and Gross Margin



- Youdao's operating profit increased by over 10% year-over-year in the fourth quarter, achieving its first-ever annual operating profit in 2024.
- By prioritizing high-demand courses, it achieved healthy development and reinforced profitability for learning services.
- Youdao's online marketing services continued to advance domestic and overseas development.
- Smart devices segment maintained healthy growth.

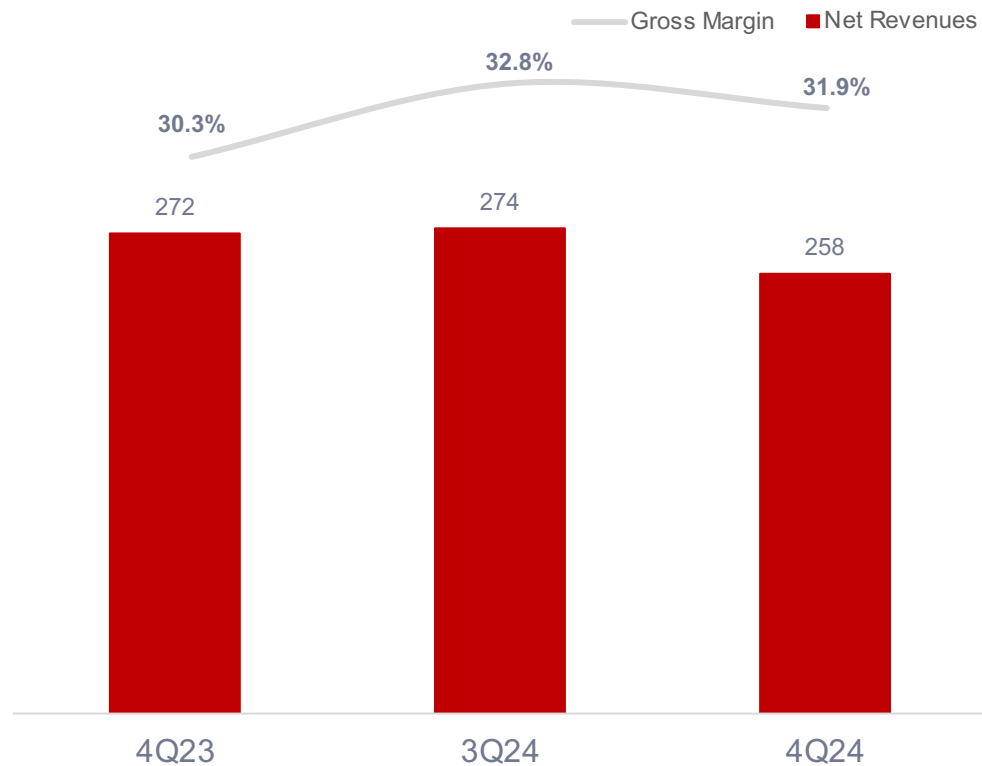
Note:

¹ US\$1.00 = RMB7.2993 on December 31, 2024. Same exchange rate is applied to all years for illustrative purposes

NETEASE CLOUD MUSIC

USD million¹

NetEase Cloud Music Net Revenues and Gross Margin



- NetEase Cloud Music continued to drive quality development across its music-centric ecosystem, nurturing its unique community and distinctive content offerings.
- Continued to reinforce its signature music consumption experiences while expanding consumption scenarios and brand awareness.
- Expanded its music library and kept bringing users a diverse range of licensed and original music.
- Continued to improve its music-focused monetization and lay solid foundation for sustainable growth.

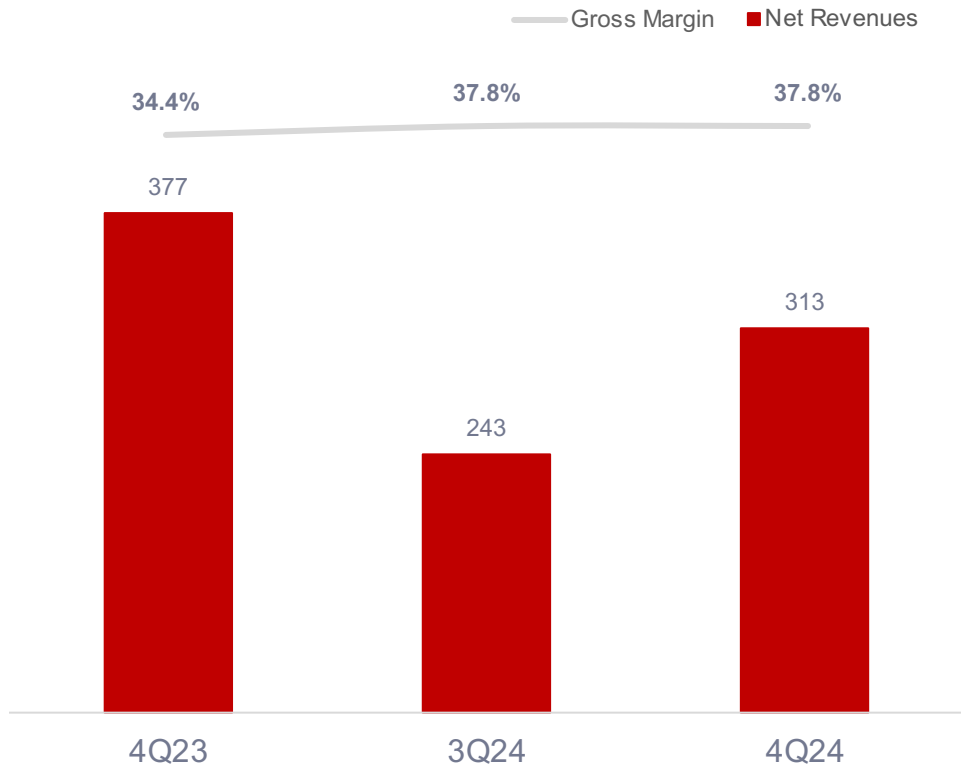
Note:

¹ US\$1.00 = RMB7.2993 on December 31, 2024. Same exchange rate is applied to all years for illustrative purposes

INNOVATIVE BUSINESSES AND OTHERS

USD million¹

Innovative Businesses and Others Net Revenues and Gross Margin



Note:

¹ US\$1.00 = RMB7.2993 on December 31, 2024. Same exchange rate is applied to all years for illustrative purposes



NetEase Yanxuan

- Leading private-label consumer lifestyle brand in China
- Continued to strengthen its brand presence with highly popular products in focused categories
- Various product categories, such as pet products, household cleaning products and office furniture, achieved strong sales growth, securing leading positions in sales on several e-commerce platforms.



Wangyi Xinwen

- www.163.com portal and related mobile app, Wangyi Xinwen: deliver quality information such as news, sports events, technology, fashion trends and online entertainment to our users



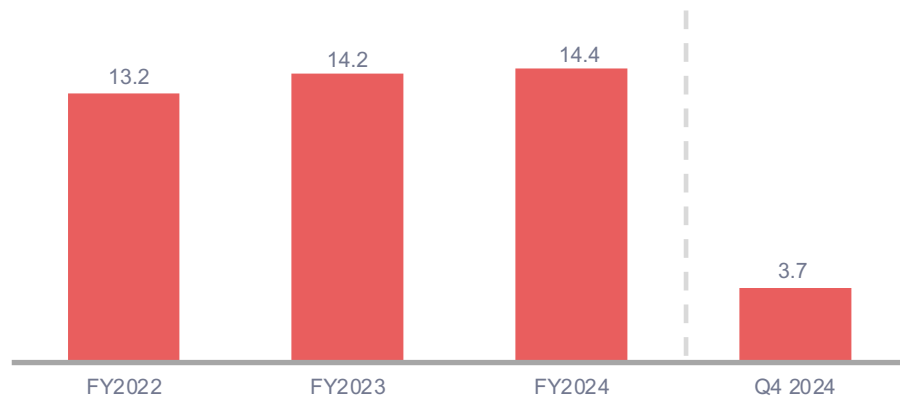
E-mail Services

- China's leading e-mail service provider since 1997

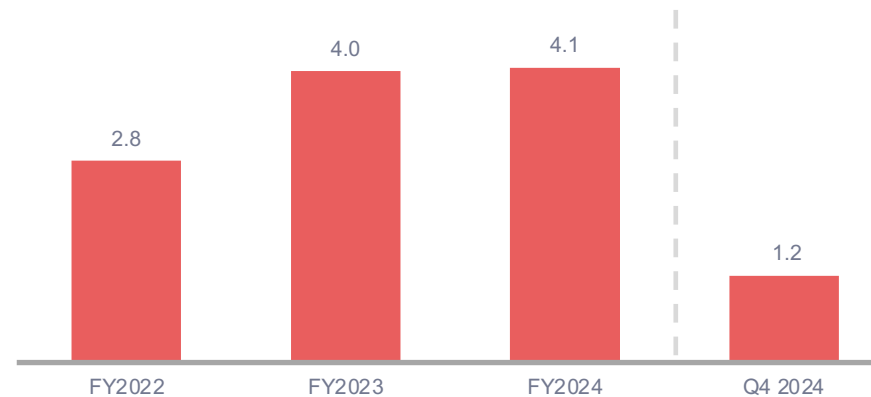
FINANCIAL HIGHLIGHTS

USD billion¹

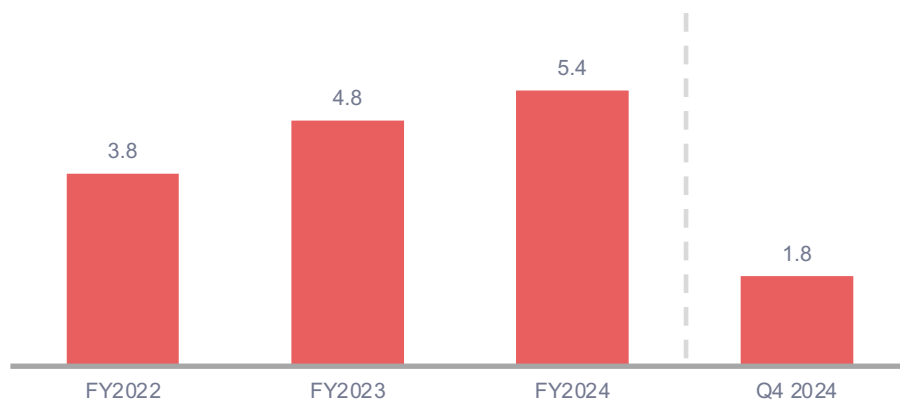
Net Revenues



Net Income Attributable to Shareholders (GAAP)



Operating Cash Flow



Value Returned to Shareholders

US\$	FY2022	FY2023	FY2024	Q4 2024
Dividend per ADS (declared)	\$1.38700	\$2.56485	\$2.58525	\$1.22025
Total Dividends (declared) ²	\$906 m	\$1,649 m	\$1,651 m	\$775 m
Share Buyback	\$1,187 m	\$687 m	\$1,230 m	\$245 m

Notes:

1 US\$1.00 = RMB7.2993 on December 31, 2024. Same exchange rate is applied to all years for illustrative purposes

2 Total dividends (declared) equals to dividend per ADS (declared) multiplied by each quarter's corresponding weighted average number of ADS outstanding, basic

ESG PERFORMANCE

MSCI Ratings



AA

Last Updated: October 2024

According to MSCI's evaluation, NetEase is a leader among 233 companies in the media & entertainment industry

S&P Global ESG Score



52

Last Updated: September 2024

NetEase has been selected as a member of the 2022 Dow Jones Sustainability World Index and Dow Jones Sustainability Emerging Markets Index. The Company is also included in the S&P Global Sustainability Yearbook 2025 and 2022

Sustainalytics Ratings



15.9

Last Updated: October 2024

NetEase is rated as a low-risk company

NetEase has been included in Sustainalytics' list of top ESG rated badges for 2023

BALANCE SHEET SUMMARY

	2023		2024	
in millions	Dec 31, RMB	Dec 31, RMB (Unaudited)	Dec 31, USD (Unaudited)	
ASSETS				
Current assets:				
Cash and cash equivalents	21,429	51,383	7,039	
Time deposits	100,856	75,441	10,335	
Other current assets	20,408	26,501	3,631	
Total current assets	142,693	153,325	21,005	
Property, equipment and software, net	8,075	8,520	1,167	
Other non-current assets	35,157	34,147	4,679	
Total assets	185,925	195,992	26,851	
LIABILITIES, REDEEMABLE NONCONTROLLING INTERESTS & SHAREHOLDERS' EQUITY				
Current liabilities:				
Contract liabilities	13,362	15,299	2,096	
Other current liabilities	40,480	34,369	4,708	
Total current liabilities	53,842	49,668	6,804	
Total liabilities	57,841	53,497	7,329	
Redeemable noncontrolling interests	116	84	12	
Total equity	127,968	142,410	19,510	
Total liabilities, redeemable noncontrolling interests and shareholders' equity	185,925	195,992	26,851	

INCOME STATEMENT SUMMARY

	4Q23	3Q24	4Q24	4Q24	QoQ	YoY
in millions except per ADS data & percentage data	RMB	RMB	RMB	USD	Change	Change
			(Unaudited)	(Unaudited)		
Total net revenues:	27,140	26,210	26,748	3,664	2.1%	-1.4%
<i>Games and related value-added services</i>	20,921	20,864	21,242	2,910	1.8%	1.5%
<i>Youdao</i>	1,481	1,573	1,340	184	-14.8%	-9.5%
<i>NetEase Cloud Music</i>	1,986	1,999	1,880	258	-6.0%	-5.3%
<i>Innovative businesses and others</i>	2,752	1,774	2,286	312	28.9%	-16.9%
Gross profit	16,825	16,477	16,272	2,229	-1.2%	-3.3%
Gross profit margin	62.0%	62.9%	60.8%	60.8%		
Operating profit	6,868	7,147	7,821	1,072	9.4%	13.9%
Operating profit margin	25.3%	27.3%	29.2%	29.2%		
Net income attributable to the Company's shareholders	6,582	6,538	8,766	1,201	34.1%	33.2%
Diluted net income per ADS	¥10.12	¥10.14	¥13.67	\$1.87	34.8%	35.1%

Note:
All percentages are calculated based on numbers in millions except per ADS data

THANK YOU

網易 NETEASE