

VNET Group, Inc.

Earnings Presentation for 4Q24 and FY2024

March 12, 2025



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Ju Ma

Rotating President of VNET



4Q24 and FY2024 Earnings Highlights

IDC Business Growth Remained Strong



- Wholesale IDC Business: capacity in service increased to **486MW** (+127MW QoQ), capacity utilized increased to **353MW** (+73MW QoQ)
- Retail IDC Business: remained stable, self-built cabinets increased by **189R** quarter over quarter

Revenue & Adj. EBITDA Exceeded Guidance



- Total Net Revenues: 4Q24 reached **RMB 2,246 MM**, FY2024 reached **RMB 8,259 MM**
- Wholesale IDC Revenue: 4Q24 reached **RMB 665 MM** (+125.4% YoY), FY2024 reached **RMB 1,951 MM** (+90.4% YoY)
- Adj. EBITDA: 4Q24 reached **RMB 721 MM** (+63.8% YoY), FY2024 reached **2,430** (+19.1% YoY)

Develop Large IDC Orders by Diversified Approaches



- Won **252.5MW** of New Orders: self-built capacity of **188.5MW**, JV structured capacity of **64MW**
- JV Structure: grow customer base + minimize the impact on balance sheet

Record-High Delivery Plan for the Next 12 Months

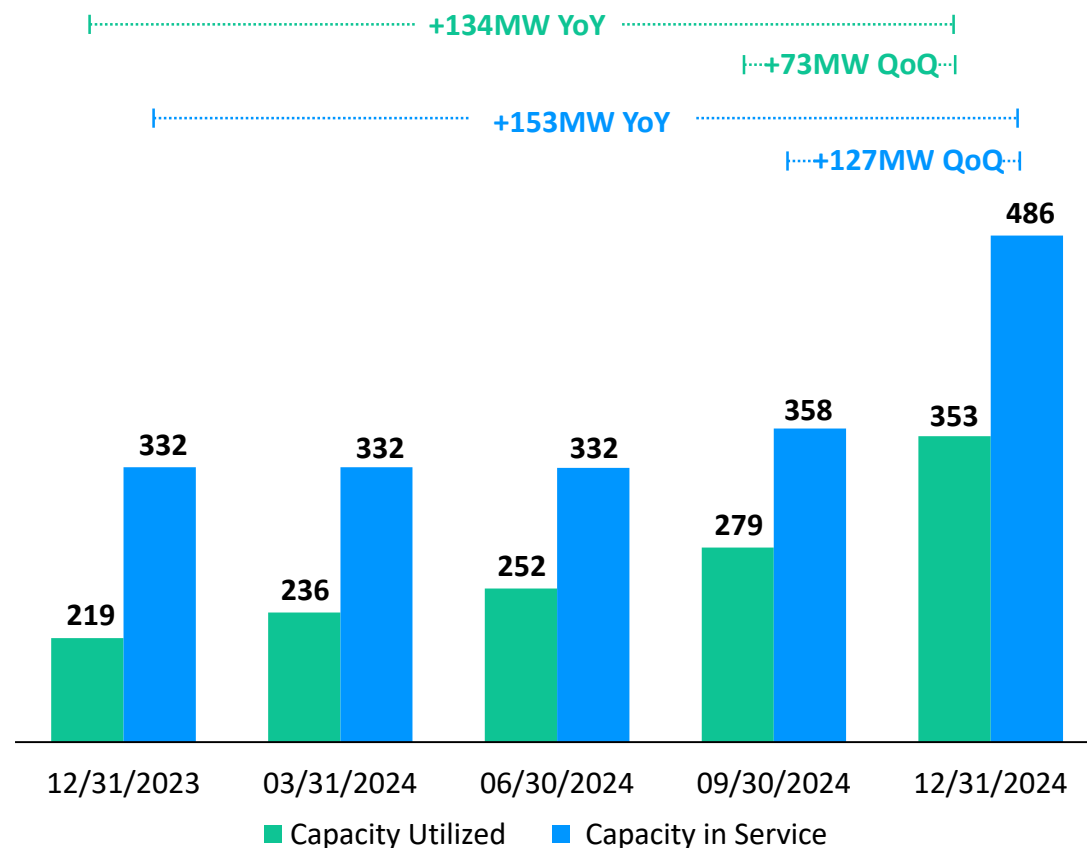


- Plan to deliver **400~450MW** over the next 12 months (+161-194% YoY)
- 1H25 plan to deliver **~140MW**, 2H25 plan to deliver **~270MW**

4Q24 and FY2024 IDC Business Highlights

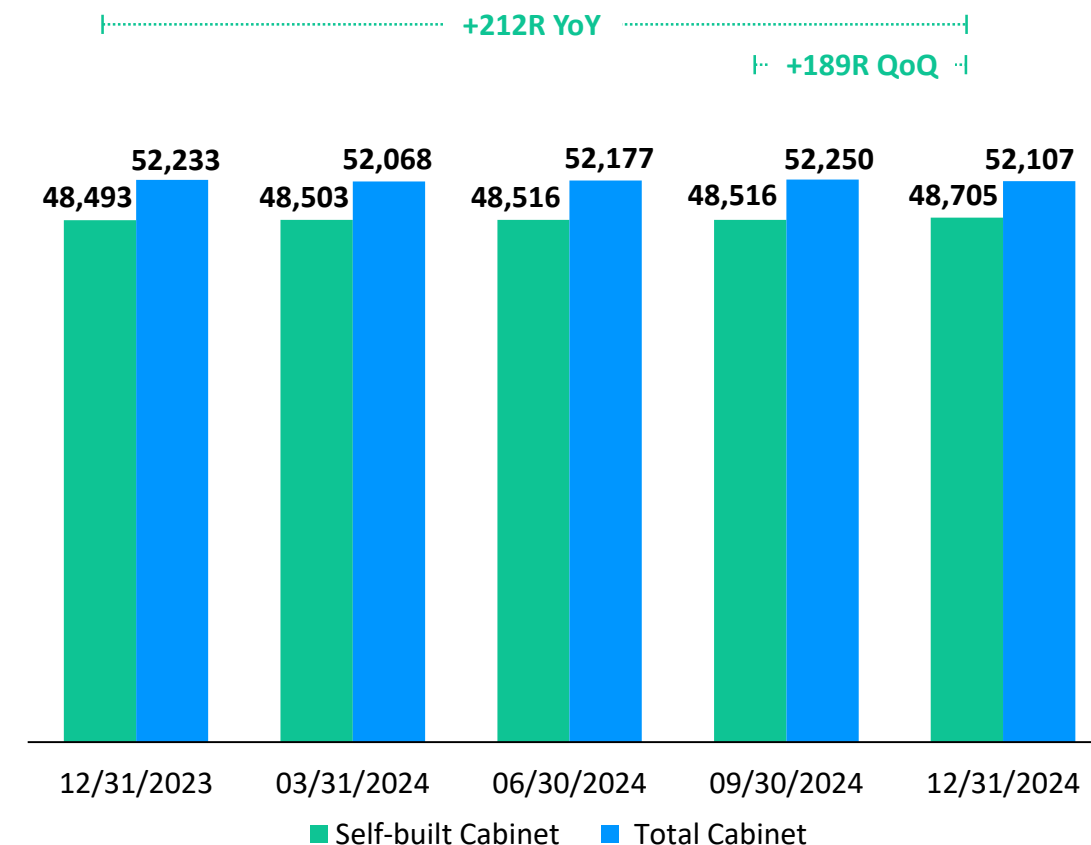
Total Wholesale Capacity in Service & Capacity Utilized

(MW)



Total Retail Capacity in Service

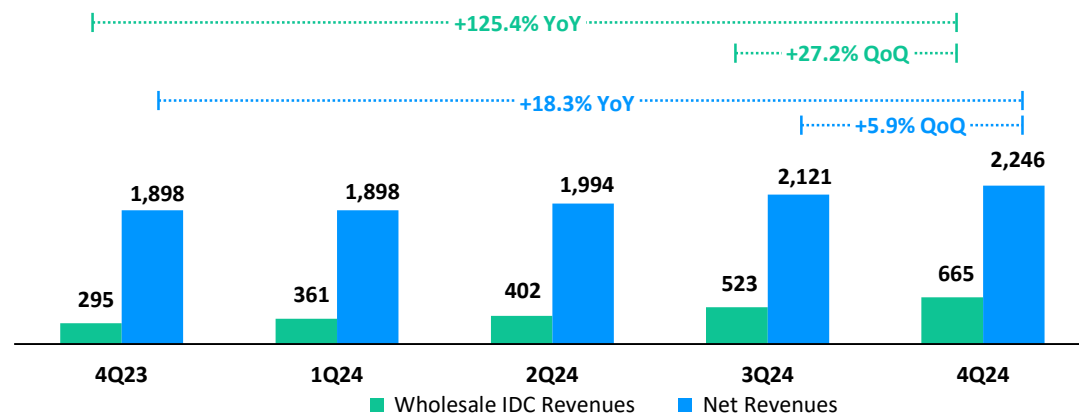
(R)



4Q24 and FY2024 Financial Highlights

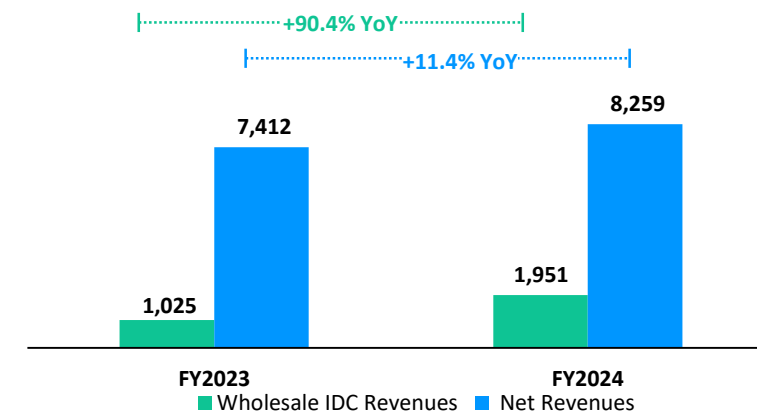
Total Revenue and Wholesale IDC Revenue

(RMB MM)



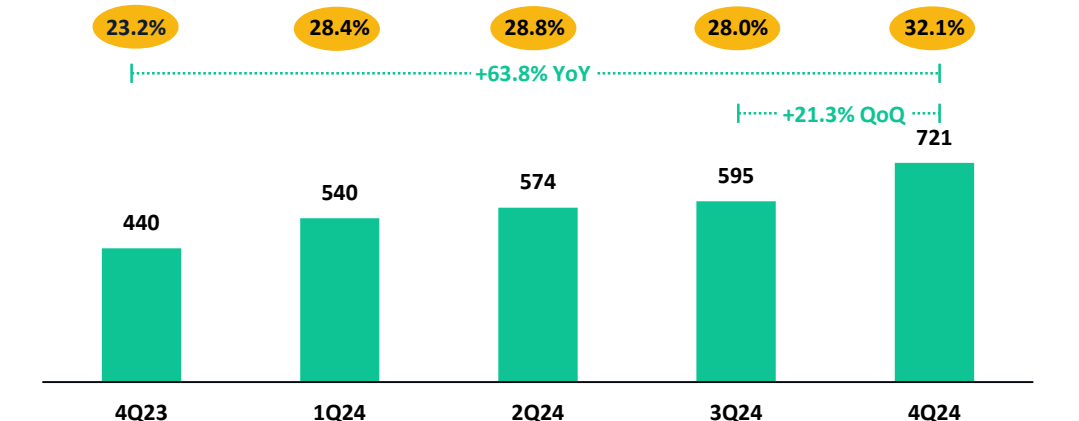
Full Year Total Revenue and Wholesale IDC Revenue

(RMB MM)



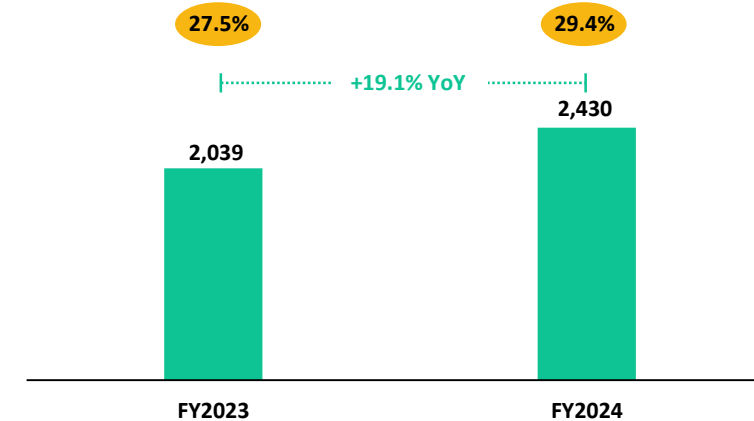
Adjusted EBITDA & Margin

(RMB MM)



Full Year Adjusted EBITDA & Margin

(RMB MM)



Source: Company data as of December 31, 2024

Largest IDC Customer Order Wins

Region	IDC Code	Capacity Contracted / Under MoU (MW)	Signing Time of Contract / MoU	Customer Sector	Project Type
Yangtze River Delta	E-JS Campus 03	32	4Q24	Internet	Wholesale
Greater Bay Area	GZ03	1.5	4Q24	Intelligent Driving	Retail
	N-OR07 & 08	100	4Q24	Internet	Wholesale
Greater Beijing Area	N-OR Campus 02	55	1Q25	Cloud Services	Wholesale
	JV project	64	1Q25	Internet	Wholesale
Total		252.5			



Guidance

RMB MM	FY2024 Actual	FY2025 Guidance	<i>Implied YoY</i>
Revenues	8,259	9,100 - 9,300	10% - 13%
Adjusted EBITDA ⁽¹⁾	2,342 ⁽²⁾	2,700 - 2,760	15% - 18%
Capex	4,982	10,000 - 12,000	101% - 141%
Delivery Plan (MW)	153	400 - 450	161% - 194%

Source: Company data

Notes:

(1) Adjusted EBITDA is calculated as operating profit excluding depreciation and amortization, share-based compensation expenses, allowance of loan receivables, impairment of long-lived assets and impairment of goodwill

(2) Excluding RMB 87.7 million one-off significant disposal gain of partial assets of E-JS02

DeepSeek Accelerates IDC Business Growth

Intensifying LLM Competition and Surging Inference Demand are Driving Enthusiasm for AI Investment from Large CSPs to Small and Medium Enterprises

Facilitate the growth of Retail IDC Business

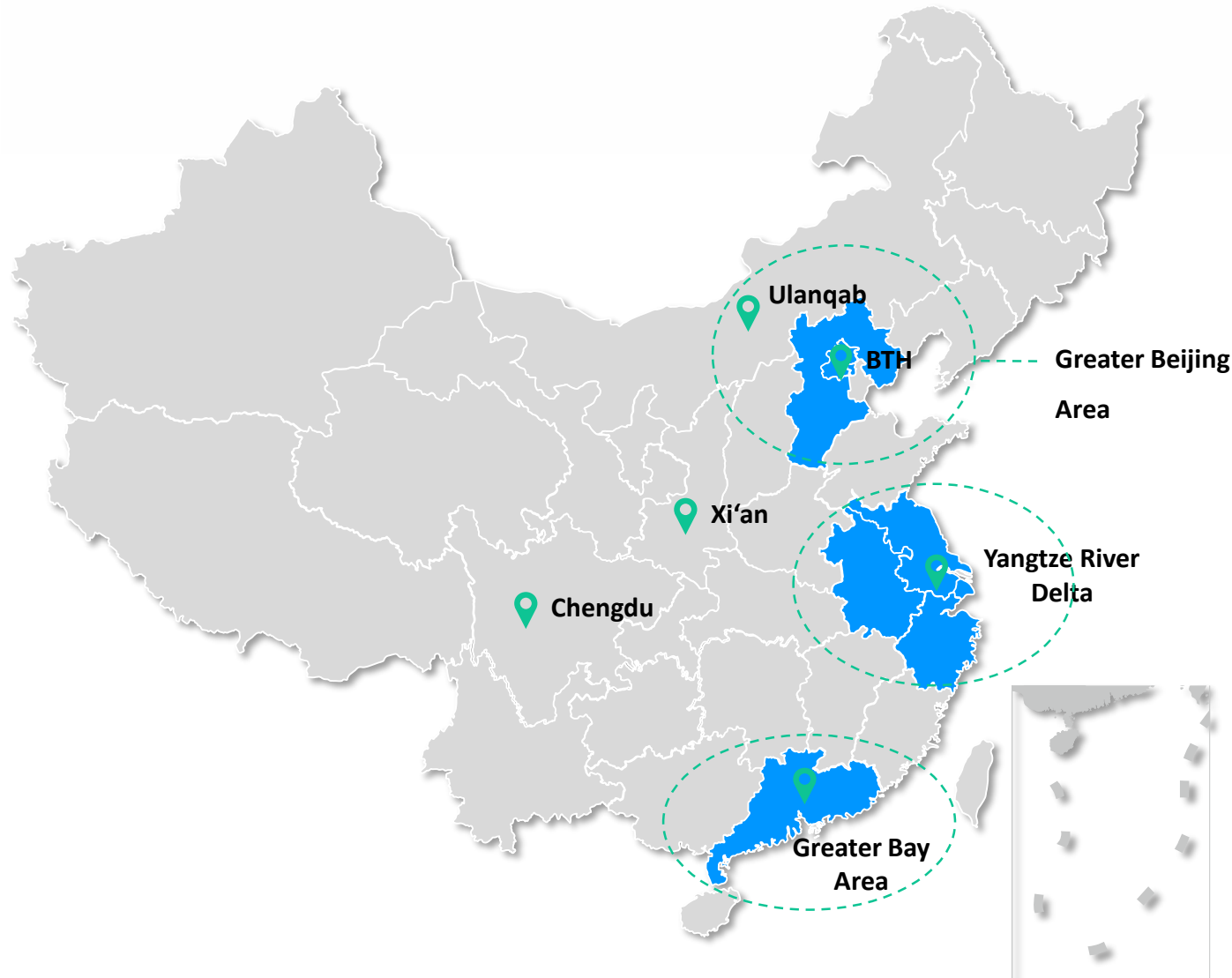
- ✓ Rising demand from small- and medium-sized enterprises for private deployment of DeepSeek
- ✓ Brings business opportunities for retail IDC business, and lays a solid foundation for our long-term development



Beneficial for Wholesale IDC Business

- ✓ Reduces both costs and dependency on high-performance chips
- ✓ Wider AI adoption drives the growing need for wholesale IDC services

Data Centers by Region



Sources: Company data as of December 31, 2024

Wholesale Capacity In Service (486MW)

Region	%
Yangtze River Delta	54.9%
Greater Beijing Area	45.1%
Total	100.0%

Wholesale Capacity Under Construction (406MW)

Region	%
Yangtze River Delta	11.1%
Greater Beijing Area	88.9%
Total	100.0%

Wholesale Capacity Held for Future Development (608MW)

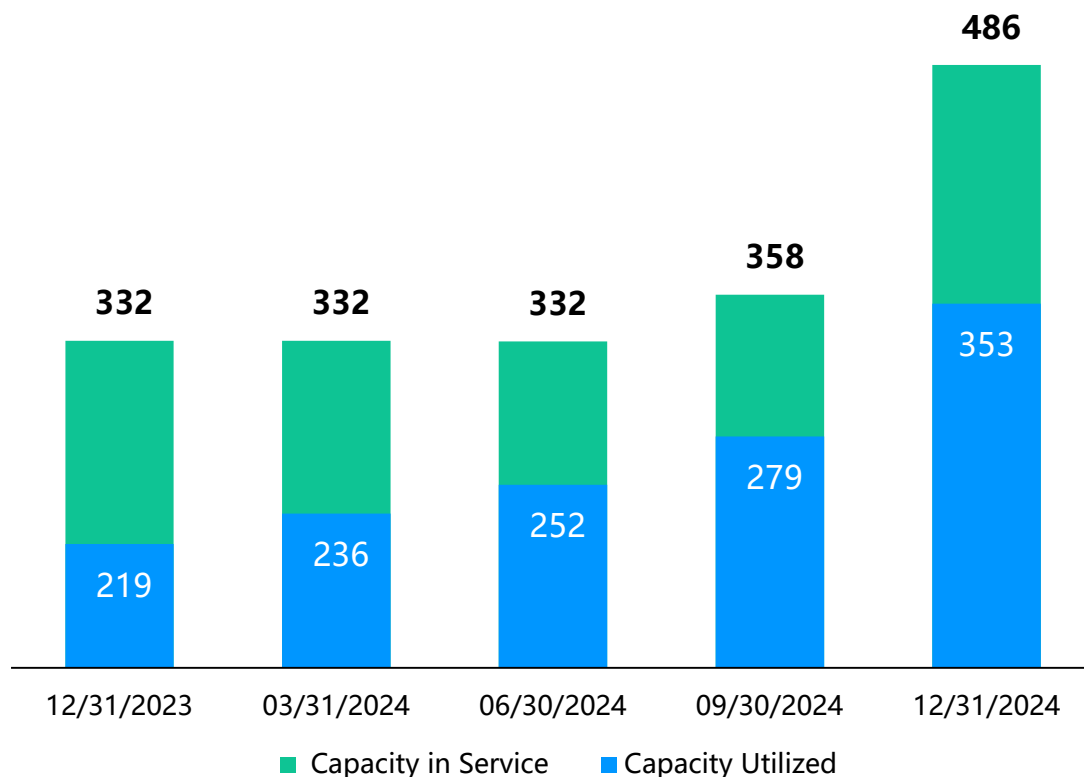
Region	%
Yangtze River Delta	13.2%
Greater Beijing Area	86.8%
Total	100.0%

Self-built Retail In Service Capacity (48,705R)

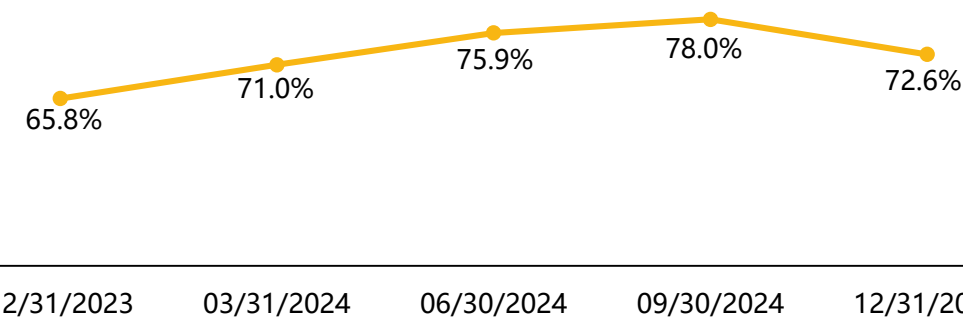
Region	%
Yangtze River Delta	19.2%
Greater Beijing Area	58.5%
Greater Bay Area	13.6%
Other Regions	8.7%
Total	100.0%

Wholesale Data Centers at a Glance - New Growth Driver

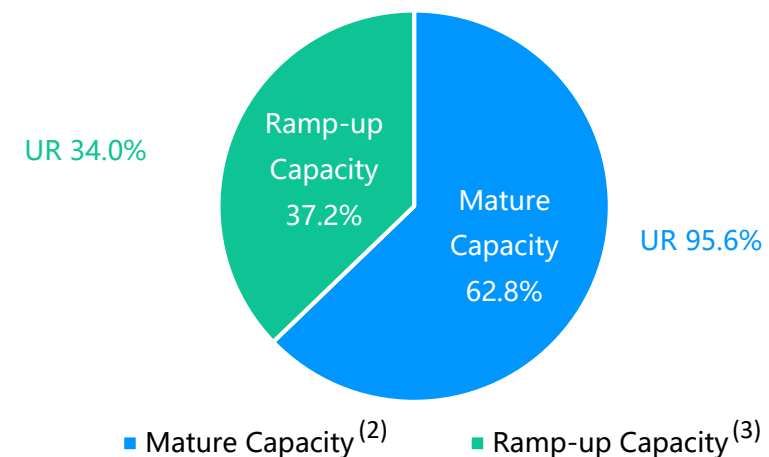
Total Capacity in Service & Capacity Utilized (MW)



Utilization Rate ⁽¹⁾



Mature & Ramp-up Capacity Contribution & Utilization Rate



Source: Company data as of December 31, 2024

Notes:

(1) The utilization rate ("UR") is calculated by dividing utilized capacity by the capacity in service

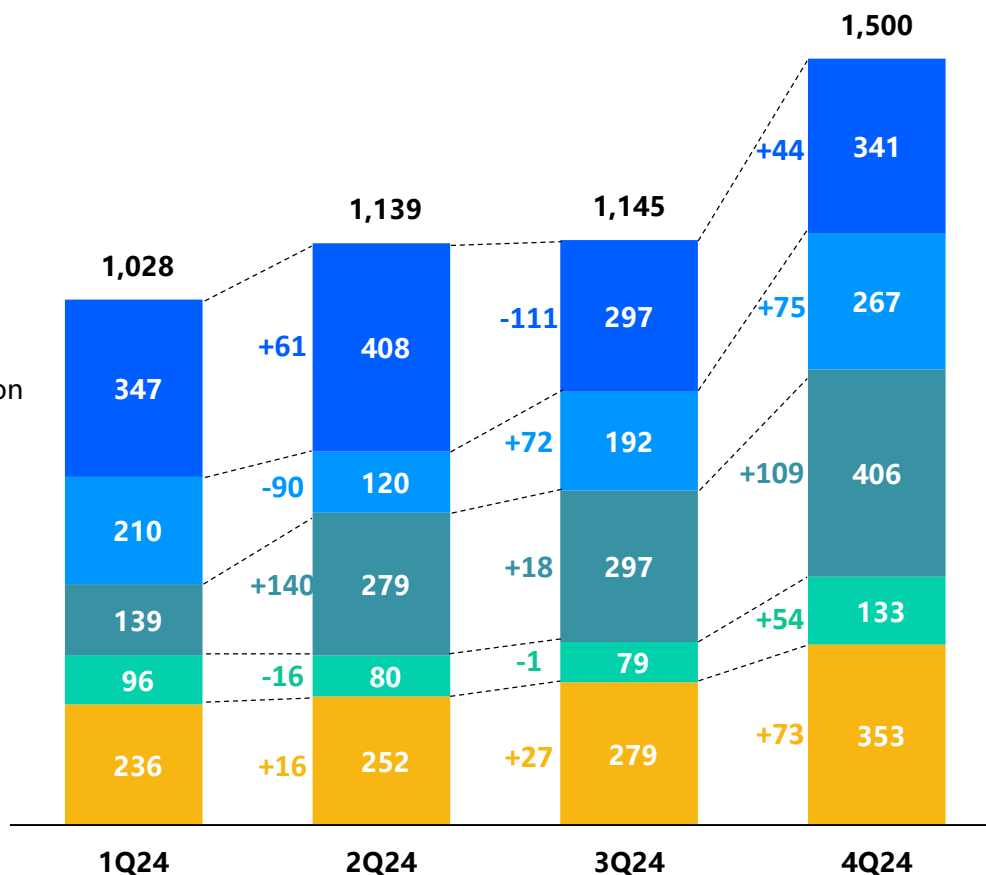
(2) Mature wholesale capacity refers to wholesale data centers in which utilization rate is at or above 80%

(3) Ramp-up capacity for wholesale data centers refers to the wholesale data centers with a utilization rate below 80%

Wholesale Data Centers – Backlog Growth

(MW)

- Held for Future Capacity (Long-term)
- Held for Future Capacity (Short-term)
- Capacity under Construction
- Capacity in Service
- Capacity Utilized

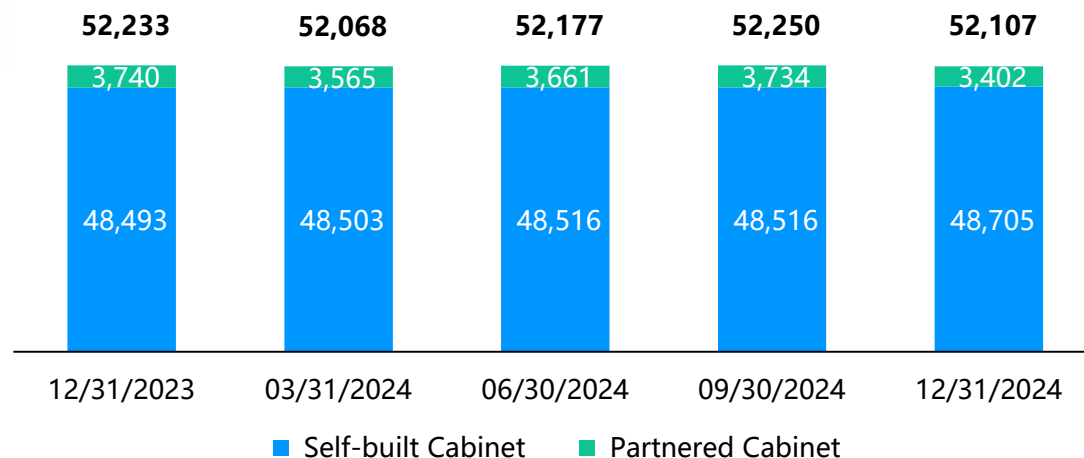


- ➡ Company's Expansion Pipeline to Support Long-term Growth
- ➡ Robust Infrastructure and Operational Capabilities Enabling Rapid Capacity Expansion to Support Near-term Growth
- ➡ 406MW of Data Center Capacity Under Construction, with a Pre-commitment Rate of 82.9%
- ➡ Further Headroom to Utilize In-service Capacity
- ➡ Current Wholesale Utilization Rate at 72.6%

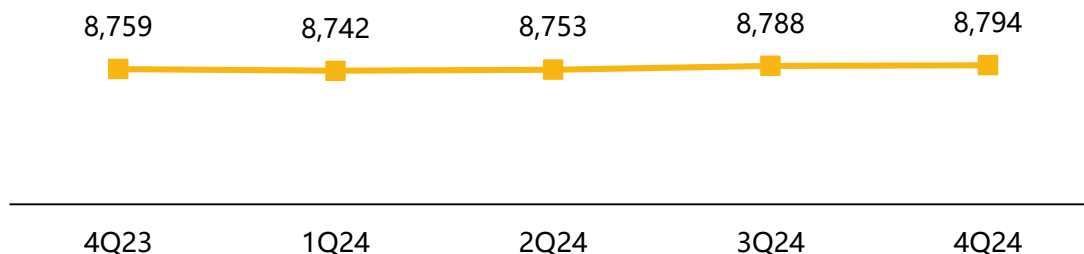
Source: Company data as of December 31, 2024

Retail Data Centers at a Glance - Solid Foundation

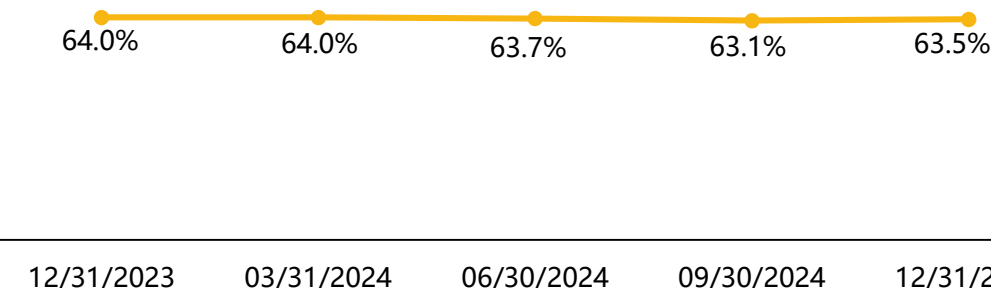
Total Capacity in Service (Cabinet)



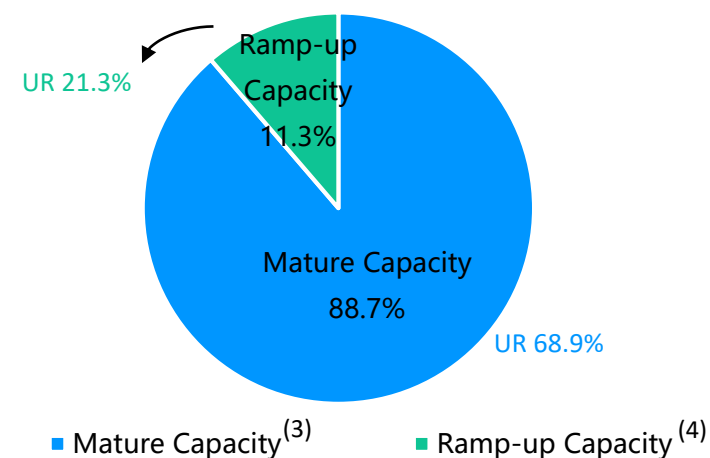
MRR per Retail Cabinet ⁽²⁾



Utilization Rate ⁽¹⁾



Mature & Ramp-up Capacity Contribution & Utilization Rate



Source: Company data as of December 31, 2024

Notes:

(1) Utilization rate is calculated by dividing utilized capacity by customers by the capacity in service

(2) MRR per retail cabinet refers to monthly recurring revenues per cabinet for the retail IDC business

(3) Mature capacity for retail data centers refers to the retail data centers that came into service prior to the past 24 months

(4) Ramp-up retail capacity refers to retail data centers that came into service within the past 24 months, or mature retail data centers that have undergone improvements within the past 24 months

Resource Pipeline for the Next 12 Months

Region	IDC Code	Tenure	Status	FY24 Capacity (MW)	1H25 Capacity (MW)	2H25 Capacity (MW)	Next 12M Total (MW)
Yangtze River Delta	E-JS Campus 02 D	Owned	In Service	26	-	-	-
	E-JS Campus 02 E	Owned	In Service	64	-	-	-
	E-JS Campus 03	Owned	Under Construction	-	32	-	32
	E-JS04	Leased	Under Construction	2	13	-	13
Greater Beijing Area	N-HB Campus 01 B	Owned	In Service	36	-	-	-
	N-HB Campus 01 A	Owned	Under Construction	-	-	24	24
	N-HB04	Leased	Under Construction	-	14	-	14
	N-OR Campus 01	Owned	Under Construction	24	72	59	131
	N-OR Campus 02	Owned	Under Construction	-	-	164	164
	N-OR07 A	Leased	Under Construction	-	9	9	19
	N-OR08 A	Leased	Under Construction	-	-	9	9
Total				153	140	266	406

Source: Company data as of December 31, 2024

Qiyu Wang

Chief Financial Officer of VNET



4Q24 and FY2024 Financial Highlights

RMB MM	4Q23	3Q24	4Q24	YoY	QoQ	FY2023	FY2024	YoY
Net revenues	1,898	2,121	2,246	18.3%	5.9%	7,413	8,259	11.4%
Gross profit	291	492	505	73.6%	2.7%	1,292	1,832	41.8%
Adjusted cash gross profit ⁽¹⁾	742	861	924	24.6%	7.3%	2,977	3,337	12.1%
Adjusted cash gross margin	39.1%	40.6%	41.1%	2.1 pps.	0.5 pps.	40.2%	40.4%	0.2 pps.
Adjusted EBITDA ⁽²⁾	440	595	721	63.8%	21.3%	2,039	2,430	19.1%
Adjusted EBITDA margin	23.2%	28.0%	32.1%	8.9 pps.	4.1 pps.	27.5%	29.4%	1.9 pps.
Net (loss) income	(2,423)	332	3	-	-	(2,597)	248	-

Source: Company data as of December 31, 2024

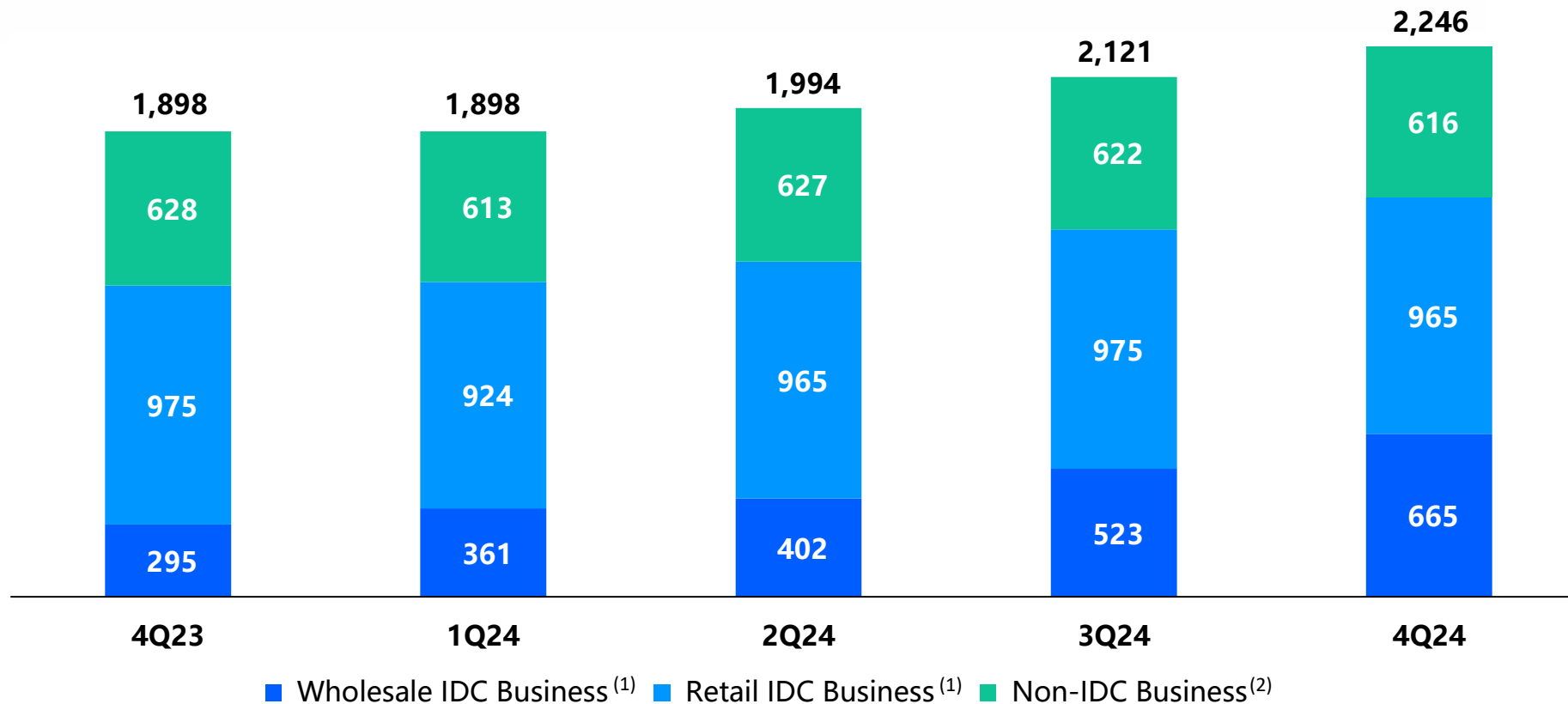
Notes:

(1) Adjusted cash gross profit defined as gross profit excluding depreciation, amortization and share-based compensation expense

(2) Adjusted EBITDA is calculated as operating profit excluding depreciation and amortization and share-based compensation expenses

Total Net Revenues Breakdown

(RMB MM)



Source: Company data as of December 31, 2024

Notes:

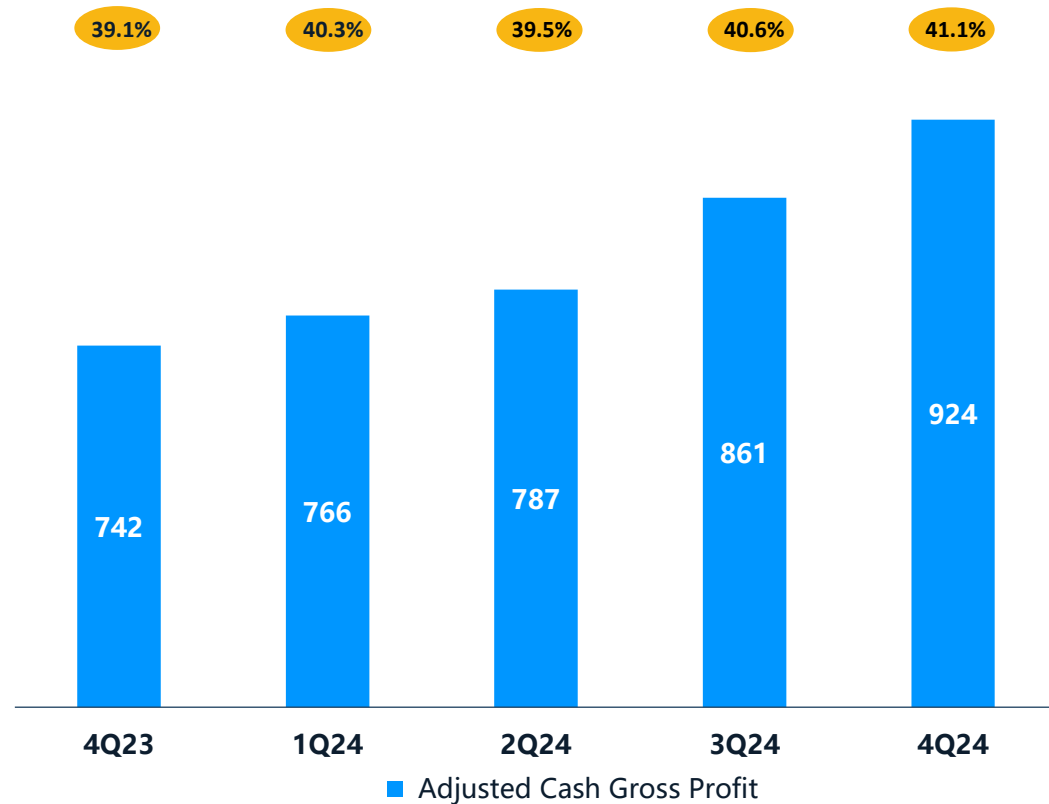
(1) IDC business refers to managed hosting services, consisting of the wholesale IDC business and the retail IDC business. Beginning in the first quarter of 2024, our IDC business was subdivided into wholesale IDC business and retail IDC business according to the nature and scale of our data center projects. Prior to 2024, the subdivision was based on customer contract types

(2) Non-IDC business consists of cloud services and VPN services

Healthy Margins through Efficiency Enhancement

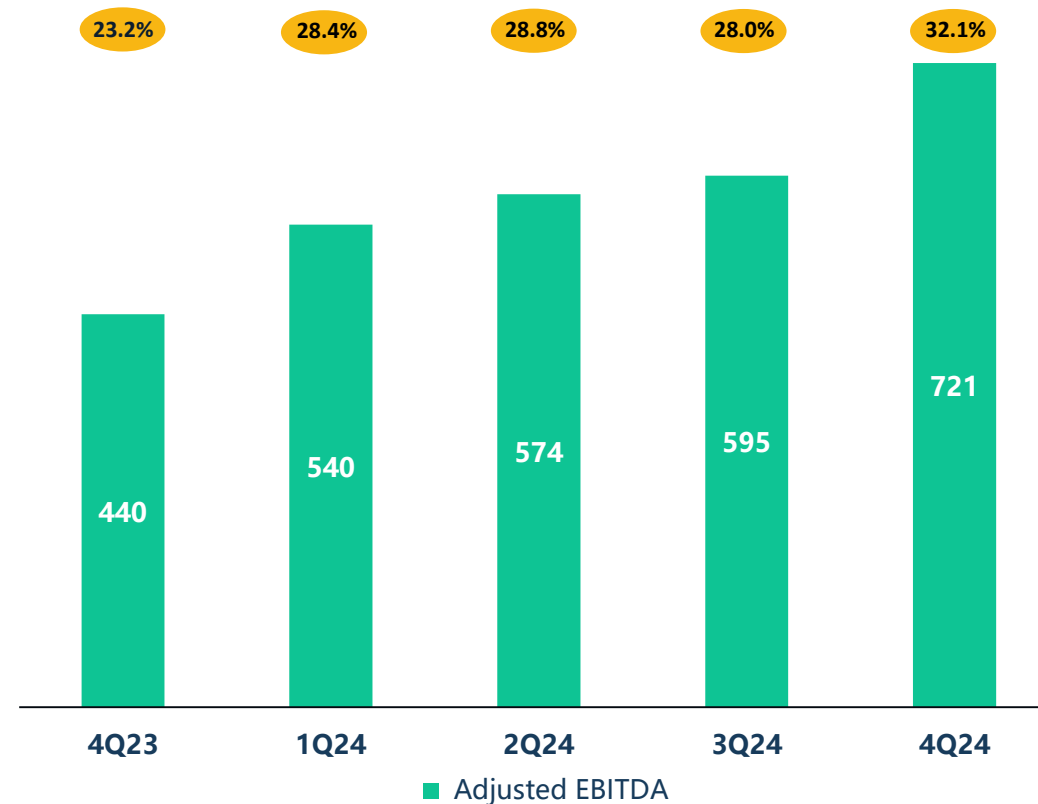
Adjusted Cash Gross Profit & Margin ⁽¹⁾

(RMB MM)



Adjusted EBITDA & Margin ⁽²⁾

(RMB MM)



Source: Company data as of December 31, 2024

Notes:

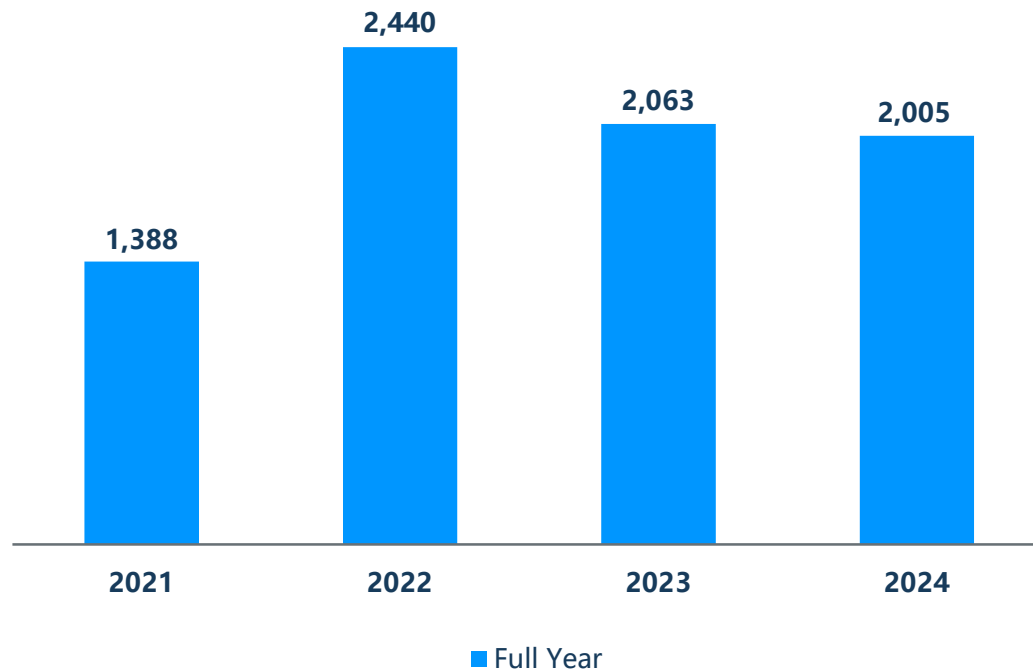
(1) Adjusted cash gross profit defined as gross profit excluding depreciation, amortization, and share-based compensation expenses

(2) Adjusted EBITDA is calculated as operating profit excluding depreciation and amortization, share-based compensation expenses, allowance of loan receivables, impairment of long-lived assets, and impairment of goodwill

Strong Liquidity Position

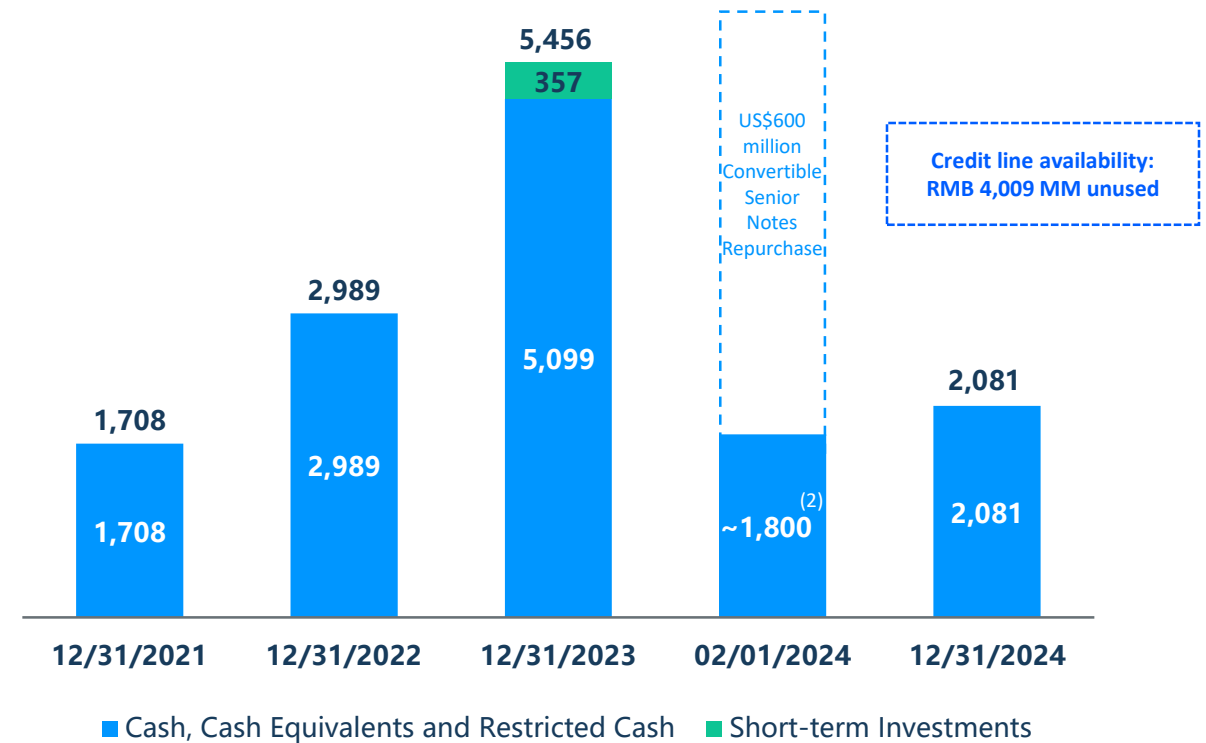
Net Operating Cash Flow

(RMB MM)



Cash Position ⁽¹⁾

(RMB MM)



Source: Company data as of December 31, 2024

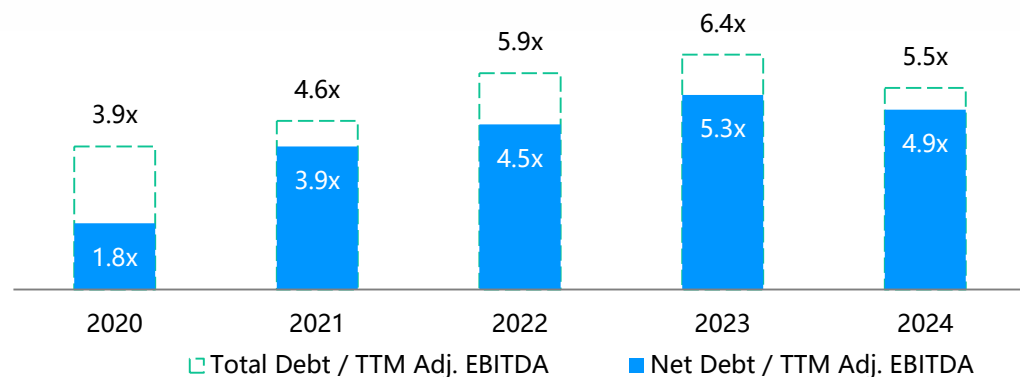
Notes:

(1) Cash position refers to cash, cash equivalents, restricted cash and short-term investments

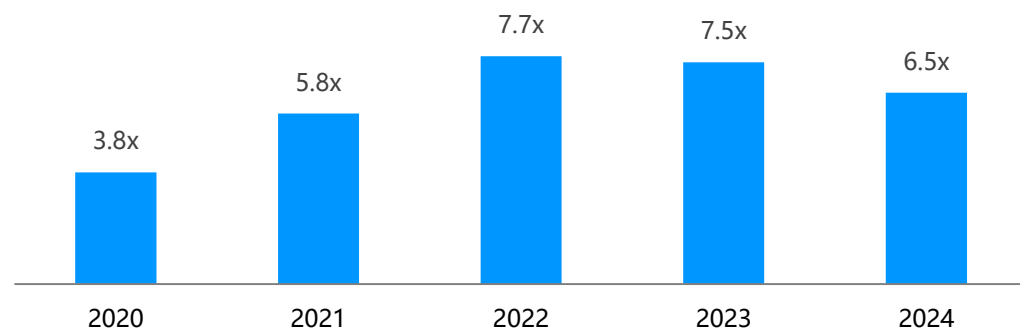
(2) Unaudited management information as of February 1, 2024, derived from the summary of company's total bank accounts that have not been reconciled with financial statements

Well Laddered Debt Profile

Total Debt & Net Debt / TTM Adj. EBITDA ⁽¹⁾



TTM Adjusted EBITDA Interest Coverage ⁽²⁾



Source: Company data as of December 31, 2024

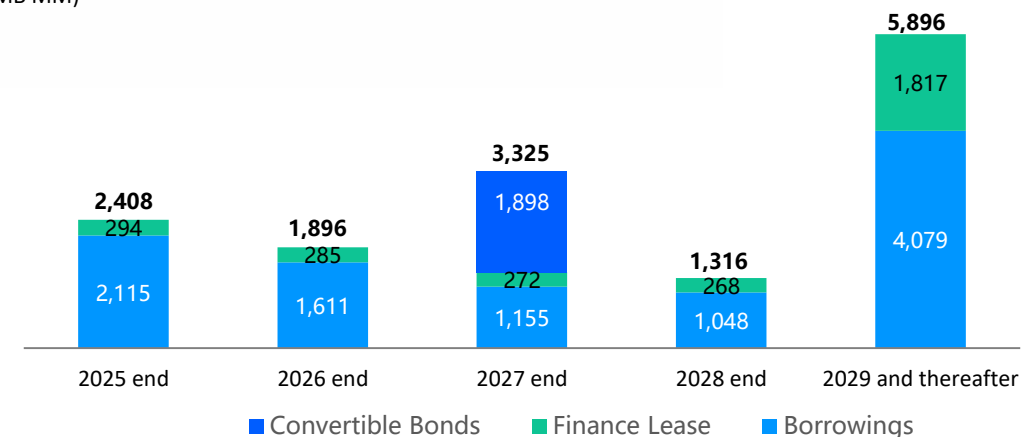
Notes:

(1) Total Debt = Short-term and long-term borrowings + Finance lease + Convertible Notes; Net Debt = Total Debt - Cash and Cash Equivalent; TTM Adj. EBITDA is calculated by the sum of the Adjusted EBITDA over the last 12 months; Adjusted EBITDA is calculated as operating profit excluding depreciation and amortization, share-based compensation expenses, compensation for postcombination employment in an acquisition, allowance of loan receivables, impairment of long-lived assets and impairment of goodwill

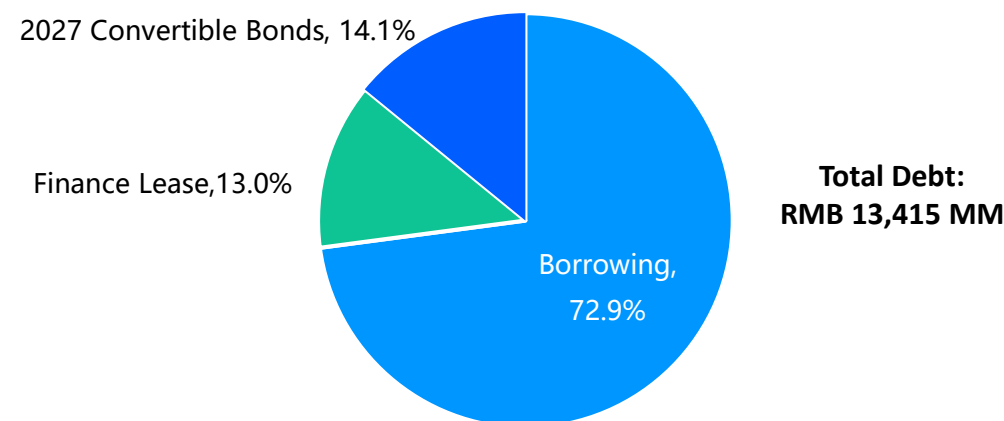
(2) TTM Adjusted EBITDA Interest Coverage = TTM Adjusted EBITDA / Net Interest Expense (interest expense - interest income)

Debt Breakdown by Maturity

(RMB MM)



Debt Structure

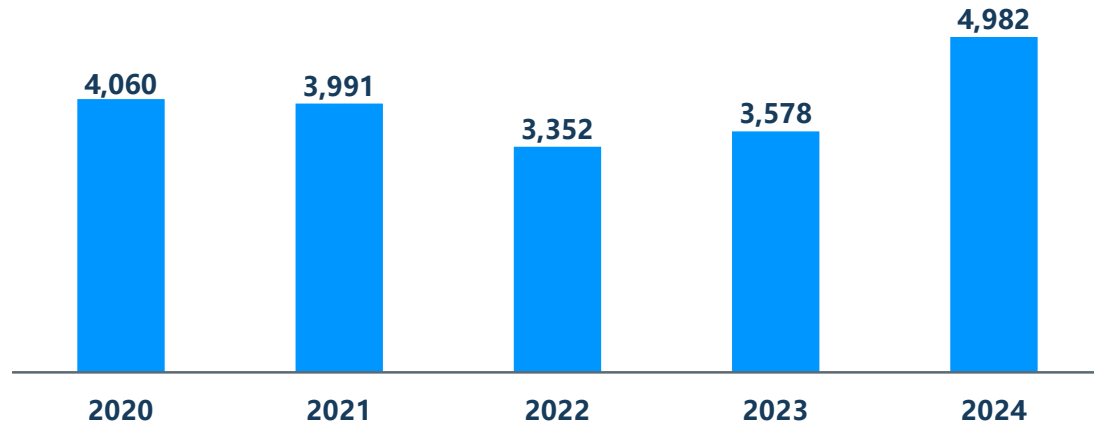


Total Debt:
RMB 13,415 MM

Capex Paid by Year

Capital Expenditure ⁽¹⁾

(RMB MM)



Highlights

- Within the RMB4.98 billion capex for 2024, majority allocated to the expansion of our wholesale IDC business.
- To support our strong delivery plan for 2025, which is expected to be three times greater than that of 2024, surpassing the total delivery capacity of the past three years combined, we expect our FY2025 capex guidance to be RMB10.0 – 12.0 billion.

Source: Company data as of December 31, 2024

Notes:

(1) Capital expenditure refers to the overall outflow of funds for acquiring property and equipment, intangible assets, land use rights, engaging in mergers and acquisitions as well as long-term investments

ESG Initiatives – Commitment to Sustainability



Commitment to achieve both targets of operational **carbon neutrality** and **100% renewable energy usage** by 2030



Received **A** rating by MSCI, representing the **highest** ranking to-date in China's Internet Services & Infrastructure industry for the third consecutive year



Achieved a **historic high** score of 70 in S&P's 2024 Corporate Sustainability Assessment, ranking top **7%** of the IT services industry globally. Recognized in S&P Global Sustainability Yearbook (Global) 2025 and included in S&P Global Sustainability Yearbook (China) 2023, 2024



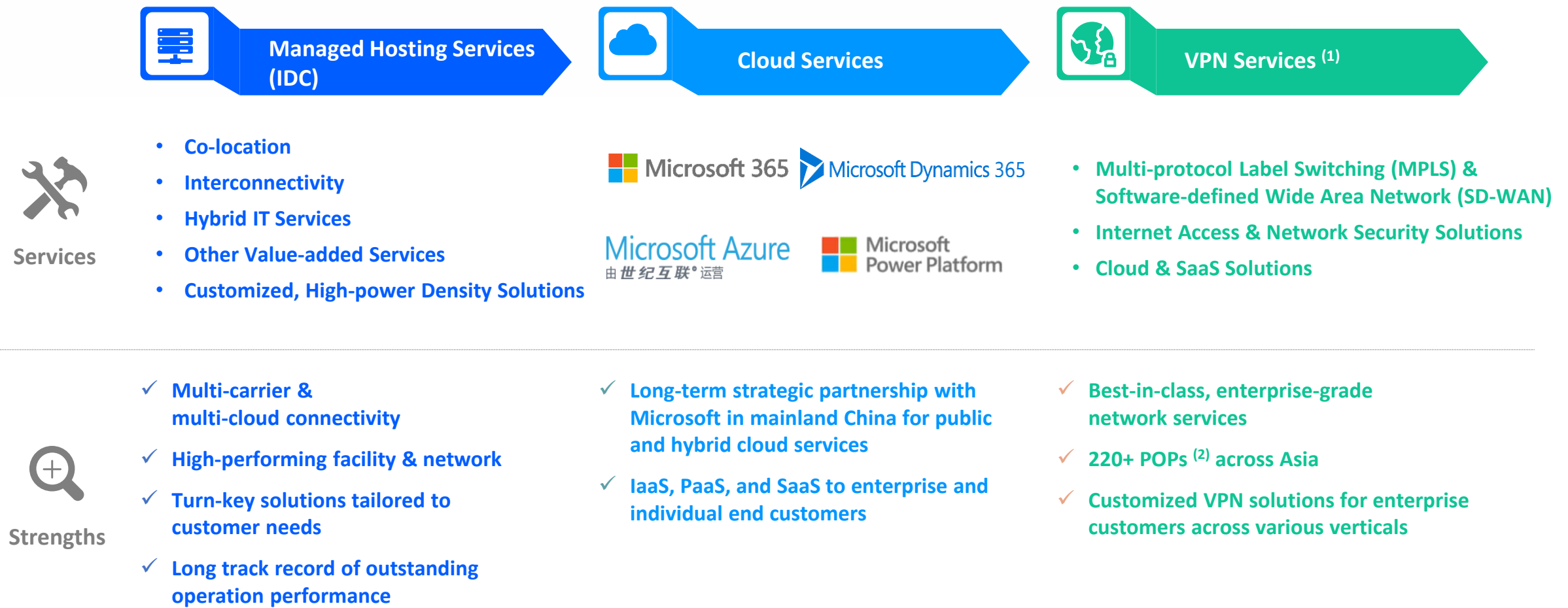
Achieved **B** rating from CDP's climate change questionnaire, with 8 out of 16 categories achieving **A**-grade recognition



The average annual power usage effectiveness (PUE) of data centers with stabilized operations in 2024 was **1.27**

Appendix

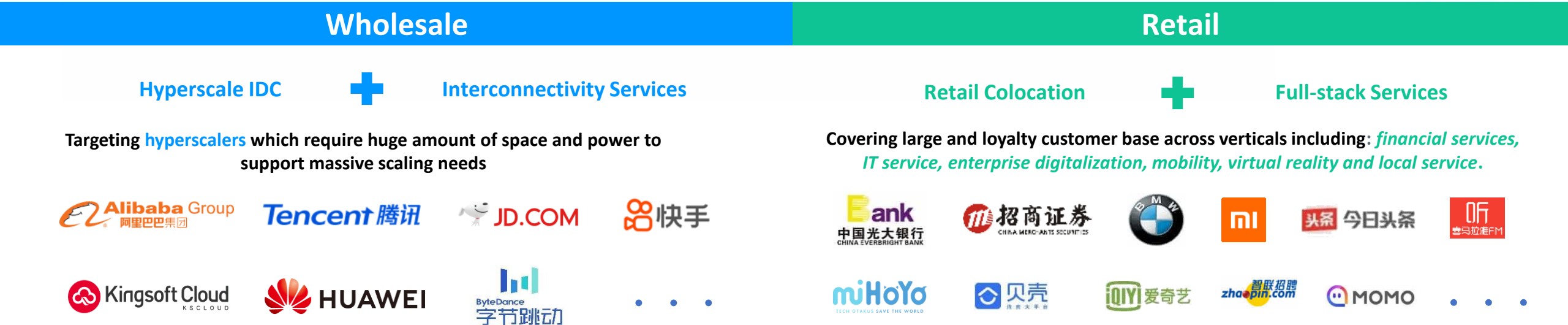
Differentiated Business Model with Comprehensive Offerings



Broad-based and high quality solution suite to meet customers' mission critical needs

Source: Company information
 Notes:
 (1) VPN refers to virtual private network
 (2) POP refers to point of presence as of December 31, 2024

Dual-Core Growth Strategy of IDC Business



- >7,000 enterprise customers, of which ~1,500 customers have enjoyed our IDC services
- Around 90% of total net revenues have been recurring revenues since IPO
- Low churn rate for core IDC business, constantly below 1% demonstrating our high customer retention
- Maintain high level of customer diversification with top 20 customers contributing 49.3% ⁽¹⁾ of total revenues in 3Q24

Source: Company data as of December 31, 2024

Wholesale Capacity in Service – Yangtze River Delta

Region	IDC Code	Tenure	Capacity in Service (MW)	Capacity Utilized (MW)	Total Capacity Committed ⁽¹⁾ (MW)	Utilization Rate ⁽²⁾	Commitment Rate ⁽³⁾
Yangtze River Delta	E-JS Campus 01 Phase 1	Owned	28	26	28	91.4%	99.7%
	E-JS Campus 01 Phase 2	Owned	16	8	12	48.8%	75.2%
	E-JS Campus 02 A	Owned	25	24	25	96.0%	100.0%
	E-JS Campus 02 B	Owned	24	24	24	99.2%	100.0%
	E-JS Campus 02 C	Owned	26	25	26	97.1%	100.0%
	E-JS Campus 02 D	Owned	26	26	26	99.2%	100.0%
	E-JS Campus 02 E	Owned	64	25	64	38.0%	100.00%
	E-JS02 A	Leased	13	12	13	95.0%	100.0%
	E-JS02 B	Leased	13	12	13	95.4%	100.0%
	E-JS02 C	Leased	13	12	13	95.0%	100.0%
	E-JS03	Leased	15	7	15	44.0%	100.0%
	E-JS04	Leased	2	0	2	0	100.0%
Subtotal			267	201	262	75.5%	98.5%

Source: Company data as of December 31, 2024

Notes:

(1) Total capacity committed is the capacity committed to customers pursuant to customer agreements remaining in effect

(2) Utilization rate is calculated by dividing utilized capacity by customers by the capacity in service. For the purpose of calculating of utilization rate of wholesale capacity, certain projects hosted in E-JS02 data center with an aggregate of 27MW capacity were excluded and are expected to be continuously excluded from in-service wholesale due to pending commercial discussion with the client on potential repurchase of the projects by the client Such projects were included as in-service wholesale from the first quarter of 2021 to the fourth quarter of 2023, given such projects had been delivered to the client based on the terms of MoU

(3) Commitment rate is calculated by total capacity committed divided by total capacity in service

Wholesale Capacity in Service – Greater Beijing Area

Region	IDC Code	Tenure	Capacity in Service (MW)	Capacity Utilized (MW)	Total Capacity Committed ⁽¹⁾ (MW)	Utilization Rate ⁽²⁾	Commitment Rate ⁽³⁾
Greater Beijing Area	BJ15	Owned	9	3	7	27.2%	77.7%
	N-HB02 Phase 1	Owned	28	28	28	98.9%	99.3%
	N-HB Campus 01 B	Owned	36	5	36	14.5%	100.0%
	N-OR Campus 01	Owned	24	5	24	19.5%	100.0%
	N-HB02 Phase 2	Leased	19	15	19	79.5%	99.8%
	N-HB03	Leased	12	10	12	84.0%	100.0%
	N-OR02	Leased	29	28	29	96.9%	100.0%
	N-OR04	Leased	14	14	14	95.2%	100.0%
	N-OR05	Leased	16	15	16	93.4%	100.0%
	N-OR06	Leased	32	31	32	94.5%	100.0%
Subtotal			219	152	217	69.2%	98.9%
Total			486	353	479	72.6%	98.7%

Source: Company data as of December 31, 2024

Notes:

(1) Total capacity committed is the capacity committed to customers pursuant to customer agreements remaining in effect

(2) Utilization rate is calculated by dividing utilized capacity by customers by the capacity in service. For the purpose of calculating utilization rate of wholesale capacity, certain projects hosted in E-JS02 data center with an aggregate of 27MW capacity were excluded and are expected to be continuously excluded from in-service wholesale due to pending commercial discussion with the client on potential repurchase of the projects by the client. Such projects were included as in-service wholesale from the first quarter of 2021 to the fourth quarter of 2023, given such projects had been delivered to the client based on the terms of MoU

(3) Commitment rate is calculated by total capacity committed divided by total capacity in service

Wholesale Capacity Under Construction & Held for Future Development

Under Construction

Region	IDC Code	Tenure	Capacity Under Construction (MW)	Total Capacity Pre-committed (MW) ⁽¹⁾	Pre-commitment rate ⁽²⁾	Ready for Service
Yangtze River Delta	E-JS Campus 03	Owned	32	32	100.0%	1H25
	E-JS04	Leased	13	13	100.0%	1H25
Greater Beijing Area	N-HB04	Leased	14	14	100.0%	1H25
	N-HB Campus 01 A	Owned	24	0	0	2H25
	N-OR Campus 01	Owned	131	131	100.0%	2H25
	N-OR Campus 02	Owned	164	119	72.6%	2H25
	N-OR07 A	Leased	19	19	100.0%	2H25
	N-OR08 A	Leased	9	9	100.0%	2H25
Total			406	337	82.9%	-

Held for Future Development

Region	Capacity Held for Future (MW)
Greater Beijing Area	528
Yangtze River Delta	80
Total	608

Source: Company data as of December 31, 2024

Notes:

(1) Total capacity pre-committed is the capacity under construction which is pre-committed to customers pursuant to customer agreements remaining in effect

(2) Pre-commitment rate is calculated by total capacity pre-committed divided by total capacity under construction

Key P&L Items

Amount in thousands	Three months ended				Twelve months ended		
	December 31, 2023	September 30, 2024	December 31, 2024		December 31, 2023	December 31, 2024	
	RMB	RMB	RMB	US\$	RMB	RMB	US\$
Net revenues	1,898,480	2,120,794	2,246,389	307,754	7,412,930	8,259,069	1,131,488
Cost of revenues	(1,607,602)	(1,629,111)	(1,741,533)	(238,589)	(6,120,445)	(6,426,914)	(880,484)
Gross profit	290,878	491,683	504,856	69,165	1,292,485	1,832,155	251,004
Sales and marketing expenses	(73,286)	(60,700)	(73,088)	(10,013)	(266,207)	(263,756)	(36,134)
Research and development expenses	(80,671)	(53,127)	(56,098)	(7,685)	(322,220)	(246,612)	(33,786)
General and administrative expenses	(148,455)	(132,482)	(192,954)	(26,435)	(541,850)	(659,030)	(90,287)
Operating profit	(2,211,589)	191,410	236,995	32,468	(1,970,901)	669,443	91,713
Net Interest expense	(65,681)	(89,778)	(70,963)	(9,722)	(270,370)	(373,017)	(51,103)
Other, Net	3,253	6,801	(8,330)	(1,141)	11,258	25,438	3,486
Changes in the fair value of financial instruments	(187,648)	(7,107)	(71,575)	(9,806)	(165,930)	(74,112)	(10,154)
Gain on debt extinguishment	-	246,175	-	-	-	246,175	33,726
Foreign exchange loss	89,426	14,833	(1,327)	(182)	(78,965)	(19,242)	(2,636)
(Loss) income before income taxes and gain from equity method investments	(2,372,290)	362,334	84,800	11,617	(2,486,074)	474,685	65,032
Income tax expenses	(50,626)	(31,149)	(82,547)	(11,309)	(114,374)	(234,229)	(32,089)
Gain from equity method investments	(372)	965	1,197	164	3,279	7,967	1,091
Net (loss) income	(2,423,288)	332,150	3,450	472	(2,597,169)	248,423	34,034

GAAP to Non-GAAP Reconciliations

Amount in thousands	Three months ended				Twelve months ended		
	December 31, 2023	September 30, 2024	December 31, 2024		December 31, 2023	December 31, 2024	
	RMB	RMB	RMB	US\$	RMB	RMB	US\$
Gross profit	290,878	491,683	504,856	69,165	1,292,485	1,832,155	251,004
Plus: depreciation and amortization	450,859	368,764	414,364	56,768	1,684,842	1,500,348	205,547
Plus: share-based compensation expenses	-	234	4,652	637	-	4,886	669
Adjusted cash gross profit	741,737	860,681	923,872	126,570	2,977,327	3,337,389	457,220
<i>Adjusted cash gross margin</i>	<i>39.1%</i>	<i>40.6%</i>	<i>41.1%</i>	<i>41.1%</i>	<i>40.2%</i>	<i>40.4%</i>	<i>40.4%</i>
Operating profit	(2,211,589)	191,410	236,995	32,468	(1,970,901)	669,443	91,713
Plus: depreciation and amortization	483,579	396,428	441,447	60,478	1,816,228	1,611,760	220,810
Plus: share-based compensation expenses	9,479	6,943	42,895	5,877	35,296	148,557	20,352
Adjusted EBITDA	440,246	594,781	721,337	98,823	2,039,400	2,429,760	332,875
<i>Adjusted EBITDA margin</i>	<i>23.2%</i>	<i>28.0%</i>	<i>32.1%</i>	<i>32.1%</i>	<i>27.5%</i>	<i>29.4%</i>	<i>29.4%</i>

Key Balance Sheet Items

Amount in thousands	As of		As of	
	December 31, 2023		December 31, 2024	
	RMB	RMB		US\$
Cash, cash equivalents and Restricted cash	5,098,987		2,081,073	285,106
Accounts and notes receivable, net	1,715,975		1,655,984	226,869
Property and equipment, net	13,024,393		17,216,635	2,358,669
Land use rights, net	602,503		766,213	104,971
Operating lease right-of-use assets, net	4,012,329		4,618,212	632,692
Total assets	30,385,903		32,357,042	4,432,897
Accounts and notes payable	696,177		709,260	97,168
Borrowings	5,866,846		9,776,580	1,339,386
Finance lease liabilities	1,275,331		1,740,608	238,462
Operating lease liabilities	4,050,923		4,679,111	641,036
Convertible promissory notes	5,978,441		1,897,738	259,989
Total liabilities	23,871,520		25,436,223	3,484,749
Total VNET Group, Inc. shareholders' equity	6,014,415		6,365,900	872,124
Noncontrolling interest	499,968		554,919	76,024
Total shareholders' equity	6,514,383		6,920,819	948,148
Total liabilities and shareholders' equity	30,385,903		32,357,042	4,432,897

Key Cash Flow Items

Amount in thousands	Three months ended			
	December 31, 2023	September 30, 2024	December 31, 2024	
	RMB	RMB	RMB	US\$
Net cash generated from operating activities	730,680	760,366	572,236	78,397
Net cash used in investing activities	(1,401,935)	(1,336,510)	(1,376,160)	(188,533)
Net cash (used in) generated from financing activities	2,757,673	528,327	785,246	107,578
Effect of foreign exchange rate changes on cash, cash equivalents and restricted cash	(11,645)	(6,049)	17,784	2,436
Net (decrease) increase in cash, cash equivalents and restricted cash	2,074,773	(53,866)	(894)	(122)
Cash, cash equivalents and restricted cash at beginning of period	3,024,214	2,135,833	2,081,967	285,228
Cash, cash equivalents and restricted cash at end of period	5,098,987	2,081,967	2,081,073	285,106

Definitions

Term	Definition
IDC Business	IDC business refers to managed hosting services, consisting of the wholesale IDC business and the retail IDC business. Beginning in the first quarter of 2024, our IDC business was subdivided into wholesale IDC business and retail IDC business according to the nature and scale of our data center projects. Prior to 2024, the subdivision was based on customer contract types.
Non-IDC Business	Non-IDC business consists of cloud services and VPN services
VPN Services	Virtual private network provided by VNET, including Multiprotocol Label Switching (“MPLS”), software-defined wide area network (“SD-WAN”), internet access and network security solutions, and fully managed network enabling connectivity to enterprises across various industries
Cloud Services	Microsoft’s cloud services, including Azure, Microsoft 365, Dynamics 365 and Power Platform, operated by VNET as strategic partner to customers in mainland China
Capacity in Service	Data centers which are ready for service
Capacity Under Construction	Data centers which are actively under construction and have not yet reached the stage of being ready for service
Capacity Held for Future Development	Refers to the secured IDC resources that have been reserved for future development purposes and are not currently active for construction.
Mature Capacity for Wholesale Data Centers	Refers to wholesale data centers in which utilization rate is at or above 80%.
Ramp-up Capacity for Wholesale Data Centers	Refers to wholesale data centers in which utilization rate is below 80%.
Mature Capacity for Retail Data Centers	Refers to retail data centers that came into service prior to the past 24 months.
Ramp-up Capacity for Retail Data Centers	Refers to retail data centers that came into service within the past 24 months, or mature retail data centers that have undergone improvements within the past 24 months.
Utilized Capacity	Capacity in service that is committed to customers and revenue generating pursuant to the terms of customer agreements remaining in effect
Utilization Rate	The utilization rate (“UR”) is calculated by dividing utilized capacity by customers by the capacity in service.
Total Capacity Committed	Total capacity committed is the capacity committed to customers pursuant to customer agreements remaining in effect.
Total Capacity Pre-committed	Total capacity pre-committed is the capacity under construction which is pre-committed to customers pursuant to customer agreements remaining in effect.
Commitment Rate	Commitment rate is calculated by total capacity committed divided by total capacity in service.
Pre-commitment Rate	Pre-commitment rate is calculated by total capacity pre-committed divided by total capacity under construction.
MRR per Retail Cabinet	MRR per retail cabinet refers to monthly recurring revenues per cabinet for the retail IDC business
MW	Megawatt
BTH	Beijing-Tianjin-Hebei Region
PUE	Power usage effectiveness, a ratio of the total power usage of a data center to the power usage of the IT equipment inside a data center

THANKS!

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