



NetEase

1Q25 Investor Presentation

Investor Relations
May 15, 2025

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 tensions, including the direct or indirect impacts of national trade, investment, protectionist, tax or other laws or policies as well as export controls and economic or trade sanctions; 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 and advertising solutions provider, 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

\$67.8
billion

Market Cap ¹
(5/14/25)

3.2
billion

Shares Outstanding,
Diluted (1Q25)

\$2.24

Basic Net Income per ADS
(GAAP) (1Q25)

\$4.0
billion

Net Revenues
(1Q25)

\$1.4
billion

Net income attributable to the
Company's shareholders (GAAP)
(1Q25)

\$18.9
billion

Net cash ²
(3/31/25)

AA

MSCI ESG Rating ³

Notes:

¹ Market Cap is calculated using the closing price on NASDAQ; Our market cap is HK\$525.9 billion based on the closing price on the Hong Kong Stock Exchange

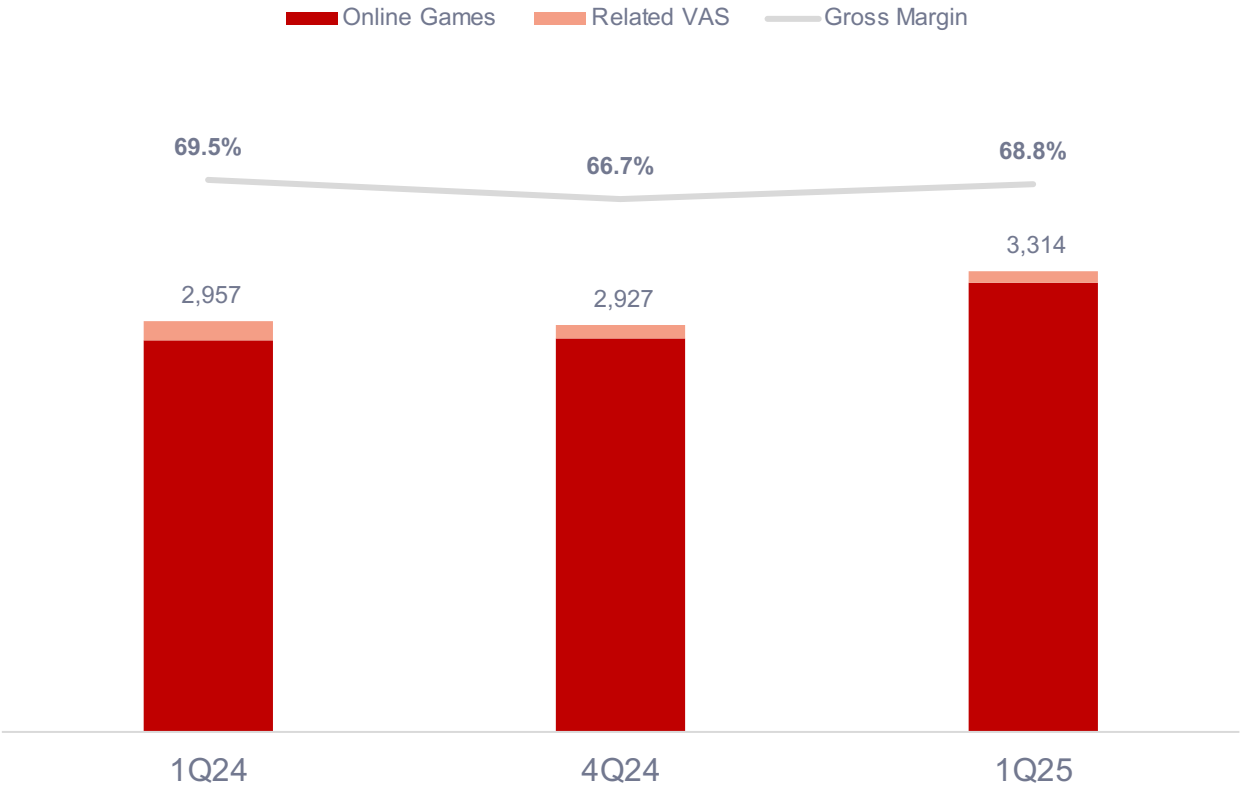
² Net cash refers to total cash and cash equivalents, current and non-current time deposits and restricted cash, as well as short-term investments balance, minus short-term and long-term loans

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

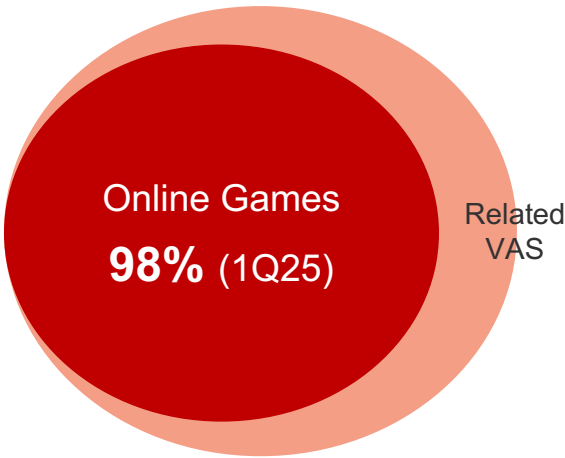
GAMES AND RELATED VALUE-ADDED SERVICES

USD million¹

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



Note:
¹ US\$1.00 = RMB7.2567 on March 31, 2025. Same exchange rate is applied to all years for illustrative purposes



ONLINE GAMES

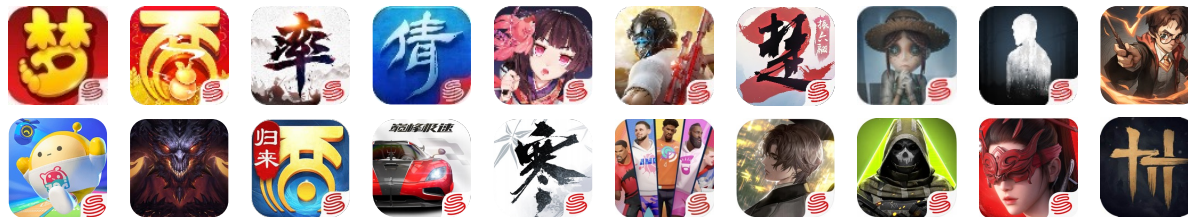
PC & CONSOLE GAMES

Flagship Self-Developed PC & Console Titles



MOBILE GAMES

Self-Developed Mobile Games



Mobile Games in Overseas Markets



Licensed Mobile Games From Overseas Developers

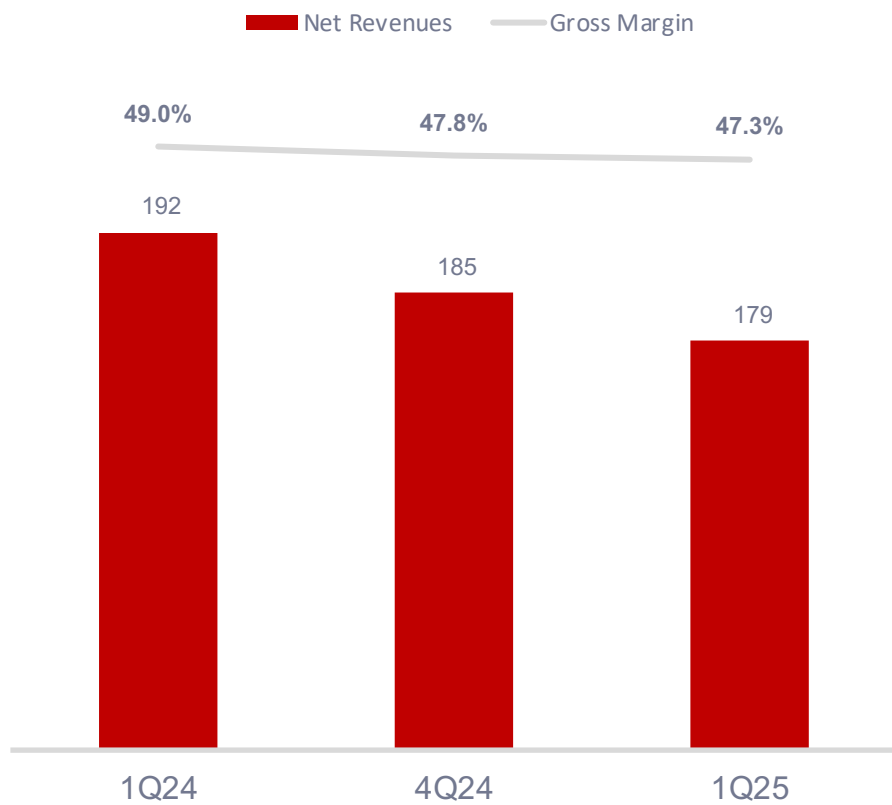


- Success of recently released titles drove increased traction in the global game market and further diversified our portfolio across genres.
- **Marvel Rivals** topped Steam's global top sellers chart shortly after its Season 2 update in April 2025.
- **Where Winds Meet** has maintained strong popularity since its December 2024 launch, surpassing 30 million registered players as of March 2025.
- **FragPunk's** March 2025 launch ignited player enthusiasm, ranking No. 6 on Steam's global top sellers chart and amassing over 110,000 peak concurrent players in three days.
- **Once Human** mobile game quickly claimed the No.1 position on the iOS download charts in more than 160 regions upon its April 2025 launch, garnering significant global attention.
- Blizzard titles sustained robust momentum, with **World of Warcraft** and **Hearthstone** engaging local communities through customized regional events in China. Additionally, the return of **Overwatch** pushed its regional peak concurrent players in China to a new record high. With technical testing initiated on April 16, 2025, **Diablo 3** is also on track for its return to China.
- Increased the popularity of established titles through targeted events and crossover synergies, including **Fantasy Westward Journey Online** and mobile game, **Infinite Borders**, **Identity V**, **Eggy Party**, **Naraka: Bladepoint** franchises and **Justice** franchises, highlighting NetEase's strength in long-term game operations.
- Strengthened global game pipeline with multiple new titles under development, including **MARVEL Mystic Mayhem**, **Destiny: Rising** and **Ananta**.

YOUDAO

USD million¹

Youdao Net Revenues and Gross Margin



- Youdao achieved record-high first-quarter operating profit, maintaining the profitability momentum of previous quarters.
- Learning services focused on high-demand subjects, advanced quality operations, and further strengthened profitability.
- Online marketing services remained focused on high-quality growth, and boosted operational efficiency through advanced technologies.
- Smart devices segment maintained strengths in China's dictionary pen market, and continued to launch innovative products.

Note:

¹ US\$1.00 = RMB7.2567 on March 31, 2025. Same exchange rate is applied to all years for illustrative purposes

NETEASE CLOUD MUSIC, INNOVATIVE BUSINESSES AND OTHERS

NetEase Cloud Music

- Net revenues from NetEase Cloud Music were RMB1.9 billion for 1Q25, compared with RMB2.0 billion for 1Q24, reflecting decreased net revenues from its social entertainment services.



NetEase Cloud Music Business

- One of the leading online music platforms in China, featuring an interactive content community for music enthusiasts in terms of user scale and engagement
- Provide community-centric online music services and social entertainment services
- Leveraging its iconic cornerstone product and ancillary, and social entertainment products, NetEase Cloud Music empowers music enthusiasts with a wide variety of technology-driven tools to discover, enjoy, share and create diverse music and music-inspired content and to interact with each other

Innovative Businesses and Others

- Net revenues from innovative businesses and others were RMB1.6 billion for 1Q25, compared with RMB2.3 billion and RMB2.0 billion for 4Q24 and 1Q24, respectively, primarily due to decreased net revenues of Yanxuan, advertising services and certain other businesses in this segment.



NetEase Yanxuan

- Leading private-label consumer lifestyle brand in China
- Continued to strengthen its brand presence with highly popular products in focused categories
- Maintained leading sales positions on e-commerce platforms for categories like pet products and household cleaning products



Wangyi Xinwen

- 163.com Portal & Wangyi Xinwen App: Delivering quality content across news, sports, technology, fashion, and entertainment



E-mail Services

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

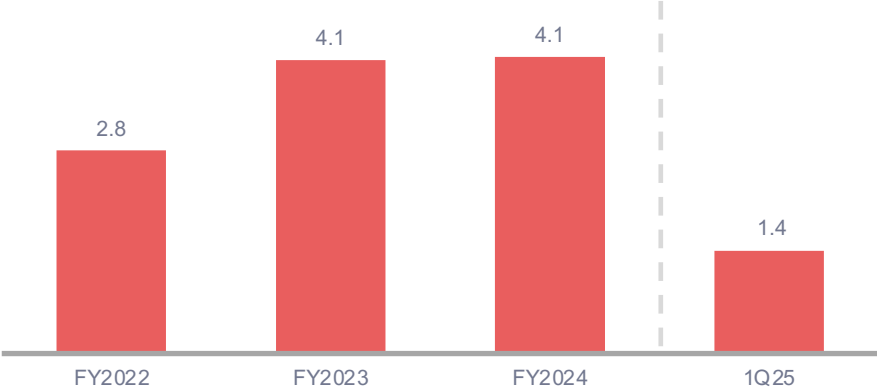
FINANCIAL HIGHLIGHTS

USD billion¹

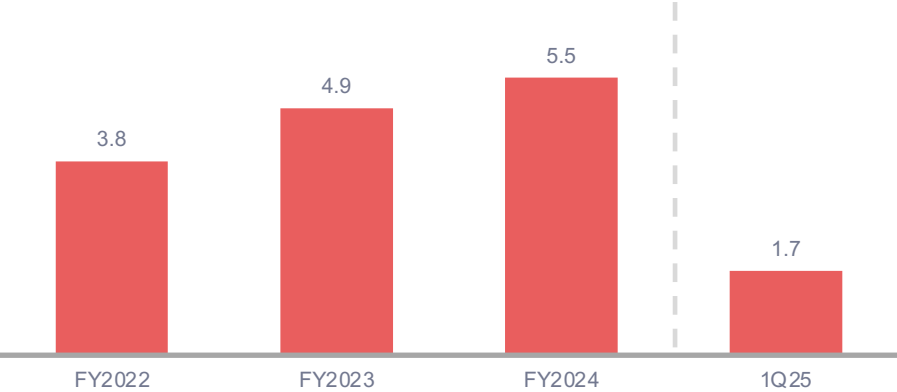
Net Revenues



Net Income Attributable to Shareholders (GAAP)



Operating Cash Flow



Value Returned to Shareholders

US\$	FY2022	FY2023	FY2024	1Q25
Dividend per ADS (declared)	\$1.38700	\$2.56485	\$2.58525	\$0.67500
Total Dividends (declared) ²	\$906 m	\$1,649 m	\$1,651 m	\$428 m
Share Buyback	\$1,187 m	\$687 m	\$1,230 m	\$46 m

Notes:
1 US\$1.00 = RMB7.2567 on March 31, 2025. 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: May 2025

According to MSCI's evaluation, NetEase is a leader among 232 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: March 2025

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

	2024	2025	
in millions	Dec 31, RMB	Mar 31, RMB (Unaudited)	Mar 31, USD (Unaudited)
ASSETS			
Current assets:			
Cash and cash equivalents	51,383	41,749	5,753
Time deposits	75,441	81,008	11,163
Other current assets	26,501	34,914	4,812
Total current assets	153,325	157,671	21,728
Property, equipment and software, net	8,520	8,454	1,165
Other non-current assets	34,147	34,733	4,786
Total assets	195,992	200,858	27,679
LIABILITIES, REDEEMABLE NONCONTROLLING INTERESTS & SHAREHOLDERS' EQUITY			
Current liabilities:			
Contract liabilities	15,299	17,749	2,446
Other current liabilities	34,369	31,389	4,325
Total current liabilities	49,668	49,138	6,771
Total liabilities	53,497	52,989	7,302
Redeemable noncontrolling interests	85	86	12
Total equity	142,410	147,783	20,365
Total liabilities, redeemable noncontrolling interests and shareholders' equity	195,992	200,858	27,679

INCOME STATEMENT SUMMARY

	1Q24	4Q24	1Q25	1Q25	QoQ	YoY
in millions except per ADS data & percentage data	RMB	RMB	RMB	USD	Change	Change
			(Unaudited)	(Unaudited)		
Total net revenues:	26,852	26,748	28,829	3,973	7.8%	7.4%
<i>Games and related value-added services</i>	21,460	21,242	24,048	3,314	13.2%	12.1%
<i>Youdao</i>	1,392	1,340	1,298	179	-3.1%	-6.8%
<i>NetEase Cloud Music</i>	2,030	1,880	1,858	256	-1.2%	-8.5%
<i>Innovative businesses and others</i>	1,970	2,286	1,625	224	-28.9%	-17.5%
Gross profit	17,016	16,272	18,479	2,547	13.6%	8.6%
Gross profit margin	63.4%	60.8%	64.1%	64.1%		
Operating profit	7,622	7,821	10,441	1,439	33.5%	37.0%
Operating profit margin	28.4%	29.2%	36.2%	36.2%		
Net income attributable to the Company's shareholders	7,634	8,766	10,301	1,420	17.5%	34.9%
Diluted net income per ADS	¥11.75	¥13.67	¥16.06	\$2.21	17.5%	36.7%

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

THANK YOU

網易 NETEASE