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 government regulation that could adversely affect the industry and geographical markets in which 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 economic uncertainty and capital market disruption; risks related to the expansion of NetEase’s businesses and operations internationally; risks associated with cybersecurity threats or incidents; and the risk that fluctuations in the value of the Renminbi with respect to other currencies 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. (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 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.

NetEase's market-leading ESG initiatives are among the most recognized in the global media and entertainment industry, earning it inclusion in the 2022 Dow Jones Sustainability World Index, 2022 Dow Jones Sustainability Emerging Markets Index and 2023 Bloomberg Gender-Equality Index, as well as receiving an "A" rating from MSCI. For more information, please visit: http://ir.netease.com/.
**MARKET SNAPSHOT**

*In USD*

- **$72.4 billion**
  - Market Cap¹ (02/28/24)

- **3.3 billion**
  - Shares Outstanding, Diluted (4Q23)

- **$1.44**
  - Basic Net Income per ADS (GAAP) (4Q23)

- **$3.8 billion**
  - Net Revenues (4Q23)

- **$0.9 billion**
  - Net income attributable to the Company’s shareholders (GAAP) (4Q23)

- **$15.6 billion**
  - Cash position² (12/31/23)

- **A**
  - MSCI ESG Rating³

**Notes:**

1. Market Cap is calculated using the closing price on NASDAQ; Our market cap is HK$569.6 billion based on the closing price on the Hong Kong Stock Exchange.
2. Cash position 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 December 2022.
GAMES AND RELATED VALUE-ADDED SERVICES

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

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Online Games</th>
<th>Related VAS</th>
<th>Gross Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>4Q22</td>
<td>2,688</td>
<td></td>
<td>59.1%</td>
</tr>
<tr>
<td>3Q23</td>
<td>3,068</td>
<td></td>
<td>69.0%</td>
</tr>
<tr>
<td>4Q23</td>
<td>2,947</td>
<td></td>
<td>69.5%</td>
</tr>
</tbody>
</table>

Note: 1 US$1.00 = RMB7.0999 on December 29, 2023. Same exchange rate is applied to all years for illustrative purposes.

Definition of this segment was changed to include related value-added services, such as NetEase CC Live streaming service, game-related merchandise and others, as of 2Q 2022.

Online Games 93% (4Q23)

~ 23%: PC & console games
~ 77%: mobile games
Online Games

PC & Console Games

Flagship Self-Developed PC & Console Titles

- Leading franchises, such as *Fantasy Westward Journey* and *Westward Journey Online*, maintained enduring user appeal, supported by periodic new content introductions
- *Eggy Party*’s broad popularity has engaged over 500 million cumulative registered players since its launch in 2022 and made a significant breakthrough of 40 million daily active users during the Lunar New Year
- *Justice* franchises reached a new milestone of 100 million active users with densely packed content and widely embraced in-game events for players
- *Racing Master* achieved superb performances in Hong Kong, Macau and Taiwan, including topping the local iOS download and grossing charts in Taiwan within the first week of its launch
- Overseas NetEase studios: announced the establishment of two new game studios, *Worlds Untold* and *BulletFarm*

Mobile Games

Self-Developed Mobile Games

Mobile Games in Overseas Markets

Licensed Mobile Games From Overseas Developers
Youdao continued to propel technological innovation and product development, further improving profitability and cash flow.

- Learning services consistently raised the quality of its unique courses, and digital content services kept healthy growth momentum in the fourth quarter.

- Online marketing services achieved record-breaking revenues through the utilization of our cutting-edge AI technology.

- Youdao continued to advance proprietary large language model and accelerate the development of large language model applications since the fourth quarter.

Note:
1 US$1.00 = RMB7.0999 on December 29, 2023. Same exchange rate is applied to all years for illustrative purposes.
CLOUD MUSIC

USD million

Cloud Music Net Revenues and Gross Margin

- Cloud Music continued to navigate quality development across music-centric ecosystem
- Further extended robust monetization momentum in the core online music business, as a result of an increase in the number of subscribers, along with moderate improvement in ARPPU
- Committed to fostering strong partnerships with music copyright holders and are actively working toward deepening these collaborations to expand our catalog of music label content, promote advantageous music genres and increase album sales in cooperation with top artists
- Considerably improved profitability throughout 2023

Note:
1 US$1.00 = RMB7.0999 on December 29, 2023. Same exchange rate is applied to all years for illustrative purposes.
INNOVATIVE BUSINESSES AND OTHERS

Innovative Businesses and Others
Net Revenues and Gross Margin

USD million¹

- **NetRevenues**
  - 31.5% in 4Q22
  - 27.3% in 3Q23
  - 34.4% in 4Q23

- **Gross Margin**
  - 343 USD million in 4Q22
  - 279 USD million in 3Q23
  - 388 USD million in 4Q23

**NetEase Yanxuan**

- Leading private-label consumer lifestyle brand in China
- Continued to strengthen its brand presence with highly popular products in focused categories
- Sales growth remained steady in 2023, with a double-digit increase in specific e-commerce channels year-over-year

**NetEase Media**

- www.163.com is one of China’s most visited Internet portals, with strong user diversity, reach and stickiness
- Mobile News App is one of the most popular news apps in China

**E-mail Services**

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

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Note:
1 US$1.00 = RMB7.0999 on December 29, 2023. Same exchange rate is applied to all years for illustrative purposes.
### FINANCIAL HIGHLIGHTS

#### USD billion

<table>
<thead>
<tr>
<th></th>
<th>FY2021</th>
<th>FY2022</th>
<th>FY2023</th>
<th>Q4 2023</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Revenues</strong></td>
<td>12.3</td>
<td>13.6</td>
<td>14.6</td>
<td>3.8</td>
</tr>
<tr>
<td><strong>Net Income Attributable to Shareholders (GAAP)</strong></td>
<td>2.4</td>
<td>2.9</td>
<td>4.1</td>
<td>0.9</td>
</tr>
<tr>
<td><strong>Operating Cash Flow</strong></td>
<td>3.5</td>
<td>3.9</td>
<td>5.0</td>
<td>1.7</td>
</tr>
</tbody>
</table>

#### Value Returned to Shareholders

<table>
<thead>
<tr>
<th></th>
<th>US$</th>
<th>FY2021</th>
<th>FY2022</th>
<th>FY2023</th>
<th>Q4 2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividend per ADS (declared)</td>
<td>$1.17000</td>
<td>$1.38700</td>
<td>$2.56485</td>
<td>$1.07985</td>
<td></td>
</tr>
<tr>
<td>Total Dividends (declared)</td>
<td>$777 m</td>
<td>$906 m</td>
<td>$1,649 m</td>
<td>$694 m</td>
<td></td>
</tr>
<tr>
<td>Share Buyback</td>
<td>$1,974 m</td>
<td>$1,187 m</td>
<td>$687 m</td>
<td>$56 m</td>
<td></td>
</tr>
</tbody>
</table>

#### Notes:

1. US$1.00 = RMB7.0999 on December 29, 2023. 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**

- 2018: B
- 2019: BB
- 2020: BBB
- 2021: A
- 2022: A

**DJSI (Dow Jones Sustainability Index) Ratings**

- 2018: 9
- 2019: 19
- 2020: 18
- 2021: 39
- 2022: 49

**Sustainalytics Ratings**

- 2018: 25.9
- 2019: 18.4
- 2020: 18.0
- 2021: 15.0
- 2022: 14.7

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### Environmental

- 2018: 31
- 2019: 54
- 2020: 53
- 2021: 31
- 2022: 11

### Social

- 2018: 11
- 2019: 15
- 2020: 21
- 2021: 15
- 2022: 21

### Governance & Economic

- 2018: 31
- 2019: 54
- 2020: 53
- 2021: 31
- 2022: 11
## BALANCE SHEET SUMMARY

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2023</th>
<th>2023 USD</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Dec 31, RMB</td>
<td>Dec 31, RMB</td>
<td>Dec 31, USD</td>
</tr>
<tr>
<td></td>
<td>(Unaudited)</td>
<td>(Unaudited)</td>
<td>(Unaudited)</td>
</tr>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current assets:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>24,889</td>
<td>21,429</td>
<td>3,018</td>
</tr>
<tr>
<td>Time deposits</td>
<td>84,948</td>
<td>100,856</td>
<td>14,205</td>
</tr>
<tr>
<td>Other current assets</td>
<td>21,766</td>
<td>20,408</td>
<td>2,875</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>131,603</td>
<td>142,693</td>
<td>20,098</td>
</tr>
<tr>
<td>Property, equipment and software, net</td>
<td>6,342</td>
<td>8,075</td>
<td>1,137</td>
</tr>
<tr>
<td>Other non-current assets</td>
<td>34,816</td>
<td>35,157</td>
<td>4,952</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>172,761</td>
<td>185,925</td>
<td>26,187</td>
</tr>
<tr>
<td><strong>LIABILITIES, REDEEMABLE NONCONTROLLING INTERESTS &amp; SHAREHOLDERS’ EQUITY</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current liabilities:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contract liabilities</td>
<td>12,519</td>
<td>13,362</td>
<td>1,882</td>
</tr>
<tr>
<td>Other current liabilities</td>
<td>44,310</td>
<td>40,480</td>
<td>5,702</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>56,829</td>
<td>53,842</td>
<td>7,584</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>63,888</td>
<td>57,841</td>
<td>8,147</td>
</tr>
<tr>
<td>Redeemable noncontrolling interests</td>
<td>136</td>
<td>116</td>
<td>16</td>
</tr>
<tr>
<td><strong>Total equity</strong></td>
<td>108,737</td>
<td>127,968</td>
<td>18,024</td>
</tr>
<tr>
<td><strong>Total liabilities, redeemable noncontrolling interests and shareholders’ equity</strong></td>
<td>172,761</td>
<td>185,925</td>
<td>26,187</td>
</tr>
</tbody>
</table>
## INCOME STATEMENT SUMMARY

<table>
<thead>
<tr>
<th></th>
<th>4Q22</th>
<th>3Q23</th>
<th>4Q23</th>
<th>4Q23</th>
<th>QoQ</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>RMB (Unaudited)</td>
<td>RMB (Unaudited)</td>
<td>RMB (Unaudited)</td>
<td>USD (Unaudited)</td>
<td>Change</td>
<td>Change</td>
</tr>
<tr>
<td>Total net revenues:</td>
<td>25,354</td>
<td>27,270</td>
<td>27,140</td>
<td>3,823</td>
<td>-0.5%</td>
<td>7.0%</td>
</tr>
<tr>
<td>Games and related value-added services</td>
<td>19,086</td>
<td>21,780</td>
<td>20,921</td>
<td>2,947</td>
<td>-3.9%</td>
<td>9.6%</td>
</tr>
<tr>
<td>Youdao</td>
<td>1,454</td>
<td>1,539</td>
<td>1,481</td>
<td>209</td>
<td>-3.8%</td>
<td>1.9%</td>
</tr>
<tr>
<td>Cloud Music</td>
<td>2,376</td>
<td>1,973</td>
<td>1,986</td>
<td>280</td>
<td>0.7%</td>
<td>-16.4%</td>
</tr>
<tr>
<td>Innovative businesses and others</td>
<td>2,438</td>
<td>1,978</td>
<td>2,752</td>
<td>387</td>
<td>39.1%</td>
<td>12.9%</td>
</tr>
<tr>
<td>Gross profit</td>
<td>13,244</td>
<td>16,966</td>
<td>16,825</td>
<td>2,370</td>
<td>-0.8%</td>
<td>27.0%</td>
</tr>
<tr>
<td>Gross profit margin</td>
<td>52.2%</td>
<td>62.2%</td>
<td>62.0%</td>
<td>62.0%</td>
<td>-9.1%</td>
<td>54.9%</td>
</tr>
<tr>
<td>Operating profit</td>
<td>4,433</td>
<td>7,558</td>
<td>6,868</td>
<td>967</td>
<td>-9.1%</td>
<td>54.9%</td>
</tr>
<tr>
<td>Operating profit margin</td>
<td>17.5%</td>
<td>27.7%</td>
<td>25.3%</td>
<td>25.3%</td>
<td>-16.0%</td>
<td>66.5%</td>
</tr>
<tr>
<td>Net income attributable to the Company’s shareholders</td>
<td>3,953</td>
<td>7,837</td>
<td>6,582</td>
<td>927</td>
<td>-16.0%</td>
<td>66.5%</td>
</tr>
<tr>
<td>Diluted net income per ADS</td>
<td>¥6.05</td>
<td>¥12.06</td>
<td>¥10.12</td>
<td>$1.42</td>
<td>-16.1%</td>
<td>67.3%</td>
</tr>
</tbody>
</table>

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