

# NetEase, Inc Q3FY24 Report Overview

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## Goals and Objectives of the Research

Research Objective: To perform a comparative analysis of the Q3FY24 quarterly report and those of previous periods.

Research Tasks:

- Gather comprehensive financial and corporate information pertaining to the company for Q3FY24;
- Analyze the collected information;
- Conduct a comparative assessment of the report for the Q3FY24 with reports for previous quarters up to the Q3FY23;
- Formulate conclusions based on the analyzed data.

## Disclaimers

The information collected in this report reflects data from the company's public reports and is not questioned or verified via other sources. In other words, information from the company's public reports is taken and used as is.

If additional information from other sources is used or if the data used is reflective of the researcher's personal opinion, this will be labeled accordingly.

The provided public company quarterly reports are unaudited.

## Document Markup

- FY - Financial Year;
- Q - Quarter;
- NE - NetEase, Inc;
- QoQ - Quarter-over-Quarter;
- ADS - American Depositary Shares. Each ADS represents five ordinary shares;
- This report uses the American number format: a period is used as the decimal separator, while commas separate thousands;
- Year-over-year (YoY) calculations of relative values were not performed in cases where last year's profit changed to a loss in the current year and vice versa within the scope of the current report;
- NetEase, Inc Q3FY24 Report Period is from July 1 to September 30, 2024.

# Conclusions

## General Information

Parameter	NetEase, Inc
Website	<a href="https://netease.com">netease.com</a>
Country (location)	<a href="#">China</a>
Country (issuer)	<a href="#">Cayman Islands</a> *
Year of foundation	<a href="#">1997</a>
Founder	<a href="#">Ding Lei</a> (William Ding)
Sector	<a href="#">Technology</a>
Type	Public
Year of IPO	NASDAQ - <a href="#">2000</a> HKEX - <a href="#">2020</a> **
Stock market	<a href="#">NASDAQ</a> <a href="#">HKEX</a>
Ticker	NASDAQ - <a href="#">NTES</a> HKEX - <a href="#">9999</a>
Previous Annual Report from Data40	<a href="#">NetEase, Inc Full Fiscal Year 2023 Report Overview</a>
Previous Quarterly Report from Data40	<a href="#">NetEase, Inc Q2FY24 Report Overview</a>

\*Note: The Cayman Islands are a British Overseas Territory.<sup>1</sup>

\*\*Note: NE's ADS have been listed on the NASDAQ Global Select Market since June 30, 2000, under the symbol "NTES". Its ordinary shares have been quoted on the Main Board of The Stock Exchange of Hong Kong Limited since June 11, 2020, under the stock code "9999.HK".<sup>2</sup>

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<sup>1</sup> [GOV.UK, Cayman Islands](#)

<sup>2</sup> [NE Web, Investor FAQs](#)

## About Company

NetEase, Inc. is an internet and gaming service provider. It was founded in 1997 by Ding Lei and is headquartered in Hangzhou, China, with offices in Guangzhou, Shanghai, Beijing, the US, Canada, Japan, South Korea, the UK, France, and Singapore. NE's service offerings include its majority-controlled subsidiaries Youdao (NYSE: DAO), a learning company; Cloud Music (HKEX: 9899), an online music platform; and Yanxuan, NE's private-label consumer lifestyle brand.<sup>3 4</sup>

## Conference Call Information<sup>5</sup>

NetEase, Inc. Q3FY24 Financial Results were announced on Thursday, November 14, 2024. The Q3FY24 earnings conference call was held on Thursday, November 14, 2024, at 7:00 AM EST. A replay of this call is available via this link for 12 months and can also be accessed by dialing 1-855-883-1031 and entering PIN: 10042941 through November 21, 2024.

## Public Quarterly Reports Calendar FY24-25<sup>6 7</sup>

Quarter	Period	Date*
FY24		
Q1	Jan 1, 2024 to Mar 31, 2024	May 23, 2024
Q2	Apr 1, 2024 to Jun 30, 2024	Aug 22, 2024
Q3	Jul 1, 2024 to Sep 30, 2024	Nov 14, 2024
Q4 and FY24	Oct 1, 2024 to Dec 31, 2024	Feb 19, 2025 (Projected)
FY25		
Q1	Jan 1, 2025 to Mar 31, 2025	May 26, 2025 (Projected)
Q2	Apr 1, 2025 to Jun 30, 2025	Aug 13, 2025 (Projected)
Q3	Jul 1, 2025 to Sep 30, 2025	Nov 12, 2025 (Projected)
Q4 and FY25	Oct 1, 2025 to Dec 31, 2025	TBA

Follow the announcements of the release of new reports on the website [Data40.com](https://data40.com) in the [Calendars by Financial reports section of DATA40.com](#).

<sup>3</sup> [NE Web, Company Profile](#)

<sup>4</sup> [NE Web, Investor FAQs](#)

<sup>5</sup> [NE Consolidated Q3FY24 Foreign Private Issuer Report, p.6-7](#)

<sup>6</sup> [NE Web, Past Events](#)

<sup>7</sup> [MarketScreener, NE Calendar](#)

## Highlights and Metrics

### Q3FY24 Highlights<sup>8 9 10</sup>

- **Net Revenues** of 26,209.879 million CNY, increased by 2.84%, compared to 25,485.805 million CNY in Q2FY24 and decreased by 3.89%, compared to 27,270.406 million CNY in Q3FY23;
- **Operating Profit** of 7,146.737 million CNY, increased by 2.19%, compared to 6,993.323 million CNY in Q2FY24 and decreased by 5.44%, compared to 7,557.909 million CNY in Q3FY23;
- **Net income attributable to the Company's shareholders** of 6,538.435 million CNY, decreased by 3.26%, compared to 6,758.749 million CNY in Q2FY24 and decreased by 26.01%, compared to 8,836.888 million CNY in Q3FY23;
- **Total assets** of 184,896.274 million CNY, increased by 0.85%, compared to 183,342.621 million CNY in Q2FY24 and increased by 7.76%, compared to 171,575.005 million CNY in Q3FY23;
- **Total liabilities** of 49,167.949 million CNY, increased by 0.35%, compared to 48,997.216 million CNY in Q2FY24 and increased by 3.23%, compared to 47,629.830 million CNY in Q3FY23;
- **Total Equity\*** of 135,728.325 million CNY, increased by 1.03%, compared to 134,345.405 million CNY in Q2FY24 and increased by 9.51%, compared to 123,945.175 million CNY in Q3FY23;
- **Net Income Per Share** basic and diluted of 2.04 CNY and 2.03 CNY respectively;
- **Net Income Per ADS** basic and diluted of 10.22 CNY and 10.14 CNY respectively.

\*Note: The Total Equity amount in the company's report is calculated taking into account the "Redeemable noncontrolling interests" parameter.

### Acquisitions and Divestitures

In Q3FY24, the company did not make any acquisitions or divestitures.

### Goals, Achievements<sup>11</sup>

- "Naraka: Bladepoint mobile game gained significant popularity since its launch in July, reaching No. 4 on the iOS grossing chart with its September seasonal update, effectively catering to growing player demand for action-based PvP games;
- Racing Master topped the App Store and Google Play free-to-play charts in Japan following its launch in August;
- World of Warcraft and Hearthstone's return to China reignited historic level of player community enthusiasm. Following their relaunch, World of Warcraft saw a 50% increase in daily active players as compared to levels before the shutdown, while Hearthstone achieved over 150% growth".

<sup>8</sup> [NE Consolidated Q3FY24 Foreign Private Issuer Report, p.10](#)

<sup>9</sup> [NE Consolidated Q3FY24 Foreign Private Issuer Report, p.9](#)

<sup>10</sup> [NE Consolidated Q3FY23 Foreign Private Issuer Report, p.10](#)

<sup>11</sup> In this chapter, quotes are used from the [NE Consolidated Q3FY24 Foreign Private Issuer Report, p.2](#)

## Business Overview<sup>12</sup>

- “Generated continued popularity of hit games Identity V and Naraka: Bladepoint, showcasing NetEase’s long-term operation capabilities for online games;
- Strengthened diversified portfolio, announcing more exciting titles in the making, including Destiny: Rising and MARVEL Mystic Mayhem, and new games, such as Marvel Rivals and Where Winds Meet, set for launch in December;
- Youdao significantly improved its profitability in the third quarter, achieving its first-ever third-quarter operating profit and a record-high quarterly operating profit, compared with a loss in the same period last year;
- NetEase Cloud Music continued to drive quality development across its music-centric ecosystem, further expanding its subscriber base and sustaining healthy revenue growth momentum in its online music services”.

On July 9, 2024, the company launched the title “Once Human”, a multiplayer open-world survival game set in a post-apocalyptic world.<sup>13</sup>

Announced Titles	Launch date
<a href="#">Marvel Rivals</a>	<a href="#">Dec 6, 2024</a>
<a href="#">Where Winds Meet</a>	<a href="#">2024</a>
<a href="#">FragPunk</a>	TBA
<a href="#">Destiny: Rising</a>	TBA
<a href="#">Project Mugen</a>	TBA
<a href="#">Project: EXTREME</a>	<a href="#">TBA</a>

## Business Outlook<sup>14</sup>

“To further diversify our game portfolio across genres and expand globally, we launched a variety of new games to captivate players worldwide and achieved breakthrough milestones. Throughout our development journey over the past two decades, players have remained at the core of our creations and operations, ensuring the long-lasting popularity of our games. As we expand, we will continue to prioritize player demand and propel innovation, bringing more exciting NetEase gaming experiences to players domestically and around the world. NetEase Cloud Music and Youdao are both positioned for steady growth alongside our games. Across the NetEase family, we focus on creating unique, engaging and impactful experiences for our community that fuel our ongoing success, said Mr. William Ding, Chief Executive Officer and Director of NetEase”.

<sup>12</sup> In this chapter, quotes are used from the [NE Consolidated Q3FY24 Foreign Private Issuer Report, p.2](#)

<sup>13</sup> [Steam Web, Store, Once Human](#)

<sup>14</sup> In this chapter, quotes are used from the [NE Consolidated Q3FY24 Foreign Private Issuer Report, p.3](#)

## Stock Information

### About Shares

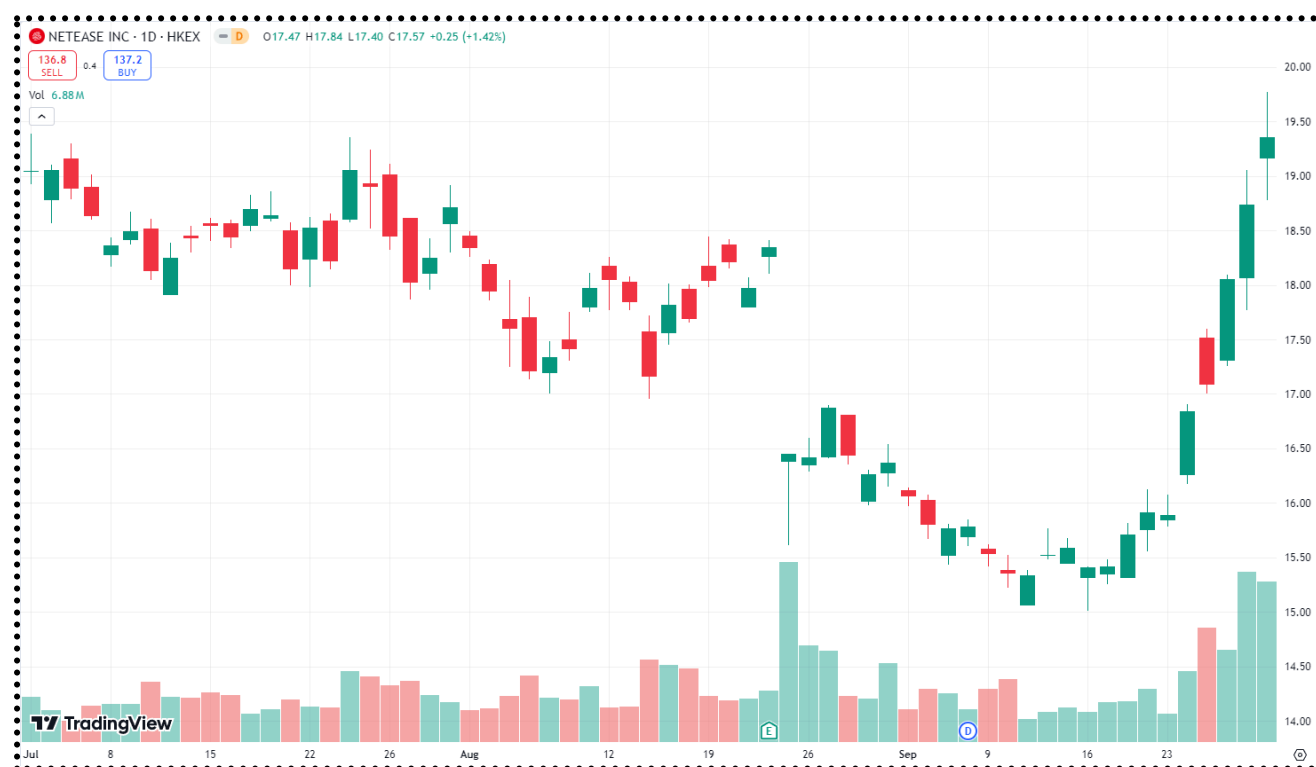
Weighted average number of ordinary shares used\* (as of September 30, 2024):<sup>15</sup>

- Basic: 3,198,646,000;
- Diluted: 3,224,110,000.

\*Note: Each ADS represents five ordinary shares.

Total Shares Outstanding - 3,222,469,000 (as of November 29, 2024).<sup>16</sup>

### Stock Retrospective Q3FY24<sup>17</sup>



Date	Open Price, USD/HKD	Highest Price, USD/HKD	Lowest Price, USD/HKD	Close Price, USD/HKD
Jul 2, 2024	19.04 USD 148.80 HKD	19.39 USD 151.50 HKD	18.93 USD 147.90 HKD	19.04 USD 148.80 HKD
Sep 30, 2024	19.16 USD 149.00 HKD	19.77 USD 153.70 HKD	18.78 USD 146.00 HKD	19.36 USD 150.50 HKD

<sup>15</sup> [NE Consolidated Q3FY24 Foreign Private Issuer Report, p.10](#)

<sup>16</sup> [NE Web, Stock Quote](#)

<sup>17</sup> [TradingView, NE Chart](#)

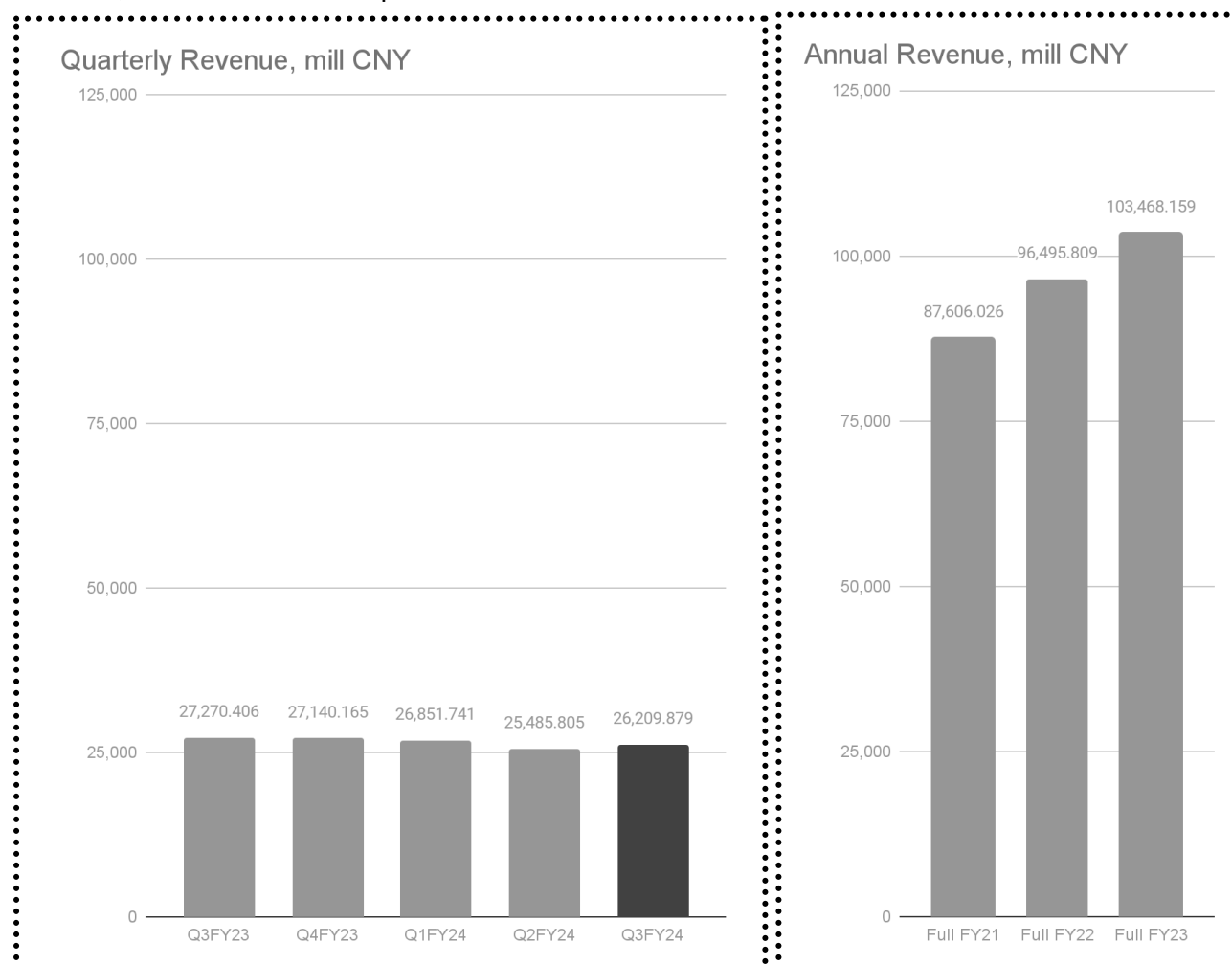
Q3FY24 Price MAX: 19.77 USD / 153.70 HKD (September 30, 2024).

Q3FY24 Price MIN: 15.01 USD / 117.10 HKD (September 16, 2024).

## Financial Statements

### Revenue Retrospective

NetEase, Inc Revenue Retrospective<sup>18 19 20</sup>



<sup>18</sup> [NE Consolidated Q3FY24 Foreign Private Issuer Report, p.10](#)

<sup>19</sup> [NE Consolidated Q1FY24 Foreign Private Issuer Report, p.11](#)

<sup>20</sup> [NE Consolidated Foreign Private Issuer Annual Report 2023, p.126](#)



## Sales per Segments<sup>21 22</sup>

### Net Revenue Structure

(In million, except Percentages)

Parameter	Q3FY24, CNY	QoQ, %	Q2FY24, CNY	QoQ, %	Q1FY24, CNY	QoQ, %	Q4FY23, CNY	QoQ, %	Q3FY23, CNY	YoY, %
Games and related value-added services	20,864.036	4.03	20,055.819	-6.54	21,460.378	2.58	20,921.355	-3.94	21,779.851	-4.20
Youdao	1,572.541	18.98	1,321.721	-5.04	1,391.859	-5.99	1,480.521	-3.79	1,538.783	2.19
Cloud Music	1,999.163	-2.05	2,040.952	0.56	2,029.541	2.22	1,985.548	0.63	1,973.064	1.32
Innovative businesses and others	1,774.139	-14.18	2,067.313	4.94	1,969.963	-28.44	2,752.741	39.12	1,978.708	-10.34
<b>Total Consolidated Revenue</b>	<b>26,209.879</b>	<b>2.84</b>	<b>25,485.805</b>	<b>-5.09</b>	<b>26,851.741</b>	<b>-1.06</b>	<b>27,140.165</b>	<b>-0.48</b>	<b>27,270.406</b>	<b>-3.89</b>

<sup>21</sup> [NE Consolidated Q3FY24 Foreign Private Issuer Report, p.12](#)

<sup>22</sup> [NE Consolidated Q1FY24 Foreign Private Issuer Report, p.13](#)

## Net Revenue Structure Percentages

Parameter	Q3FY24, %	Q2FY24, %	Q1FY24, %	Q4FY23, %	Q3FY23, %
Games and related value-added services	79.60	78.69	79.92	77.09	79.87
Youdao	6.00	5.19	5.18	5.46	5.64
Cloud Music	7.63	8.01	7.56	7.32	7.24
Innovative businesses and others	6.77	8.11	7.34	10.14	7.26

## Dividend Information<sup>23 24 25</sup>

Parameter	Q3FY24, USD	QoQ, %	Q2FY24, USD	QoQ, %	Q1FY24, USD	QoQ, %	Q4FY23, USD	QoQ, %	Q3FY23, USD	YoY, %
Per share	0.0870	0.00	0.0870	-12.12	0.0990	-54.16	0.21597	118.15	0.0990	-12.12
Per ADS	0.4350	0.00	0.4350	-12.12	0.4950	-54.16	1.07985	118.15	0.4950	-12.12

The board of directors approved a dividend of 0.0870 USD per share (0.4350 USD per ADS) for the third quarter of 2024 to holders of ordinary shares and holders of ADSs as of the close of business on November 29, 2024.

<sup>23</sup> [NE Consolidated Q3FY24 Foreign Private Issuer Report, p.6](#)

<sup>24</sup> [NE Consolidated Q1FY24 Foreign Private Issuer Report, p.6](#)

<sup>25</sup> [NE Consolidated Q3FY23 Foreign Private Issuer Report, p.6](#)

## Balance Sheet<sup>26 27 28 29</sup>

(In million, except Percentages)

Parameter	at Sep 30, 2024, CNY	QoQ, %	at Jun 30, 2024, CNY	QoQ, %	at Mar 31, 2024, CNY	QoQ, %	at Dec 31, 2023, CNY	QoQ, %	at Sep 30, 2023, CNY	YoY, %
Assets										
Total Current Assets	140,578.661	1.76	138,153.130	-8.99	151,792.243	6.38	142,692.585	11.86	127,565.427	10.20
Total Non-Current Assets	44,317.613	-1.93	45,189.491	4.43	43,272.629	0.09	43,232.393	-1.77	44,009.578	0.70
Total Assets	184,896.274	0.85	183,342.621	-6.01	195,064.872	4.92	185,924.978	8.36	171,575.005	7.76
Liabilities										
Total Current Liabilities	45,712.008	-0.47	45,927.895	-23.52	60,049.373	11.53	53,842.484	22.74	43,868.717	4.20
Total Non-Current Liabilities	3,455.941	12.60	3,069.321	-29.88	4,377.007	9.47	3,998.413	6.31	3,761.113	-8.11
Total Liabilities	49,167.949	0.35	48,997.216	-23.95	64,426.380	11.39	57,840.897	21.44	47,629.830	3.23
<b>Total Equity</b>	<b>135,728.325</b>	<b>1.03</b>	<b>134,345.405</b>	<b>2.84</b>	<b>130,638.492</b>	<b>1.99</b>	<b>128,084.081</b>	<b>3.34</b>	<b>123,945.175</b>	<b>9.51</b>

\*Note: The Total Equity amount in the company's report is calculated taking into account the "Redeemable noncontrolling interests" parameter.

<sup>26</sup> [NE Consolidated Q3FY24 Foreign Private Issuer Report, p.9](#)

<sup>27</sup> [NE Consolidated Q2FY24 Foreign Private Issuer Report, p.10](#)

<sup>28</sup> [NE Consolidated Q1FY24 Foreign Private Issuer Report, p.10](#)

<sup>29</sup> [NE Consolidated Q3FY23 Foreign Private Issuer Report, p.10](#)

## Income Statement<sup>30 31</sup>

(In million, except EPS data and Percentages)

Parameter	Q3FY24, CNY	QoQ, %	Q2FY24, CNY	QoQ, %	Q1FY24, CNY	QoQ, %	Q4FY23, CNY	QoQ, %	Q3FY23, CNY	YoY, %
Net Revenues	26,209.879	2.84	25,485.805	-5.09	26,851.741	-1.06	27,140.165	-0.48	27,270.406	-3.89
Gross Profit	16,476.605	2.71	16,042.218	-5.72	17,015.920	1.13	16,825.135	-0.83	16,966.300	-2.89
Total Operating Expense	(9,329.868)	3.11	(9,048.895)	-3.67	(9,393.437)	-5.66	(9,956.644)	5.83	(9,408.391)	-0.83
Operating Profit	7,146.737	2.19	6,993.323	-8.25	7,622.483	10.98	6,868.491	-9.12	7,557.909	-5.44
Net income attributable to the Company's shareholders	6,538.435	-3.26	6,758.749	-11.46	7,633.946	15.98	6,582.263	-25.51	8,836.888	-26.01
Net Income Per Share Basic	2.04 CNY	-2.86	2.10 CNY	-11.76	2.38 CNY	16.10	2.05 CNY	-15.98	2.44 CNY	-16.39
Net Income Per Share Diluted	2.03 CNY	-2.40	2.08 CNY	-11.49	2.35 CNY	16.34	2.02 CNY	-16.18	2.41 CNY	-15.77
Net Income Per ADS Basic	10.22 CNY	-2.67	10.50 CNY	-11.62	11.88 CNY	15.90	10.25 CNY	-15.91	12.19 CNY	-16.16
Net Income Per ADS Diluted	10.14 CNY	-2.69	10.42 CNY	-11.32	11.75 CNY	16.11	10.12 CNY	-16.09	12.06 CNY	-15.92

<sup>30</sup> [NE Consolidated Q3FY24 Foreign Private Issuer Report, p.10](#)

<sup>31</sup> [NE Consolidated Q1FY24 Foreign Private Issuer Report, p.11](#)

## Cashflow Statement<sup>32 33</sup>

(In million, except Percentages)

Parameter	Q3FY24, CNY	QoQ, %	Q2FY24, CNY	QoQ, %	Q1FY24, CNY	QoQ, %	Q4FY23, CNY	QoQ, %	Q3FY23, CNY	YoY, %
Cash flows from operating activities	10,575.612	61.91	6,531.832	-31.66	9,557.169	-19.06	11,808.279	19.96	9,843.920	7.43
Cash flows from investing activities	(720.861)	-95.15	(14,851.153)	-	12,859.889	-	(10,724.675)	1,978.80	(515.908)	39.73
Cash flows from financing activities	(8,458.545)	-46.87	(15,919.117)	3,115.61	(495.058)	-	5,139.264	-	(6,853.555)	23.42

## News<sup>34</sup>

August 5, 2024 - [NetEase to Report Second Quarter 2024 Financial Results on August 22](#)

August 22, 2024 - [NetEase Announces Second Quarter 2024 Unaudited Financial Results](#)

<sup>32</sup> [NE Consolidated Q3FY24 Foreign Private Issuer Report, p.11](#)

<sup>33</sup> [NE Consolidated Q1FY24 Foreign Private Issuer Report, p.12](#)

<sup>34</sup> [NE Web. Company News](#)

# Analyst's Opinion

## Summary

NetEase, Inc. is an internet and gaming service provider. It was founded in 1997 by Ding Lei. Headquartered in Hangzhou, China, it has offices in Guangzhou, Shanghai, Beijing, the US, Canada, Japan, South Korea, the UK, France, and Singapore. NE's service offerings include its majority-controlled subsidiaries Youdao (NYSE: DAO), a learning company; Cloud Music (HKEX: 9899), an online music platform; and Yanxuan, NE's private-label consumer lifestyle brand.

NE's ADS have been listed on the NASDAQ Global Select Market since June 30, 2000, under the symbol "NTES." Its ordinary shares have been quoted on the Main Board of The Stock Exchange of Hong Kong Limited since June 11, 2020, under the stock code "9999.HK." The range in which NE shares traded on the HKEX during Q3FY24 was from 15.01 USD to 19.77 USD. The opening price on July 2, 2024, was 19.04 USD. The closing price on September 30, 2024, was 19.36 USD.

The board of directors approved a dividend of 0.0870 USD per share (0.4350 USD per ADS) for the third quarter of 2024 to holders of ordinary shares and holders of ADSs as of the close of business on November 29, 2024.

Net Revenues in Q3FY24 were 26,209.879 million CNY, an increase of 2.84%, compared to 25,485.805 million CNY in Q2FY24, and a decrease of 3.89%, compared to 27,270.406 million CNY in Q3FY23.

Net Revenue Structure per Segment in Q3FY24: 79.60% from Games and related value-added services at 20,864.036 million CNY, 7.63% from Cloud Music at 1,999.163 million CNY, 6.77% from Innovative businesses and others at 1,774.139 million CNY, and 6.00% from Youdao at 1,572.541 million CNY.

Total assets increased by 0.85% from 183,342.621 million CNY in Q2FY24 to 184,896.274 million CNY in Q3FY24. Total liabilities increased by 0.35% from 48,997.216 million CNY in Q2FY24 to 49,167.949 million CNY in Q3FY24. Total equity increased by 1.03% from 134,225.907 million CNY in Q2FY24 to 135,605.831 million CNY in Q3FY24.

On July 9, 2024, the company launched the title "Once Human".

NetEase, Inc. announced titles for 2024-2025: Marvel Rivals (December 6, 2024), Where Winds Meet (2024). TBA titles: FragPunk, Destiny: Rising, Project Mugen, Project: EXTREME.

In Q3FY24, the company did not make any acquisitions or divestitures.

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## Sources List

- [NE Web](#)
- [SEC Web](#)
- [Nasdaq](#)
- [HKEX](#)
- [GOV.UK](#)
- [MarketScreener](#)
- [TradingView](#)
- [Steam Store Web](#)
- [NE Consolidated Q3FY24 Foreign Private Issuer Report](#)
- [NE Consolidated Q2FY24 Foreign Private Issuer Report](#)
- [NE Consolidated Q1FY24 Foreign Private Issuer Report](#)
- [NE Consolidated Q3FY23 Foreign Private Issuer Report](#)
- [NE Consolidated Foreign Private Issuer Annual Report 2023](#)
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META



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DCS/GD-D40/NETE7-Q3-04-2024

[Website: Data40.com](https://data40.com)

E-mail: [danila@data40.com](mailto:danila@data40.com)

Phone: +44 770-141-90-59

Address: 010000, Republic of Kazakhstan, Astana city, Yesil district, Dostyk street 20, office 1501

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