

VNET Group, Inc.

Earnings Presentation for 3Q2024

November 21, 2024

世纪互联
VNET

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Gavin Shen

Rotating President of VNET



3Q 2024 Highlights



Financials (in RMB)

Revenue: **2,121 million** (+12.4% YoY)

- Wholesale IDC Business: **523 million** (+86.4% YoY)

Adjusted EBITDA: **595 million** (+20.2% YoY ⁽¹⁾)



Liquidity (in RMB)

Unused Credit Line: **1,491 million**

Cash Position ⁽²⁾: **2,098 million**



Wholesale IDC Business Updates

Capacity in service **358 MW** (+26MW QoQ)

Capacity utilized **279 MW** (+27MW QoQ)

Utilization rate **78.0%** (+2.1pps. QoQ)

- UR of mature wholesale capacity ⁽³⁾ **95.6%**



Retail IDC Business Updates

Capacity in service **52,250 R**

Capacity utilized **32,950 R**

Utilization rate **63.1%**

- UR of mature retail capacity ⁽⁴⁾ **69.5%**

Source: Company data as of September 30, 2024

Notes:

(1) Excluding non-continuable tax benefits of RMB 13.3 million, due to the termination of preferential tax policies after January 1, 2024

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

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

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

Largest IDC Customer Order Wins

Region	IDC Code	Capacity Contracted / Under MoU (MW)	Signing Time of Contract / MoU	Customer Sector	Project Type
Greater Beijing Area	N-OR Campus 01 ⁽¹⁾	19	3Q24	IT Services	Wholesale
		16	3Q24	IT Services	Wholesale
	N-HB Campus 01	32	3Q24	Internet	Wholesale
	N-HB03	14	3Q24	Internet	Wholesale
	N-HB01	1.2	3Q24	Semiconductor	Retail
Other Regions	N-OR03	1.8	3Q24	ICT Services	Retail
Total		84			



Source: Company data

Notes:

(1) The two orders totaling 35MW in N-OR Campus 01 were disclosed in the 2Q24 Earnings Presentation

Differentiated Business Model with Comprehensive Offerings

Managed Hosting Services (IDC)

Cloud Services

VPN Services ⁽¹⁾



Services

- Co-location
- Interconnectivity
- Hybrid IT Services
- Other Value-added Services
- Customized, High-power Density Solutions



- Multi-protocol Label Switching (MPLS) & Software-defined Wide Area Network (SD-WAN)
- Internet Access & Network Security Solutions
- Cloud & SaaS Solutions



Strengths

- ✓ Multi-carrier & multi-cloud connectivity
- ✓ High-performing facility & network
- ✓ Turn-key solutions tailored to customer needs
- ✓ Long track record of outstanding operation performance

- ✓ Long-term strategic partnership with Microsoft in mainland China for public and hybrid cloud services
- ✓ IaaS, PaaS, and SaaS to enterprise and individual end customers

- ✓ Best-in-class, enterprise-grade network services
- ✓ 220+ POPs ⁽²⁾ across Asia
- ✓ Customized VPN solutions for enterprise customers across various verticals

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 September 30, 2024

Dual-Core Growth Strategy of IDC Business

Wholesale

Retail

Hyperscale IDC



Interconnectivity Services

Targeting **hyperscalers** which require huge amount of space and power to support massive scaling needs



Retail Colocation



Full-stack Services

Covering large and loyalty customer base across verticals including: *financial services, IT service, enterprise digitalization, mobility, virtual reality and local service*



- >7,500 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 47.1% ⁽¹⁾ of total revenues in 3Q24

Source: Company data

Notes:

(1) The figure refers to the percentage of total revenue contributed by top 20 customers as of September 30, 2024

AI Demand and Capability

98% of High Power Density Capacity Matching Rate

- Over **98%** of our wholesale capacity in service is capable of meeting high-performance computing power requirements from customers.

90% of AI demand Orders

- During the past year, we have won around **300MW** of new orders, approximately **90%** of the orders are driven by AI demand.

30kW per Air Cooling Cabinet

120kW per Liquid Cooling Cabinet

- Our advanced power modules and refrigeration and heat dissipation solutions can achieve air-cooling of up to **30kW** and liquid cooling of up to **120kW** per cabinet.



Huailai Campus Project

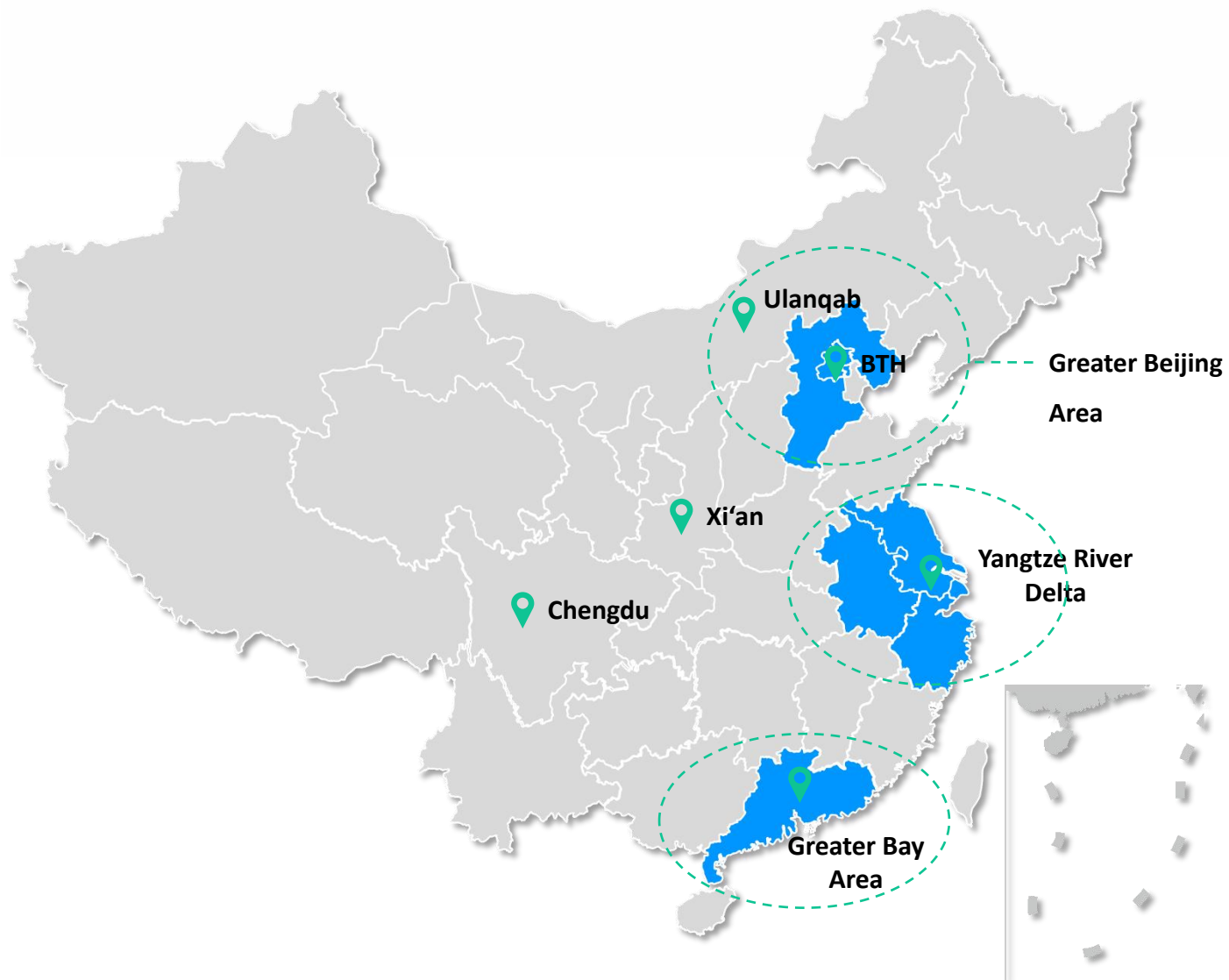
Efficiently meeting high-performance computing power needs of clients on the **integration of training and inference for LLM models** as well as **model fine-tuning**



IT power of approximately **500MW**, and planning to be built into a **Gigawatt-Scale** computing cluster

Recently won a **32MW** order to meet the customer's demand for **AI Computing Power**

Data Centers by Region



Sources: Company data as of September 30, 2024

Wholesale Capacity In Service (358MW)

Region	%
Yangtze River Delta	55.7%
Greater Beijing Area	44.3%
Total	100.0%

Wholesale Capacity Under Construction (297MW)

Region	%
Yangtze River Delta	37.7%
Greater Beijing Area	62.3%
Total	100.0%

Wholesale Capacity Held for Future Development (490MW)

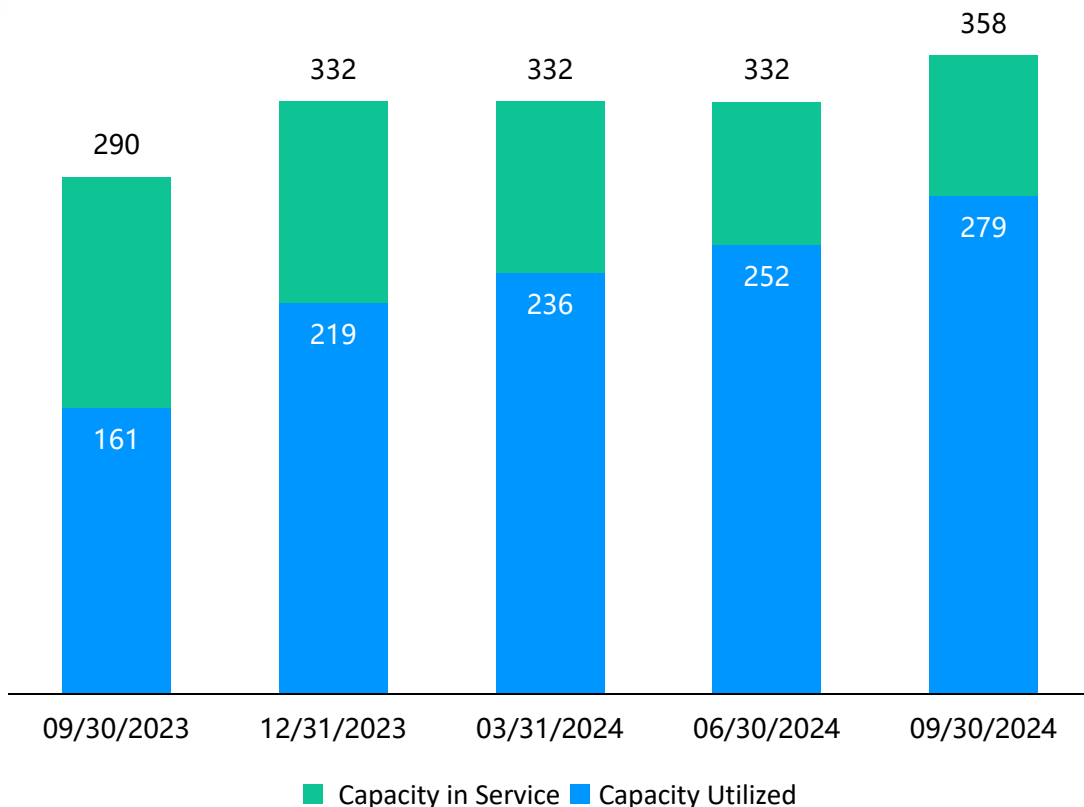
Region	%
Yangtze River Delta	16.5%
Greater Beijing Area	83.5%
Total	100.0%

Self-built Retail In Service Capacity (48,516R)

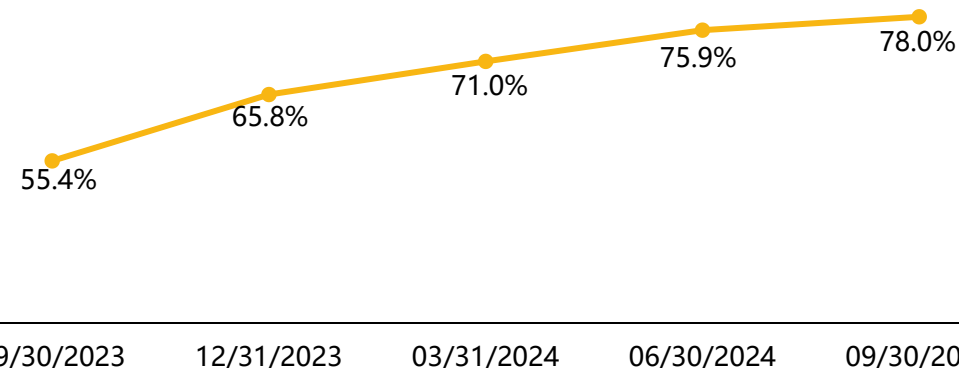
Region	%
Yangtze River Delta	19.2%
Greater Beijing Area	58.4%
Greater Bay Area	13.7%
Other Regions	8.7%
Total	100.0%

Wholesale Data Centers at a Glance - New Growth Driver

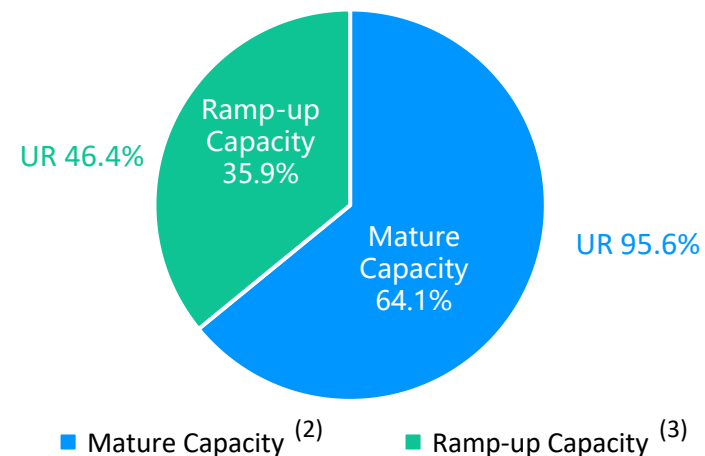
Total Capacity in Service & Capacity Utilized (MW)



Utilization Rate ⁽¹⁾



Mature & Ramp-up Capacity Contribution & Utilization Rate



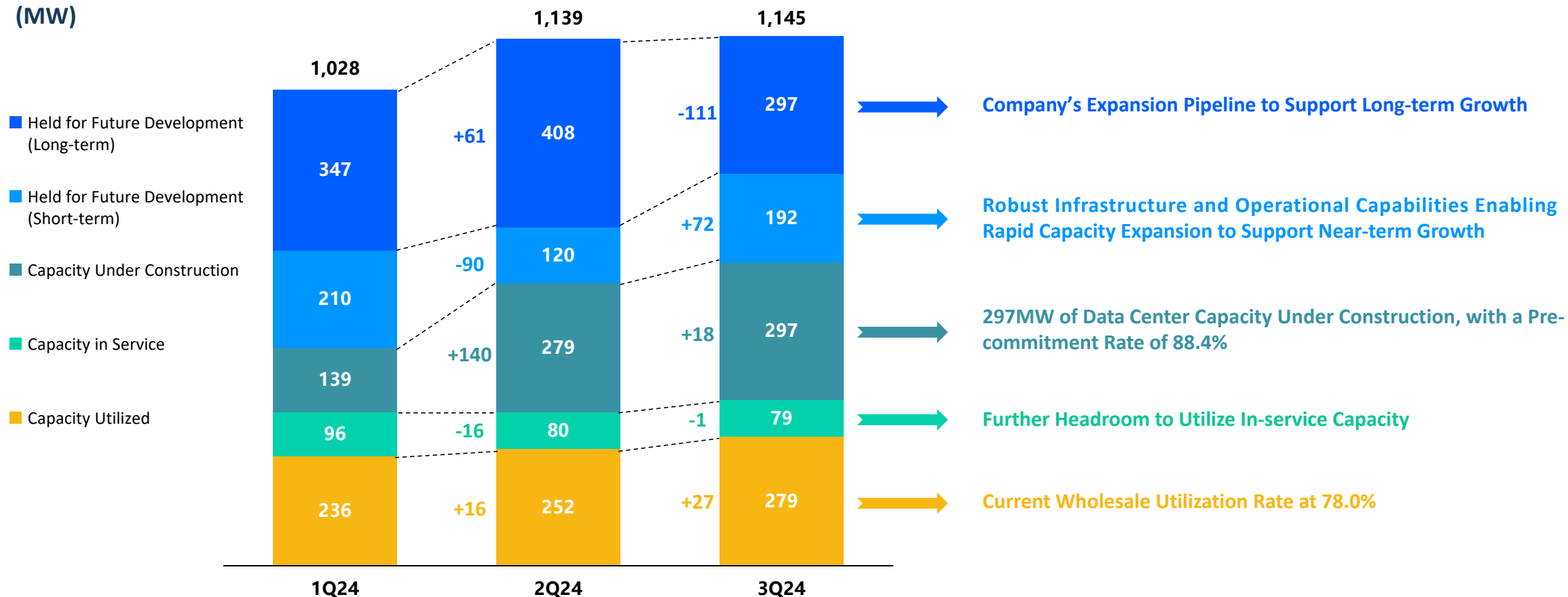
Source: Company data as of September 30, 2024

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

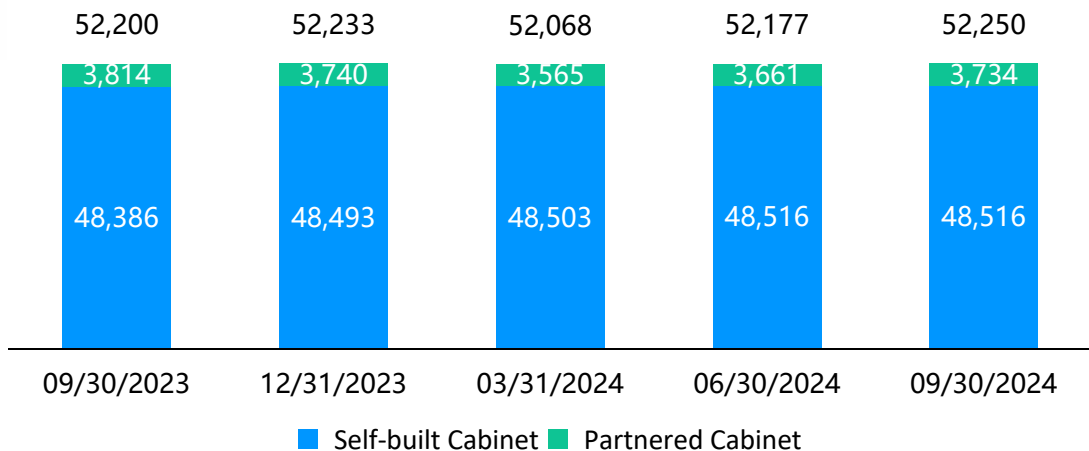
(MW)



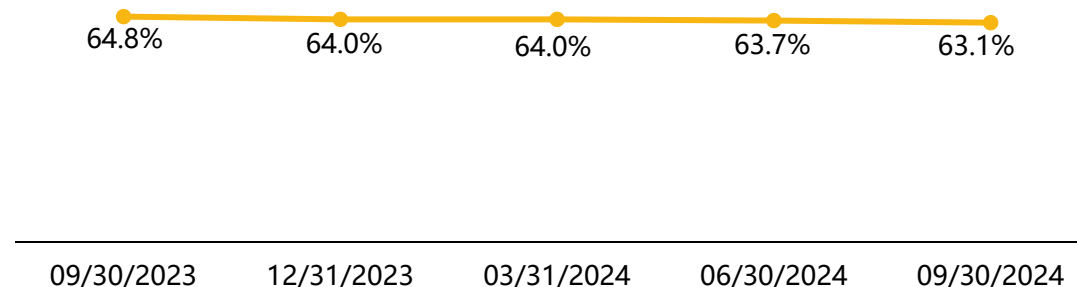
Source: Company data as of September 30, 2024

Retail Data Centers at a Glance - Solid Foundation

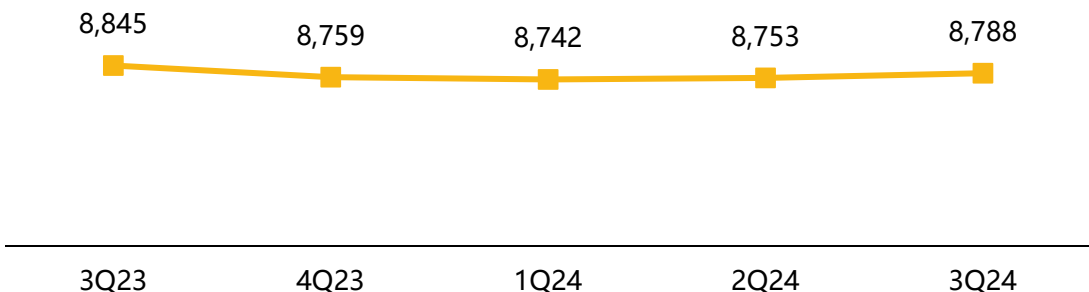
Total Capacity in Service (Cabinet)



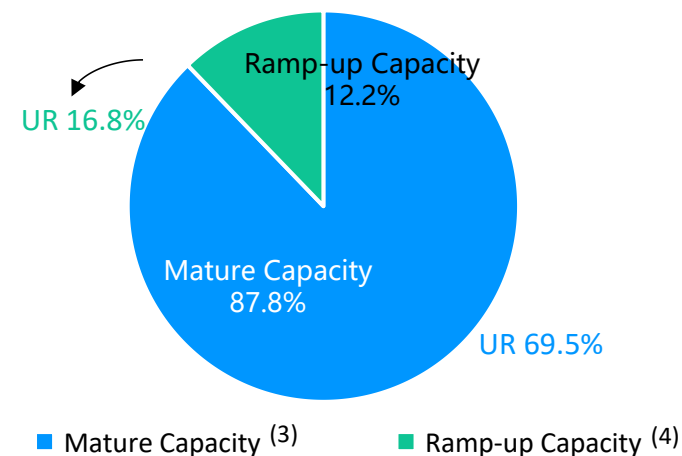
Utilization Rate ⁽¹⁾



MRR per Retail Cabinet ⁽²⁾



Mature & Ramp-up Capacity Contribution & Utilization Rate



Source: Company data as of September 30, 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	9M24 Capacity (MW)	4Q24E-1Q25E Capacity (MW)	2Q25E-3Q25E Capacity (MW)	Next 12M Total (MW)
Yangtze River Delta	E-JS Campus 02 D	Owned	In Service	26	-	-	-
	E-JS Campus 02 E	Owned	Under Construction	-	65	-	65
	E-JS Campus 03	Owned	Under Construction	-	32	-	32
	E-JS04	Leased	Under Construction	-	15	-	15
Greater Beijing Area	N-HB Campus 01 B	Owned	Under Construction	-	38	-	38
	BJ18	Owned	Under Construction	-	2	-	2
	N-HB04	Leased	Under Construction	-	14	-	14
	N-OR Campus 01	Owned	Under Construction	-	26	105	131
Total				26	191	105	297

Source: Company data as of September 30, 2024

Qiyu Wang

Chief Financial Officer of VNET



3Q24 Financial Highlights

RMB MM	3Q23 (After Retroactive Adjustment)	2Q24	3Q24	YoY	QoQ
Net revenues	1,887	1,994	2,121	12.4%	6.4%
Gross profit	306	425	492	60.4%	15.7%
Adjusted cash gross profit ⁽¹⁾	738	787	861	16.6%	9.3%
<i>Adjusted cash gross margin</i>	39.1%	39.5%	40.6%	1.5 pps.	1.1 pps.
Adjusted EBITDA ⁽²⁾	495 ⁽³⁾	574	595	20.2%	3.7%
<i>Adjusted EBITDA margin</i>	26.2%	28.8%	28.0%	1.8 pps.	-0.7 pps.
Net (loss) income	(40)	72	332	NA	362.3%

Source: Company data as of September 30, 2024

Notes:

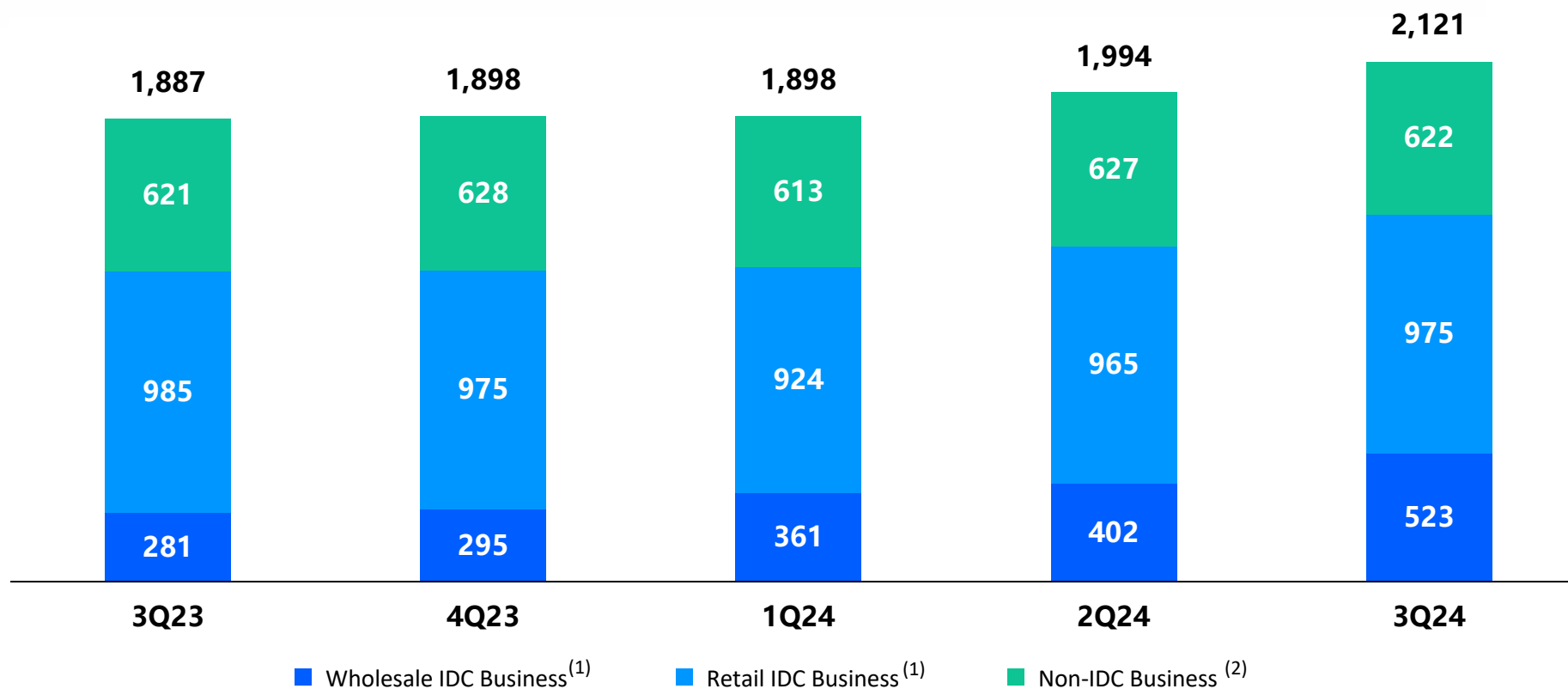
(1) Adjusted cash gross profit defined as gross profit excluding depreciation, amortization and share-based compensation expense

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

(3) Excluding non-continuable tax benefits of RMB 13.3 million, due to the termination of preferential tax policies after January 1, 2024

Total Net Revenues Breakdown

(RMB MM)



Source: Company data as of September 30, 2024

Notes:

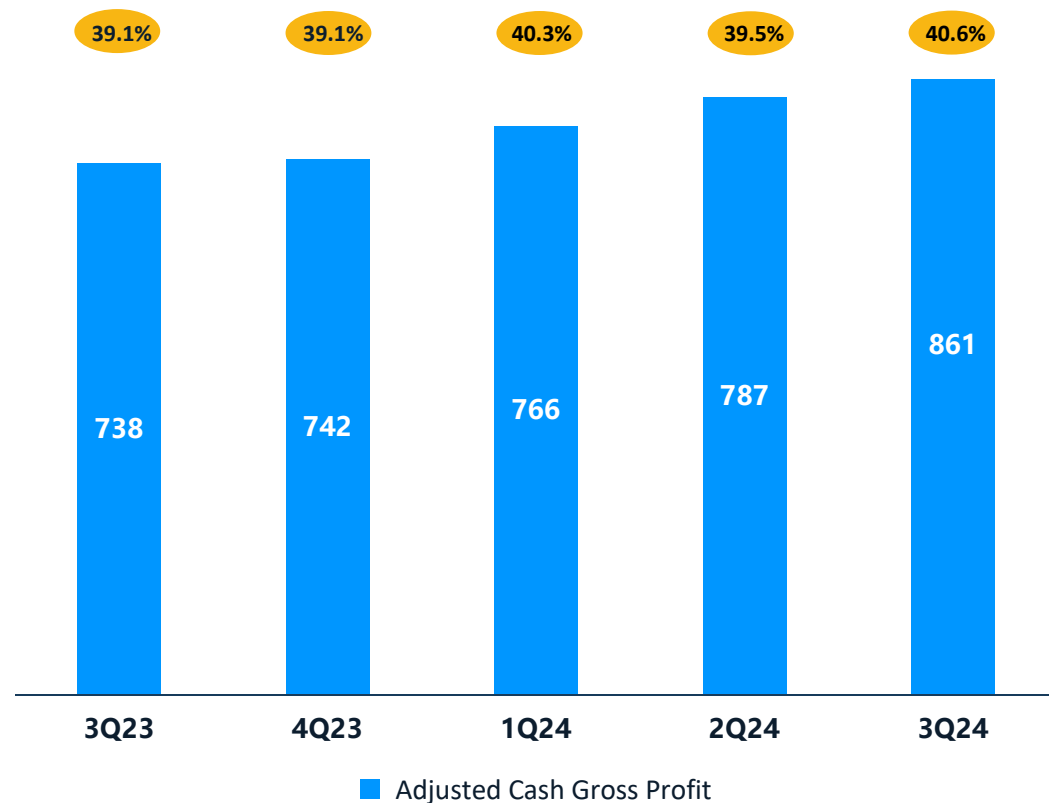
(1) IDC business refers to managed hosting services, consisting of the wholesale IDC business and the retail IDC business. Beginning in the first quarter of 2024, our IDC business was subdivided into wholesale IDC business and retail IDC business according to the nature and scale of our data center projects.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

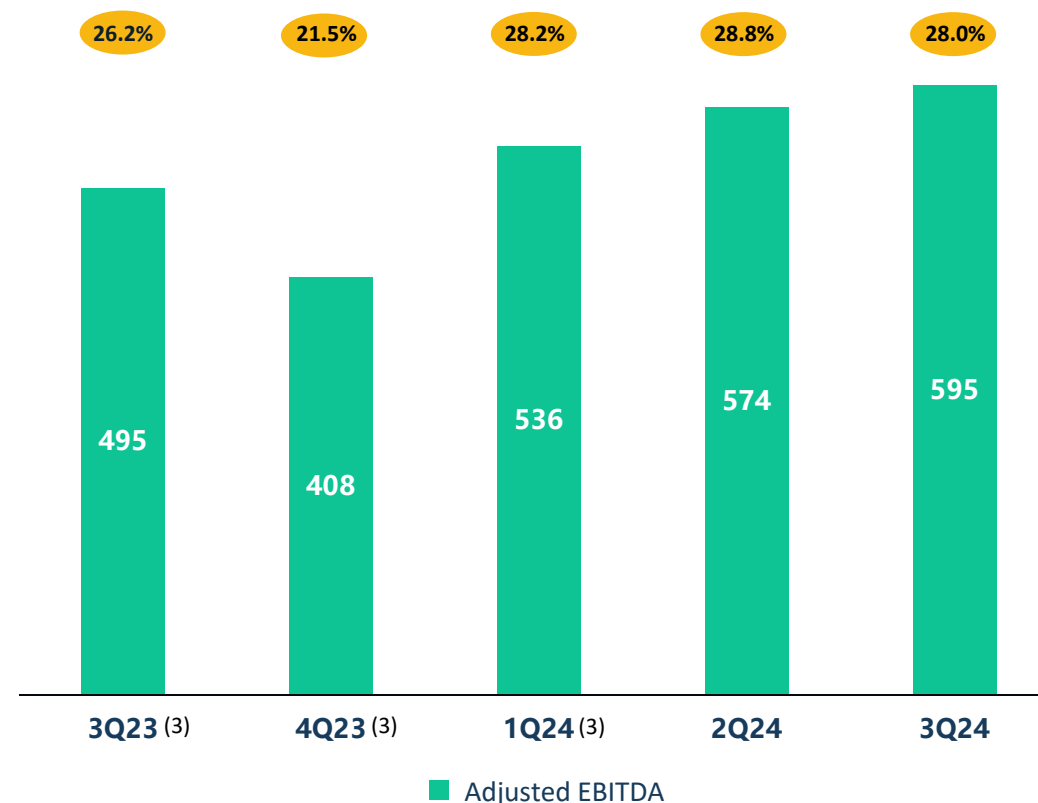
Adjusted Cash Gross Profit & Margin ⁽¹⁾

(RMB MM)



Adjusted EBITDA & Margin ⁽²⁾

(RMB MM)



Source: Company data as of September 30, 2024

Notes:

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

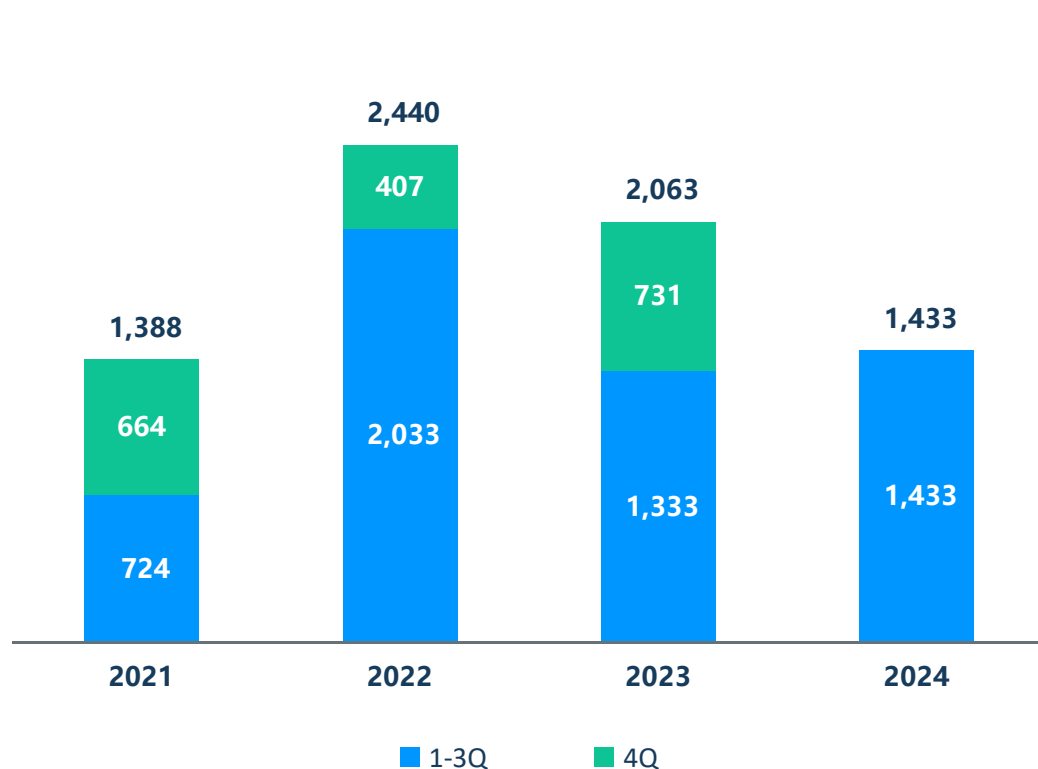
(2) Adjusted EBITDA is calculated as operating profit excluding depreciation and amortization, share-based compensation expenses, compensation for postcombination employment in an acquisition, allowance of loan receivables, impairment of long-lived assets, and impairment of goodwill

(3) Excluding non-continuable tax benefits of RMB 13.3 million, RMB 32.18 million, and RMB 3.95 million respectively in 3Q23, 4Q23, and 1Q24 due to the termination of preferential tax policies after January 1, 2024

Strong Liquidity Position

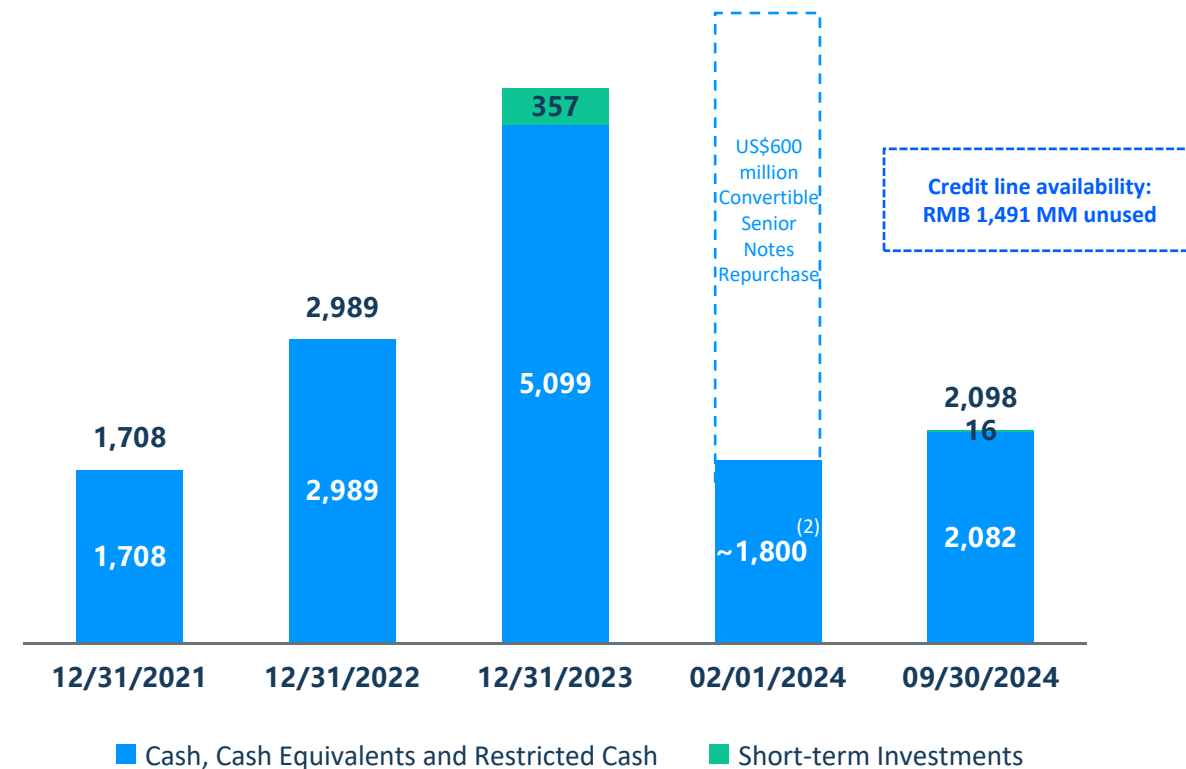
Net Operating Cash Flow

(RMB MM)



Cash Position ⁽¹⁾

(RMB MM)



Source: Company data as of September 30, 2024

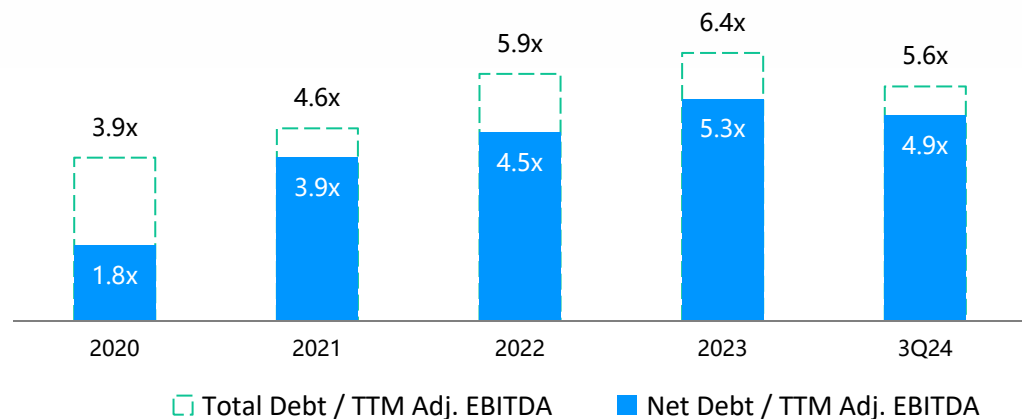
Notes:

(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

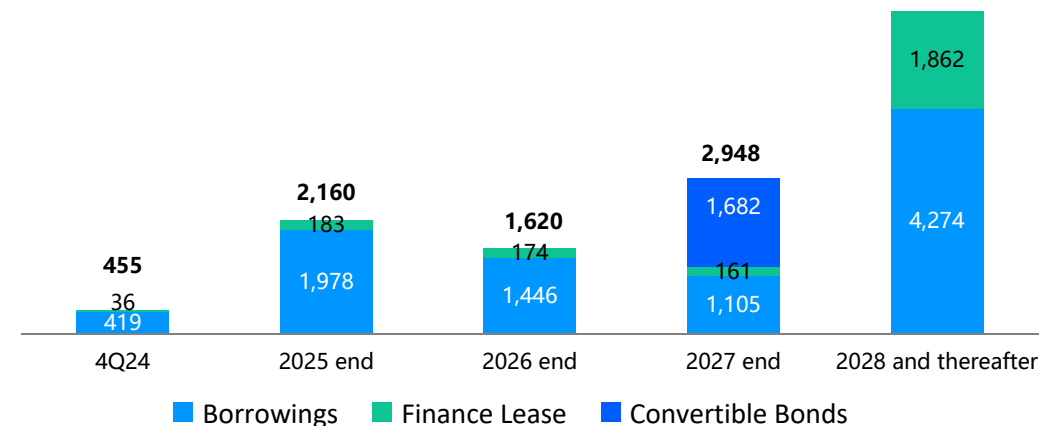
Well Laddered Debt Profile

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

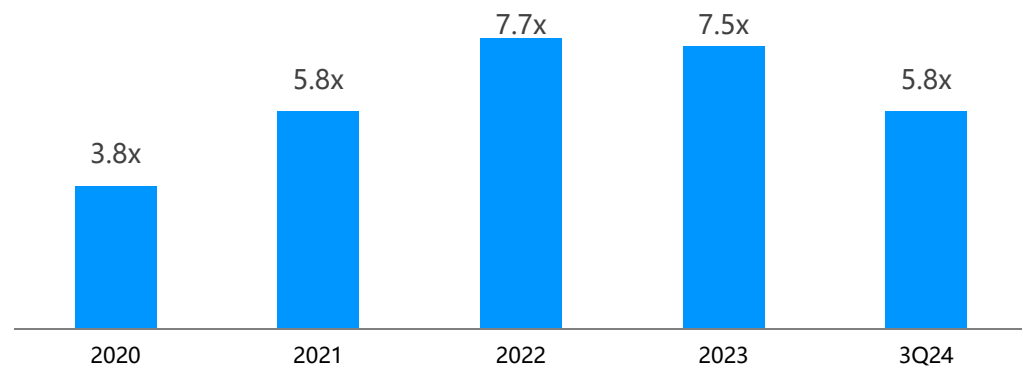


Debt Breakdown by Maturity

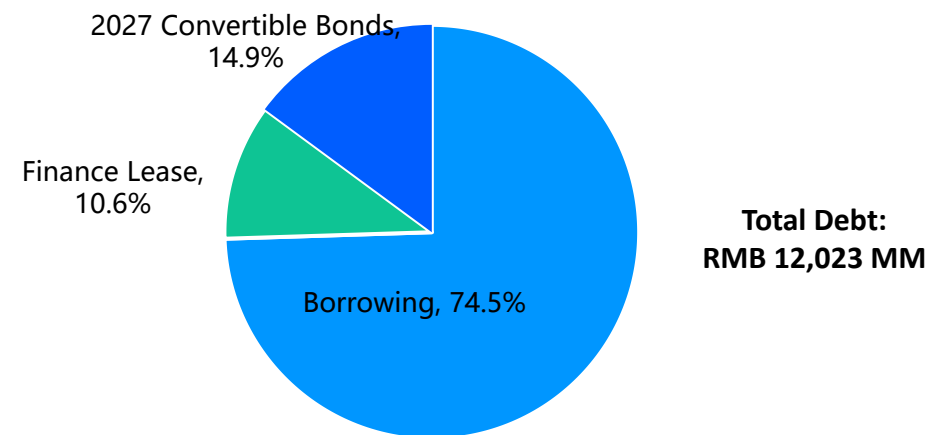
(RMB MM)



TTM Adjusted EBITDA Interest Coverage ⁽²⁾



Debt Structure as of September 30, 2024



Source: Company data as of September 30, 2024

Notes:

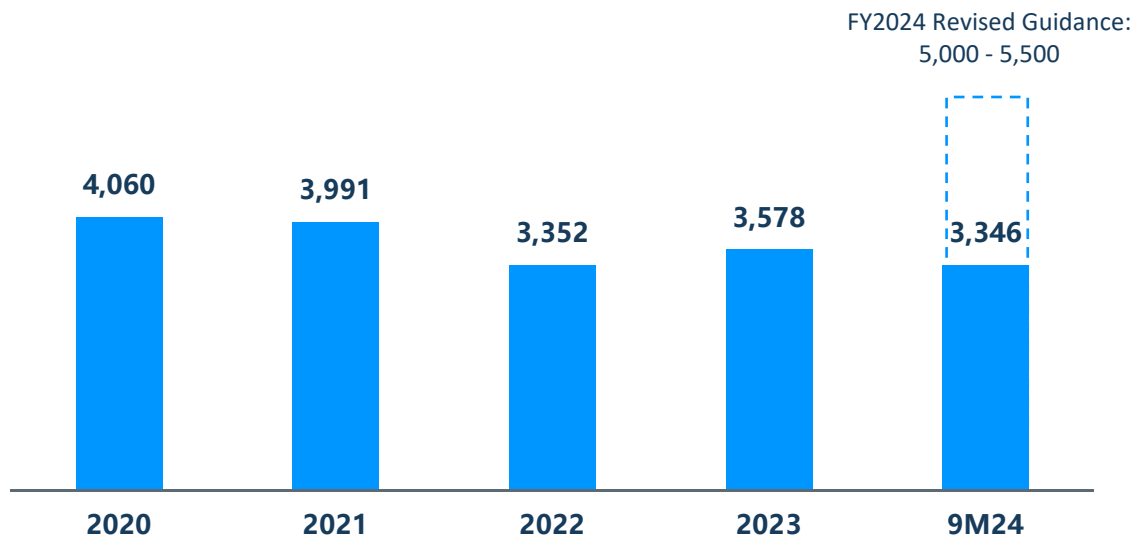
(1) Total Debt = Short-term and long-term bank borrowings + Finance lease + Convertible Notes; Net Debt = Total Debt - Cash and Cash Equivalent; TTM Adj. EBITDA is calculated by the sum of the Adjusted EBITDA over the last 12 months; Adjusted EBITDA is calculated as operating profit excluding depreciation 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)

Capex Paid by Year

Capital Expenditure ⁽¹⁾

(RMB MM)



Highlights

- Within the RMB3.35 billion capex for the first 9 months of 2024, RMB2.30 billion was used for wholesale business expansion.
- Our 2024 full-year capex guidance is RMB5.0 - 5.5 billion.

Source: Company data as of September 30, 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

Guidance



RMB MM	FY2023 Actual	FY2024 Original Guidance	<i>Implied YoY</i>	FY2024 Revised Guidance	<i>Implied YoY</i>
Revenues	7,413	7,800 - 8,000	5.2% - 7.9%	8,000 - 8,100	7.9% - 9.3%
Adjusted EBITDA ⁽¹⁾	1,959 ⁽²⁾	2,220 - 2,280	13.3% - 16.4%	2,280 - 2,300	16.4% - 17.4%
Capex	3,578	5,000 - 5,500	39.7% - 53.7%	Unchanged	-

Source: Company data as of September 30, 2024

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 non-continuable tax benefits of RMB 80.28 million, due to the termination of preferential tax policies after January 1, 2024

Pre-REITs Project Updates

We plan to sign a definitive agreement by the end of 2024 for a **pre-REITs fund** with one of China's leading insurance companies, which marks the **first direct investment** by a major Chinese insurance company in mature data center assets in China.

- **Estimated Value of IDC Assets:** Approximately RMB5.74 billion
- **Total IT Capacity:** Approximately 210MW
- **Underlying Assets for Initial Investment:** First and Second Phases of Taicang IDC Campus
- **Equity Interest Consideration Held by the Insurance Company:** Approximately RMB1.15 billion

After the completion of the transaction, VNET will retain a **51%** equity interest in the underlying assets through the fund and intends to **consolidate** the fund for financial reporting purpose, **while operating the Taicang IDC project** to offer stable and premium infrastructure services. The financial results of the fund's underlying assets are expected to be **consolidated** into the Company's financial statement.



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



Scored 53 by the S&P Corporate Sustainability Assessment, ranking the **highest** among China's IT Services industry and in the top **11%** in the industry globally. Recognized in S&P Global's Sustainability Yearbook (China) for two consecutive years (2023 and 2024).



Achieved **B** rating from CDP's climate change questionnaire, exceeding that of **94%** of participating companies in China



The average annual power usage effectiveness (PUE) of data centers with stabilized operations in 2023 was 1.29.

Appendix

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	91.1%	99.7%
	E-JS Campus 01 Phase 2	Owned	16	8	12	48.6%	75.2%
	E-JS Campus 02 A	Owned	25	24	25	95.5%	100.0%
	E-JS Campus 02 B	Owned	24	24	24	98.7%	100.0%
	E-JS Campus 02 C	Owned	26	25	26	95.0%	100.0%
	E-JS Campus 02 D	Owned	26	0	26	0	100.0%
	E-JS02 A	Leased	13	12	13	95.0%	100.0%
	E-JS02 B	Leased	13	12	13	95.8%	100.0%
	E-JS02 C	Leased	13	12	13	95.0%	100.0%
	E-JS03	Leased	15	5	15	36.4%	100.0%
Subtotal			200	149	196	74.6%	98.0%

Source: Company data as of September 30, 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	36.7%	77.7%
	N-HB02 Phase 1	Owned	28	28	28	98.2%	99.3%
	N-HB02 Phase 2	Leased	19	14	19	72.9%	99.8%
	N-HB03	Leased	12	7	12	64.7%	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	22	32	68.5%	100.0%
Subtotal			159	131	157	82.2%	98.5%
Total			358	279	352	78.0%	98.2%

Source: Company data as of September 30, 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 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 02 E	Owned	65	65	100.0%	2H24
	E-JS Campus 03	Owned	32	0	0	1H25
	E-JS04	Leased	15	15	100.0%	1H25
Greater Beijing Area	N-HB Campus 01 B	Owned	38	36	94.6%	1H25
	BJ18	Owned	2	2	100.0%	1H25
	N-HB04	Leased	14	14	100.0%	1H25
	N-OR Campus 01	Owned	131	131	100.0%	2H25
Total			297	262	88.4%	-

Held for Future Development

Region	Capacity Held for Future (MW)
Greater Beijing Area	409
Yangtze River Delta	81
Total	490

Source: Company data as of September 30, 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			
	September 30, 2023	June 30, 2024	September 30, 2024	
	RMB	RMB	RMB	US\$
Net revenues	1,886,924	1,993,760	2,120,794	302,211
Cost of revenues	(1,580,446)	(1,568,865)	(1,629,111)	(232,146)
Gross profit	306,478	424,895	491,683	70,065
Sales and marketing expenses	(64,077)	(58,225)	(60,700)	(8,650)
Research and development expenses	(80,673)	(61,998)	(53,127)	(7,571)
General and administrative expenses	(137,931)	(107,297)	(132,482)	(18,879)
Operating profit	32,187	194,622	191,410	27,275
Net Interest expense	(78,913)	(86,723)	(89,778)	(12,793)
Other, Net	(3,439)	23,575	6,801	969
Changes in the fair value of financial liabilities	266	712	(7,107)	(1,013)
Gain on debt extinguishment	-	-	246,175	35,080
Foreign exchange loss	24,606	(4,387)	14,833	2,114
(Loss) income before income taxes and gain from equity method investments	(36,408)	127,799	362,334	51,632
Income tax expenses	(6,317)	(59,149)	(31,149)	(4,439)
Gain from equity method investments	2,842	3,199	965	138
Net (loss) income	(39,883)	71,849	332,150	47,331

GAAP to Non-GAAP Reconciliations

Amount in thousands	Three months ended				
	September 30, 2023	June 31, 2024	September 30, 2024	US\$	
	RMB	RMB	RMB		
Gross profit	306,478	424,895	491,683	70,065	
Plus: depreciation and amortization	431,933	364,616	368,764	52,548	
Plus: share-based compensation expenses	-	(2,190)	234	33	
Adjusted cash gross profit	738,411	787,321	860,681	122,646	
<i>Adjusted cash gross margin</i>	39.1%	39.5%	40.6%	40.6%	
Operating profit	32,187	194,622	191,410	27,275	
Plus: depreciation and amortization	466,285	394,334	396,428	56,491	
Plus: share-based compensation expenses	9,475	(15,152)	6,943	989	
Adjusted EBITDA	507,947	573,804	594,781	84,755	
<i>Adjusted EBITDA margin</i>	26.9%	28.8%	28.0%	28.0%	

Key Balance Sheet Items

Amount in thousands	As of	As of	
	December 31, 2023	September 30, 2024	
	RMB	RMB	US\$
Cash, cash equivalents and Restricted cash	5,098,987	2,081,967	296,678
Accounts and notes receivable, net	1,715,975	1,861,828	265,308
Property and equipment, net	13,024,393	15,153,253	2,159,321
Land use rights, net	602,503	588,846	83,910
Operating lease right-of-use assets, net	4,012,329	4,412,834	628,824
Total assets	30,385,903	29,925,430	4,264,339
Accounts and notes payable	696,177	728,361	103,791
Borrowings	5,866,846	8,951,639	1,275,599
Finance lease liabilities	1,275,331	1,277,358	182,022
Operating lease liabilities	4,050,923	4,462,658	635,923
Convertible promissory notes	5,978,441	1,793,894	255,628
Total liabilities	23,871,520	23,064,566	3,286,674
Total VNET Group, Inc. shareholders' equity	6,014,415	6,336,491	902,942
Noncontrolling interest	499,968	524,373	74,723
Total shareholders' equity	6,514,383	6,860,864	977,665
Total liabilities and shareholders' equity	30,385,903	29,925,430	4,264,339

Key Cash Flow Items

Amount in thousands	Three months ended			
	September 30, 2023	June 30, 2024	September 30, 2024	
	RMB	RMB	RMB	US\$
Net cash generated from operating activities	454,313	405,204	760,366	108,350
Net cash used in investing activities	(750,146)	(1,027,098)	(1,336,510)	(190,450)
Net cash (used in) generated from financing activities	715,554	664,431	528,327	75,286
Effect of foreign exchange rate changes on cash, cash equivalents and restricted cash	(12,476)	3,370	(6,049)	(862)
Net (decrease) increase in cash, cash equivalents and restricted cash	407,245	45,907	(53,866)	(7,676)
Cash, cash equivalents and restricted cash at beginning of period	2,616,969	2,089,926	2,135,833	304,354
Cash, cash equivalents and restricted cash at end of period	3,024,214	2,135,833	2,081,967	296,678

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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