Blizzard Entertainment and NetEase Suspending Game Services in China

November 17, 2022

Certain games will no longer be available at end of license with NetEase on January 23, 2023

IRVINE, Calif.--(BUSINESS WIRE)--Nov. 16, 2022-- Blizzard Entertainment, Inc. announced today that it will be suspending most Blizzard game services in mainland China due to the expiration of the current licensing agreements with NetEase, Inc. on January 23, 2023. This includes *World of Warcraft*®, *Hearthstone*®, *Warcraft*® *III: Reforged*, *Overwatch*®, the *StarCraft*® series, *Diablo III*®, and *Heroes of the Storm*®. *Diablo Immortal*® co-development and publishing is covered under a separate agreement between the two companies.

Blizzard Entertainment has had licensing agreements with NetEase since 2008, covering the publication of these Blizzard titles in China. The two parties have not reached a deal to renew the agreements that is consistent with Blizzard's operating principles and commitments to players and employees, and the agreements are set to expire in January 2023.

We will suspend new sales in the coming days and Chinese players will be receiving details of how this will work soon. Upcoming releases for *World of Warcraft: Dragonflight*, *Hearthstone: March of the Lich King,* and season 2 of *Overwatch 2* will proceed later this year.

"We're immensely grateful for the passion our Chinese community has shown throughout the nearly 20 years we've been bringing our games to China through NetEase and other partners," said Mike Ybarra, president, Blizzard Entertainment. "Their enthusiasm and creativity inspire us, and we are looking for alternatives to bring our games back to players in the future."

About Blizzard Entertainment, Inc.

Best known for iconic video game universes including Warcraft®, Overwatch®, Diablo®, and StarCraft®, Blizzard Entertainment, Inc. (www.blizzard.com), a division of Activision Blizzard (NASDAQ: ATVI), is a premier developer and publisher of entertainment experiences. Blizzard Entertainment has created some of the industry's most critically acclaimed and genre-defining games over the last 30 years, with a track record that includes multiple Game of the Year awards. Blizzard Entertainment engages tens of millions of players around the world with titles available on PC via Battle.net®, Xbox, PlayStation, Nintendo Switch, iOS, and Android.

Cautionary Note Regarding Forward-looking Statements: The statements contained herein that are not historical facts are forward-looking statements including, but not limited to statements of our plans and objectives, including those related to releases of products or services. Activision Blizzard, Inc. generally uses words such as "outlook," "forecast," "will," "could," "should," "would," "to be," "plan," "aims," "believes," "may," "might," "expects," "intends," "seeks," "anticipates," "estimate," "future," "positioned," "potential," "project," "remain," "scheduled," "set to," "subject to," "upcoming," and the negative version of these words and other similar words and expressions to help identify forward-looking statements. Forward-looking statements are subject to business and economic risks, reflect management's current expectations, estimates, and projections about our business, and are inherently uncertain and difficult to predict.

We caution that a number of important factors, many of which are beyond our control, could cause our actual future results and other future circumstances to differ materially from those expressed in any forward-looking statements. Such factors include, but are not limited to: the expected effect of the expiration of the agreement with NetEase, Inc.; the effect of the announcement or pendency of the proposed transaction with Microsoft Corporation ("Microsoft") on our business relationships, operating results, and business generally; risks that the proposed transaction with Microsoft disrupts our current plans and operations and potential difficulties in employee retention as a result of the proposed transaction with Microsoft; the global impact of the ongoing COVID-19 pandemic and other macroeconomic factors (including, without limitation, the potential for significant short- and long-term global unemployment and economic weakness and a resulting impact on global discretionary spending; potential strain on the retailers, distributors, and manufacturers who sell our physical products to customers and the platform providers on whose networks and consoles certain of our games are available; effects on our ability to release our content in a timely manner and with effective quality control; effects on our ability to prevent cyber-security incidents while our workforce is dispersed; effects on the operations of our professional esports leagues; and macroeconomic impacts arising from the long duration of the COVID-19 pandemic, including labor shortages and supply chain disruptions); our ability to consistently deliver popular, high-quality titles in a timely manner, which has been made more difficult as a result of the COVID-19 pandemic; our ability to attract, retain, and motivate skilled personnel; risks and uncertainties of conducting business outside the United States (the "U.S."), including the need for regulatory approval to operate; risks relating to behavior of our distributors, retailers, development, and licensing partners, or other affiliated third parties that may harm our brands or business operations; our reliance on tools and technologies owned by third parties; outages, disruptions or degradations in our services, products, and/or technological infrastructure; data breaches, fraudulent activity, and other cybersecurity risks; increasing regulation in key territories; regulation relating to the Internet, including potential harm from laws impacting "net neutrality;" regulation concerning data privacy, including China's Personal Information Protection Law; insolvency or business failure of any of our business partners, which has been magnified as a result of the COVID-19 pandemic; and the other factors included in Part I, Item 1A "Risk Factors" of our Annual Report on Form 10-K for the year ended December 31, 2021, filed with the U.S. Securities and Exchange Commission.

The forward-looking statements contained herein are based on information available to Activision Blizzard, Inc. as of the date of this filing, and we assume no obligation to update any such forward-looking statements. Actual events or results may differ from those expressed in forward-looking statements. As such, you should not rely on forward-looking statements as predictions of future events. We have based the forward-looking statements contained herein primarily on our current expectations and projections about future events and trends that we believe may affect our business, financial condition, operating results, prospects, strategy, and financial needs. These statements are not guarantees of our future performance and are subject to risks, uncertainties, and other factors, some of which are beyond our control and may cause actual results to differ materially from current expectations.

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