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NETEASE CLOUD MUSIC INC.

網易雲音樂股份有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 9899)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2025**

Our Board is pleased to announce the unaudited consolidated results of our Company and its subsidiaries (collectively referred to as the “**Group**”) for the Reporting Period, being the six months ended 30 June 2025. These interim results have been reviewed by our auditor, PricewaterhouseCoopers, in accordance with the International Standard on Review Engagement 2410 “Review of interim financial information performed by the independent auditor of the entity” issued by the International Auditing and Assurance Standards Board, and by our Board’s audit committee.

	Six months ended 30 June		Change (%)
	2025	2024	
	(Unaudited)	(Unaudited)	
	<i>(RMB in thousands, except percentages)</i>		
Revenue	3,827,117	4,070,493	-6.0%
Gross profit	1,392,485	1,425,731	-2.3%
Operating profit	844,506	599,933	+40.8%
Profit before income tax	1,068,060	813,578	+31.3%
Profit for the period ⁽¹⁾	1,882,142	809,949	+132.4%
Non-IFRS Measure ⁽²⁾ :			
Adjusted operating profit	905,360	670,850	+35.0%
Adjusted net profit	1,946,353	880,749	+121.0%

Note:

- (1) During the period ended 30 June 2025, the Group recognised a deferred income tax credit of RMB849.4 million which primarily arose from the recognition of deferred tax assets in respect of cumulative tax losses incurred by a wholly-owned subsidiary. These tax losses are available to be carried forward against future taxable income. Deferred tax assets relating to tax losses and temporary differences are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised.
- (2) Adjusted operating profit and adjusted net profit are defined as operating profit and profit for the period attributable to the equity holders of the Company adjusted by adding back equity-settled share-based payments as appropriate. For details of the reconciliation of the operating profit and the profit for the period attributable to the equity holders of the Company to the adjusted operating profit and the adjusted net profit of our Group, see the section headed “Financial Review” below.

Non-IFRS measure

To supplement our consolidated results, which are prepared and presented in accordance with IFRS, our Company uses adjusted operating profit and adjusted net profit as additional financial measures, which are not required by, or presented in accordance with IFRS. We believe that these measures facilitate comparisons of operating performance from period to period and company to company by eliminating the potential impact of items that our management does not consider to be indicative of our Group's operating performance, such as certain non-cash items. The use of these non-IFRS measures has limitations as an analytical tool, and shareholders and potential investors of our Company should not consider them in isolation from, as a substitute for, as an analysis of, or superior to, our Group's results of operations or financial condition as reported under IFRS. In addition, these non-IFRS financial measures may be defined differently from similar terms used by other companies, and may not be comparable to other similarly titled measures used by other companies. Our presentation of these non-IFRS measures should not be construed as an implication that our future results will be unaffected by unusual or non-recurring items.

General notes

In this announcement: (i) "we", "us", and "our" refer to our Company and where the context otherwise requires, our Group; (ii) numbers may be subject to rounding and approximations to one or two decimal places; and (iii) unless otherwise stated, the exchange rates used are RMB1 to HK\$1.0966 and US\$0.1397.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Overview

We entered 2025 with an unwavering commitment to driving quality development across our core music ecosystem. Throughout the period, we provided our community with an unparalleled music experience, successfully engaging more music lovers while enriching our unique content ecosystem and advancing the growth of original music. Our enhancements focused on premium offerings, including enhanced content, improved personalised distribution, more innovative features and reinforced community attributes, all of which boosted our appeal to users and deepened their engagement. Paired with advanced membership privileges, these initiatives also spurred growth in our subscription-based membership, improving our profitability.

We continued to **engage users across our growing music-inspired community**. Our total monthly active users (MAUs) maintained steady growth momentum in the first half of 2025, fuelled by an enhanced user experience and stronger brand influence. Meanwhile, our DAU/MAU ratio (daily active user/monthly active user ratio) grew steadily, consistently exceeding 30%. Users also spent more time listening to music on our mobile app, reflecting higher engagement. Our diverse initiatives focusing on premium content and user experiences, continue to attract music enthusiasts and convert them into loyal platform fans.

In the first half of 2025, we consistently enriched **our unique content offerings** by curating a diverse range of music tailored to our audience, while actively promoting original Chinese music. We further expanded our copyrighted content library, incorporating popular Korean music labels such as RBW and StarShip Entertainment, as well as works from renowned Chinese artists. We maintain a robust roster of independent artists and remain committed to fostering in-house music. Recently, several in-house tracks gained traction both internally and externally, such as “Liang Nan” (《兩難》).

In terms of product focus, we consistently enhance the premium music listening experience and refine personalised recommendations to meet the needs of our users. In the first half of 2025, we further upgraded our main product to make it more visually appealing, streamlined and user-friendly. We improved music discovery and consumption with advanced personalised distribution and innovative features, such as our “Magic Light Player” (神光播放器), for an excellent audio-visual experience. Besides, we strengthened our music-centric community by expanding and enhancing interactive scenarios that boost user activity and engagement.

During the first half of 2025, we focused on enhancing our music-centric monetisation, sustaining healthy growth. **Subscription-based membership** revenue increased by 15.2% compared to the same period last year, primarily driven by an increase in our subscriber base, though slightly offset by a dilution in monthly ARPPU (average revenue per paying user) due to changing subscriber mix. We rolled out various premium offerings, including expanded content and innovative features, as well as broadened membership benefits such as functional tools, social features and dress-up privileges. Notably, our rapidly growing subscriber base showed stronger engagement with higher retention rate during the Reporting Period.

We further improved our profitability during the first half of 2025. Our gross margin reached 36.4% for the first half of 2025, a notable increase from the same period in 2024, owing to our increased business scale, strong monetisation of our core online music business and ongoing cost optimisation.

Going forward, our focus will remain on delivering an even richer music experience and deepening user engagement across our platform by expanding access to high-quality content, innovating products and features, and nurturing our community. Our strategic priorities include the following initiatives:

- Further diversifying and enhancing our differentiated content offerings with greater efficiency. We plan to deepen our collaboration with copyright holders and strengthen our capabilities in independent artist incubation and in-house music production, focusing on our signature music genres;
- Meeting the needs of users by optimising the music listening experience and recommendation features, to deliver the ultimate music experience;
- Nurturing our music-oriented community ecosystem and exploring innovative inter-person interaction via enhancements to our comprehensive product offerings, including broadening communicative scenarios and ecology;
- Cultivating our users' willingness to pay and subscribe to premium offerings by improving user experience, deepening user engagement, enhancing membership privileges and broadening consumption scenarios; and
- Improving profitability through continued cost optimisation, operating efficiency enhancement and disciplined cost control.

Comprehensive and differentiated content ecosystem

We continually expand our unique content library, including both licensed tracks and original music. By supporting independent musicians and developing in-house music, we actively promote the growth of original Chinese music. We remain focused on promoting genres that resonate with our users, such as hip-hop.

Enhancing partnerships with copyright holders

Throughout the Reporting Period, we continued to strengthen partnerships with music copyright holders through a disciplined and collaborative approach.

- ***Expansive catalogue of music labels.*** In the first half of 2025, we expanded our music label catalogue, particularly through new partnerships with Korean labels and Chinese artists. We secured copyright agreements with popular K-Pop labels, such as RBW and StarShip Entertainment, enriching our K-Pop library with tracks from influential artists and groups. Additionally, we added works from renowned Chinese artists like Li Jian (李健), Lay Zhang (張藝興), Chen Chusheng (陳楚生), Summer Jikejunyi (吉克雋逸), etc., featuring their popular tracks on the platform. We also expanded our collaboration with Jackson Wang (王嘉爾), introducing his two new hits, <High Alone> and <GBAD>, in the first quarter of 2025.

- ***Amplifying offerings in signature music genres.*** We actively expanded our content library to enhance our platform’s appeal to younger audiences, focusing on popular music genres like hip-hop, Japanese ACG, and Western music. We expanded content in those signature genres throughout the period, featuring new songs from rappers like KeyNG (楊和蘇) and MaSiWei (馬思唯), among others.
- ***In-depth collaborations with copyright partners.*** We successfully collaborated with copyright holders and artists, expanding our collaborative efforts in content distribution and commercialisation, which drove impressive sales of premium albums on our platform. Through these expanded collaborations, new albums from Hua Chenyu (華晨宇), David Tao (陶喆) and Allen Ren (任嘉倫) achieved impressive sales on our platform. We also facilitated the sales of physical album from popular artists, such as Ele Yan (顏人中) and BLACKPINK’s Jennie and Lisa.

Strengthening our leading independent artists’ ecosystem

We offer continuous support to independent artists, providing comprehensive assistance throughout their music creation journey. By June 2025, our platform had over 819,000 registered independent artists contributing 4.8 million music tracks to our library.

- ***Supporting musicians in content creation.*** We recently introduced two new roles for music creators on our platform: AI Musician (AI音樂人) and Trainee Musician (見習音樂人). These pathways provide fresh opportunities for budding music creators to grow and contribute to the diversity of our content creation ecosystem. We will provide ongoing guidance to nurture their growth and help them evolve into skilled musicians. Starting in 2021, we organized nine sessions of our signature offline songwriting camps, producing over 120 tracks that have collectively garnered more than 6 billion plays.
- ***Exploring and improving the exposure of musicians and their work.*** We recently participated in China’s first hip-hop-themed exhibition, “Chengdu Hip-Hop Exhibition”. By integrating offline experiences and online content such as “Chengdu Rap Map”, we offered a comprehensive view of Chengdu’s hip-hop music, and promoted high-quality content in our signature genre.
- ***Enhancing commercial resources for musicians.*** Through collaborations with musicians on our platform, we partnered with various brands to create themed songs and background music for advertising. This initiative boosts musicians’ visibility and provides them with valuable commercial opportunities. Notable examples include tracks from Anzi & Jiumei (安子與九妹樂隊), YUGO (羽果樂隊), Zaliva-D, and COM’Z (康姆士樂隊), featured in campaigns for ONVO, Salomon, Miu Miu, and Luckin Coffee, respectively.

Developing and promoting differentiated in-house music

Since the beginning of 2025, our in-house studios have successfully produced and popularised multiple hit songs across our community and external platforms. We emphasise our signature genres, such as hip-hop, and popularised multiple in-house hip-hop tracks during the Reporting Period, including “Liang Nan” (《兩難》) and “Mo Chou Xiang” (《莫愁鄉》). Additionally, we are dedicated to cultivating high-quality, refined music content. Older self-produced tracks, such as “Shi Hao” (《嗜好》) and “You” (《你》), are gradually reaching a wider audience and gaining recognition, showcasing the enduring appeal and value of exceptional music.

Diversified audio-based content offerings

We have been actively expanding the long-form audio offerings on our platform. In the first half of 2025, consumption of our long-form audio content continuously increased, with the average listening time per user showing consistent improvement.

- ***PUGC/UGC – podcast.*** With our podcasts’ focus on music-inspired content, they offer music fans an enjoyable way to discover quality and lesser-known songs. Our podcast “Dear Music – The season of New Voices” (《親愛的音樂 • 寶藏新聲季》), co-created with a radio DJ, delves into the stories behind hit songs by Chinese singer-songwriters and has surpassed 100 million plays. Our newly introduced “Music Neighbour Program” (音樂友鄰計劃) features KOLs such as Lo Ta-yu (羅大佑) and Terry Lin (林志炫), who host exclusive music podcasts and share their personal music playlists with listeners.
- ***PGC – audiobooks & radio dramas.*** We have been expanding our library of PGC long-form audio content cost-effectively. During the Reporting Period, our self-produced audiobooks, such as 《大師兄明明是酒鬼怎麼會這麼強》 and 《黑相術》, have become new hits on our platform. We also introduced high-quality content, such as our in-depth collaboration with Pu Yixing (蒲熠星) on his new audiobook “Someone Fell from the Forest” (《有人自林中墜落》).

Product innovation and community ecosystem

During the Reporting Period, we continued to elevate users’ premium music experience through product innovation and revitalising our community. Through ongoing main product upgrades in the first half of 2025, we have enhanced our product’s visual appeal, streamlined its functionality and made it more user-friendly. Our efforts have yielded improved user engagement metrics, including higher activity ratio and increased time spent listening to music within our app.

Optimising users' music discovery and listening experience

We deepened our efforts to improve users' music discovery and consumption experience via enhancements to personalised content recommendations and innovative features for a premium music listening experience.

- ***Music content discovery and distribution.*** We elevated our efforts to improve the recommendation experience and efficiency, boosting user stickiness through the following initiatives: 1) streamlining homepage modules, removing inefficient playlists, and optimising display timing to enhance distribution efficiency; 2) refining the user experience for liking and collecting, improving user genre preference data accuracy, and responding to user feedback in real time; 3) enriching interest and preference data for new users and adding new trending content recommendations; and, 4) upgrading the access experience for vertical genre zones in the discovery channel.
- ***Enhancing the music consumption experience.*** We enhanced the music experience and expanded more audio-visual needs. We further streamlined the product homepage by merging the “Recommendation” and “Discovery” channels and simplifying the bottom tab navigation for a better user experience. Innovations like the “Magic Light Player” (神光播放器), which immersively displays lyrics and uses special visual effects to highlight choruses and simulate the ambience of a live performance, received widespread acclaim. “Magic Light” mode now supports landscape orientation, boosting user screen-on time. We launched “Music Cards” (音樂小卡片), allowing users to showcase their unique tastes. Leveraging the DeepSeek model, we also introduced the “Interpret Your Music Taste” activity, further boosting music consumption.

Expanding music consumption scenarios

We continuously expand our multi-terminal layout, with our IoT coverage consistently being improved with enhancements to multi-terminal experiences. In the first half of 2025, we extended in-car coverage to new brands and models through partnerships with Jetour and LYNK & CO, among others. Additionally, we are improving the IoT device experience to boost user engagement. For in-vehicle scenarios, we added features like “Heartbeat Mode” (心動模式), Audio Vivid and podcasts, while enhancing seamless playback. For TV devices, we are expanding the reach of innovative features like “Ambient Roaming” (氛圍漫游), and emphasising audio-visual entertainment on TV terminals through features such as “Sing at Will” (隨心唱), “Lyric Animation” (歌詞動效), and “Magic Light Player” (神光播放器).

FINANCIAL REVIEW

Overview

Over the Reporting Period, we recorded a revenue of RMB3,827.1 million and a gross profit of RMB1,392.5 million. Our gross profit slightly decreased by RMB33.2 million, while gross margin expanded from 35.0% to 36.4%. This was primarily due to increased revenue from our online music services and continued improvement in operating efficiency, despite a decrease in revenue from our social entertainment services. Our operating profit reached RMB844.5 million for the six months ended 30 June 2025, compared with RMB599.9 million for the six months ended 30 June 2024, which was primarily due to the decrease in promotion and advertising expenses with a more cautious marketing strategy.

We recorded a net profit of RMB1,882.1 million for the six months ended 30 June 2025, compared with a net profit of RMB809.9 million for the six months ended 30 June 2024. During the period ended 30 June 2025, we recognised a deferred income tax credit of RMB849.4 million primarily arise from the recognition of deferred tax assets in respect of cumulative tax losses incurred by a wholly-owned subsidiary. These tax losses are available to be carried forward against future taxable income. Excluding the impact of equity-settled share-based payments, our adjusted net profit reached RMB1,946.4 million for the six months ended 30 June 2025, compared with an adjusted net profit of RMB880.7 million for the six months ended 30 June 2024.

Revenue

Our revenue decreased by 6.0% from RMB4,070.5 million for the six months ended 30 June 2024 to RMB3,827.1 million for the six months ended 30 June 2025.

Revenue from our online music services increased by 15.9 % from RMB2,559.7 million for the six months ended 30 June 2024 to RMB2,967.3 million for the six months ended 30 June 2025. Our ongoing efforts to enhance user experience, expand membership benefits, and enrich music community content have driven continuous growth in monthly paying users of online music services, leading to revenue from sales of membership subscriptions increased from RMB2,144.3 million for the six months ended 30 June 2024 to RMB2,469.8 million for the six months ended 30 June 2025.

Revenue from our social entertainment services and others decreased by 43.1% from RMB1,510.8 million for the six months ended 30 June 2024 to RMB859.8 million for the six months ended 30 June 2025. The decline was primarily driven by a more prudent operational strategy in the social entertainment services. At the same time, we continued to focus on our core music business, with the intention of supporting long-term growth.

Cost of Revenue

Our cost of revenue decreased by 7.9% from RMB2,644.8 million for the six months ended 30 June 2024 to RMB2,434.6 million for the six months ended 30 June 2025, attributable to a decrease in content service costs from RMB2,014.4 million for the six months ended 30 June 2024 to RMB1,803.2 million for the same period of 2025. The decrease in content service costs was primarily due to a decrease in revenue sharing fees along with a decrease in revenue from social entertainment services, partially offset by increased content licensing fees.

Gross Profit and Gross Margin

As a result of the above, our gross profit slightly decreased by 2.3% from RMB1,425.7 million for the six months ended 30 June 2024 to RMB1,392.5 million for the six months ended 30 June 2025, and our gross margin increased from 35.0% for the six months ended 30 June 2024 to 36.4% for the six months ended 30 June 2025.

Selling and Marketing Expenses

For the six months ended 30 June 2025 and 2024, our selling and marketing expenses decreased by 55.8% from RMB369.4 million to RMB163.4 million, primarily due to a decrease in promotion and advertising expenses with a more cautious marketing strategy.

General and Administrative Expenses

Our general and administrative expenses increased by 3.6% from RMB89.8 million for the six months ended 30 June 2024 to RMB93.0 million for the same period of 2025, primarily due to an increase in legal and professional fees.

Research and Development Expenses

Our research and development expenses decreased by 4.2% from RMB395.6 million for the six months ended 30 June 2024 to RMB378.9 million for the same period of 2025, principally attributable to enhanced operational efficiencies through improved utilisation of technical resources during the period.

Other Income

Our other income increased from RMB21.2 million for the six months ended 30 June 2024 to RMB84.7 million for the same period of 2025, primarily due to an increase in government grants.

Other Gains, Net

We recorded other gains, net of RMB2.6 million for the six months ended 30 June 2025, compared with other gains, net of RMB7.8 million for the six months ended 30 June 2024. The change was primarily attributable to the impairment loss for investments in associates.

Finance Income, Net

Our finance income, net increased from RMB214.4 million for the six months ended 30 June 2024 to RMB223.1 million for the same period of 2025, primarily due to the continued growth in deposit amounts.

Taxation

We recorded income tax credit of RMB814.1 million for the six months ended 30 June 2025 as compared to income tax expenses of RMB3.6 million for the same period of 2024, primarily due to the recognition of deferred tax assets in respect of cumulative tax losses incurred by a wholly-owned subsidiary. For details, please refer to Note 4 to the unaudited consolidated financial statements of our Group set out in this announcement.

Profit for the Period

As a result of the above, we generated a net profit amounted to RMB1,882.1 million for the six months ended 30 June 2025, compared with a net profit of RMB809.9 million for the six months ended 30 June 2024.

Non-IFRS measure

To supplement our consolidated results, which are prepared and presented in accordance with IFRS, our Company uses adjusted operating profit and adjusted net profit as additional financial measures, which are not required by, or presented in accordance with IFRS. We believe that these measures facilitate comparisons of operating performance from period to period and company to company by eliminating the potential impact of items that our management does not consider to be indicative of our Group's operating performance, such as certain non-cash items. The use of these non-IFRS measures has limitations as an analytical tool, and shareholders and potential investors of our Company should not consider them in isolation from, as a substitute for, as an analysis of, or superior to, our Group's results of operations or financial condition as reported under IFRS. In addition, these non-IFRS financial measures may be defined differently from similar terms used by other companies, and may not be comparable to other similarly titled measures used by other companies. Our presentation of these non-IFRS measures should not be construed as an implication that our future results will be unaffected by unusual or non-recurring items.

Our adjusted operating profit reached RMB905.4 million for the six months ended 30 June 2025, compared with adjusted operating profit of RMB670.9 million for the six months ended 30 June 2024. Our adjusted net profit reached RMB1,946.4 million for the six months ended 30 June 2025, compared with adjusted net profit of RMB880.7 million for the six months ended 30 June 2024. Adjusted operating profit and adjusted net profit are non-IFRS measures and are defined as operating profit and profit for the period attributable to the equity holders of the Company adjusted by adding back equity-settled share-based payments as appropriate. The following table reconciles the operating profit to adjusted operating profit and the profit for the period to adjusted net profit for both periods:

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	<i>(in RMB thousands)</i>	
Operating profit	844,506	599,933
Add:		
Equity-settled share-based payments ^{Note (1)}	60,854	70,917
Adjusted operating profit	905,360	670,850
 Profit for the period attributable to the equity holders of the Company	 1,885,499	 809,832
Add:		
Equity-settled share-based payments ^{Note (1)}	60,854	70,917
Adjusted net profit	1,946,353	880,749

Note:

- (1) Equity-settled share-based payments mainly represent share-based compensation expenses incurred in connection with our share incentive plan adopted by the Company. Share-based compensation expenses are not expected to result in future cash payments and are not indicative of our core operating results. The reconciling item is non-cash and does not result in cash outflow.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	<i>Note</i>	Six months ended 30 June	
		2025	2024
		<i>RMB'000</i>	<i>RMB'000</i>
		(Unaudited)	(Unaudited)
Revenue	2	3,827,117	4,070,493
Cost of revenue	3	<u>(2,434,632)</u>	<u>(2,644,762)</u>
Gross profit		1,392,485	1,425,731
Selling and marketing expenses	3	(163,379)	(369,427)
General and administrative expenses	3	(92,968)	(89,750)
Research and development expenses	3	(378,878)	(395,647)
Other income		84,689	21,178
Other gains, net		<u>2,557</u>	<u>7,848</u>
Operating profit		844,506	599,933
Share of results of investments accounted for using equity method		450	(753)
Finance income		223,200	214,529
Finance cost		<u>(96)</u>	<u>(131)</u>
Profit before income tax		1,068,060	813,578
Income tax credit/(expense)	4	<u>814,082</u>	<u>(3,629)</u>
Profit for the period		<u>1,882,142</u>	<u>809,949</u>
Profit/(loss) for the period attributable to:			
Equity holders of the Company		1,885,499	809,832
Non-controlling interest		<u>(3,357)</u>	<u>117</u>
		<u>1,882,142</u>	<u>809,949</u>
Earnings per share attributable to equity holders of the Company (expressed in RMB per share)			
Basic earnings per share	5	8.96	3.88
Diluted earnings per share	5	<u>8.85</u>	<u>3.84</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	Note	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Profit for the period	1,882,142	809,949
Other comprehensive (loss)/income:		
Items that will not be reclassified to profit or loss		
Currency translation differences	(82,453)	40,105
Items that will be reclassified to profit or loss		
Currency translation differences	(1,950)	—
Total comprehensive income for the period	<u>1,797,739</u>	<u>850,054</u>
Total comprehensive (loss)/income for the period attributable to:		
Equity holders of the Company	1,801,096	849,937
Non-controlling interest	<u>(3,357)</u>	<u>117</u>
	<u>1,797,739</u>	<u>850,054</u>

CONDENSED CONSOLIDATED BALANCE SHEET

		As at 30 June 2025 <i>RMB'000</i> (Unaudited)	As at 31 December 2024 <i>RMB'000</i> (Audited)
	<i>Note</i>		
Assets			
Non-current assets			
Property, plant and equipment		19,757	20,080
Right-of-use assets		5,651	6,165
Investments accounted for using equity method		60,505	72,425
Deferred income tax assets		849,384	—
Prepaid contents royalties		99,826	107,173
Prepayments, deposits and other receivables		40,409	24,221
Bank deposits		1,400,000	1,400,000
		2,475,532	1,630,064
		-----	-----
Current assets			
Accounts and bills receivable	7	1,122,230	1,054,653
Prepaid contents royalties		373,525	335,144
Prepayments, deposits and other receivables		245,276	305,139
Amounts due from group companies		37,540	32,993
Financial assets at fair value through profit or loss		6,584	6,515
Bank deposits		8,949,823	6,420,669
Restricted cash		407	1,862
Cash and cash equivalents		2,076,513	3,795,210
		12,811,898	11,952,185
		-----	-----
Total assets		15,287,430	13,582,249
		=====	=====

		As at 30 June 2025 <i>RMB'000</i> (Unaudited)	As at 31 December 2024 <i>RMB'000</i> (Audited)
	<i>Notes</i>		
Equity			
Equity attributable to equity holders of the Company			
Share capital		139	139
Other reserves		18,761,836	18,708,160
Accumulated losses		(6,645,858)	(8,530,648)
		<u>12,116,117</u>	<u>10,177,651</u>
Non-controlling interest		505	3,862
Total equity		<u>12,116,622</u>	<u>10,181,513</u>
Liabilities			
Non-current liabilities			
Contract liabilities		97,623	83,889
Lease liabilities		4,302	4,762
		<u>101,925</u>	<u>88,651</u>
Current liabilities			
Accounts payable	8	50,817	24,015
Accruals and other payables		1,611,644	1,976,447
Contract liabilities		1,309,697	1,235,473
Amounts due to group companies		64,620	73,702
Income tax payable		30,494	738
Lease liabilities		1,611	1,710
		<u>3,068,883</u>	<u>3,312,085</u>
Total liabilities		<u>3,170,808</u>	<u>3,400,736</u>
Total equity and liabilities		<u>15,287,430</u>	<u>13,582,249</u>

NOTES

1 BASIS OF PREPARATION

This condensed consolidated interim financial information of the Group for the six months ended 30 June 2025 (the “Interim Financial Information”) has been prepared in accordance with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting” issued by the International Accounting Standards Board.

The Interim Financial Information does not include all the notes of the type normally included in annual financial statements. Accordingly, this Interim Financial Information should be read in conjunction with the annual consolidated financial statements of the Group for the year ended 31 December 2024, which have been prepared in accordance with IFRS Accounting Standards.

1.1 Change in accounting policy and disclosures

The accounting policies used in the preparation of this financial information are consistent with those as described in the annual consolidated financial statements of the Group for the year ended 31 December 2024, except as set out below.

(a) New and amended standards adopted by the Group

A number of amended standards became applicable for the current reporting period:

Amendments to IAS 21	Lack of exchangeability
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The amended standards listed above did not have any impact on the amounts recognised in prior period and are not expected to significantly affect the current or future period.

(b) New standard and amendments to standard that have been issued but are not yet effective

Below new and amended standards have been issued but are not yet effective for the year beginning on 1 January 2025 and have not been early adopted by the Group during the six months ended 30 June 2025:

Effective for accounting periods beginning on or after		
Amendments to IFRS 9 and IFRS 7	Amendments to the classification and measurement of financial instruments	1 January 2026
IFRS 18	Presentation and disclosure in financial statements	1 January 2027
IFRS 19	Subsidiaries without public accountability: disclosures	1 January 2027

The directors have performed assessment on the new standards, and amendments, and has concluded on a preliminary basis that these new standards and amendments would not have a significant impact on the Group’s consolidated financial statements when they become effective, except for IFRS 18 which will impact the presentation of profit and loss. The Group is still in the process of evaluating the impact of adoption of IFRS 18.

2 REVENUE AND SEGMENT INFORMATION

(a) Disaggregation of revenue from contracts with customers

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Type of goods or services:		
Online music services	2,967,269	2,559,735
Social entertainment services and others	859,848	1,510,758
	<u>3,827,117</u>	<u>4,070,493</u>
Timing of revenue recognition:		
At a point in time	967,637	1,561,945
Over time	2,859,480	2,508,548
Total	<u>3,827,117</u>	<u>4,070,493</u>

(b) Segment information

The chief operating decision maker (the “CODM”) has been identified as the Board, who reviews the consolidated results of operations when making decisions about allocating resources and assessing performance of the Group as a whole. For the purpose of internal reporting and management’s operation review, the CODM considered that the Group’s businesses are operated and managed as one single segment and no separate segment information was presented for the six months ended 30 June 2025 and 2024.

Since the Group domiciles and operates in the PRC, substantially all revenue and non-current assets of the Group were generated and were located in the PRC during the six months ended 30 June 2025 and 2024.

(c) Information about major customers

Revenue from an external customer contributed over 10% to the total revenue of the Group for the six months ended 30 June 2025 is as follows:

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Customer A	<u>500,977</u>	<u>N/A*</u>

* Less than 10% of the total revenue of the Group in the respective period.

3 EXPENSES BY NATURE

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Content service costs ^(Note)	1,803,154	2,014,439
Technology costs	151,774	220,061
Employee benefit expenses	648,118	591,693
Promotion and advertising expenses	108,292	328,815
Payment channel fees	248,775	241,144
Net impairment losses on financial assets	3,998	1,454
Depreciation of property, plant and equipment	5,648	8,653
Auditor's remuneration		
– Audit services related to the Group	2,650	2,650
– Other audit related services and non-audit services	680	680
Legal and professional fees	13,101	7,569
Others	83,667	82,428
	<hr/>	<hr/>
Total cost of revenue, selling and marketing expenses, general and administrative expenses and research and development expenses	3,069,857	3,499,586
	<hr/>	<hr/>

Note: Content service costs mainly comprise of content licensing fees and revenue sharing fees.

4 TAXATION

The income tax credit/(expense) of the Group is analysed as follows:

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current income tax		
– PRC corporate income tax	(4,602)	(3,629)
– Top-up tax under Pillar Two Rules	(30,700)	–
Deferred income tax	849,384	–
	<hr/>	<hr/>
Income tax credit/(expense)	814,082	(3,629)
	<hr/>	<hr/>

Hong Kong

Subsidiaries incorporated in Hong Kong are subject to Hong Kong profits tax at a rate of 16.5%. No provision for Hong Kong profits tax has been made as the Group has no estimated assessable profit in Hong Kong.

PRC

Under the Enterprise Income Tax (“EIT”) Law, foreign invested enterprises and domestic enterprises are subject to a unified EIT rate of 25%, except for a subsidiary of the Group in the PRC that was approved as High and New Technology Enterprise (“HNTE”) which enjoys a preferential tax rate of 15% from 2022 onwards and subject to re-approval by the related authorities in every three years.

Under the EIT Law, finance income from financial institutions located in mainland China earned by foreign investors is subject to withholding tax of 10%.

Cayman Islands

Under the current laws of the Cayman Islands, the Company is not currently subject to tax on income or capital gains.

Pillar Two Model Rules

NetEase, Inc., the ultimate holding company of the Group, and its subsidiaries (together, “NetEase Group”) are subject to the Pillar Two Model Rules established by the Organisation for Economic Co-operation and Development.

According to these rules, in jurisdictions with an effective income tax rate below 15%, NetEase Group may be subject to a top-up tax liability, calculated based on the shortfall between its effective tax rate in each jurisdiction and the 15% minimum rate. Consequently, certain subsidiaries of the Group, that are indirectly owned by NetEase Group, may also be subject to this top-up tax liability under the Pillar Two regulations.

The respective Pillar Two legislation was enacted in Hong Kong and became effective on 1 January 2025. In light of Hong Kong’s Pillar Two legislation requirements, the Group has recognised a current tax expense of RMB30,700,000, reflecting the current estimate of the top-up tax exposure borne by the Group for the six months ended 30 June 2025. This expense is included in the income tax expense of the consolidated statement of profit or loss of the Group.

Deferred income tax

During the period ended 30 June 2025, the Group recognised a deferred income tax credit of RMB849.4 million primarily arise from the recognition of deferred tax assets in respect of cumulative tax losses incurred by a wholly-owned subsidiary. These tax losses are available to be carried forward against future taxable income. Deferred tax assets relating to tax losses and temporary differences are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised.

5 EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share (“EPS”) is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of shares outstanding during the period.

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
Profit for the period attributable to equity holders of the Company (in RMB’000)	1,885,499	809,832
Weighted average number of shares outstanding	210,424,603	208,732,750
Basic earnings per share (in RMB)	8.96	3.88

(b) Diluted earnings per share

The share options and awarded shares granted by the Company have potential dilutive effect on the EPS. Diluted EPS is calculated by adjusting the weighted average number of ordinary shares outstanding by the assumption of the conversion of all potential dilutive ordinary shares arising from share options and shares awards granted by the Company (collectively forming the denominator for computing the diluted EPS).

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
Profit attributable to equity holders of the Company for the calculation of diluted EPS (in RMB’000)	1,885,499	809,832
Weighted average number of ordinary shares in issue	210,424,603	208,732,750
Adjustments for share options and share awards	2,638,880	1,990,646
Weighted average number of ordinary shares for the calculation of diluted EPS	213,063,483	210,723,396
Diluted earnings per share (in RMB)	8.85	3.84

6 DIVIDENDS

No dividends have been paid or declared by the Company during the six months ended 30 June 2025 and 2024.

7 ACCOUNTS AND BILLS RECEIVABLE

	As at 30 June 2025 <i>RMB'000</i> (Unaudited)	As at 31 December 2024 <i>RMB'000</i> (Audited)
Accounts receivable	1,133,175	1,061,705
Less: loss allowance	(11,272)	(7,274)
	<hr/>	<hr/>
Accounts receivable, net	1,121,903	1,054,431
Bills receivable	327	222
	<hr/>	<hr/>
	1,122,230	1,054,653
	<hr/> <hr/>	<hr/> <hr/>

The Group generally allows a credit period of 0 to 180 days to its customers depending on different revenue streams. Aging analysis of accounts receivable based on invoice date is as follows:

	As at 30 June 2025 <i>RMB'000</i> (Unaudited)	As at 31 December 2024 <i>RMB'000</i> (Audited)
Up to 3 months	1,123,790	1,053,927
3 to 6 months	2,551	3,179
Over 6 months	6,834	4,599
	<hr/>	<hr/>
	1,133,175	1,061,705
	<hr/> <hr/>	<hr/> <hr/>

The loss allowances for accounts and bills receivable as at 30 June 2025 and 2024 reconcile to the opening loss allowances is as follows:

	Six months ended 30 June 2025 <i>RMB'000</i> (Unaudited)	2024 <i>RMB'000</i> (Unaudited)
At 1 January	7,274	6,951
Net provision/(reversal) of impairment loss during the period	3,998	(1,034)
	<hr/>	<hr/>
At 30 June	11,272	5,917
	<hr/> <hr/>	<hr/> <hr/>

8 ACCOUNTS PAYABLE

	As at 30 June 2025 <i>RMB'000</i> (Unaudited)	As at 31 December 2024 <i>RMB'000</i> (Audited)
Accounts payable	50,817	24,015
	<hr/> <hr/>	<hr/> <hr/>

Accounts payable are unsecured and are usually paid within 30 to 45 days of recognition and denominated in RMB.

As at 30 June 2025 and 31 December 2024, the aging of accounts payable are all between 0-90 days based on invoice date.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this announcement, there were no significant events that might affect our Group since the end of the Reporting Period.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Our Board is committed to achieving high standards of corporate governance that it believes are crucial to our Group's development and safeguard the interests of our shareholders.

Compliance with the Corporate Governance Code

During the Reporting Period, our Company has adopted and complied with all applicable code provisions set out in the Corporate Governance Code except for the deviation as set out below.

Pursuant to code provision C.2.1 of the Corporate Governance Code, the roles of chairperson and chief executive should be separate and should not be performed by the same person. Our Company deviates from this provision as Mr. William Lei Ding performs both the roles of chairman of our Board and the chief executive officer of our Company. Mr. Ding is the founder of NetEase, our parent company and controlling shareholder, and has extensive experience in the business operations and management of our Group. Our Board believes that vesting the roles of both chairman and chief executive officer to Mr. Ding has the benefit of ensuring consistent leadership within our Group and enables more effective and efficient overall strategic planning. This structure will enable our Company to make and implement decisions promptly and effectively. Our Board considers that the balance of power and authority will not be impaired due to this arrangement. In addition, all major decisions are made in consultation with members of our Board, including the relevant Board committees, and our three independent non-executive Directors. Our Board will reassess the division of the roles of chairman and the chief executive officer from time-to-time, and may recommend dividing the two roles between different people in the future, taking into account the circumstances of our Group as a whole.

Our Company will continue to regularly review and monitor its corporate governance practices to ensure compliance with the Corporate Governance Code, and maintain a high standard of corporate governance practices of our Company.

Review of Interim Results

Our audit committee comprises three independent non-executive Directors. Our audit committee has reviewed with management the accounting principles and practices adopted by our Group and discussed internal control and financial reporting matters including the review of the unaudited interim financial information. There is no disagreement between our Board and our audit committee regarding the accounting treatment adopted by our Company.

The interim results for the six months ended 30 June 2025 have not been audited but have been reviewed by PricewaterhouseCoopers, the auditor of our Company, in accordance with International Standard on Review Engagement 2410 "Review of interim financial information performed by the independent auditor of the entity" issued by the International Auditing and Assurance Standards Board.

Purchase, Sale or Redemption of our Company's Listed Securities

During the Reporting Period, neither our Company nor any of our subsidiaries had purchased, sold or redeemed any of our Company's securities (including sale of treasury shares) listed on the Stock Exchange.

Use of Proceeds from the Global Offering

Our Company completed a global offering on 2 December 2021. The net proceeds from this global offering amounted to approximately HK\$3,160 million (equivalent to approximately RMB2,584 million), which will be used in the manner set out in our Prospectus. As at 30 June 2025, we had not utilised any net proceeds, which are held as short-term bank deposits. Our Company expects to utilise the remaining net proceeds in the next 18 months.

INTERIM DIVIDEND

Our Board has resolved not to declare an interim dividend for the Reporting Period.

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the website of our Company at <http://ir.music.163.com>. Our interim report for the Reporting Period will be published on the aforesaid websites of the Stock Exchange and our Company and will be despatched to our shareholders (if requested) in due course.

DEFINITIONS

“Board”	the board of directors of our Company
“China” or the “PRC”	the People's Republic of China, and for the purpose of this announcement only, except where the context requires otherwise, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
“Company”	NetEase Cloud Music Inc., the shares of which are listed on the Main Board of the Stock Exchange under the stock code “9899”
“Corporate Governance Code”	the Corporate Governance Code set out in Appendix C1 to the Listing Rules
“Director(s)”	director(s) of our Company
“Group”	our Company and its subsidiaries, including consolidated affiliated entities, the financials of which are consolidated into our Company's accounts
“IFRS”	IFRS Accounting Standards, as issued from time to time by the International Accounting Standards Board

“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Monthly paying users of online music services”	the average of the number of users whose membership subscription packages remain active as of the last day of each month in a given period. Monthly paying users of online music services for any given period excludes the number of users who only purchase digital music singles and albums during such period because these users’ purchasing patterns tend to reflect specific hit releases, which fluctuate from period to period
“NetEase”	NetEase, Inc., an exempted company incorporated in the Cayman Islands with limited liability on 6 July 1999 (Nasdaq: NTES; SEHK: 9999) and considered our controlling shareholder under the Listing Rules
“Prospectus”	our Company’s prospectus dated 23 November 2021, a copy of which is available on the website of the Stock Exchange at www.hkexnews.hk and the website of our Company at http://ir.music.163.com
“Reporting Period”	six months ended 30 June 2025
“share(s)”	share(s) of our Company
“shareholder(s)”	holder(s) of the share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary” or “subsidiaries”	has the meaning ascribed to it thereto in section 15 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), and includes our consolidated affiliated entities and any other entity the financials of which are consolidated into the accounts of the Company
“treasury shares”	has the meaning ascribed to it under the Listing Rules

By Order of the Board
NetEase Cloud Music Inc.
Mr. William Lei Ding
Chairman of the Board

Hong Kong, 14 August 2025

As at the date of this announcement, the Board comprises Mr. William Lei Ding, Mr. Yong Li and Ms. Yanfeng Wang as executive Directors, Mr. Yat Keung Li as a non-executive Director, and Mr. Ying Kit Caleb Lo, Mr. Xianfeng Gu and Mr. Zhong Xu as independent non-executive Directors.