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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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 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 year ended 31 December 2025. These unaudited consolidated annual results have been reviewed by our Board’s audit committee together with our management.

	Year ended 31 December		Change (%)
	2025	2024	
	<i>(RMB in thousands, except percentages)</i>		
Revenue	7,759,450	7,950,146	-2.4%
Gross profit	2,769,592	2,681,512	+3.3%
Operating profit	1,621,952	1,170,847	+38.5%
Profit before income tax	2,067,738	1,570,255	+31.7%
Profit for the year ⁽¹⁾	2,745,828	1,565,369	+75.4%
Non-IFRS Measure ⁽²⁾ :			
Adjusted operating profit	1,733,749	1,309,418	+32.4%
Adjusted net profit	2,860,007	1,700,078	+68.2%

Note:

- (1) During the year ended 31 December 2025, the Group recognised a deferred income tax credit of RMB746.7 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 non-IFRS measures and are defined as operating profit and profit for the year 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 profit for the year attributable to the equity holders of the Company to 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\$1.1071 and US\$0.1423.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Overview

Throughout 2025, we remained focused on driving high-quality development across our core music ecosystem. By continuously improving premium music experiences, we enhanced our appeal to a broad base of music lovers and deepened users' recognition and affinity for our platform. We also enhanced our differentiated content offerings and made further progress in developing original music. Guided by user needs, we continued to enrich the content ecosystem, refine personalized recommendations, innovate product features, and strengthen the community. These initiatives further boosted our appeal to users and engagement. Paired with upgraded membership benefits, they also supported growth in subscription-based memberships, reflecting our platform's sustainable development and long-term value.

We continued to **expand and deepen our music-oriented community ecosystem**. In 2025, we achieved steady year-over-year growth in both active user base and overall engagement by improving user experience and enhancing brand awareness. Meanwhile, our DAU/MAU ratio (daily active user/monthly active user ratio) improved year over year, remaining above 30%, and average daily mobile music listening time continued to increase. Notably, our efforts to deliver premium content and experiences, along with the platform's trendsetting aesthetics and design, strongly resonated with young music enthusiasts, who are gradually becoming loyal users of our platform.

We have built a **diverse and distinctive content library** by expanding our copyrighted music collection while actively promoting original Chinese music. In 2025, we introduced content from Korean labels, supplemented our Chinese music catalogue, added OST and variety show music, and further strengthened our signature genres, including hip-hop and Western music. We also deepened collaboration with labels in content promotion and artist-centric campaigns. Our unique independent artist ecosystem continued to grow, and our in-house works such as “Liang Nan (《兩難》)” and “What Ifs (《如果呢》)” gained broad recognition both on and off the platform.

From a product perspective, we continued to prioritize user needs and remained committed to innovation and excellence in music discovery and listening experience. In 2025, we further upgraded our core product framework to enhance its visual appeal and better support users' diverse music discovery preferences. We advanced personalized content distribution and introduced Climber, our self-developed AI-powered generative recommendation model. Our innovative features, such as Automix, “Magic Light Player” (神光播放器) and landscape mode, deliver a more immersive audio-visual journey. We also expanded and enhanced community scenarios to encourage more active user participation and interactions.

Our music-centric monetisation capabilities continued to deliver healthy growth. In 2025, **subscription-based membership** revenue increased by 13.3% year on year, driven by growth in the subscriber base, though slightly offset by a dilution in monthly ARPPU (average revenue per paying user) due to changes in subscriber mix. Importantly, our fast-growing subscriber base also demonstrated stronger stickiness, with higher retention and activity levels. By continuously enhancing membership benefits across content, features and customization, we strengthened users' willingness to pay for premium experiences.

Alongside our growth in monetisation, we also further improved our profitability in 2025. Our gross margins reached 35.7%, representing a notable increase from 33.7% in 2024. In 2025, our operating profit increased by 38.5% year on year, which mainly benefited from the growth in our business scale, stronger online music monetisation, disciplined cost management and operating leverage.

Looking ahead, we remain committed to enhancing the music experience and deepening user engagement across our platform by expanding our high-quality content offering, advancing product and feature innovation, and further strengthening our community. Our strategic priorities include the following measures:

- 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;
- fulfilling user needs 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 through enhancing 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.

Diverse and differentiated content ecosystem

We are committed to expanding our distinctive content library by further diversifying our content mix across both licensed tracks and original music. We actively promote original Chinese music through continued support for independent artists and developing in-house music. At the same time, we continue to advance music genres that strongly resonate with our users, including hip-hop and Western music.

Enhancing partnerships with copyright holders

Throughout the Reporting Period, we maintained a disciplined and collaborative approach, further growing our partnerships and deepening our collaborations with copyright holders in ways that support both parties' long-term interests.

- ***Expansive catalogue of music labels.*** In 2025, we further supplemented our copyright music library by introducing new content from K-Pop labels, including RBW, StarShip and Shofar Music. We also added popular tracks from popular Chinese artists such as Li Jian (李健), Lay Zhang (張藝興), Chen Chusheng (陳楚生), Jackson Yee (易烱千璽), Xin Liu (劉雨昕) and Miriam Yeung (楊千嬅). In addition, we actively enriched our OST library by introducing content from TVB and added popular OSTs such as 《水龍吟》 and 《灼灼韶華》.

- ***Amplifying offerings in signature music genres.*** We further enriched our music library with high-quality selections across our signature genres, such as hip-hop, Japanese ACG and Western music. This included the latest releases from popular rappers and rock bands such as KeyNG (楊和蘇), MaSiWei (馬思唯), MC HotDog (熱狗), New Pants (新褲子) and Reflector (反光鏡). We also partnered with Kadokawa and U/M/A/A, and collaborated closely with DECO*27 to bring more high-quality J-Pop and ACG music to our platform.
- ***In-depth collaborations with copyright partners.*** We strengthened cooperation with music labels to facilitate the promotion of high-quality releases. We played an instrumental role in the launches of Mariah Carey and Taylor Swift’s new albums in China, both of which saw outstanding streaming performance on the NetEase Cloud Music platform. Through our enhanced partnerships, the new digital albums from Hua Chenyu (華晨宇), David Tao (陶喆), Allen Ren (任嘉倫) and Eason Chan (陳奕迅) all delivered impressive sales results on our platform. We also executed a tailored campaign for JENNIE’s digital album, featuring exclusive virtual and physical music cards, driving the sales performance.
- ***Online and offline artist-centric activities.*** We worked closely with labels and artists to deliver artist-centric campaigns across online and offline channels, effectively engaging young audiences and fan communities. These initiatives included online retrospective campaign paired with a large-scale offline activation for Hua Chenyu’s 12th debut anniversary, flash mob events in four cities for BLACKPINK’s 9th debut anniversary, as well as a series of online programs to celebrate i-dle and Mayday’s anniversaries, the new partnerships with Jackson Yee and Lay Zhang, among other initiatives.

Strengthening our leading independent artists’ ecosystem

Beyond licensed content, we continued to strengthen our unique independent artist ecosystem by providing end-to-end support across content creation, promotion and monetisation. By the end of 2025, more than 1,000,000 independent artists had contributed more than 5.6 million tracks to our platform.

- ***Expanding exposure for musicians and their work.*** We launched the “Original Sound Promoters” (原創聲推官) campus ambassador program, establishing a “discovery-appreciation-dissemination” mechanism to promote original content and build a music discovery and promotion network from the university student perspective. By collaborating with multiple brands and channels, we helped musicians reach a broader audience through a mix of online and offline initiatives. These included online music campaigns with “Where Winds Meet” (燕雲十六聲) and BYD, offline brand activities with Honor Music and Chanel’s limited-edition perfume space, and pitching original songs for inclusion in shows such as “Singer 2025” and “The Rap of China 2025.”
- ***Enhancing commercial resources for musicians.*** We connected musicians with brands and game partners to grow their commercial reach. We provided brands such as Audi, Chanel, Honor, China Mobile, TCL, Taobao and JD.com with access to musicians’ performance and songwriting capabilities. We also collaborated with our musicians to supply customized songs or original tracks for games, including “Fantasy Westward Journey,” “Where Winds Meet,” “Identity V” and “Eggy Party,” partnering with 13 popular games.

Developing and promoting differentiated in-house music

Our in-house studios focus on producing original, high-quality music to enrich our content offerings. In 2025, our in-house studios have successfully produced and popularised multiple hit songs across our community and external platforms. We continued to build on our signature genres and received favourable reception for multiple in-house hip-hop releases, including “Liang Nan” (《兩難》), “Mo Chou Xiang” (《莫愁鄉》), 《熄滅》, 《暗流》 and 《洗牌》. Meanwhile, we remain dedicated to cultivating high-quality, well-crafted music content. Older in-house tracks, such as “Shi Hao” (《嗜好》), “You” (《你》) and “What Ifs” (《如果呢》), have gradually reached a broader audience and gained wider recognition. We also worked extensively with emerging artists to co-create popular songs, including 《褪黑素》 and 《大城小愛》. Additionally, our original project – the collaboration between MIYEON and Jike Juyi (吉克隽逸), titled “Glow Up” – has garnered widespread attention and sparked discussion internationally.

Diversified audio-based content offerings

In addition to music, we expanded our audio offerings to better serve users’ diverse interests and listening needs. In 2025, our growing audio content library drove higher user consumption, resulting in a steady increase in average listening time per user.

- ***PGC – audiobooks & radio dramas.*** We continued to enrich our audiobook offerings with disciplined cost management. In 2025, we gained favourable reception with our in-house-produced audiobooks, such as 《撈屍人》 and 《黑相術》. We also introduced more content for young audience and more ACG titles to meet user demand, including 《元嬰期》, 《天命賒刀人》 and 《禁咒師》. Furthermore, we co-developed the original radio drama 《Eggy Party》, which tapped into gamers’ nostalgia while broaden the audience for audio content.
- ***PUGC/UGC – podcast.*** Our podcast offerings focus on music-themed audio content and cultural podcast IPs. Our co-produced series, “Dear Music – The Season of New Voices,” explored the stories behind classic hit songs, and our music-inspired podcast “Music Neighbour Program” (音樂友鄰計劃) featured 105 musicians and influencers, including author Da Bing (大冰), physicist Li Miao (李淼), musicians Tayu Lo (羅大佑), Terry Lin (林志炫), Sophia Huang (黃綺珊) and Fan Fan (范瑋琪), as well as the renowned label Modern Sky. We recently launched the “Podcast Bookstore Plan 《播客書店計劃》,” which hosts expert-led podcast episodes organized around curated thematic book lists to build our cultural podcast IP, featuring guests such as Liang Yong’an (梁永安), Feng Tang (馮唐), Su Tong (蘇童) and Xu Zhiyuan (許知遠).
- ***Enhancing the podcast host ecosystem.*** In 2025, we introduced eight prominent podcast hosts, including Fan Deng (樊登), founder of the Fan Deng Reading APP (帆書 APP), Li Lei (李蕾), a former CCTV host, and Guo Degang (郭德綱), a crosstalk performer. Among them, Guo Degang’s supernatural-themed podcast series 《子不語我語》 became a breakout hit on our platform, generating nearly 10 million listens.

Product innovation and community ecosystem

During the Reporting Period, we further enhanced users’ premium music experience by driving product innovation and revitalizing our community ecosystem. In 2025, the NetEase Cloud Music App underwent continuous main updates, improving its visual appeal and better supporting users’ diverse music consumption preferences. Our efforts have yielded improved user engagement, reflected in higher activity ratio and increased in-app music listening time. Our unique and evolving community continues to foster deeper music-driven resonance, inspiring greater user participation in both creating and engaging with community content.

Optimising users' music discovery and listening experience

We keenly focused on advancing personalised recommendations and innovative features which deliver a more intuitive and immersive music experience. In 2025, we made meaningful progress in both music discovery and listening experience for users, strengthening their engagement and enhancing the platform's overall value.

- ***Optimizing music content discovery and distribution.*** We are dedicated to providing users with a personalised music discovery journey. In 2025, we continued to enhance our product and recommendation capabilities, including: 1) rolling out continuous core product upgrades to better meet users' diverse music discovery preferences, such as the new "Heartbeat Mode" (心動模式) homepage layout and the new "Search" tab featuring categorized browsing; 2) continuously refining the recommendation page to boost user engagement and listening time; 3) launching the "Heart Collection Playlist Classification" (紅心歌單分類) feature that allows users to filter songs by genre, artist, language, and more, supported by AI to uncover niche categories; 4) optimizing the "New Songs and New Albums" channel by streamlining new content delivery and improving the display of professional information. Additionally, we introduced Climber, our self-developed AI-powered generative recommendation model, which utilizes self-attention mechanisms to accurately capture user preferences.
- ***Enhancing the music consumption experience.*** We improved the music experience and addressed a wider range of audio-visual needs through innovative features. We launched the "Magic Light Player" (神光播放器) to recreate live-concert-like experiences, and the "Lustrous Light Wave" (琉璃光波) Player, which syncs music spectra with dynamic visual effects for a more immersive experience. Our newly added Automix feature enables intelligent, seamless playback with smooth transitions between songs. We also introduced a horizontal mode for the Vinyl Player, which significantly increased users' screen-on time. In addition, we launched a range of AI-powered features, including "AI Singing Assistant 2.0" for one-click MV creation, "AI Magic Player" for personalized player backgrounds, and "AI Song-writing" to instantly turn ideas into songs, further enriching the music experience with added creativity and convenience.

Expanding music consumption scenarios

In 2025, we advanced our multi-terminal ecosystem to better address users' daily needs across a wide range of touchpoints. We extended in-car coverage to additional brands and models through new partnerships with Jetour, LYNK & CO, and more. Meanwhile, we continued to enhance multi-device functionality to enhance user engagement. For in-vehicle use, we added features such as "Heartbeat Mode" (心動模式), "In-Car Radio" (車載場景電台), "Magic Light Mode," "Sing at Will" (隨心唱) and AudioVivid. For TV terminals, we introduced the new "Heartbeat" homepage interface and improved large-screen viewing aesthetics with innovative features such as "Record Wall," "Full Screen Cover" and "Sing at Will."

FINANCIAL REVIEW

Overview

Over the Reporting Period, we recorded a revenue of RMB7,759.5 million and a gross profit of RMB2,769.6 million. Our gross profit slightly increased by RMB88.1 million, while gross margin expanded from 33.7% to 35.7%. 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 RMB1,622.0 million in 2025, compared with RMB1,170.8 million in 2024, which was primarily due to the decrease in promotion and advertising expenses and the increase in government grants.

We recorded a net profit of RMB2,745.8 million in 2025, compared with a net profit of RMB1,565.4 million in 2024. During the Reporting Period, we recognised a deferred income tax credit of RMB746.7 million primarily arising 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 RMB2,860.0 million in 2025, compared with an adjusted net profit of RMB1,700.1 million in 2024.

Revenue

Our revenue slightly decreased by 2.4% from RMB7,950.1 million in 2024 to RMB7,759.5 million in 2025.

Revenue from online music services increased by 12.0% from RMB5,354.5 million in 2024 to RMB5,994.4 million in 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 RMB4,459.0 million in 2024 to RMB5,052.7 million in 2025.

Revenue from social entertainment services and others decreased by 32.0% from RMB2,595.6 million in 2024 to RMB1,765.0 million in 2025. The decline was primarily attributed to 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 5.3% from RMB5,268.6 million in 2024 to RMB4,989.9 million in 2025, which was attributable to a decrease in content service costs from RMB4,008.9 million in 2024 to RMB3,733.5 million in 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 increased by 3.3% from RMB2,681.5 million in 2024 to RMB2,769.6 million in 2025, and our gross margin increased from 33.7% in 2024 to 35.7% in 2025.

Selling and Marketing Expenses

Our selling and marketing expenses decreased by 33.2% from RMB611.5 million in 2024 to RMB408.7 million in 2025, primarily due to a decrease in promotion and advertising expenses with heightened focus on cost efficiency and return on marketing investment.

General and Administrative Expenses

Our general and administrative expenses decreased by 4.4% from RMB184.7 million in 2024 to RMB176.6 million in 2025, primarily due to improved cost control.

Research and Development Expenses

Our research and development expenses decreased by 2.3% from RMB779.7 million in 2024 to RMB761.6 million in 2025, primarily due to improved utilisation of technical resources during the Reporting Period.

Other Income

Our other income increased from RMB27.9 million in 2024 to RMB181.9 million in 2025, primarily due to an increase in government grants.

Other Gains, Net

We recorded other gains, net of RMB17.4 million in 2025 (in 2024: gains of RMB37.3 million). The change was primarily due to the impairment loss for investments in associates.

Finance Income, Net

Our finance income increased from RMB406.2 million in 2024 to RMB445.9 million in 2025, primarily due to the continued growth in deposit amounts.

Taxation

We recorded income tax credit of RMB678.1 million in 2025 as compared to income tax expenses of RMB4.9 million in 2024, primarily due to the recognition of deferred tax assets in respect of cumulative tax losses incurred by a wholly-owned subsidiary amounted to tax credit of RMB746.7 million netting off with the tax expense of RMB61.0 million derived from the top-up tax under Pillar Two Rules. For details, please refer to Note 5 to the unaudited consolidated financial statements of our Group set out in this announcement.

Profit for the Year

As a result of the above, we generated a profit of RMB2,745.8 million in 2025, compared with a profit of RMB1,565.4 million in 2024.

Adjusted Net Profit

Our adjusted operating profit reached RMB1,733.7 million in 2025, compared with adjusted operating profit of RMB1,309.4 million in 2024. Our adjusted net profit reached RMB2,860.0 million in 2025, compared with adjusted net profit of RMB1,700.1 million in 2024. Adjusted operating profit and adjusted net profit are non-IFRS measures and are defined as operating profit and profit for the year 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 year to adjusted net profit for both years:

	For the year ended 31 December	
	2025	2024
	<i>(in RMB thousands)</i>	
Operating profit	1,621,952	1,170,847
Add:		
Equity-settled share-based payments ^{Note (1)}	111,797	138,571
Adjusted operating profit	1,733,749	1,309,418
Profit for the year attributable to the equity holders of the Company	2,748,210	1,561,507
Add:		
Equity-settled share-based payments ^{Note (1)}	111,797	138,571
Adjusted net profit	2,860,007	1,700,078

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.

Liquidity and Capital Resources

As at 31 December 2025, we funded our cash requirements principally from cash generated from operating activities. We had cash and cash equivalents of RMB3.8 billion and RMB3.1 billion as at 31 December 2024 and 2025, respectively.

Our principal uses of cash have been for funding of required working capital, capital expenditures and other recurring expenses to support the expansion of the Group's operations. Going forward, our Company intends to finance its expansion and business operations with a combination of the net proceeds received from our Company's global offering, and through sustainable growth. Any significant decrease in users of our online music services and/or social entertainment services may adversely impact our liquidity.

Gearing Ratio

As at 31 December 2025, our gearing ratio was 21.8% (31 December 2024: 25.0%). Gearing ratio is calculated as our total liabilities divided by our total assets as at a particular date.

Significant Investments

We did not make or hold any significant investments during 2025.

Material Acquisitions and Disposals

We did not have any material acquisitions or disposals of subsidiaries, consolidated affiliated entities, associated companies or joint ventures during 2025.

Pledge of Assets

As at 31 December 2025, none of our assets were pledged to secure our loans and banking facilities.

Foreign Exchange Exposure

During the Reporting Period, save for the short-term bank deposits which are denominated in U.S. dollars, substantially all of our revenues and expenditures were denominated in RMB. Accordingly, we have certain exposure to foreign exchange risk arising from various currency exposures, primarily with respect to the U.S. dollar. Foreign exchange risk arises when commercial transactions or recognised assets and liabilities are denominated in a currency that is not the respective functional currency of our subsidiaries. The functional currency of our Company is U.S. dollar whereas the functional currency of our subsidiaries, which operate in the PRC, is RMB. We currently do not have a foreign currency hedging policy in respect of transactions undertaken in foreign currency but we manage our foreign exchange risk by performing regular reviews of our net foreign exchange exposures.

Future Plans for Material Investments

We had no plans for material investments or capital assets as at 31 December 2025, except the intended use of proceeds as disclosed in the Prospectus.

Employee and Remuneration Policy

As at 31 December 2024 and 2025, we had 1,331 and 1,288 employees, respectively. As at 31 December 2025, substantially all of our employees were based in China.

The number of employees employed by our Group varies from time to time depending on business need. Employees' remuneration is determined in accordance with prevailing industry practice and employees' educational backgrounds, experiences and performance. Our Group's compensation system is well-structured and consists of a basic salary, a performance-based bonus and long-term incentives, which is reviewed periodically. Our Group also provides training sessions to its employees, which mainly focus on campus recruiting personnel, management personnel and professional technology personnel.

As required by regulations in China, we participate in various employee social security plans that are organised by municipal and provincial governments for our PRC-based full-time employees, including pension, unemployment insurance, childbirth insurance, work-related injury insurance, medical insurance and housing funds. These plans are defined contribution plans, under which, we and our PRC-based employees who are participants are required to make monthly contributions in the amount specified under PRC laws and regulations, which are calculated based on the employee's actual salary level in the previous year, subject to certain ceilings imposed. There are no forfeited contributions for these defined contribution plans as the contributions are fully vested to the employees upon payment to the scheme. The prescribed percentages are determined by the PRC government and differ across municipalities and provinces in Mainland China.

Remuneration of Directors and other senior management of our Group is reviewed by our Company's remuneration committee and recommended to the Board based on our performance and the senior managements' respective contributions to our Group.

Additionally, our Company has (i) a share incentive plan, the principal terms of which are disclosed in Appendix IV of the Prospectus, and (ii) a restricted share unit plan, the principal terms of which are disclosed in our circular dated 24 May 2023. The total remuneration cost incurred by us during 2025 was RMB1,278.4 million (2024: RMB1,215.8 million).

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2025

	<i>Notes</i>	Year ended 31 December	
		2025	2024
		<i>RMB'000</i>	<i>RMB'000</i>
Revenue	2	7,759,450	7,950,146
Cost of revenue	3	(4,989,858)	(5,268,634)
Gross profit		2,769,592	2,681,512
Selling and marketing expenses	3	(408,734)	(611,533)
General and administrative expenses	3	(176,602)	(184,651)
Research and development expenses	3	(761,602)	(779,659)
Other income		181,922	27,859
Other gains, net	4	17,376	37,319
Operating profit		1,621,952	1,170,847
Share of results of investments accounted for using equity method		98	(6,544)
Finance income		445,882	406,191
Finance cost		(194)	(239)
Profit before income tax		2,067,738	1,570,255
Income tax credit/(expense)	5	678,090	(4,886)
Profit for the year		<u>2,745,828</u>	<u>1,565,369</u>
Profit for the year attributable to:			
Equity holders of the Company		2,748,210	1,561,507
Non-controlling interest		(2,382)	3,862
		<u>2,745,828</u>	<u>1,565,369</u>
Earnings per share attributable to equity holders of the Company (expressed in RMB per share)			
Basic earnings per share	6	13.02	7.48
Diluted earnings per share	6	12.87	7.40

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2025

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Profit for the year	2,745,828	1,565,369
Other comprehensive income:		
Items that will not be reclassified to profit or loss		
Currency translation differences	(240,383)	99,175
Items that will be reclassified to profit or loss		
Currency translation differences	(13,525)	(1,075)
	<u>2,491,920</u>	<u>1,663,469</u>
Total comprehensive income for the year	<u>2,491,920</u>	<u>1,663,469</u>
Total comprehensive income for the year attributable to:		
Equity holders of the Company	2,494,302	1,659,607
Non-controlling interest	(2,382)	3,862
	<u>2,491,920</u>	<u>1,663,469</u>
	<u>2,491,920</u>	<u>1,663,469</u>

UNAUDITED CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2025

		As at 31 December	
	<i>Notes</i>	2025	2024
		RMB'000	RMB'000
Assets			
Non-current assets			
Property, plant and equipment		19,660	20,080
Right-of-use assets		5,939	6,165
Investments accounted for using equity method		51,576	72,425
Deferred income tax assets		746,701	–
Prepaid contents royalties		102,792	107,173
Prepayments, deposits and other receivables		60,497	24,221
Bank deposits		<u>1,400,000</u>	<u>1,400,000</u>
		<u>2,387,165</u>	<u>1,630,064</u>
Current assets			
Accounts and bills receivable	8	1,068,190	1,054,653
Prepaid contents royalties		531,956	335,144
Prepayments, deposits and other receivables		270,251	305,139
Amounts due from group companies		28,444	32,993
Financial assets at fair value through profit or loss		–	6,515
Bank deposits		9,057,452	6,420,669
Restricted cash		407	1,862
Cash and cash equivalents		<u>3,117,624</u>	<u>3,795,210</u>
		<u>14,074,324</u>	<u>11,952,185</u>
Total assets		<u><u>16,461,489</u></u>	<u><u>13,582,249</u></u>

		As at 31 December	
	<i>Notes</i>	2025	2024
		RMB'000	RMB'000
Equity			
Equity attributable to equity holders of the Company			
Share capital		139	139
Other reserves		18,653,014	18,708,160
Accumulated losses		<u>(5,783,719)</u>	<u>(8,530,648)</u>
		12,869,434	10,177,651
Non-controlling interest		<u>–</u>	<u>3,862</u>
Total equity		12,869,434	10,181,513
Liabilities			
Non-current liabilities			
Contract liabilities		101,657	83,889
Lease liabilities		<u>4,229</u>	<u>4,762</u>
		105,886	88,651
Current liabilities			
Accounts payable	9	56,074	24,015
Accruals and other payables		1,920,671	1,976,447
Contract liabilities		1,406,207	1,235,473
Amounts due to group companies		38,464	73,702
Income tax payable		62,786	738
Lease liabilities		<u>1,967</u>	<u>1,710</u>
		3,486,169	3,312,085
Total liabilities		3,592,055	3,400,736
Total equity and liabilities		16,461,489	13,582,249

IFRS 18 will replace IAS 1 Presentation of financial statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though IFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of financial performance and providing management-defined performance measures within the financial statements.

Management is currently assessing the detailed implications of applying the new standard on the Group's consolidated financial statements. From the high-level preliminary assessment performed, the following potential impacts have been identified:

Although the adoption of IFRS 18 will have no impact on the Group's net profit, the Group expects that grouping items of income and expenses in the statement of profit or loss into the new categories will impact how operating profit is calculated and reported. From the high-level impact assessment that the Group has performed, foreign exchange differences currently aggregated in the line item 'other income and other gains/ (losses) – net' in operating profit might need to be disaggregated, with some foreign exchange gains or losses presented below operating profit.

The line items presented on the primary financial statements might change as a result of the application of the concept of 'useful structured summary' and the enhanced principles on aggregation and disaggregation.

The Group does not expect there to be a significant change in the information that is currently disclosed in the notes because the requirement to disclose material information remains unchanged; however, the way in which the information is grouped might change as a result of the aggregation/disaggregation principles. In addition, there will be significant new disclosures required for:

- management-defined performance measures;
- a break-down of the nature of expenses for line items presented by function in the operating category of the statement of profit or loss – this break-down is only required for certain nature expenses; and
- for the first annual period of application of IFRS 18, a reconciliation for each line item in the statement of profit or loss between the restated amounts presented by applying IFRS 18 and the amounts previously presented applying IAS 1.

The Group will apply the new standard from its mandatory effective date of 1 January 2027. Retrospective application is required, and so the comparative information for the financial year ending 31 December 2026 will be restated in accordance with IFRS 18.

2 REVENUE AND SEGMENT INFORMATION

(a) Disaggregation of revenue from contracts with customers

	Year ended 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Type of goods or services:		
Online music services	5,994,437	5,354,517
Social entertainment services and others	1,765,013	2,595,629
	<u>7,759,450</u>	<u>7,950,146</u>
Timing of revenue recognition:		
At a point in time	2,283,665	3,108,034
Over time	5,475,785	4,842,112
Total	<u>7,759,450</u>	<u>7,950,146</u>

(b) Segment information

The Chief Operating Decision Maker (“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 years ended 31 December 2025 and 2024.

During the year ended 31 December 2025, the Group principally operated in the PRC and substantial all of its revenue was generated in the PRC. All of its non-current assets were located in the PRC during the years ended 31 December 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 year ended 31 December 2025 and 2024 are as follows:

	Year ended 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Customer A	<u>1,064,596</u>	<u>797,590</u>

3 EXPENSES BY NATURE

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Content service costs (Note)	3,733,529	4,008,896
Technology costs	311,749	395,577
Employee benefit expenses	1,278,369	1,215,752
Promotion and advertising expenses	295,672	519,759
Payment channel fees	497,105	485,234
Net impairment losses on financial assets	351	4,280
Depreciation of property, plant and equipment	10,885	14,906
Auditors' remuneration		
– Audit services related to the Group	5,300	5,300
– Other audit related services and non-audit services	980	980
Legal and professional fees	25,640	20,063
Others	177,216	173,730
	<u>6,336,796</u>	<u>6,844,477</u>

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

4 OTHER GAINS, NET

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Net foreign exchange losses	(1,985)	(2,396)
Gain on fair value changes of financial assets at fair value through profit or loss	32,890	34,976
Impairment loss on interests in associates	(20,294)	–
Others	6,765	4,739
	<u>17,376</u>	<u>37,319</u>

5 TAXATION

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

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Current income tax		
– PRC corporate income tax	(7,611)	(4,886)
– Top-up tax under Pillar Two Rules	(61,000)	–
Deferred income tax	746,701	–
	<u>678,090</u>	<u>(4,886)</u>

(a) Cayman Islands

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

(b) Hong Kong

Subsidiaries incorporated in Hong Kong are subject to Hong Kong profits tax at a rate of 16.5%. Except for the Top-up tax under Pillar Two Rules (Note 5(d)), no provision for Hong Kong profits tax has been made as the Group has no estimated assessable profit in Hong Kong.

(c) 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 2025 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%.

(d) 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. The Group applies the IAS12 exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

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 RMB61,000,000, reflecting the current estimate of the top-up tax exposure borne by the Group for the year ended 31 December 2025. This expense is included in the income tax expense of the consolidated statement of profit or loss of the Group.

(e) Deferred income tax

During the year ended 31 December 2025, taking into consideration of the consistent and stable financial position, the Group recognised a deferred income tax credit of RMB746.7 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.

6 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 year.

	Year ended 31 December	
	2025	2024
Profit for the year attributable to equity holders of the Company (in RMB'000)	<u>2,748,210</u>	<u>1,561,507</u>
Weighted average number of shares outstanding	<u>211,029,784</u>	<u>208,846,525</u>
Basic earnings per share (in RMB)	<u><u>13.02</u></u>	<u><u>7.48</u></u>

(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 share awards granted by the Company (collectively forming the denominator for computing the diluted EPS).

	Year ended 31 December	
	2025	2024
Profit attributable to equity holders of the Company for the calculation of diluted EPS (in RMB'000)	<u>2,748,210</u>	<u>1,561,507</u>
Weighted average number of ordinary shares in issue	<u>211,029,784</u>	<u>208,846,525</u>
Adjustments for share options and share awards	<u>2,500,839</u>	<u>2,204,498</u>
Weighted average number of ordinary shares for the calculation of diluted EPS	<u>213,530,623</u>	<u>211,051,023</u>
Diluted earnings per share (in RMB)	<u><u>12.87</u></u>	<u><u>7.40</u></u>

7 DIVIDENDS

No dividends have been paid or declared by the Company during each of the years ended 31 December 2025 and 2024.

8 ACCOUNTS AND BILLS RECEIVABLE

	As at 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Accounts receivable	1,077,496	1,061,705
Less: loss allowance	(9,306)	(7,274)
	<hr/>	<hr/>
Accounts receivable, net	1,068,190	1,054,431
Bills receivable	–	222
	<hr/>	<hr/>
	1,068,190	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 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Up to 3 months	1,070,204	1,053,927
3 to 6 months	1,228	3,179
Over 6 months	6,064	4,599
	<hr/>	<hr/>
	1,077,496	1,061,705
	<hr/> <hr/>	<hr/> <hr/>

9 ACCOUNTS PAYABLE

	As at 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Accounts payable	56,074	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 31 December 2025 and 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 year ended 31 December 2025, the 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.

Compliance with the Model Code

Our Company has adopted management securities dealing policies that are on terms no less stringent than the Model Code to regulate all dealings by Directors and relevant insiders in securities of our Company and other matters covered by the Model Code. Specific enquiry has been made to all our Directors and they have confirmed that they have complied with the Model Code during the year ended 31 December 2025. No incident of non-compliance of the Model Code by the relevant employees has been noted by our Company during the year ended 31 December 2025.

Scope of Work of PricewaterhouseCoopers

The figures in respect of the Group's unaudited consolidated balance sheet, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2025 as set out in the preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by PricewaterhouseCoopers in the preliminary announcement.

Audit Committee

Our Board has established an audit committee to the Board with written terms of reference in accordance with the Listing Rules. Our audit committee comprises our three independent non-executive Directors, namely, Mr. Ying Kit Caleb Lo, Mr. Xianfeng Gu and Mr. Zhong Xu. Mr. Ying Kit Caleb Lo is the chairman of this committee.

Our audit committee has reviewed our unaudited consolidated financial statements for the year ended 31 December 2025 and has discussed with our auditor, as well as the senior management of our Company, on matters with respect to the accounting policies and practices adopted by our Company and internal control.

Other Board Committees

In addition to our audit committee, our Board has also established a nomination committee and a remuneration committee.

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

During the Reporting Period, neither our Company nor any of our subsidiaries 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 31 December 2025, we had not utilised any net proceeds, which are held as short-term bank deposits. The Company expects to utilise the remaining net proceeds in the next 12 months.

FINAL DIVIDEND

Our Board does not recommend the payment of a final dividend for the year ended 31 December 2025.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual 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 annual report for the 2025 financial year 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
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules
“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 exclude 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”	the year ended 31 December 2025
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“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, 11 February 2026

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.