



NETEASE CLOUD MUSIC INC.

(incorporated in the Cayman Islands with limited liability)

Stock code: 9899



2025 INTERIM
REPORT

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. William Lei Ding (*Chairperson and Chief Executive Officer*)
Mr. Yong Li
Ms. Yanfeng Wang

Non-Executive Director

Mr. Yat Keung Li

Independent Non-Executive Directors

Mr. Ying Kit Caleb Lo
Mr. Xianfeng Gu
Mr. Zhong Xu

AUDIT COMMITTEE

Mr. Ying Kit Caleb Lo (*Chairperson*)
Mr. Xianfeng Gu
Mr. Zhong Xu

REMUNERATION COMMITTEE

Mr. Zhong Xu (*Chairperson*)
Mr. Xianfeng Gu
Mr. Ying Kit Caleb Lo

NOMINATION COMMITTEE

Mr. Xianfeng Gu (*Chairperson*)
Mr. Ying Kit Caleb Lo
Mr. Zhong Xu
Ms. Yanfeng Wang (*appointed as a member of the nomination committee with effect from 20 February 2025*)

COMPANY SECRETARY

Ms. Wong Wai Yee Ella

AUTHORISED REPRESENTATIVES

Mr. Yong Li
Ms. Wong Wai Yee Ella

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants and Registered Public Interest
Entity Auditor
22/F, Prince's Building
Central, Hong Kong

REGISTERED OFFICE

P.O. Box 309, Ugland House
Grand Cayman KY1-1104
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1915, 19/F, Lee Garden One
33 Hysan Avenue, Causeway Bay
Hong Kong

HEADQUARTERS

Room 1201, Block A
Hangzhou International Expo Center
No. 353 Benjing Avenue
Qianjiang Century City
Xiaoshan District, Hangzhou
Zhejiang, China

Corporate Information

LEGAL ADVISORS

As to Hong Kong law and United States law

Skadden, Arps, Slate, Meagher & Flom
42/F, Edinburgh Tower, The Landmark
15 Queen's Road Central, Hong Kong

As to PRC law

JunHe LLP
20th Floor, China Resources Building
8 Jianguomenbei Avenue
Beijing 100005, China

As to Cayman Islands law

Maples and Calder (Hong Kong) LLP
26th Floor, Central Plaza
18 Harbour Road
Wan Chai, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Maples Fund Services (Cayman) Limited
P.O. Box 1093, Boundary Hall
Cricket Square
Grand Cayman KY1-1102
Cayman Islands

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wan Chai, Hong Kong

PRINCIPAL BANK

Industrial and Commercial Bank of China Hangzhou Branch
No. 90, Qingchun Road
Gongshu District, Hangzhou
Zhejiang, China

STOCK CODE

9899

COMPANY WEBSITE

<http://ir.music.163.com>

Financial and Business Highlights

	Six months ended 30 June		
	2025 (Unaudited)	2024 (Unaudited)	Change (%)
	(RMB in thousands, except percentages)		
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	1,882,142	809,949	+132.4%
Non-IFRS Measure:			
Adjusted operating profit	905,360	670,850	+35.0%
Adjusted net profit	1,946,353	880,749	+121.0%

IFRS NUMBERS:

- Our revenue decreased by 6.0% from RMB4.1 billion for the six months ended 30 June 2024 to RMB3.8 billion for the six months ended 30 June 2025.
- Our gross profit 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.
- Our operating profit increased by 40.8% from RMB599.9 million for the six months ended 30 June 2024 to RMB844.5 million for the six months ended 30 June 2025.
- Our profit for the period increased by 132.4% from RMB0.8 billion for the six months ended 30 June 2024 to RMB1.9 billion for the six months ended 30 June 2025.

Financial and Business Highlights

NON-IFRS NUMBERS:

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 (Unaudited)	2024 (Unaudited)
	(in RMB thousands)	
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.

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.

Management Discussion and Analysis

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.

Management Discussion and Analysis

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 Jikejuni (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.

Management Discussion and Analysis

- **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》).

Management Discussion and Analysis

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).

Management Discussion and Analysis

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.

Management Discussion and Analysis

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.

Management Discussion and Analysis

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 9 to the unaudited consolidated financial statements of our Group set out in this report.

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.

Management Discussion and Analysis

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 (Unaudited)	2024 (Unaudited)
	(in RMB thousands)	
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.

Management Discussion and Analysis

Liquidity and Capital Resources

As at 30 June 2025, we funded our cash requirements principally from cash generated from operating activities. We had cash and cash equivalents of RMB2.1 billion as at 30 June 2025 (as at 31 December 2024: RMB3.8 billion).

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.

The following table sets forth a summary of our cash flows for the period indicated, respectively:

	Six months ended 30 June	
	2025 (Unaudited)	2024 (Unaudited)
	(in RMB thousands)	
Net cash generated from operating activities	527,460	581,782
Net cash used in investing activities	(2,283,257)	(1,985,048)
Net cash generated from/(used in) financing activities	72,737	(53,596)
Net decrease in cash and cash equivalents	(1,683,060)	(1,456,862)
Cash and cash equivalents at the beginning of the period	3,795,210	4,020,400
Exchange differences on cash and cash equivalents	(35,637)	(3,459)
Cash and cash equivalents at the end of the period	2,076,513	2,560,079

Contingent Liabilities

Save as disclosed in Note 22 to the interim financial information of the Group set out in this report, our Company had no other material contingent liabilities as at 30 June 2025.

Management Discussion and Analysis

ADDITIONAL INFORMATION

Employee and Remuneration Policy

As at 30 June 2024 and 2025, we had 1,300 and 1,265 employees, respectively. As at 30 June 2025, substantially all of our employees were based in China.

Additionally, our Company has two share incentive plans, the principal terms of which are described in Appendix IV to the Prospectus, announcement dated 18 August 2022 and circular dated 24 May 2023, respectively. The total remuneration cost incurred by us for the six months ended 30 June 2025 was RMB648.1 million (for the six months ended 30 June 2024: RMB591.7 million).

Save as disclosed above, there has been no material changes to our financial performance during the Reporting Period since what was disclosed in our Company's annual report for the financial year ended 31 December 2024 that would need to be disclosed under paragraphs 32 and 40(2) of Appendix D2 to the Listing Rules, 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>.

Continuing Disclosure Obligations pursuant to the Listing Rules

Save as disclosed in the Prospectus and in this interim report, our Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

Future Plans for Material Investments or Capital Assets

As of the end of the Reporting Period, our Company did not have future plans for material investments or capital assets.

Change in Information of Directors and Chief Executives

Our Company does not have any disclosure obligation under Rule 13.51B(1) of the Listing Rules.

Compliance with Rules 3.10 and 3.21 of the Listing Rules

During the Reporting Period, our Company had fully complied with, among others, Rules 3.10 and 3.21 of the Listing Rules with respect to the composition of our Board and our Board's audit committee.

Other Information

DISCLOSURE OF INTERESTS

Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures of our Company or Any of Its Associated Corporations

As at 30 June 2025, the interests and short positions of our Directors or chief executives of the Company in any of our shares, underlying shares and debentures of our Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)), as recorded in the register required to be kept by the Company pursuant to Section 352 of the Securities and Futures Ordinance, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Interest in our Company

Name of Director	Capacity/ Nature of interest	Number of ordinary shares	Approximate percentage of holding ⁽⁴⁾	Long position/ Short position
Mr. William Lei Ding ⁽¹⁾	Other	129,365,718	59.40%	Long position
Mr. Yong Li ⁽²⁾	Beneficial owner	336,953	0.15%	Long position
Ms. Yanfeng Wang ⁽³⁾	Beneficial owner	14,462	0.01%	Long position

Notes:

- (1) Mr. William Lei Ding is taken to have an interest in 331,550 treasury shares of the Company. In addition, 129,034,168 shares are held by Shining Globe International Limited through NetEase. Shining Globe International Limited is wholly owned by Shining Globe Holding Limited, which is in turn wholly owned by a trust for which TMF (Cayman) Ltd. acts as the trustee and the beneficiaries of which include Mr. Ding and his family. Mr. Ding is also the settlor of the trust.
- (2) Mr. Yong Li beneficially owns 8,027 shares and is entitled to receive up to (i) 300,000 shares pursuant to the exercise of options granted under our Company's Pre-IPO Share Incentive Plan (the "**2016 Plan**"), and (ii) 28,926 shares under our Company's 2022 Restricted Share Unit Plan (the "**2022 Plan**", and together with the 2016 Plan, the "**Plans**").
- (3) Ms. Yanfeng Wang is entitled to receive up to 14,462 shares under the 2022 Plan.
- (4) The calculation is based on the total number of 217,782,658 shares in issue as at 30 June 2025.
- (5) Details of the options and share awards granted to the Directors mentioned above are set out in the section headed "Share Incentive Plans" below.

Other Information

Interest in our associated corporation – NetEase

Name of Director	Capacity/ Nature of interest	Number of ADSs ⁽³⁾ / ordinary shares	Interest in associated corporation ⁽¹⁾	Long position/ Short position
Mr. William Lei Ding	Other ⁽²⁾	1,450,300,000	45.8%	Long position
Mr. Yong Li ⁽³⁾	Beneficial owner	3,170 ADSs	0.00%	Long position
Mr. Yat Keung Li ⁽³⁾	Beneficial owner	10,487 ADSs	0.00%	Long position
Ms. Yanfeng Wang ⁽³⁾	Beneficial owner	2,815 ADSs 100 shares	0.00%	Long position

Notes:

- (1) The calculation is based on the number of outstanding shares of NetEase as at 28 February 2025 as disclosed in the annual report of NetEase (a copy of which is available for viewing on the Stock Exchange's website at www.hkexnews.hk) and publicly available information and to the best knowledge of the Company.
- (2) Shining Globe International Limited is the record holder of these 1,450,300,000 NetEase shares, which comprise 1,406,000,000 NetEase shares and 8,860,000 ADSs. As mentioned above, Shining Globe International Limited is wholly owned by Shining Globe Holding Limited, which is in turn wholly owned by a trust for which TMF (Cayman) Ltd. acts as the trustee and the beneficiaries of which include Mr. William Lei Ding and his family. Mr. William Lei Ding is also the settlor of the trust. This reflects the position as at 28 February 2025, which is based on the latest available published information. For more information, please refer to the annual report of NetEase.
- (3) The interests underlying the ADSs comprise the Director's entitlement to receive shares in NetEase pursuant to restricted share units under the 2009 Stock Incentive Plan and/or the 2019 Restricted Share Unit Plan of NetEase, where each restricted share unit represents one ADS of NetEase (being equal to five NetEase shares). This includes vested and unvested restricted share units, with the unvested portion subject to the terms and conditions of the grant.

Save as disclosed above, as at 30 June 2025, none of our Directors or chief executives of the Company had or was deemed to have any interests or short positions in our shares, underlying shares or debentures of the Company or any of its associated corporations which would be required to be disclosed.

Other Information

Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares

As at 30 June 2025, so far as our Directors are aware, the following persons (other than our Directors or chief executives of the Company) had interests or short positions in our shares or underlying shares of the Company recorded in the register required to be kept by the Company pursuant to Section 336 of the Securities and Futures Ordinance:

Name of Shareholder	Capacity/ Nature of interest	Number of ordinary shares	Approximate percentage of holding ⁽²⁾	Long position/ Short position
NetEase ⁽¹⁾	Beneficial owner	129,365,718	59.40%	Long position
Shining Globe Holding Limited ⁽¹⁾	Interest in a controlled corporation	129,365,718	59.40%	Long position
Shining Globe International Limited ⁽¹⁾	Interest in a controlled corporation	129,365,718	59.40%	Long position
TMF (Cayman) Ltd. ⁽¹⁾	Trustee	129,365,718	59.40%	Long position

Notes:

(1) Mr. William Lei Ding (through his controlled corporations) is interested in one-third or more of NetEase, and under the Securities and Futures Ordinance, is deemed to be interested in NetEase's interest in our Company. Mr. Ding is taken to have an interest in 331,550 treasury shares of the Company. In addition, 129,034,168 shares are held by Shining Globe International Limited through NetEase. Shining Globe International Limited is wholly owned by Shining Globe Holding Limited, which is in turn wholly owned by a trust for which TMF (Cayman) Ltd. acts as the trustee and the beneficiaries of which include Mr. Ding and his family. Mr. Ding is also the settlor of the trust.

(2) The calculation is based on the total number of 217,782,658 shares in issue as at 30 June 2025.

Save as disclosed above, as at 30 June 2025 and based on publicly available information, no other person (other than our Directors or chief executives of the Company) had an interest or short position in our shares or underlying shares which were required to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance, or which were required to be entered in the register required to be kept under Section 336 of the Securities and Futures Ordinance.

Other Information

SHARE INCENTIVE PLANS

Our Company had two share incentive plans in effect during the Reporting Period: (a) the 2016 Plan; and (b) the 2022 Plan. The 2016 Plan was adopted before our Listing. The 2022 Plan was adopted on 18 August 2022 and amended on 15 June 2023, following which, the 2022 Plan constituted a share scheme governed by the requirements of Chapter 17 of the Listing Rules and our Company ceased making new grants under the 2016 Plan.

Further details of the Plans

The following tables summarise the outstanding options and awards under the Plans during the Reporting Period. For further information about the 2016 Plan (including its material terms), please see pages IV-20 to IV-24 of Appendix IV to the Prospectus. For further information about the 2022 Plan (including its material terms), please see our Company's announcement dated 18 August 2022 titled "Adoption of 2022 RSU Plan" and circular dated 24 May 2023. The aforementioned documents are accessible on the Stock Exchange's website (www.hkexnews.hk) and our Company's website (<http://ir.music.163.com>).

0 new shares, representing 0% of the weighted average of number of issued shares of the Company (excluding treasury shares) for the Reporting Period, may be issued in respect of all options and awards granted during the Reporting Period to eligible participants pursuant to the Plans.

The 2016 Plan

Under the 2016 Plan, prior to Listing, our Company granted share options ("**options**") to eligible participants; upon and after Listing, we ceased granting options and only granted share awards in the form of restricted share units ("**RSUs**") under the 2016 plan. Following the approval of the amended 2022 Plan on 15 June 2023, the Company ceased to make further grants of RSUs under the 2016 Plan. Accordingly, no options or awards were available for grant under the 2016 Plan as at 1 January 2025 and 30 June 2025, respectively. No service provider sublimit was set under the 2016 Plan.

As at 30 June 2025, our Company had share options outstanding under the 2016 Plan to subscribe for an aggregate of 774,068 shares granted to 174 grantees (including Directors and senior management of our Company, employees of our Group and NetEase Group).

Other Information

The following table sets out details of grantees holding outstanding options under the 2016 Plan during the Reporting Period.

Name or category of grantee ⁽¹⁾	Position/ Relationship	Date of grant	Vesting period (from date of grant)	Exercise period	Details of movements during the Reporting Period							Fair value of options on date of grant and the accounting standard and policy adopted	Weighted average closing price of our shares immediately before the exercise date
					Exercise price per share	Outstanding as at beginning of Reporting Period	Granted during the Reporting Period	Exercised during the Reporting Period	Lapsed during the Reporting Period ⁽²⁾	Cancelled during the Reporting Period	Outstanding as at end of Reporting Period	Closing price of our shares immediately before the date of grant	
Mr. Yong Li	Director	25 September 2019	4 years	from the vesting date and within 10 years from date of grant	US\$11	300,000	Nil	Nil	Nil	Nil	300,000	N/A	N/A
Ms. Yanfeng Wang	Director	19 February 2021	1 year	from the vesting date and within 10 years from date of grant	US\$11	2,700	Nil	2,700	Nil	Nil	Nil	N/A	HK\$162.80
166 grantees	Employee participants	21 May 2018 to 15 June 2021	1 year to 4 years	from the vesting date and within 10 years from date of grant	US\$8 to US\$11	1,455,665	Nil	982,347	6,375	Nil	466,943	N/A	HK\$166.81
6 grantees	Related entity participants	25 September 2019 to 27 May 2021	4 years	from the vesting date and within 10 years from date of grant	US\$8 to US\$11	82,375	Nil	75,250	Nil	Nil	7,125	N/A	HK\$182.20
Total						1,840,740	Nil	1,060,297	6,375	Nil	774,068		

Notes:

- (1) With respect to each award granted, upon each vesting date, the portion of the award that vests shall depend on the grantee meeting a specified threshold in their performance evaluations during the one-year period prior to the vesting date.
- (2) The exercise prices of the 6,375 options of employee participants that lapsed during the Reporting Period were US\$11.

Other Information

The following table sets out details of grantees holding unvested RSUs (the June 2023 grants will be satisfied with existing shares) under the 2016 Plan during the Reporting Period. The purchase price for these RSUs was nil.

Name or category of grantee ⁽¹⁾	Position/ Relationship	Date of grant	Vesting period (from date of grant)	Details of movements during the Reporting Period					Weighted average closing price of our shares immediately before the vesting date
				Outstanding as at beginning of Reporting Period	Granted during the Reporting Period	Vested during the Reporting Period	Lapsed during the Reporting Period	Cancelled during the Reporting Period	
33 grantees	Employee participants	2 June 2022 to 14 June 2023	3 months to 3 years	348,594	Nil	171,515	34,652	Nil	N/A
									N/A
Total				348,594	Nil	171,515	34,652	Nil	142,427

Note:

- (1) With respect to each award granted, upon each vesting date, the portion of the award that vests shall depend on the grantee meeting a specified threshold in their performance evaluations during the one-year period prior to the vesting date.

Other Information

The 2022 Plan

Under the 2022 Plan, our Company may only grant RSUs to eligible participants. The 2022 Plan does not involve any grant of options.

The maximum number of new shares that may be issued pursuant to all awards made under the 2022 Plan to eligible participants is 10,462,280 shares (being the scheme mandate limit), representing approximately 4.81% of the total number of issued shares (excluding treasury shares) of our Company as at the date of this interim report, subject to an annual limit of 3% of the total number of shares in issue at the relevant time, and the maximum number of new shares that may be issued pursuant to all awards made under the 2022 Plan to service provider participants is 2,077,569 shares, representing 19.9% of the scheme mandate limit and approximately 0.96% of the issued shares (excluding treasury shares) of our Company as at the date of this interim report, subject to an annual limit of 1% of the total number of shares in issue at the relevant time.

10,462,280 awards over new shares (including 2,077,569 awards over new shares under the service provider sublimit) were available for grant under the 2022 Plan as at 1 January 2025. All grants made under the 2022 Plan during the Reporting Period will be satisfied with existing shares of the Company upon vesting. Accordingly, 10,462,280 awards over new shares (including 2,077,569 awards over new shares under the service provider sublimit) remained available for grant under the 2022 Plan as at 30 June 2025.

Other Information

The following table sets out details of grantees holding unvested RSUs under the 2022 Plan during the Reporting Period. The vesting of such grants will be satisfied with existing shares upon vesting. The purchase price for these RSUs was nil.

Name or category of grantee ⁽¹⁾	Position/Relationship	Date of grant	Vesting period (from date of grant)	Details of movements during the Reporting Period							Weighted average closing price of our shares immediately before the vesting date
				Outstanding as at beginning of Reporting Period	Granted during Reporting Period	Vested during Reporting Period	Lapsed during Reporting Period	Cancelled during Reporting Period	Outstanding as at end of Reporting Period	Closing price of our shares immediately before the date of grant	
Mr. Yong Li	Director	15 September 2023	3 years	10,905	Nil	Nil	Nil	Nil	10,905	N/A	N/A
		5 March 2024	3 years	14,965	Nil	4,988	Nil	Nil	9,977	N/A	HK\$159.30
Ms. Yanfeng Wang	Director	28 February 2025	3 years	Nil	8,044	Nil	Nil	Nil	8,044	HK\$168.10	N/A
		15 September 2023	3 years	5,452	Nil	Nil	Nil	Nil	5,452	N/A	N/A
		5 March 2024	3 years	7,482	Nil	2,494	Nil	Nil	4,988	N/A	HK\$159.30
		28 February 2025	3 years	Nil	4,022	Nil	Nil	Nil	4,022	HK\$168.10	N/A
In Aggregate	Employee participants	31 August 2023	3 years	223,677	Nil	Nil	68,837	Nil	154,840	N/A	N/A
		15 September 2023	3 years	785,342	Nil	Nil	43,203	Nil	742,139	N/A	N/A
		23 November 2023	3 years	32,389	Nil	Nil	Nil	Nil	32,389	N/A	N/A
		5 March 2024	3 years	1,206,261	Nil	393,110	67,555	Nil	745,596	N/A	HK\$159.30
		31 May 2024	3 years	65,228	Nil	21,740	Nil	Nil	43,488	N/A	HK\$211.20
		29 August 2024	3 years	134,911	Nil	Nil	2,856	Nil	132,055	N/A	N/A
		21 November 2024	3 years	92,322	Nil	Nil	20,648	Nil	71,674	N/A	N/A
		28 February 2025	3 years	Nil	614,373	Nil	16,487	Nil	597,886	HK\$168.10	N/A
		22 May 2025	3 years	Nil	14,173	Nil	Nil	Nil	14,173	HK\$210.40	N/A
		15 September 2023	3 years	18,188	Nil	Nil	Nil	Nil	18,188	N/A	N/A
In Aggregate	Related entity participants	23 November 2023	3 years	5,653	Nil	Nil	Nil	Nil	5,653	N/A	N/A
		5 March 2024	3 years	43,274	Nil	14,422	Nil	Nil	28,852	N/A	HK\$159.30
		28 February 2025	3 years	Nil	19,399	Nil	Nil	Nil	19,399	HK\$168.10	N/A
Total				2,646,049	660,011	436,754	219,586	Nil	2,649,720		

Notes:

- (1) With respect to each award granted, upon each vesting date, the portion of the award that vests shall depend on the grantee meeting a specified threshold in their performance evaluations during the one-year period prior to the vesting date.
- (2) The fair value of awards was determined based on a number of factors. Please refer to Note 18 to the "Notes to the Interim Financial Information".

Other Information

BOARD AND CORPORATE GOVERNANCE

Our Board is committed to achieving high standards of corporate governance that it believes are crucial to the 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.

DEALINGS IN OUR COMPANY'S LISTED SECURITIES

Model Code for Securities Dealings by Directors

The 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 the Company and other matters covered by the Model Code.

Specific enquiry has been made to all of our Directors and they have confirmed that they have complied with the Model Code during the Reporting Period. No incident of non-compliance of the Model Code by the relevant employees has been noted by the Company during the Reporting Period.

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.

Our Company held 331,550 treasury shares as at 30 June 2025. As at the Latest Practicable Date, the Company did not intend to conduct any sale of treasury shares but may do so in the future subject to market conditions and the Group's capital management needs at the relevant time.

Other Information

USE OF NET PROCEEDS FROM GLOBAL OFFERING

Our Company's shares were listed on the Stock Exchange on 2 December 2021. In parallel with the Listing, our Company allotted and issued 16,000,000 new shares under our global offering issued, which resulted in approximately HK\$3,160 million (equivalent to approximately RMB2,584 million) raised in net proceeds. Details of our global offering are set out in the Prospectus and our allotment results announcement published on the Stock Exchange's website on 1 December 2021.

Set out below is the status of use of proceeds from the global offering as at 30 June 2025:

Purpose	% of use of proceeds	Net proceeds (HK\$ million)	Utilised during the Reporting Period (HK\$ million)	Unutilised amount as at 30 June 2025 (HK\$ million)
Continuously cultivating our community	40%	1,264	–	1,264
Continuously innovating and improving technological capabilities	40%	1,264	–	1,264
Selected mergers, acquisitions, and strategic investments, including to continue seeking potential businesses and assets that would provide synergies with our business and resources, particularly in areas including content sourcing, data and audio technology	10%	316	–	316
Working capital and general and administrative purposes	10%	316	–	316
Total	100%	3,160	–	3,160

There was no change in the intended use of net proceeds as disclosed in the Prospectus. The Company will gradually apply the remaining net proceeds in the next 18 months in the manner set out in the Prospectus. See "Future Plans and Use of Proceeds" section of the Prospectus for further details.

EVENTS AFTER THE REPORTING PERIOD

As at the Latest Practicable Date, there were no significant events that might affect our Group since the end of the Reporting Period.

INTERIM DIVIDEND

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

Report on Review of Interim Financial Information

To the Board of Directors of NetEase Cloud Music Inc.

(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 28 to 60, which comprises the interim condensed consolidated balance sheet of NetEase Cloud Music Inc. (the “Company”) and its subsidiaries (together, the “Group”) as at 30 June 2025 and the interim condensed consolidated statement of profit or loss, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and selected explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 “Interim Financial Reporting”. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with International Accounting Standard 34 “Interim Financial Reporting”.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 14 August 2025

Condensed Consolidated Statement of Profit or Loss

FOR THE SIX MONTHS ENDED 30 JUNE 2025

	Note	Six months ended 30 June	
		2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Revenue	5	3,827,117	4,070,493
Cost of revenue	6	(2,434,632)	(2,644,762)
Gross profit		1,392,485	1,425,731
Selling and marketing expenses	6	(163,379)	(369,427)
General and administrative expenses	6	(92,968)	(89,750)
Research and development expenses	6	(378,878)	(395,647)
Other income		84,689	21,178
Other gains, net		2,557	7,848
Operating profit		844,506	599,933
Share of results of investments accounted for using equity method		450	(753)
Finance income	8	223,200	214,529
Finance cost		(96)	(131)
Profit before income tax		1,068,060	813,578
Income tax credit/(expense)	9	814,082	(3,629)
Profit for the period		1,882,142	809,949
Profit/(loss) for the period attributable to:			
Equity holders of the Company		1,885,499	809,832
Non-controlling interest		(3,357)	117
		1,882,142	809,949
Earnings per share attributable to equity holders of the Company (expressed in RMB per share)			
Basic earnings per share	10	8.96	3.88
Diluted earnings per share	10	8.85	3.84

Condensed Consolidated Statement of Comprehensive Income

FOR THE SIX MONTHS ENDED 30 JUNE 2025

	Note	Six months ended 30 June	
		2025 RMB'000 (Unaudited)	2024 RMB'000 (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		1,797,739	850,054
Total comprehensive (loss)/income for the period attributable to:			
Equity holders of the Company		1,801,096	849,937
Non-controlling interest		(3,357)	117
		1,797,739	850,054

Condensed Consolidated Balance Sheet

AS AT 30 JUNE 2025

	Note	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
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	12	849,384	–
Prepaid contents royalties	14	99,826	107,173
Prepayments, deposits and other receivables		40,409	24,221
Bank deposits	15	1,400,000	1,400,000
		2,475,532	1,630,064
Current assets			
Accounts and bills receivable	13	1,122,230	1,054,653
Prepaid contents royalties	14	373,525	335,144
Prepayments, deposits and other receivables		245,276	305,139
Amounts due from group companies	21	37,540	32,993
Financial assets at fair value through profit or loss		6,584	6,515
Bank deposits	15	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
Equity			
Equity attributable to equity holders of the Company			
Share capital	16	139	139
Other reserves	17	18,761,836	18,708,160
Accumulated losses		(6,645,858)	(8,530,648)
		12,116,117	10,177,651
Non-controlling interest		505	3,862
Total equity		12,116,622	10,181,513
Liabilities			
Non-current liabilities			
Contract liabilities		97,623	83,889
Lease liabilities		4,302	4,762
		101,925	88,651

Condensed Consolidated Balance Sheet

AS AT 30 JUNE 2025

	Note	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Current liabilities			
Accounts payable	19	50,817	24,015
Accruals and other payables	20	1,611,644	1,976,447
Contract liabilities		1,309,697	1,235,473
Amounts due to group companies	21	64,620	73,702
Income tax payable		30,494	738
Lease liabilities		1,611	1,710
		3,068,883	3,312,085
Total liabilities		3,170,808	3,400,736
Total equity and liabilities		15,287,430	13,582,249

Condensed Consolidated Statement of Changes in Equity

FOR THE SIX MONTHS ENDED 30 JUNE 2025

Attributable to equity holders of the Company						
Note	Share capital RMB'000	Other reserves RMB'000	Accumulated losses RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
	(Note 17)					
(Unaudited)						
Balance at 1 January 2025	139	18,708,160	(8,530,648)	10,177,651	3,862	10,181,513
Profit/(loss) for the period	–	–	1,885,499	1,885,499	(3,357)	1,882,142
Other comprehensive income:						
Currency translation differences	–	(84,403)	–	(84,403)	–	(84,403)
Total comprehensive income/(loss) for the period	–	(84,403)	1,885,499	1,801,096	(3,357)	1,797,739
Transactions with equity holders:						
Exercise of share options 17, 18	–	78,418	–	78,418	–	78,418
Equity-settled share-based payment under the share option scheme of the Pre-IPO Share Incentive Plan 17, 18(e)	–	4,505	(189)	4,316	–	4,316
Equity-settled share-based payment under the share award scheme of the Pre-IPO Share Incentive Plan 17, 18(e)	–	2,103	(9)	2,094	–	2,094
Equity-settled share-based payment under the share award scheme of the Post-IPO Share Incentive Plan 17, 18(e)	–	54,955	(511)	54,444	–	54,444
Repurchase of shares 17, 18(c)	–	(1,902)	–	(1,902)	–	(1,902)
Total transactions with equity holders	–	138,079	(709)	137,370	–	137,370
Balance at 30 June 2025	139	18,761,836	(6,645,858)	12,116,117	505	12,116,622

Condensed Consolidated Statement of Changes in Equity

FOR THE SIX MONTHS ENDED 30 JUNE 2025

Attributable to equity holders of the Company							
	Note	Share capital RMB'000	Other reserves RMB'000 (Note 17)	Accumulated losses RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
(Unaudited)							
Balance at 1 January 2024		137	18,532,229	(10,091,464)	8,440,902	–	8,440,902
Profit for the period		–	–	809,832	809,832	117	809,949
Other comprehensive income:							
Currency translation differences		–	40,105	–	40,105	–	40,105
Total comprehensive income for the period		–	40,105	809,832	849,937	117	850,054
Transactions with equity holders:							
Exercise of share options	17, 18	1	91,509	–	91,510	–	91,510
Equity-settled share-based payment under the share option scheme of the Pre-IPO Share Incentive Plan	17, 18(e)	–	7,627	(66)	7,561	–	7,561
Equity-settled share-based payment under the share award scheme of the Pre-IPO Share Incentive Plan	17, 18(e)	–	41,433	–	41,433	–	41,433
Equity-settled share-based payment under the share award scheme of the Post-IPO Share Incentive Plan	17, 18(e)	–	21,923	–	21,923	–	21,923
Repurchase of shares	17, 18(c)	–	(143,941)	–	(143,941)	–	(143,941)
Total transactions with equity holders		1	18,551	(66)	18,486	–	18,486
Balance at 30 June 2024		138	18,590,885	(9,281,698)	9,309,325	117	9,309,442

Condensed Consolidated Statement of Cash Flows

FOR THE SIX MONTHS ENDED 30 JUNE 2025

	Note	Six months ended 30 June	
		2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Cash flows from operating activities			
Cash generated from operations		533,006	588,827
Income taxes paid		(5,546)	(7,045)
Net cash generated from operating activities		527,460	581,782
Cash flows from investing activities			
Purchase of property, plant and equipment		(5,951)	(2,628)
Proceeds from disposal of property, plant and equipment		752	1,149
Placement of short-term bank deposits		(15,608,648)	(3,961,732)
Placement of long-term bank deposits		–	(1,400,000)
Proceeds from maturity of short-term bank deposits		13,041,505	3,256,371
Placement for investments in financial assets at fair value through profit or loss		(6,635,500)	(3,348,000)
Proceeds from disposal of financial assets at fair value through profit or loss		6,648,778	3,355,192
Interest received		275,154	114,600
Dividends received		653	–
Net cash used in investing activities		(2,283,257)	(1,985,048)
Cash flows from financing activities			
Exercise of share options		75,648	91,270
Repurchase of shares	17, 18(c)	(1,902)	(143,941)
Principal elements of lease payments		(913)	(794)
Interest elements of lease payments		(96)	(131)
Net cash generated from/(used in) financing activities		72,737	(53,596)
Net decrease in cash and cash equivalents		(1,683,060)	(1,456,862)
Cash and cash equivalents at beginning of the period		3,795,210	4,020,400
Exchange differences on cash and cash equivalents		(35,637)	(3,459)
Cash and cash equivalents at end of the period		2,076,513	2,560,079

Notes to the Interim Financial Information

1 GENERAL INFORMATION AND BASIS OF PREPARATION

1.1 General information

NetEase Cloud Music Inc. (the “Company”) was incorporated in the Cayman Islands on 2 February 2016 as an exempted company with limited liability. The registered office is at PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (collectively, the “Group”) are principally engaged in the operation of online platforms to provide music services and social entertainment services in the People’s Republic of China (the “PRC”).

NetEase, Inc. (“NetEase”) is the immediate holding company and the ultimate holding company of the Company. NetEase, Inc., its subsidiaries and consolidated affiliated entities, excluding the Group, are collectively referred to as “NetEase Group”.

The condensed consolidated interim financial information is presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand (“RMB’000”) except when otherwise indicated.

The condensed consolidated interim financial information for the six months ended 30 June 2025 is unaudited and has been reviewed by the audit committee and external auditor of the Company. This condensed consolidated interim financial information was approved for issue by the Board of Directors on 14 August 2025.

1.2 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.

Notes to the Interim Financial Information

2 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) Amended standards adopted by the Group

Below amended standard became applicable for the current reporting period:

Amendments to IAS 21	Lack of exchangeability
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The amended standard 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.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the condensed consolidated interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing this condensed consolidated interim financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty are consistent with those applied to the annual consolidated financial statements for the year ended 31 December 2024.

Notes to the Interim Financial Information

4 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

4.1 *Financial risk factors*

The Group's activities expose it to a variety of financial risks, including foreign exchange risk, cash flow and fair value interest rate risks, credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The use of financial derivatives to manage certain risk exposures is governed by the Group's policies approved by the Board of the Company.

This condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's financial information as set out in annual consolidated financial statements of the Group for the year ended 31 December 2024.

There have been no changes in the risk management policies since 31 December 2024.

4.2 *Fair value estimation*

The Group measures its financial instruments carried at fair value by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

Notes to the Interim Financial Information

4 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS *(Continued)*

4.2 Fair value estimation *(Continued)*

The following table presents the Group's financial assets that are measured at fair value at 30 June 2025:

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
At 30 June 2025				
Assets				
Financial assets at fair value through profit or loss				
– Wealth management products	–	–	6,584	6,584

The following table presents the Group's financial assets that are measured at fair value at 31 December 2024:

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
At 31 December 2024				
Assets				
Financial assets at fair value through profit or loss				
– Wealth management products	–	–	6,515	6,515

There were no transfers between level 1, 2 and 3 of fair value hierarchy classifications during the six months ended 30 June 2025 and 2024.

Notes to the Interim Financial Information

4 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

4.2 Fair value estimation (Continued)

(a) Financial instruments in Level 3

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. Quoted market prices were used to value financial instruments.

The following table presents the changes in level 3 items of financial assets at fair value through profit or loss for the six months ended 30 June 2025 and 2024:

	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
At 1 January	6,515	–
Additions	6,635,500	3,348,000
Disposals	(6,648,778)	(3,355,192)
Change in fair value through profit or loss	13,347	7,192
At 30 June	6,584	–

Description	Fair values			Range of input			Relationship of unobservable inputs to fair value
	As at 30 June 2025 RMB'000	As at 31 December 2024 RMB'000	Unobservable inputs	As at 30 June 2025	As at 31 December 2024		
Wealth management products	6,584	6,515	NA	NA	NA	NA	

Investments in wealth management products are measured at fair value through profit or loss with valuation of net asset method. If the fair value had increased/decreased by 1%, the profit before income tax for the six months ended 30 June 2025 would have been approximately RMB66,000 higher/lower (six months ended 30 June 2024: Nil).

Financial instruments at amortised cost

The carrying amounts of the Group's other financial assets measured at amortised costs, including long-term bank deposits, short-term bank deposits, cash and cash equivalents, restricted cash, amounts due from group companies, accounts and bills receivable, other receivables and deposits and the Group's financial liabilities, including accounts payables, accruals and other payables and amounts due to group companies, approximate their fair values due to their short maturities or the interest rates are close to the market interest rates.

Notes to the Interim Financial Information

5 REVENUE AND SEGMENT INFORMATION

(a) Disaggregation of revenue from contracts with customers

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (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
	3,827,117	4,070,493
Timing of revenue recognition:		
At a point in time	967,637	1,561,945
Over time	2,859,480	2,508,548
Total	3,827,117	4,070,493

(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 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Customer A	500,977	N/A*

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

Notes to the Interim Financial Information

6 EXPENSES BY NATURE

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Content service costs (Note)	1,803,154	2,014,439
Technology costs	151,774	220,061
Employee benefit expenses (Note 7)	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
Total cost of revenue, selling and marketing expenses, general and administrative expenses and research and development expenses	3,069,857	3,499,586

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

7 EMPLOYEE BENEFIT EXPENSES

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Salaries and bonuses	493,339	431,039
Welfare and other employee benefits	93,925	89,737
Equity-settled share-based payments	60,854	70,917
	648,118	591,693

Note: The employee benefit expenses included labour outsourcing services from NetEase Group during the six months ended 30 June 2025 and 2024 of RMB9,025,000 and RMB5,537,000, respectively.

Notes to the Interim Financial Information

8 FINANCE INCOME

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Interest income from bank deposits	223,200	214,529

9 INCOME TAX CREDIT/(EXPENSE)

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

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Current income tax		
– PRC corporate income tax	(4,602)	(3,629)
– Top-up tax under Pillar Two Rules	(30,700)	–
Deferred income tax (Note 12)	849,384	–
Income tax credit/(expense)	814,082	(3,629)

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%.

Notes to the Interim Financial Information

9 INCOME TAX CREDIT/(EXPENSE) *(Continued)*

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.

10 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 (Unaudited)	2024 (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

Notes to the Interim Financial Information

10 EARNINGS PER SHARE *(Continued)*

(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 (Unaudited)	2024 (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

11 DIVIDENDS

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

12 DEFERRED INCOME TAX ASSETS

The following amounts, determined after appropriate offsetting, are shown in the consolidated balance sheet:

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Deferred income tax assets:		
To be recovered after 12 months	542,723	—
To be recovered within 12 months	306,661	—
	849,384	—

Notes to the Interim Financial Information

12 DEFERRED INCOME TAX ASSETS (Continued)

The movements of deferred income tax assets before offsetting are as follows:

	Tax losses	Accrued liabilities and others	Total
	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)
As at 1 January 2025	–	–	–
Credited to profit or loss (Note 9)	754,411	94,973	849,384
As at 30 June 2025	754,411	94,973	849,384

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realization of the related tax benefit through future taxable profits is probable. As at 30 June 2025, the Group had unrecognised tax losses to be carried forward against future taxable income amounting to RMB234 million (31 December 2024: RMB5,765 million). As at 30 June 2025, RMB215 million (31 December 2024: RMB5,759 million) of these unrecognised tax losses will expire within 5 years and RMB19 million (31 December 2024: RMB6 million) of these unrecognised tax losses have no expiry.

13 ACCOUNTS AND BILLS RECEIVABLE

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

Notes to the Interim Financial Information

13 ACCOUNTS AND BILLS RECEIVABLE *(Continued)*

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 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (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
	1,133,175	1,061,705

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

14 PREPAID CONTENTS ROYALTIES

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Current	373,525	335,144
Non-current	99,826	107,173
	473,351	442,317

Prepaid contents royalties represent the prepaid license fee related to the music contents licensed from third parties.

Notes to the Interim Financial Information

15 BANK DEPOSITS

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Current	8,949,823	6,420,669
Non-current	1,400,000	1,400,000
	10,349,823	7,820,669

The weighted average effective interest rate on bank deposits of the Group with initial terms of over three months as at 30 June 2025 and 31 December 2024 was 4.31% and 4.82% per annum, respectively.

16 SHARE CAPITAL

Authorised:

	Total number of ordinary shares '000	Nominal value of ordinary shares US\$'000
(Unaudited)		
At 1 January 2025 and 30 June 2025	1,000,000	100

Issued and fully paid:

	Number of ordinary shares	Nominal value of share capital RMB'000
(Unaudited)		
As at 1 January 2025	216,722,361	139
Exercise of share options	1,060,297	—*
As at 30 June 2025	217,782,658	139
(Unaudited)		
As at 1 January 2024	214,289,426	137
Exercise of share options	1,365,225	1
As at 30 June 2024	215,654,651	138

* the amount is less than RMB1,000.

Notes to the Interim Financial Information

17 OTHER RESERVES

	Share premium RMB'000	Treasury shares RMB'000 (Note (c))	Contributions from ultimate holding company RMB'000 (Note (a))	Share-based compensation reserve RMB'000	PRC statutory reserve RMB'000 (Note (b))	Exchange reserve RMB'000	Total RMB'000
(Unaudited)							
As at 1 January 2025	17,551,671	(546,804)	36,453	310,704	4,430	1,351,706	18,708,160
Exercise of share options	148,625	–	–	(70,207)	–	–	78,418
Vest of share awards	(64)	47,539	–	(47,475)	–	–	–
Equity-settled share-based payment under the share option scheme of the Pre-IPO Share Incentive Plan	–	–	1,503	3,002	–	–	4,505
Equity-settled share-based payment under the share award scheme of the Pre-IPO Share Incentive Plan	–	–	–	2,103	–	–	2,103
Equity-settled share-based payment under the share award scheme of the Post-IPO Share Incentive Plan	–	–	–	54,955	–	–	54,955
Repurchase of shares	–	(1,902)	–	–	–	–	(1,902)
Currency translation differences	–	–	–	–	–	(84,403)	(84,403)
As at 30 June 2025	17,700,232	(501,167)	37,956	253,082	4,430	1,267,303	18,761,836

	Share premium RMB'000	Treasury shares RMB'000 (Note (c))	Contributions from ultimate holding company RMB'000 (Note (a))	Share-based compensation reserve RMB'000	PRC statutory reserve RMB'000 (Note (b))	Exchange reserve RMB'000	Total RMB'000
(Unaudited)							
As at 1 January 2024	17,285,792	(397,533)	32,364	353,570	4,430	1,253,606	18,532,229
Exercise of share options	155,322	–	–	(63,813)	–	–	91,509
Vest of share awards	(747)	14,010	–	(13,263)	–	–	–
Equity-settled share-based payment under the share option scheme of the Pre-IPO Share Incentive Plan	–	–	1,743	5,884	–	–	7,627
Equity-settled share-based payment under the share award scheme of the Pre-IPO Share Incentive Plan	–	–	–	41,433	–	–	41,433
Equity-settled share-based payment under the share award scheme of the Post-IPO Share Incentive Plan	–	–	–	21,923	–	–	21,923
Repurchase of shares	–	(143,941)	–	–	–	–	(143,941)
Currency translation differences	–	–	–	–	–	40,105	40,105
As at 30 June 2024	17,440,367	(527,464)	34,107	345,734	4,430	1,293,711	18,590,885

Notes to the Interim Financial Information

17 OTHER RESERVES (Continued)

Notes:

(a) Contributions from ultimate holding company

The contributions from ultimate holding company represent deemed contribution from NetEase as a result of NetEase granting restricted share units to eligible grantees of the Group.

(b) PRC statutory reserve

According to the Companies Laws of the PRC and the articles of association of the relevant subsidiaries established in the PRC, PRC subsidiaries are required to transfer not less than 10% of their net profit to PRC statutory reserve before distributions are made to the equity owners. Such a transfer is not required when the balance of the PRC statutory reserve reaches 50% of the subsidiaries' registered capital. The PRC statutory reserves shall only be used to make up losses of the subsidiaries, to expand the subsidiaries' production operations, or to increase the capital of the subsidiaries. Upon approval by the resolutions of the subsidiaries' shareholder in general meetings, the subsidiaries may convert their PRC statutory reserves into registered capital and issue bonus capital to existing owners in proportion to their existing ownership structure.

(c) Treasury shares

	Number of treasury shares	Amounts RMB'000
As of 1 January 2024	5,508,642	397,533
Shares repurchased under the Trustee	1,681,650	143,941
Release of shares from the Trustee for the share award scheme	(191,009)	(14,010)
As of 30 June 2024	6,999,283	527,464
As of 1 January 2025	7,129,534	546,804
Shares repurchased under the Trustee	14,350	1,902
Release of shares from the Trustee for the share award scheme	(608,269)	(47,539)
As of 30 June 2025	6,535,615	501,167

Note: As at 30 June 2025, 6,204,065 number of treasury shares were repurchased under the Trustee for the share award scheme (30 June 2024: 6,999,283). See details in Note 18.

Notes to the Interim Financial Information

18 SHARE-BASED COMPENSATION

The Group operates an equity-settled share-based compensation plan (i.e. share option scheme and share award scheme), under which the Group receives services from employees and others who provide similar services as employees ("Service Recipients"), as consideration for equity instruments of the Company. In addition, the controlling shareholder, NetEase, also operates certain share-based compensation plans (i.e. restricted share units ("RSUs") plans), which may cover certain employees (the "Eligible Grantees") of the Group. Share options, share awards and RSUs granted to the grantees of the Group are measured at the grant date based on the fair value of equity instruments and are recognised as an employee benefit expenses over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied, with a corresponding increase in equity as "share-based compensation reserve" if it is related to equity instruments of the Company or as "contributions from the ultimate holding company" if it is related to equity instruments of NetEase.

At the end of each period, the Group revises its estimates of the number of options, awards and RSUs that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

The total amount to be expensed is determined by reference to the fair value of the options, awards and RSUs granted:

- including any market performance conditions (e.g. the entity's share price),
- excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining as an employee of the entity over a specified time period), and
- including the impact of any non-vesting conditions (e.g. the requirement for employees to save or hold shares for a specific period of time).

During the six months ended 30 June 2025 and 2024, the Group has a Pre-IPO Share Incentive Plan and a Post-IPO Incentive Plan in place, and the Group was also a party to the Restricted Share Unit ("RSU") plan of NetEase whereas restricted share units may be issued to eligible grantees of the Group.

Notes to the Interim Financial Information

18 SHARE-BASED COMPENSATION *(Continued)*

(a) Pre-IPO Share Incentive Plan of the Company

During the year ended 31 December 2016, the board of directors of the Company approved the establishment of a Pre-IPO Share Incentive Plan (the "Pre-IPO Share Incentive Plan") with the purpose of motivating, attracting and retaining those individuals for outstanding performance to generate superior returns to the shareholders of the Group. The Pre-IPO Share Incentive Plan is valid and effective for 10 years from the approval of the board of directors. The maximum aggregate number of Shares which may be issued pursuant to the Pre-IPO Share Incentive Plan is 15,000,000 Ordinary Shares.

(i) Share options

The share options under the Pre-IPO Share Incentive Plan have graded vesting terms, and will be vested from the grant date over one year to four years on the condition that employees remain in service together with a performance requirement.

The options may be exercised at any time after the IPO of the Company provided the options have vested and subject to the terms of the Pre-IPO Share Incentive Plan. The options are exercisable for a maximum period of seven years after the date of grant.

Set out below are summaries of options granted under the plan:

	Number of share options	Weighted average exercise price per share option US\$
(Unaudited)		
Outstanding as at 1 January 2025	1,840,740	10.55
Exercised during the period	(1,060,297)	10.28
Forfeited during the period	(6,375)	11.00
Outstanding as at 30 June 2025	774,068	10.92
Vested and exercisable at 30 June 2025	774,068	10.92
(Unaudited)		
Outstanding as at 1 January 2024	4,375,400	9.89
Exercised during the period	(1,365,225)	9.46
Forfeited during the period	(71,100)	11.00
Outstanding as at 30 June 2024	2,939,075	10.07
Vested and exercisable at 30 June 2024	2,582,000	9.94

Notes to the Interim Financial Information

18 SHARE-BASED COMPENSATION (Continued)

(a) Pre-IPO Share Incentive Plan of the Company (Continued)

(i) Share options (Continued)

Share options outstanding at the end of the period have the following expiry date and exercise price.

Grant date	Expiry date	Exercise price	Vesting year*	Six months ended 30 June	
				2025 (Unaudited)	2024 (Unaudited)
10 July 2017	10 July 2024	US\$8	4 years from grant date	–	20,000
23 November 2017	23 November 2024	US\$8	4 years from grant date	–	99,000
12 February 2018	12 February 2025	US\$8	4 years from grant date	–	48,000
21 May 2018	21 May 2025	US\$8	4 years from grant date	–	562,900
17 August 2018	17 August 2025	US\$8	4 years from grant date	–	132,000
19 November 2018	19 November 2025	US\$8	4 years from grant date	–	10,000
2 March 2019	2 March 2026	US\$8	4 years from grant date	20,000	40,000
21 May 2019	21 May 2026	US\$8	4 years from grant date	–	1,500
25 September 2019	25 September 2026	US\$11	4 years from grant date	382,243	574,400
22 November 2019	22 November 2026	US\$11	4 years from grant date	5,250	126,000
1 March 2020	1 March 2027	US\$11	4 years from grant date	18,600	117,000
20 May 2020	20 May 2027	US\$11	4 years from grant date	25,500	44,400
30 September 2020	30 September 2027	US\$11	4 years from grant date	20,600	204,750
24 November 2020	24 November 2027	US\$11	4 years from grant date	12,500	137,500
19 February 2021	19 February 2028	US\$11	1 year from grant date	2,000	4,700
26 February 2021	26 February 2028	US\$11	4 years from grant date	10,000	50,250
27 May 2021	27 May 2028	US\$11	4 years from grant date	254,750	658,575
15 June 2021	15 June 2028	US\$11	1 year from grant date	–	200
15 June 2021	15 June 2028	US\$11	4 years from grant date	22,625	107,900
Total				774,068	2,939,075
Weighted average remaining contractual life of options outstanding at end of the period				1.92 years	2.32 years

Notes to the Interim Financial Information

18 SHARE-BASED COMPENSATION *(Continued)*

(a) Pre-IPO Share Incentive Plan of the Company (Continued)

(ii) Share awards

The aggregate number of awarded shares currently permitted to be awarded under the share award scheme is limited to 1,781,250 new shares under the Pre-IPO Share Incentive Plan (adopted in 2016 and amended from time to time) in the form of awards (other than options).

Movements in the number of share awards granted to Eligible Grantees of the Group for the six months ended 30 June 2025 and 2024 are as follows:

	Number of share awards	Weighted average grant date fair value HK\$
(Unaudited)		
Outstanding as at 1 January 2025	348,594	78.78
Vested during the period	(171,515)	80.41
Forfeited during the period	(34,652)	77.17
Outstanding as at 30 June 2025	142,427	77.20
(Unaudited)		
Outstanding as at 1 January 2024	846,091	77.11
Vested during the period	(191,009)	79.72
Forfeited during the period	(78,391)	81.08
Outstanding as at 30 June 2024	576,691	75.71

The fair value of the share awards was calculated based on the market price of the Company's shares at the respective grant date.

Notes to the Interim Financial Information

18 SHARE-BASED COMPENSATION (Continued)

(b) Post-IPO Share Incentive Plan of the Company

During the year ended 31 December 2022, the board of directors of the Company approved the establishment of a 2022 RSU Plan (the "Post-IPO Share Incentive Plan") with the purpose of motivating, attracting and retaining those individuals for outstanding performance to generate superior returns to the shareholders of the Group. The Post-IPO Share Incentive Plan is valid and effective for 10 years from the approval of the board of directors. The maximum aggregate number of Shares which may be issued pursuant to the Post-IPO Share Incentive Plan is 10,462,280 ordinary shares.

Share awards

During the six months ended 30 June 2025 and 2024, the Company granted certain share awards to Eligible Grantees following the terms of the Post-IPO Share Incentive Plan respectively, subject to the satisfaction of certain performance objectives as set out in the award agreements. The share awards are granted without consideration, and the vesting period is one to three years in equal tranches.

Movements in the number of share awards granted to Eligible Grantees of the Group for the six months ended 30 June 2025 and 2024 are as follows:

	Number of share awards	Weighted average grant date fair value HK\$
Outstanding as of 1 January 2025	2,646,049	86.90
Granted during the period	660,011	162.66
Vested during the year	(436,754)	89.43
Forfeited during the period	(219,586)	92.27
Outstanding as of 30 June 2025	2,649,720	104.91

	Number of share awards	Weighted average grant date fair value HK\$
Outstanding as of 1 January 2024	1,842,981	79.95
Granted during the period	1,502,782	90.25
Forfeited during the period	(144,581)	83.36
Outstanding as of 30 June 2024	3,201,182	84.63

The fair value of the share awards was calculated based on the market price of the Company's shares at the respective grant date.

Notes to the Interim Financial Information

18 SHARE-BASED COMPENSATION *(Continued)*

(c) Treasury shares for the share award scheme

Computershare Hong Kong Trustees Limited ("CPM Trustees"), a company incorporated in Hong Kong and authorised to undertake trust business in accordance with the laws of Hong Kong, was appointed as the trustee (the "Trustee") for the administration of the share award scheme. The Trustee will hold the shares on trust for the Eligible Grantees. The Trustee and its ultimate beneficial owners are third parties independent of, and not connected with, the Group or its connected persons.

The Trustee shall not exercise the voting rights in respect of any shares of the Company held under the Trust, including, inter alia, the awarded shares and further shares of the Company acquired out of the income derived therefrom.

The following table represents the movements for number of shares under the share award scheme for the six months ended 30 June 2025 and 2024.

	Number of shares	RMB'000
(Unaudited)		
As at 1 January 2025	6,797,984	518,764
Repurchase of shares from market	14,350	1,902
Release of shares from the Trustee for the share award scheme	(608,269)	(47,539)
Outstanding as at 30 June 2025	6,204,065	473,127
(Unaudited)		
As at 1 January 2024	5,508,642	397,533
Repurchase of shares from market	1,681,650	143,941
Release of shares from the Trustee for the share award scheme	(191,009)	(14,010)
Outstanding as at 30 June 2024	6,999,283	527,464

Notes to the Interim Financial Information

18 SHARE-BASED COMPENSATION (Continued)

(d) Restricted share units plan of NetEase Group

2019 Restricted Share Unit Plan of NetEase Group

In October 2019, NetEase adopted a 2019 restricted share unit plan for the employees, directors and consultants of NetEase and its subsidiaries (the “2019 Plan”). The 2019 Plan has a ten-year term and a maximum number of 322,458,300 ordinary shares of NetEase is available for issuance pursuant to all awards under the plan.

NetEase granted certain RSUs (or the “share-based awards”) to certain Eligible Grantees of the Group. These RSUs will be vested from the grant date over one year to five years on the condition that employees and others remain in service with performance requirement.

All, one-second, one-third, one-fourth or one-fifth of the relevant RSUs, depending on different vesting terms and performance requirements, are vested on the first anniversary of the grant date, and remaining RSUs shall be vested in equal tranches at the anniversary of remaining vesting periods.

Movement in the number of RSUs granted to Eligible Grantees of the Group for the six months ended 30 June 2025 and 2024 are as follows:

	Number of RSUs	Weighted average grant date fair value US\$
(Unaudited)		
Outstanding as at 1 January 2025	13,135	98.88
Granted during the period	3,871	100.45
Vested and transferred during the period	(4,778)	96.48
Forfeited during the period	(1,453)	66.58
Outstanding as at 30 June 2025	10,775	104.56
(Unaudited)		
Outstanding as at 1 January 2024	11,035	94.62
Granted during the period	3,815	105.90
Vested and transferred during the period	801	100.31
Forfeited during the period	(800)	94.49
Outstanding as at 30 June 2024	14,851	102.02

The equity-settled share-based payment of RSUs was measured based on the fair value of NetEase’s ordinary shares on the date of grant.

Notes to the Interim Financial Information

18 SHARE-BASED COMPENSATION *(Continued)*

(e) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the six months ended 30 June 2025 and 2024 as part of employee benefit expenses were as follows:

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Share options issued under the Pre-IPO Share Incentive Plan	2,813	5,818
Share awards granted under the Pre-IPO Share Incentive Plan to Eligible Grantees	2,094	41,433
Share awards granted under the Post-IPO Share Incentive Plan to Eligible Grantees	54,444	21,923
RSUs granted under the NetEase Group Restricted Shares Units Plan to Eligible Grantees of the Group	1,503	1,743
	60,854	70,917

19 ACCOUNTS PAYABLE

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

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.

Notes to the Interim Financial Information

20 ACCRUALS AND OTHER PAYABLES

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Accrued content service costs	1,146,525	1,392,175
Accrued expenses	183,040	188,379
Accrued salaries and staff benefits	161,391	264,522
Deposits from customers	39,427	49,411
Other taxes payable	56,635	47,070
Others	24,626	34,890
	1,611,644	1,976,447

21 RELATED PARTY TRANSACTIONS

The following is a summary of significant related party transactions entered into in the ordinary course of business between the Group and its related parties and the balances arising from related party transactions in addition to the related party information shown elsewhere in this interim financial information:

The following companies are significant related parties of the Group that had transactions and/or balances with the Group during the six months ended 30 June 2025:

Name of related parties	Relationship with the Group
NetEase and its subsidiaries other than the entities controlled by the Group (the "NetEase Group")	The Company's principal shareholder

Notes to the Interim Financial Information

21 RELATED PARTY TRANSACTIONS *(Continued)*

(a) Transactions

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Purchase of property, plant and equipment from NetEase Group	169	1,171
Purchase of goods from NetEase Group	1,832	2,341
Purchase of technology and other services from NetEase Group	134,161	166,840
Provision of advertising services to NetEase Group	12,030	52,421
Provision of other services to NetEase Group	16,869	8,397
Sales of property, plant and equipment to NetEase Group	82	855

Transactions with related parties were determined based on prices and terms mutually agreed by the relevant parties involved.

(b) Balances with related parties

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Amounts due from NetEase Group	37,540	32,993
Amounts due to NetEase Group	64,620	73,702

Note: Outstanding balances are in trade nature, unsecured, interest-free and are repayable on demand.

(c) Key management personnel compensation

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Salaries	1,979	1,975
Bonus	1,034	977
Welfare and other employee benefits	214	222
Equity-settled share-based payments	2,423	3,466
	5,650	6,640

Notes to the Interim Financial Information

22 CONTINGENT LIABILITIES

The Group, in the ordinary course of its business, is involved in certain claims, legal proceedings and arbitration that arise from time to time. As at 30 June 2025 and 31 December 2024, there were certain claims pending in the courts and arbitrations, or otherwise unresolved. Based on currently available information, management does not believe that the ultimate outcome of these unresolved matters, individually and in the aggregate, is reasonably possible to have a material adverse effect on the Group's financial position, results of operations or cash flows. However, litigation is subject to inherent uncertainties and the Group's view of these matters may change in the future. Where an unfavorable outcome to occur, there exists the possibility of a material adverse impact on the Group's financial position, results of operations or cash flows for the period in which the unfavorable outcome occurs, and potentially in future periods.

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 interim report 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
"Latest Practicable Date"	10 September 2025, being the latest practicable date for ascertaining certain information in this interim report before its publication
"Listing"	the listing of our shares on the Main Board of the Stock Exchange
"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 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

Definitions

"NetEase Group"	NetEase and its subsidiaries and consolidated affiliated entities, and unless the context otherwise requires, excluding our Group
"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 six months ended 30 June 2025
"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