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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

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

No. 399 Wangshang Road,

Binjiang District, Hangzhou

Zhejiang, China

Corporate Information

LEGAL ADVISORS

As to Hong Kong law and United States law

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

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		
	2026 (Unaudited)	2025 (Unaudited)	Change (%)
(RMB in thousands, except percentages)			
Revenue	3,958,706	3,827,117	+3.4%
Gross profit	1,474,409	1,392,485	+5.9%
Operating profit	746,232	844,506	-11.6%
Profit before income tax	930,894	1,068,060	-12.8%
Profit for the period	809,236	1,882,142	-57.0%
Non-IFRS Measure:			
Adjusted operating profit	796,652	905,360	-12.0%
Adjusted net profit	859,656	1,946,353	-55.8%

IFRS NUMBERS:

- Our revenue increased by 3.4% from RMB3.8 billion for the six months ended 30 June 2025 to RMB4.0 billion for the six months ended 30 June 2026.
- Our gross profit increased by 5.9% from RMB1.4 billion for the six months ended 30 June 2025 to RMB1.5 billion for the six months ended 30 June 2026.
- Our operating profit decreased by 11.6% from RMB0.8 billion for the six months ended 30 June 2025 to RMB0.7 billion for the six months ended 30 June 2026.
- Our profit for the period decreased by 57.0% from RMB1.9 billion for the six months ended 30 June 2025 to RMB0.8 billion for the six months ended 30 June 2026.

Financial and Business Highlights

NON-IFRS NUMBERS:

Our adjusted operating profit reached RMB796.7 million for the six months ended 30 June 2026, compared with adjusted operating profit of RMB905.4 million for the six months ended 30 June 2025. Our adjusted net profit reached RMB859.7 million for the six months ended 30 June 2026, compared with adjusted net profit of RMB1,946.4 million for the six months ended 30 June 2025. 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	
	2026 (Unaudited)	2025 (Unaudited)
	(in RMB thousands)	
Operating profit	746,232	844,506
Add:		
Equity-settled share-based payments ⁽¹⁾	50,420	60,854
Adjusted operating profit	796,652	905,360
Profit for the period attributable to the equity holders of the Company	809,236	1,885,499
Add:		
Equity-settled share-based payments ⁽¹⁾	50,420	60,854
Adjusted net profit	859,656	1,946,353

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 began 2026 by further strengthening our core online music business, prioritising exceptional user experiences, distinctive content and our vibrant music community to support healthy, steady growth. We continued to diversify our content offerings, improve personalised recommendations and innovate product features, enhance the platform's aesthetic and emotional appeal and boost community engagement, while enriching our membership benefits. Our platform continues to be widely recognized by music enthusiasts, demonstrating steady improvement in user engagement and loyalty. These enhancements reinforce NetEase Cloud Music's distinctive community ecosystem and brand perception, underscoring the platform's inherent value and long-term sustainable growth potential.

We continued to **strengthen our music-centric community ecosystem**, with enhancements to the user experience and strong brand perception driving higher user engagement and thus a larger daily active user base in the first half of 2026. Our DAU/MAU ratio remained above 30%, increasing both year-over-year and sequentially. The average daily mobile music listening time rose steadily, and community content consumption and interaction penetration rates also increased notably. In particular, we improved retention and renewal rates across our expanded membership base both year-over-year and sequentially, reflecting stronger user loyalty and connection to the platform. We remain dedicated to engaging young music lovers. Our distinctive music content and experiences, trendsetting aesthetics, and unique emotional appeal continue to drive positive word-of-mouth. We expanded our presence across devices and scenarios, including collaboration with NetEase Games, broadening with more channels to reach and engage young audiences.

We have **built a diverse and distinctive content library** by expanding copyrighted music and promoting original music. Earlier this year, we renewed partnerships with major labels such as Universal Music Group. We added content from Korean and Chinese labels, as well as OSTs and variety show music, and enhanced our signature genres. Notably, original artist Gareth.T's new song "Glass" 《玻璃》 achieved industry-leading streaming performance on our platform, highlighting strong user affinity for our core genres. We also deepened our collaboration with labels to optimise content distribution and co-create value. In parallel, we remained committed to promoting original Chinese music, with recent in-house releases such as "12.31" earning widespread acclaim. Our unique ecosystem of independent artists continues to grow, offering expanded avenues for music creation and promotion.

In terms of products, we remained focused on user needs, **advancing innovation across music discovery and consumption experiences while revitalizing community engagement**. In the first half of 2026, we further refined our new product framework, making music exploration more intuitive and engaging. We further upgraded our self-developed AI generative recommendation model, Climber, and launched innovative functions, such as "AI-inspired Playlist" (AI靈感歌單), to address users' diverse music discovery preferences. We also innovated features such as several new player interfaces and the MV playback entrance on the vinyl player page, enriching users' audio-visual music journey. Meanwhile, we further boosted community interaction by upgrading the "Listen Together" (一起聽) feature, launching voice comments and enhancing our image- and text-based community ecosystem.

Management Discussion and Analysis

In the first half of 2026, our **subscription-based membership revenue sustained steady growth**, driven by an expanded subscriber base, though partially offset by monthly ARPPU (average revenue per paying user) dilution due to changes in the subscriber mix. We further refined our membership benefits built around content, features, dress-up privileges, as well as artist-related offerings. In addition to premium content, we offer more distinctive emotional experiences and innovative ways for users to interact. These enhancements supported both users' willingness to pay for premium experiences and membership retention.

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

- Further diversifying and enhancing our differentiated content offerings, with greater efficiency. We plan to deepen collaborations with copyright holders and strengthen our independent artist incubation and in-house music production capabilities, focusing on our signature music genres;
- Optimising music listening experiences and recommendation features to meet users' needs and deliver 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

DIVERSE AND DIFFERENTIATED CONTENT ECOSYSTEM

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

Enhancing partnerships with copyright holders

Throughout the Reporting Period, we further strengthened our copyrighted content ecosystem, maintaining a disciplined and collaborative approach to renew major labels, expand offerings particularly in signature genres and deepen collaborations with artists.

- **Expansive catalogue of music labels.** In the first half of 2026, we continued to enrich our copyrighted music catalogue by renewing strategic partnerships with major record labels such as Universal Music Group, Warner Music and CJ Entertainment, and added extensive Chinese content from partners such as Forward Music (豐華唱片), as well as K-Pop titles from labels including DSP Media. As a result, our library now features a wider selection of hit tracks from artists including Faye Wong (王菲), YOUNG POSSE, Lee Hyori and LNGSHOT. We also expanded our OST offerings by incorporating TVB drama soundtracks and music from several popular variety shows.
- **Amplifying offerings in signature music genres.** We further enriched our music library with high-quality selections across our signature genres such as hip-hop and Western music. These included the latest releases from hip-hop artists such as BENZO (李大奔), Melo, Boss Shady (謝帝), and emerging artists including Echo, Chun (春), and BroFA. We also expanded audience engagement across these genres through targeted artist initiatives, including offline events for BENZO's (李大奔's) new album "MODEL" and artist IP-themed virtual outfits. Furthermore, we advanced our copyright collaborations with popular Western artists such as Madilyn Bailey, DEMXNTIA, and Emma Stevens.
- **In-depth collaborations with copyright partners.** We deepened our cooperation with music labels and fostered mutual value creation through tailored campaigns designed to expand the reach and engagement of new releases. Gareth.T's new song "Glass" (《玻璃》) surpassed 100 million cumulative plays on NetEase Cloud Music, demonstrating strong user affinity for our signature genres such as R&B. For Western artists, we collaborated with Bruno Mars on an exclusive badge campaign tied to album listening, complemented by offline events, generating over 15 million streams. Also, our comprehensive campaign supporting Kanye West's album launch generated nearly 20 million total streams.

Management Discussion and Analysis

- **Online and offline artist-centric activities.** We worked closely with labels and artists to deliver artist-centric campaigns both online and offline, engaging younger audiences. During the period, we launched a series of integrated online and offline events centered around the Mayday anniversary, Hua Chenyu's (華晨宇's) birthday, Chris Lee's (李宇春's) concert tour, BENZO's (李大奔's) new album release, among others. We also promoted ticketing collaborations for MAMAMOO's 12th-anniversary tour, providing fans with a premium ticketing experience while supporting SVIP membership conversions. Additionally, we rolled out the innovative "Lyric Stamp" (歌詞郵票) feature, introducing 16 themed sets tailored to different contexts and scenarios, and upgraded our "Listen Together" (一起聽) function with artist participation.

Strengthening our leading independent artists' ecosystem

Beyond licensed content, we continued to strengthen our independent artist ecosystem, supported by initiatives covering creation, distribution and commercial opportunities. By the end of June 2026, more than 1.25 million registered independent artists had contributed over 7.3 million tracks to our platform.

- **Supporting musicians in content creation.** Through collaborations with original musicians and deeper integration with NetEase Games IPs, we connect original music creation with the gaming ecosystem. These efforts have produced several hit tracks, including "For the Next Goal" (《為下一球》), a World Cup-themed song by rapper Wang Yitai (王以太) for *eFootball*.
- **Enhancing musician visibility and commercial opportunities.** We advanced the NetEase Cloud Music Original Campus Tour, launching in April at Nanjing Agricultural University and hosting a graduation event in June at Guizhou Normal University, connecting artists directly with student audiences. We expanded commercial exposure for independent artists through collaboration with brands and IPs. Through partnership with the "HOPICO Music Awards," we created more opportunities for our independent musicians to perform at popular music festivals. Via the special collaboration series with JD, we co-created three concerts across different cities and musical genres, featuring artists including Jude Chiu (裘德), Vanessa Jin (金玟岐) and Orange Ocean (橘子海樂隊).

Management Discussion and Analysis

Developing and promoting differentiated in-house music

Our in-house studios focus on producing distinctive, high-quality original music content to enrich our content matrix. In the first half of 2026, they successfully produced and popularised multiple hit songs that gained traction both across our community and on external platforms, such as “12.31”.

Diversified audio-based content offerings

In addition to music, we expanded our audio offerings to cater to users’ diverse interests. In the first half of 2026, our growing audio content library drove increased user consumption, with average listening time per user continuing to rise steadily.

- **PGC – audiobooks & radio dramas.** We continued to expand our audiobook offerings by adding top-tier IP titles such as 《斗羅大陸》 and 《元始法則》, alongside bestsellers like Mo Yan’s (莫言’s) new novel “People! ! 《人吶》,” and the children’s story “《貓平安逆襲傳奇》.” Our in-house audiobooks like 《靈境行者》 have also become new hits on our platform. In terms of content cooperation, we have established stable partnerships with leading domestic copyright organizations – including Tomato Novel, and COL Group – consistently advancing our audiobook business toward higher quality and excellence.
- **PUGC/UGC – podcast.** Our podcast offerings focused on music-themed audio content and cultural podcast IPs, introducing over ten new podcast programs in the first half of 2026. We have partnered with Shan Jixiang (單霽翔) for his debut personal podcast “100 Events in the Century of the Palace Museum” 《故宮博物院百年百事》. We have also collaborated with musicians Li Runqi (李潤祺) and Si Nan (司南), as well as the well-known Japanese artist KOKIA, to produce music-themed podcasts. Additionally, we’ve welcomed hosts Chen Xiaonan (陳曉楠) and Li Sisi (李思思), author Liu Tong (劉同), and philosophy professor Chen Guo (陳果) to lead various podcast series. Furthermore, we launched a dedicated video podcast segment titled “Live Dialogues” (對話現場), featuring 13 high-quality video programs from labels such as “Midnighttalks” (大內密談) and Story FM.

Management Discussion and Analysis

PRODUCT INNOVATION AND COMMUNITY ECOSYSTEM

In the first half of 2026, we advanced personalised music discovery and listening experiences, introduced new AI-powered capabilities and expanded opportunities for users to interact around music, keeping our community vibrant. These enhancements improved user engagement, increased in-app music listening time, and drove greater user participation in community content, further deepening engagement across our platform.

Optimising users' music discovery and consumption experience

We continued to advance personalised recommendations and innovative features to make music discovery and listening more intuitive, personalised and engaging. In the first half of 2026, we introduced new features that give users more choices and better control over how they find, experience and interact with music.

- **Music content discovery and distribution.** We are dedicated to providing users with a precise and personalised music journey. During the Reporting Period, we further refined the new framework within the NetEase Cloud Music App and expanded our AI-powered recommendation capabilities. The updated "Heartbeat Mode" (心動模式) page now displays the rationale behind song recommendations, providing users with greater context around personalised suggestions. We also upgraded Climber, our self-developed AI generative recommendation model, and introduced new, AI-powered music discovery features. For example, the AI-inspired playlist feature enables users to quickly generate custom algorithmic playlists, catering to diverse user needs.
- **Enhancing the music consumption experience.** We continued to broaden the ways users can personalise and experience music through new innovative audio-visual features. We launched several new player interfaces to drive consumption including the customisable "Diamond Player style" (鑽石播放器樣式), which features extensive DIY customisation options and has gained broad user adoption. We also promoted the "Full-Screen Cover" (全屏封面) player on the Heartbeat page and added direct access to music videos on the Vinyl Player page, offering a more immersive audio-visual experience. In addition, we introduced a series of AI-powered functions designed to create more personalised and emotionally engaging experiences, including the "AI Mood Tuner" (AI 情緒調音師) & "Mood Player" (情緒播放器), "AI Pet Player" (AI 寵物播放器), and "AIGC Personal Profile Backgrounds" (AIGC 個人主頁背景).

Management Discussion and Analysis

Enhancing distinctive and evolving community

We further strengthened our distinctive and evolving music-oriented community by creating more ways for users to connect and interact around music. In the first half of 2026, we expanded and enhanced interactive scenarios across the platform, increasing the proportion of users consuming and interacting with community content. We upgraded the “Listen Together” (一起聽) feature, further strengthening the shared listening experience and sense of companionship for users, and introduced voice comments to enable richer interaction within comment sections. We also continued refining our music-inspired image- and text-based community ecosystem, which encouraged deeper community participation and engagement.

Expanding music consumption scenarios

We are committed to building a music consumption ecosystem across a broad range of scenarios, integrating music into everyday life, and making our music experience more accessible for younger audiences.

- **IoT layouts.** In the first half of 2026, we continued to expand and refine a unified IoT multi-device experience, enhancing user reach and engagement. For in-vehicle use, we expanded our coverage to, among others, Chery, XPeng Robotaxi, and FAW Jiefang. For TVs, we introduced the “Spring Festival Lucky Journey” immersive experience and optimised the homepage layout and remote-control interface. For smartwatches, we added new player designs and watch faces. For PCs, we improved the desktop recommendation experience, added features like “AI Audio Master” (AI 調音大師) and enhanced compatibility for desktop use.
- **Game collaborations.** We continued to integrate NetEase Cloud Music into core gaming scenarios in NetEase Games’ ecosystem, enriching in-game content experiences while conveying NetEase Cloud Music’s brand essence, building cross-scenario user engagement and brand affinity. We expanded music features across diverse gameplay scenarios, providing users with multiple ways to access our music player within various game titles, including scenarios in *Identity V*, *Where Winds Meet*, *Minecraft* and *Sky*. Through these tailored collaborations, NetEase Cloud Music continues to strengthen its connections with younger users and enhance brand perception with this demographic.

Management Discussion and Analysis

FINANCIAL REVIEW

Overview

Over the Reporting Period, we recorded a revenue of RMB3,958.7 million and a gross profit of RMB1,474.4 million. Our gross profit slightly increased by RMB81.9 million, while gross margin expanded from 36.4% to 37.2%. This was primarily due to increased revenue from our online music services. Our operating profit stood at RMB746.2 million for the six months ended 30 June 2026, compared with RMB844.5 million for the six months ended 30 June 2025, which was primarily due to the increase in promotion and advertising expenses to enhance brand awareness and user acquisition.

We recorded a net profit of RMB809.2 million for the six months ended 30 June 2026, compared with a net profit of RMB1,882.1 million for the six months ended 30 June 2025. Excluding the impact of equity-settled share-based payments, our adjusted net profit reached RMB859.7 million for the six months ended 30 June 2026, compared with an adjusted net profit of RMB1,946.4 million for the six months ended 30 June 2025. The decrease was primarily due to the deferred tax credit of RMB849.4 million for the six months ended 30 June 2025 arising from the initial recognition of deferred tax assets in respect of cumulative tax losses, as these losses were utilised against taxable profits in the current period.

Revenue

Our revenue increased by 3.4% from RMB3,827.1 million for the six months ended 30 June 2025 to RMB3,958.7 million for the six months ended 30 June 2026.

Revenue from our online music services increased by 3.4% from RMB2,967.3 million for the six months ended 30 June 2025 to RMB3,067.4 million for the six months ended 30 June 2026. The increase was primarily attributable to growth in revenue from sales of membership subscriptions from RMB2,469.8 million to RMB2,600.9 million over the same periods. We continued to focus on our core music business through enriched content offerings, enhanced product features and improved personalisation.

In addition, revenue from our social entertainment services and others increased by 3.7% from RMB859.8 million for the six months ended 30 June 2025 to RMB891.3 million for the six months ended 30 June 2026.

Management Discussion and Analysis

Cost of Revenue

Our cost of revenue increased by 2.0% from RMB2,434.6 million for the six months ended 30 June 2025 to RMB2,484.3 million for the six months ended 30 June 2026. In line with revenue growth, content service costs increased from RMB1,803.2 million for the six months ended 30 June 2025 to RMB1,903.5 million for the same period of 2026.

Gross Profit and Gross Margin

As a result of the above, our gross profit slightly increased by 5.9% from RMB1,392.5 million for the six months ended 30 June 2025 to RMB1,474.4 million for the six months ended 30 June 2026, and our gross margin increased from 36.4% for the six months ended 30 June 2025 to 37.2% for the six months ended 30 June 2026.

Selling and Marketing Expenses

For the six months ended 30 June 2026 and 2025, our selling and marketing expenses increased from RMB163.4 million to RMB295.2 million, primarily due to an increase in promotion and advertising expenses to enhance brand awareness and user acquisition.

General and Administrative Expenses

Our general and administrative expenses decreased by 10.3% from RMB93.0 million for the six months ended 30 June 2025 to RMB83.4 million for the same period of 2026, primarily due to a decrease in legal and professional fees.

Research and Development Expenses

Our research and development expenses increased by 3.2% from RMB378.9 million for the six months ended 30 June 2025 to RMB391.0 million for the same period of 2026, principally driven by AI-related investments during the period.

Other Income

Our other income decreased from RMB84.7 million for the six months ended 30 June 2025 to RMB10.6 million for the same period of 2026, primarily due to a decrease in government grants.

Other Gains, Net

We recorded other gains, net of RMB30.8 million for the six months ended 30 June 2026, compared with other gains, net of RMB2.6 million for the six months ended 30 June 2025. The increase arose from the gains on fair value changes of financial assets at fair value through profit or loss.

Management Discussion and Analysis

Finance Income, Net

Our finance income, net decreased from RMB223.1 million for the six months ended 30 June 2025 to RMB190.1 million for the same period of 2026, primarily due to a decrease in interest rates on deposits.

Taxation

We recorded income tax expense of RMB121.7 million for the six months ended 30 June 2026 as compared to an income tax credit of RMB814.1 million for the same period of 2025. The change was primarily due to the recognition of deferred tax assets in 2025 in respect of a wholly-owned subsidiary's cumulative tax losses, and the utilisation of those losses during the Reporting Period.

Profit for the Period

As a result of the above, we generated a net profit amounting to RMB809.2 million for the six months ended 30 June 2026, compared with a net profit of RMB1,882.1 million for the six months ended 30 June 2025.

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 stood at RMB796.7 million for the six months ended 30 June 2026, compared with adjusted operating profit of RMB905.4 million for the six months ended 30 June 2025. Our adjusted net profit reached RMB859.7 million for the six months ended 30 June 2026, compared with adjusted net profit of RMB1,946.4 million for the six months ended 30 June 2025. 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	
	2026 (Unaudited)	2025 (Unaudited)
	(in RMB thousands)	
Operating profit	746,232	844,506
Add:		
Equity-settled share-based payments ^{Note (1)}	50,420	60,854
Adjusted operating profit	796,652	905,360
Profit for the period attributable to the equity holders of the Company	809,236	1,885,499
Add:		
Equity-settled share-based payments ^{Note (1)}	50,420	60,854
Adjusted net profit	859,656	1,946,353

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 2026, we funded our cash requirements principally from cash generated from operating activities. We had cash and cash equivalents of RMB2.4 billion as at 30 June 2026 (as at 31 December 2025: RMB3.1 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	
	2026 (Unaudited)	2025 (Unaudited)
	(in RMB thousands)	
Net cash generated from operating activities	458,233	527,460
Net cash used in investing activities	(312,899)	(2,283,257)
Net cash (used in)/generated from financing activities	(851,133)	72,737
Net decrease in cash and cash equivalents	(705,799)	(1,683,060)
Cash and cash equivalents at the beginning of the period	3,117,624	3,795,210
Exchange differences on cash and cash equivalents	(4,554)	(35,637)
Cash and cash equivalents at the end of the period	2,407,271	2,076,513

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 2026.

Management Discussion and Analysis

ADDITIONAL INFORMATION

Employee and Remuneration Policy

As at 30 June 2025 and 2026, we had 1,265 and 1,239 employees, respectively. As at 30 June 2026, 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 2026 was RMB603.5 million (for the six months ended 30 June 2025: RMB648.1 million).

Save as disclosed above, there have 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 2025 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

Pursuant to Rule 13.51B(1) of the Listing Rules, the change in information of Directors and chief executives since the last published annual report is set out below:

Mr. William Lei Ding resigned as a director of Youdao with effect from 18 August 2026.

Save as disclosed above, 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 2026, 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	Other ⁽¹⁾	129,034,168	61.35%	Long position
Mr. Yong Li	Beneficial owner ⁽²⁾	338,145	0.16%	Long position
Ms. Yanfeng Wang	Beneficial owner ⁽³⁾	17,023	0.01%	Long position

Notes:

- (1) 129,034,168 ordinary shares are held by Shining Globe International Limited through Netease. Shining Globe International Limited is beneficially owned by Mr. William Lei Ding.
- (2) Mr. Yong Li beneficially owns 16,233 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) 21,912 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 beneficially owns 4,541 shares and is entitled to receive up to 12,482 shares under the 2022 Plan.
- (4) The calculation is based on the total number of 210,332,516 shares in issue as at 30 June 2026.
- (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⁾	1,468,613,600	45.62%	Long position
Mr. Yong Li ⁽³⁾	Beneficial owner	3,170 ADSs	0.00%	Long position
Mr. Yat Keung Li ⁽³⁾	Beneficial owner	13,634 ADSs	0.00%	Long position
Ms. Yanfeng Wang ⁽³⁾	Beneficial owner	2,778 ADSs 100 shares	0.00%	Long position

Notes:

- (1) The calculation is based on the total number of 3,219,564,581 ordinary shares in issue as at 30 June 2026.
- (2) Shining Globe International Limited is the record owner of 1,450,300,000 ordinary shares. In addition, Mr. William Lei Ding is taken to have interest in 10,804,675 ordinary shares underlying NetEase's treasury ADSs and 7,508,925 ordinary shares reserved for future delivery upon exercise or vesting of awards under NetEase's share incentive plans.
- (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.

Other Information

Interest in our associated corporation – Youdao

Name of Director	Capacity/ Nature of interest	Number of ordinary shares	Interest in associated corporation ⁽¹⁾	Long position/ Short position
Mr. William Lei Ding	Other ⁽²⁾	65,387,160 Class B ordinary shares	74.31%	Long position
Mr. William Lei Ding	Other ⁽³⁾	9,408,108 Class A ordinary shares	24.77%	Long position

Notes:

- (1) The calculation is based on the respective numbers of Class A ordinary shares and Class B ordinary shares of Youdao as at 31 March 2026 as disclosed in the annual report of Youdao (a copy of which is available for viewing on the SEC's website at <https://www.sec.gov/>) and publicly available information and to the best knowledge of the Company.
- (2) 65,387,160 Class B ordinary shares are held by Shining Globe International Limited through NetEase.
- (3) 1,175,000 Class A ordinary shares are beneficially owned by Mr. William Lei Ding. 2,898,293 Class A ordinary shares are held by Shining Globe International Limited through NetEase. Also, Mr. William Lei Ding is taken to have an interest in 5,334,815 Class A ordinary shares repurchased and held as treasury shares.

Save as disclosed above, as at 30 June 2026, 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 2026, 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	129,034,168	61.35%	Long position
Shining Globe International Limited ⁽¹⁾	Interest in a controlled corporation	129,034,168	61.35%	Long position
Fullgoal Fund Management Company Limited	Investment manager	11,268,100	5.36%	Long position

Notes:

- (1) 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.
- (2) The calculation is based on the total number of 210,332,516 shares in issue as at 30 June 2026.

Save as disclosed above, as at 30 June 2026 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 2026 and 30 June 2026, respectively. No service provider sublimit was set under the 2016 Plan.

As at 30 June 2026, our Company had share options outstanding under the 2016 Plan to subscribe for an aggregate of 592,510 shares granted to 117 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.

Details of movements during the Reporting Period											
Name or category of grantee ⁽¹⁾	Position/Relationship	Date of grant	Vesting period (from date of grant)	Exercise Period	Exercise price per share	Outstanding as at			Closing price of our shares immediately before the date of grant	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
						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
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	N/A	N/A
135 grantees	Employee participants	2 March 2019 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	371,378	Nil	82,893	350	N/A	N/A
3 grantees	Related entity participants	27 May 2021	4 years	from the vesting date and within 10 years from date of grant	US\$11	4,375	Nil	Nil	Nil	N/A	N/A
Total						675,753	Nil	82,893	350	Nil	592,510

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 350 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.

Details of movements during the Reporting Period										
Name or category of grantee ⁽¹⁾	Relationship	Date of grant	Vesting period (from date of grant)	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	Outstanding as at end of Reporting Period	Weighted average closing price of our shares immediately before the vesting date
14 grantees	Employee participants	2 March 2023 to 14 June 2023	3 years	81,821	Nil	79,901	1,920	Nil	Nil	HK\$142.33
Total				81,821	Nil	79,901	1,920	Nil	Nil	

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 4.97% 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 0.99% 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 2026. 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 2026.

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 shall 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						Closing price of our shares immediately before the date of grant	Fair value of RSUs on date of grant and the accounting standard and policy adopted ⁽²⁾	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	Outstanding as at end of Reporting Period			
Mr. Yong Li	Director	15 September 2023	3 years	5,453	Nil	Nil	Nil	Nil	5,453	N/A	N/A	N/A
		5 March 2024	3 years	9,977	Nil	4,988	Nil	Nil	4,989	N/A	N/A	HK\$146.60
		28 February 2025	3 years	8,044	Nil	2,681	Nil	Nil	5,363	N/A	N/A	HK\$148.00
		2 March 2026	3 years	Nil	6,107	Nil	Nil	Nil	6,107	HK\$154.60	HK\$148.00	N/A
Ms. Yanfeng Wang	Director	15 September 2023	3 years	2,726	Nil	Nil	Nil	Nil	2,726	N/A	N/A	N/A
		5 March 2024	3 years	4,988	Nil	2,494	Nil	Nil	2,494	N/A	N/A	HK\$146.60
		28 February 2025	3 years	4,022	Nil	1,340	Nil	Nil	2,682	N/A	N/A	HK\$148.00
		2 March 2026	3 years	Nil	4,580	Nil	Nil	Nil	4,580	HK\$154.60	HK\$148.00	N/A
In Aggregate	Employee participants	31 August 2023	3 years	74,120	Nil	Nil	689	Nil	73,431	N/A	N/A	N/A
		15 September 2023	3 years	345,396	Nil	Nil	21,160	Nil	324,236	N/A	N/A	N/A
		23 November 2023	3 years	16,199	Nil	Nil	Nil	Nil	16,199	N/A	N/A	N/A
		5 March 2024	3 years	679,742	Nil	336,113	23,207	Nil	320,422	N/A	N/A	HK\$146.60
		31 May 2024	3 years	27,172	Nil	13,583	Nil	Nil	13,589	N/A	N/A	HK\$126.20
		29 August 2024	3 years	88,043	Nil	Nil	28,181	Nil	59,862	N/A	N/A	N/A
		21 November 2024	3 years	47,237	Nil	Nil	Nil	Nil	47,237	N/A	N/A	N/A
		28 February 2025	3 years	568,596	Nil	188,067	16,714	Nil	363,815	N/A	N/A	HK\$148.00
		22 May 2025	3 years	11,802	Nil	3,931	Nil	Nil	7,871	N/A	N/A	HK\$126.20
		21 August 2025	3 years	23,418	Nil	Nil	1,245	Nil	22,173	N/A	N/A	N/A
		27 November 2025	3 years	32,424	Nil	Nil	1,722	Nil	30,702	N/A	N/A	N/A
		2 March 2026	3 years	Nil	638,440	Nil	11,354	Nil	627,086	HK\$154.60	HK\$148.00	N/A
		28 May 2026	3 years	Nil	14,205	Nil	Nil	Nil	14,205	HK\$121.70	HK\$119.60	N/A

Other Information

Name or category of grantee ⁽¹⁾	Position/Relationship	Date of grant	Vesting period (from date of grant)	Details of movements during the Reporting Period					Closing price of our shares immediately before the date of grant	Fair value of RSUs on date of grant and the accounting standard and policy adopted ⁽²⁾	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			
In Aggregate	Related entity participants	15 September 2023	3 years	9,095	Nil	Nil	Nil	Nil	9,095	N/A	N/A
		23 November 2023	3 years	2,827	Nil	Nil	Nil	Nil	2,827	N/A	N/A
		5 March 2024	3 years	28,852	Nil	14,422	Nil	Nil	14,430	N/A	HK\$146.60
		28 February 2025	3 years	19,399	Nil	6,464	Nil	Nil	12,935	N/A	HK\$148.00
		2 March 2026	3 years	Nil	19,846	Nil	Nil	Nil	19,846	HK\$154.60	N/A
Total				2,009,532	683,178	574,083	104,272	Nil	2,014,355		

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. William Lei 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. William Lei 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.

Other Information

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

During the Reporting Period, the Company repurchased a total of 7,299,800 shares on the Stock Exchange at an aggregate consideration of approximately HK\$967,035,899.59 (the “**Shares Repurchased**”). Particulars of the Shares Repurchased are as follows:

Month of repurchase	No. of shares repurchased	Price paid per share		Aggregate consideration (approximately) (HK\$)
		Highest (HK\$)	Lowest (HK\$)	
2026				
February	848,300	167.20	150.20	134,932,441.82
March	2,375,600	154.90	125.10	329,921,278.67
April	2,299,650	137.00	114.70	284,943,794.32
May	1,776,250	131.80	113.70	217,238,384.78
Total	7,299,800			967,035,899.59

The Shares Repurchased were held as treasury shares upon repurchase but cancelled on 12 June 2026. For further details, please refer to the Company's announcement dated 12 June 2026. Save as disclosed above, 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 did not hold any treasury shares (as defined under the Listing Rules) as at 30 June 2026.

Other Information

USE OF NET PROCEEDS FROM GLOBAL OFFERING

Our Company completed a global offering 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 2026.

Purpose	% of use of proceeds	Net proceeds (HK\$ million)	Utilised during the Reporting Period (HK\$ million)	Unutilised amount as at 30 June 2026 (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 6 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 33 to 66, which comprises the condensed consolidated balance sheet of NetEase Cloud Music Inc. (the “Company”) and its subsidiaries (together, the “Group”) as at 30 June 2026 and the condensed consolidated statement of profit or loss, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the 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, 20 August 2026

Condensed Consolidated Statement of Profit or Loss

FOR THE SIX MONTHS ENDED 30 JUNE 2026

	Note	Six months ended 30 June	
		2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Revenue	5	3,958,706	3,827,117
Cost of revenue	6	(2,484,297)	(2,434,632)
Gross profit		1,474,409	1,392,485
Selling and marketing expenses	6	(295,209)	(163,379)
General and administrative expenses	6	(83,403)	(92,968)
Research and development expenses	6	(390,967)	(378,878)
Other income		10,591	84,689
Other gains, net		30,811	2,557
Operating profit		746,232	844,506
Share of results of investments accounted for using equity method		(5,458)	450
Finance income	8	190,148	223,200
Finance cost		(28)	(96)
Profit before income tax		930,894	1,068,060
Income tax (expense)/credit	9	(121,658)	814,082
Profit for the period		809,236	1,882,142
Profit/(loss) for the period attributable to:			
Equity holders of the Company		809,236	1,885,499
Non-controlling interest		—	(3,357)
		809,236	1,882,142
Earnings per share attributable to equity holders of the Company (expressed in RMB per share)			
Basic earnings per share	10	3.87	8.96
Diluted earnings per share	10	3.85	8.85

Condensed Consolidated Statement of Comprehensive Income

FOR THE SIX MONTHS ENDED 30 JUNE 2026

	Note	Six months ended 30 June	
		2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Profit for the period		809,236	1,882,142
Other comprehensive loss:			
Items that will not be reclassified to profit or loss			
Currency translation differences		(265,429)	(82,453)
Items that will be reclassified to profit or loss			
Currency translation differences		(24,288)	(1,950)
Total comprehensive income for the period		519,519	1,797,739
Total comprehensive income/(loss) for the period attributable to:			
Equity holders of the Company		519,519	1,801,096
Non-controlling interest		–	(3,357)
		519,519	1,797,739

Condensed Consolidated Balance Sheet

AS AT 30 JUNE 2026

	Note	As at 30 June 2026 RMB'000 (Unaudited)	As at 31 December 2025 RMB'000 (Audited)
Assets			
Non-current assets			
Property, plant and equipment		15,154	19,660
Right-of-use assets		950	5,939
Investments accounted for using equity method		46,118	51,576
Deferred income tax assets	12	691,188	746,701
Prepaid contents royalties	14	100,307	102,792
Prepayments, deposits and other receivables		9,176	60,497
Bank deposits	15	–	1,400,000
		862,893	2,387,165
Current assets			
Accounts and bills receivable	13	1,439,610	1,068,190
Prepaid contents royalties	14	572,125	531,956
Prepayments, deposits and other receivables		328,145	270,251
Amounts due from group companies	21	29,655	28,444
Financial assets at fair value through profit or loss	4.2	1,278,874	–
Bank deposits	15	9,444,452	9,057,452
Restricted cash		–	407
Cash and cash equivalents		2,407,271	3,117,624
		15,500,132	14,074,324
Total assets		16,363,025	16,461,489
Equity			
Equity attributable to equity holders of the Company			
Share capital	16	134	139
Other reserves	17	17,618,982	18,653,014
Accumulated losses		(4,974,908)	(5,783,719)
Total equity		12,644,208	12,869,434
Liabilities			
Non-current liabilities			
Contract liabilities		111,043	101,657
Lease liabilities		399	4,229
		111,442	105,886

Condensed Consolidated Balance Sheet

AS AT 30 JUNE 2026

	Note	As at 30 June 2026 RMB'000 (Unaudited)	As at 31 December 2025 RMB'000 (Audited)
Current liabilities			
Accounts payable	19	29,334	56,074
Accruals and other payables	20	2,014,352	1,920,671
Contract liabilities		1,407,420	1,406,207
Amounts due to group companies	21	69,124	38,464
Income tax payable		86,711	62,786
Lease liabilities		434	1,967
		3,607,375	3,486,169
Total liabilities		3,718,817	3,592,055
Total equity and liabilities		16,363,025	16,461,489

Condensed Consolidated Statement of Changes in Equity

FOR THE SIX MONTHS ENDED 30 JUNE 2026

	Note	Attributable to equity holders of the Company			
		Share capital RMB'000	Other reserves RMB'000 (Note 17)	Accumulated losses RMB'000	Total equity RMB'000
(Unaudited)					
Balance at 1 January 2026		139	18,653,014	(5,783,719)	12,869,434
Profit for the period		–	–	809,236	809,236
Other comprehensive loss:					
Currency translation differences		–	(276,712)	–	(276,712)
Total comprehensive (loss)/income for the period		–	(276,712)	809,236	532,524
Transactions with equity holders:					
Exercise of share options	17, 18	–	5,854	–	5,854
Equity-settled share-based payment under the share option scheme of the Pre-IPO Share Incentive Plan	17, 18(e)	–	1,360	–	1,360
Equity-settled share-based payment under the share award scheme of the Post-IPO Share Incentive Plan	17, 18(e)	–	49,485	(425)	49,060
Tax benefit from equity-settled share-based payments		–	42,044	–	42,044
Cancellation of shares		(5)	5	–	–
Repurchase of shares	17(c)	–	(856,068)	–	(856,068)
Total transactions with equity holders		(5)	(757,320)	(425)	(757,750)
Balance at 30 June 2026		134	17,618,982	(4,974,908)	12,644,208

Condensed Consolidated Statement of Changes in Equity

FOR THE SIX MONTHS ENDED 30 JUNE 2026

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 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 Cash Flows

FOR THE SIX MONTHS ENDED 30 JUNE 2026

	Note	Six months ended 30 June	
		2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Cash flows from operating activities			
Cash generated from operations		459,468	533,006
Income taxes paid		(1,235)	(5,546)
Net cash generated from operating activities		458,233	527,460
Cash flows from investing activities			
Purchase of property, plant and equipment		(994)	(5,951)
Proceeds from disposal of property, plant and equipment		603	752
Placement of short-term bank deposits		(6,099,133)	(15,608,648)
Proceeds from maturity of short-term bank deposits		6,843,718	13,041,505
Placement for investments in financial assets at fair value through profit or loss		(18,323,900)	(6,635,500)
Proceeds from disposal of financial assets at fair value through profit or loss		17,071,947	6,648,778
Interest received		194,860	275,154
Dividends received		–	653
Net cash used in investing activities		(312,899)	(2,283,257)
Cash flows from financing activities			
Exercise of share options		5,860	75,648
Repurchase of shares	17, 18(c)	(856,068)	(1,902)
Principal elements of lease payments		(897)	(913)
Interest elements of lease payments		(28)	(96)
Net cash (used in)/generated from financing activities		(851,133)	72,737
Net decrease in cash and cash equivalents		(705,799)	(1,683,060)
Cash and cash equivalents at beginning of the period		3,117,624	3,795,210
Exchange differences on cash and cash equivalents		(4,554)	(35,637)
Cash and cash equivalents at end of the period		2,407,271	2,076,513

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 2026 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 20 August 2026.

1.2 Basis of preparation

This condensed consolidated interim financial information of the Group for the six months ended 30 June 2026 (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 2025, 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 2025 except as set out below.

(a) Amended standards adopted by the Group

Below amended standard became applicable for the current reporting period:

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments
Amendments to IFRS 9 and IFRS 7 Volume 11	Contracts Referencing Nature – Dependent Electricity
Amendments to Illustrative Examples on IFRS 7, IFRS 18, IAS 1, IAS 8, IAS 36 and IAS 37	Annual Improvement to IFRS Accounting Standards
	Disclosures about Uncertainties in the Financial Statements

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 2026 and have not been early adopted by the Group during the six months ended 30 June 2026:

		Effective for accounting periods beginning on or after
IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
Amendments to IAS 21	Translation to a Hyperinflationary Presentation Currency	1 January 2027
IFRS 19	Disclosures for Subsidiaries without Public Accountability	1 January 2027
Amendment to IFRS S2	Climate-related disclosures	1 January 2027
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The directors have performed an assessment on the new standards, and amendments, and have 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.

Notes to the Interim Financial Information

2 CHANGE IN ACCOUNTING POLICY AND DISCLOSURES *(Continued)*

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

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

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

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

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

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

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

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

Notes to the Interim Financial Information

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 2025.

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 2025.

There have been no changes in the risk management policies since 31 December 2025.

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 2026:

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
At 30 June 2026				
Assets				
Financial assets at fair value through profit or loss				
– Wealth management products	–	–	1,278,874	1,278,874

As at 31 December 2025, the Group had no financial assets or financial liabilities that are measured at fair value. There were no transfers between level 1, 2 and 3 of fair value hierarchy classifications during the six months ended 30 June 2026 and 2025.

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.

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 2026 and 2025:

	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
At 1 January	–	6,515
Additions	18,323,900	6,635,500
Disposals	(17,071,947)	(6,648,778)
Change in fair value through profit or loss	26,921	13,347
At 30 June	1,278,874	6,584

Description	Fair values		Unobservable inputs	Range of input		Relationship of unobservable inputs to fair value
	As at 30 June 2026 RMB'000	As at 31 December 2025 RMB'000		As at 30 June 2026	As at 31 December 2025	
Wealth management products	1,278,874	–	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 2026 would have been approximately RMB12,789,000 higher/lower (six months ended 30 June 2025: RMB66,000).

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	
	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Type of goods or services:		
Online music services	3,067,428	2,967,269
Social entertainment services and others	891,278	859,848
	3,958,706	3,827,117
Timing of revenue recognition:		
At a point in time	1,132,166	967,637
Over time	2,826,540	2,859,480
Total	3,958,706	3,827,117

(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 2026 and 2025.

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 2026 and 2025.

(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 2026 is as follows:

	Six months ended 30 June	
	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Customer A	597,607	500,977

Notes to the Interim Financial Information

6 EXPENSES BY NATURE

	Six months ended 30 June	
	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Content service costs (Note)	1,903,486	1,803,154
Technology costs	171,191	151,774
Employee benefit expenses (Note 7)	603,476	648,118
Promotion and advertising expenses	239,707	108,292
Payment channel fees	226,794	248,775
Net (reversal)/provision of impairment loss on financial assets	(258)	3,998
Depreciation of property, plant and equipment	4,963	5,648
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	8,288	13,101
Others	92,899	83,667
Total cost of revenue, selling and marketing expenses, general and administrative expenses and research and development expenses	3,253,876	3,069,857

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

7 EMPLOYEE BENEFIT EXPENSES

	Six months ended 30 June	
	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Salaries and bonuses	461,458	493,339
Welfare and other employee benefits	91,598	93,925
Equity-settled share-based payments	50,420	60,854
	603,476	648,118

Note: The employee benefit expenses included labour outsourcing services from NetEase Group during the six months ended 30 June 2026 and 2025 of RMB6,264,000 and RMB9,025,000, respectively.

Notes to the Interim Financial Information

8 FINANCE INCOME

	Six months ended 30 June	
	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Interest income from bank deposits	190,148	223,200

9 INCOME TAX (EXPENSE)/CREDIT

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

	Six months ended 30 June	
	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Current income tax		
– Corporate income tax	(1,161)	(4,602)
– Top-up tax under Pillar Two Rules	(22,940)	(30,700)
Deferred income tax (Note 12)	(97,557)	849,384
Income tax (expense)/credit	(121,658)	814,082

Hong Kong

Subsidiaries incorporated in Hong Kong are subject to Hong Kong profits tax at a rate of 16.5%. Except for the Top-up tax under Pillar Two Rules, 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 2025 onwards and subject to re-approval by the related authorities in every three years.

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

Notes to the Interim Financial Information

9 INCOME TAX (EXPENSE)/CREDIT *(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 are subject to the Pillar Two Model Rules established by the Organisation for Economic Co-operation and Development. The Group applies the IAS 12 exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

According to these rules, in jurisdictions with an effective income tax rate below 15%, NetEase, Inc. and its subsidiaries 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, Inc., 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 RMB22,940,000 and RMB30,700,000, reflecting the current estimate of the top-up tax exposure borne by the Group for the six months ended 30 June 2026 and 2025 respectively. 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	
	2026 (Unaudited)	2025 (Unaudited)
Profit for the period attributable to equity holders of the Company (in RMB'000)	809,236	1,885,499
Weighted average number of shares outstanding	208,961,138	210,424,603
Basic earnings per share (in RMB)	3.87	8.96

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	
	2026 (Unaudited)	2025 (Unaudited)
Profit attributable to equity holders of the Company for the calculation of diluted EPS (in RMB'000)	809,236	1,885,499
Weighted average number of ordinary shares in issue	208,961,138	210,424,603
Adjustments for share options and share awards	1,408,759	2,638,880
Weighted average number of ordinary shares for the calculation of diluted EPS	210,369,897	213,063,483
Diluted earnings per share (in RMB)	3.85	8.85

11 DIVIDENDS

No dividends have been paid or declared by the Company during the six months ended 30 June 2026 and 2025.

12 DEFERRED INCOME TAX ASSETS

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

	As at 30 June 2026 RMB'000 (Unaudited)	As at 31 December 2025 RMB'000 (Audited)
Deferred income tax assets:		
To be recovered after 12 months	442,690	444,822
To be recovered within 12 months	248,498	301,879
	691,188	746,701

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 RMB'000 (Unaudited)	Accrued liabilities and others RMB'000 (Unaudited)	Share- based payments RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
As at 1 January 2026	650,325	96,376	–	746,701
Credited to profit or loss (Note 9)	(74,898)	19,385	(42,044)	(97,557)
Credited to condensed consolidated statement of changes in equity (Note 17)	–	–	42,044	42,044
As at 30 June 2026	575,427	115,761	–	691,188
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 2026, the Group had unrecognised tax losses to be carried forward against future taxable income amounting to RMB195 million (31 December 2025: RMB182 million). As at 30 June 2026, RMB174 million (31 December 2025: RMB162 million) of these unrecognised tax losses will expire within 5 years and RMB21 million (31 December 2025: RMB20 million) of these unrecognised tax losses have no expiry.

13 ACCOUNTS AND BILLS RECEIVABLE

	As at 30 June 2026 RMB'000 (Unaudited)	As at 31 December 2025 RMB'000 (Audited)
Accounts receivable	1,448,339	1,077,496
Less: loss allowance	(9,048)	(9,306)
Accounts receivable, net	1,439,291	1,068,190
Bills receivable	319	–
	1,439,610	1,068,190

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 2026 RMB'000 (Unaudited)	As at 31 December 2025 RMB'000 (Audited)
Up to 3 months	1,442,346	1,070,204
3 to 6 months	693	1,228
Over 6 months	5,300	6,064
	1,448,339	1,077,496

The loss allowances for accounts and bills receivable as at 30 June 2026 and 2025 reconcile to the opening loss allowances is as follows:

	Six months ended 30 June	
	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
At 1 January	9,306	7,274
Net (reversal)/provision of impairment loss during the period	(258)	3,998
At 30 June	9,048	11,272

14 PREPAID CONTENTS ROYALTIES

	As at 30 June 2026 RMB'000 (Unaudited)	As at 31 December 2025 RMB'000 (Audited)
Current	572,125	531,956
Non-current	100,307	102,792
	672,432	634,748

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 2026 RMB'000 (Unaudited)	As at 31 December 2025 RMB'000 (Audited)
Current	9,444,452	9,057,452
Non-current	–	1,400,000
	9,444,452	10,457,452

The weighted average effective interest rate on bank deposits of the Group with initial terms of over three months as at 30 June 2026 and 31 December 2025 was 3.73% and 4.21% per annum, respectively.

16 SHARE CAPITAL

Authorised:

	Total number of ordinary shares '000	Nominal value of ordinary shares US\$'000
(Unaudited) At 1 January 2026 and 30 June 2026	1,000,000	100

Issued and fully paid:

	Number of ordinary shares	Nominal value of share capital RMB'000
(Unaudited)		
As at 1 January 2026	217,880,973	139
Exercise of share options	82,893	–*
Cancellation of shares	(7,631,350)	(5)
As at 30 June 2026	210,332,516	134
(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

* 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 2026	17,791,570	(455,540)	39,488	175,200	4,498	1,097,798	18,653,014
Exercise of share options	10,005	-	-	(4,151)	-	-	5,854
Vest of share awards	17,403	49,080	-	(66,483)	-	-	-
Equity-settled share-based payment under the share option scheme of the Pre-IPO Share Incentive Plan	-	-	1,360	-	-	-	1,360
Equity-settled share-based payment under the share award scheme of the Post-IPO Share Incentive Plan	-	-	-	49,485	-	-	49,485
Tax benefit from equity-settled share-based payments	-	-	-	42,044	-	-	42,044
Repurchase of shares	-	(856,068)	-	-	-	-	(856,068)
Cancellation of shares	(871,099)	884,108	-	-	-	(13,004)	5
Currency translation differences	-	-	-	-	-	(276,712)	(276,712)
As at 30 June 2026	16,947,879	(378,420)	40,848	196,095	4,498	808,082	17,618,982

	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

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 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
As of 1 January 2026	5,945,764	455,540
Shares repurchased under the Company	7,299,800	856,068
Release of shares from the Trustee for the share award scheme	(653,984)	(49,080)
Cancellation of shares	(7,631,350)	(884,108)
As of 30 June 2026	4,960,230	378,420

Note: As at 30 June 2026, 4,960,230 number of treasury shares were repurchased under the Trustee for the share award scheme (30 June 2025: 6,204,065). 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 2026 and 2025, 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 2026	675,753	10.91
Exercised during the period	(82,893)	10.28
Forfeited during the period	(350)	11.00
Outstanding as at 30 June 2026	592,510	11.00
Vested and exercisable at 30 June 2026	592,510	11.00
(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

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	
				2026 (Unaudited)	2025 (Unaudited)
2 March 2019	2 March 2026	US\$8	4 years from grant date	–	20,000
25 September 2019	25 September 2026	US\$11	4 years from grant date	320,500	382,243
22 November 2019	22 November 2026	US\$11	4 years from grant date	2,500	5,250
1 March 2020	1 March 2027	US\$11	4 years from grant date	16,500	18,600
20 May 2020	20 May 2027	US\$11	4 years from grant date	12,500	25,500
30 September 2020	30 September 2027	US\$11	4 years from grant date	16,600	20,600
24 November 2020	24 November 2027	US\$11	4 years from grant date	10,500	12,500
19 February 2021	19 February 2028	US\$11	1 year from grant date	2,000	2,000
26 February 2021	26 February 2028	US\$11	4 years from grant date	7,000	10,000
27 May 2021	27 May 2028	US\$11	4 years from grant date	182,535	254,750
15 June 2021	15 June 2028	US\$11	4 years from grant date	21,875	22,625
Total				592,510	774,068
Weighted average remaining contractual life of options outstanding at end of the period				1.91 years	1.92 years

* 20% to 100% of the options, depending on different vesting terms and performance requirements, are vested on the first anniversary of the grant date, and remaining options shall be vested in equal tranches at the anniversary of remaining vesting periods.

Based on fair value of the underlying ordinary shares, the Group has used Binomial model to determine the fair value of the share option as of the grant date.

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 2026 and 2025 are as follows:

	Number of share awards	Weighted average grant date fair value HK\$
(Unaudited)		
Outstanding as at 1 January 2026	81,821	85.75
Vested during the period	(79,901)	85.75
Forfeited during the period	(1,920)	85.50
Outstanding as at 30 June 2026	–	–
(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

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 2026 and 2025, 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 2026 and 2025 are as follows:

	Number of share awards	Weighted average grant date fair value HK\$
Outstanding as of 1 January 2026	2,009,532	114.41
Granted during the period	683,178	147.41
Vested during the year	(574,083)	115.04
Forfeited during the period	(104,272)	110.97
Outstanding as of 30 June 2026	2,014,355	125.60

	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

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 2026 and 2025.

	Number of shares	RMB'000
(Unaudited)		
As at 1 January 2026	5,614,214	427,500
Release of shares from the Trustee for the share award scheme	(653,984)	(49,080)
Outstanding as at 30 June 2026	4,960,230	378,420
(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

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 2026 and 2025 are as follows:

	Number of RSUs	Weighted average grant date fair value US\$
(Unaudited)		
Outstanding as at 1 January 2026	13,265	108.12
Granted during the period	2,126	116.49
Vested and transferred during the period	(5,609)	98.59
Forfeited during the period	(416)	100.45
Outstanding as at 30 June 2026	9,366	114.05
(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

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 2026 and 2025 as part of employee benefit expenses were as follows:

	Six months ended 30 June	
	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Share options issued under the Pre-IPO Share Incentive Plan	–	2,813
Share awards granted under the Pre-IPO Share Incentive Plan to Eligible Grantees	–	2,094
Share awards granted under the Post-IPO Share Incentive Plan to Eligible Grantees	49,060	54,444
RSUs granted under the NetEase Group Restricted Shares Units Plan to Eligible Grantees of the Group	1,360	1,503
	50,420	60,854

19 ACCOUNTS PAYABLE

	As at 30 June 2026 RMB'000 (Unaudited)	As at 31 December 2025 RMB'000 (Audited)
Accounts payable	29,334	56,074

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

As at 30 June 2026 and 31 December 2025, 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 2026 RMB'000 (Unaudited)	As at 31 December 2025 RMB'000 (Audited)
Accrued content service costs	1,501,210	1,305,668
Accrued expenses	222,391	204,385
Accrued salaries and staff benefits	170,414	299,961
Deposits from customers	35,202	37,846
Other taxes payable	58,704	59,245
Others	26,431	13,566
	2,014,352	1,920,671

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 2026:

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	
	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Purchase of property, plant and equipment from NetEase Group	79	169
Purchase of goods from NetEase Group	2,291	1,832
Purchase of technology and other services from NetEase Group	156,169	134,161
Provision of advertising services to NetEase Group	10,097	12,030
Provision of other services to NetEase Group	16,647	16,869
Sales of property, plant and equipment to NetEase Group	362	82

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 2026 RMB'000 (Unaudited)	As at 31 December 2025 RMB'000 (Audited)
Amounts due from NetEase Group	29,655	28,444
Amounts due to NetEase Group	69,124	38,464

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	
	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Salaries	2,249	1,979
Bonus	1,134	1,034
Welfare and other employee benefits	248	214
Equity-settled share-based payments	1,691	2,423
	5,322	5,650

Notes to the Interim Financial Information

22 CONTINGENT LIABILITIES

In the ordinary course of business, the Group is from time to time subject to claims, legal proceedings and arbitration. Among these, the Group is currently involved in a confidential arbitration proceeding in Hong Kong in relation to an alleged breach of contract claim asserted against the Group in connection with certain content previously licensed to the Group, with the substantive hearing expected to take place in 2027. Given the stage of the proceedings, the Directors consider that the outcome of the arbitration cannot be reliably determined at this stage, and accordingly no provision has been made.

Based on currently available information, management does not believe that the ultimate outcome of these unresolved matters, including the arbitration described above, 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. Should an unfavourable 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 unfavourable outcome occurs.

Definitions

"Board"	the board of directors of our Company
"China" or the "PRC"	the People's Republic of China
"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 the 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"	22 September 2026, 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 Date"	2 December 2021, the date on which our shares were listed and on which dealings in our shares were first permitted to take place on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"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

Definitions

“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
“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
“Reporting Period”	the six months ended 30 June 2026
“Shareholder(s)”	holder(s) of the Company’s share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary” or “subsidiaries”	has the meaning ascribed to it thereto in section 15 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), and includes our consolidated affiliated entities and any other entity the financials of which are consolidated into the accounts of the Company
“treasury shares”	has the meaning ascribed to it under the Listing Rules
“Youdao”	Youdao, Inc., a company incorporated under Cayman Islands laws, and listed on The New York Stock Exchange under the symbol “DAO” in October 2019