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**CLOUD MUSIC INC.**

**雲音樂股份有限公司**

*(incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 9899)**

**INSIDE INFORMATION  
UNAUDITED RESULTS FOR THE FIRST  
QUARTER ENDED 31 MARCH 2024 ANNOUNCED  
BY OUR CONTROLLING SHAREHOLDER, NETEASE, INC.**

This announcement is made pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

On 23 May 2024 (after trading hours Hong Kong time), our controlling shareholder and parent company, NetEase, Inc. (“**NetEase**”), a company listed on the Nasdaq in the United States (NASDAQ: NTES) and The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (HKEX: 9999), published its unaudited results for the first quarter ended 31 March 2024 (the “**NTES Earnings Release**”). The NTES Earnings Release contains references to our company’s financial performance for the first quarter ended 31 March 2024. A copy of the NTES Earnings Release is available for viewing on the websites of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and NetEase at <http://ir.netease.com/>.

The financial results contained in the NTES Earnings Release, including those relating to our company, have been prepared in accordance with Generally Accepted Accounting Principles of the United States, or U.S. GAAP, which are different from International Financial Reporting Standards (“**IFRSs**”). We use IFRSs to prepare and present our financial information. As such, the financial information contained in the NTES Earnings Release is not directly comparable with the financial results published and to be published by our company.

Our shareholders and potential investors are reminded that the financial results contained in the NTES Earnings Release are unaudited, are not required to be prepared in accordance with IFRSs, and have not been prepared or presented by our company. We make no indication or assurance that the financial results of our group will be the same as those presented in the NTES Earnings Release.

To ensure that our shareholders and potential investors have equal and timely access to the information pertaining to our company, set forth below are the key highlights of financial and other information published by NetEase in the NTES Earnings Release that relate to our company, some of which may constitute inside information of our company.

***Extract of the NTES Earnings Release relating to our company (also referred to as Cloud Music in the NTES Earnings Release)***

**First Quarter 2024 Financial Highlights**

- Cloud Music net revenues were RMB2.0 billion (US\$281.1 million), an increase of 3.6% compared with the first quarter of 2023.

**First Quarter 2024 and Recent Operational Highlights**

- Cloud Music continued actively prioritizing its core music business, including a recent comprehensive product upgrade to its NetEase Cloud Music App, aimed at cultivating a music-centric ecosystem and driving sustainable long-term growth.

“In our broader NetEase family, Cloud Music and Youdao are performing well, providing innovative content offerings in their respective domains. Our focus in 2024 remains on crafting products and content that ignite the market with passion and deliver vibrant experiences, ultimately creating value for both our users and our Company,” Mr. Ding concluded.

**First Quarter 2024 Financial Results**

Net Revenues

Net revenues from Cloud Music were RMB2.0 billion (US\$281.1 million) for the first quarter of 2024, compared with RMB2.0 billion for the preceding quarter and the first quarter of 2023.

Gross Profit

The quarter-over-quarter and year-over-year increases in Cloud Music’s gross profit primarily resulted from the one-off adjustment of certain copyright costs, increased net revenues from sales of membership subscriptions and continued improvement in cost control measures.

Gross Profit Margin

Gross profit margin for Cloud Music for the first quarter of 2024 was 38.0%, compared with 30.3% and 22.4% for the preceding quarter and the first quarter of 2023, respectively. The quarter-over-quarter and year-over-year improvements were mainly due to the factors enumerated above. The one-off adjustment of certain copyright costs mentioned above increased the gross profit margin in the first quarter of 2024 by approximately five percentage points.

**NETEASE, INC.**  
**UNAUDITED SEGMENT INFORMATION**  
*(in thousands, except percentages)*

	<b>Three Months Ended</b>			
	<b>March 31,</b>	<b>December 31,</b>	<b>March 31,</b>	<b>March 31,</b>
	<b>2023</b>	<b>2023</b>	<b>2024</b>	<b>2024</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>USD (Note 1)</i>
<b>Net revenues:</b>				
Cloud Music	1,959,841	1,985,548	2,029,541	281,088
<b>Cost of revenues:</b>				
Cloud Music	(1,520,378)	(1,384,537)	(1,259,006)	(174,370)
<b>Gross profit:</b>				
Cloud Music	439,463	601,011	770,535	106,718
<b>Gross profit margin:</b>				
Cloud Music	22.4%	30.3%	38.0%	38.0%

The accompanying notes are an integral part of this announcement.

*Note 1:* The conversion of Renminbi (RMB) into United States dollars (USD) is based on the noon buying rate of USD1.00 = RMB7.2203 on the last trading day of March 2024 (March 29, 2024) as set forth in the H.10 statistical release of the U.S. Federal Reserve Board. No representation is made that the RMB amounts could have been, or could be, converted into US\$ at that rate on March 29, 2024, or at any other certain date.

The business performance for the first quarter ended 31 March 2024 contained in this announcement represents preliminary statistics and a preliminary assessment based on the management accounts of our group and such information has not been audited or reviewed by our company's auditor.

**Our shareholders and potential investors are advised not to place undue reliance on the NTES Earnings Release and to exercise caution when dealing in the securities of our company.**

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

Hong Kong, 23 May 2024

*As at the date of this announcement, our company's board of directors comprises Mr. William Lei Ding, Mr. Yong Li and Ms. Yanfeng Wang as executive directors, Mr. Yat Keung Li as non-executive director, and Mr. Ying Kit Caleb Lo, Mr. Xianfeng Gu and Mr. Zhong Xu as independent non-executive directors.*