

NetDragon Websoft Holdings Limited

Investor Presentation



July 2020

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Who is NetDragon?



- Tech pioneer in gaming and education
- Top-100 technology company in China
- 6,000+ global team with strong R&D focus
- Publicly-listed on HKSE

Gaming

- Tech/Product-driven, with 2,000+ technical staff
- Leader in massive online communities including RPG and MOBA
- Fast-growing portfolio of new games and IP portfolio
- Consistent top + bottom line growth and highly profitable

Education

- Largest global edtech ecosystem that spans across B2G (government) + B2S (school) + B2C (consumer)
- Best-in-class hardware + software with O2O coverage
- On-the-ground world-class China + international management team with global execution capability

A pioneer in building global online communities and interactive experiences

Pioneer in Building Online Communities



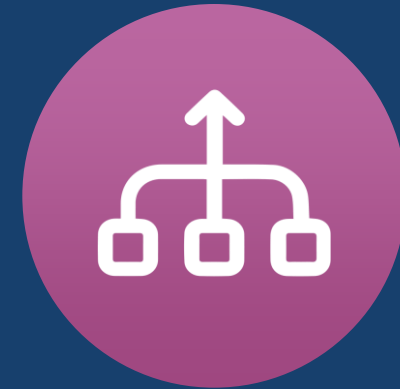
Synergies between Gaming & Education



**Building
Communities**



Big Data



**Technology
Applications**

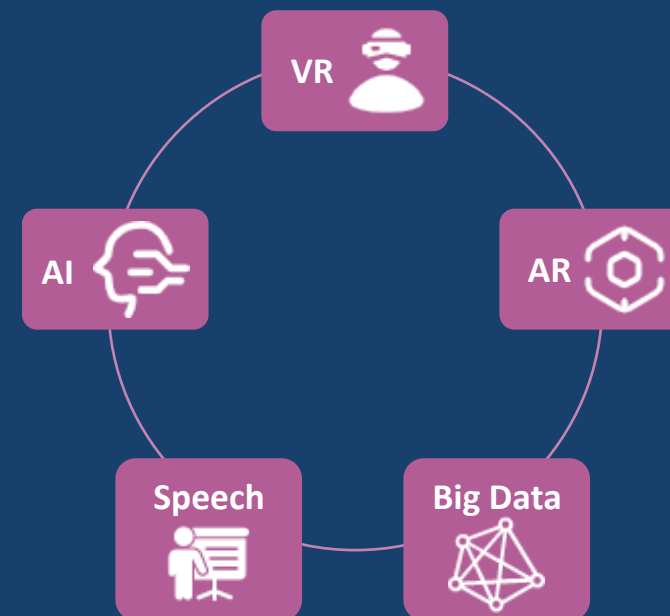
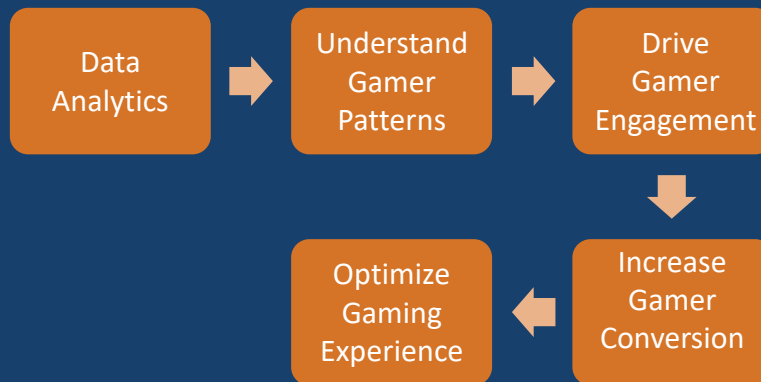
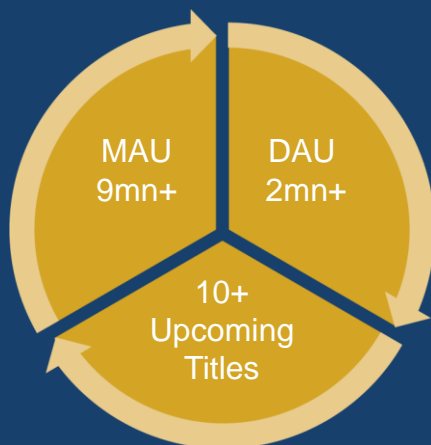
Synergies between Gaming & Education

Community

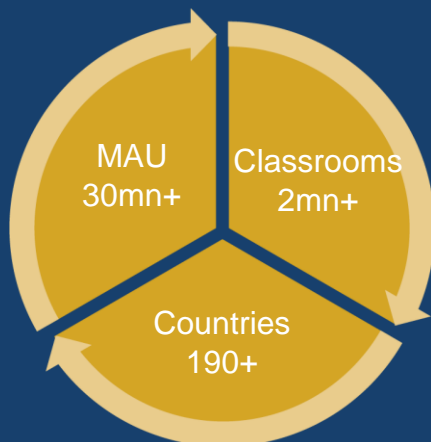
Big Data

Technology

Gaming



Education



Education

To Build a Global Learning Community

Our Global Education Footprint



Leader In Learning-Based
Games For
K-12 Kids

edmodo

Global K-12 Online
Education
Community Platform



Holographic
Technology

Promethean®

Global Leader In
Interactive Displays For
Education Solutions



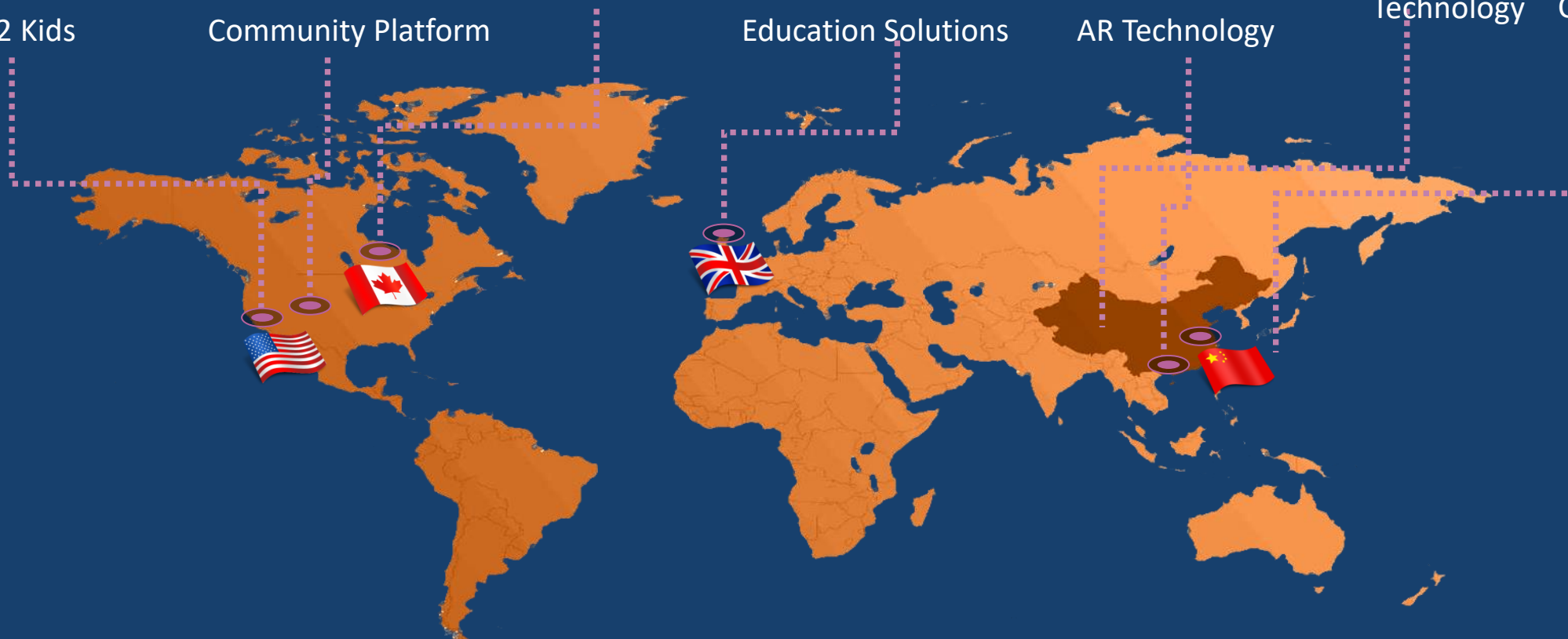
Intelligent
Positioning and
AR Technology



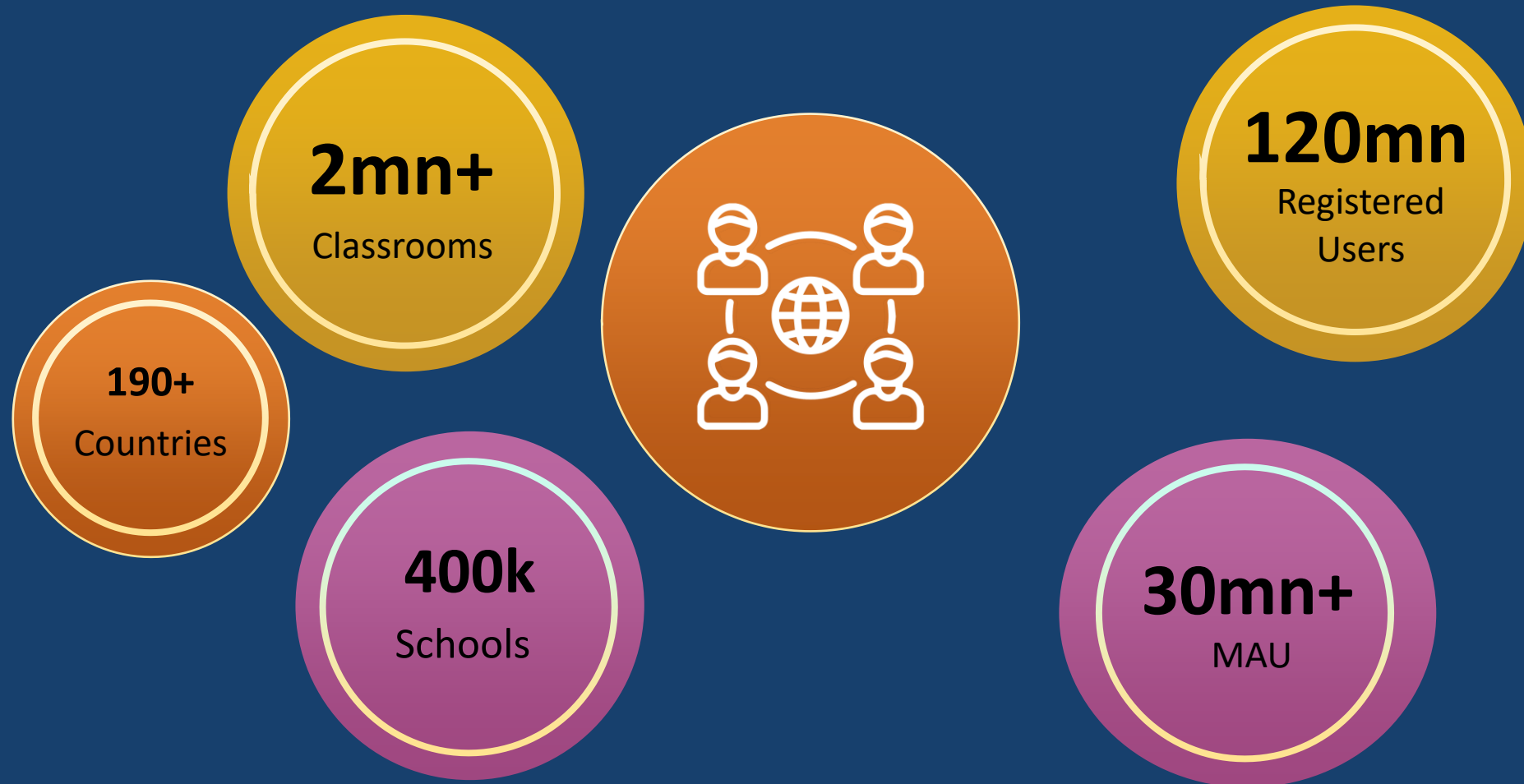
Intelligent Speech
Technology



JV with
China Unicom



The Largest Global Learning Community



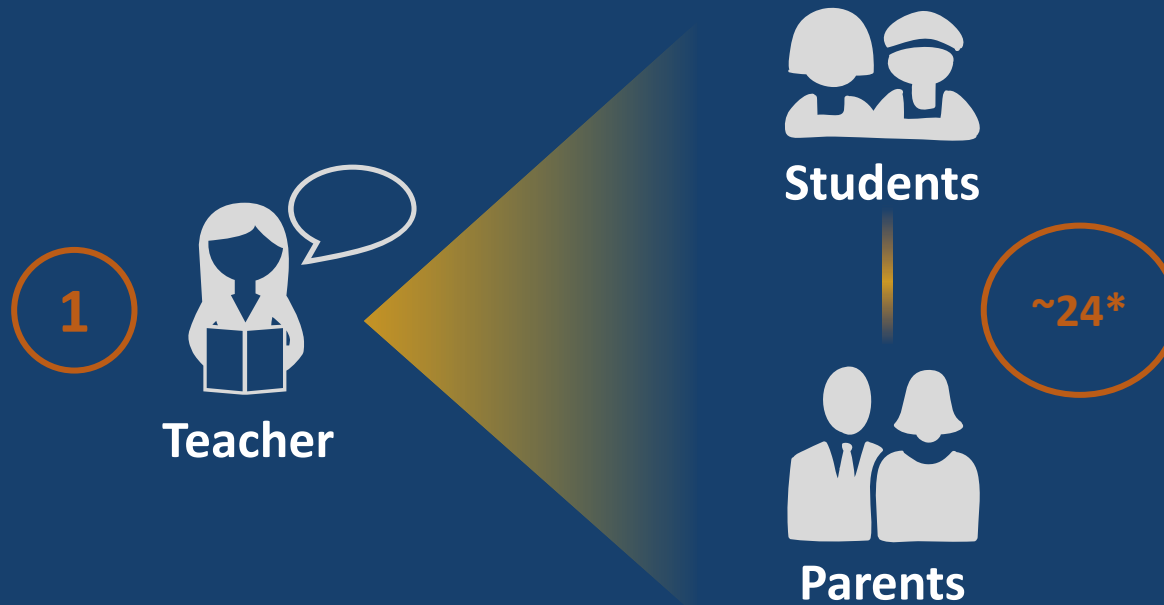
Creating an Ecosystem of Teaching + Blended Learning Tools Covering The Entire Value Chain



Teacher Adoption Leads to Valuable Organic Traffic

Teacher-led Class Adoption Model

...Leads to Large # of New Users



29 million+ new registered Edmodo users in between January to May 2020

- On \$0 direct marketing expenses

Teachers drive new users and are key influencers

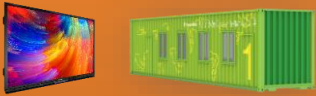
A core advantage: organic access to teachers, students, and parents

*Remarks: ~24 based on 16 students per teacher's ratio and 1.5 parents per student's ratio, which is in accordance to U.S. News and World Report.

We are working towards a unique business model which leverages educational tools to drive traffic which leads to monetization...

Teaching And Learning Tools

Hardware



- Interactive Displays
- Intelligent (aka. Pop-up) Classroom Solutions
- Future Products
 - Robots
 - Household Products

Software

edmodo  101教育PPT

- Edmodo
- ActivInspire
- 101 Edu PPT
- 101 VR Editor
- One-Stop Learning
- SandboxFX

➔
User Acquisition

SaaS Freemium Platform

In-House + 3rd Party Partnerships

Content



Pearson



Beijing
Language
University

- Publishers: Pearson, Beijing Language and Culture University Press etc.
- "Netflix For Education"
- Virtual Laboratory
- AI Courseware
- Educational Games: JumpStart
- More To Come...

Services



EDMODO ENTERPRISE

- Edmodo Enterprise
- Virtual Classroom
- Online Tutoring
- Mobile Device Mgt
- More to Come...

➔
Monetization



**Artificial
Intelligence**



**Virtual
Reality**



Gamification

Ecosystem Starts with Hardware Penetration



Unmatched Presence in Classrooms Globally

1.3 million+ global installed base for Promethean interactive panels



Popular software solutions used by teachers around the world to make their classes more engaging and their teaching more effective...



edmodo



- ~ **2M Monthly Active** teacher accounts on Edmodo and 101PPT around the globe
- **190 Countries** are using Promethean Solutions
- **20 Years** Supporting Global Educators
- **Broadest channel** to sell into classrooms globally



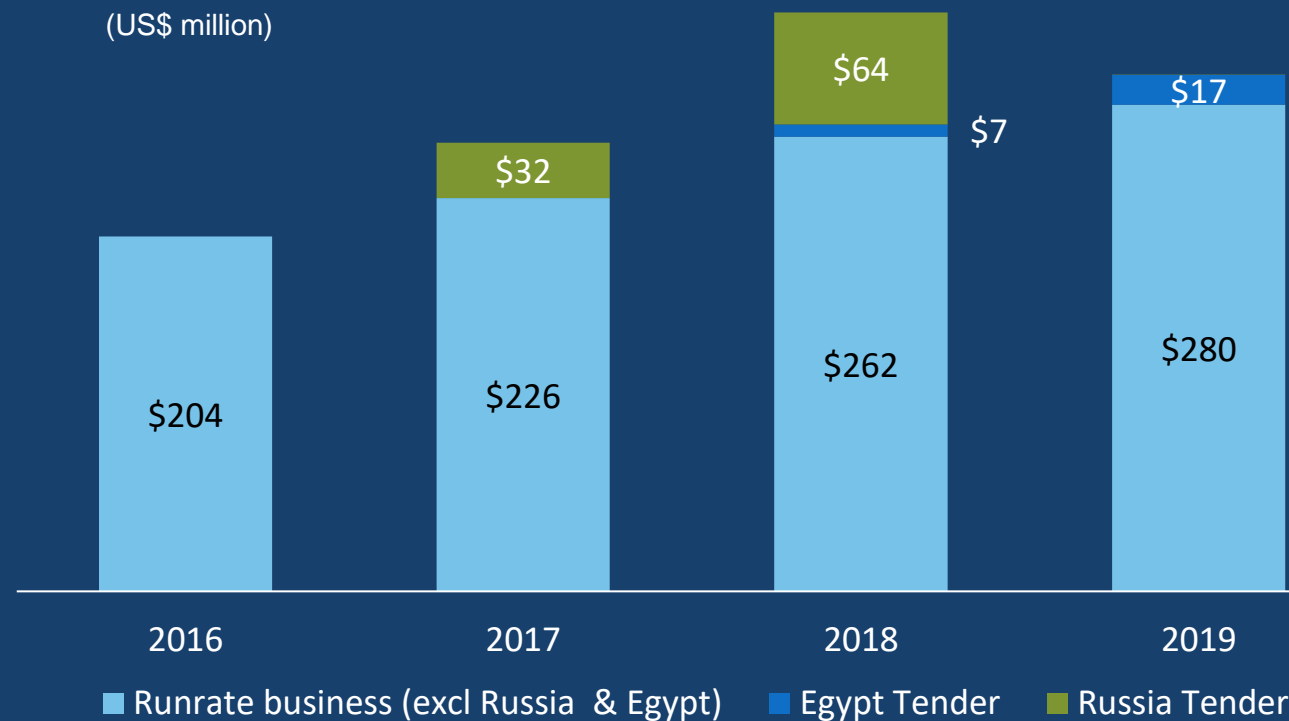
No 1. Market Share In International Markets



Promethean®

Revenue Trend For Promethean

(US\$ million)





Strategy to Scale Up Promethean Sales in China

Local Distribution
Network



“Fit for China”
Products



Unrivalled Brand
Equity



JV set up with
channel distributor



Partnering with Konka to
launch products highly fit for
the China market



Positioning Promethean
current products in the
high-end category

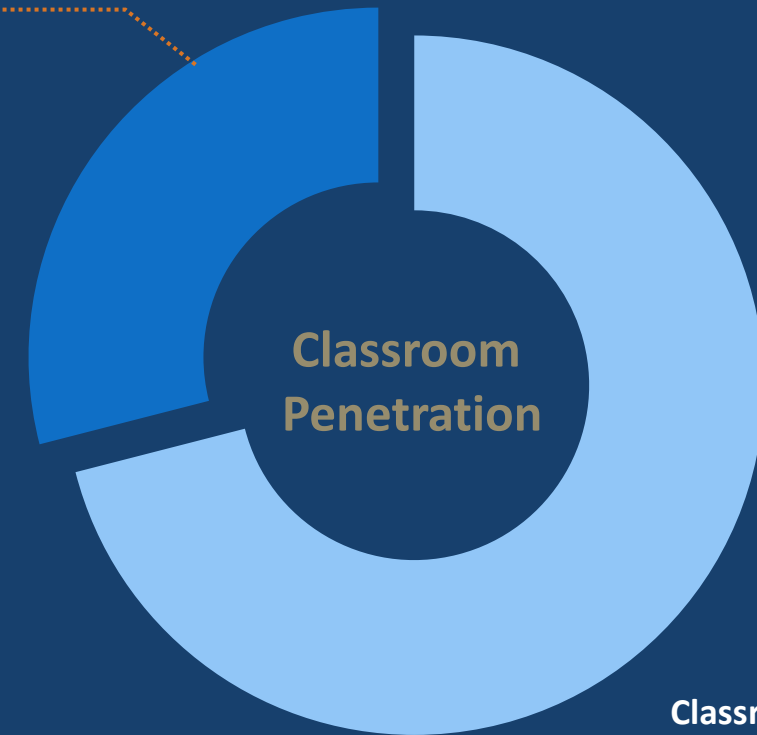


Sizable Untapped Market Opportunity

	Developed Countries	Emerging Countries	Total
Penetration %	75%+	8 - 33%	31%
Total Classrooms	7M	36M	43M
Classrooms with Interactive Display	6M	7M	13M
% that remains unpenetrated	2- 25%	66 - 92%	69%

Classrooms with Interactive Displays

31%



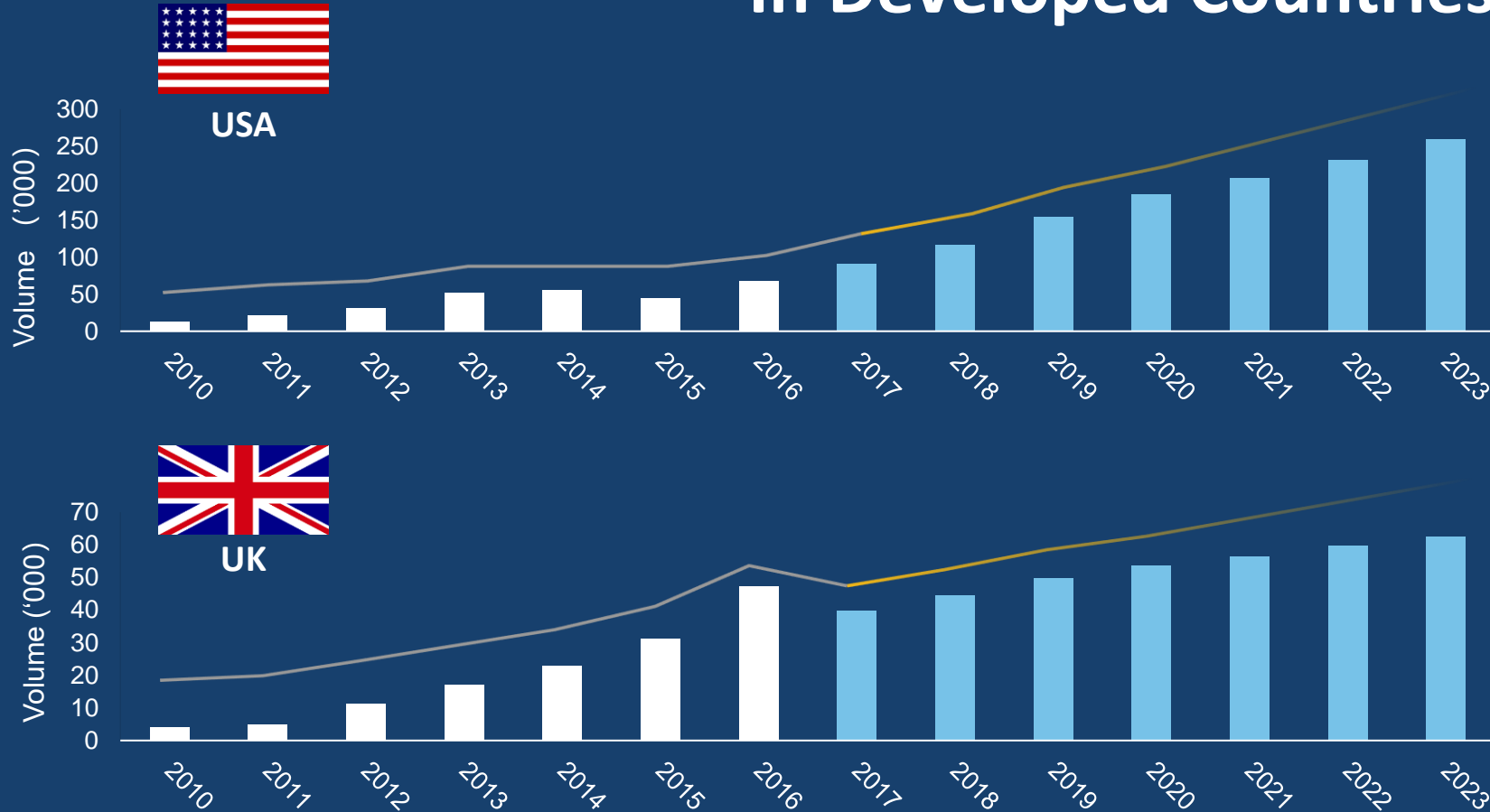
Classrooms without Interactive Displays

69%

Source: Futuresource Consulting 1Q2020 World Interactive Displays Report



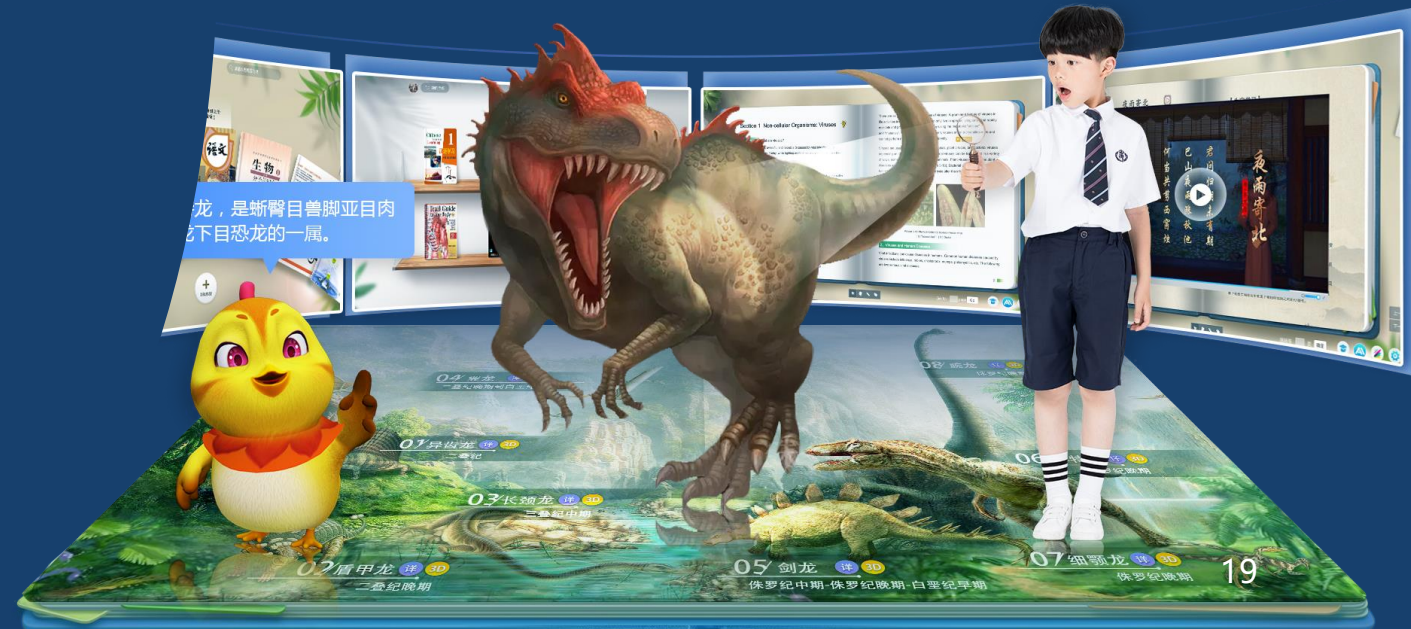
Huge Opportunity From Replacement Markets In Developed Countries



Potential Replacement Markets in USA and UK

- ~2 million classrooms have installed interactive whiteboards in USA and UK. This offers a great potential opportunity for interactive panel replacements
- Expected ~1.3 million whiteboard displays will be replaced in USA and UK by 2023

Leveraging Software to drive User Engagement





To C (Overseas)

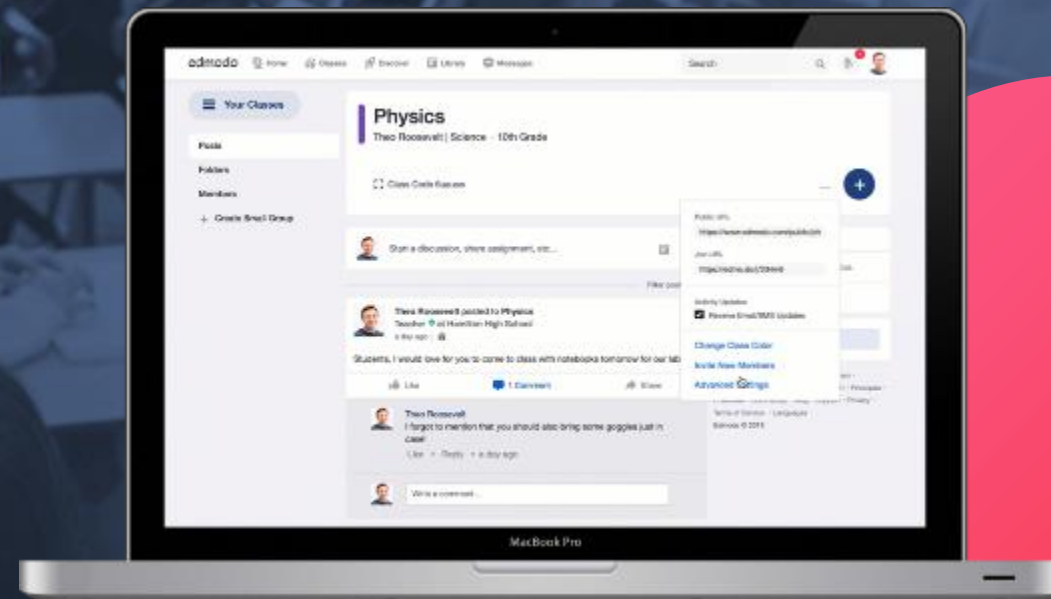


NetDragon

Online Learning Platform Extends Beyond the Classroom

edmodo

- Connecting learners around the world
- Communication and collaboration platform for teachers, students, administrators and parents



192
Countries

400 Thousand
Schools

120 Million
Users



Edmodo drives Collaboration and Learning Effectiveness

Distance Learning & Video Conferencing

- Fully Integrated Solution (not a plugin)
- Built in-house specifically for distance learning use case
- Live Session, Office Hours, Group Study & Professional Development

Communication

- Schedule Classroom Posts Ahead of Time
- Create Threaded Discussions
- Message Across All Devices with Parents & Students

Private Class Spaces

- Dedicated Invite-Only Space
- Threaded Discussions
- Dedicated Resource Folder
- Small Groups for Courses
- Moderation Tools

Administration & Assessment Tools

- Assessment Tools such as Polls, Quizzes, Grading and Assignments
- Analytics & Insights
- Organize Resources by Group and/or Focus Area
- Organized Professional Development for Teachers



To G,B,C (Overseas)



NetDragon

MONETIZATION WITH EDMODO PREMIUM VERSION

	EDMODO FREE VERSION	EDMODO PAID VERSION
Core Edmodo Platform	✓	✓
Video Live Streaming/ Whiteboarding		✓
Enterprise Setup & Onboarding		✓
SYNC & SSO Integration		✓
Content Cloud Integration		✓
Advanced Admin Tools & Reporting		✓
Dedicated Landing Page		✓
Branded Marketing Collateral		✓
Dedicated Success Manager		✓
Support Office Hours		✓
Training Sessions		✓



To G,B,C (Overseas)



NetDragon

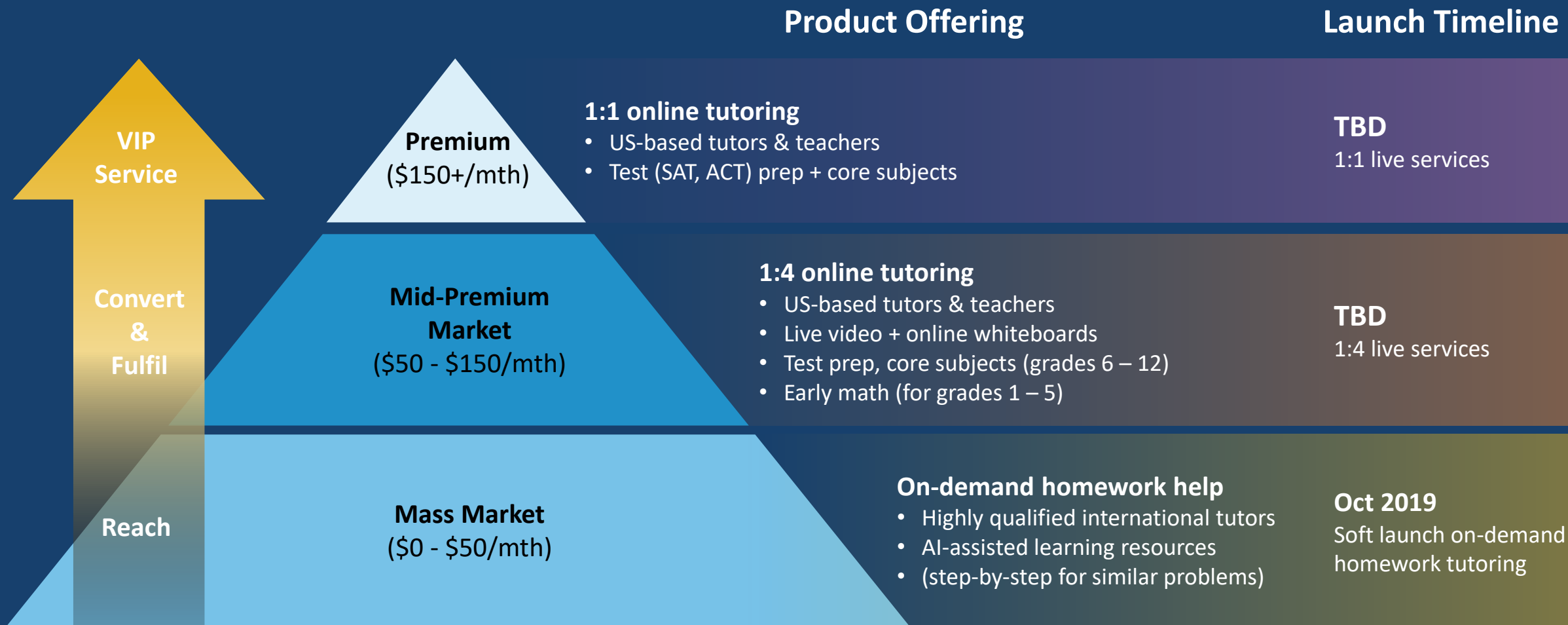
EDMODO VS COMPETITION

What makes the difference?

	Google Classroom	MSFT Teams	edmodo
Classroom Space (T/S)	✓	✓	✓
Messaging	✓	✓	✓
Assignments & Quizzes	✓	✓	✓
Storage	✓	✓	✓
Video Conferencing	✓	✓	✓
Student Planner			✓
Document Storage	Google Docs	Office	Google Docs / Office Integration
Private Content Library			✓
School / District Pages			✓
Community (T/S/Admin)			✓
Classroom Planner			✓
Dedicated Support			✓
Training			✓
Complete Distance Learning Solution			✓
Activation & Engagement Rates	Medium	Low	High



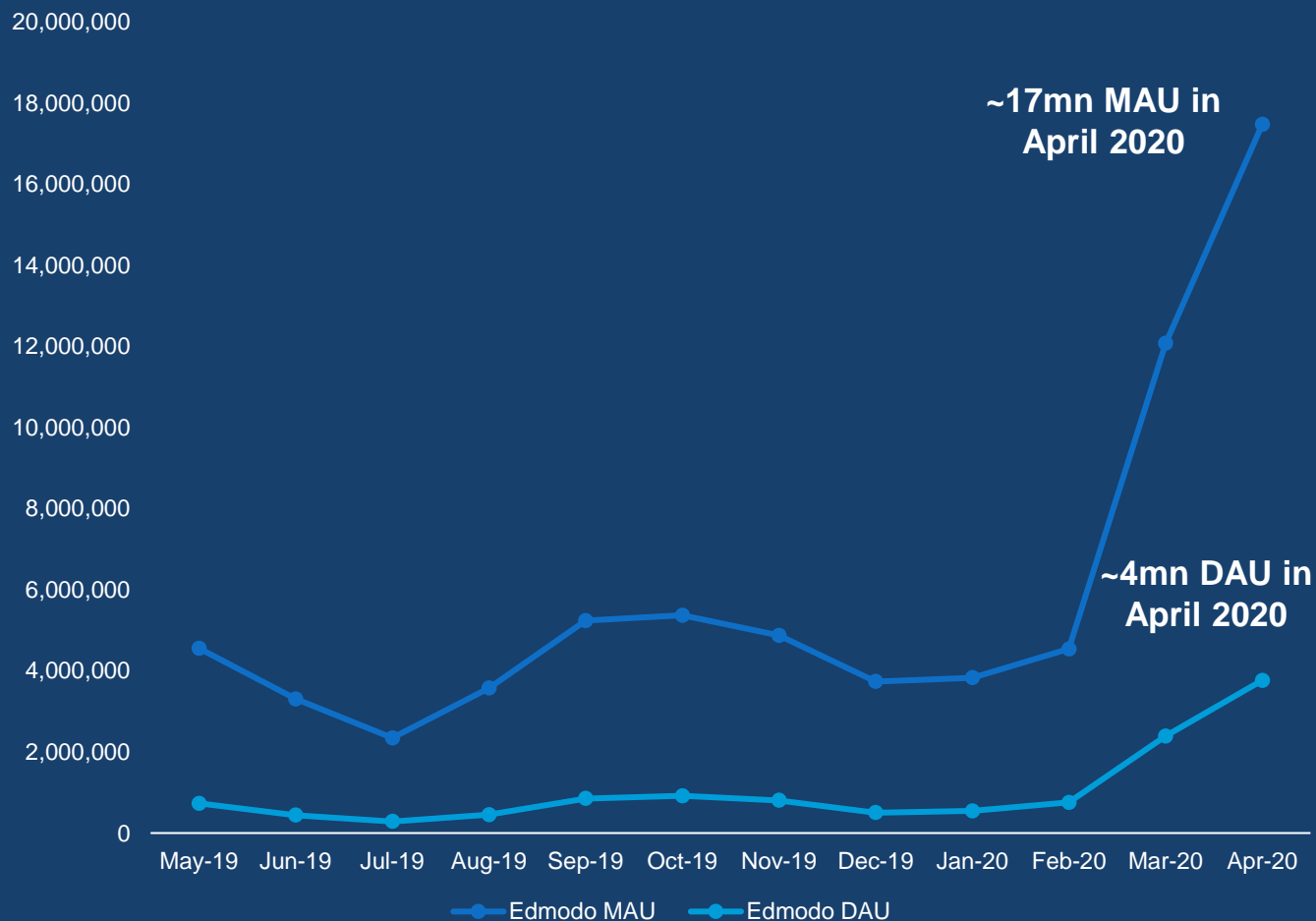
Monetization with Edmodo VAS - Online Tutoring



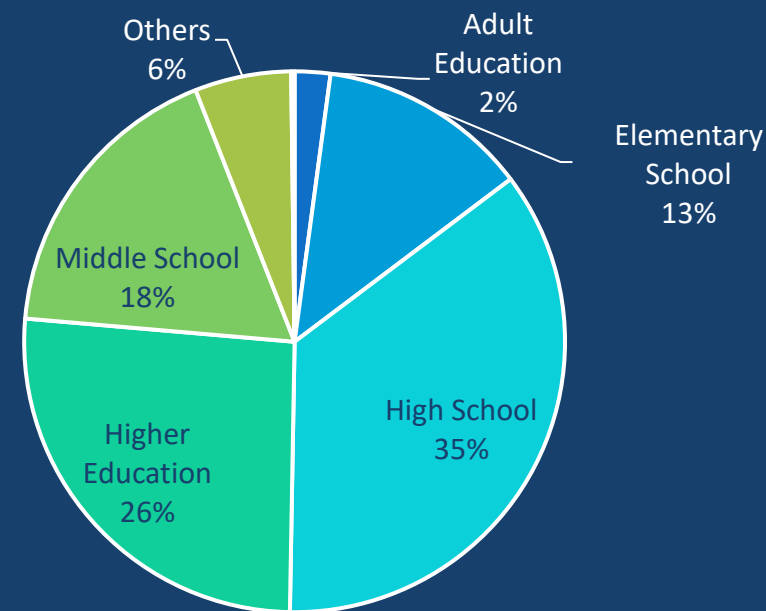


A Global Platform With Increasing Adoption Rates

MAU/DAU of Edmodo



MAU of Edmodo by Grades



Based on Students' MAU in April 2020



To G, B, C (In China)



Creating Educational Software And Platform With Broadest Portfolio of Product + Technology In China



To G



To B



To C

Platform



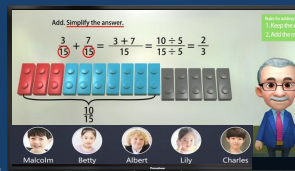
One Stop Learning

P101 PPT

Educational
Tools & Contents



Virtual Laboratory



AI Courseware



3D EBook



AI Assistant



VR Mysticraft

Technologies

VR



AR



Big Data



AI



Speech



Monetize via SaaS Online Content and Service

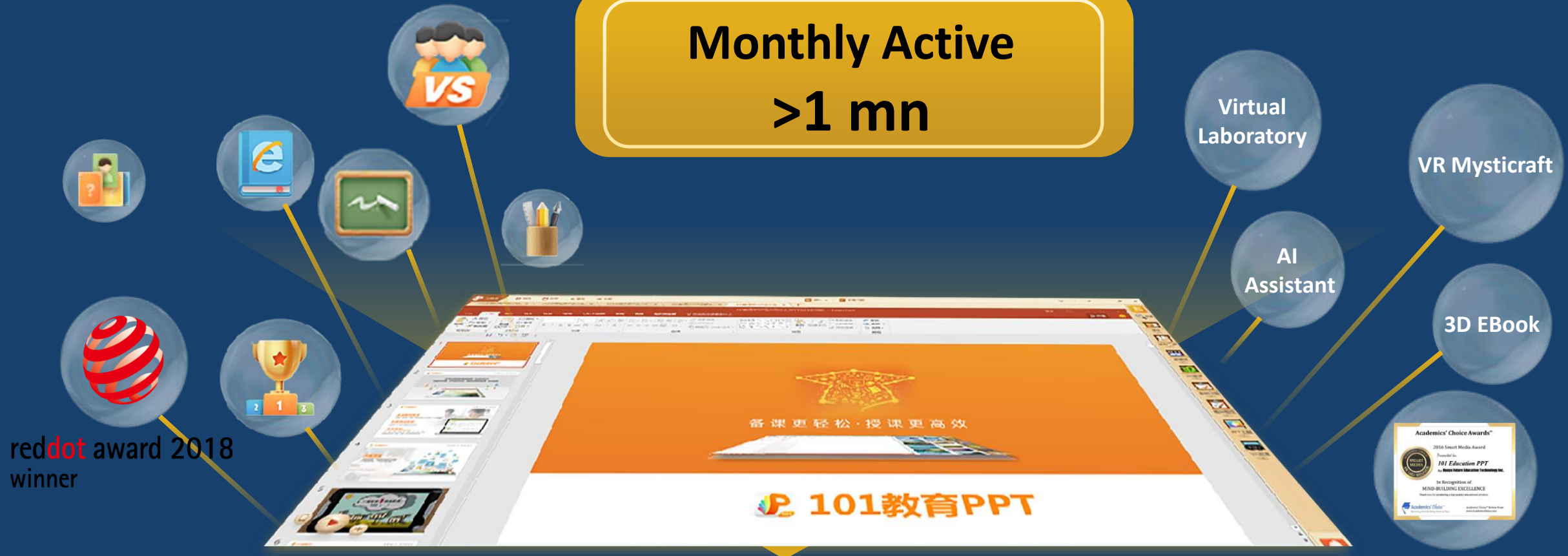


To B&C (In China)



Award-winning lesson preparation and delivery
integrated platform, available on PC and mobile

Monthly Active
>1 mn



red dot award 2018
winner



To G, B, C (In China)



NetDragon



One Stop Learning

Education Informatization Platform, addressing:

- *Homework capabilities*
- *Virtual classroom (live streaming)*
- *Communications*
- *Resources sharing*

Coverage in Hubei, Fujian, Guangdong, Shaanxi, Henan and Shandong etc...

30,000+
Schools

>3mn
Monthly
Active

14mn+
users





To G, B, C (In China)



NetDragon

“AI Teacher” to Drive Better Learning Outcome + Higher Engagement

Add. Simplify the answer.

$$\frac{3}{15} + \frac{7}{15} = \frac{3+7}{15} = \frac{10 \div 5}{15 \div 5} = \frac{2}{3}$$

Rules for adding like fractions:
1. Keep the denominator the same.
2. Add the numerators.

Malcolm Betty Albert Lily Charles



Large overseas
teacher network to
source quality tutors

Library of **1.4M** learning objectives
mapped to curriculum



edmodo

- Classroom & home learning solutions
- Blended + global classrooms

“AI Teacher” Courseware to supplement live teaching



To G, B, C (In China)

JV with China Unicom to ride on 5G trend



In March 2020, NetDragon, China Unicom and Central China Normal University reached a strategic cooperation agreement on the establishment of a smart education joint venture – Yunqi Smart Education Technology Company

Central China Normal University



-- Provide products and solution services for actual use cases to target customers as well as an ecosystem for the industry.

China Unicom



-Strong communication and innovation capabilities in 5G, big data, cloud computing, Internet of Things and blockchain

NetDragon



- Artificial intelligence, VR/AR, 3D platforms, education informatization-related software and hardware capabilities



Regional Education Center



"Smart" School Campus



"Smart" Learning

Series of Products

Cloud Computing For Education



Platform For VR Lab



VR Vocational Education Training Platform



"Smart" School System



Big Data Analysis System For Education



To G



To B



To C



Country Strategy





EGYPT PICKS EDMODO FOR NATIONWIDE LEARNING

. On March 19, the Arab Republic of Egypt announced it had contracted with the online learning provider to deliver remote instruction to the country's entire K-12 student body.

- **1M+** teachers will provide distance learning support
- Used by over **22M+** students
- Integrating with the Egypt Knowledge Bank ("EKB") to bring in a massive volume of interactive educational content





EGYPT ADOPTS INTELLIGENT CLASSROOM SOLUTION

- Signed MOU With Egyptian Ministry of Education In 2019
- To Build 265,000 Intelligent Classroom Solutions For Egypt
- Delivery of 100 Pilot Classrooms In January 2020



A 3D architectural rendering of a modular building complex situated in a desert landscape. The building is composed of several interconnected white and grey rectangular units. The layout includes an 'Office' area on the left with desks and computers, a 'Regular Classroom' and 'Seminar Room' in the center with rows of blue chairs and white tables, and a 'Toilet' facility on the right. The building is surrounded by a dark grey paved area, and the background features a vast desert with sand dunes and a line of palm trees under a clear blue sky.

Regular Classroom Toilet Seminar Room Office

will be structured and contain all necessary facilities.
空间规划科学有序 教学设施配套齐全



EDMODO AND CODING GALAXY CHOSEN BY THAILAND MINISTRY OF EDUCATION AS K-12 LEARNING SOLUTIONS

Edmodo and Coding Galaxy, have been selected by the Ministry of Education Thailand to begin trial as the online learning platform and coding learning solution for 10,000 K-12 schools.

*The project's coverage is expected to expand beyond 10,000 schools to more than **40,000** schools and **10 million students** under the MoE after the pilot*





Belt and Road Initiative



Serbia

Building a National
Innovation Platform



Russia

20,000+ Classrooms installed with
Promethean Interactive panels



Kazakhstan

20,000+ classrooms deployed for
Providing Online Training Services



Egypt

Intelligent Classroom Solutions Project
Egyptian MOE announce Edmodo as National
designated Online Learning platform for K12



Thailand

Thailand MOE announce Edmodo and Coding
Galaxy as online learning platform



Nigeria

Promethean: Market Share No.1
for Interactive Displays Market



India



Kenya



Malaysia

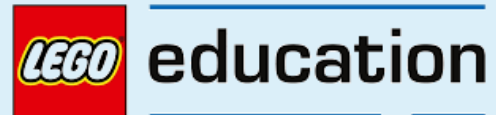
Develop and Improve Digital
Education in Sarawak

Our Business Partners

Publisher



IP



Telecommunications



Partnership With World-Renowned Universities To Design Smart Learning For Future



China



Tsinghua University



Beijing Normal
University



Central China
Normal University



Xidian University



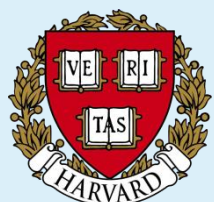
Beijing Language and
Culture University

中央美术学院
China Central Academy of Fine Arts
设计学院

China Central
Academy of Fine Arts



USA



Harvard
University



Leland Stanford
Junior University



University of North
Texas



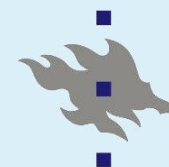
Singapore



National University of
Singapore



Finland



UNIVERSITY OF HELSINKI
University of
Helsinki



NetDragon

Our Vision For the Education Platform

To Brighten The Future With Education
By Building a Global Lifelong Learning Community



Gaming



Gaming Business Highlights



Huge Customer Base

+300mn Registered Users worldwide



PC & Mobile Traction

39% Y-o-Y growth in FY2019



Data Driven

Business intelligence focused on key metrics and monetization



Experienced Team

20 years of gaming operation experience



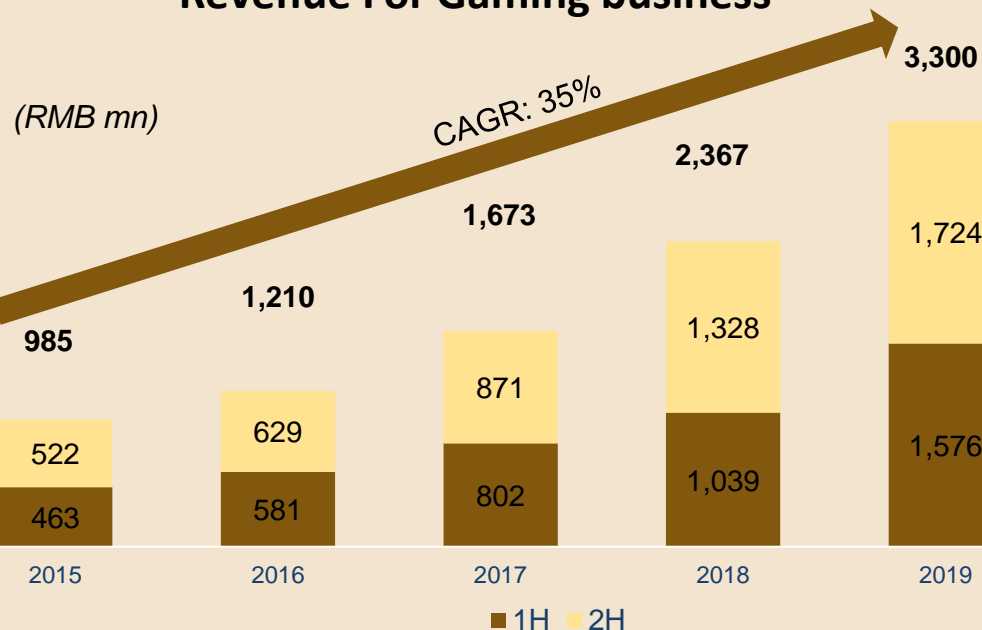
Market Validation

Ranked amongst the Top 8 Gaming Companies in China by competitive strength*



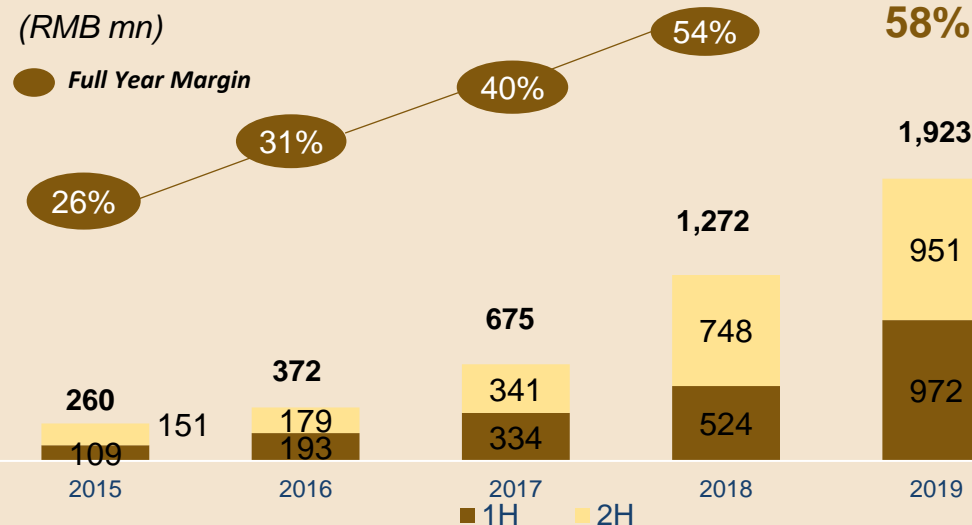
Upward Trending Profitability in Gaming Business

Revenue For Gaming business



Core Segmental Profit For Gaming business

Upward trending profitability



- ✓ Flagship IPs, namely Eudemons, Heroes Evolved and Conquer
- ✓ Robust revenue growth as the company continues to boost user engagement and monetization
- ✓ Strong and defensible margins, gross margin has remained above 90% over the past five years. Gross margin further expanded to 95.9% in 2019
- ✓ Core segmental profit grew more than 7 times from 2015 to 2019

>3x Revenue From 2015 to 2019

>7x Core Segmental Profit From 2015 to 2019




Eudemons IP

One of China's Most Valuable IPs

Expand IP Portfolio, Diversified Full-Category Coverage



- Launched in 2006
- Registered users: 250mn+
- Available in 10+ countries
- 2019: 7 Eudemons IPs Titles

 Under Development

PC

魔域PC
(Eudemons PC)

互通版
(PC-Mobile
Cross Platform Version)

WEB

魔域永恒
(Eudemons Eternity)

MOBILE

魔域口袋版
(Pocket Version)

魔域手遊
(Eudemons Mobile)

風暴魔域
(Eudemons Storm)

風暴魔域 2
(Eudemons Storm 2)

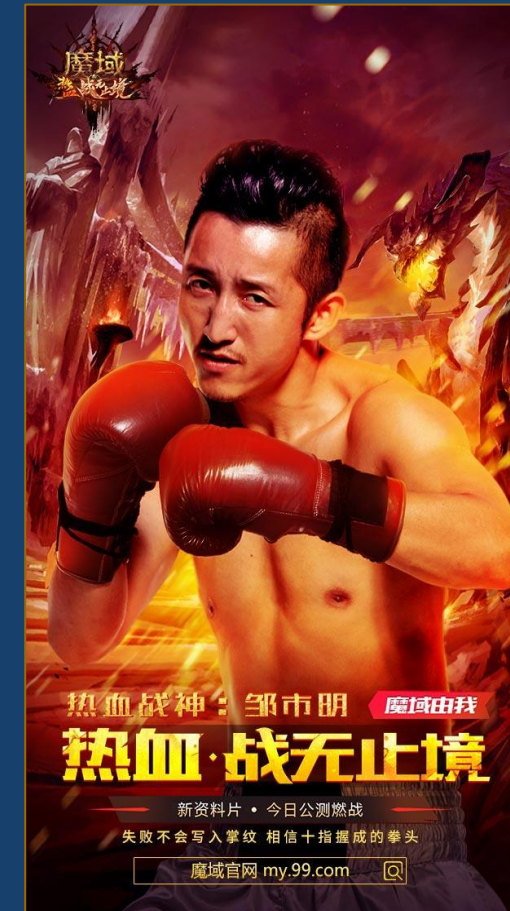
魔域II
(Eudemons II)

HTML5

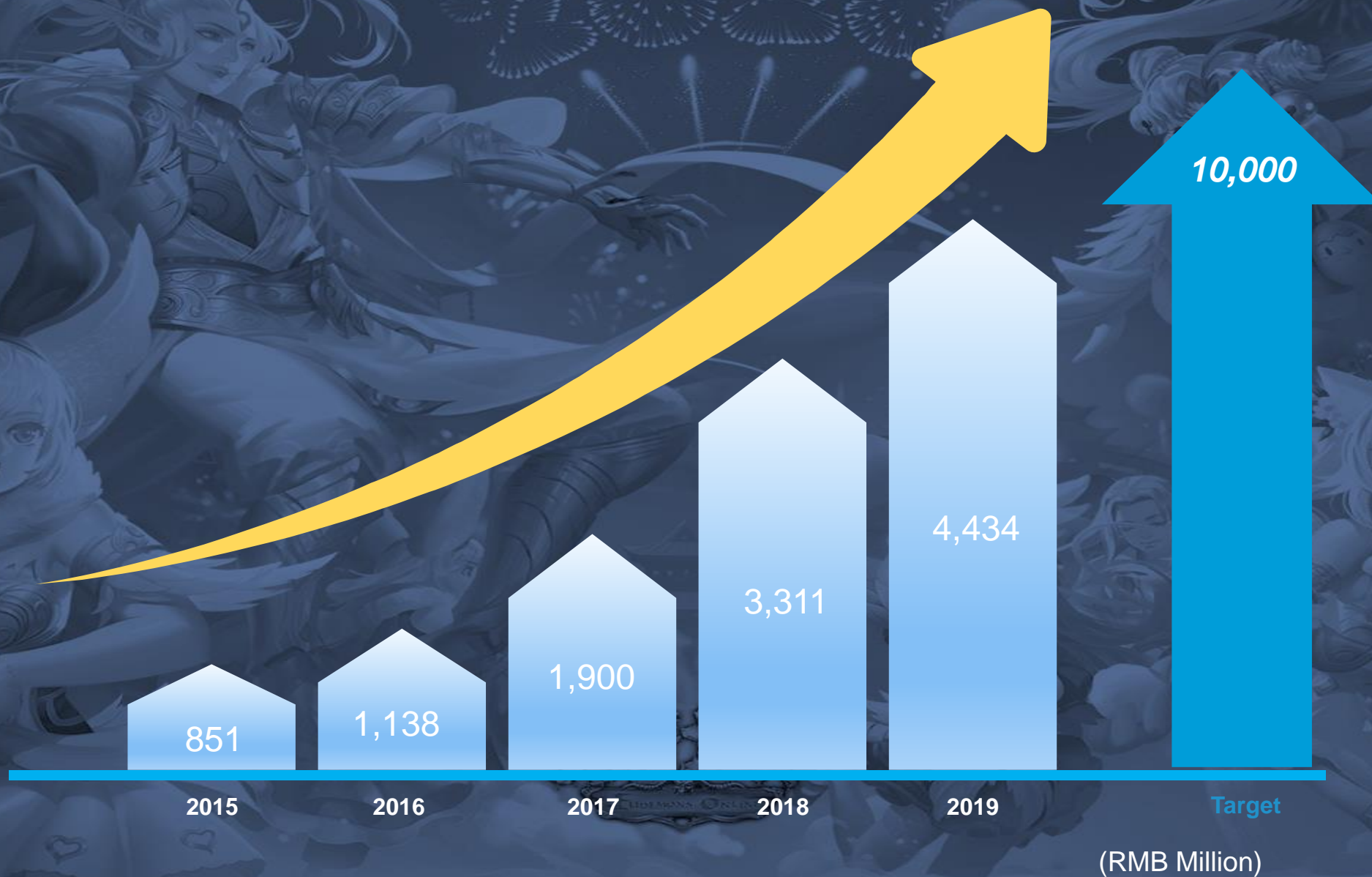
魔域來了
(Eudemons Here We Come)

魔域傳說
(Eudemons Legends)

Eudemons IP Crossover Collaboration Driving Sustained Revenue Growth



Continue To Develop Eudemons IP; To Drive Sustainable Growth of Gross Billings





Heroes Evolved

Leading MOBA Game in China

Strengthen Overseas Operation, Enhance Product Line



- Launched in 2015
- Registered users: 200mn+
- Available in 100+ countries
- 2019: 3 Heroes Evolved IPs Titles

  Under Development

MOBA

英魂PC版
(PC Version)

英魂口袋版
(Pocket Version)

SLG

英魂之刃战略版
(Heroes of Ages)

TCG

英魂王座
(Heroes Evolved "Thrones")

Heroes Evolved IP Crossover Collaboration Injecting New Vitality





Conquer Online



Pioneer of China online game in overseas expansion; Record high revenue in 2019

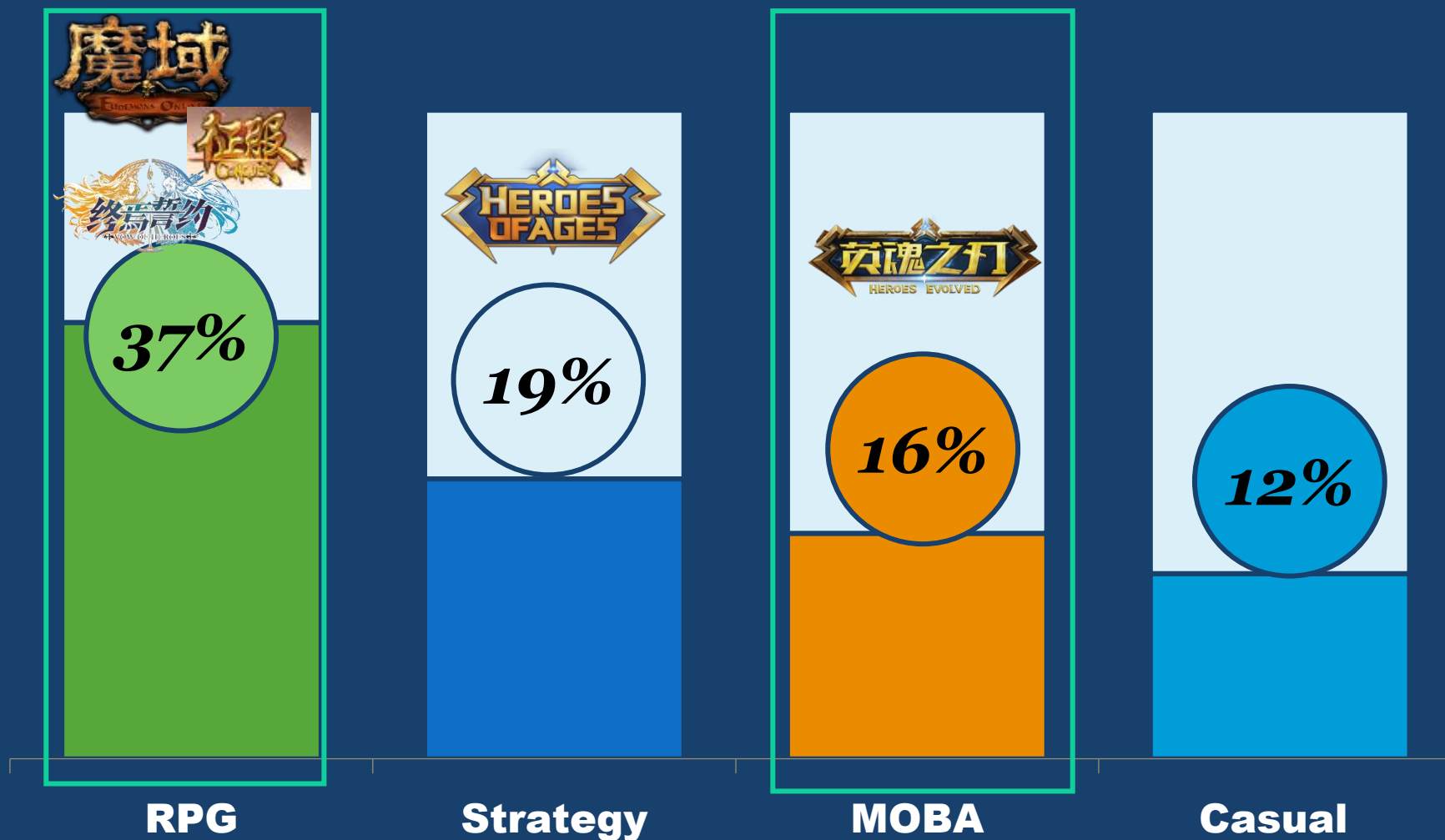


Integration of game and culture;
Export of Chinese classic culture

- Launched in 2003
- Registered users: 100mn+
- Available in 100+ countries
- Available in 5 different languages

Our Core Games Belong in the Largest Genres by Market Revenue Size

Types of Domestic Games in China By Revenue in 2019



Source: GPC (中国音数协游戏工委),
Others= 16% including cards, shooting, Action games etc...

New Games Pipeline

多人在线角色扮演
MMORPG

《魔域II》
Eudemons II
(Open World MMO Mobile)

《終焉誓約》
Vows of Heroes
(JRPG Mobile)

《风暴魔域II》
Eudemons Storm II
(MMO Mobile)

战争策略模拟
SLG

Heroes of Ages
(Real-Time Battle Strategic Mobile)

网页游戏/微端
HTML5

《魔域傳說H5》
Eudemons Legends H5
(HTML5)



Vows of Heroes

Tribute to JRPG Original Classics



- Vows of Heroes Partners with Bilibili
- Official Launch in 2020 and Exclusively Published by Bilibili



Eudemons II

Open World; Immersive NPC

- Create an open world, provide immersive game experience
- Explore a self-defined ending
- Self-developed AI mechanism NPC for players' engagement

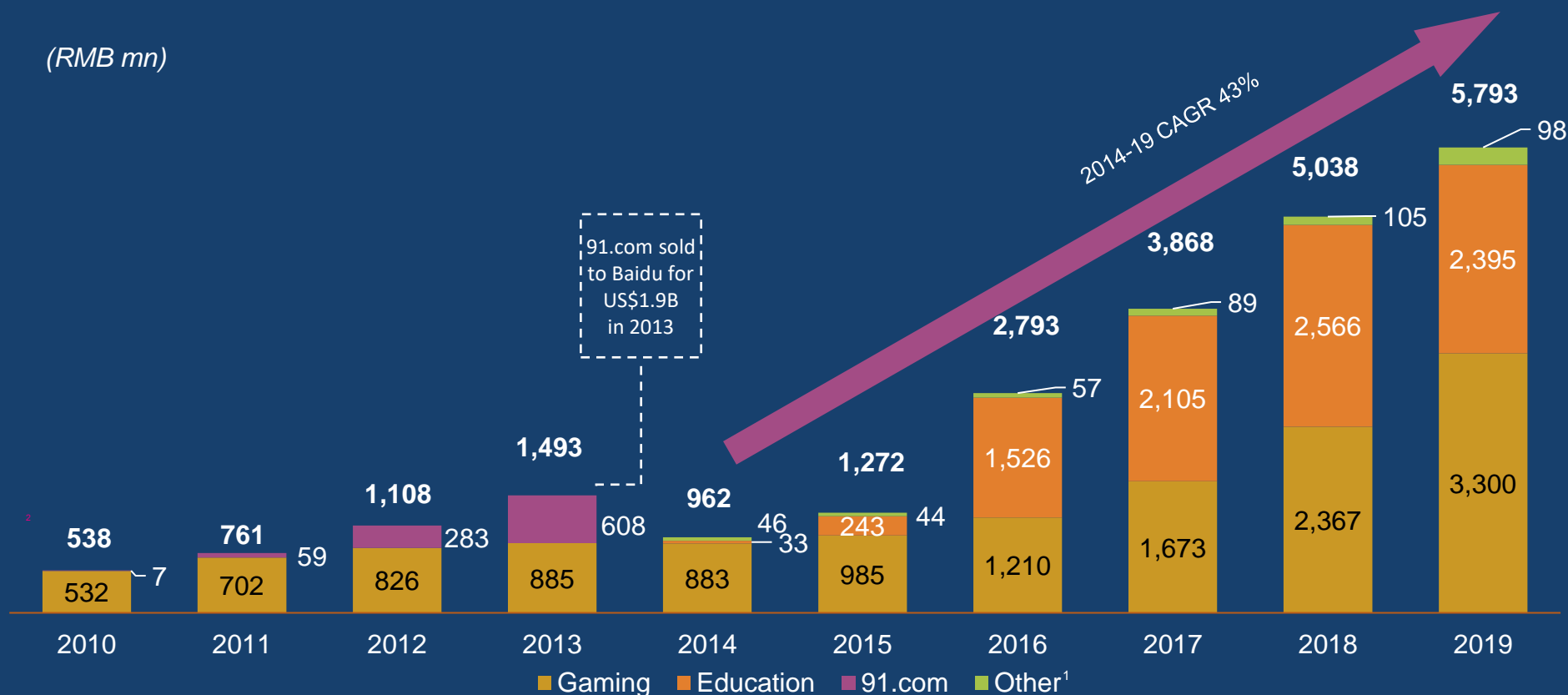
Note: NPC refers to non-player characters in the game

Financials



Long Track Record of Successfully Growing Business Lines

(RMB mn)



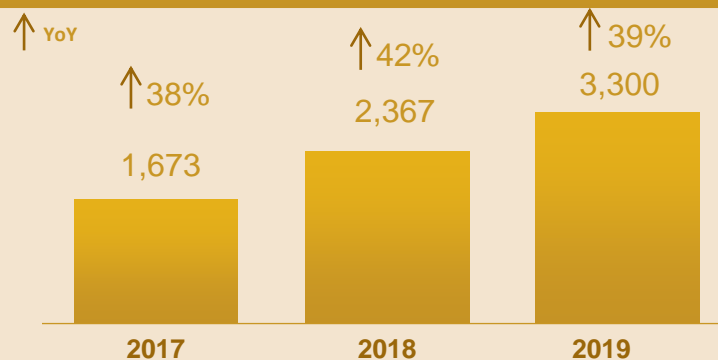
Revenue growth fueled by steady gaming performance and fast-growing education business

1. Refers to mobile solution, products and marketing revenue in 2014-2019

Key Financial Highlights For 2019

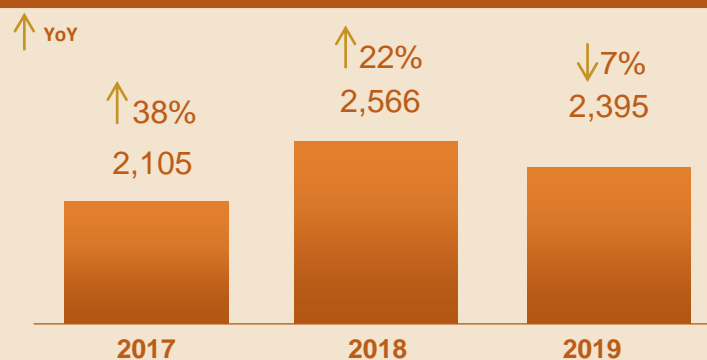
Gaming Revenue (RMB mn)

Robust profit and cash flow contribution from gaming



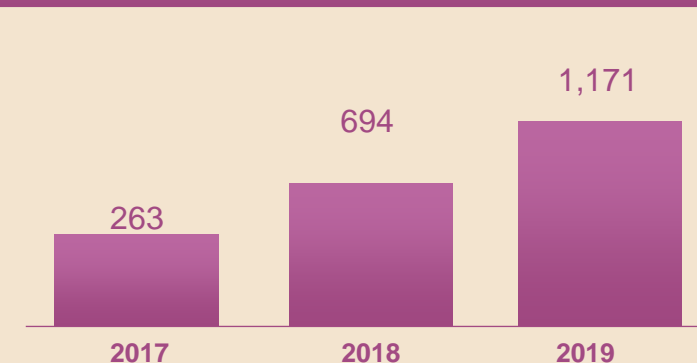
Education Revenue (RMB mn)

Investing in education ecosystem



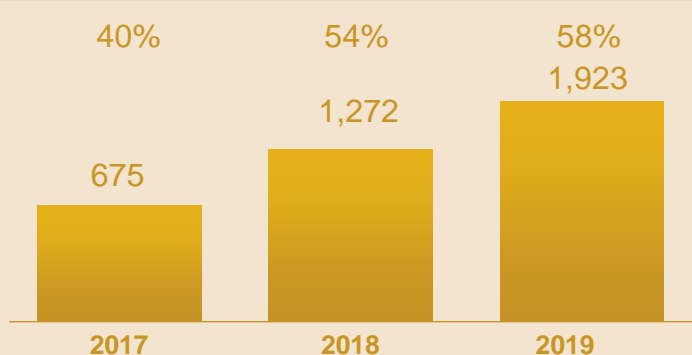
Total Group's Net Cash From Operating Activities (RMB mn)

Increasing group's profitability



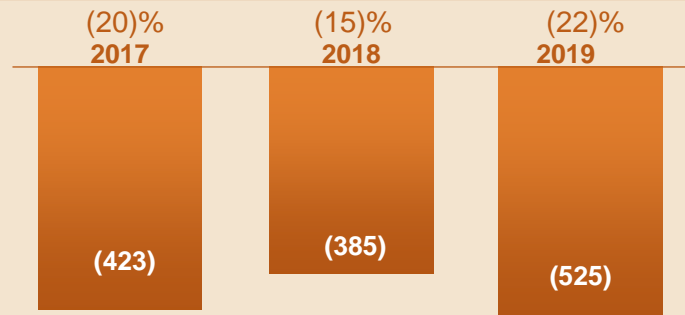
Gaming Core Segmental Profit¹ (RMB mn)

Gaming Core Segmental Profit Margin



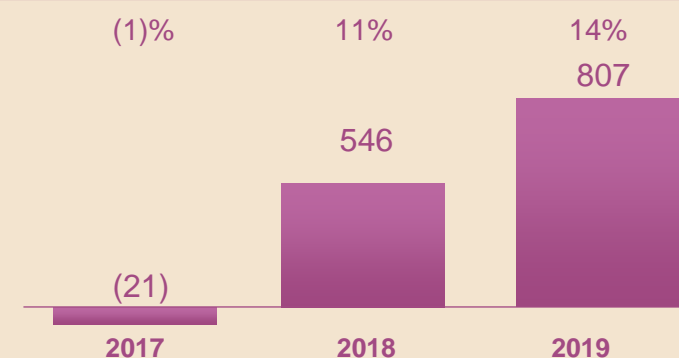
Education Core Segmental Loss¹ (RMB mn)

Education Core Segmental Loss Margin



Group's Net Income Attribute to Shareholders (RMB mn)

Net Margin



1. Core segmental profit (loss) figures are derived from the Company's reported segmental profit (loss) figures (presented in accordance with Hong Kong Financial Reporting Standard 8 ("HKFRS 8")) but exclude non-core/operating, non-recurring or unallocated items including government grants, fair value change and finance cost of financial instruments and fair value change of convertible preferred shares.

Condensed Income Statement

(RMB million)	2019	2018	YoY
Revenue	5,793.1	5,037.5	+15.0%
Gaming	3,299.6	2,367.4	+39.4%
Education	2,395.4	2,565.6	-6.6%
Gross Profit	3,855.3	3,047.2	+26.5%
Selling & Marketing Expenses	915.8	697.9	+31.2%
as a % of Revenue	15.8%	13.9%	+1.9 ppts
Administrative Expenses	883.1	853.2	+3.5%
as a % of Revenue	15.2%	16.9%	-1.7 ppts
R&D Expenses	1,075.4	922.9	+16.5%
as a % of Revenue	18.6%	18.3%	+0.3 ppts
Net Profit attributable to Shareholders	807.2	545.6	+48.0%
EBITDA	1,245.2	832.5	+49.6%
Non-GAAP Operating Profit	1,060.7	651.8	+62.7%

Segmental Financial Highlights

(RMB million)	Education			Gaming		
	2019	2018	YoY	2019	2018	YoY
Revenue	2,395.4	2,565.6	-6.6%	3,299.6	2,367.4	+39.4%
Gross profit	713.0	766.1	-6.9%	3,165.5	2,262.4	+39.9%
Gross profit margin (%)	29.8%	29.9%	-0.1 pts	95.9%	95.6%	+0.3 pts
Core Segmental profit (loss)	(524.5)	(384.9)	+36.2%	1,923.3	1,271.6	+51.3%
Segmental operating expenses						
- Research and Development	(491.3)	(449.3)	+9.3%	(557.6)	(458.9)	+21.5%
- Selling and Marketing	(508.1)	(440.7)	+15.3%	(385.9)	(232.1)	+66.3%
- Administrative	(254.9)	(239.5)	+6.4%	(306.4)	(296.0)	+3.5%

Education

- **Revenue** up 12% YoY ex-Russia tender
- **Core Segmental Loss** increase is due to timing of Russia tender (phase 2 US\$64M in 2018, phase 3 expected to initiate in 2020), US tariff on Promethean products, and consolidation of Edmodo for full year (vs 8 months last year)

Gaming

- **Revenue** up 39.4% YoY due to broad-based increase from all 3 major IPs.
- **Selling and Marketing Expense** up 66.3% due to increase in marketing and promotional activities to drive growth.
- **Core Segmental Profit** up 51.3% YoY due to positive operating leverage.

Management Team

Visionary Leadership



LIU Dejian

Group Founder and Chairman

- Senior Engineer by the China Association of Science and Technology
- Co-Dean of Institute of Intelligent Learning at Beijing Normal University
- Ahead-of-the-curve product designer
- Conceived, successfully scaled and commercialized “first-mover” ideas including:
 - 1st gaming portal (17173.com)
 - 1st “free-to-play” MMORPG (Eudemons Online)
 - Largest smartphone appstore platform (91 Wireless)



Dr. Simon LEUNG

Vice Chairman, NetDragon
Chairman, Edmodo



- Former Chairman & CEO, Greater China, Microsoft
- Former President, Asia Pacific, Motorola
- Former CEO, Asia Pacific, Harrow International School
- Doctorate in business administration from Hong Kong Polytechnic University and honorary doctorate in laws from University of Western Ontario



And a global executive management team with track record in execution



Dr. XIONG Li
Rotating CEO

- Associate Director of National Engineering Laboratory for Cyberlearning and Intelligent Technology
- 14+ years of management experience in TMT industry



WANG Song
Chief Product Officer

- Chief Designer of “Eudemons Online”, NetDragon’s most popular and most profitable MMORPG
- Expert in gamification and user experience



Ben YAM
Chief Financial Officer

- Former Senior Vice President, SAIF Partners (Asian PE fund with US\$4B AUM)
- Sat on board of 7 TMT portfolio companies
- MS from Columbia University
- CFA, CA, CPA



Susan KIM
CEO, Edmodo

- Previously CEO at EatWith
- Former CEO at Plum District
- Former executive positions at Google and eBay
- MBA from Harvard Business School



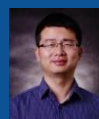
Vin RIERA
CEO, Promethean

- Former Director and CEO of Collegis Education
- Former Director and CEO of Edmentum
- Served in executive leadership roles at Gateway, Inc. and Orange Business Services



CHEN Hongzhan
CTO
Executive Director

- Head of game development & technical support
- Former CEO of 91 Wireless
- 20+ years experience in online game development, management, & hardware development



CHEN Hong
Chief Technology
Officer of Fujian Huayu
(China)

- Former CTO of SVMsoft (Joint Venture of VMware and Sugon)
- Former Director of VMware
- 10+ years of experience in software engineering and development
- MBA from Tsinghua University



YU Biao
Chairman of Fujian
Huayu (China)

- Head of planning, consolidation and operation of Huayu Education (China)
- 17+ years of experience in education management

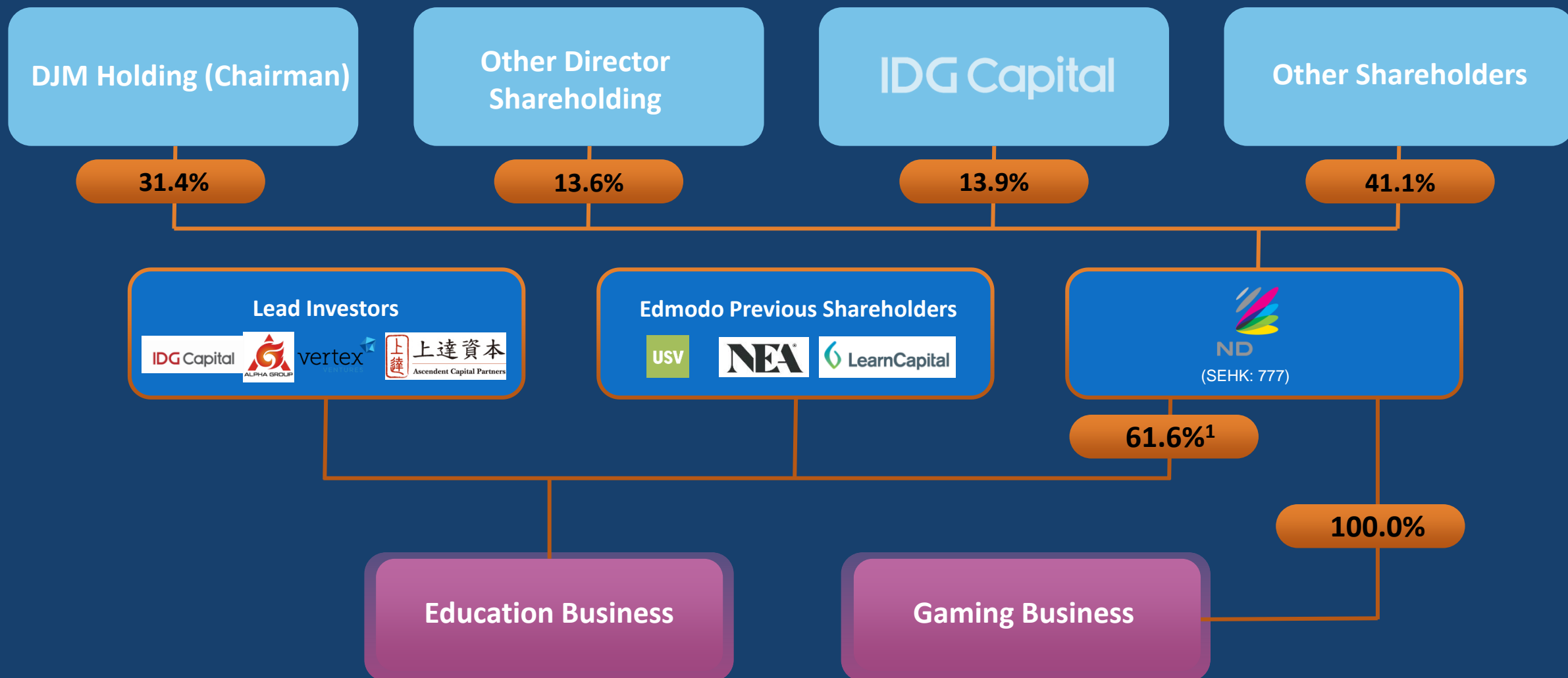


LIN Wei
President of Fujian
Huayu (China)

- Responsible for sales of the operation and promotion educational products, research and development and production of hardware products
- 15+ years of experience in IT, mobile Internet, and education industries

Appendix

Shareholding Structure



1. Assuming full conversion of Series A, Series B Preferred Shares and Ascendant's Convertible Instrument

Investor Relations Contact
ir@netdragon.com

