



NetDragon Websoft Holdings Limited

Stock Code: 777 HK

2026 Interim Earnings Presentation

August 28, 2026

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Opening Remarks

A wide-angle photograph of a modern architectural structure, likely a government or institutional building. The building features a prominent curved section with a blue-tinted glass facade, set against a grey stone-clad base. It is situated behind a body of water, with its reflection clearly visible. The sky is a clear, bright blue.

Dr. Simon Leung

Group Vice Chairman

Agenda

Topic	Speaker
1H26 Highlights	Dr. Simon Leung, Group Vice Chairman
1H26 Financials	Wood Lau, Group Interim CFO
Gaming	Lin Chen, Group Senior Vice President
Mynd.ai	Dr. Simon Leung, Group Vice Chairman
AI Workforce	Dr. Simon Leung, Group Vice Chairman
Outlook	Dr. Simon Leung, Group Vice Chairman
Q&A	

Key Highlights



Gaming

- In 1H26, gaming revenue delivered HoH growth, demonstrating the strong operational resilience of our flagship evergreen IPs.
- The systematic deployment of AI Workforce OS drove further cost reductions. In 1H26, R&D expenses for gaming and application services decreased by 23.4% YoY and 13.0% HoH.
- AI-powered, highly efficient innovation for classic and flagship IPs, along with the R&D of AI-native games, are expected to open up new growth opportunities.



Mynd.ai

- Core segmental loss significantly narrowed by 35.4% YoY in 1H26 in the face of economic headwind.
- Successfully delivered the generational product mix upgrade: AP 10 for premium market and AP LE for value market gained broad acceptance.
- SaaS subscriptions grew by 30% YoY, laying foundation for expanding AI applications across our large installed base.

Financial Highlights



Wood Lau

Group Interim CFO

Key Financial Highlights

(RMB million)	1H2026	1H2025	YoY	Notes
Revenue	2,090	2,381	-12.2%	
Gaming and Application Services	1,585	1,738	-8.8%	Significant signal of stabilizing and recovering with HoH growth
Mynd.ai	505	641	-21.2%	Pace of industry wide demand recovery delayed
Gross Profit	1,461	1,655	-11.7%	
Selling & Marketing Expenses	283	336	-15.5%	Continue to reduce expenses
as % of Revenue	13.5%	14.1%	-0.6 <i>ppts</i>	
Administrative Expenses	418	474	-11.8%	Deploy AI applications to enhance efficiency
as % of Revenue	20.0%	19.3%	+0.7 <i>ppts</i>	
R&D Expenses	409	540	-24.3%	Organizational deployment of AI Employee Matrix led to structural transformation
as % of Revenue	19.6%	22.7%	-3.1 <i>ppts</i>	
Profit attributable to owners of the company	36	30	+20.0%	
Ethereum impairment provision/disposal gain	130	92	+41.3%	ETH price hit multi-year low of \$1,610 in late June
One-off severance payment	88	154	-42.9%	Organization structure gradually reaching new normal
Adjusted profit attributable to owners of the company	254	276	-8.0%	Adjusted profit remained stable YoY excluding one-off factors
Interim dividend per share	HK\$0.5	HK\$0.5	Stable	The Company maintains steady dividend payout policy

Segmental Financial Highlights

(RMB million)	Gaming and Application Services			Mynd.ai		
	1H2026	1H2025 (restated)	YoY	1H2026	1H2025	YoY
Revenue	1,585	1,738	-8.8%	505	641	-21.2%
Gross profit	1,321	1,498	-11.8%	140	163	-14.1%
Gross profit margin (%)	83.3%	86.2%	-2.9 <i>ppts</i>	27.7%	25.4%	+2.3 <i>ppts</i>
Core segmental profit (loss)	461	524	-12.0%	(126)	(195)	<i>shrunk by</i> 35.4%
Segmental operating expenses						
- Research and Development	(334)	(436)	-23.4%	(75)	(104)	-27.9%
- Selling and Marketing	(178)	(197)	-9.6%	(104)	(139)	-25.2%
- Administrative	(312)	(330)	-5.5%	(75)	(118)	-36.4%

Gaming and Application Services

- **Segmental Opex** down 14.4% YoY as AI+ Strategy induced cost-saving effect kicks in
- **Core Segmental Profit** improved HoH as the lower revenue was partially offset by cost savings

Mynd.ai

- **Revenue** down 21.2% YoY driven by declines in customer spending due to budgetary reductions caused by economic uncertainty
- **Segmental Opex** down 29.6% YoY as we continue to optimize our cost structure



GAMING

LIN Chen

Group Senior Vice President

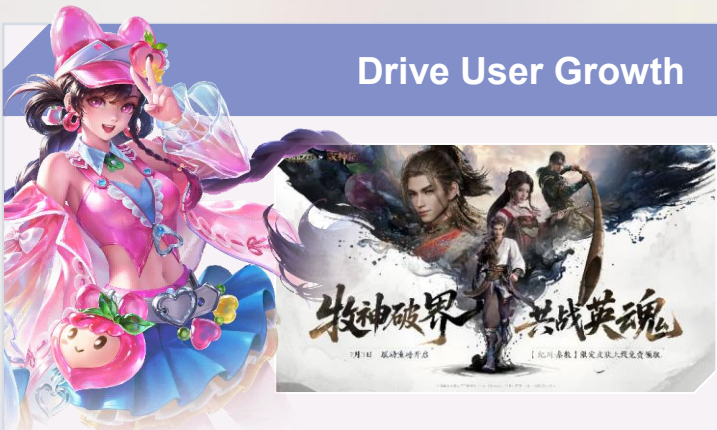
Gaming Revenue Returns to HoH Growth:

Structural Optimization, Community Development and AI Adoption Enhance R&D Efficiency

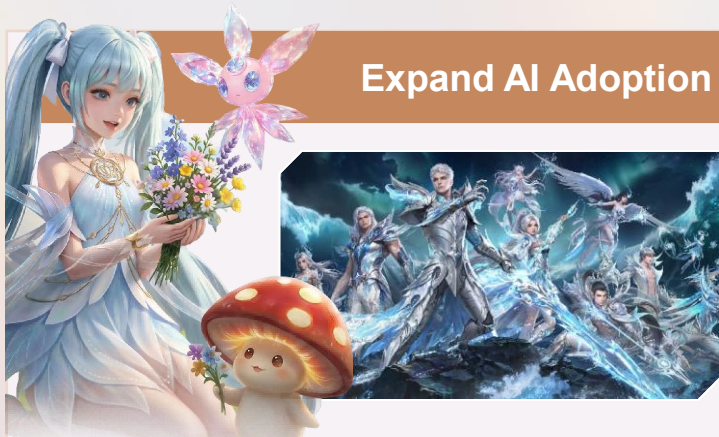
Content Innovation



Drive User Growth

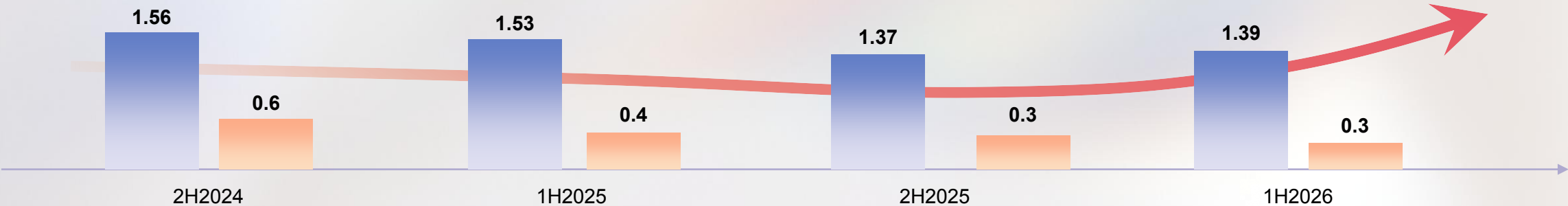


Expand AI Adoption



Gaming Revenue and R&D Expenses (RMB Billion)

Revenue R&D





Evergreen Flagship IP:

Sustainable Growth Potential Further Reinforced



Growing Community Engagement

1H2026 MAU up 5.8% HoH and **24.1% YoY**, surpassing 3 million; ACU up 12.6% HoH/YoY; DAU up 7.6% YoY.



Significant Revenue Recovery

1H2026 Eudemons IP total revenue **up 3.7% HoH**, with mobile and domestic market revenue up 18.1% HoH and 4.7% HoH, respectively.



Advancing AI Adoption

AI workflows for Eudemons PC cover key processes from design to dungeon implementation. AI coding solutions for Eudemons Pocket are deployed across multiple scenarios, reducing working hours by approximately 25%.



20th Anniversary Celebration Revitalizes the Evergreen Flagship IP



Celestial Ruins

New Zone + Storyline



Class Awakening

Ranger, Swordmaster, Star Sage



System Revamps

Sealer, Social

- Driven by the 20th Anniversary Celebration, new expansion content, and player livestream campaigns, Eudemons Online (PC) saw significant growth in user reactivation.



Public Welfare Initiative

Crested Ibis Conservation & Green City Sanming



Targeted Digital Outreach

Player & Younger User Engagement

- Improved social and spending ecosystems drove growth in key metrics, including event participation, playtime, new user retention, and returning user 7-day retention.



Diverse Content & Culture-Driven Updates

Across Culture, Social, and Consumption Dimensions

AI
增效



1月

Horse
Eudemons

- [Content] Shandan Horse Farm
- [Social] Akhal-Teke Horse Base Partnership



3月

Anniversary
Celebration

- Time Series Anniversary Events
- Liuyang Cultural Tourism Partnership



5月

Annual
Appearances

- [Consumption] Mythweave Annual Appearances



6月

Major Events

- Crested Ibis Conservation
- Jade Dragonshade
- CS Summer Family War



7月

Spirit
Eudemon

- Spirit Eudemon - Fengxian



8月

Miss EO

- Miss EO Contest: Hibiscus Reverie

AI employee deployment enhanced major update depth and diversity while reducing R&D expenses.



Record-High Overseas Revenue

Significant Growth in Global Active Users



- In 1H2026, Conquer IP's MAU surpassed 1 million, up 38.1% HoH and **47.6%** YoY.
- MMO progression enhancement and localized casual marketing drove healthy overseas revenue growth of 6.5% HoH and **19.3%** YoY (USD-denominated, excluding FX impact).
- Web, Classic, and other versions are expected to sustain user and revenue growth in 2H2026.



Enhanced IP Monetization Potential

Resilient Core Operations

- *Heroes Evolved* PC revenue grew 2.3% HoH and 4.4% YoY in 1H2026, achieving **seven** consecutive half-years of YoY growth since 1H2023.

- B.Duck collaboration boosted IP vitality and younger user appeal, driving a **37.1%** HoH increase in net spending.

- 2026 Summer Tournament achieved record viewership and participation, with IP collaborations and esports development driving growth.

牧神記



B.Duck Collaboration



Summer Tournament

Deepening Integration of “Game + Cultural Tourism”

A virtuous cycle driven by policy support, deeper game-culture integration, higher user engagement, and enhanced monetization.



Jan 2026

IP Expansion | Eudemons Online × Cultural Tourism
Bridging Eudemons with horse culture conservation.



Jan 2026

Conquer Online × Three Lanes and Seven Alleys
Promoting Fuzhou culture through digital interaction.



Feb 2026

Heroes Evolved × Quanzhou Cultural Tourism
Supporting digital promotion of World Heritage culture.



Mar 2026

Eudemons Online × Liuyang Cultural Tourism
Connecting IP engagement with local cultural promotion.



Apr 2026

Conquer Online × Museum of Foochow Arsenal
Showcasing the Arsenal spirit through gaming.



Jun 2026

Eudemons Online × Sanming Cultural Tourism
Promoting ecological conservation through the
“Crested Ibis Returns to Fujian” campaign.

Organizational Deployment of AI Employees

2026 Plan Review

1. Strategic Focus & Efficiency Goals:

Deploying 1,000+ AI agent employees by end-2026 and increasing AI workload contribution to 50% (70-80% by 2027).

2. R&D Model Innovation: Enabling lean development models with “2–3 people + AI” teams delivering casual games within one month.

3. New Genres & Gameplay Exploration: Exploring new opportunities including “Short Drama + Games” and “RPG + Casual Games”.

1H2026 Summary

1. AI employee workload contribution reached **35-40%**, reducing R&D costs by 25% YoY.

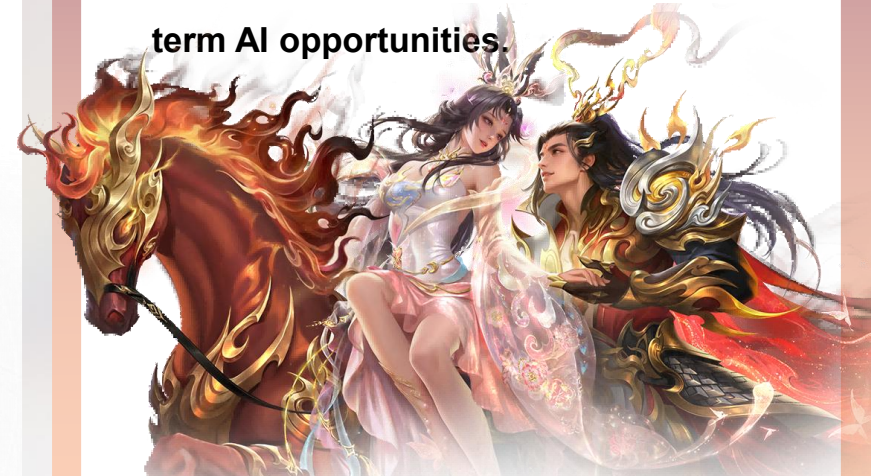
2. Deployed AI employees across **269** roles, enabling real-time scaling based on task volume.

3. AI employee workload contribution in newly incubated games can reach up to 80%.

2H2026 Outlook

1. Building an AI-powered content production and operations loop to drive efficiency gains.

2. Exploring AI autonomous decision-making and learning to capture long-term AI opportunities.

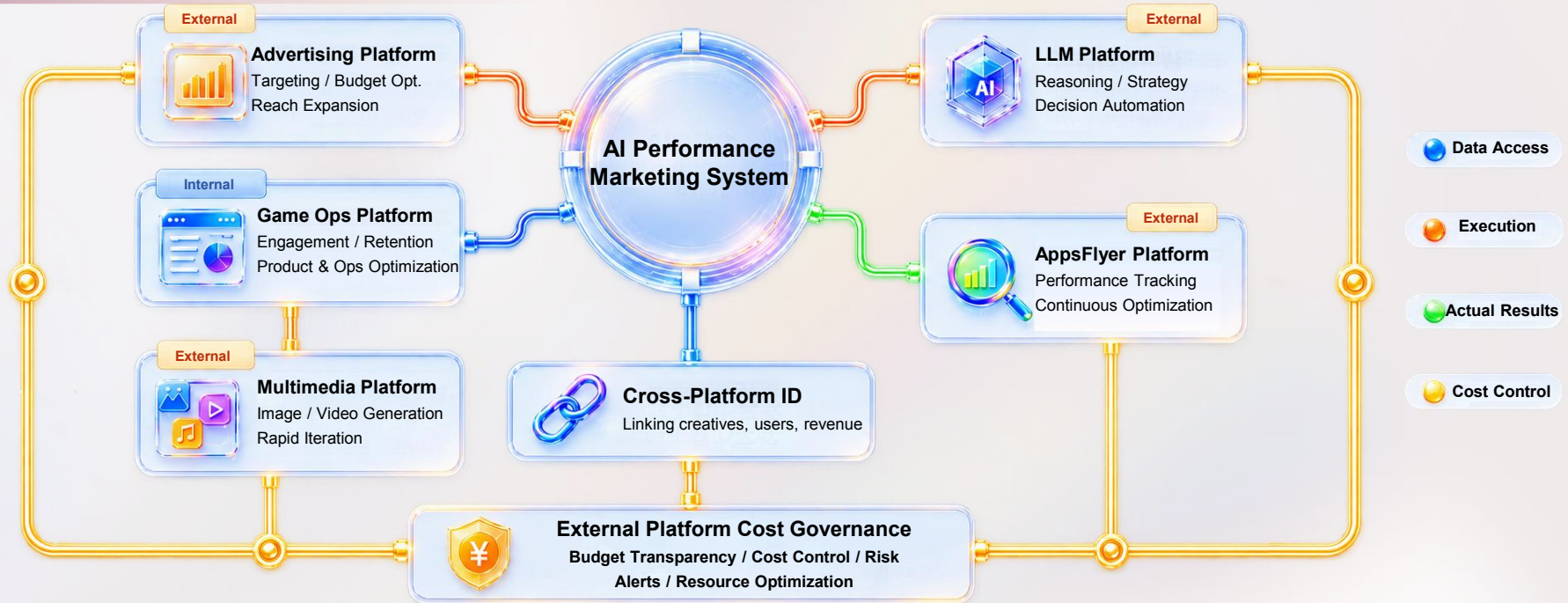


AI Operations Framework & Deployment Results

AI Production Loop & Self-Learning

AI significantly outperforms traditional workflows in efficiency.

AI Marketing System: Intelligent Decision & Learning



AI has fully automated overseas user acquisition for Heroes Evolved Mobile across 100+ countries, with some creatives achieving lifecycle payback and surpassing traditional teams in production efficiency and opportunity discovery.

AI+ Strategy & Outlook

AI Content Production



1. Product Localization

Global language support for broader reach.



2. Differentiated Versions

Localized content and gameplay innovation.



3. New Game Incubation

AI-driven ideation and prototype validation.

AI Operations



1. End-to-End AI Growth Loop

Global launch capability across 100+ countries.



2. Market Insights & Iteration

Real-time trends driving optimization.



3. Rapid Product Validation

Data-driven testing to improve success rates.

2H2026 Strategy Roadmap

- **AI Localization:** Adding 7 languages for Eudemons Online and 10 languages for Heroes Evolved, expanding localized content.
- **AI Product Scaling:** New versions including English version of Eudemons PC Mobile cross-platform, Legend of Eudemons overseas, Conquer Online Web & Classic, and new PC version of Monster & Me.
- **AI Game Incubation:** Exploring AI roguelike, AI cultural tourism, and AI short drama games.

A photograph of a classroom or workshop. A male teacher, Dr. Simon Leung, is standing and presenting to a group of students. He is wearing a dark blue jacket and is pointing towards a large digital screen. The screen displays a circuit diagram with blue arrows indicating current flow, and a 3D model of a green printed circuit board (PCB). The students, wearing dark blue uniforms, are seated at tables, looking towards the teacher and the screen. The room has brick walls, large windows, and various tools and equipment are visible in the background.

Mynd.ai

Dr. Simon Leung
Group Vice Chairman

Ongoing cost optimization led to significant narrowing of losses

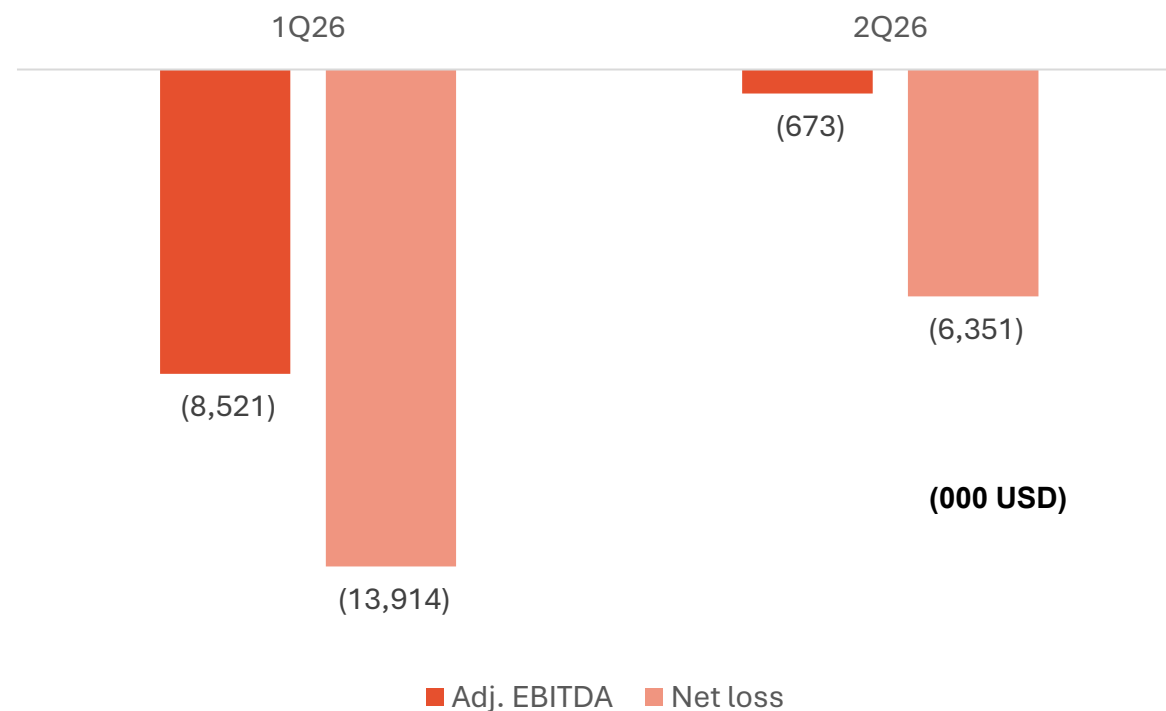
Gross Margin ↑

2.3 ppts

Opex ↓

30% YoY

Consistent QoQ Improvement of Key Financials



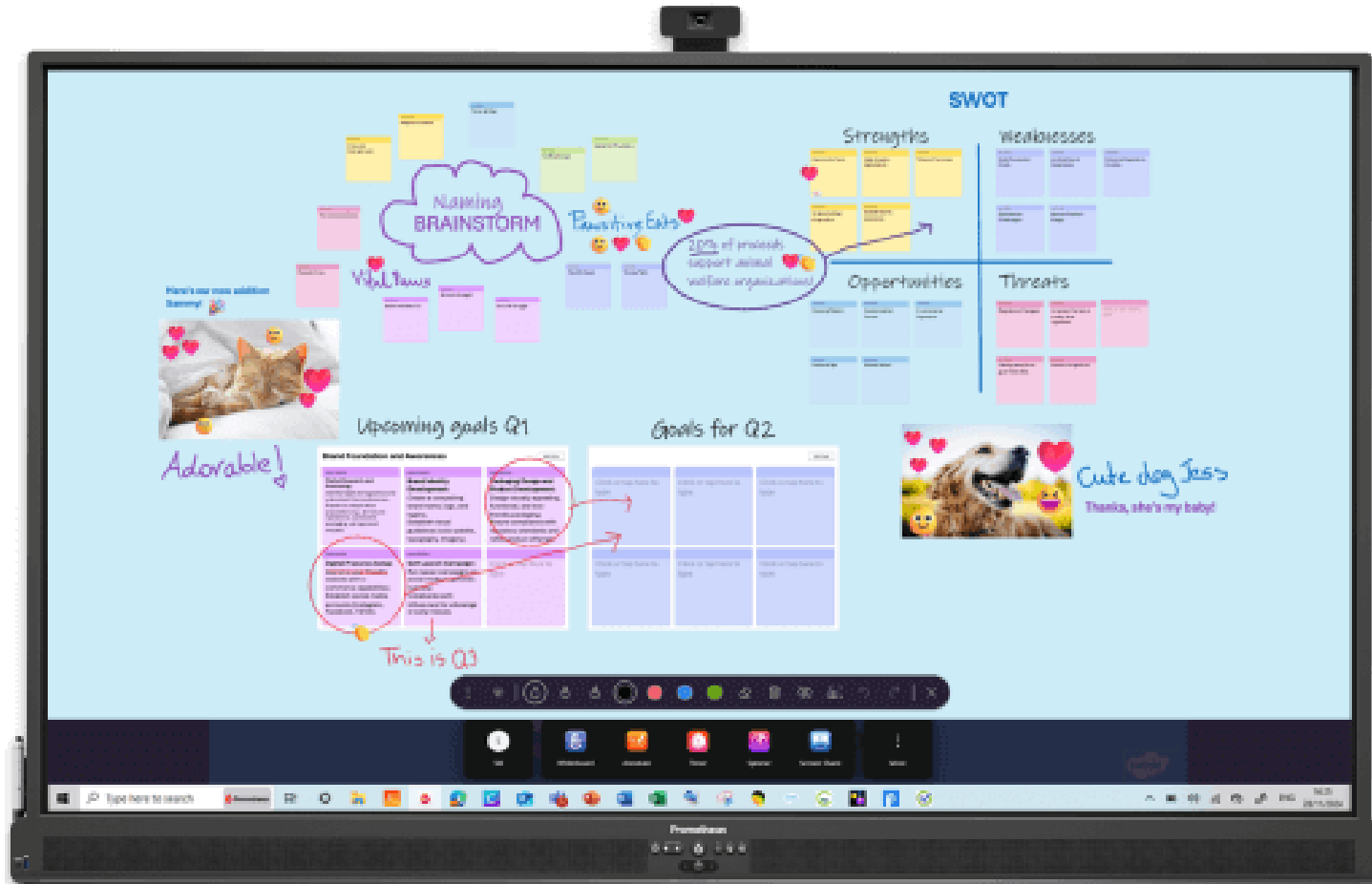
Next-gen product portfolio gained market favor



- **AP10** series took 67% of total shipment in 1H26, successfully replaced the last generation AP9 products
- Using cutting-edge technologies such as QLED and FALD to deliver high-quality interactive displays with low power consumption, fully integrating various technological environments through OPS, while simultaneously driving greater user recognition for the ActivSuite SaaS platform

- Next-gen value product **AP LE** took 29% of total shipment in 1H26, focusing on markets outside North America
- Achieved EDLA certification from Google, with simple and easy usage

Substantial SaaS subscription growth readying AI empowerment



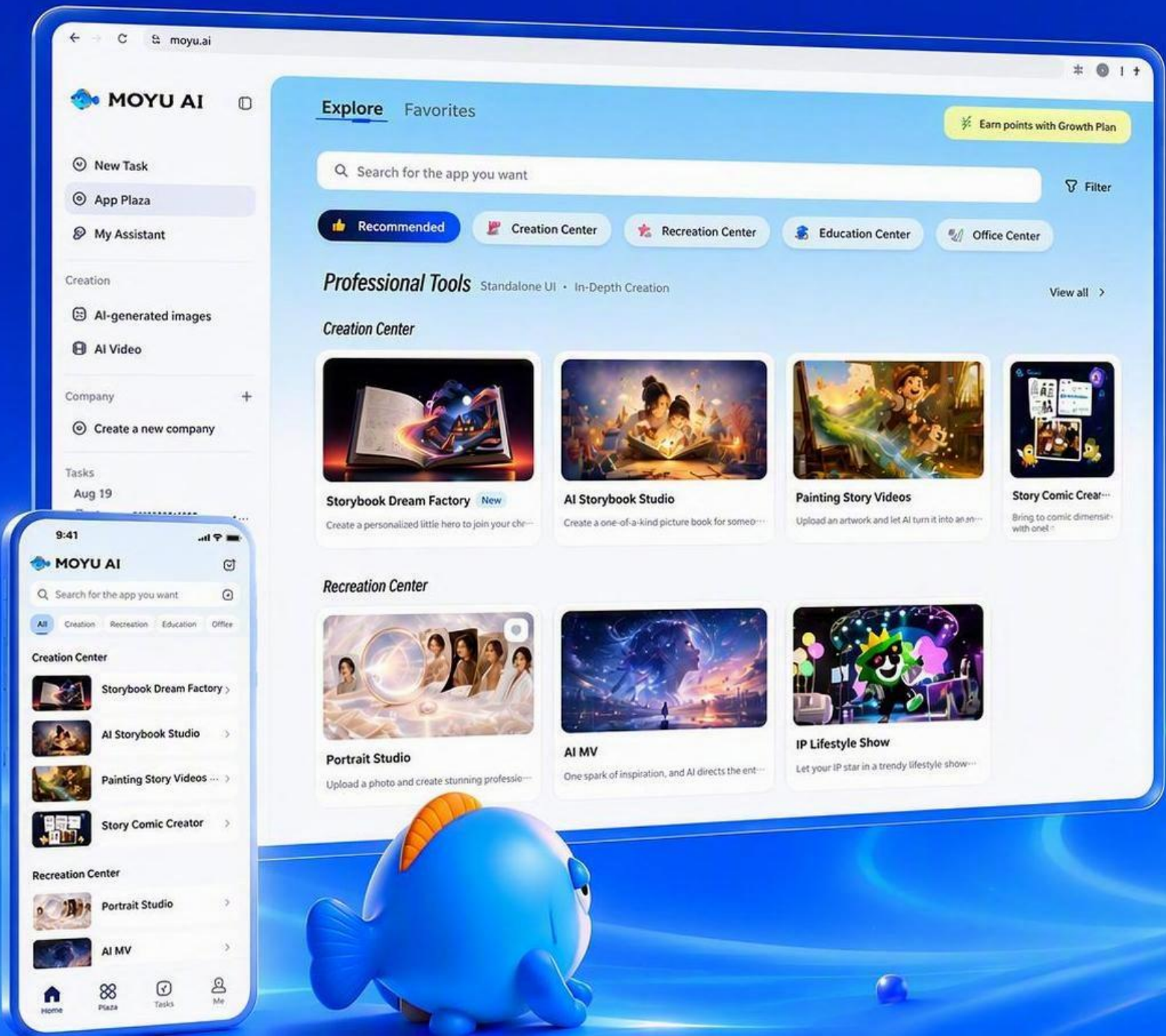
- *SaaS subscription grew 30% YoY in 1H26*
- *ActivSuite contributed nearly 1/4 of subscription growth as the new platform deeply integrated with our next-gen flagship panels*
- *Explain Everything grew steadily through incumbent channels*

AI Workforce

Dr. Simon Leung

Group Vice Chairman





Scenario-Driven Agentic AI Delivery Platform

Powered by AI agents and designed for workplace, education, and content creation use cases, the platform provides users with ready-to-use AI tools that turn user needs into tangible deliverables.

Core Capabilities and Workflow



AI Agent–Powered Foundation

AI agents enable autonomous decisions, task planning and execution—creating a closed loop from perception and reasoning to action.



01 Define the Need

Users describe the goal in everyday language—no complex prompts required.



02 Plan and Orchestrate

AI breaks down the task, assembles the best-fit virtual team and coordinates the toolchain.



On-Demand Expert Workforce

1,000+ AI specialists span planning, design, development, marketing, education and analytics—available 24/7 for diverse business needs.



03 End-to-End Delivery

From concept to execution and output, the workflow is automated for fast, consistent delivery.



04 Focus People on Value

Automates repetitive process work, freeing teams to focus on creativity and strategic decisions.

Building a Sustainable AI Business Ecosystem



01 Go-to-Market Strategy

Eight Pilot Use Cases

Start with eight priority use cases to prove the model, then expand and replicate at scale.

Workplace /
Education

E-commerce / R&D

Design / Culture &
Tourism

Personal Growth /
Creation



02 Competitive Moat

Data Flywheel Drives Improvement

Each project becomes a reusable workflow and agent template, strengthening the platform and its differentiation.

Core Technology

Domain Expertise

Proprietary Data

Efficient Workflows



03 Diversified Business Models

Six Monetization Paths

Build an industry-wide AI productivity platform with multiple revenue streams for sustainable growth.

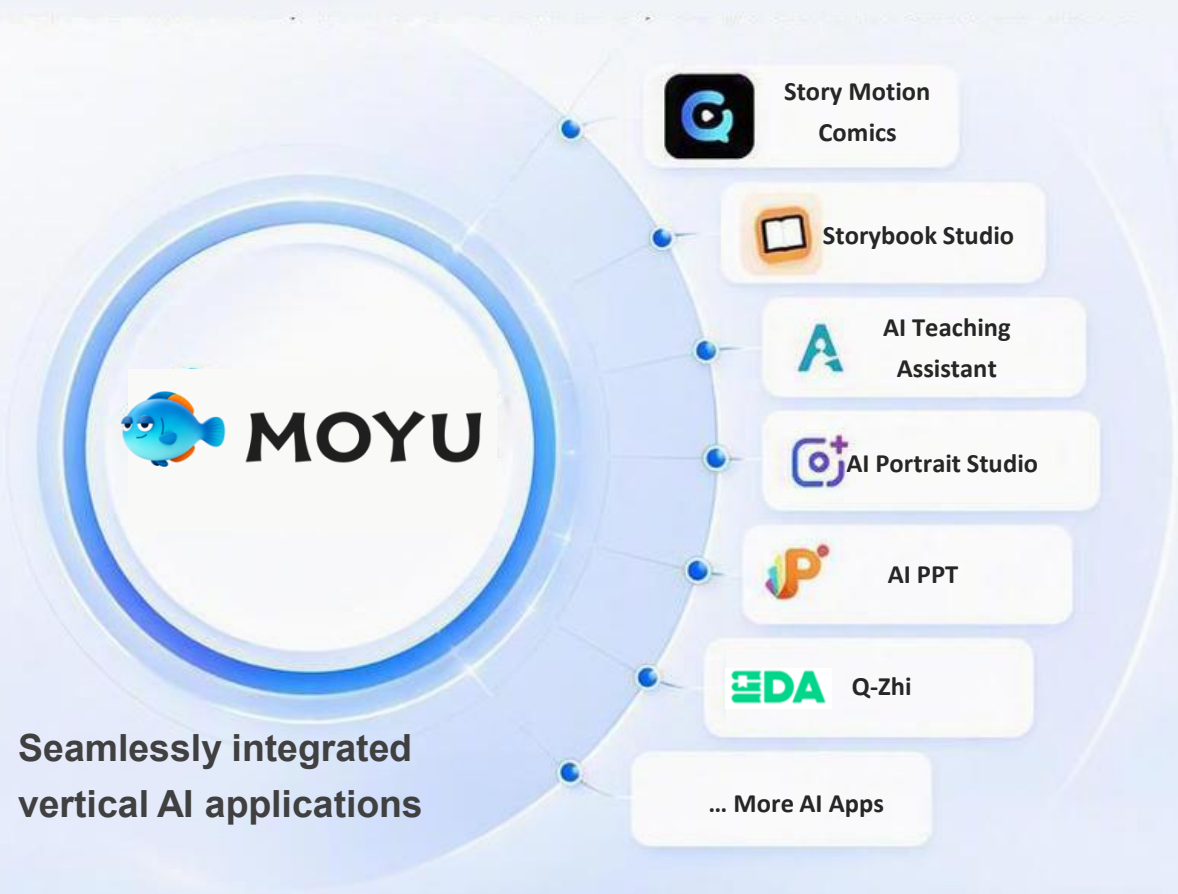
Licensing /
Membership

Compute /
Customization

Knowledge Bases

Industry Solutions

Reshaping NetDragon's Growth Paradigm with a Systematic AI Product Strategy



AI workforce businesses built on Moyu AI

Powering Gaming | Education AIGC



AI-Native Games



Education AIGC



3E Premium Learning Content



Interactive AI Courseware



IP & Content Operations

Expanding B2B / B2G Opportunities



Smart Education Platform/
Sovereign LLM



Workforce Upskilling Platform



National AI Education Platform



Integrated Ecosystem

Multi-scenario synergy



Sustained Growth

Tech-led innovation



Open Ecosystem

Partner-led growth



Secure & Compliant

Trusted data security

A large, modern building with a prominent blue glass facade and a grey stone structure. The building is situated behind a body of water, which reflects its image. The sky is clear and blue. The word "Outlook" is written in large white letters across the top of the building.

Outlook

Dr. Simon Leung
Group Vice Chairman



Gaming

- ◆ Flagship evergreen IPs are expected to maintain steady and sustainable growth
- ◆ The continuous deepening of the AI+ strategy will drive profitability growth from “cost reduction” to “efficiency enhancement”
- ◆ AI-native games are poised for takeoff



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- ◆ Continuous cost optimization
- ◆ North American market to recover
- ◆ AI applications drive new growth
- ◆ Sovereign LLMs being implemented



Q&A



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