



NetDragon Websoft Holdings Limited

Stock Code: 777 HK

2025 Interim Earnings Presentation

August 29, 2025

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Opening Remarks



Dr. Simon Leung

Group Vice Chairman

Agenda

Topic	Speaker
1H25 Highlights	Dr. Simon Leung, Group Vice Chairman
1H25 Financials	Wood Lau, Group Interim CFO
Gaming	Lin Chen, Group Senior Vice President
Mynd.ai	Dr. Simon Leung, Group Vice Chairman
Fully Embrace AI	Dr. Simon Leung, Group Vice Chairman
Outlook	Dr. Simon Leung, Group Vice Chairman
Q&A	

Key Highlights



Gaming

- Deploy the AI content factory comprehensively, as R&D expenses of the gaming and application services segment decreased by 26.7% YoY
- Optimization for flagship *Eudemons* IP, laying solid foundation for evergreen growth
- Revenue from the *Conquer* and *Heroes Evolved* IPs increased by 2.1% and 18.0% YoY



Mynd.ai

- Continual cost optimization to cope with the challenging market conditions caused by market uncertainties in US and Europe
- Brining in Digital Signage and Enterprise solutions to mitigate the decline of education market
- Value products in LX to address ASP decline
- SaaS revenue in good progress with solid growth
- AI solution to leverage our vast user base and continue to enhance our SaaS offering



Financial Highlights

Wood Lau

Group Interim CFO

Key Financial Highlights

(RMB million)	1H2025	1H2024	YoY	Notes
Revenue	2,381	3,301	-27.9%	
Gaming and Application Services	1,738	2,121	-18.1%	Optimization of <i>Eudemons</i> since Oct 2024 but the performance has been stabilized HoH
Mynd.ai	641	1,180	-45.7%	Extended demand adjustment & sold Singapore early education business in 2H2024
Gross Profit	1,655	2,199	-24.5%	
Selling & Marketing Expenses	336	352	-4.6%	Proactive measures to tighten our marketing spendings
as % of Revenue	14.1%	10.7%	+3.5 <i>ppts</i>	
Administrative Expenses	474	551	-14.0%	Effectively reduced the admin expenses
as % of Revenue	19.3%	16.9%	+3.2 <i>ppts</i>	
R&D Expenses	540	696	-22.4%	Further organization adjustment to fit in the AI era
as % of Revenue	22.7%	21.1%	+1.6 <i>ppts</i>	
Profit attributable to owners of the company	30	400	-92.5%	
Ethereum impairment provision/disposal gain	92	(51)	N/A	An impairment loss of Ethereum holdings, which is expected to fully reverse in the second half of 2025 based on current market price
One-off severance payment	154	16	962.5%	One-off expenses associated with the staff optimization plan
Adjusted profit attributable to owners of the company	276	365	-24.4%	
Interim dividend per share	HK\$0.5	HK\$0.4	+25%	

Segmental Financial Highlights

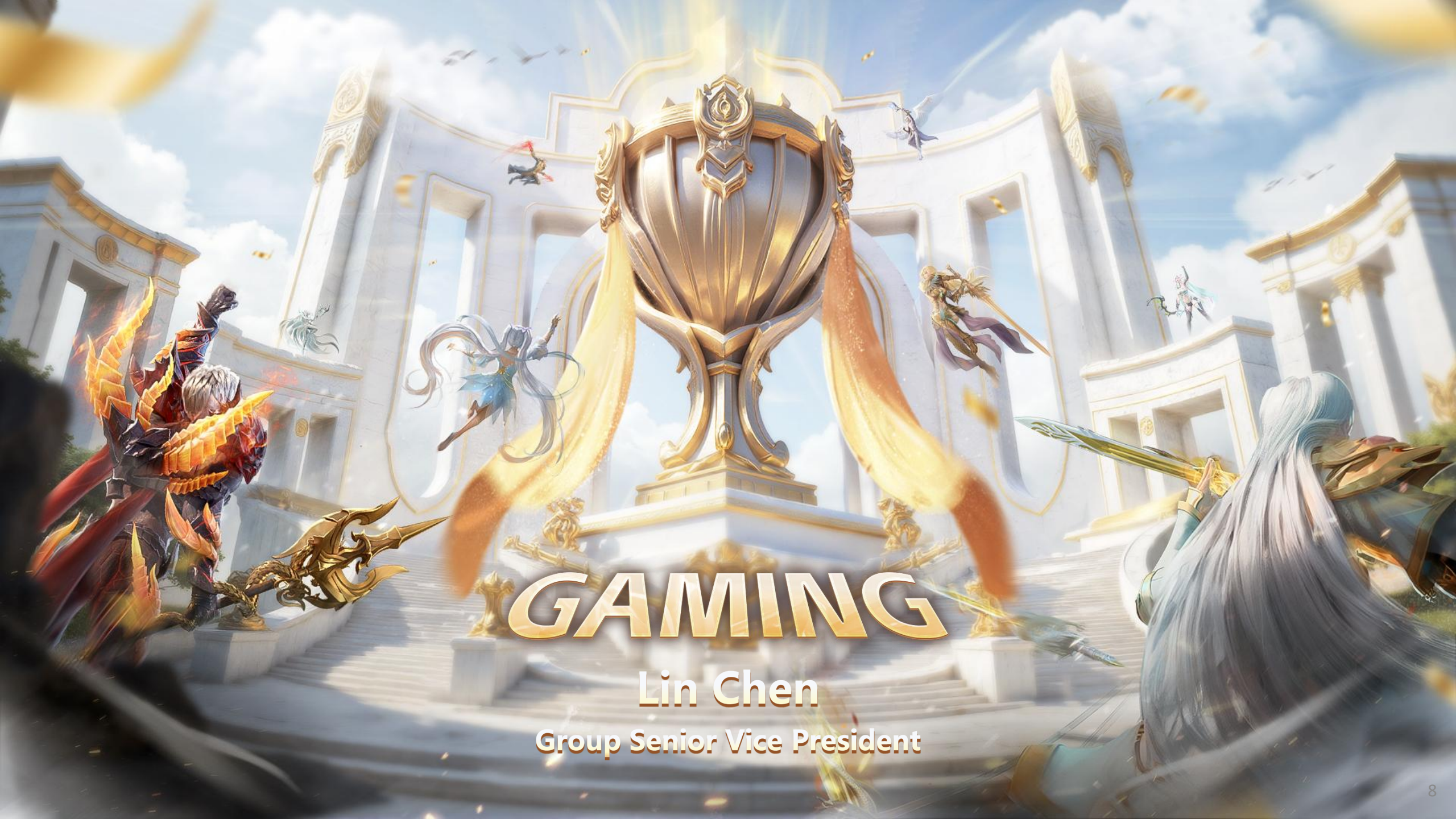
(RMB million)	Gaming and Application Services			Mynd.ai		
	1H2025	1H2024	YoY	1H2025	1H2024	YoY
Revenue	1,738	2,121	-18.1%	641	1,180	-45.7%
Gross profit	1,498	1,849	-19.0%	163	351	-53.6%
Gross profit margin (%)	86.2%	87.2%	-1.0 <i>ppts</i>	25.4%	29.7%	-4.3 <i>ppts</i>
Core segmental profit (loss)	501	688	-27.2%	(195)	(111)	<i>Enlarged by 75.7%</i>
Segmental operating expenses						
- Research and Development	(436)	(595)	-26.7%	(104)	(101)	+3.0%
- Selling and Marketing	(197)	(210)	-6.2%	(139)	(139)	+0.0%
- Administrative	(330)	(324)	+1.9%	(118)	(200)	-41.0%

Gaming and Application Services

- **Revenue from gaming** represents 88% of our revenue in gaming and application services segment
- **Segmental Opex** down 14.7% YoY as “AI+ Strategy” induced cost-saving effect kicks in
- **Core Segmental Profit** - the revenue dropped partially offset by the cost saving and recovered HoH significantly

Mynd.ai

- **Revenue** down 45.7% YoY primarily driven by declines in customer spending due to budgetary reductions caused by economic uncertainty
- **Segmental Opex** down 18.0% YoY as we continue to optimize our cost structure



GAMING

Lin Chen

Group Senior Vice President

Overall efficiency further enhanced driven by the comprehensive deployment of AI Content Factory

"AI + Gaming" Strategy Gains Momentum with Strong Results

Cost & Efficiency:

- AI boosted overall efficiency by 15%, with the initial AI Content Factory in operation;
- R&D expenses of Gaming and Application Service segment decreased by 26.7% YoY.

Innovative Gaming Experiences:

- Integrated AI NPCs with classic gameplay, creating new and engaging experiences.

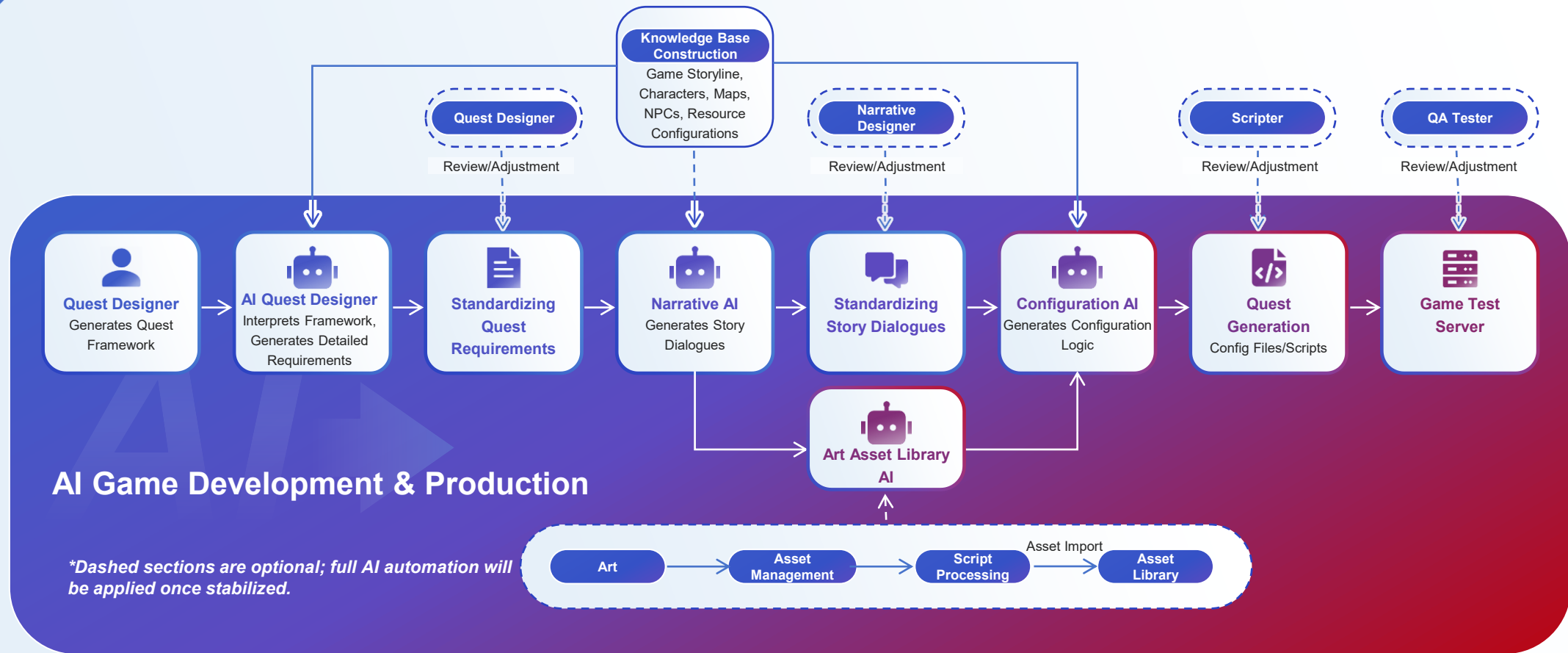
AI Organization:

- Fully built AI Content Factory and talent teams;
- AI enhanced overall efficiency by **25%**, with certain content generated end-to-end by AI.

Innovative Gaming Experiences:

- Smart NPCs: Multiple AI-driven NPCs form a self-sustaining mini-ecosystem;
- AI Generation: AI-generated Eudemons, bosses, and enriched gameplay.

AI technology to transform game development & production



Fully leveraging AI to drive innovation in gaming experiences

Created the 2025 Spirit Eudemon Inspired by the Classic Character in Chinese Culture "Diaochan"

AI Chat Interaction to Tease the Spirit Eudemon

Promoted the Eudemon's backstory while enhancing player interests



Diaochan AI Chat

Welcome back, my lord. Today, allow me to play zither and brew some tea for you... But before that, would you like to hear the story of my past?



Building the evergreen IP with healthy operation



IP Revenue **down 3.8% HoH**

- Ongoing refinements in gameplay and content since October 2024
- Laying a solid foundation for long-term IP growth



MAU **up 11.3% YoY**

- Significant increase in user engagement, with MAU also recovering by 3.4% HoH
- Boosting user stickiness through premium content and cultural experiences



Pocket Version Revenue **up 6.7% HoH**

- 10th-anniversary nostalgic marketing and "Game + Cultural Tourism" initiatives drove MAU Growth by 67.4% YoY and 39.9% HoH of this core mobile title of *Eudemons* IP, spurring revenue recovery



Continue to execute the high-quality content strategy to drive user growth for *Eudemons* IP



Snake Eudemons



Anniversary Events



**Beast Era & Future for Elephants
& CS Family War**



Miss EO



**Jiang Xiaoyu IP
Collaboration**

Jan

Feb

Mar

May

Jun

Jul

Aug

Sep

Nov

Dec

Legendary Eudemon



**Skin Set of the Year:
Mythweave**



**Spirit Eudemon:
Diaochan**



**Double 9 Carnival & All-
Round Eudemon**



Horse Eudemons





"Game+" achievements in the first half of 2025

Through the "Game+" model, NetDragon actively supports China's 14th Five-Year Plan for cultural development, driving innovation in cultural tourism and supporting the inheritance of traditional culture, to expand our cultural dimension.

Game + Cultural Tourism



January 2025

Eudemons Online x Harbin
Cultural Tourism

Game + Public Welfare



June 2025

Eudemons Online x Xishuangbanna
Rainforest Foundation

Game + Intangible Cultural Heritage



January 2025

Eudemons Online x Yingge Dance of
Chaoshan, Guangdong



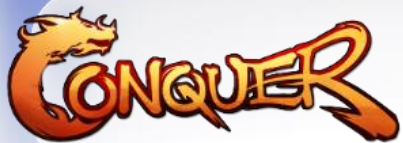
June 2025

Eudemons (Pocket) x Wang Jin,
Inheritor of Ancient Clock Restoration

"Game+" collaboration plans for the second half of 2025



"Game + Cultural Tourism" IP collaborations with
Wudang Mountains, Luoyang, Zhangye,
Wuyi Mountains, Jian Zhan...



Enhancing content quality and extending the multi-dimensional IP value



Game + Intangible Cultural Heritage

Forged a deep partnership with the World Heritage Site *Yongding Tulou*. In the second half of the year, we will bring Fuzhou's historic *Three Lanes and Seven Alleys* into the digital world, recreating its core landmarks in-game to revive traditional culture and expand its influence beyond conventional boundaries.

Global Competition - Diverse Themed Events

By integrating festive elements into exclusive gameplay, leaderboards, rewards, and monetization features, we have ignited global players' enthusiasm for participation and competition, achieving cross-regional resonance.

Localized Gameplay Drives Global Expansion

With overseas revenue contribution surpassing 62%, we will accelerate global expansion by further integrating localized gameplay experiences.

Revenue **+2.1% YoY** **+3.4% HoH**



The "Content + Esports" engine successfully delivered rapid revenue growth

10th Anniversary: Multi-Channel Promotion Boosts User Engagement

Targeting new and returning players with precision, all key engagement metrics surpassed the peak levels of the past three years on the anniversary day. User enthusiasm greatly enhanced.

Crossover with *The Blood of Youth*, a famous Chinese manga IP, ignited player passion, as APA rising 10% YoY and HoH

Summer League maintained strong momentum: number of participating teams of the *Development League* increased by 107% comparing to the last event, viewership of the *Elite League* surpassed 2 million

PC revenue achieved consecutive YoY growth during the past five half-year period

IP Revenue: +18.0% YoY | PC Revenue: +36.7% YoY



Sharpen our R&D focus in the new AI era



Major New Game

Code-MY



Global Expansion

Eudemons Online Overseas (in Portuguese, Spanish, Arabic)

Code-Alpha



Existing IP Activation

UNDEROATHX, Zero Online, Legend of Eudemons



AI-Native

Mid-to-Long Term Roadmap

Major new game

Code-MY

- New engine and technology, delivering upgraded art quality and gameplay experience;
- Original senior design team, core gameplay, and classic nostalgia;
- Proven business model with optimized solutions for key pain points;
- Preliminary user data and feedback have verified our expectations.



Content production and global expansion empowered by AI



*Eudemons Online &
Conquer Online*
(Simplified Chinese)

AI Translation
AI Art Generation
AI Adaptation

*Eudemons Online &
Conquer Online*
(Multi-language)

Heroes Evolved
(PC)

AI Art Generation
AI Adaptation

Heroes Evolved
(Pocket Version)

AI Translation
AI Adaptation

Heroes Evolved
(Global)



Pioneering AI-native games

Smart NPCs

Multi-NPCs Form Unique
Communities and Content

NPC Communities Interact with Players
to Generate Emergent Content

AI-Generated
Content

AI-Generated
Eudemons and Bosses

AI-Generated
Quests and Gameplay

AI + Gaming

AI-Generated
Featured Servers

AI-Generated
Lightweight Games

AI
+
Gaming

Iterative R&D Roadmap that Ensures **Engaging Gameplay** and **Commercial Viability**

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Dr. Simon Leung

Group Vice Chairman



Proactive measures to counter the industry-wide adjustment period

Opex Savings ↓

79M RMB

Debt Reduction ↓

53M RMB

Cash Reserve

210M RMB

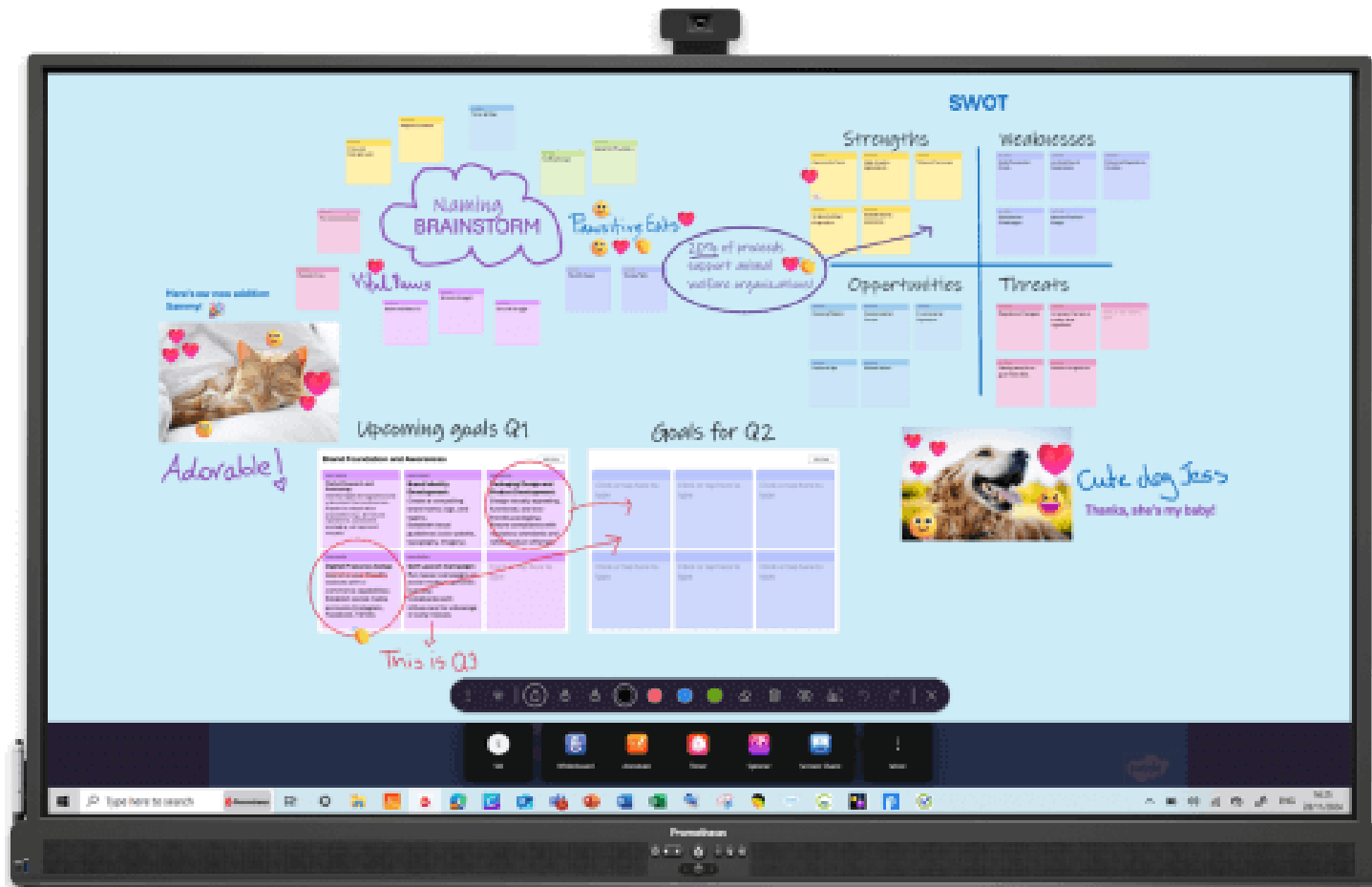
Share of AP10
shipment in 1H25 ↑

40%

Gross Margin
in 2Q25 ↑

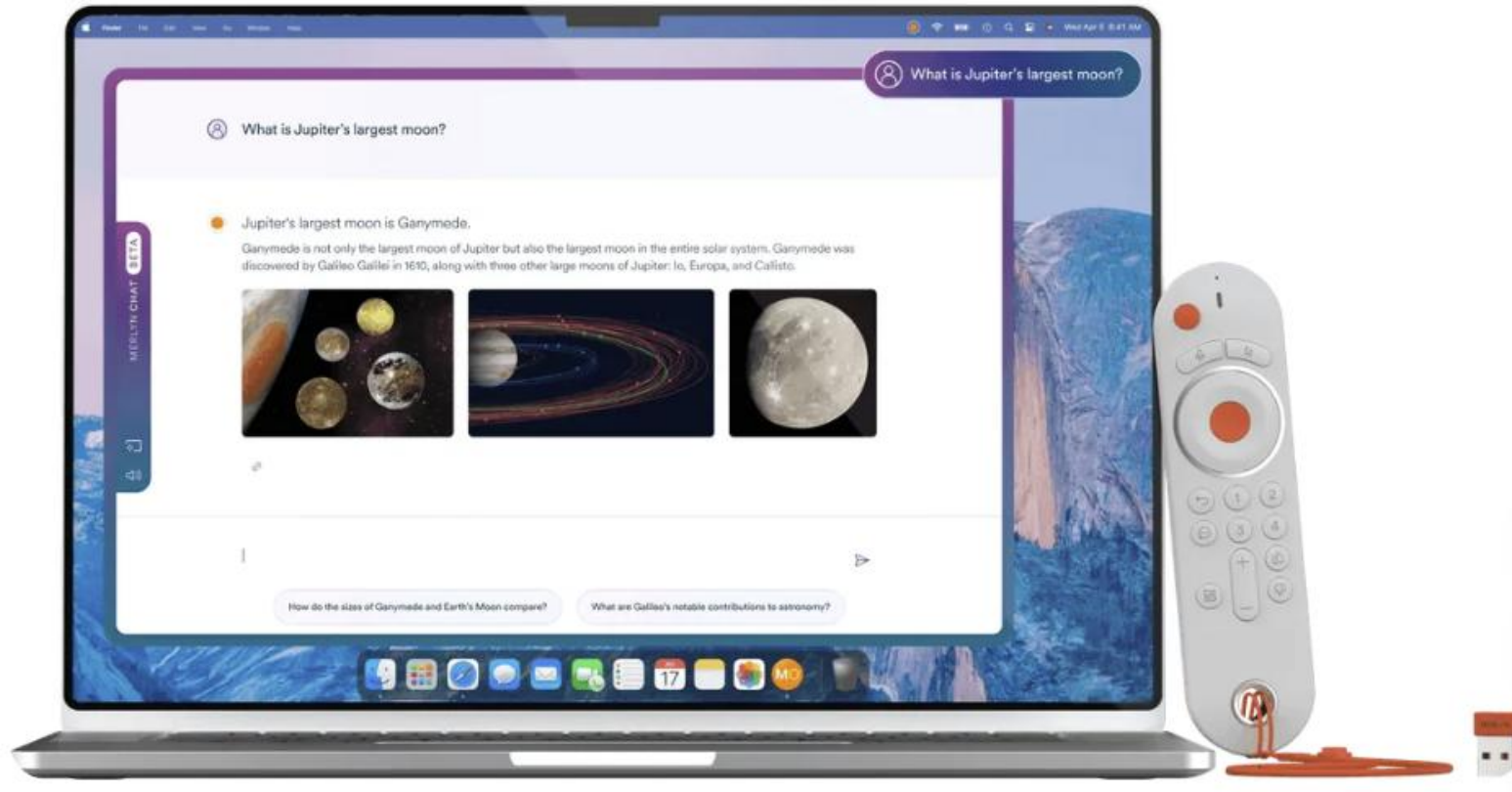
31%

Continued bookings growth solidify our SaaS ecosystem



- *Total SaaS licenses grew 8% HoH in 1H25*
- *Solid expansion of Explain Everything in legacy channels*
- *Share of SaaS bookings from ActivSuite picked up as next-gen hardware started to ship*

Integrate AI voice assistant technology



- *Entry into an agreement to acquire an award-winning AI voice assistant technology, expected to complete in Q3*
- *Added the pivotal piece to our AI empowerment solution offerings*
- *Based on advanced AI models, create a convenient voice system for teacher-student interactions in the classroom*
- *Untether teachers from the front of classrooms, facilitating the automation of instructional workflows and generating content from educational resources*

Extensive industry-wide accolades





Fully Embrace AI

Dr. Simon Leung

Group Vice Chairman

Fully embrace AI – Cherrypicks



- *Zhongke WengAI* (“*Wenge*”) became the strategic shareholder of *Cherrypicks* and has appointed a director (Dr. Wang Lei, the founder of *Wenge*) to its board
- *Cherrypicks* and *Wenge* will engage in exclusive collaboration outside mainland China to jointly develop and promote various AI models and applications
- For the first time, China’s core AI technologies have been brought to global markets under the lead of a HK enterprise

Strategic Vision: Insight to Action – launched three jointly developed AI applications on Aug 15th



Zero-Code Agent Factory
Powering HK's AI Mobility Hub

Democratizing enterprise AI with instant deployment, cementing HK's leadership in agile intelligent solutions



Polyglot Decision Engine
Cross-Border Intelligence Catalyst

Transforming multilingual data deluge into decisive actions for global enterprises, from HK to the world



Borderless Creativity
Cultural Connector

Redefining cross-cultural storytelling through multimodal AI, bridging Eastern creativity with global audiences

Fully embrace AI – National Projects



- In Thailand, our AI-driven vocational education project collaborated with the Ministry of Higher Education, Science, Research, and Innovation (MHEI) was officially launched in May, providing nationwide training for university students and the broader youth community.



- Supported by the World Bank, we signed a cooperation agreement with the Ministry of Secondary Education of Cameroon (MINESEC) to enhance digital education in the country, with the aim of improving education equity and teaching quality.

Fully embrace AI – Education Metaverse

- *Fully leverage our AI Content Factory to build AI computing power and high-quality educational contents to serve as the infrastructure of Global Education Metaverse*
- *Collaborates with multiple long-term institutional partners to build the Global Education Metaverse based on the Ethereum ecosystem*
 - *The Company holds c.12k ETH*



Dr. Liu Dejian, Founder and Chairman of NetDragon, was invited to attend the United Nations (“UN”) High-level Expert Group Meeting

“This UN meeting gave us the opportunity ... to publicly present our strategic vision of Education Metaverse on the international stage for the first time. Moving forward, our AI Content Factory will deliver 3E educational content and immersive, exploratory learning environments to learners worldwide. These innovations will **transform traditional teaching practices**, potentially **attracting tens of millions of global users**. Through a highly innovative community ecosystem, we expect to create tremendous commercial and social value. In the desktop and mobile internet eras, we created two ultra-active online communities—17173.com and 91 Wireless. Today, we are just as confident and excited about building a **super large global learning community in the AI era.** ” – Dr. Liu Dejian, June 4th 2025

Outlook

Dr. Simon Leung

Group Vice Chairman

Announcing Share Repurchase and Dividend Program of no less than HKD600 Million





Gaming

- ◆ Continue to promote the in-depth development of our AI + gaming strategy
- ◆ Focus on high-quality content and cultural experiences
- ◆ Ensure our flagship IP *Eudemons* achieves evergreen growth



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- ◆ Slight recovery of market, in addition to continual cost optimization, business will approach EBITDA breakeven in Q4 with profitability in 2026
- ◆ AI empowerment to enhance the attractiveness of SaaS offerings and products
- ◆ Specific plan to address the product requirements of expanding emerging markets to counter the market decline in US and Europe



Q&A



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