

NetDragon Announces 2025 Annual Financial Results

*Cost Optimisation Delivered Notable Results with Operating Profit Up 48% YoY in H2 2025
Final Dividend of HKD0.5 Per Share, Announcing New Shareholder Return Program of No Less Than HKD600 Million*

(Hong Kong, March 26, 2026) NetDragon Websoft Holdings Limited (“NetDragon” or the “Company”; Hong Kong Stock Code: 0777), a global leader in building internet communities, announced its financial results for fiscal year 2025 today. NetDragon’s management team will be hosting a conference call and webcast on March 27, 2026 at 10:00am Hong Kong time, to discuss the results and recent business developments.

Dr. Dejian Liu, Chairman of NetDragon, commented: “In 2025, following our strategy to ‘Fully Embrace AI’, the Company further introduced the ‘AI Now’ strategy to fully implement our transformation. We have made encouraging progress across our core verticals of education, gaming and AI+ strategic investments across various sectors. The Company has taken initial steps of transforming into an AI organisation, advancing toward our long-term vision of becoming a global leader in AIGC. Meanwhile, we continued our operational optimisation initiatives. Our overall operating expenses for the year decreased by 22.2% YoY, while operating profit in the second half of the year increased by 47.7% YoY. We expect the benefits of cost optimisation to be further realised in 2026, laying a solid foundation for the Company’s long-term value creation.”

“In education AIGC, leveraging our AI Content Factory, we achieved multiple breakthroughs in product innovation, content creation, and AI integration, building a digital education ecosystem centered on ‘gamified learning’ and laying a strong foundation for scalable, intelligent and immersive learning experiences. Our US-listed subsidiary, Mynd.ai has reduced the segmental operating expenses by 21.1% YoY in 2025, whilst the adjusted EBITDA loss has been reduced by 61.8% QoQ in 4Q 2025. In gaming AIGC, we are actively incubating AI-native games, expanding into new genres and exploring the next-generation gaming experiences driven by AI as the core operational logic. Our flagship IP maintained solid profitability, with the core segmental profit margin of the gaming and application services reaching 27.4%, representing an increase of 3.9 percentage points YoY, whilst the profit scale remained solid. In AI+ strategic investments, we are focusing on unlocking the potential of AI computing power and AIGC production capacity. We will continue to invest in various frontier sectors such as AI and AR.”

“We have also established several significant strategic collaborations to support our long-term development. We have entered into a partnership with Volcengine, ByteDance’s cloud and AI service platform. Together, the two parties will build a deep competitive moat integrating technology, resources, and ecosystem in China’s higher education and vocational education sectors. By scaling the production of next-generation AIGC educational resources, we aim to create a globally co-created and shared innovative education ecosystem. We established a long-term cooperation with Thailand’s Ministry of Higher Education, Science, Research and Innovation (MHESI) to systematically advance an AI-driven ‘Learn-to-Career’ ecosystem in Thailand. With the support of the World Bank, we signed a cooperation agreement with Ministry of Secondary Education of Cameroon (MINESEC) to jointly promote the digital transformation of 250 schools across the country. In addition, our Hong Kong subsidiary Cherrypicks successfully secured the strategic investment from Zhongke WengAI, a

leading AI enterprise in China and has repositioned as the exclusive overseas expansion platform and commercialisation partner for Zhongke WengAI in overseas markets. Supported by these strategic partners, We are well placed to accelerate our progress toward becoming a global leader in AIGC creation.”

“Our ongoing efforts in key aspects of sustainable development, such as environmental protection, social responsibility, and corporate governance, have continued to receive widespread recognition. Recently, the Company's MSCI ESG rating was further upgraded from BBB to A, extending the strong momentum of positive achievements in ESG over the past five years. The company will continue to adhere to its long-term commitment to creating lasting and sustainable value for nature, society, and all stakeholders, including shareholders, customers, and employees.”

“Supported by the positive outcomes of our strategic investments and solid cash position, we remained committed to enhancing shareholder returns. The Board has approved a final dividend of HKD0.5 per ordinary share, bringing total dividends for the year to HKD1.0 per ordinary share. Since announcing a shareholder return program of no less than HKD600 million on 29 August 2025, we have fulfilled our commitment through dividends and share repurchases with the inclusion of the proposed final dividend. The core segmental profit from gaming and application services for the year remained solid at RMB897 million. As of December 2025, our net cash and liquid investments position remained robust at RMB2.0 billion. Based on our confidence in the Company's long-term sustainable development, we commit to distribute a total of no less than HKD600 million to shareholders over the next 12 months through dividends and share repurchases.”

Fiscal Year 2025 Financial Highlights

- Revenue was RMB4.5 billion, representing a 26.0% decrease YoY.
- Revenue from gaming and application services was RMB3.3 billion, representing 73.2% of the Group's total revenue and a 16.8% decrease YoY primarily attributable to the optimisation of flagship IP to support its long-term development and sustainability.
- Revenue from Mynd.ai business was RMB1.2 billion, representing 26.7% of the Group's total revenue and a 43.2% decrease YoY primarily due to the impact of disposal of Singapore early education business in the second half of 2024, and a prolonged demand adjustment cycle. Customer demand is expected to recover as market conditions stabilise.
- Gross profit was RMB3.1 billion, representing a 20.2% decrease YoY, whereas gross profit margin increased by 5.1 percentage points YoY to 70.3% .
- Operating expenses decreased by 22.2% YoY to RMB2.6 billion, reflecting the impact of our cost reduction and efficiency improvement measures, which are expected to be fully realised in 2026.

- Core segmental profit¹ from gaming and application services was RMB897 million, representing a 3.0% decrease YoY, as the lower revenue was partially offset by cost savings. Core segmental profit margin increased by 3.9 percentage points YoY to 27.4%.
- Core segmental loss¹ from Mynd.ai business was RMB358 million, compared to a loss of RMB297 million in 2024. Core segmental loss¹ for the second half of 2025 was RMB163 million, representing a 12.4% decrease YoY.
- Profit attributable to owners of the Company was RMB151 million, representing a 51.4% decrease YoY, affected by an impairment loss of cryptocurrencies as of 31 December 2025, as well as one-off expenses associated with the staff optimisation plan.
- The Company declared a final dividend of HKD0.50 per ordinary share (2024: HKD0.50 per ordinary share), subject to approval at the coming annual general meeting. _

¹ Core segmental profit (loss) figures are derived from the Group's reported segmental profit (loss) figures (presented in accordance with HKFRS 8), but exclude non-core/operating, non-recurring or unallocated items including redundancy payments, interest expense and exchange difference on convertible and exchangeable bonds and convertible note, impairment loss (net of reversal), fair value loss on investment properties, impairment loss and write off of intangible assets, net gain on disposal of subsidiaries, fair value gain and exchange difference on financial assets at fair value through profit or loss, government grants, fair value gain and exchange loss on derivative financial instruments, reversal of impairment loss of inventories and intangible assets, gain on deemed disposal of an associate, intercompany finance costs, underprovision of tariff expenses in prior years, project expenses, write-down of inventories and waiver of other payables.

Segmental Financial Highlights

(RMB million)	FY2025		FY2024		Variance	
	Gaming and application services	Mynd.ai business	Gaming and application services	Mynd.ai business	Gaming and application services	Mynd.ai business
Revenue	3,276	1,197	3,938	2,106	-16.8%	-43.2%
Gross Profit	2,852	299	3,399	547	-16.1%	-45.3%
Gross Margin	87.1%	25.0%	86.3%	26.0%	+0.8 pts	-1.0 pts
Core Segmental Profit (Loss) ¹	897	(358)	925	(297)	-3.0%	+20.5%
Segmental Operating Expenses ²						
- Research and development	(820)	(193)	(1,227)	(202)	-33.2%	-4.5%
- Selling and marketing	(406)	(251)	(488)	(266)	-16.8%	-5.6%
- Administrative	(658)	(211)	(705)	(362)	-6.7%	-41.7%

Gaming and Application Services Business

In 2025, revenue from our gaming and application services business amounted to RMB3.3 billion, representing a decrease of 16.8% YoY. We further advanced our strategic focus in the application services business by reducing the equity interests in several subsidiaries, which contributed to the decline in segmental revenue. Segmental operating expenses for the year decreased by 22.1% YoY driven by cost savings from the AI+ strategy with the full-year impact to be realised in 2026. Core segment profit was RMB897 million, representing a decrease of 3.0% YoY only, as the lower revenue was partially offset by the benefits from cost savings for the year.

In the gaming sector, our AIGC capabilities are now delivering tangible results, reinforcing our R&D strategy to focus on AI-native games: Across our flagship evergreen IPs, we have fully leveraged our AIGC capabilities to further shift user activities toward content-driven and culture-driven spending while fostering healthier community development. We also continued to explore incremental growth through format innovation and regional expansion, alongside ongoing investments in content innovation and cultural expression.

The average monthly active users (MAU) of the *Eudemons* IP increased by 11.1% YoY in 2025, with an increase of 7.1% in the second half of 2025 HoH. *Eudemons* IP has delivered both HoH and YoY MAU growth for four consecutive half-year periods, ensuring the long-term operation of this evergreen IP and significantly narrowing the YoY decline in overall gaming revenue in the second half. Revenues from *Conquer* IP and *Heroes Evolved* IP increased by 6.4% and 21.3% YoY, respectively. Among them, *Conquer* IP focused on the global dissemination of Chinese martial arts culture, with

² Segmental operating expenses exclude unallocated expenses/income such as directors' emoluments and certain selling and marketing and administrative expenses that have been grouped into SG&A categories on the Company's reported consolidated financial statements, but cannot be allocated to specific business segments for purpose of calculating the segmental profit (loss) figures in accordance with HKFRS 8.

overseas market revenue accounting for nearly 70% of its total revenue. *Heroes Evolved* IP adhered to the dual engines of content innovation and esports events, with PC revenue achieving YoY growth for three consecutive years and reaching a record high in 2025.

In 2025, under the guidance of the Fujian Provincial Department of Culture and Tourism, we launched the “Digital Mountains & Seas - Game Empowering Fujian Culture & Tourism” project in collaboration with the Xinhua News Agency and other partners. Our core gaming IPs subsequently entered into cross-sector collaborations with cultural and tourism departments in Fuzhou, Quanzhou, Wuyishan, Nanping, and other regions, deeply integrating with various world heritage, intangible cultural heritage and distinctive cultural tourism IPs. By applying a range of cutting-edge AI technologies such as digital capture and game integration, we create a new paradigm for “Gaming + Culture Tourism.”

Our “AI+Gaming” strategy has been fully implemented in our operations. In 2025, segmental R&D expenses for the gaming and application services decreased by 33.2% YoY, while the share of AI-driven workload in overall game development increased to 25%. Our AI anti-cheat features have covered multiple core gameplay scenarios of *Eudemons* IP, further improving the in-game environment and ecosystem health. AI companion agents have been fully applied across both *Conquer* IP and *Heroes Evolved* IP, significantly improving player retention. In addition, more than 1,000 second-generation intelligent NPCs have been deployed in the *Zero* IP, delivering encouraging results. We have also successfully established an initial development pathway for AI-native games and built a closed-loop system comprising AI Creative Center, AI Production Center and AI Operations Center. This has significantly reduced the production cost and development cycle of new gaming products, giving us greater resources and more time to continue iterating and experimenting with new ideas, genres and gameplay while enhancing both the scale and quality of our R&D pipeline. We plan to deploy more AI agent employees to increase the share of AI-driven workload to 50% by the end of 2026.

Looking ahead, for mature fields with fully validated business models, we will leverage our AIGC capabilities to replicate success quickly and efficiently. Furthermore, we will position AI-native games as a strategic focus, building a diversified product portfolio centered on new forms of content and user experience. In 2026, the Company plans to expand into new genres, including Match-3 and Roguelike, and will develop multiple new titles.

In the application services sector, we are sharpening our strategic focus and accelerating commercial expansion with education AIGC: Our AI Content Factory has achieved significant advances in automation and intelligence, substantially improving the production efficiency of foundational AIGC elements such as AI textbooks, AI courseware, resource granules, and interactive educational games while further reducing production costs. In the integration of “gamified learning” and “AI+Education,” we continue to make learning more emotionally engaging and immersive. We will remain committed to the core vision that “Knowledge is Experience, Learning is Gaming,” and continue to drive the digital transformation of education globally.

We have recently launched the AI Employee Matrix, fully reconstructing the entire content production chain. AI employees can autonomously handle the complete closed-loop workflow—spanning from creative ideation, intelligent image generation, material refinement to video rendering—7×24 hours without interruption. They precisely take on highly repetitive and time-sensitive tasks, enabling the rapid production of massive volumes of high-quality content. Compared with the traditional human-powered model, this approach significantly shortens production cycles, substantially reduces costs, ensures consistent quality, and enables the shift of content production from “human-driven” to “intelligence-driven”, achieving the goals of standardization, scale, and extreme speed. With the AI Employee Matrix, we are deepening human–machine collaboration, liberating productivity, allowing focus on creativity and quality enhancement, and injecting powerful new momentum of large-scale intelligent content supply into fields such as education.

Our country rollout strategy also continued to make progress. In February 2026, our strategic partnership with Thailand's Ministry of Higher Education, Science, Research and Innovation (MHESI) was further deepened. Together, we will develop an AI-enabled learning platform, competency assessment framework, and career transition mechanism, building an AI-driven "Learn-to-Career" ecosystem that connects education, skills development and productivity enhancement, and supports Thailand in cultivating a future-ready workforce. In March 2026, the AI-enabled smart classroom jointly developed with Cameroon's Ministry of Secondary Education (MINESEC) was successfully inaugurated in Yaoundé, the capital of Cameroon, with the Prime Minister of Cameroon and several senior government officials attending the ceremony. This project will also serve as a pilot for the scalable development of digital education across Africa.

In addition, the Company's strategic investments in frontier technologies and AIGC sectors continue to achieve significant progress: The new-generation AI glasses launched by an AI edge device company we invested in recorded rapid sales growth. Our investee in group live-streaming content production also continued to lead the market, received strong support from the short-video platform, and jointly hosted major live performance events. Currently, we are further expanding our strategic investments and business synergies in various frontier sectors by leveraging AI computing power and AIGC creative capabilities. Looking ahead, our strategic investments will continue to focus on frontier technology such as AI and AR, as well as various cultural and creative industries that can be significantly empowered by AIGC, therefore strengthening synergies with our core business and cultivating new growth drivers for the Company's long-term development.

Mynd.ai

Notwithstanding industry-wide customer budget uncertainties and increasing challenges of global trade, we are focused on positioning Mynd.ai for future success. We have delivered a major refresh of our flagship product with the launch of our next-generation integrated solution, ActivPanel 10[®] and Promethean ActivSuite[®] software and expanded into new product categories through the introduction of ActivPanel LE and ActivPanel D-series, as well as new software and hardware partnerships. Various cost optimisation initiatives were carried out this year to improve our competitive positioning in the market and facilitate further investments in our business.

We continue to evolve our AI-enabled solution roadmap and significantly enhance the interaction of the full ecosystem of software and hardware offerings in a classroom by consolidating cutting-edge AI solutions such as Merlyn Mind and Augment Me.

The key financial highlights for Mynd.ai in 2025 are as follows:

- Revenue of RMB1.2 billion compared to RMB2.1 billion in the prior year, with the decrease primarily driven by elevated uncertainty amongst our customers regarding future budget allocations, which represents an industry-wide phenomenon that affected the entire education technology market. Customer demand is expected to recover as market conditions stabilise and schools look to refresh their existing technology solutions.
- Segmental operating expenses of RMB655 million with a decrease of 21.1% YoY, as management continues to implement cost-saving measures to mitigate effects of education technology market headwinds
- Core segmental loss of RMB358 million compared to a loss of RMB297 million in the prior year. Core segmental loss for the second half was RMB163 million, representing a 12.4% decrease YoY.

- End -

Management Conference Call and Webcast

NetDragon’s management team will hold a conference call and webcast at 10:00 am Hong Kong time on March 27, 2026 to discuss the results and recent business developments.

Details of the live conference call and webcast are as follows:

Webcast	https://webcast.roadshowchina.cn/Em83RN
International	+852 3008 3269
Mainland China	4008 070 263
HK (China)	+852 3008 3269
US	+1 516 226 8028
UK	+44 20 3761 0113
Passcode	775091476#

The live and archived webcast of the conference call will be available on the Investor Relations section of NetDragon’s website at <http://ir.nd.com.cn/en/category/webcast>. Participants of the live webcast should visit the aforementioned website 10 minutes prior to the call, then click on the icon for “2025 Annual Results Conference Call and Webcast” and follow the registration instructions.

About NetDragon Websoft Holdings Limited

NetDragon Websoft Holdings Limited (HKSE: 777) is a global leader in building internet communities, with a long track record of developing and scaling multiple internet and mobile platforms that impact hundreds of millions of users. Over the desktop and mobile internet eras, NetDragon previously established China’s first online gaming portal, 17173.com, and China’s most influential smartphone app store platform, 91 Wireless.

Established in 1999, NetDragon is one of the most reputable and well-known online game developers in China with a history of successful game titles including *Eudemons Online*, *Conquer Online*, *Heroes Evolved* and *Under Oath*. In the past 10 years, NetDragon has also achieved success with its EdTech business both domestically and globally. Fully embracing the new AI era, NetDragon is driving its vision of “Infinite Growth” through a dual-focus strategy of “AI+Gaming” and “AI+Education”. With its AI Content Factory empowering operations and working with partners to develop a global learning metaverse, NetDragon is committed to once again building a massive user community in the new AI era.

NetDragon’s overseas edtech business entity, currently a U.S.-listed subsidiary named Mynd.ai, is a global leader in interactive technology and its award-winning interactive displays and software can be found in more than 2 million learning and training spaces across 126 countries.

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