

NetDragon Announces 2026 Interim Financial Results
NetDragon Transforms with AI Workforce Ecosystem - Moyu
Improving Business Performance of Both Gaming and Education Business
Continues Shareholder Return as Promised

(Hong Kong, August 27, 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 the first half of 2026. NetDragon’s management team will be hosting a conference call and webcast on August 28, 2026 at 10:00am Hong Kong time, to discuss the results and recent business developments.

Dr. Dejian Liu, Chairman of NetDragon, commented: "On August 18, 2026, moyu AI—an AI Workforce Ecosystem aiming to assist different verticals/industries—made its debut at the Global Smart Education Conference. This marks a critical milestone in effort to transform ourselves to a true AI company. Positioned as a multi-scenario AI application ecosystem built on an AI Agent technical infrastructure, moyu AI provides a new AI application paradigm for work, learning, creation, and design, going beyond the traditional dimensions of work assistants and digital employees to drive AI to become a partner for everyday life."

"In addition to developing new AI business, our existing core businesses also delivered resilient results. In the first half of 2026, revenue from the gaming business recorded HoH growth, demonstrating a stable recovery trend. This underscores the value resilience and sustainable growth of the Company's flagship evergreen IP, driven by strategic initiatives to optimize consumer spending structures and deepen community engagement. Additionally, the systematic deployment of our proprietary *AI Employee Matrix* across gaming operations further reduced operating expenses in the gaming and application services segment, leading to a 10.3% HoH increase in core segmental profit. Mynd.ai Inc. ('Mynd.ai'), our U.S.-listed subsidiary, significantly narrowed its core segmental loss by 35.4% YoY in the first half of 2026, whilst Service and SaaS revenue grew YoY."

"We are actively fulfilling our shareholder return commitment of distributing no less than HKD600 million over the next 12 months since March 26th 2026. Accordingly, the Board has approved an interim dividend of HKD0.50 per ordinary share. As of the end of June 2026, our net cash and liquid investments position amounted to RMB1.8 billion, providing solid support for our fundamental business principles of continuously enhancing cash returns to investors."

2026 First Half Financial Highlights

- Revenue was RMB2.1 billion, representing a 12.2% decrease YoY.
- Revenue from gaming and application services was RMB1.6 billion, representing 75.8% of the Group's total revenue and an 8.8% decrease YoY, 3.1% increase HoH.
- Revenue from Mynd.ai business was RMB505 million, representing 24.2% of the Group's total revenue and a 21.2% decrease YoY.
- Gross profit was RMB1.5 billion, representing an 11.7% decrease YoY. Gross margin improved by 0.4 pts to 69.9%.
- Operating expenses decreased by 17.8% YoY to RMB1.1 billion, reflecting the impact of our cost reduction and efficiency improvement measures.
- Operating profit increased by 24.1% YoY to RMB144 million.
- Profit attributable to owners of the Company was RMB36 million, representing a 20.0% increase YoY.
- The Company declared an interim dividend of HKD0.50 per ordinary share for the six months ended 30 June 2026.

Segmental Financial Highlights

	2026 First Half		2025 First Half		Variance	
(RMB million)	Gaming and application services	Mynd.ai business	Gaming and application services (restated)	Mynd.ai business	Gaming and application services	Mynd.ai business
Revenue	1,585	505	1,738	641	-8.8%	-21.2%
Gross Profit	1,321	140	1,498	163	-11.8%	-14.1%
Gross Margin	83.3%	27.7%	86.2%	25.4%	-2.9 pts	+2.3 pts
Core Segmental Profit (Loss)	461	(126)	524	(195)	-12.0%	-35.4%
Segmental Operating Expenses ¹						
- Research and development	(334)	(75)	(436)	(104)	-23.4%	-27.9%
- Selling and marketing	(178)	(104)	(197)	(139)	-9.6%	-25.2%
- Administrative	(312)	(75)	(330)	(118)	-5.5%	-36.4%

¹ Segmental operating expenses exclude unallocated expenses/income such as directors' emoluments, certain selling and marketing and certain 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.

Gaming and Application Services Business

In the first half of 2026, revenue from our gaming and application services amounted to RMB1.6 billion, representing a decrease of 8.8% YoY and an increase of 3.1% HoH. As our self-developed *AI Employee Matrix* was deployed across the gaming business in a more organised, full-chain and holistic manner, segmental operating expenses decreased by 14.4% YoY and 10.5% HoH. The stabilisation and recovery in revenue, together with cost efficiencies delivered by our AI+ strategy, supported resilient profitability. Core segmental profit reached RMB461 million, increased by 10.3% HoH.

In the gaming sector, the resilience of our flagship evergreen IPs was clearly demonstrated, supporting a stabilisation in revenue: in the first half of 2026, gaming revenue increased by 2.3% HoH, reflecting the positive impact of the strategic initiatives we have pursued over the past two years, including a continued focus on content innovation, user growth and deeper AI adoption. Meanwhile, our *AI Employee Matrix* further enhanced overall efficiency across multiple functions, including R&D, operations and maintenance, contributing to a 23.4% YoY and 13.0% HoH decrease in segmental R&D expenses for the gaming and application services.

Driven by a series of major content updates, user engagement across the *Eudemons* IP continued to strengthen. The average monthly active users (MAU) increased sequentially for five consecutive half-year periods since the first half of 2024, exceeding 3 million in the first half of 2026, up 24.1% YoY and 15.8% HoH, driving overall *Eudemons* IP revenue to increase by 3.7% HoH. Driven by enhanced character progression features in the MMO segment and locally themed marketing initiatives in the casual segment, overseas revenue from the *Conquer* IP, denominated in US dollars, increased by 19.3% YoY and 6.5% HoH, respectively. Revenue from the PC version of the *Heroes Evolved* IP increased 4.4% YoY and 2.3% HoH in the first half of 2026, marking the seventh consecutive half-year period of YoY revenue growth since the first half of 2023.

In the first half of 2026, NetDragon continued to deepen the integration of “gaming + cultural tourism”. The *Eudemons* IP’s Year of the Horse campaign in collaboration with cultural tourism partners, including Shandan Horse Farm and Xinjiang Akhal-Teke Horse Base, effectively enhanced user participation. As part of the *Eudemons* IP’s 20th anniversary celebrations, the Company partnered with Liuyang’s cultural and tourism to launch the IP’s first short drama, with related in-game activities driving MAU during the month up 17.2% YoY. In August 2026, NetDragon partnered with the Fujian Department of Cultural Tourism to launch two light mini-games using AI capabilities. Built around the 2026 Fujian Provincial City Football League, the gamified experiences enhanced public benefits by deeply embedding into the cultural tourism welfare system, representing another new exploration by NetDragon in the “gaming + cultural tourism” sphere.

In the first half of 2026, AI employee workload contribution reached 35-40%, as we have deployed AI employees across 269 roles, enabling real-time scaling based on task volume. Leveraging our *AI Content Factory*, we plan to add several new language editions for *Eudemons* and *Heroes Evolved* by the end of the year, and launch various specific versions of *Eudemons* and *Conquer*.

In the application services sector, moyu AI opened up a new growth vertical for the Company: moyu AI platform has formally gone into the testing phase, with its mobile version simultaneously launched for testing overseas. In the first half of the year, the Company conducted a series of fine-tunings across targeted use cases such as content creation and education. Specifically, content creation scenarios covered story ideation, plot extension, character setting, comic storyboarding, and

personalized video generation. Educational scenarios explored use cases such as instructional design, teaching material generation, Q&A knowledge bases, and teaching assistance. Feedback from ongoing testing will inform further product iterations and expansion into new application scenarios.

The strategic cooperation between our Hong Kong subsidiary, Cherrypicks, and Zhongke WengAI has further deepened. Leveraging AI platforms such as X-Agent, we have begun developing a variety of applications, including AI admin and AI driven loyalty platform INSTORE CX for local businesses in the Hong Kong and Macao markets. We are also collaborating to build the international versions of ScienceOne, a large language model for scientific research, and Claworks, an enterprise-grade secure Agent platform.

Mynd.ai

The first half of 2026 reflected continued execution against our operating transformation: stronger gross margin, materially lower operating expenses, improved adjusted EBITDA, and better cash usage, while we continued to build recurring revenue through services and software-as-a-service ("SaaS"). These actions are creating a more efficient operating model and positioning Mynd.ai to pursue sustainable growth as market conditions improve.

Key highlights:

- Gross margin expanded 2.3 percentage points to 27.7% from 25.4% in the prior-year period
- Total operating expenses reduced 29.6% to RMB254 million from RMB361 million in the prior-year period
- Net loss narrowed 30.8% to RMB164 million from RMB237 million in the prior-year period
- Adjusted EBITDA improved 53.7% to a loss of RMB63 million from a prior-year loss of RMB136 million
- Net cash used in operating activities improved 38.5%, or RMB114 million, compared to the prior-year period
- Free cash outflow improved 38.8%, or RMB119 million, compared to the prior-year period
- Service and SaaS revenue grew YoY, demonstrating continued momentum in recurring revenue streams despite lower total revenue in the period

We remain focused on disciplined execution, liquidity management, and continued growth in our SaaS and services businesses.

- 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 August 28, 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/kaed9k
International	+852 2112 1888
Mainland China	4008 428 338
HK (China)	+852 2112 1888
US	+1 866 213 0992
UK	0800 032 2849
Passcode	1927028#

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 "2026 Interim 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 digital entertainment IP developer and operator in China with a history of successful flagship game titles deeply welcomed by users both at home and abroad. For more than a decade, 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 AI enabled digital entertainment and online learning, whilst building a systematic AI product methodology to create value growth.

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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