

網易 NETEASE 有道 youdao

2Q26

Investor Presentation



SAFE HARBOR STATEMENT

This presentation contains forward-looking statements. These statements are made under the “safe harbor” provisions of the U.S. Private Securities Litigation Reform Act of 1995. Statements that are not historical facts, including statements about the Company’s beliefs and expectations, are forward-looking statements. Forward-looking statements involve inherent risks and uncertainties, and a number of factors could cause actual results to differ materially from those contained in any forward-looking statement. In some cases, forward-looking statements can be identified by words or phrases such as “may,” “will,” “expect,” “anticipate,” “target,” “aim,” “estimate,” “intend,” “plan,” “believe,” “potential,” “continue,” “is/are likely to” or other similar expressions. The Company may also make written or oral forward-looking statements in its reports filed with, or furnished to, the U.S. Securities and Exchange Commission, in its annual reports to shareholders, in press releases and other written materials and in oral statements made by its officers, directors or employees to third parties. Further information regarding such risks, uncertainties or factors is included in the Company’s filings with the SEC. All information provided in this press release is as of the date of this press release, and the Company does not undertake any duty to update such information, except as required under applicable law.



Youdao's Position

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An AI solutions provider

specializing in learning and advertising

AI-Native Strategy

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Learning



Youdao
Premium Courses



Youdao
Lingshi



Youdao
Dictionary



Youdao Desktop
Translation



Hi Echo



Mr. P AI Tutor



Advertising



 youdao Ads



有道智选
网易品质推广



InfunEase



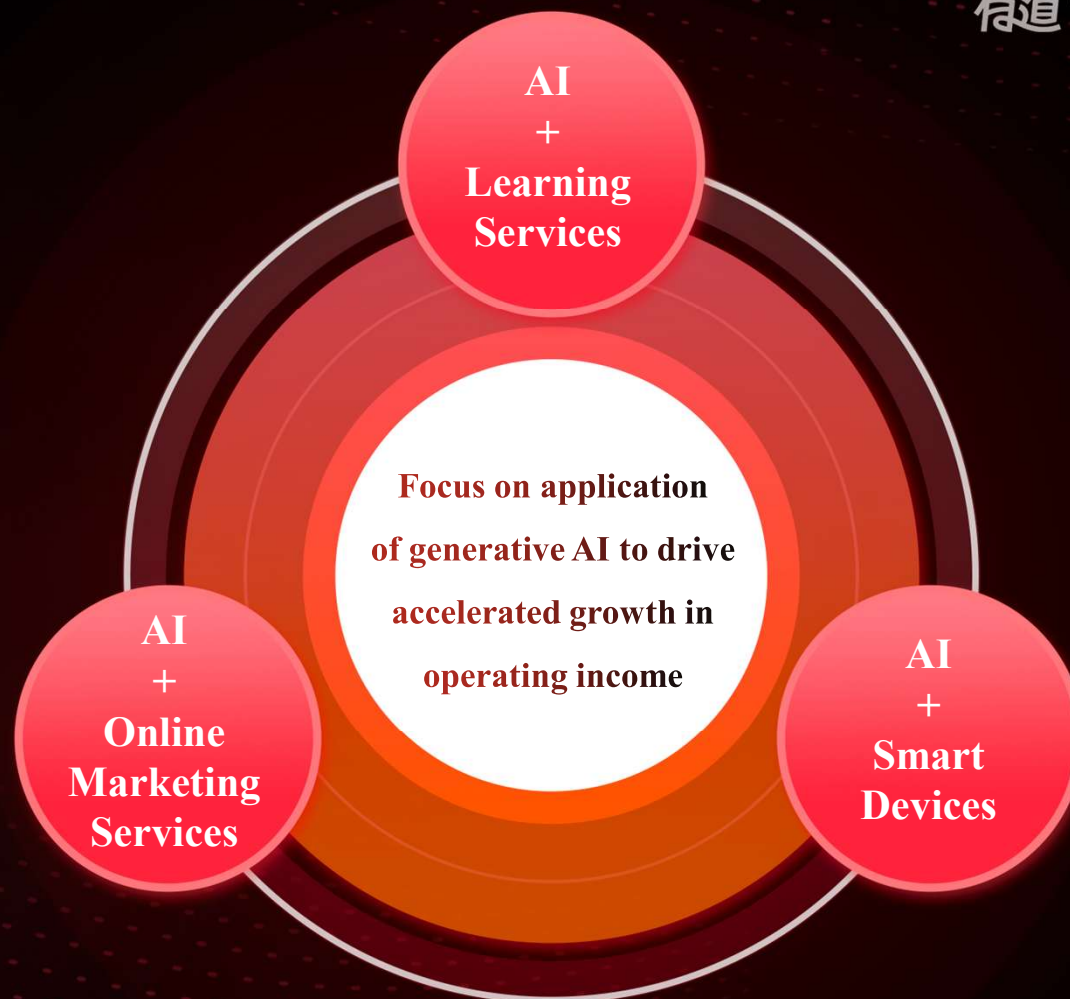
iMagicBox

Operating Strategy of 2026

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AI

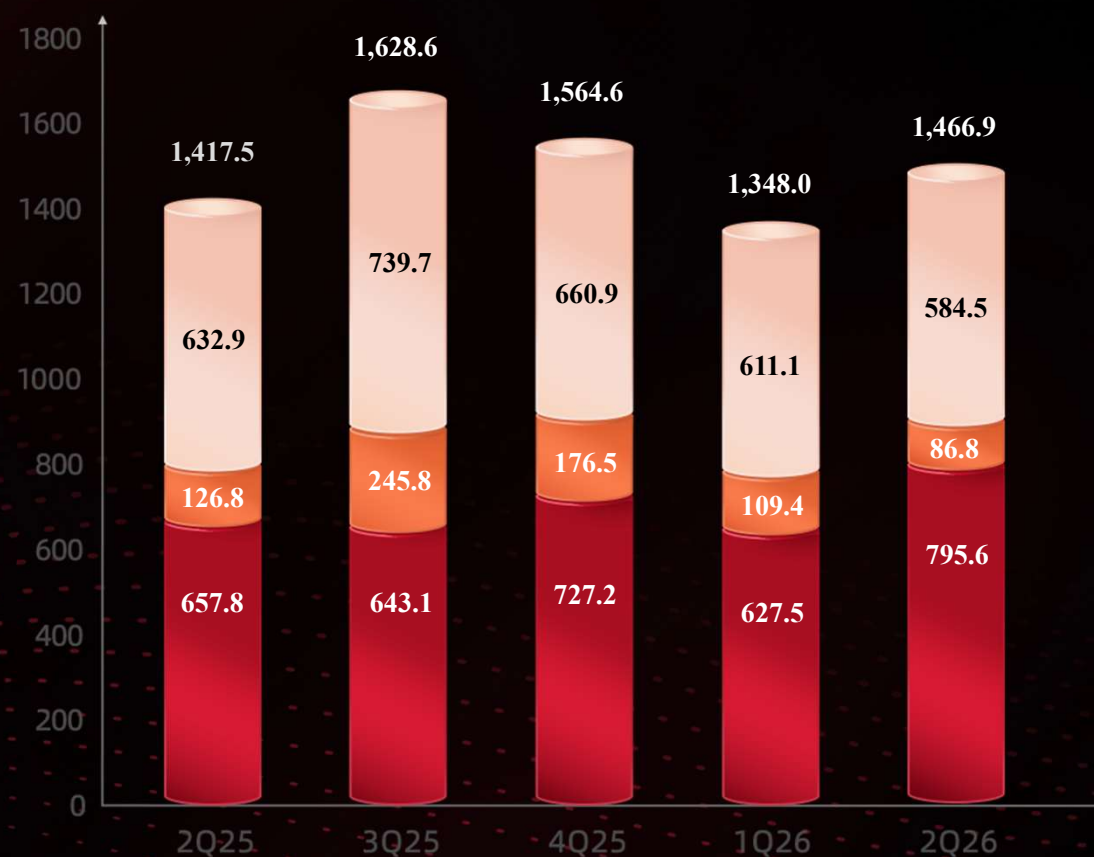
Driving force behind
development of three
businesses



Net Revenues: 3.5% Year-Over-Year Growth in 2Q26

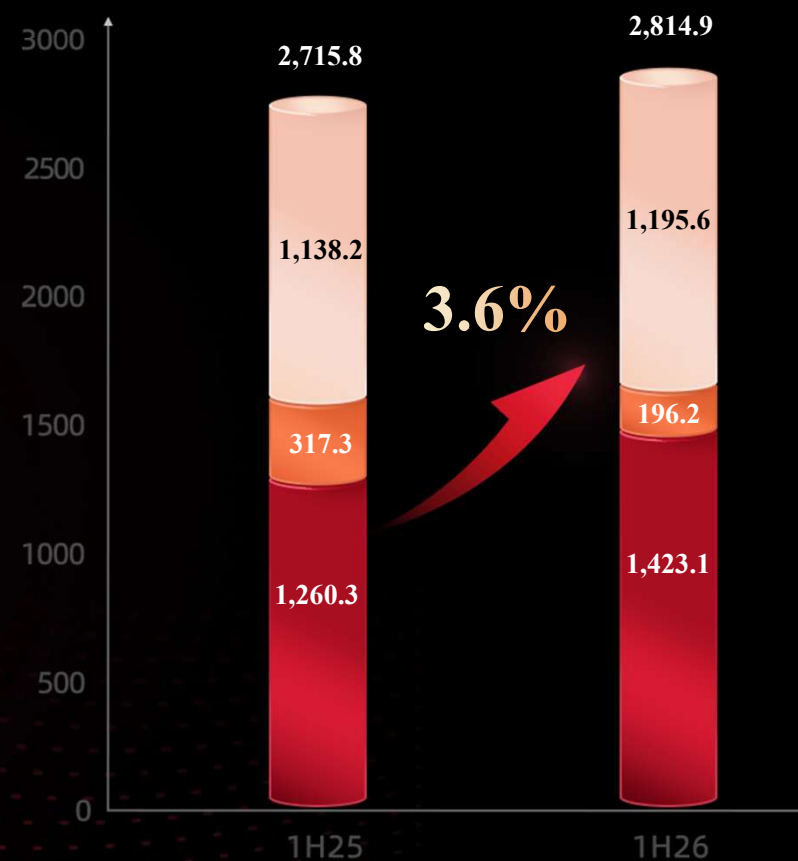
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RMB Millions



■ Learning Services ■ Smart Devices ■ Online Marketing Services

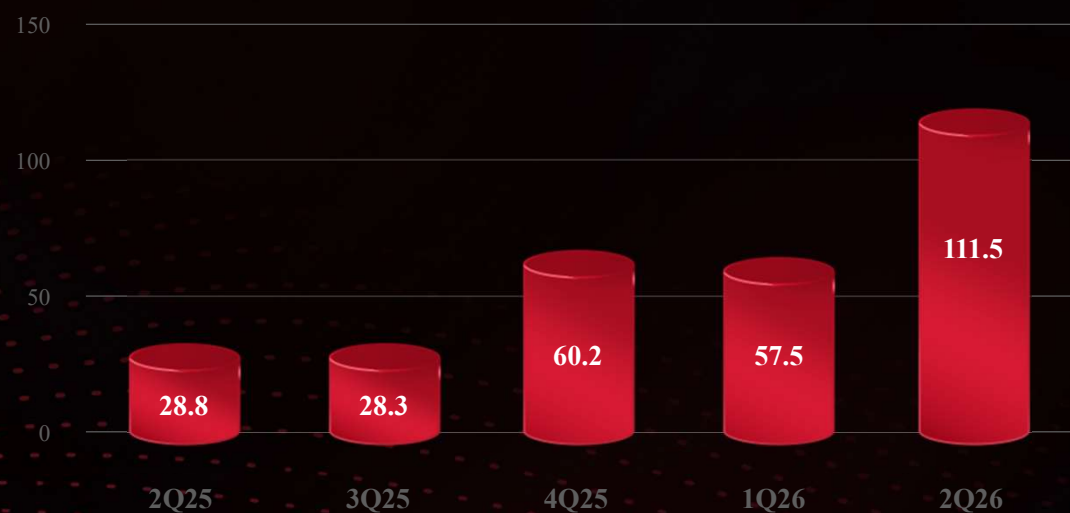
RMB Millions



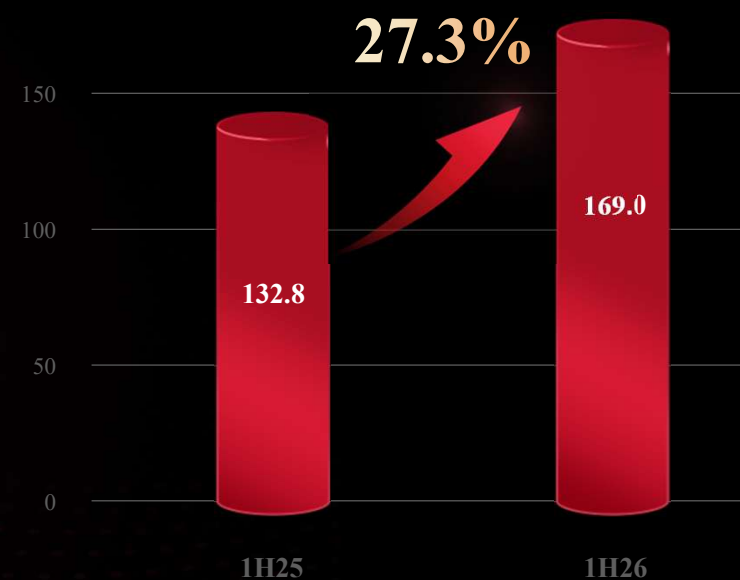
Income from Operations: 287.3% Year-Over-Year Growth in 2Q26

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RMB Millions



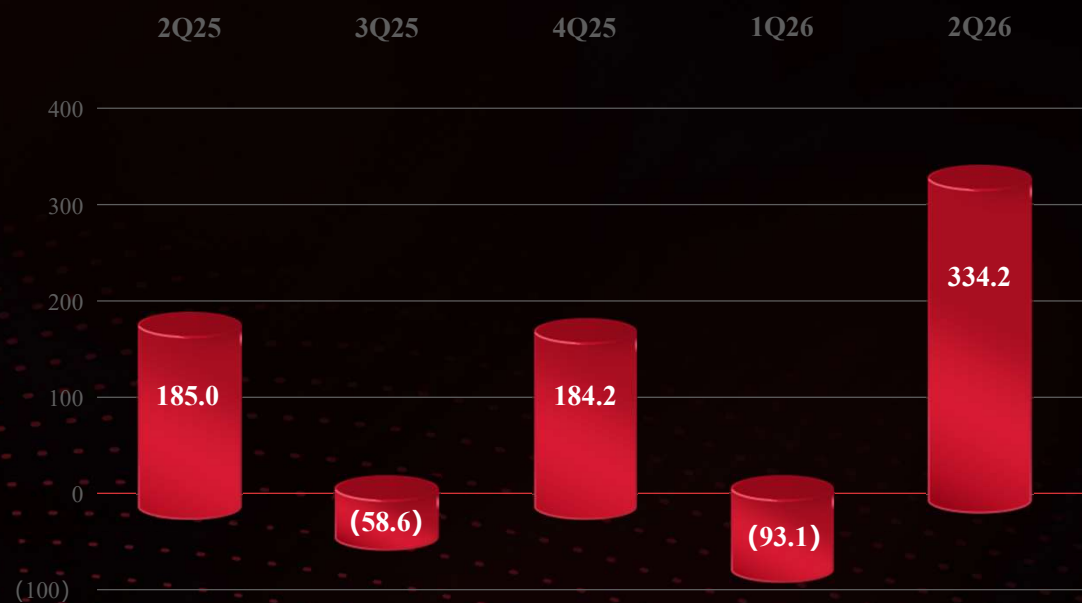
RMB Millions



Operating Cash Flow: 80.7% Year-Over-Year Growth in 2Q26

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RMB Millions



RMB Millions



Products & Services



Highlights in 2Q26



- English AI essay grading: volume more than doubled sequentially
- Retention rate: over 75%

AI-driven Subscription

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Total sales: approximately RMB100 million in 2Q26, up more than 20% year-over-year



Youdao
Dictionary



Youdao Desktop
Translation



Hi Echo



Mr. P AI Tutor



U-Dictionary



iRecord



LectMate



iArch



Baby Genius



One Translate
Translator



Youdao AI Podcast
Assistant



Youdao
Anydub



LobsterAI



Youdao
Baoku

Youdao AI Agents: Showcased at the 2026 WAIC

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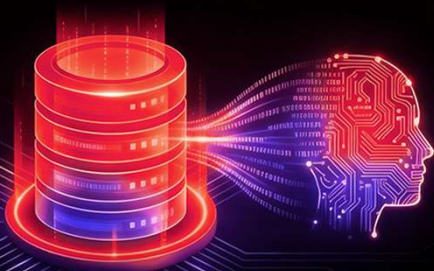


*WAIC stands for World Artificial Intelligence Conference

AI-Powered Advertising

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Data Management Platform



Youdao DMP

Programmatic Ad Attribution & Optimization



Youdao Smart Ads Platform

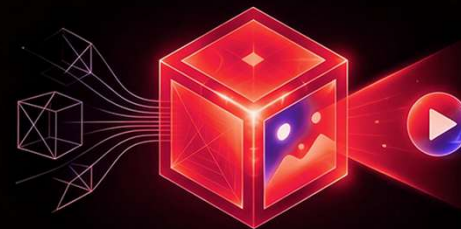
AI Ad Placement Optimizer

KOL Marketing Platform



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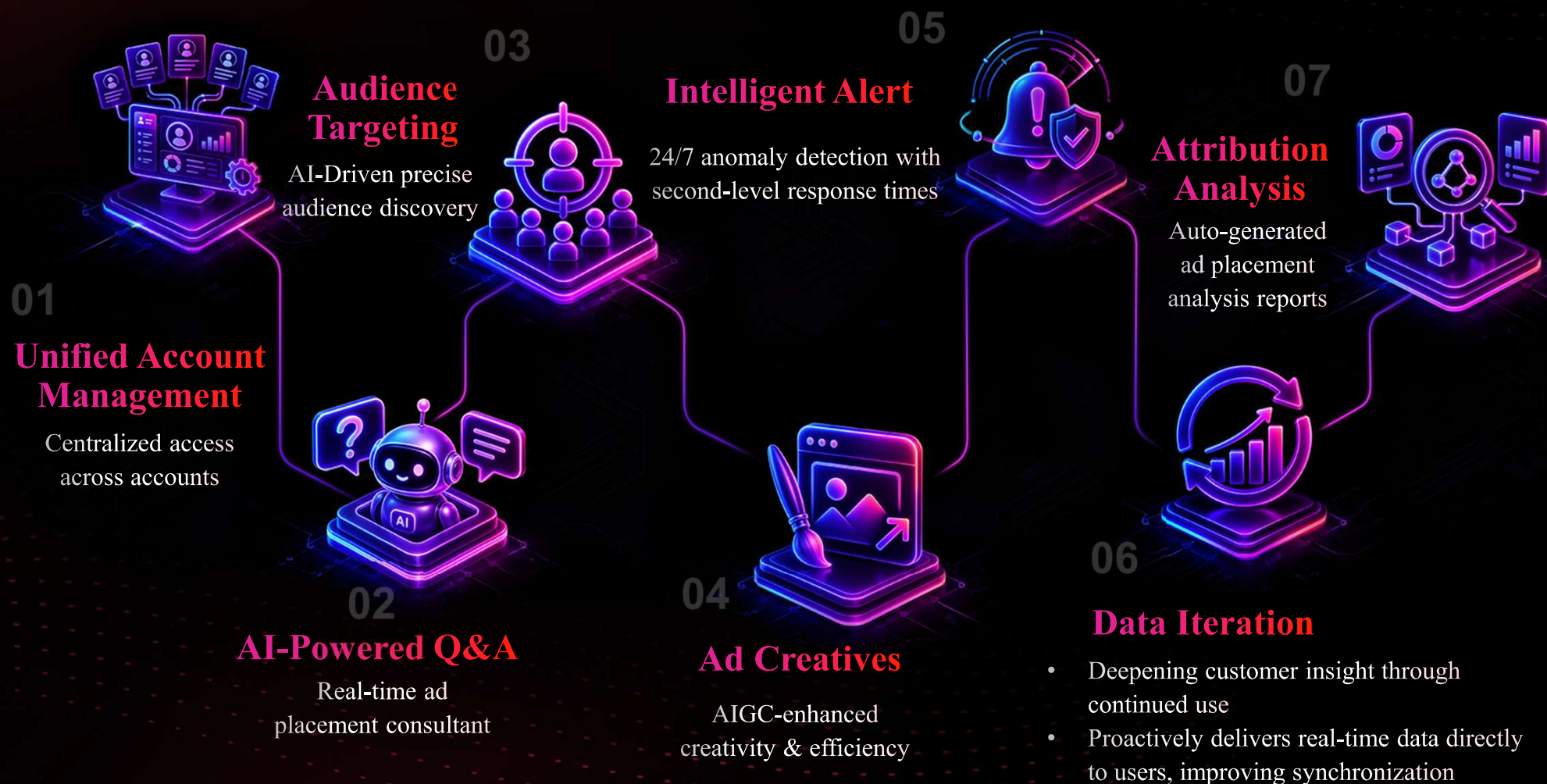
Ad Creative Production Platform



iMagicBox

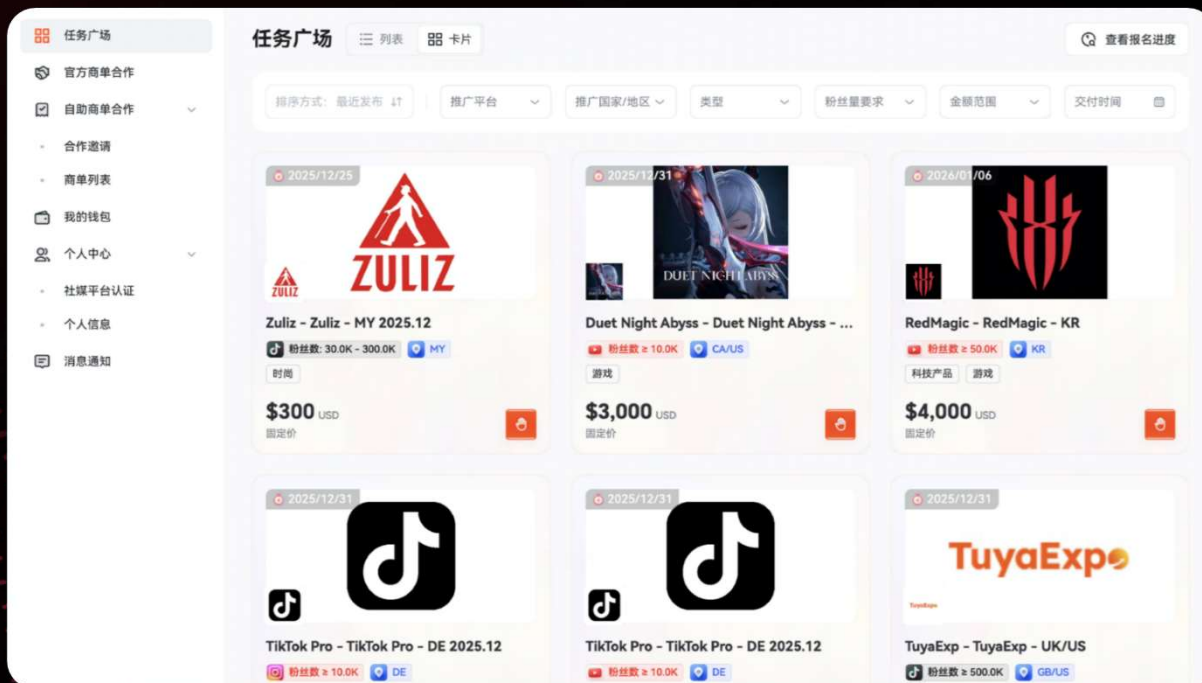
AI Ad Placement Optimizer (Second Generation)

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Infunease : One-stop AI Platform for KOL Marketing

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Workflow Synergy

Enable brands to manage the full collaboration lifecycle, from top-tier influencers to KOCs, through a streamlined online workflow that significantly shortens collaboration cycles

AI-powered Self-service

Automate influencer recommendations and content creation, lowering entry barriers while improving execution efficiency

Solid Advertising Client Base in Gaming Industry

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FUNPLUS



State of Survival



King of Avalon



Guns of Glory: Lost Island



Project Entropy

NetEase
Games



燕云十六声
Where Winds Meet



漫威争锋
Marvel Rivals



蛋仔派对
EGGY PARTY



明日之后
Life After



哈利波特·魔法觉醒
Harry Potter
Magic Awakened



率土之滨
Infinite Borders



巅峰极速
Racing Master

miHoYo



原神
Genshin



崩坏：星穹铁道
Honkai:Star Rail



崩坏3
Honkai Impact 3

lilith
GAMES



万国觉醒
Rise of Kingdoms



众神派对
Dislyte



战火勋章
Warpath



万龙觉醒
Call of Dragons

CMGE
中手游

IGG
IGOT GAMES

MOONTON

XD



坦克世界
World of Tanks

战舰世界
World of Warships

雷霆游戏
Leiting Games

金山世游
KINGAME

点点互动
CENTURY GAMES

THE

Strong Momentum from AI application and Short-Form Drama Clients 有道 youdao

Advertising for
AI Application



> 50% ↑

Advertising for
Short-form Drama



> 50% ↑

Revenue growth: over 50% year-over-year for the second consecutive quarter

Smart Devices: Overall Operational Health Improved

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有道学习硬件618
全周期战报



连续七年
行业第一

網易 NETEASE 有道 youdao

有道词典笔 X8系列
新一代旗舰 进步看得见



有道词典笔 X8

有道词典笔 X8 Pro

8000万权威词库 | AI全科家教小P老师 | 旗舰级大屏超清AI拍题 | 正版新课标教材资源 | AI Pro 专项服务



2026 EdTech Breakthrough
Award Winners

Recognizing the breakthrough EdTech companies, products, and services in educational technology from around the world.

Testing and Test Preparation



Online Proctoring
Solution of the Year



Test Prep
Innovation of the Year



Test Prep
Solution of the Year



Test Prep
Solution Provider of the Year

Information Technology & Implementation



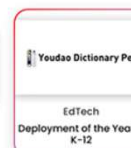
Education Hardware
Innovation Award



Best Overall IT
Solution for the Education
Market



Best Overall IT
Solution Provider for the
Education Market



EdTech
Deployment of the Year -
K-12

Condensed Consolidated Balance Sheets

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Summary of Key Financial Information (in RMB'000)

Key balance sheet items	June 30, 2026	December 31, 2025
Cash Assets*	846,012	740,011
Accounts Receivable, Net	332,255	381,243
Inventories	114,043	140,776
Total Current Assets	1,694,495	1,722,506
Total Assets	1,956,585	1,975,045
Contract Liabilities	835,112	847,707
Short-term Loan from NetEase Group	878,000	878,000
Total Current Liabilities	2,899,778	2,934,912
Long-term Loans from NetEase Group	807,000	926,588
Total Liabilities	3,763,375	3,909,142

*Cash assets include cash and cash equivalents, restricted cash and short-term investments.

Condensed Consolidated Income Statements

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Summary of Key Financial Information (in RMB'000, except for percentages)

Key Income Statement Items	2Q26	1Q26	2Q25
Net Revenues	1,466,861	1,348,022	1,417,541
Learning Services	795,607	627,477	657,838
Smart Devices	86,822	109,405	126,821
Online Marketing Services	584,432	611,140	632,882
Cost of Revenues	(749,986)	(745,729)	(808,181)
Gross Profit	716,875	602,293	609,360
Gross Margin	48.9%	44.7%	43.0%
Operating Expenses	(605,329)	(544,792)	(580,561)
Income from Operations	111,546	57,501	28,799
Net Income/(Loss)	77,403	43,813	(20,536)
Net Income/(Loss) Attributable to Ordinary Shareholders of the Company	73,787	38,577	(17,763)

THANK YOU



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