

網易 NETEASE 有道 youdao

2Q25 Investor Presentation



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SAFE HARBOR STATEMENT

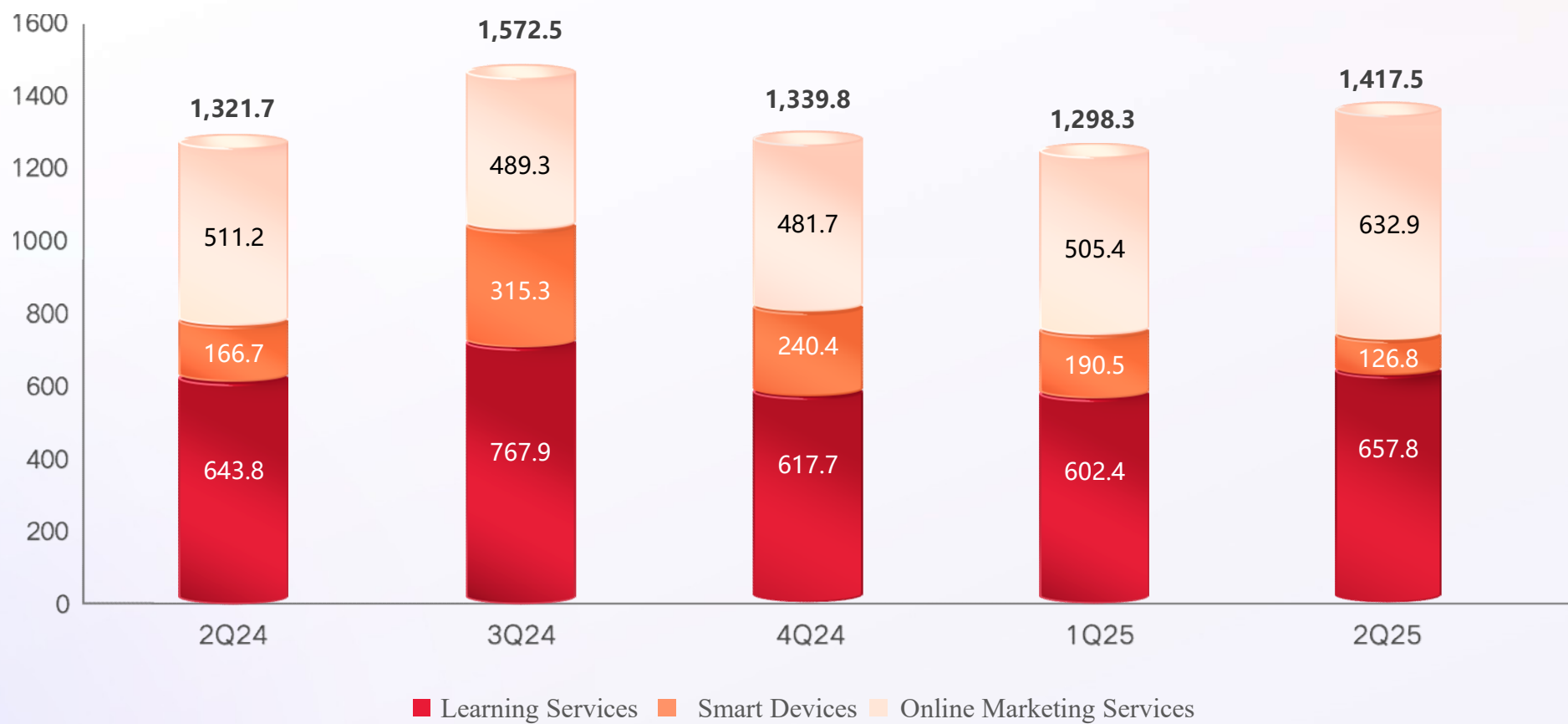
This presentation contains forward-looking statements. These statements are made under the “safe harbor” provisions of the U.S. Private Securities Litigation Reform Act of 1995. Statements that are not historical facts, including statements about the Company’s beliefs and expectations, are forward-looking 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.



Net Revenues: 7.2% YoY Growth in 2Q25

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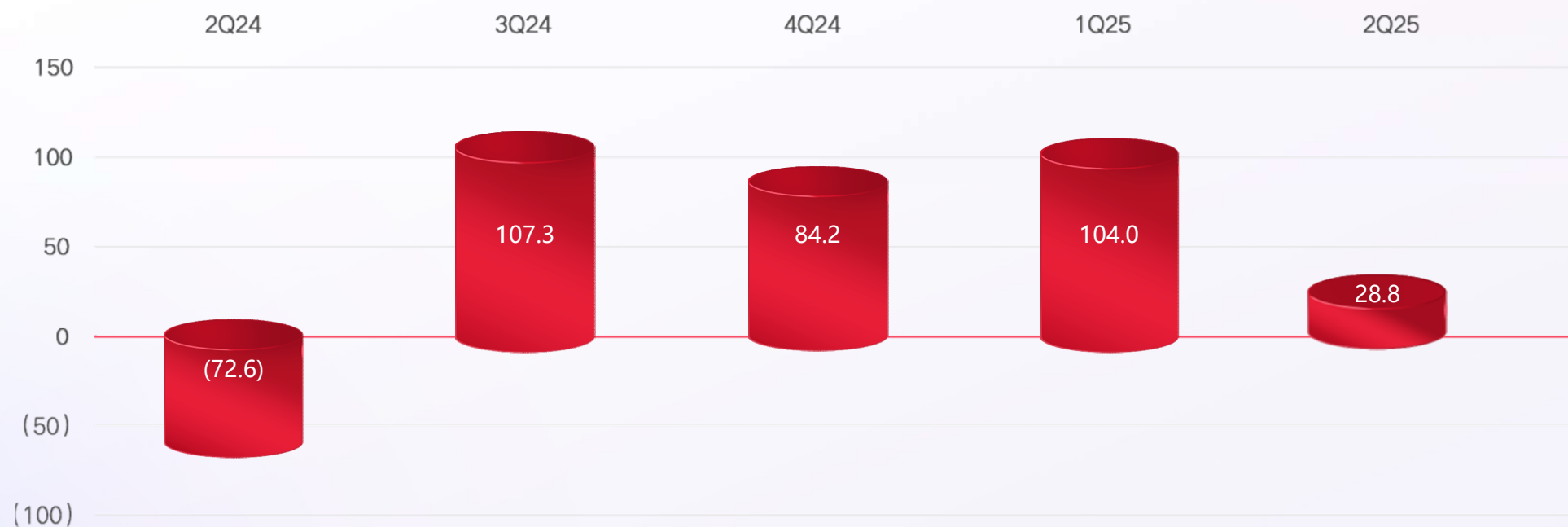
RMB Millions



First-ever Profitable Second Quarter in 2Q25

(Loss) / Income from Operations

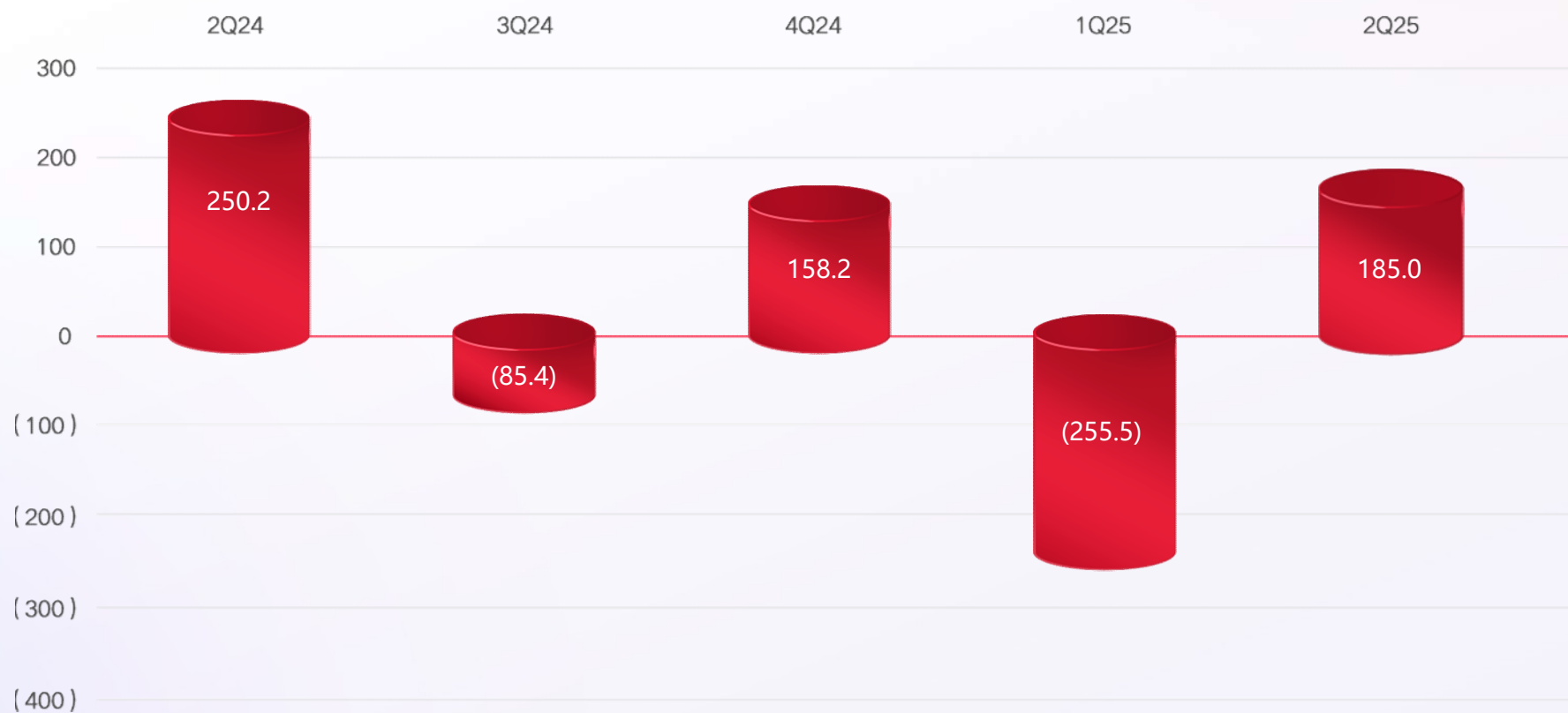
RMB Millions



Operating Cash Flow: Net inflow of RMB185.0 million in 2Q25

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RMB Millions

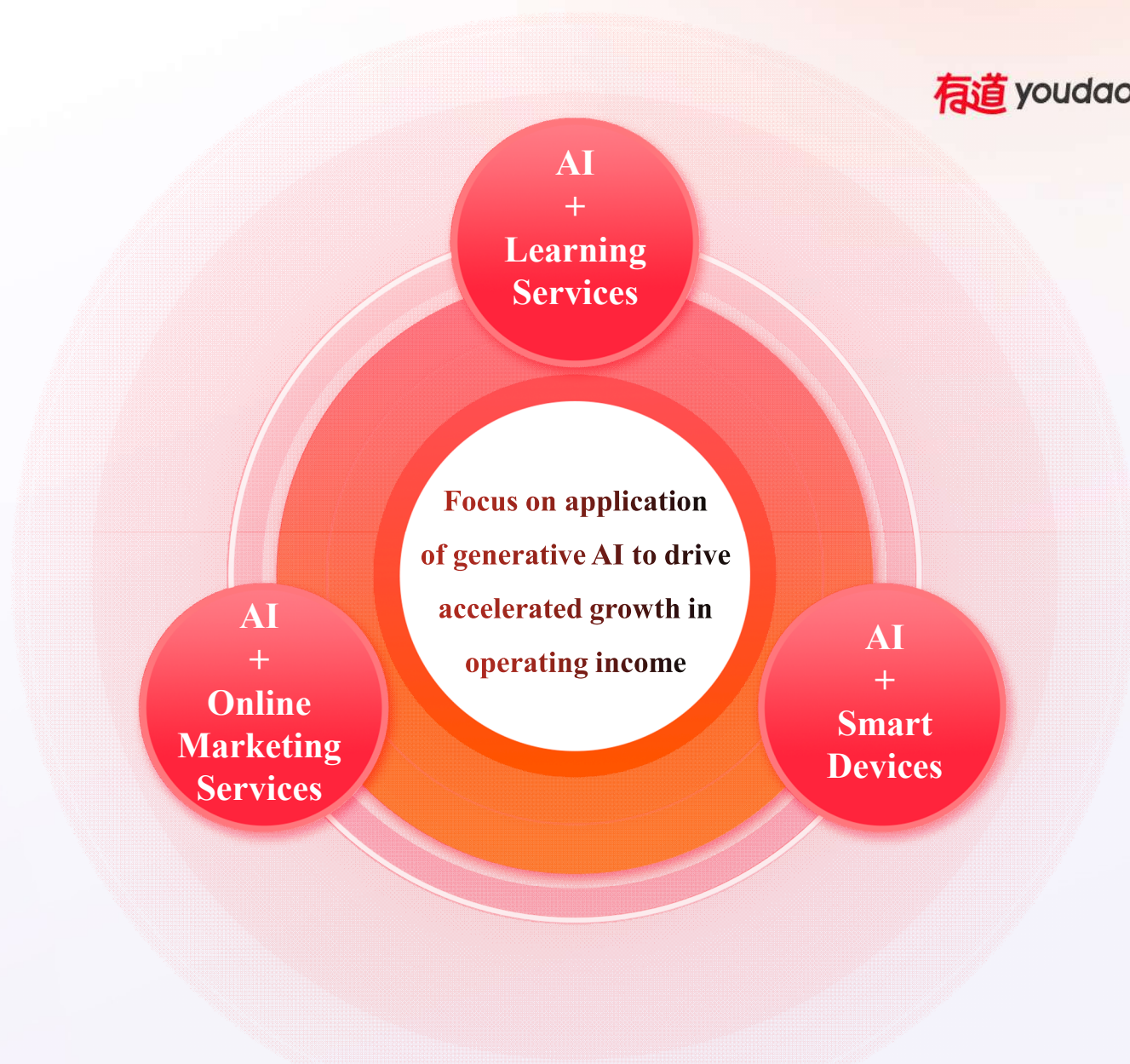


2025 Operating Strategy

AI

**Driving force behind
development of three
businesses**

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AI Strategy

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Monetization

AI+Learning Services

AI+Online Marketing Services

AI+Smart Devices

AI

Technology

LLM Confucius

Mr.P AI Tutor Technology

Hi Echo Technology

Advertising LLM

Note: LLM stands for Large Language Model.

Youdao's Position

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Youdao is strategically positioned as an AI-powered solutions provider specializing in artificial intelligence applications for the learning and advertising verticals.



Digital Content Services: Youdao Lingshi

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Products & Services

Learning diagnosis



Personalized learning path
recommendation



Watch learning points video
(tiered learning)



AI quiz recommendation



Small-class study experience



AI Essay Grading
(released in 2Q25)



Live streaming
counseling service



AI-based college
admission advisers

Highlights for Youdao Lingshi

Sophisticated and Differentiated Products

- AI + pre-recorded & tiered learning + comprehensive services

AI Essay Grading Launched in 2Q25

- Powered by our Large Language Model, Confucius
- Aligns with official exam-grading criteria
- Delivers detailed, personalized evaluation of writing content
- Generates customized improvement suggestions

Record-high Retention Rate in 2Q25: above 75%

Enhanced Learning Outcome

AI-driven Subscription

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Total sales: nearly RMB80 million in 2Q25, approximately 30% year-over-year growth



Youdao Dictionary



Youdao Desktop Translation



Hi Echo



Mr. P AI Tutor



U-Dictionary



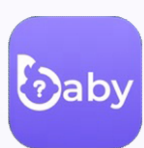
iRecord



LectMate



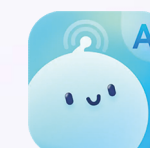
iArch



Baby Genius



One Translate Translator



Youdao AI Podcast Assistant

Youdao Dictionary: Named among “China’s Top 50 Most Valuable AGI Innovators in 2025”

Youdao Desktop Translation: AI translation; leadings dictionary tool in domestic market

Hi Echo: the world’s 1st digital human language coach

Mr. P AI Tutor: Over 95% accuracy for K12 math problem-solving and tutoring; received the Golden Mi Award (金米奖), the highest honor granted to developers on the Xiaomi App Store

U-Dictionary: Translation tool for overseas markets; support translation among 108 languages

iRecord: An audio transcription tool based on LLM capabilities

LectMate: Simultaneous interpretation software for study-abroad lecture scenarios

iArch: AI home design software targeting the North American market

Baby Genius: AI Baby Generator targeting the North American market

One Translate Translator: Translation services for travelers

Youdao AI Podcast Assistant: An innovative audio synthesis platform

Online Marketing Services

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Record-high Net Revenues in 2Q25

- RMB632.9 million in 2Q25, up 23.8% year-over-year

Upgraded Anti-fraud System

- Real-time diagnostics across ad delivery
- Automated monitoring of traffic requests, clicks, and conversions
- Significant service quality improvement

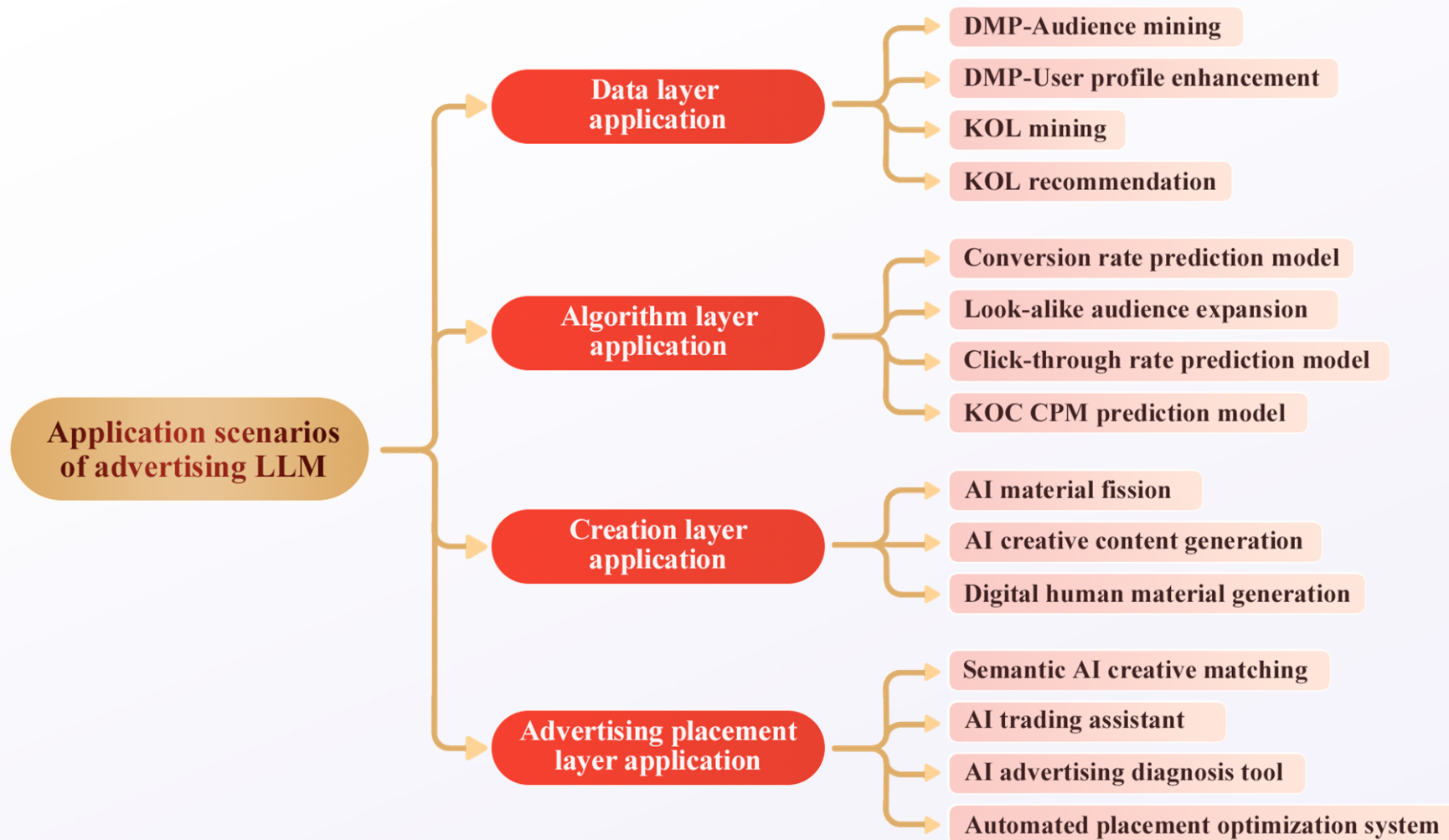
AI Ad Placement Optimizer

- Enable end-to-end AI decision-making
 - Demand analysis
 - Strategy formulation
 - Data analytics
 - Iterative optimization
- Powered by proprietary LLM Confucius to drive full-cycle AI advertising services
- Covers complete ad workflow
 - AI-generated ad creative production
 - Ad placement optimization
 - Post-campaign analysis

Solid Advertising Client Base in Gaming Industry



Advertising Large Language Model



Smart Devices

Financial performance of Smart Devices

- Net revenues: RMB126.8 million in 2Q25
- Business health improved in 2Q25

Youdao Dictionary Pen: Our Core Product

- Maintained market leadership
 - Secured No. 1 sales rank on JD.com & Tmall during 618 Shopping Festival for 6th consecutive year
- Launched Youdao Dictionary Pen S7 Pro & A7 in 2Q25 to expand mid-market coverage

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有道学习硬件618霸气收官

全第一



有道词典笔战绩

包揽京东、天猫、抖音618全周期

销售额全第一

京东天猫618全周期销售额

连续6年第一

Condensed Consolidated Balance Sheets

Summary of Key Financial Information (in RMB'000)

Key balance sheet items	June 30, 2025	December 31, 2024
Cash Assets*	613,847	659,352
Accounts Receivable, Net	329,523	418,644
Inventories	166,288	174,741
Total Current Assets	1,573,283	1,486,768
Total Assets	1,841,076	1,814,395
Contract Liabilities	856,684	961,024
Short-term Loan from NetEase Group	878,000	878,000
Total Current Liabilities	2,881,563	2,946,952
Long-term Loans from NetEase Group	935,999	913,000
Total Liabilities	3,851,363	3,903,707

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

Condensed Consolidated Income Statements

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

Key Income Statement Items	2Q25	1Q25	2Q24
Net Revenues	1,417,541	1,298,262	1,321,721
Learning Services	657,838	602,414	643,762
Smart Devices	126,821	190,498	166,722
Online Marketing Services	632,882	505,350	511,237
Cost of Revenues	(808,181)	(684,035)	(684,942)
Gross Profit	609,360	614,227	636,779
Gross Margin	43.0%	47.3%	48.2%
Operating Expenses	(580,561)	(510,186)	(709,332)
Income/(Loss) from Operations	28,799	104,041	(72,553)
Net (Loss)/Income	(20,536)	77,599	(100,414)
Net (Loss)/Income Attributable to Ordinary Shareholders of the Company	(17,763)	76,743	(99,475)

THANK YOU



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