

# 2023

# Interim Results

IGG INC Aug. 2023



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# Agenda



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# IGG Overview

## A leading global developer and publisher of mobile games and applications



### Global Market



- Mobile games in **23** languages
- Users across **200+** countries & regions
- Total users: **1.6bn+**, gamers account for 1.3bn, app users of 300mn
- MAU: **38mn+**, gamers account for over 18mn, app users of nearly 20mn

### Global R&D



- Equipped with a global perspective and developing games tailored to global players' preferences

### Global Operation



- Core operation teams located in **12** countries
- Long-term relationship with over **100** business partners, including global platforms, advertising channels & vendors such as Apple, Google and Meta

### Global Investment

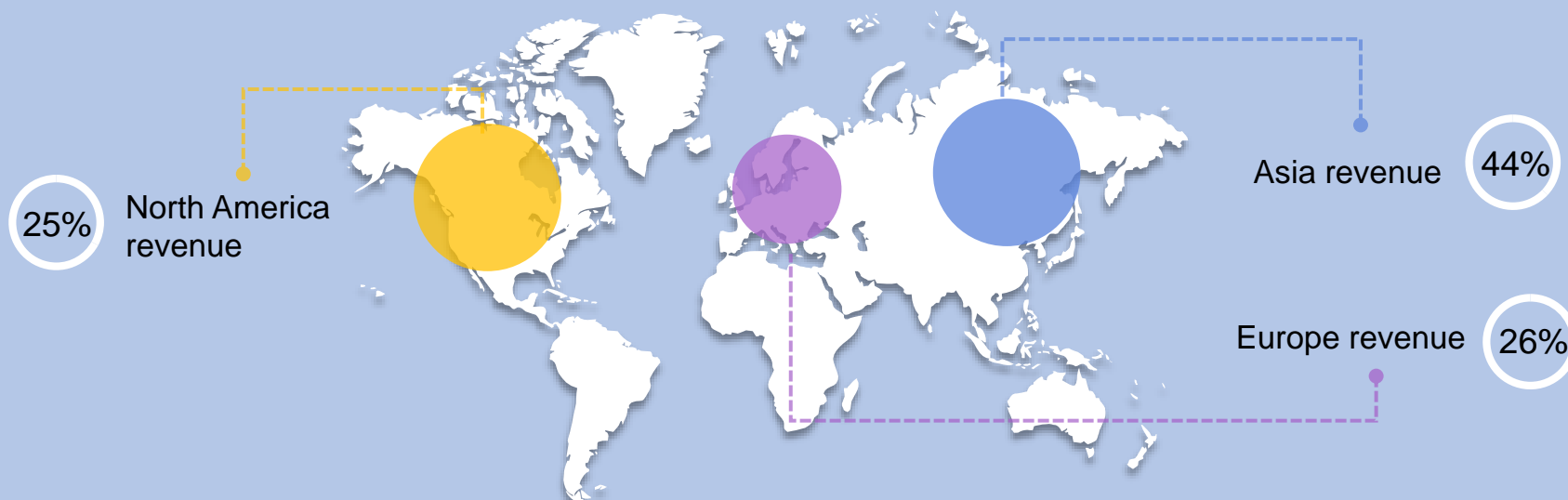


- Strategic investments in the mobile internet and gaming sector

Note: Data as at 30 June 2023

# Global Branches

- In 1H23, the Group has approximately 2,160 employees, and R&D accounts for 60% of headcount.
- During the period, the Group continues to optimize resource allocation and strengthen its R&D and operation capabilities to drive long-term growth.



## Asia

### Singapore ★

Group headquarters;  
R&D & operation center

### Greater China

Localized R&D, IT & operation support

### South Korea

Localized operation support

### Japan

Localized R&D & operation support

### Thailand

Localized operation support

### Türkiye

Localized operation support

### Indonesia

Localized operation support

### Philippines

Customer service center

## America

### USA

IT & localized operation support

### Canada

Localized R&D support

### Brazil

Localized operation support

## Europe

### Spain

Localized operation support

### Italy

Localized R&D training & operation support

*Note: Data as at 30 June 2023*





# Business Review

## Monthly Gross Billing of the Group and Hit Titles in 1H23

**HK\$ 280M**

Lords Mobile-Avg.  
monthly gross billing

**HK\$ 71M**

Doomsday: Last Survivors-Avg.  
monthly gross billing in Q2

**HK\$ 53M**

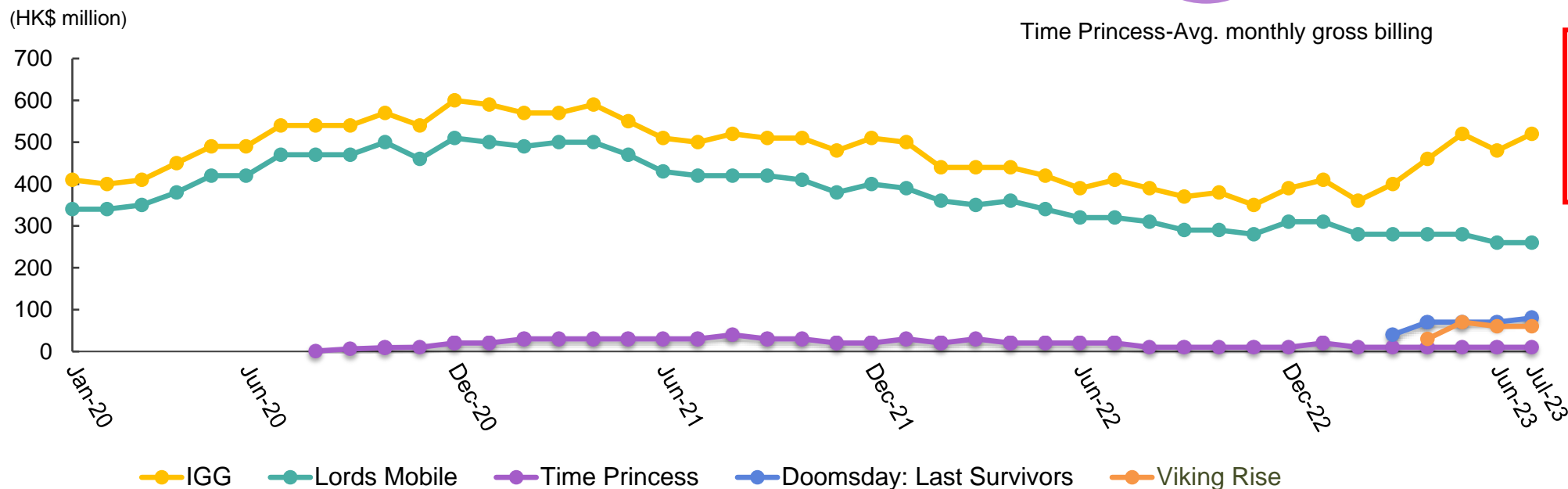
Viking Rise-Avg. monthly  
gross billing in Q2

**HK\$ 11M**

Time Princess-Avg. monthly gross billing

**HK\$ 440M**

Consolidated avg.  
monthly gross billing



**IGG: gross billing exceeded HK\$500M in July**

**Doomsday: gross billing of HK\$82M in July**



# Operational Data

**2013**



## Castle Clash

- Strategy/Tower Defense
- Available in 15 languages
- Registered users: 300mn
- MAU: 860k
- Less than 5% of IGG's revenue

**2016**



## Lords Mobile

- Strategy/RPG Game
- Available in 20 languages
- Registered users: 640mn
- MAU: 10mn
- 66% of IGG's revenue

**2020**



## Time Princess

- Female-oriented Dress-up
- Available in 13 languages
- Registered users: 24mn
- MAU: 460k
- Less than 5% of IGG's revenue

**2021**



## Doomsday: Last Survivors

- Strategy
- Available in 16 languages
- Registered users: 22mn
- MAU: 3mn
- 10% of IGG's revenue

**2022**

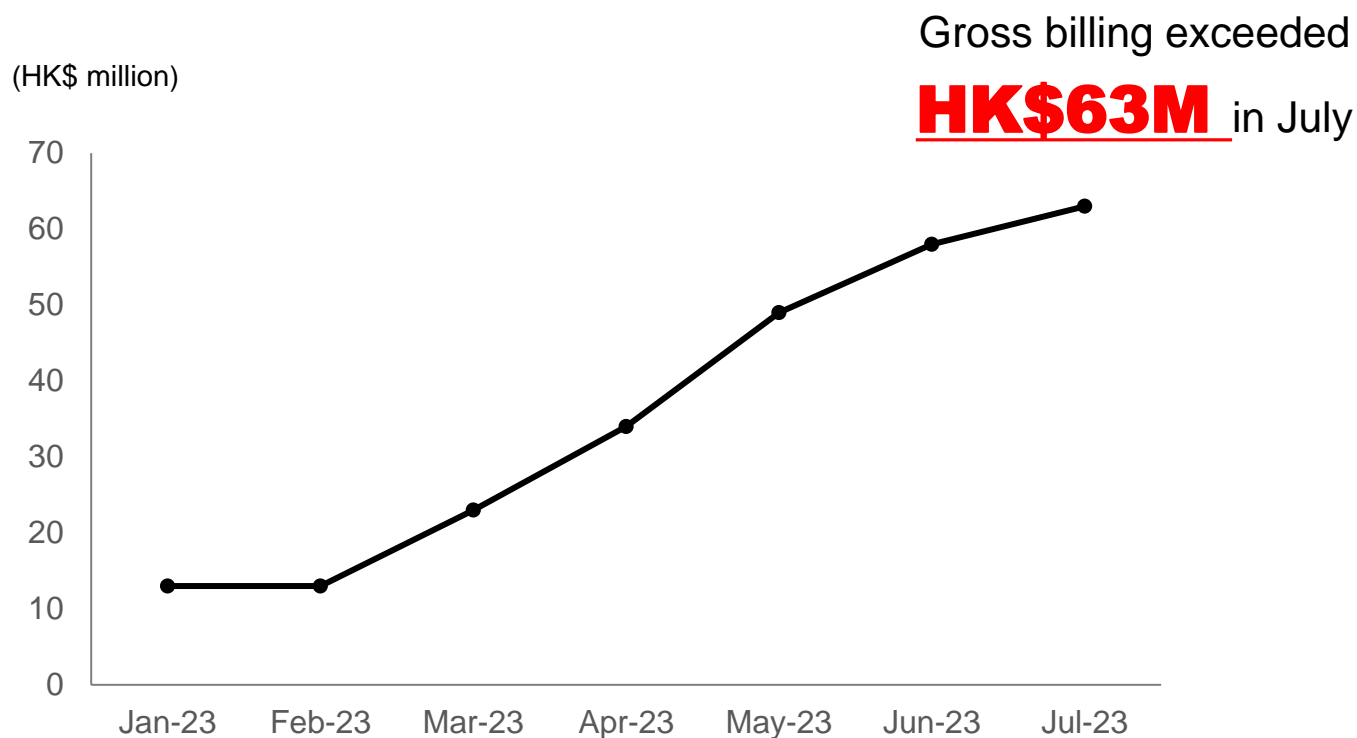


## Viking Rise

- Strategy
- Available in 16 languages
- Registered users: 11mn
- MAU: 3.5mn
- 5% of IGG's revenue

*Note: Data as at 30 June 2023*

## Monthly Gross Billing of the APP Business in 1H23



Registered users: **300mn**

MAU: Nearly **20mn**



- After a decade of perseverance, the APP Business is experiencing rapid growth this year.

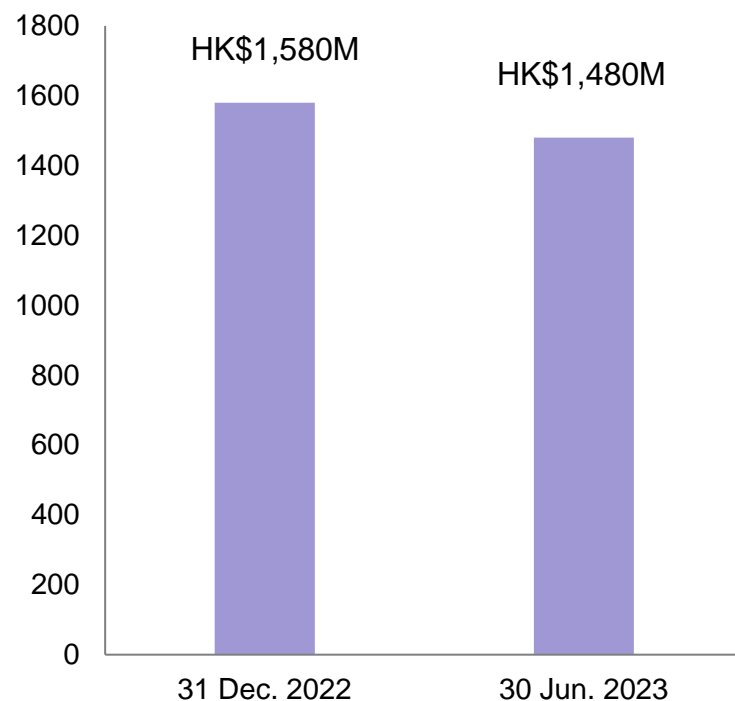
# 1H23 Financial Analysis

(HK\$ million)	1H22	2H22	1H23	YoY (%)	HoH (%)	Notes
Consolidated revenue	2,486	2,105	2,499	+1%	+19%	<ul style="list-style-type: none"> <li>- “Lords Mobile” with solid longevity since its debut 7 years ago</li> <li>- The Group's two blockbuster strategy games, “Doomsday: Last Survivors” and “Viking Rise”, each exceeded HK\$70 million in monthly gross billing in 1H23.</li> <li>- After a decade of perseverance, the APP Business is experiencing rapid growth this year, with monthly gross billing surged to HK\$57 million in June, followed by a remarkable jump to HK\$63 million in July.</li> <li>- The two new games and APP Business are working in tandem to power the company ahead, ushering in a new chapter for IGG.</li> </ul>
Revenue from Games	2,439	2,048	2,310	-5%	+13%	
Lords Mobile	2,009	1,662	1,657	-18%	0%	
Doomsday: Last Survivors	4	38	250	>100%	>100%	
Viking Rise	-	-	123	>100%	>100%	
Other games	426	348	280	-34%	-20%	
Revenue from APP Business	47	57	189	>100%	>100%	
Gross Profit	1,699	1,452	1,806	+6%	+24%	Revenue growth driven by new games and the APP Business
GP margin (%)	68%	69%	72%	+4ppts	+3ppts	Revenue contribution from the APP Business increased, while the channel cost decreased
Other net gains/(losses)	-88	-176	23	>100%	>100%	Mainly derived from interest income and gains from disposal of investee companies and funds
Selling & distribution exp.	-822	-880	-1,521	+85%	+73%	The Group launched marketing campaigns for the two new games in 1H23, which was essential for the Group's sustained growth and long-term success.
Administrative exp.	-197	-166	-159	-19%	-4%	Optimize resource allocation to control costs
R&D exp.	-738	-567	-500	-32%	-12%	<ul style="list-style-type: none"> <li>- Through the persistent optimization of resources and strategic application of AIGC technology</li> <li>- Efficiency improved significantly after resource optimization</li> </ul>
Share of results of associates and joint ventures	-8	11	7	>100%	-36%	The Group recorded a net gain as certain investee companies generated profits during the period
Income tax exp.	-14	-4	-13	-7%	>100%	The income tax expenses primarily came from some subsidiaries which recorded profit, as well as withholding tax from overseas income.
Net loss	-172	-332	-360	>100%	+8%	<ul style="list-style-type: none"> <li>- During the period, the Group launched marketing campaigns for the two new games. Despite a net loss for core business, the investment in new games was essential for the Group's sustained growth and long-term success, and the Group recorded net profit in June.</li> <li>- The Group's investment business has stepped into profitability as part of its investment projects gradually enter the profit-making phase and its impairment losses decreased significantly.</li> </ul>
Net loss margin (%)	-7%	-16%	-14%	-7ppts	+2ppts	
Net loss for core business	-58	-119	-361	>100%	>100%	
Gain/(Loss) on investments	-114	-213	1	>100%	>100%	
Loss per share (basic, HK\$)	-0.1481	-0.2843	-0.3080			



## Cash & Cash Equivalents

(HK\$ million)

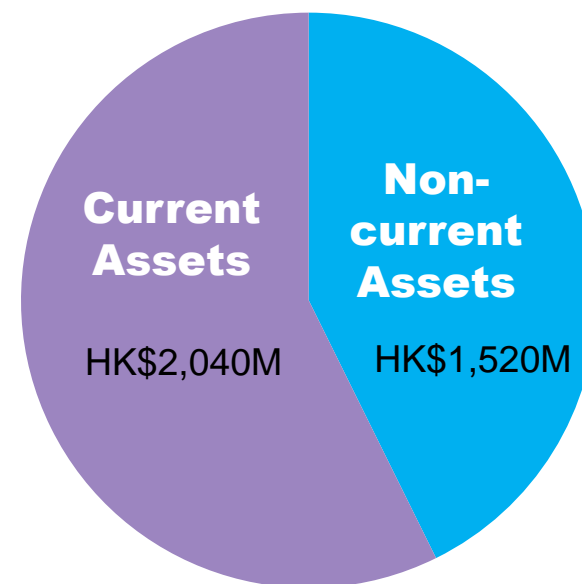


- Net cash outflow used in operating activities of **HK\$44M**
  - The Group launched marketing campaigns for the two new games, each exceeded HK\$70 million in monthly gross billing.
  - Despite the marketing expenses increased, the investment in new games was essential for the Group's sustained growth and long-term success
- Net cash outflow used in investing activities of **HK\$13M**
  - Payment of construction costs for a self-use office building in Fuzhou, China, amounting to HK\$47.9M
  - Cash inflow of HK\$42.4M generated from disposal of investments
- Net cash outflow used in financing activities of **HK\$39M**
  - Payment of lease rentals for right-of-use assets

## The Group's total assets of over HK\$3,500M

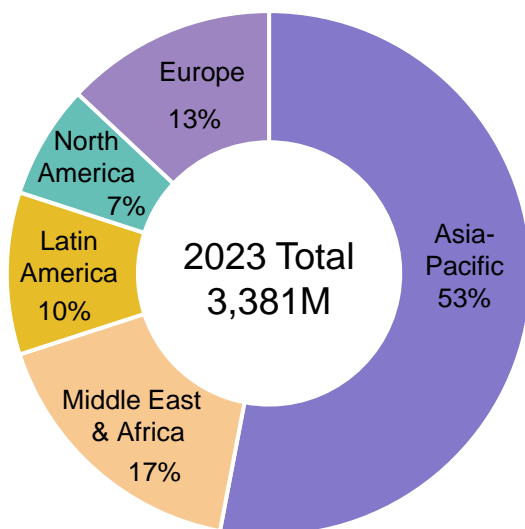
- Current assets of approximately HK\$2,040M
  - Cash and cash equivalents of approximately HK\$1,480M
  - Funds receivable of approximately HK\$360M
- Non-current assets of approximately HK\$1,520M
  - PP&E of approximately HK\$600M
  - Land use rights (in Fuzhou, China) of approximately HK\$210M
  - Investments – other financial assets of approximately HK\$390M
  - Investments – equity investment in associates and joint ventures amounted to approximately HK\$220M

Total Assets in 1H23

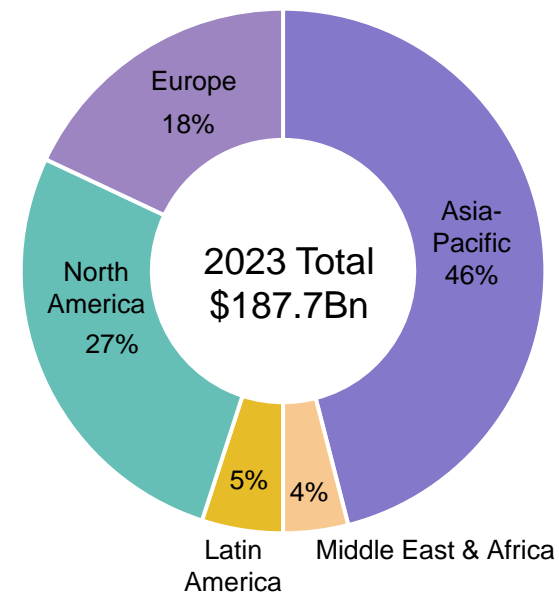


- The global games market is expected to hit US\$187.7 billion in 2023, representing a +2.6% yoy growth. The global games market is expected to hit US\$212.4 billion in 2026.
- Mobile games are expected to grow to US\$92.6 billion in 2023, 49% of global games market
- Console games are expected to grow to US\$56.1 billion in 2023, 30% of global games market
- PC games are expected to grow to US\$39.0 billion in 2023, 21% of global games market

2023 Global Players  
(by Regions)



2023 Global Games Market  
(by Regions)



Source : Newzoo, 2023 Global Games Market Report





# Prospects

## R&D

### Strive for excellence and diversification

- Continue to release creative gameplay
- Deliver innovative and diversified product portfolio

### Rapid growth of APP Business

- Develop creative applications across sectors
  - Continually leveraging the synergies of platform-based business model

### Strengthen global competitiveness

- Embrace changes and continue to elevate the teams' global competitive advantage
  - Explore the use of AIGC to save costs



## Operation

### Sharpen competitive edge

- Expand the scale and width of our marketing initiatives across the globe to drive the growth of new games and APP Business
- Localized and targeted marketing campaigns
- Adapting marketing tactics in each market segment

### Long-term operation strategy

- Continue to acquire users for new games and APP Business across the globe
- Diversified marketing initiatives to extend the products' longevity



# New Game-Project PX (MMORPG)





# New Game-Project PX (MMORPG)





# New Game-Project PX (MMORPG)



## Dream Sprite List

2700 +

56000 +

<div>Lv.37</div> <div></div> <div>Serpker</div>	<div>Lv.25</div> <div></div> <div>Indra</div>	<div>Lv.13</div> <div></div> <div>FireflyFirefly</div>	<div>Lv.13</div> <div></div> <div>FireflyFirefly</div>
<div>Lv.37</div> <div></div> <div>Serpker</div>	<div>Lv.13</div> <div></div> <div>Florafae</div>	<div>Lv.15</div> <div></div> <div>WalkingPaddy</div>	<div>Lv.15</div> <div></div> <div>WalkingPaddy</div>
<div>Lv.37</div> <div></div> <div>Serpker</div>	<div>Lv.37</div> <div></div> <div>BlazebyButterfly</div>	<div>Lv.8</div> <div></div> <div>WalkingPaddy</div>	<div>Lv.8</div> <div></div> <div>WalkingPaddy</div>
<div>Lv.5</div> <div></div> <div></div>	<div>Lv.5</div> <div></div> <div></div>	<div>Lv.8</div> <div></div> <div></div>	<div>Lv.8</div> <div></div> <div></div>



Sort



Release



SR FIREFLY FIREFLY



POWER:123450





# New Game-Mafia King (SLG)





# New Game-Mafia King (SLG)





# New Game-Mafia King (SLG)







# ***Thanks!***

**IR Contact**

*[ir@igg.com](mailto:ir@igg.com)*