

I G G 2 0 2 3

2023 Annual Results

IGG INC March 2024



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All references to “IGG” and “the Group” used in this presentation refer to IGG INC and its subsidiaries.

Agenda



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IGG Overview

A leading global developer and publisher of mobile games and applications



Global Market



- Mobile games available in **23** languages
- Users across **200+** countries & regions
- Total users: **1.7bn+**, gamers account for nearly 1.4bn, app users of 350mn
- MAU: **25mn+**, gamers account for ~16mn, app users of ~9.5mn

Global R&D



- Developing globally appealing mobile games and applications, offering an immersive experience for players worldwide

Global Operation



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

Global Investment

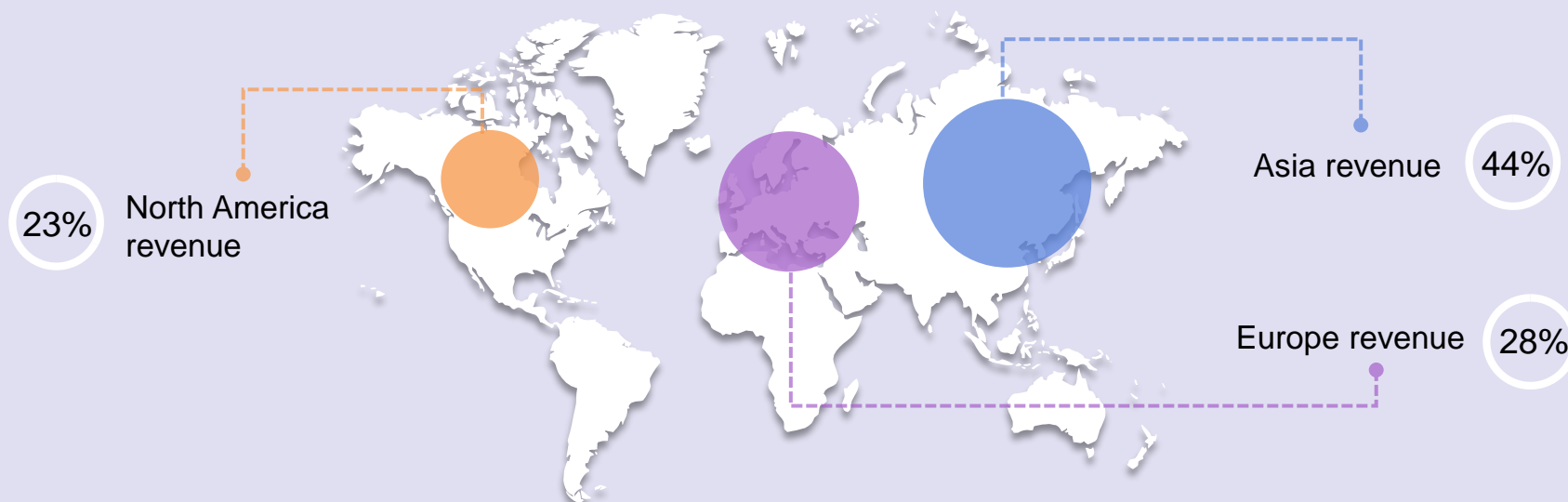


- Strategic investments in the mobile internet and gaming sector

Note: Data as at 31 December 2023

Global Branches

- In 2023, the Group has over 1,900 employees, and R&D accounts for approximately 60% of headcount.
- During the year, 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 31 December 2023



Business Review

2024 New Era: Diversification



Diversified revenue drives profitability turnaround



Two blockbuster new games:
Doomsday: gross billing expected to reach **HK\$100M** in Mar. 2024
Viking Rise: continuous content release and enhanced gameplay experience, unlocking growth potential

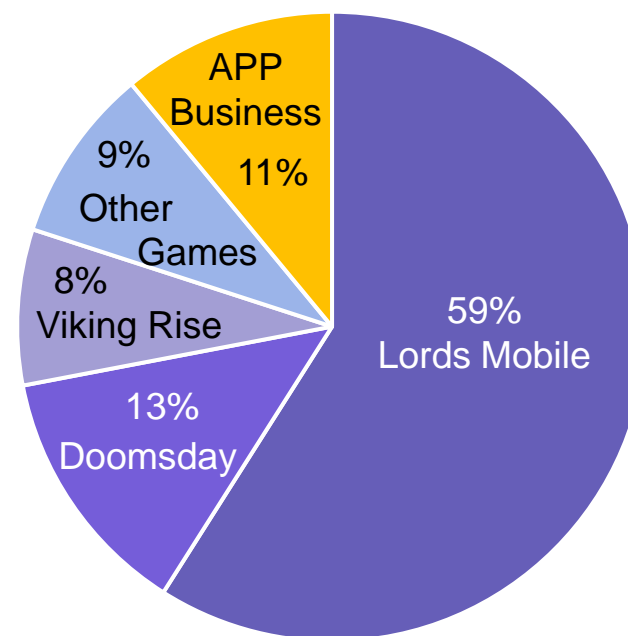


APP Business: achieved rapid growth while maintaining profitability



AIGC: enhanced product diversification, cost savings, and improved efficiency at a large scale

Diversified Product Portfolio



Note: Data as at 31 December 2023

Gross Billing

HK\$460M

Monthly Gross Billing of the Group and Hit Titles in 2023

Consolidated avg.
monthly gross billing

Lords Mobile-
Avg. monthly
gross billing

HK\$270M

Doomsday-Avg.
monthly gross
billing in 2H23

HK\$78M

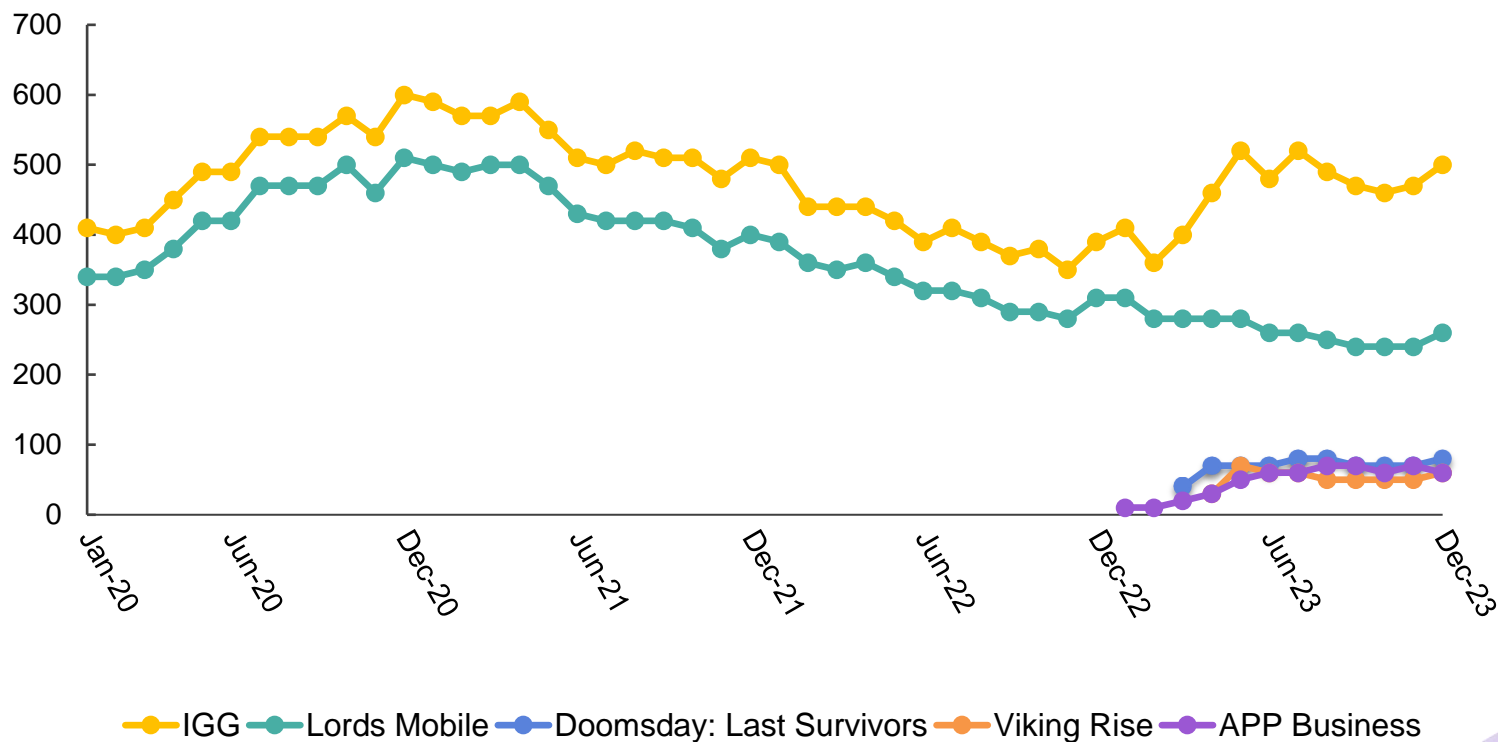
Viking Rise-Avg.
monthly gross
billing in 2H23

HK\$52M

APP Business-Avg.
monthly gross
billing in 2H23

HK\$65M

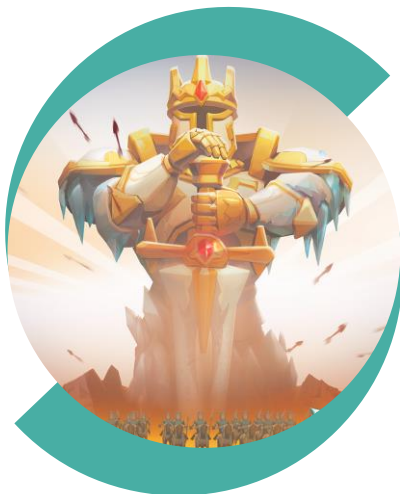
(HK\$ million)





Castle Clash

- Strategy/Tower Defense
- Launched in 2013
- Available in 15 languages
- Registered users: 300mn
- MAU: 900k
- Less than 5% of IGG's revenue



Lords Mobile

- Strategy/RPG Game
- Launched in 2016
- Available in 20 languages
- Registered users: 670mn
- MAU: 9mn
- 59% of IGG's revenue



Time Princess

- Female-oriented Dress-up
- Launched in 2020
- Available in 13 languages
- Registered users: 25mn
- MAU: 370k
- Less than 5% of IGG's revenue



Doomsday: Last Survivors

- Strategy
- Launched in 2021
- Available in 16 languages
- Registered users: 33mn
- MAU: 2.7mn
- 13% of IGG's revenue



Viking Rise

- Strategy
- Launched in 2022
- Available in 16 languages
- Registered users: 21mn
- MAU: 1.8mn
- 8% of IGG's revenue

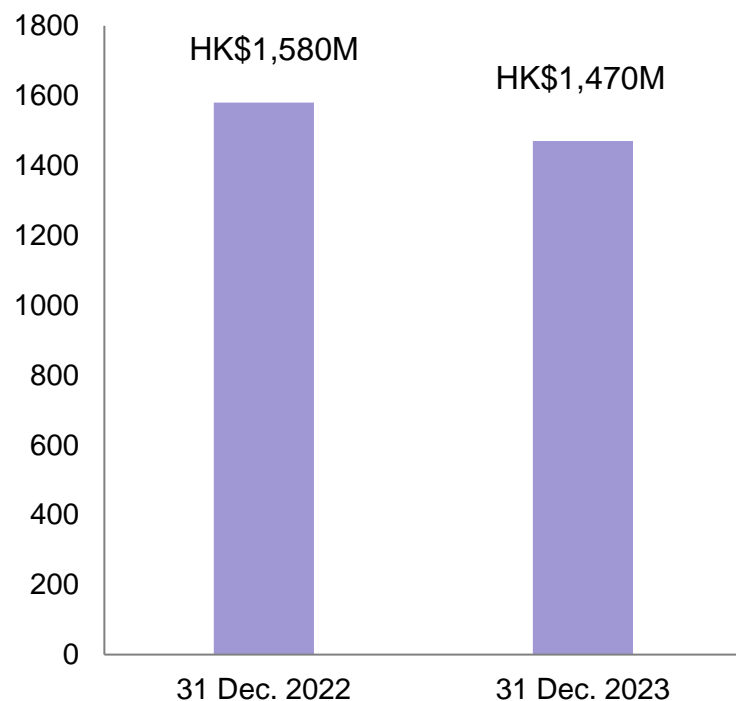
Note: Data as at 31 December 2023

Financial Analysis

(HK\$ million)	2022	2023	YoY (%)	Notes
Consolidated revenue	4,591	5,266	+15%	<ul style="list-style-type: none"> - The Group's revenue increased by 15% yoy, driven by the high growth of two new strategy games and the APP Business. - "Lords Mobile": solid longevity since debut nearly 8 years ago, maintaining monthly gross billing of over HK\$240M in 1Q24 - "Doomsday: Last Survivors" grew to HK\$82M in monthly gross billing in 2023, and expected to reach HK\$100M by March 2024. - "Viking Rise": continued to release new game contents, unlocking growth potential. - The APP Business, generating HK\$580M in revenue and accounting for 11% of total revenue, emerges as a key driver of the Group's revenue growth and diversification.
<i>Revenue from Games</i>	4,486	4,686	+4%	
<i>Lords Mobile</i>	3,671	3,107	-15%	
<i>Doomsday: Last Survivors</i>	42	679	+100%	
<i>Viking Rise</i>	-	408	+100%	
<i>Other games</i>	773	492	-36%	
<i>Revenue from APP Business</i>	105	580	+100%	
Gross Profit	3,151	3,919	+24%	Revenue growth driven by new games and the APP Business
GP margin (%)	69%	74%	+5ppts	Revenue contribution from the APP Business increased
Other net gains/(losses)	-264	90	+100%	Mainly derived from fair value gains from investee companies and funds
Selling & distribution exp.	-1,702	-2,666	+57%	The Group launched marketing campaigns for the two new games in 2023, which was essential for the Group's sustained growth and long-term success.
Administrative exp.	-363	-317	-13%	Optimize resource allocation to control costs
R&D exp.	-1,305	-935	-28%	By continuously optimizing resources and strategically applying AIGC technology, significant improvements in efficiency were achieved.
Share of results of associates and joint ventures	3	9	+100%	The Group recorded a net gain due to the increase in profits of certain associates and joint ventures.
Income tax exp.	-18	-24	+30%	The income tax expenses primarily came from some subsidiaries which recorded profit, as well as withholding tax from overseas income.
Net profit/(loss)	-504	73	+100%	<ul style="list-style-type: none"> - In 2023, the Group ushered in a new chapter marked by a breakthrough in business and a remarkable turnaround from loss. - The Group successfully turned its losses around, resulting in a net profit of over HK\$430M in 2H23. - In 2H23, the high growth of the two new games and the APP Business contributed over HK\$160M in net profit. The Group's core business turned the tide and generated a net profit of approximately HK\$380M in 2H23 and an annual net profit of over HK\$17M. - The Group's investment business has stepped into profitability, and recorded fair value gains in 2023.
Net profit/(loss) margin (%)	-11%	1%		
Net profit/(loss) for core business	-177	17	+100%	
Gain/(loss) on investments	-327	55	+100%	
Earnings/(loss) per share (basic, HK\$)	-0.4329	0.0625		

Cash & Cash Equivalents

(HK\$ million)

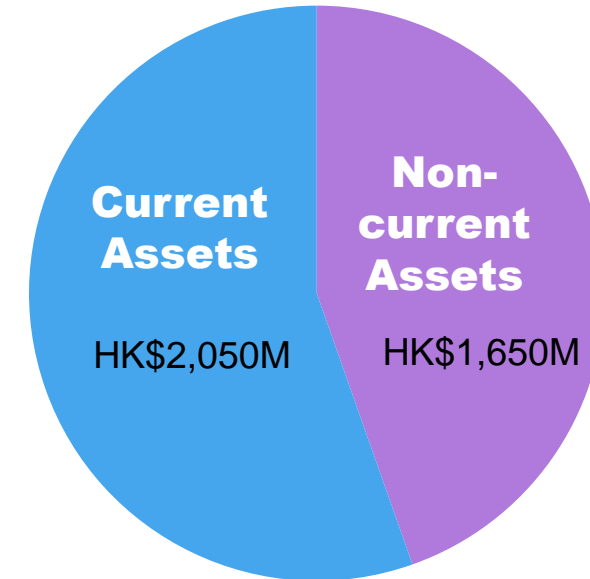


- Net cash inflow generated from operating activities of approximately **HK\$130M**
 - Revenue expansion: contribution from two new strategy games and the APP Business.
 - Cost saving: optimize resource allocation to control costs
- Net cash outflow used in investing activities of approximately **HK\$100M**
 - Payment of construction costs for a self-use office building in Fuzhou, China, amounting to approximately HK\$120M; and purchase of equipment and intangible assets amounted to approximately HK\$10M.
 - Cash inflow of approximately HK\$30M generated from investment gains
- Net cash outflow used in financing activities of approximately **HK\$140M**
 - Payments for repurchase of shares amounted to over HK\$44M
 - Purchase of shares for Share Award Scheme of the Company amounted to approximately HK\$32M
 - Payment of lease rentals for right-of-use assets

The Group's total assets of approximately HK\$3,700M

- Current assets of approximately HK\$2,050M
 - Cash and cash equivalents of approximately HK\$1,470M
 - Funds receivable of approximately HK\$360M
- Non-current assets of approximately HK\$1,650M
 - PP&E of approximately HK\$660M
 - Land use rights (in Fuzhou, China) of approximately HK\$210M
 - Investments – other financial assets of approximately HK\$470M
 - Investments – interests in associates and joint ventures amounted to approximately HK\$190M

Total Assets in 2023

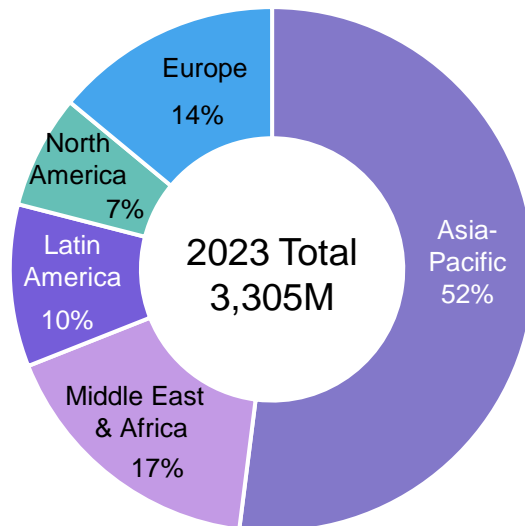


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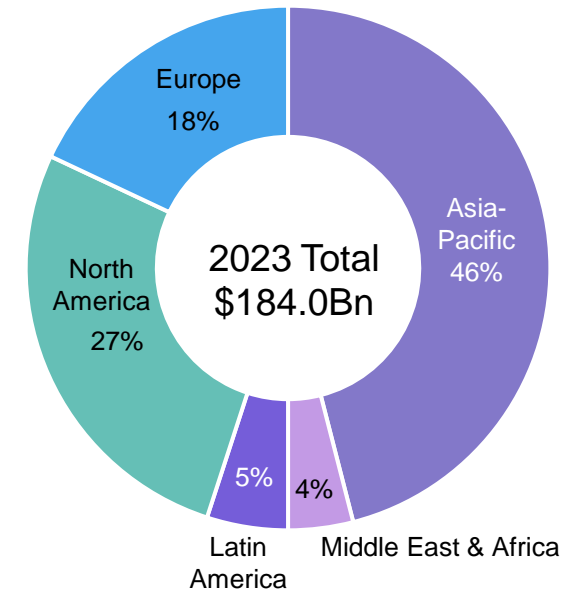
Global Games Market

- The global games market is forecasted to reach US\$184.0 billion in 2023, and is projected to grow to US\$189.3 billion in 2024, representing a +2.9% increase yoy.
 - Mobile games are expected to grow to US\$90.5 billion in 2023, 49% of global games market
 - Console games are expected to grow to US\$53.1 billion in 2023, 29% of global games market
 - PC games are expected to grow to US\$40.3 billion in 2023, 22% 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

AI Tech: driving excellence and diversification

- Leveraging AI technology to drive creative gameplay and diversify game content and genres

Rapid growth of APP Business

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

AIGC: cost reduction + efficiency boost

- Enhancing efficiency and productivity through extensive integration of AIGC technology in game design, art production, and programming



Operation

AI Tech: sharpening competitive edge

- Utilizing AI technology to expand global operational competitive edge and enhance localized and targeted marketing campaigns
- Adapting marketing tactics in each market segment

Long-term operation strategy

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



Thanks!

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