2024 Interim Results

IGG INC Aug. 2024



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Agenda



1 IGG Overview

2 Business Review

3 Prospects



IGG Overview

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 gamers: **~1.45bn**
- MAU:**58mn+**, gamers account for ~17mn, app users of 41mn+

Global Investment

- Strategic investments in the mobile internet and gaming sector



Global R&D

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

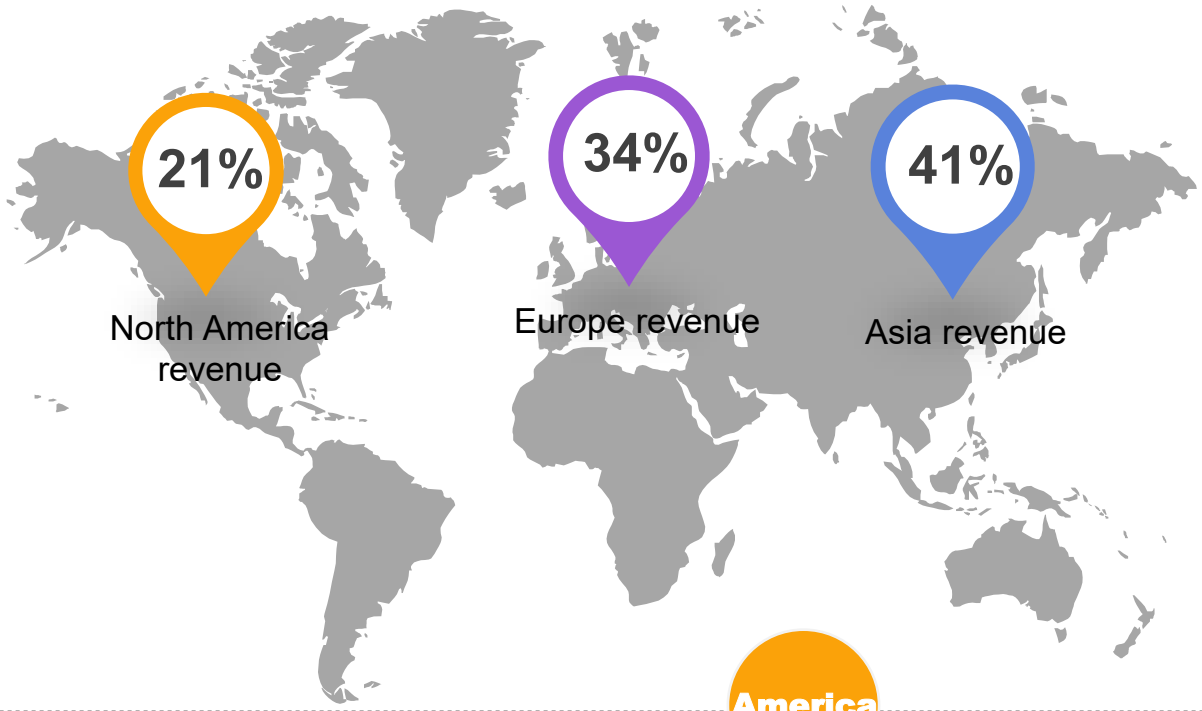
Global Operation

- Core operation teams located in **10+** countries
- Long-term relationships with over **100** business partners, including global platforms, advertising channels & vendors such as Apple, Google and Meta

Note: Data as at 30 June 2024

Global Branches

- In 1H24, the Group has over 1,980 employees, and R&D accounts for approximately 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

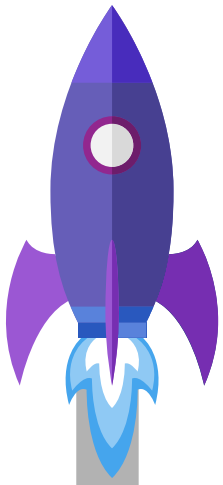
Italy
Localized R&D training & operation support

Note: Data as at 30 June 2024



Business Review

2024 New Era: Growth, Profitability & Diversification



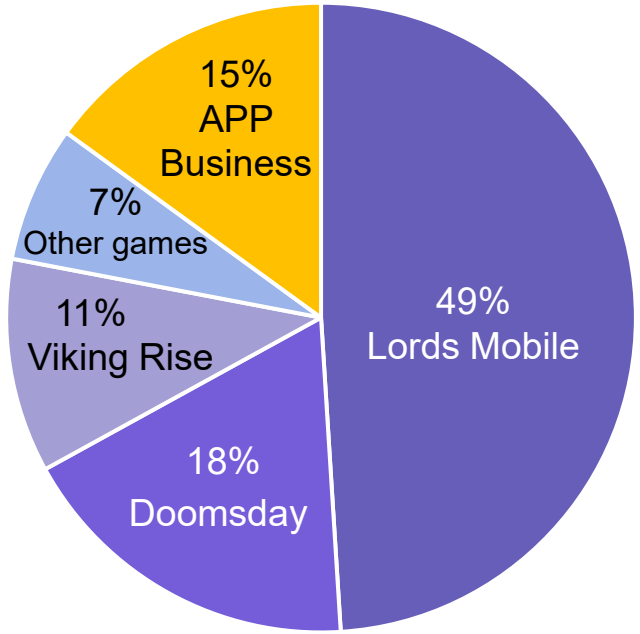
Diversified revenue (new games + APP Business revenue increased from 23% of the Group's revenue in 1H23 to 44% in 1H24)
Sustained profitability
Enhancing shareholder value

Two blockbuster games:
Viking Rise: monthly gross billing expected to reach **HK$80M** in August
Doomsday: monthly gross billing of **HK$100M** in July

APP Business: revenue growth remains strong, monthly gross billing of **HK$120M** in July

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

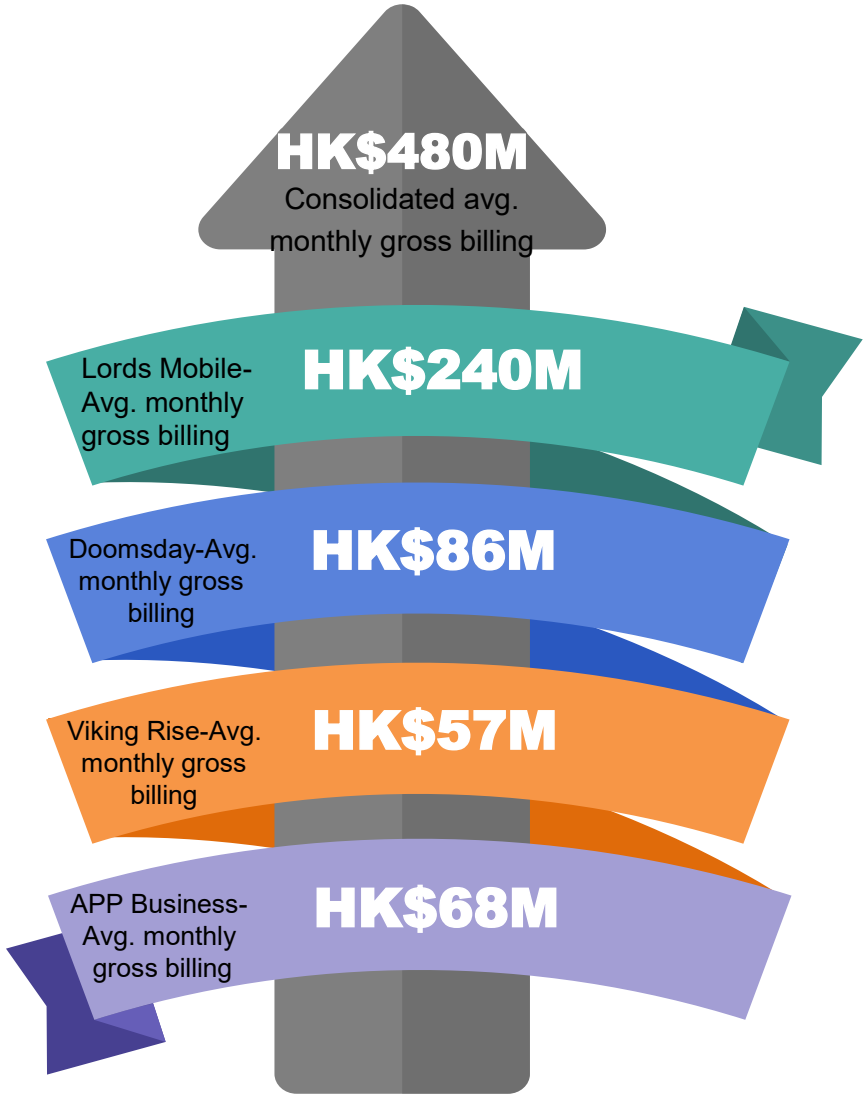
Diversified Product Portfolio

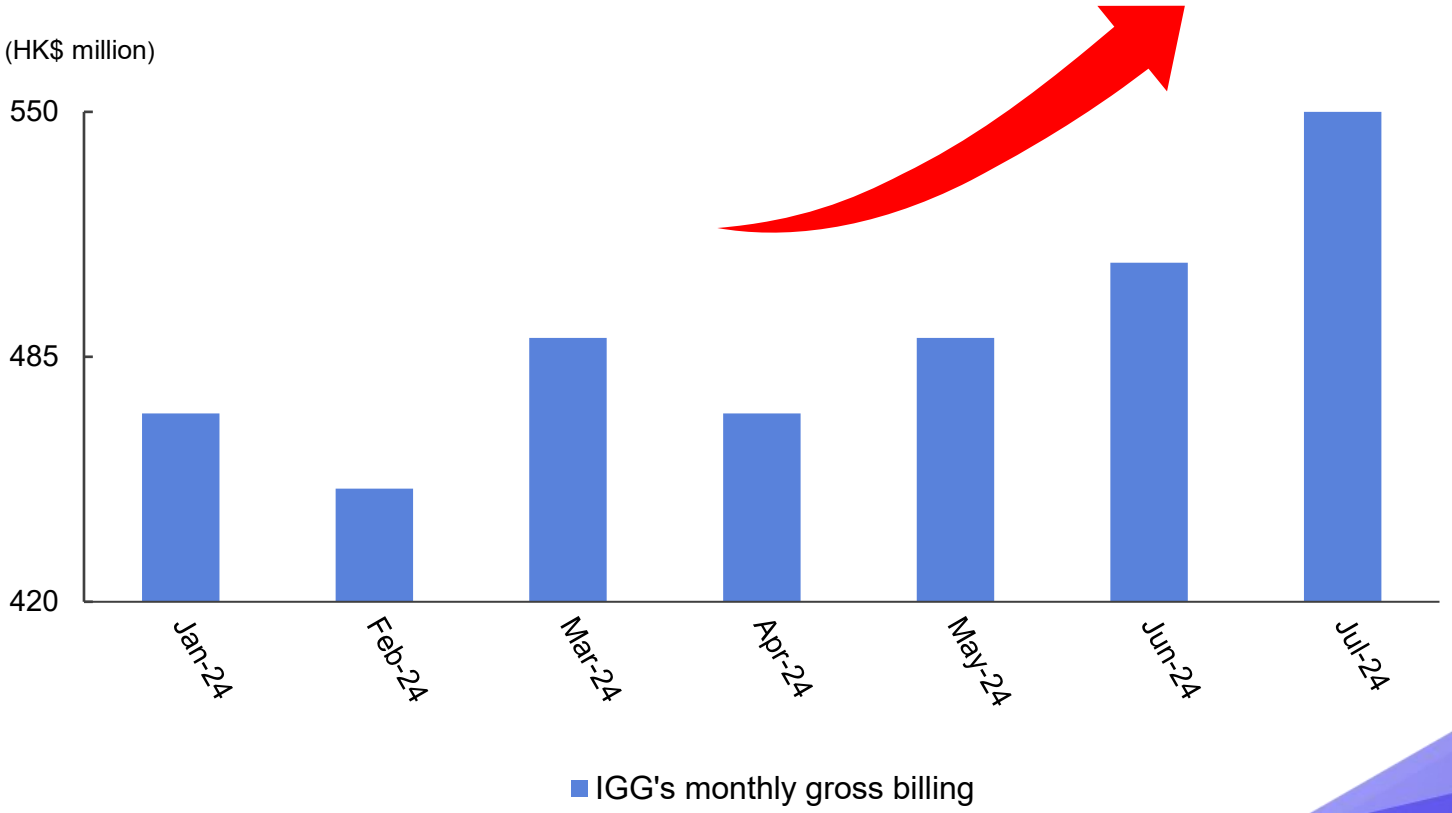


Note: Data as at 30 June 2024

Gross Billing

Monthly Gross Billing of the Group and Hit Titles in 1H24





Operational Data



Castle Clash

- Strategy/Tower Defense
- Launched in 2013
- Available in 15 languages
- Registered users: 300mn
- MAU: 650k
- Less than 5% of IGG's revenue



Lords Mobile

- Strategy/RPG Game
- Launched in 2016
- Available in 20 languages
- Registered users: 710mn
- MAU: 9.5mn
- 49% of IGG's revenue



Time Princess

- Female-oriented Dress-up
- Launched in 2020
- Available in 13 languages
- Registered users: 26mn
- MAU: 350k
- Less than 5% of IGG's revenue



Doomsday: Last Survivors

- Strategy
- Launched in 2021
- Available in 16 languages
- Registered users: 58mn
- MAU: 3.2mn
- 18% of IGG's revenue



Viking Rise

- Strategy
- Launched in 2022
- Available in 16 languages
- Registered users: 30.5mn
- MAU: 1.9mn
- 11% of IGG's revenue

Note: Data as at 30 June 2024

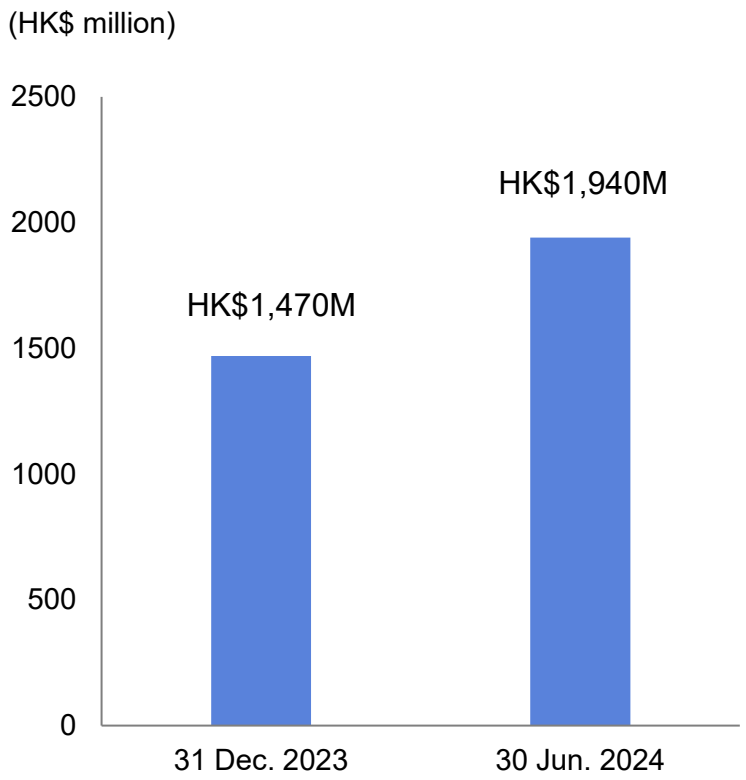
1H24 Financial Analysis

(HK$ million)	1H23	1H24	YoY (%)	Notes
Consolidated revenue	2,499	2,735	+9%	- The Group's revenue increased 9% yoy, driven by the contributions of strategy games "Doomsday: Last Survivors" and "Viking Rise" and the APP Business. - With regular updates and targeted marketing efforts, "Viking Rise" is expected to reach HK$80 million in monthly gross billing in August. - "Doomsday: Last Survivors" has shown steady growth in 1H24, reaching a monthly gross billing of HK$100 million in July. - "Lords Mobile": solid longevity since debut 8 years ago, generating steady revenue. - The APP Business has surpassed HK$100 million in monthly gross billing in 1H24, and its monthly gross billing reached HK$120 million in July. It contributed HK$410 million in revenue in 1H24, increasing its share of the Group's revenue from 8% in 1H23 to 15% in 1H24. The APP Business shows promising growth potential.
Revenue from Games	*2,310*	*2,326*	+1%	
Lords Mobile	*1,657*	*1,338*	-19%	
Doomsday: Last Survivors	*250*	*493*	+97%	
Viking Rise	*123*	*309*	+151%	
Other games	*280*	*186*	-34%	
Revenue from APP Business	*189*	*409*	+116%	
Gross Profit	1,806	2,155	+19%	Revenue growth driven by new games and the APP Business
GP margin (%)	72%	79%	+7ppts	Revenue contribution from the APP Business increased
Other net gains	23	0*	N/A	Fair value decrease from investee companies and funds
Selling & distribution exp.	-1,521	-1,221	-20%	The two strategy games and the APP Business enter into a steady expansion phase.
Administrative exp.	-159	-164	+3%	Maintaining a stable scale
R&D exp.	-500	-395	-21%	By continuously optimizing headcounts and resources, and strategically applying AIGC technology, significant improvement in efficiency were achieved.
Share of results of associates and joint ventures	7	8	+22%	Associates and joint ventures continue to generate profits.
Income tax exp.	-13	-51	+297%	The Group achieved a turnaround from a loss to a profit.
Net profit/(loss)	-360	331		- Following the Group's successful turnaround from a loss to an annual net profit of HK$73 million in 2023, the Group experienced a significant increase in net profit in 1H24, reaching HK$330 million. - The Group's core business exceeded HK$350 million in net profit. - The investment business recorded a slight loss due to fair-value changes of investees.
Net profit/(loss) margin (%)	-14%	12%		
Net profit/(loss) for core business	-361	356		
(Loss)/gain on investments	1	-25		
Earnings/(loss) per share (basic, HK$)	-0.3080	0.2880		

*Note: *Data represents amount less than HK$1 million*

Solid Cash Position

Cash & Cash Equivalents



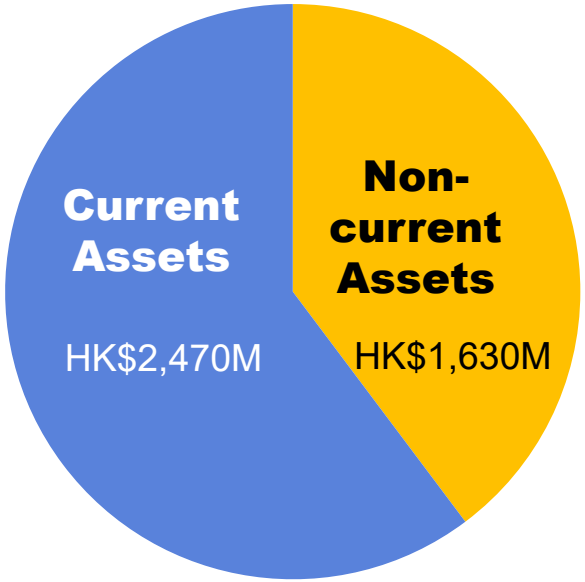
- Net cash inflow generated from operating activities of approximately **HK$600M**
  - Revenue expansion: contribution from two strategy games and the APP Business.
  - Cost saving: optimize resource allocation to control costs
- Net cash outflow used in investing activities of approximately **HK$60M**
  - Payment of construction costs for a self-use office building in Fuzhou, China, amounting to approximately HK$60M
  - Cash inflow of approximately HK$14M generated from dividends and disposals in the investment business
- Net cash outflow used in financing activities of approximately **HK$60M**
  - Payments for repurchase of shares amounted to approximately HK$33M
  - Payment of lease rentals amounted to approximately HK$25M

Total Assets

The Group's total assets of approximately HK$4,100M

- Current assets of approximately HK$2,470M
  - Cash and cash equivalents of approximately HK$1,940M
  - Funds receivable of approximately HK$280M
  - Trade and other receivables of approximately HK$170M
- Non-current assets of approximately HK$1,630M
  - PP&E of approximately HK$700M
  - Land use rights (in Fuzhou, China) of approximately HK$210M
  - Investments – other financial assets of approximately HK$430M
  - Investments – equity investment in associates and joint ventures amounted to approximately HK$190M

Total Assets in 1H24



Note: Data as at 30 June 2024

Share Buyback & Dividend

- The Group prioritizes shareholder value and actively seeks to enhance returns for shareholders through share buybacks and dividend payouts during profitable fiscal years.
- 1H24, the dividend declared plus the amount spent to repurchase shares make up about 40% of the Group's interim profit.

Dividend

The Board of Directors declared an interim dividend of HK8.5 cents per ordinary share, representing approximately 30% of interim profit.

30%

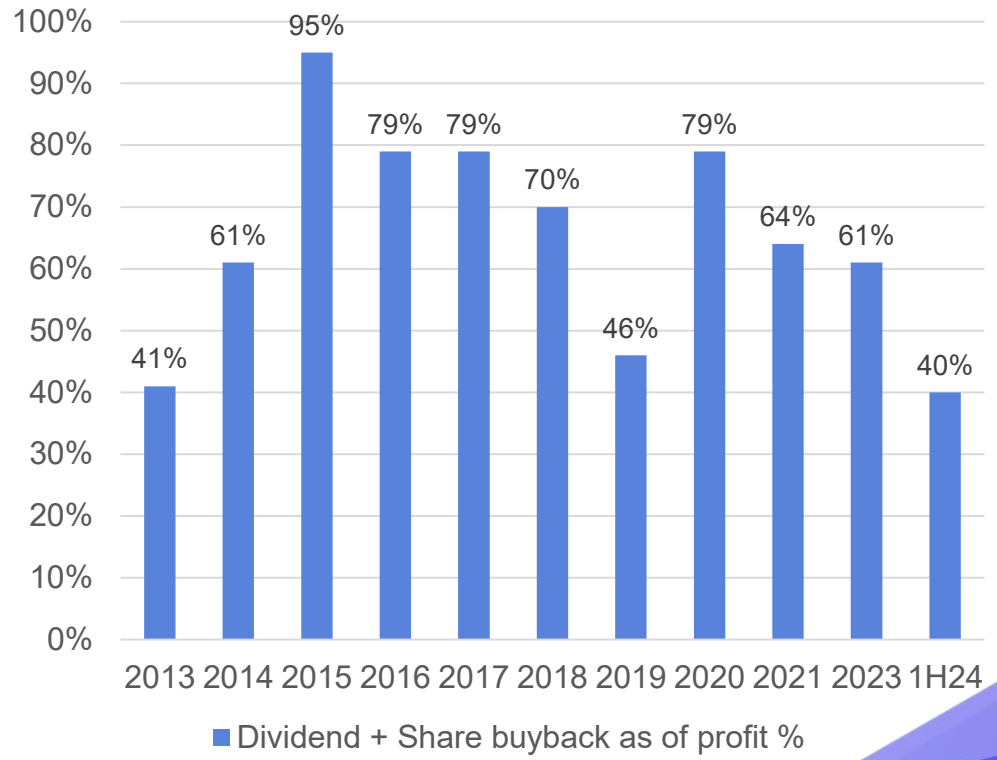
40%

10%

Share buyback

The Group spent approximately HK$33 million on share buybacks in 1H24, representing 10% of interim profit.

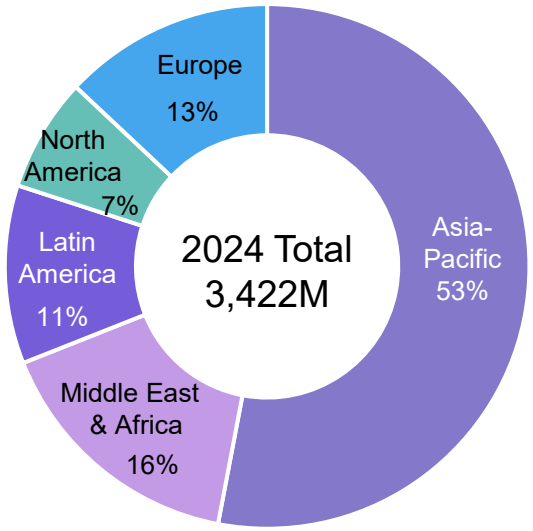
Historical Shareholder Returns



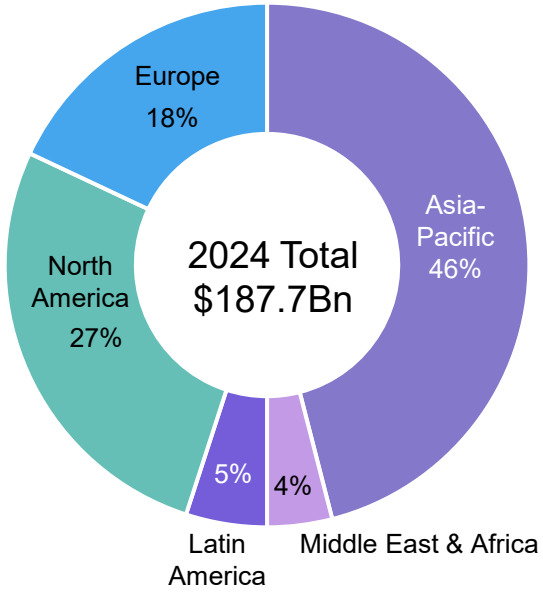
Global Games Market

- The global games market is forecasted to reach US$187.7 billion in 2024, and is projected to grow to US$213.3 billion in 2027.
  - Mobile games are expected to grow to US$92.6 billion in 2024, 49% of global games market
  - Console games are expected to grow to US$51.9 billion in 2024, 28% of global games market
  - PC games are expected to grow to US$43.2 billion in 2024, 23% of global games market

2024 Global Players (by Regions)



2024 Global Games Market (by Regions)



Source：*Newzoo, 2024 Global Games Market Report*



Prospects

Prospects

R&D

Efficient + quality R&D: pursuing excellence & diversification

- Leveraging AI technology to increase R&D efficiency
- Staying committed to innovation, seizing trends, and building a diverse product portfolio.

Rapid growth of APP Business

- Focusing on diversified and innovative applications
- 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



New Game – Project FL (SLG)



New Game – Project FL (SLG)



New Game – Project FL (SLG)



Thanks!

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