

2022

Annual Results

IGG INC March 2023



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IGG Overview

A leading global developer and publisher of mobile games



Global Market

- Mobile games in **23** languages
- Users across **200+** countries & regions
- Total users: nearly **1.5 bn**, MAU:**35mn+***

Global R&D

- R&D talents & technical partners located in **24** countries & regions

Global Operation

- Core operation teams located in **13** countries
- Long-term relationship with over **100** business partners, including global platforms, advertising channels & vendors such as Apple, Google and Meta

Global Investment

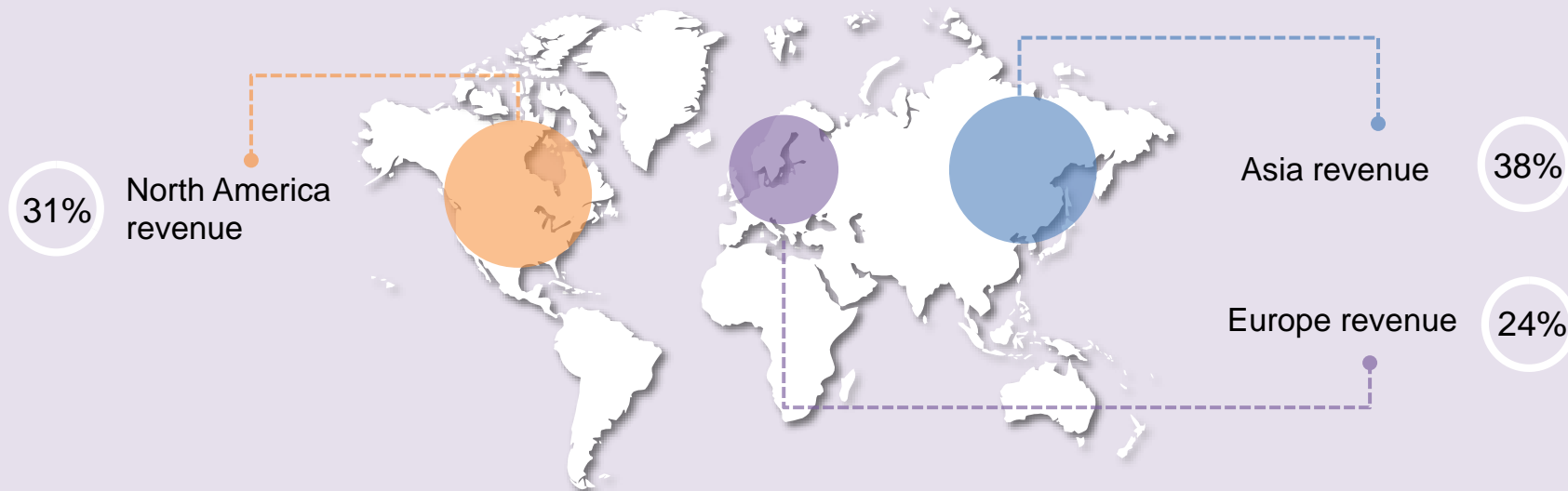
- Strategic investments in the mobile internet and gaming sector

Note: Data as at 31 December 2022

**Total users and MAU include users of mobile games and apps.*

Global Branches

- In 2022, the Group has approximately 2,500 employees, and R&D accounts for 60% of headcount.
- During the year, the Group continues to optimize resource allocation and strengthen its operations and R&D 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

Philippines

Customer service center

Japan

Localized R&D & operation support

Thailand

Localized operation support

Türkiye

Localized operation support

Indonesia

Localized operation support

Europe & others

Spain

Localized operation support

Italy

Localized R&D training & operation support

Note: Data as at 31 December 2022

America

USA

IT & localized operation support

Canada

Localized R&D & operation support

Brazil

Localized operation support

Global Ranking



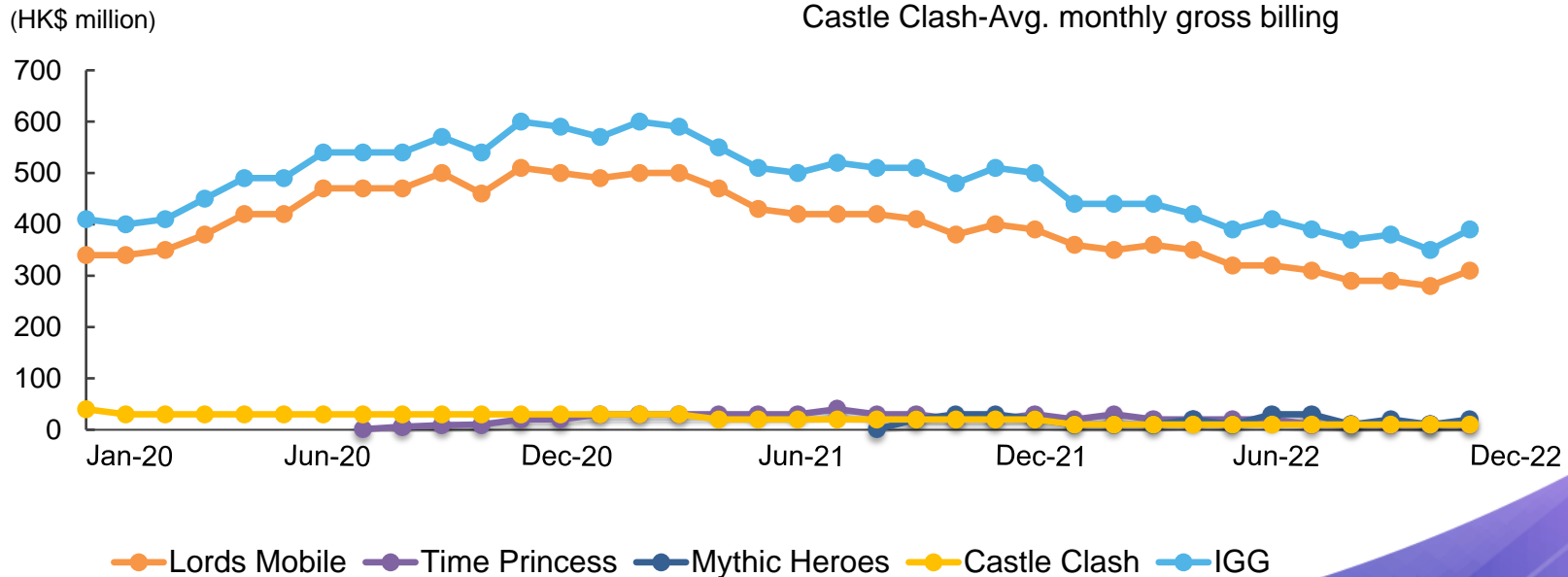
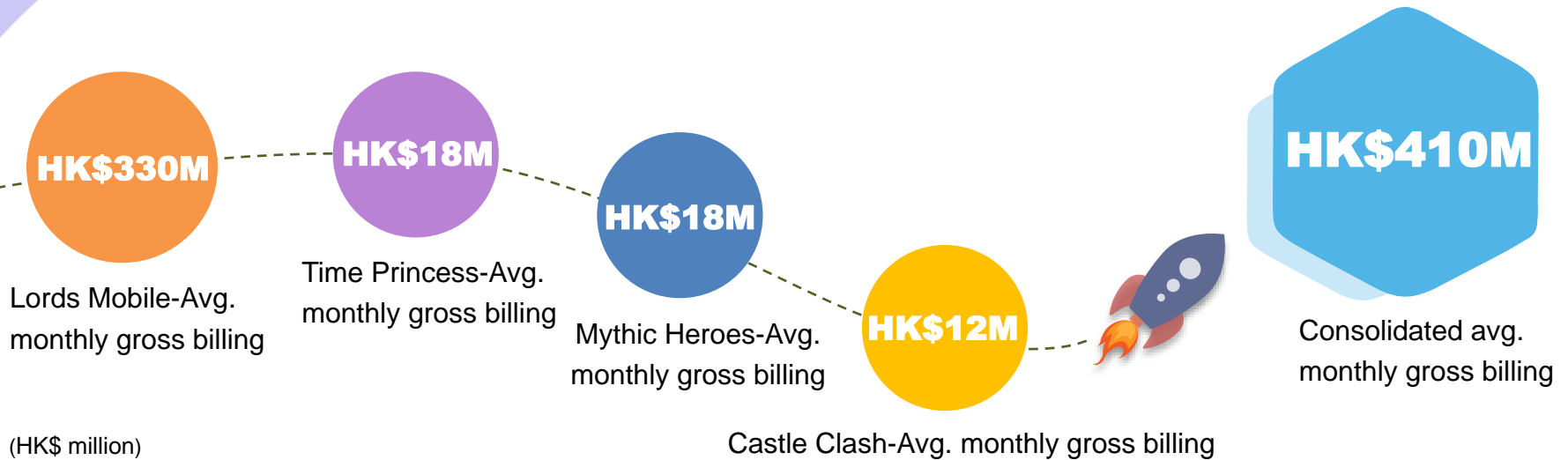
Listed among the “Top 52 Publishers” for eight consecutive years





Financial Review

Monthly Gross Billing of the Group and Hit Titles in 2022



Operational Data

2013



Castle Clash

- Strategy/Tower Defense
- Available in 15 languages
- Registered users: 300mn
- MAU: 1.2mn
- Less than 5% of IGG's revenue

2016



Lords Mobile

- Strategy/RPG Game
- Available in 20 languages
- Registered users: 600mn
- MAU: 11mn
- 80% of IGG's revenue

2020



Time Princess

- Female-oriented Dress-up
- Available in 13 languages
- Registered users: 22.5mn
- MAU: 500k
- 5% of IGG's revenue

2021



Doomsday: Last Survivors

- Strategy
- Available in 12 languages
- Registered users: 4.4mn
- MAU: 1.3mn
- Less than 5% of IGG's revenue

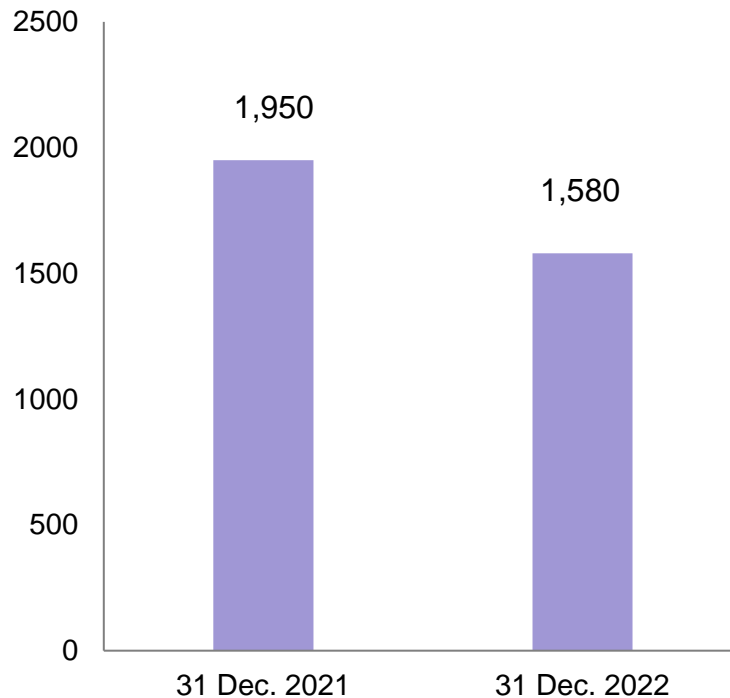
Note: Data as at 31 December 2022

2022 Financial Analysis

(HK\$ million)	2021	2022	YoY (%)	Notes
Revenue	6,051	4,591	-24%	
<i>Lords Mobile</i>	5,020	3,671	-27%	<ul style="list-style-type: none"> - Revenue declined 24% yoy amid the challenging environment - Lords Mobile with solid longevity
<i>Time Princess</i>	312	208	-33%	
Gross Profit	4,198	3,151	-25%	Gross profit decreased as revenue decreased
GP margin (%)	69%	69%	-	Gross profit margin remained flat
Other net losses	-31	-264	>100%	The Group recognized impairment provisions due to the decline in valuation and operating results of investee companies hit by the market downturn and the slowdown in game approvals in China.
Selling & distribution exp.	-1,953	-1,702	-13%	Optimize resource allocation to control costs
Administrative exp.	-448	-363	-19%	Continued to control costs, expenses in 2H22 trimmed by 14% yoy and down 16% hoh
R&D exp.	-1,254	-1,305	+4%	<ul style="list-style-type: none"> - Increased expenses since 2H21 due to new R&D teams established in 2021 to enrich product portfolio. New games released by new R&D teams in 2H22. - Led by resource optimization throughout 2022, IGG has enhanced its game development and R&D capabilities.
Share of results of associates and joint ventures	-60	3	>100%	Loss recognition of strategic invested associates and joint ventures by shareholding proportion
Income tax exp.	-77	-18	-77%	Decrease in profit before taxation
Effective tax rate (%)	17%	N/A	N/A	The income tax expenses primarily came from some subsidiaries which recorded profit, as well as withholding tax from overseas income
Net (loss)/ profit	370	-504	>100%	
Net (loss)/profit margin (%)	6%	-11%	-17ppts	
Net (loss)/profit for core game business	424	-177	>100%	Revenue declined amid the challenging operating environment
Loss on investments	-55	-327	>100%	Due to the decline in valuation and operating results of investee companies, the Group recognized impairment provisions and fair value loss, and recorded a loss on investments
(Loss)/earnings per share (basic, HK\$)	0.3158	-0.4329		

Cash & Cash Equivalents

(HK\$ million)

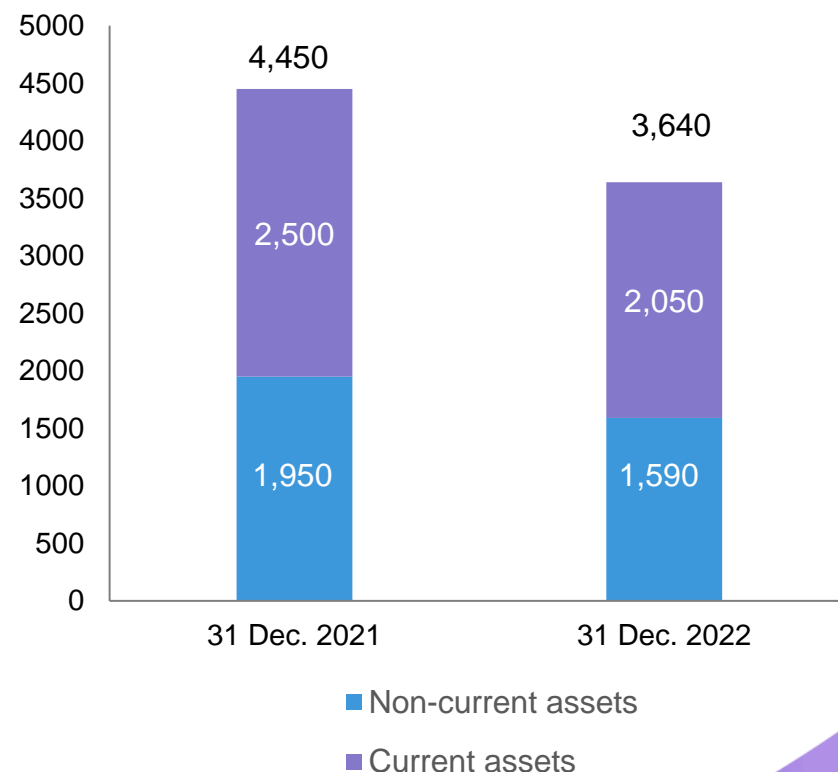


- Net cash outflow used in operating activities of **HK\$100M**
 - Revenue decreased due to the challenging operating environment
- Net cash outflow used in investing activities of **HK\$150M**
 - Construction of self-use office buildings in China
- Net cash outflow used in financing activities of **HK\$70M**
 - Payment of lease rentals for right-of-use assets

The Group's total assets of HK\$3,600M

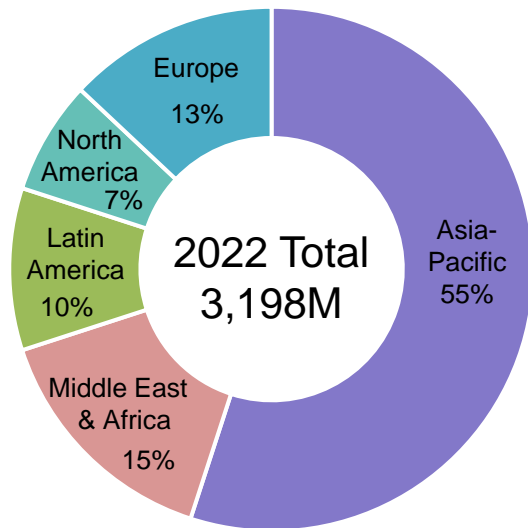
- Current assets of approximately HK\$2,050M
 - Cash and cash equivalents of approximately HK\$1,580M
 - Funds receivable of approximately HK\$330M
- Non-current assets of approximately HK\$1,590M
 - PP&E of approximately HK\$590M
 - Land use rights (in Fuzhou, China) of approximately HK\$220M
 - Investments – other financial assets of approximately HK\$430M
 - Investments – equity investment in associates and joint ventures amounted to approximately HK\$220M

(HK\$ million)

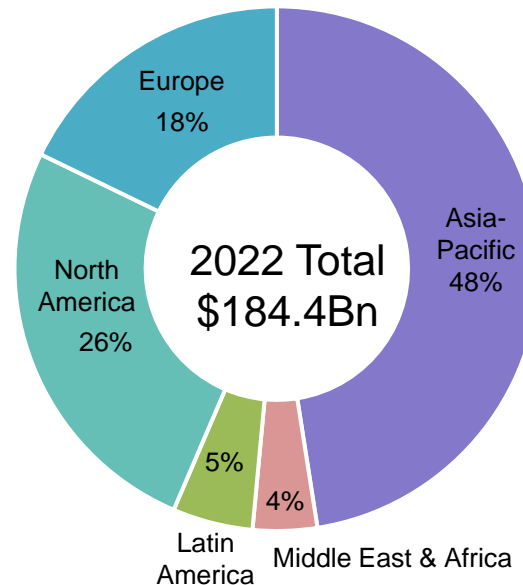


- The global games market is expected to hit US\$184.4 billion in 2022, decreased 4.3% yoy for the first time.
 - Mobile games are expected to grow to US\$92.2 billion in 2022, 50% of global games market
 - Console games are expected to grow to US\$51.8 billion in 2022, 28% of global games market
 - PC games are expected to grow to US\$40.5 billion in 2022, 22% of global games market

2022 Global Players
(by Regions)



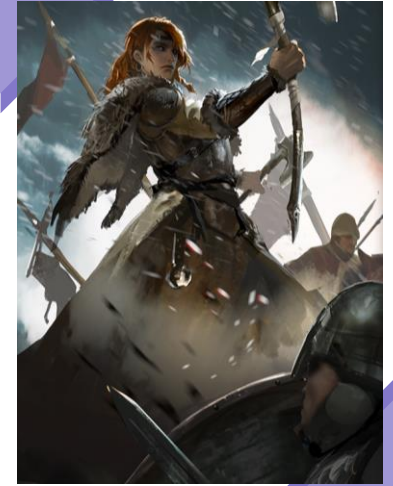
2022 Global Games Market
(by Regions)





Prospects

Viking Rise



Registered Users

330k



MAU

210k

Innovative features



- Norse mythology and real-time strategy
- Personalized territory
- Naval combat

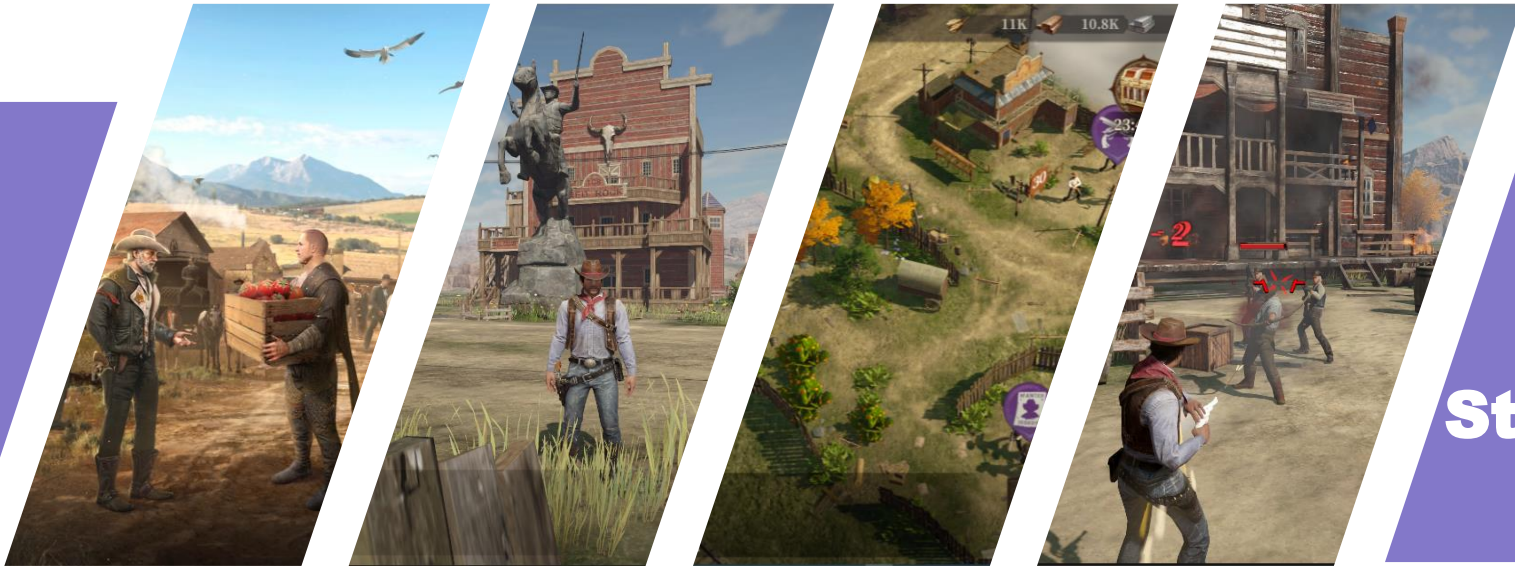


Languages

Available in 12 languages

Note: Data as at 20 March 2023

King of the West



Wild West Strategy Game



Registered Users

37k



MAU

5k



Languages

Available in 2 languages



Innovative features

- Wild west-themed MMO strategy game
- Open-ended world
- Exquisite art and cowboy style

Note: Data as at 20 March 2023

R&D

Strive for excellence and diversification

- Continue to refine new products
- Deliver innovative and diversified product portfolio

Strengthen competitiveness

- Continue to optimize resource allocation and internal competition scheme
- Explore the application of AIGC to save costs

Global investment

- Focus on core game business investment
- Explore new technology opportunities



Operation

Sharpen competitive edge

- Expand the scale and width of our marketing initiatives across the globe

Long-term operation strategy

- Continuous global user acquisitions
- Precise data analysis and effective marketing strategies to extend the life span of our games

Streamlined operation

- Localized and targeted marketing campaigns



Thanks!

IR Contact
ir@igg.com