

2020

Annual Results

IGG INC March 2021



Disclaimer



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IGG Overview

A leading global developer and publisher of mobile games

Global Market

- Games & mobile apps in **23** languages
- Users across **200+** countries & regions
- Total users*: **1.0 bn+**, MAU:~**39mn**

Global R&D

- R&D talents & technical partners located in **26** countries & regions

Global Operation

- Operation teams located in **15** countries
- Long-term relationship with **100+** distribution platforms & promotional partners

Global Investment

- Strategic investments in the mobile internet and gaming industries
- Gain on investments* reached nearly US\$130M

Note: Data as at 31 December 2020

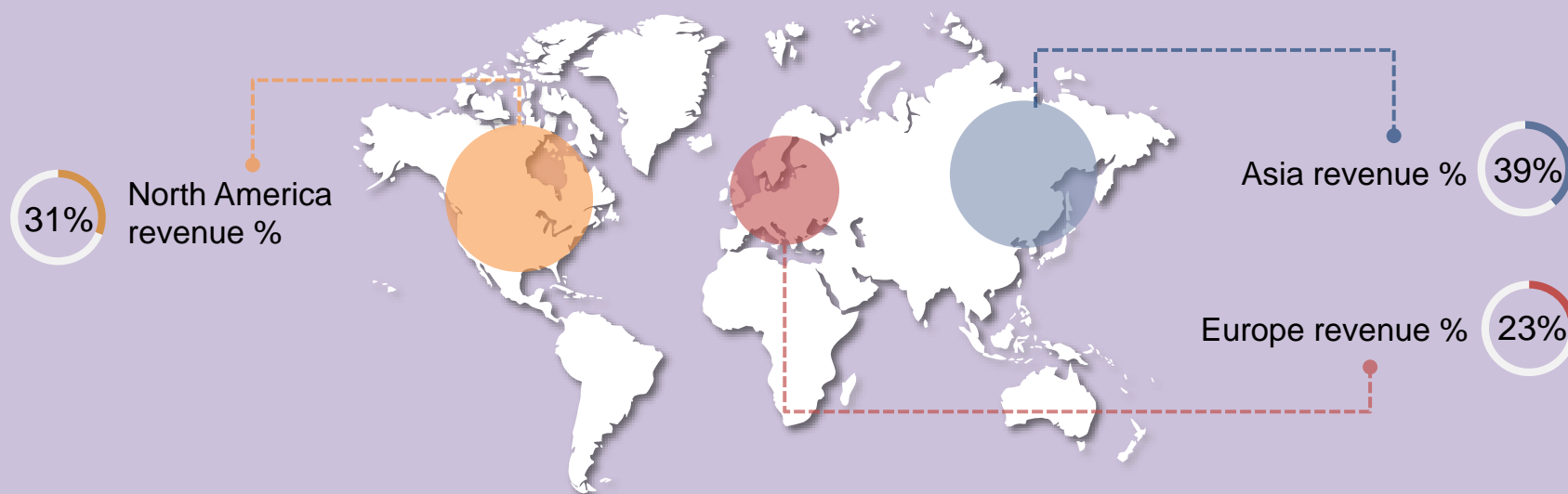
Total users: historical accumulated registered users, including game and mobile app users

Gain on investments: arise from other financial assets, including fair value gain on investments, gain on disposal of other financial assets and dividend income.

Global Branches



- In 2020, the Group has over 2,000 employees, and R&D accounts for over 50% of headcount.
- The Group set up R&D teams in Beijing, Chengdu and Shanghai.



Asia

Singapore ★

Group headquarters;
R&D & operation center

Greater China

R&D, operation & IT support

South Korea

Localized operation support

Japan

Localized R&D & operation support

Philippines

Customer service center

Thailand

Localized operation support

United Arab Emirates (Dubai)

Localized operation support

Indonesia

Localized operation support

Turkey

Localized operation support

Europe & others

Spain

Localized operation support

Italy

Localized R&D training & operation support

Belarus

Localized operation support

America

USA

IT & localized operation support

Canada

Localized R&D & operation support

Brazil

Localized operation support

Note: Data as at 31 December 2020

Global Ranking



App Annie

**Listed among the “Top 52 Publishers”
for seven consecutive years**

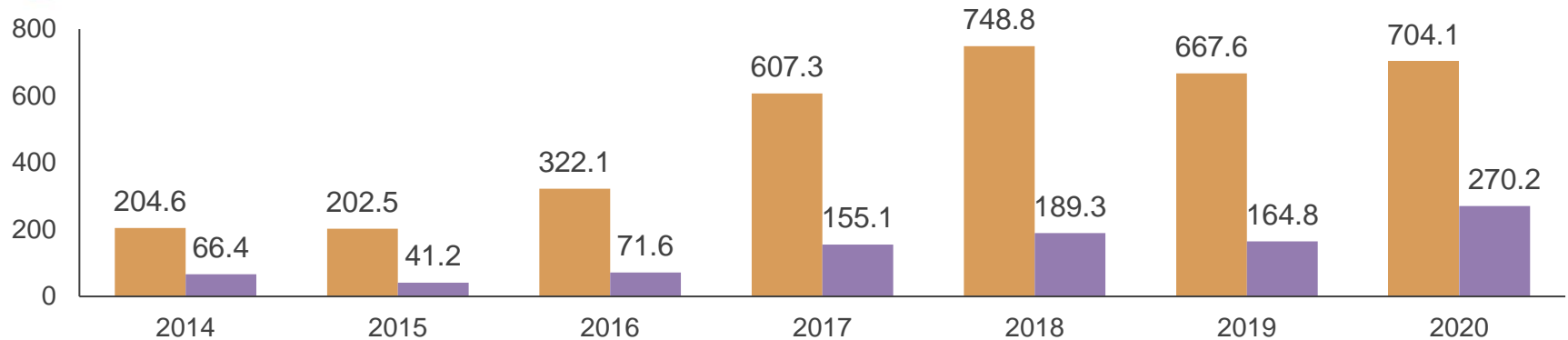




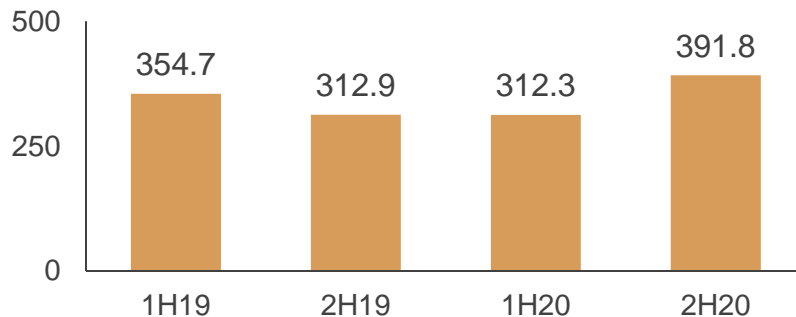
Financial Review

Revenue & Profit Performance

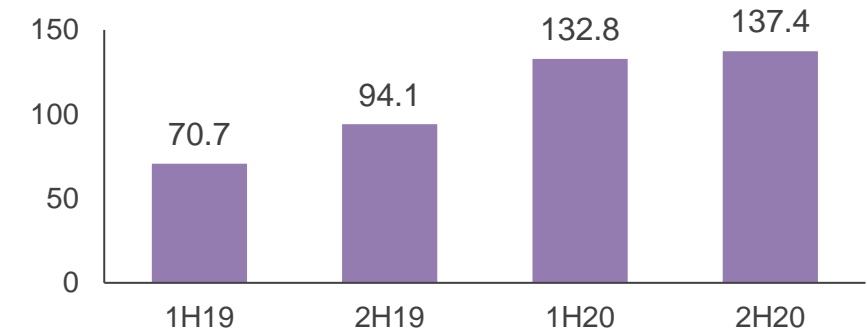
(US\$ million) Historical performance of revenue & net profit



(US\$ million) 2020 Revenue



(US\$ million) 2020 Net Profit



- In 2020, revenue increased 5% yoy, net profit hit a record high with an increase of 64% yoy. Revenue reached US\$392M in 2H20, an increase of 25% hoh and yoy.

Gross Billing



Year-end Monthly Gross Billing of the Group and Hit Titles in 2020

\$66M

Lords Mobile

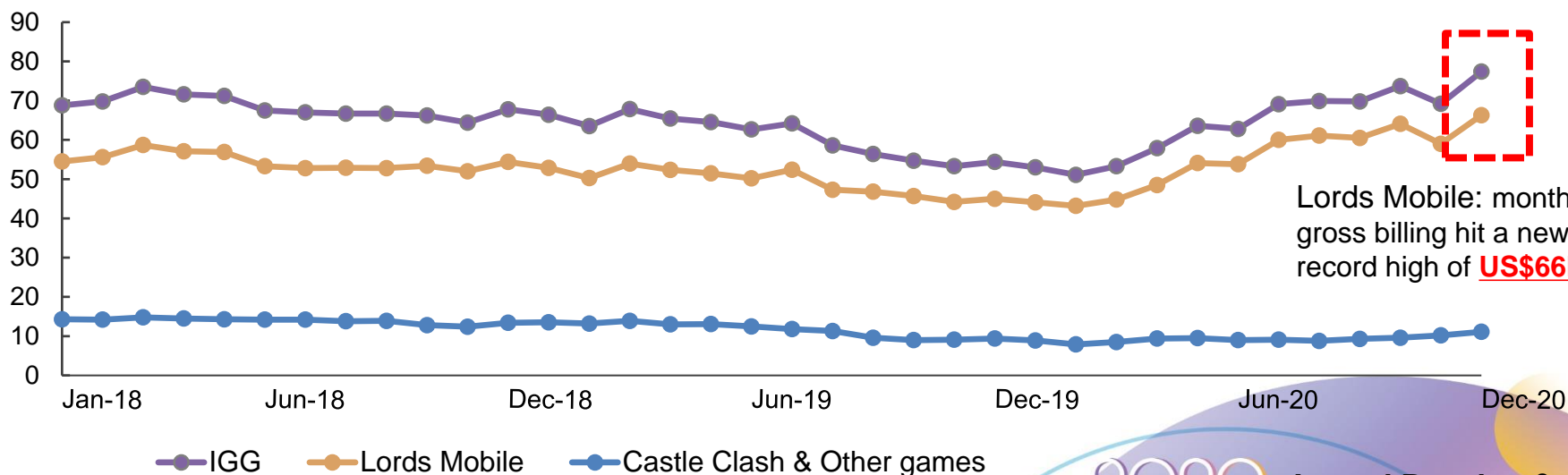
\$11M

Castle Clash &
Other Games

\$77M

Consolidated
monthly gross billing

(US\$ million)



Lords Mobile: monthly gross billing hit a new record high of **US\$66M**.

Operational Data



Lords Mobile

- Strategy/RPG Game
- Launched in Mar. 2016
- Available in 20 languages
- Registered users: 370mn
- MAU: 13.7mn
- 86% of IGG's revenue



Castle Clash

- Strategy/Tower Defense Game
- Launched in Jul. 2013
- Available in 16 languages
- Registered users: 270mn
- MAU: 3.2mn
- 7% of IGG's revenue



Dress Up! Time Princess

- Female-oriented dress-up game
- Launched in Aug. 2020
- Available in 6 languages
- Registered users: 3.4mn
- MAU: 1.1mn
- Less than 5% of IGG's revenue



Mobile Royale

- Strategy/RPG Game
- Launched in Dec. 2018
- Available in 21 languages
- Registered users: 8.3mn
- MAU: 90k
- Less than 5% of IGG's revenue

Note: Data as at 31 December 2020

Mobile Apps



- Acquired nearly 100 million users for mobile apps
- Create a platform synergy effect

KeepClean



- Cleanup and Speedup
- Launched in Nov. 2019
- Registered users: 55mn

KeepLock



- Applock and privacy guard
- Launched in Jan. 2019
- Registered users: 12mn

Battery Saver



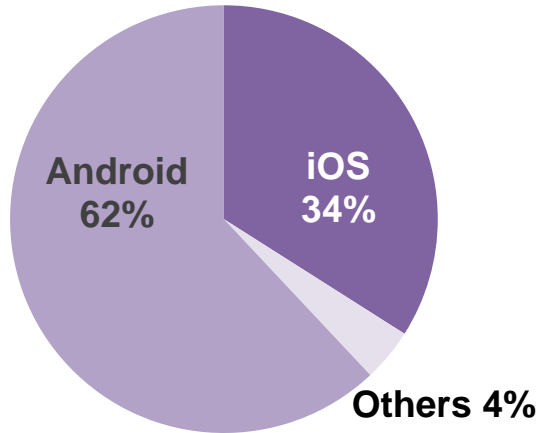
- Optimize battery health
- Launched in Jun. 2020
- Registered users: 12mn

Note: Data as at 28 February 2021

Revenue Distribution

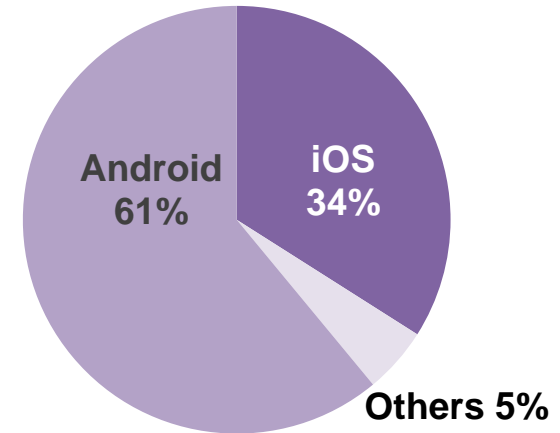


IGG revenue by platforms



- Contribution from Android continues to increase
 - ✓ 2019 Android contribution: 58%

Lords Mobile revenue by platforms



- Contribution from Android continues to increase
 - ✓ 2019 Android contribution: 55%



2020 Financial Analysis



(US\$ million)	2019	2020	YoY (%)	Notes
Revenue	667.6	704.1	+5%	“Lords Mobile” experienced a resurgence since 2Q20 and its gross billing hit a new record high of over US\$66M in December.
<i>Lords Mobile</i>	539.0	603.7	+12%	
<i>Castle Clash & Others</i>	128.6	100.4	-22%	
Gross Profit	462.8	491.7	+6%	Gross profit increased as revenue increased
GP margin %	69.3%	69.8%	+0.5ppts	Reduction in server costs
Other net income	32.6	131.4	+303%	Gain on investments increased due to successful investments in mobile internet and gaming related companies and funds
Selling & distribution exp.	164.9	185.1	+12%	Increased marketing spending on “Lords Mobile” and new titles
% of revenue	25%	26%	+1ppts	
Administrative exp.	45.5	46.2	+2%	Continuous optimization of R&D resource
% of revenue	7%	7%	-	
R&D exp.	92.5	88.9	-4%	
% of revenue	14%	13%	-1ppts	
Income tax exp.	25.2	26.8	+6%	Increase in profit before taxation
Net profit	164.8	270.2	+64%	Profit increase in the Group’s game business and remarkable performance of global investments
NP margin (%)	25%	38%	+13ppts	
NP for core game business*	139.9	145.7	+4%	
EPS (basic, US\$)	0.1319	0.2223		

Gain on investments: arise from other financial assets, including fair value gain on investments, gain on disposal of other financial assets and dividend income.

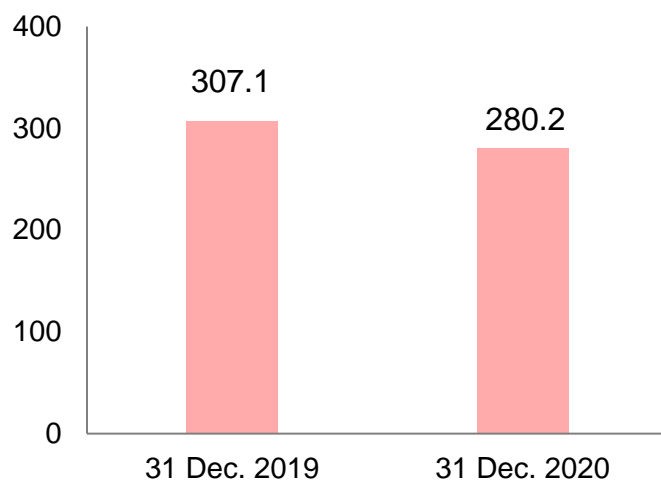
Net profit for core game business: excluding gain on investments and share of result of associates and joint ventures.

Strong Cash Position



Cash & Cash Equivalents

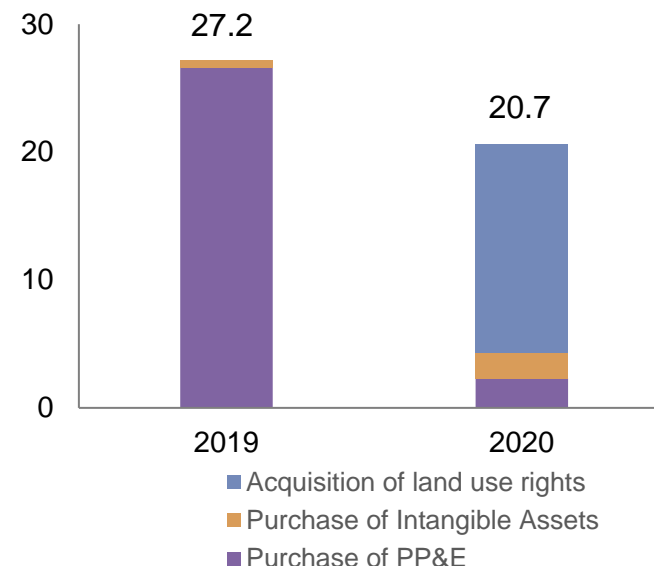
(US\$ million)



- Net cash generated from operating activities of **US\$168M**
- Net cash used in investing activities of **US\$34M**
 - ✓ Investments in mobile internet and gaming related companies and funds of approximately US\$60M
 - ✓ Acquisition of land use rights in Fuzhou amounted to over US\$16M
 - ✓ Proceeds from disposal of other financial assets amounted to over US\$43M
- Net cash used in financing activities of **US\$163M**
 - ✓ Dividend payment of over US\$100M and spent US\$50M on share buyback

Capital Expenditures

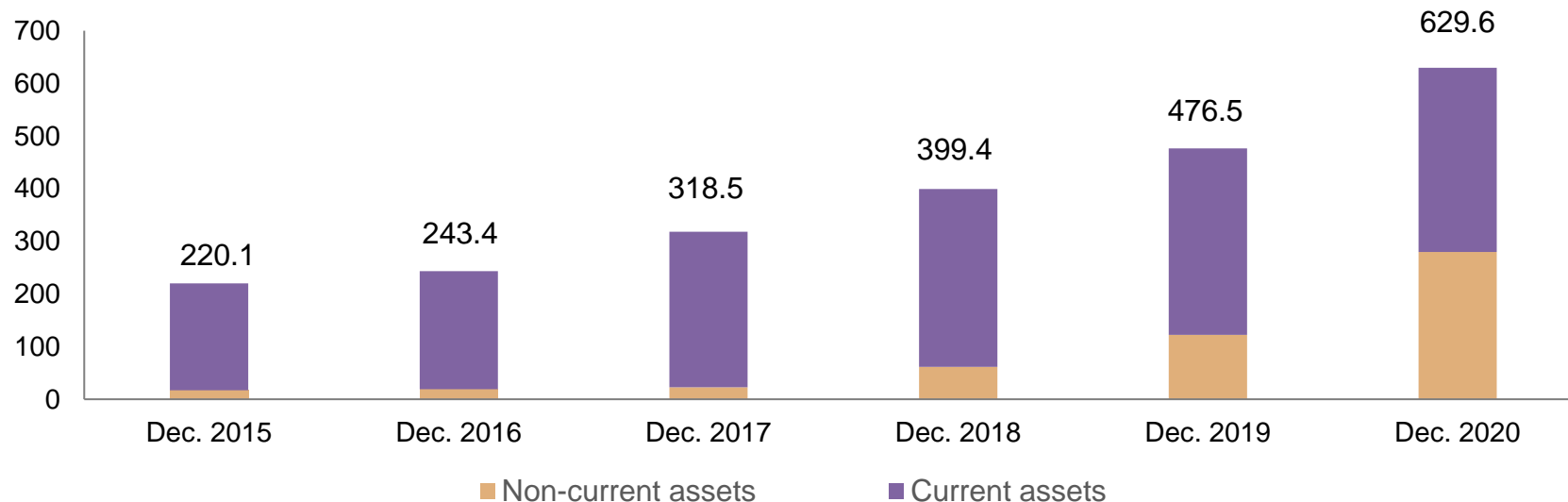
(US\$ million)



- **Capex**
 - 2019 : 5.7% of total assets
 - 2020 : 3.3% of total assets

Total Assets

(US\$ million)



- As at 31 December 2020, the Group's total assets amounted to nearly US\$630M
 - Current assets of US\$350M, including cash and cash equivalents, and funds receivable amounting to a total of US\$340M
 - Non-current assets of US\$280M
 - ✓ Investments – other financial assets increased to US\$160M, including successful investments in XD Inc. as well as other mobile internet and gaming related companies and funds
 - ✓ Investments – equity investment in associates and joint ventures increased to US\$52M

Dividend

Dividend type		Dividend per share (HK, cents)	Total amount (HK\$, million)	Dividend payout ratio (% of the corresponding period net profit)	Payment date
2020	1 st interim dividend	25.1	308.8	30%	Sep. 4, 2020
	Special dividend	25.1	308.8	30%	
	2 nd interim dividend	26.7	319.5	30%	Apr. 7, 2021
	Special dividend	26.7	319.5	30%	
	Total	103.6	1,256.6	60%	

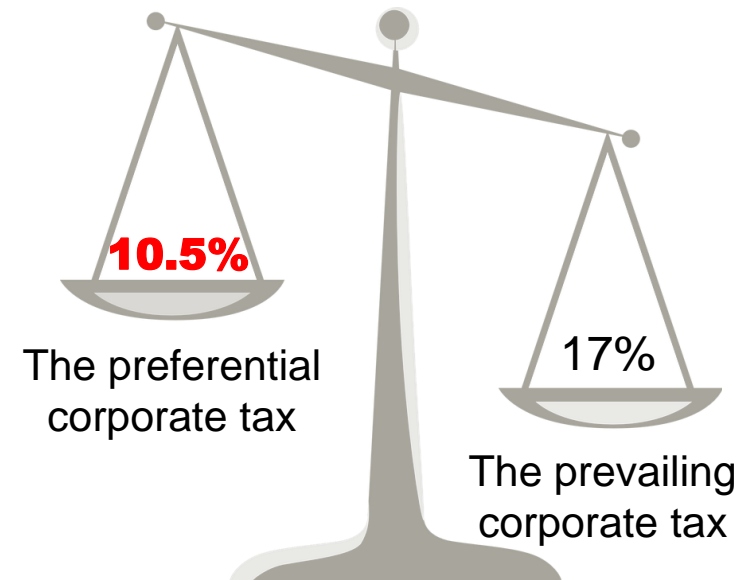
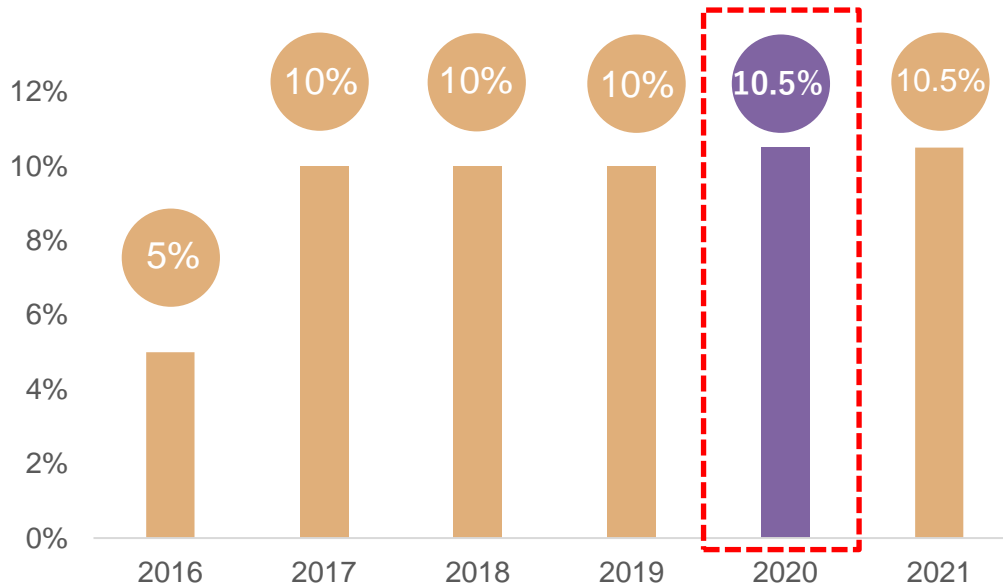


- **Full year interim dividends and special dividend declared plus share buy-back accounted for 79% of annual net profit.**
- The future dividend payout ratio will be formulated in consideration of the Group's profitability and funding need for M&A.

Preferential Corporate Tax Rate



- **IGG Singapore** (Intellectual Property holding company) enjoys preferential tax treatment, subject to requirements as specified by Singapore Economic Development Board.
- The prevailing corporate tax rate: 17%
- The preferential corporate tax rate for IGG Singapore: 10%-10.5%



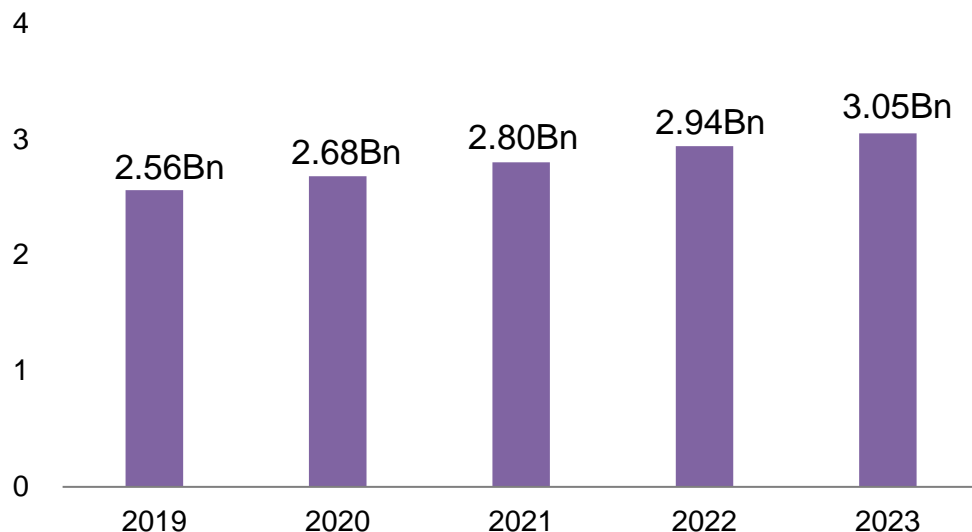
Global Games Market Trend



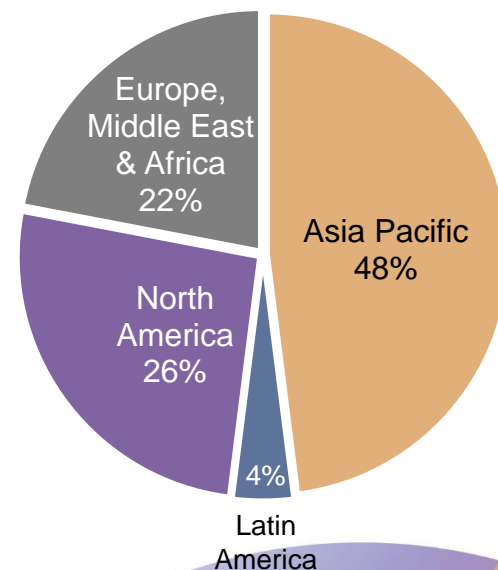
- The global games market is expected to hit US\$174.9 billion and US\$217.9 billion in 2020 and 2023, respectively.
 - Mobile games are expected to grow to US\$86.3 billion in 2020, 49% of global games market
 - Console games are expected to grow to US\$51.2 billion in 2020, 29% of global games market
 - PC games are expected to grow to US\$37.4 billion in 2020, 22% of global games market

Global Players

(US\$ billion)



Global Games Market (by Regions)





Prospects

Strive for excellence and diversification

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

Strengthen competitiveness

- Set up new R&D centers in Chengdu and Shanghai, China, and continue to recruit R&D talents

Seek out global investment opportunities

- Explore strategic investment opportunities globally
- In-depth cooperation with high-quality global R&D teams to create momentum in the long run



R&D



Operation

Strengthen competitive edge

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

Streamlined Operation

- Tap into diversified and refined marketing strategies to drive games to new heights

Localized marketing campaigns

- Release localized marketing campaigns

IP Cooperation – Saint Seiya



IP Cooperation – Saint Seiya



New Title - Project GOH



Strategy Game



New Title - Project GOH



New Title - Project GOH



New Title - Project BC2.0



Strategy Game



New Title - Project BC2.0



New Title - Project BC2.0



SAKI FINAL
JAN 2020

New Title - Project ACT



Action Game



B:788/BP:104

2020

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New Title - Project ACT



New Title - Project ACT



The background of the slide is a vibrant, cartoonish illustration of a game world. It features a large, golden knight chess piece in the center, holding a sword aloft. To the left, a pink-armored character with a crown-like headpiece waves. The scene is filled with colorful balloons (pink, yellow, blue, green) and confetti, suggesting a celebratory event. In the background, other game characters and structures are visible in a soft, hazy style.

Thanks!

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