

2018 Interim Results

IGG Inc August 2018



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- **IGG Overview**
- **2018 Interim Financial Review**
- **Prospects**



IGG Overview

2018

Interim Results

Innovators at Work • Gamers at Heart



A leading global developer and publisher of mobile games

Hit Titles



Global Market

- Games in 21 languages
- Users across 200+ countries & regions
- Registered users: 550mn+
- MAU: 22mn+

Global R&D

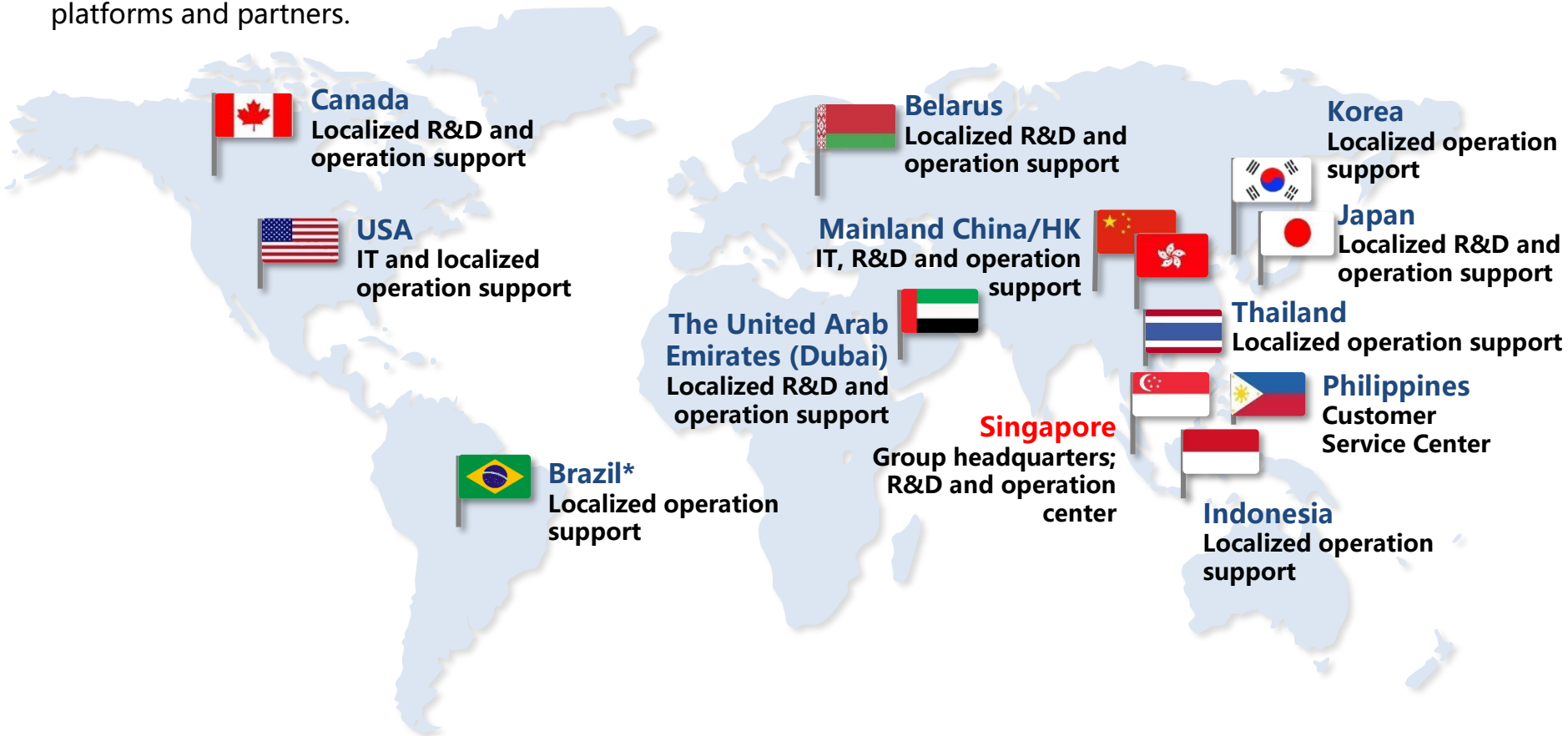
- R&D talents located in ~10 countries & regions
- 15 global R&D teams

Global Operation

- Operation teams located in 10+ countries & regions
- Long-term relationship with 100+ distribution platforms & promotional partners

Global Branches

- Establishing new branches in Indonesia and Brazil in 1H18, and continuing to expand R&D and operation teams globally.
- The Group has 1,000+ employees. R&D, Operation and I.T., and Supporting talents account for 55%, 34% and 11% of total employment, respectively.
- Long-term relationship with Apple, Google Play, Amazon, Microsoft, as well as more than 100 other global distribution platforms and partners.



Note: Data as of 30 June 2018

Note*: setting-up new branch in Brazil

Global Ranking



App Annie

Top 3 Chinese Mobile Game Publishers with overseas game revenue



"2017 Best Overseas Mobile Game Publisher"



"Leading Overseas Game Developer"



"Most Valuable TMT Company of 2017"



"Top 100 Hong Kong Listed Companies Selection 2017"

App Annie

No. 1 in war strategy games worldwide in terms of revenue for 12 consecutive months



"Android Excellence Game of 2017"



Featured on **"Game of the Day"** on iOS platform in Southeast Asia and Middle East

MIUI

"Best International APP of 2017" by Xiaomi



"Best Overseas Game of 2017" & **"Most Popular and Profitable Game"**



1H18 Financial Review

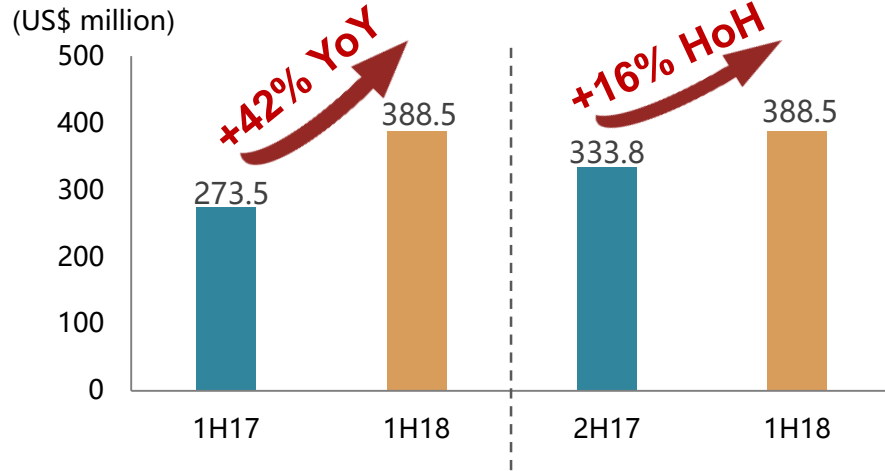
2018 Interim Results

Innovators at Work • Gamers at Heart ➤

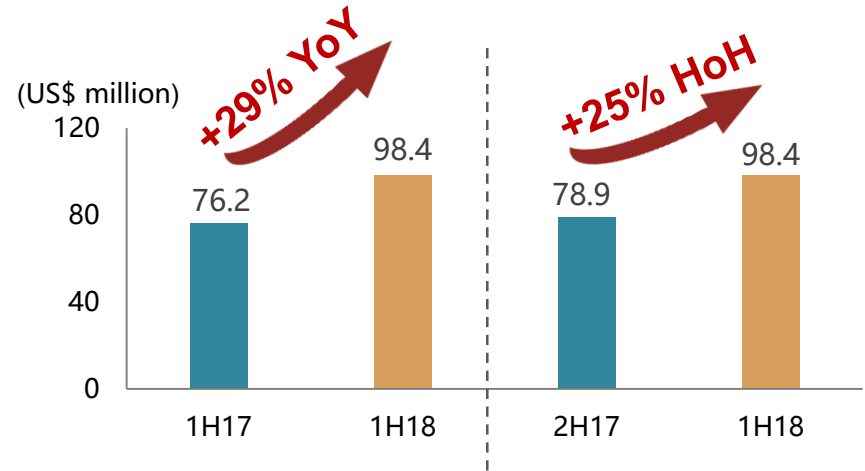
2018 Interim Results Record High



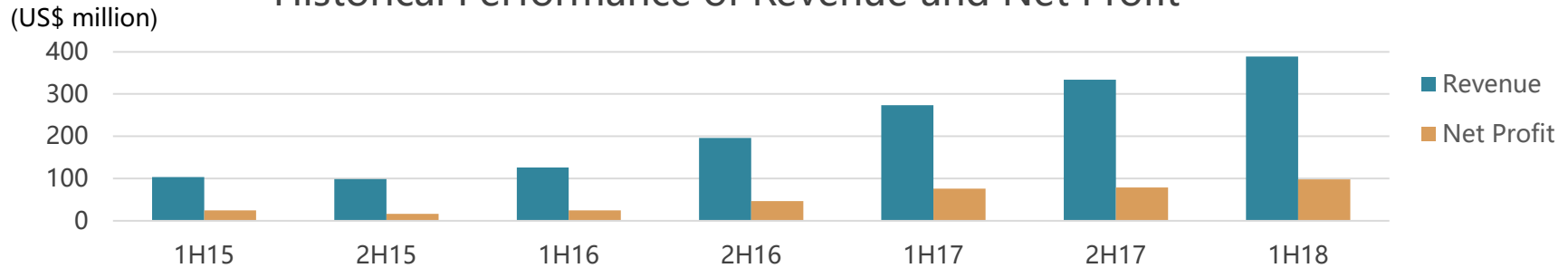
1H18 Revenue: US\$388M



1H18 Net Profit: US\$98M



Historical Performance of Revenue and Net Profit



1H18

The Group:

- Monthly gross billing exceeded **US\$70M**.
- 1H18 gross billing achieved **US\$422M**.

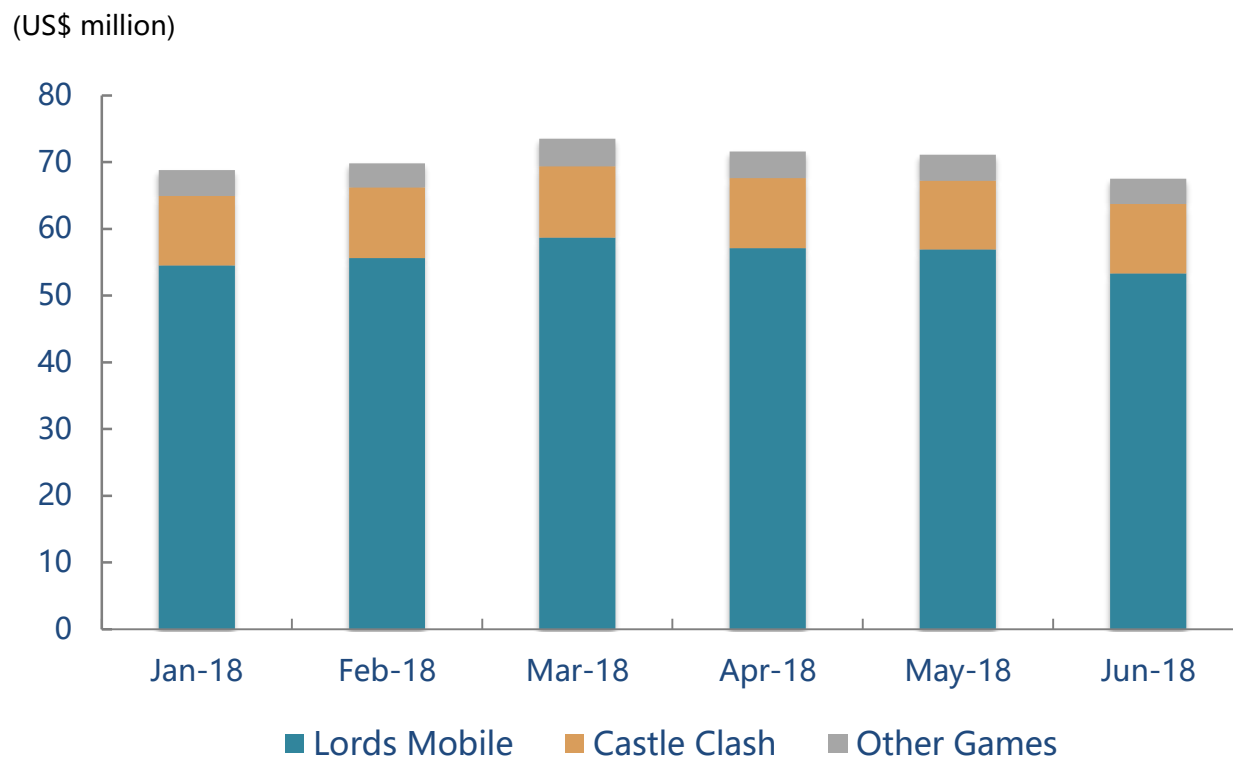
Lords Mobile:

- Avg. monthly gross billing surpassed **US\$56M**.
- Monthly gross billing of nearly **US\$59M** in Mar.

Castle Clash:

- Avg. monthly gross billing over **US\$10M**.

Monthly Gross Billing





Lords Mobile

RTS/RPG Game

- Launched in March 2016
- Available in 18 languages
- Registered users: 130mn
- MAU: 14mn
- 80% of IGG's revenue



Castle Clash

Strategy Game

- Launched in July 2013
- Available in 16 languages
- Registered users: 220mn
- MAU: 5mn
- 15% of IGG's revenue



Clash of Lords II

Strategy Game

- Launched in Dec. 2013
- Available in 12 languages
- Registered users: 68mn
- MAU: 540k
- 1.5% of IGG's revenue



Conquerors: Clash of Crowns

Strategy Game

- Launched in July 2017
- Available in 9 languages
- Registered users: 5.9mn
- MAU: 1.3mn
- 1.3% of IGG's revenue

App Annie

No. 1 War Strategy Game Worldwide

Firmly establishing it as the top-grossing war strategy game worldwide for 12 months running

No. 9 Global Game Revenue

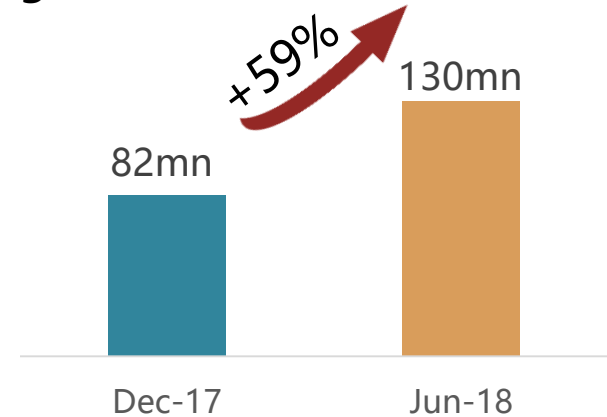
Leap into the world's top 10 grossing mobile games on iOS & Google Play



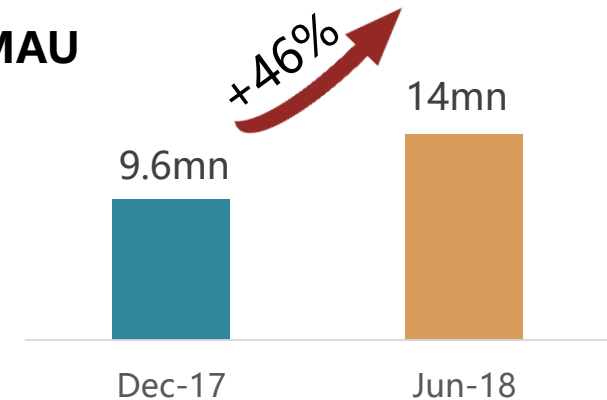
No. 1 Overseas Mobile Game by Chinese Publisher

Topped overseas mobile game by Chinese publishers in terms of revenue in 1H18

Registered Users



MAU



Marketing Initiatives

▶ Expand IGG's scale and marketing initiatives globally

Europe

Asia



France

Asia Tournament

China

Indonesia

Cooperation with French tennis star Gaël Monfils—a big Lords Mobile fan

E-sports events: Lords Tournament in Asia

Exhibiting at China Joy 2018

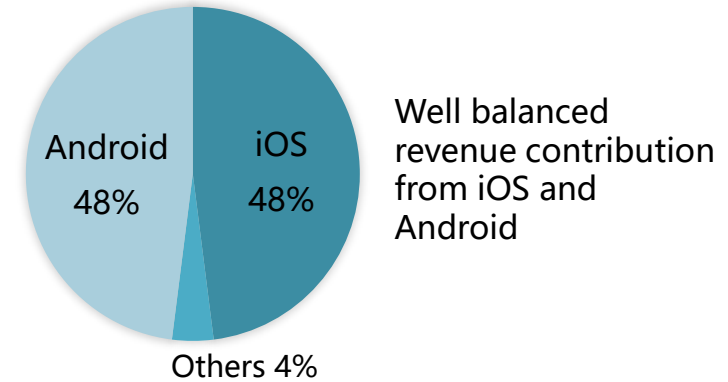
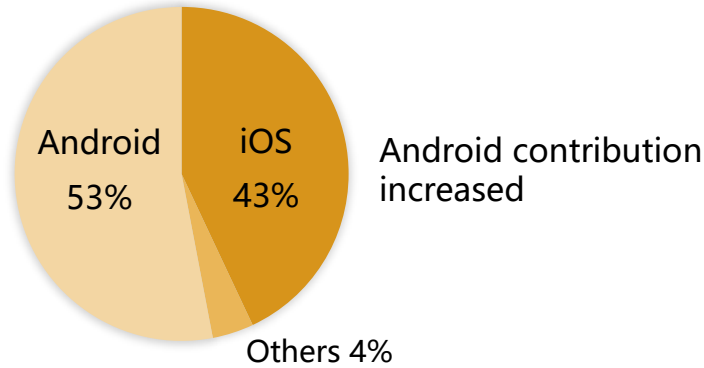
Marketing cooperation with shared travel service providers

Revenue Distribution

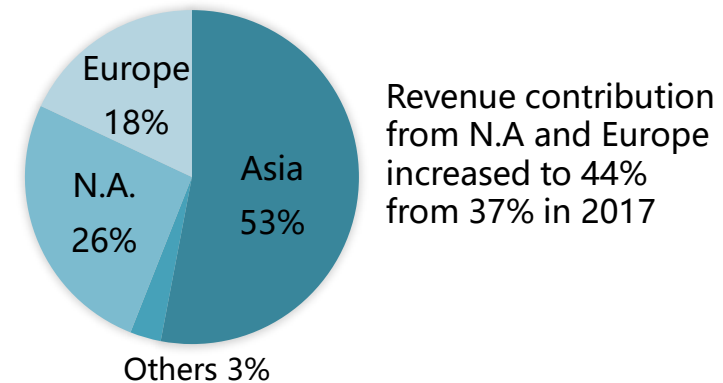
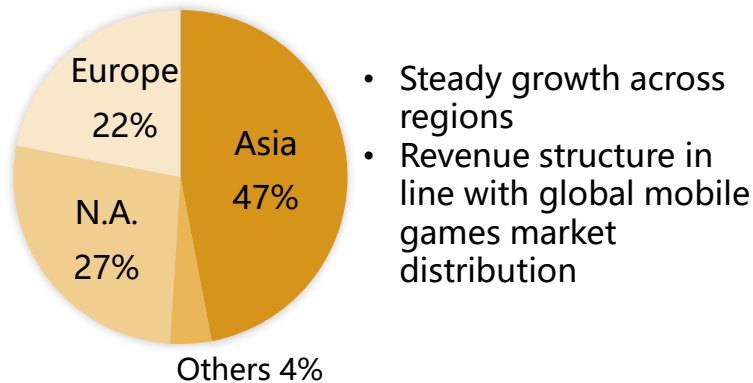
IGG

Lords Mobile

By Platforms



By Regions



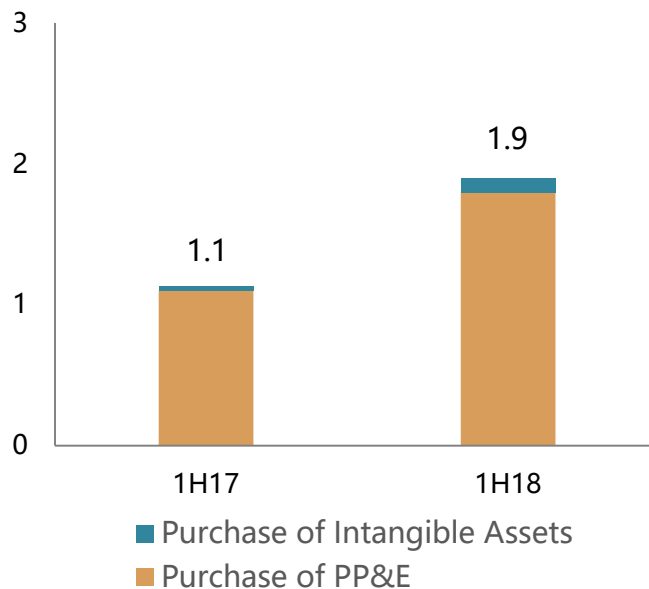
Note: data as of 30 June 2018

1H18 Financial Analysis

| (US\$ million) | 1H17 | 2H17 | 1H18 | YoY (%) | Remarks |
|--|--------|--------|---------------|---------|--|
| Revenue | 273.5 | 333.8 | 388.5 | +42% | Revenue increase from Lords Mobile |
| <i>Lords Mobile</i> | 189.5 | 248.3 | 311.2 | +64% | |
| <i>Castle Clash</i> | 61.6 | 62.6 | 57.1 | -7% | |
| Gross profit | 186.1 | 228.5 | 273.1 | +47% | Revenue increase from Lords Mobile |
| Gross profit margin (%) | 68% | 68% | 70% | +2ppts | Addition of several new channels with lower channel costs |
| Selling & distribution exp. | 61.0 | 98.0 | 97.7 | +60% | Increase in marketing expense for Lords Mobile |
| % of Revenue | 22% | 29% | 25% | +3ppts | |
| Administrative exp. | 13.8 | 19.6 | 19.8 | +43% | Increase in wages, performance-based bonus and benefits |
| % of Revenue | 5% | 6% | 5% | - | |
| R&D costs | 21.7 | 25.0 | 28.9 | +33% | Increase in wages, performance-based bonus and share-based compensation expenses |
| % of Revenue | 8% | 7% | 7% | -1ppts | |
| Income tax | 14.8 | 9.1 | 25.5 | +72% | Increase in profit before tax and tax provision |
| Net profit | 76.2 | 78.9 | 98.4 | +29% | |
| Net profit margin (%) | 28% | 24% | 25% | -3ppts | Increase in marketing and income tax expenses |
| EPS (basic, US\$) | 0.0576 | 0.0596 | 0.0754 | | |

Capital Expenditures

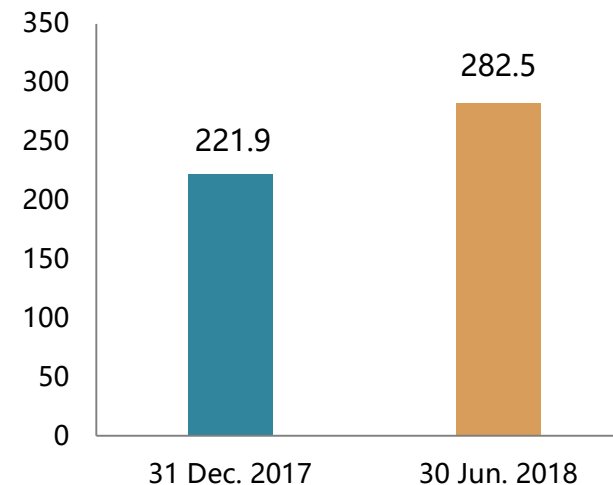
(US\$ million)



- **Low capex**
 - 1H17: **0.3%** of total asset
 - 1H18: **0.5%** of total asset

Cash & Cash Equivalents

(US\$ million)



- Dividend payment of **US\$23.8M**, and the amount of **US\$37.0M** spent on share buyback in 1H18.
- Dividend + share buyback total amount to **US\$60.8M** in 1H18.

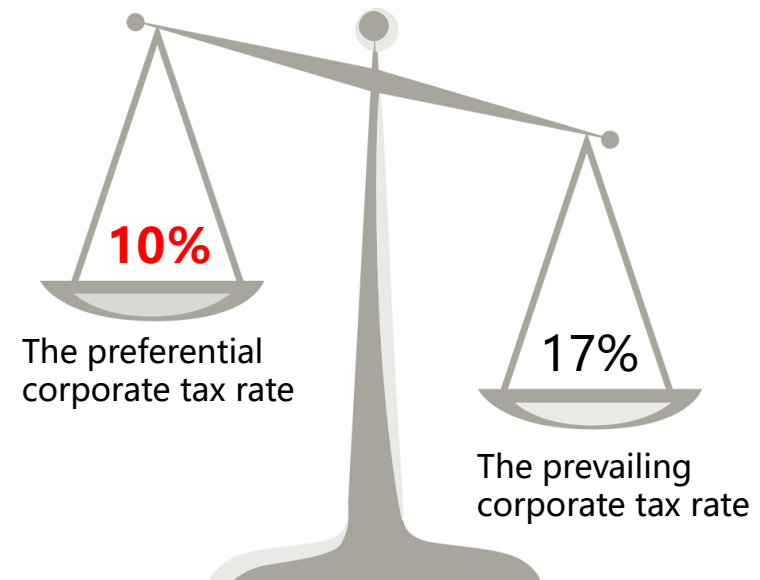
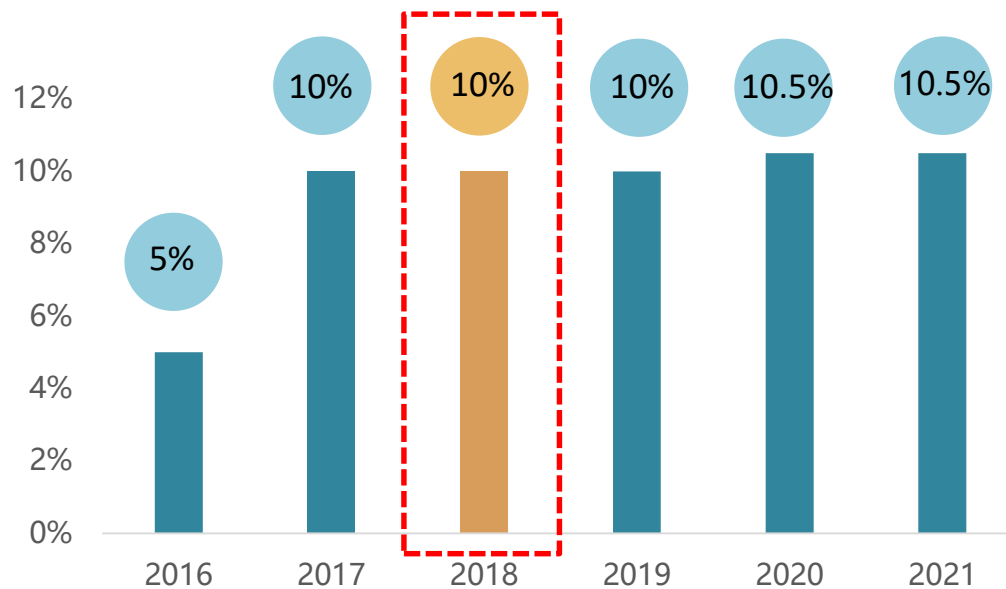
| | Dividend Type | Dividend per share (HK, cents) | Total amount (HK\$, million) | Dividend payout ratio | Payment Date |
|------|----------------------------------|-----------------------------------|---------------------------------|--------------------------|---------------|
| 2018 | 1 st interim dividend | 17.7 | 230 | 30% | Sep. 28, 2018 |

- **The 1st interim dividend plus share buy-back accounted for 68% of interim 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%



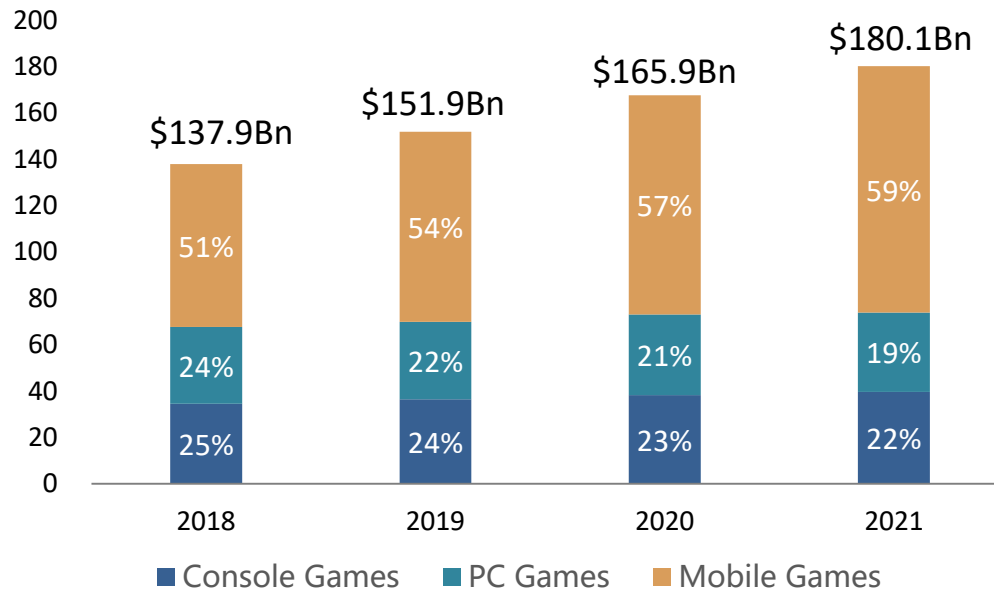
Global Games Market Trend



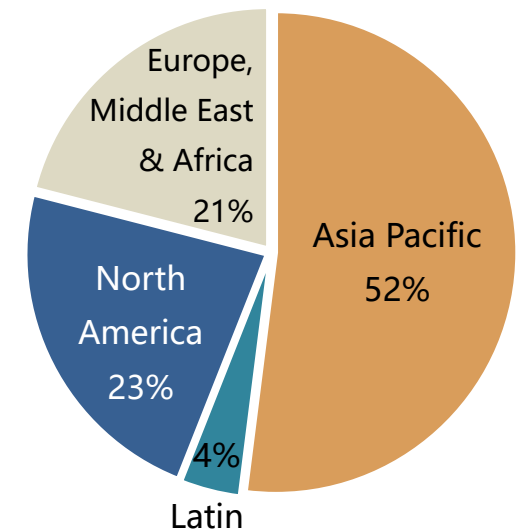
- The global games market is expected to hit US\$137.9 billion in 2018 and US\$180.1 billion by 2022.
- By 2021, Mobile and PC games are expected to grow to US\$106.3 billion and US\$34 billion, respectively.

Global Games Market Overview

(US\$ billion)



Global Games Market (by Region)





Prospects

2018 Interim Results

Innovators at Work • Gamers at Heart >



- Continue to focus on quality, innovation, and excellence
 - Recruit global R&D talents
 - ✓ The “G-Star” incubation program, an annual summer internship event, was initiated this year to recruit interns globally, with the aim of promoting gaming culture and creativity, and cultivating new talents for the future;
 - Release high-quality games of different genres and themes, including strategy, first person shooting, casual and sandbox games.

New Title – Project GM



Real-time strategy game
with space theme



BATTLESHIPS
Incredible Power

2018 Interim Results

New Title – Project GM



EPIC WAR

The Battle Is Coming



New Title – Project GM

HEROES

My Story. Your Legend.



MARCUS

Power Resilience Mobility



VINNA



KOOBAR



SANDORA

2018

Interim Results

War Strategy Game



New Title – Project SOK



WARLAND

2018 Interim Results

Innovators at Work • Gamers at Heart

New Title – Project SOK



New Title – Project COG



Strategy + Tower Defense Game



2018 Interim Results

Innovators at Work • Gamers at Heart

New Title – Project COG



New Title – Project COG



2018 Interim Results

Innovators at Work • Gamers at Heart

New Title – Project LR



Strategy Game

BUILD
2018 Interim Results

Innovators at Work • Gamers at Heart

New Title – Project LR



New Title – Project LR

CORPS INFO

3205
POWER



INFO / SKILL

Battle Skill:



LIGHT HAMMER

Giant blood is quite amazing, but walking slowly and causing damage to the building.oyal Legion slowly and causing damage.

Mastery:



Attack

Attack+15%



Can be refined at corps lv.10

Equip Extra:



Attack

Attack+15%

ALL



Defence

Defence+10%



Tap to Add



Tap to Add

New Title – Project CL

Sandbox Game



New Title – Project CL



New Title – Project CL





Thanks!

LORDS
MOBILE

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