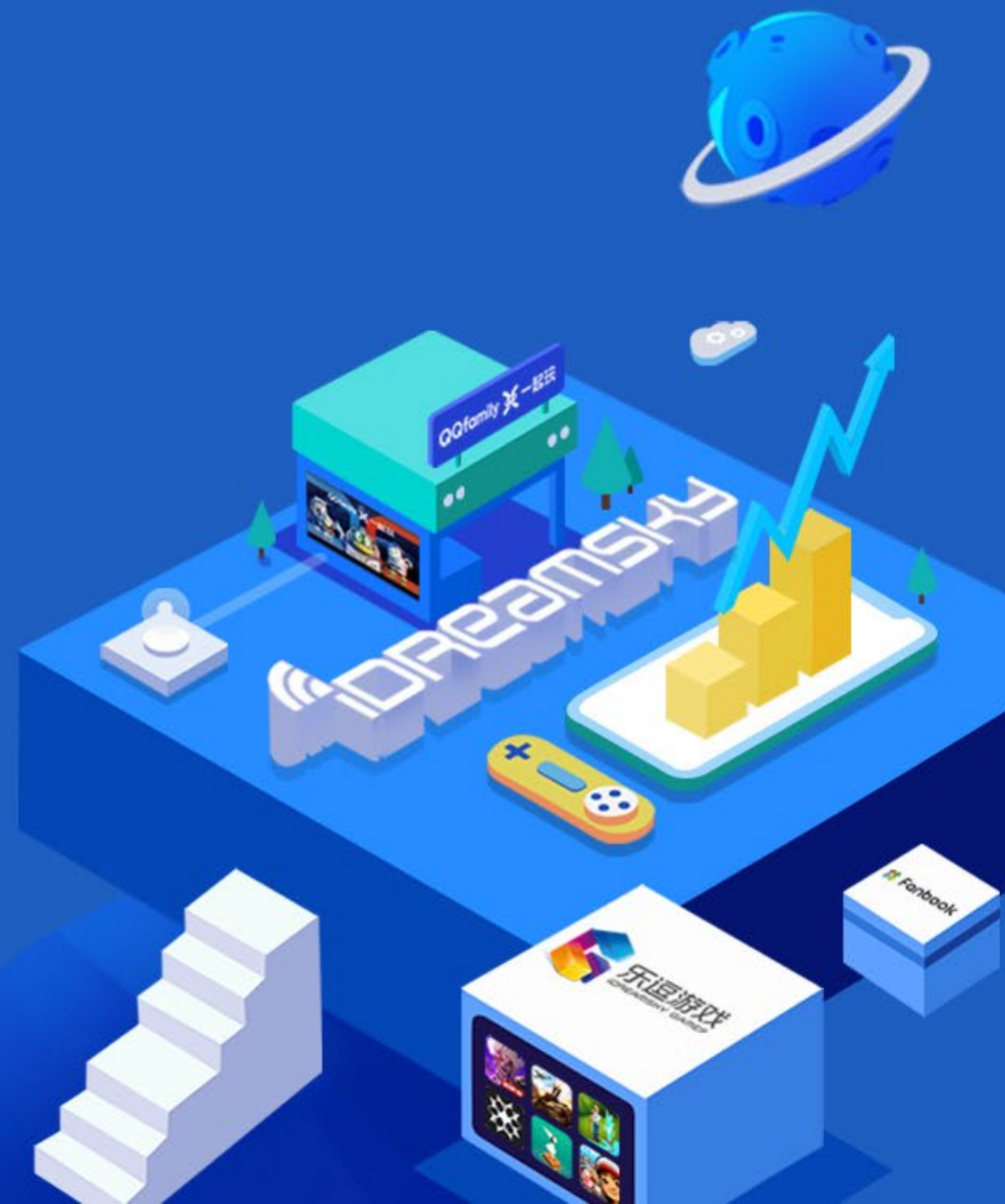




2022 Interim Results Presentation

Stock Code: 01119.HK

We Are Committed To Becoming A Global- Leading Technology Enabled IP Operator



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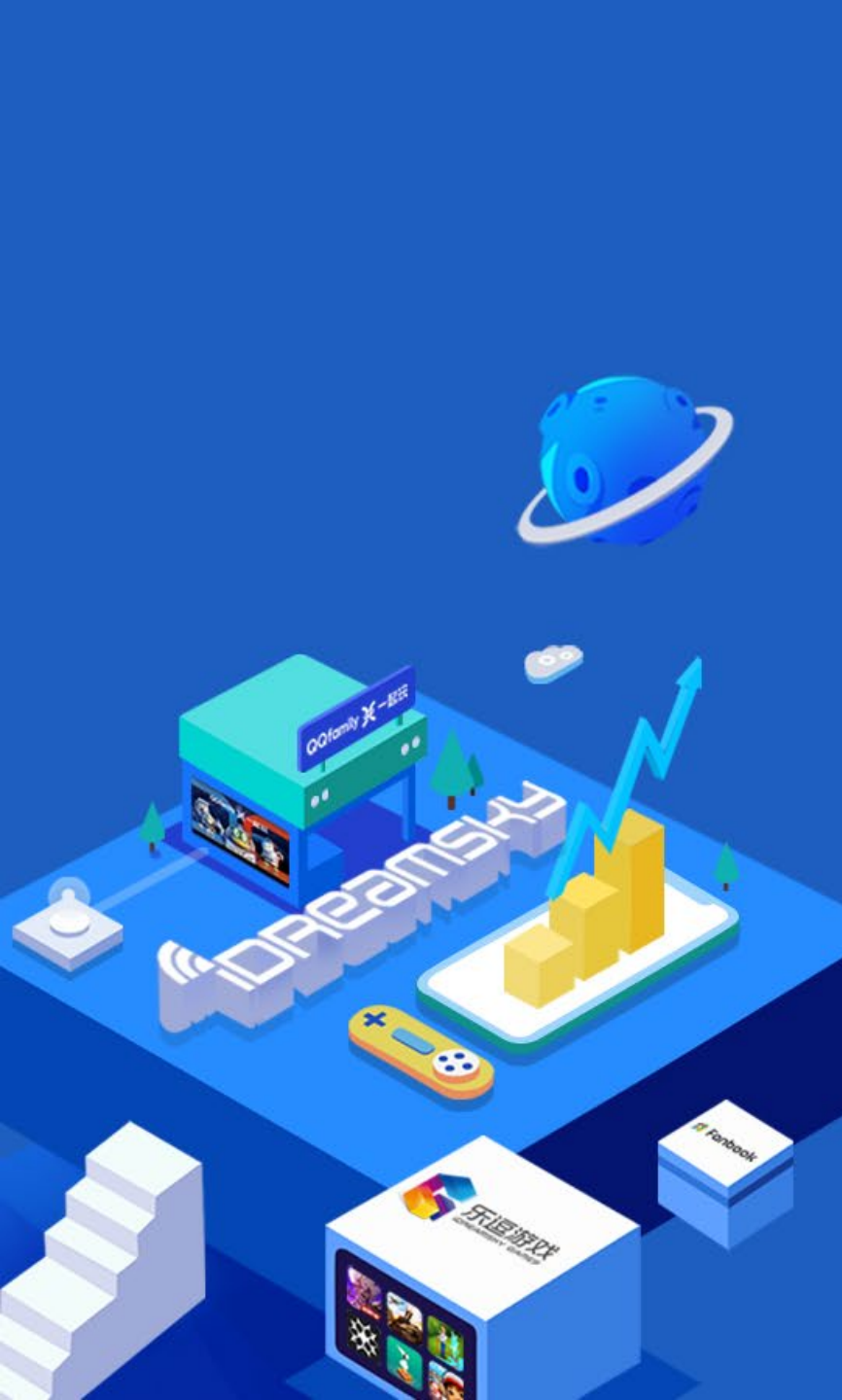
01 BUSINESS OVERVIEW

02 PERFORMANCE REVIEW

03 Q&A SESSION

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BUSINESS OVERVIEW



Creating Technology Enabled IP, Building Multi-Scene User Experience



乐逗游戏
iDREAMSKY GAMES

focus on self-development and operation of high-quality games in three major tracks: match-3 puzzle games, competitive games and RPG

QQfamily

offer users with console games and trendy product sales through the new business model of “experience + retail”, serving Generation Z's aspirations for the better life



digital tools

reduce user acquisition costs and improve IP commercialization efficiency

comprehensive IP capabilities
of gaming and IP derivatives



digital capabilities to serve users



Experience

attract customers with Gen Z's favorite experiences



Retail

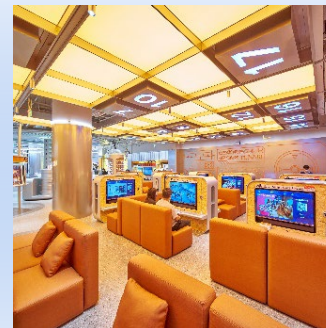
high-quality products with IP attributes and the ability to drive consumers' emotions



Interactive experience devices



Interactive experience areas



The upgraded store image has opened in early August

IP + Art mock-ups



IP + Trendy prints



IP + Home



China's only offline store for the image of Honor of Kings, League of Legends, Mighty Jaxx



hold QQ TOYS EXPO to aggregate industry resources

- Gamification expo
- Multi-channel: online & on-site
- Gathering art resources in the Greater Bay Area

IP Derivatives – Drive healthy growth with multi-channel development



- 2021.03 ● Obtained the license of QQfamily IP from Tencent
- 2021.07 ● The first QQfamily store in China was opened
- 2021.10 ● Entered into a cooperation agreement for QTX Designer Toy Exhibition with Tencent
- 2022.03 ● Started the non-store channels to meet the challenges of COVID-19
- 2022.05 ● Launched Penta Jam, a dedicated distribution and trading platform for trend and art works

As of 2022/08/31, the number of stores was

30

(including 9 stores out of the Pearl River Delta)

For FY2022, the number of newly-opened stores is expected around

30

For FY2022, the number of self-developed projects is expected around

47

The footfall of the stores ranked

first

in the relevant category of the shopping area

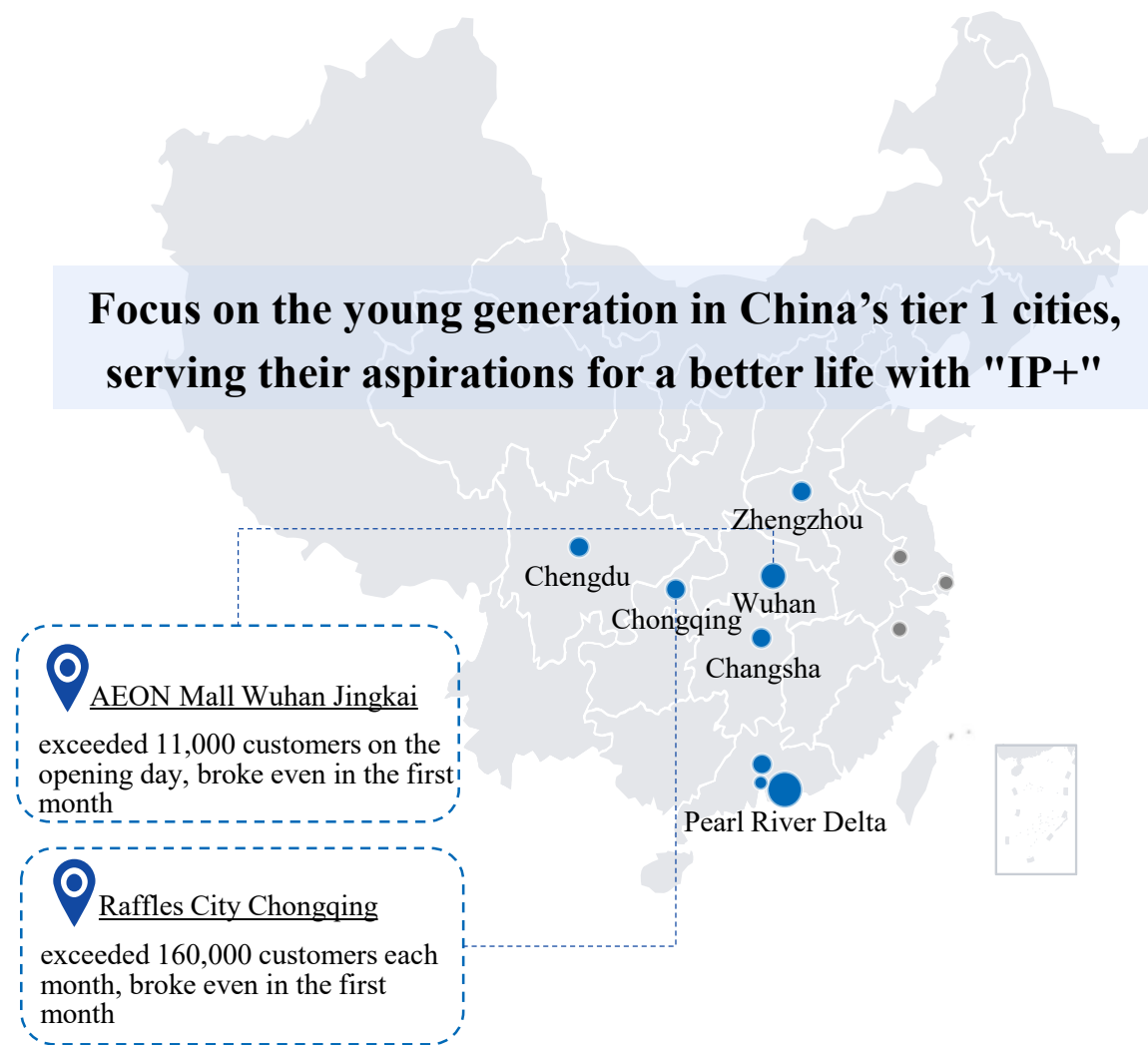
The non-store channels' revenue contribution was around 20% in the first half,

expected around **30%** in FY2022

For FY2022, the revenue of IP Derivatives is expected around

RMB **150**million

Focus on the young generation in China's tier 1 cities, serving their aspirations for a better life with "IP+"



We have several popular games with long life cycle based on our digital tools and operation capabilities

Match-three Puzzle

Gardenscapes Homescapes

Classic gen 2 match-3 puzzle mobile games, launched over 5 years with more than 100 million users

Gardenscapes & Homescapes

Competitive

Subway Surfers

A long-lasting parkour mobile game with over 700 million users, DAU over 100 million, payment rate, and in-game purchase revenue all hitting record highs since 2019 thanks to effective operation activities and development of new playing methods

Subway Surfers

Competitive

Temple Run

Classic IP mobile game known as the originator of parkour, launched for more than 10 years with MAU growing against the trend in the first half of 2022

Temple Run

Our self-developed games have achieved remarkable performance with continuous investment in self-development.

Glory All Stars

RPG

Glory All Stars (self-developed)

The self-developed horizontal version of 3D mobile adventurous RPG, launched on Android and iOS at the end of August 2021, with monthly revenue of more than RMB 100 million

Art of War III

Competitive

Art of War III (self-developed)

The first self-developed RTS game launched in 2019 with the theme of multi-military cooperation and real-time strategy

Gaming – Reserved several games to be launched soon, with the proportion of self-developed games continues to increase

Match-three Puzzle



Merge Endless
(self-developed)

The self-developed synthetic match-three puzzle game integrated with national customs, obtained the gaming approval on July 30, 2022. It is now under testing and expected to be launched at home and abroad simultaneously in 2022H2.



Witch Diaries
(self-developed)

The first self-developed match-three puzzle game to bring fresh experience with European and American fantasy plot. It has been under testing since 2022H1 and is expected to be launched overseas in 2022H2.



Budding Pop
(self-developed)

The self-developed synthesis match-three puzzle game integrated with adorable IP elements. It is expected to start the test in 2022H2 and will be launched in due course.

Competitive



Eternal Return
(mobile)
(self-developed)

The self-developed real-time strategic and tactics competitive mobile game, which combines single-player development and team strategy flexibly. It was elected as “One of The Most Anticipated Mobile Games” in 2021 Golden Plume Award and obtained the gaming approval on July 11, 2022.



CALABIYAU
(self-developed)

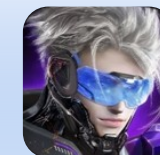
The self-developed innovative tactical shooting multi-ended game, for which we have authorized Tencent to publish mobile game and client game version in the Mainland China.

RPG



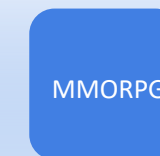
Final FireFly
(self-developed)

The self-developed strategy-placement card game, which obtained the gaming approval on April 8, 2022. It is expected to start the test in 2022H2 and will be launched in due course.



Mechanic Origin

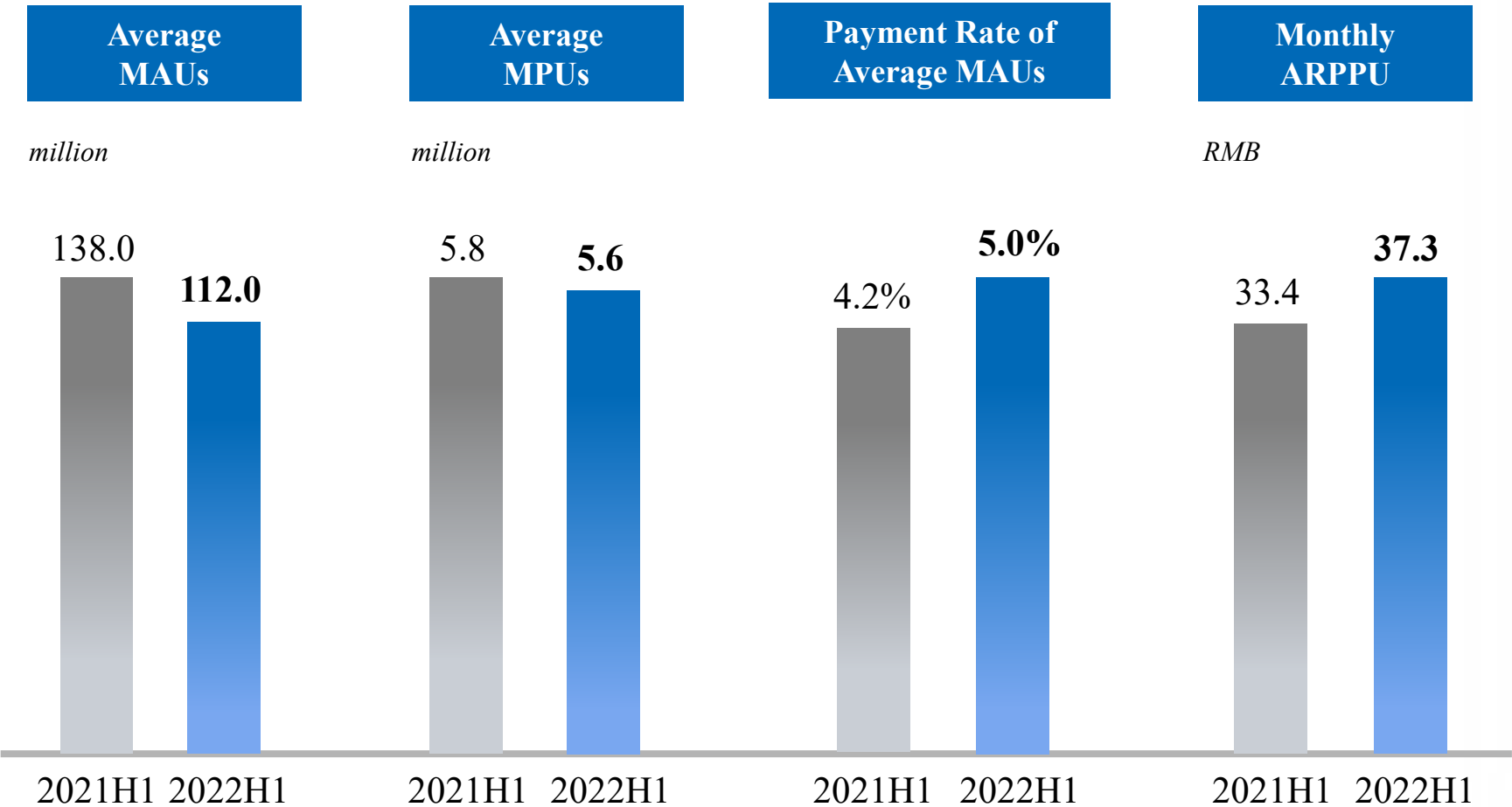
A cyberpunk miracle style MMORPG game with multi-player cross-play. It is expected to start the test in due course.



Open World RPG

A MMORPG mobile game jointly developed/operated with Tencent, which leads the user to embark on an adventurous exploration in a new world by role-playing.

Gaming - payment rate of average MAUs & monthly ARPPU both rose against the trends

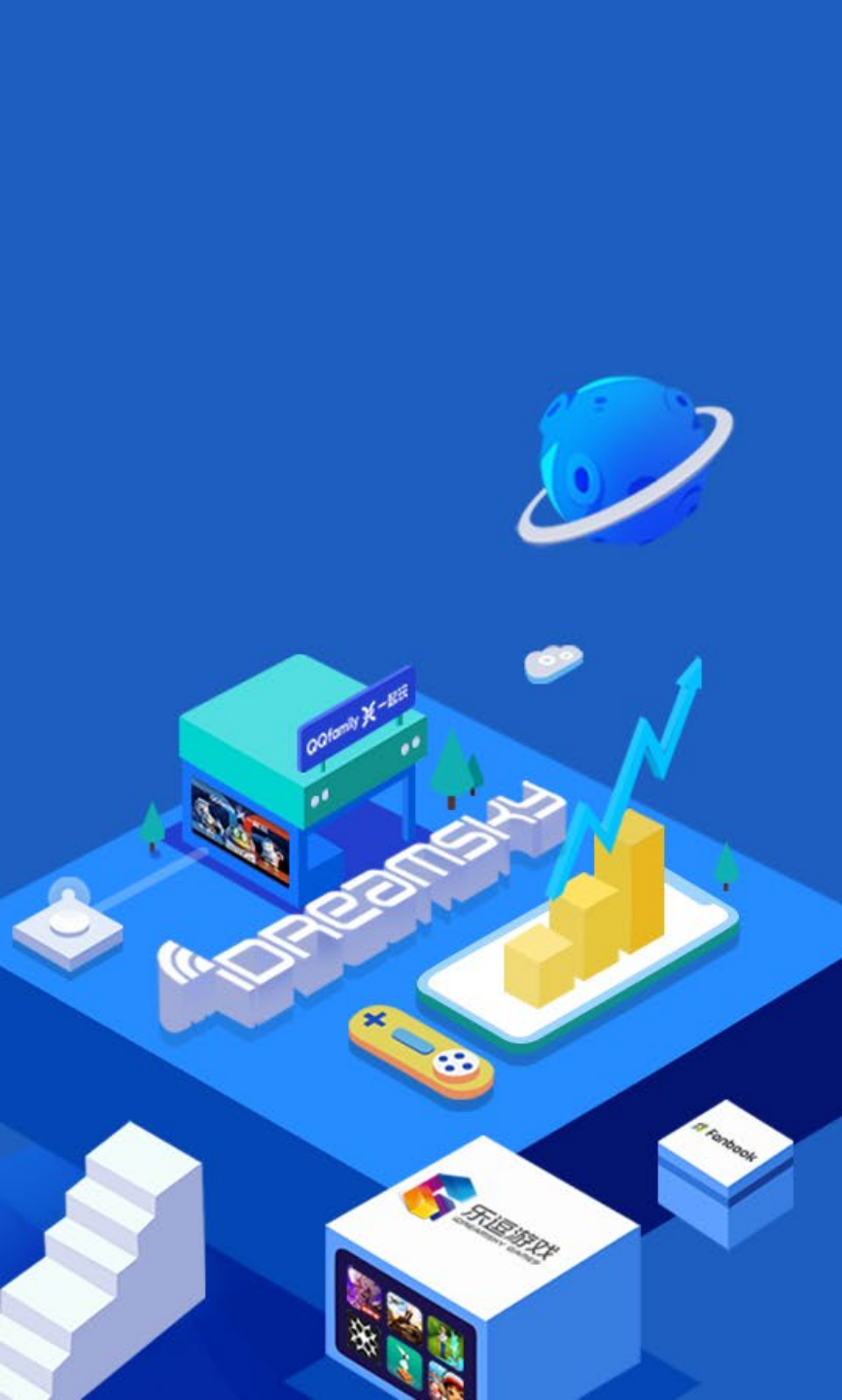


- The average MAUs and average MPUs declined year-on-year in the first half of 2022, mainly due to that we have stepwise terminated non-core games that were no longer in line with the Group’s strategy in game business since 2021 and the number of games in operation has decreased.
- Through effective operational activities, the payment rate of average MAUs increased by 5.0% year-on-year in the first half of 2022.
- The monthly ARPPU increased year-on-year in the first half of 2022, mainly due to the increased revenue contribution from RPG games, which have a higher monthly ARPPU.

* Our key operating metrics included data from all games published and operated by the Company.
 During the six months ended June 30, 2022, Cross Gate (mobile version), Ultimate Football Manager and Art of War III were not published or operated by the Company.

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PERFORMANCE REVIEW



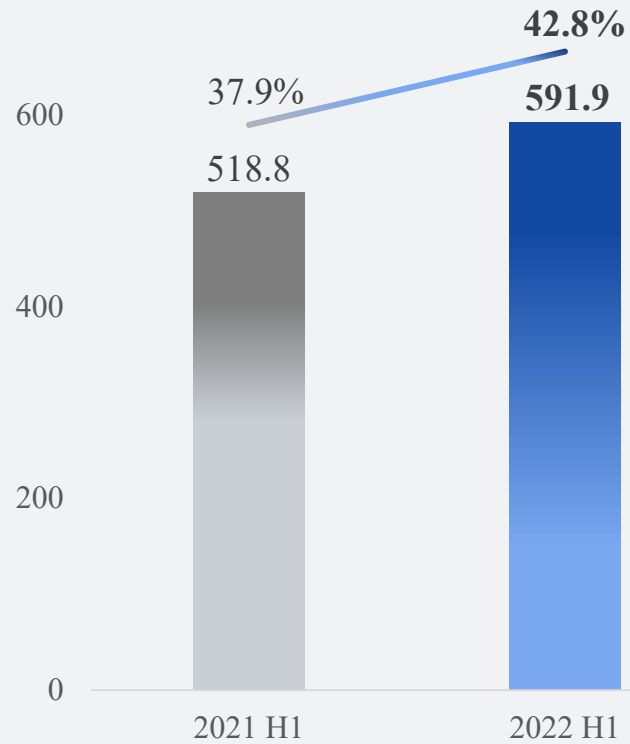
| <i>RMB million</i> | 2021 H1 | 2022 H1 | YoY change |
|--|---------|----------------|----------------|
| Revenue | 1,367.1 | 1,381.5 | +1.1% |
| Revenue from Gaming and Information Service ¹ | 1,355.2 | 1,339.6 | -1.2% |
| Revenue from IP Derivatives | 11.8 | 41.9 | +254.1% |
| Gross profit | 518.8 | 591.9 | +14.1% |
| Loss for the period | (68.0) | (222.0) | +226.7% |
| Adjusted (loss)/profit for the period ² | 44.4 | (156.9) | -453.7% |

1. In the first half of 2022, among the revenue from Gaming and Information Service, the revenue from Gaming increased 8.0% year-on-year to approximately RMB1,284.4 million against the trend, which was mainly due to the steady performance of our core games in operation.
2. The adjusted profit/loss for the period was derived from our profit/loss for the period excluding share-based compensation expenses, fair value gains or losses on financial assets, fair value changes from convertible bonds classified as financial liabilities at fair value through profit or loss, interest expenses on convertible bonds, impairment losses on contract assets, and impairment provisions on investments in associates (if any).

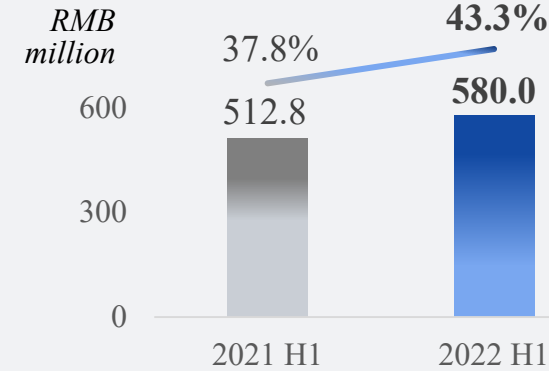
Consolidated gross margin continued to improve: the proportion of self-developed games further increased while the scale of IP Derivatives business was emerging

Consolidated gross profit and gross profit margin

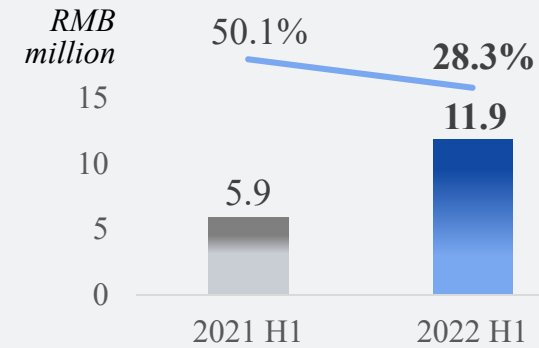
RMB million



Gross profit and gross profit margin of Gaming business



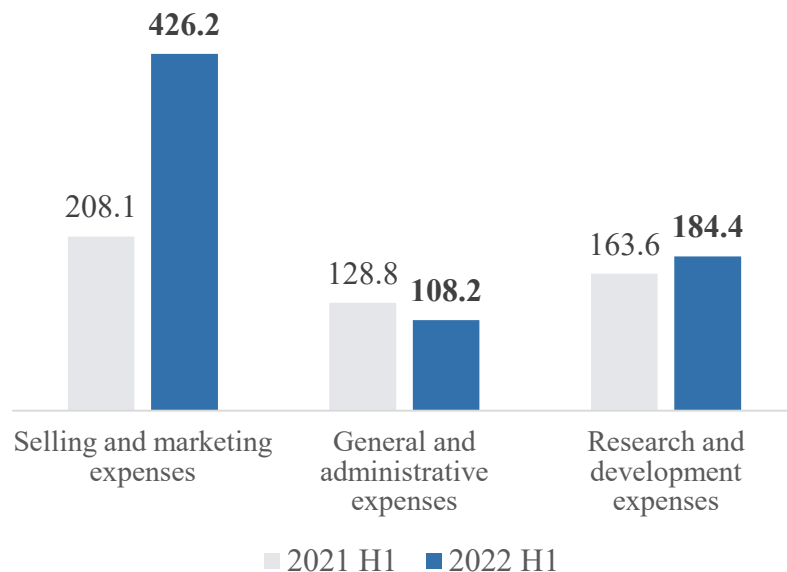
Gross profit and gross profit margin of IP Derivatives business



* In 2021 H1, the revenue of IP Derivatives business mainly comes from the console games' experience, which have higher gross profit margin

Continued to invest in core businesses with certainty, maintained well-control of general and administrative expenses

| | 2021 H1 | | 2022 H1 | |
|-------------------------------------|---------|------------------------|--------------|------------------------|
| <i>RMB million</i> | | <i>as % of revenue</i> | | <i>as % of revenue</i> |
| Total operating expenses | 500.5 | 36.6% | 718.8 | 52.0% |
| Selling and marketing expenses | 208.1 | 15.2% | 426.2 | 30.9% |
| General and administrative expenses | 128.8 | 9.4% | 108.2 | 7.8% |
| Research and development expenses | 163.6 | 12.0% | 184.4 | 13.3% |



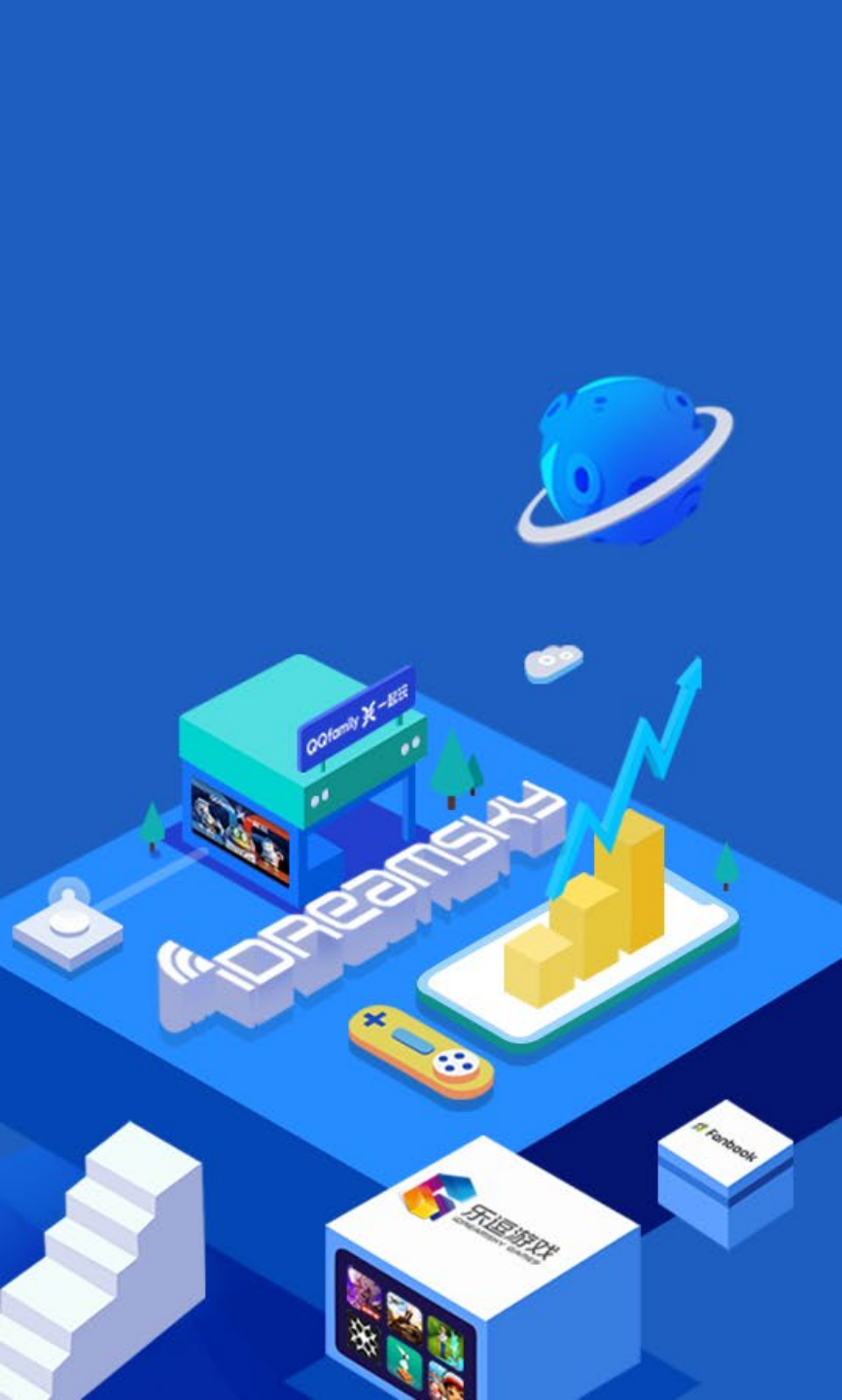
- The selling and marketing expenses increased by 104.9% year-on-year, which was mainly due to: 1) the increase in promotional expenses of the mobile games, especially the continuous promotion of Glory All Stars by way of buying traffic, which had a phased impact during the period, and is expected that the preliminary buying traffic will be gradually recovered in the second half of 2022; 2) the increase in marketing investment in the IP Derivatives business, including the projects such as Penta Jam and QTX Toys Expo; and 3) the increase in marketing and promotion expenses for digital tools.
- The general and administrative expenses decreased by 15.9% year-on-year, which was mainly due to the continuous improvement of the Group's management efficiency.
- The research and development expenses increased by 12.7% year-on-year, which was mainly due to: 1) the continuous investment in the R&D of core self-developed games and the design and development of new IP derivatives products; and 2) the increased investment in digital tools.

- **The consolidated gross profit margin increased significantly by 4.9ppt to 42.8%.**
- **The Group continues to invest in core businesses with certainty.**
- **The revenue contribution from self-developed games continued to increase, driving significant growth in gross profit margin of Gaming business.**
- **The scale of IP Derivatives business is emerging with revenue increased by 254.1% year-on-year.**



3

Q&A SESSION



THANKS!

创梦天地
iDREAMSKY



APPENDIX

