

# JOYY Inc.

## Fourth Quarter and Full Year 2024 Earnings Call Prepared Remarks

### **Operator:**

Ladies and gentlemen, thank you for standing by, and welcome to JOYY Inc.'s Fourth Quarter 2024 Earnings Call. At this time, all participants are in a listen-only mode. After the management's prepared remarks, there will be a question-and-answer session.

I'd now like to hand the conference over to your host today, Jane Xie, the company's Senior Manager of Investor Relations. Please go ahead, Jane.

### **Jane Xie (Senior Manager, Investor Relations):**

Thank you, operator. Hello everyone, welcome to JOYY's Fourth Quarter 2024 earnings conference call. Joining us today are Ms. Ting Li, Chairperson and CEO of JOYY; and Mr. Alex Liu, the Vice President of Finance.

For today's call, management will first provide a review of the quarter, and then we will conduct a Q&A session. The financial results and webcast of this conference call are available at [ir.joyy.com](http://ir.joyy.com). A replay of this call will also be available on our website in a few hours.

Before we continue, I would like to remind you that we may make forward-looking statements, which are inherently subject to risks and uncertainties that may cause actual results to differ from our current expectations. For detailed discussions of the risks and uncertainties, please refer to our latest annual report on Form 20F and other documents filed with the SEC.

We will also discuss certain non-GAAP financial measures. They are included as additional clarifying items to aid investors in further understanding the Company's performance and the impact that these items and events had on the financial results. The non-GAAP financial measures provided above should not be considered as a substitute for, or superior to, the measures of financial performance prepared in accordance with GAAP. You may find a reconciliation of differences between GAAP and non-GAAP financial measures in our earnings release.

Finally, please note that unless otherwise stated, all figures mentioned during this conference call are in USD.

I will now turn the call over to our Chairperson and CEO, Ms. Ting Li. Please go ahead, Ms. Li.

### **Ting Li (Chairperson and CEO):**

Hello everyone, I'm Li Ting. Welcome to our fourth quarter 2024 earnings call.

As we recently announced, on February 25, 2025, we successfully completed the sale of our livestreaming business for Mainland China, YY Live. I believe the full closing of this transaction marks the

beginning of a new chapter for JOYY's corporate development. As the first step, we are excited to announce that, effective from March 31, our Nasdaq ticker symbol will be changed from YY to JOYY. This aligns with our strategic vision and our globalization strategy entering into the new era.

Over the past few years, JOYY's position as a global technology company has solidified thanks to our global growth strategy. We have focused our resources and attention on markets across the world, with an emphasis on Developed Countries that demonstrate higher monetization efficiency and ROI. This strategic approach has yielded strong results. In 2024, our global market revenue excluding Mainland China accounted for 89.6% of our total revenue. Notably, Developed Countries saw a year-over-year revenue increase of 24.6%, boosting their share of the group's revenue to 53.9%. Moving forward, we will continue to deepen our penetration in key markets to build on this success. Improved global infrastructure, a diversified product portfolio, and localized operations will build our brand influence and reinforce our status as a global technology company.

As we drive our development, operational efficiency will remain a key focus. We will pursue a balance between growth and efficiency, driving high-quality topline growth while maintaining profitability and positive cash flow.

AI remains a key component of our strategy. The rapid advancement of AI has brought both transformative changes and new opportunities. With our accumulated proprietary data and in-house algorithm team, we are well-positioned to capitalize on these new trends. AI will empower our business by enhancing product development, optimizing data analysis, and improving our customer service. These advancements will directly improve both our operational efficiency and our users' experience, taking our global operations to new heights.

As AI usage rapidly increases, we also recognize that people will seek more emotional, interpersonal connections. Providing users with meaningful connections that they can truly value will be essential to long-term success for social media platforms in the AI age. This notion will inform our long-term strategic direction. Empowered by AI, we can build more comprehensive user profiles, which will ultimately improve content recommendation and matching among our users. We will continue to drive product optimization and operational innovation, leveraging AI in combination with the personal touch of talented creators on our platform to provide users with emotionally resonant connections and interactive experiences.

As we begin this important new chapter, we also want to reaffirm that as one of the leading global technology company in the industry, JOYY will hold itself to higher standards of responsibility towards our users and community. As the guardian of a global community of 263.1 million users, we remain committed to strictly adhere to all regulatory requirements while integrating social responsibility and sustainability into our global operations. We will continue to update our community guidelines and enhance our technological capabilities to create a safe platform for our users, while actively collaborating with industry partners to promote industry standards that support sustainable, responsible growth.

Now, let's review our overall performance for the fourth quarter and the full year.

In the fourth quarter, our group revenue reached \$549.4 million, achieving a non-GAAP net profit of \$96.1 million, up 57.1% quarter-over-quarter. Our core business segment BIGO achieved revenues of \$480 million. BIGO's non-GAAP operating profit reached \$81 million, up 11.2% quarter-over-quarter.

For the full year 2024, our group revenue was \$2.24 billion; the BIGO segment achieved revenues of \$1.99 billion, a year-over-year increase of 3.3%.

Thanks to strong operational execution throughout 2024, we made progress across multiple core objectives.

We consistently enhanced our localized operations worldwide, delivering steady growth in group profitability. For the full year 2024, the group achieved a non-GAAP operating profit of \$136 million, a year-over-year increase of 4.2%, and a non-GAAP net profit of \$298.5 million, a year-over-year increase of 2.0%. The BIGO segment's full-year operating profit reached \$286.3 million, exceeding our previous expectations; BIGO's non-GAAP net profit reached \$314.6 million, a year-over-year increase of 4.2%. This profit growth was achieved despite significant adjustments to our audio livestreaming products in non-core markets in 2024, which had a dozen-million negative impact on our bottom line. The upward trend in our operating profit in spite of these adjustments indicates that our core business profitability has improved substantially.

Meanwhile, the group's non-livestreaming revenue maintained high growth throughout the year. This primarily includes BIGO's advertising and the All-Other segment's SaaS revenues. For the full year 2024, the group's non-livestreaming revenue increased 55.9% year over year to \$449.8 million, accounting for 20.1% of total group revenue, an increase of 7.4 percentage points compared to 2023. In 2025, we expect that the group's non-livestreaming revenue will maintain double-digit growth, with its proportion of group revenue increasing in tandem. We expect this will provide momentum for the recovery of our revenue growth at the group level. Meanwhile, we expect the economics of our non-livestreaming business to be meaningfully improved given enhanced monetization and disciplined spending in 2025.

As we set the stage for ongoing growth, shareholder returns remain a high priority for management. In 2024, we repurchased 9.21 million ADSs for a total of \$309.2 million, representing 15.1% of our total outstanding shares as of the end of last year.

As of December 31, 2024, our net cash position stood at \$3.3 billion. We believe the current market valuation significantly undervalues our company, especially when considering our profitable livestreaming business and rapidly growing non-livestreaming business.

We are happy to announce that our board has approved a quarterly cash dividend program for the following 3 years. The aggregate amount of the cash dividend is expected to be about \$600 million, consisting of about \$200 million per year. Additionally, our board has approved an additional share repurchase program, under which we may repurchase up to US\$300 million of our shares until December 2027. This program replaces our previous share repurchase program which would expire in November this year.

We remain firmly committed to unlocking shareholder value through our consistent capital return initiatives.

Next, let me share more specific progress across our product lines. Let's begin with Bigo Live. In line with our goal of providing meaningful, personal experiences to our users, we continued to focus on cultivating a safe, high-quality, and diverse content ecosystem on Bigo Live.

In the fourth quarter, we updated Bigo Live's community guidelines and comprehensively enhanced its community safety technological capabilities. We introduced our exclusive multimodal content moderation model, which was fine-tuned with our scenario-specific data, and leveraged third-party large models, to further strengthen our content moderation capabilities. On the product feature front, we refined user verification processes and stratification mechanisms to direct traffic towards high-quality, verified user content. At the same time, we exercised stricter management of user-generated content to ensure our users would have safe, high-quality experiences. In addition, we formed partnerships with multiple industry players and worked with relevant authorities to jointly prevent and punish any potential malicious use of the platform. We remain committed to constantly improving our safety features to ensure secure experience for our users.

On the content front, Bigo Live continued to deliver the level of quality users have come to expect. The annual Bigo Awards Gala was held at Marina Bay Sands Theatre in Singapore. Over 1,000 guests from around the world attended in person, and nearly 500,000 viewers tuned in via livestream. The event honored over 200 outstanding content creators and Families for their contributions to Bigo Live's vibrant user community, and featured performances from 35 global artists across various genres. The Bigo Awards Gala has become a core tradition for the platform, and has helped countless talented creators expand their influence and reach the global stage. In addition to the main global venue, Bigo Live also held regional galas in Dubai, Thailand, and elsewhere. In 2025, Bigo Live will expand its community initiatives through creator partnerships focused on diversity, philanthropy, education, and more. We remain dedicated to building value for the platform's creator base and helping our global creators grow.

During the quarter, we utilized our proprietary AI model to analyze ultra-long user behavior sequences, and refined our content recommendation on Bigo Live. This improvement, together with our continuous effort to expand Bigo Live's high-quality content offering and optimize its livestreaming room viewing features, drove a 2.1% sequential increase in average viewing time per user during the fourth quarter. By strategically directing traffic to mid-tier hosts and optimizing livestreaming tools such as beauty and body filters, Bigo Live achieved a 1.2% increase in host next-day retention and a 2.9% increase in average livestream time per host, both quarter-over-quarter.

Next, let's look at Likee. Likee remains focused on two core markets: the Middle East and Europe. In the fourth quarter, Likee's DAUs in core European countries increased by 4.4% quarter-over-quarter. Driven by growth in paying users, Likee's livestreaming revenue grew 2.2% sequentially. In 2024, Likee recorded its second consecutive profitable year.

We continued to elevate Likee’s content and community engagement in its core markets. In January, Likee partnered with the globally popular game Genshin Impact to deepen its penetration among Gen Z users. The campaign featured Genshin-themed short video and livestream contests with special prizes, and a co-branded offline event in Europe. During the campaign, the initiative generated over 5.7 million views, and the offline themed event attracted 11,000 participants, even prompting several popular creators with millions of followers to join Likee. Beyond these targeted operational activities, Likee increased support for quality creators, driving a 13% quarter-over-quarter increase in viewer time spent on short videos. The proportion of content creators as a percentage of daily active users grew steadily compared to the third quarter, indicating healthy levels of engagement.

Last quarter, we mentioned that we have redirected some of Likee’s operational resources, including personnel and traffic, to a new product, to unlock our monetization potential in Likee’s core markets. We are pleased to report that the new product has launched smoothly and is currently generating small-scale revenue. We look forward to building the scale of this new product over the next few quarters, at which time we will share more updates.

Finally, on Hago. In the fourth quarter, driven by its blockbuster year-end operational event, Hago's quarterly livestreaming revenue achieved quarter-over-quarter growth. In the fourth quarter, Hago's cash flow remained positive, achieving its goal of positive cash flow for the second consecutive year.

Hago's user engagement further improved during the fourth quarter as well. Average time spent in channels increased by 8.6% quarter-over-quarter to 108.2 minutes. The product's next-day retention rate also continued to improve.

In 2024, we made substantial progress in improving operational efficiency and diversifying our revenue streams. Looking ahead, we remain deeply committed to driving diversified growth across our global operations and solidifying our position as a leading global technology company. Through AI-driven innovation, we are comprehensively enhancing our operational efficiency and cultivating meaningful experiences for our users. We will continue to prioritize platform safety and integrate social responsibility into our global operations. Based on our solid operational execution, we remain confident in driving sustainable growth in our global business and creating long-term value for our shareholders.

**Jane Xie (Senior Manager, Investor Relations):**

Thank you. We will now turn the call over to Mr. Alex Liu, the Vice President of Finance, to provide our financial updates.

**Alex Liu (Vice President of Finance):**

Thanks, Ms. Li. Hello, everyone.

I will now provide a recap of some key financial highlights for the fourth quarter.

Our total net revenues were 549.4 million in the Fourth Quarter, compared with 569.8 million in the same period last year. Revenues from BIGO segment were 480.0 million.

In particular, group's non livestreaming revenues were 127.0 million, up by 51.9% year over year, primarily due to the increase of BIGO's advertising revenues.

Geographically speaking, as we prioritized to allocate our operational resources towards Developed Countries and the acquisition of premium users with greater monetization potential, our group revenues from Developed countries and regions was up by 13.7% year over year, while revenues from Middle East sustained a sequential growth of 0.7%.

Cost of revenues for the quarter decreased by 6.2% year over year to 345.7 million. BIGO's cost of revenues were 304.9 million, which was down by 1.3% year over year, driven by a 5.5 million decrease in payment handling costs. All other's cost of revenues were 40.8 million, down by 31.4% year over year, consistent with its revenue trend.

Gross profit was 203.8 million in the quarter, with a gross margin of 37.1%. BIGO's gross profit was 175.0 million, with a gross margin of 36.5%. BIGO's gross margin was lower YoY and QoQ due to a shift in our revenue mix, which saw an increased contribution from our lower-margin Audience Network advertising revenues.

Our group's operating expenses for the quarter were 633.5 million, compared with 199.4 million in the same period of 2023. Among the operating expenses, we recorded non-cash goodwill impairment charges of 454.9 million. The impairment was primarily attributable to goodwill associated with our prior acquisitions, mainly driven by lower valuations amid current market conditions. Sales and marketing expenses decreased to 67.0 million from 92.3 million in the same period of 2023, primarily due to our reduced spending on user acquisition through advertising. General and administrative expenses increased to 44.0 million from 34.6 million in the same period of 2023, primarily due to increases in expected credit loss of receivables. BIGO's total operating expenses for the quarter were 105.7 million, decreased from 131.3 million in the same period of 2023, primarily due to decreased in sales and marketing expenses.

Our disciplined execution has driven enhanced operational efficiency at both the group and BIGO segment. Our group's non-GAAP operating income for the quarter was 46.4 million in this quarter, up by 66.2% from 27.9 million year over year. BIGO's non-GAAP operating income was 81.0 million, up by 21.0% from 67.0 million year over year.

Non-GAAP net income attributable to controlling interest of JOYY in the quarter was 96.1 million, up by 49.7% from 64.2 million in the same period of 2023. The Group's non-GAAP net income margin was 17.5% in the quarter, compared to 11.3% in the same period of 2023. BIGO's non-GAAP net income was 98.4 million, up by 55% from 63.5 million in the same period of 2023. BIGO's non-GAAP net margin was 20.5% in the quarter, compared with 12.9% in the same period last year.

For the Fourth Quarter of 2024, we booked net cash inflows from operating activities of 110.5 million. Our balance sheet remains healthy with a strong net cash position of 3.3 billion as of Dec 31 of 2024.

Now I would like to briefly walk through the full year financial highlights.

Our total net revenues for the full year were 2,237.8 million, compared to 2,267.9 million in 2023. BIGO's revenues for the full year were 1,988.3 million, up from 1,924.3 million in 2023.

Our non-GAAP net income attributable to controlling interest and common shareholders of JOYY for the full year of 2024 was 298.5 million, up by 2% from 292.5 million in 2023. Non-GAAP net income margin for the full year of 2024 was 13.3%, up from 12.9% in 2023. Notably, BIGO's non-GAAP net income expanded to 314.6 million in 2024, up by 4.2% from 302 million in 2023, with its non-GAAP net income margin slightly improved to 15.8%.

Importantly, shareholder return continued to be an important component of our capital allocation strategy. In the full year of 2024, we have returned an aggregate amount of 309.2 million to our shareholders through share buybacks, which altogether represent 103.6% of our non-GAAP net income.

We remain confident in our company's long-term growth prospects and believe that our share price has been trading substantially below its intrinsic value. Accordingly, our board of directors approved a quarterly dividend policy for the next 3 years commencing immediately. Under such policy, the total cash dividend amount expected to be paid will be approximately US 600 million and quarterly dividend will be set at a fixed amount of approximately US 50 million (US 0.93 per ADS) in each fiscal quarter. Additionally, our board has approved an additional share repurchase program, under which we may repurchase up to US 300 million of our shares until December 2027. This program replaces our previous share repurchase program which would expire in November this year. Going forward, we remain firmly committed to unlocking shareholder value through our capital return initiatives.

Turning now to our business outlook. At group level, we expect our net revenues for the first quarter of 2025 to be between 482 million and 490 million. Our guidance accounts for certain seasonality fluctuations and reflects our preliminary views on the current market, operational conditions and business adjustment decisions, which are subject to changes.

In closing, with the deal behind us, we are ready to turn to a new chapter for JOYY. Looking forward, we will remain dedicated to our strategic priorities, building our influence as a global technology company, exploring diverse growth and actively driving operational efficiency at all levels. We are well-positioned to deliver sustainable, profitable growth and create long-term value for our shareholders.

That concludes our prepared remarks. Operator, we would now like to open up the call to questions.