

FOR IMMEDIATE RELEASE

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GigaMedia Announces Third-Quarter 2018 Financial Results

TAIPEI, Taiwan, October 31, 2018 – GigaMedia Limited (NASDAQ: GIGM) today announced its third-quarter 2018 unaudited financial results.

Comments from Management

In the third quarter of 2018, total revenues maintained at approximately \$1.7 million, comparable to last quarter.

“In this quarter, new games have been added in our female-oriented product line to provide diversity and satisfaction, but nonetheless, it is the proven success in existing games like *Yume 100* that we laid stress on enhancing and replicating,” said GigaMedia Limited CEO James Huang.

“Meanwhile, we continued carrying out the plan of renovating the legacy casual games as well as re-activating our own vast customer base, and we expect favorable results to exhibit in the coming quarters.” continued CEO James Huang. “To our goal of achieving a long-term balanced growth, it is very essential to re-invigorate our legacy self-developed games.”

Third Quarter Overview

- Revenues maintained at approximately \$1.7 million, comparable to the second quarter of this year.
- Consolidated loss from operations for the third quarter of 2018 amounted to \$1.5 million, an increase in loss by 10.6% from a loss of \$1.3 million last quarter.
- The net asset value was around \$5.28 per share.

Unaudited Consolidated Financial Results

GigaMedia Limited is a diversified provider of digital entertainment services. GigaMedia's digital entertainment service business FunTown develops and operates a suite of digital entertainments in Taiwan and Hong Kong, with focus on browser/mobile games and casual games.

Unaudited consolidated results of GigaMedia are summarized in the table below.

For the third Quarter

GIGAMEDIA3Q18 UNAUDITED CONSOLIDATED FINANCIAL RESULTS

| (unaudited, all figures in US\$ thousands, except per share amounts) | 3Q18 | 2Q18 | Change (%) | 3Q18 | 3Q17 | Change (%) |
|--|---------|---------|------------|---------|---------|------------|
| Revenues | 1,662 | 1,659 | 0.18% | 1,662 | 2,304 | -27.86% |
| Gross Profit | 694 | 728 | -4.67% | 694 | 1,457 | -52.37% |
| Loss from Operations | (1,484) | (1,342) | NM | (1,484) | (315) | NM |
| Net Loss Attributable to GigaMedia | (1,083) | (755) | NM | (1,083) | (129) | NM |
| Loss Per Share Attributable to GigaMedia, Diluted | (0.10) | (0.07) | NM | (0.10) | (0.01) | NM |
| EBITDA (A) | (1,393) | (1,056) | NM | (1,393) | (305) | NM |
| Cash and Marketable Securities-Current | 59,924 | 60,733 | -1.33% | 59,924 | 63,770 | -6.03% |

NM= Not Meaningful

(A) EBITDA (earnings before interest, taxes, depreciation, and amortization) is provided as a supplement to results provided in accordance with U.S. generally accepted accounting principles ("GAAP"). (See, "Use of Non-GAAP Measures," for more details.)

Third-Quarter Financial Results

- Consolidated revenues for the third quarter of 2018 maintained at \$1.7 million approximately the same as in prior quarter and decreased year-over-year from \$2.3 million to \$1.7 million. While revenues from *Akaseka* and the legacy casual games declined, the increases in the newly launched *Sengoku*, and the long-lived *Yume 100* and *Tales Runner* made up for the decreases.
- Consolidated gross profit decreased 4.67% quarter-on-quarter from \$0.73 million to \$0.70 million and decreased 52.37% year-over-year from \$1.5 million to \$0.7 million.
- Consolidated operating expenses were \$2.2 million in the third quarter of 2018. An increase of \$0.1 million which is about 5.2% from the second quarter of 2018. The increase was mainly due to the increase in marketing expenses for the launch of *Sengoku* and the third anniversary of *Yume 100*.
- Consolidated loss from operation of the third quarter of 2018 was \$1.5 million, an increase in loss by 10.6% from a loss of \$1.3 million in last quarter.
- Consolidated net loss of the third quarter of 2018 was \$1.1 million compared to \$0.8 million in last quarter.
- Cash and marketable securities-current as of the end of the third quarter of 2018 accounted for \$59.9 million, decreasing by 1.33% from \$60.7 million at the end of the second quarter of 2018.

Financial Position

GigaMedia maintained its solid financial position, with cash, restricted cash and cash equivalents accounted for \$60.4 million as of September 30, 2018, or \$5.5 per share.

Business Outlook

The following forward-looking statements reflect GigaMedia's expectations as of October 31, 2018. Given potential changes in economic conditions and consumer spending, the evolving nature of online games, and various other risk factors, including those discussed in the Company's 2017 Annual Report on Form 20-F filed with the U.S. Securities and Exchange Commission as referenced below, actual results may differ materially.

GigaMedia CEO James Huang said: “In the following quarters, we will put more efforts on improving productivity in operating of existing games, and especially on in-house developing and revitalizing our self-developed games.”

“While we continue seeking suitable strategic investment and acquisition targets to increase corporate growth and maximize shareholders’ value, considering recent fluctuations in world equity market, any opportunities will be approached very cautiously. Meanwhile, we believe a profitable entertainment business of ours would certainly give us more leverage and present more possibilities of synergies when we are entering into a strategic cooperation and acquisition,” stated CEO James Huang

Use of Non-GAAP Measures

To supplement GigaMedia's consolidated financial statements presented in accordance with US GAAP, the Company uses the following measure defined as non-GAAP by the SEC: EBITDA. Management believes that EBITDA (earnings before interest, taxes, depreciation, and amortization) is a useful supplemental measure of performance because it excludes certain non-cash items such as depreciation and amortization and that EBITDA is a measure of performance used by some investors, equity analysts and others to make informed investment decisions. EBITDA is not a recognized earnings measure under GAAP and does not have a standardized meaning. Non-GAAP measures such as EBITDA should be considered in addition to results prepared in accordance with GAAP, but should not be considered a substitute for, or superior to, other financial measures prepared in accordance with GAAP. A limitation of using EBITDA is that it does not include all items that impact the company's net income for the period. Reconciliations to the GAAP equivalents of the non-GAAP financial measures are provided on the attached unaudited financial statements.

About the Numbers in This Release

Quarterly results

All quarterly results referred to in the text, tables and attachments to this release are unaudited. The financial statements from which the financial results reported in this press release are derived have been prepared in accordance with U.S. GAAP, unless otherwise noted as “non-GAAP,” and are presented in U.S. dollars.

Q&A

For Q&A regarding the third quarter 2018 performance upon the release, investors may send the questions via email to IR@gigamedia.com.tw, and the responses will be replied individually.

About GigaMedia

Headquartered in Taipei, Taiwan, GigaMedia Limited (Singapore registration number: 199905474H) is a diversified provider of digital entertainment services in Taiwan and Hong Kong. GigaMedia's digital entertainment service business is an innovative leader in Asia with growing capabilities of development, distribution and operation of digital entertainments, as well as platform services for games with a focus on mobile games and casual games. More information on GigaMedia can be obtained from www.gigamedia.com.tw.

The statements included above and elsewhere in this press release that are not historical in nature are "forward-looking statements" within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include statements regarding expected financial performance (as described without limitation in the "Business Outlook" section and in quotations from management in this press release) and GigaMedia's strategic and operational plans. These statements are based on management's current expectations and are subject to risks and uncertainties and changes in circumstances. There are important factors that could cause actual results to differ materially from those anticipated in the forward looking statements, including but not limited to, our ability to license, develop or acquire additional online games that are appealing to users, our ability to retain existing online game players and attract new players, and our ability to launch online games in a timely manner and pursuant to our anticipated schedule. Further information on risks or other factors that could cause results to differ is detailed in GigaMedia's Annual Report on Form 20-F filed in April 2018 and its other filings with the United States Securities and Exchange Commission.

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(Tables to follow)

GIGAMEDIA LIMITED
CONSOLIDATED STATEMENTS OF OPERATIONS

| | 9/30/2018 unaudited USD | Three months ended 6/30/2018 unaudited USD | 9/30/2017 unaudited USD |
|--|-------------------------------|---|-------------------------------|
| Operating revenues | | | |
| Digital entertainment service revenues | 1,662,324 | 1,658,914 | 2,304,287 |
| Other revenues | — | — | — |
| | <u>1,662,324</u> | <u>1,658,914</u> | <u>2,304,287</u> |
| Operating costs | | | |
| Cost of Digital entertainment service revenues | 968,442 | 930,421 | 846,905 |
| Cost of other revenues | — | — | — |
| | <u>968,442</u> | <u>930,421</u> | <u>846,905</u> |
| Gross profit | <u>693,882</u> | <u>728,493</u> | <u>1,457,382</u> |
| Operating expenses | | | |
| Product development and engineering expenses | 286,015 | 300,635 | 269,539 |
| Selling and marketing expenses | 963,444 | 760,185 | 601,638 |
| General and administrative expenses | 923,288 | 1,003,359 | 896,398 |
| Other | 5,514 | 6,555 | 4,515 |
| | <u>2,178,261</u> | <u>2,070,734</u> | <u>1,772,090</u> |
| Loss from operations | <u>(1,484,379)</u> | <u>(1,342,241)</u> | <u>(314,708)</u> |
| Non-operating income (expense) | | | |
| Interest income | 351,262 | 338,602 | 208,696 |
| Interest expense | — | — | (9,985) |
| Foreign exchange (loss) gain - net | 49,285 | 246,830 | (13,239) |
| (Loss) Gain on disposal of property, plant and equipment | — | 31 | (2) |
| Equity in net loss on equity method investments | — | — | (105) |
| Impairment loss on marketable securities and investments | — | — | (233) |
| Other - net | 728 | 2,122 | 860 |
| | <u>401,275</u> | <u>587,585</u> | <u>185,992</u> |
| (Loss) Income from continuing operations before income taxes | <u>(1,083,104)</u> | <u>(754,656)</u> | <u>(128,716)</u> |
| Income tax benefit (expense) | — | 0 | (7) |
| (Loss) Income from continuing operations | <u>(1,083,104)</u> | <u>(754,656)</u> | <u>(128,723)</u> |
| Net (loss) income | <u>(1,083,104)</u> | <u>(754,656)</u> | <u>(128,723)</u> |
| Less: Net loss attributable to noncontrolling interest | — | — | — |
| Net (loss) income attributable to shareholders of GigaMedia | <u>(1,083,104)</u> | <u>(754,656)</u> | <u>(128,723)</u> |
| (Loss) Earnings per share attributable to GigaMedia | | | |
| Basic: | | | |
| Earnings (loss) from continuing operations | (0.10) | (0.07) | (0.01) |
| Loss from discontinued operations | 0.00 | 0.00 | 0.00 |
| | <u>(0.10)</u> | <u>(0.07)</u> | <u>(0.01)</u> |
| Diluted: | | | |
| Earnings (loss) from continuing operations | (0.10) | (0.07) | (0.01) |
| Loss from discontinued operations | 0.00 | 0.00 | 0.00 |
| | <u>(0.10)</u> | <u>(0.07)</u> | <u>(0.01)</u> |
| Weighted average shares outstanding: | | | |
| Basic | <u>11,052,235</u> | <u>11,052,235</u> | <u>11,052,235</u> |
| Diluted | <u>11,052,235</u> | <u>11,052,235</u> | <u>11,052,235</u> |

GIGAMEDIA LIMITED
CONSOLIDATED BALANCE SHEETS

| | <u>9/30/2018</u> | <u>6/30/2018</u> | <u>9/30/2017</u> |
|------------------------------------|--------------------------|--------------------------|--------------------------|
| | unaudited | unaudited | unaudited |
| | USD | USD | USD |
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 59,923,784 | 60,732,757 | 63,767,004 |
| Marketable securities - current | — | — | 2,617 |
| Accounts receivable - net | 835,013 | 672,143 | 699,407 |
| Prepaid expenses | 237,635 | 309,952 | 310,286 |
| Restricted cash | 514,770 | 511,710 | 503,640 |
| Other receivables | 316,540 | 335,119 | 495,685 |
| Other current assets | 129,114 | 121,693 | 155,240 |
| Total current assets | <u>61,956,856</u> | <u>62,683,374</u> | <u>65,933,879</u> |
| Property, plant & equipment - net | 147,600 | 173,051 | 135,287 |
| Intangible assets - net | 41,109 | 48,473 | 2,812 |
| Prepaid licensing and royalty fees | 1,097,911 | 1,043,823 | 516,477 |
| Other assets | 278,356 | 279,616 | 325,763 |
| Total assets | <u><u>63,521,832</u></u> | <u><u>64,228,337</u></u> | <u><u>66,914,218</u></u> |
| Liabilities and equity | | | |
| Short-term borrowings | | | |
| Accounts payable | 279,485 | 244,240 | 269,316 |
| Accrued compensation | 606,547 | 405,416 | 565,446 |
| Accrued expenses | 2,066,188 | 2,098,418 | 2,037,396 |
| Unearned revenue | 1,971,039 | 1,756,877 | 2,068,262 |
| Other current liabilities | 196,516 | 176,174 | 223,173 |
| Total current liabilities | <u>5,119,775</u> | <u>4,681,125</u> | <u>5,163,593</u> |
| Other liabilities | — | — | 1,671,511 |
| Total liabilities | <u>5,119,775</u> | <u>4,681,125</u> | <u>6,835,104</u> |
| GigaMedia's shareholders' equity | 58,402,057 | 59,547,212 | 60,079,114 |
| Noncontrolling interest | — | — | — |
| Total equity | <u>58,402,057</u> | <u>59,547,212</u> | <u>60,079,114</u> |
| Total liabilities and equity | <u><u>63,521,832</u></u> | <u><u>64,228,337</u></u> | <u><u>66,914,218</u></u> |

GIGAMEDIA LIMITED
RECONCILIATIONS OF NON-GAAP RESULTS OF OPERATIONS

| | Three months ended | | |
|--|--------------------|--------------------|------------------|
| | 9/30/2018 | 6/30/2018 | 9/30/2017 |
| | unaudited | unaudited | unaudited |
| | USD | USD | USD |
| Reconciliation of Net Income (Loss) to EBITDA | | | |
| Net income (loss) attributable to GigaMedia | (1,083,104) | (754,656) | (128,723) |
| Depreciation | 25,318 | 25,563 | 18,929 |
| Amortization | 16,516 | 11,532 | 3,302 |
| Interest income | (351,262) | (338,602) | (208,696) |
| Interest expense | — | — | 9,985 |
| Income tax (benefit) expense | — | — | 7 |
| EBITDA | <u>(1,392,532)</u> | <u>(1,056,163)</u> | <u>(305,196)</u> |