



Prepared Remarks: Q1'24

Roman Safiyulin, Chief Corporate Development Officer

Hello everyone and thank you for joining us today for the first quarter 2024 earnings results presentation for GVEV Inc. Today on the call will present Andrey Fadeev, founder and CEO, Alexander Karavaev, Chief Financial Officer and Roman Safiyulin, Chief Corporate Development Officer.

Before we get starting, I would like to remind you that today's discussion may contain forward-looking statements which may not develop as we currently expect. We have posted a supplementary slide deck to the investor relations section of our website at gdev.inc, which contains information and precautionary warnings on forward-looking statements as well as our non-IFRS financial measures, and we will also post our prepared remarks. For a more complete discussion of the risks and uncertainties, please see our filings with the SEC.

With that, I am turning it over to Andrey.

Andrey Fadeev, CEO, founder

Hello everyone,

Today, I am delighted to present to you the GDEV's preliminary first quarter 2024 earnings results.

We will share the progress we've made during the first quarter of 2024, discuss our initiatives to increase shareholder value, and highlight recent developments in our gaming franchise portfolio.

The past two years have been challenging for the world, the global gaming industry, and our company. However, I believe we have navigated these turbulent times most competently. We returned to year-over-year bookings growth in the fourth quarter 2023 and we are happy to see that trend continuing into the first quarter of this year. We adopted a new product development strategy for our portfolio studios which strive to be on top of their genre, delivering fun and engaging experiences for our players worldwide.

Our flagship IP, Hero Wars, continues to perform strongly across various platforms. Moreover, Pixel Gun 3D is showing great numbers in terms of user activity. We're also excited about promising new titles like Island Hoppers, which we believe will follow in their successful footsteps.

Apart from the operating business, we have also made steps towards improving the corporate profile to enhance shareholder value. In January, we completed a tender offer to repurchase 16.5 million of our ordinary shares with the intention to reintroduce them to the open market to enhance market liquidity.

Thank you for joining us today. I will now turn it over to Alexander Karavaev, our CFO, who will provide more details on our business and financial results.

Alexander Karavaev, Chief Financial Officer

Thank you Andrey.

I am turning to our financial results. For the quarter, we generated 107 million of revenue, down 2% sequentially and down 10% year over year. The main reason for revenue drop is the increase in the change in deferred revenue in the first quarter of 2024 in the amount of \$17 million vs. the same period in 2023, partially offset by an increase of \$5 million in bookings in the first quarter of 2024 vs. the same period in 2023.

At the same time, bookings, our performance metric that directly reflects how much money players spent on our games during the period before taking into account the deferred revenues required for financial accounting purposes, amounted to \$109 million in the first quarter, representing a 4% increase year-over-year and a 3% increase quarter-over-quarter. Our selling and marketing expenses in the period were 63 mln, that is a 16% increase QoQ, but a 19% decline YoY. These changes are attributed to a shift in user acquisition strategy focused on enhancing efficiency, compounded by a substantial initial investment in marketing during the first quarter of 2023.

Platform commissions decreased by \$6 million (or 19%) in the first quarter of 2024 compared to the same period in 2023 driven by the decrease in revenues, amplified by growth of PC platforms historically associated with lower commissions.

Game operation costs decreased by \$2 million, reaching \$13 million in the first quarter of 2024, driven mostly by a decrease in the employee benefits expenses partially offset by an increase in technical support services.

General and administrative expenses remained relatively stable decreasing by only \$0.7 million in the first quarter of 2024 vs. the same period in 2023.

As a result of the factors above, we recorded a loss for the period, net of tax, of \$1 million compared with a loss of \$8 million in the respective period of 2023. Adjusted EBITDA in Q1 2024 amounted to negative \$3 million, an increase of \$10 million compared to the respective period of 2023.

Cash flows generated from operating activities amounted to \$0.4 million in the first quarter of 2024, an increase from negative \$12 million in the same period of 2023. I would also like to note that, just like last year, we aggressively invested in growth during the holiday period, but our net result is better due to improved efficiency.

The share of advertisement sales as a percentage of total bookings increased in the first quarter 2024 to reach 7.7%, compared to 7% in the respective period of 2023. The increase was driven by the successful implementation of advertisement functionality in Island Hoppers from the start of the second quarter of 2023.

Regarding other metrics, GDEV's Monthly Paying Users (MPU) reached 381,000 in Q1, representing a 6% growth quarter-over-quarter and remaining flat year-over-year. Our Average Booking Per Paying User (ABPPU) in US dollars reached \$88, a 4% increase year-over-year.

And now our Chief Corporate Development Officer Roman Safiyulin will continue on operating metrics and product update.

Roman Safiyulin, Chief Corporate Development Officer

Thank you, Alexander. I will now provide some details on the operating performance of the group and share some insights on the key franchises.

As Alexander mentioned, the first quarter of the year is usually a hot season for User Acquisition investments, when you can acquire users at very attractive returns. This year was no exception – we have seen growth in Q1 2024 across all key operating metrics, such as downloads, MAU, DAU etc. across all our key products, thanks to our marketing efforts.

Overall, our Monthly Active Users (MAUs) increased by 17% year-over-year, reaching approximately 14 million in Q1 2024. While Daily Active Users (DAUs) also saw an 8% year-over-year increase, with 1.6 million players engaging with our games daily.

While our core franchise two titles Hero Wars Dominion Era and Hero Wars: Alliance continues to account for the greater majority of our bookings, we also remained well diversified by other products as well as platforms and geography, which provides us with more flexibility in our operations, as we can allocate resources in a more efficient way.

Hero Wars: Dominion Era, our PC RPG title, showed solid performance in Q1 2024. The team managed to attract a record-high 7.5 million new registrations which led to 6% growth in MPU YoY. As a result, the game now accounts for 38% of total bookings. Given we pay much lower commission on our own proprietary PC platform, that development helped us to decrease the blended platform commission from revenue to a historically low level of 21.9%.

Hero Wars: Alliance, our mobile RPG title, also saw a massive influx of new players during the first quarter taking the game to TOP-5 among all RPG games by download on mobile and TOP-1 in its Team Battler sub-genre in Q1 2024 according to AppMagic.

Now, let's move on to our Pixel Gun 3D franchise. While bookings in Q1 experienced a YoY decline, the team managed to improve Monthly Active Users metric by 33% year-over-year. Moreover, Pixel Gun 3D is no longer just a mobile game. The PC version was released on Steam on April 2nd and immediately entered the Top 20 best-selling and Top 50 most-played games upon debut, without significant marketing investments, purely due to the brand power of the title.

Talking about Island Hoppers, our mobile farming title, the team is constantly working on adding new content and features and improving the game metrics. This resulted in a 56% YoY bookings growth, amounting to over \$7.5 million.

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Going forward, this year we are fully focused on further enhancement of our key franchises. Teams are constantly working on improving the user experience for the players to grow retention, engagement, monetization metrics in order to boost the forecasted LTV. And the benefits we receive from LTV improvements we plan to use in more intense User Acquisition investments, which is expected to provide us with cohorts, supporting growth in the future periods.

With that, we conclude our first quarter 2024 earnings results presentation for GDEV Inc. We look forward to speaking to you again next quarter.