



Q2'23 Financial Results

GDEV Inc.

28 August 2023

Forward-looking statements

Certain statements in this presentation may constitute “forward-looking statements” for purposes of the federal securities laws. Such statements are based on current expectations that are subject to risks and uncertainties. In addition, any statements that refer to projections, forecasts or other characterizations of future events or circumstances, including any underlying assumptions, are forward-looking statements.

The forward-looking statements contained in this press release are based on the Company’s current expectations and beliefs concerning future developments and their potential effects on the Company. There can be no assurance that future developments affecting the Company will be those that the Company has anticipated. Forward-looking statements involve a number of risks, uncertainties (some of which are beyond the Company’s control) or other assumptions. You should carefully consider the risks and uncertainties described in the “Risk Factors” section of the Company’s 2022 Annual Report in Form 20-F, filed by the Company on June 26, 2023, and other documents filed by the Company from time to time with the Securities and Exchange Commission. Should one or more of these risks or uncertainties materialize, or should any of the Company’s assumptions prove incorrect, actual results may vary in material respects from those projected in these forward-looking statements. Forward-looking statements speak only as of the date they are made. Readers are cautioned not to put undue reliance on forward-looking statements, and the Company undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws

Presentation of Non-IFRS Financial Measures

In addition to the results provided in accordance with IFRS throughout this press release, the Company has provided the non-IFRS financial measure “Adjusted EBITDA” (the “Non-IFRS Financial Measure”). The Company defines Adjusted EBITDA as the total comprehensive income/(loss) as presented in the Company’s financial statements in accordance with IFRS, adjusted to exclude (i) other comprehensive income/loss, (ii) goodwill and investments in equity accounted associates’ impairment, (iii) loss on disposal of subsidiaries, (iv) income tax expense, (v) net finance income/expense, (vi) change in fair value of share warrant obligations and other financial instruments, (vii) share of loss of equity-accounted associates, (viii) depreciation and amortization, (ix) share-based payments and (x) certain non-cash or other special items that we do not consider indicative of our ongoing operating performance. The Company uses this Non-IFRS Financial Measure for business planning purposes and in measuring its performance relative to that of its competitors. The Company believes that this Non-IFRS Financial Measure is a useful financial metric to assess its operating performance from period-to-period by excluding certain items that the Company believes are not representative of its core business. This Non-IFRS Financial Measure is not intended to replace, and should not be considered superior to, the presentation of the Company’s financial results in accordance with IFRS. The use of the Non-IFRS Financial Measure terms may differ from similar measures reported by other companies and may not be comparable to other similarly titled measures.

Due to the rounding the numbers presented throughout this document may not precisely add up to the totals. The period-over-period percentage changes are based on the actual numbers and may therefore differ from the percentage changes if those would be calculated based on the rounded numbers

The figures in this document are unaudited. Our audited consolidated financial statements for the year ended December 31, 2022, and the notes thereto, are included in our 2022 Annual Report in Form 20-F, filed with the Securities and Exchange Commission on June 26, 2023

In this presentation, we use a number of key operating and non-IFRS financial metrics which we believe accurately, in material aspects, reflect the principal parameters of our historic and projected performance. For further information, regarding our operating metrics, see our 2022 Annual Report in Form 20-F filed with the SEC.

Operating metrics

- ✦ Monthly Paying Users (MPUs) are the number of individuals who made a purchase of a virtual item at least once on a particular platform in the 30-day period ending with the measurement date
- ✦ Average Bookings Per Paying User (ABPPU) is the total Bookings attributable to in-game purchases in a given period, divided by the number of months in that period, divided by the average number of MPUs during the period
- ✦ Bookings are sales contracts generated from in-game purchases and sales of advertisement in a given period

Non-IFRS measure

- ✦ Adjusted EBITDA. The Company defines Adjusted EBITDA as the net income/loss as presented in the Company's financial statements in accordance with IFRS, adjusted to exclude (i) other comprehensive income/loss, (ii) goodwill and investments in equity accounted associates' impairment, (iii) loss on disposal of subsidiaries, (iv) income tax expense, (v) net finance income/expense, (vi) change in fair value of share warrant obligations and other financial instruments, (vii) share of loss of equity-accounted associates, (viii) depreciation and amortization, (ix) share-based payments and (x) certain non-cash or other special items that we do not consider indicative of our ongoing operating performance. Adjusted EBITDA is a non-IFRS financial measure and should not be construed as an alternative to net income/loss as an indicator of operating performance as determined in accordance with IFRS.

Product update



- Soft rebranding for mobile and PC versions to differentiate them and create a distinct identity
- External web shop launch for mobile players to provide an alternative monetization method

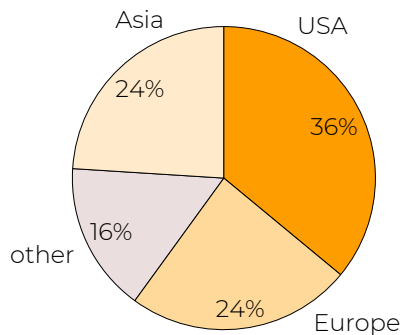


- Q2'23 bookings +11% YoY and +5% QoQ due to LiveOps and monetization improvements
- The team is currently working on various experiment initiatives in Pixel Gun 3D franchise universe

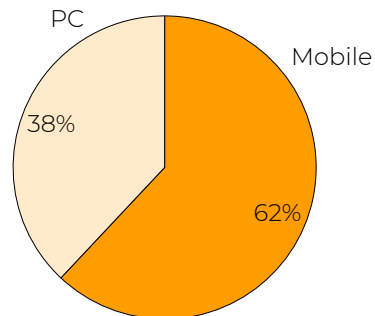


- 10 million installs milestone and 1.7 million MAU, continuing robust scaling
- >\$6m in Q2'23 bookings, entering the top-10 grossing list of mobile farming games

Bookings by geo

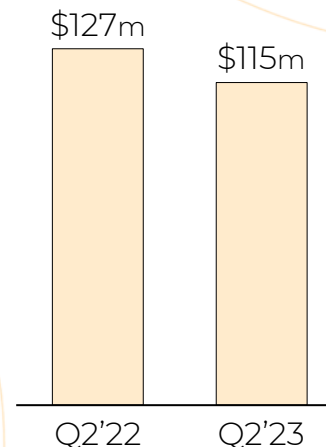


Bookings by platform

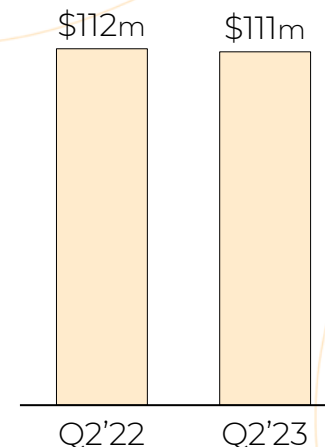


Financial and operating results

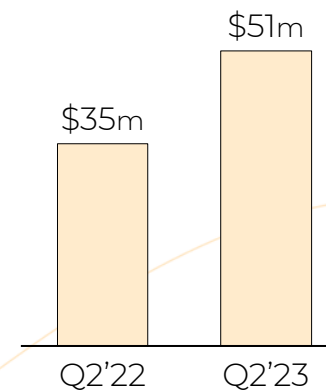
Revenue



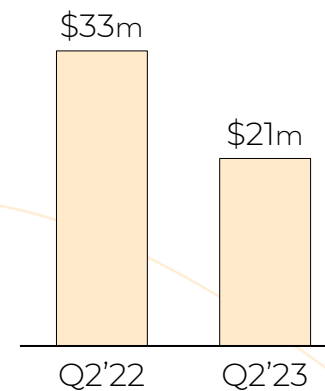
Bookings



Selling & marketing expenses



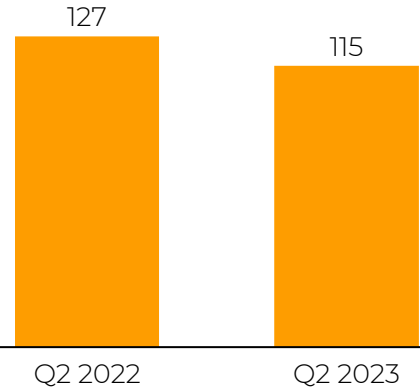
Total comprehensive Income



Key financial highlights (1/2)

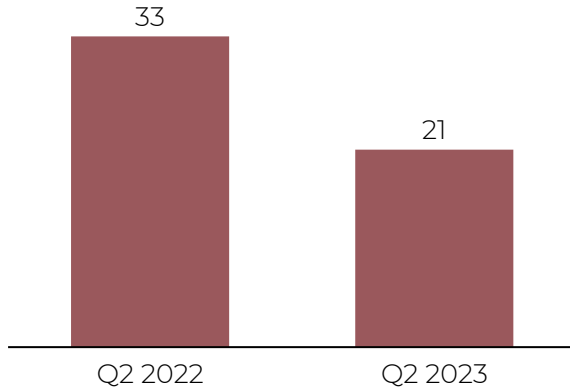
\$m

Revenue



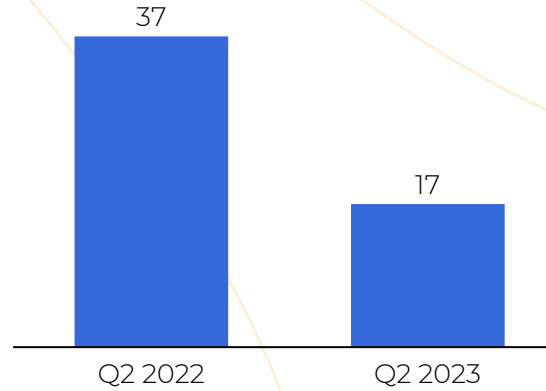
\$m

Total comprehensive Income/ Loss



\$m

Adjusted EBITDA



253

234

H1 2022

H1 2023

56

12

H1 2022

H1 2023

56

5

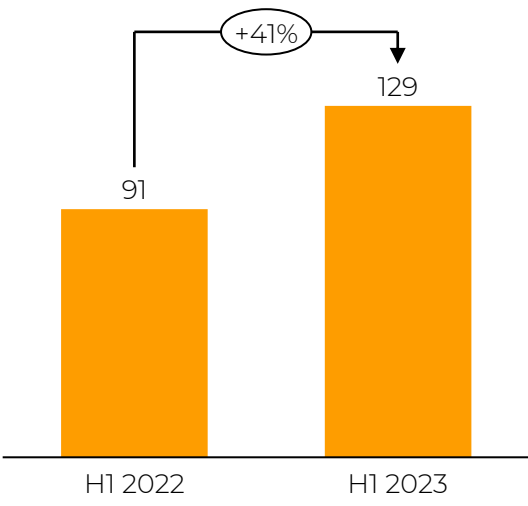
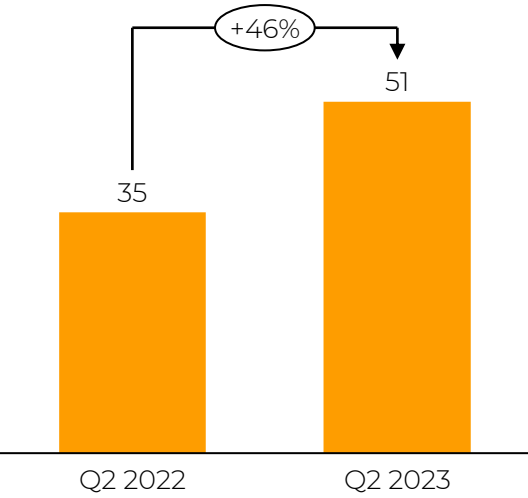
H1 2022

H1 2023

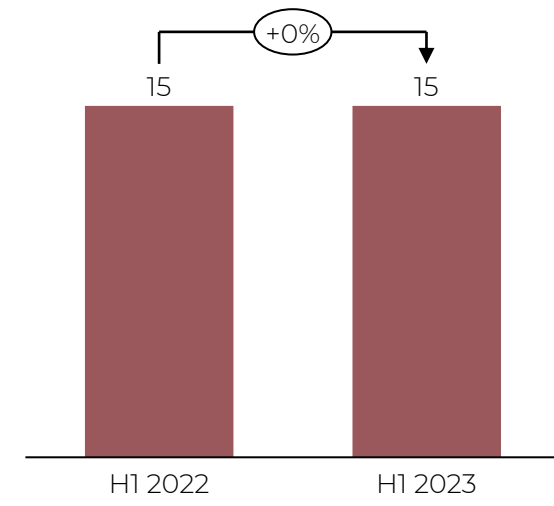
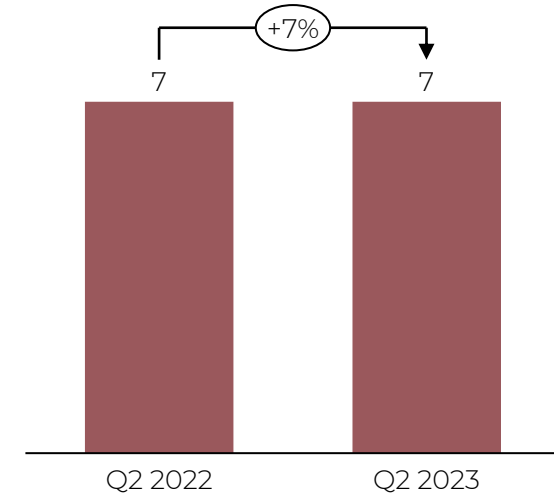
- ✦ In the second quarter of 2023 our revenue decreased by \$12 million (or 9%) YoY and amounted to \$115 million, driven primarily by a decrease of \$11 million in change of deferred revenues during Q2'23 YoY.
- ✦ Total comprehensive income of \$21 million vs. \$33 million in Q2 2022 primarily due to a substantial investment in user acquisition in Q2 2023.
- ✦ Adjusted EBITDA of \$17 million compared to the \$37 million in Q2 2022, similarly mainly due to a substantial growth of selling and marketing expenses in Q2 2023.

Key financial highlights (2/2)

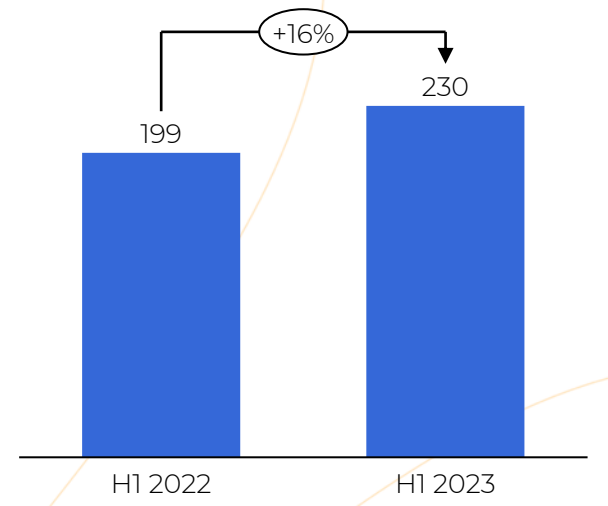
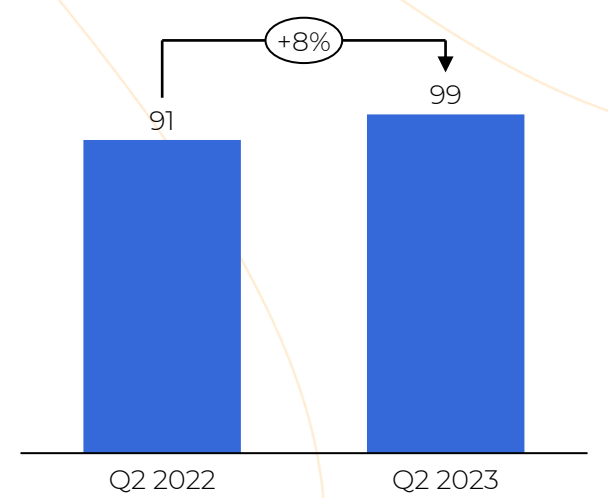
\$m
Selling and Marketing Expenses



\$m
G&A Expenses

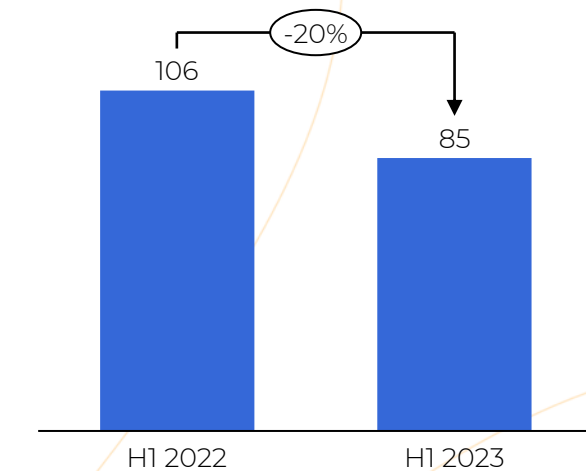
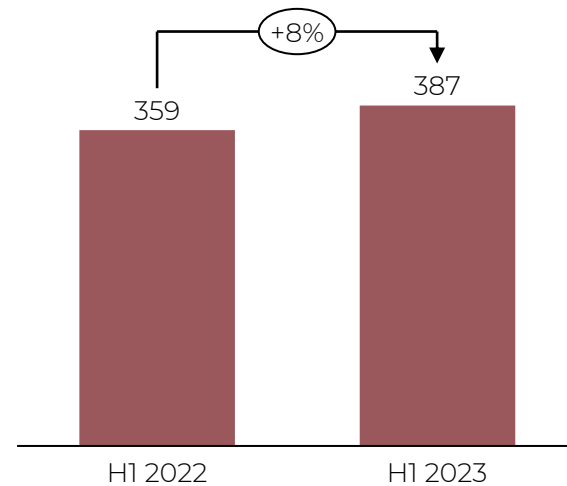
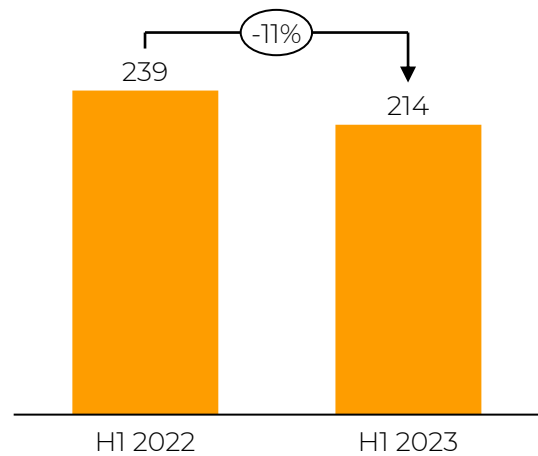
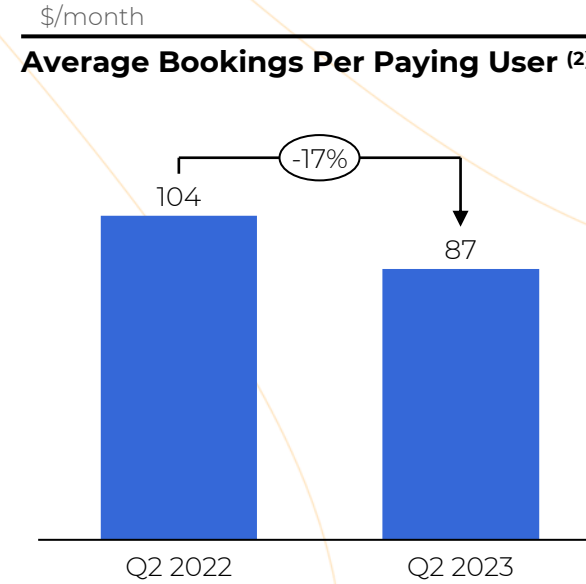
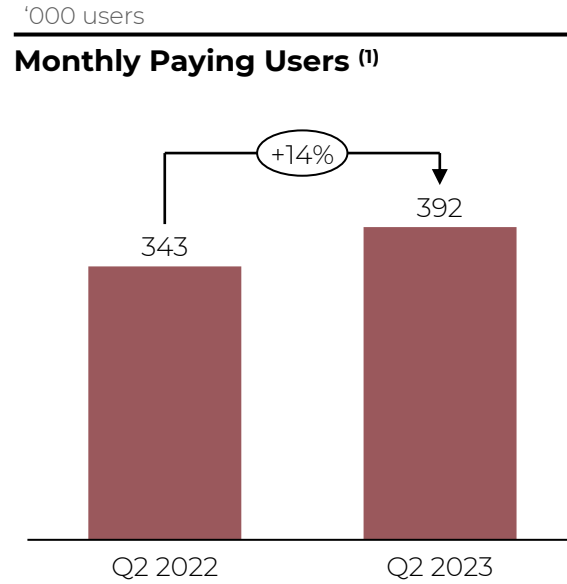
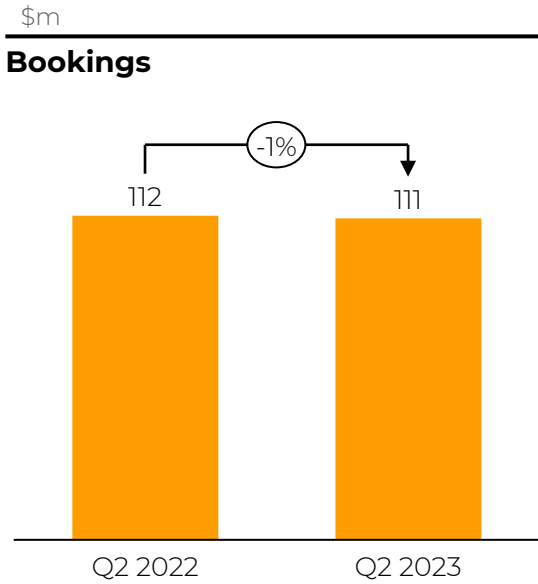


\$m
Total Costs and Expenses, excl. D&A



- ✦ Selling and marketing expenses in Q2'23 increased by \$16 million and amounted to \$51 million. The growth was mainly due to substantially increased investments into new players in the second quarter of 2023 compared to a substantial decrease in marketing investments in 2022 driven by the general saturation of the market in 2022.
- ✦ General and administrative expenses remained relatively stable increasing by \$0.5 million in Q2'23 vs. the same period of 2022.

Key operating highlights



- ✦ Bookings remained relatively stable in Q2'23, decreasing slightly by \$1 million in the second quarter of 2023 compared to the second quarter of 2022.
- ✦ Our significant investment into marketing in H1'23 led to an increase in MPU of 14% and 8% in the second quarter and first half of 2023, respectively, which in turn is expected to positively impact our bookings in the future.
- ✦ Average Bookings per Paying User of \$87 declined in Q2'23 by 17% YoY due to an increased inflow of new payers.

Source: Company information

(1) The Company defines Monthly Paying Users, or MPUs, as the number of individuals who made a purchase of a virtual item at least once on a particular platform in the 30-day period ending with the measurement date; Quarterly MPU is the average of MPUs for each month for the respective quarter

(2) The Company defines Average Bookings Per Paying User, or ABPPU, as its total Bookings attributable to in-game purchases in a given period, divided by the number of months in that period, divided by the average number of MPUs during the period

Balance Sheet



(\$ in thousands)

	Dec 31, 2022	Jun 30, 2023
Assets		
Non-current assets		
Property and equipment	786	863
Intangible assets	12,977	10,763
Goodwill	1,836	1,836
Long-term deferred platform commission fees	94,682	83,197
Right-of-use assets	1,462	1,489
Deferred tax asset	108	59
Other non-current investments	17,903	18,533
Other non-current assets	107	107
Loans receivable - non-current	3,317	0
Total non-current assets	133,178	116,847
Current assets		
Indemnification asset	2,512	2,512
Trade and other receivables	45,372	41,125
Loans receivable	517	478
Other investments	50,365	69,308
Cash and cash equivalents	86,774	68,581
Prepaid tax	3,326	3,305
Total current assets	188,866	185,309
TOTAL ASSETS	322,044	302,156
Liabilities and shareholders' equity		
Equity		
Share capital	0	0
Other reserves	171,418	173,082
Accumulated deficit	(320,194)	(308,851)
Equity attributable to equity holders of the Company	(148,776)	(135,769)
Non-controlling interest	0	0
Total equity	(148,776)	(135,769)
Non-current liabilities		
Lease liabilities - non-current	444	110
Long-term deferred revenue	96,887	100,549
Share warrant obligations	13,035	2,430
Put option liabilities	27,475	6,685
Other non-current liabilities	577	70
Total non-current liabilities	138,418	109,844
Current liabilities		
Lease liabilities - current	743	771
Trade and other payables	30,521	28,253
Put option liabilities - current	0	21,560
Provisions for non-income tax risks	1,336	1,336
Tax liability	4,250	4,637
Deferred revenue	295,552	271,524
Total current liabilities	332,402	328,081
TOTAL LIABILITIES	470,820	437,925
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	322,044	302,156

Profit and Loss Statement



(\$ in thousands)	Q2 2023	Q2 2022	H1 2023	H1 2022
Revenue	114,864	126,709	234,139	252,780
Costs and expenses, excluding depreciation and amortization				
<i>Cost of revenue:</i>				
Platform commissions	(27,473)	(35,388)	(56,428)	(68,839)
Game operation cost	(13,218)	(11,230)	(26,785)	(20,540)
Selling and marketing expenses	(50,755)	(34,696)	(129,135)	(91,289)
General and administrative expenses	(7,057)	(6,605)	(14,796)	(14,808)
Other operating income	734	337	1,539	376
Impairment loss on trade receivables and loans receivable	(814)	(3,587)	(4,296)	(3,919)
Total costs and expenses, excluding depreciation and amortization	(98,583)	(91,169)	(229,901)	(199,019)
Depreciation and amortization	(1,496)	(2,150)	(2,903)	(3,617)
Profit/ (loss) from operations	14,785	33,390	1,335	50,144
Finance income/ (expense), net	(226)	(5)	1,050	(944)
Change in fair value of share warrant obligations and other financial instruments	5,286	576	10,547	7,268
Share of loss of equity-accounted associates	0	(3,296)	(515)	(1,640)
Profit/(loss) before income tax	19,845	30,665	12,417	54,828
Income tax expense	(326)	(1,338)	(1,074)	(2,090)
Profit/(loss) for the period, net of tax	19,519	29,327	11,343	52,738
Attributable to equity holders of the Company	19,519	29,634	11,343	53,063
Attributable to non-controlling interest	0	(307)	0	(325)
Other comprehensive income/(loss)	1,391	3,458	1,007	3,177
Total comprehensive income/(loss) for the period, net of tax	20,910	32,785	12,350	55,915
Attributable to equity holders of the Company	20,910	33,092	12,350	56,240
Attributable to non-controlling interest	0	(307)	0	(325)
<i>Earnings/(loss) per share:</i>				
Basic and diluted earnings/(loss) per share, US\$⁽¹⁾	0.10	0.15	0.06	0.27

Cash Flow Statement



(\$ in thousands)	Q2 2023	Q2 2022	H1 2023	H1 2022
Operating activities				
Profit/(loss) for the period, net of tax	19,519	29,327	11,343	52,738
Adjustments for:				
Depreciation and amortization	1,496	2,150	2,903	3,617
Share-based payments expense	496	964	1,044	2,029
Income from share option forfeiture	(159)	0	(159)	0
Share of loss of equity-accounted associates	0	3,296	515	1,640
Expected credit losses	814	3,587	4,296	3,919
Property and equipment write-off	0	0	0	313
Impairment of intangible assets	0	241	0	241
Change in fair value of share warrant obligations and other financial instruments	(5,286)	(576)	(10,547)	(7,268)
Unwinding of discount on the put option liability	103	34	204	101
Change in fair value of other investments	514	0	(564)	0
Dividend on ETFs accrued	(254)	0	(469)	0
Trade receivables write-off	50	0	50	0
Foreign exchange loss/(gain)	823	(2)	1,595	779
Interest income	(1,063)	(236)	(2,009)	(335)
Interest expense	9	34	22	77
Income tax expense	325	1,340	1,074	2,092
	17,387	40,159	9,298	59,943
Changes in working capital:				
Decrease/(increase) in deferred platform commissions	4,250	8,462	11,485	11,093
Increase in deferred revenue	(4,103)	(14,674)	(20,366)	(13,374)
Increase in trade and other receivables	37	842	2,393	(2,128)
(Decrease)/increase in trade and other payables	(5,552)	(13,558)	(2,631)	(15,768)
	(5,368)	(18,928)	(9,119)	(20,177)
Income tax (paid)/received	(145)	(76)	(265)	(202)
Net cash flows generated from/(used in) operating activities	11,874	21,155	(86)	39,564
Investing activities				
Acquisition of intangible assets	(12)	(100)	(20)	(107)
Acquisition of property and equipment	(114)	(11)	(21)	(516)
Acquisition of right of use	1	0	(169)	0
Acquisition of subsidiary net of cash acquired	0	0	0	(50,022)
Proceeds from repayment of loans	198	125	470	125
Investments in equity accounted associates	(515)	1,586	(515)	(15,000)
Loans granted	(348)	(7,850)	(447)	(17,786)
Proceeds from redemption of investments	(1)	0	35,546	0
Dividends received	254	0	469	0
Interest received	0	0	169	0
Acquisition of other investments	(12,255)	0	(53,640)	0
Net cash flows used in investing activities	(12,792)	(6,250)	(18,348)	(83,306)
Financing activities				
Payments of lease liabilities	(243)	(804)	(765)	(1,438)
Proceeds from loans receivable	78	0	0	0
Interest on lease	(9)	(36)	(22)	(77)
Proceeds from borrowings	0	165	0	165
Net cash flows used in financing activities	(174)	(675)	(787)	(1,350)
Net (decrease)/increase in cash and cash equivalents for the period	(1,092)	14,230	(19,221)	(45,092)
Cash and cash equivalents at the beginning of the period	68,326	83,704	86,774	142,802
Effect of changes in exchange rates on cash held	1,347	1,143	1,028	1,367
Cash and cash equivalents at the end of the period	68,581	99,077	68,581	99,077

Reconciliation of the net income/(loss) to the Adjusted EBITDA



(US\$ million)	Q2 2023	Q2 2022	H1 2023	H1 2022
Total comprehensive income/(loss) for the year, net of tax	21	33	12	56
Add back:				
Items that are or may be reclassified subsequently to profit or loss	(1)	(3)	(1)	(3)
Tax expense	0.3	1	1	2
Finance (income)/expense, net	0.2	0	(1)	0.9
Change in fair value of share warrant obligations and other financial instruments	(5)	(0.6)	(11)	(7)
Share of loss of equity-accounted associates	0	3	0.5	2
D&A	1	2	3	4
Share based payments	0.5	1	1	2
Impairment of intangible assets	0	0.2	0	0.2
Adjusted EBITDA	17	37	5	56