



Q3'23 Financial Results

GDEV Inc.

21 November 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 profit for the period, net of tax, as presented in the Company’s financial statements in accordance with IFRS, adjusted to exclude (i) goodwill and investments in equity accounted associates’ impairment, (ii) loss on disposal of subsidiaries, (iii) income tax expense, (iv) finance income, (v) financial assets measured at fair value through profit or loss, (vi) interest expense, (vii) unwinding of discount on the put option liability, (viii) change in fair value of share warrant obligations and other financial instruments, (ix) share of loss of equity-accounted associates, (x) depreciation and amortization, (xi) share-based payments and (xii) 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 profit for the period, net of tax, as presented in the Company's financial statements in accordance with IFRS, adjusted to exclude (i) goodwill and investments in equity accounted associates' impairment, (ii) loss on disposal of subsidiaries, (iii) income tax expense, (iv) finance income, (v) financial assets measured at fair value through profit or loss, (vi) interest expense, (vii) unwinding of discount on the put option liability, (viii) change in fair value of share warrant obligations and other financial instruments, (ix) share of loss of equity-accounted associates, (x) depreciation and amortization, (xi) share-based payments and (xii) 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



- Our flagship global mid-core franchise celebrates the 7th anniversary of its mobile version (Hero Wars: Alliance) and the 5th anniversary of its PC version (Hero Wars: Dominion Era).
- Since their respective launches, HW:A has accumulated over \$1.2 billion in bookings, while HW:DE has exceeded \$350 million

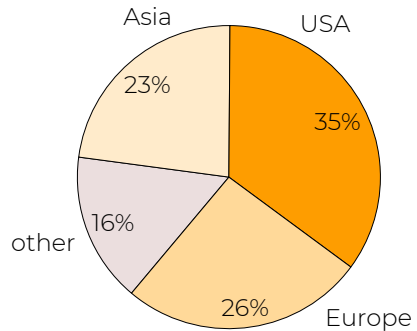


- Pixel Gun 3D announced planned release on Steam in Q1'24 with about 260,000 fans having already added it to their wishlists!
- PG3D is celebrating 10th anniversary in 2023, accumulating 185 mln downloads and \$200 mln in bookings.

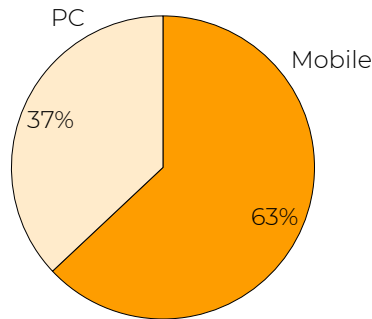


- Island Hoppers, our casual farming adventure franchise, was launched into global release.
- The game accumulated over \$30 mln in bookings and more than 12 mln downloads, placing 7th in the Farming games category by revenue and 4th by downloads during its soft launch period".

Bookings by geo

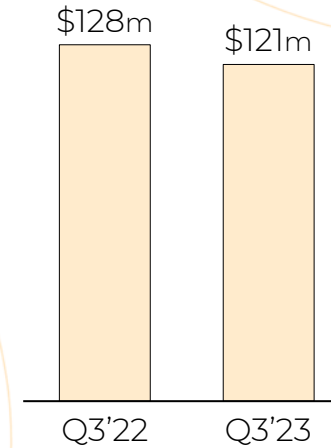


Bookings by platform

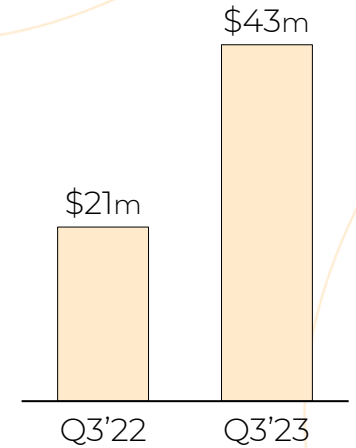


Financial highlights

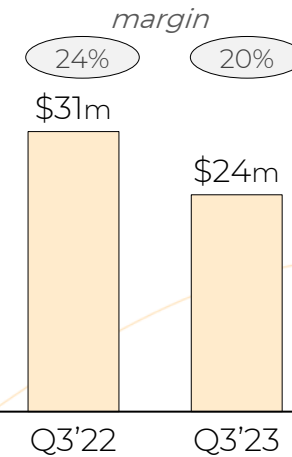
Revenue



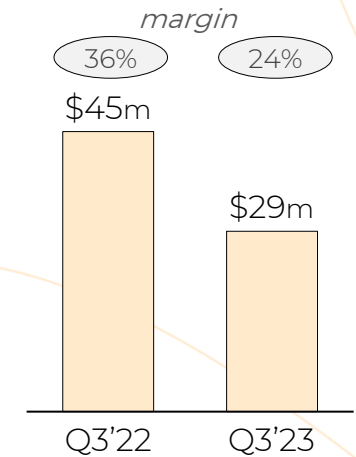
Selling & marketing expenses



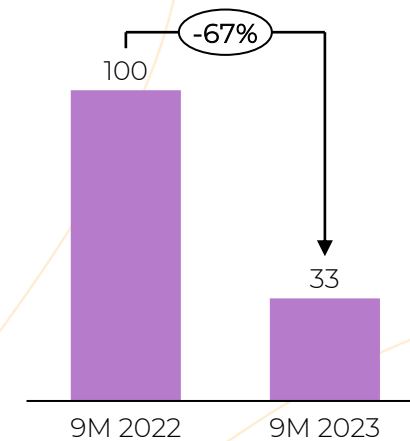
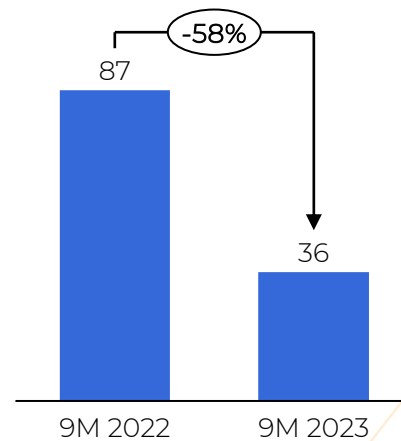
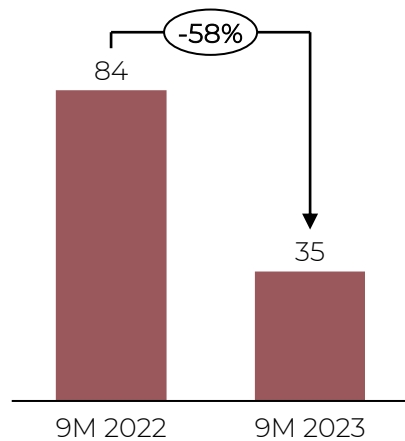
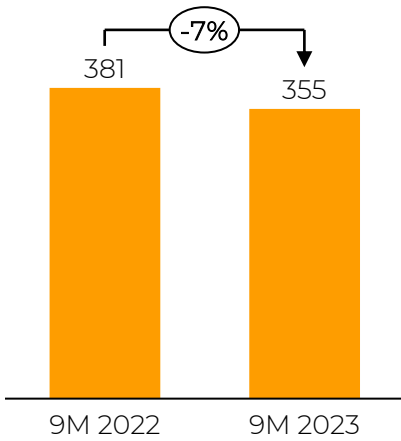
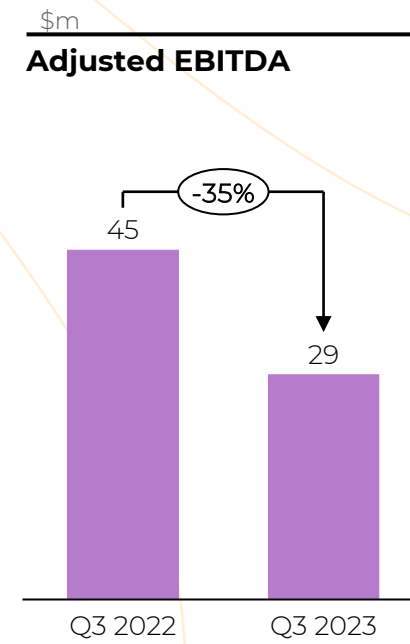
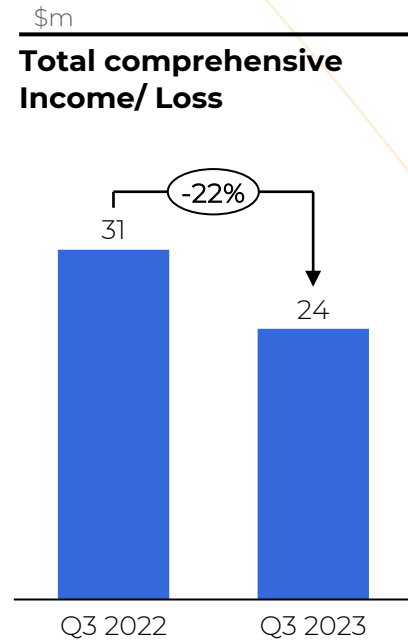
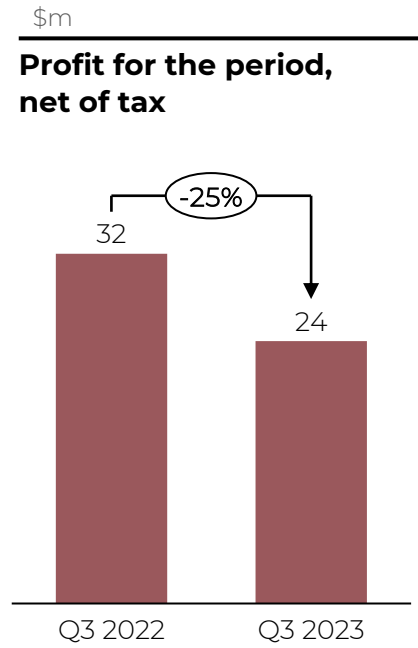
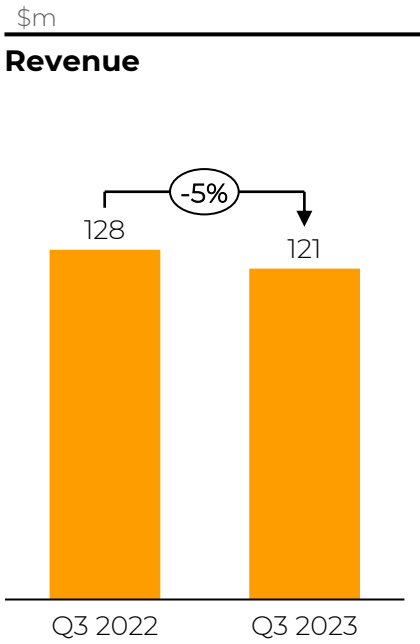
Total comprehensive income margin



Adj. EBITDA margin



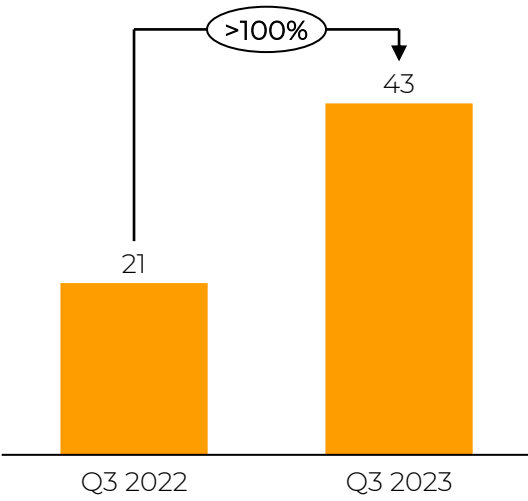
Key financial highlights (1/2)



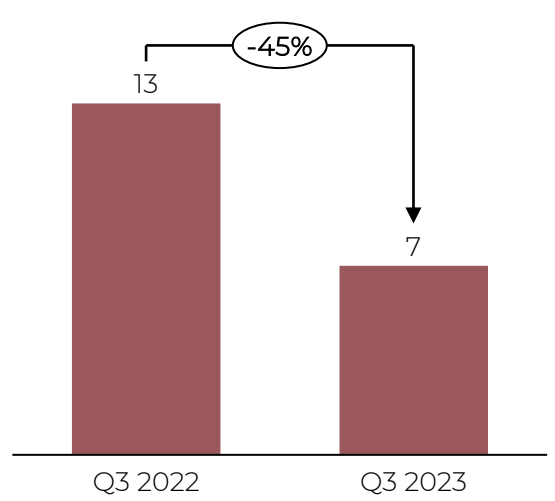
- ✦ In the third quarter of 2023, our revenue decreased by \$7 million (or 5%) YoY and amounted to \$121 million, driven primarily by a decrease of \$6 million in bookings in the third quarter of 2023 vs the same period in 2022
- ✦ Total comprehensive income of \$24 million vs. \$31 million in Q3 2022 considerably more investments into new players in the first nine months of 2023 compared to the substantial decrease in marketing investments in 2022
- ✦ Adjusted EBITDA amounted to \$29 million, a decrease of \$16 million compared to the respective period of 2022.

Key financial highlights (2/2)

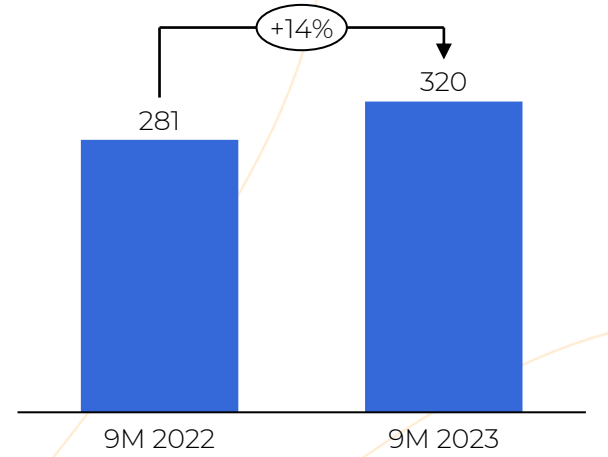
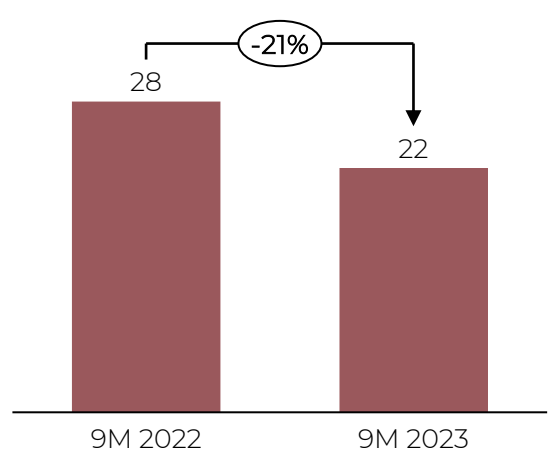
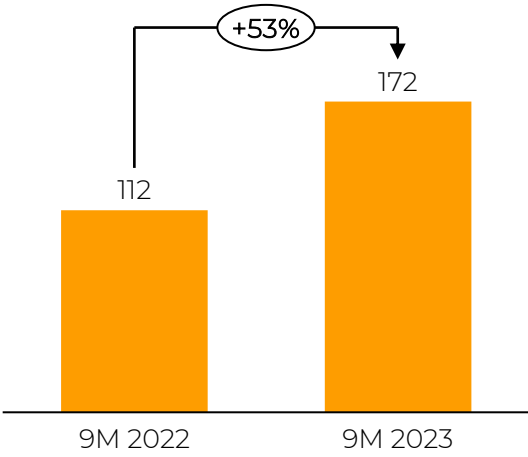
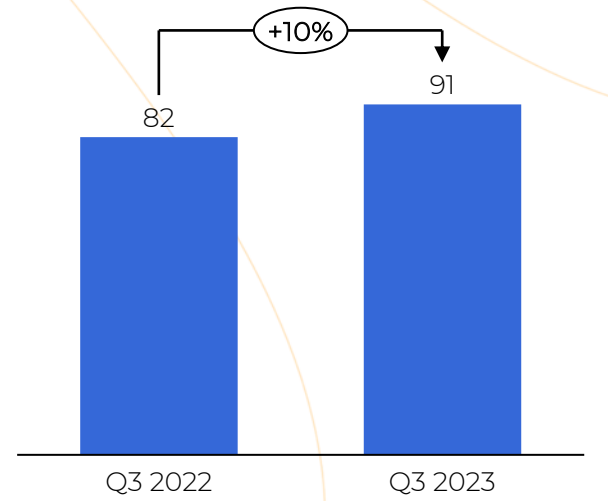
\$m
Selling and Marketing Expenses



\$m
G&A Expenses

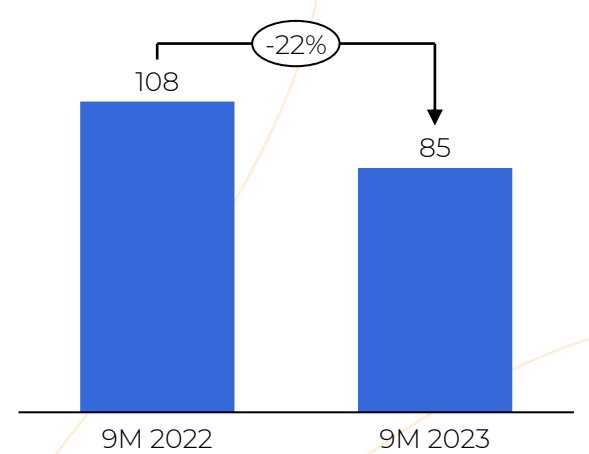
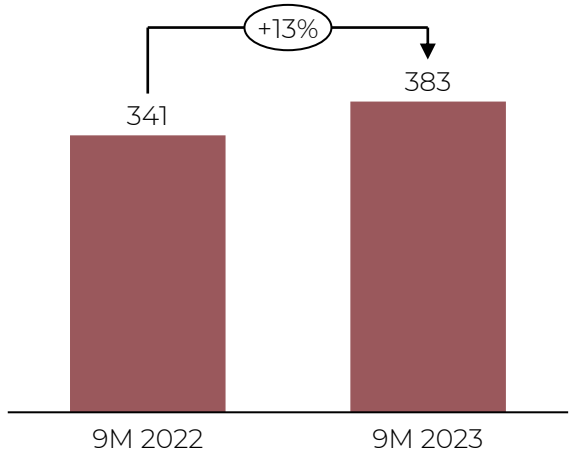
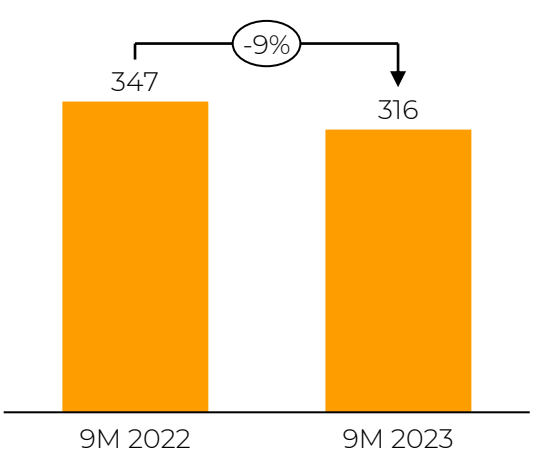
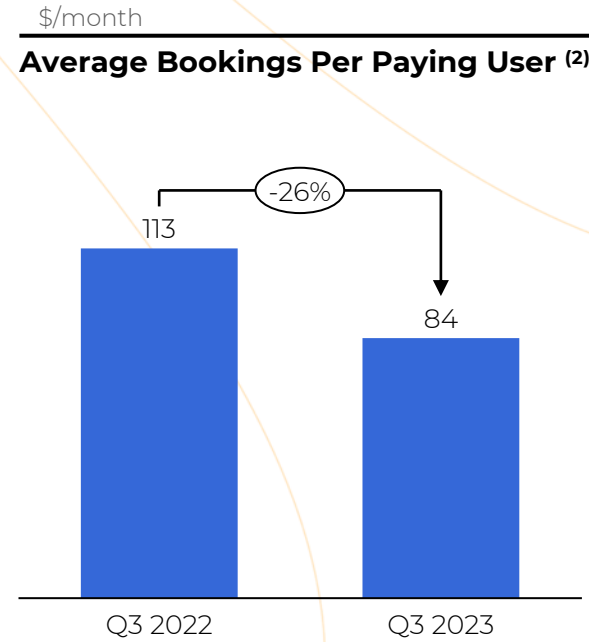
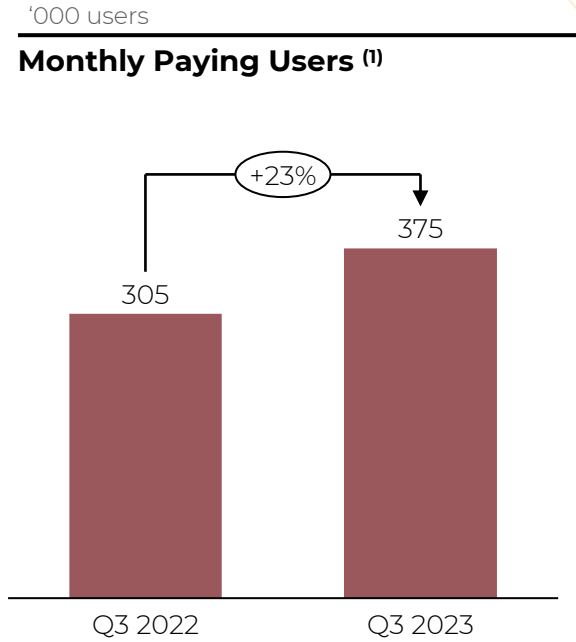
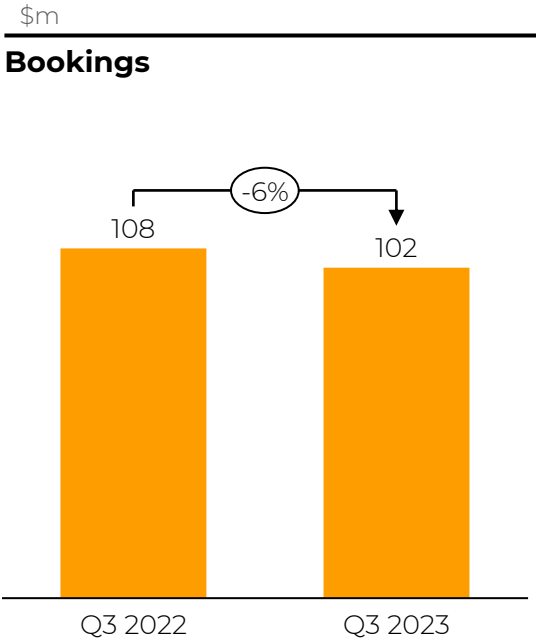


\$m
Total Costs and Expenses, excl. D&A



- ✦ Selling and marketing expenses in the second quarter of 2023 increased by \$22 million, amounting to \$43 million.
- ✦ General and administrative expenses decreased by \$6 million in the third quarter of 2023 vs. the same period in 2022. The decrease was primarily driven by the loss on disposal of our former Russian subsidiaries in the amount of \$5 million in the third quarter of 2022 vs. nil in the third quarter of 2023.

Key operating highlights



- ✦ Bookings of \$102 million declined by 6% YoY
- ✦ Increase in MPU by 23% and 13% in the third quarter and first nine months of 2023, respectively, which in turn is expected to positively impact our bookings in the future.
- ✦ Average Bookings per Paying User of \$84 declined in Q3'23 by 26% YoY

7 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 | Sep 30, 2023 |
|---|------------------|------------------|
| Assets | | |
| Non-current assets | | |
| Property and equipment | 786 | 943 |
| Intangible assets | 12,977 | 9,611 |
| Goodwill | 1,836 | 1,836 |
| Long-term deferred platform commission fees | 94,682 | 76,872 |
| Right-of-use assets | 1,462 | 3,214 |
| Deferred tax asset | 108 | 103 |
| Other non-current investments | 17,903 | 16,211 |
| Other non-current assets | 107 | 107 |
| Loans receivable - non-current | 3,317 | 0 |
| Total non-current assets | 133,178 | 108,897 |
| Current assets | | |
| Indemnification asset | 2,512 | 2,435 |
| Trade and other receivables | 45,372 | 47,541 |
| Loans receivable | 517 | 410 |
| Other investments | 50,365 | 83,930 |
| Cash and cash equivalents | 86,774 | 61,003 |
| Prepaid tax | 3,326 | 3,300 |
| Total current assets | 188,866 | 198,619 |
| TOTAL ASSETS | 322,044 | 307,516 |
| Liabilities and shareholders' equity | | |
| Equity | | |
| Other reserves | 171,418 | 173,656 |
| Accumulated deficit | (320,194) | (285,168) |
| Equity attributable to equity holders of the Company | (148,776) | (111,512) |
| Total equity | (148,776) | (111,512) |
| Non-current liabilities | | |
| Lease liabilities - non-current | 444 | 966 |
| Long-term deferred revenue | 96,887 | 113,693 |
| Share warrant obligations | 13,035 | 3,038 |
| Put option liabilities | 27,475 | 0 |
| Other non-current liabilities | 577 | 0 |
| Total non-current liabilities | 138,418 | 117,697 |
| Current liabilities | | |
| Lease liabilities - current | 743 | 1,242 |
| Trade and other payables | 30,521 | 25,287 |
| Put option liabilities - current | 0 | 28,637 |
| Provisions for non-income tax risks | 1,336 | 1,342 |
| Tax liability | 4,250 | 5,833 |
| Deferred revenue | 295,552 | 238,990 |
| Total current liabilities | 332,402 | 301,331 |
| TOTAL LIABILITIES | 470,820 | 419,028 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | 322,044 | 307,516 |

Profit and Loss Statement



| | Q3 2023 | Q3 2022 | 9M 2023 | 9M 2022 |
|---|-----------------|-----------------|------------------|------------------|
| (\$ in thousands) | | | | |
| Revenue | 121,295 | 128,015 | 355,434 | 380,795 |
| Costs and expenses, excluding depreciation and amortization | | | | |
| <i>Cost of revenue:</i> | | | | |
| Platform commissions | (27,721) | (35,830) | (84,149) | (104,669) |
| Game operation cost | (12,199) | (10,273) | (38,984) | (30,813) |
| Selling and marketing expenses | (42,599) | (20,914) | (171,734) | (112,203) |
| General and administrative expenses | (7,356) | (13,264) | (22,152) | (28,072) |
| Other operating income | 497 | 86 | 2,036 | 462 |
| Goodwill and investments in equity accounted associates impairment | 0 | 0 | 0 | 0 |
| Impairment loss on trade receivables and loans receivable | (1,211) | (1,949) | (5,507) | (5,868) |
| Total costs and expenses, excluding depreciation and amortization | (90,589) | (82,144) | (320,490) | (281,163) |
| Depreciation and amortization | (1,749) | (1,742) | (4,652) | (5,359) |
| Profit/ (loss) from operations | 28,957 | 44,129 | 30,292 | 94,273 |
| Finance income/ (expense), net | (2,848) | (1,190) | (1,798) | (2,134) |
| Change in fair value of share warrant obligations and other financial instruments | (843) | (4,783) | 9,704 | 2,485 |
| Share of loss of equity-accounted associates | 0 | (4,205) | (515) | (5,845) |
| Profit/(loss) before income tax | 25,266 | 33,951 | 37,683 | 88,779 |
| Income tax expense | (1,583) | (2,319) | (2,657) | (4,409) |
| Profit/(loss) for the period, net of tax | 23,683 | 31,632 | 35,026 | 84,370 |
| Attributable to equity holders of the Company | 23,683 | 31,200 | 35,026 | 84,263 |
| Attributable to non-controlling interest | 0 | 432 | 0 | 107 |
| Items that are or may be reclassified subsequently to profit or loss | 338 | (869) | 1,345 | 2,308 |
| Total comprehensive income/(loss) for the period, net of tax | 24,021 | 30,763 | 36,371 | 86,678 |
| Attributable to equity holders of the Company | 24,021 | 30,331 | 36,371 | 86,571 |
| Attributable to non-controlling interest | 0 | 432 | 0 | 107 |
| <i>Earnings/(loss) per share:</i> | | | | |
| Basic and diluted earnings/(loss) per share, US\$⁽¹⁾ | 0.12 | 0.16 | 0.18 | 0.43 |

Cash Flow Statement



(\$ in thousands)

| | Q3 2023 | Q3 2022 | 9M 2023 | 9M 2022 |
|---|-----------------|-----------------|-----------------|------------------|
| Operating activities | | | | |
| Profit/(loss) for the period, net of tax | 23,683 | 31,632 | 35,026 | 84,370 |
| Adjustments for: | | | | |
| Depreciation and amortization | 1,749 | 1,742 | 4,652 | 5,359 |
| Share-based payments expense | 678 | 978 | 1,722 | 3,007 |
| Income from share option forfeiture and cancellation | (449) | 0 | (608) | 0 |
| Share of loss of equity-accounted associates | 0 | 4,205 | 515 | 5,845 |
| Expected credit losses | 1,211 | 1,949 | 5,507 | 5,868 |
| Property and equipment write-off | 0 | 89 | 0 | 402 |
| Impairment of intangible assets | 0 | 251 | 0 | 492 |
| Change in fair value of share warrant obligations and other financial instruments | 843 | 4,783 | (9,704) | (2,485) |
| Change in fair value of other investments | 2,138 | 0 | 1,574 | 0 |
| Unwinding of discount on the put option liability | 86 | 71 | 290 | 172 |
| Trade and loan receivables write-off | 6 | 0 | 56 | 0 |
| Interest income | (1,101) | (536) | (3,110) | (871) |
| Interest expense | 29 | 25 | 51 | 102 |
| Lease modification gain/(loss) | 216 | (27) | 47 | (27) |
| Loss on sale of subsidiaries | 0 | 4,969 | 0 | 4,969 |
| Dividend income | (268) | 0 | (737) | 0 |
| Foreign exchange loss | 1,876 | 1,559 | 3,471 | 2,338 |
| Income tax expense | 1,583 | 2,319 | 2,657 | 4,409 |
| | 32,280 | 54,009 | 41,409 | 113,950 |
| Changes in working capital: | | | | |
| Decrease in deferred platform commissions | 6,325 | 9,019 | 17,810 | 20,112 |
| Decrease in deferred revenue | (19,390) | (20,066) | (39,756) | (33,440) |
| Decrease/(increase) in trade and other receivables | (7,737) | 10,980 | (5,344) | 8,852 |
| Increase/(decrease) in trade and other payables | (2,895) | 6,208 | (5,526) | (9,560) |
| | (23,697) | 6,141 | (32,816) | (14,036) |
| Income tax paid | (368) | (431) | (633) | (633) |
| Net cash flows generated from/(used in) operating activities | 8,215 | 59,719 | 7,960 | 99,281 |
| Investing activities | | | | |
| Acquisition of intangible assets | 0 | 16 | (16) | (91) |
| Acquisition of property and equipment | (161) | (324) | (372) | (840) |
| Acquisition of right of use | 0 | 0 | 0 | 0 |
| Acquisition of subsidiary net of cash acquired | 0 | (4,090) | 0 | (54,112) |
| Investments in equity accounted associates | 0 | (2,970) | (515) | (17,970) |
| Loans granted | (749) | (13,703) | (1,196) | (31,489) |
| Proceeds from repayment of loans | 142 | 182 | 612 | 307 |
| Disposal of subsidiaries, net of cash disposed of | 0 | (4,529) | 0 | (4,529) |
| Acquisition of other investments | (44,008) | 0 | (97,648) | 0 |
| Proceeds from redemption of investments | 29,900 | 0 | 65,446 | 0 |
| Interest received | 237 | 0 | 406 | 0 |
| Dividends received | 268 | 0 | 737 | 0 |
| Net cash flows used in investing activities | (14,371) | (25,418) | (32,546) | (108,724) |
| Financing activities | | | | |
| Payments of lease liabilities | (1,174) | (462) | (1,939) | (1,900) |
| Proceeds from borrowings | 0 | 209 | 0 | 374 |
| Interest on lease | (22) | (25) | (44) | (102) |
| Net cash flows used in financing activities | (1,196) | (278) | (1,983) | (1,628) |
| Net (decrease)/increase in cash for the period | (7,352) | 34,023 | (26,569) | (11,071) |
| Cash at the beginning of the period | 68,581 | 99,077 | 86,774 | 142,802 |
| Effect of changes in exchange rates on cash held | (226) | (1,574) | 798 | (205) |
| Cash at the end of the period | 61,003 | 131,526 | 61,003 | 131,526 |

Reconciliation of the profit for the period to the Adjusted EBITDA



| (US\$ million) | Q3 2023 | Q3 2022 | 9M 2023 | 9M 2022 |
|---|-----------|-----------|-----------|------------|
| Profit for the period, net of tax | 24 | 32 | 35 | 84 |
| Adjust for: | | | | |
| Income tax expense | 2 | 2 | 3 | 4 |
| Finance income | (0.8) | (0.5) | (4) | (0.9) |
| Financial assets at FVTPL - net change in fair value | 2 | 0 | 2 | 0 |
| Interest expense | 0 | 0 | 0.1 | 0.1 |
| Unwinding of discount on the put option liability | 0.1 | 0.1 | 0.3 | 0.2 |
| Change in fair value of share warrant obligations and other financial instruments | 0.8 | 5 | (10) | (2) |
| Share of loss of equity-accounted associates | 0 | 4 | 0.5 | 6 |
| Depreciation and amortization | 2 | 2 | 5 | 5 |
| Share-based payments | 0.7 | 1 | 2 | 3 |
| Impairment of intangible assets | 0 | 0.3 | 0 | 0.5 |
| Adjusted EBITDA | 29 | 45 | 33 | 100 |