Huuuge Games

**Q1 2023 EARNINGS CALL**

**Date:** 31.5.2023

**Participants:**

* Anton Gauffin, Chief Executive Officer
* Marek Chwalek, EVP of Finance
* Erik Duindam, Chief Technology Officer

Moderator:

Good morning ladies and gentlemen. Thank you for standing by and we would like to welcome you to the Q1 2023 earnings conference call of Huuuge. The speakers today are Anton Gauffin, the founder and the CEO and Marek Chwalek, EVP of Finance.

The call will start with a presentation from the company, which should last about 20 minutes, followed by a Q&A session. The Q&A session will be joined by Erik Duindam the CTO of Huuuge, who can also cover areas of technology and marketing.

The presentation will be available for download on our website after the call. You're welcome to type your questions in the chat while the presenters are speaking. With that, I will hand the call over to Anton to start the presentation. Please go ahead sir.

Anton Gauffin:

Hey all. Thank you for tuning in. If we haven't met before, I'm Anton Gauffin CEO of Huuuge and today we have also Marek Chwalek, our EVP Finance here. We are pleased to share Huuuge's Q1 update, and let's dive right in. Next slide please.

Our Q1 was solid performance that was all about building up core franchise longevity, driving up EBITDA accrued and our margins as well as in investing into our future. I find it remarkable that our core franchises, Huuuge Casino and Billionaire Casino exceeded aggregated lifetime revenue of 1.6 billion USD during Q1. Big part of this success is thanks to our industry leading monetization KPIs and we believe that our focus on providing more social multiplayer experience is more fun for the players. Ultimately leading into higher engagement that we know very well how to monetize, where we have these industry-leading conversion rates as the KPI proof points. I say that company had strong balance sheet, now it's even stronger, and during Q1 we delivered record high adjusted EBITDA profit margin of 38.5. There are several positive drivers behind this success, which we'll be briefly covering in later slides.

Future growth, future investments, Huuuge Pods. Huuuge Pods are small agile units that focus on creating multiplayer, multi-platform games. For us Pods also mean a new way of building products and although it will take more time to see tangible business results, we believe that long-term wise Pods will deliver new games that attract new audiences and help Huuuge grow much bigger in future. Next slide.

Business update, and if I could get the next slide. Core franchises. We very much delivered what we said we'll be delivering. We've been harvesting our long-term profits yet investing in longevity of these franchises. During Q1, UA marketing spend was a relatively less than we initially expected as we were very carefully cutting and killing diverse performing campaigns and channels. That's not necessarily fully indicative of our full year plan and we are expecting to increase our non-performance marketing activities, some more brand marketing later, second half of this year.

We continue to have best in class monetization metrics and these really are driven by our clubs and social features. We've always had strong payer retention KPIs, now when we've been investing into VIP services and VIP management, we further improved retention of our most valuable players and this means good longevity-wise. Next.

Some Live Projects around core franchises. During Q1 the extended our VIP coverage from 2,000 VIPs to 7,000 VIPs and this is clearly having a positive effect, thinking engagement and retention of these players and it is strategically important to further enhance and build up our player relationships as a company.

Webshop. Definitely in the same context. We saw strong results after launching our direct-to-players Webshop platform and later this year we are also planning to go live with HuuugeCasino.com. So we do expect further increase outside App Store and players have been reacting very positively to this. Later this year we are also running out another significant economy update with the core franchises. And these economy updates, so far we've been always able to spark some more engagement with our most tenured players and we expect the same this time as well. Next.

Webshop. On the slide you can see the Webshop revenue as a percentage of our total revenue, talking about the core franchises. As you can see it's been rapidly growing and it has exceeded our own internal expectations and yet there's so much more potential here. So we just started and we believe that we'll be seeing further growth from this area moving forward and this is fantastically important for the company, so expect to hear more in the coming quarterly updates. Next.

New growth via Huuuge Pods. As of today, company has four pods active and operational. These are again aiming to deliver new growth for the company by focusing on multiplayer multi-platform games. This is a lot about addressing the current market realities where most of the games are having challenges on the UA, user acquisition, front, and it is difficult distribution wise to [inaudible 00:07:23] really scale. So with these pods, from the get go, from the start, our pods are thinking about how to address these current market realities and we are placing community and player centric approach as a key point what we are building with these pods. And it will take time to see how this pans out, and for Huuuge we acknowledge that creating new hit games is really, really challenging for all companies, and yet we are very confident that over long term as we are investing and continuously building new games, we will find new success and this is essential for the company's long term growth. Next.

What else is on our agenda? Highlighting some of our key strategic and operational items. This year is a lot about building up company productivity by leveraging AI across the organization. We are very pleased of what we've been able to do so far and yet this is also just the beginning. At the end of the year we are looking to have the whole organization actively tapping into generative AI and using the best in class solutions out there.

It is about growing Huuuge's product portfolio by partnering. We are very actively exploring M&A partnerships, publishing and licensing opportunities. There are existing assets that can be leveraged. Target is to expand Huuuge product portfolio with new Huuuge branded products.

There are new business models and new markets to open. Gaming market isn't stagnant and we do see opportunities to expand. Stuff like skill gaming and potentially Web3, depending how that space evolves.

This year is also about sharpening our focus, and there are specific industry specialists we believe we can and should partner with versus doing more and more in house. Couple examples to mention here would be Ad Monetization and we briefly discussed Webshop, which again is already trending very well. By partnering with the specialist we believe we could have even more focus on scaling this area. More to talk later on. Next.

With that, I'll hand over the mic to Marek. Please.

Marek Chwalek:

Thank you, Anton. Hello everyone. Good morning. It's a pleasure to join you all on today's earnings call. I'll cover the financial section of this presentation. So next slide please. Thank you.

We are pleased with our financial performance in the first quarter of this year. Despite challenging conditions in the mobile gaming market are adjusted EBITDA of $27.6 billion, nearly doubled compared to the previous year, achieving an all time high in adjusted EBITDA profitability of 38.5%, which places us among the most cash generative businesses in the gaming industry.

In the first quarter of this year our revenue amounted to $71.7 million, which represented 14.6% decline versus year ago. However, over half of the difference versus last year is attributable to Traffic Puzzle and other game titles that we have decided to sunset in the previous years. Our core franchises declined by 8.1% as the improvement in monetization metrics did not fully offset the payer base decline resulting from decreased marketing spend. At the same time, we are encouraged by the fast growth of our direct to consumer platform Webshop. Its rest and development helped us in improving gross profit margin from 69.6% in the first quarter of last year to 70.6% in the first quarter this year. In the first quarter of this year, Webshop delivered 3.2% of the total revenue and we are expecting to further improve this ratio in the coming quarters.

The decrease in user acquisition marketing campaigns of 76% reflects sunsetting of Traffic Puzzle and of new user acquisition strategy adapted to the post-IDFA environment. We cut off the worst performing campaigns and significantly improved the ROI of our marketing spend. As Anton pointed out, this level is not indicative of our spend throughout the year as we plan to be more active on the marketing front in the following quarters.

As discussed on the yearly call, during the first quarter we initiated a comprehensive restructuring plan which resulted in approximately 20% reduction in our global headcount. As this has already started positively affecting our P&L, yet the full effect should be visible only in the second quarter. As a result, our general sales and marketing and R&D expenses decreased year over year by 17.4% and 20.1% respectively. G&A expenses increased by $900,000, that is 10.2% year-over-year, mostly due to one of restructuring costs. Therefore we are expecting further reductions in the G&A expenses in the following quarters.

To sum up, we are pleased with our financial performance in the first quarter of this year and we remain focused on seeking further cost efficiencies and improving margins. With that I will now turn to the balance sheet.

During first quarter of this year, the structure of assets remained mostly unchanged. Non-current assets of $36.5 million includes mainly intangible assets and office leases. With regards to current assets of $274.6 million, they in about 87% consist of cash and cash equivalence. During first quarter of this year, the structure of equity and liabilities hasn't substantially changed and at the end of the first quarter equity represented almost 85% of the total balance sheet amount. In the first quarter of this year we see an increase in current liabilities of $2.2 million resulting primarily from accumulation of the yearly performance bonus provision and restructuring costs provision. To sum up at the end of the first quarter of this year we had a very healthy balance sheet which positions us well in the turbulent mobile gaming environment of the last months.

Turning to the next slide, we can expand a bit on our cash position and cash flow generation. As we pointed out on the last earnings goal, cash generation is among our top priorities and it is well reflected in our net operating cash flow of $16.9 million in the first quarter of this year. Net operating cash flow in the first quarter this year declined versus a year go by $3 million despite much higher profit before tax, as it was negatively affected by a temporary increase in trade and other receivables resulting from the payment schedule of Apple Store. Apple Store has its own calendar payment which doesn't fully correspond to the standard calendar year, and as a result in some calendar months we receive payment for two monthly settlement periods whereas in other months we receive none; which actually caused the increased trade receivables balance at the end of the first quarter.

The positive investment cash flow in the first quarter of this year of $1.4 million was mostly driven by interest received from bank deposits and money market files, as we have been gradually rolling our cash balance to higher yields. Financing cash flow of -$900,000 in the first quarter of this year consisted mostly of the lease payment. Lastly, at the end of the Q1 this year we had a strong cash position enabling us to pursue $150 million share buyback as well as other investment opportunity with the ultimate goal of increasing return on invested capital. Next slide please.

We believe that cash is king and in an uncertain environment we are a fundamentally strong business and in extreme fortunate position. We recognize that we are one of the most cash generative businesses in the games industry as measured by net operating cash flow to adjusted EBITDA conversion. This gives us a lot of flexibility when it comes to our future, be it potential M&A, investments in internal projects or returning cash to our shareholders. If we are unable to find good investment opportunities, as long as we are valued at the discount, we are supportive of potential future share buybacks. With that, I will now turn the call back to Anton for closing remarks.

Anton Gauffin:

Thanks Marek.

Outlook for the remaining of the year. So while we are not giving exact numbers, we have a directional guidance to offer that you can see on the slide. As discussed, we are very focused on delivering further productivity enhancements and improving our adjusted EBITDA. Thinking that our last rolling four quarters, the combined adjusted EBITDA was close to a hundred million USD. That and everything ongoing on in the company, is giving me confidence that '23 will be another EBITDA record year for the company. Next slide.

So with that, I thank you all for tuning in. Please do remember to download our games, do give some love, play them. If you make some in-app purchases, that would make me really happy. Thank you. And now time for Q&A.

Moderator:

Thank you very much for the presentation. Before we go to the Q&A part of the call, I'll just pass the line once again to Mr. Marek Chwalek to give a couple of words about the share buyback.

Marek Chwalek:

Yes, sure, Dudley. Well, so as you all know, yesterday company published a current report informing the market that the company's board of directors adopted a resolution launching the acquisition of company's common shares listed on the Warsaw Stock Exchange by way of time-limited invitation to sell open to all shareholders of the company. The invitation together with appendices provides key information and practical instructions related to the announced share buyback process and we encourage you to read it carefully as it will probably respond to most of the SBB related questions that you may have. The invitation is the only document containing legally binding information on the terms and conditions of the share buyback. Additionally, on our corporate website within governance section, we will add a new subsection dedicated to the share buyback where we will address frequently asked questions related to this process. You may find there are many useful information about the share buyback provided in relatively simple language.

Additionally, all information regarding the share buyback can be found at the website of IPOPEMA Securities acting as intermediary in connection with this share buyback. And with that I think we can move on to the Q&A part.

Moderator:

Okay, perfect. Thank you very much for that, Marek. If you have any questions please press star two on your keypad. That's star two on the keypad for voice questions. You may also type any text questions and we do acknowledge the number of text questions that have already come in, which we will be answering shortly.

Okay, thank you. I'll open the line for the first voice question from Lukasz Bozek from Prosperity Finance. Please go ahead, sir.

Lukasz Bozek:

Hello, congratulations on very impressive results for Q1. My question regards the VIP program. You mentioned that you increased the number of participants from 2,000 to 6,000. When did it happen and what improvement of the metrics did you see in the first round of the VIP program when you included the first 2,000 participants? What can we expect in the second round? Thank you.

Anton Gauffin:

Thank you Lukasz. Great question. So in fact we expanded our VIP player coverage from 2,000 to 7,000. So I think you said 6,000, so it was even more.

Lukasz Bozek:

Sorry.

Anton Gauffin:

What we are seeing as result is that this is increasing player, post joining as a VIP VC, better retention. And focusing on improving our player long-term retention is of course all about building up this longevity of our core franchises that we've been talking about. So while we don't disclose the exact KPI increase, engagement and retention wise we've seen very good results. And thanks to that we've been scaling up VIP services from 2,000 to 7,000 during Q1.

Lukasz Bozek:

Okay, thank you. And my second question is directed to you. I'm curious if you plan to participate in the share buyback program? Thank you.

Anton Gauffin:

Yeah, on this call I'm speaking as a CEO of Huuuge. What comes to my family office, Big Bets. Big Bets already shared its statement earlier today related to the share buyback SBB, which I'm happy to quickly echo here as it soared. Yesterday Huuuge Inc announced $150 million share buyback, an invitation to sale. Big Bets view the price, 8.7607 USD, 37 zloty, offered is an attractive proposition. And Big Bets will be participating in selling part of its holdings on a pro rata basis and the extent allowed by the IPS allocation rules. Big Bets is strongly committed to remaining a significant shareholder of Huuuge and Big Bets is positively viewing the company long-term prospects. So the outcome of SBB won't be changing percentage of votes or actually Big Bets ownership at Huuuge. So that I can comment and you can find that from BigBets.vc from Big Bets slide.

Lukasz Bozek:

Thank you very much.

Moderator:

Okay, thank you very much. We'll now be moving to the first text question. This one comes from Mr. Kacper Kopron from Trigon. "Should UA costs in 2Q 2023 be treated as one-off related to the resignation from the weakest marketing channels? Will the lower UA costs continue in the coming quarters?"

Anton Gauffin:

Yes, thank you for the question. Eric, maybe you take the first stab.

Erik Duindam:

Yes, I'd be happy to. So yes, the UA costs have been lower and we expect them to grow again throughout the year. So we've killed the weaker channels and also we've built many new measurement models to deal with the privacy changes that happened with Apple and that will ultimately happen with Google. So we're taking on new strategies and scaling up again in a more controlled manner with better ROI. So we do expect the marketing spent to increase throughout the year.

Moderator:

Okay, thank you very much. We'll now be moving to the next question. This question comes from Mr. Tomasz Pelczar from NDM. "Hello, congratulations for the Q2 results, I have a few questions. Number one, how many soft launches do you expect in the second half of the year? Number two, DAU is deteriorating in line with the trend. When do you expect at all to reach the bottom? Is this a secular and that core games will cease to exist in the coming years? And number three, what is the net value per each share to be received by Polish investors in the buyback after taxes and fees?"

Anton Gauffin:

Good. So I think I'll take the first question about how many soft launches do we expect in the second half. So we do have four active and operational pods all working, very excited of their own games. And while we don't give exact guidance regarding our potential tech or soft launches, what's worth mentioning and underlining here, that here we are testing also new different platforms like Steam and PC. And we can comment that there are several prototypes, two of them are in more advanced states and there will be testing going on in the second half. But we are not expecting bigger marketing investments in the soft launch as we focus with these pods more on community building and instead addressing the market realities and not be reliant on pure paid UA. And so that's a bit about pods and our plans of doing testing and soft launches in the second half.

There was a second question and let me try to find that. Yeah, DAU is... about the DAU. So Eric maybe you want to comment that first?

Erik Duindam:

Yeah, definitely. So there is indeed a decline in the DAU trend but we don't think that... this is not a long-term thing that will keep happening. So it's not indicative of our business or revenue also. So right now our focus has been a lot on our payers and our high value players, and in those segments there's very low churn and there's a lot of retention therefore. And our roadmaps and also our marketing that will increase again, is still going to supply more new players as well as being very focused on keeping our high value players and VIP. So we believe strongly in the longevity of the core franchises and are not worried about this DAU decline. I expected to stabilize over time after, in particular, increasing marketing spend and just reaching point of stability.

Anton Gauffin:

Good. I think, Marek, if you take the third question. What is the net value per share. It's share to be received by polish investors in the buyback?

Marek Chwalek:

Sure, gladly. So first of all we can't really comment on net value per each share as it may depend on the shareholders' individual tax position. What I can say is that this share buyback transaction will result in a tax withholding in the US, and that by default 15% withholding tax rate would be applicable if the W-8 form is properly submitted. But I mean specifically for Polish shareholders. But again it may depend on this individual situation of the shareholder. So we encourage you to contact your tax advisor before deciding to participate in the buyback. And as mentioned at the beginning of the call, you may learn more in the ITS and its appendices.

Anton Gauffin:

Good. I think the fourth question was about AI tools and do we have any in-house AI. I'll comment first Eric, you may compliment me after that. What we can say is that we've been doing machine learning already for years. It's part of how we've been optimizing our core franchises and how we are actually leading on the monetization from DAU, if that is the same as generative AI. So I think it's a matter of how in-house AI tools are being defined, and as we already discussed earlier, tapping into the latest best in class solutions out there. This is a really important objective for the whole Huuuge team I'm thinking this year. So Eric, maybe you want to give some more color what we've been doing in this context?

Erik Duindam:

Yes. So in-house a lot of our games are actually quite heavily supported by AI, and in particular machine learning models and things like neural networks, other things. In particular for predicting whether people may churn or whether they may become a payer or not as well as other areas. For example, personalizing the experience of our players in our core franchises. So there's a lot of AI things already built in-house and actively used everywhere. And perhaps Anton, I think I can probably take the other questions as well.

Anton Gauffin:

Sure.

Erik Duindam:

So in terms of whether we expect the AI to lower our, let's say time to market or production times for games, it's hard to say obviously if this will definitely be the case. But we see with using generative AI for things like asset creation or things like voiceovers and there's many things also with code completion and documentation, that it's definitely helping on the operational side and over time expected to make things much better or faster. So yes, we do expect production times for games to go down. It's just hard to say when exactly, it's probably a linear approach where we see gradual improvements and benefits from using outside generative AI also.

And the other question here, we can be more specific in what areas we would like to use AI, for example, assets, gameplay, bots and UA. We already use generative AI in various areas. Marketing is one bigger example where we use it for the assets for a lot of materials, the audio, obviously text writing and things like this. But also to use it across the entire company, not just in the production areas or development areas, but also in for example supporting units, where there's many things that can also be automated or in particular in the future. So we're really looking at a strategy or tactic internally to roll this out much more broadly in the company and really try to affect all the different areas and operations. And so we'll keep investing in this and we'll keep focusing on this as an organization.

Moderator:

Okay, thank you very much. We acknowledge Maria Mickiewicz's question. We believe that that has already been answered before. We would now move to the number of questions asked by Mr. Krzysztof Tkocz from BDM. Perhaps I'll read the first three followed by the next two. "What part of UA spending in Q1 2023 relates to core titles and what part to TP?" Number two, "Is the current monetization of the core titles in line with company's expectation?" And number three, "What would the monthly quarterly savings resulting from the recent reduction in the workforce in the company be?"

Anton Gauffin:

Good. So three questions. So I'll quickly comment first the UA spending. So in Q1 the non-Huuuge Casino, Billionaire Casino, UA spend was almost not material. Material low single digit percentage and I think the number was 96 percentage of our Q1 UA was for the core franchises. The second question was about the monetization of core titles, is that in line with our expectations? Generally said, we don't comment on our internal budgets and I said we are very pleased how we've been performing during Q1 and building up the core franchise longevity. That much I can say. Third question, "What will be the quarterly saving resulting from the recent reduction in workforce?" Marek, if you take that one.

Marek Chwalek:

Sure. So as you probably all know, we conducted a restructuring process in the first quarter which resulted in approximately 20% headcount reduction versus year-end. And we don't guide for the savings resulting from this process directly. What I can say directionally, we are expecting slight year-on-year savings in non-marketing OPEX. However, this year and specifically the first quarter was still significantly affected by one of restructuring costs.

Moderator:

Okay, thank you very much. I'll read out the following two questions from Krzysztof. Next question is about M&A. "Are you looking now at any potential acquisition targets?" And the final question, "How are the new projects progressing in pods? What are the company's expectations regarding these projects?"

Anton Gauffin:

I'll start from the latter. I think we already told a bit about pods and our plans, what comes to second half. The long term objective is to deliver new crowds with pods with our multi-player, multi-platform games. So it's all about having conviction of this long term opportunity we have. The first question about M&A, "Is that still an interesting topic for Huuuge?" Yes, very much so. We are active and the current market conditions being very brutal for many companies and the companies are struggling in many ways. And if you are a startup that would now need to raise funding compared to the environment was like 12 months ago, there's been a pretty dramatic shift as you may have read from the news or seen yourself. For us this has definitely increased our interest and appetite. We are actively exploring, let's say we are optimistic. You can never really guarantee anything so there would need to be extremely good maps and we are highly selective. So hopefully we have more to tell in the coming quarters and years.

Moderator:

Okay, thank you very much. Just a reminder star two for any additional voice or text questions. We have a follow-up question from Tomasz Pelczar. "How do you see the future of Traffic Puzzle? Do you believe in the game or should we consider it as a legacy game? Do you see any partnerships coming with premium game producers as you decide to launch Steam games?"

Anton Gauffin:

Good. So we did sunset Traffic Puzzle as such in March, and while we continue to maintain the game, we don't have an active roadmap. We did this simply because we saw a higher opportunity to focus our resources elsewhere, focus on these multi-player, multi-platform games. Since we've actually done that, Traffic Puzzle continues to generate value. It has an existing user base and we do see actually improved returns from small scale user acquisition that we've done. As mentioned, in Q1 96% of our UA was Huuuge Caisson, Billionaire Casino, and the remaining was pretty much DP, and we've seen improved paybacks with that spend. So yeah, I think the IP we haven't forgotten, and it is possible that in the future there would be more use of the IP but for now there's no active roadmap and while we continue maintaining the game. The second question was... Was there a second question or did I... I think I covered the first one so I'll give it-

Moderator:

Yeah, there was a question about the Traffic Puzzle. Do you believe in the game? And the second part was do you see any partnerships coming with premium game producers as you decide to launch Steam games?

Anton Gauffin:

Well, in Steam context definitely we are open for partnerships and there can be different kind of partnerships. We are not actively looking into premium games as a business model, but we are looking high quality games. So yeah, definitely there are new partnership opportunities in Steam context but I wouldn't expect Huuuge to be publishing premium games anytime soon.

Moderator:

Okay, thank you very much. It looks like we have, yeah, no further questions. Just once again a reminder, any voice questions star two, please. Star two for any voice questions. We'll give another few seconds.

Okay. We have a voice question from Mr. Lukasz Bozek from Prosperity Finance. Please go ahead, sir.

Lukasz Bozek:

Thank you for allowing me to ask the question. Once again, I would like to ask about the Webshop. You showed that the percentage of revenues through the Webshop channel increased to 6% in April, if I remember it correctly. What is your target level that you will be satisfied? Thank you.

Anton Gauffin:

Thank you for the question. So I'd say that our competitors, market peers, some of them have been doing these sort of direct relationships with their players for longer than we have. I think the public company Playtika is generating quite significant portion of its revenue by their web shop. I think that gives one perspective of what's possible, what the others have done. Yeah, generally said, we consider where we are right now as a starting point and we have exciting plans how to scale this. We need to see when we move forward where's the ceiling, if there's a ceiling. And right now we see tons of upside for Webshop.

Lukasz Bozek:

Perfect, thank you. And my second question, we can see that your RPPU on core franchises has recorded a very strong growth for a couple of last quarters. It reached almost 48 USD in quarter one. And can you maybe share your opinion, what is the ceiling according to you?

Anton Gauffin:

Well I've comment, that one clear reason for that is our VIP expansion. So we've been improving our service quality and extending this VIP offering we have, leads in positive traction and very good feedback coming from our most valuable players. So I think that there is a churn for all games and if you are exceptional how you are creating your payers and most valuable customers, so many of the non-payers are churning and that results as a over DAU. If you are not actively driving new users but your loyal and remaining customer base, maybe they are even more engaged. And I think we are seeing this sort of a thing going on with Huuuge Casino stats where we see really good results with continued VIPs. We are investing more into that and it's been more challenging to do UA with really acceptable payback. And finding new customers, for which we have pods, new games and new plans, how as a company we are addressing that. But for time being, we'd be expecting core franchises to do really well with our existing customers and if we are successful with our plans, there will be more new players finding the game later on.

Moderator:

Okay, Thank you very much. We do have a follow-up question from Mr. Tomasz Pelczar from NDM. "Can you give a final comment about competition and F2P market in general? What trends do you see and what are the winning strategies? What changes do you expect in one to three years? And finally, do you believe this segment of the market will persist?"

Anton Gauffin:

So if you will excuse me and repeat the beginning? So was that about free-to-play?

Moderator:

Yes, correct. Just a final comment about the competition and the free-to-play market in general.

Anton Gauffin:

Yes. I think we commented in our press release that the whole mobile gaming market see slight reduction and post COVID, post the IDFA change. So I say that generally said, the market landscape has been getting back to normal in a way. The long-term prospects remain very positive for gaming. So if you think about global population and how many players we have as of today, there's still many new players to add. And so no, I think no one can argue that the long term growth prospects are very strong for gaming and we are very happy about that.

In the short term, many of the companies have been looking into going multi-platform. Exactly what we are also doing. I can't be speaking specifically much more of the other companies out there. Marek, Erik, if you guys want to join in to add some more color, what was going on on the free-to-play gaming market as you guys tend to remember the research data pretty well. Better than me.

Marek Chwalek:

Sure. Perhaps I'll comment. Hi, this is Marek Chwalek here. So more broadly, just looking at the Q1 numbers posted by many public companies, I would say that we are seeing some signs of stabilization post the IDFA decline that we saw last year. But it's still quite shaky and the market is still quite trying to find the base I would say. And as far as the long term prospects go, I would just reiterate what Anton said. Tthe structural drivers are still in place, growing population, growing mobile phone penetration. This is still the most readily available form of entertainment and still the most attractive in terms of value for money. Yeah. Thanks.

Moderator:

Okay, thank you very much. We see no further questions at this point. I'll pass the line to Anton for the concluding remarks.

Anton Gauffin:

Thanks again. Thank you all for tuning in. We appreciate you spending time with us. We are excited about our future. Let's do it again soon. Thank you.

Moderator:

Thank you very much. This concludes today's conference call. We'll now be closing all the lines. Thank you and goodbye.