



Glu Mobile Inc.

Q120 Earnings Call

May 7, 2020



Safe Harbor Statement

This presentation contains "forward-looking" statements including those regarding our Q2-2020 and FY-2020 financial guidance, our strong product roadmap and pipeline, our healthy balance sheet to support expected growth, and statements including words such as "anticipate," "believe," "estimate," "expect," "may," "will," "plan," "intend," "could," "continue," "remain," "positioned," "potential" and similar expressions or variations, as well as statements in the future tense. These forward-looking statements are subject to material risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements. Investors should consider important risk factors, which include: consumer demand for smartphones, tablets and next-generation platforms does not grow as significantly as we anticipate or that we will be unable to capitalize on any such growth; the risk that we do not realize a sufficient return on our investment with respect to our efforts to develop free-to-play games for smartphones and tablets; the risk that we will be unable to build successful Growth Games that provide predictable bookings and year over year growth; the risk that we do not maintain our good relationships with Apple and Google; the risk that we do not realize the anticipated strategic benefits from its license agreements and strategic investments; the risk that our development expenses are greater than we anticipate or that we experience product delays; the risk that our recently and newly launched games are less popular than anticipated; the risk that our newly released games will be of a quality less than desired by reviewers and consumers; the risk that the mobile games market, particularly with respect to social, free-to-play gaming, is smaller than anticipated; risks related to the COVID-19 pandemic; and other risks detailed under the caption "Risk Factors" in our Form 10-K filed with the Securities and Exchange Commission on February 28, 2020 and our other SEC filings. You can locate these reports through our website at <http://www.glu.com/investors>.

These "forward-looking" statements are based on estimates and information available to us on May 7, 2020 and we are under no obligation, and expressly disclaim any obligation, to update or alter our forward-looking statements whether as a result of new information, future events or otherwise.

Use of Non-GAAP Financial Measures

Glu uses in this presentation certain non-GAAP measures of financial performance. The presentation of these non-GAAP financial measures is not intended to be considered in isolation from, as a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP, and may be different from non-GAAP financial measures used by other companies. In addition, these non-GAAP measures have limitations in that they do not reflect all of the amounts associated with Glu's results of operations as determined in accordance with GAAP. The non-GAAP financial measures used by Glu include Bookings, Adjusted platform commissions, Adjusted royalties, Adjusted research and development expense, Adjusted sales and marketing expense, Adjusted general and administrative expense and Adjusted operating expenses. These non-GAAP financial measures exclude the following items from Glu's unaudited consolidated statements of operations:

- *Change in deferred platform commissions;*
- *Change in deferred royalties;*
- *Amortization of intangible assets;*
- *Stock-based compensation expense;*
- *Litigation costs;*
- *Transitional costs.*

Bookings do not reflect the deferral of certain game revenue that Glu recognizes over the estimated useful lives of paying users of Glu's games and excludes changes in deferred revenue.

Glu believes that these non-GAAP financial measures, when taken together with the corresponding GAAP financial measures, provide meaningful supplemental information regarding Glu's performance by excluding certain items that may not be indicative of Glu's core business, operating results or future outlook. Glu's management uses, and believes that investors benefit from referring to, these non-GAAP financial measures in assessing Glu's operating results, as well as when planning, forecasting and analyzing future periods. These non-GAAP financial measures also facilitate comparisons of Glu's performance to prior periods.

For a reconciliation of these non-GAAP financial measures to their most directly comparable GAAP financial measures, please refer to the tables at the end of this presentation.

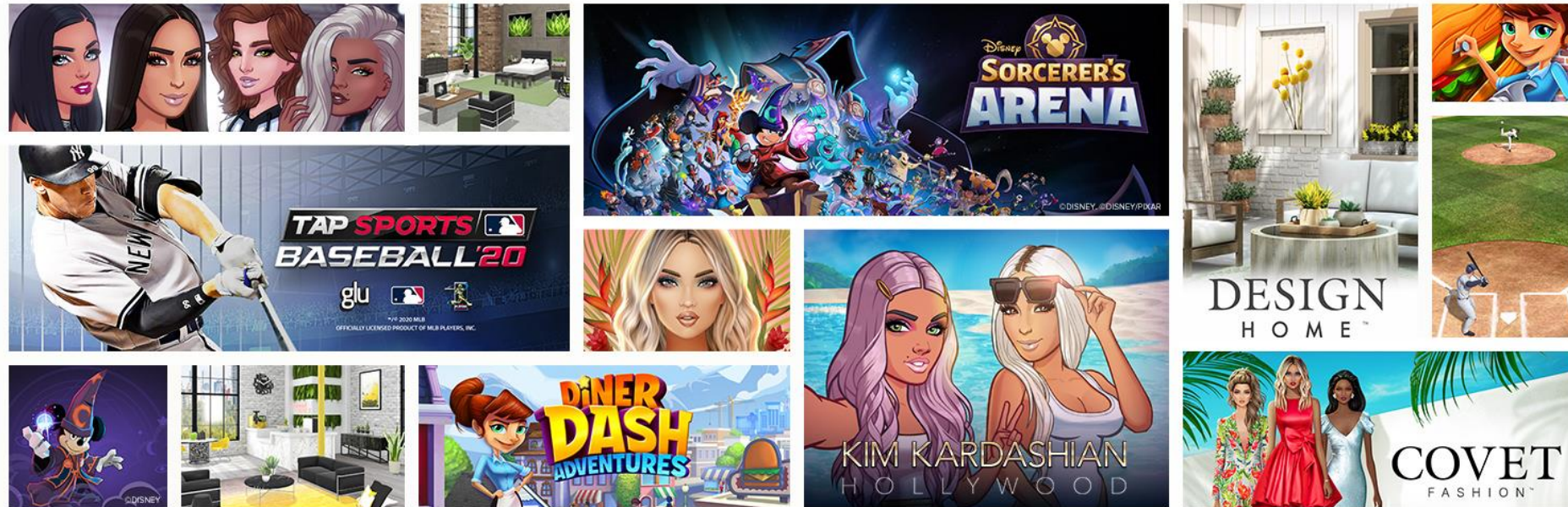


Business Update

Nick Earl

President & CEO

Q120 Operational and Financial Highlights



- 15% YoY bookings growth driven by increased engagement and DAU's across key titles
- Successfully launched Disney Sorcerer's Arena and Tap Sports Baseball 2020 in work from home environment
- Third record quarterly bookings in a row from Design Home
- Highest first quarter bookings in Tap Sports Baseball franchise's and Covet Fashion's histories
- Kim Kardashian: Hollywood highest bookings quarter in two years

Q120 Growth Game Highlights

Growth Games

- Q1 bookings grew 11% YoY to \$80.1M
- Driven by live ops expertise and execution

Design Home

- Design Home hit a new all-time record at \$46.8M with 11% YoY growth
- Driven by installs growth and impressive monthly series performance

Covet Fashion

- Covet Fashion had strong quarter at \$17.1M with 2% YoY growth
- Driven by a strong Spring season launch combined with higher installs

Tap Sports Baseball Franchise

- TSB had its strongest first quarter ever at \$16.2M and grew 21% YoY
- Successfully launched TSB 20 on March 16, 2020

DESIGN
HOME™



Lifetime
Bookings
\$482.5M

COVET
FASHION™



Lifetime
Bookings
\$293.8M

TAP SPORTS
BASEBALL™



Lifetime
Bookings
\$278.3M

Diner DASH Adventures and Kim Kardashian: Hollywood



- Transitioning to being systems-based game - adding scalability to the title
- Better positioned to realize its Growth Game potential



- Q1 Bookings of \$10.4 million, its highest Bookings quarter in two years
- Three-and-half year extension of exclusive partnership





Disney Sorcerer's Arena

- Launched on March 24, 2020
- Positive early reception
- Resonating with both core-RPG players and fans of Disney and Pixar alike
- Strong monetization KPIs in tandem with events featuring characters from iconic Disney and Pixar franchises
- Equipped to maintain a robust live-operations and events calendar including new characters

Strong Product Roadmap and Pipeline



TSB'20



Disney Sorcerer's
Arena

Launched Q120



Originals



Deer Hunter
World

2020



TAP Sports
Fishing



Crowdstar P3

2021

Also includes several additional original IP titles in pipeline



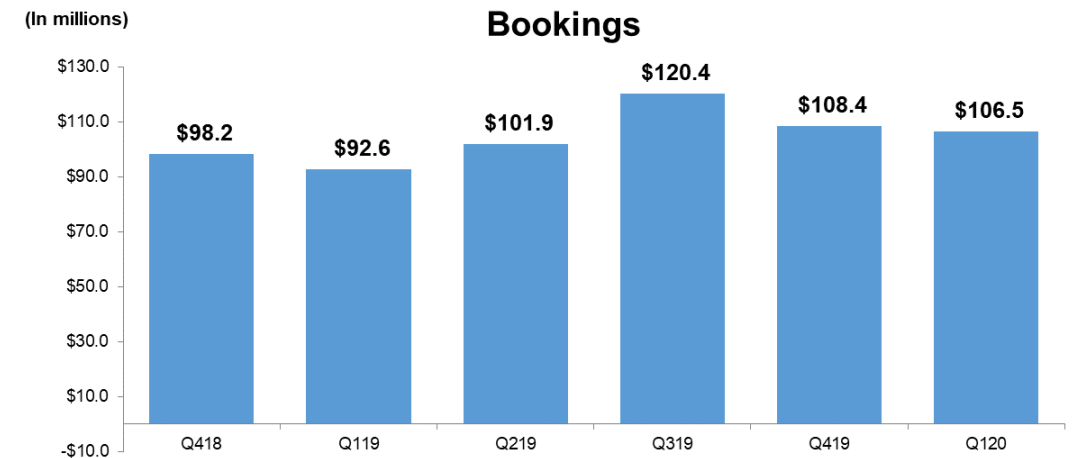
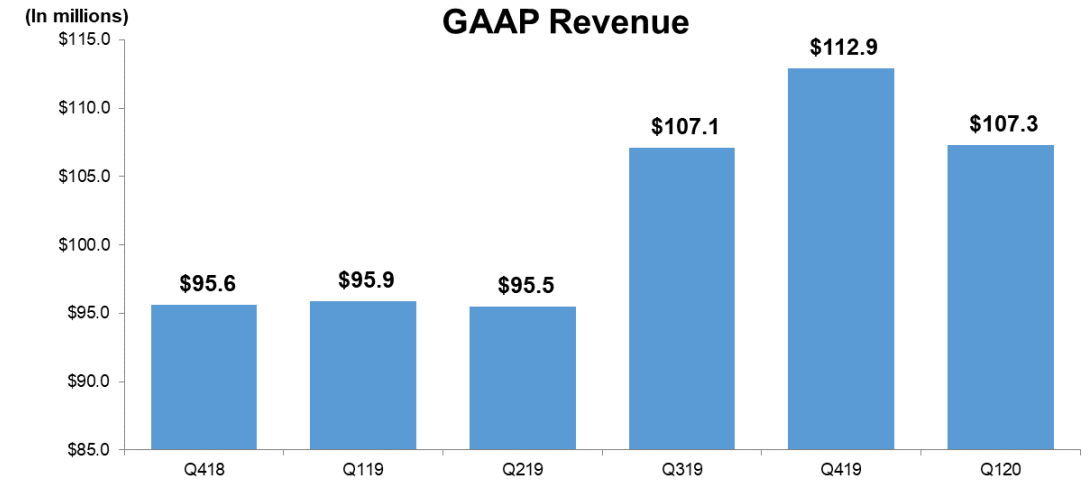
Financial Update and Guidance

Eric R. Ludwig

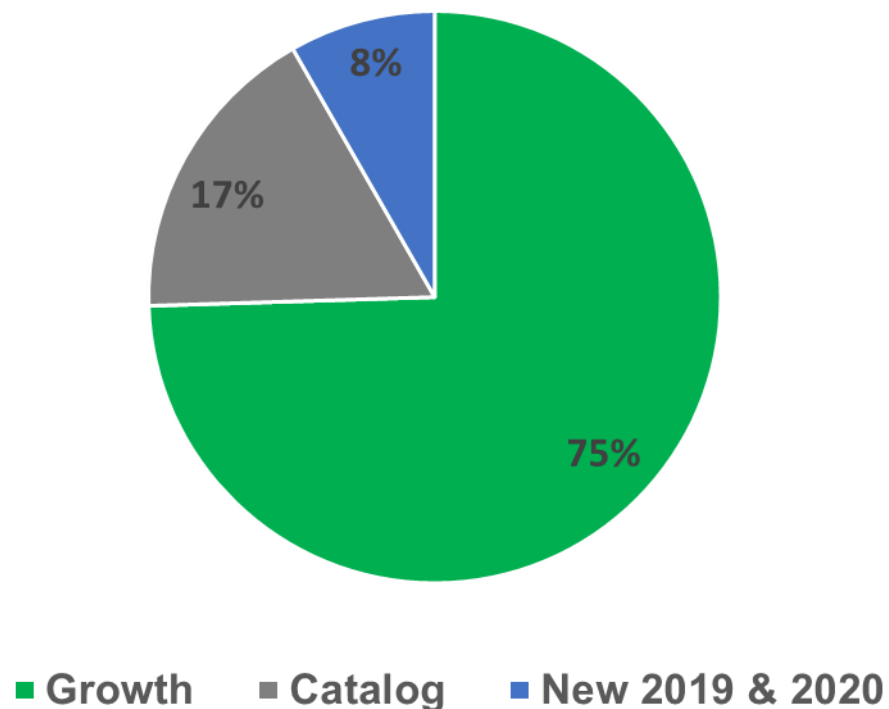
COO & CFO

Q120 Financial Highlights

- Revenue up 12% YoY to \$107.3M
- Bookings up 15% YoY to \$106.5M
- Bookings record for Design Home
- Ads were 11% of total bookings
- \$114.7M cash balance as of 3/31/20



Q120 Bookings by Category



Bookings (in millions)				
Title	Category	Q119	Q120	YoY %
Design Home	Growth	\$ 42.2	\$ 46.8	10.8%
Covet Fashion	Growth	16.8	17.1	2.2%
TSB Franchise	Growth	13.4	16.2	21.3%
Diner DASH Adventures	New 2019 & 2020	0.1	7.5	-
Disney Sorcerer's Arena	New 2019 & 2020	0.0	1.4	-
Kim Kardashian Hollywood	Catalog	8.3	10.4	25.3%
Cooking Dash	Catalog	5.7	3.1	(45.4%)
All Other Bookings	Catalog	6.1	4.0	(34.6%)
Total Bookings		\$ 92.6	\$ 106.5	15.0%

Total Growth	\$ 72.4	\$ 80.1	10.7%
Total Catalog	20.1	17.5	(13.0%)
Total Core Games	92.5	97.6	5.5%
Total New 2019 & 2020	0.1	8.9	-
Total Bookings	\$ 92.6	\$ 106.5	15.0%

Note: Beginning in FY20, WWE is being classified as Catalog and for comparative purposes is being classified as Catalog prior to FY20.

Strong Performance in Q120

(in millions)		Q119 Actual	Q120 Actual	Y/Y % Change
	Revenue	\$95.9	\$107.3	11.9%
A	Bookings	\$92.6	\$106.5	15.0%
	Cost of Goods Sold			
B	Adjusted Platform Commissions	\$24.0	\$28.5	18.5%
C	Adjusted Royalties	6.0	6.4	6.2%
D	Hosting Costs	1.5	1.9	23.0%
	Adjusted Operating Expenses:			
E	User Acquisition and Marketing Expenses	23.0	35.6	55.1%
F	Adjusted Other Operating Expenses	30.5	36.9	21.1%
G	Depreciation Add Back	\$1.0	\$1.3	26.6%
	Basic Shares Outstanding	144.4	149.6	3.6%
	Diluted Shares Outstanding	159.4	149.6	(6.1%)

(A - B - C - D - E - F + G) = adjusted EBITDA

Healthy Balance Sheet to Support Expected Growth

(in millions)	Q119	Q419	Q120
Cash and cash equivalents	\$ 93.2	\$ 127.1	\$ 114.7
Accounts receivable, net	34.7	29.3	42.5
Prepaid expenses, royalties and other current assets	43.4	58.2	58.4
Other non current assets	63.5	82.4	82.3
Intangible assets & goodwill	124.1	121.0	120.1
Total Assets	\$ 358.9	\$ 418.0	\$ 418.0
Accounts payable and accrued liabilities	\$ 18.5	\$ 17.5	\$ 22.7
Accrued expenses, royalties and other liabilities	74.2	99.8	87.9
Deferred revenue	82.4	97.6	96.8
Common stock/Paid in capital	623.6	634.7	650.5
Accumulated deficit & other comprehensive income/(loss)	(439.8)	(431.6)	(439.9)
Total Liabilities and Stockholders' Equity	\$ 358.9	\$ 418.0	\$ 418.0

Condensed Cash Flow

(in millions)	Q418	Q119	Q219	Q319	Q419	Q120
Cash, cash equivalents, and restricted cash at beginning of the period*	\$ 80.9	\$ 97.9	\$ 93.3	\$ 99.5	\$ 102.4	\$ 127.1
Other cash generated from/(used in) operations	19.2	(1.9)	12.5	3.3	25.4	(7.2)
Cash paid for royalty advances	(0.4)	(0.5)	(3.2)	0.0	(0.4)	(9.7)
Net cash provided by/(used in) operations	18.8	(2.4)	9.3	3.3	25.0	(16.9)
Net cash provided by/(used in) investing activities*	(1.5)	(1.2)	(1.1)	(1.3)	(1.8)	(4.8)
Net cash provided by/(used in) financing activities	(0.3)	(1.0)	(2.0)	1.0	1.6	9.5
Effect of exchange rate changes on cash	0.0	0.0	0.0	(0.1)	(0.1)	(0.2)
Net increase / (decrease) in cash, cash equivalents, and restricted cash	\$ 17.0	\$ (4.6)	\$ 6.2	\$ 2.9	\$ 24.7	\$ (12.4)
Cash, cash equivalents, and restricted cash at end of period*	\$ 97.9	\$ 93.3	\$ 99.5	\$ 102.4	\$ 127.1	\$ 114.7
Reconciliation of cash, cash equivalents, and restricted cash*						
Cash and cash equivalents at end of period	\$ 97.8	\$ 93.2	\$ 99.5	\$ 102.4	\$ 127.1	\$ 114.7
Restricted cash balance	\$ 0.1	\$ 0.1	\$ -	\$ -	\$ -	\$ -
Cash, cash equivalents, and restricted cash at end of period*	\$ 97.9	\$ 93.3	\$ 99.5	\$ 102.4	\$ 127.1	\$ 114.7

* In 2018, the Company adopted Accounting Standards Update ("ASU") 2016-18, Restricted Cash. The beginning and ending period balances now include restricted cash and changes in restricted cash line item is removed from cash flow from investing activities in accordance with the new standard.

Q220 Non-GAAP Guidance

(in millions)		Q120 Actual	Q220 Guidance	
			Low	High
A	Bookings	\$106.5	\$150.0	\$155.0
	Cost of Goods Sold			
B	Adjusted Platform Commissions	28.5	40.7	41.0
C	Adjusted Royalties	6.4	10.5	10.9
D	Hosting Costs	1.9	2.3	2.3
	Adjusted Operating Expenses:			
E	User Acquisition and Marketing Expenses	35.6	56.4	56.5
F	Adjusted Other Operating Expenses	36.9	37.6	37.8
G	Depreciation Add Back	\$1.3	\$1.5	\$1.5
	Basic Shares Outstanding	149.6	153.1	153.1
	Diluted Shares Outstanding	149.6	163.5	163.5

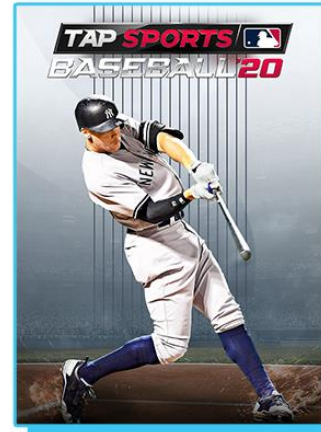
(A - B - C - D - E - F + G) = adjusted EBITDA

FY20 Non-GAAP Guidance

(in millions)		FY 2019 Actual	FY 2020 Guidance	
			Low	High
A	Bookings	\$423.3	\$490.0	\$500.0
	Cost of Goods Sold			
B	Adjusted Platform Commissions	111.5	131.8	134.5
C	Adjusted Royalties	26.4	31.9	32.5
D	Hosting Costs	7.2	7.4	7.5
	Adjusted Operating Expenses:			
E	User Acquisition and Marketing Expenses	118.0	129.2	130.8
F	Adjusted Other Operating Expenses	122.6	151.5	152.5
G	Depreciation Add Back	\$4.1	\$5.8	\$5.8
	Basic Shares Outstanding	145.8	154.5	154.5
	Diluted Shares Outstanding	157.4	165.8	165.8
Cash and Cash Equivalents Balance		\$127.1	At least \$155.0M	

(A - B - C - D - E - F + G) = adjusted EBITDA

Q&A



Non-GAAP Reconciliations & Other Operating Metrics

GAAP to Adjusted Results Reconciliation

	For the Three Months Ended					
	December 31, 2018	March 31, 2019	June 30, 2019	September 30, 2019	December 31, 2019	March 31, 2020
GAAP platform commissions	\$ 24,756	\$ 25,148	\$ 24,799	\$ 28,122	\$ 30,092	\$ 28,727
Change in deferred platform commissions	760	(1,109)	1,860	3,972	(1,346)	(232)
Adjusted platform commissions	\$ 25,516	\$ 24,039	\$ 26,659	\$ 32,094	\$ 28,746	\$ 28,495
GAAP royalties (including impairment of royalties and minimum guarantees)	\$ 6,784	\$ 6,605	\$ 6,245	\$ 6,643	\$ 6,285	\$ 6,381
Change in deferred royalties	122	(596)	1,071	592	(410)	1
Adjusted royalties	\$ 6,906	\$ 6,009	\$ 7,316	\$ 7,235	\$ 5,875	\$ 6,382
GAAP operating expense	\$ 62,062	\$ 61,286	\$ 59,727	\$ 74,987	\$ 62,641	\$ 78,941
Stock-based compensation	(7,062)	(6,807)	(2,035)	(4,080)	(4,461)	(6,382)
Transitional costs	(598)	(998)	(5)	(5)	(1)	(4)
Litigation costs	(1,217)	(28)	416	-	-	-
Adjusted operating expense	\$ 53,185	\$ 53,453	\$ 58,103	\$ 70,902	\$ 58,179	\$ 72,555
GAAP research and development expense	\$ 25,553	\$ 26,546	\$ 19,736	\$ 22,968	\$ 25,877	\$ 29,531
Transitional costs	(598)	(998)	(5)	(5)	(1)	(4)
Stock-based compensation	(3,818)	(3,946)	(1,128)	(2,494)	(2,898)	(3,962)
Adjusted research and development expense	\$ 21,137	\$ 21,602	\$ 18,603	\$ 20,469	\$ 22,978	\$ 25,565
GAAP sales and marketing expense	\$ 28,435	\$ 28,105	\$ 35,040	\$ 46,140	\$ 31,013	\$ 42,743
Stock-based compensation	(873)	(826)	(55)	(293)	(526)	(875)
Adjusted sales and marketing expense	\$ 27,562	\$ 27,279	\$ 34,985	\$ 45,847	\$ 30,487	\$ 41,868
GAAP general & administrative expense	\$ 8,074	\$ 6,635	\$ 4,951	\$ 5,879	\$ 5,751	\$ 6,667
Stock-based compensation	(2,371)	(2,035)	(852)	(1,293)	(1,037)	(1,545)
Litigation costs	(1,217)	(28)	416	-	-	-
Adjusted general and administrative expense	\$ 4,486	\$ 4,572	\$ 4,515	\$ 4,586	\$ 4,714	\$ 5,122
Other supplemental financial information						
Depreciation	\$ 968	\$ 1,061	\$ 1,025	\$ 1,065	\$ 1,072	\$ 1,343
Foreign currency exchange (gain)/loss	99	47	(56)	222	(54)	448
Income tax provision/(benefit)	49	178	-	(348)	641	(1,321)

GAAP to Adjusted Results Reconciliation

	For the Three Months Ended					
	December 31, 2018	March 31, 2019	June 30, 2019	September 30, 2019	December 31, 2019	March 31, 2020
A Bookings	\$ 98.2	\$ 92.6	\$ 101.9	\$ 120.4	\$ 108.4	\$ 106.5
Cost of Goods Sold						
B Adjusted Platform Commissions	25.5	24.0	26.7	32.1	28.7	28.5
C Adjusted Royalties	6.9	6.0	7.3	7.2	5.9	6.4
D Hosting Costs	1.6	1.5	1.8	2	1.9	1.9
Adjusted Operating Expenses						
E User Acquisition and Marketing Expenses	23.4	23.0	30.1	40.2	24.7	35.6
F Adjusted Other Operating Expenses	29.8	30.5	28.0	30.7	33.4	36.9
G Depreciation Add Back	1.0	1.0	1.1	1.0	1.0	1.3
Basic Shares Outstanding	143.5	144.4	145.5	146.2	147.2	149.6
Diluted Shares Outstanding	143.5	159.4	159.7	146.2	155.8	149.6

A-B-C-D-E-F+G = Management Reporting

Key Operating Metrics

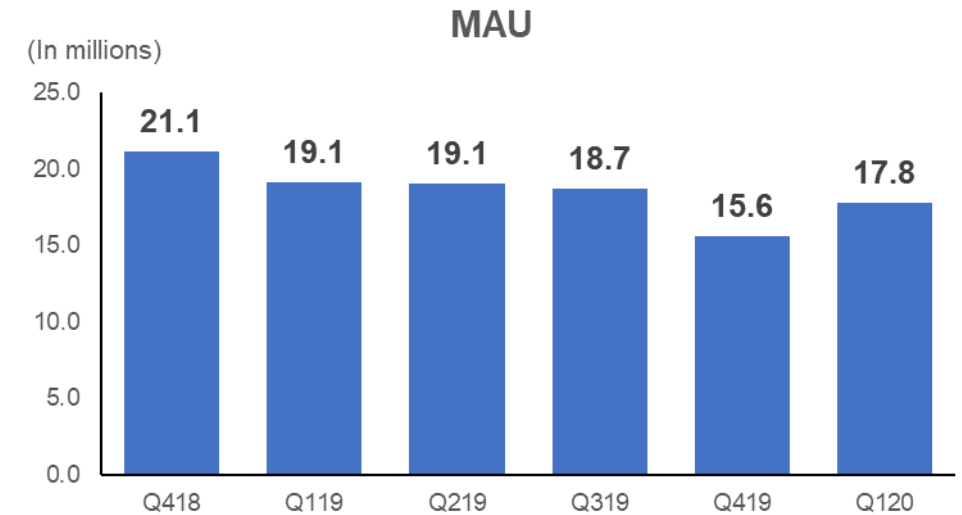
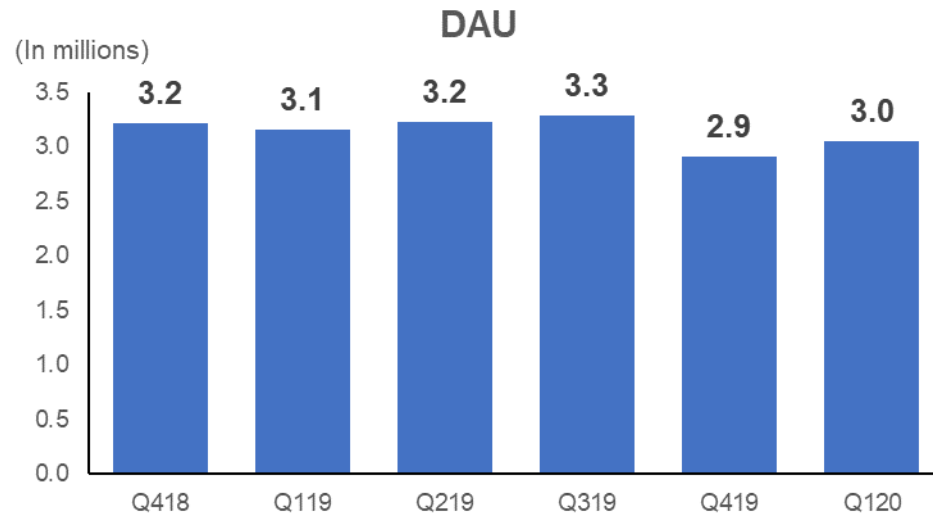
	Actual Q418	Actual Q119	Actual Q219	Actual Q319	Actual Q419	Actual Q120
Total Bookings (in millions)	\$98.2	\$92.6	\$101.9	\$120.4	\$108.4	\$106.5
Total Bookings Growth Q/Q	(2%)	(6%)	10%	18%	(10%)	(2%)
Total Bookings Growth Y/Y	18%	7%	3%	20%	10%	15%
Original IP % of Total Bookings	70%	74%	64%	69%	73%	72%
Total Ad Bookings (in millions)	\$13.5	\$12.3	\$12.9	\$13.2	\$12.4	\$11.3
Ad Revenue as a % of Bookings	14%	13%	13%	11%	11%	11%
Total Ad Bookings Y/Y	11%	32%	(1%)	(7%)	(9%)	(8%)
User Acquisition and Marketing Expense (in millions)	23.4	23.0	30.1	40.2	24.7	35.6
Adjusted Other Operating Expenses (in millions)	29.8	30.5	28.0	30.7	33.4	36.9
Adjusted Total Operating Expenses (in millions)	\$53.2	\$53.5	\$58.1	\$70.9	\$58.1	\$72.5
User Acquisition and Marketing Expenses as % of Total Bookings	24%	25%	30%	33%	23%	33%
Adjusted Other Operating Expenses as % of Total Bookings	30%	33%	28%	26%	31%	35%
Headcount* (at quarter-end)	659	678	718	719	715	740
Daily Active Users (DAU)** (in millions)	3.2	3.1	3.2	3.3	2.9	3.0
Monthly Active Users (MAU)** (in millions)	21.1	19.1	19.1	18.7	15.6	17.8
Downloads (in millions)	29.0	28.5	29.1	26.5	20.7	21.9
Cumulative Downloads (in millions)	1,874.0	1,902.5	1,931.6	1,958.1	1,978.8	2,000.7
In-App Purchase Billable Transactions (in millions)	12.4	12.0	13.4	18.6	16.7	16.0
Average Bookings per Billable Transaction	\$6.85	\$6.69	\$6.67	\$5.77	\$5.75	\$5.94

*FTE only, excludes contractors, temporary employees and consultants.

**For Q4'18, DAU and MAU reflects the DAU and MAU figures for the last month of the quarter, while DAU and MAU for Q1'19 to Q1'20 represents the average of aggregate DAU and MAU for each month in the quarter.

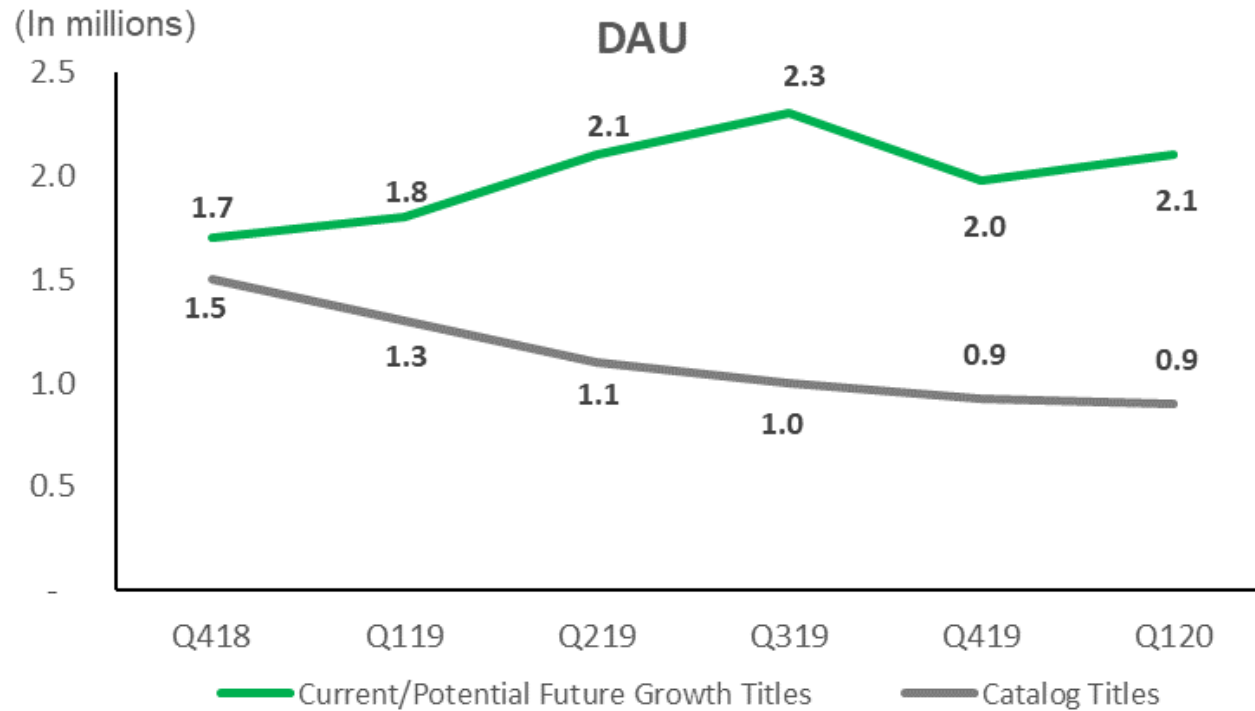
Appendix

DAU and MAU Trends



Aggregate DAU and MAU for Q4'18 represents the aggregate metric for the last month of the quarter, while aggregate DAU and MAU in Q1'19 to Q1'20 represents the average of aggregate DAU and MAU for each month in the quarter. An individual who plays two different games in the same month is counted as two active users for that month when we aggregate DAU and MAU across games. In addition, an individual who plays the same game on two different devices during the same month (e.g., an iPhone and an iPad) is also counted as two active users for each such month when we average or aggregate DAU and MAU over time. Our methodology for calculating DAU and MAU may differ from the methodology used by other companies to calculate similar metrics.

DAU by Category Trends

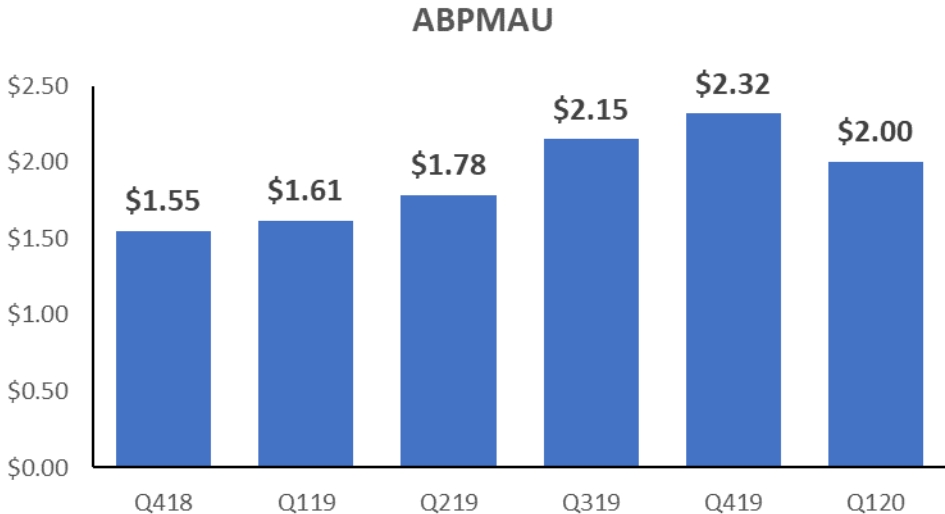
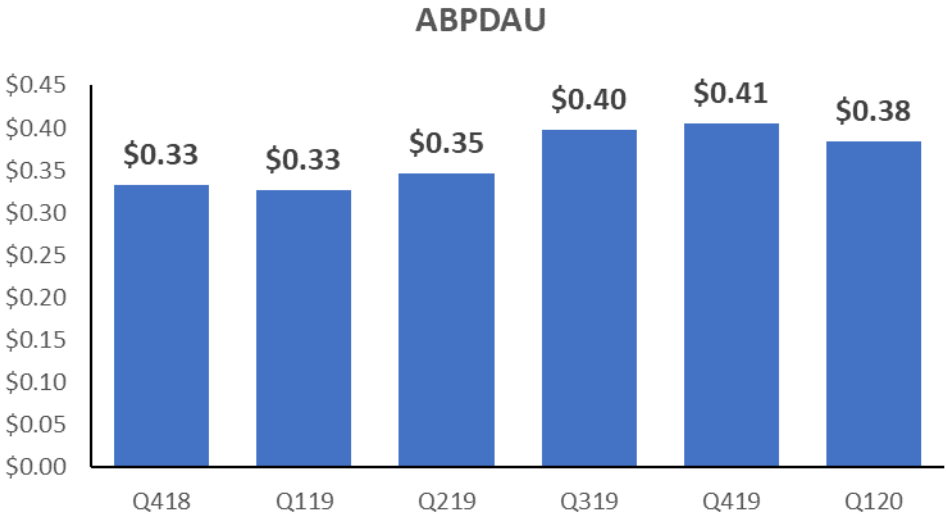


Current/Potential Future Growth Titles Include:

- Covet Fashion
- Design Home
- Tap Sports Baseball Franchise
- Disney Sorcerer's Arena
- Diner Dash Adventures

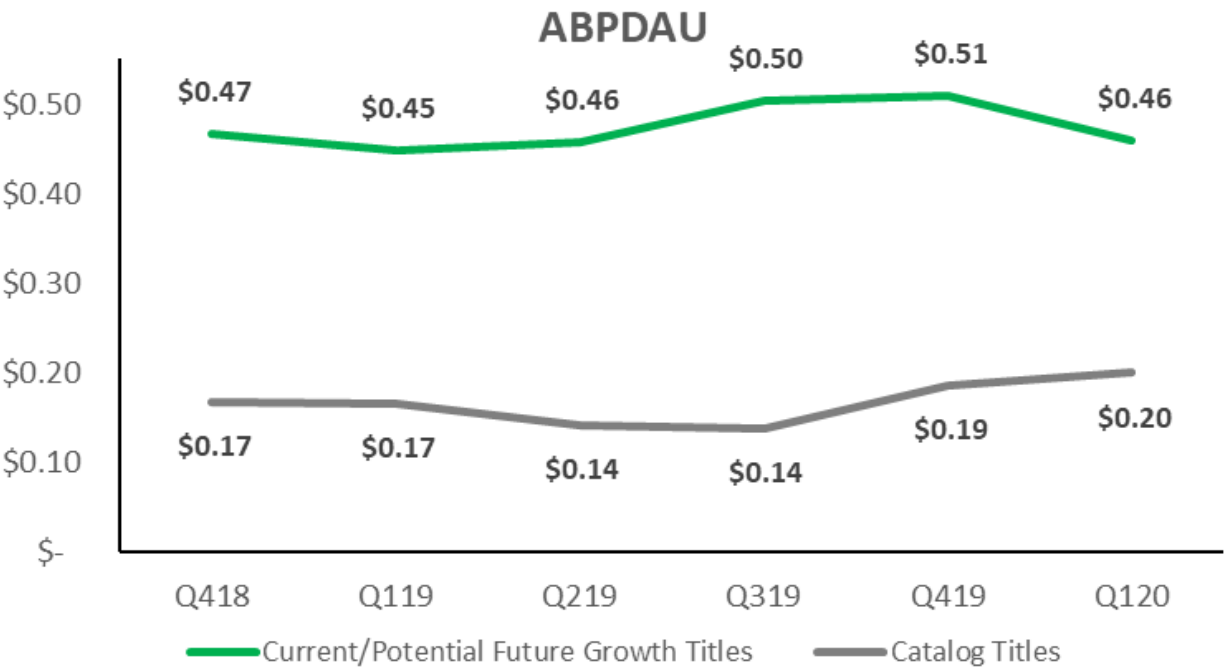
Aggregate DAU for Q4'18 represents the aggregate metric for the last month of the quarter, while aggregate DAU in Q1'19 to Q1'20 represents the average of aggregate DAU for each month in the quarter. An individual who plays two different games in the same month is counted as two active users for that month when we aggregate DAU across games. In addition, an individual who plays the same game on two different devices during the same month (e.g., an iPhone and an iPad) is also counted as two active users for each such month when we average or aggregate DAU over time. Our methodology for calculating DAU may differ from the methodology used by other companies to calculate similar metrics.

ABPDAU and ABPMAU Trends



Average bookings per DAU ("ABPDAU") is computed as our total bookings in a given period, divided by the number of days in that period, divided by the DAU during the period. Average bookings per MAU ("ABPMAU") is computed as our total bookings in a given period, divided by the number of months in that period, divided by the MAU during the period. Aggregate DAU and MAU for Q4'18 represents the aggregate metric for the last month of the period, while aggregate DAU in Q1'19 to Q1'20 represents the average of aggregate DAU for each month in the quarter.

ABPDAU by Category Trends



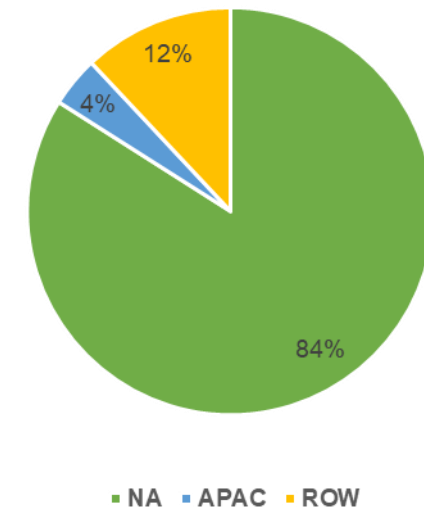
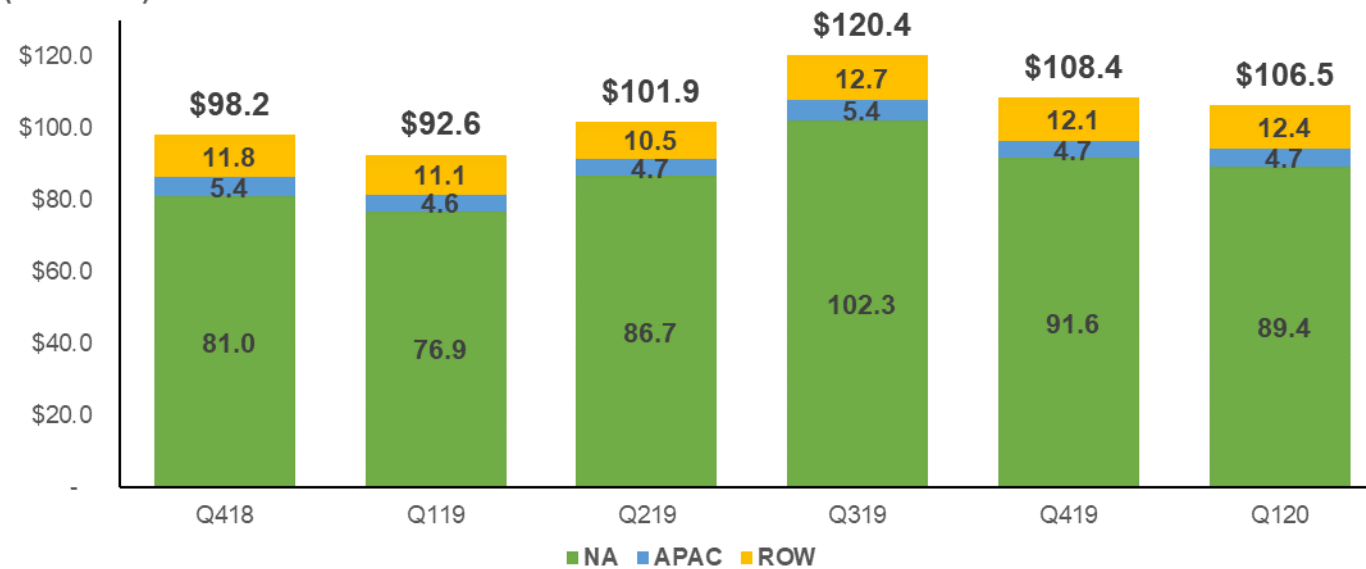
Current/Potential Future Growth Titles Include:

- Covet Fashion
- Design Home
- Tap Sports Baseball Franchise
- Disney Sorcerer's Arena
- Diner Dash Adventures

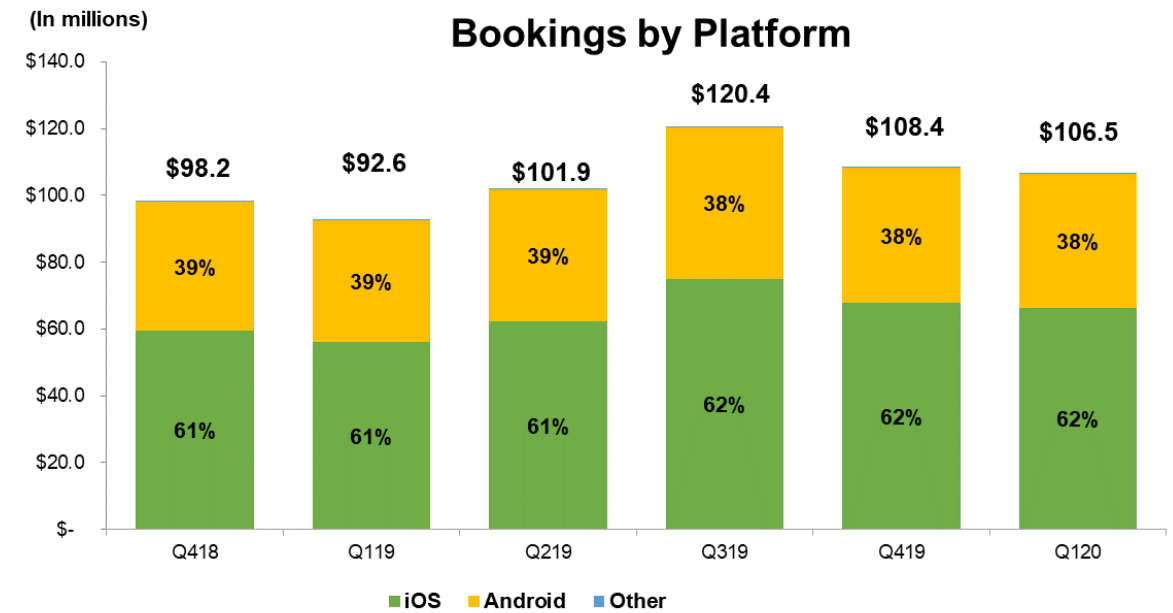
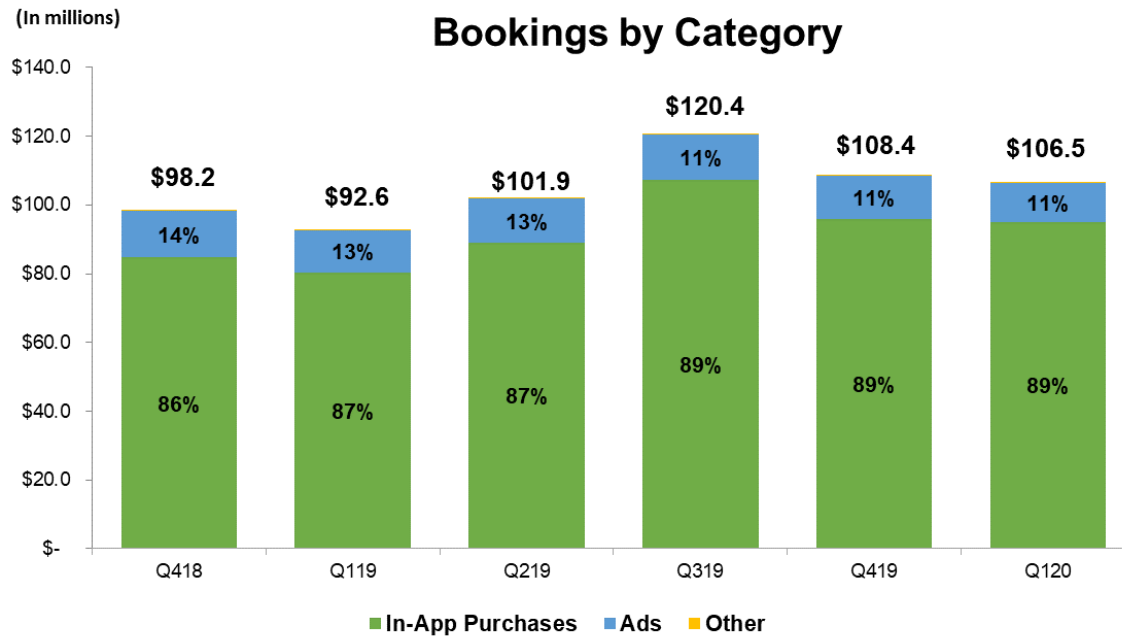
Average bookings per DAU ("ABPDAU") is computed as our total bookings in a given period, divided by the number of days in that period, divided by the DAU during the quarter. Aggregate DAU for Q4'18 represents the aggregate metric for the last month of the quarter, while aggregate DAU in Q1'19 to Q1'20 represents the average of aggregate DAU for each month in the quarter.

Q120 Bookings by Geography

(In millions)



Bookings Mix



Advertising Bookings

