

Roblox Corporation NYSE:RBLX

FQ1 2023 Earnings Call Transcripts

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S&P Global Market Intelligence Estimates

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Presentation

Operator

Good morning. My name is Brent, and I will be your conference operator today. At this time, I would like to welcome everyone to the Roblox First Quarter 2023 Earnings Conference Call. [Operator Instructions] Thank you.

Stefanie Notaney you may now begin your conference.

Stefanie Notaney

Thank you, Brent. Good morning, everyone, and thank you for joining our Q&A session to discuss Roblox' Q1 2023 results. With me today is Roblox' Co-Founder and CEO, David Baszucki; and CFO, Michael Guthrie.

As a reminder, our shareholder letter, press release, SEC filings, supplemental slides and a replay of today's call can be found on our Investor Relations website at ir.roblox.com.

On this call, we will make some brief opening remarks and reserve the rest of the time for your questions. Our commentary today may include forward-looking statements, including, but not limited to, our expectations of our business, future financial results and business and financial strategy. Forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those described in our forward-looking statements, and such risks are described in our risk factors included in our SEC filings, including our most recent reports on Form 10-K and 10-Q. You should not rely on our forward-looking statements as predictions of future events. We disclaim any obligation to update any forward-looking statements, except as required by law.

During this call, we will also discuss certain non-GAAP financial measures. Reconciliations between GAAP and non-GAAP metrics for our reported results can be found in our press release as well as in our supplemental slides. For our webcast participants, please note that question icon at the bottom of your screen where you can submit your questions.

With that, I'll turn it over to Dave.

David Baszucki

Founder, President, CEO & Chairman of the Board

Thank you, Hey, and good morning, everyone. We are going to start with the prelude. And I want to talk a bit about bookings acceleration and the generation of cash, which is really exciting for our business. We're going to talk about our future bookings growth rate relative to cost of sales, infrastructure and compensation expense, which is also a wonderful story. And then finally, we'll touch base on innovation and what we've done in the fruit since the start of this year.

Our revenue in Q1 grew 22% to \$655 million. Our bookings grew 23% to \$773 million. And I want to just highlight bookings is how we run the business. We run the business based on cash. Our bookings growth rate year-on-year over the last 5 quarters has gone from negative 3 to negative 4 to plus 10 to plus 17 to plus 23%. We believe this is being driven by 8 quarters of innovation and awesome engineering that have expanded our platform.

And our platform is growing in all directions, and we'll touch on that. GAAP loss was \$268 million, while cash from operations was positive \$173 million. We generated over \$100 million of free cash and operational cash in the quarter. And this just highlights the difference between cash and our GAAP loss, which is driven by deferred revenue and other factors.

Finally, our cash has been steady relatively over the last 6 quarters, and we have approximately \$3 billion of cash with no external financing.

On the user side, our DAUs are up 22%, with an all-time high of 66 million DAUs. Our hours are up 23% year-on-year, once again, an all-time high of 14.5 billion hours of engagement in Q1. All regions are up. And I want to highlight that our 13-and-up segment is growing 31% year-on-year, which bodes very well for our future growth as that's an amazingly large available market for us.

On the developer community, money flowing to our developer community increased 24% year-on-year to a record 182 million in Q1. We have some exciting things happening in our business. Our bookings growth year-on-year is already exceeding our cost of sales growth year-on-year. And we believe in Q3 of this year, our year-on-year bookings growth will exceed our infrastructure year-on-year growth. This is a testament to the efficiency on our infrastructure spend and the way we have built out our redundant data center in

ASH. I want to highlight that we spent almost \$400 million of cash on infrastructure over the last year, and we're still showing positive cash flow in Q1.

Finally, we believe in Q1 of 2024 our year-on-year bookings growth will pass our year-on-year compensation expense growth through just operational excellence. We are -- we have not suffered layoffs. We continue to highlight, but we're being very thoughtful in hiring the best and growing our head count efficiently.

On the cash side, once again, I highlighted we're in an awesome cash position. And on the innovation side, we continue to innovate. Our vision is to bring together 1 billion people every day with optimism and civility. And we're very bullish about this vision. We continue to feel very positively about this opportunity.

In the last 8 quarters, we've driven a lot of innovation. I want to highlight on the innovation we've really executed on since January 1 of this year. And that innovation falls in categories of cost control, revenue acceleration, AI generative creation, international aging up and our vision of social communication. We've got a 15-year history of innovation, and we believe innovation is, once again, contributing to our bookings acceleration.

On the cost efficiency, we've been using AI and machine learning for quite some time to drive the efficiency of our safety organization, which is really the primary focus of our business. And we've gotten to the point where we're highly automating reviews of 3D objects, audio and images.

On the revenue side, I want to highlight that our advertising system is now in test. We have over 200 developers that are participating. We are not going to share the number. We will make a small amount of advertising revenue in Q2 of this year.

And I'll quote, with the NFL shared with our advertising system is that portals have helped the NFL reach and convert a high percentage of new users into their experience. We're really excited about this. It is a new ad format that complements image and video that is very immersive and native to Roblox.

We've launched two AI generative accelerators to help our creators create better and create more quickly. First is a material generator that allows developers to create any type of 3D material, purely by using a few words. So if a creator on Roblox says, "I would like a brick wall that's a little bit covered with moss, that's enough to generate a 3D material."

We're proud that we did this in -- early this year. And we're also launching code generation. Roblox has an amazing repository of Lua codes, and we're using this to train a code generator that won't just help people auto complete, but really helps people create and script on Roblox.

On the international side, we continue to drive the vision that Roblox is a platform that will work around the world and also drive the vision that anyone's creation can go live in many, many countries.

I want to highlight Japan, which is now growing at over 100% year-on-year on daily actives. It's been driven by some advances we've made on semantic search and the quality of our translation. We continue behind the scenes to drive the quality, the performance and efficiency of our core 3D engine.

And we've made enormous strides on our vision of social communication as well. Since the start of the year, voice on Roblox is now being used by almost 10% of over 13 daily users in the U.S.A., 9% to be exact. And we've rolled out Lip sync as well on our journey to fully animating avatars on the platform, either using Lip sync or ultimately, camera. A fun other thing just to highlight, by day 7, based on all the work we've done on contacts and friend finding, people are finding 10% more real-life friends on the platform in the first 7 days than they were a year ago. I just want to, once again, recap and then we'll start answering questions.

Long-term mission is 1 billion users every day connected with optimism and civility. We're focusing on driving bookings growth with innovation. Behind that bookings growth, we have an enormous focus on operational excellence and efficiency. And once again, we believe by Q1 of next year, bookings on a year-on-year basis will be growing more quickly than cost of sales, infrastructure expense or headcount compensation expense. And then finally, the cash that we spin off as much as possible, we want to really share with the creator community to drive innovation.

With that, we'll open up for questions. Thank you.

Question and Answer

Operator

[Operator Instructions] Your first question is from the line of Andrew Crum with Stifel.

Andrew Edward Crum

Stifel, Nicolaus & Company, Incorporated, Research Division

Okay. Guys. A lot of discussion around slowing investment spending. I'm assuming, or I did not hear anything around developer exchange fees. So Mike, I guess, does the 24% as a percentage of 1Q bookings, is that a good quarterly run rate for the business over the next several quarters? Or does that continue to move up?

And Dave, as you think about this line, curious if there is a competitive response to Epic's unreal editor for Fortnite in terms of the economics the company pays out to its developer community?

David Baszucki

Founder, President, CEO & Chairman of the Board

I'll go, and then I'll let Mike talk about long-term exchange. Developers are flocking to Roblox right now. In March 2023, the number of developers who earned something on our platform grew 63% year-on-year to over 4 million. And the money to our community increased 24% year-on-year in Q1 to \$182 million.

There's an enormous economic opportunity on Roblox, and we just -- we see that continuing to grow with a lot of developers moving to our platform.

I'll let Mike comment on the developer exchange rate.

Michael Guthrie

Chief Financial Officer

Yes. On the rate, we're pleased that we have continued to increase the rate of growth in developer exchange over the last few years. We continue to look for efficiencies in our business, not only to drive our bottom line, but also to drive increasing economics to the developer community. And we'll continue to do that over time.

We've been sort of very steady in our approach of increasing that number. And as we garner efficiencies in the rest of the company, it really gives us the flexibility to balance increased investment in the community with a little bit of increase in the bottom line for the company. So we'll continue to take that approach.

Operator

Your next question is from the line of Omar Dessouky with Bank of America.

Omar Dessouky

BofA Securities, Research Division

I wanted to maybe double-click a little bit on that Fortnite creative question that was just asked. As you can see some in the -- investment community have seized on it as a source of competition, even though the platforms are very different.

So I wanted to ask you, given the early stages of development of the metaverse, how would the emergence of a second ecosystem over time actually be beneficial or symbiotic to Roblox and its developers? And I have a follow-up after that.

David Baszucki

Founder, President, CEO & Chairman of the Board

Omar, great, great question. And I want to share a bit about how we think of the innovation at Roblox and how we have for the last -- really 16 years. As you correctly note, it's still very early in the creation of the metaverse. We see it -- and it's a place where Roblox can have 1 billion daily actives.

We think about innovation as inventing and creating things that have never been done before to help drive this vision of the metaverse. And one of those is UGC creation, which we launched over 16 years ago that we do believe is part of this vision.

There are a lot more innovations that are coming from us, and we shared the vision around social communication. We shared our vision around AI-driven acceleration. We shared our driven around an ad platform. We're just very bullish that it's going to take a lot more new invention and the creation of many more long port pole technologies to get to that 1 billion daily actives. And that's what we focus our engineering and product teams on.

Omar Dessouky

BofA Securities, Research Division

Okay. All right. So maybe a follow-up to that. I noticed that a studio that got a start on Roblox recently raised the \$25 million Series A venture capital round. So as the most successful studios in your ecosystem become larger, and their IPs and services are capable of standing on their own, how does Roblox think about incentivizing them to keep monetizing on platform rather than through some social channel or another creator platform?

David Baszucki

Founder, President, CEO & Chairman of the Board

Yes, I want to highlight that's not really a future-looking thing. That's something that exists right now, and that those incentives today are already massive and continue to grow. Our top creators create experience that generate tens of millions of dollars. And you can see as they're starting to raise money, the size of those creators is getting larger.

What I shared earlier, which is continued bookings growth, continued economic activity, operational excellence, so Roblox runs as lean as possible both on cost of sales on our head count expense and on our infra. What that means is a efficient utility that pushes as much money back to those creators as possible. So we think those incentives are already there, and we think it's all about operational excellence and moving as much economic activity on the -- on an enormously large platform to that developer community.

Operator

Your next question comes from the line of Matthew Thornton with Truist Securities.

Matthew Corey Thornton

Truist Securities, Inc., Research Division

Dave and Mike. Maybe two quick ones, if I could. I guess, first, any color on trends that you're seeing in April into May? And maybe just how we should think about what a normal second quarter looks like for you guys seasonally, because obviously, we've had a couple of really weird years?

So any color there would be helpful.

And then just secondly, I think, Mike, last quarter, you guys talked about, maybe 2 quarters ago, high single-digit type EBITDA margin for the year. Is that still the way we should be thinking about 2023? Or has that evolved at all?

Michael Guthrie

Chief Financial Officer

Matthew, thanks for checking in. We did our last monthly metrics presentation in March, and I think we're all excited and glad that we did it and glad that we're done doing it. There's 2 years of pretty good healthy data out there that reflect seasonality and COVID and reopening from COVID. So I think there's plenty of data out there.

The benefits of Q2, of course, are -- April was really strong with the Easter holiday. And June is strong because school is out and it's the start of the summer. And summer is always a big time for the platform as it is for lots of companies.

In terms of margins, we talked a ton about it today on the call. It's -- again, it's really about efficiency. It's about coming to a point in the company's history where we have returned to really substantial bookings growth as a result of making incredible investments in people and infrastructure, and now being able to allow that growth to creep up to a level where it exceeds our investments in people and infrastructure. So we feel really, really well set up to combine growth with operating leverage over the next few quarters and years, and that's really what's important to us.

So I just would say, expect to see a business over the next few years that is really high growth and high operating leverage. We're excited about that, and we'll continue to make the right investments in the company for long-term value. We feel really strongly that the investments in people and infra that we've made over the last couple of years allowed the business to grow and hold on to a substantial growth that happened at the beginning of COVID.

And now we find ourselves with, as Dave said, peak users, peak hours of engagement. I think a business growing faster than almost anything in digital entertainment, gaming, social. So we're really satisfied with where we are and feel like we're in a place where we can make a really nice combination of investments in growth and leverage.

Operator

Your next question is from the line of Matthew Cost with Morgan Stanley.

Matthew Andrew Cost
Morgan Stanley, Research Division

I have two here. Maybe the first one is for Dave. Just looking at the over 13 age group in the first quarter, I think it grew a little over 4 million DAUs up from the fourth quarter, which looks like one of the biggest increases that you've seen.

I guess, is there anything that you would call out that those older users are engaging in? What is driving that uptick in over 13 DAUs? And then I guess, just for Mike on the margin side. I think in the press release, there was a comment about seeing some improvement on gross margins as a result of prepaid cards, which we've talked about in the past, but there's a comment in there about credit cards. Is there an element of direct-to-consumer payments that you're working on in the mobile app that might be driving some of that leverage?

David Baszucki
Founder, President, CEO & Chairman of the Board

Yes. First off, on -- our vision -- and we've been sharing it, but this is before we went public, is this whole vision of our product platform and category is for all ages around the world. And we've been working on this for many, many years, with the vision that younger people, older people, play on Roblox, will learn on Roblox, will start to connect when they're at work, will go to concerts on Roblox, and a wide variety of these types of things.

We're really pleased with the older growth as we continue to improve the quality of our engine simulation, as we improve the quality of search and discovery. We are seeing more and more developers and creators start creating experiences that are exciting for people all over the world. 17 through 24 is growing very, very rapidly.

We're seeing experiences like front lines, which are really been funded by our creator fund and are driving much more high-quality type experiences that older players are flocking to. We think there's still enormous headroom in the older player base as people start to use Roblox as a way to socially connect as well. So we're really bullish on the long-term size of that cohort.

On the credit card thing, I just want to highlight where we're seeing there. We're seeing that our bookings year-on-year growth rate has already passed our cost of sales year-on-year growth rate. It's because there's so many ways for our community to spend money on Roblox. They use prepaid cards. They can use credit cards, in addition, of course, to our partners at Google and Apple. And as that expands, we're seeing the leverage we get as bookings grows faster than that cost of sales.

Operator

Your next question is from the line of Clark Lempen with BTIG.

William Lampen
BTIG, LLC, Research Division

I wanted to come back to bookings acceleration. Curious if you guys could provide a general sense for how maybe that's going to be balanced between user growth relative to monetization initiatives now that we're seeing more product coming out of the development pipeline?

And maybe bigger picture, as we're thinking about the sort of divergence in bookings and OpEx trends, is it reasonable for us to think about sort of 20% as a reasonable rate maybe over the balance of this year or into next year?

Michael Guthrie
Chief Financial Officer

Clark, on bookings -- we've multiple things that drive our bookings. We start with a user base and we look at the frequency of the user base. How often do they come to Roblox? That gives us our daily active users.

Then, we look at how much time those users are spending with us, hours per DAU. That number has continued to grow and has been really healthy across most parts of the world and most age groups. And then we look at how much capital is being spent per hour of engagement on the platform. And again, over the last few quarters, we've seen really healthy growth in our monetization. So it really is a combination of more users spending more time with us and spending more money on the platform as well.

If you look at the monthly unique payers in our supplemental materials, you'll see that primarily the growth -- the bookings growth has been driven by more payers, but there is a slightly increase in the monetization per payer. And if you look at the monetization by region, which we broke out for the first time, so bookings per DAU by region in the supplemental materials. What you see is good year-over-year growth in all regions, except in Europe, where we simply have had high growth in Eastern Europe vis-a-vis Western Europe.

On the other hand, if you look at the peaks of monetization in the U.S. and Canada, what you're starting to see is this maturation of payer cohorts that we know over time, they run for a very, very long time. And they tend to monetize more as time goes on. And so in the U.S., we have more of those cohorts. You actually going to see higher peaks in terms of the monetization, even when we were at the peaks of COVID. Other parts of the world, we think we'll actually get there as well over time, as their payer cohorts become larger and more mature.

So right now, like in the U.S., we have an incredible mix of older payer cohorts and new payer cohorts coming from older age demos, that's powering a lot of really good growth. So -- generally, right now, most of the top line growth is just driven by the fact that our users continue to grow and if you've got our DAU charts and our engagement charts. They've really been up and to the right over the last 4-plus years. But we are certainly seeing healthy signs of people spending, especially those users have been with us for a while spending incrementally.

William Lampen
BTIG, LLC, Research Division

And maybe if I could follow up really quickly just on the sort of topic of gift cards and prepaid cards. Is that something that we should expect to be driven more by international markets? Or is there a higher propensity there? And if adoption does sort of tick up in international markets, does that have positive implications for margin in those territories, too?

Michael Guthrie
Chief Financial Officer

Thanks, Clark. It has positive implications for margins anywhere in the world, and we continue to look for places where consumers don't have access to prepaid cards and to make sure that they have access to it because it's just a low friction, very much in demand, source of currency in our user base.

We are definitely growing internationally. There is a probably a higher propensity for stored value in foreign markets. So we're excited to continue to find places where there is growth, but there will be growth throughout literally globally. And our team is highly focused on growing the prepaid card business and actually just doing an excellent job.

David Baszucki
Founder, President, CEO & Chairman of the Board

I'll give an example. In complementing the over 100% year-on-year growth we're seeing in Japan, Roblox gift cards are now available in 65,000 different convenience stores in Japan.

Operator

Your next question is from the line of Bernie McTernan with Needham.

Bernard Jerome McTernan
Needham & Company, LLC, Research Division

I was just wondering, Dave, you mentioned frontline. So was wondering what types of content you're seeing that are most popular for older age demos? And is it always the highest fidelity games and reason being, how do you think generative AI tools could impact the amount of content that is really geared towards aged up to age demos?

David Baszucki
Founder, President, CEO & Chairman of the Board

Yes. I want to highlight that Roblox is a place where new types of experiences that people have never seen before, have been created and become huge favorites with billions and billions and billions of players. And frontlines is a little more traditional high-resolution type experience. But many of the experiences on Roblox, and you name the favorite, [the DotMi] Jailbreak, Brookhaven, have huge older audiences as well and really become international favorites as well as all age favorites. So just really, really proud of that.

We are uniquely poised to accelerate our whole platform with AI generative technology. And it's -- you're seeing early signs of it now on material generation and code generation. But ultimately, it means 3D experience generation. It means Avatar generation. It means the quality of real-time language translation. It means the quality of search and discovery.

And because of the size of our user base and our 60 million to 70 million daily active users, we have an enormous opportunity to really reinforce, strain and accelerate the quality of our AI.

So keep an eye on that. We're really proud with the early signs from our code generator and our material generator, but we're really building a platform to use this throughout Roblox.

Bernard Jerome McTernan

Needham & Company, LLC, Research Division

Understood. And just a follow-up for Mike on the commentary on infrastructure and compensation leverage. Is this a change in prioritization for margins? Is it a higher bookings outlook? Just trying to think about what's driving this better outlook now for some of this cost leverage?

Michael Guthrie

Chief Financial Officer

Bernie, well, one place to start would be the bookings growth rates over the last 5 quarters. So it's probably not escaped your attention that we're back over 20%. The investment that we've been making over the last couple of years has all been geared towards keeping and growing a massive audience and getting through COVID and the reopening and still growing on top of. That.

So we felt like those investments were very high ROI would be proven out with return to bookings growth. So we are now at a much higher level of bookings growth. When you have higher top line growth, you just got more room for operating leverage. And so we feel like it's a good time to allow that growth to outstrip the growth in new hiring and in infrastructure and investments. Those are decisions that we've made relatively recently.

So they don't happen overnight. We'll start to see benefits from that as we talked about in the back half of this year and early next year, and then as we go into '24 and beyond. So very much a result of getting things done, getting teams to a certain scale, getting infrastructure to a certain scale and ensuring that our top line was back to high growth.

Operator

Your next question is from the line of Andrew Uerkwitz with Jefferies.

Andrew Paul Uerkwitz

Jefferies LLC, Research Division

Really appreciate the DAU by region. That's how we model. So it can make life a lot easier for us. On that data though, could you just give a little bit of color? Like it's interesting that Europe is not a much higher rate than, say, APAC. So just if you could give us a little color around, one, where you think those numbers could go? Can they approach U.S. Canada? And then if you would kind of break Europe down between, say, Western and Eastern, what those trends look like?

Michael Guthrie

Chief Financial Officer

Yes, Andrew. So in terms of the monetization levels, I think it's still -- if you -- let me just -- I'm going to pull something up in front of me. You basically -- look at the U.S. data first. And what you see is see how in the fourth quarter of '22, the monetization was actually above any of the prior fourth quarters, even at the beginning or in the middle of COVID.

Again, that has to do with the length of the time payer cohorts have been with us. So we're adding lots of new users and new payers, but we're also really benefiting from these older cohorts that have been with us for a while, which increased monetization over time. That's a really great trend.

Places like Europe and APAC are still newer markets for us, in a sense. Our level of penetration in those markets is far lower, and we're still building a payer base that will compound over time. We are in Europe and in APAC, those markets are more aged up at the beginning than in the U.S., which started us with a younger user base and then ultimately aged up.

And you can see in those markets, we still have not gotten back to where the monetization was at the peak of COVID, yet pretty good growth in APAC. And like as I said, in Europe, it's just a mix shift between super high growth right now in Eastern Europe and slightly less growth in Western Europe, and those two were just divergent in terms of the economic benefits.

Ultimately, in certain markets, in Europe and Asia Pacific, yes, we -- the monetization should be fairly close to the wealth in that part of the world. It should track GDP per capita pretty closely in places like the U.K. and ANZ. We've seen very similar monetization to what we have in the U.S. and Canada. So there are other parts of Western Europe, where I think that will be ultimately be true.

In Asia Pacific, Southeast Asia is very different than Japan. So as Dave talked earlier, Japan is growing very quickly. It's still a relatively small amount of our APAC user base engagement and monetization. But over time, that trend will move very much towards what we -- in Japan, we'll move very much towards what we see in the U.S. and Canada. So we'll just have to watch it over time, but it will definitely move up over time.

And I will call out that even the Rest of World is a much lower number. We've sort of built a dominant user base and engagement base in places like Latin America. And that has served us incredibly well. It's a fantastic growth and the strong bookings cohorts there as well.

Andrew Paul Uerkwitz
Jefferies LLC, Research Division

Got it. I appreciate that color. And then I guess just one follow-up for David. On the advertising product, I know it's really early. What's been the reception from brands? Are they gravitating towards a certain type of ad? Are you finding brands that wouldn't normally engage with Roblox, but now they can because there -- you have a short-form opportunity here? Just kind of curious what the early commentary is and how your views have been shaped around the advertising?

David Baszucki
Founder, President, CEO & Chairman of the Board

There's two types of advertising visions that we have on Roblox. I would say one is traditional, which is Roblox as a platform where an image from a brand can show up on a virtual billboard and any experience anywhere. So imagine one of our partners is introducing a new movie. And for 1 or 2 days, they want people throughout Roblox to see a movie poster or something like that.

What is much bigger and more disruptive is the notion of gently offering advertisers the ability to bring people to their experience and explore it in 3D. We've already shared some of our partnerships, Nike, Vans world, Gucci Gardens, the NFL experience. These are called portal ads, and these allow in a native noninvasive way for users who are hanging on Roblox who might want to jump into that experience, to go there and experience it.

This is a new ad format. It's a format where people go and experience something in 3D spatial reality where they go to Gucci Garden, where they go to Vans World. This is what I'm really excited about, given how disruptive it is. And this is where we're seeing early great signal, once again, you saw the quote from the NFL.

So we'll keep you up to date on it. We're very bullish on it. We'll essentially be creating this new type of advertising market. And we're fortunate on Roblox that we have so much engagement, 14.5 billion hours in Q1. That it's a fertile place to really launch this. So more to come, but great early signals and especially, on portal ads.

Operator

Your next question comes from the line of Tom Champion with Piper Sandler.

Unknown Analyst

This is Jim on for Tom. I just have one for David on the game fund. Can you talk about the progress here? And how much funding has been used inception to date? I guess we're familiar with front lines, but it's sort of like the hit rate high enough that we could expect more game funds were -- something similar in the future?

David Baszucki
Founder, President, CEO & Chairman of the Board

Yes. I'll have Mike dig up the numbers. Well, I'm chatting if we can find them for you and if they're public, I want to highlight that the primary way Roblox has grown and always will grow is self-service. And I want to highlight that the primary way we've gotten to where we are, all of the majority of the experience is on Roblox, and we're familiar with all of them, have gotten there with literally no intervention.

We've used the game fund, and I want to highlight, we also have an educational community fund to jump-start certain areas. In the case of the game fund, we wanted to help developers take the risk of creating experiences that might be more attractive for older players.

I want to highlight side by side, we're doing the same thing in education. So the work we've done with first Robotics, the work we've done with the Boston Museum of Science are somewhat similar, and that we're jump-starting educational experiences.

I don't want to quote where we may go, but you could imagine in addition to experiences for older players or for education, there's the opportunity for experiences around mental health. There's the opportunity for experiences around working together in a 3D office. There are also things that we may fund someday. We're going to pull up the numbers and see if we can share anything with you on the actual numbers.

Michael Guthrie
Chief Financial Officer

Yes. So Jim, the fund is earmarked at \$25 million. We have not spent all of that capital. But to Dave's point, while we are very happy with some of the performance of the experiences in the game fund, we do track it all the time, and we look at it on a weekly basis. The vast majority of the experiences on the platform are self-started and just exist on the economics of our platform.

Operator

Your next question is from the line of Jonathan Kees with Daiwa.

Jonathan Allan Kees
Daiwa Securities Co. Ltd., Research Division

I wanted to, I guess, follow up on Dave's commentary about the ads. The two types of ad -- of the ad version, but more specifically, how that's going to be delivered? The self-serve, you guys have been conservative in terms of talking about its contribution to the top line and kind of push that more towards 2024.

So I just -- find it kind of interesting, you're not talking about a testing of that in -- currently going on, and they'll make a contribution in Q2, albeit nothing material. So I just wanted to -- amongst other things -- give an update in terms of the ad rollout, self-serve specifically. And when you could be contributing somewhat materially?

David Baszucki
Founder, President, CEO & Chairman of the Board

Yes, I'll comment. We expect this year to roll out self-service on this, essentially a full ad server for both image and portal ads, something that allows advertisers to -- on their own publish these types of experiences to Roblox. We are being very conservative on this. We do expect to make -- I don't know if we would call it significant revenue, Mike. I'll let you comment on that, as far as what our internal things are, but we're not sharing our forecast externally.

Michael Guthrie
Chief Financial Officer

Yes. I mean, again, there'll be something in the second quarter, and we'll talk more about it after that. But I'm -- I certainly wouldn't be changing models for 2023 based on advertising today.

Jonathan Allan Kees
Daiwa Securities Co. Ltd., Research Division

Got it. Got it. That's helpful. And if I may, this one is more of an update. You talked about layered clothing, the number users. Just wondering what the number of users are for this last quarter?

David Baszucki
Founder, President, CEO & Chairman of the Board

Yes. We'll see if we can dig it out. I want to highlight the bigger thing that's happening here, which is, this year, the migration to everything on our platform being created by our community. And that includes Clothing Tech, Avatar Tech, and it includes the migration to the point where every avatar can be animated and have facial animation as well.

So you layered clothing as the first step towards a highly user-created UGC avatar system with what we believe will be a big enhancement on the diversity and breadth of the type of avatars on the system. And layered clothing is maybe what we call a first metric on that. Once again, we're pulling up some numbers to see what we can share with you.

Michael Guthrie
Chief Financial Officer

Yes. Jonathan, this is actually a current number, so meaning in May. But 267 million users have acquired at least a single item of layered clothing.

Operator

We have time for one more question from the line of Brandon Ross with LightShed Partners.

Brandon A Ross
LightShed Partners, LLC

Just wanted to end the call kind of where it started, with this cost discussion. And this may be an unpopular phrasing with the investment community, but it just sounds like you have so many opportunities, especially when it comes to things like generative AI.

Why -- what are you leaving on the table by actually taking some margin and not investing more? Are there opportunities that you could be speeding up or expediting in any way or uncovering, and especially in the wake of the competition that was discussed earlier from Epic?

David Baszucki
Founder, President, CEO & Chairman of the Board

Yes. I want to highlight that we continue to hire rapidly. We've got a very mature product engineering platform right now, and we're going to continue hiring all the way through the end of this year, next year and the year beyond.

We think we are really almost optimal hiring rate -- starts to intersect our bookings growth in Q1 of next year. So we don't believe we're leaving anything on the table.

Michael Guthrie
Chief Financial Officer

Brandon, it's Mike. Yes, interesting question. I appreciate -- and we appreciate the question. It's really helpful to look at the business over the last maybe 3 years or so, that covers the beginning of COVID and where we are today.

I think we've tripled the number of people, more than triple the amount of spend on infrastructure. I think we spent over \$700 million on growing and improving our infrastructure. And hopefully, what you heard today was the fact that bookings growth has reaccelerated, allows that growth rate to exceed the rates of investment in headcount and in infrastructure, not that we are in any way reducing dramatically those investments.

We have always tried. And if you look at the history of the company, I think one of the best examples of sustainable growth that I've ever seen. It's a consistent investment in things that make the business great and differentiated. It's organic growth, never trying to accelerate a user base, letting the product drive the user base that we deserve and constant investment in innovating and extending our lead -- constant investment in the developer community. So the content is growing and getting better all the time.

Those things are just so much a part of what we do, that we're not taking any dramatic steps, but we do find ourselves at a point right now where the bookings growth has really reaccelerated. And so we feel comfortable that, that number can be ahead of the key investments. But we will always be focused on innovating and staying a step ahead. That's just who we are.

So it really is a balance. And I love the way we've ended the call and appreciate the question and both sides of this because there is -- there really are two sides. There's investing to stay ahead and there's also proving that you have a business model that is long-term sustainable.

If anything proves that out, just look at the last 6 quarters in the business. We've literally been at \$3 billion of cash over the last 6 quarters. Continuing to invest -- continuing to spend almost \$0.5 billion over the last 6 quarters in infrastructure, and yet cash neutral because the business yet itself generates so much operating cash. So we really feel like we've balanced it very well up until now and hope that we'll continue to balance those things over the next few quarters and next few years.

But that's the way we've always run the business. And ultimately, we think that drives the most long-term value. So we appreciate the question.

Stefanie Notaney

Well, thank you for joining us today, and that's a wrap. Brent, you can close it out.

Operator

Thank you. This does conclude today's conference call. Thank you for your participation. You may now disconnect.

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