



HUUUGE

Q1 2022 Presentation

May 2022

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Today's presenters



Anton Gauffin
co-CEO, Founder



Grzegorz Kania
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Jon Bellamy
EVP Strategy & Investment

Q1 2022 at a glance



Double digit adjusted EBITDA growth of 39% YoY despite difficult market environment



Strong cash generation and cash position: USD 199m cash and equivalents as of Q1 22



Almost 2.3m shares bought in SBB and SBB expanded from 2.5m to 6.5m shares (up to PLN 100m allocated)

\$84m

Revenue

39% yoy

Adj. EBITDA growth

\$41

ARPPU on core franchise

12%

Sales bookings from new titles

17%

Adjusted EBITDA margin

c. 600

Team members



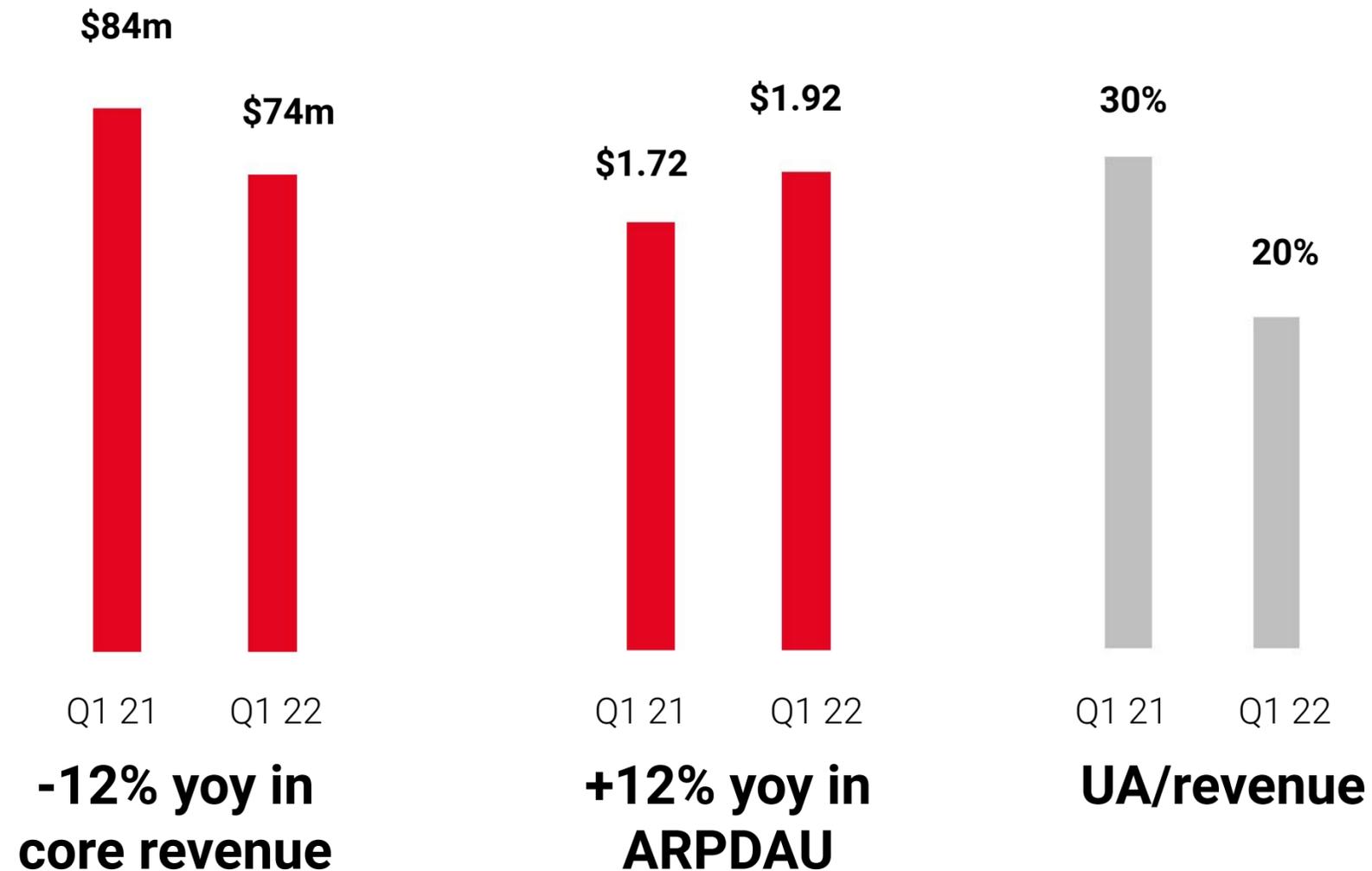
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Business Update



Core franchises in Q1 2022

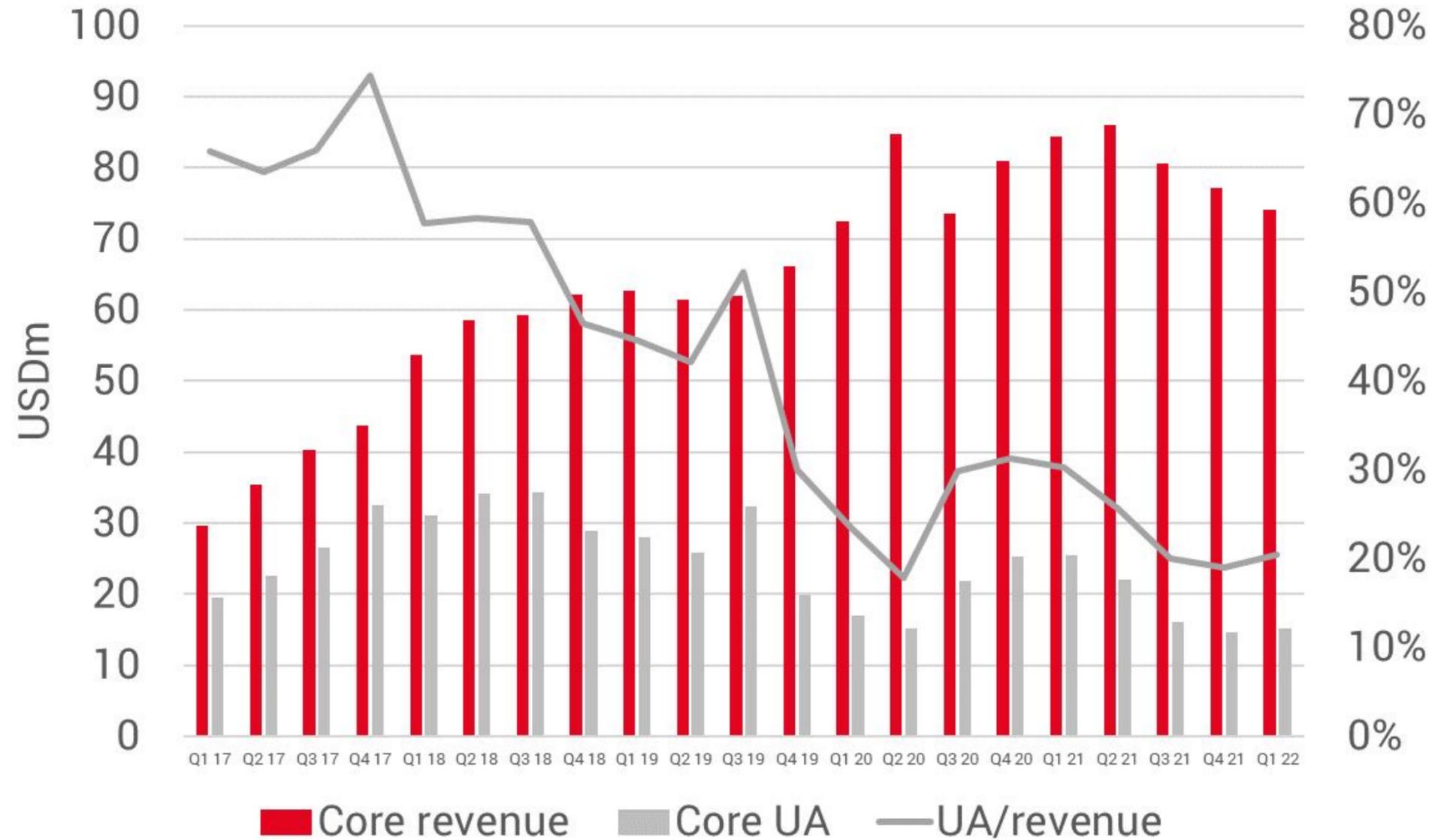
Focus on profitability and cash generation



- The whole sector is facing slowing growth - 8 out of Top15 operators showed YoY revenue decline in Q1 22
- We are focusing on profitability and longevity of our core portfolio
- Portfolio management and concentration on quality vs quantity
- Paying players stay and pay more

Core franchises

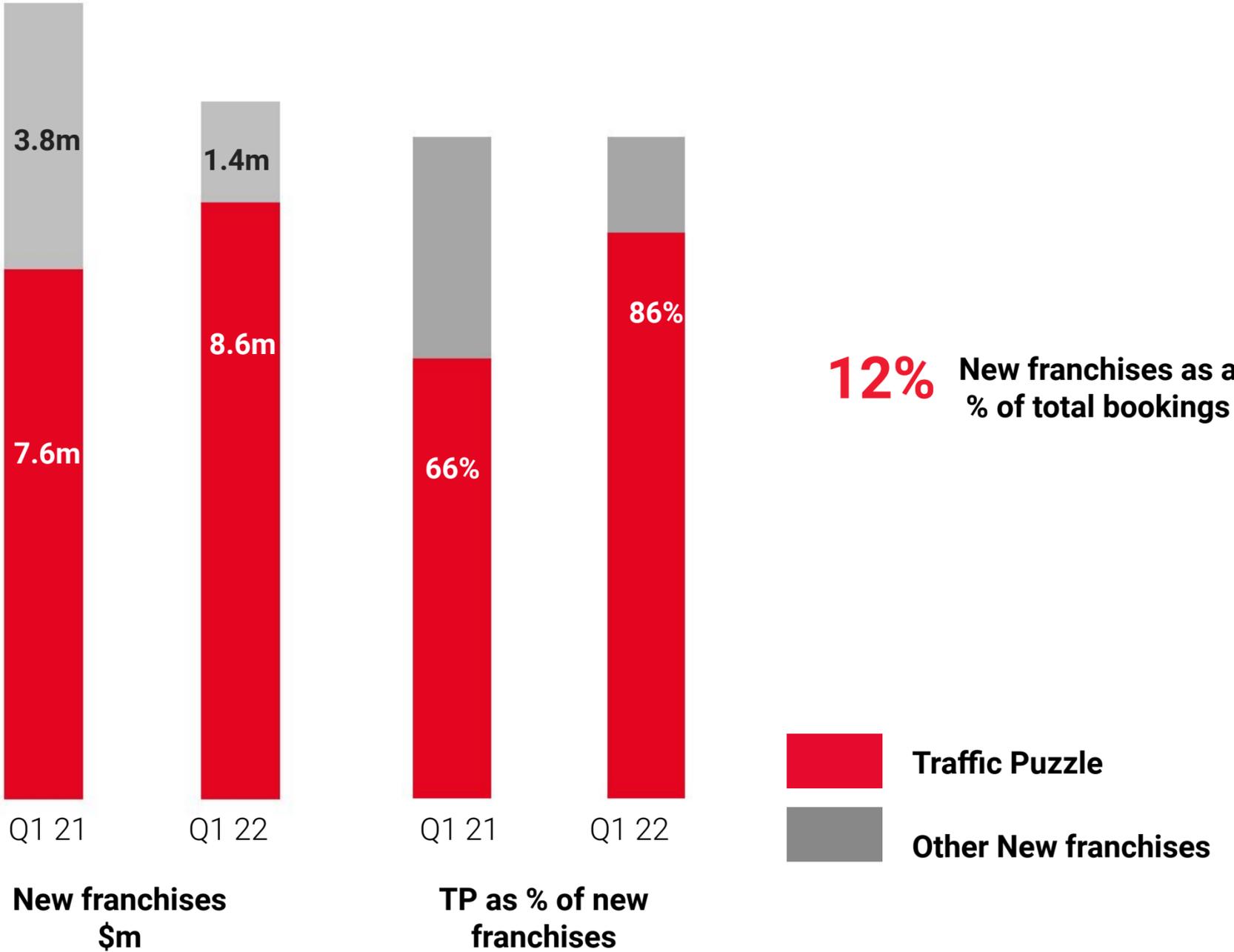
Evergreen life cycles



- Evergreen category that continues to deliver value over multiple years
- Increasing profitability allow to explore new growth initiatives
- Near-term focus on optimizing user acquisition spend for flagship games

New franchises in Q1 22

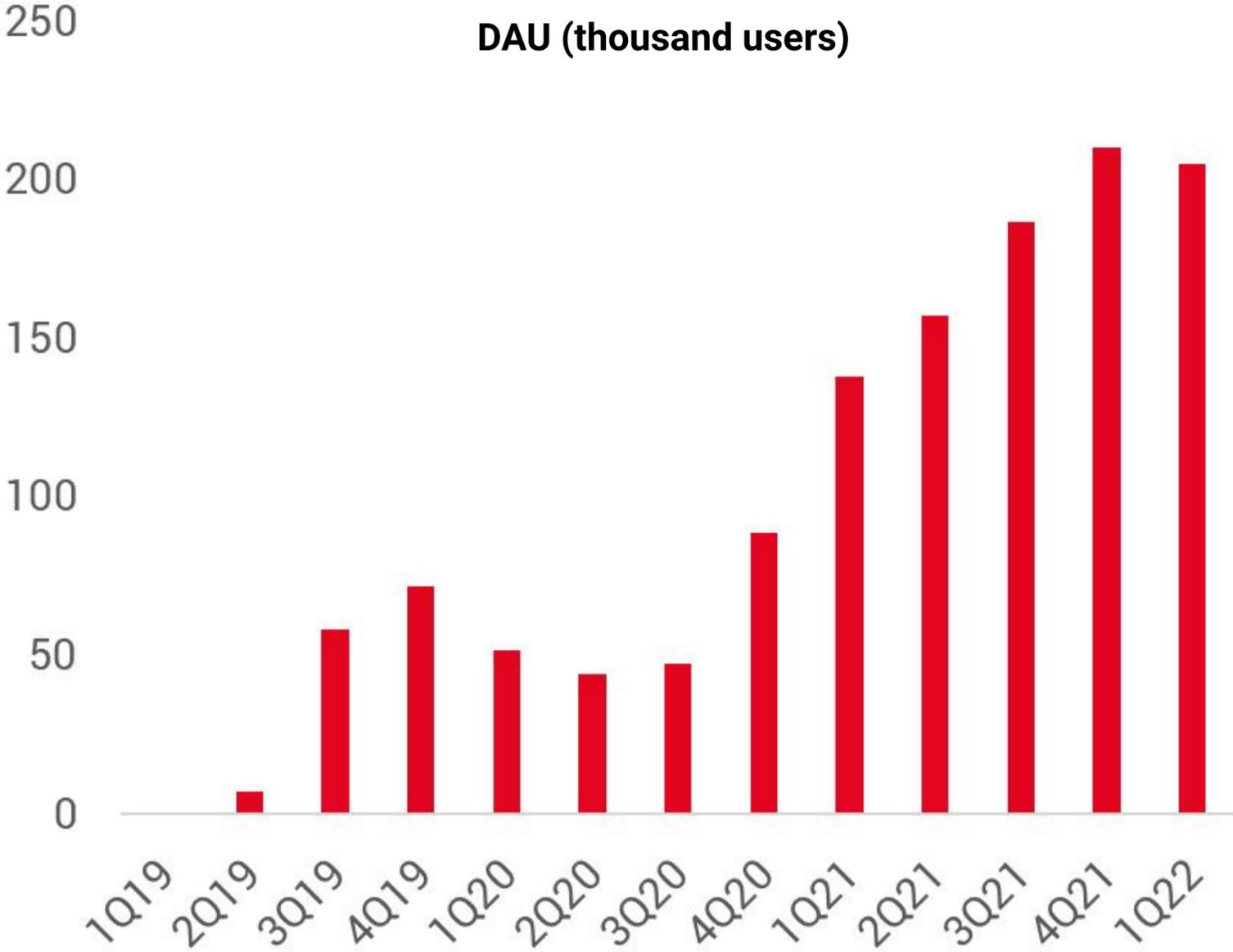
Focus on Traffic Puzzle and new publishing deals



- Smaller stake in other games vs TP results from suspension of UA investment in some titles
- **Traffic Puzzle is the main game** in new franchises
- Other titles at different stage of development

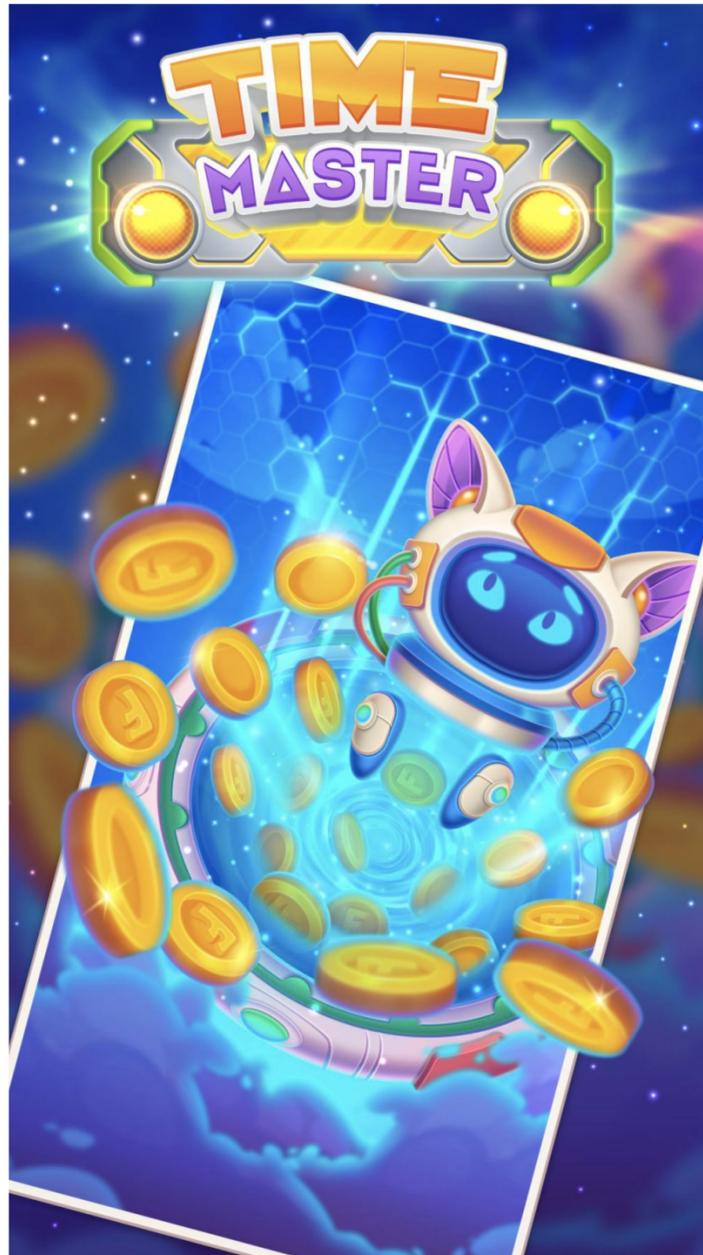
Traffic Puzzle: A Unique Puzzle Game

Strong game potential



- In Q1 22, the game hosted more than 205k unique users and growing, in April the game reached over 240k DAU
- Working on product features and delivering the roadmap, once we see expected KPI improvements we will start scaling marketing spend beyond current levels
- We're beginning work on ability to build multiple games within the Traffic Puzzle franchise, following the same playbook employed when building Billionaire Casino

New Franchise Publishing: Continued Momentum



- Time Master, our most recently signed game is now fully integrated
- Both Diffy and College Love Game remain opportune from the KPI perspective
- Business model improvements:
 - The team ran UA tests on 19 games in 2021, and is on track to test 40 games in 2022

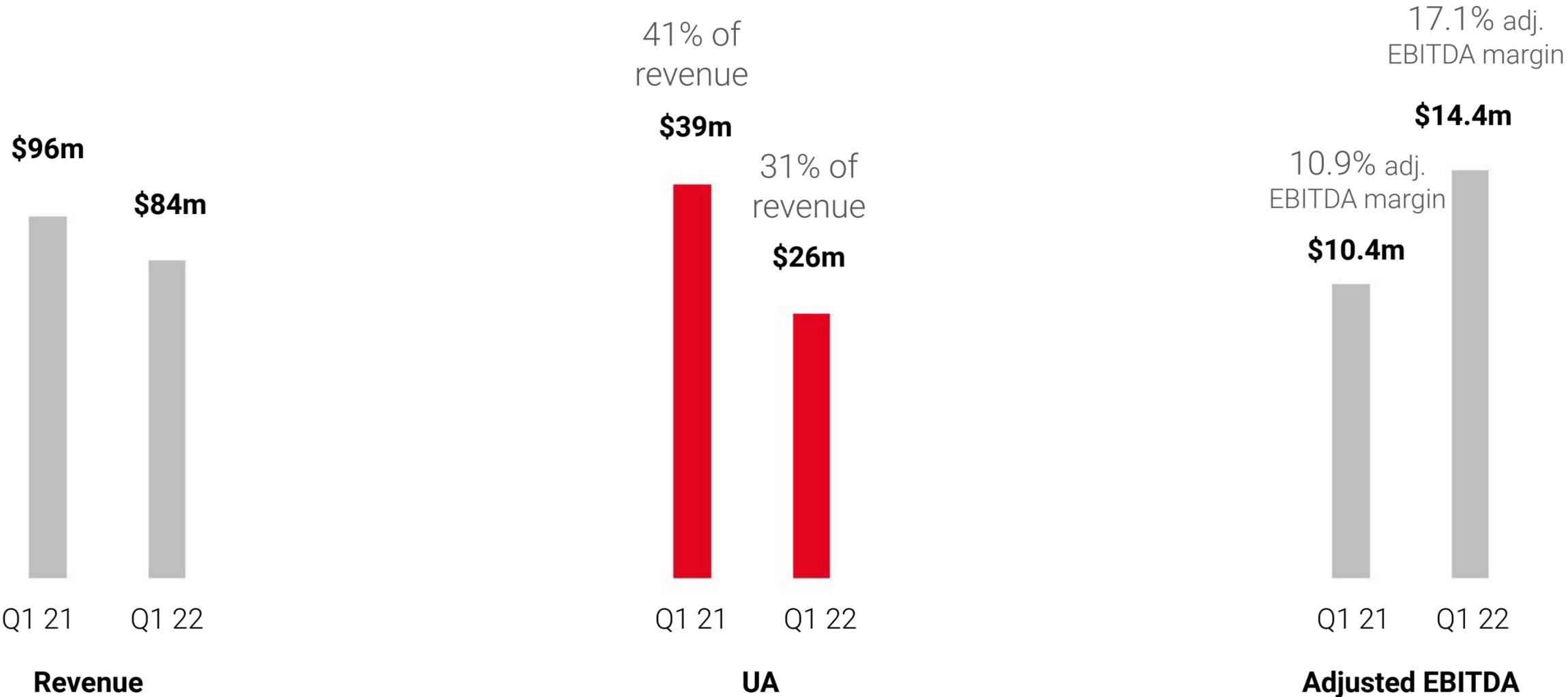
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Financial Update



Financial highlights - Q1 22



-12%
Revenue yoy

-33%
User acquisition marketing
campaign costs yoy

39%
Increase in adj. EBITDA yoy

Financial performance

	USD m	Q1 22	Q1 21	yoy
01	Revenue	84.0	95.7	-12.2%
02	<u>Gross profit/(loss) on sales</u>	<u>58.5</u>	<u>67.6</u>	<u>-13.4%</u>
	Sales and marketing expenses	-29.9	-43.2	-30.9%
03	- UA marketing campaigns	-26.3	-39.1	-32.8%
04	- General sales and marketing expenses	-3.6	-4.1	-12.8%
05	Research and development expenses	-9.0	-7.8	14.9%
06	General and administrative expenses	-9.1	-10.0	-9.8%
	Other operating income/(expense), net	0.1	0.0	
	<u>Operating result</u>	<u>10.7</u>	<u>6.5</u>	<u>64.1%</u>
	Finance income/expense, net	0.1	-43.5	
	<u>Profit/(loss) before tax</u>	<u>10.7</u>	<u>-37.0</u>	
	Income tax	-1.8	-0.6	213.3%
	<u>Net result for the period</u>	<u>8.9</u>	<u>-37.5</u>	

01 Revenue decline resulting from lower DAU in core franchises, which is a reflection of broader social casino market

02 Cost of sales consists mainly of platform fees paid to distributors and gaming servers expenses. The decrease YoY results mainly from D&A of Traffic Puzzle that was in the cost line in Q1 2022 and not yet in Q1 2021

03 Decline in UA mainly on core franchises, however new titles saw lower UA in Q1 2022 YoY

04 General sales and marketing expenses decrease YoY primarily due to lower ESOP costs

05 R&D expenses increase was mainly driven by (i) an increase in salaries and employee-related costs driven by the lower bonus provision in Q1 2021 and (ii) development activities related to the Traffic Puzzle game and publishing agreements.

06 G&A expenses decrease can be attributed mainly to lower ESOP and lower external services costs (particularly high in Q1 2021 due to IPO)

Adjusted vs reported

USDm	Q1 22	Q1 21	Change
EBITDA	13.3	7.6	74.2%
ESOP	1.1	2.8	-60.4%
<u>Adjusted EBITDA</u>	<u>14.4</u>	<u>10.4</u>	<u>38.5%</u>
Adjusted EBITDA margin (%)	17.1%	10.9%	
Net result for the period	8.9	-37.5	
ESOP	1.1	2.8	
Series C shares revaluation	0.0	39.0	
<u>Adjusted Net Result</u>	<u>10.0</u>	<u>4.2</u>	<u>137.9%</u>
Adjusted Net Result (%)	11.9%	4.4%	



Balance Sheet

	USDm	March 31 2022	December 31 2021
01	Non-current assets	65.4	67.5
02	Current assets	224.2	232.4
	<u>Total assets</u>	<u>289.6</u>	<u>299.9</u>
	<u>Total equity</u>	<u>236.3</u>	<u>226.1</u>
03	Non-current liabilities	12.2	12.9
	Current liabilities	41.1	60.9
	<u>Total equity and liabilities</u>	<u>289.6</u>	<u>299.9</u>

- 01 Non-current assets include mainly Traffic Puzzle investment of USD 39m.
- 02 Current assets consists from cash and equivalents (89% of current assets)
- 03 The decrease in current liabilities results mainly from the second payment for Traffic Puzzle (USD 25m) in Q1 2022 (the last payment of USD 4.4m is due in Q1 2023)

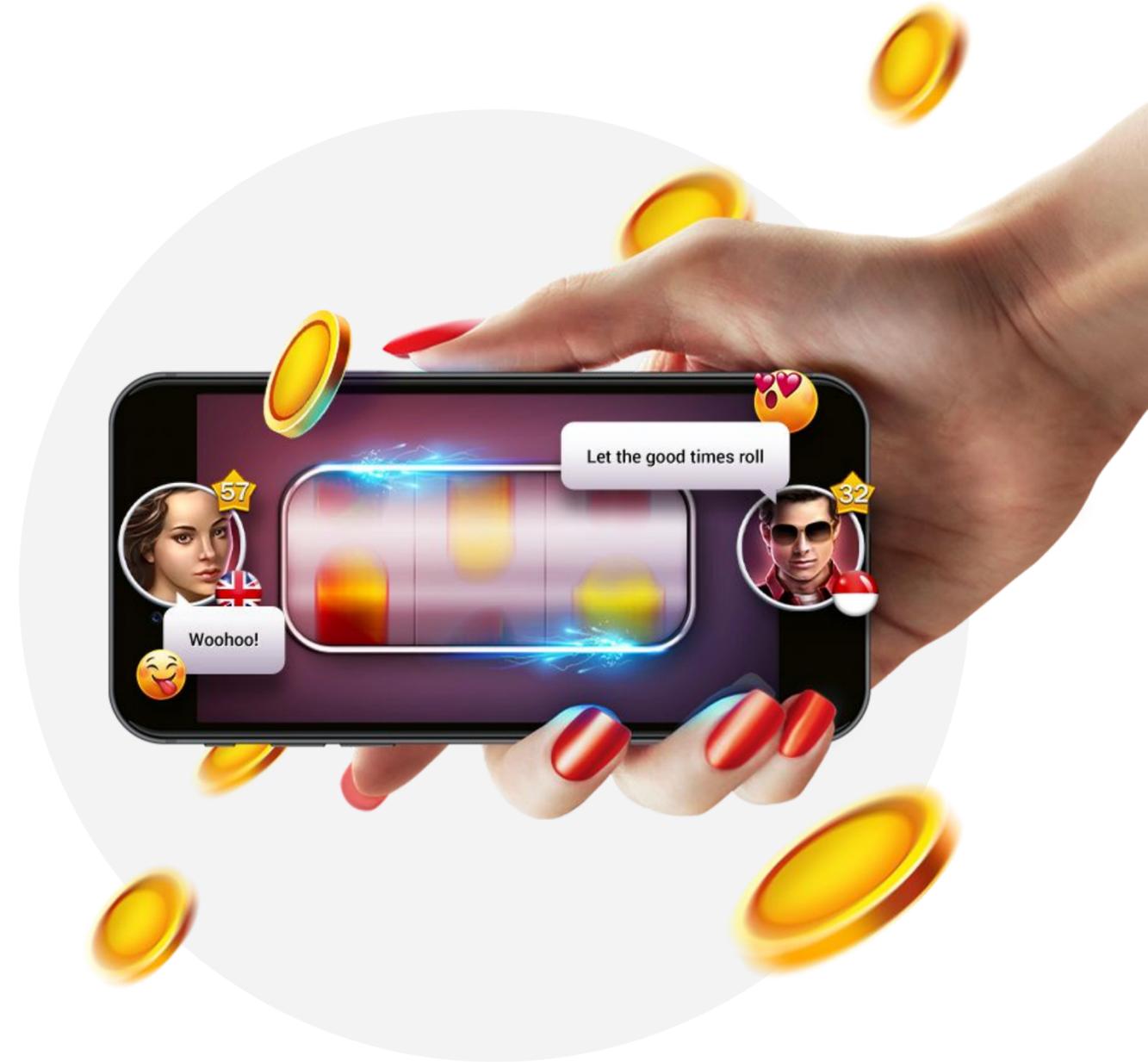
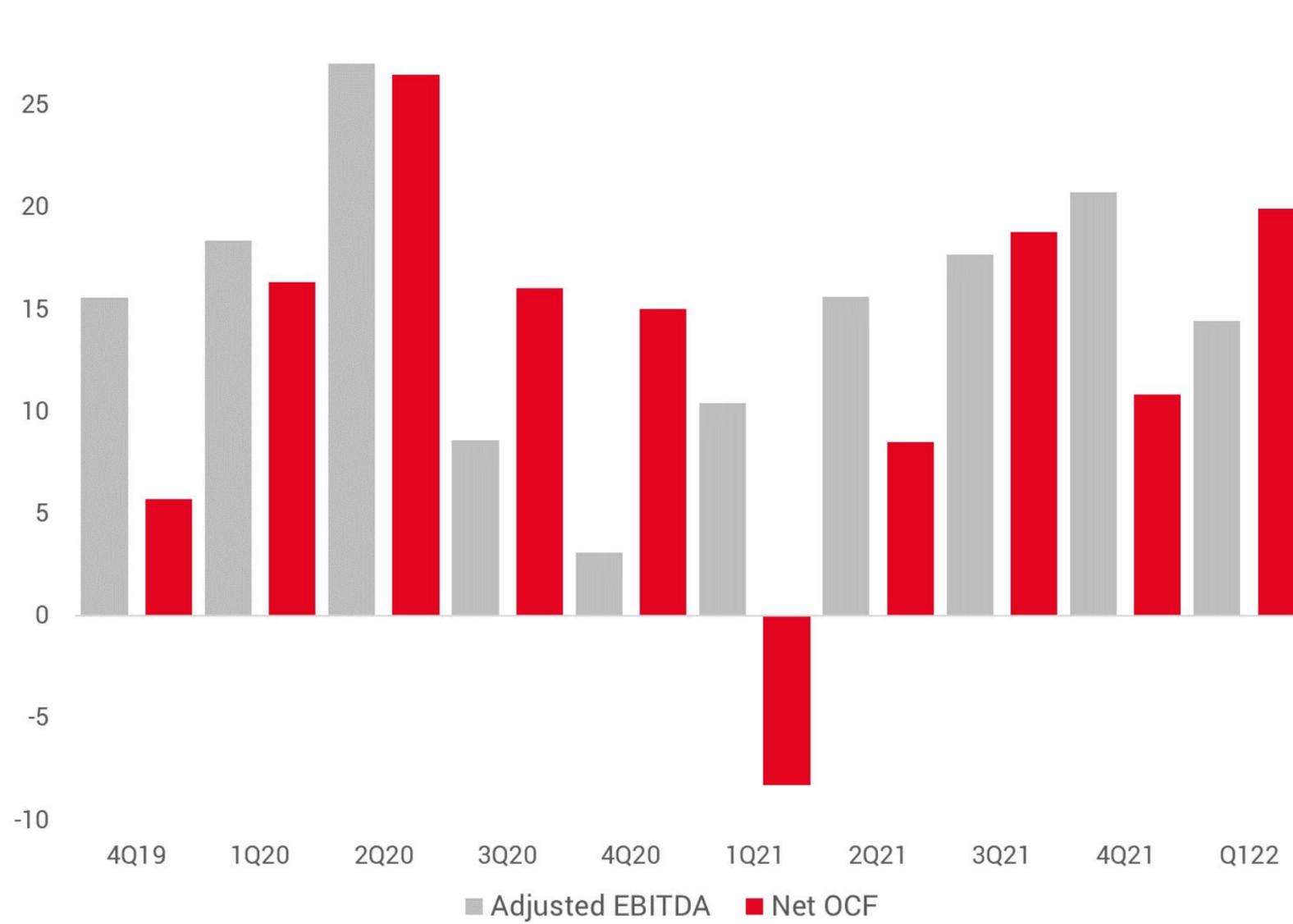
Cash Flows Q1 2022

	USDm	Q1 22	Q1 21
	Pre-tax profit	10.7	-37.0
01	Net Operating CF	19.9	-8.3
02	Investing CF	(-25.7)	(-0.6)
03	Financing CF	(0.1)	98.6
	Change in cash	-5.7	89.8
	Cash End of Period	198.7	183.2

- 01** Strong OCF generation, while last year it was impacted by cycle of payments from distributors and settlement of Washington court case.
- 02** USD 25m payment tranche for Traffic Puzzle (there is USD 4.4m left, due in Q1 2023)
- 03** Last year financing cash flow reflected cash from IPO

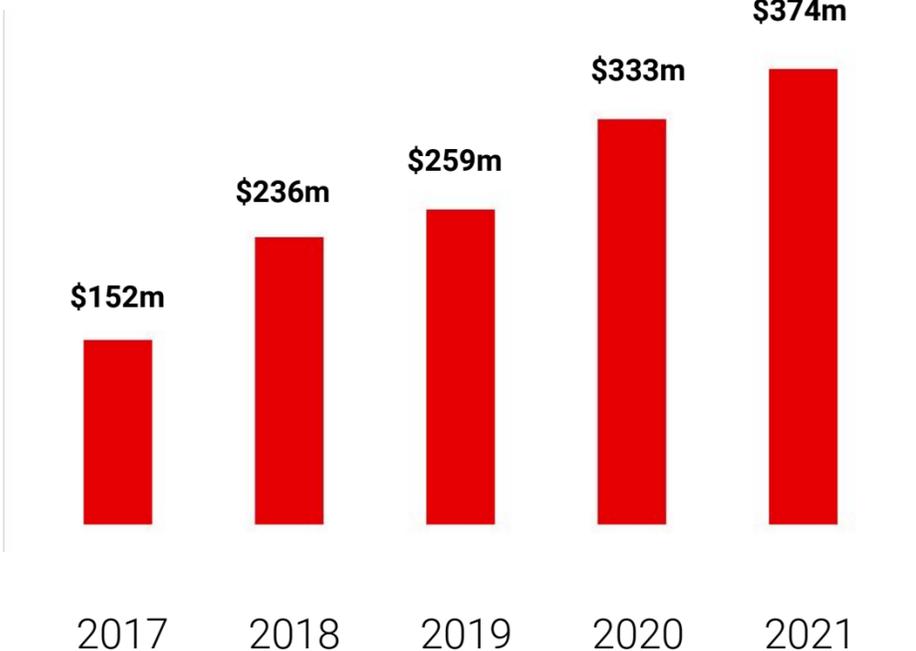
Strong, cash generative business model

Operating cash flow vs adjusted EBITDA m\$

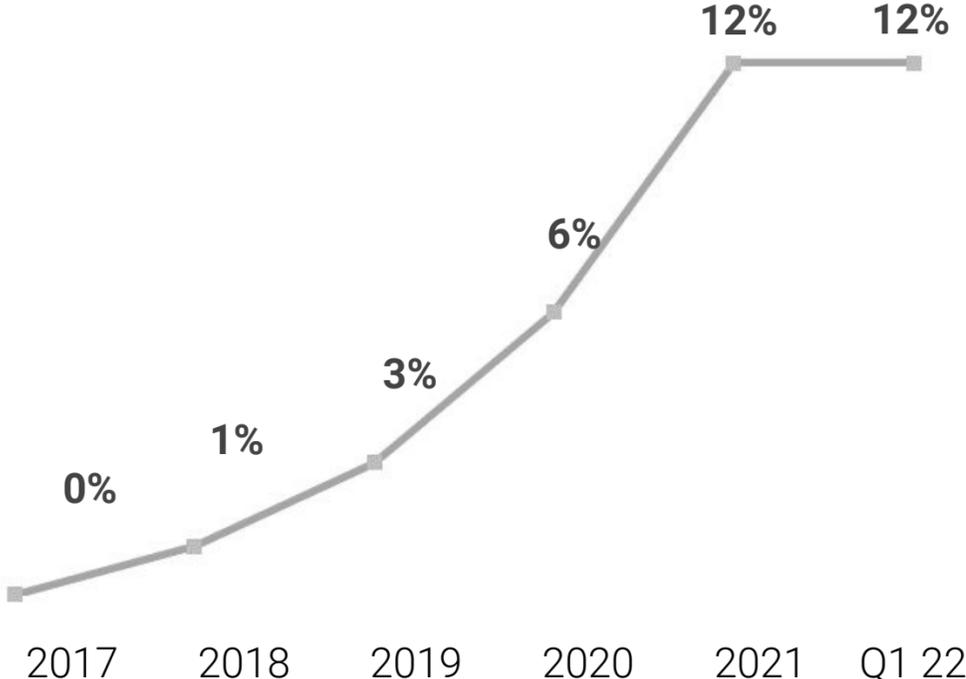


Track record of revenue growth and improving profitability

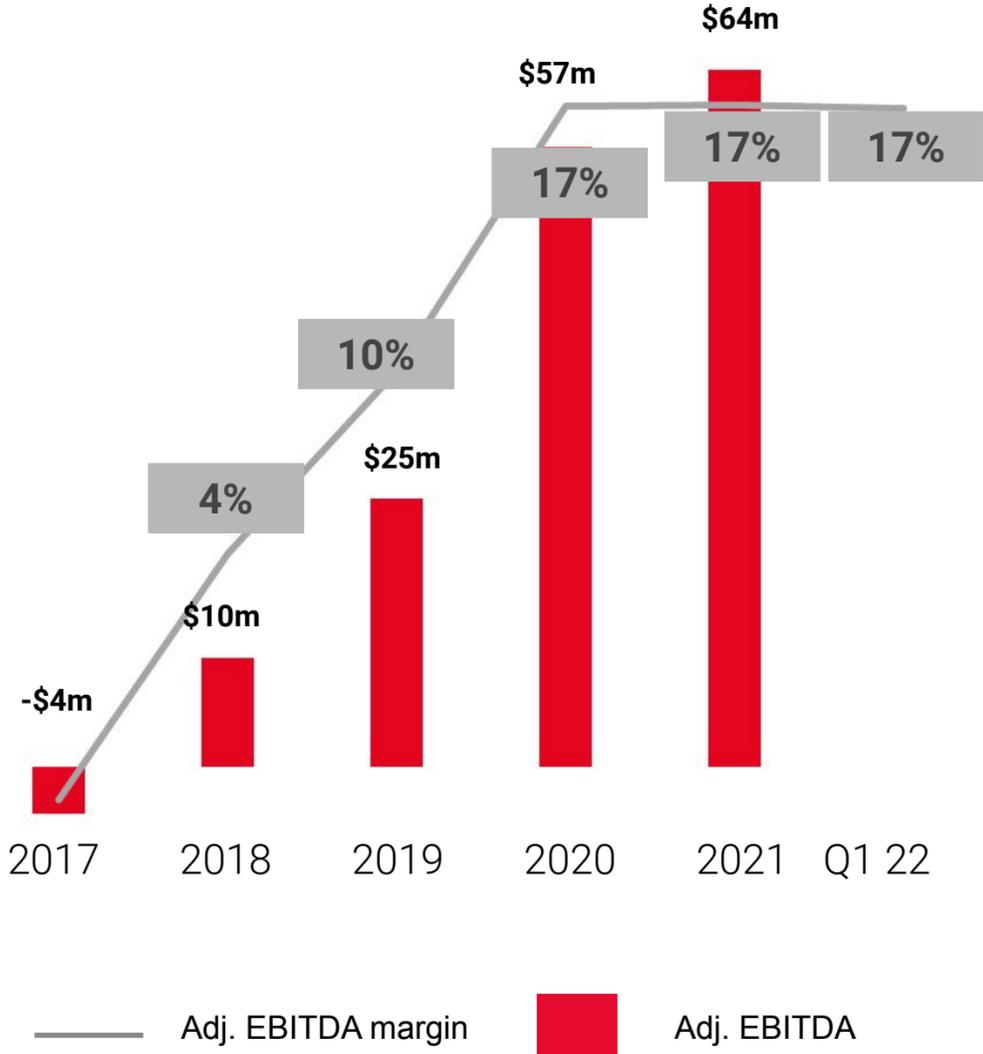
Revenue m\$



New franchises as % of revenue



Improvement in adj. EBITDA \$



Share buyback summary

- 2.3m shares acquired (c. 90% of total SBB before expansion)
- Average price at 17.7 PLN/share
- C. PLN 40m spent (vs PLN 100m allocated)
- SBB expansion to 6.5m shares (within originally allocated PLN 100m)
- Other terms unchanged





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2022 Highlights

2022 Key Points

Core Franchises



- Category headwinds emerging: Focus on costs discipline and cash flow generation
- Focus on HC/BC longevity and profitability
- Traffic Puzzle roadmap of changes and scaling and expansion to multi-product brand

New Franchises



- Investment in the next generation of Huuuge products, including exploration of Web3
- Investment in the network via Huuuge Publishing
- M&A market increasingly opportune as valuations adjust



Thank you

For more information please see <https://ir.huuugegames.com>

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Appendix



Financial data

P&L (USDm)	2017	2018	2019	2020	2021
Revenue	152.1	236.1	259.4	332.7	373.7
Cost of sales	-44.8	-71.8	-79.1	-99.6	-109.6
Gross profit/(loss) on sales	107.3	164.3	180.2	233.1	264.1
Sales and marketing expenses, including	-103.5	-135.5	-129.5	-125.1	-146.2
<i>User acquisition marketing campaigns</i>	<i>na</i>	<i>na</i>	-119.9	-111.5	-130.0
<i>General Sales and marketing expenses</i>	<i>na</i>	<i>na</i>	-9.6	-13.6	-16.2
Research and development expenses	-4.1	-10.0	-15.8	-29.8	-33.1
General and administrative expenses	-4.9	-11.0	-14.2	-27.6	-40.6
Other operating income/(expense), net	0.0	-0.2	-6.5	-0.3	0.4
Operating result	-5.1	7.6	14.2	50.2	44.6
Finance income	0.0	0.3	0.5	2.1	0.0
Finance expense	-4.2	-3.2	-5.9	-128.5	-45.6
Profit/(loss) before tax	-9.3	4.7	8.9	-76.2	-1.0
Income tax	0.2	-1.7	-4.6	-6.4	-8.7
Net result for the period	-9.1	3.0	4.3	-82.6	-9.7

Balance sheet (USDm)	2017	2018	2019	2020	2021
Total non-current assets	2.3	2.0	4.7	17.3	67.5
Total current assets	48.6	51.6	48.4	124.5	232.4
Total assets	50.8	53.6	53.1	141.8	299.9
Total equity	-20.3	-9.5	-19.8	-96.0	226.1
Total non-current liabilities	52.0	47.4	50.1	183.0	13.0
Total current liabilities	19.1	15.7	22.8	54.8	60.9
Total equity and liabilities	50.8	53.6	53.1	141.8	299.9

Cash flow (USDm)	2017	2018	2019	2020	2021
Net cash flows from operating activities	-4.8	4.5	13.0	73.2	28.9
Net cash from investing activities	-0.7	-0.6	-0.6	-5.5	-16.0
Net cash from financing activities	26.9	0.1	-21.1	0.0	97.2
Cash and cash equivalents	30.2	35.0	26.3	94.2	204.4

1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	Q122
76.0	88.9	78.5	89.2	95.7	97.5	92.0	88.5	84.0
-23.0	-26.8	-23.5	-26.3	-28.1	-28.7	-27.0	-25.8	-25.5
53.1	62.1	55.0	62.9	67.6	68.8	65.0	62.7	58.5
-24.0	-23.7	-33.9	-43.6	-43.2	-39.3	-34.1	-29.6	-29.9
-21.4	-19.9	-30.3	-40.0	-39.1	-34.8	-29.9	-26.3	-26.3
-2.6	-3.8	-3.5	-3.6	-4.1	-4.5	-4.2	-3.4	-3.6
-5.9	-7.8	-7.6	-8.7	-7.8	-8.0	-9.6	-7.7	-9.0
-5.7	-4.5	-7.2	-10.0	-10.0	-10.1	-10.9	-9.6	-9.1
0.1	-0.3	0.3	-0.4	0.0	-0.1	0.8	-0.3	0.1
17.5	25.9	6.8	0.1	6.5	11.2	11.3	15.6	10.7
0.0	0.4	0.5	1.1	0.1	-0.1	0.0	0.0	0.2
-3.0	-8.6	-7.6	-109.3	-43.6	0.5	-1.5	-1.0	-0.1
14.6	17.7	-0.3	-108.2	-37.0	11.7	9.8	14.5	10.7
-1.8	-3.5	-1.9	0.8	-0.6	-2.5	-2.4	-3.2	-1.8
12.8	14.2	-2.2	-107.4	-37.5	9.1	7.4	11.4	8.9

1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	Q122
-	-	-	17.3	17.1	55.6	54.6	67.5	65.4
-	-	-	124.5	221.9	216.8	224.8	232.4	225.8
-	-	-	141.8	238.9	272.4	279.4	299.9	291.2
-	-	-	-96.0	188.6	200.3	211.8	226.1	236.3
-	-	-	183.0	4.8	4.7	4.0	13.0	12.2
-	-	-	54.8	45.6	67.4	63.6	60.9	42.7
-	-	-	141.8	238.9	272.4	279.4	299.9	291.2

1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	Q122
16.3	26.5	16.0	15.0	-8.3	8.5	18.8	10.8	19.9
-0.6	-1.5	-1.5	-1.9	-0.6	-11.4	-1.7	-2.3	-25.7
9.2	-0.6	-7.9	-1.3	98.6	-0.5	-0.6	-0.9	0.1
51.2	75.4	82.2	94.2	183.2	180.4	195.6	204.4	198.7



Appendix - KPI's

(users)	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Total DAU	632,113	850,717	911,048	947,188	789,831
Core Franchises	509,356	772,029	769,134	628,119	478,960
New franchises	0	438	101,328	300,469	300,696
Other	122,757	78,250	40,586	18,600	10,175

1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22
874,002	876,371	913,997	979,820	980,224	970,211	944,456	893,861	888,781	773,229	769,744	727,568	701,620
801,215	758,581	769,710	747,029	721,866	645,541	577,293	567,775	545,487	483,502	452,979	433,872	428,174
22,795	80,562	111,012	190,941	228,229	303,097	354,497	316,055	331,953	277,612	307,410	285,809	256,988
49,992	37,229	33,275	41,850	30,129	21,572	12,667	10,032	11,341	12,115	9,355	7,887	16,458

(users)	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Total DPU	14,152	21,357	25,498	27,146	25,865
Core Franchises	13,265	20,890	23,831	24,095	20,623
New franchises	0	2	1,493	2,982	5,189
Other	887	464	175	69	53

1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22
24,888	23,595	26,100	27,410	27,535	27,861	25,412	27,775	28,596	26,148	24,364	24,352	24,951
24,522	23,113	23,409	24,279	24,962	25,160	22,435	23,823	23,240	20,820	19,114	19,320	19,788
93	324	2,573	2,981	2,469	2,619	2,927	3,913	5,290	5,260	5,210	4,997	4,947
273	157	118	150	105	81	51	40	66	69	40	35	216

(%)	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Conversion (monthly, MPU/MAU)	4.2%	5.5%	5.5%	4.5%	5.5%
Core Franchises	4.9%	6.2%	6.5%	7.4%	8.7%
New franchises	n/a	0.9%	2.4%	1.6%	2.9%
Other	1.8%	1.4%	1.0%	0.8%	1.3%

1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22
6.2%	5.4%	5.5%	4.9%	4.8%	4.2%	4.2%	4.8%	5.0%	5.7%	5.5%	5.8%	5.6%
6.9%	6.9%	6.2%	6.2%	6.8%	7.2%	7.7%	8.3%	8.3%	8.4%	9.0%	9.1%	8.6%
0.8%	0.5%	3.9%	2.8%	1.8%	1.3%	1.5%	2.0%	2.5%	3.3%	2.9%	3.1%	3.3%
1.4%	0.9%	0.8%	0.7%	0.8%	0.8%	0.9%	0.9%	1.4%	1.5%	1.1%	0.9%	1.7%

(USD)	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
ARPPU	0.66	0.76	0.78	0.96	1.30
Core Franchises	0.80	0.83	0.90	1.36	1.88
New franchises	n/a	0.10	0.18	0.19	0.41
Other	0.07	0.09	0.07	0.08	0.08

1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22
0.80	0.78	0.77	0.78	0.86	1.01	0.90	1.08	1.20	1.39	1.30	1.32	1.33
0.87	0.89	0.88	0.96	1.11	1.44	1.38	1.55	1.72	1.96	1.93	1.93	1.92
0.05	0.04	0.25	0.22	0.17	0.15	0.15	0.28	0.38	0.45	0.40	0.43	0.42
0.08	0.05	0.07	0.05	0.06	0.09	0.10	0.09	0.08	0.06	0.07	0.13	0.13

(USD)	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Daily ARPPU	28.7	29.9	27.8	32.8	38.0
Core Franchises	30.2	30.4	28.9	35.3	43.5

1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22
28.0	28.7	26.9	27.7	30.1	34.7	32.6	33.7	35.7	35.7	39.3	37.7	35.8
28.3	29.1	28.7	29.6	31.9	37.0	35.3	36.9	40.3	40.3	45.7	43.4	41.4

Appendix - Glossary

ARPPU	Average revenue per paying user.
ARPPU	Average revenue per paying user.
DAU	The number of individual users who played a game on a particular day.
DPU	The number of players (active users) who made a purchase on a given day.
Live Ops	Activities aimed at increasing the player engagement, among others, by adding new features to games, recurring and one-off virtual events in which players can participate, and active management of promotions within the game.
MAU	The number of individual users who played a game during a particular month.
Monthly Conversion	The percentage of MAU that made at least one purchase in a month during the same period In-app purchases. Payments made by users after downloading a game, in connection with the purchase of additional game features. In-app purchases can be made through various non-cash payment instruments (e.g. payment card, transfer), various electronic channels (e.g. e-banking, mobile phone) or using payment service providers (e.g. PayPal).
MPU	MPU is defined as the number of players (active users) who made a purchase at least once in a given month.
Retention	The number of users who continued to use the game after a certain period of time after downloading the application.
UAMC	
User acquisition marketing campaigns	Process of the acquisition of users through paid campaigns or promotional offers



HUUUGE Play Together.

For more information please see <https://ir.huuugegames.com>