



HUUUGE

Q2 2022 Presentation
September 2022

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Today's Presenters



Rod Cousens
Co - Chief Executive Officer



Jon Bellamy
Chief Commercial Officer



Marek Chwalek
EVP Finance

Q2 '22 at a Glance

➤ **Mobile market declined 6.0% YoY** creating a challenging macroeconomic backdrop

➤ **Improvement in Adjusted EBITDA margin** YoY from 16.0% to 17.2%; fruits of our strategy materializing

➤ **Strategic Options Review** initiated

\$79m

Revenue

vs. **\$98m** Q2 '21

\$13.7m

Adj. EBITDA

vs. **\$15.6m** Q2 '21

17.2%

Adj. EBITDA margin

vs. **16.0%** Q2 '21

593

Team members

vs. **637** at 30th June 2021

H1 '22 at a Glance

➤ **Strong Operating Cash Flow generation** despite challenging macroeconomic conditions

➤ **Robust cash position of \$188m** as of 30th June 2022, post Share Buy Back and Traffic Puzzle payments

➤ **~5.0m shares acquired** as part of buyback program, at an average price of 17.8 PLN / share. 90m PLN spent

➤ Heading towards significant **Adjusted EBITDA growth** for the full year

\$26.3m

Net Operating Cash Flow

vs. \$0.2m H1 '21

\$163m

Revenue

vs. \$193m H1 '21

\$28.1m

Adj. EBITDA

vs. \$26.0m H1 '21

17.2%

Adj. EBITDA margin

vs. 13.4% H1 '21

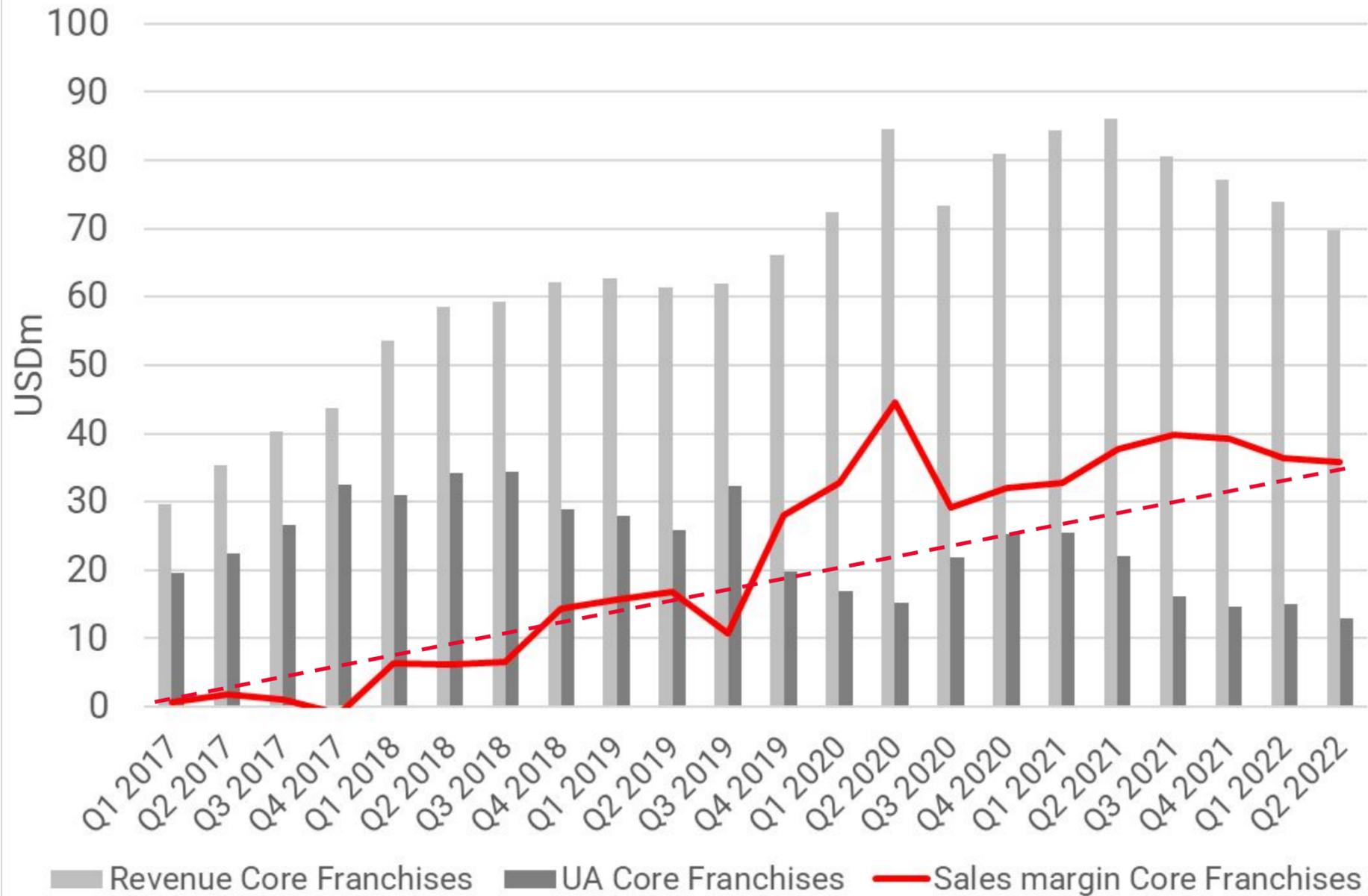
BUSINESS UPDATE

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Core Franchises: Today

Harvesting long-term profits



- Best in class monetization metrics (conversion, ARPDau and ARPPU) vs peers driven by our **Clubs and social features**
- **Highly profitable** with predictable long-term revenue
- Extraordinary **retention of our most valuable players**
- Focus going forward on **profitability and longevity**: quality vs quantity
- **August saw the best Sales Margin YTD**, as a result of lower UA

Core Franchises: Live Projects

More upside from everlasting player relationships

➤ **Extension of Huuuge's VIP Program**, creating uplift in engagement, retention and monetization of our most valuable players

➤ **Expansion of our webshop for HC & BC** beyond the US to new geographies (EU, Canada, Australia), supporting **higher margins**. Further expansion through a **playable PC version** of HC and BC in 2023

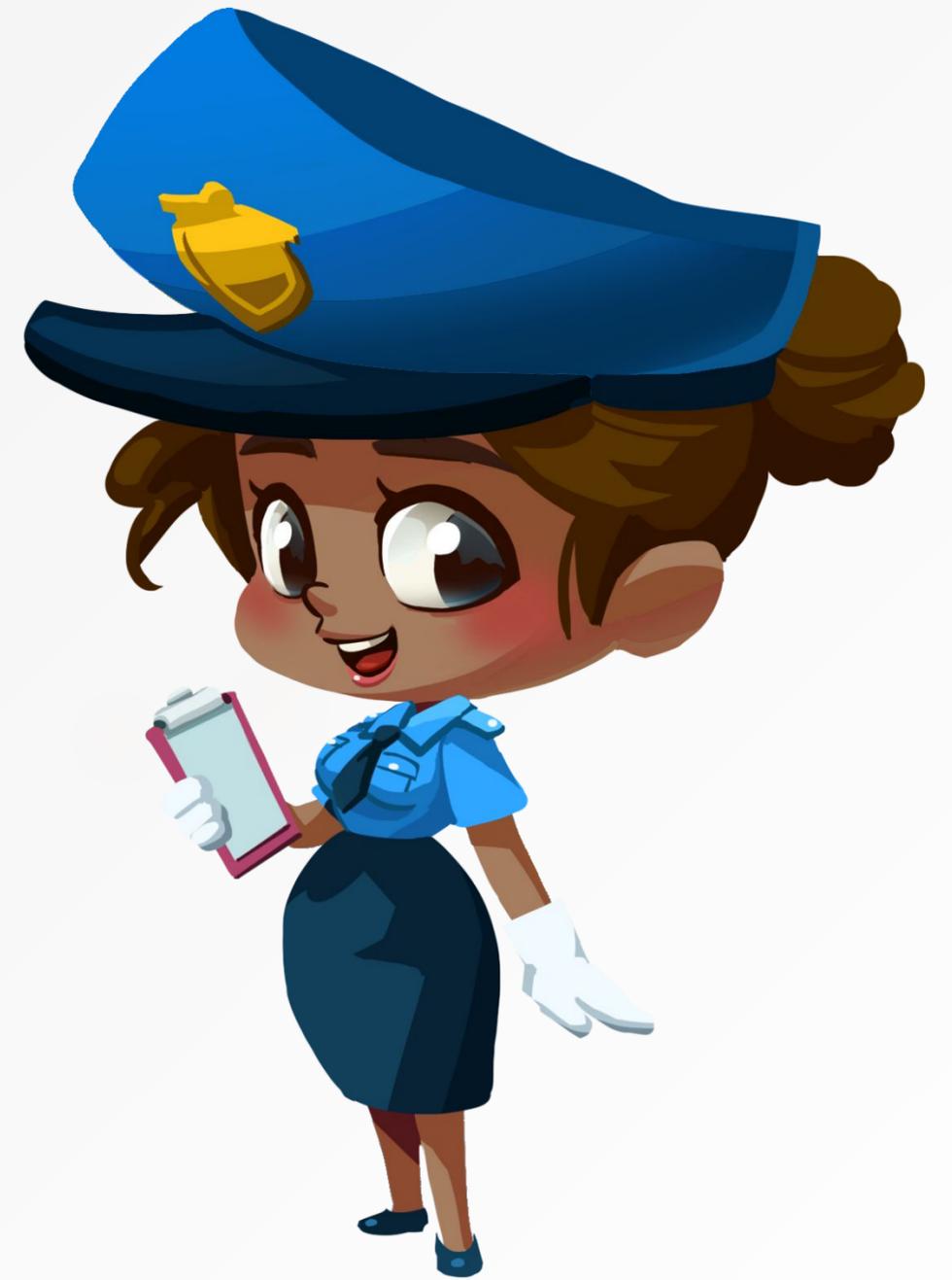
➤ Introduction of a **more balanced and segmented game economy** - more reasons for all players to stay, play & pay



Traffic Puzzle

Evolving and expanding the franchise

- Traffic Puzzle continues to bring revenue diversification, with **12% of H1 '22 revenue coming from New Franchises**
- Reduction of UA spend as we make architectural changes and then, further **additions to the game - retention & monetization features, social layer**
- Applying our know-how from HC/BC - segmentation and dynamic configuration tools to offer a **more personalized player experience**
- Building a platform to facilitate a multi-product franchise. Technical release of a **new product based on the TP platform in December '22. Soft launch in Q2 '23**



FINANCIAL UPDATE

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Financial Performance

	USD m	H1 22	H1 21	YoY		Q2 22	Q2 21	YoY
01	Revenue	163.4	193.2	-15.4%		79.4	97.5	-18.6%
02	<u>Gross profit/(loss) on sales</u>	<u>113.9</u>	<u>135.8</u>	<u>-16.1%</u>		<u>55.4</u>	<u>68.2</u>	<u>-18.7%</u>
	Sales and marketing expenses	-57.3	-82.5	-30.6%		-27.4	-39.3	-30.3%
03	- UA marketing campaigns	-49.4	-73.9	-33.1%		-23.1	-34.8	-33.5%
	- General sales and marketing expenses	-7.8	-8.6	-9.1%		-4.2	-4.5	-5.8%
04	Research and development expenses	-16.8	-15.9	6.1%		-7.9	-8.0	-2.4%
04	General and administrative expenses	-18.2	-19.5	-6.4%		-9.2	-9.5	-2.8%
	Other operating income/(expense), net	0.3	-0.1	-288.3%		0.2	-0.1	-265.0%
	<u>Operating result</u>	<u>21.9</u>	<u>17.7</u>	<u>23.2%</u>		<u>11.2</u>	<u>11.2</u>	<u>-0.5%</u>
05	Finance income/expense, net	-1.1	-43.1	-97.3%		-1.2	0.4	-
	<u>Profit/(loss) before tax</u>	<u>20.7</u>	<u>-25.3</u>	<u>-181.8%</u>		<u>10.0</u>	<u>11.7</u>	<u>-14.4%</u>
	Income tax	-3.2	-3.1	0.8%		-1.3	-2.5	-47.6%
	<u>Net result for the period</u>	<u>17.6</u>	<u>-28.4</u>	<u>-</u>		<u>8.6</u>	<u>9.1</u>	<u>-5.1%</u>
	<u>Adjusted EBITDA</u>	<u>28.1</u>	<u>26.0</u>	<u>8.1%</u>		<u>13.7</u>	<u>15.6</u>	<u>-12.1%</u>

- 01** Revenue changes reflect easing of some previously present Covid-19 tailwinds for lower value users
- 02** Slight decrease YoY results from D&A of Traffic Puzzle fully reflected for Q2 2022 and only partly in Q2 2021
- 03** UA reduced primarily on core franchises as focus shifts to maximising benefits from the captive player base
- 04** Changes in R&D expenses mainly from increases in salaries YoY. G&A decreases primarily attributed to ESOP and lower finance costs (IPO-related costs in H1 '21)
- 05** Finance expense in H1 2022 driven mostly by adverse FX movements versus H1 2021 by re-valuation of series C preferred shares

Balance Sheet

	USDm	June 30 2022	December 31 2021
01	Non-current assets	63.2	67.5
02	Current assets	213.2	232.4
	<u>Total assets</u>	<u>276.4</u>	<u>299.9</u>
	<u>Total equity</u>	<u>227.4</u>	<u>226.1</u>
	Non-current liabilities	11.0	13.0
03	Current liabilities	38.1	60.9
	<u>Total equity and liabilities</u>	<u>276.4</u>	<u>299.9</u>

- 01** Includes mainly Traffic Puzzle carrying value of \$34m and office leases
- 02** Primarily cash and cash equivalents (88% of current assets)
- 03** Decrease in current liabilities results mainly from the second payment for Traffic Puzzle (\$25m) in Q1 2022

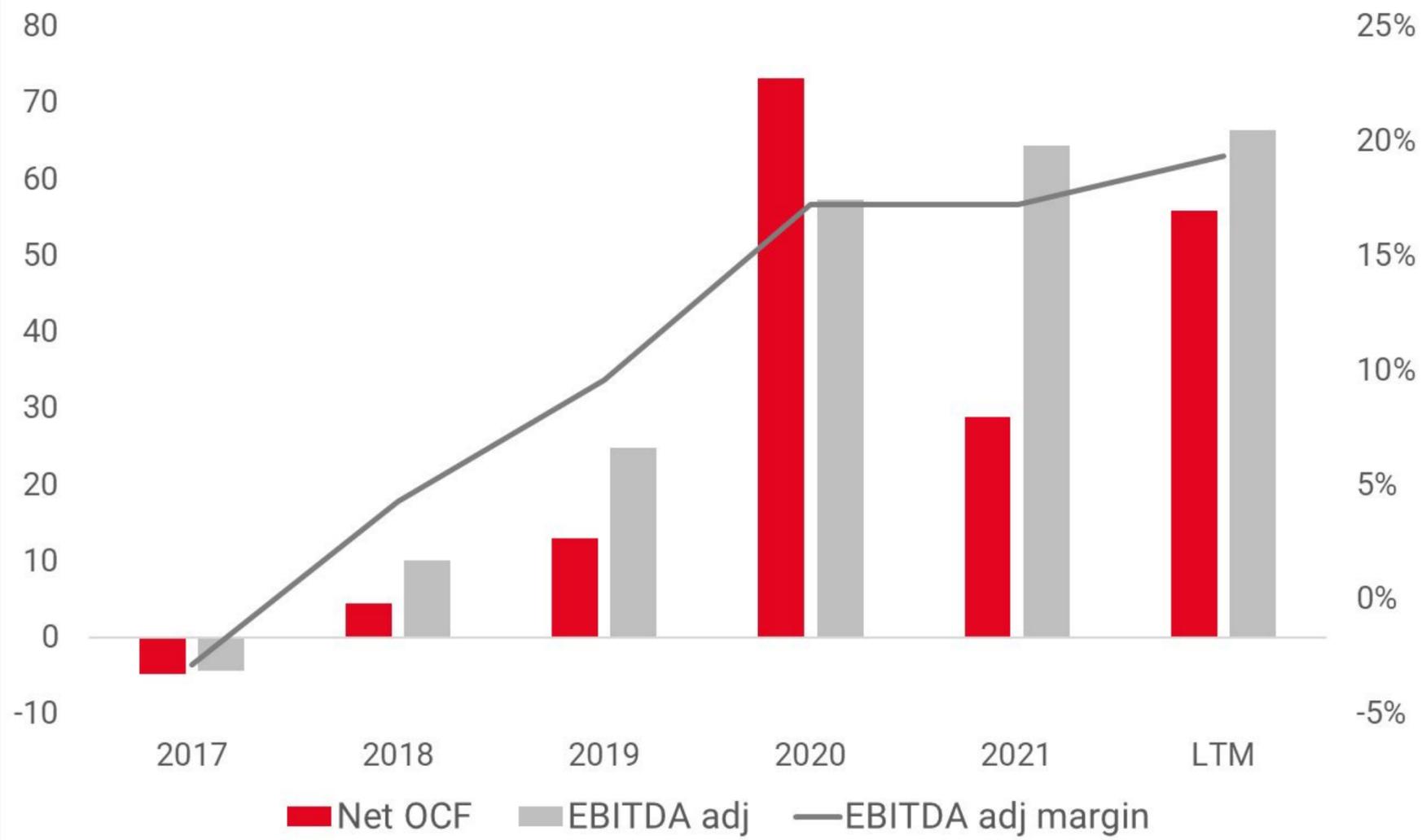
Cash Flows

	USDm	H1 22	H1 21		Q2 22	Q2 21
	Pre-tax profit	20.7	-25.3		10.0	11.7
01	Net Operating CF	26.3	0.2		6.4	8.5
02	Investing CF	-26.7	-12.0		-1.1	-11.4
03	Financing CF	-16.2	98.2		-16.3	-0.5
	Change in cash	-16.7	86.4		-11.0	-3.4
	Cash End of Period	188.2	180.4		188.2	180.4

- 01** Strong OCF generation in H1 2022, Q2 affected partially by FX and working capital changes
- 02** Investing CF included \$25m payment tranche for Traffic Puzzle (remaining final tranche of \$4.4m was paid in August 2022)
- 03** Financing CF in H1 2022 and Q2 2022 is mainly cash spent on share buyback


 Despite cash outflows associated with the Traffic Puzzle purchase and SBB program, **the company's cash position improved by ~\$7.8M YoY as of 30th June 2022**

Highly Cash Generative Business



Focus on profitability of our products, continuous optimization of cost base, positive RoI projects **lead to positive FCF**



LTM net OCF / Adjusted EBITDA at 84%

H1 '22 HIGHLIGHTS

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Key Highlights

- Continued progress as the **globally #1 monetizing social casino business**
- **Shift towards optimising user acquisition efficiency and maximising RoI**, with a focus on the most redemptive channels
- Additional **opex discipline** applied, cutting discretionary expenses and moving more cost from fixed to variable
- **Strong cash generation** in the period and significant **balance sheet strength**
- **Positioned for strong YoY Adjusted EBITDA growth** by year-end





Thank you

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

APPENDIX

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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
Adjusted net result	-5.3	6.3	16.7	48.1	41.1

	Q1 20	Q2 20	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21	Q4 21	Q1 22	Q2 22
Revenue	76.0	88.9	78.5	89.2	95.7	97.5	92.0	88.5	84.0	79.4
Cost of sales	-23.0	-26.8	-23.5	-26.3	-28.1	-29.4	-27.0	-25.8	-25.5	-24.0
Gross profit/(loss) on sales	53.1	62.1	55.0	62.9	67.6	68.2	65.0	62.7	58.5	55.4
Sales and marketing expenses, including	-24.0	-23.7	-33.9	-43.6	-43.2	-39.3	-34.1	-29.6	-29.9	-27.4
<i>User acquisition marketing campaigns</i>	-21.4	-19.9	-30.3	-40.0	-39.1	-34.8	-29.9	-26.3	-26.3	-23.1
<i>General Sales and marketing expenses</i>	-2.6	-3.8	-3.5	-3.6	-4.1	-4.5	-4.2	-3.4	-3.6	-4.2
Research and development expenses	-5.9	-7.8	-7.6	-8.7	-7.8	-8.0	-9.6	-7.7	-9.0	-7.9
General and administrative expenses	-5.7	-4.5	-7.2	-10.0	-10.0	-9.5	-10.9	-9.6	-9.1	-9.2
Other operating income/(expense), net	0.1	-0.3	0.3	-0.4	0.0	-0.1	0.8	-0.3	0.1	0.2
Operating result	17.5	25.9	6.8	0.1	6.5	11.2	11.3	15.6	10.7	11.2
Finance income	0.0	0.4	0.5	1.1	0.1	-0.1	0.0	0.0	0.2	0.0
Finance expense	-3.0	-8.6	-7.6	-109.3	-43.6	0.5	-1.5	-1.0	-0.1	-1.2
Profit/(loss) before tax	14.6	17.7	-0.3	-108.2	-37.0	11.7	9.8	14.5	10.7	10.0
Income tax	-1.8	-3.5	-1.9	0.8	-0.6	-2.5	-2.4	-3.2	-1.8	-1.3
Net result for the period	12.8	14.2	-2.2	-107.4	-37.5	9.1	7.4	11.4	8.9	8.6
Adjusted net result	15.6	23.9	7.9	2.1	4.2	11.4	11.4	14.0	10.0	8.6

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

	Q1 20	Q2 20	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21	Q4 21	Q1 22	Q2 22
Total non-current assets	-	-	-	17.3	17.1	55.6	54.6	67.5	65.4	63.2
Total current assets	-	-	-	124.5	221.9	216.8	224.8	232.4	225.8	213.2
Total assets	-	-	-	141.8	238.9	272.4	279.4	299.9	291.2	276.4
Total equity	-	-	-	-96.0	188.6	200.3	211.8	226.1	236.3	227.4
Total non-current liabilities	-	-	-	183.0	4.8	4.7	4.0	13.0	12.2	11.0
Total current liabilities	-	-	-	54.8	45.6	67.4	63.6	60.9	42.7	38.1
Total equity and liabilities	-	-	-	141.8	238.9	272.4	279.4	299.9	291.2	276.4

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

	Q1 20	Q2 20	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21	Q4 21	Q1 22	Q2 22
Net cash flows from operating activities	16.3	26.5	16.0	15.0	-8.3	8.5	18.8	10.8	19.9	6.4
Net cash from investing activities	-0.6	-1.5	-1.5	-1.9	-0.6	-11.4	-1.7	-2.3	-25.7	-1.1
Net cash from financing activities	9.2	-0.6	-7.9	-1.3	98.6	-0.5	-0.6	-0.9	0.1	-16.3
Cash and cash equivalents	51.2	75.4	82.2	94.2	183.2	180.4	195.6	204.4	198.7	188.2

EBITDA	-4.6	8.2	16.2	53.5	52.6
Adjusted EBITDA	-4.3	10.1	24.8	57.3	64.4

EBITDA	18.1	26.5	7.4	1.5	7.6	13.3	13.6	18.1	13.3	13.8
Adjusted EBITDA	18.4	27.3	8.6	3.1	10.4	15.6	17.7	20.7	14.4	13.7

Appendix - KPI's

(users)	Q1 19	Q2 19	Q3 19	Q4 19	Q1 20	Q2 20	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21	Q4 21	Q1 22	Q2 22
Total DAU	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	671,967
Core Franchises	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	384,442
New franchises	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	272,566
Other	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	14,958

(users)	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	Q1 21	Q2 21	3Q21	4Q21	Q1 22	Q2 22
Total DPU	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	23,123
Core Franchises	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	18,066
New franchises	93	324	2,573	2,981	2,469	2,619	2,927	3,913	5,290	5,260	5,210	4,997	4,947	4,866
Other	273	157	118	150	105	81	51	40	66	69	40	35	216	192

(%)	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	Q1 21	Q2 21	3Q21	4Q21	Q1 22	Q2 22
Conversion (monthly, MPU/MAU)	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%	5.5%
Core Franchises	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%	9.2%
New franchises	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%	3.1%
Other	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%	1.3%

(USD)	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	Q1 21	Q2 21	3Q21	4Q21	Q1 22	Q2 22
ARPPU	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	1.29
Core Franchises	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	2.00
New franchises	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	0.36
Other	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	0.15

(USD)	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	Q1 21	Q2 21	3Q21	4Q21	Q1 22	Q2 22
Daily ARPPU	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	36.1
Core Franchises	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	42.4

Appendix - Glossary

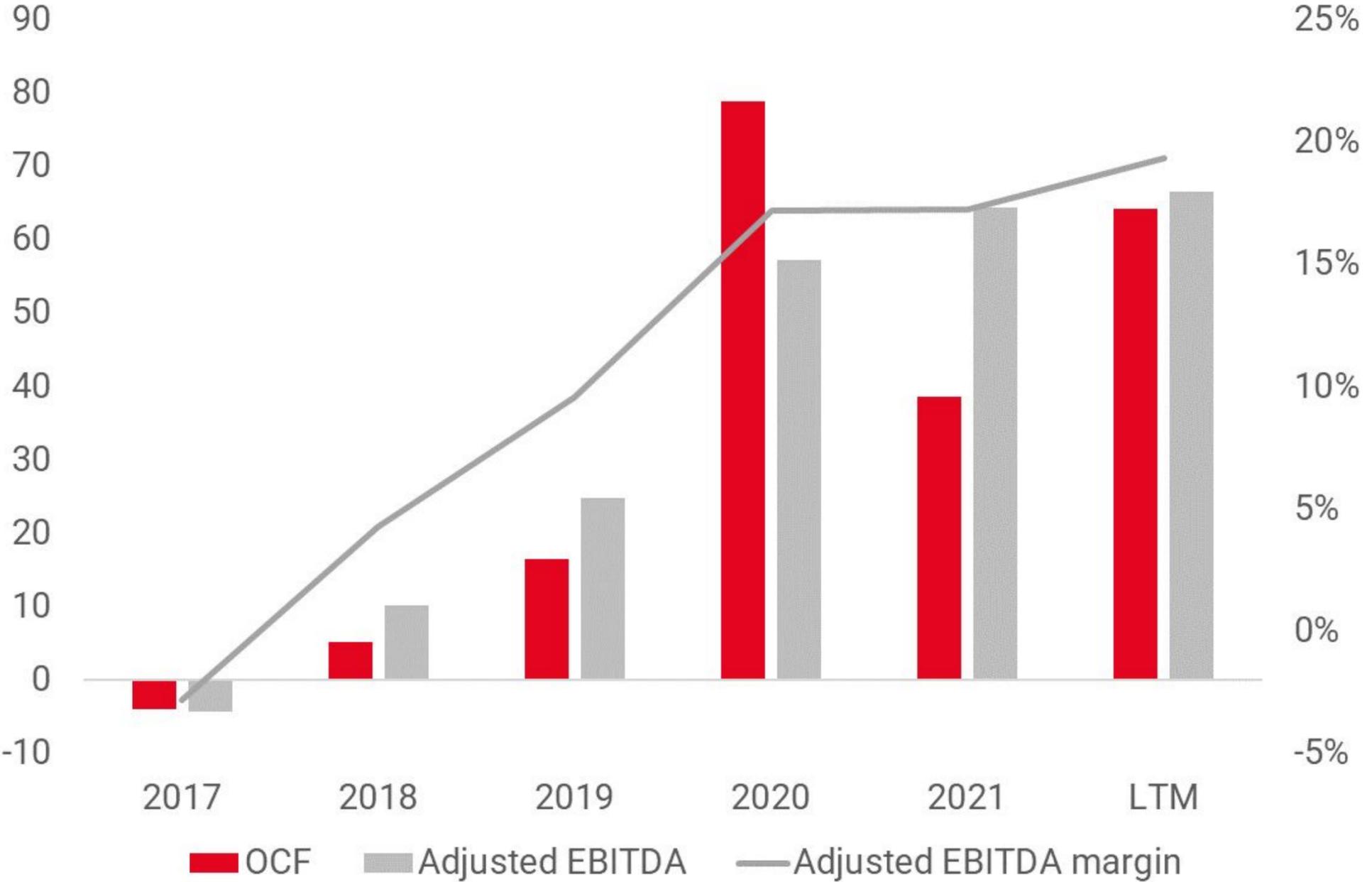
ARPDau	Average revenue per daily active user.
ARPPU	Average revenue per paying user.
DAU	The number of individual users who played a game on a particular day.
DPU	The number of players (active users) who made a purchase on a given day.
Live Ops	Activities aimed at increasing the player engagement, among 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>

Highly Cash Generative Business



Focus on profitability of our products, continuous optimization of cost base, positive RoI projects **lead to positive FCF**



LTM net OCF / adjusted EBITDA at 84%