

HUUUGE, INC., COMPLETES Q1 2023 WITH REVENUE OF USD 71.7M AND ADJUSTED EBITDA OF USD 27.6M AND COMMENCES A USD 150M SHARE BUYBACK

Global free-to-play game developer and publisher, HUUUGE, Inc., has released its financial results for the first quarter of 2023.

In the last quarter, adjusted EBITDA nearly doubled (USD 27.6m) compared to the previous year (USD 14.4m), achieving an all-time high in adjusted EBITDA profitability. This accomplishment sets a new record for HUUUGE. During the last four quarters (Q1 2022 - Q1 2023) the company has delivered significant progress, with combined adjusted EBITDA totalling USD 95.5m for the period.

The mobile gaming sector is continuing its realignment to the changing macro and market realities, and the Social Casino category revenue declined by 1.7% YoY in Q1 2023, according to Eilers & Krejci. In that environment, our operational priority is to focus on continued cash generation and longevity of our core franchises. We are expanding our VIP activities so that we can better serve and retain our most valuable players. We have seen tremendous feedback coming from our players and we are also broadening the reach of our direct-to-consumer offering. This, serving our players better and offering a tailored customer experience, enhances our relationships with our players and helps us improve our business margins.

In Q1 2023, we initiated multiple programmes aimed at improving our business fundamentals. We reduced our headcount across our Group by approximately 20% compared to the end of 2022 and this will yield substantial cost savings on an annual basis, reinforcing our financial position. As part of these changes, we have sharpened our marketing discipline, and operationally downsized and reorganized our Marketing department. The new marketing team is built to perform in the current market environment. The key is to be highly analytical and professionally disciplined in our marketing spending, focusing on the most profitable channels and campaigns. Lastly, we sunset the Traffic Puzzle studio and put the game in maintenance mode. This step allows us to allocate resources more effectively towards other projects and initiatives that align with our long-term objectives.

In Q1 2023, HUUUGE created four small-sized agile units – internal teams called “HUUUGE Pods” – as part of long-term commitment to building new products. HUUUGE Pods will fully focus on the development of new games, leveraging our strengths and reflecting market conditions.

HUUUGE is expanding beyond just mobile – and some new titles are being developed and will be launched as PC / Steam first before mobile. While development works are still at an early stage, we expect a few titles to go into tech (and possibly soft) launch in H2 2023.

Market-development-wise, we see interesting future opportunities in real money skill gaming and, generally said, HUUUGE remains open and is actively exploring M&A, partnerships, publishing and licensing opportunities where our existing assets and core competencies could be leveraged (brand, audience, know-how).

We have published a Current Report 19/2023 announcing that our Board of Directors adopted a resolution to commence the USD 150m Share Buyback (SBB) by way of a time-limited Invitation to Sell (ITS). The SBB Price was set at 8.7607 USD per share (corresponding to 37 PLN, in accordance with the USD/PLN exchange rate as published by the National Bank of Poland (NBP) on the day preceding the date of the current report). The subscription period will last from June 1, 2023 to June 29, 2023. The final price per share in PLN will be determined on the basis of the USD price multiplied by the USD/PLN exchange rate as published by the National Bank of Poland (NBP) on the day preceding the transaction settlement date. The amounts that the Company's shareholders will receive following the settlement of the SBB will be reduced by applicable withholding taxes, including taxes imposed under the U.S. Internal Revenue Code of 1986, as amended. All information can be found in the ITS (attached to the CR 19/2023) and in our SBB section posted on our website (<https://ir.huuugegames.com/share-buyback>)



According to **Anton Gauffin, Founder and CEO of HUUUGE**: "Our focus on longevity of our core franchises and strong cash generation has resulted in a record high adjusted EBITDA profitability for HUUUGE. We believe that our actions, ongoing focus on cash generation and core business fundamentals, as well as our capital allocation decisions such as the announced share buyback (SBB), will be appreciated by our shareholders."

KEY FINANCIAL FIGURES

Selected financial data (USD million)	Q1 2023	Q1 2022	Change
Revenue	71.7	84.0	-14.6%
Adjusted EBITDA*	27.6	14.4	91.8%
Adjusted EBITDA margin	38.5%	17.1%	21.4pp
Operating result	24.5	10.7	129.7%
Net result	22.4	8.9	150.9%
Adjusted net result**	23.0	10.0	129.6%

* Adjusted EBITDA is EBITDA adjusted for non-recurring events that are not related to the core activity of the Group and share-based payment expenses.

** Adjusted net result defined as the net result for the year adjusted for non-recurring events that are not related to the core activity of the Group and share-based payment expense.

KEY PERFORMANCE INDICATORS

Selected KPIs	Q1 2023	Q1 2022	Change
DAU [thousands]	468.4	701.6	-33.2%
DPU [thousands]	17.8	25.0	-28.6%
ARPPU at the Group level [USD]	1.7	1.3	27.8%
ARPPU—core franchises [USD]	47.6	41.5	14.8%
Monthly conversion from player to payer %—core franchises	10.8%	8.6%	+2.2pp



According to **Marek Chwalek, EVP Finance**: "We reduced sales & marketing expenses by 69% YoY, R&D expenses by 20% YoY, and total operating expenses by 35% YoY. These efforts exemplify our harvesting strategy in action, and have resulted in significantly improved cash generation. Our Adjusted net result more than doubled compared to the previous year."

CONTACT FOR MEDIA

M+G

Magda Kołodziejczyk

+48 501 168 807

magda.kolodziejczyk@mplusg.com.pl

CONTACT FOR INVESTORS:

Huuuge Games

Izabela Ginel

IR Specialist

izabela.ginel@huuugegames.com

More information <https://ir.huuugegames.com>



Play Together.

Huuuge Games is a global game developer and publisher on a mission to build the world's most social real-time, free-to-play mobile gaming platform. On our way to become the global leader in real-time free-to-play casual gaming, we aim to redefine the experience to give maximum joy and fun to players all around the world.

Huuuge's games provide entertainment every month to millions of players from 195 countries and are available in 17 languages. Huuuge shares have been listed on the Warsaw Stock Exchange since February 2021.