

HUUUGE, INC., COMPLETES Q2 2023 WITH REVENUE OF USD 69.2M AND RECORD HIGH ADJUSTED EBITDA PROFITABILITY OF NEARLY 40%

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

In the last quarter, adjusted EBITDA of HUUUGE nearly doubled (USD 27.5m) compared to the previous year (USD 13.7m), achieving another all-time high in adjusted EBITDA profitability, after Q1 record. During the last four quarters (Q2 2022 - Q2 2023) the company has delivered combined adjusted EBITDA totalling USD 109m for the period. Adjusted net profit for Q2 2023 increased by 164%, reaching USD 22.6m.

In an industry that is continually adapting to evolving macro and market dynamics, the revenue of the Social Casino category, as reported by Eilers & Krejciak, exhibited a modest decline of 1.2% quarter-over-quarter in Q2 2023 (and 1.6% for the trailing 12 months ending June 30, 2023). In this ever-changing landscape, our foremost operational priority is the continued generation of cash flow and the sustained vitality of our core franchises. A noteworthy example of our commitment to this is the recent upgrade to our HUUUGE Casino game economy, which was rolled out in early August. Initial indications are promising, and we anticipate that it will enhance revenue stability and predictability, enabling us to establish higher engagement baselines with our core franchises HUUUGE Casino and Billionaire Casino.

HUUUGE is intensifying efforts in VIP engagement and further elevating the player experience. The HUUUGE Casino studio dedicated Q2 2023 to the development of a new Loyalty Program, which was launched in August to an enthusiastic reception, leading to positive feedback and improvements in key performance indicators. Furthermore, the Company is broadening direct-to-consumer offerings, which in recent months constituted approximately 6% of the revenue.

The increased marketing budget, combined with the new game economy and loyalty program, is anticipated to drive a reversal in topline trends during the upcoming quarters.

"HUUUGE Pods", internal small-sized agile units created in Q1 this year and responsible solely for prototyping and development of new games, continued their development works throughout Q2. It's a multi-year plan in its early stage. The company anticipates bringing several projects to test markets in the coming year and if any of these establish commercial viability, it will prudently increase marketing investment to support these games.

As HUUUGE looks ahead to the rest of 2023, it remains steadfast in its commitment to harnessing the potential of AI technology. The company's trajectory showcases its readiness to navigate the future landscape, characterized by rapid technological advancements and evolving consumer expectations.

Regarding market development, HUUUGE identifies compelling opportunities in the realm of skill gaming. In a broader sense, HUUUGE is actively exploring avenues for M&A, partnerships, publishing and licensing where existing assets and core competencies, including the brand, audience, and expertise, can be leveraged to maximum effect.



Anton Gauffin, Founder and CEO of HUUUGE: We firmly believe that our strategic actions, focus on cash generation and core business principles, and our capital allocation decisions, exemplified by the recently completed and settled share buyback (SBB), will be met with appreciation from our valued shareholders. Highlighting the impact of the buyback on our Earnings Per Share - our Q2 2023 EPS of USD 0.28 would be higher by 25% if we adjusted the ratio for the number of shares purchased and retired post the transaction. To me, these actions symbolize the substantial potential and upside that we are poised to deliver in the months and years ahead.

KEY FINANCIAL FIGURES

Selected financial data (USD million)	Q2 2023	Q2 2022	Change
Revenue	69.2	79.4	-12.9%
Adjusted EBITDA*	27.5	13.7	100.8%
Adjusted EBITDA margin	39.8%	17.2%	22.6 pp
Operating result	24.4	11.2	118.0%
Net result	21.7	8.6	151.4%
Adjusted net result**	22.6	8.6	164.1%
Adjusted net result margin	32.7%	10.8%	21.9 pp

* 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	Q2 2023	Q2 2022	Change
DAU [thousands]	426.0	672.0	-36.6%
DPU [thousands]	16.3	23.1	-29.4%
ARPPDAU at the Group level [USD]	1.77	1.29	37.2%
ARPPU—core franchises [USD]	49.0	42.4	15.6%
Monthly conversion from player to payer %—all games	8.0%	5.5%	+2.5 pp



Marek Chwalek, EVP Finance: "We are proud to report that our adjusted EBITDA for the trailing 12 months reached \$109m and net cash flow from operations reached \$82m. These numbers showcase our strategic focus and continued efforts to deliver on our promises. We have also concluded and settled the \$150m share buyback and retired the repurchased treasury shares."

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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.