

Huuuge, Inc., reports record EBITDA and net profit after the first three quarters of 2023. Huuuge Casino and Billionaire Casino generated higher revenue than in Q2 2023.

Global free-to-play game developer and publisher, Huuuge, Inc., has released its financial results for the 3rd quarter and the first nine months of 2023.

- Last quarter, Huuuge's adjusted EBITDA exceeded USD 27 million (+10% YoY), and the adjusted net result reached USD 21 million (+14.4% YoY), with revenues of USD 71.2 million (-8.2% YoY).
- Cumulatively after 9 months, revenues exceeded USD 212 million and adjusted EBITDA reached USD 82.1 million (+56.2% YoY), which was the level generated throughout 2022. Adjusted net profit amounted to USD 66.6 million (+80.32% YoY), exceeding the level generated in the whole of 2022 by USD 2.4 million. This is a record level of EBITDA and net profit achieved by Huuuge after three quarters.
- Over the last four quarters (Q3 2022 – Q3 2023), the company achieved a total adjusted EBITDA result of USD 112 million, and USD 86.5 million in net operating cash flows.
- With increased marketing budget, combined with the new game economy and loyalty program, Huuuge reversed the declining quarterly revenue trend for Huuuge Casino and Billionaire Casino games, recording a 4.2% increase over Q2 2023, despite the *social casino* market decline during that period. Key operational metrics for the games also improved versus the previous quarter.

Reversal of the declining trend in Huuuge Casino and Billionaire Casino quarterly revenues

Global revenues of Social Casino companies, as reported by Eilers & Krejcik, showed a slight decrease (by 2.2%) in the third quarter of 2023 compared to Q2 2023. In the same period, Huuuge achieved a 4.2% increase in revenues for its two flagship titles: Huuuge Casino and Billionaire Casino. This was possible thanks to the company's announced game economy update implemented in August 2023, and the expanding loyalty program. The developing direct-to-consumer channel accounted for about 7% of revenues during the period.

Another quarter of year-over-year EBITDA improvement

In Q3 2023, Huuuge achieved its fifth consecutive quarter of improved EBITDA, compared to the same period of the previous year. By sticking to cost discipline, the company managed to balance increased marketing expenses without affecting quarterly performance. Cash generation remains the company's top operational priority in the ever-changing market environment. Net cash flows from operating activities for the first 9 months of 2023 reached USD 57.6 million up from USD 42.1 million in the same period in 2022. The company's balance sheet at the end of Q3 2023 showed USD 127.7 million in cash and equivalents.

Huuuge Pods an investment in the future

"Huuuge Pods" are small internal teams created by the company in the first quarter of 2023, exclusively focused on developing new games. Achieving success in new games takes time, making it a long-term project for the Company. Two games are currently in the testing phase. If the tests confirm their commercial potential, the company will increase marketing investments for these games.



Wojciech Wronowski, CEO of Huuuge, Inc said: "We are proud of Huuuge's strong position in challenging times in the market. Over the past 12 months, Huuuge has generated USD 112 million in adjusted EBITDA and maintains solid cash generation. Through nine months, we have already reached the level of adjusted EBITDA generated in all of last year, and exceeded the net profit earned in 2022. With changes in the gaming economy, a new loyalty program, and increased marketing spending, we look to the future and the Q4 2023 results with optimism."

KEY FINANCIAL FIGURES

Selected financial data (USD million)	Q3 2023	Q3 2022	Change	Q1-Q3 2023	Q1-Q3 2022	Change
Revenue	71.2	77.5	-8.2%	212.1	240.9	-12.0%
EBITDA	24.7	21.4	+15.2%	78.3	48.5	+61.4%
Adjusted EBITDA*	27.0	24.5	+10.4%	82.1	52.6	+56.2%
Adjusted EBITDA margin	38.0%	31.6%	+6.4 pp	38.7%	21.8%	+16.9 pp
Operating result	22.5	18.5	+21.7%	71.4	40.4	+76.9%
Net result	18.7	15.3	+22.0%	62.8	32.9	+91.0%
Adjusted net result**	21.0	18.4	+14.4%	66.6	36.9	+80.3%
Adjusted net result margin	29.5%	23.7%	+5.8 pp	31.4%	15.4%	+16.1 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	Q3 2023	Q3 2022	Change
DAU [thousands of users]	415.5	557.7	-25.5%
DPU [thousands of users]	16.5	21.0	-21.5%
ARPPDAU at the Group level [USD]	1.88	1.50	+25.3%
ARPPU—core franchises [USD]	49.5	44.4	+11.5%
Monthly conversion from player to payer %— at the Group level	7.9%	7.0%	+0.9 pp



Marek Chwalek, EVP Finance: "In the third quarter we concluded and settled the USD 150 million share buyback and retired the repurchased treasury shares. After completion of this operation, at the end of the quarter, we held over USD 128 million in cash, placing us in a highly favourable position for future investments or potential cash distribution to shareholders".

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Huuuge Games is a global game developer and publisher of free-to-play mobile games. 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 shares have been listed on the Warsaw Stock Exchange since February 2021.

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