

TRAFFIC PUZZLE ACQUISITION

27 April 2021

HUUUGE

TRAFFIC
puzzle



Traffic Puzzle

A Unique, High-Growth Match-3 Game

Traffic Puzzle is a **unique** match-3 puzzle game in one of the largest, most established and lucrative segments of mobile gaming: the \$10.6B puzzle game category.

Since publishing the game in March 2019, the game has been the highest growth product in the HUUUGE portfolio, with exceptional monetization KPIs.

After a year of discussions, management has successfully acquired the Traffic Puzzle assets.

64¢
ARPPDAU

\$100k
Daily Revenue

1.0M
MAU

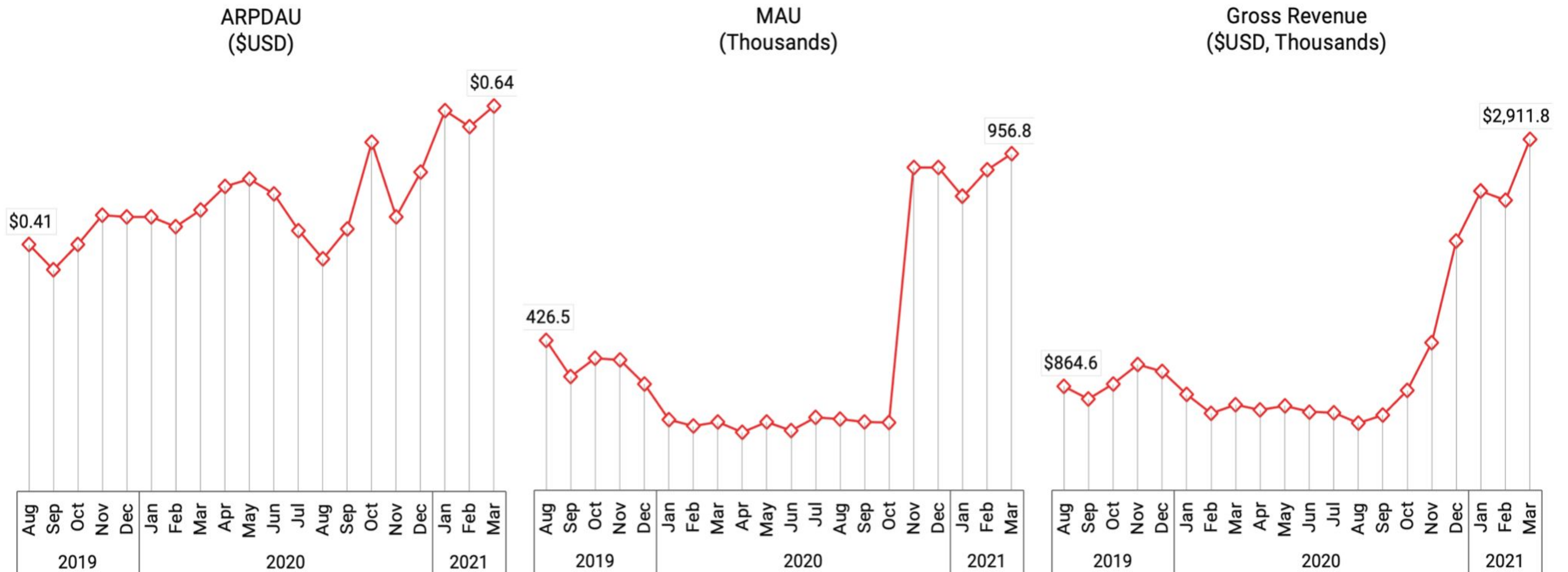
+280%
Y/Y Revenue¹



¹ Q1 2021 vs. Q1 2020, Gross Revenue growth

Our Newest Growth Engine

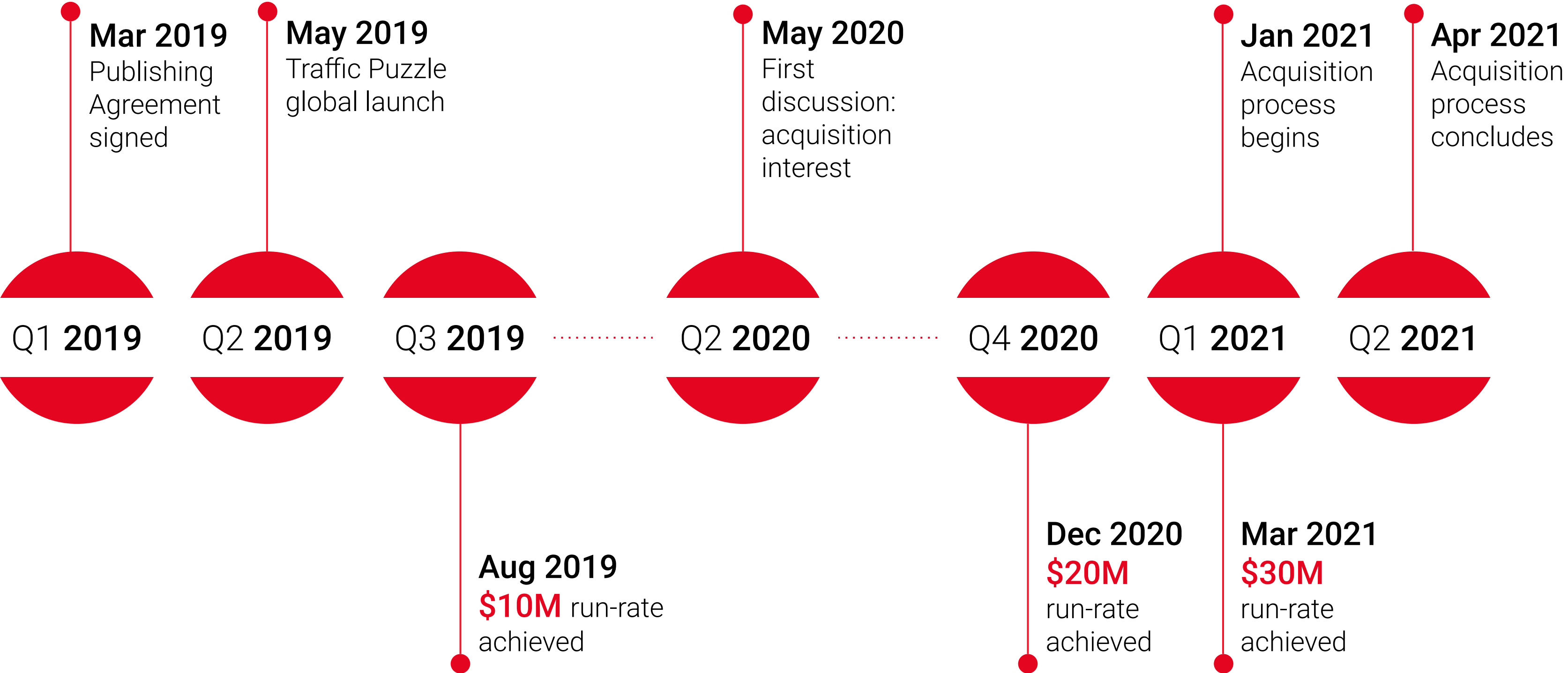
Our Newest Growth Engine



Traffic Puzzle is a growth engine within our portfolio, with **strong momentum across all major KPIs**¹

¹ Major KPIs: Daily Active Users (DAU), Average Revenue per Paying User (ARPPU), Conversion Rate, & Average Revenue per Daily Active User (ARPDAU)

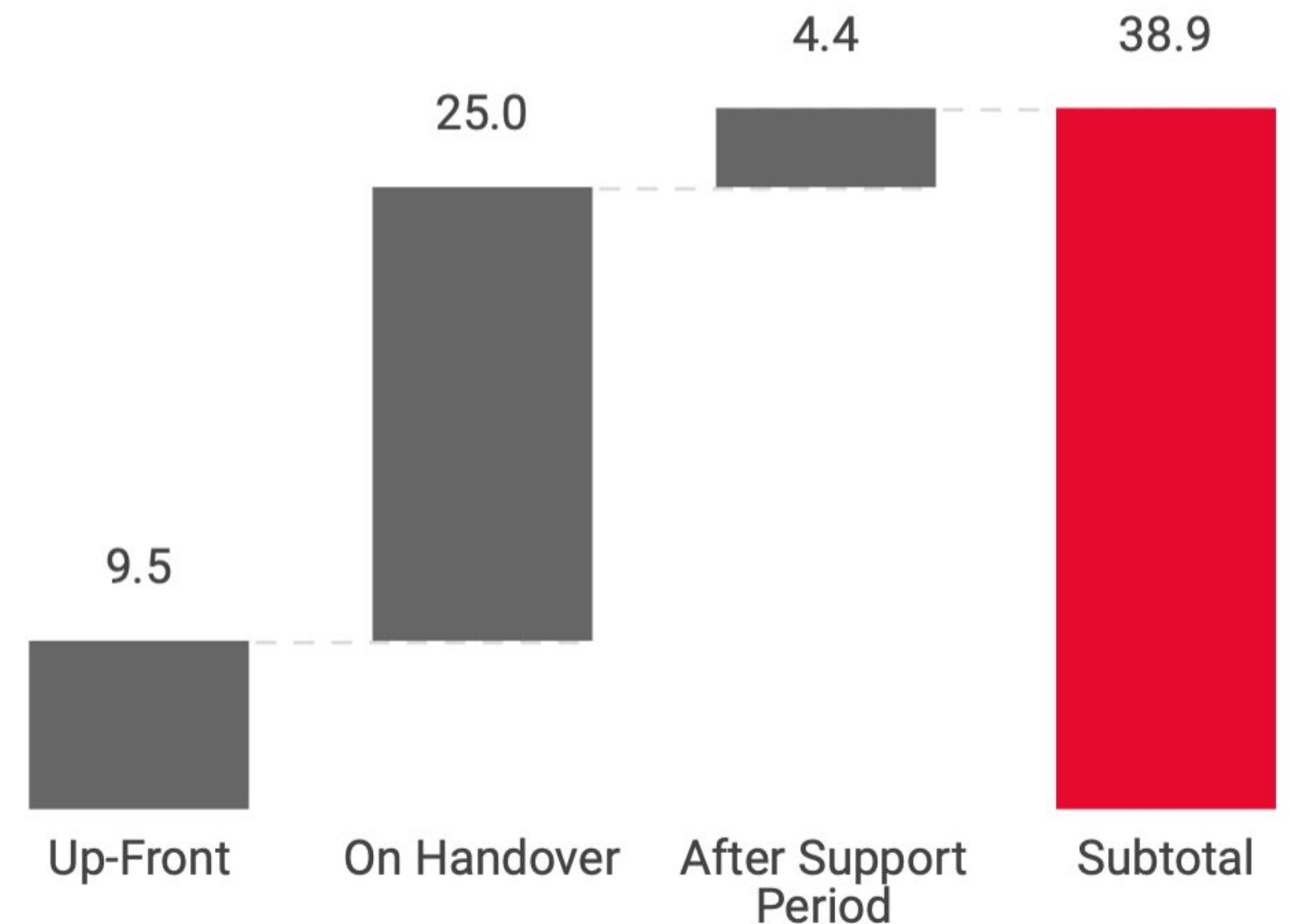
Background & Current Reality



The Transaction

- **\$38.9M in cash, payable in three tranches**
- **\$9.5M at Signing**
At which point, the assets will be entirely under the ownership of Huuuge
- **\$25.0M upon Hand-Over of assets**
Contingent on sign-off by Huuuge's Post-Merger Integration team
- **\$4.4M one year after Hand-Over**
For one year following the hand-over date, both sides enter a "support period", wherein support provisions from the Sellers are governed by a service-level agreement

Consideration Payable USD, \$M



Transaction Rationale

- Traffic Puzzle is the company's third backbone product, having recently delivered a **\$30M revenue run-rate**
- Our conservative projections indicate that the acquisition will bring mid-to-high single digit millions of incremental EBITDA in 2022
- Less-conservative assumptions indicate low double digit millions of incremental EBITDA in 2022
- Without any incremental KPI improvements nor operational synergies, we estimate the minimum incremental 2022 EBITDA¹ contribution required for this deal to be accretive is \$4.59M.
This is far below management's expectations

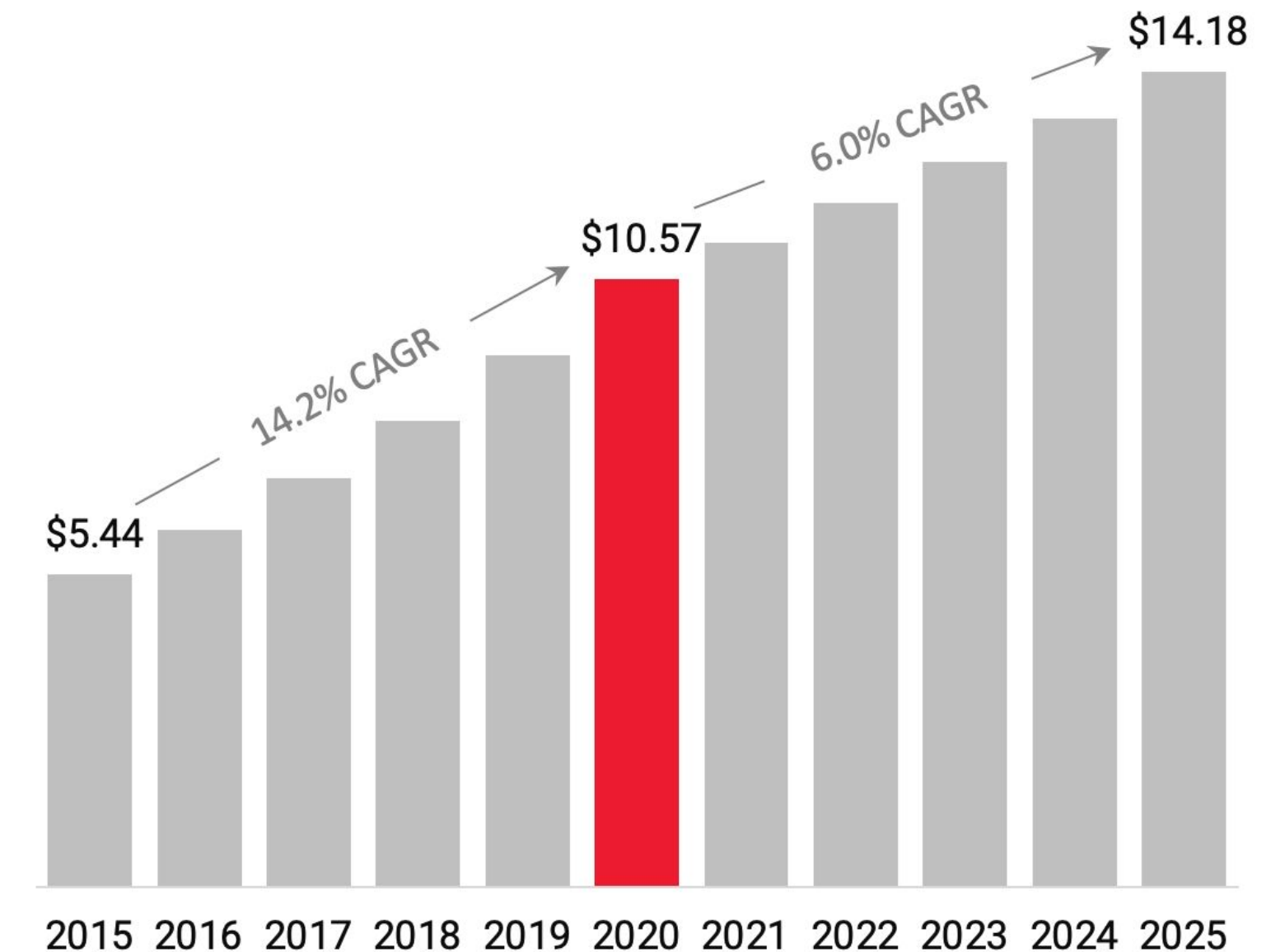
- **By acquiring the asset, we may:**
 - Save \$5M - \$8M in 2022 net revenue share, and far more beyond 2023
 - Invest further in user acquisition
 - Enhance product development
 - Grow the product to a multiple of its current revenue run-rate
 - Establish Traffic Puzzle as a top grossing game within its category

¹ EBITDA Contribution analogous to Studio Profit Contribution, per Management Accounts

Transaction Rationale

- **Financial** **Diversification**
Traffic Puzzle is our third back-bone product, and **first cornerstone in the casual game category**
- **Reinforced** **Growth**
Traffic Puzzle is HUUUGE's fastest-growing product, with **monthly revenue that has more than tripled since early 2020**.
We believe that we are still very far from the revenue potential of the game.
- **Tapping a New Market**
Puzzle Games is one of the largest, most established industry segments and by doubling down on the segment, **our TAM expands by \$10.6B¹**

Puzzle Market Size Development¹ USD, \$M



¹ Source: Eilers & Krejcik Puzzle Tracker 2020

Operational Synergies



Financial Effects & Expectations

2021

Consideration

Both Tranche 1 (\$9.5M) and Tranche 2 (\$25.0M) of the transaction consideration are likely to be paid in 2021 from the company's cash reserves

Revenue

Immaterial impact on revenue in 2021

Impact

EBITDA

Immaterial impact on EBITDA in 2021

Impact

2022

Consideration

Tranche 3 (\$4.4M) of the transaction consideration is likely to be paid in 2022 from the company's cash reserves

Revenue

Mid single-digit millions of incremental revenue in 2022.

Impact

EBITDA

High single-digit millions to low double-digit millions of incremental EBITDA in 2022

Impact

THANK YOU



For questions, contact us at investor@huuugegames.com