

Huuuge, Inc. announces Q2 2024 financial results

Strong Cash Flow Generation Amid Challenging Market Conditions

Global free-to-play game developer and publisher Huuuge, Inc. today announced its financial results for the second quarter of 2024. The company maintained strong cash flow and focused on high profitability despite increased investments in user acquisition and weaker market conditions in the social casino segment.

Q2 2024 financial highlights:

- **Revenue:** USD \$63.4 million, a decrease of 8.4% year-over-year (YoY) and 5.4% quarter-over-quarter (QoQ)
- **Adjusted EBITDA:** USD \$19.4 million, down 29.3% YoY and 11.4% QoQ
- **Sales and marketing expenses:** USD \$15.6m, an increase of 40% YoY and 3.1% QoQ
- **Net Income:** USD \$15.1 million, representing a decline of 30.6% YoY and 8.9% QoQ
- **Adjusted EBITDA Margin:** 30.7%, down from 39.8% in Q2 2023 and 32.8% in Q1 2024
- **Net cash flows from operations:** USD \$18.3m, down 10.6% YoY and up 27.1% QoQ
- **Direct-to-Consumer Revenue:** Reached nearly 12% of total revenue in Q2 2024, marking an increase of 108.1% YoY and 35.2% QoQ

Core Franchises Performance

Despite the weaker social casino market, the company saw stabilization in key performance indicators (KPIs) for its core franchises. Daily active users (DAU) increased by 2.7% YoY, although there was a slight decline of 1.7% QoQ. Average revenue per paying user (ARPPU) rose by 3.1% YoY and 4.1% QoQ, demonstrating resilience in monetization efforts.

Q2 2024 EBITDA margins remained high

Maintaining stable and long term profitability remains one of the main targets for Huuuge. The adjusted EBITDA margin reached 30.7%, a 2.1 percentage point drop quarter-on-quarter, with adjusted EBITDA reaching USD 19.4 million, a 11.4% decrease from USD 21.9 million in Q1 2024.

Q2 2024 sales and marketing expenses up 40% YoY

Due to improved marketing performance throughout the past several quarters, the company has maintained a significantly higher user acquisition (UA) spend level compared to 2023, with total sales and marketing expenses increasing in the second quarter of 2024 by 40% YoY. This has had a significant impact on the Adjusted EBITDA and net cash flows for Q2, but is expected to pay back in the upcoming quarters and years.

In the second half of the year, we expect to reduce UA spend to align with the timing of our second-half releases and to optimize UA for profitability. As these new releases see traction, we will scale marketing investments accordingly.

Prospects for 2024 – maintaining high profitability despite weaker revenue

Quarterly revenues declined compared to the first quarter, primarily due to weakness in the social casino industry and the delay of our first-half feature roadmap to the second half of the year. However, the second-half roadmap is very promising, with the release of long-anticipated features expected to drive engagement and revenue, with a significant impact anticipated in late fourth quarter 2024.

Huuuge remains strongly focused on maintaining profitability discipline, which will continue to be a top priority in the coming quarters. Despite lower-than-expected revenue, we are confident that these efforts will lead to solid Adjusted EBITDA and sustained high free cash flow generation.

“Huuuge Pods” – an investment in the future

Huuuge continues to invest in developing new games, with several "Pods" working on innovative titles. Two new titles are scheduled for MVP/tech launches in H2 2024. Recently, Huuuge invested in Empire Games, a small studio that will function as a new external team, contributing to our efforts toward organic growth.



Wojciech Wronowski, CEO of Huuuge, Inc. said: "This year, as we celebrate Huuuge's 10th anniversary, both Huuuge Casino and Billionaire Casino have surpassed \$2 billion in lifetime revenue, an impressive milestone that few in the industry have achieved. Huuuge continues to generate strong cash flow, delivering \$33 million in net cash from operations in the first half of the year, demonstrating our focus on operational efficiency and financial discipline. Looking ahead, profitability remains a top priority. With a cash balance of nearly \$110 million, we have significant flexibility to actively pursue meaningful M&A opportunities, and we are confident the right one will come our way."

KEY FINANCIAL FIGURES

Selected financial data (USD m)	Q2 2024	Q2 2023	Change	Q2 2024	Q1 2024	Change
Revenue	63.4	69.2	-8.4%	63.4	67.0	-5.4%
EBITDA	18.7	26.6	-29.8%	18.7	20.6	-9.3%
Adjusted EBITDA*	19.4	27.5	-29.3%	19.4	21.9	-11.4%
Adjusted EBITDA margin	30.7%	39.8%	-9.1pp	30.7%	32.8%	-2.1pp
Operating result	16.5	24.4	-32.3%	16.5	18.1	-9.0%
Net result	15.1	21.7	-30.6%	15.1	16.5	-8.9%
Adjusted net result**	15.8	22.6	-30.0%	15.8	17.9	-11.5%
Adjusted net result margin	25.0%	32.7%	-7.7pp	25.0%	26.7%	-1.7pp

* 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 expenses.

KEY PERFORMANCE INDICATORS

QoQ KPI	All games			Core franchises Huuuge Casino and Billionaire Casino		
	Q2 2024	Q1 2024	Change, %	Q2 2024	Q1 2024	Change, %
DAU (in thousands)	392.9	408.5	-3.8%	335.5	341.2	-1.7%
DPU (in thousands)	14.2	15.7	-9.5%	13.4	14.8	-8.9%
ARPPU (in USD)	1.77	1.80	-1.7%	2.02	2.10	-3.6%
ARPPU (in USD)	48.66	46.46	4.7%	50.48	48.51	4.1%
Monthly Conversion (%)	6.4%	7.1%	-0.7pp	7.2%	8.2%	-1.0pp

CONTACTS**FOR INVESTORS AND MEDIA:** ir@huuugegames.com | +48 606 734 433**WWW:** <https://ir.huuugegames.com>

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.