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HUUUGE, INC. COMPLETES Q2 2021 WITH RECORD-HIGH REVENUE IN BOTH CORE AND NEW FRANCHISES

Huuuge, Inc., a global developer and publisher of free-to-play games focused on the fast-growing mobile gaming market, has published its financial results for the 2nd quarter of 2021.

- In Q2 2021 the Company generated record-high revenue of USD 97.5m, an increase of 10% year-on-year. This improvement was mainly driven by new franchises, which increased by 163%, with *Traffic Puzzle* being the main growth engine.
- At the same time, revenue from the core franchises (*Huuuge Casino* and *Billionaire Casino*) were record-high in Q2 2021, and reached USD 86.1m, with excellent monetization KPIs: a conversion rate of 8.4% (+1.2 pp yoy), ARPDAU of USD 1.96 (+36% yoy), and ARPPU of USD 45.38 (+23% yoy).
- Adjusted EBITDA was USD 15.6m and adjusted net profit USD 11.4m.
- In April the Company completed the acquisition of *Traffic Puzzle*, the top-grossing match-3 hit game from its publishing portfolio. Despite the handover process, the game continues to deliver strong results. In Q2 2021 it generated record-high revenue, four times higher yoy and 10% higher compared to Q1.
- During Q2 Huuuge signed two new publishing deals, and it expects at least two more by the end of 2021.
- On September 10, 2021 the Company executed a new CEO contract and the CEO's compensation moved into ESOP structure only with no cash component (among others dependent on 2021 EBITDA target and market capitalization milestones). The option can be exercised at a price no lower than PLN 50, i.e the price of the Huuuge shares in the IPO.

According to **Anton Gauffin, founder and CEO of Huuuge:** “Revenues from our core franchises were record-high in Q2, but what’s even more important, the games had excellent monetization metrics, with conversion rate, ARPDAU and ARPPU at top levels. The revenues from the new franchises increased by 163%, with *Traffic Puzzle* being the main growth engine. We are very excited to see that despite low investment in recent months, related to the handover period, this game managed to increase revenue and attract new players. We expect *Traffic Puzzle* to be the main growth driver in the upcoming quarters. Meanwhile we continue to build new partnerships and select the most promising prospects for our publishing division. During Q2 2021 we signed two new deals, and we expect at least two more by the end of 2021.”



KEY FINANCIAL FIGURES

Selected financial data (USD million)	Q2 2021	Q2 2020	Change	H1 2021	H1 2020	Change
Revenue	97.5	88.9	+9.7%	193.2	165.0	+17.1%
Adjusted EBITDA*	15.6	27.3	-42.9%	26.0	45.6	-43.1%
Adjusted EBITDA margin	16.0%	30.7%	-14.7 pp	13.4%	27.7%	-14.3 pp
Operating result	11.2	25.9	-56.5%	17.7	43.3	-59.1%
Net result	9.1	14.2	-35.8%	(28.4)	27.0	-
Adjusted net result**	11.4	23.9	-52.2%	15.6	39.5	-60.4%

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

** 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, share-based payment expense and financial expenses related to the revaluation of the liability related to Series C preferred shares. Along with conversion of Series C shares into ordinary shares immediately before the public offering conducted in the 1st quarter, Series C shares will no longer be reported as financial obligations going forward.

Huuuge's adjusted EBITDA for Q2 was USD 15.6m—lower than last year due mainly to higher investments in user acquisition (UA) campaigns than in the previous year. Under the strategy adopted for 2021, most of the marketing budget was allocated to the first half of the year.

The Company's adjusted net result in Q2 2021 was USD 11.4m, which was lower than in 2020 mainly due to the aforementioned higher investments in UA. The negative net result reported for 1H 2021 was related to the accounting revaluation of the preferred shares (a non-cash financial cost of USD 39m). These shares were converted into common stock (equity) just before the IPO, and therefore they will no longer impact the results going forward.

KEY PERFORMANCE INDICATORS

Selected KPIs	Q2 2021	Q2 2020	Change
DAU [thousands of users]	773.2	970.2	-20.3%
DPU [thousands of users]	26.1	27.9	-6.1%
ARPDAU at the Group level [USD]	1.4	1.0	+37.5%
ARPPU—core franchises [USD]	45.4	37.0	+22.7%
Monthly conversion from player to payer %—core franchises	8.4%	7.2%	+1.2 pp

In Q2 2021 the Company observed an increase of 14.2% in average revenue per paying user (ARPPU). ARPPU growth for the core franchises was 22.7%. The improvement of both



ARPPU and conversion rate in Q2 more than offset the decline of DAU and MAU in core franchises, related to a lower number of installs.

According to **Grzegorz Kania, CFO of Huuuge**: “*In Q2 2021 we reached a record-high revenue level, an increase of 10% year-on-year, despite the high base of Q2 2020 and the challenging market environment. We are continuously working on improving monetization of our existing titles. Our core franchises, i.e. Huuuge Casino and Billionaire Casino, hit record-high ARPDAU (average revenue per daily active user) and ARPPU (average revenue per paying user) again. Moreover, we saw a rapid improvement of ARPDAU for our new franchises both yoy and qoq, driven largely by the increasing weight of Traffic Puzzle in the portfolio. New franchises accounted for 12% of total revenues in Q2, compared to 5% in Q2 2020. We are on track to deliver results in line with the market expectations.*”

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ABOUT HUUUGE

Huuuge is one of the fastest-growing mobile free-to-play games developers and publishers, with a mission to empower billions of people to play together, and a vision to transform mobile gaming into a massively social experience.

The Company's main areas of operations are developing, publishing, scaling and operating mobile games to a broad player base.

Huuuge games provide entertainment every month to over 3.5 million players from across the globe, and its games are available in 17 languages. Huuuge employs over 600 people at 10 offices around the world. The Company's shares have been listed on the Warsaw Stock Exchange since February 2021.