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HUUUGE, INC. COMPLETES 2020 WITH RECORD HIGH RESULTS

Huuuge, Inc. (“Huuuge” or the “Company”), a global developer and publisher of free-to-play games, focused on the fast-growing mobile gaming market, has published its financial results for 2020.

KEY FINANCIAL DATA

- In 2020 the Company generated record-high revenue of USD 332.7m, an increase of 28.3% year-on-year. Revenue in 4Q 2020 also set a historic record, at USD 89.2m (+23.7% yoy). That was due to exceptional monetization KPIs, especially improvement in ARPPU (growth by 18.0% yoy in total and 22.1% yoy in core franchises).
- The adjusted EBITDA for the year was USD 57.3m (+131%). The adjusted EBITDA in the 4th quarter of 2020 fell to USD 3.1m, from USD 15.5m, mainly due to phasing of User Acquisition Marketing Campaigns, which was in line with the product roadmap and scaling of new franchises. The increased investments in new games translated into new franchises generating 11% of total revenues already in December 2020.
- The adjusted net profit rose to USD 48.1m (+188.3% yoy) for full-year 2020. In 4Q 2020 the adjusted net profit was USD 2.1m (from USD 12.6m in 2019), which was due to phasing of investments in user acquisition campaigns.

Selected financial data ('000 USD)	2020	2019	Change
Revenue	332,721	259,391	+28.3%
Adjusted EBITDA *	57,272	24,792	+131.0%
Adjusted EBITDA margin	17.2%	9.6%	+7.6 p.p.
Operating result	50,184	14,211	+253.1%
Adjusted net result**	48,110	16,690	+188.3%

* 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.

Anton Gauffin, founder and CEO of Huuuge, commented: “We have an exceptional year behind us. We all had to face the challenges connected with the pandemic and isolation, which affected both individuals and organizations. At the same time, we observed the growing popularity of mobile games, and greater engagement of players translated into improved monetization and more time spent in the game. This had a positive impact on Huuuge, as well as the entire game market. Thanks to a focus on achievement of our strategy, combined with skilful reading of market trends, in 2020 we generated financial results that are setting records in our history.”



KEY PERFORMANCE INDICATORS

Selected KPIs	2020	2019	Change
DAU [thousands of users]	947.2	911.1	+4.0%
DPU [thousands of users]	27.1	25.5	+6.5%
ARPDau at the Group level [USD]	0.96	0.78	+22.8%
ARPDau—core franchises [USD]	1.36	0.90	+50.9%
MAU [millions of users]	4.7	4.0	+18.0%
Monthly conversion from player to payer—core franchises	7.4%	6.5%	+0.9pp

The introduction of new games into the line-up, both social-casino and casual games, allowed Huuuge on the one hand to recruit new players, and the other hand to retain existing players of the core franchises by redirecting their interest from some of our games to others. Factors contributing favourably to player retention included steadily adding new content to games, as well as marketing initiatives, such as LiveOps. The Company continues to deliver exceptional operating KPIs, and improvement in monetization translated into higher conversion in core franchises (growth from 6.5% to 7.4%). In 2019, Huuuge's DPU was about 25,500, but grew in 2020 to about 27,100, i.e. by 6.3%. Huuuge's ability to improve users' in-game experiences and the truly social layer of our games drove our ARPPU up by 18.0% yoy to USD 32.8 in 2020.

According to **Grzegorz Kania, CFO of Huuuge**: *“2020 was a record-setting year for Huuuge in terms of increasing its scale of operations — facilitated by improved monetization of our games, particularly the core franchises — as indicated by our product KPIs, as well as the financial results. Our revenue grew by 28.3% yoy, and the adjusted EBITDA - by 131%. Our aim in 2021 is to keep the growth momentum with the adjusted EBITDA margin at a level similar to 2020.”*

PROCEEDS FROM IPO WILL ACCELERATE IMPLEMENTATION OF STRATEGY

The pillars of the “Build & Buy” strategy are expansion of our games developed internally and growth through publishing and M&A.

In the 1st quarter of this year the Company successfully conducted its initial public offering worth PLN 1.67bn (about USD 442m), raising proceeds from the issue of new shares of approximately USD 100m (gross proceeds, less issuance costs and funds used for stabilization of the share price), which will be used for implementation of the Company's strategy, primarily acquisitions.



In 2021 the Group plans to focus in particular on the following objectives:

- Improvement of monetization metrics within existing games
- New product development and scaling of new franchises
- Improvement in profitability and EBITDA delivery
- Expanding business through M&A.

According to **Anton Gauffin, founder and CEO of HUUUGE**: *“In 2020 we completed several acquisitions, which proved to be excellent moves, including the Double Star studio based in Helsinki, creators of the Bow Land game, as well as a startup specializing in exploitation of technology in advertising, Playable Platform from Amsterdam. In 2021, thanks to raising the relevant capital from the IPO, our activity in the M&A area will be even more intense. Currently we are closely analysing five potential acquisition targets. We maintain that we would like to use the funds from the IPO raised for this purpose by the end of 2022. At the same time, we want to increase engagement in the casual games and reinforce our core offering of social-casino games, and also continue to grow our own publishing activity.”*

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ABOUT HUUUGE

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

The Company’s main areas of operations are developing and publishing mobile games to a broad player base. Development encompasses a full range of activities from idea, through phase testing to global launch. HUUUGE has created globally successful games in the social casino genre, such as *Huuuge Casino* and *Billionaire Casino*. Publishing encompasses activities from the launch of a game onwards, such as building relationships with distributors, marketing and continuous post-launch game optimization.

Huuuge games provide entertainment every month to nearly 5 million players from 195 countries and are available in 17 languages. HUUUGE employs over 600 people at 10 offices around the world. HUUUGE shares have been listed on the Warsaw Stock Exchange since February 2021.