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HUUUGE, INC. COMPLETES THE 1ST QUARTER WITH 26% REVENUE GROWTH YOY

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 1ST quarter of 2021.

- In Q1 2021 the Company generated record-high revenue of USD 95.7m, an increase of 26% year-on-year. The main growth driver was the continued improvement in monetization across the Company's portfolio. In-app purchases, which accounted for 96% of revenues in the first quarter, increased by USD 16.5m (22% yoy), while advertising revenue increased almost fivefold due mainly to the development and scaling of new casual games.
- Revenue from the Company's core franchises (Huuuge Casino and Billionaire Casino) increased by 16%, thereby confirming the evergreen nature of these titles.
- The revenue from new titles tripled compared to Q1 2020, and was 28% higher than in Q4 2020, constituting 12% of total revenues in Q1 2021 (compared to 5% in Q1 2020 and 9% in Q4 2020). This rapid increase was attributable mainly to the growing user base and improving monetization measured by the number of daily paying users. The development of new products and the scaling of new franchises is one of Huuuge's key focuses in 2021.

According to **Anton Gauffin, founder and CEO of Huuuge**: "After the first quarter we are well on track to delivering our goals for 2021. Revenues from our core franchises increased by 16% in the first quarter and the growth in revenue from our new titles tripled compared to Q1 2020, growing for the fourth consecutive quarter. In April 2021 we completed the acquisition of Traffic Puzzle, the top-grossing match-3 hit game in our publishing portfolio. This marked the first milestone in the Company's growth and M&A journey, as we expanded our reach into the high-growth casual games segment worth USD 10.6 bn. We continue to focus on improving our profitability and further expanding business through M&A, while increasing the monetization metrics within our existing games and scaling new franchises".

KEY FINANCIAL FIGURES

Selected financial data ('000 USD)	Q1 2021	Q1 2020	Change
Revenue	95,691	76,049	+25.8%
Adjusted EBITDA *	10,390	18,351	-43.4%
Adjusted EBITDA margin	10.9%	24.1%	-13.2 p.p.
Operating result	6,503	17,489	-62.8%
Net result	(37,539)	12,802	-
Adjusted net result **	4,210	15,615	-73.0%



* 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 was USD 10.4m – USD 8m lower than last year due mainly to higher investments in user acquisition (UA) campaigns than in the previous year. UA campaigns constitute a dominant part of the Company's sales and marketing expenses and it reflected the strategy adopted for 2021 under which most of the marketing budget was allocated to the first half of the year.

The Company's adjusted net result in Q1 2021 was USD 4.2m, which was lower than in 2020 mainly due to the aforementioned higher investments in UA. The negative net result reported for Q1 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, therefore they will no longer impact the results going forward.

KEY PERFORMANCE INDICATORS

Selected KPIs	Q1 2021	Q1 2020	Change
DAU [thousands of users]	888.8	980.2	-9.3%
DPU [thousands of users]	28.6	27.5	+4.0%
ARPDau at the Group level [USD]	1.20	0.85	+41.2%
ARPPU—core franchises [USD]	40.26	31.94	+26.0%
Monthly conversion from player to payer % —core franchises	8.3%	6.8%	+1.5 p.p.

In Q1 2021 the Company observed an increase in the number of paying users and 26% growth of average revenue per paying user. (ARPPU).

According to **Grzegorz Kania, CFO of Huuuge**: *“In Q1 2021 we achieved sustained growth in the monetization of our core franchises, i.e. Huuuge Casino and Billionaire Casino. These two games continued to earn ARPDau rates exceeding the category averages and we saw a further improvement in that KPI in Q1 2021. Moreover, we saw a rapid improvement of conversion and resulting ARPDau for our new franchises - driven largely by Traffic Puzzle's increasing weight in the portfolio. We are well on track with the planned diversification of our revenues which is one of our strategic goals.”*



HUUUGE 2021 GOALS

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

In 2021 the Group plans to focus particularly on the following objectives:

- Improving the monetization metrics within existing games
- Developing new product and scaling of new franchises
- Improving profitability and EBITDA delivery
- Expanding business through M&A.

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