

## **Record EBITDA and net profit for HUUUGE in 2023**

### **Another share buyback program worth up to USD 70 million announced**

Global free-to-play game developer and publisher HUUUGE, Inc., has released its financial results for the 4<sup>th</sup> quarter and full-year 2023.

- Last year HUUUGE earned an adjusted EBITDA of USD 108.2 million, up 31.5% year-on-year. The adjusted net result was USD 87.3 million, growing 35.1% y/y. The achievement of excellent operating results was an effect of the decision to focus on margins, and a number of organizational changes, including reductions in headcount and the cost base.
- In 2023 HUUUGE generated revenue of USD 283.4 million, 11.0% lower than in 2022, primarily due to the decision to cease active development of the *Traffic Puzzle* game.
- The main indicators for monetization of HUUUGE's flagship games, i.e. average revenue per daily active user (ARPDau) and average revenue per paying user (ARPPU), rose in 2023 by 8% and 13% respectively y/y, ranking them among the top-earning games in the social casino segment.
- The growing direct-to-consumer channel accounted for about 8% of revenue in the 4<sup>th</sup> quarter. Revenue from this source reached USD 16.6 million in FY 2023, three times greater than in 2022. HUUUGE anticipates that in 2024 the direct-to-consumer share of sales will hit double digits.
- In 2023 the company conducted a share buyback program worth USD 150 million. HUUUGE has also decided to conduct another buyback of USD 70 million, starting 19 March 2024. The company plans to purchase at 9.8042 USD per share (38.50 PLN) up to 7,139,797 million shares (up to 10.64% of the share capital of the Company).

#### **Improved monetization metrics for flagship games**

The operating indicators of *HUUUGE Casino* and *Billionaire Casino* stabilized in 2023, and the number of daily active users (DAU) rose starting from the 2<sup>nd</sup> quarter of last year. The main indicators for monetization of HUUUGE's flagship games—ARPDau and ARPPU—rose in 2023 by 8% and 13% respectively y/y, ranking them among the top-earning games in the social casino segment. This improvement resulted from the strategy implemented in 2022 and continued in 2023, a key element of which was a focus on monetization and maintaining the existing player base, while at the same time reducing spending on marketing and user acquisition (UA).

In 2024 the company intends to increase spending on marketing of its flagship games, and to add more features to those games based on social interactions.

#### **Record-high EBITDA and net profit**

Margins and cash generation were priorities for HUUUGE in 2023. As a result, the company achieved its highest-ever adjusted EBITDA, at USD 108.2 million (+31.5% y/y), and adjusted net profit, at USD 87.3 million (+35.1%). Net operating cash flows were USD 82.4 million, compared to USD 70.9 million in 2022.

### USD 70 million share buyback to start March 19th

The share buyback program (SBB) has set a gross price of 9.8042 USD (equivalent to PLN 38.50, based on the USD/PLN exchange rate of 3.9269 from the National Bank of Poland on 13 March 2024), which represents a 34% gross premium over the closing price on 13 March 2024. The Invitation to Submit Offers (ITS) was published on 14 March 2024. All the documents are available on Huuuge Investor Relations Website <https://ir.huuugegames.com/share-buyback>. The window for submitting sale offers opens on 19 March and closes on 18 April 2024, at 12:00 PM Warsaw time (6:00 AM New York time). The indicative date for completing the acquisition and transferring ownership of the shares back to the company is set for 23 April 2024.

### Growth of “Huuuge Pods”—an investment in the future

“Huuuge Pods” are small internal teams created by the company in the first quarter of 2023, exclusively focused on developing new games. Achieving success in new games takes time, making this a long-term focus for the company. Two games are currently in the testing phase and in the next few months may enter the soft launch phase (a larger-scale test, but still limited to selected smaller markets). If the tests confirm their commercial potential, the company will increase marketing investments for these games.



**Wojciech Wronowski, CEO of Huuuge, Inc said:** "In 2023, we prioritized profitability over revenue growth and achieved a record level of adjusted EBITDA, at USD 108.2 million, while operating cash flows totaled over USD 82.4 million. Last year, we carried out a share buyback program worth USD 150 million, thereby passing on a portion of the value we generated to our shareholders. We have also decided to conduct another buyback program, worth USD 70 million, which will begin on March 19, 2024. This means that, over the course of nine months, we will have distributed up to USD 220 million to shareholders. Nonetheless, our balance sheet remains strong, enabling us to seek out further growth opportunities, both organically—by doubling down on core products and the development of new games—and through investments and acquisitions."

### KEY FINANCIAL FIGURES

Selected financial data (USD '000)	4Q 2023	4Q 2022	Change	2023	2022	Change
Revenue	71,333	77,674	-8.2%	283,444	318,622	-11.0%
EBITDA	24,874	1,207	-	103,131	49,688	+107.6%
<b>Adjusted EBITDA*</b>	<b>26,098</b>	<b>29,720</b>	<b>-12.2%</b>	<b>108,233</b>	<b>82,295</b>	<b>+31.5%</b>
<b>Adjusted EBITDA margin</b>	<b>36.6%</b>	<b>38.3%</b>	<b>-1.7pp</b>	<b>38.2%</b>	<b>25.8%</b>	<b>+12.4pp</b>
Operating result	22,632	-1,767	-	94,073	38,608	+143.7%
Net result	19,416	-854	-	82,178	32,008	+156.7%
<b>Adjusted net result**</b>	<b>20,640</b>	<b>27,659</b>	<b>-25.4%</b>	<b>87,280</b>	<b>64,615</b>	<b>+35.1%</b>
<b>Adjusted net result margin</b>	<b>28.9%</b>	<b>35.6%</b>	<b>-6.7pp</b>	<b>30.8%</b>	<b>20.3%</b>	<b>+10.5pp</b>

\* 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**

Selected KPIs	All games		Flagship games	
	2023	2022	2023	2022
<b>DAU ('000)</b>	429.7	610.5	334.1	380.8
<b>DPU ('000)</b>	16.7	22.3	15.2	18.1
<b>ARPPU (USD)</b>	1.8	1.4	2.2	2.1
<b>ARPPU (USD)</b>	46.0	38.0	49.1	43.5
<b>Monthly conversion from player to payer (%)</b>	8.0%	6.3%	9.8%	9.7%

**Prospects for 2024 – investments in flagship games and maintaining high profitability**

In 2024 HUUUGE plans to invest in its flagship games, both by introducing new features and by increasing spending on marketing and user acquisition. Consequently, the adjusted EBITDA and adjusted EBITDA margin may be lower year-on-year, but still remain at a high level— profitability continues to be a priority for the company. In the full-year perspective, HUUUGE anticipates revenue similar to 2023, although the company expects a slight decline in the first half, followed by a projected recovery in the second half. HUUUGE expects operating expenses to remain at a similar level year-on-year.

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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.