East Side Games Group Reports Q2 2025 Financial Results

Vancouver, BC, Aug 14th, 2025 – East Side Games Group (TSX: EAGR) (OTC: EAGRF) ("**ESGG**" or the "**Company**"), today announced its financial results for the second quarter ended June 30, 2025. These results demonstrate ESGG's continued ability to sustain profitability while effectively executing its growth strategy. With encouraging early indicators from the global launch of *RuPaul's Drag Race Match Queen*, ongoing strength in its core portfolio, and the upcoming launch of *Squishmallows Match*, ESGG is well-positioned to drive growth throughout the second half of 2025.

Second Quarter 2025 Financial Highlights

- **Revenue:** $19.2 million, a 4% increase compared to Q1 2025 and a 6% decrease from Q2 2024.
- **Adjusted EBITDA:** $1.55 million (8% margin), reflecting consistent margin strength in the core portfolio offset by a $1.1 million increase in marketing spend compared to Q1 to support new game launches.
- **Cash Balance:** $4.1 million with zero debt, down $1.3 million from Q1 due primarily to increased marketing spend for new game launches. Subsequent to the quarter, the company received $1.4 million of cash from revenue recognized in Q2.
- **NCIB Share Buyback:** During the second quarter, the company continued to be active on the NCIB, repurchasing 517,000 shares. Since its inception, the company has repurchased and canceled 4.4 million shares under the NCIB program.

Management Commentary

“Q2 2025 was a strong quarter across the board. Our core portfolio continues to deliver reliable revenue and profitability, while our newest title, *RuPaul’s Drag Race Match Queen*, launched with strong initial performance,” said Jason Bailey, CEO of East Side Games Group. “With a robust pipeline, a disciplined marketing approach, and a solid balance sheet, we’re well-positioned to deliver growth through the second half of the year.”

“We're especially encouraged by the traction RuPaul’s Drag Race Match Queen gained both financially and culturally, and we look forward to building on this momentum with the upcoming global launch of Squishmallows Match in September.”

Core Portfolio Performance

ESGG’s core portfolio of narrative idle games continues to demonstrate long-tail revenue generation and sustained player engagement, with several titles performing well, such as *The Office: Somehow We Manage* and *RuPaul’s Drag Race Superstar*. Strong engagement and a stable player base resulted in steady cash flow generation.

New Game Launch Momentum

RuPaul’s Drag Race Match Queen - Strong Early Indicators

ESGG's latest release, *RuPaul’s Drag Race: Match Queen*, is off to a strong start, validating the company’s full-funnel marketing strategy and cultural alignment approach.

Launched alongside *Drag Race All Stars 10*, targeted Pride campaigns, and key influencer partnerships, *RuPaul’s Drag Race Match Queen* saw organic installs double and cost per install dropped over the July 4th weekend. Return on ad spend (ROAS) also improved, fueled by in-show integrations and high-impact promotional content. Viral moments, like a Trixie Mattel video with 100K+ views in hours, and major placements across *RuPaul’s Drag Race*, the Gayming Awards, and Pride events have driven rapid traction.

Now ESGG’s highest-grossing title, *RuPaul’s Drag Race Match Queen* continues to show strong monetization potential. Upcoming Q3 features include Daily Missions, Legacy Collections, and expanded campaigns across TikTok, *Drag Race Philippines* (Aug 13), and Fashion Week to further boost engagement and discovery.

Squishmallows Match - Global Launch Set for September

Squishmallows Match is a new title in soft launch with strong early metrics and lower acquisition costs than Match Queen at the same stage of testing. ESGG collaborated closely with Jazwares, to ensure an authentic representation of the Squishmallows brand. Pre-registration and pre-orders opened August 6th, supported by a sign-up campaign offering an exclusive in-game Squishmallows and a contest to win a unique Squishmallows plush yet to be revealed.

Trailer Park Boys Match - Coming Soon

Trailer Park Boys Match is ESGG's first hybrid narrative Match-3 game, based on the *Trailer Park Boys* franchise. Pre-registration and pre-orders open in Q3 ahead of the global launch. The game combines fan nostalgia with fresh, accessible gameplay to expand ESGG's player base.

Strategy and Outlook

Disciplined Growth Strategy

ESGG continues to reinvest positive cash flow from the core portfolio into new game launches to support long-term growth. The company manages user acquisition with strict daily caps based on Return On Ad Spend (ROAS) metrics and payback windows. The team is applying learnings from *RuPaul's Drag Race* to optimize the *Squishmallows Match* launch, especially around full-funnel marketing and brand collaboration.

Management is opportunistically evaluating new IP licensing and development opportunities to further bolster the growth profile for 2026 and beyond.

Capital Allocation and Shareholder Value

Ongoing share buybacks under the NCIB program reflect confidence in ESGG's long-term outlook and commitment to shareholder value. The company is well-positioned to actively monitor and evaluate all other capital allocation priorities, which may include new IP licenses, scaled user acquisition and marketing spend, or strategic M&A. Anticipated improvements to Canadian tax credits (BC and SR&ED) are expected to enhance R&D investment and domestic hiring.

Outlook

The Core portfolio remains stable and profitable, supporting continued investment and disciplined growth into new game titles in the second half of 2025.

With the launch of *RuPaul's Drag Race Match Queen* underway and the expectation to launch *Squishmallows Match* in September and *Trailer Park Boys Match* in Q4, the company is well-positioned to return to growth in the second half of 2025 and beyond.

Investing in these game launches will come at the expense of near-term profitability, though with strict user acquisition payback windows in place, this short-term cash outlay is a strategic decision that supports long-term profitable growth.

Financial Statements, MD&A and Earnings Call Video

ESG's Financial Statements for the quarter ended June 30th, 2025, Management's Discussion and Analysis (the "MD&A"), and earnings call video are available on the company's website under the investor relations section at https://eastsidegamesgroup.com/investors/financial-information.

Certain information provided in this news release is extracted from the consolidated financial statements (the "Financial Statements") and Management's Discussion & Analysis ("MD&A") of the Company for the quarter ended June 30, 2025, and should be read in conjunction with them. It is only in the context of the fulsome information and disclosures contained in the Financial Statements and MD&A that an investor can properly analyze this information. The Financial Statements and MD&A can be found under the Company's profile on SEDAR and EDGAR.

ABOUT EAST SIDE GAMES GROUP

ESGG is a leader in free-to-play mobile gaming, thrilling players with unforgettable experiences that spark lifelong fandom. Fueled by an entrepreneurial spirit, we are driven by creativity, flawless execution, and a laser-focused growth strategy. We develop and publish both original and licensed IP titles, license our cutting-edge GameKit(s) platforms, and strategically acquire studios or games to expand our family. Headquartered in Vancouver with around 120 talent dense team members, we operate over a dozen titles under East Side Games ("ESG") and LDRLY (Technologies) Inc. ("LDRLY"). Together, we're crafting, launching, and publishing mobile games across our own studios and an extended Game Kit partner network—reaching players on iOS and Android worldwide.

We power our success through in-app purchases ("IAP")—offering exclusive, game-enhancing virtual items—and in-game advertising. To keep growing, we focus on captivating audiences, keeping them engaged, and unlocking exciting new ways to monetize. We'll drive this momentum

by launching bold new titles, enriching our current lineup, innovating discovery, expanding into fresh markets and exploring new distribution platforms.

Additional information about the Company continues to be available under its legal name, East Side Games Group Inc., at www.sedar.com.

Forward-looking Information

Certain statements in this release are forward-looking statements, which reflect the expectations of management regarding the proposed transactions described herein. Forward-looking statements consist of statements that are not purely historical, including any statements regarding beliefs, plans, expectations or intentions regarding the future. Such statements are subject to risks and uncertainties that may cause actual results, performance or developments to differ materially from those contained in the statements. No assurance can be given that any of the events anticipated by the forward-looking statements will occur or, if they do occur, what benefits the Company will obtain from them. These forward-looking statements reflect management's current views and are based on certain expectations, estimates and assumptions which may prove to be incorrect. A number of risks and uncertainties could cause our actual results to differ materially from those expressed or implied by the forward-looking statements, including factors beyond the Company's control. These forward-looking statements are made as of the date of this news release.

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