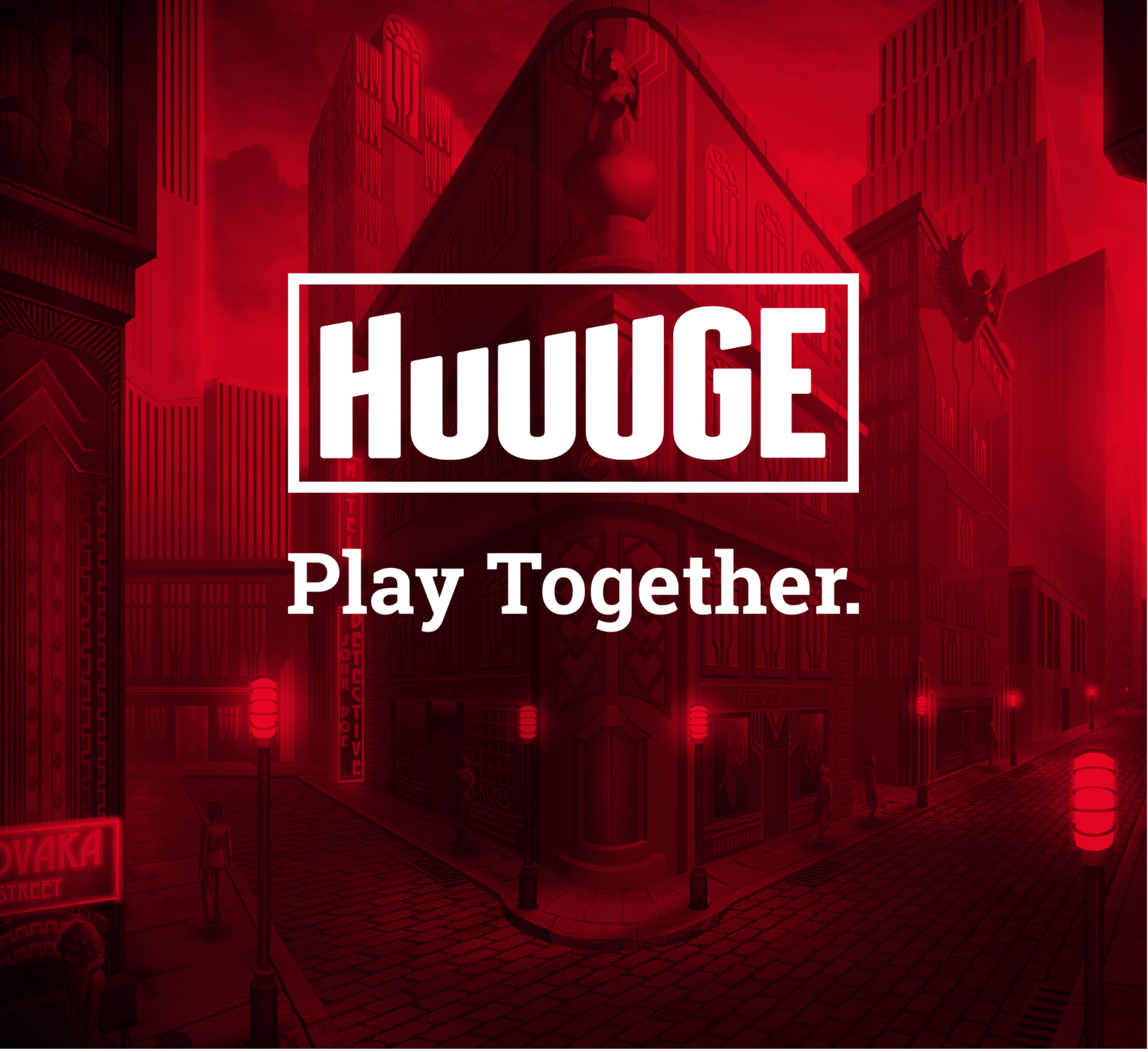



# The Huuuge, Inc. Group Interim Condensed Consolidated Financial Statements

as at and for the six-month period ended June 30, 2023

# Table of contents

# Interim condensed consolidated statement of comprehensive income

| | Note | Six-month period ended June 30, 2023 Unaudited | Six-month period ended June 30, 2022 Unaudited | Three-month period ended June 30, 2023 Unaudited | Three-month period ended June 30, 2022 Unaudited |
|---|---|---|---|---|---|
| **Revenue** | 5 | **140,934** | **163,427** | **69,188** | **79,426** |
| Cost of sales | 6 | (41,444) | (49,499) | (20,308) | (24,026) |
| **Gross profit on sales** | | **99,490** | **113,928** | **48,880** | **55,400** |
| Sales and marketing expenses: | 6 | (20,346) | (57,270) | (11,037) | (27,373) |
| *thereof, User acquisition marketing campaigns* | 6 | *(14,048)* | *(49,433)* | *(7,724)* | *(23,148)* |
| *thereof, General sales and marketing expenses* | 6 | *(6,298)* | *(7,837)* | *(3,313)* | *(4,225)* |
| Research and development expenses | 6 | (12,630) | (16,839) | (5,449) | (7,857) |
| General and administrative expenses | 6 | (17,979) | (18,233) | (8,009) | (9,182) |
| Other operating income/(expense), net | | 367 | 273 | 5 | 198 |
| **Operating result** | | **48,902** | **21,859** | **24,390** | **11,186** |
| Finance income | 7 | 3,729 | 145 | 2,141 | - |
| Finance expense | 7 | (162) | (1,289) | (81) | (1,214) |
| **Profit/(loss) before tax** | | **52,469** | **20,715** | **26,450** | **9,972** |
| Income tax | 8 | (8,365) | (3,152) | (4,740) | (1,335) |
| **Net result for the period** | | **44,104** | **17,563** | **21,710** | **8,637** |
| | | | | | |
| **Other comprehensive income/(loss)** | | | | | |
| **Items that may be reclassified to profit or loss** | | | | | |
| Exchange gains/(losses) on translation of foreign operations | | 966 | (3,349) | 538 | (2,277) |
| **Total other comprehensive income/(loss)** | | **966** | **(3,349)** | **538** | **(2,277)** |
| **Total comprehensive income for the period** | | **45,070** | **14,214** | **22,248** | **6,360** |
| | | | | | |
| **Net result for the period attributable to:** | | | | | |
| owners of the Parent | | 44,104 | 17,563 | 21,710 | 8,637 |
| | | | | | |
| **Total comprehensive income for the period attributable to:** | | | | | |
| owners of the Parent | | 45,070 | 14,214 | 22,248 | 6,360 |
| **Earnings per share (in USD)** | | | | | |
| Basic | 11 | 0.56 | 0.21 | 0.28 | 0.11 |
| Diluted | 11 | 0.55 | 0.21 | 0.27 | 0.10 |

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

Huuuge, Inc. interim condensed consolidated financial statements as at and for the six-month period ended June 30, 2023 prepared in accordance with the IAS 34 Interim Financial Reporting as adopted by the European Union. All amounts in tables presented in thousand USD, except where stated otherwise.

# Interim condensed consolidated statement of financial position

| | Note | As at June 30, 2023 Unaudited | As at December 31, 2022 Audited |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | | 2,856 | 3,221 |
| Right-of-use assets | 15 | 9,077 | 12,965 |
| Goodwill | | 2,505 | 2,462 |
| Intangible assets | 9 | 10,999 | 12,057 |
| Deferred tax assets | | 3,732 | 4,489 |
| Long-term lease receivables | 15 | 2,126 | 540 |
| Other long-term assets | | 1,635 | 1,708 |
| **Total non-current assets** | | **32,930** | **37,442** |
| | | | |
| **Current assets** | | | |
| Trade and other receivables | | 32,219 | 25,855 |
| Short-term lease receivables | 15 | 921 | 209 |
| Corporate income tax receivables | | 1,088 | 566 |
| Cash and cash equivalents | 10 | 259,587 | 222,245 |
| **Total current assets** | | **293,815** | **248,875** |
| | | | |
| **Total assets** | | **326,745** | **286,317** |
| | | | |
| **Equity** | | | |
| Share capital | 13 | 2 | 2 |
| Treasury shares | 13 | (18,400) | (20,942) |
| Supplementary capital | | 301,987 | 305,261 |
| Employee benefit reserve | 14 | 23,864 | 22,894 |
| Foreign exchange reserve | | (1,668) | (2,634) |
| Retained earnings/(accumulated losses) | | (19,750) | (63,854) |
| **Total equity** | | **286,035** | **240,727** |
| *Equity attributable to owners of the Company* | | *286,035* | *240,727* |
| | | | |
| **Non-current liabilities** | | | |
| Long-term lease liabilities | 15 | 8,211 | 9,812 |
| Other long-term liabilities | | 365 | 164 |
| **Total non-current liabilities** | | **8,576** | **9,976** |
| | | | |
| **Current liabilities** | | | |
| Trade and other payables | | 18,484 | 24,302 |
| Deferred income | | 1,891 | 2,680 |
| Corporate income tax liabilities | | 7,586 | 4,617 |
| Short-term lease liabilities | 15 | 4,173 | 4,015 |
| **Total current liabilities** | | **32,134** | **35,614** |
| | | | |
| **Total equity and liabilities** | | **326,745** | **286,317** |

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

Huuuge, Inc. interim condensed consolidated financial statements as at and for the six-month period ended June 30, 2023 prepared in accordance with the IAS 34 Interim Financial Reporting as adopted by the European Union. All amounts in tables presented in thousand USD, except where stated otherwise.

## Interim condensed consolidated statement of changes in equity

| | Note | Share capital | Treasury shares | Supplementary capital | Employee benefit reserve | Retained earnings (accumulated losses) | Foreign exchange reserve | Equity attributable to owners | Non-controlling interest | Equity |
|---|---|---|---|---|---|---|---|---|---|---|
| **As at January 1, 2023, audited** | | **2** | **(20,942)** | **305,261** | **22,894** | **(63,854)** | **(2,634)** | **240,727** | **-** | **240,727** |
| *Net profit/ (loss) for the period* | | - | - | - | - | *44,104* | - | *44,104* | - | *44,104* |
| *Other comprehensive income – foreign currency exchange gains/(losses)* | | - | - | - | - | - | *966* | *966* | - | *966* |
| **Total comprehensive income for the period** | | **-** | **-** | **-** | **-** | **44,104** | **966** | **45,070** | **-** | **45,070** |
| Exercise of stock options | 13, 14 | - | 3,619 | (3,274) | - | - | - | 345 | - | 345 |
| Employee share schemes – value of employee services | 14 | - | - | - | 970 | - | - | 970 | - | 970 |
| Transaction costs related to SBB program* | | - | (1,077) | - | - | - | - | (1,077) | - | (1,077) |
| **As at June 30, 2023, unaudited** | | **2** | **(18,400)** | **301,987** | **23,864** | **(19,750)** | **(1,668)** | **286,035** | **-** | **286,035** |

* Transaction costs related to the Share Buyback ("SBB") program include directly attributable costs incurred before June 30, 2023, recognized as a deduction from equity. The change of trade and other payables presented in the interim consolidated statement of financial position as at June 30, 2023 does not equal the change in the interim consolidated statement of cash flows for the six-months period ended June 30, 2023. The difference is due to the transaction costs related to SBB, presented in the cash flows from financing activities in the interim consolidated statement of cash flows, which were not fully paid as at June 30, 2023.

All amounts in tables presented in thousand USD, except where stated otherwise.

| | Note | Share capital | Treasury shares | Supplementary capital | Employee benefit reserve | Retained earnings (accumulated losses) | Foreign exchange reserve | Equity attributable to owners | Non-controlling interest | Equity |
|---|---|---|---|---|---|---|---|---|---|---|
| **As at January 1, 2022, audited** | | **2** | **(19,954)** | **321,823** | **19,812** | **(95,862)** | **278** | **226,099** | **-** | **226,099** |
| *Net profit/(loss) for the period* | | - | - | - | - | *17,563* | - | *17,563* | - | *17,563* |
| *Other comprehensive income – foreign currency exchange gains/(losses)* | | - | - | - | - | - | *(3,349)* | *(3,349)* | - | *(3,349)* |
| **Total comprehensive income for the period** | | **-** | **-** | **-** | **-** | **17,563** | **(3,349)** | **14,214** | **-** | **14,214** |
| Shares issued/(repurchased)* | 13 | - | (16,133) | - | - | - | - | (16,133) | - | (16,133) |
| Exercise of stock options** | 13, 14 | - | 9,037 | (6,875) | - | - | - | 2,162 | - | 2,162 |
| Delivery of shares to former owners of Double Star Oy | 13 | - | 311 | (311) | - | - | - | - | - | - |
| Employee share schemes – value of employee services | 14 | - | - | - | 1,019 | - | - | 1,019 | - | 1,019 |
| **As at June 30, 2022, unaudited** | | **2** | **(26,739)** | **314,637** | **20,831** | **(78,299)** | **(3,071)** | **227,361** | **-** | **227,361** |

* The Shares issued/(repurchased) line includes payments in the amount of USD 468 thousand made for the purchase of 115,387 own shares under the buy-back program, which were not yet registered at Central Securities Depository as at June 30, 2022.

** The Exercise of stock options line includes payments received from the employees in the amount of USD 265 thousand for shares which have not yet been delivered to the employees, and were presented in supplementary capital as at June 30, 2022.

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

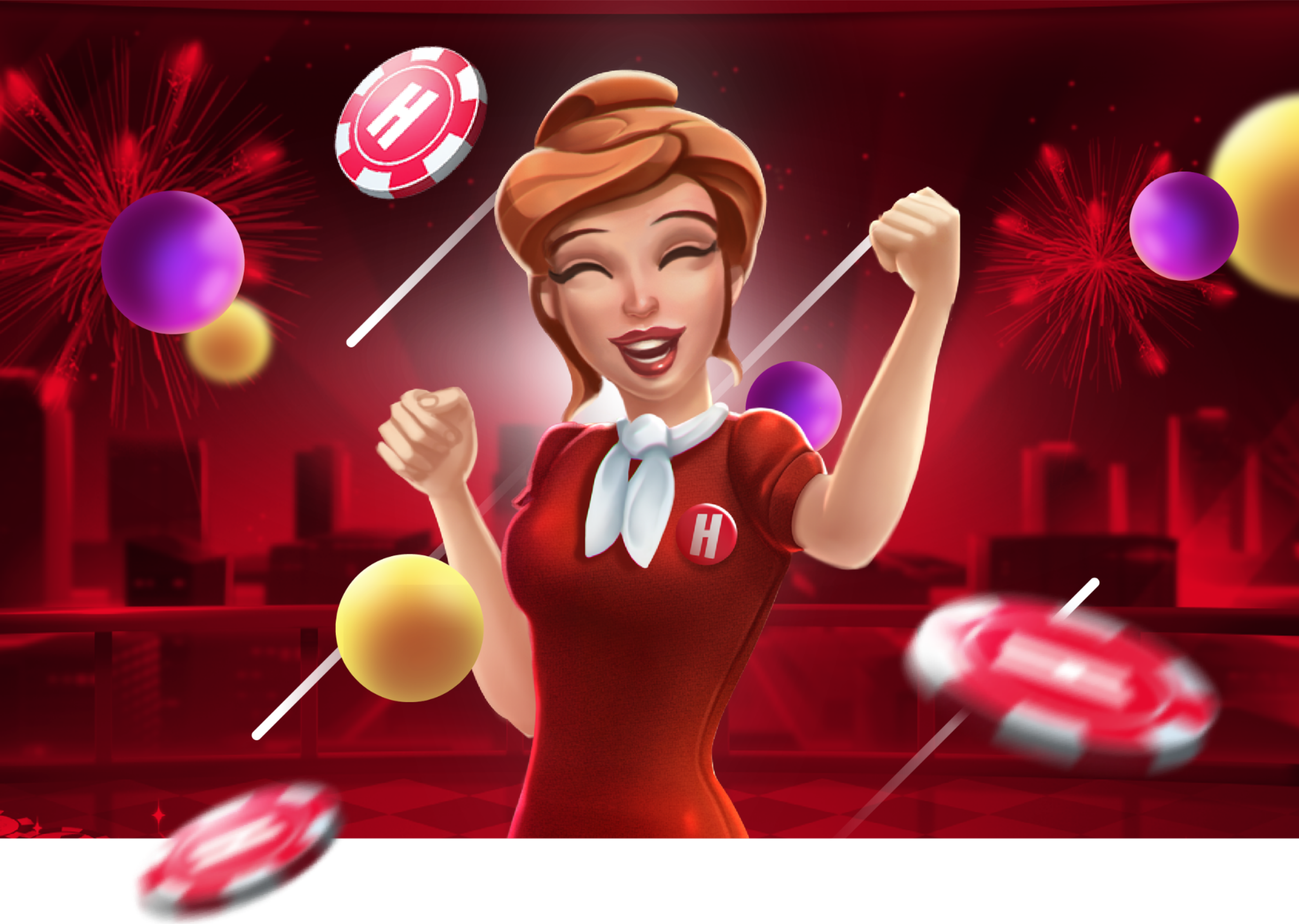
All amounts in tables presented in thousand USD, except where stated otherwise.

# Interim condensed consolidated statement of cash flows

| | Note | Six-month period ended June 30, 2023 Unaudited | Six-month period ended June 30, 2022 Unaudited |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| **Profit/(loss) before tax** | | **52,469** | **20,715** |
| **Adjustments for:** | | | |
| Depreciation and amortization | 6 | 4,687 | 5,214 |
| Finance (income)/expense, net | 7 | (1,888) | (2,811) |
| (Profit)/loss on disposal of property, plant and equipment | | 473 | 90 |
| Non-cash employee benefits expense – share-based payments | 14 | 970 | 1,019 |
| ***Changes in net working capital:*** | | | |
| Trade and other receivables, and other long-term assets | | (6,915) | 3,556 |
| Trade and other payables | | (6,834) | 104 |
| Deferred income | | (789) | (438) |
| Other provisions | | - | (54) |
| Other long-term liabilities | | 201 | - |
| Other adjustments | | 93 | (69) |
| **Cash flows from operating activities** | | **42,467** | **27,326** |
| Income tax paid | | (5,076) | (1,059) |
| **Net cash flows from operating activities** | | **37,391** | **26,267** |
| | | | |
| **Cash flows from investing activities** | | | |
| Interest received | | 3,875 | 63 |
| Software expenditures | 9 | (1,323) | (1,256) |
| Acquisition of property, plant and equipment | | (199) | (529) |
| Sublease payments received | 15 | 226 | - |
| Interest received from sublease | 15 | 49 | - |
| Acquisition of IP rights | | - | (25,000) |
| **Net cash flows from/(used in) investing activities** | | **2,628** | **(26,722)** |
| | | | |
| **Cash flows from financing activities** | | | |
| Lease repayment | 15 | (2,112) | (2,105) |
| Interest paid | 15 | (157) | (141) |
| Transaction costs related to SBB | | (61) | - |
| Exercise of stock options | 13 | 345 | 2,162 |
| Shares issued/(repurchased) | 13 | - | (16,133) |
| **Net cash flows from/(used in) financing activities** | | **(1,985)** | **(16,217)** |
| | | | |
| **Net increase/(decrease) in cash and cash equivalents** | | **38,034** | **(16,672)** |
| Effect of exchange rate fluctuations and accrued interest | | (692) | 474 |
| **Cash and cash equivalents at the beginning of the period** | | **222,245** | **204,415** |
| **Cash and cash equivalents at the end of the period** | | **259,587** | **188,217** |

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

Huuuge, Inc. interim condensed consolidated financial statements as at and for the six-month period ended June 30, 2023 prepared in accordance with the IAS 34 Interim Financial Reporting as adopted by the European Union. All amounts in tables presented in thousand USD, except where stated otherwise.



# Notes to the interim condensed consolidated financial statements

# 1. General information

Huuuge, Inc. (hereinafter the “Company”, the “Parent Company”) is a company registered in the United States of America. The Company’s registered office is located in Dover, Delaware, 850 Burton Road, Suite 201, DE 19904, and the operating office is located in Las Vegas, Nevada, 2300 W. Sahara Ave., Suite 800, Mailbox #32, NV 89102.

The Company was established with a notary deed on February 11, 2015.

As at June 30, 2023 and December 31, 2022, the Huuuge Inc. Group (the Company and its subsidiaries collectively referred to as the “Group”) comprised the Parent Company and its subsidiaries, as listed below.

| Name of entity | Registered seat | Activities | Parent Company's share in capital | |
|---|---|---|---|---|
| | | | As at June 30, 2023 | As at December 31, 2022 |
| Huuuge Games Sp. z o.o. | Szczecin, Poland | games development and operations | 100% | 100% |
| Huuuge Global Ltd | Limassol, Cyprus | games distribution, user acquisition | 100% | 100% |
| Huuuge Publishing Ltd (formerly Fun Monkey Ltd) | Limassol, Cyprus | games distribution | 100% | 100% |
| Huuuge Block Ltd (formerly Coffee Break Games Ltd) | Limassol, Cyprus | games distribution | 100% | 100% |
| Billionaire Games Limited | Limassol, Cyprus | games distribution | 100% | 100% |
| Huuuge Digital Ltd | Tel Aviv, Israel | games development, R&D | 100% | 100% |
| Playable Platform B.V. | Amsterdam, Netherlands | games development, R&D | 100% | 100% |
| Double Star Oy | Helsinki, Finland | games development | 100% | 100% |
| Huuuge UK Ltd | London, United Kingdom | corporate development | 100% | 100% |
| Huuuge Mobile Games Ltd | Dublin, Ireland | games distribution, user acquisition, in liquidation | 100% | 100% |
| Coffee Break Games United Ltd | Dublin, Ireland | games distribution, user acquisition, in liquidation | 100% | 100% |
| MDOK GmbH (formerly Huuuge Pop GmbH) | Berlin, Germany | games development, in liquidation | 100% | 100% |
| Huuuge Labs GmbH | Berlin, Germany | games development, R&D, in liquidation | 100% | 100% |

**The core business activities of the Group include:**

- development of mobile games in the free-to-play model,
- distribution and user acquisition of proprietary mobile games.

The Group’s business activities are not subject to significant seasonal or cyclical trends.

Huuuge, Inc. interim condensed consolidated financial statements as at and for the six-month period ended June 30, 2023 prepared in accordance with the IAS 34 Interim Financial Reporting as adopted by the European Union. All amounts in tables presented in thousand USD, except where stated otherwise.

**Composition of the Company's Board of Directors as at June 30, 2023 and as at the date of signing of these interim condensed consolidated financial statements**

Directors have annual terms of duty and serve until the successors are duly elected. The preference shareholders have the right to appoint certain directors.

As at December 31, 2022, the composition of the Company's Board of Directors was the following:

- Anton Gauffin, executive director, President, and co-CEO,
- Rod Cousens, executive director, co-CEO,
- Henric Suuronen, non-executive director,
- Krzysztof Kaczmarczyk, non-executive director,
- John Salter, non-executive director,
- Tom Jacobsson, non-executive director.

Effective on March 7, 2023, Mr. Rod Cousens, co-CEO, and the Company reached a mutual agreement to end Mr. Cousens's executive service with the Company. Mr. Cousens remains a member of the Issuer's Board of Directors. As a result, Mr. Anton Gauffin remains the sole Chief Executive Officer of the Company. After these changes, as at June 30, 2023 and as at the date of signing of these interim condensed consolidated financial statements, the composition of the Company's Board of Directors was the following:

- Anton Gauffin, executive director, President, and CEO,
- Rod Cousens, non-executive director,
- Henric Suuronen, non-executive director,
- Krzysztof Kaczmarczyk, non-executive director,
- John Salter, non-executive director,
- Tom Jacobsson, non-executive director.

## 2. Basis for preparation of the interim condensed consolidated financial statements

These interim condensed consolidated financial statements as at and for the six-month period ended June 30, 2023 have been prepared in accordance with the IAS 34 Interim Financial Reporting as adopted by the European Union.

These interim condensed consolidated financial statements do not include all the information and disclosure required in the annual financial statements and should be read in conjunction with the Group's consolidated financial statements as at and for the year ended December 31, 2022 prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS").

These interim condensed consolidated financial statements as at and for the six-month period ended June 30, 2023 were approved on September 7, 2023 by the Board of Directors.

These interim condensed consolidated financial statements are prepared on the historical cost basis.

## 3. Adoption of new and revised standards

The EU IFRS include all International Accounting Standards, International Financial Reporting Standards and Interpretations as approved by the European Union. As at the date of approving these interim condensed consolidated financial statements for publication, considering the pending process of introducing IFRSs in the EU and the operations conducted by the Group, the EU IFRS applicable to these financial statements might differ from IFRS adopted by the International Accounting Standards Board.

In preparing these interim condensed consolidated financial statements, the Group's management has analyzed new Standards that have already been adopted by the European Union and that should be applied for periods beginning on or after January 1, 2023.

**New International Financial Reporting Standards and Interpretations published but not yet effective:**

- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture (issued on September 11, 2014): the endorsement process of these Amendments has been postponed by the EU – the effective date was deferred indefinitely by the International Accounting Standards Board;
- Amendments to IAS 1: Presentation of Financial Statements: Classification of Liabilities as Current or Non-current – Deferral of Effective Date and Non-current Liabilities with Covenants (issued on January 23, 2020 and July 15, 2020 and October 31, 2022, respectively): not yet endorsed by the EU at the date of approval of these interim condensed consolidated financial statements for issue – effective for financial years beginning on or after January 1, 2024;
- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (issued on 22 September 2022): not yet endorsed by the EU at the date of approval of these interim condensed consolidated financial statements for issue – effective for financial years beginning on or after January 1, 2024;
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (Issued on 25 May 2023): not yet endorsed by the EU at the date of approval of these interim condensed consolidated financial statements for issue – effective for financial years beginning on or after January 1, 2024;
- Amendments to IAS 12 Income taxes: International Tax Reform – Pillar Two Model Rules (issued 23 May 2023): not yet endorsed by the EU at the date of approval of these interim condensed consolidated financial statements for issue – the effective date is depending on requirement as defined by the International Accounting Standards Board.

These standards and amendments are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

## 4. Significant accounting policies, key judgments and estimates

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's consolidated financial statements as at and for the year ended December 31, 2022, except for the adoption of new standards effective as at January 1, 2023. The Group has not early-adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments and interpretations apply for the first time in 2023 but do not have an impact on the interim condensed consolidated financial statements of the Group. In preparing these interim condensed consolidated financial statements, the significant judgements and estimates made by management in applying the Group's accounting policies have been consistently applied by the Group and are consistent across the reported periods.

## 5. Revenue & segment information

Huuuge's business, development and sales of casual games for mobile platforms is global, and both games and sales channels are the same, regardless of where the players (customers) are located. Management measures and monitors the Group's revenue in respect of each game, but does not allocate all costs, assets and liabilities by game and does not measure the operating results by game. In management's view, the operations and the Group's financial performance and position cannot be divided into different segments in such a way that it improves the ability to analyze and manage the Group. As at June 30, 2023 the CEO is the Chief operating decision-maker and for this reason, the CEO analyzes the consolidated financial position and operating results of the Group as a whole; therefore, it has been determined that the Group has only one operating segment ("online mobile games").

The Group's management monitors operating results on a group-wide basis for the purpose of making decisions about resource allocation and performance assessment.

The Group's revenue from contracts with clients comprises revenue generated by in-app purchases (gaming applications) and in-app ads (advertising). Revenue generated from gaming applications for the six month period ended June 30, 2023 amounted to USD 138,957 thousand (USD 156,955 thousand for the six month period ended June 30, 2022), and revenue generated from advertising amounted to USD 1,977 thousand for the six month period ended June 30, 2023 ( USD 6,472 thousand for the six month period ended June 30, 2022).

The Group's revenue is recognized over time, irrespective of product or geographical region.

For the gaming services, the transaction price is prepaid by the customers when virtual coins are purchased to allow continuation of the game; the payments result in the recognition of the contract liability in the interim condensed consolidated statement of financial position. The amounts recognized as deferred income are recognized as revenue within an average of two days.

For the gaming service, the amount recognized as deferred income as at the balance sheet date also represents the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) as of the end of the reporting period.

For advertising, the Group does not disclose the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) as of the end of the reporting period using the practical expedient allowed under IFRS 15, i.e., the Group has a right to consideration from a customer in an amount that corresponds directly with the value to the customer of the entity's performance completed to date.

Below is the split of the revenue per main product groups:

| | **Six-month period ended June 30, 2023 Unaudited** | **Six-month period ended June 30, 2022 Unaudited** |
|---|---|---|
| Huuuge Casino | 89,093 | 94,371 |
| Billionaire Casino | 44,998 | 49,867 |
| Traffic Puzzle | 5,717 | 16,452 |
| Other games | 1,126 | 2,737 |
| *– including games developed by external developers based on publishing contracts* | *78* | 392 |
| **Total revenue** | **140,934** | **163,427** |

The Group distributes in-house games as well as games developed by other companies. In most cases, the Group is the owner of the application and is fully responsible for future upgrades and future developments of the game application. Nevertheless, in some cases, the Group publishes mobile game applications of third-party developers based on publishing contracts. Management concluded that, in the publishing arrangements, control over games developed by third-party developers has been transferred to the Group. Therefore, in such a situation, the Group, being the customer of the developers, acts as a principal in its relation to the players and presents in-app revenue on a gross basis, i.e., in the amount of consideration to which it expects to be entitled in exchange for making the games available to end users.

Huuuge, Inc. interim condensed consolidated financial statements as at and for the six-month period ended June 30, 2023 prepared in accordance with the IAS 34 Interim Financial Reporting as adopted by the European Union. All amounts in tables presented in thousand USD, except where stated otherwise.

Revenue was generated in the following geographical locations:

| | Six-month period ended June 30, 2023 Unaudited | Six-month period ended June 30, 2022 Unaudited |
|---|---|---|
| North America | 86,423 | 101,736 |
| Europe | 32,435 | 36,433 |
| Asia-Pacific (APAC) | 7,418 | 9,624 |
| Other | 14,658 | 15,634 |
| **Total revenue** | **140,934** | **163,427** |

The line "North America" includes revenue generated in the United States amounting to USD 82,297 thousand during the six-month period ended June 30, 2023 (USD 96,808 thousand during the six-month period ended June 30, 2022).

The above is the management's best estimate, as no geographical breakdown is available for some revenue sources. The allocation to regions is driven by the location of individual end-user customers. No individual end-user customer with whom the Group concludes transactions had a share of 10% or more in the Group's total revenues in the six-month period ended June 30, 2023 or June 30, 2022. The vast majority of revenues is generated by several platform providers, such as Apple App Store, Google Play, Facebook and Amazon App Store, as well as directly through direct-to-consumer offering (Webshop).

Revenues through third-party platforms and through the Company's own direct-to-consumer offering were as follows:

| | Six-month period ended June 30, 2023 Unaudited | Six-month period ended June 30, 2022 Unaudited |
|---|---|---|
| Third-party platforms | 134,980 | 161,862 |
| Direct-to-consumer platforms | 5,954 | 1,565 |
| **Total revenue** | **140,934** | **163,427** |

Huuuge, Inc. interim condensed consolidated financial statements as at and for the six-month period ended June 30, 2023 prepared in accordance with the IAS 34 Interim Financial Reporting as adopted by the European Union. All amounts in tables presented in thousand USD, except where stated otherwise.

# 6. Operating expenses

For the six-month period ended June 30, 2023, the operating expenses comprise:

| Expenses by nature<br>Unaudited | Total | Cost of sales | Sales and marketing expenses: *thereof,* User acquisition marketing campaigns | Sales and marketing expenses: *thereof,* General sales and marketing expenses | Research and development expenses | General and administrative expenses |
|---|---|---|---|---|---|---|
| Platform fees to distributors | 40,242 | 40,242 | - | - | - | - |
| External developers fees | 508 | - | - | - | 508 | - |
| Gaming servers expenses | 411 | 411 | - | - | - | - |
| External marketing and sales services | 16,021 | - | 14,048 | 1,973 | - | - |
| Salaries and employee-related costs | 23,169 | - | - | 4,233 | 11,651 | 7,285 |
| Employee stock option plan | 970 | - | - | 81 | 66 | 823 |
| Depreciation and amortization | 4,687 | 791 | - | - | - | 3,896 |
| Finance & legal services | 1,781 | - | - | - | - | 1,781 |
| Business travels expenses | 477 | - | - | - | - | 477 |
| Property maintenance and external services | 1,112 | - | - | - | - | 1,112 |
| Other costs | 3,021 | - | - | 11 | 405 | 2,605 |
| **Total operating expenses** | **92,399** | **41,444** | **14,048** | **6,298** | **12,630** | **17,979** |

Salaries and employee-related costs include costs related to the headcount reductions amounting to USD 1,640 thousand. Other costs under research and development expenses include costs of gaming content. Other costs under general and administrative expenses include mainly IT services, car fleet and office management services (including company events), and costs of recruitment and payment services.

All amounts in tables presented in thousand USD, except where stated otherwise.

For the six-month period ended June 30, 2022, operating, administrative and marketing expenses comprise:

| Expenses by nature<br>Unaudited | Total | Cost of sales | Sales and marketing expenses: | | Research and development expenses | General and administrative expenses |
|---|---|---|---|---|---|---|
| | | | *thereof,* User acquisition marketing campaigns | *thereof,* General sales and marketing expenses | | |
| Platform fees to distributors | 46,915 | 46,915 | - | - | - | - |
| External developers fees | 934 | - | - | - | 934 | - |
| Gaming servers expenses | 639 | 639 | - | - | - | - |
| External marketing and sales services | 51,441 | - | 49,433 | 2,008 | - | - |
| Salaries and employee-related costs | 28,286 | - | - | 5,513 | 14,590 | 8,183 |
| Employee stock option plan | 1,019 | - | - | 316 | 829 | (126) |
| Depreciation and amortization | 5,214 | 1,945 | - | - | - | 3,269 |
| Finance & legal services | 2,015 | - | - | - | - | 2,015 |
| Business travels expenses | 684 | - | - | - | - | 684 |
| Property maintenance and external services | 1,058 | - | - | - | - | 1,058 |
| Other costs | 3,636 | - | - | - | 486 | 3,150 |
| **Total operating expenses** | **141,841** | **49,499** | **49,433** | **7,837** | **16,839** | **18,233** |

All amounts in tables presented in thousand USD, except where stated otherwise.

The expenditures incurred by the Group in relation to the publishing arrangements are charged to the profit and loss as incurred, with no liability recognized at the date of signing the contract. Accordingly, developers' fees related to publishing contracts are presented in the Consolidated Statement of Comprehensive income in the line "Research and development expenses".

The future monthly expenditure related to the publishing contracts that were in force as at June 30, 2023 amounts to USD 33 thousand (USD 120 thousand as at June 30, 2022). The above commitments comprise the fixed fees contracted in the publishing arrangements and do not include the variable payments that are based on future cash flows from selling the games nor the future development fees subject to the specific arrangements and agreements between parties regarding the scope of services.

# 7. Finance income and finance expense

**Finance income**

| | Six-month period ended June 30, 2023 Unaudited | Six-month period ended June 30, 2022 Unaudited |
|---|---|---|
| Foreign exchange gains, net | 274 | - |
| Interest income | 3,455 | 145 |
| **Total finance income** | **3,729** | **145** |

In the six-month period ended June 30, 2023, finance income amounted to USD 3,729 thousand, which comprises mainly interest income on deposits and money market mutual funds accounts, including interest accrued in the amount of USD 303 thousand and net foreign exchange gains in the amount USD 274 thousand.

In the six-month period ended June 30, 2022 finance income amounted to USD 145 thousand which comprised interest income from banks.

**Finance expense**

In the six-month period ended June 30, 2023, finance expense includes the interest expense in the amount of USD 162 thousand, which comprises mainly interest expense recognized under IFRS 16 on lease liabilities.

In the six-month period ended June 30, 2022 finance expense includes net foreign exchange losses in the amount of USD 1,094 thousand, and interest expense in the amount of USD 195 thousand, which comprises interest expense recognized under IFRS 16 on lease liabilities, as well as interest expense from banks.

In addition to finance income and expenses, the "Finance (income)/cost, net" line presented in the interim condensed consolidated statements of cash flows includes the effect of exchange gains and losses on translation of foreign operations to the presentation currency, i.e. USD.

# 8. Income tax

| | Six-month period ended June 30, 2023 Unaudited | Six-month period ended June 30, 2022 Unaudited |
|---|---|---|
| Current income tax | 7,608 | 3,161 |
| Change in deferred income tax | 757 | (9) |
| **Income tax for the period** | **8,365** | **3,152** |

Huuuge, Inc. interim condensed consolidated financial statements as at and for the six-month period ended June 30, 2023 prepared in accordance with the IAS 34 Interim Financial Reporting as adopted by the European Union. All amounts in tables presented in thousand USD, except where stated otherwise.

The subsidiary companies are subject to taxes for their respective businesses in the countries of their registration at the rates prevailing in those jurisdictions. Income tax expense is recognized based on management's estimate of the weighted average effective annual income tax rate expected for the full financial year.

The average tax rate used for the six-month period ended June 30, 2023 is 15.9%, compared to 15.2% for the six-month period ended June 30, 2022. The tax rate was higher in the six-month period ended June 30, 2023 mainly due to the lower proportion of non-tax deductible costs in comparison to the prior period, i.e., costs related to the employee stock option plan ("ESOP") to profit before tax. The above effect was offset by the changes introduced in the beginning of 2022 to the US tax treatment of research and development costs. US taxpayers are required to capitalize and amortize costs related to research and development activities for tax purposes. The changes result in lower tax-deductible costs and consequently higher global intangible low-taxed income ("GILTI").

## 9. Intangible assets

| | IP rights | Software generated internally | Software acquired externally | Prepayments for intangible assets | Total |
|---|---|---|---|---|---|
| **Gross book value as at January 1, 2023** | **39,695** | **3,653** | **3,399** | **1,904** | **48,651** |
| Additions | - | - | 217 | 1,106 | **1,323** |
| Transfers | - | 721 | - | (721) | **-** |
| Derecognition of capitalized expenditure | - | - | - | (162) | **(162)** |
| Net foreign exchange differences on translation | 4 | - | 37 | 11 | **52** |
| **Gross book value as at June 30, 2023** | **39,699** | **4,374** | **3,653** | **2,138** | **49,864** |
| **Accumulated amortization and impairment as at January 1, 2023** | **(33,079)** | **(1,174)** | **(2,341)** | **-** | **(36,594)** |
| Amortization charge for the period | (1,082) | (612) | (546) | - | **(2,240)** |
| Disposals | - | - | - | - | - |
| Net foreign exchange differences on translation | (3) | - | (28) | - | **(31)** |
| **Accumulated amortization and impairment as at June 30, 2023** | **(34,164)** | **(1,786)** | **(2,915)** | **-** | **(38,865)** |
| **Net book value as at January 1, 2023, Audited** | **6,616** | **2,479** | **1,058** | **1,904** | **12,057** |
| **Net book value as at June 30, 2023, Unaudited** | **5,535** | **2,588** | **738** | **2,138** | **10,999** |

| | IP rights | Software generated internally | Software acquired externally | Prepayments for intangible assets | Total |
|---|---|---|---|---|---|
| **Gross book value as at January 1, 2022** | **39,695** | **529** | **2,149** | **2,499** | **44,872** |
| Additions | - | - | 1,108 | 697 | 1,805 |
| Transfers and disposals | - | - | (51) | - | (51) |
| Net foreign exchange differences on translation | (20) | - | 55 | (127) | (92) |
| **Gross book value as at June 30, 2022** | **39,675** | **529** | **3,261** | **3,069** | **46,534** |
| **Accumulated amortization as at January 1, 2022** | **(2,965)** | **(529)** | **(1,161)** | **-** | **(4,655)** |
| Amortization charge for the period | (2,005) | - | (475) | - | (2,480) |
| Disposals | - | - | (88) | - | (88) |
| Net foreign exchange differences on translation | - | - | (30) | - | (30) |
| **Accumulated amortization as at June 30, 2022** | **(4,970)** | **(529)** | **(1,754)** | **-** | **(7,253)** |
| **Net book value as at January 1, 2022, Audited** | **36,730** | **-** | **988** | **2,499** | **40,217** |
| **Net book value as at June 30, 2022, Unaudited** | **34,705** | **-** | **1,507** | **3,069** | **39,281** |

Huuuge, Inc. interim condensed consolidated financial statements as at and for the six-month period ended June 30, 2023 prepared in accordance with the IAS 34 Interim Financial Reporting as adopted by the European Union. All amounts in tables presented in thousand USD, except where stated otherwise.

No indicators for impairment were identified as at June 30, 2023 and December 31, 2022 in relation to intangible assets other than IP rights as described below. As at June 30, 2023, and as at the date of approval of these interim condensed consolidated financial statements for issue, there were no pledges or collaterals on the Group's intangible assets.

Prepayments for intangible assets relate to the payments made on development of supporting tools (i.e. software).

**Reassessment of economic useful life and impairment of Traffic Puzzle game**

In 2021, the Traffic Puzzle game (together with related rights and assets) was acquired for the amount of USD 38,900 thousand (with purchase price being repaid in tranches, and fully repaid as at December 31, 2022). The transaction resulted in recognition of an intangible asset in the amount of USD 38,900 thousand that has been classified as an asset with definite useful life. Based on the analysis of all relevant factors, the useful life of the acquired asset had initially been estimated as ten years.

As at December 31, 2022, the value of the IP rights associated with the Traffic Puzzle game was tested for impairment, where the results of this test indicated a loss to the asset's value. Accordingly, the book value of the Traffic Puzzle game asset was reduced by USD 26,087 thousand; as a result, the net book value of the Traffic Puzzle game as at December 31, 2022 amounted to USD 6,330 thousand.

The impairment loss was recognised in the line "Impairment of intangible assets" in the Group's consolidated statement of comprehensive income for the year ended December 31, 2022.

The Traffic Puzzle game remained live and available to players and is expected to continue generating revenue. Due to the fact that there were no plans to incur any further material user acquisition and development expenses on the title as at December 31, 2022, the economic useful life of the game was reassessed, and was estimated as the period of four years effective from January 1, 2023. This change is the change of accounting estimate; therefore, it is recognized prospectively, starting from the effective date of the change. As a result of the impairment and reassessment of the economic useful life, the amortization charge for the six-months period ended June 30, 2023 and future periods was changed (amortization charge for the six-months period ended June 30, 2023 amounted to USD 791 thousand and for the six-months period ended June 30, 2022 amounted to USD 1,945 thousand).

## 10. Cash and cash equivalents

| | As at June 30, 2023 Unaudited | As at December 31, 2022 Audited |
|---|---|---|
| Restricted cash held for the purpose of share buy-back | 150,461 | - |
| Deposits | 64,246 | 177,661 |
| Money market mutual fund investments | 25,673 | 9,968 |
| Cash at banks (current accounts) | 19,207 | 17,921 |
| Money market interest-bearing accounts | - | 16,695 |
| **Total cash and cash equivalents** | **259,587** | **222,245** |

As at June 30, 2023 cash in the amount of USD 150,461 thousand, including interest accrued, was reserved at the brokerage account for the purpose of acquisition and transfer of ownership of the shares offered in response to a time-limited invitation to submit to the Company sale offers relating to shares in the Company, at a predetermined fixed price per share, open to all shareholders of the Company (the "Invitation"or the Share Buyback "SBB") announced by the Company on May 30, 2023. The settlement of the SBB took place on July 4, 2023 (the "Settlement Date") outside the organized system of trading in financial instruments through IPOPEMA Securities S.A. (the "Broker").

While the use of this cash held on the brokerage account as of 30 June 2023 is restricted by the contract with the Broker, it still meets the definition of cash and cash equivalents based on the brokerage account's nature.

Huuuge, Inc. interim condensed consolidated financial statements as at and for the six-month period ended June 30, 2023 prepared in accordance with the IAS 34 Interim Financial Reporting as adopted by the European Union. All amounts in tables presented in thousand USD, except where stated otherwise.

As at June 30, 2023, there were short-term cash deposits amounting to USD 64,246 thousand. Maturity of these investments is three months, and they are repayable on demand, thus the investments are highly liquid, readily convertible to known amounts of cash, and are subject to an insignificant risk of changes in value, and meet the criteria indicated in IAS 7 Statement of Cash Flows, and have been considered in substance as cash equivalents.

Money market interest-bearing accounts are savings accounts that offer a competitive interest rate. Balances on these accounts are readily available, i.e. amount of cash is known, and they are subject to an insignificant risk of changes in value, and meet the criteria indicated in IAS 7 Statement of Cash Flows, and have been considered in substance as cash equivalents.

Money market mutual fund investments are classified as cash equivalents. For the details, please refer to Note 2 *Basis for preparation of the consolidated financial statements*, point (d) *Key judgements and estimates* in the consolidated financial statements as at and for the year ended December 31, 2022.

During the six-month period ended June 30, 2023, deposits and money market mutual fund investments generated interest income in the total amount of USD 3,406 thousand. This includes the accrued interest from bank deposits in the amount of USD 303 thousand (USD 763 thousand as at December 31, 2022). For details, please refer to Note 7 *Finance income and finance expense*.

Other than restricted cash held for the purpose of share buy-back as presented in the table above, as at June 30, 2023, there was restricted cash in the amount of USD 245 thousand, mostly related to the cash balances of Huuuge Mobile Games Ltd and Coffee Break Games United Ltd, which are under liquidation process (USD 249 thousand as at December 31, 2022).

## 11. Earnings per share

Detailed methodology of calculation of basic and diluted earnings per share is presented in the Group's consolidated financial statements as at and for the year ended December 31, 2022.

| *Basic EPS* | | **Six-month period ended June 30, 2023 Unaudited** | **Six-month period ended June 30, 2022 Unaudited** |
|---|---|---|---|
| Net result attributable to the owners of the Parent | [A] | 44,104 | 17,563 |
| Undistributed profit (loss) attributable to holders of series A and B preference shares | [B] | - | - |
| **Profit (loss) attributable to holders of common shares** | **[C]=[A]-[B]** | **44,104** | **17,563** |

| | | **Six-month period ended June 30, 2023 Unaudited** | **Six-month period ended June 30, 2022 Unaudited** |
|---|---|---|---|
| Weighted average number of common shares | [D] | 79,418,767 | 81,918,361 |
| Basic EPS | [E] = [C] / [D] | 0.56 | 0.21 |

| *Diluted EPS* | | **Six-month period ended June 30, 2023 Unaudited** | **Six-month period ended June 30, 2022 Unaudited** |
|---|---|---|---|
| **Profit/(loss) attributable to holders of common shares** | **[C]** | **44,104** | **17,563** |
| **Profit/(loss) attributable to ordinary equity holders of the parent adjusted for the effect of dilution** | **[H]** | **44,104** | **17,563** |

Huuuge, Inc. interim condensed consolidated financial statements as at and for the six-month period ended June 30, 2023 prepared in accordance with the IAS 34 Interim Financial Reporting as adopted by the European Union. All amounts in tables presented in thousand USD, except where stated otherwise.

Weighted average number of ordinary shares adjusted for the effect of dilution is presented below:

| | | Six-month period ended June 30, 2023 Unaudited | Six-month period ended June 30, 2022 Unaudited |
|---|---|---|---|
| **Weighted average number of issued common shares used in calculating basic earnings per share** | **[D]** | 79,418,767 | 81,918,361 |
| Employee Stock Option Plan | | 612,952 | 1,285,952 |
| **Weighted average number of issued common shares and potential common shares used in calculating diluted earnings per share** | **[I]** | **80,031,719** | **83,204,313** |
| Diluted EPS | [J]=[H] / [I] | 0.55 | 0.21 |

## 12. Accounting classifications of financial instruments and fair values

As at June 30, 2023 and December 31, 2022, the Group's management did not identify any financial assets measured at fair value – neither through profit or loss nor through other comprehensive income.

The Group's management believes that the fair values of financial instruments do not differ significantly from their carrying amounts.

Huuuge, Inc. interim condensed consolidated financial statements as at and for the six-month period ended June 30, 2023 prepared in accordance with the IAS 34 Interim Financial Reporting as adopted by the European Union. All amounts in tables presented in thousand USD, except where stated otherwise.

# 13. Share capital

As at June 30, 2023 and June 30, 2022, the Group's share capital comprised common shares and preference shares series A and B. Below are presented movements on different components of equity divided in the categories of shares (nominal values presented in USD, not thousand USD):

<u>Shares classified as equity instruments as at June 30, 2023:</u>

| | Common shares | | Preference shares (series A and B) | | Treasury shares | | Treasury shares allocated for the existing share-based payment programs | | Sub-total (issued) | | Shares allocated for the existing share-based payment programs (not issued) | | Grand total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Number of shares | Nominal value | Number of shares | Nominal value | Number of shares | Nominal value | Number of shares | Nominal value | Number of shares | Nominal value | Number of shares | Nominal value | Number of shares | Nominal value |
| **As at January 1, 2023 Audited** | **79,183,513** | **1,584** | **2** | **0** | **5,063,182** | **102** | **-** | **-** | **84,246,697** | **1,686** | **11,007,733** | **220** | **95,254,430** | **1,906** |
| Reduction of shares allocated for the existing share-based payment programs (not issued) | - | - | - | - | - | - | - | - | - | - | (748,971) | (15) | (748,971) | (15) |
| Allocation of shares to Share-based payment program | - | - | - | - | (748,971) | (15) | 748,971 | 15 | - | - | - | - | - | - |
| Exercise of stock options | 748,971 | 15 | - | - | - | - | (748,971) | (15) | - | - | - | - | - | - |
| **As at June 30, 2023 Unaudited** | **79,932,484** | **1,599** | **2** | **0** | **4,314,211** | **87** | **-** | **-** | **84,246,697** | **1,686** | **10,258,762** | **205** | **94,505,459** | **1,891** |

All amounts in tables presented in thousand USD, except where stated otherwise.

Shares classified as equity instruments as at June 30, 2022:

| | Common shares | | Preference shares (series A and B) | | Treasury shares | | Treasury shares allocated for the existing share-based payment programs | | Sub-total (issued) | | Shares allocated for the existing share-based payment programs (not issued) | | Grand total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Number of shares | Nominal value | Number of shares | Nominal value | Number of shares | Nominal value | Number of shares | Nominal value | Number of shares | Nominal value | Number of shares | Nominal value | Number of shares | Nominal value |
| **As at January 1, 2022 Audited** | **82,690,347** | **1,655** | **2** | **0** | **1,556,348** | **31** | **-** | **-** | **84,246,697** | **1,686** | **12,467,461** | **249** | **96,714,158** | **1,935** |
| Reduction of shares allocated for the existing share-based payment programs (not issued) | - | - | - | - | - | - | - | - | - | - | (688,437) | (14) | (688,437) | (14) |
| Allocation of shares to Share-based payment program | - | - | - | - | (688,437) | (14) | 688,437 | 14 | - | - | - | - | - | - |
| Exercise of stock options | 684,981 | 14 | - | - | - | - | (684,981) | (14) | - | - | - | - | - | - |
| Delivery of shares to former owners of Double Star Oy | 23,046 | 0 | - | - | (23,046) | 0 | - | - | - | - | - | - | - | - |
| Repurchase of common shares under Share Buyback Scheme ("SBB") | (3,847,083) | (77) | - | - | 3,847,083 | 77 | - | - | - | - | - | - | - | - |
| **As at June 30, 2022 Unaudited** | **79,551,291** | **1,592** | **2** | **0** | **4,691,948** | **94** | **3,456** | **-** | **84,246,697** | **1,686** | **11,779,024** | **235** | **96,025,721** | **1,921** |

All amounts in tables presented in thousand USD, except where stated otherwise.

The Company is authorized to issue up to 113,881,420 shares with a par value of USD 0.00002 (113,881,418 common shares and 1 share of series A preference share and 1 share of series B preference share).

As at June 30, 2023, 4,007,065 shares were allocated to a reserve that could be issued only with majority shareholders' approval (2,486,803 as at June 30, 2022).

As at June 30, 2023, the share capital of the Company comprised 84,246,697 shares (fully paid) with a par value of USD 0.00002 per share and the total value of USD 1,686 (not thousands), including 79,932,484 common shares held by shareholders, two preference shares (one preference share of series A and one preference share of series B) and 4,314,211 common shares reacquired by the Company and not redeemed (treasury shares and treasury shares allocated to the existing share-based payment programs).

As at June 30, 2022, the share capital of the Company comprised 84,246,697 shares (fully paid) with a par value of USD 0.00002 per share and a total value of USD 1,686 (not thousands), including 79,551,291 common shares held by shareholders, two preference shares (one preference share of series A and one preference share of series B) and 4,695,404 common shares reacquired by the Company and not redeemed (treasury shares and treasury shares allocated for the existing share-based payment programs).

During the six-month period ended June 30, 2023, the number of shares (not issued) allocated to the existing share-based payment programs was reduced by 748,971 shares. This is because 748,971 treasury shares were delivered to employees for the options exercised during the six-month period ended June 30, 2023. As at June 30, 2023, 10,258,762 shares with a par value of USD 0.00002 per share were reserved for two stock option programs established in 2015 and 2019.

As at June 30, 2022, 11,779,024 shares with a par value of USD 0.00002 per share were reserved for two stock option programs established in 2015 and 2019.

Holders of the two series A and series B preference shares, which may be converted for a fixed number of common shares, have several rights additional to the ones of the common shareholders, which may vary for series A and B). These rights are stipulated in the corporate documents of Huuuge, Inc., in particular in the Fourth Amended and Restated Certificate of Incorporation. Essentially, the rights refer to:

- protective provisions in case of liquidation, dissolution, winding up, certain mergers, consolidations and sale of assets of Huuuge, Inc. or conversion to common shares – the holders of series A or B preference shares shall be entitled to be paid out of the assets of the Company available for distribution to its shareholders before the holders of common shares,
- election of a director for every separate class of preference shares, one per each series of preference shares (series A,B); two by the holders of common shares.

As at June 30, 2023 and December 31, 2022, no shareholder owned over 50% of the Company's equity or had more than 50% of voting rights. The Company's major shareholder is Mr. Anton Gauffin, CEO and President, who participates in the Company's ordinary shares indirectly (through shares of Big Bets OU).

The supplementary capital derives mainly from the difference between nominal value and the market price on issuance of shares, or the difference between the book value and purchase price on re-issue of treasury shares.

In the six-month period ended June 30, 2023, the following transactions in common and preference shares took place:

- **Delivery of the treasury shares for options exercised**

In the six-month period ended June 30, 2023, 1,340,340 share options held by employees under the share-based payment program were exercised, out of which for 748,971 options exercised treasury shares were delivered to employees before June 30, 2023 (the difference is due to cashless exercises).

The delivery of treasury shares was presented as a movement from treasury shares to common shares. The movement resulted in an increase in share capital in the amount of the nominal value of the shares delivered, and the difference between the value of treasury shares and the cash consideration received in the amount of USD 3,274 thousand was recognized in supplementary capital. At the same time, the movement decreased the number of shares (not issued) allocated to the existing share-based payment programs.

- **Acquisition of shares under share Buyback Scheme ("SBB")**

As reported in the current report no. 25/2023 dated July 4, 2023, as a result of the settlement of the acquisition and transfer of ownership of the shares offered in response to a time-limited invitation to submit to the Company sale offers relating to shares in the Company, at a pre-determined and fixed price per share, open to all shareholders of the Company (the "Invitation") (the "SBB") announced by the Company on May 30, 2023 in the current report no. 19/2023 (as subsequently amended and announced by the Company in current report no. 23/2023 on June 19, 2023), the Company acquired 17,121,919 of its common shares that represent 20.32% of the share capital of the Company and that entitled their holders to exercise 21.42% of the total number of votes at the general meeting of the Company for a total consideration of USD 149,999,996.

The settlement of the SBB took place on July 4, 2023 (the "Settlement Date") outside the organized system of trading in financial instruments through IPOPEMA Securities S.A. The acquisition was made at a gross price of USD 8.7607 per share. Amounts due to investors, after withholding of applicable taxes, have been converted from USD to PLN in accordance with the interbank exchange rate applicable as at July 3, 2023 (as the day preceding the Settlement Date), which is 4.0735.

The shares were acquired on the basis of the Company's Board of Directors resolution dated May 30, 2023 launching the acquisition of the Company's common shares listed on the Warsaw Stock Exchange by way of a time-limited Invitation to Sell, establishing detailed conditions and procedures for participation in and execution of the SBB.

Prior to the SBB settlement, the Company owned 4,314,211 common shares that represented 5.12% of the Company's share capital and did not entitle the Company to voting rights. Following the settlement of the SBB, the Company owns a total of 21,436,130 shares that represent 25.44% of the Company's share capital and do not entitle the Company to voting rights. Consequently, following the settlement of the SBB, there are 84,246,697 shares of the Company outstanding and conferring 62,810,567 votes in total at the general meeting of the Company. The Company acquired the shares under the SBB with the intention that the shares will be retired, other than those shares necessary, in the Company's view, to satisfy its ongoing needs under the Company's employee stock option plans. Treatment of the acquired shares will be determined in due course by the Issuer's Board of Directors, in accordance with its Certificate of Incorporation.

- **Retirement of shares purchased by the Company during the share buyback**

On August 29, 2023, the Company's Board of Directors in accordance with Section 243 of the Delaware General Corporation law, adopted a resolution on the retirement of 17,121,919 shares of common stock of the Company representing 20.3% of the issued share capital of the Company comprising of 84,246,697 shares (as announced in current report no 37/2023). The retirement is effective as of the adoption of the resolution by the Board of Directors. The shares that were subject to the retirement were purchased by the Company during the share buyback (current report no. 25/2023 dated July 4, 2023) with the intention that the shares will be retired, other than those shares necessary, in the Company's view, to satisfy its ongoing needs under the Company's employee stock option plans.

Effective as of the adoption of there solution of the Board of Directors, the retired shares resumed the status of authorized and unissued shares of the common shares of the Company. At the same time, the Company's issued share capital decreased from 84,246,697 to 67,124,778 shares.

Further, following a review, the Board of Directors concluded that such a high authorized capital is not necessary and therefore the Board of Directors decided that it will recommend that on the next Annual General Meeting the stockholders approve an amendment to the Company's Certificate of Incorporation to decrease the authorized capital of the Company by 21,128,984 shares of common shares of the Company, as a result reducing the total number of the authorized shares from 113,881,420 to 92,752,436 where 67,124,778 will be the issued shares and 25,627,658 authorized and unissued shares. The authorized and unissued shares in the amount of 25,627,658 will be used, among others, for the Company's employee stock option plans.

In the six-month period ended June 30, 2022, the following transactions in common and preference shares took place:

- **Share Buyback Scheme ("SBB")**

On February 15, 2022, the Group decided to repurchase its common shares listed for trading on the Warsaw Stock Exchange. The share buy-back started on March 29, 2022. The purpose of the Share Buyback Scheme was to satisfy the Group's needs related to the exercise of options under its Employee Stock Option Plans in the foreseeable future. On May 22, 2022, the Board of Directors adopted a resolution according to which the number of Company's shares capable of being repurchased by the Company under the SBB has been set to the 6,500,000 shares.

The common shares repurchased were presented in treasury shares line in the statement of financial position.

During the six-month period ended June 30, 2022, 3,847,083 common shares were repurchased under SBB program. Payments made for the purchase of own shares in the amount of USD 16,133 thousand were recognized in Equity (Treasury shares).

- **Delivery of the treasury shares for options exercised**

In the six-month period ended June 30, 2022, 828,458 share options held by the employees under the share-based payment program were exercised, out of which for 684,981 options exercised treasury shares were delivered to employees before June 30, 2022 (the difference is due to cashless exercises and number of options exercised, but not delivered as of June 30, 2022).

The delivery of treasury shares was presented as a movement from treasury shares to common shares. The movement resulted in an increase in share capital in the amount of nominal value of the shares delivered, and difference between the value of treasury shares and the cash consideration received in the amount of USD 6,875 thousand was recognized in supplementary capital. At the same time, the movement decreased the number of shares (not issued) allocated for the existing share-based payment programs.

- **Delivery of the treasury shares to the former owners of Double Star Oy**

In the six-month period ended June 30, 2022, 23,046 shares were delivered to former owners of Double Star Oy based on the Share Sale and Purchase Agreement, corrected by the First Amendment dated October 19, 2021. For details of the earn-out consideration, please see Note 14 *Share-based payment arrangements*. The movement resulted in an increase in share capital in the amount of nominal value of the shares delivered, and a decrease in supplementary capital in the amount of USD 311 thousand (amount reflects the value of treasury shares, since the shares were delivered with no cash consideration).

# 14. Share-based payment arrangements

A detailed description of the Group's equity share-based payment program, i.e. ESOP, and a fair value measurement of the employee share options are presented in the Group's consolidated financial statements as at and for the year ended December 31, 2022.

Movements in share options since the first grant date were as follows (weighted average exercise prices are presented in USD, not in thousand USD):

| | Six-month period ended June 30, 2023 | |
|---|---|---|
| | **Number of options** | **Weighted average exercise price** |
| **Balance as at January 1** | **4,778,100** | **4.46** |
| Granted during the period | - | - |
| Forfeited during the period | (488,952) | 3.96 |
| Exercised during the period | (1,340,340) | 2.96 |
| Expired during the period | (37,140) | 4.21 |
| **Balance as at June 30** | **2,911,668** | **5.23** |

| | Six-month period ended June 30, 2022 | |
|---|---|---|
| | **Number of options** | **Weighted average exercise price*** |
| **Balance as at January 1** | **8,839,097** | **5.80** |
| Granted during the period | 351,610 | 4.67 |
| Forfeited during the period | (1,866,900) | 5.17 |
| Exercised during the period | (828,458) | 2.80 |
| Expired during the period | (195,047) | 4.69 |
| **Balance as at June 30** | **6,300,302** | **6.35** |

* The weighted average exercise prices in the table above are prior to the modification that took place after June 30, 2022.

As at June 30, 2023, 504,498 share options were exercisable, with the weighted average exercise price of USD 3.56 per share. As at June 30, 2022, 2,670,991 share options were exercisable, with the weighted average exercise price of USD 3.30 per share.

During the six-month period ended June 30, 2023, 1,340,340 options were exercised under the share-based payment program, out of which, 748,971 treasury shares were delivered (the difference of 591,369 options is due to cashless exercises). Cash payments received for the shares delivered to employees before June 30, 2023 amounted to USD 345 thousand.

During the six-month period ended June 30, 2022, 828,458 options were exercised in total under the share-based payment program, out of which 684,981 treasury shares were delivered for 691,013 options exercised (the difference of 6,032 options is due to cashless exercises). For the remaining 137,445 options exercised during the six-month period ended June 30, 2022, the shares were pending delivery as of June 30, 2022. Cash payments received for the shares delivered to employees before June 30, 2022 amounted to USD 1,897 thousand, and for the shares that were pending delivery to employees as at June 30, 2022, cash payments amounted to USD 265 thousand.

Other than the share-based payment arrangements described above, as a result of the acquisition that took place on July 16, 2020, the Group accounted for the earn-out consideration payable in shares dependent on a performance condition and a continuing employment condition as a share-based payment for the sellers of Double Star Oy. On February 21, 2022, 23,046 treasury shares were delivered to the former owners of Double Star Oy as presented in Note 13 *Share capital*. As at June 30, 2023, it is not expected that additional shares, except for those delivered, would vest under earn-out consideration.

Total expense related to share-based payment arrangements, which includes cost recognised for the period as well as the cost derecognition when the service condition is not met for the six-month period ended June 30, 2023, amounted to USD 970 thousand (USD 1,019 thousand for the six-month period ended June 30, 2022). This expense includes Mr. Anton Gauffin's options and the options payable to a consultant under the advisory agreement in the total amount of USD 327 thousand (USD 265 thousand for the six-month period ended June 30, 2022), which are both explained in detail further below.

These costs were allocated to Sales and marketing expenses, Research and development expenses and General and administrative expenses lines in the interim condensed consolidated statement of comprehensive income.

*CEO options*

The remuneration of Mr. Anton Gauffin, holding the positions of the President and Chief Executive Officer of the Company, for the period ending at the 2022 Annual General Meeting of the Company, consisted solely of 500,000 share options, out of which 75,000 had a vesting condition to provide the service continuously for about four years from the service commencement date and to meet 2021 EBITDA target. These options were forfeited in 2022 as the performance condition was not met. All options can be exercised at a price of PLN 50, i.e., the price of the Company's shares in the initial public offering.

Huuuge, Inc. interim condensed consolidated financial statements as at and for the six-month period ended June 30, 2023 prepared in accordance with the IAS 34 Interim Financial Reporting as adopted by the European Union. All amounts in tables presented in thousand USD, except where stated otherwise.

The vesting conditions for the options are the following:

- 50,000 options with a vesting condition to provide the service continuously for about four years from the service commencement date. The Group's management expects Mr. Anton Gauffin to fulfill the service condition.
- 375,000 options with a variable vesting period due to the market condition, i.e., condition to meet the Company's market capitalization milestones. The Group's management estimated that a total of six years of continuous service from the service commencement date will be required for options to vest.

Similar to other share-based payments in the Group, for this program, staged vesting applies, i.e., each installment has a different vesting period and is treated as a separate award with a different vesting period.

*Advisory agreement*

Based on the contract executed on September 27, 2021, beginning from January 3, 2022 until October 31, 2024, the advisor shall provide to the Company's CEO consulting services for the consideration payable in options, i.e., options to purchase 206,250 shares in total vesting on a straight-line basis during the period of the agreement. This is a transaction with a non-employee, and the Group measures the fair value of the services received and the corresponding increase in equity indirectly, by reference to the fair value of the equity instruments granted when the services are performed.

## 15. Leases

The Group is committed to making payments for leases based on office space rental agreements and car fleet agreements. The Group entities have also concluded contracts regarding low-value office equipment, such as coffee machines.

Lease agreements are usually concluded for definite periods of time that vary according to the class of the underlying asset and specific needs. Some of the contracts include extension or termination options – the Group's management exercises judgment in determining whether these options are reasonably certain to be exercised.

The tables below present the carrying amounts of recognized right-of-use assets and the movements in the six-month period ended June 30, 2023 and in the six-month period ended June 30, 2022:

| | Offices | Cars | Total |
|---|---|---|---|
| **as at January 1, 2023, Audited** | **12,859** | **106** | **12,965** |
| additions (new leases) | - | - | - |
| transfer to lease receivable | (2,764) | - | (2,764) |
| remeasurement due to indexation | 736 | - | 736 |
| foreign exchange differences on translation | (63) | 8 | (55) |
| depreciation | (1,756) | (49) | (1,805) |
| **as at June 30, 2023, Unaudited** | **9,012** | **65** | **9,077** |

| | Offices | Cars | Total |
|---|---|---|---|
| **as at January 1, 2022, Audited** | **17,229** | **250** | **17,479** |
| additions (new leases) | 260 | - | 260 |
| remeasurement due to indexation | 1,068 | - | 1,068 |
| foreign exchange differences on translation | (1,633) | (29) | (1,662) |
| depreciation | (2,029) | (55) | (2,084) |
| **as at June 30, 2022, Unaudited** | **14,895** | **166** | **15,061** |

Huuuge, Inc. interim condensed consolidated financial statements as at and for the six-month period ended June 30, 2023 prepared in accordance with the IAS 34 Interim Financial Reporting as adopted by the European Union. All amounts in tables presented in thousand USD, except where stated otherwise.

The table below presents the book values of lease liabilities and movements in the six-month period ended June 30, 2023 and in the six-month period ended June 30, 2022:

| | Six-month period ended June 30, 2023 | Six-month period ended June 30, 2022 |
|---|---|---|
| **as at January 1, Audited** | **13,827** | **17,257** |
| additions (new leases) | - | 260 |
| remeasurement due to indexation, and other | 736 | 1,073 |
| interest expense on lease liabilities | 157 | 141 |
| lease payments | (2,269) | (2,246) |
| foreign exchange differences on translation to local currency | (273) | 131 |
| foreign exchange differences on translation to USD | 206 | (1,622) |
| **as at June 30, Unaudited** | **12,384** | **14,994** |
| long-term | 8,211 | 10,999 |
| short-term | 4,173 | 3,995 |

In the interim condensed consolidated statements of cash flows, the Group classifies:

- cash payments of the capital component of lease liabilities in the six-month period ended June 30, 2023 amounting to USD 2,112 thousand (USD 2,105 thousand in the six-month period ended June 30, 2022) – as part of financing activities (lease repayment),
- cash interest payments on leases in the six-month period ended June 30, 2023 amounting to USD 157 thousand (USD 141 thousand in the six-month period ended June 30, 2022) – as part of financing activities (interest paid),
- leases of low-value assets and short-term leases not included in the measurement of lease liabilities in the six-month period ended June 30, 2023 amounting to USD 471 thousand (USD 150 thousand in the six-month period ended June 30, 2022) – as part of operating activities.

The Group had total cash outflows due to leases of USD 2,740 thousand in the six-month period ended June 30, 2023 and USD 2,396 thousand in the six-month period ended June 30, 2022.

*Sublease agreements*

The Group entities have entered several arrangements to sublease leased office spaces to a third party while the original lease contract is in effect. In these arrangements, the Group entities act as both lessee and lessor of the same underlying asset. For the sublease arrangements classified as an operating lease in accordance with the criteria of IFRS 16, the Group continues to account for the lease liability and right-of-use asset on the head lease like any other lease. For the sublease arrangements qualified as a finance lease in accordance with the criteria of IFRS 16, the Group derecognizes the right-of-use asset on the head lease at the sublease commencement date and continues to account for the original lease liability in accordance with the lessee accounting model.

During the six-months period ended June 30, 2023, two sublease agreements classified as finance lease commenced. The lease receivable from the finance lease amounted to USD 3,047 thousand as at June 30, 2023 (USD 749 thousand as at December 31, 2022). The income from interest received from finance sublease amounted to USD 49 thousand during the six-month period ended June 30, 2023. The income from the operating lease amounting to USD 603 thousand is presented in the line “Other operating income/(expense), net” in the interim condensed consolidated statement of comprehensive income during the six-month period ended June 30, 2023.

Huuuge, Inc. interim condensed consolidated financial statements as at and for the six-month period ended June 30, 2023 prepared in accordance with the IAS 34 Interim Financial Reporting as adopted by the European Union. All amounts in tables presented in thousand USD, except where stated otherwise.

## 16. Contingencies

**Tax contingent liabilities**

Tax settlements are subject to review and investigation by tax authorities, which are entitled to impose severe fines, penalties and interest charges. Tax regulations in the United States, Poland and Israel, which apart from Cyprus constitute the main operating environments of the Group, have been changing recently, which may lead to them lacking clarity and integrity. Furthermore, frequent contradictions in tax interpretations in Poland, both within government bodies and between companies and government bodies, create uncertainties and conflicts. These facts create tax risks that are substantially more significant than those typically found in countries with more developed tax systems.

Tax authorities may examine accounting records retrospectively: for three years in the United States (and up to six years in case of substantial errors), five years in Poland, seven years in Cyprus (and up to 12 years in case of substantial errors) and seven years in Israel. Consequently, the Parent Company and subsidiaries may be subject to additional tax liabilities, which may arise as a result of tax audits. The Board of Directors of the Parent Company believes that there was no need to record any provisions for known and quantifiable risks in this regard, as, in their assessment, there are no such uncertain tax positions for which it would be probable that the taxation authority will not accept the tax treatment applied by the Group.

**Litigation and other legal proceedings**

Company operates in a highly regulated and litigious environment. Company has and may become involved in legal proceedings, including litigation, arbitration and other claims, and investigations, inspections, audits, claims, inquiries and similar actions. Legal proceedings, in general, can be expensive and disruptive. Some of these suits are class actions and/or involve parties seeking large and/or indeterminate amounts, including punitive or exemplary damages, and may remain unresolved for several years.

Player use of our games is subject to our privacy policy and terms of service. If we fail to comply with our posted privacy policy, terms of service or similar agreements, or if we fail to comply with applicable privacy-related or data protection laws and regulations, this could result in litigation, proceedings or investigations against us by governmental authorities, players or others, which could result in fines or judgments against us, damage our reputation or goodwill, impact our financial condition and harm our business.

Company cannot predict with certainty the outcomes of any legal proceedings and other contingencies, and the costs incurred in litigation can be substantial, regardless of the outcome. As a result, Company could from time to time incur judgments, enter into settlements or revise our expectations regarding the outcome of certain matters, and such developments could harm our reputation and have a material adverse effect on our results of operations in the period in which the amounts are accrued and/or our cash flows in the period in which the amounts are paid. In addition, as a result of the ongoing legal proceedings, Company may be subject to damages, civil fines, or other sanctions. Additionally, defending against these lawsuits and proceedings may involve significant expense and diversion of management's attention and resources.

As at the date of approval of these interim condensed consolidated financial statements for issue, Company has become involved in a number of pending litigations:

- On March 8, 2023, a plaintiff filed a complaint in the Circuit Court of Franklin County Alabama alleging that the Company's social casino games are unlawful gambling under Alabama law. The lawsuit seeks to recover all amounts paid by Alabama residents to the Company in those games during the period beginning one year before the filing of the lawsuit (i.e., March 8, 2022) until the case is resolved. The Company does not agree with the allegations and requests for relief made in the complaint and believes that there are meritorious legal and factual arguments supporting the Company's position. As of the date of the issuance of these interim condensed consolidated financial statements, to the best of the Company's knowledge, the litigation is not expected to have a material impact on the Groups operations, financial condition or cash flows.
- On May 18, 2023, the Company received a demand for arbitration, alleging that the Company's social casino games are unlawful gambling under Kentucky law. The claimant seeks to recover all amounts paid by Kentucky residents to the Company in those games during the period beginning five years before the filing of the demand (i.e., May 18, 2018) until the case is resolved. The Company does not agree with the allegations and requests for relief made in the complaint and believes that there are meritorious legal and factual arguments supporting the Company's position. As of the date of the issuance of these interim condensed consolidated financial statements, to the best of the Company's knowledge, this arbitration is not expected to have a material impact on the Group's operations, financial condition or cash flows.

- On June 2, 2023, plaintiffs filed a complaint in the US Federal District Court for the Central District of California, alleging: (a) that the Company's social casino games are unlawful gambling under the laws of California, Illinois, and potentially other US states; and (b) that the Company's display of sale pricing in its social casino games constitutes false advertising under the laws of California, Illinois and potentially other US states. The lawsuit purports to be a nationwide class action, which also includes potential California and Illinois subclasses. The Company does not agree with the allegations and requests for relief made in the complaint and believes that there are meritorious legal and factual arguments supporting the Company's position. As the case is in preliminary stages, the Company is unable to reasonably estimate the loss or range of loss, if any, arising from this litigation, or the impact, if any, on the Group's operations, financial condition or cash flows.
- On September 5, 2023, the Company received three similar demands for arbitration, alleging that the Company's social casino games are unlawful gambling under the laws of Ohio, Massachusetts and Kentucky. The Company does not agree with the allegations and requests for relief made in the complaint and believes that there are meritorious legal and factual arguments supporting the Company's position. As the arbitrations are in preliminary stages, the Company is unable to reasonably estimate the loss or range of loss, if any, arising from these arbitrations. As of the date of the issuance of these interim condensed consolidated financial statements, to the best of the Company's knowledge, these arbitrations, collectively and individually, are not expected to have a material impact on the Group's operations, financial condition or cash flows.

Except for the abovementioned proceedings, neither the Company nor any of its subsidiaries were, as at June 30, 2023, or as at the date of approval of these interim condensed financial statements for issue, a party to any significant court or arbitration proceedings or before any public authority.

## 17. Related party transactions

On March 7, 2023, loan agreements were signed between subsidiaries wholly owned by Huuuge Inc. and the two members of the Group Executive Management team. Based on the agreements, the two members of the Group Executive Management team received the loans in the total amount equivalent to USD 213 thousand, both for a six-month period at a market interest rate.

On July 4, 2023, Anton Gauffin (through Big Bets OÜ) and Raine Group (through RPII HGE LLC), sold 7,906,705 shares in total under the Share Buy-back amounting to USD 69,268 thousand USD.

There were no transactions with related parties during the six-month period ended June 30, 2022.

There is no ultimate controlling party.

## 18. Transactions with management of the Parent Company and their close family members

Compensation of key management personnel of the Group is the compensation of key management personnel of the Parent Company and its subsidiaries.

| Board of Directors of Huuuge, Inc. and Executive Management | Six-month period ended June 30, 2023 Unaudited | Six-month period ended June 30, 2022 Unaudited |
|---|---|---|
| Base salaries | 2,264 | 1,275 |
| Bonuses and compensation based on the Group's financial result for the period | 709 | 434 |
| Share-based payments | 557 | (339) |
| **Total** | **3,530** | **1,370** |

The amounts presented for the period ended June 30, 2023 and June 30, 2022 reflect the change in composition of the executive management team during the six-month period.

Huuuge, Inc. interim condensed consolidated financial statements as at and for the six-month period ended June 30, 2023 prepared in accordance with the IAS 34 Interim Financial Reporting as adopted by the European Union. All amounts in tables presented in thousand USD, except where stated otherwise.

On March 7, 2023, an agreement was concluded between the Company and Mr. Rod Cousens governing his board service and executive service as co-Chief Executive Officer of the Company during the current board term, providing for a 12-month early notice period for termination. This agreement terminated Mr. Rod Cousens's executive service by mutual agreement, the Company confirmed Mr. Cousens's entitlement to payment in lieu of advance notice; this payment is included in the compensation of key management personnel presented above.

Generally, share-based payment remuneration includes cost recognized during the period in accordance with the vesting schedule, as well as cost derecognition when a member of the executive management team ends the tenure with the Company, i.e., when the service condition is not met. During the six-month period ended June 30, 2023, the cost recognized amounted to USD 557 thousand and there was no cost reversal (USD 1,196 thousand cost recognized and USD 1,535 thousand of cost derecognized during the six-month period ended June 30, 2022).

During the six-month period ended 30 June 2023, members of the Board of Directors and Executive Management team exercised 568,198 options (8,360 options during the six-month period ended June 30, 2022).

On July 4, 2023, members of the Executive Management team and their close family members sold 331,324 shares in total under Share Buy-back amounting to USD 2,903 thousand.

Generally, the non-executive directors are remunerated with a fixed annual salary and an additional salary for holding a position of president of the Audit Committee or the Remuneration and Nomination Committee or being a member of the Audit Committee or the Remuneration and Nomination. For additional information about recommendations from the Nomination and Remuneration Committee on executive and non-executive compensation, please refer to Note 14 *Share-based payment arrangements*. Apart from the above, in the six month period ended June 30, 2023, non-executive directors were remunerated for being members of the special committee for the process of reviewing the strategic options.

## 19. Impact of COVID-19

On March 11, 2020, the WHO declared a global COVID-19 coronavirus pandemic and recommended preventive measures such as physical social distancing. Consequently, governments worldwide implemented unprecedented restrictions. The impacts of the COVID-19 outbreak have evolved from mid-March 2020 up to the day of May 5, 2023, when the WHO declared COVID-19 is no longer a global health emergency. The Group's management constantly monitors specific facts and circumstances and the financial results. Neither the video game industry as a whole, nor the Group's operations in particular, have been adversely affected by the pandemic, and there is no going concern issue. The Group proved to be resilient to the lockdown; operations have been maintained with employees working remotely, and online gaming's popularity is on the rise, with many people globally adhering to social distancing guidelines.

The positive operating result for the six-month period ended June 30, 2023 and for the six-month period ended June 30, 2022 indicates that the COVID-19 pandemic had no negative impact on the Group's business.

Based on the analyses performed by the Group's management as at June 30, 2023 and June 30, 2022, the COVID-19 pandemic has had no negative impact on the Group's liquidity. Due to the fact that the Group's receivables are settled by large platform providers, such as Apple App Store, Google Play, Facebook and Amazon App Store, the Group's management assessed the risk of receivables irrecoverability as minimal. The Group's management has not identified any evidence to modify the assumptions used to assess expected credit losses.

## 20. Unusual events

**War in Ukraine**

On February 24, 2022, Russian troops crossed the eastern, southern and northern borders of Ukraine, attacking Ukraine. In connection with the hostilities by Russia, the representatives of the European Union imposed sanctions on Russia. The Company also made the decision to stop distribution of new games in Russia and Belarus. The ongoing war in Ukraine should not have a material impact on Huuuge's performance and operations. Huuuge has analyzed and is continuously monitoring the impact of the political and economic situation in Ukraine on its and the Group's operations and financial results. The Company is not able to reliably determine the impact that the situation in Ukraine will have on the state of the European economy and, consequently, on the activity of the Group.

Starting from March 10, 2022, due to payment system disruption, Google Play informed about a pause in Google Play's billing system for users in Russia. This means that up until the date of these condensed consolidated financial statements, users are not able to purchase apps and games, make subscription payments or conduct any in-app purchases of digital goods using Google Play in Russia.

## 21. Subsequent events

After June 30, 2023 and up to the date of approval of these interim condensed consolidated financial statements for issue no significant events except the following have occurred.

**Settlement of shares under share Buyback Scheme ("SBB")**

The settlement of the SBB took place on July 4, 2023 (the "Settlement Date") outside the organized system of trading in financial instruments through IPOPEMA Securities S.A For details of the SBB, please, refer to Note 13 *Share capital*.

**Retirement of shares purchased by the Company during the share buyback**

On August 29, 2023, the Company's Board of Directors adopted a resolution on the retirement of 17,121,919 shares of common stock of the Company representing 20.3% of the issued share capital of the Company comprising of 84,246,697 shares (as announced in current report no 37/2023). The retirement is effective as of the adoption of the resolution by the Board of Directors. For details of the SBB, please, refer to Note 13 *Share capital*.

Electronically signed by:

Anton Markus Gauffin

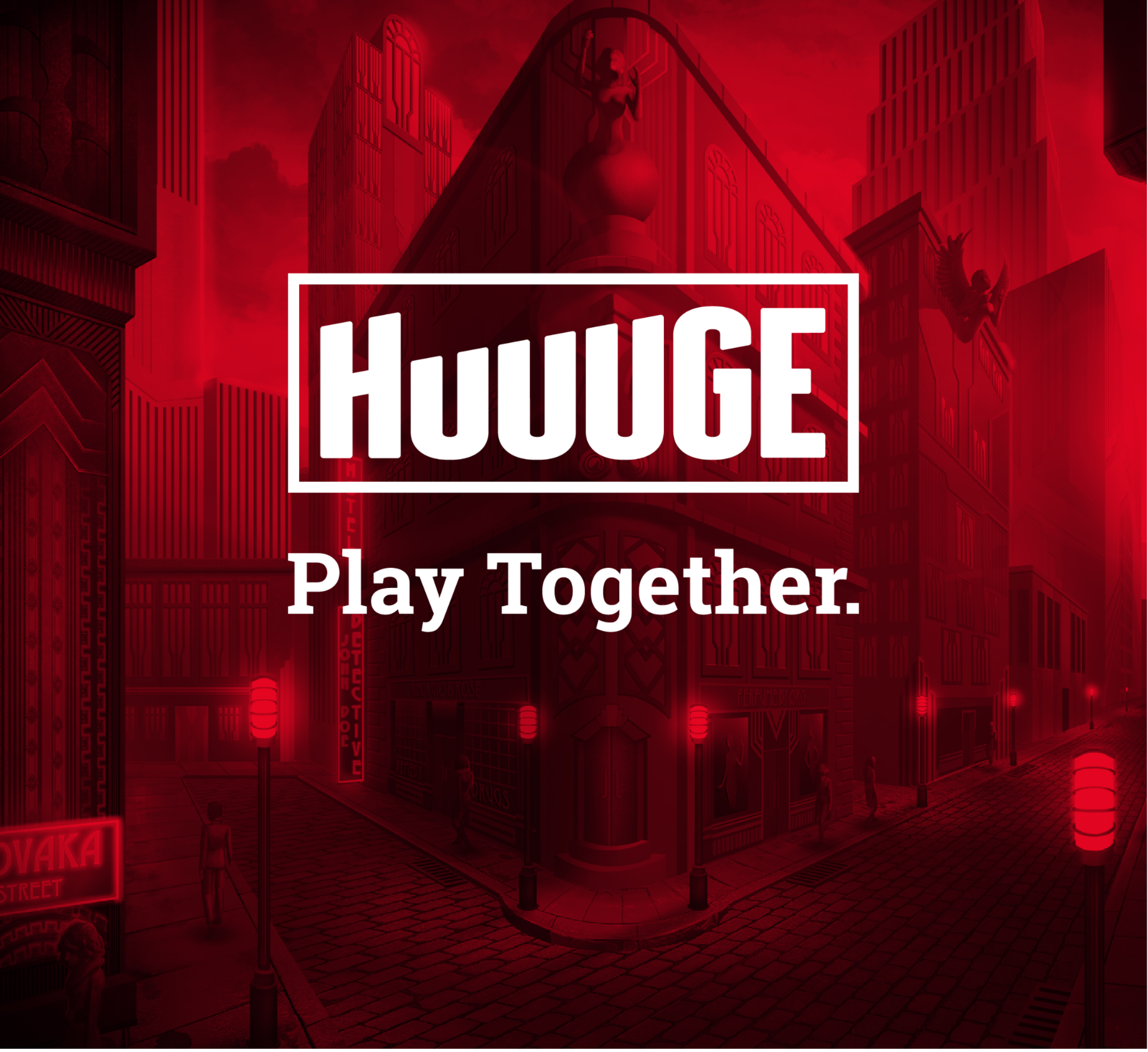
Date:
2023-9-7 16:39:54

……………………

*Anton Gauffin*

*President of Huuuge, Inc., CEO*

September 7, 2023




**HUUUGE, INC.**

2300 W Sahara Ave.,
Suite #680, Mailbox #32,
Las Vegas, NV 89102
United States of America

**Contact for Investors**

ir@huuugegames.com
https://ir.huuugegames.com
http://huuugegames.com