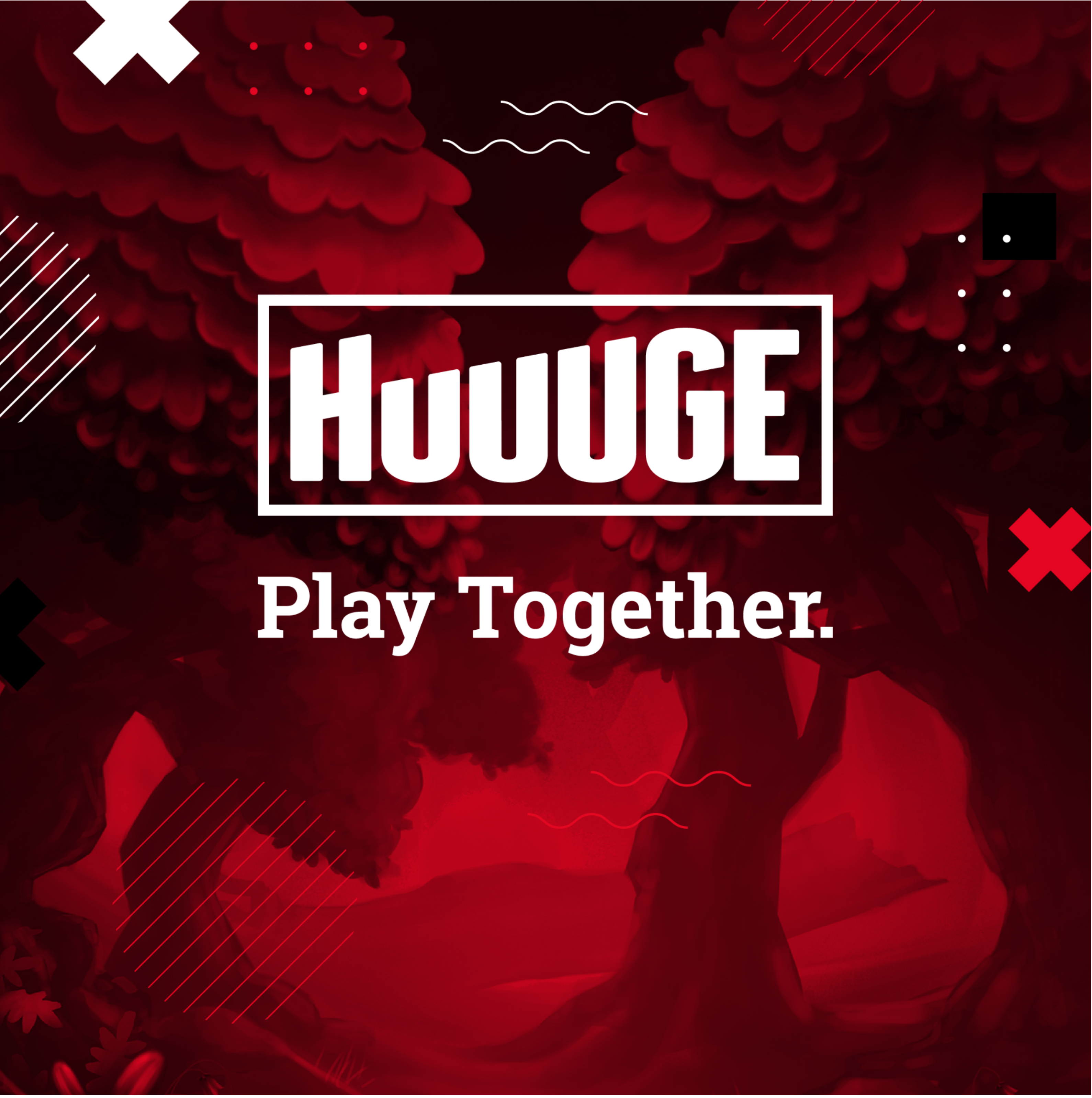

HUUUGE INC.
SEPARATE FINANCIAL STATEMENTS

as of and for the year ended December 31, 2022

prepared in accordance with International Financial Reporting Standards
as adopted by the European Union

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Company's separate statement of comprehensive income

	Note	Year ended December 31, 2022	Year ended December 31, 2021
Revenue	6	**2,922**	**3,824**
Cost of sales		-	-
Gross profit		**2,922**	**3,824**
Sales and marketing expenses	8	(76)	(76)
Research and development expenses	8	(2,156)	(1,447)
General and administrative expenses	8	(8,167)	(5,206)
Other operating income/(expense), net		(16)	(80)
Operating result		**(7,493)**	**(2,985)**
Finance income	9	986	57
Finance expense	9	(376)	(42,205)
Profit/(loss) before tax		**(6,883)**	**(45,133)**
Income tax	10	(829)	(73)
Net result for the year		**(7,712)**	**(45,206)**
Other comprehensive income		-	-
Total comprehensive income/(loss) for the year		**(7,712)**	**(45,206)**

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

(all amounts in tables presented in thousand USD, except where stated otherwise)

Company's separate statement of financial position

	Note	As of December 31, 2022	As of December 31, 2021
Assets			
Non-current assets			
Property, plant and equipment		80	87
Right-of-use asset	20	62	137
Investment in subsidiaries	1, 11	29,162	26,856
Other non-financial assets		30	6
Deferred tax asset	10	112	48
Total non-current assets		**29,446**	**27,134**
Current assets			
Trade and other receivables	14	1,224	4,149
Corporate income tax receivable		-	303
Cash and cash equivalents	15	86,210	106,330
Other non-financial assets		6	-
Total current assets		**87,440**	**110,782**
Total assets		**116,886**	**137,916**
Equity			
Share capital	16	2	2
Treasury shares	16	(20,942)	(19,954)
Supplementary capital	16	304,487	321,049
Employee benefit reserve	17	22,894	19,813
Retained earnings/(Accumulated losses)		(193,753)	(186,041)
Total equity		**112,688**	**134,869**
Non-current liabilities			
Long-term lease liabilities		-	66
Total non-current liabilities		**-**	**66**
Current liabilities			
Trade and other payables	19	4,092	2,903
Short-term lease liabilities	20	67	78
Corporate income tax liability		39	-
Total current liabilities		**4,198**	**2,981**
Total equity and liabilities		**116,886**	**137,916**

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

(all amounts in tables presented in thousand USD, except where stated otherwise)

Company's separate statement of changes in equity

	Note	Share capital	Treasury shares	Supplementary capital	Employee benefit reserve	Retained earnings/(accumulated losses)	Equity
As of January 1, 2022		**2**	**(19,954)**	**321,049**	**19,813**	**(186,041)**	**134,869**
Net profit (loss)		-	-	-	-	*(7,712)*	*(7,712)*
Total comprehensive income for the period		**-**	**-**	**-**	**-**	**(7,712)**	**(7,712)**
Shares issued/(repurchased)*	16	0	(20,090)	-	-	-	(20,090)
Exercise of stock options	16	-	18,791	(16,251)	-	-	2,540
Delivery of shares to former owners of Double Star Oy	16,17	-	311	(311)	-	-	-
Employee share schemes - value of employee services	17	-	-	-	3,081	-	3,081
As of December 31, 2022		**2**	**(20,942)**	**304,487**	**22,894**	**(193,753)**	**112,688**

* Shares issued/(repurchased) line includes payments for the purchase of 4,989,608 own shares under the buy-back program, which were registered at Central Securities Depository as of the date of these financial statements. On August 2, 2022, the Company suspended the purchase of its own shares.

(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)	Equity
As of January 1, 2021		**2**	**(33,994)**	**14,040**	**8,053**	**(140,835)**	**(152,734)**
Net profit (loss)		-	-	-	-	*(45,206)*	*(45,206)*
Total comprehensive income for the period		**-**	**-**	**-**	**-**	**(45,206)**	**(45,206)**
Redemption of treasury shares	16	-	33,994	(33,994)	-	-	-
Conversion of preference shares	16,18	0	-	215,603	-	-	215,603
Shares issued/(repurchased)	16	0	(43,976)	152,929	-	-	108,953
Exercise of stock options	16	-	24,022	(22,672)	-	-	1,350
Employee share schemes - value of employee services	17	-	-	-	11,830	-	11,830
Earn-out consideration - value of employee services	17	-	-	-	(70)	-	(70)
Transaction costs of an issuance of equity instruments*		-	-	(4,857)	-	-	(4,857)
As of December 31, 2021		**2**	**(19,954)**	**321,049**	**19,813**	**(186,041)**	**134,869**

* Transaction costs of an issuance of equity instruments which amounted to USD 7,097 thousand as presented in the cash flows from financing activities in the statement of cash flows for the year ended December 31, 2021 comprise USD 4,857 thousand deducted from equity as presented in the table above, and USD 2,240 thousand recognized in statements of other comprehensive income for the year ended December 31, 2020.

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

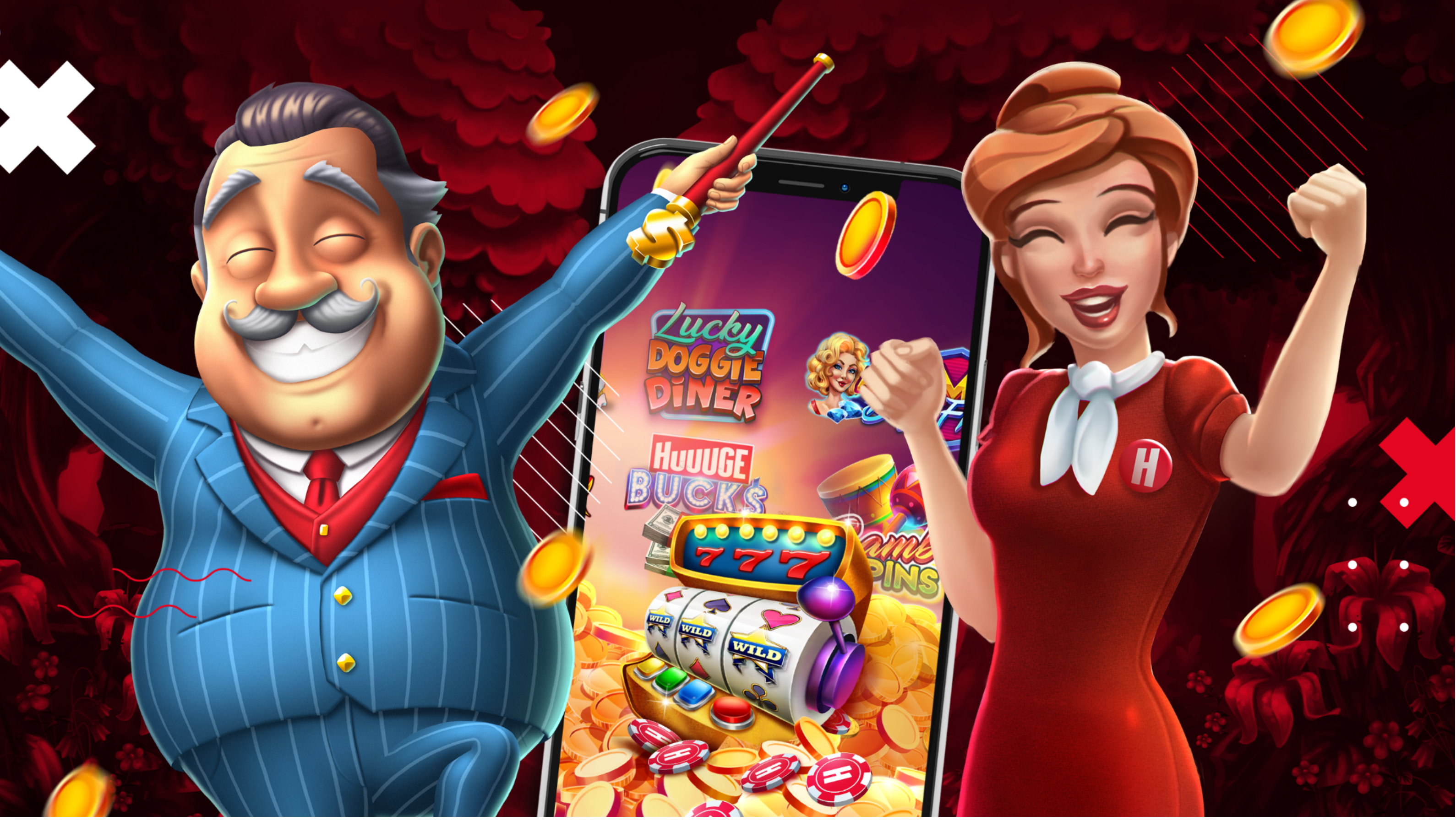
(all amounts in tables presented in thousand USD, except where stated otherwise)

Company's separate statement of cash flows

	Note	Year ended December 31, 2022	Year ended December 31, 2021
Cash flows from operating activities			
Profit/(loss) before tax		**(6,883)**	**(45,133)**
Adjustments for:			
Depreciation and amortization		103	95
Non-cash employee benefits expense - share-based payments	17	774	565
Remeasurement and other finance expenses related to preference shares liability		-	38,997
Finance (income)/expense, net	9	(1,051)	2,622
Changes in net working capital:			
Trade and other receivables	14	2,925	11,079
Trade and other payables	19	1,189	(2,249)
Other non-financial assets		(30)	-
Provisions		-	(6,500)
Other adjustments		(4)	25
Cash flows from operating activities		**(2,977)**	**(499)**
Income tax (paid)/received		(545)	105
Net cash flows from operating activities		**(3,522)**	**(394)**
Cash flows from investing activities			
Acquisition of property, plant and equipment and intangible assets		(21)	(72)
Purchase of shares in subsidiaries and capital injection		-	(2,485)
Interest received	9	590	128
Repayment of loans granted to subsidiaries		-	1,400
Net cash flows from investing activities		**569**	**(1,029)**
Cash flows from financing activities			
Shares issued/(repurchased)	16	(20,090)	-
Exercise of stock options	16	2,540	1,350
Lease repayment	20	(78)	(75)
Proceeds from issuance of common shares for public subscription		-	152,929
Execution of stabilization option		-	(43,976)
Loss on foreign exchange forward contract		-	(2,662)
Transaction costs of issuance of equity instruments		-	(7,097)
Net cash flows from financing activities		**(17,628)**	**100,469**
Net increase/(decrease) in cash and cash equivalents		**(20,581)**	**99,046**
Effect of exchange rate fluctuations and accrued interest		461	-
Cash and cash equivalents at the beginning of the period	15	**106,330**	**7,284**
Cash and cash equivalents at the end of the period		**86,210**	**106,330**

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

(all amounts in tables presented in thousand USD, except where stated otherwise)



NOTES TO THE SEPARATE FINANCIAL STATEMENTS

1. General information

Huuuge Inc. (hereinafter the “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, NV 89102.

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

These separate financial statements (hereinafter “financial statements”) of the Company cover the year ended December 31, 2022 and includes comparative data for the year ended December 31, 2021.

The Company has an unlimited period of operation.

The core business activity of Huuuge Inc. is holding activity for the Huuuge Inc. Group (the “Group”), for which the Company is the ultimate parent. The core business activities of the Group include:

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

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

Identification of consolidated financial statements

The Company is the ultimate parent of the Huuuge Inc Group. The Company has prepared consolidated financial statements for the year ended December 31, 2022, which were approved on March 24, 2023 by the Board of Directors.

Composition of the Company’s Board of Directors as of December 31, 2022 and December 31, 2021 and as of the date of signing of this 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 of December 31, 2021, the Company’s Board of Directors consisted of the Chief Executive Officer, who was also an executive director, and non-executive directors. The Chief Executive Officer and executive director was Mr. Anton Gauffin, and non-executive directors were:

- Henric Suuronen, director,
- Krzysztof Kaczmarczyk, director,
- John Salter, director,
- Rod Cousens, director.

On April 7, 2022, Mr. Rod Cousens was appointed as a co-CEO, and Mr. Tom Jacobsson was elected as a non-executive director. After this change, as of 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 will remain a member of the Issuer’s Board of Directors. As a result, Mr. Anton Gauffin will be the sole Chief Executive Officer of the Company.

After these changes, as of the date of signing of these separate financial statements the composition of the Company's Board of Directors is 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.

Financial statements approval

These financial statements were approved on March 24, 2023 by the Board of Directors.

Investments in subsidiaries

The Company has direct and indirect an interest in share capital of the following subsidiaries:

Name of entity	Registered seat	Activities	Share in capital	
			As of December 31, 2022	As of December 31, 2021
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%	-
Huuuge Digital Ltd	Tel Aviv, Israel	games development, R&D	100%	100%
Playable Platform B.V.	Amsterdam, Netherlands	games advertisement	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%
Huuuge Tap Tap Games Ltd	Hong Kong	games development, user acquisition	-	100%

(all amounts in tables presented in thousand USD, except where stated otherwise)

On April 8, 2022, Coffee Break Ltd., a subsidiary wholly owned by Huuuge Global Ltd changed its name to Huuuge Block Ltd.

On April 29, 2022, Huuuge Tap Tap Games Ltd was successfully deregistered and dissolved.

On May 4, 2022, a new subsidiary wholly owned by Huuuge Global Ltd was registered under the name Billionaire Games Limited.

2. Basis for preparation of the financial statements

a) Statement of compliance

These financial statements of the Company have been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union ("IFRS") and constitute the Company's separate financial statement prepared in order to meet the legal requirements imposed on issuers of the securities admitted to trading on regulated markets.

The Company is the parent entity of the Huuuge Inc. Group. The annual consolidated financial statements of the Group have been prepared in accordance with the requirements of IFRS. In order to fully understand the financial situation and the results of operations of the Company as the parent company in the Group, these financial statements should be read together with the annual consolidated financial statements for the period ended on 31 December 2022. The consolidated financial statements of the Group are prepared and published at the same time as these separate financial statements of the Company.

b) Historical cost convention

These financial statements are prepared on the historical cost basis, except for the series C preference shares, which were measured at fair value with the gains/losses recognized in profit or loss until their redemption in February 2021, and derivatives, which were measured at fair value with the gains/losses recognized in profit or loss prior to its execution during the year 2021.

c) Functional and presentation currency

The functional currency of the Company and the presentation currency of these financial statements is the US dollar ("USD").

d) Key judgements and estimates

The preparation of financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimated. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

In preparing these financial statements, the significant judgements and estimates made by management in applying the Company's accounting policies have been consistently applied by the Company and are consistent across the reported periods.

Model of revenue recognition

Agent vs principal considerations – transactions between the Company and Huuuge Global Limited

The Company purchases certain advertisement services from third parties (mostly Platform providers such as Facebook), which are subsequently recharged to Huuuge Global Ltd. The Company's management has determined that in its relation to the platforms the Company acts as an agent on behalf of Huuuge Global Ltd.

In accordance with IFRS 15.B34, when another entity is involved in providing goods or services to a customer, the entity evaluates the nature of its promise to the customer, whether the nature of the entity`s performance obligation is to provide the specified goods or services to the customer itself (in this case the entity is a principal) or to arrange for them to be provided by another entity (in this case the entity is an agent). In accordance with IFRS 15.B35, the entity acts as the principal, if it obtains control of the specified good or service before it is transferred to the customer, otherwise the entity acts as an agent arranging for the provision of the specified goods or service for another entity`s customer. An agent recognizes revenue on a net basis corresponding to any fee or commission to which it expects to be entitled in return for the arrangement of provision of goods or services by another entity.

The Company's management assessed that, taking into account the IFRS 15 guidance, the nature of the Company's performance obligation is to ensure the provision of advertisement services by Platform providers such as Facebook for Huuuge Global Ltd, and that the Company itself does not obtain control over the goods or services provided prior to its transfer to the customer. The Company's management therefore assessed that the Company acts as an agent to Huuuge Global Limited. The conclusion that the Company acts as an agent is supported mainly by the following factors: Platform providers (such as Facebook) have the ultimate responsibility for providing the services to Huuuge Global Ltd; the Company does not set the prices for the advertisement services, nor it has a discretion to select the Platforms, Platform providers have right to change these prices at any time at their discretion.

The Company being an agent presents revenues from those transactions in net amounts – revenue from Huuuge Global Ltd for the provision of these services was fully netted with related costs in the statement of comprehensive income for the years ended December 31, 2022 and December 31, 2021.

For details on the accounting policies related to the revenue recognition please refer to Note 4 *Significant accounting policies*, point (b) *Revenue*.

Money market mutual funds

As part of its liquidity management, the Company makes overnight deposits of its daily cash surpluses in money market mutual funds. The money market fund is an open-ended mutual fund that invests in short-term debt instruments (typically one day to one year) such as treasury bills, certificates of deposit, bonds, government gilts and commercial paper with high ratings (mainly A3 based on Moody's rating). The main goals are the preservation of principal, high liquidity and a modest incremental return over short-term interest rates or a benchmark rate.

Key judgment in applying accounting policies refers to the classification of investments in money market mutual funds as "Cash and cash equivalents" and not as "Other financial assets". The units of the funds held by the Company are short-term, highly liquid, readily convertible to known amounts of cash and are subject to an insignificant risk of future changes in value, thus they meet the critical criteria indicated in IAS 7 *Statement of Cash Flows* and have been considered in substance as cash equivalents.

Investments in money market funds have a determinable market value and they are puttable, with a short notice period. The Company can dispose the investments in funds at its discretion any time (same-day access), funds are not closed for a selected group of participants. They are convertible into a cash and the cash amount to be received on redemption is known at the time of the investment because at the time of the initial investment, the risk of changes in value is insignificant. The volatility of changes in fair value, in particular the credit and liquidity risk, is limited taking into account the level of diversification of the portfolio and its weighted average life of the underlying assets of the funds. The exposure to benchmark interest rate risk is also assessed to be low because of short period of time until the next repricing of the assets held by the fund to current benchmark interest rates. These facts support the view that the investment is liquid.

In addition, the Company considered the assets held by the fund to establish whether substantially all of its investments qualify individually as cash and cash equivalents. The consideration referred to all potential investments allowed by the investment rules set for the fund, and not only the assets that the fund holds as of the evaluation date. It was assessed that in general the investments' maturity is less than three months and thus, investments qualify individually as cash and cash equivalents.

Due to the above, in the management's opinion, the Company's investments in money market funds have the attributes to be considered a cash equivalent. This analysis is performed at each reporting period. For details on the funds and their credit ratings please refer to Note 12 *Financial risk management*, point (b) *Credit risk*. For carrying amounts as at December 31, 2022 and December 31, 2021 please refer to Note 15 *Cash and cash equivalents*.

Estimation uncertainty

The assumptions made about the future and the major sources of estimation uncertainty refer to the following areas:

Deferred tax assets and liabilities, in particular the realizability of deferred tax assets

In order to determine deferred tax assets and deferred tax liabilities the management needs to make estimates and judgments, especially in the valuation of deferred tax assets and liabilities. Significant management estimate is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies. The process includes evaluation of the tax results of the Company, under consideration of local tax laws and regulations, assessment of the actual tax exposure and of temporary differences as well as assessment of the likelihood that deferred tax assets can be utilized in future periods through generation of taxable profits.

The recognition of a deferred tax asset is based on the assumption that it will be recoverable against future taxable income. The deterioration of tax results in the future could cause that this assumption could not be justified. When accounting for transactions the Company takes into account uncertainties as to whether its treatment will be accepted by the tax authorities. Estimates used for the recognition of deferred tax assets are updated annually with factors such as expected tax rates and expected future tax results of the Company.

Deferred tax liabilities and assets are not recognized for temporary differences between the carrying amount and tax bases of investments in subsidiaries as the Company is able to control the timing of the reversal of the temporary differences and in the management's assessment it is probable that the differences will not reverse in the foreseeable future.

For more details on deferred tax assets and liabilities please refer to Note 4 *Significant accounting policies*, point (c) *Income tax* and to Note 10 *Income tax*.

Provisions and contingent liabilities

Determination of provisions and contingent liabilities is based on management's assessment of the probability of the outflow of resources embodying economic benefits, according to guidelines included in IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period and are discounted to present value where the effect is material.

As of December 31, 2019 the Company recognized provision for a potential unfavorable outcome in the court case, presented in the line "Provisions" in the statement of financial position as of December 31, 2020. Subsequently the Court ordered the Company to settle final claims determinations, including payment and prospective relief. Payment amounting to USD 6,500 thousand was made on March 26, 2021, with the corresponding utilization of the provision. Further, Huuuge Global Ltd agreed to participate in covering costs related to conclusion of the settlement agreement by compensating of the settlement fund amount.

Preference shares

In September 2017, the Company issued series C preference shares to several investors. The series C preference shares were converted into ordinary shares on February 5, 2021. For further detail please refer to Note 5 *Determination of fair values*, point (a) *Preference shares liability measured at fair value through profit or loss*.

Prior to conversion, the management concluded that the series C preference shares met the definition of a financial liability because they were effectively convertible into a variable number of ordinary shares upon occurrence of an uncertain future events, such as share split, combination or issuance of shares which are genuine and outside of the Company's control (IAS 32 paragraph 16(b) and 25). Accordingly, the series C preference shares were classified as a financial liability and measured initially and subsequently at fair value through profit or loss. As of December 31, 2022 and as of December 31, 2021, after the conversion there was no such liability, however the finance expenses for the year 2021 include the valuation of preference shares series C prior to conversion into common shares. For further details please refer to Note 9 *Finance income and expense.*

Execution of stabilization option

In relation to the initial public offering, on February 5, 2021 the Company and IPOPEMA Securities S.A. ("Stabilization Manager") signed a Stabilization Agreement. The purpose of the Stabilization Agreement was to stabilize the price of the Huuuge Inc. shares at a level higher than the level which would otherwise have prevailed. For the purpose of accounting for the stabilization transaction, the Company treated the entire stabilization agreement as a financing transaction, i.e. repurchase of own shares from the market in the scope of IAS 32 and IFRS 9. The remuneration of the Stabilization Manager was treated as a share-based payment in accordance with IFRS 2 because the amount of the remuneration was based on the value of the shares. For more details, please refer to Note 16 *Share capital*.

3. Adoption of new and revised Standards

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;
- IFRS 17 *Insurance Contracts* (issued on May 18, 2017) including Amendments to IFRS 17 (issued on June 25, 2020) - effective for financial years beginning on or after January 1, 2023;
- Amendments to IAS 1: *Presentation of Financial Statements: Classification of Liabilities as Current or Non-curren*t - *Deferral of Effective Date and Non-current Liabilities with Covenants* (issued on January 23, 2020 and July 15, 2020 and 31 October 2022, respectively) – not yet endorsed by the EU at the date of approval of these 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 financial statements for issue – effective for financial years beginning on or after January 1, 2024;
- Amendments to IAS 1 and IFRS Practice Statement 2: *Disclosure of Accounting policies* (issued on February 12, 2021) – effective for financial years beginning on or after January 1, 2023;
- Amendments to IAS 8: *Definition of Accounting Estimates* (issued on February 12, 2021) – effective for financial years beginning on or after January 1, 2023;
- Amendments to IAS 12: *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* (issued on May 7, 2021) – effective for financial years beginning on or after 1 January 2023;
- Amendments to IFRS 17 Insurance contracts: *Initial Application of IFRS 17 and IFRS 9* – Comparative Information (issued on 9 December 2021) – effective for financial years beginning on or after 1 January 2023;

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

New International Financial Reporting Standards and Interpretations effective for the first time for financial year 2022

During the year 2022, the following IFRS and amendments to IFRS or interpretations entered into force:

- Amendments to IFRS 3: Reference to the Conceptual Framework (issued on May 14, 2020): effective for financial years beginning on or after January 1, 2022;
- Amendments to IAS 16: Property, Plant and Equipment – Proceeds before Intended Use (issued on May 14, 2020): effective for financial years beginning on or after January 1, 2022;
- Amendments to IAS 37: Onerous Contracts – Cost of Fulfilling a Contract (issued on May 14, 2020): effective for financial years beginning on or after January 1, 2022;
- Annual Improvements to IFRS Standards 2018–2020 (issued on May 14, 2020): effective for financial years beginning on or after January 1, 2022.

The amendments listed above did not have any impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

4. Significant accounting policies

The accounting policies applied by the Company in these financial statements have been consistently applied by the Company and are consistent across the reported periods, unless indicated otherwise.

(a) Foreign currency transactions – transactions and balances

Transactions in foreign currencies are translated to USD (which is the functional currency of the entity and the presentation currency of these financial statements) at exchange rates effective on the days of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into USD at the applicable closing exchange rates as of the balance sheet date. The foreign exchange rate differences arising on translation of transactions denominated in foreign currencies are recognized in the profit or loss in the statement of comprehensive income.

Non-monetary assets and liabilities that are measured at historical cost in foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at the exchange rates at the date the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

(b) Revenue

The Company's revenue is generated by services provided to the other entities in the Group. The Company's revenue comprises revenues from advertisement services, game design development services, and stewardship activities. In addition, revenue for the year ended December 31, 2021 was generated from legal services.

Advertisement services

The Company purchases certain advertisement services from third parties (mostly Platform providers such as Facebook), which are subsequently recharged to Huuuge Global Ltd. The Company's management has determined that in its relation to the platforms the Company acts as an agent on behalf of Huuuge Global Ltd. Further information on the judgment in this respect is presented in Note 2 *Basis for preparation of the financial statements,* point (d) *Key judgements and estimates – Model of revenue recognition.*

The Company's management identified one performance obligation which is advertisement services in gaming applications. Revenue is recognized over time, in the period in which services are provided.

Game design development services, legal services and stewardship activities

Under each of these revenue streams, The Company's management identified one performance obligation. Revenue is recognized over time, in the period in which services are provided. For game design development services, legal services and stewardship activities, the Company has a right to consideration in an amount that corresponds directly with the value to the customer of the entity's performance completed to date.

Management assesses that the Company does not have any contracts where the period between the transfer of the promised goods or services and payment exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money. A receivable is recognized when the consideration is unconditional because only the passage of time is required before the payment is due.

In relation to these services, the Company's management has determined that the Company acts as the principal as it controls the specified good or service before it is transferred to the customer. In such circumstances, the Company recognizes revenue in the amount of gross remuneration to which it expects to be entitled in exchange for the goods or services transferred.

(c) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items are recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is not recognized for temporary differences arising on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax liabilities and assets are not recognized for temporary differences between the carrying amount and tax bases of investments in subsidiaries where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent it is no longer probable that the related tax benefit will be realized.

(d) Shares in subsidiaries, associates and joint ventures

Shares in subsidiaries, associates and joint ventures not classified as held for sale in accordance with IFRS 5, are measured at historical cost in accordance with IAS 27 reduced by impairment losses, if any arise in accordance with IAS 36. The impairment test is carried out if there are any indications of impairment. The amount of the impairment loss is assessed by comparing the carrying amount to the higher of fair value less costs to sell and value in use. Usually, transaction costs related to acquisition of shares in subsidiaries increase the costs (the carrying amount) of the investment.

Subsidiaries are entities controlled by the Company.

The Company controls an entity when it:

- has power to direct the relevant activities of the investees that significantly affect their returns,
- has exposure, or rights, to variable returns from its involvement with the investees,
- has the ability to use its power over the investees to affect the amount of the investor’s returns.

The Company verifies if it has control over entities, if an event results in a change to one or more of the control conditions listed above.

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. The Company does not have any associates.

(e) Financial instruments

The Company recognizes the non-derivative financial instruments such as long-term and short-term deposits, trade and other receivables, cash and cash equivalents (including investments in mutual funds and money market interest-bearing account) and trade and other payables.

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (“FVPL”), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

The Company classifies its financial assets to the measurement category: debt instruments to be measured at amortized cost. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest ("SPPI test"), are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss.

Management assesses the Company's expected credit losses ("ECLs") associated with debt instruments measured at amortized cost, regardless of whether or not there has been any indication of impairment. Please refer to Note 4 *Significant accounting policies*, point (g) *Impairment, (i) Financial assets* below.

(f) Leases

Management assesses at the time of entering into a contract whether the contract is a lease or contains a lease. A contract is a lease or contains a lease if it conveys the right to control the usage of an identifiable asset for a given period in exchange for consideration.

The Company applies a uniform approach to the recognition and measurement of all lease agreements except for short-term leases and low value asset leases. On the commencement date of a lease, the Company recognizes a right-of-use asset and a lease liability.

Right-of-use assets

The Company recognizes right-of-use assets on the date of commencing a lease i.e. at the date at which the leased assets are available for use by the Company. The right-of-use assets are presented in a separate line in the statement of financial position. The Company does not have any right-of-use assets that meet the definition of investment property which would be presented in a statement of financial position in a separate line as "investment property".

Right-of-use assets are measured initially at cost comprising the following:

- the amount of the initial measurement of the lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs,
- restoration costs.

Subsequently, the right-of-use assets are measured at cost less accumulated depreciation and any accumulated impairment losses and adjusted for remeasurement of the lease liability due to reassessment or lease modifications.

The right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. The amortization periods for the right-of-use assets are as follows:

Right of use for vehicles	3 years
Right of use for offices	1 – 5 years

Lease liabilities

At the commencement date lease liabilities are measured at an amount equal to the present value of the following lease payments for the underlying right-of-use assets during the lease term:

- fixed payments (including in substance fixed payments), less any lease incentives receivable,
- variable lease payments that are based on an index or a rate,
- amounts expected to be payable by the entity under residual value guarantees,
- the exercise price of a purchase option if the Company's management is reasonably certain to exercise that option,
- payments of penalties for terminating the lease, if the lease term reflects the Company would exercise that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, or the Company's incremental borrowing rate.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The carrying amount of liability is remeasured to reflect any reassessment, lease modification or revised in-substance fixed payments.

The lease term includes the non-cancellable period of a lease plus periods covered by options to extend and/or terminate the lease if it is reasonably certain that the lease will be extended or terminated.

The Company applies the exemptions for short-term leases and leases of low-value assets. Payments associated with all short-term leases, i.e. with lease terms of 12 months or less, and certain leases of low-value assets, for which the underlying value is settled at USD 5 thousand or less, are recognized on a straight-line basis over the lease term as an expense in profit or loss.

(g) Impairment

(i) Financial assets

Management assesses the Company's ECLs associated with debt instruments measured at amortized cost, regardless of whether or not there has been any indication of impairment.

For trade receivables, the Company applies a simplified approach and measures a loss allowance for expected credit losses at the amount equal to the expected credit losses over the instrument's lifetime. The Company uses its historical data on credit losses, adjusted on an as-needed basis for the impact of forward-looking statements.

For other financial assets the Company applies a three-stage model for impairment, based on changes in credit quality since initial recognition. A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1. Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12 Months ECL"). If the Company identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL"). The financial assets with objective evidence of impairment are classified to Stage 3; for such assets lifetime ECL is recognized.

(ii) Non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, or annual impairment testing for an asset is required, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

For other assets impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

At the end of each reporting period, management assesses whether there is any indication that any Company's assets may be impaired. Intangible assets with indefinite useful lives are tested for impairment annually as at December 31 at the cash-generating unit level, irrespective of whether there is any indication of impairment.

As at December 31, 2022 and December 31, 2021 the Company had no intangible assets with an indefinite useful life.

(h) Cash and cash equivalents

Cash and cash equivalents comprise cash balances, call deposits and highly liquid investments (including money market funds) with maturities at initial recognition of three months or less.

The judgment relating to the classification of the investments in money market funds as "cash and cash equivalents' is disclosed in Note 2 *Basis for preparation of the financial statements*, point (d) *Key judgements and estimates – Money market mutual funds*.

Cash on bank accounts and investments in money market mutual funds meets the SPPI test and the business model test "held to collect", therefore they are measured at amortized cost including an impairment loss determined in accordance with the expected loss model described in Note 4 *Significant accounting policies*, point (g) *Impairment*, (i) *Financial assets*.

(i) Trade and other receivables

Trade receivables are recognized initially at the fair value which is equal to the nominal amount when the contract does not contain significant financing. Subsequently, they are carried at amortized cost using the effective interest method, less loss allowance. The loss allowance is determined according to the accounting policy presented in Note 4 *Significant accounting policies,* point (g) *Impairment* (i) *Financial assets*.

Other receivables include deposits made to purchase property, plant and equipment, receivables from employees and receivables from the state budget. Other receivables that are not financial assets as at the end of the reporting period are measured at the amount due.

(j) Trade and other payables

These amounts represent liabilities for goods and services provided to the group prior to the end of the financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

The other payables comprise employees-related liabilities, tax other than income tax liabilities, and accrued expenses, which are measured at the amount due.

(k) Share capital and other components of the equity

Share capital is presented at the total nominal value of the registered shares of the Company.

As of December 31, 2022 and December 31, 2021 all ordinary shares and preference shares (series A and B) are classified as equity. Preferences attributable to series A and B of preference shares are described in Note 16 *Share capital*.

Incremental costs directly attributable to the issue of new shares are presented as the deduction of equity, i.e. supplementary capital. Qualifying transaction costs incurred in anticipation of an issuance of equity instruments are also deducted from the equity, i.e. supplementary capital. If the equity instruments are not subsequently issued, the transaction costs are recognized as an expense.

Any excess of the fair value of consideration received over the nominal value of shares issued is recorded as share premium in equity, i.e. supplementary capital.

In the line “Treasury shares”, the Company presents the own shares repurchased, which are recognized at costs and are deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company shares. Any difference between the carrying amount and the consideration, if reissued, is recognized in the supplementary capital. Incremental costs directly attributable to the repurchase of own shares are presented as the deduction of equity, i.e. in the line “Treasury shares”.

In accordance with Delaware General Corporation Law, the Company may declare and pay dividends upon the shares of its capital stock either:

1. Out of its surplus, being the excess of its net assets over its capital (all or part of the consideration received by the corporation in exchange for its capital stock, as determined by the Board of Directors); or

2. In case there shall be no such surplus, out of its net profits for the fiscal year in which the dividend is declared and/or the preceding fiscal year.

If the capital, as defined above, shall have been diminished by depreciation in the value of its property, or by losses, or otherwise, to an amount less than the aggregate amount of the capital represented by the issued and outstanding stock of all classes having a preference upon the distribution of assets, the directors of such company shall not declare and pay out of such net profits any dividends upon any shares of any classes of its capital stock until the deficiency in the amount of capital represented by the issued and outstanding stock of all classes having a preference upon the distribution of assets shall have been repaired.

Employee benefits reserve results from the share-based payment arrangements and is described in details in Note 4 *Significant accounting policies*, (m) *Share-based payment arrangements* and Note 17 *Share-based payment arrangements*.

(l) Interest-bearing loans and borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are derecognized when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss as other income or finance costs.

Modifications of liabilities that do not result in derecognition are accounted for as a change in estimate using a cumulative catch up method, with any gain or loss recognized immediately in profit or loss, unless the economic substance of the difference in carrying values is attributed to a capital transaction with owners.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(m) Share-based payment arrangements

The Company runs an award program where the employees and contractors are receiving free options which entitle them to purchase the shares in the Company. Such a program is a share-based payment program which is classified as equity settled due to the fact that the Company does not have an obligation to settle the obligation arising under the program by delivering cash to the employees or contractors.

Equity-settled share-based payments to employees of the Company and its subsidiaries and others providing similar services are measured at the fair value of the equity instruments at the grant date. The grant date fair value of the awards is determined using a share option pricing model.

Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 17 *Share-based payment arrangements*.

Options with the same grant date but with different periods during which all the specified vesting conditions of a share-based payment arrangement are to be satisfied are treated as separate awards with a different vesting period (staged vesting).

The fair value determined at the grant date of the equity-settled share-based payments is expensed (options granted to employees of the Company) or allocated to investments in subsidiaries (options granted to employees of the Company's subsidiaries) over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each period the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss, or investment in subsidiaries, such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefit reserve.

IFRS 2 *Share-based Payment* does not address whether an increase in equity recognized in connection with a share-based payment transaction should be presented in a separate component within equity or within retained earnings. Such an increase is presented in the line "Employee benefit reserve".

The amount recognized as an expense or allocated to investment in subsidiaries is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

Share - based payment transactions with non-employees

Share-based payment transactions with non-employees include the transactions in which non-employees provide services to the Company in exchange for free options which entitle them to purchase the shares in the Company.

In accordance with IFRS 2, the Company measures the services received, and the corresponding increase in equity, directly, at the fair value of the goods or services received, unless that fair value cannot be estimated reliably. If the fair value of the services received cannot be estimated reliably, the Company measures their value, and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments granted.

The Company recognizes the expense charge in the Company's separate statement of comprehensive income over the vesting period for which the related services are provided with the corresponding increase in equity in the line "Employee benefit reserve".

Employee benefits

(i) Defined contribution plans – retirement benefits

The Company has under local laws obligations to pay retirement benefits, however, as the average age of employees is low, no provision has been recorded due to its immaterial amount.

(ii) Other employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(n) Provisions

A provision is recognized when the Company, as a result of a past event, has a present obligation (legal or constructive) that can be estimated reliably and it is probable that the Company will be required to settle that obligation (an outflow of economic benefits will be required). Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period and are discounted to present value where the effect is material.

(o) Research and development expenses

In the position “Research and development expenses”, the Company recognizes costs related to game design of the existing and the new games.

(p) Sales and marketing expenses

In the position “Sales and marketing expenses”, the Company recognizes mostly costs of remuneration.

(q) Finance income and expense

Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position unless material, where separate presentation is required.

Finance income comprises mainly interest income on funds invested. Interest income is recognized as it accrues in profit or loss, using the effective interest method.

Finance expenses comprise interest expense from banks, leases and valuation of preferred shares series C classified as non-current liabilities prior to conversion on February 5, 2021.

5. Determination of fair values

A number of the Company’s accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities.

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, management determines whether in the Company transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company’s management determines the policies and procedures for fair value measurement. External valuers are involved for valuation of significant assets and significant liabilities. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The management decides, after discussions with the Company’s external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the management analyzes the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Company’s accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

Fair values have been determined for measurement and for disclosure purposes as explained below.

(a) Preference shares liability measured at fair value through profit or loss

On February 5, 2021 series C preference shares were converted into common shares. At the date of the conversion series C preference shares liability was measured to fair value based on the value of shares established for the Company's initial public offering, with the loss recognized in profit or loss. For more information, please refer to Note 16 *Share capital* and to Note 18 *Conversion of series C preference shares*.

Prior to conversion, series C preference shares liability was measured at fair value initially and after initial recognition with the gains/loss on subsequent remeasurements being recognized in profit or loss.

(b) Trade and other receivables measured at amortized cost

For trade and other receivables and deposits, the Company's management considers their carrying amounts to be the best estimates of fair values, due to the short-term nature and high liquidity of these instruments. This fair value is determined for disclosure purposes.

(c) Non-derivative financial liabilities measured at amortized cost

For trade accounts payable, the Company's management considers their carrying amounts to be the best estimation of their respective fair values, determined for disclosure purposes, due to the short-term nature of these instruments. Fair value of non-derivative financial liabilities other than trade accounts payable, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For lease liabilities, an interest rate implicit in the lease is used, if that rate can be readily determined; if that rate cannot be readily determined, the lessee's incremental borrowing rate is used.

As of December 31, 2022 and December 31, 2021 the Company does not classify any assets or liabilities to be subsequently measured at fair value.

6. Revenue

The Company's revenue is generated by services rendered to the other entities in the Group. The Company's revenue comprises revenues from facilitating the advertisement services on behalf of Huuuge Global Ltd. and delivering game design development services, stewardship activities and legal services. The Company as an agent presents revenues from advertisement services in net amounts, for further details on the judgment please refer to Note 2 *Basis for preparation of the financial statements*, point (d) *Key judgements and estimates*. In the year ended December 31, 2022 the Company's revenues amounted to USD 2,922 thousand (USD 2,724 thousand from game design services and USD 197 thousand from stewardship services), and in the year ended December 31, 2021, USD 3,824 thousand (USD 2,681 thousand from game design services, USD 820 thousand from stewardship services and USD 323 thousand from legal services).

7. Segment information

The Company uses the exemption with respect to the disclosures of segment information in accordance with IFRS 8.4, therefore, the analysis of the Company's operating segments has been presented in the consolidated financial statements of the Group.

8. Operating expenses

For the years ended December 31, 2022 and December 31, 2021 operating expenses include:

Expenses by nature	Year ended December 31, 2022	Year ended December 31, 2021
Finance & legal services	5,390	3,385
Salaries and employee-related costs	3,757	2,392
Share-based payment expense	774	565
Property maintenance and external services	90	161
Other costs	388	226
Total operating expenses	**10,399**	**6,729**

Finance and legal services in the year ended December 31, 2022 include costs related to review of the strategic options of the Company in the amount of USD 3,438 thousand.

(all amounts in tables presented in thousand USD, except where stated otherwise)

9. Finance income and expense

Finance income

	Year ended December 31, 2022	Year ended December 31, 2021
Interest earned from banks	986	13
Interest earned on loans granted	-	40
Other Interest	-	4
Total finance income	**986**	**57**

Finance income for the year ended December 31, 2022 amounted to USD 986 thousand, which comprises interest from banks on deposits, money market mutual fund investments and money market interest-bearing account, including interest accrued in the amount of USD 396 thousand.

Finance expense

	Year ended December 31, 2022	Year ended December 31, 2021
Foreign exchange losses, net	376	540
Valuation of preferred shares classified as non-current liabilities	-	38,997
Loss on foreign exchange forward contract	-	2,662
Other	-	6
Total finance expense	**376**	**42,205**

Finance expenses for the year ended December 31, 2022 includes net foreign exchange losses in the amount of USD 376 thousand.

Finance expenses for the year ended December 31, 2021 included mainly valuation of preferred shares from series C classified as non-current liabilities prior to conversion on February 5, 2021 (for more information please refer to Note 18 *Conversion of series C preference shares*), loss on foreign exchange forward contract and net foreign exchange losses.

Prior to the initial public offering, the Company had entered into foreign exchange forward contract contingent upon the event of initial public offering. Upon the occurrence of the initial public offering event, the Company received proceeds from the newly issued shares converted to USD at a fixed PLN/USD exchange rate, as determined in the forward contract. The Company's policy choice was to present the profit or loss on forward contracts as finance income or expense accordingly. Loss of USD 2,662 thousand was incurred on the forward contract settlement date, presented in the line "Finance expense" in the statement of comprehensive income for the year ended December 31, 2021.

(all amounts in tables presented in thousand USD, except where stated otherwise)

10. Income tax

	As of December 31, 2022	As of December 31, 2021
Deferred tax assets	140	92
Deferred tax liabilities	28	44
Net deferred tax asset/(liability)	**112**	**48**

	Year ended December 31, 2022	Year ended December 31, 2021
Current income tax	893	-
Adjustments in respect of current income tax of previous year	-	150
Change in deferred income tax	(64)	(77)
Income tax for the period	**829**	**73**

Higher current income tax in the year ended December 31, 2022 is due to the changes introduced to the U.S. tax treatment of research and development costs. Starting from 2022, U.S. taxpayers are required to capitalize and amortize costs related to research and development activities for the tax purposes. The changes resulted in the lower tax-deductible costs, and consequently higher global intangible low-taxed income ("GILTI").

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the statutory tax rate applied to its profit as follows:

Effective tax rate reconciliation	Year ended December 31, 2022	Year ended December 31, 2021
Profit/(loss) before income tax	(6,883)	(45,133)
Statutory tax rate in the United States	21%	21%
Theoretical tax expense/(benefit) according to current tax rate in the United States	(1,445)	(9,478)
Tax impact of non-deductible costs – ESOP	163	119
Tax impact of non-deductible costs – series C shares valuation	-	8,189
GILTI* income net of FDII** deduction, net of foreign tax credit	2,128	1,234
Tax impact of non-deductible costs – other	(17)	(141)
Correction of the current tax relating to previous years	-	150
Tax charge	**829**	**73**
Effective tax rate	**(12%)**	**(0.2%)**

* GILTI – Global Intangible Low-Taxed Income ** FDII – Foreign-Derived Intangible Income. This is a reconciling item since the Company cannot recognize tax benefit on the tax loss due to the foreign-derived intangible income.

(all amounts in tables presented in thousand USD, except where stated otherwise)

Deferred tax reconciliation

Deferred tax assets	As of December 31, 2022	As of December 31, 2021
Accrued expenses	132	62
Lease liabilities	14	30
Unrealized exchange rate differences	(6)	-
Deferred tax assets	**140**	**92**
Compensation with deferred tax liabilities	(28)	(44)
Deferred tax asset presented in the statement of financial position	**112**	**48**

Deferred tax assets are expected to be recovered within 12 months from the reporting date.

Deferred tax liabilities	As of December 31, 2022	As of December 31, 2021
Tangible assets	15	15
Right of use assets	13	29
Other differences	-	-
Deferred tax liabilities	**28**	**44**
Compensation with deferred tax assets	(28)	(44)
Deferred tax liability presented in the statement of financial position	-	**-**

Deferred tax liabilities expected to be settled within 12 months from the reporting date.

	Year ended December 31, 2022	Year ended December 31, 2021
Net deferred tax assets/(liabilities) at the beginning of the period	48	(28)
Net deferred tax assets/(liabilities) at the end of the period	112	48
Deferred tax assets/(liabilities) in the net profit for the period	**(64)**	**(76)**

As of December 31, 2022 and December 31, 2021 there were no unused tax losses for which no deferred tax would be recognized in the statement of financial position.

(all amounts in tables presented in thousand USD, except where stated otherwise)

11. Investment in subsidiaries

	As of December 31, 2022	As of December 31, 2021
Huuuge Global Ltd	3,593	3,593
Huuuge Games Sp. z o.o.	2,326	2,326
Playable Platform B.V.	1,826	1,826
Huuuge UK	345	345
Huuuge Digital Ltd	0	0
Huuuge Tap Tap Games Ltd*	-	1
Impairment	-	-
Options granted to employees of the Company's subsidiaries under stock option program (described in the Note 17 *Share-based payment arrangements*)	21,072	18,765
Total	**29,162**	**26,856**

* On April 29, 2022, Huuuge Tap Tap Games Ltd was successfully deregistered and dissolved.

As at December 31, 2022 and December 31, 2021 there was no impairment of the investment in subsidiaries recognized due to the lack of the impairment indicators. When reviewing the indicators of impairment, the Company's management has considered the following factors:

- external sources, such as: observable indications that the assets' value has declined significantly more that would be expected; significant changes with an adverse effect in the technological, market, economic or legal environment; market capitalization;
- internal sources, such as: evidence of obsolescence or physical damage of the assets; evidence that economic performance of the assets is or will be worse than expected; plans to discontinue or restructure the operation, plans to dispose of the assets before than previously expected.

12. Financial risk management

(a) Introduction

Risk management performed by the Company is aimed at reducing the impact of adverse factors on the financial statements. This note presents information about the Company's exposure to specific risks arising from financial instruments as well as the Company's objectives aimed at maintaining effective process for risk management.

The Company is exposed in particular to the following risks arising from financial instruments:

- credit risk,
- liquidity risk,
- market risk.

(all amounts in tables presented in thousand USD, except where stated otherwise)

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors continually identifies, evaluates and manages the risks faced by the Company, sets appropriate risk limits and controls and monitors risks.

The Company's management monitors financial risks regarding the Group as a whole for the purpose of making risk management related decisions.

(b) Credit risk

Credit risk relating to cash and cash equivalents

The Company is exposed to credit risks mainly with regard to cash and cash equivalents, that include bank deposits and investments in money market funds, which could arise if a counterparty becomes insolvent and accordingly is unable to return the deposited funds or execute the obligations as a result of the insolvency. To mitigate this risk, wherever possible the Company's management conducts transactions and deposits funds with investment grade rated financial institutions, as well as monitors and limits the concentration of transactions with any single party. The Company's management uses Moody's credit ratings. The information about the credit risk rating grades is presented in the table below.

Moody's Rating	As of December 31, 2022	As of December 31, 2021
Aaa	-	105
A3	86,210	106,225
Total cash and cash equivalents	**86,210**	**106,330**

Cash and cash equivalents (investments in money market mutual funds) are kept in financial institutions with Aaa and A3 rating only, which are investment ratings according to Moody's.

Cash and cash equivalents are kept at a limited number of major financial institutions. The Company's management monitors the creditworthiness of the institutions and mitigates concentration risk by not limiting the exposure to a single counterparty, nevertheless at each reporting date there is a significant concentration of the credit risk.

As at December 31, 2022, the concentration of funds in two financial institutions was respectively 82.4% and 17.6%. As at December 31, 2021, the concentration of funds in two financial institutions was respectively 85.6% and 14.4%.

Total gross carrying amounts of cash and cash equivalents as of December 31, 2022 and December 31, 2021 were included in Level 1, based on assessment that credit risk has not increased significantly since initial recognition. For financial assets in Level 1, the Company recognizes 12 month ECL and recognizes interest income on a gross basis – interest will be calculated on the gross carrying amount of the financial asset before adjusting for ECL.

Management has assessed that the Company's provision for expected credit losses related to cash and cash equivalents would not be material in any of the periods presented.

The carrying amount of cash and cash equivalents balance represents the maximum credit exposure.

(all amounts in tables presented in thousand USD, except where stated otherwise)

Credit risk with respect to trade receivables and other receivables

The carrying amount of trade receivables represents the maximum credit exposure. The maximum exposure to credit risk at the reporting dates was as follows:

Carrying amount	As of December 31, 2022	As of December 31, 2021
Trade receivables from third parties	-	-
Trade receivables from related parties	1,100	3,893
Total	**1,100**	**3,893**

The Company' trade receivables are trade receivables from related parties – mainly Huuuge Global Ltd. and Huuuge UK Ltd. Transactions with related parties are described in Note 23 *Related party transactions*.

Allowance for expected credit losses

The Company recognizes allowance for expected credit losses according to IFRS 9 *Financial Instruments,* considering all reasonable and supportive information (e.g. customer rating, historical recoverability).

The Company's trade receivables are trade receivables from its related party for each period presented therefore, the Company does not apply the portfolio approach, and instead performs the analysis on the individual basis. Taking into account that Company's trade receivables are only from related parties and there were no issues with historical recoverability, the related expected credit losses had been assessed as immaterial.

There are no trade receivables which are overdue more than 90 days or individually identified as impaired, nor any receivables from loans granted.

(all amounts in tables presented in thousand USD, except where stated otherwise)

The ageing of trade receivables at the reporting dates was as follows:

As of December 31, 2022	Total	not due and overdue up to 1 month	over 1 month to 3 months	over 3 months to 6 months	over 6 month to 1 year	over 1 year
Trade receivables from related parties	1,100	1,100	-	-	-	-
Allowance for expected credit losses/ impairment	-	-	-	-	-	-
Receivables, net	**1,100**	**1,100**	**-**	**-**	**-**	**-**

As of December 31, 2021	Total	not due and overdue up to 1 month	over 1 month to 3 months	over 3 months to 6 months	over 6 month to 1 year	over 1 year
Trade receivables from related parties	3,893	3,466	106	321	-	-
Loans granted to the related parties	-	-	-	-	-	-
Allowance for expected credit losses/ impairment	-	-	-	-	-	-
Receivables, net	**3,893**	**3,466**	**106**	**321**	**-**	**-**

(all amounts in tables presented in thousand USD, except where stated otherwise)

(c) Liquidity risk

Liquidity risk means the risk that the Company may encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's management approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Liquidity risk is assessed in conjunction with the Company's budgeted cash flows and by managing a proper current liabilities structure.

Unexpected business circumstances that may lead to deteriorating liquidity position are balanced with the demand for the Company's debt. The method of measuring the liquidity risk consists of the analysis of the cover of current liabilities with available cash resources.

There are no bank loan balances and bank loan agreements in force as at December 31, 2022, December 31, 2021 and as at date of approval these financial statements for issue, thus also interest rate risk is remote from the Company's perspective. Moreover, it is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

The Company's operations, and thus its liquidity, have not been adversely affected by the global COVID-19 pandemic.

The following are the contractual maturities of financial liabilities including estimated interest payments as of respective balance sheet dates:

As of December 31, 2022	Carrying amount	Contractual cash flows	6 months or less	6 - 12 months	1 - 2 years	2 - 5 years	over 5 years
Trade payables	107	107	94	13	-	-	-
Accrued expenses (except taxes and employee-related)	2,614	2,614	2,614	-	-	-	-
Lease liabilities	67	67	40	27	-	-	-
Non derivative financial liabilities	**2,788**	**2,788**	**2,748**	**40**	**-**	**-**	**-**

As of December 31, 2021	Carrying amount	Contractual cash flows	6 months or less	6 - 12 months	1 - 2 years	2 - 5 years	over 5 years
Trade payables	533	533	533	-	-	-	-
Accrued expenses (except taxes and employee-related)	1,733	1,733	1,733	-	-	-	-
Lease liabilities	144	144	39	39	66	-	-
Non derivative financial liabilities	**2,410**	**2,410**	**2,305**	**39**	**66**	**-**	**-**

There were no derivative financial instruments at the end of reported periods.

(all amounts in tables presented in thousand USD, except where stated otherwise)

(d) **Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices may affect the Company's income or the value of the financial instruments held. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Company does not apply hedge accounting in order to manage volatility in profit or loss and so far neither has entered into derivatives nor incurred external financial liabilities.

(i) Currency risk

Management of the Company has analyzed currency risk related to variability of exchange rates and did not identify significant balances of accounts denominated in foreign currencies (cash and cash equivalents, trade receivables and trade payables) and transactions carried in foreign currencies which would be associated with a significant currency risk for the Company.

(ii) Interest rate risk

As the Company has not entered in bank loan agreements in the presented periods till December 31, 2022, the interest rate risk is marginal.

The Company does not have any significant interest bearing liabilities at variable rate which would expose the Company to the cash flow risk.

The Company's interest bearing assets are cash and cash equivalents. The deposits, and the investments in money market funds and money market accounts are at a variable interest rate. These are investments which are either readily available, or with a short-term maturity date. Since the expected reasonable shift of the interest rate is insignificant during the maturity period of the investments, profit or loss is not sensitive to the changes of interest rates. Therefore the interest bearing assets at variable rate do not expose the Company to cash flow risk.

(e) **Capital management**

The Board of Directors manages the Company's capital structure and makes adjustments in light of changes in economic conditions.

The Board's of Directors policy is to maintain a strong capital base so as to maintain investors' and market confidence and to sustain future development of the business. The Company's management seeks to maintain a sufficient capital base for meeting the Company's operational and strategic needs, with the objective to safeguard the ability to continue as a going concern and optimize the capital structure in order to reduce the cost of capital and maximize the return on capital to the shareholders. The amount of capital maintained in each reporting period (see table below) met management's objectives.

Managed capital consists of ordinary shares, preference shares of series A and B, as well as repurchased own shares and options as of December 31, 2022. For the amounts, please refer to Note 16 *Share capital,* of these financial statements. There are no externally imposed capital management requirements (such as covenants or similar).

The capital managed by the Company's management included equity as of December 31, 2021 and preference shares series C, classified as non-current financial liabilities prior to its conversion on February 5, 2021.

The Company's management monitors the return on capital on the basis of the basic and diluted earnings per share ratios. Further information on calculation of earnings per share rations is presented in the Group's consolidated financial statements. The objective of the Management is to maximize the return on capital to the shareholders.

No dividends were declared and paid by the Company to its shareholders in the years ending December 31, 2022 and December 31, 2021.

	As of December 31, 2022	As of December 31, 2021
Equity	112,688	134,869
Total capital	**112,688**	**134,869**

(all amounts in tables presented in thousand USD, except where stated otherwise)

13. Accounting classifications of financial instruments and fair values

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position are as follows:

As of December 31, 2022	Financial assets measured at amortized cost	Financial liabilities measured at fair value	Financial liabilities at amortized cost	Financial liabilities out of scope of IFRS 9	Total carrying amount	Fair value
Assets	**87,310**	**-**	**-**	**-**	**87,310**	**87,310**
Trade receivables from related parties	1,100	-	-	-	1,100	1,100
Cash and cash equivalents	86,210	-	-	-	86,210	86,210
Liabilities	**-**	**-**	**107**	**67**	**174**	**174**
Lease liability	-	-	-	67	67	67
Trade payables	-	-	107	-	107	107
Total	**87,310**	**-**	**107**	**67**	**87,484**	**87,484**

As of December 31, 2021	Financial assets measured at amortized cost	Financial liabilities measured at fair value	Financial liabilities at amortized cost	Financial liabilities out of scope of IFRS 9	Total carrying amount	Fair value
Assets	**110,223**	**-**	-	**-**	**110,223**	**110,223**
Trade receivables from related parties	3,893	-	-	-	3,893	3,893
Cash and cash equivalents	106,330	-	-	-	106,330	106,330
Liabilities	**-**	-	**533**	**144**	**677**	**677**
Lease liability	-	-	-	144	144	144
Trade payables	-	-	533	-	533	533
Total	**110,223**	-	**533**	**144**	**110,900**	**110,900**

As at December 31, 2022 and December 31, 2021 the Company's management did not identify any financial assets measured at fair value – neither through profit or loss nor through other comprehensive income.

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

(all amounts in tables presented in thousand USD, except where stated otherwise)

Series C preference shares

Prior to conversion on February 5, 2021 series C preference shares liability was measured at fair value initially with gains/losses on subsequent remeasurements being recognized in profit or loss at each reporting period. The fair value measurements of series C preference shares was classified as Level 3 of the fair value hierarchy.

14. Trade and other receivables

	As of December 31, 2022	As of December 31, 2021
Trade receivables and accrued revenues from related parties	1,100	3,893
Trade accounts receivable from third parties	-	-
Other receivables	68	96
Prepaid expenses	56	160
Total trade and other receivables	**1,224**	**4,149**

Allowance for expected credit losses/ impairment of trade receivables is not significant.

Transactions with related parties are described in Note 23 *Related party transactions*.

Prepaid expenses include advance payments for services that will be received in the future. Main types of prepayments are: subscriptions, expenses from cloud computing arrangements which do not include an intangible asset (software as a service contracts), and administration costs.

15. Cash and cash equivalents

	As of December 31, 2022	As of December 31, 2021
Deposits	70,090	-
Money market mutual fund investments	9,967	245
Money Market Account	5,100	15,003
Cash at banks (current accounts)	1,053	91,082
Total cash and cash equivalents	**86,210**	**106,330**

Money market mutual fund investments have been classified as cash equivalents. For the reasoning, please refer to Note 2 *Basis for preparation of the financial statements*, point (d) *Key judgements and estimates*.

During the year ended December 31, 2022, deposits, money market mutual fund investments and money market interest-bearing accounts generated interest income in the total amount of USD 986 thousand. This includes the accrued interest from bank deposits in the amount of USD 396 thousand (received before the date of these financial statements). For the details, please refer to Note 9 *Finance income and expense*.

As of December 31, 2022 there was restricted cash of USD 15 thousand (USD 19 thousand as of December 31, 2021) included in Cash at banks (current accounts).

(all amounts in tables presented in thousand USD, except where stated otherwise)

16. Share capital

As of December 31, 2022 and December 31, 2021, Company's share capital comprised the 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 of December 31, 2022:</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 of January 1, 2022	**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)	-	-	-	-	-	-	-	-	-	-	(1,459,728)	(29)	(1,459,728)	(29)
Allocation of shares to Share-based payment program	-	-	-	-	(1,459,728)	(29)	1,459,728	29	-	-	-	-	-	-
Exercise of stock options	1,459,728	29	-	-	-	-	(1,459,728)	(29)	-	-	-	-	-	-
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")	(4,989,608)	(100)	-	-	4,989,608	100	-	-	-	-	-	-	-	-
As of December 31, 2022	**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**

(all amounts in tables presented in thousand USD, except where stated otherwise)

<u>Shares classified as equity instruments as of December 31, 2021, i.e. including preference shares of series C after conversion (see Note 12 *Financial risk management* point (e) *Capital management*):</u>

	Common shares		Preference shares (incl. series C)		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 of January 1, 2021	**8,618,959**	**863**	**5,963,949**	**596**	**1,390,019**	**139**	**794,442**	**80**	**16,767,369**	**1,678**	**881,071**	**88**	**17,648,440**	**1,766**
Redemption of treasury shares	-	-	-	-	**(1,390,019)**	**(139)**	**(794,442)**	**(80)**	**(2,184,461)**	**(219)**	**-**	**-**	**(2,184,461)**	**(219)**
Exercise of stock options	6,411	1	-	-	-	-	-	-	6,411	1	(6,411)	(1)	-	-
Allocation of shares to Share-based payment program	-	-	-	-	-	-	-	-	-	-	794,442	80	794,442	80
All shares before share split	***8,625,370***	***864***	***5,963,949***	***596***	**-**	**-**	**-**	**-**	***14,589,319***	***1,460***	***1,669,102***	***167***	***16,258,421***	***1,627***
All shares after share split	***43,126,850***	***864***	***29,819,745***	***596***	**-**	**-**	**-**	**-**	***72,946,595***	***1,460***	***8,345,510***	***167***	***81,292,105***	***1,627***
Conversion of preference shares	29,819,745	596	(29,819,745)	(596)	-	-	-	-	-	-	-	-	-	-
Shares issued	11,300,100	226	-	-	-	-	-	-	11,300,100	226	-	-	11,300,100	226
Stabilization option	(3,331,668)	(67)	-	-	3,331,668	67	-	-	-	-	-	-	-	-
Preference shares issued	-	-	2	0	-	-	-	-	2	0	-	-	2	0
Reduction of shares allocated for the existing share-based payment programs (not issued)	-	-	-	-	-	-	-	-	-	-	(1,775,320)	(36)	(1,775,320)	(36)
Allocation of treasury shares to share-based payment program	-	-	-	-	(1,775,320)	(36)	1,775,320	36	-	-	5,897,271	118	5,897,271	118
Exercise of stock options	1,775,320	36	-	-	-	-	(1,775,320)	(36)	-	-	-	-	-	-
As of December 31, 2021	**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**

(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 of common shares and 1 share of series A preferred share and 1 share of series B preferred share).

As of December 31, 2022, 3,258,094 shares were allocated to a reserve which could be issued only with majority shareholders approval (1,775,320 as of December 31, 2021). This is a consequence of using the treasury shares for: the Group's ESOP obligations in the amount of 1,459,728 shares during the year 2022 and 1,775,320 shares during the year 2021, as well as the delivery of 23,046 treasury shares to the former owners of Double Star Oy (as presented in the tables above), which otherwise would need to be satisfied via issuance of new shares.

As of December 31, 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 the total value of USD 1,686 (not thousand), including 79,183,513 common shares held by shareholders, two preference shares (one preference share of series A and one preference share of series B), and 5,063,182 common shares reacquired by the Company and not redeemed (treasury shares and treasury shares allocated to the existing share-based payment programs).

As of December 31, 2021, 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 thousand), including 82,690,347 common shares held by shareholders, 2 preference shares (one preference share of series A and one preference share of series B), and 1,556,348 of common shares reacquired by the Company and not redeemed (treasury shares and treasury shares allocated for the existing share-based payment programs).

During the year 2022, the number of shares (not issued) allocated to the existing share-based payment programs was reduced by 1,459,728 shares. This is because 1,459,728 treasury shares were delivered to employees for the options exercised during the year ended December 31, 2022. As of December 31, 2022, 11,007,733 shares with a par value of USD 0.00002 per share were reserved for two stock option programs established in 2015 and 2019.

During the year 2021, the number of shares (not issued) allocated for the existing share-based payment programs was reduced by 1,775,320 shares. This is because the treasury shares were delivered to employees for the part of options exercised during the year ended December 31, 2021. On August 9, 2021 the number of shares allocated (not issued) for employee stock option plan was extended by additional 5,897,271 shares. After the changes, as of December 31, 2021 12,467,461 shares with a par value of USD 0.00002 per share were reserved for two stock option programs established in 2015 and 2019 years.

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 Fifth 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 December 31, 2022 and December 31, 2021, 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).

As of December 31, 2022, the share capital of the Company amounted to USD 1,686 (USD 1,686 as of December 31, 2021).

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 year ended December 31, 2022 the following transactions in common and preference shares took place:

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

On February 15, 2022, the Company 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 is to satisfy the Company'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. On August 2, 2022, the Company indefinitely suspended the purchase of its own shares.

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

During the year ended December 31, 2022, 4,989,608 common shares were repurchased under the SBB program and were registered at Central Securities Depository as of the date of these financial statements. Payments made for the purchase of own shares in the amount of USD 20,090 thousand were recognized in Equity (Treasury shares).

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

In the year ended December 31, 2022, 2,072,355 share options held by the employees under the share-based payment program were exercised, out of which for 1,459,728 options exercised treasury shares were delivered to employees before December 31, 2022 (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 16,251 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.

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

In the year ended December 31, 2022, 23,046 shares were delivered to the 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 17 *Share-based payment arrangements*. The movement resulted in an increase in share capital in the amount of the 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).

In the year ended December 31, 2021, the following transactions in preference shares took place:

- **Redemption of treasury shares**

On January 15, 2021 the Board of Directors of the Company approved to retire all of the Company's common and preferred shares that were held as treasury shares, which were as follows:

- common shares – 1,402,293 shares
- series A preference shares – 257,103 shares
- series B preference shares – 397,645 shares
- series C preference shares – 127,420 shares.

Common shares were reverted to the status of authorized but unissued shares, preferred shares were eliminated to no longer be issued or outstanding shares.

Redemption of treasury shares has been recognized as a decrease in supplementary capital in the amount of USD 33,994 thousand in the statement of changes in equity for the period ended December 31, 2021.

- **Share split**

On January 18, 2021 the Board of Directors approved the split of all of the Company's existing common and preferred shares. The Certificate of Incorporation of Huuuge Inc. was amended as following:

The total number of shares of all classes of stock which Huuuge Inc. has authority to issue is 118,063,540 shares, which shall be divided into:

(i) 88,243,795 common shares, with a par value of USD 0.00002 per share, and

(ii) 29,819,745 preferred shares series consisting of:

a) 8,714,485 series A preferred shares, with a par value of USD 0.00002 per share,

b) 4,911,775 series B preferred shares, with a par value of USD 0.00002 per share, and

c) 16,193,485 series C preferred shares, with a par value of USD 0.00002 per share.

After this amendment each one common and each one preferred share, with a par value of USD 0.0001 per share, issued and outstanding or held by Huuuge Inc. as treasury shares was automatically reclassified as five shares of common or preferred shares accordingly, with a par value of USD 0.00002 per share.

Split of shares required weighted average number of shares presented in Note 12 *Financial risk management*, point (f) *Earnings per share* of Huuuge Inc. Group consolidated financial statements as of and for the year ended December 31, 2021 to be adjusted in the calculation of both basic and diluted earnings per share for the period ended December 31, 2021 presented in accordance with IAS 33 Earnings per share.

- **Conversion of preference shares series A, B and C**

On February 5, 2021 all preference shares series A, B and C were converted into common shares, as shown in the table below:

	Before the conversion			After conversion
	Series A preference shares	**Series B preference shares**	**Series C preference shares**	**Common shares**
Number of shares	8,714,485	4,911,775	16,193,485	29,819,745

Conversion of preference shares A,B and C has been recognized as an increase in supplementary capital in the statement of changes in equity in the amount of USD 215,603 thousand.

- **Issuance of series A and series B preference shares**

On February 5, 2021 the Board of Directors, issued one series A preference share to RPII HGE LLC (Raine Group), with a par value of USD 0.00002 per share for cash consideration of USD 50 and one series B preference share to Big Bets OU, with a par value of USD 0.00002 per share, for cash consideration of USD 50, for which total cash consideration amounting to USD 100 was received in February 2021. The difference between the nominal amount and the consideration received was recognized in the supplementary capital in the statement of changes in equity.

- **Initial public offering**

On January 27, 2021 Huuuge Inc. published its prospectus and launched its initial public offering. The offering comprised a public subscription for 11,300,100 newly issued shares. The final share price for offering shares was determined as PLN 50 per share (approx. USD 13.53 per share). The difference between the nominal amount of newly issued shares and the cash consideration received was recognized in the supplementary capital in the statement of changes in equity.

(all amounts in tables presented in thousand USD, except where stated otherwise)

- **Execution of stabilization option**

In relation to the initial public offering, on February 5, 2021 the Company and IPOPEMA Securities S.A. ("Stabilization Manager") signed Stabilization Agreement. The purpose of the Stabilization Agreement was to stabilize the price of the Huuuge Inc. shares at a level higher than the level which would otherwise have prevailed. When the Company entered the contract, the liability was recognized in correspondence with equity. At the same time, the Company recognized a prepayment (financial asset) in the same amount to reflect the fact that the stabilization activities were funded from the proceeds from the offering. The liability and the assets were measured at fair value through profit or loss until the stabilization transactions were completed. As such, these transactions had no net impact on profit or loss.

On February 26, 2021 the Company ended the stabilization process, which started upon the initial public offering on February 19, 2021, and the above-mentioned liability and asset have been derecognized. The Company repurchased, via Stabilization Manager, its own shares in the total number of 3,331,668 in the price range PLN 38.4000–49.9850 (USD 10.35–13.51). The repurchased shares were recognized as a decrease in equity (treasury shares) in the total amount of USD 43,976 thousand, calculated as the number of shares repurchased, multiplied by the price per share plus the remuneration paid to Stabilization Manager representing the transaction cost of this capital transaction.

- **The issuance of common shares for options exercised**

In the year ended December 31, 2021, before share split 6,411 share options (equivalent of 32,055 options after share split) held by the employees under the share-based payment program were exercised, resulting in the issuance of common shares, with the difference between the exercise price paid by the employee and the nominal amount of shares recognized as share premium (presented within "Supplementary capital"). The exercise price was paid by the employees in cash.

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

In the year ended December 31, 2021, after the share split, 1,851,622 share options held by the employees under the share-based payment program were exercised, out of which for 1,775,320 options exercised treasury shares were delivered to employees before December 31, 2021 (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 nominal value of the shares delivered, and difference between the value of treasury shares and the cash consideration received in the amount of USD 22,672 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.

17. Share-based payment arrangements

As at December 31, 2022 and as at December 31, 2021 the Company had an equity incentive plan, i.e. ESOP. The first stock option program (the employee stock option plan or "ESOP 2015") was established by the Company's Board of Directors on April 3, 2015, the second one on October 19, 2019 ("ESOP 2019"), the grant dates were determined at the dates when the contracts with eligible employees were signed. Additionally, during the period ended December 31, 2021 stock option plan was granted to Mr. Anton Gauffin as described below in this note. The program entitles employees and some consultants to purchase shares in the Company. Each option stands for one common or treasury share of the Company.

The vesting condition of both ESOP 2015 and 2019 programs is to provide the service continuously for at least 4 years from the grant date and the following vesting schedule is applicable depending on the particular grant:

- about 25% of the shares options vest and become exercisable on a 12-month anniversary of the vesting commencement date and then after end of each consecutive month 1/36 of the remaining shares options vest and become exercisable; or
- the options vest and become exercisable with respect to 1/48th of the total option shares when the optionee completes each full month of continuous service after the grant date.

For such share-based payments staged vesting applies i.e. each instalment with different vesting period is treated as a separate award with a different vesting period.

As of December 31, 2022 there were 11,007,733 shares reserved for the ESOP that were not yet allocated to specific employees (12,467,461 as of December 31, 2021). This is at the Company discretion whether the unallocated shares will be allocated within the share-based program to the employees or unused or withdrawn from the program.

In 2022 the Company's Board of Directors granted 656,971 options to its employees and consultants (4,111,765 in 2021).

Shares option expense for year 2022 amounts to USD 3,081 thousand (USD 11,830 thousand in 2021) and was booked against equity (employee benefit reserve) which amounted to USD 22,894 thousand as of December 31, 2022 (USD 19,813 thousand as of December 31, 2021).

Details of the grants are presented in the table below:

Grant date	Number of instruments granted	Expiry date
Granted in 2015	293,292	June 1, 2025
Granted in 2016	175,058	June 1, 2026 – December 1, 2026
Granted in 2017	386,310	February 1, 2027 – December 1, 2027
Granted in 2018	131,000	December 1, 2024
Granted in 2019	243,525	December 1, 2024 – November 6, 2025
Granted in 2020	738,024	April 1, 2027 – November 11, 2027
Granted in 2021	4,111,765	February 2,2028 - September 10, 2028
January 3, 2022	322,945	January 3, 2029
February 7, 2022	28,665	February 7, 2029
August 5, 2022	305,361	August 5, 2029
Subtotal granted in 2022	656,971	
Total	**6,735,945**	

(all amounts in tables presented in thousand USD, except where stated otherwise)

Movements in share options since the first grant date were as follows:

	Year ended December 31, 2022	
	Number of options	**Weighted average exercise price**
Balance as at January 1	**8,839,097**	**5.80**
Granted during the period	656,971	3.99
Forfeited during the period	(2,345,282)	5.46
Exercised during the period	(2,072,355)	2.70
Expired during the period	(300,331)	5.56
Balance as at December 31	**4,778,100**	**4.46***

* The weighted average exercise price of the balance outstanding as at December 31, 2022 includes the effect of modification of the share-based payment program as described further below in this note. The weighted average exercise price of the balance outstanding as at January 1, 2022 is presented in the amount prior to the modification.

	Year ended December 31, 2021	
	Number of options	**Weighted average exercise price**
Balance as at January 1	**1,435,584**	**12.01**
Exercised during the period	(6,411)	0.45
Forfeited during the period	(2,056)	4.15
All options before share split	**1,427,117**	
All options after share split	**7,135,585**	
Granted during the period	4,111,765	9.70
Forfeited during the period	(518,371)	7.44
Exercised during the period	(1,851,622)	1.02
Expired during the period	(38,260)	2.03
Balance as at December 31	**8,839,097**	**5.80**

The weighted average exercise prices are presented in USD, not in thousand USD.

As at December 31, 2022 1,585,019 share options were exercisable, with weighted average exercise price of USD 3.1 per share. As at December 31, 2021 2,836,827 share options (after share split) were exercisable, with weighted average exercise price of USD 2.89 per share.

The below table presents a summary of share prices at the exercise dates:

Exercise date	Grant date	Exercise price	Fair Market Value on exercise date	Number of stock options exercised
Exercised in 2020	May 29, 2015 – November 6, 2019	$0.0002 – $13.500	$15.0300 – $18.6200	176,009
Exercised in 2021 (before share split)	May 29, 2015 – December 1, 2016	$0.0002 – $0.79	$54.53	6,411
Exercised in 2021 (after share split)	May 29, 2015 – November 20, 2020	$0.00004 – $3.72402	$6.2348 – $12.0319	1,851,622
Exercised in 2022	May 29, 2015 – January 3, 2022	$0.11 – $4.13	$3.5835 – $5.6779	2,072,355

For share options outstanding at the end of the reporting periods, the range of exercise prices and weighted-average remaining contractual life was as follows:

As at December 31, 2022:

Exercise price in USD	Number of outstanding stock options	Weighted average remaining contractual life (in years)
0.00004 - 0.83	268,694	4.21
2.7 - 3.92	3,448,626	5.58
4.13 - 13.51	1,060,780	6.15
Total:	**4,778,100**	**5.63**

As at December 31, 2021:

Exercise price in USD	Number of outstanding stock options	Weighted average remaining contractual life (in years)
0.00004 - 0.83	495,579	4.18
2.7 - 3.72	4,776,838	2.85
9.55 - 13.51	3,566,680	6.18
Total:	**8,839,097**	**4.27**

The fair value of the employee share options has been measured using the Black-Scholes formula by an independent appraiser, assuming no dividends and using the valuation assumptions summarized below. The underlying price of the common stock was determined using the fair value as of the option grant dates. The exercise prices of the options were determined by the Board of Directors of the Company in the contract with the employee. The risk-free rate is based on the U.S. Treasury yield curve in effect at the time of each grant date and corresponding to expiration. In assessing the appropriate time to expiration, the appraiser examined the expiration period, the vesting period and the option grant dates.

(all amounts in tables presented in thousand USD, except where stated otherwise)

Expected volatility was based on historic volatility of a similar industry sector. Based on the analysis and the factors specific to the Company, an equity volatility of 54.2%-80.0% (55.4% – 80.0% for the year ended 31 December, 2021) was used in option pricing model.

The inputs used in the measurement of the fair values at the grant dates of the equity-settled share-based payment plan for the options outstanding as of December 31, 2022 and as of December 31, 2021, were as follows:

	As of December 31, 2022	As of December 31, 2021
Fair value at grant date	0.00002 – 8.66	0.00002 – 8.66
Share price at grant date	2.5 – 10.91	0.00004 – 10.91
Exercise price	0.00004 – 13.5146	0.00004 – 13.5146
Expected volatility (weighted average)	54.2% – 80%	55.4% – 80%
Expected life (weighted average)	2.42-6.60	3.00 – 7.30
Risk-free interest rate	0.21% – 3.27%	0.21% – 2.80%

The effect of the fair value measurement of options granted to employees of the Company is reflected in 2022 in the profit and loss in the amount of USD 774 thousand (USD 565 thousand in 2021). 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 557 thousand, which are both explained in detail further below.

These costs were included in the line "General and other administrative expenses" line in the statement of comprehensive income. For details on the related employee benefit expenses please refer to Note 8 *Operating expenses* and to the statement of changes in shareholders' equity.

The effect of the fair value measurement of options granted to employees of the Company's subsidiaries is reflected in 2022 in the Company's assets as investment in subsidiaries in the amount of USD 2,307 thousand (USD 11,266 thousand in 2021) – for details on the increase of an investments in subsidiaries please refer to Note 11 *Investment in subsidiaries*.

During the year ended December 31, 2022, 2,072,355 options were exercised in total under the share-based payment program, out of which 1,459,728 treasury shares were delivered for all options exercised (the difference of 612,627 options is due to cashless exercises). Cash payments received for the shares delivered to employees before December 31, 2022 amounted to USD 2,540 thousand.

During the year ended December 31, 2021, before share split, 6,411 common shares were issued (equivalent of 32,055 common shares after share split) and 1,775,320 treasury shares were delivered from the share-based payment program as described in Note 16 *Share capital*. During the year ended December 31, 2021, the Company received cash payments for the shares that were delivered to employees as of December 31, 2021.

Other than the share-based payment arrangements described above, as a result of the acquisition that took place on July 16, 2020, the Company 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 former owners of Double Star Oy, as described in Note 16 *Share capital*. As at December 31, 2022, it is not expected that additional shares, except for those delivered, would vest under earn-out consideration.

Modification of the share-based payment program

On July 25, 2022, the Company's Board of Directors adopted a resolution on the voluntary modification of the terms of the grants that took place between August 2021 and February 2022.

(all amounts in tables presented in thousand USD, except where stated otherwise)

Effectively, for 1,633,702 options under the Company's employee stock option plan, i.e., "ESOP 2019," the vesting schedule was extended and the exercise price was decreased. For 713,713 options under the Company's employee stock option plan, i.e. "ESOP 2019," the exercise price was decreased without changes to the vesting schedule.

As of the date of approval of these financial statements, the process of the voluntary choice by the employees was finalized and resulted in the modification for 2,347,415 options in total. Total expense related to modification of options for the year ended December 31, 2022 amounted to USD 20 thousand.

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 share options. 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.

The vesting conditions for the options is 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.
- 75,000 options with 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 since the performance condition was not met.
- 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 Company, 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 Company 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.

18. Conversion of series C preference shares

On February 5, 2021, all preference shares series C were converted into common shares. For more information, please refer to Note 16 *Share capital*. As a result of the conversion, financial liability arising from preference shares was decreased with the corresponding increase in supplementary capital as presented in the statement of changes in equity as of December 31, 2021.

19. Trade and other payables

	As of December 31, 2022	As of December 31, 2021
Trade accounts payable including:	107	533
- trade accounts payable to third parties	98	5
- trade accounts payable to related parties	9	528
Accrued expenses	3,918	2,187
Tax payables other than from corporate income taxes	57	182
Other accounts payable	10	1
Trade and other payables*	**4,092**	**2,903***

As of December 31, 2022 accrued expenses mainly included finance and legal services expenses (including the costs related to the review of the Company's strategic options), expenses related to bonuses for employees and consultants and accrual for remuneration. As of December 31, 2021, accrued expenses balance was mainly comprised of marketing and advertising expenses, expenses related to bonuses for employees and consultants, unused vacation and the audit.

* Difference between the change of trade payables in the statement of financial position and the change of trade and other payables presented in the statement of cash flows for the year ended December 31, 2021 was due to the deferred payment related to acquisition of subsidiary.

20. Leases

The table below presents the carrying amounts of recognized right-of-use assets and the movements over the years 2022 and 2021.

	Year ended December 31, 2022	Year ended December 31, 2021
as at January 1	**137**	**211**
remeasurement due to indexation and other	-	-
additions (new leases)	-	-
lease modifications	-	-
depreciation	(75)	(74)
as at December 31	**62**	**137**

(all amounts in tables presented in thousand USD, except where stated otherwise)

The table below presents the book values of lease liabilities and movements over the year 2022 and 2021.

	Year ended December 31, 2022	Year ended December 31, 2021
as at January 1	144	218
additions (new leases)	-	-
lease modifications	-	-
remeasurement due to indexation and other	-	-
interest expense on lease liabilities	1	1
lease payments	(78)	(75)
as at December 31	**67**	**144**
long-term	-	66
short-term	67	78

The Company classifies in statements of cash flows cash payments of the capital component of lease liabilities in 2022 amounting USD 78 thousand (USD 75 thousand in 2021) and cash payments of interest on a lease liability in 2022 amounting USD 1 thousand (USD 1 thousand in 2021) as part of financing activities (Lease repayment).

The table below presents the amounts of income, costs, gains and losses resulting from leases which are recognized in the statement of comprehensive income for year 2022 and 2021.

	Year ended December 31, 2022	Year ended December 31, 2021
Depreciation expense of right-of-use assets	75	74
Interest expense on lease liabilities	1	1
Foreign exchange differences	-	-
Total amount recognized in the statement of comprehensive income	**76**	**75**

21. 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 have been changing recently, which may lead to lack of their clarity and integrity. Furthermore, frequent contradictions in tax interpretations, both within government bodies and between companies and government bodies create uncertainties and conflicts.

Tax authorities may examine accounting records retrospectively: for 3 years in the United States (and up to 6 years in case of substantial errors). Consequently, the Company may be subject to additional tax liabilities, which may arise as a result of tax audits. The Board of Directors of the 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 Company.

(all amounts in tables presented in thousand USD, except where stated otherwise)

22. Pledges and collaterals

During the reporting periods and till the date of issuing these financial statements the Company did not enter in a pledge or collateral agreement on its assets.

23. Related party transactions

The table below presents transactions with related parties during the reporting and comparative periods.

related parties		Sales to a related party	Other operating income	Purchase from a related party	Interest income on loans granted
Huuuge Global Ltd	2022	13,850	-	-	-
	2021	32,259	-	-	-
Huuuge Digital Ltd	2022	-	-	-	-
	2021	-	-	-	40
Huuuge Games Sp. z o.o.	2022	-	3	92	-
	2021	-	-	486	-
Coffee Break Games United Ltd	2022	-	-	8	-
	2021	-	-	396	-
Huuuge UK	2022	-	-	661	-
	2021	-	-	100	-
2022		**13,850**	**3**	**761**	**0**
2021		**32,259**	**-**	**982**	**40**

(all amounts in tables presented in thousand USD, except where stated otherwise)

The table below presents aggregated balances of transactions with related parties during the reporting and comparative periods.

related parties		Trade receivables from a related party	Trade liabilities to a related party
Huuuge Global Ltd	31-Dec-22	648	1
	31-Dec-21	3,893	-
Huuuge Digital Ltd	31-Dec-22	-	1
	31-Dec-21	-	-
Huuuge Games Sp. z o.o.	31-Dec-22	3	7
	31-Dec-21	-	459
Huuuge UK	31-Dec-22	449	-
	31-Dec-21	-	100
Coffee Break Games United Ltd	31-Dec-22	-	-
	31-Dec-21	-	(31)
Total as of December 31, 2022		**1,100**	**9**
Total as of December 31, 2021		**3,893**	**528**

The Company is the ultimate parent to its Group. Information regarding main shareholders are disclosed in Note *16 Share capital*. Transactions between related parties took place on terms equivalent to those that apply to transactions concluded on market terms.

(all amounts in tables presented in thousand USD, except where stated otherwise)

The Company purchases certain advertisement services from third parties (mostly Facebook), which are subsequently recharged to Huuuge Global Limited. For more information, please refer to Note 2 *Basis for preparation of the financial statements*, point (d) *Key judgements and estimates – Model of revenue recognition*.

The Company recognizes revenue when services are transferred to the customer, at a value that reflects the price expected by the entity, in exchange for the transfer of those goods and services.

Therefore, total gross revenue in the years ended December 31, 2022 and December 31, 2021 amounted to USD 13,850 thousand and USD 32,259 thousand respectively.

Cost of re-invoiced sales and marketing services in years ended December 31, 2022 and December 31, 2021 amounted to USD 10,839 thousand and USD 28,435 thousand respectively, cost of re-invoiced back-office services in the year ended December 31, 2022 amounted to USD 89 thousand (no such costs in 2021), fully netted in the statement of comprehensive income. For more details regarding revenue generated by game design, stewardship and legal services in the total amount of USD 2,922 thousand in the year ended December 31, 2022 (USD 3,824 thousand in the year ended December 31, 2021) please refer to Note 6 *Revenue.*

In addition, related parties' transactions include transactions with the management of the Company. For more details, please refer to Note 24 *Transactions with management of the Company* to the financial statements for the period ended December 31, 2022.

24. Transactions with management of the Company

Transactions with management of the Company for the years ended December 31, 2022 and December 31, 2021 was as follows:

	Year ended December 31, 2022	Year ended December 31, 2021
Base salaries	1,156	366
Bonuses and compensation based on the Group's financial result for the previous year	271	49
Share-based payment	417	399
Total	**1,844**	**814**

On March 7, 2023 the 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.

25. Audit fees

	Year ended December 31, 2022	Year ended December 31, 2021
Audit of financial statements	238	225
Voluntary audit of financial statements	-	130
Total	**238**	**355**

(all amounts in tables presented in thousand USD, except where stated otherwise)

For the years ended December 31, 2022 and December 31, 2021 audit of financial statements relates to the audit of separate financial statements of the Company and the audit of the Group's consolidated financial statements prepared in accordance with IFRS.

In the year ended December 31, 2021 the voluntary audit of financial statements relates to the audit of the Group's consolidated financial statements prepared in accordance with Generally Accepted Accounting Principles in the United States.

26. Employment structure

Average Company's number of employees for the years ended December 31, 2022 and December 31, 2021 was as follows:

	Year ended December 31, 2022	Year ended December 31, 2021
Executive and business management	1	-
Sales and marketing	1	-
Administration	-	-
Games development	9	8
Total	**11**	**8**

27. Subsequent events

After December 31, 2022 and up to the date of approval of these financial statements for issue no significant events except the following have occurred.

Delivery of treasury shares for the options exercised

After December 31, 2022 and up to the date of approval of these separate financial statements for issue the Company delivered to its employees 439,835 treasury shares for 839,748 options exercised after December 31, 2022.

Any difference between shares delivered and options exercised is due to the cashless exercises. The delivery took place under the stock option plan presented in Note 17 *Share-based payment arrangements*.

The delivery of shares will be presented as a movement from treasury shares to common shares. The movement will result in an increase in share capital in the amount of nominal value of the shares delivered, and any difference between the value of treasury shares delivered and the cash consideration received will be recognized in supplementary capital. At the same time, the movement will decrease the number of shares (not issued) allocated for the existing share-based payment programs.

Completion of review of strategic options

On February 15, 2023, the Board of Directors decided to conclude the previously announced review of strategic options for the future of the Company. The Board has concluded that a portion of the Company's cash reserves should be distributed to its stockholders while leaving adequate cash reserves for the Company's ongoing and anticipated operational needs and to support publishing projects and future growth plans. The Company's Board has resolved to allocate a maximum amount of USD 150 million from the Company's reserves for the purpose of purchasing the Company's common shares listed for trade on the Warsaw Stock Exchange (the "SBB"), subject to the Board's discretion to increase or decrease the aforementioned amount.

(all amounts in tables presented in thousand USD, except where stated otherwise)

Dividend declared by Huuuge Global Limited

On February 3, 2023, the Board of Directors of Huuuge Global Limited declared to pay a dividend of USD 94,693 thousand to Huuuge Inc., sole shareholder of Huuuge Global Limited. The dividend will be paid out of the profits for the years 2019, 2020 and 2021, which are now available for distribution. As of the date of signing of these financial statements USD 8,590 thousand were transferred from Huuuge Global Ltd. to Huuuge Inc.

Exposure to Silicon Valley Bank and cash balance of the Company

On March 10, 2023, the Federal Deposit Insurance Corporation ("FDIC") announced that the Silicon Valley Bank ("SVB") was closed by the California Department of Financial Protection and Innovation, and the FDIC was appointed as receiver. To protect insured depositors, the FDIC created the Deposit Insurance National Bank of Santa Clara (DINB). At the time of closing, the FDIC as receiver immediately transferred to the DINB all the insured deposits of Silicon Valley Bank.

On March 12, 2023, a joint statement was released by the US Secretary of the Treasury, Federal Reserve Board Chair and the FDIC Chairman informing that the US Secretary of the Treasury approved actions enabling the FDIC to complete its resolution of Silicon Valley Bank, Santa Clara, California, in a manner that fully protects all depositors.

On March 13, 2023, The FDIC transferred all deposits, both insured and uninsured, and substantially all the assets of the former Silicon Valley Bank of Santa Clara, California, to a newly created, full-service FDIC-operated 'bridge bank' in an action designed to protect all depositors of Silicon Valley Bank. Depositors and borrowers automatically became customers of Silicon Valley Bridge Bank, N.A.

This event does not have any impact on the cash and cash equivalents balance of the Company as of December 31, 2022. This event after the reporting period is only indicative of a condition that arose after the end of the reporting period and is considered as a non-adjusting event after the reporting period.

As of December 31, 2022, USD 15,162 thousands of cash and securities were held at SVB, out of which USD 5,194 thousand were held in operating and money market accounts and USD 9,968 thousand were held in money market funds. Please, refer to Note 15 *Cash and cash equivalents*.

As of the date of signing of these financial statements for issue USD 225 thousand is still held in SVB, in operating accounts.

Change in the scope of services

It was decided that the Company will no longer provide game design development services. After this change, the Company's revenue will continue to be generated by services provided to the other entities in the Group. The Company's operations will continue to comprise facilitating the advertising services on behalf of Huuuge Global Ltd., and stewardship activities.

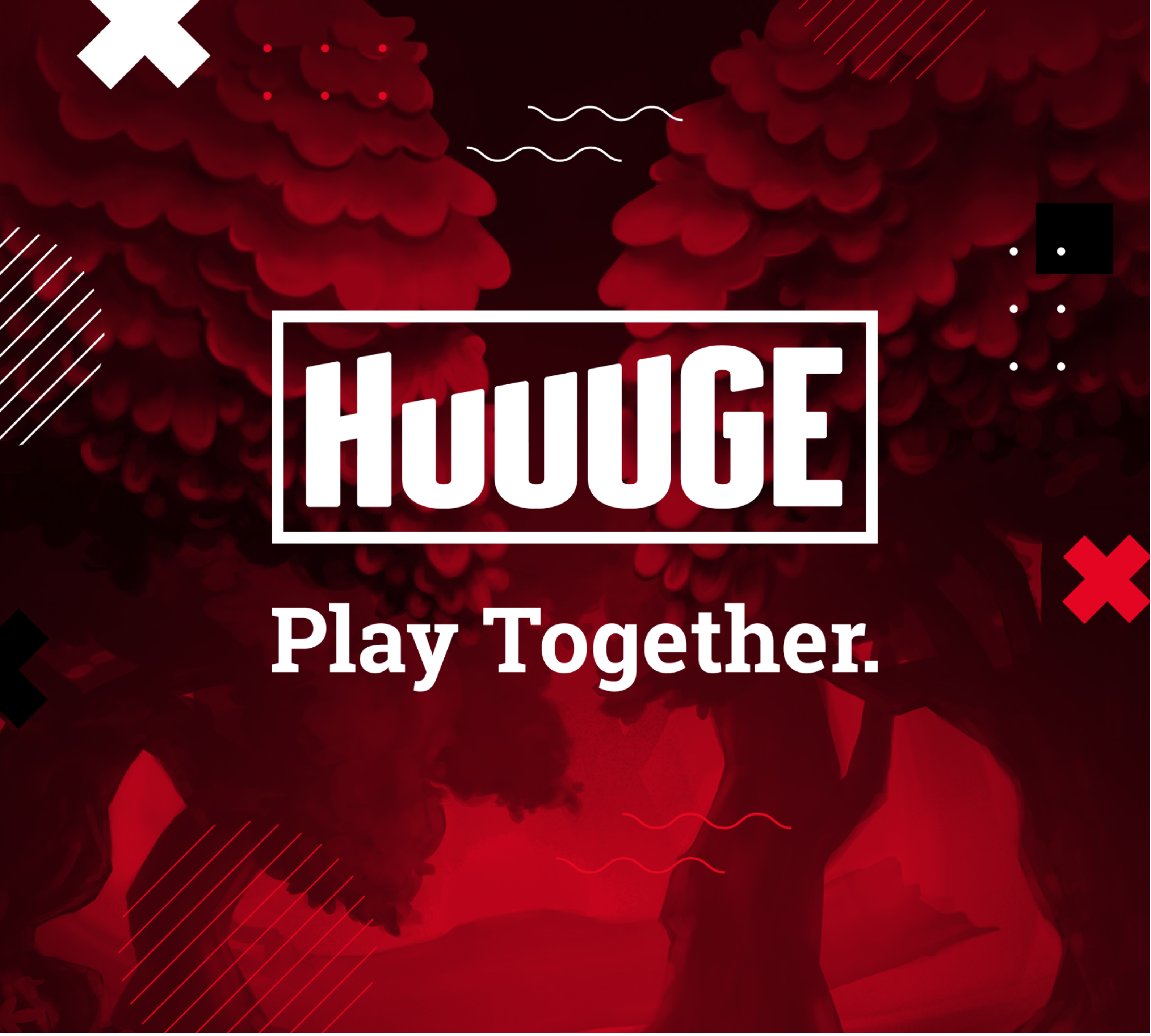
Filed complaint

On March 8, 2023, a plaintiff filed a complaint in the Circuit Court of Franklin County Alabama as a private attorney general to recover money for Alabama residents who made purchases in the Company's "slot machine, other casino-style games, card games and other games of chance." The complaint alleges that those games violate Alabama state laws.

The Company intends to defend itself in this matter vigorously and believes that there are meritorious legal and factual defenses against the plaintiff's allegations and requests for relief. 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. As of the date of signing of these financial statements, to the best of the Company's knowledge, this litigation is not expected to have a material impact on the Company's operations, financial condition or cashflows.

Electronically signed
Anton Gauffin
President of Huuuge Inc., CEO

March 27, 2023



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