CONSOLIDATED Q1 2024 REPORT

THE HUUUGE, INC. GROUP
for the three-month period ended March 31, 2024
Warsaw, May 28, 2024

This report was prepared in English and Polish language versions. In the case of any discrepancies, the English version shall prevail as binding.

Disclaimer

This consolidated quarterly report Huuuge Group for the three-month period ended March 31, 2024 (the 'Quarterly Report') has been prepared in accordance with §66 of the Regulation of the Minister of Finance of March 29, 2018, which regards current and periodic information published by issuers of securities and the conditions for recognizing information as equivalent required by the law of a non-member state. The Quarterly Report consists of the interim condensed consolidated financial statement for the Huuuge Group and, according to §62 sec. 1 of the abovementioned regulation, it also includes the quarterly financial information for Huuuge, Inc. for the same three-month period ended March 31, 2024.

The interim condensed consolidated financial statements for the three-month period ended March 31, 2024 and the condensed separate financial statements for the three-month period ended March 31, 2024 prepared in accordance with the International Financial Reporting Standards approved by the European Union and the additional information to the Quarterly Report should be considered jointly.

Since the separate data for Huuuge, Inc. and the consolidated data for the Huuuge Group are similar (trends are maintained for individual balance sheet and result items), the Board of Directors and Management perform and present a joint analysis for the separate and consolidated data.
Unless implied otherwise in this Quarterly Report, the terms "we" or the "Group", refer to the Company together with all of its subsidiaries and the term the "Company" or "Issuer", refers to Huuuge, Inc.
Unless indicated otherwise, references to statements as to beliefs, expectations, estimates and opinions of the Company or its management refer to the beliefs, expectations, estimates and opinions of the Company's Board of Directors.
Certain arithmetical data contained in this Quarterly Report, including financial and operating information, have been rounded. Therefore, in certain instances, the sum of the numbers in a column or a row in tables contained in this Quarterly Report may not conform exactly to the total figure given for that column or row.

Industry and Market Data
This Quarterly Report may include market share and industry data that we obtained from various third-party sources, including publicly available information concerning global social gaming industries. The information in this Quarterly Report that has been sourced from third parties has been accurately reproduced with reference to these sources in the relevant paragraphs and, as far as we are aware and able to ascertain from the information published by that third party, no facts have been omitted that would render the reproduced information provided inaccurate or misleading. Where third-party information has been sourced in this Quarterly Report, the source of such information has been identified. Industry publications, surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable. To the extent these industry publications, surveys and forecasts are accurate and complete, we believe we have correctly extracted and reproduced the information from such sources. Additionally, industry publications generally state that the information contained therein has been obtained from sources believed to be reliable but that the accuracy and completeness of such information is not guaranteed and in some instances state that they do not assume liability for such information. We cannot therefore assure you of the accuracy and completeness of such information, and we have not independently verified such information.
In addition, in many cases, statements in this Quarterly Report regarding our industry and our position in the industry are based on our experience and our own investigation of market conditions. Comparisons between our reported financial or operational information and that of other companies operating in our industry using this information may not fully reflect the actual market share or position in the market, as such information may not be defined consistently or reported for all companies from our industry in line with how we define or report such information in this Quarterly Report.
While we are not aware of any mis-statements regarding the industry data presented herein, our estimates involve certain assumptions, risks and uncertainties and are subject to change based on various factors.

Key Performance Indicators
Certain KPIs included in this Quarterly Report, including DAU, MAU, DPU, MPU, ARPDAU, ARPPU and Monthly Conversion, are derived from management estimates, are not part of our financial statements or financial accounting records and have not been audited or otherwise reviewed by independent auditors, consultants or experts.
Our use or computations of these KPIs may not be comparable to the use or computations of similarly titled measures reported by other companies in our industry, by research agencies or by market reports. For that reason, comparisons using this information may not be reliable. Other companies, research agencies or market reporters may include other items or factors in their calculation of similar metrics and may use certain estimates and assumptions that we do not use when calculating these metrics. These factors may cause the calculations by others of similar metrics to differ substantially from our calculations if their methodologies were used to calculate our KPIs. The KPIs are not accounting measures, but management believes that each of these measures provides useful information concerning the usage and monetization patterns of our games, as well as the costs associated with attracting and retaining our players. None of the KPIs should be considered in isolation or as an alternative measure of performance under IFRS, and their inclusion in this Quarterly Report does not mean that the Issuer will continue to report these KPIs in the future.

Forward-looking statements
The Quarterly Report includes forward-looking statements, which include all statements other than statements of historical facts, including, without limitation, any statements preceded by, followed by or that include the words "targets," "believes," "expects," "aims," "intends," "will," "may," "anticipates," "would," "could" or similar expressions or the negative thereof. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond our control that could cause our actual results of operations, financial condition or prospects to materially differ from any of those expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we currently operate and will operate in the future. These forward-looking statements speak only as at the date of the Quarterly Report. We have no obligation and have made no undertaking to disseminate any updates of or revisions to any forward-looking statements contained in this Quarterly Report unless we are required to do so under the applicable laws.

Investors should be aware that several important factors and risks may cause our actual results of operations to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements.

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Selected consolidated financial data

The following table presents selected financial data of the Group

	USD	USD	EUR	EUR	PLN	PLN
in thousand	**3m`2024**	**3m`2023**	**3m`2024**	**3m`2023**	**3m`2024**	**3m`2023**
Revenue	66,975	71,746	61,694	66,884	267,365	315,090
Operating profit (loss)	18,136	24,512	16,706	22,851	72,399	107,650
Pre-tax profit (loss)	20,124	26,019	18,537	24,256	80,335	114,269
Net profit (loss)	16,541	22,394	15,237	20,876	66,032	98,349
Net cash flows from operating activities	14,412	16,898	13,276	15,753	57,533	74,212
Net cash flows from investing activities	(2,566)	1,439	(2,364)	1,341	(10,244)	6,320
Net cash flows from financing activities	(1,034)	(948)	(952)	(884)	(4,128)	(4,163)
Total net cash flows	10,812	17,389	9,959	16,210	43,162	76,368
Cash and cash equivalents at the end of period	163,191	238,496	151,341	219,005	650,941	1,024,027
Number of shares at the end of period	67,124,778	84,246,697	67,124,778	84,246,697	67,124,778	84,246,697
Weighted average number of shares	62,990,181	79,198,174	62,990,181	79,198,174	62,990,181	79,198,174
Earnings per share basic (EPS)	0.26	0.28	0.24	0.26	1.04	1.23

	EUR	PLN	EUR	PLN
	3m`2024	**3m`2024**	**3m`2023**	**3m`2023**
Annual average exchange rate	1.0856	0.2505	1.0727	0.2277
Exchange rate at the end of the reported period	1.0783	0.2507	1.0890	0.2329

The Huuuge, Inc. Group Interim Condensed Consolidated Financial Statements

as at and for the three-month period ended March 31, 2024

prepared in accordance with the IAS 34 Interim Financial Reporting

as adopted by the European Union

HUUUGE

Interim condensed consolidated statement of comprehensive income

	Note	Three-month period ended March 31, 2024 Unaudited	Three-month period ended March 31, 2023 Unaudited Reclassified
Revenue	3	**66,975**	**71,746**
Cost of sales	4	(19,057)	(21,136)
Gross profit on sales		**47,918**	**50,610**
Sales and marketing expenses:	4	(15,085)	(9,387)
thereof, User acquisition marketing campaigns	4	*(11,772)*	*(6,324)*
thereof, General sales and marketing expenses	4	*(3,313)*	*(3,063)*
Research and development expenses	4	(5,705)	(7,473)
General and administrative expenses	4	(8,040)	(9,600)
Other operating income/(expense), net		(952)	362
Operating result		**18,136**	**24,512**
Finance income	5	2,107	1,588
Finance expense	5	(119)	(81)
Profit before tax		**20,124**	**26,019**
Income tax	6	(3,583)	(3,625)
Net result for the period		**16,541**	**22,394**
Other comprehensive income			
Items that may be reclassified to profit or loss			
Exchange gains/(losses) on translation of foreign operations		(958)	428
Total other comprehensive income		**(958)**	**428**
Total comprehensive income for the period		**15,583**	**22,822**
Net result for the period attributable to:			
owners of the Parent		16,541	22,394
Total comprehensive income for the period attributable to:			
owners of the Parent		15,583	22,822
Earnings per share (in USD)			
Basic	10	0.26	0.28
Diluted	10	0.26	0.28

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

Interim condensed consolidated statement of financial position

	Note	As at March 31, 2024 Unaudited	As at December 31, 2023 Audited
Assets			
Non-current assets			
Property, plant and equipment		2,603	2,576
Right-of-use assets	13	6,506	6,850
Goodwill		2,513	2,554
Intangible assets	8	10,060	9,854
Deferred tax assets		3,404	3,733
Long-term lease receivables	13	1,977	2,341
Long-term investments	7	3,500	-
Other long-term assets		2,077	1,886
Total non-current assets		**32,640**	**29,794**
Current assets			
Trade and other receivables		28,856	32,635
Short-term lease receivables	13	1,204	1,209
Corporate income tax receivables		1,019	1,680
Other short-term financial assets	9	2,516	-
Cash and cash equivalents	9	163,191	152,110
Total current assets		**196,786**	**187,634**
Total assets		**229,426**	**217,428**
Equity			
Share capital	11	1	1
Treasury shares	11	(16,630)	(16,652)
Supplementary capital	11	150,191	150,364
Employee benefit reserve	12	27,099	25,749
Foreign exchange reserve		(1,684)	(726)
Retained earnings		34,865	18,324
Total equity		**193,842**	**177,060**
Equity attributable to owners of the Company		*193,842*	*177,060*
Non-current liabilities			
Long-term lease liabilities	13	6,117	6,843
Other long-term liabilities		367	374
Total non-current liabilities		**6,484**	**7,217**
Current liabilities			
Trade and other payables		17,179	17,132
Deferred income		2,555	2,471
Corporate income tax liabilities		3,792	8,052
Short-term lease liabilities	13	3,874	3,796
Provisions		1,700	1,700
Total current liabilities		**29,100**	**33,151**
Total equity and liabilities		**229,426**	**217,428**

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

Interim condensed consolidated statement of changes in equity

	Equity attributable to owners							
	Note	Share capital	Treasury shares	Supplementary capital	Employee benefit reserve	Retained earnings	Foreign exchange reserve	Equity
As at January 1, 2024, Audited		**1**	**(16,652)**	**150,364**	**25,749**	**18,324**	**(726)**	**177,060**
Net profit/ (loss) for the period		-	-	-	-	*16,541*	-	16,541
Other comprehensive income – foreign currency exchange gains/(losses)		-	-	-	-	-	*(958)*	(958)
Total comprehensive income for the period		**-**	**-**	**-**	**-**	**16,541**	**(958)**	**15,583**
Exercise of stock options	11, 12	-	315	(173)	-	-	-	142
Employee share schemes – value of employee services	12	-	-	-	1,350	-	-	1,350
Transaction costs related to SBB program*		-	(293)	-	-	-	-	(293)
As at March 31, 2024, Unaudited		**1**	**(16,630)**	**150,191**	**27,099**	**34,865**	**(1,684)**	**193,842**

* The change of trade and other payables presented in the interim consolidated statement of financial position as at March 31, 2024 does not equal the change in the consolidated statement of cash flows for the three-month period ended March 31, 2024. The difference of USD 180 thousand is due to the transaction costs related to SBB, presented in the cash flows from financing activities in the interim consolidated statement of cash flows, which were not paid as at March 31, 2024. Transaction costs related to the SBB program presented in the interim condensed consolidated statement of changes in equity in the amount of USD 293 thousand include only a portion of total transaction costs incurred before March 31, 2024.

	Equity attributable to owners							
	Note	Share capital	Treasury shares	Supplementary capital	Employee benefit reserve	Retained earnings/ (accumulated losses)	Foreign exchange reserve	Equity
As at January 1, 2023, Audited		**2**	**(20,942)**	**305,261**	**22,894**	**(63,854)**	**(2,634)**	**240,727**
Net profit/(loss) for the period		-	-	-	-	*22,394*	-	22,394
Other comprehensive income – foreign currency exchange gains/(losses)		**-**	-	-	-	-	*428*	428
Total comprehensive income for the period		**-**	**-**	**-**	**-**	**22,394**	**428**	**22,822**
Exercise of stock options	11,12	-	2,378	(2,229)	-	-	-	149
Employee share schemes – value of employee services	12	-	-	-	55	-	-	55
As at March 31, 2023, Unaudited		**2**	**(18,564)**	**303,032**	**22,949**	**(41,460)**	**(2,206)**	**263,753**

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

Interim condensed consolidated statement of cash flows

	Note	Three-month period ended March 31, 2024 Unaudited	Three-month period ended March 31, 2023 Unaudited
Cash flows from operating activities			
Profit before tax		**20,124**	**26,019**
Adjustments for:			
Depreciation and amortization	4	2,454	2,488
Finance (income)/expense, net		(2,758)	(679)
Non-cash employee benefits expense – share-based payments	12	1,350	55
(Profit)/loss on disposal of property, plant and equipment		26	112
Changes in net working capital:			
Trade and other receivables, and other long-term assets		3,167	(9,064)
Trade and other payables		(1,107)	2,752
Other short-term financial assets		(2,516)	-
Deferred income		84	(274)
Other adjustments		(104)	26
Cash flows from operating activities		**20,720**	**21,435**
Income tax paid		(6,308)	(4,537)
Net cash flows from operating activities		**14,412**	**16,898**
Cash flows from investing activities			
Long-term investments	7	(3,500)	-
Interest received	5	1,688	2,203
Software expenditures	8	(728)	(620)
Acquisition of property, plant and equipment		(344)	(144)
Sublease payments received	13	272	-
Interest received from sublease	13	46	-
Net cash flows from/(used in) investing activities		**(2,566)**	**1,439**
Cash flows from financing activities			
Lease repayment (principal)	13	(1,001)	(1,017)
Exercise of stock options	12	142	149
Transaction costs related to SBB		(113)	-
Interest paid	13	(62)	(80)
Net cash flows from/(used in) financing activities		**(1,034)**	**(948)**
Net increase/(decrease) in cash and cash equivalents		**10,812**	**17,389**
Effect of exchange rate fluctuations and accrued interest		269	(1,138)
Cash and cash equivalents at the beginning of the period		**152,110**	**222,245**
Cash and cash equivalents at the end of the period		**163,191**	**238,496**

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

Notes to the interim condensed consolidated financial statements

1. General information

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

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

As at March 31, 2024 and December 31, 2023, the Huuuge Inc. Group (the Company and its subsidiaries collectively referred to as the “Group”) comprised the Parent Company and its subsidiaries, as listed below.

Name of entity	Registered seat	Activities	Parent Company's share in capital	
			As at March 31, 2024	As at December 31, 2023
Huuuge Games Sp. z o.o.	Szczecin, Poland	games development and operations	100%	100%
Huuuge Global Ltd	Limassol, Cyprus	games distribution, user acquisition	100%	100%
Huuuge Publishing Ltd (formerly Fun Monkey Ltd)	Limassol, Cyprus	games distribution	100%	100%
Huuuge Block Ltd (formerly Coffee Break Games Ltd)	Limassol, Cyprus	games distribution	100%	100%
Billionaire Games Limited	Limassol, Cyprus	games distribution	100%	100%
Huuuge Digital Ltd	Tel Aviv, Israel	games development, R&D	100%	100%
Playable Platform B.V.	Amsterdam, Netherlands	games development, R&D	100%	100%
Double Star Oy	Helsinki, Finland	games development	100%	100%
Huuuge UK Ltd	London, United Kingdom	corporate development	100%	100%
Coffee Break Games United Ltd *	Dublin, Ireland	games distribution, user acquisition, in liquidation	-	100%
Huuuge Mobile Games 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%

* Effective on January 24, 2024, Coffee Break Games United Ltd was dissolved and is no longer in existence.
** Effective on May 27, 2024, Huuuge Mobile Games Ltd was dissolved and is no longer in existence.

The core business activities of the Group include:

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

The Group's business activities are not subject to significant seasonal or cyclical trends. The Group's business activities are characterized by low environmental impact. For more information on climate matters, please refer to the Annual report for the twelve-month period ended December 31, 2023. There were no significant risks identified related to climate change.

Composition of the Company's Board of Directors as at March 31, 2024 and as at the date of signing of these interim condensed consolidated financial statements

Directors have annual terms of duty and serve until the successors are duly elected. Preferred shareholders have the right to appoint certain directors.
As at December 31, 2023, as well as at March 31, 2024 and as at the date of approval of of these interim condensed consolidated financial statements for issue, the composition of the Company's Board of Directors was the following:

- Anton Gauffin, executive director, Executive Chairman of the Board,
- Henric Suuronen, non-executive director,
- Krzysztof Kaczmarczyk, non-executive director,
- John Salter, non-executive director,
- Tom Jacobsson, non-executive director.

2. Accounting policies

1) Basis for preparation of the interim condensed consolidated financial statements

These interim condensed consolidated financial statements as at and for the three-month period ended March 31, 2024 have been prepared in accordance with the IAS 34 Interim Financial Reporting as adopted by the European Union.

These interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's consolidated financial statements as at and for the year ended December 31, 2023 prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS").

These interim condensed consolidated financial statements as at and for the three-month period ended March 31, 2024 were approved on May 27, 2024 by the Board of Directors. The Group has prepared these interim consolidated financial statements on the basis that it will continue to operate as a going concern.

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

Changes in presentation of amortization of the intangible assets

During the three-month period ended March 31, 2024, the Company management analyzed the presentation of the operating expenses and decided on a change in the presentation of the amortization of internally generated intangible assets, as well as few externally generated intangible assets. In 2023, the amortization of the internally and externally generated intangible assets was in full allocated to the "General and administrative expenses" in the statement of comprehensive income. Starting from January 1, 2024, management decided to allocate the amortization of intangible assets by function. As a result, the amortization in the amount of USD 447 thousand was allocated to and presented in the line "Research and development expenses" and USD 206 thousand was allocated to and presented in the line "Sales and marketing expenses" (please, refer to the Note 4 *Operating expenses*).

Such a presentation is relevant to an understanding of the Group's operating expenses structure. In the management's view, the amended presentation enhances the presentation of the statement of the comprehensive income. The change was implemented retrospectively, i.e. the comparative figures conform to the new presentation: as a result of this change, the amount transferred from the "General and administrative expenses" to the line "Research and development expenses" is USD 292 thousand and to the line "Sales and marketing expenses" is USD 78 thousand for the three-month period ended March 31, 2023. This change did not have an impact on total operating expenses for the three-month period ended March 31, 2023, nor for the year ended December 31, 2023.

2) Material accounting policies, key judgments and estimates

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's consolidated financial statements as at and for the year ended December 31, 2023, except for the adoption of new standards effective as at January 1, 2024. The Group has not early-adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments and interpretations apply for the first time in 2024 but do not have an impact on the interim condensed consolidated financial statements of the Group. In preparing these interim condensed consolidated financial statements, the significant judgements and estimates made by management in applying the Group's accounting policies have been consistently applied by the Group and are consistent across the reported periods.

3) Adoption of new and revised standards

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

In preparing these interim condensed consolidated financial statements, the Group's management has analyzed new Standards that have already been adopted by the European Union and that should be applied for periods beginning on or after January 1, 2024.

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

- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (Issued on May 25, 2023): not yet endorsed by the EU at the date of approval of these consolidated financial statements for issue – effective for financial years beginning on or after January 1, 2024;

- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (issued on August 15, 2023): not yet endorsed by the EU at the date of approval of these consolidated financial statements for issue – effective for financial years beginning on or after January 1, 2025;

- IFRS 18 Presentation and Disclosure in Financial Statements (issued on April 9, 2024) - not yet endorsed by the EU at the date of approval of these consolidated financial statements for issue – effective for financial years beginning on or after January 1, 2027.

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

3. Revenue and segment information

Huuuge's business, development and sales of casual games for mobile platforms is global, and both games and sales channels are the same, regardless of where the players (customers) are located. Management measures and monitors the Group's revenue in respect of each game, but does not allocate all costs, assets and liabilities by game and does not measure the operating results by game. In management's view, the operations and the Group's financial performance and position cannot be divided into different segments in such a way that it improves the ability to analyze and manage the Group. As at March 31, 2024 the CEO is the Chief operating decision-maker and for this reason, the CEO analyzes the consolidated financial position and operating results of the Group as a whole; therefore, it has been determined that the Group has only one operating segment ("online mobile games").

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

The Group's revenue from contracts with clients comprises revenue generated by in-app purchases (gaming applications) and in-app ads (advertising).

Revenue generated from gaming applications for the three-month period ended March 31, 2024 amounted to USD 66,321 thousand (USD 70,626 thousand for the three-month period ended March 31, 2023), and revenue generated from advertising amounted to USD 654 thousand for the three-month period ended March 31, 2024 (USD 1,120 thousand for the three-month period ended March 31, 2023).

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

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

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

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

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

	Three-month period ended March 31, 2024 Unaudited	**Three-month period ended March 31, 2023 Unaudited**
Huuuge Casino	42,847	45,215
Billionaire Casino	22,260	22,781
Traffic Puzzle	1,514	3,104
Other games	354	646
Total revenue	**66,975**	**71,746**

Revenue was generated in the following geographical locations:

	Three-month period ended March 31, 2024 Unaudited	**Three-month period ended March 31, 2023 Unaudited**
North America	39,137	44,182
Europe	17,431	16,766
Asia-Pacific (APAC)	3,846	4,086
Other	6,561	6,712
Total revenue	**66,975**	**71,746**

The line "North America" includes revenue generated in the United States amounting to USD 37,286 thousand during the three-month period ended March 31, 2024 (USD 42,088 thousand during the three-month period ended March 31, 2023). The above is the management's best estimate, as no geographical breakdown is available for some revenue sources.

The allocation to regions is driven by the location of individual end-user customers. No individual end-user customer with whom the Group concludes transactions had a share of 10% or more in the Group's total revenues in the three-month period ended March 31, 2024 or March 31, 2023. The vast majority of revenues is generated by several platform providers, such as Apple App Store, Google Play, Facebook and Amazon App Store, as well as directly through direct-to-consumer offering (Web store).

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

	Three-month period ended March 31, 2024 Unaudited	**Three-month period ended March 31, 2023 Unaudited**
Third-party platforms	61,405	69,411
Direct-to-consumer platforms	5,570	2,335
Total revenue	**66,975**	**71,746**

4. Operating expenses

For the three-month period ended March 31, 2024, the operating expenses comprised:

Expenses by nature, Unaudited	Total	Cost of sales	Sales and marketing expenses:		Research and development expenses	General and administrative expenses
			thereof, User acquisition marketing campaigns	*thereof,* General sales and marketing expenses		
Platform fees to distributors	18,496	18,496	-	-	-	-
External developers fees	190	-	-	-	190	-
Gaming servers expenses	165	165	-	-	-	-
External marketing and sales services	13,002	-	11,772	1,230	-	-
Salaries and employee-related costs	9,264	-	-	1,832	4,710	2,722
Employee stock option plan	1,350	-	-	38	106	1,206
Depreciation and amortization	2,454	396	-	206	447	1,405
Finance & legal services	817	-	-	-	-	817
IT equipment and software expenses	842	-	-	-	-	842
Property maintenance and external services	408	-	-	-	-	408
Other costs	899	-	-	7	252	640
Total operating expenses	**47,887**	**19,057**	**11,772**	**3,313**	**5,705**	**8,040**

Other costs under research and development expenses include costs of development, graphics and gaming content. Other costs under general and administrative expenses include mainly business travel expenses, office management services (including company events), training costs and costs of recruitment and payment services.

For the three-month period ended March 31, 2023, the operating expenses comprised:

Expenses by nature, Unaudited	Total	Cost of sales	Sales and marketing expenses:		Research and development expenses	General and administrative expenses
			thereof, User acquisition marketing campaigns	*thereof,* General sales and marketing expenses		
Platform fees to distributors	20,553	20,553	-	-	-	-
External developers fees	440	-	-	-	440	-
Gaming servers expenses	187	187	-	-	-	-
External marketing and sales services	6,995	-	6,324	671	-	-
Salaries and employee-related costs	13,239	-	-	2,332	6,723	4,184
Employee stock option plan	55	-	-	(21)	(270)	346
Depreciation and amortization	2,488	396	-	78	292	1,722
Finance & legal services	1,231	-	-	-	-	1,231
IT equipment and software expenses	950	-	-	-	-	950
Property maintenance and external services	494	-	-	-	-	494
Other costs	964	-	-	3	288	673
Total operating expenses	**47,596**	**21,136**	**6,324**	**3,063**	**7,473**	**9,600**

Salaries and employee-related costs include costs related to the headcount reductions amounting to USD 1,552 thousand. Other costs under research and development expenses include costs of gaming content. Other costs under general and administrative expenses include mainly business travels expenses, car fleet and office management services (including company events), and costs of recruitment and payment services.

As of March 31, 2024, the amortization of intangible assets was allocated to and is presented within “Research and development expenses” and “Sales and marketing expenses”. The comparative figures have been reclassified accordingly. Specifically, USD 292 thousand previously presented under “General and administrative expenses” has been reclassified to “Research and development expenses”, and USD 78 thousand previously presented under “General and administrative expenses” has been reclassified to “Sales and marketing expenses”. Please, refer to Note 2.1) *Basis for preparation of interim condensed consolidated financial statements,* point *Changes in presentation of amortization of the intangible assets.*

5. Finance income and finance expense

Finance income

	Three-month period ended March 31, 2024 Unaudited	Three-month period ended March 31, 2023 Unaudited
Foreign exchange gains, net	488	83
Interest income	1,619	1,505
Total finance income	**2,107**	**1,588**

In the three-month period ended March 31, 2024, finance income amounted to USD 2,107 thousand, which mainly comprises interest income on deposits and money market mutual funds accounts. In the three-month period ended March 31, 2023, finance income amounted to USD 1,588 thousand, which comprises mainly interest income on deposits, money market mutual funds accounts, and money market interest-bearing accounts.

During the three-month period ended March 31, 2024, Huuuge Global Ltd and Huuuge Games Sp. z o.o. have entered into currency forward contracts. The contracts are short term, i.e. for the period not exceeding 3 months. Notional amount of the outstanding contracts as at March 31, 2024 amounted to USD 14,031 thousand. The effect of the contracts valuation amounted to USD 8 thousand in the three-month period ended March 31, 2024, and was presented in the line “Finance income” in the interim condensed consolidated statement of comprehensive income.

In the three-month period ended March 31, 2024, finance expense includes the interest expense in the amount of USD 119 thousand (USD 81 thousand in the three-month period ended March 31, 2023), which comprises mainly interest expense recognized under IFRS 16 on lease liabilities.

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

6. Income tax

	Three-month period ended March 31, 2024 Unaudited	Three-month period ended March 31, 2023 Unaudited
Current income tax	3,254	3,683
Change in deferred income tax	329	(58)
Income tax for the period	**3,583**	**3,625**

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

The average tax rate used for the three-month period ended March 31, 2024 is 17.8%, compared to 13.9% for the three-month period ended March 31, 2023.

The tax rate was higher in the three-month period ended March 31, 2024 mainly due to the higher proportion of non-tax deductible costs in comparison to the prior period, as well as due to higher proportion of tax losses without recognized tax benefit.

7. Long-term investments

As reported in the current report no. 13/2024, on March 17, 2024 (the "Signing Date") the Company concluded: (i) a simple agreement for future equity (the "SAFE") with Bananaz Studios Ltd., with its seat in Tzur Yitzhak, State of Israel ("Bananaz"); and (ii) a call option deed agreement (the "Call Option Deed") with Bananaz and its shareholders, including the founders of Bananaz (collectively, the "Transaction Documents").

Bananaz currently operates "Slots Cash", a product that the Company views as attractive and complementary to its core social casino business.

Under the SAFE, the Company undertook to invest in Bananaz up to USD 6,000 thousand in exchange for the future right to receive newly issued shares in Bananaz (the "Payment"). The Payment will be split into two tranches: (i) payment of the first tranche in the amount of USD 3,500 thousand was ordered on the Signing Date; and (ii) the second tranche in the amount of USD 2,500 thousand shall be payable following the achievement by Bananaz of certain key performance indicators indicated in the SAFE, or at the Company's sole discretion, during the period commencing 9 months and ending 18 months after the Signing Date (the "Second Tranche"). The Company will be investing in Bananaz at a pre-money valuation of USD 16,500,000. Bananaz will primarily use the proceeds to grow its team, execute on the roadmap for Slots Cash, and invest in user acquisition.

The SAFE provides for the conversion of the Payment into shares in Bananaz's share capital upon the occurrence of the certain conversion events referred to in the SAFE, including the exercise of the Call Option (as defined below).

In accordance with the provisions of the Call Option Deed, the Company is granted the right (not an obligation) to acquire the entire issued share capital of Bananaz (existing or future) together with all rights attached thereto (the "Call Option Shares", the "Call Option"). The Company is entitled to exercise the Call Option at any time following the investment of the Second Tranche and ending on the date falling 24 months following the date of the investment of the Second Tranche. The price of the Call Option Shares shall be paid in two installments.

The first installment shall be calculated based on the EBITDA of Bananaz adjusted by a determined multiplier and by certain balance sheet and other items outlined in the Call Option Deed. However, in any case the price for the Call Option Shares will not be lower than USD 20,000 thousand for all the shares in the share capital of Bananaz (including the shares which will be issued to the Company according to the SAFE), before the above-mentioned agreed adjustments. The first installment shall be payable at the completion of the Call Option.

The size of the second installment will be determined based on a multiple of future EBITDA of Bananaz, or a multiple of future EBITDA and future revenue of Bananaz in tandem and will be the difference between the value calculated using this methodology, and the first installment (the "Deferred Consideration"). The Deferred Consideration attributable to the founders (not all of the sellers) is subject to a time base vesting mechanism and linked to their employment by Bananaz on a full-time basis. The Deferred Consideration will be paid within 10 days following the lapse of 36 months after the payment of the first installment.

Furthermore, from the Signing Date, the Company is granted typical rights of a minority shareholder, including but not limited to: the right to appoint one director to the Board of Directors of Bananaz, certain Board of Directors and shareholder' reserved matters; and information rights. The Transaction Documents are governed by English law.

As at March 31, 2024, the SAFE agreement was recognised in the line "Long-term investments" in the interim condensed consolidated statement of financial position in the amount of USD 3,500 thousand. Since the strike price for the call option as at March 31, 2024 is higher than the fair value of the underlying assets, the call option has a nil value as at the reporting date. The call option fair value is subject to revaluation in the following reporting periods.

8. Intangible assets

	IP rights	Software generated internally	Software acquired externally	Prepayments for intangible assets	Total
Gross book value as at January 1, 2024	**39,743**	**5,690**	**3,766**	**1,653**	**50,852**
Additions	-	-	1,114	336	**1,450**
Transfers	-	345	-	(345)	**-**
Net foreign exchange differences on translation	1	-	(15)	-	**(14)**
Gross book value as at March 31, 2024	**39,744**	**6,035**	**4,865**	**1,644**	**52,288**
Accumulated amortization and impairment as at January 1, 2024	**(34,959)**	**(2,530)**	**(3,509)**	**-**	**(40,998)**
Amortization charge for the period	(402)	(449)	(391)	-	**(1,242)**
Net foreign exchange differences on translation	5	-	7	-	**12**
Accumulated amortization and impairment as at March 31, 2024	**(35,356)**	**(2,979)**	**(3,893)**	**-**	**(42,228)**
Net book value as at January 1, 2024, Audited	**4,784**	**3,160**	**257**	**1,653**	**9,854**
Net book value as at March 31, 2024, Unaudited	**4,388**	**3,056**	**972**	**1,644**	**10,060**

	IP rights	Software generated internally	Software acquired externally	Prepayments for intangible assets	Total
Gross book value as at January 1, 2023	**39,695**	**3,653**	**3,399**	**1,904**	**48,651**
Additions	-	-	-	620	**620**
Transfer from assets under construction	-	642	(9)	(633)	-
Derecognition of capitalized expenditure	-	-	-	(93)	**(93)**
Net foreign exchange differences on translation	5	-	23	-	**28**
Gross book value as at March 31, 2023	**39,700**	**4,295**	**3,413**	**1,798**	**49,206**
Accumulated amortization and impairment as at January 1, 2023	**(33,079)**	**(1,174)**	**(2,341)**	**-**	**(36,594)**
Amortization charge for the period	(540)	(293)	(285)	-	**(1,118)**
Net foreign exchange differences on translation	(5)	-	(10)	-	**(15)**
Accumulated amortization and impairment as at March 31, 2023	**(33,624)**	**(1,467)**	**(2,636)**	**-**	**(37,727)**
Net book value as at January 1, 2023, Audited	**6,616**	**2,479**	**1,058**	**1,904**	**12,057**
Net book value as at March 31, 2023, Unaudited	**6,076**	**2,828**	**777**	**1,798**	**11,479**

No indicators for additional impairment recognition or reversal were identified as at March 31, 2024 and March 31, 2023 in relation to intangible assets. As at March 31, 2024, and as at the date of approval of these interim condensed consolidated financial statements for issue, there were no pledges or collaterals on the Group's intangible assets.

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

9. Cash and cash equivalents

	As at March 31, 2024 Unaudited	As at December 31, 2023 Audited
Restricted cash held for the purpose of share buy-back	70,000	-
Deposits	69,011	53,105
Money market mutual fund investments	16,000	79,986
Cash at banks (current accounts)	8,180	13,929
Cash for buy-sell-back transactions	-	5,090
Total cash and cash equivalents	**163,191**	**152,110**

As at March 31, 2024 cash in the amount of USD 70,000 thousand was reserved at the brokerage account for the purpose of acquisition and transfer of ownership of the shares offered in response to a time-limited invitation to submit to the Company sale offers relating to shares in the Company, at a predetermined and fixed price per share, open to all shareholders of the Company (the "Invitation") announced by the Company on March 14, 2024. The settlement of the SBB took place on April 23, 2024 (the "Settlement Date") outside the organized system of trading in financial instruments through IPOPEMA Securities S.A. (the "Broker").

While the use of this cash held on the brokerage account as at March 31, 2024 was restricted by the contract with the Broker, it still meets the definition of cash and cash equivalents based on the brokerage account's nature.

As at March 31, 2024, there were short-term cash deposits amounting to USD 69,011 thousand. Maturity of these investments is three months, and they are repayable on demand, thus the investments are highly liquid, readily convertible to known amounts of cash, and are subject to an insignificant risk of changes in value, and meet the criteria indicated in IAS 7 Statement of Cash Flows, and have been considered in substance as cash equivalents.

Money market mutual fund investments are classified as cash equivalents. For the details, please refer to Note 2.2 *Key judgements and estimates* in the consolidated financial statements as at and for the year ended December 31, 2023.

During the three-month period ended March 31, 2024, money market mutual fund investments and deposits generated interest income in the total amount of USD 1,548 thousand. This includes the accrued interest from bank deposits in the amount of USD 181 thousand (USD 331 thousand as at December 31, 2023). For details, please refer to Note 5 *Finance income and finance expense*.

Other than restricted cash held for the purpose of share buy-back as presented in the table above, as at March 31, 2024, there was restricted cash in the amount of USD 32 thousand (USD 32 thousand as at December 31, 2023).

The Company entered into the deposits for hedging transactions amounting to USD 2,508 thousand as of March 31, 2024, which do not fulfill the definition of cash and cash equivalents as indicated in IAS 7, Statement of Cash Flows. These deposits are presented in the line "Other short-term financial assets" in the Interim condensed consolidated statement of financial position as at March 31, 2024.

10. Earnings per share

Detailed methodology of calculation of basic and diluted earnings per share is presented in the Group's consolidated financial statements as at and for the year ended December 31, 2023.

Basic EPS		**Three-month period ended March 31, 2024 Unaudited**	**Three-month period ended March 31, 2023 Unaudited**
Net result attributable to the owners of the Parent	[A]	16,541	22,394
Undistributed profit (loss) attributable to holders of series A and B preference shares	[B]	-	-
Profit/(loss) attributable to holders of common shares	**[C]=[A]-[B]**	**16,541**	**22,394**

		Three-month period ended March 31, 2024 Unaudited	**Three-month period ended March 31, 2023 Unaudited**
Weighted average number of common shares	[D]	62,990,181	79,198,174
Basic EPS	[E] = [C] / [D]	0.26	0.28

Diluted EPS		**Three-month period ended March 31, 2024 Unaudited**	**Three-month period ended March 31, 2023 Unaudited**
Profit (loss) attributable to holders of common shares	[A]	16,541	22,394
Undistributed profit (loss) attributable to holders of series A and B preference shares	[B]	-	-
Profit/(loss) attributable to ordinary equity holders of the parent adjusted for the effect of dilution	**[C]=[A]-[B]**	**16,541**	**22,394**

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

		Three-month period ended March 31, 2024 Unaudited	**Three-month period ended March 31, 2023 Unaudited**
Weighted average number of issued common shares used in calculating basic earnings per share	[D]	62,990,181	79,198,174
Employee Stock Option Plan	[E]	-	768,594
Weighted average number of issued common shares and potential common shares used in calculating diluted earnings per share	**[I]=[D]+[E]**	**62,990,181**	**79,966,768**
Diluted EPS	[F]=[C] / [I]	0.26	0.28

11. Share capital

As at March 31, 2024 and March 31, 2023, the Group's share capital comprised common shares and preferred 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):

Shares classified as equity instruments as at March 31, 2024:

	Common shares (outstanding)		Preferred shares (series A and B)		Treasury shares		Treasury shares allocated for the existing share-based payment programs		Total (issued)	
	Number of shares	**Nominal value**	**Number of shares**	**Nominal value**	**Number of shares**	**Nominal value**	**Number of shares**	**Nominal value**	**Number of shares**	**Nominal value**
As at January 1, 2024, Audited	**62,977,148**	**1,260**	**2**	**0**	**4,147,628**	**84**	-	**-**	**67,124,778**	**1,344**
Allocation of shares to Share-based payment program	-	-	-	-	(145,582)	(3)	145,582	3	-	-
Exercise of stock options	78,200	2	-	-	-	-	(78,200)	(2)	-	-
As at March 31, 2024, Unaudited	**63,055,348**	**1,262**	**2**	**0**	**4,002,046**	**81**	**67,382**	**1**	**67,124,778**	**1,344**

Shares classified as equity instruments as at March 31, 2023:

	Common shares (outstanding)		Preferred shares (series A and B)		Treasury shares		Treasury shares allocated for the existing share-based payment programs		Total (issued)	
	Number of shares	Nominal value	Number of shares	Nominal value	Number of shares	Nominal value	Number of shares	Nominal value	Number of shares	Nominal value
As at January 1, 2023 Audited	**79,183,513**	**1,584**	**2**	**0**	**5,063,182**	**102**	**-**	**-**	**84,246,697**	**1,686**
Allocation of shares to Share-based payment program	-	-	-	-	(439,835)	(9)	439,835	9	-	-
Exercise of stock options	439,835	9	-	-	-	-	(439,835)	(9)	-	-
As at March 31, 2023 Unaudited	**79,623,348**	**1,593**	**2**	**0**	**4,623,347**	**93**	-	**-**	**84,246,697**	**1,686**

The Company is authorized to issue up to 113,881,420 shares with a par value of USD 0.00002 (113,881,418 common shares and 1 share of series A preferred share and 1 share of series B preferred share), out of which as at March 31, 2024, 21,441,149 shares were allocated to a reserve that could be issued only with majority shareholders' approval (3,697,929 as at March 31, 2023).

As at March 31, 2024, the share capital of the Company comprised 67,124,778 shares (fully paid) with a par value of USD 0.00002 per share and the total value of USD 1,344 (not thousands), including 63,055,348 common shares held by shareholders, two preferred shares (one preferred share of series A and one preferred share of series B) and 4,069,428 common shares reacquired by the Company and not redeemed (treasury shares and treasury shares allocated to the existing share-based payment programs).

As at March 31, 2023, the share capital of the Company comprised 84,246,697 shares (fully paid) with a par value of USD 0.00002 per share and a total value of USD 1,686 (not thousands), including 79,623,348 common shares held by shareholders, two preferred shares (one preferred share of series A and one preferred share of series B) and 4,623,347 common shares reacquired by the Company and not redeemed (treasury shares and treasury shares allocated for the existing share-based payment programs).

During the three-month period ended March 31, 2024, the number of shares (not issued) allocated to the existing share-based payment programs was reduced by 145,582 shares. This is because 78,200 treasury shares were delivered to employees for the options exercised during the period, and 67,382 treasury shares were delivered after March 31, 2024. As at March 31, 2024, 9,946,597 shares with a par value of USD 0.00002 per share were reserved for two stock option programs established in 2015 and 2019.

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

- protective provisions in case of liquidation, dissolution, winding up, certain mergers, consolidations and sale of assets of Huuuge, Inc. or conversion to common shares – the holders of series A or B preferred 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 preferred shares, one per each series of preferred shares (series A,B); two by the holders of common shares.

As at March 31, 2024 and March 31, 2023, 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, founder and Executive Chairman of the Board, who participates in the Company's ordinary shares indirectly (through shares of Big Bets OU).

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

In the three-month period ended March 31, 2024, the following transactions took place:

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

In the three-month period ended March 31, 2024, 256,591 share options held by employees under the share-based payment program were exercised, out of which for 145,278 options exercised 78,200 treasury shares were delivered to employees before March 31, 2024, and for 111,313 options 67,382 treasury shares were delivered after March 31, 2024 (the difference between the number of options exercised and the number of treasury shares delivered is due to cashless exercises).

The delivery of treasury shares was presented as a movement from treasury shares allocated for existing share-based payment programs 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 173 thousand was recognized in supplementary capital. At the same time, the movement decreased the number of shares (not issued) allocated to the existing share-based payment programs.

- **Acquisition of shares under share Buyback Scheme ("SBB") and retirement of shares purchased by the Company during the share buyback**

On April 23, 2024, as a result of the settlement of the acquisition and transfer of ownership of the shares offered in response to a time-limited invitation to submit to the Company sale offers relating to shares in the Company, at a pre-determined and fixed price per share, open to all shareholders of the Company (the "Invitation") (the "SBB") announced by the Company on March 14, 2024 in the current report no. 12/2024, the Company acquired 7,139,797 of its common shares that represent 10.64% of the share capital of the Company and that entitled their holders to exercise 10.64% of the total number of votes at the general meeting of the Company for a total consideration of USD 69,999,998.

The settlement of the SBB took place on April 23, 2024 (the "Settlement Date") outside the organized system of trading in financial instruments through IPOPEMA Securities S.A. The acquisition was made at a gross price of USD 9.8042. Amounts due to investors, after withholding of applicable taxes, have been converted from USD to PLN in accordance with the interbank exchange rate applicable as of April 22, 2024 (as the day preceding the Settlement Date), which is 4.05.

The shares were acquired on the basis of the Company's Board of Directors resolution dated March 14, 2024 launching the acquisition of the Company's common shares listed on the Warsaw Stock Exchange by way of a time-limited Invitation to Sell, establishing detailed conditions and procedures for participation in and execution of the SBB.

Prior to the SBB settlement, the Company owned 4,002,046 common shares that represented 5.96% of the Company's share capital and did not entitle the Company to voting rights. Following the settlement of the SBB, the Company owns a total of 11,141,843 shares that represent 16.60% of the Company's share capital and do not entitle the Company to voting rights. Consequently, following the settlement of the SBB, there are 67,124,778 shares of the Company outstanding and conferring 55,982,935 votes in total at the general meeting of the Company. The Company acquired the shares under the SBB with the intention that the shares will be retired, other than those shares necessary, in the Company's view, to satisfy its ongoing needs under the Company's employee stock option plans.

On April 26, 2024, the Board of Directors in accordance with Section 243 of the Delaware General Corporation law, adopted a resolution on the retirement of 7,139,797 shares of common stock of the Company representing 10.64% of the issued share capital of the Company comprising of 67,124,778 shares. The shares that were subject to the retirement were purchased by the Company during the share buyback (current report No. 12/2024 dated March 14, 2024) with the intention that the shares will be retired, other than those shares necessary, in the Company's view, to satisfy its ongoing needs under the Company's employee stock option plans.

Effective as of the adoption of the resolution of the Board of Directors, the retired shares resumed the status of authorized and unissued shares of the common stock of the Company. At the same time, the Company's issued share capital decreased from 67,124,778 to 59,984,981 shares.

<u>In the three-month period ended March 31, 2023, the following transactions took place:</u>

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

In the three-month period ended March 31, 2023, 839,748 share options held by employees under the share-based payment program were exercised, for which 439,835 treasury shares were delivered to employees before March 31, 2023 (the difference is due to cashless exercises).

The delivery of treasury shares was presented as a movement from treasury shares to common shares.

The movement resulted in an increase in share capital in the amount of the nominal value of the shares delivered, and the difference between the value of treasury shares and the cash consideration received in the amount of USD 2,229 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.

12. Share-based payment arrangements

A detailed description of the Group's equity share-based payment program, i.e. ESOP, and a fair value measurement of the employee share options are presented in the Group's consolidated financial statements as at and for the year ended December 31, 2023.

Movements in share options during the period were as follows (weighted average exercise prices are presented in USD, not in thousand USD):

	Three-month period ended March 31, 2024	
	Number of options	**Weighted average exercise price**
Balance as at January 1	**5,534,416**	**5.75**
Granted during the period	585,000	6.92
Forfeited during the period	(200,951)	5.59
Exercised during the period	(256,591)	3.60
Expired during the period	(9,856)	2.99
Balance as at March 31	**5,652,018**	**5.98**

	Three-month period ended March 31, 2023	
	Number of options	**Weighted average exercise price**
Balance as at January 1	**4,778,100**	**4.46**
Granted during the period	-	-
Forfeited during the period	(334,518)	3.99
Exercised during the period	(839,748)	2.97
Expired during the period	(11,806)	5.15
Balance as at March 31	**3,592,028**	**4.85**

As at March 31, 2024, 634,057 share options were exercisable, with the weighted average exercise price of USD 4.06 per share. As at March 31, 2023, 887,638 share options were exercisable, with the weighted average exercise price of USD 3.20 per share.

During the three-month period ended March 31, 2024, 256,591 options were exercised under the share-based payment program. Due to cashless exercise only 145,582 treasury shares have to be delivered, out of which 78,200 treasury shares were delivered to employees before March 31, 2024 and 67,382 shares were pending delivery as of March 31, 2024. Total cash payments received during the three-month period ending March 31, 2024 amounted to USD 142 thousand.

During the three-month period ended March 31, 2023, 839,748 options were exercised under the share-based payment program, out of which, 439,835 treasury shares were delivered (the difference of 399,913 options is due to cashless exercises). Cash payments received for the shares delivered to employees before March 31, 2023 amounted to USD 149 thousand.

Total expense related to share-based payment arrangements, which includes cost recognised for the period as well as the cost derecognition when the service condition is not met for the three-month period ended March 31, 2024, amounted to USD 1,350 thousand (USD 55 thousand for the three-month period ended March 31, 2023).

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

Executive Chairman of the Board options

Mr. Anton Gauffin, holding the positions of the Executive Chairman of the Board, was granted 500,000 share options in total during the year 2021, out of which 75,000 had a vesting condition to provide the service continuously for about four years from the service commencement date and to meet 2021 EBITDA target. These options were forfeited in 2022 as the performance condition was not met. All options can be exercised at a price of PLN 50, i.e., the price of the Company’s shares in the initial public offering.

The vesting conditions for the remaining outstanding options are the following:

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

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

Advisory agreement

Based on the contract executed on September 27, 2021, beginning from January 3, 2022 until October 31, 2024, the advisor shall provide to the Company’s Executive Chairman of the Board 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 was concluded to be a transaction with a non-employee, and the Group measures the fair value of the services received and the corresponding increase in equity indirectly, by reference to the fair value of the equity instruments granted when the services are performed.

Options granted to key management personnel

Based on resolutions of the Board of Directors of Huuuge, Inc. 3,145,000 options were granted to key managers of Huuuge, Inc. Group (including 2,345,000 options granted to Huuuge, Inc. Officers) on October 3, 2023. 125,000 options were granted on November 6, 2023. Additionally, 585,000 options were granted on February 6, 2024.

The vesting conditions for the 3,855,000 options in total are the following:

- 1,285,000 options with a vesting condition to provide the service continuously for about four years from the service commencement date.
- 1,285,000 options with a vesting condition to provide the service continuously for about four years from the service commencement date and to meet specified EBITDA and Revenue targets, i.e. performance condition.
- 1,285,000 options with a vesting condition to provide the service continuously and with a variable vesting period due to market condition, i.e. condition to meet the Company’s market capitalization milestones.

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

13. Leases

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

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

The tables below present the carrying amounts of recognized right-of-use assets and the movements in the three-month period ended March 31, 2024 and in the three-month period ended March 31, 2023:

	Offices	Cars	Total
as at January 1, 2024, Audited	**6,775**	**75**	**6,850**
additions (new leases)	-	-	-
transfer to lease receivable	-	-	-
remeasurement due to indexation, and other	450	17	467
foreign exchange differences on translation	(124)	(1)	(125)
depreciation	(669)	(17)	(686)
as at March 31, 2024, Unaudited	**6,432**	**74**	**6,506**

	Offices	Cars	Total
as at January 1, 2023, Audited	**12,859**	**106**	**12,965**
additions (new leases)	-	-	-
transfer to lease receivable	(32)	-	(32)
remeasurement due to indexation, and other	683	-	683
foreign exchange differences on translation	93	4	97
depreciation	(1,024)	(24)	(1,048)
as at March 31, 2023, Unaudited	**12,579**	**86**	**12,665**

The table below presents the book values of lease liabilities and movements in the three-month period ended March 31, 2024 and in the three-month period ended March 31, 2023:

	Three-month period ended March 31, 2024	Three-month period ended March 31, 2023
as at January 1, Audited	**10,640**	**13,827**
additions (new leases)	-	-
remeasurement due to indexation, and other	552	683
interest expense on lease liabilities	62	80
lease payments	(1,063)	(1,097)
foreign exchange differences on translation to functional currency	(48)	(16)
foreign exchange differences on translation to USD	(152)	107
as at March 31, Unaudited	**9,991**	**13,584**
long-term	6,117	9,384
short-term	3,874	4,200

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

- cash payments of the capital component of lease liabilities in the three-month period ended March 31, 2024 amounting to USD 1,001 thousand (USD 1,017 thousand in the three-month period ended March 31, 2023) – as part of financing activities (lease repayment),
- cash interest payments on leases in the three-month period ended March 31, 2024 amounting to USD 62 thousand (USD 80 thousand in the three-month period ended March 31, 2023) – as part of financing activities (interest paid),

- leases of low-value assets and short-term leases not included in the measurement of lease liabilities in the three-month period ended March 31, 2024 amounting to USD 48 thousand (USD 231 thousand in the three-month period ended March 31, 2023) – as part of operating activities.

The Group had total cash outflows due to leases of USD 1,111 thousand in the three-month period ended March 31, 2024 and USD 1,328 thousand in the three-month period ended March 31, 2023.

Sublease agreements

The Group entities have entered several arrangements to sublease leased office spaces to a third party while the original lease contract is in effect. The lease receivable from the finance lease amounted to USD 3,181 thousand as at March 31, 2024 (USD 781 thousand as at March 31, 2023). As of March 31, 2024, the Group held two short term agreements classified as operating leases. The income from interest received from finance sublease amounted to USD 46 thousand during the three-month period ended March 31, 2024 (USD 8 thousand in the three-month period ended March 31, 2023). The income from the operating lease amounting to USD 142 thousand is presented in the line "Other operating income/(expense), net" in the interim condensed consolidated statement of comprehensive income during the three-month period ended March 31, 2024.

The amount of future contractual payments under operating subleases was USD 186 thousand as of March 31, 2024.

14. Contingencies

Tax contingent liabilities

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

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

Litigation and other legal proceedings

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

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

The Company cannot predict with certainty the outcomes of any legal proceedings and other contingencies, and the costs incurred in litigation can be substantial, regardless of the outcome. As a result, the Company and/or its subsidiaries could from time to time incur judgments, enter into settlements or revise our expectations regarding the outcome of certain matters, and such developments could harm our reputation and have a material adverse effect on our results of operations in the period in which the amounts are accrued and/or our cash flows in the period in which the amounts are paid.

In addition, as a result of the ongoing legal proceedings, the Company and/or its subsidiaries may be subject to damages, civil fines, or other sanctions. Additionally, defending against these lawsuits and proceedings may involve significant expense and diversion of management's attention and resources.

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

- On March 8, 2023, a plaintiff filed a complaint in the Circuit Court of Franklin County Alabama alleging that the Company's social casino games are unlawful gambling under Alabama law. The plaintiff withdrew the original complaint without prejudice for procedural reasons, and, on September 14, 2023, re-filed an amended complaint. As in the original complaint, the lawsuit seeks to recover all amounts paid by Alabama residents to the Company in those games during the period beginning one year before the filing of the lawsuit (i.e. September 14, 2022) until the case is resolved. The Company does not agree with the allegations and requests for relief made in the complaint and believes that there are meritorious legal and factual arguments supporting the Company's position. On November 1, 2023, the Company filed a motion to dismiss the amended complaint and on December 15, 2023, the Company filed a motion to compel arbitration. The hearing on the motions took place on February 26, 2024. As of the date of approval of these interim condensed consolidated financial statements for issue, the parties are awaiting the judge's decision. As of the date of approval of these interim condensed consolidated financial statements for issue, to the best of the Company's knowledge, the litigation is not expected to have a material impact on the Group's operations, financial condition or cash flows.

- On May 18, 2023, the Company received a demand for arbitration, alleging that the Company's social casino games are unlawful gambling under Kentucky law. The claimant seeks no monetary damages, only declaratory relief. However, if the arbitrator grants the requested declaratory judgments, the claimant may file a civil class action and seek to recover three times the total of all amounts paid by Kentucky residents to the Company in those games during the period beginning five years before the filing of the demand (i.e. May 18, 2018) until the case is resolved. The Company does not agree with the allegations and requests for relief made in the complaint and believes that there are meritorious legal and factual arguments supporting the Company's position. However, in order to avoid further legal and arbitration fees, on May 16, 2024 the parties settled the dispute. The amount agreed to be paid under the settlement agreement will not have a material impact on the Group's operations, financial condition or cash flows.

- On June 2, 2023, plaintiffs filed a complaint in the US Federal District Court for the Central District of California, alleging: (a) that the Company's social casino games are unlawful gambling under the laws of California, Illinois, and potentially other US states; and (b) that the Company's display of sale pricing in its social casino games constitutes false advertising under the laws of California, Illinois and potentially other US states. The lawsuit purports to be a nationwide class action, which also includes potential California and Illinois subclasses. The Company does not agree with the allegations and requests for relief made in the complaint and believes that there are meritorious legal and factual arguments supporting the Company's position. On January 24, 2024 the Company and the plaintiffs have signed an agreement to settle the case in exchange for the distribution to each class member of at least 375 virtual diamonds within the Company's games, and at least an aggregate total of 412.5 million virtual diamond, and USD 1,700 thousand in cash for attorneys' fees, costs of claims administration, and named plaintiff incentive awards. The settlement is subject to the approval by the relevant court, thus there is no certainty that any such settlement will be finally consummated. The preliminary approval hearing is set for June 6, 2024. If the settlement is approved, the resulting class action waiver will bar false advertising claims nationwide, and illegal gambling claims for residents of California and Illinois, from applicable time periods prior to the settlement. The settlement would not as a legal matter preclude the other matters referred to in this section from proceeding. The Company also believes, but cannot make any assurance, that the settlement would not have impact on the other matters referred to in this section, since they pertain to other issues in different states. The Company created a provision in the amount of USD 1,700 thousand, which, to the best belief of the Company's management, adequately reflects the financial exposure for the Company as of March 31, 2024 and as of the date of approval of these interim condensed consolidated financial statements for issue.

- On June 28, 2023, a claimant filed a demand for arbitration alleging that the Company's social casino games are unlawful gambling under Kentucky law. The claimant seeks to recover treble the total of all amounts paid by Kentucky residents to the Company in those games during the period beginning five years before the filing of the demand (i.e. June 28, 2018) until the case is resolved. An arbitrator has been changed in the case, and a new arbitrator was appointed on April 15, 2024.

The preliminary status hearing will be held on May 30, 2024. The Company does not agree with the allegations and requests for relief made in the demand and believes that there are meritorious legal and factual arguments supporting the Company's position. As of the date of approval of these interim condensed consolidated financial statements for issue, to the best of the Company's knowledge, the arbitration is not expected to have a material impact on the Group's operations, financial condition or cash flows.

- On July 25, 2023, a claimant filed a demand for arbitration alleging that the Company's social casino games are unlawful gambling under Ohio law. The claimant seeks to recover all amounts he paid to the Company and all amounts paid by Ohio residents in those games during the period beginning two years before the filing of the demand (i.e. July 25, 2021) until the case is resolved. The arbitration is in the briefing stage. The Company does not agree with the allegations and requests for relief made in the demand and believes that there are meritorious legal and factual arguments supporting the Company's position. As of the date of approval of these interim condensed consolidated financial statements for issue, to the best of the Company's knowledge, the arbitration is not expected to have a material impact on the Group's operations, financial condition or cash flows.

- On July 25, 2023, a claimant filed a demand for arbitration alleging that the Company's social casino games are unlawful gambling under Massachusetts law. The claimant seeks to recover all amounts he paid to the Company and treble the total of all amounts paid by Massachusetts residents in those games during the period beginning three years before the filing of the demands (i.e. July 25, 2020) until the case is resolved. The arbitration is in the briefing stage. The hearing will be held on June 14, 2024. The Company does not agree with the allegations and requests for relief made in the demand and believes that there are meritorious legal and factual arguments supporting the Company's position. As of the date of approval of these interim condensed consolidated financial statements for issue, to the best of the Company's knowledge, the arbitration is not expected to have a material impact on the Group's operations, financial condition or cash flows.

- On November 13, 2023, a plaintiff filed a complaint in the Circuit Court of Coffee County Tennessee alleging that the Company's social casino games are unlawful gambling under Tennessee law. The lawsuit seeks to recover all amounts paid by Tennessee residents to the Company in those games during the period beginning one year before the filing of the lawsuit (i.e. November 13, 2022) until the case is resolved. The Company does not agree with the allegations and requests for relief made in the complaint and believes that there are meritorious legal and factual arguments supporting the Company's position. On December 21, 2023 the Company removed the case to the US District Court for the Eastern District of Tennessee. On January 22, 2024 the plaintiff filed an amended complaint substituting Huuuge Global Limited as defendant in place of the Company, and a motion to remand the case back to the state circuit court. On February 9, 2024 the Company opposed the plaintiff's motion to remand and further, on March 29, 2024 the Company submitted a reply to support its motion to dismiss filed on February 5, 2024. As of the date of approval of these interim condensed consolidated financial statements for issue, the parties are awaiting the judge's decision on remand and the motion to dismiss. As of the date of approval of these interim condensed consolidated financial statements for issue, to the best of the Company's knowledge, the litigation is not expected to have a material impact on the Group's operations, financial condition or cash flows.

Except for the abovementioned proceedings, neither the Company nor any of its subsidiaries were, as at March 31, 2024, or as of the date of approval of these interim condensed consolidated financial statements for issue, a party to any significant court or arbitration proceedings or before any public authority.

15. Pledges, collaterals and other off-balance sheet positions

During the reporting periods and till the date of issuing these consolidated financial statements neither the Group nor individual subsidiaries entered in a pledge or collateral agreement on the Group's assets.

Huuuge Global Ltd and Huuuge Games Sp. z o.o. have entered into two agreements for the purpose of conducting forward and derivative transactions in the future. In one agreement, entities involved are considered joint and several debtors for planned transactions while in the second agreement, one entity guarantees the obligation of the other. The maximum amount of the contingency obligation cannot exceed USD 18,742 thousand for both parties.

16. Related party transactions

On April 23, 2024, Anton Gauffin (through Big Bets OÜ) and Raine Group (through RPII HGE LLC), sold 3,302,675 shares in total under the Share Buy-back for the total consideration of USD 32,380 thousand.

On March 7, 2023, loan agreements were signed between subsidiaries wholly owned by Huuuge Inc. and the two members of the Group Executive Management team. Based on the agreements, the two members of the Group Executive Management team received the loans in the total amount equivalent to USD 213 thousand, both for a six-month period at a market interest rate, which have been fully repaid as at December 31, 2023.

There is no ultimate controlling party.

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

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

Board of Directors of Huuuge, Inc. , Officers and Global Management	Three-month period ended March 31, 2024 Unaudited	Three-month period ended March 31, 2023 Unaudited
Base salaries	988	1,618
Bonuses and compensation based on the Group's financial result for the period	-	411
Share-based payments	1,008	327
Total	**1,996**	**2,356**

The amounts presented above include compensation of members of the Board of Directors of Huuuge, Inc., Officers and Global Management team members. The amounts for the three-month period ended March 31, 2024 and March 31, 2023 reflect the changes in composition of the teams during those periods.

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

Generally, share-based payment remuneration includes cost recognized during the period in accordance with the vesting schedule, as well as cost derecognition when a member of the executive management team ends the tenure with the Company, i.e., when the service condition is not met. During the three-month period ended March 31, 2024, the cost recognized amounted to USD 1,123 thousand and cost derecognized amounted to USD 115 thousand (USD 327 thousand of cost recognized and there was no cost reversal during the three-month period ended March 31, 2023).

During the three-month period ended March 31, 2024 members of the Board of Directors, Officers and Global Management team exercised 62,859 options (509,057 options during the three-month period ended March 31, 2023).

On April 23, 2024, members of the Executive Management team and their close family members sold 117,131 shares in total under Share Buy-back for the total consideration of USD 1,148 thousand.

Generally, the non-executive directors are remunerated with a fixed annual salary and an additional salary for holding a position of president of the Audit Committee or the Remuneration and Nomination Committee or being a member of the Audit Committee or the Remuneration and Nomination. Apart from the above, in the year 2023, non-executive directors were remunerated for being members of the special committee for the process of reviewing the strategic options.

18. Unusual events

War in Ukraine

In 2022, the representatives of the European Union imposed sanctions on Russia due to the Russian intervention in Ukraine. The Company also made the decision to stop distribution of new games in Russia and Belarus. The ongoing war in Ukraine should have no material impact on Huuuge's performance and operations. Huuuge has analyzed and is continuously monitoring the impact of the political and economic situation in Ukraine on its and the Group's operations and financial results.

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

Impact of the situation in Israel on our business

Huuuge's office in Tel Aviv, Israel accounts for around 10% of the Group's total headcount, which includes senior management of our Huuuge Casino Studio. On October 7, 2023, Hamas militants conducted a series of coordinated attacks from the Gaza Strip against the Israeli people, resulting in the outbreak of war between the State of Israel and Hamas. Moreover, Israel is engaged in ongoing hostilities with Hezbollah in Lebanon. Some of our employees in Israel in certain emergency circumstances may be called to immediate and unlimited active duty. As a result of Israel's October 7, 2023 declaration of a state of war and activation of Article 8 of the Reserve Service Law (2008), several of our employees in Israel were activated for military duty. Currently, none of Huuuge's employees have been called up for military service. Any major escalation in hostilities in the region could result in a portion of our employees and service providers in Israel being called up to perform military duty for an extended period. The Company is actively monitoring the situation and has established an internal task force developing and implementing business continuity measures.

Contingency plans are in place to prevent disruptions to business, including Israeli teams working from home and one employee temporarily moved outside of the country. Our technology infrastructure is critical to supporting the performance of our games, ensuring uptime and redundancy. All of our games operate on cloud, maintained through data centers and availability zones in the US and the EU. We have no Israel-based personnel responsible for infrastructure. As of the date of these consolidated financial statements, the war in Israel has no significant impact on our business and financial results.

19. Subsequent events

After March 31, 2024 and up to the date of approval of these consolidated financial statements for issue no significant events except the following have occurred:

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

The settlement of the SBB took place on April 23, 2024 (the "Settlement Date") outside the organized system of trading in financial instruments through IPOPEMA Securities S.A For details of the SBB, please, refer to Note 11 *Share capital*.

Retirement of shares purchased by the Company during the share buyback

On April 26, 2024, the Company's Board of Directors adopted a resolution on the retirement of 7,139,797 shares of common stock of the Company representing 10.64% of the issued share capital of the Company comprising of 67,124,778 shares (as announced in current report no 23/2024). The retirement is effective as of the adoption of the resolution by the Board of Directors. For details of the SBB, please, refer to Note 11 *Share capital*.

Signed by / Podpisano przez:

Wojciech Wronowski

Date / Data: 2024-05-28 15:46

Electronically signed

Wojciech Wronowski,

Officer of Huuuge, Inc., CEO

May 28, 2024

Additional information to the consolidated quarterly report

1. General information

Business profile

Huuuge, Inc. (the "Company", "Huuuge") is registered in Delaware, United States of America. Huuuge's registered office is located in Dover, Delaware, 850 New Burton Road, Suite 201, DE 19904. The Company was established on February 11, 2015.

MISSION

Empower billions of people to play together

VISION

Transform mobile gaming into a massively social experience

Huuuge is a global game developer and publisher on a mission to build the world's most social real-time, free-to-play mobile games portfolio. We strive to become the global leader in real-time free-to-play casual gaming, we aim to redefine the experience to give maximum joy and fun to players all around the world. Huuuge's games provide entertainment every month to millions of players from 174 countries and are available in 32 languages. Huuuge shares have been listed on the Warsaw Stock Exchange since February 2021.

Key products

Huuuge develops and publishes games that are easy to play, great for small breaks and longer sessions alike, and designed around our social-first, "play together" ethos. The social-first nature of our games is based primarily upon the ability of our players to chat, play and compete with one another in-game and in real time. The concept of playing together with others is central to the Group's approach to game design. We are one of the market leaders in implementing real-time multiplayer mechanics at scale in social casino games.

Our core franchises are Huuuge Casino and Billionaire Casino. Together, they generated 97% of Huuuge's total revenues in the first quarter 2024. Our new franchises generated 3% of total revenues and include different titles at various stages of their life cycle.

Huuuge Casino: The game was launched in June 2015. It is Huuuge's flagship title responsible for 64% of total Q1 2024 revenue and for over USD 1.3 billion in lifetime revenue. Huuuge Casino was a true pioneer with its mobile-first user experience and real-time PvP-style gameplay. We believe that it was the first social casino game to introduce features such as clubs to the realm of social casino games. Huuuge Casino offers players over 100 casino slot machines, as well as card games and roulette. The game enables players to join a club and compete in a Billionaire League, with multiplayer slots where they can play with friends and compete against each other. Huuuge Casino is ranked #16 (Apple App Store) and #10 (Google Play) among social casino apps in the United States in terms of revenue as at March 31, 2024.

Billionaire Casino: The game was launched in October 2016. Its revenue has grown rapidly since its release. It has achieved over USD 0.6 billion of lifetime revenue and constitutes 33% of our total Q1

2024 revenues. Due to its aesthetic, which is different from that of Huuuge Casino, Billionaire Casino is targeted at a different player base in terms of demographics. Similar to Huuuge Casino, Billionaire Casino offers players a number of casino slot machines, as well as card games and roulette. Billionaire Casino allows players to create a club with their friends or join a club and meet new people while playing slot machines. In addition, the game allows players to participate in club events by playing slots and other casino games. Billionaire Casino is ranked #31 (App Store) and #22 (Google Play) among social casino apps in the United States in terms of revenue as at March 31, 2024.

New titles

In Q1 2023, we created small internal teams, called "Pods", responsible for agile prototyping and development of new games. Their exploration is focused on new games with attributes that play to our strengths and reflect market conditions, namely:

- Multiplayer games with natural word-of-mouth distribution
- Games with highly shareable moments
- Socially-oriented long-term retention drivers
- Games with high accessibility and universal appeal

While development works are still at an early stage, we have tech launched two titles recently, and we might move them into soft launch in the coming months provided the test results show commercial promise.

Shares and shareholding structure

As of the date of this Quarterly Report, share capital of the Company comprises 59,984,981 common shares with a par value of USD 0.00002 each, including two preferred shares (preferred shares are not admitted to trading on the Warsaw Stock Exchange).

Completion of Share Buyback

On March 14, 2024 (as announced in Current Report no. 12/2024), the Company announced a share buyback in the form of a time-limited invitation to submit to the Company sale offers relating to shares in the Company, at a pre-determined and fixed price per share, open to all shareholders of the Company (the "**Invitation**") (the "**SBB**").

The settlement of the acquisition of the shares offered during the SBB took place on April 23, 2024 (as announced in Current Report no. 21/2024). As a result of the settlement of the SBB, the Company acquired 7,139,797 of its shares of common stock that represented 10.64% of the share capital of the Company at the time for a total consideration of USD 69,999,998. The settlement of the SBB took place outside of the organized system of trading in financial instruments through IPOPEMA Securities S.A. The acquisition was made at a gross price of USD 9.8042. Amounts due to investors, after withholding of applicable taxes, have been converted from USD to PLN in accordance with the interbank exchange rate applicable as of April 22, 2024 (as the day preceding the Settlement Date), which is 4.05.

Retirement of shares purchased by the Issuer during the share buyback

On April 26, 2024, in accordance with Section 243 of the Delaware General Corporation law, the Board of Directors adopted a resolution on the retirement of 7,139,797 shares of common stock of the Issuer representing 10.64% of the issued share capital of the Issuer at the time (as announced in Current Report no. 23/2024). The shares that were subject to the retirement were purchased by the Issuer during the SBB with the intention that the shares will be retired, other than those shares necessary, in the Issuer's view, to satisfy its ongoing needs under the Issuer's employee stock option plans.

Effective as of the adoption of the resolution of the Board of Directors, the retired shares resumed the status of authorized and unissued shares of the common stock of the Issuer. At the same time, the Issuer's issued share capital decreased from 67,124,778 to 59,984,981 shares.

Significant Shareholders

To the best of the Company's knowledge, as of the date of publication of this Quarterly Report, the below tables show the shareholders holding (directly or indirectly through subsidiaries) at least 5% of the total number of votes at the Issuer's general meeting as of the date of publication of this Quarterly Report and as of the date of the publication of the previous periodic report, i.e. March 14, 2024.

As of March 14, 2024

Number of shares/votes	*67,124,778*		*67,124,778*	

Shareholder	Shares	% of share capital	Votes	% of votes at the General Meeting
Anton Gauffin (through Big Bets OÜ)[1]	20,394,509	30.38	20,394,509	30.38
Raine Group (through RPII HGE LLC)[1]	8,571,525	12.77	8,571,525	12.77
Nationale-Nederlanden Pension Fund	5,688,696	8.47[2]	5,688,696	8.47[2]
Huuuge, Inc.[3]	4,069,428	6.06	4,069,428	6.06
Others	28,400,620	42.31	28,400,620	42.31

[1] including one Preferred Share;
[2] According to the Nationale Nederlanden notification dated May 4, 2022 notified in the Current Report 19/2022, percentage of shareholding and voting power as calculated by the Company as of the date of publication of the 2023 Annual Report.
[3] Company's treasury shares holding no voting rights.

From the time of the publication of the annual report for 2023 to the date of publication of this report, there have been several changes in the ownership structure of significant shareholdings of the Company.

As a result of the settlement of the SBB:

- The Company acquired 7,139,797 of its common shares that represented 10.64% of the share capital of the Company at the time that entitled their holders to exercise 10.64% of the total number of votes at the general meeting of the Company. After the settlement, the Company owned 11,141,843 treasury Shares representing 16.60% of its share capital and total voting power;
- Big Bets OÜ sold to the Company 2,332,116 shares of common stock of the Company, constituting 3.47% of the Company's share capital and total voting power;
- RPII HGE LLC sold to the Company 970,559 shares of common stock of the Company, constituting 1.45% of the Company's share capital and total voting power.

To the best knowledge of the Company, in the period from March 14, 2024 to the day of publication of this Quarterly Report, Big Bets OÜ jointly acquired 189,246 shares of common stock of the Company.

On April 26, 2024, the Board of Directors adopted a resolution on the retirement of 7,139,797 shares of common stock of the Issuer representing 10.64% of the issued share capital at the time (as announced in Current Report no. 23/2024).

Accordingly, as of the date of publication of this Quarterly Report, the Company's issued share capital consists of: (i) 59,984,981 common shares with a nominal value of USD 0.00002 each including two Preferred Shares (Preferred Shares are not admitted to trading on the Warsaw Stock Exchange).

As of 28 May, 2024

Number of shares/votes	59,984,981		59,984,981	
Shareholder	**Shares**	**% of share capital**	**Votes**	**% of votes at the General Meeting**
Anton Gauffin (through Big Bets OÜ)[1]	18,453,294	30.76	18,453,294	30.76
Raine Group (through RPII HGE LLC)[1]	7 600 966	12.67	7 600 966	12.67
Nationale-Nederlanden Pension Fund	5,688,696	9.48[2]	5,688,696	9.48[2]
Huuuge Inc.[3]	4,002,046	6.67	4,002,046	6.67
Others	24,239,979	40.41	24,239,979	40.41

[1] including one Preferred Share;
[2] According to the Nationale Nederlanden notification dated May 4, 2022 notified in the Current Report 19/2022, percentage of shareholding and voting power as calculated by the Company as of the date of publication of this Quarterly Report.
[3] The Company cannot exercise voting rights from its treasury shares according to Delaware law.

Each holder of common shares, as such, and each holder of Preferred Shares, is entitled to one vote for each Common Share or Preferred Share, respectively.

There are no restrictions on the exercise of voting rights. Unless otherwise expressly required by law or stipulated in the Certificate of Incorporation, the holders of Common Shares and Preferred Shares vote together as a single class on all matters submitted to a shareholder vote. The Certificate of Incorporation and the Bylaws do not stipulate any restrictions on the transfer of ownership of the Company's securities.

Treasury Shares

As at March 14, 2024, the Company held 4,069,428 treasury shares.

On April 23, 2024, as a result of the settlement of the SBB, the Company acquired 7,139,797 of its shares of common stock that represented 10.64% of the share capital of the Company at the time that entitled their holders to exercise 10.64% of the total number of votes at the general meeting of the Company for a total consideration of USD 69,999,998.

On April 26, 2024, the Board of Directors adopted a resolution on the retirement of 7,139,797 treasury shares acquired in the course of the SBB. The retirement was effective as of the adoption of the resolution by the Board of Directors.

On March 21, 2024, the Company's Board of Directors approved allocation of up to 67,382 treasury Shares for the exercise of employee stock options (delivered before the date of issuance of this report).

As a result of the above, as at May 28, 2024, the Company held 4,002,046 treasury shares.

Number of shares held by the members of the Board of Directors

The table below presents, to the best of the Company's knowledge, the shares and outstanding stock options held directly or indirectly by the Company's Board of Directors as of the date of publication of this Quarterly Report and as of the date of the publication of the previous periodic report, i.e. March 14, 2024.

As of 14 March, 2024

Members of the Company's Board of Directors	Function	Common Shares	Outstanding Stock Options
Anton Gauffin (through Big Bets OÜ)[1]	Executive Chairman of the Board & Executive director	20,394,509	425,000
Henric Suuronen	Non-executive director	1,673,610	-

[1] Anton Gauffin also holds one Series B Preferred Share through Big Bets OÜ.

As of 28 May, 2024

Members of the Company's Board of Directors	Function	Common Shares	Outstanding Stock Options
Anton Gauffin (through Big Bets OÜ)[1]	Executive Chairman of the Board & Executive director	18,453,294	425,000
Henric Suuronen	Non-executive director	1,673,610	-

[1] Anton Gauffin also holds one Series B Preferred Share through Big Bets OÜ.

The remuneration of Mr. Anton Gauffin, holding the positions of the Executive Chairman of the Board of the Company, for the period ending at the 2022 Annual General Meeting of the Company, consisted solely of 500,000 share options out of which 75,000 had a vesting condition to provide the service continuously for about four years from the service commencement date and to meet the 2021 EBITDA target. These options were forfeited in 2022 as the performance condition was not met.

The vesting conditions for the remaining outstanding options are the following:

(i) 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.

(ii) 375,000 options with a variable vesting period due to the market condition, i.e., the condition to meet the Company's market capitalization milestones. The Group's management estimated that, in total, six years of continuous service from the commencement date will be required for options to vest.

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

Principles for the preparation of the interim condensed consolidated financial statements

The interim condensed consolidated financial statements as at and for the three-month period ended March 31, 2024 have been prepared in accordance with the IAS 34 Interim Financial Reporting as adopted by the European Union.

The interim condensed consolidated financial statements for the three-month period ended March 31, 2024 and the condensed separate financial statements for the three-month period ended March 31, 2024 prepared in accordance with the International Financial Reporting Standards approved by the European Union and the additional information to the Quarterly Report should be considered jointly.

Changes in the organization of the Capital Group

- As of May 28, 2024, the Huuuge Group comprised the Company (the parent entity), five direct subsidiary companies wholly owned and controlled by the Company and six indirect subsidiaries wholly controlled by the Company through Huuuge Global Ltd. with its registered seat in Cyprus. All companies are consolidated using the full method.

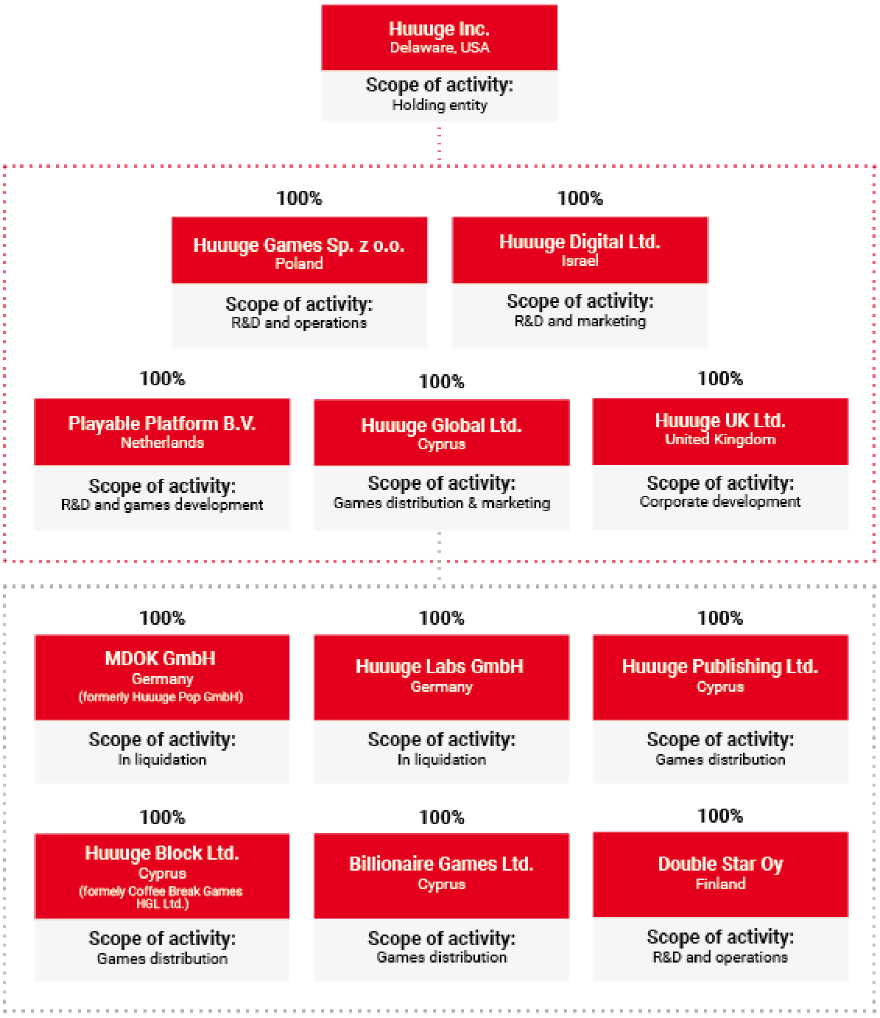
- As of date of publication of this Quarterly Report, MDOK GmbH and Huuuge Labs GmbH, the Group's two remaining German subsidiaries, remain in voluntary liquidation (commenced in 2022) .

- Coffee Break Games United Limited, which commenced voluntary liquidation in 2022, was finally dissolved effective January 24, 2024.

- Huuuge Mobile Games Limited which commenced voluntary liquidation in 2022, was finally dissolved effective May 27, 2024.

Please find below the current corporate structure of the Group, indicating the chain of ownership and the percentage shares in the share capital of each of the entities respectively.

Corporate structure of the Group



2. Significant achievements or failures and unusual events significantly affecting the financial statements

Announcement of a Share Buyback

Huuuge, Inc. announced the initiation of a share buyback program through a time-limited Invitation to Sell (SBB) that was approved by the company's Board of Directors on March 14, 2024. The program aimed to acquire common shares listed on the Warsaw Stock Exchange, ensuring equal treatment of all shareholders. The buyback targeted a maximum of 7,139,797 common shares, which accounted for up to 10.64% with the intention of retiring most of the acquired shares except those needed for the company's employee stock option plans. Each share in the buyback was priced at a fixed rate of USD 9.8042, and the total budget set for this buyback was USD 70 million. Payments to shareholders were to be converted from USD to PLN based on the interbank exchange rate on the day before the settlement of the SBB, with an option available for shareholders to receive payments in USD if certain conditions were met. All payments were subject to applicable withholding taxes, including those under the U.S. Internal Revenue Code. Shareholders could submit their sale offers from March 19 to April 18, 2024. The finalization of the share acquisition and transfer of ownership was scheduled for April 23, 2024. The company ensured that all procedural and financial details regarding the SBB, including conditions for participation and execution, were comprehensively detailed in the attached Invitation and its appendices.

During the entire offer period, a total of 446 offers to sell shares were submitted, amounting to 27,461,824 shares of the Issuer. Consequently, the Company made a proportional reduction in the number of shares covered by the sale offers submitted by shareholders, according to the reduction rules specified in the Invitation. The average reduction rate of the submitted sale offers was 84.12%, affecting all shareholders who held Company shares entitling them to less than 10% of the votes at the general meeting on the publication date of the Invitation. As a result, the Company acquired 7,139,797 shares covered by the submitted sale offers.

All procedural and financial details concerning the SBB, including the terms of participation and execution, were thoroughly described in the Invitation and its annexes.

Investment in Bananaz Studios Ltd.
On March 17, 2024, Huuuge, Inc. signed two key agreements with Bananaz Studios Ltd.: a Simple Agreement for Future Equity (SAFE) and a Call Option Deed. Huuuge committed to invest up to USD 6 million in Bananaz in two tranches, starting with USD 3.5 million on the signing date, with the potential to acquire Bananaz after further investments. This investment values Bananaz at a pre-money valuation of USD 16.5 million. The Call Option allows Huuuge to potentially purchase all shares of Bananaz at a base price of USD 20 million, adjustable based on financial metrics, within 24 months of completing the second investment. Huuuge also secures rights typical of a minority shareholder, including appointing a director to the Bananaz Board.

3. Factors impacting our financial results and events, which in the Issuer's opinion, will impact the Group's results for at least the next quarter

Mobile gaming and social casino market environment
As far as market dynamics are concerned, Eilers & Krejcik estimate that the social casino market declined by 2.9% YoY in Q1 2024 (and increased by 0.6% QoQ). The long-term forecast has been revised downwards in Q4 2023. The social casino market is expected to decline at a 0.4% CAGR in 2023-27E (with a USD 7.2 billion market by 2027). Eilers & Krejcik forecast the category to decline by 1.1% YoY in 2024 (following a downward revision of the forecast in Q4 2023).

User Acquisition expenses and our marketing strategy and post-IDFA mobile advertising market update
Our marketing strategy and User acquisition expenses have adapted over the past few years to support the new, post-IDFA reality. Budgets have been shifted to partners with better post-change performance, and overall spend has been reduced, with a focus instead on monetizing and retaining our large captive audience. Additionally, we have focused on driving greater profitability through other initiatives, such as rolling out an expanded VIP program and moving to new payment channels (Webshop). From a marketing perspective, we have increasingly focused on how we do things, making measurement and a single source of truth central to our goals. Leveraging technology to drive adoption of new measurement methods such as incrementality has become crucial to operating a successful marketing organization. Following these changes in 2023, we have observed that we were able to increase UA spend while maintaining satisfactory paybacks. In Q1 2024, our UA spend on core franchises increased by 86% YoY. At the moment, we are not planning to further significantly increase spend relative to current run rates. For Traffic Puzzle, the marketing spend is immaterial and focused mostly on retargeting inactive players.

Pods and new approach to new game development
In Q1 2023 we created small internal teams, called "Pods", responsible for agile prototyping and development of new games. Their exploration is focused on new games with attributes that play to our strengths and reflect market conditions, namely: (1) Multiplayer games with natural word-of-mouth distribution; (2) Games with highly shareable moments; (3) Socially-oriented long-term retention drivers; (4) Games with high accessibility and universal appeal; While development works are still at an early stage, we have tech launched two titles recently, and we might move them into soft launch in the coming months provided the test results show commercial promise.

Expected introduction of Google's Privacy Sandbox
Google's Privacy Sandbox is a strategic move to enhance user privacy, which will likely be launched in Q3 or Q4 2024, the date not officially confirmed yet. Google will phase out the Google Advertising ID (GAID) for all users eventually, though the discontinuation of GAID is not currently included in Google's Privacy Sandbox initiatives.

The phase-out is anticipated to not occur before next year (2025). Consequently, there will be a transitional period during which it will be possible to measure Android traffic deterministically, as is the current practice, and through Google's Privacy Sandbox. This overlap will provide an opportunity to compare the effectiveness of the two approaches.
The discontinuation of GAID will restrict app developers' ability to track specific conversion events, for which Google's Privacy Sandbox is intended to serve as a remedy. Although plans are in place to phase out GAID, the Google Play referrer, an alternative method of attribution based on the App Set ID, might continue to be available and needs to be confirmed by Google. This could offer an alternative to GAID, though its efficacy and applicability in the post-GAID era will require further validation. Sandbox will send aggregated event data with added noise points for privacy. Google assures clients that the changes won't drastically impact their ad business. Pre-Sandbox efforts include continuous development of Media-Mix-Modeling (MMM) for allocating organic users and assessing the influence of marketing networks. Additionally, Huuuge is among the initial testers of the Privacy Sandbox on Android through participation in the Google Ads Early Access Program & AppsFlyer's Sandbox beta version testing.

Expected tax reforms & changes in tax law / tax law interpretations

The debate on international taxation has started with focus on the concepts of digital taxation and minimum taxation. The course of the debate also impacted the plan with respect to the shape of the income tax reform in the United States. At the moment there are many proposals with respect to tax law in US including the Administration's plans, however, none of the legislation that is currently pending refer to revision of GILTI mechanism or higher corporate tax rates i.e. changes that may affect the global effective tax rate of the Group and may have a negative impact on our financial results.

Impact of the situation in Israel on our business

Huuuge's office in Tel Aviv, Israel accounts for around 10% of the Group's total headcount, which includes senior management of our Huuuge Casino Studio. On October 7, 2023, Hamas militants conducted a series of coordinated attacks from the Gaza Strip against the Israeli people, resulting in the outbreak of war between the State of Israel and Hamas. Moreover, Israel is engaged in ongoing hostilities with Hezbollah in Lebanon. Some of our employees in Israel in certain emergency circumstances may be called to immediate and unlimited active duty. As a result of Israel's October 7, 2023 declaration of a state of war and activation of Article 8 of the Reserve Service Law (2008), several of our employees in Israel were activated for military duty. Currently, none of Huuuge's employees have been called up for military service. Any major escalation in hostilities in the region could result in a portion of our employees and service providers in Israel being called up to perform military duty for an extended period. The Company is actively monitoring the situation and has established an internal task force developing and implementing business continuity measures. Contingency plans are in place to prevent disruptions to business, including Israeli teams working from home and one employee temporarily moved outside of the country. Our technology infrastructure is critical to supporting the performance of our games, ensuring uptime and redundancy. All of our games operate on cloud, maintained through data centers and availability zones in the US and the EU. We have no Israel-based personnel responsible for infrastructure. As of the date of the report, the war in Israel has no significant impact on our business and financial results.

Legal cases in the gaming industry

Over the past 3 years, Epic Games initiated legal battles against Apple and Google, challenging their control over the mobile app economy. The case against Google resulted in a jury ruling that Google's app store policies were monopolistic. Conversely, Epic's similar claims against Apple were largely dismissed. These mixed outcomes underscore the complexity of app store dynamics and hint at possible changes in how apps are distributed and monetized, potentially affecting pricing and innovation in the mobile app market.

EU's Digital Markets Act & Apple's new App Store policy

The European Union's Digital Markets Act (DMA), passed in July 2022, marks a crucial step towards promoting fair competition and curtailing the dominance of big tech companies. This law targets digital "gatekeepers," aiming to enhance interoperability, encourage data sharing, and prevent self-preferencing to create a more competitive and open digital market. It's designed to benefit consumers and small businesses by increasing choice and innovation.

In response to the European Union's Digital Markets Act (DMA), Apple has announced significant adjustments to its terms and conditions for EU developers, scheduled to coincide with the launch of iOS 17.4 in March. EU Developers were presented with the option to adhere to Apple's current business terms or transition to the new terms, a decision that appears to be permanent. The new terms include an adjusted pricing model that appears to reduce Apple's commission rates on most in-app purchases by EU players. The standard commission rate is lowered from 30% to 17%.

However a new 3% “Payment Processing Fee" is added, as well as a Euro 0.5 “Core Technology Fee” for each annual install of an app above 1 million installs. Other notable changes in the new terms include allowing EU developers to “link out” to payment options other than Apple’s own in-app payment process, and allowing alternative app stores other than Apple’s own App Store on iPhones for EU users.

Huuuge is tracking Apple's recent updates, including those to App Store policies, new hardware features, and privacy protections. To date, these changes have not significantly affected Huuuge's business operations or strategy.

Except for events and factors described in the Financial and KPI sections, there were no other unusual events with an impact on the Issuer’s financial results in the first quarter 2024 and upcoming quarter.

4. Key Performance Indicators

- **Daily Active Users (DAU):** DAU is defined as the number of individual users who played a game on a particular day. In order to more accurately reflect reality, we identify the users based on (human) ID (HID) rather than device ID. That allows us to eliminate the double counting of individuals playing games on multiple devices. The ability to identify and analyze actual players rather than accounts allows for substantially greater accuracy, including better in-game targeting of offers (the right offer, to the right person, at the right time), better retargeting capabilities and better predictive models. Average DAU for a period is the average of the monthly average DAU for the period. It is not a KPI that we internally use as an objective (we focus primarily on the number of paying users – e.g., DPU).
- **Daily Paying Users (DPU):** DPU is defined as the number of players (active users) who made a purchase on a given day.
- **Average Revenue per Daily Active User (ARPDAU):** ARPDAU is defined as average revenue per daily active user. ARPDAU for a period is calculated by dividing gross revenue (i.e., before deduction of platform fees) for the period by the number of days in the period and then dividing by the average DAU for the period.
- **Daily Average Revenue per Paying User (ARPPU):** ARPPU is defined as average revenue per paying user on a given day. It is calculated by dividing gross revenue from in-app purchases (i.e., before deduction of platform fees) for the period by the number of days in the period and then dividing by the average DPU for the period. ARPPU for the period is calculated by dividing IAP revenue for the period by the number of days in the period and then dividing by the average DPU for the period.
- **Monthly Payer Conversion (Monthly Conversion):** Monthly Conversion is defined as the percentage of MAU (the number of individual users who played a game during a particular month) that made at least one purchase in a month during the same period.

Our revenue is principally driven by DAU, ARPPU and conversion rates. We monitor our user acquisition costs using measures such as ROAS (Return on Ad Spend), but given that these metrics are commercially sensitive we do not disclose or discuss them in this report.

The tables below present our KPIs for Q1 2024 and Q1 2023 (YoY) as well as Q1 2024 and Q4 2023 (QoQ) for the Group and “core franchises,” i.e., Huuuge Casino and Billionaire Casino.

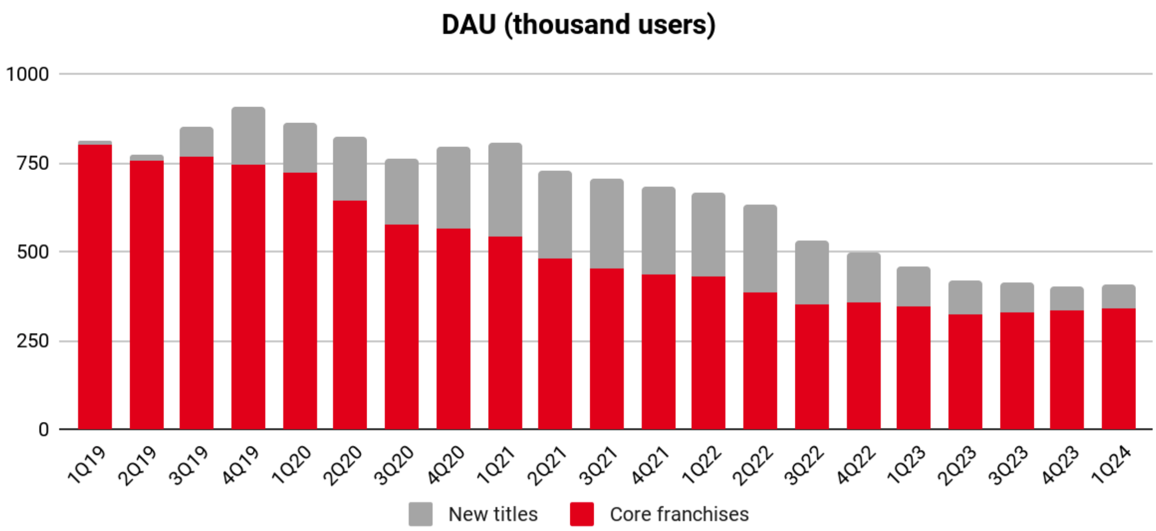
YoY KPI	**All games**		**Core franchises Huuuge Casino and Billionaire Casino**	
	Q1 2024	**Q1 2023**	**Q1 2024**	**Q1 2023**
DAU (in thousands)	409.268	468.395	341.901	344.143
DPU (in thousands)	15.730	17.814	14.791	15.843
ARPDAU (in USD)	1.80	1.70	2.09	2.19
ARPPU (in USD)	46.34	43.95	48.40	47.63
Monthly Conversion (%)	7.1	8.1	8.2	10.8

QoQ KPI	All games		Core franchises Huuuge Casino and Billionaire Casino	
	Q1 2024	**Q4 2023**	**Q1 2024**	**Q4 2023**
DAU (in thousands)	409.268	408.100	341.901	334.652
DPU (in thousands)	15.730	16.089	14.791	14.990
ARPDAU (in USD)	1.80	1.90	2.09	2.25
ARPPU (in USD)	46.34	47.73	48.40	50.22
Monthly Conversion (%)	7.1	7.7	8.2	8.9

In addition, below, we present a more detailed quarterly overview of our selected KPIs.

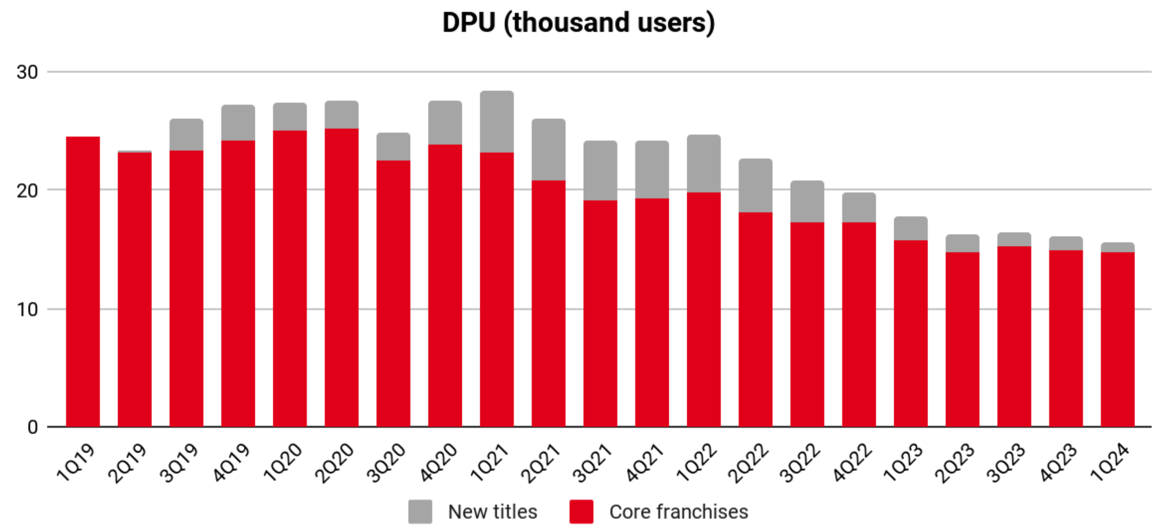
Daily Active Users

In Q1 2024, we observed a QoQ increase in DAU for our core franchises and QoQ decrease for new franchises. The trend reversal in DAU for Core franchises was driven by higher marketing spend. New titles' decline in DAU (-43% YoY and -9% QoQ) was connected with user acquisition spend on Traffic Puzzle gradually declining throughout the past several quarters and ultimately the game moving to maintenance mode with no active support.



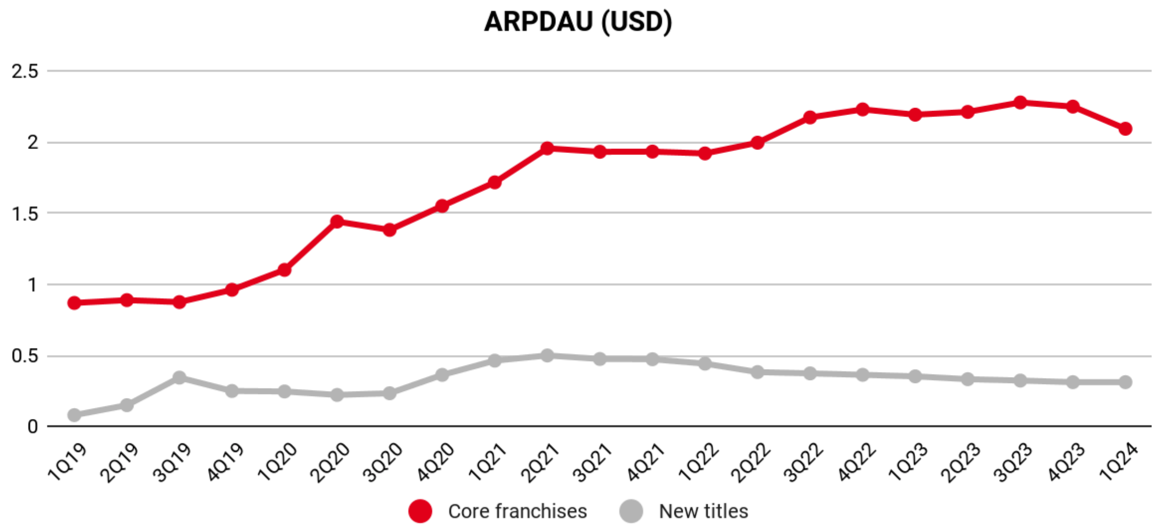
Daily Paying Users

In Q1 2024, we saw a 12% YoY decrease and 2% QoQ decrease in the overall number of DPUs. Core franchise DPUs declined by 7% YoY and by 1% QoQ as a result of payer churn and less aggressive monetization policy in Q1 2024. The DPUs of our new franchises (primarily Traffic Puzzle) decreased by 51% YoY and 15% QoQ, following the decline in TP user base.



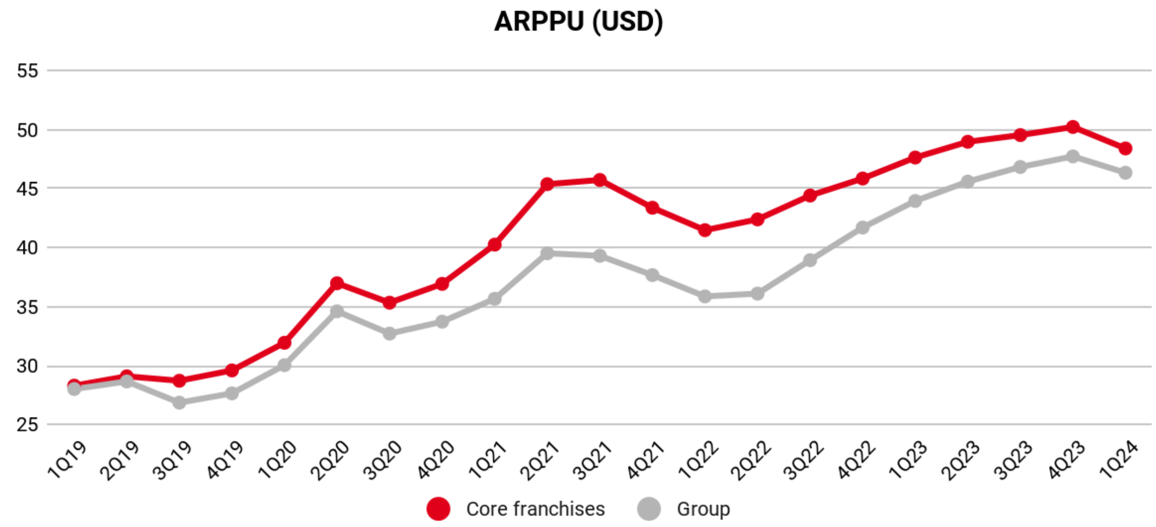
Average Revenue per Daily Active User

ARPDAU indicates how well we monetize our games considering our entire player base. Thanks to our competences in marketing, and our technology, we have seen over the long run a sustained growth in the monetization of our core games, i.e., Huuuge Casino and Billionaire Casino. In Q1 2024, we observed a slight YoY decrease of 5% in this KPI, along with a QoQ decline of 7%. This trend is associated with the growing number of Daily Active Users (DAU), including growth in non-US markets. It also reflects our less aggressive monetization policy in Q1 2024 vs Q4 2023. At the same time, the ARPDAU of new titles declined by 11% YoY and remained flat QoQ, with Traffic Puzzle having the largest impact on our portfolio.



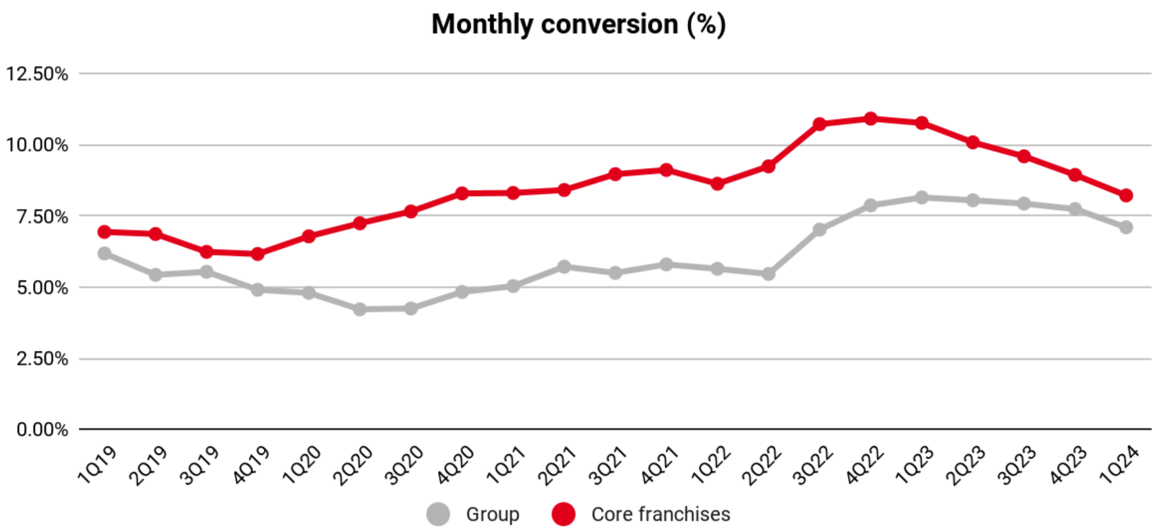
Daily Average Revenue per Paying User

In recent years, we have been able to improve the ARPPU of our core franchises owing to the social features of our games and to our constant focus on live events and special offers. In Q1 2024 our core franchises ARPPU increased 2% YoY and slightly decreased 4% QoQ due to less aggressive monetization activities vs Q4 2023.



Monthly Conversion

Monthly Conversion is an indicator of our ability to convert players into payers. In Q1 2024, our core franchises' monthly conversion decreased slightly from 8.9% in Q4 2023 to 8.2% in Q1 2024, mostly on the back of a growing number of non-US users, who convert to payers at lower rates vs the U.S. player base. Total monthly conversion for the whole portfolio slightly decreased from 7.7% in Q4 2023 to 7.1% in Q1 2024, as core franchises' conversion dropped.



5. Group's Results for the First Quarter of 2024

The following table presents our consolidated statement of comprehensive income for the three-month period ended March 31, 2024 and March 31, 2023.

in thousand USD	3m`2024	3m`2023	Change, %
Revenue	**66,975**	**71,746**	**-6.6%**
Cost of sales	(19,057)	(21,136)	-9.8%
Gross profit on sales	**47,918**	**50,610**	**-5.3%**
Sales and marketing expenses:	(15,085)	(9,387)	60.7%
thereof User acquisition marketing campaigns	*(11,772)*	*(6,324)*	*86.1%*
thereof General sales and marketing expenses	*(3,313)*	*(3,063)*	*8.2%*
Research and development expenses	(5,705)	(7,473)	-23.7%
General and administrative expenses	(8,040)	(9,600)	-16.3%
Other operating income/(expense), net	(952)	362	n/a
Operating result	**18,136**	**24,512**	**-26.0%**
Finance income	2,107	1,588	32.7%
Finance expense	(119)	(81)	46.9%
Profit before tax	**20,124**	**26,019**	**-22.7%**
Income tax	(3,583)	(3,625)	-1.2%
Net result for the period	**16,541**	**22,394**	**-26.1%**
Exchange gains/(losses) on translation of foreign operations	(958)	428	n/a
Total comprehensive income for the period	**15,583**	**22,822**	**-31.7%**

The following tables show the Alternative Performance Measures used by us as at the dates and for the periods indicated, with a justification for their use. Please see below the definitions of the used measures and ratios.

in thousand USD	3m`2024	3m`2023	Change, %
EBITDA	**20,590**	**27,000**	**-23.7%**
EBITDA margin (%)	30.7%	37.6%	-6.9pp
Adjusted EBITDA	**21,940**	**27,602**	**-20.5%**
Adjusted EBITDA margin (%)	32.8%	38.5%	-5.7pp
Sales Profit	36,146	44,286	-18.4%
Sales Profit margin (%)	54.0%	61.7%	-7.7pp
User acquisition marketing campaigns as % of revenue	17.6%	8.8%	8.8pp
Adjusted Net Result	**17,891**	**22,996**	**-22.2%**
Adjusted Net Result (%)	26.7%	32.1%	-5.4pp

EBITDA, **Adjusted EBITDA**, **EBITDA margin**, **Adjusted EBITDA margin**, **Sales profit**, **Sales profit margin** and **User acquisition cost as % of revenue** are supplemental measures of the financial and operating performance used by us that are not required by, or prepared in accordance with IFRS. These measures are prepared by us because we believe they provide a view of our recurring operating performance that is unaffected by our capital structure and allow us to readily view operating trends and identify strategies to improve operating performance and to assist investors and analysts in comparing our performance across reporting periods on a consistent basis by excluding items that we do not believe are critical to our core operating performance. In evaluating these measures, you should be aware that, in the future, we may incur expenses that are the same as or similar to some of the adjustments in this presentation. Our presentation of these measures should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items. Our use of each of these measures is as follows:

The APM indicators used by the Company should be analyzed only as supplementary information and not as a substitute for the financial information presented in the Group's financial statements.

The presented APM indicators are standard measures and metrics commonly used in financial analysis; however, these indicators may be calculated and presented differently by various companies. Therefore, the Company provides their exact definitions below. We use the individual metrics as follows:

- We define **EBITDA** as the net result for the year adjusted for income tax, finance costs, finance income, and depreciation and amortization. The rationale for using the **EBITDA** is that it is a measure widely used by securities analysts, investors and other interested parties to evaluate the profitability of companies. **EBITDA** eliminates potential differences in performance caused by variations in capital structures (affecting finance costs and finance income), tax positions (such as the availability of net operating losses that offset taxable profits), the costs and ages of property, plant and equipment (affecting the depreciation expense level) and the extent to which intangible assets are identifiable (affecting the amortization expense level).

- We define **Adjusted EBITDA** as **EBITDA** adjusted for events not related to the main activity of the Group. In the periods presented, i.e. Q1 2023 and Q1 2024 there were share-based payment expenses and costs related to strategic options review. The rationale for using the **Adjusted EBITDA** is that it constitutes an attempt to show the **EBITDA** result after eliminating events not related to the main activity of the Group and items from the profit and loss account that are of a non-cash nature.

- We define **EBITDA margin** as the ratio of the **EBITDA** to Revenue. The rationale for using the **EBITDA margin** is that it is a measure of operational profitability widely used among securities analysts and investors, and that **EBITDA** and **EBITDA margin** are internal measures used by us in the process of budgeting and management accounting.

- We define **Adjusted EBITDA margin** as the ratio of **Adjusted EBITDA** to Revenue. The rationale for using the **Adjusted EBITDA margin** is that it shows a measure of operating profitability after eliminating events not related to the main activity of the Group and items from the profit and loss account that are of a non-cash nature.

- We define **Sales Profit** as Gross profit/(loss) from sales, less the user acquisition costs. The rationale for using **Sales Profit** is to show the profitability of sales in the value aspect after covering costs directly related to the generated revenue – mainly distribution costs (fees for owners of distribution platforms), server expenses and the user acquisition costs through paid advertising campaigns.

- We define **Sales profit margin** as the ratio of Sales profit to Revenue. The rationale for using the sales profit % is to show the profitability of sales as a percentage after covering variable costs directly related to the revenue generated – mainly distribution costs (fees for owners of distribution platforms), server expenses and the user acquisition costs through paid advertising campaigns.

- We define **User Acquisition cost as % of revenue** as the ratio of User acquisition costs to Revenue. The rationale for using the **User Acquisition cost as % of revenues** is to show how much of our revenue we reinvest directly in maintaining and expanding our player base.

- We define **Adjusted net result** as the net result for the year adjusted for events not related to the main activity of the Group. In the periods presented, i.e. Q1 2024 and Q1 2023 there were share-based payment expenses and costs related to strategic options review. The rationale for using the **Adjusted net result** is that it constitutes an attempt to show the Net result for the year after eliminating events not related to the main activity of the Group and items from the profit and loss account that are of a non-cash nature.

- We define **Adjusted net result margin** as the ratio of the **Adjusted net result** to Revenue. The rationale for using the **Adjusted net result margin** is that it constitutes an attempt to show the Net result for the year in percentage after eliminating events not related to the main activity of the Group and items from the profit and loss account that are of a non-cash nature.

The measures presented are not comparable to similarly titled measures used by other companies. We encourage you to review our financial information in its entirety and not to rely on a single financial measure.

Sales Profit and Sales Profit Margin

in thousand USD	3m`2024	3m`2023	Change, %
Revenue	**66,975**	**71,746**	**-6.6%**
Gross profit on sales	47,918	50,610	-5.3%
User acquisition marketing campaigns	11,772	6,324	86.1%
Sales profit	**36,146**	**44,286**	**-18.4%**
Sales profit margin %	54.0%	61.7%	-7.7pp

Adjusted EBITDA reconciliation

in thousand USD	3m`2024	3m`2023	Change, %
Net result for the period	**16,541**	**22,394**	**-26.1%**
Income tax	3,583	3,625	-1.2%
Finance expense	119	81	46.9%
Finance income	(2,107)	(1,588)	32.7%
Depreciation and amortization	2,454	2,488	-1.4%
EBITDA	**20,590**	**27,000**	**-23.7%**
EBITDA Margin	**30.7%**	**37.6%**	**-6.9pp**
Employee benefits costs – share-based plan[1]	1,350	55	>999,9%
Costs related to strategic options review	-	547	-100.0%
Adjusted EBITDA	**21,940**	**27,602**	**-20.5%**
Adjusted EBITDA Margin	**32.8%**	**38.5%**	**-5.7pp**

[1]Employee benefits costs – share-based plan" is a non-cash expense related to the Company's stock option plan and recognized in accordance with IFRS 2 Share-based Payment.

Adjusted Net Result

in thousand USD	3m`2024	3m`2023	Change, %
Net result for the period	**16,541**	**22,394**	**-26.1%**
Employee benefits costs – share-based plan[1]	1,350	55	>999,9%
Costs related to strategic options review	-	547	-100.0%
Adjusted Net Result	**17,891**	**22,996**	**-22.2%**
Adjusted Net Result %	**26.7%**	**32.1%**	**-5.4pp**

[1]Employee benefits costs – share-based plan" is a non-cash expense related to the Company's stock option plan and recognized in accordance with IFRS 2 Share-based Payment.

Revenue

Our revenue consists of revenue generated by in-app purchases in gaming applications and in-app advertising, as shown in the table below for the periods under review together with the percentage change over such periods.

in thousand USD	3m`2024	3m`2023	Change, %
Gaming applications	66,321	70,626	-6.1%
Advertising	654	1,120	-41.6%
Total revenue	**66,975**	**71,746**	**-6.6%**

As a result of a decline in our core franchise DPUs, not fully offset by improvement in ARPPU, revenue generated by in-app purchases in gaming applications decreased by USD 4,305 thousand (i.e., 6.1%) from USD 70,626 thousand for the three months ended March 31, 2023 to USD 66,321 thousand for the three months ended March 31, 2024. Revenue generated by advertising decreased by USD 466 thousand (i.e., 41.6%) for the three months ended March 31, 2024 compared to the corresponding period of 2023, driven largely by declining Traffic Puzzle revenue.

Below, we show the revenue analyzed in main product groups:

in thousand USD	3m`2024	3m`2023	Change, %
Huuuge Casino	42,847	45,215	-5.2%
Billionaire Casino	22,260	22,781	-2.3%
Total Core Franchises	**65,107**	**67,996**	**-4.2%**
Traffic Puzzle	1,514	3,104	-51.2%
Other	354	646	-45.2%
Total New Franchises	**1,868**	**3,750**	**-50.2%**
Total revenue	**66,975**	**71,746**	**-6.6%**

Revenue generated by our core games (i.e.Huuuge Casino and Billionaire Casino) decreased by USD 2,889 thousand (i.e., by 4.2%) for the three months ended March 31, 2024 compared to the corresponding period of 2023. This was mostly related to the overall decline in DPU.

With regard to Traffic Puzzle, revenue decreased by 1,590 thousand (i.e., by 51.2%) between the three months ended March 31, 2024 and the three months ended March 31, 2023. This was driven by the churning user base resulting from decreased user acquisition spend and the game being in maintenance mode since early 2023 (no significant content updates other than minor bug fixes).

The significant decrease in other revenue of 45.2% for the three months ended March 31, 2024 compared to the corresponding period of 2023 is a result of discontinued marketing spend and a number of these legacy games having been put in maintenance mode (which also resulted in a drop in DAU).

Revenue was generated in the following geographical locations:

	3m'2024	**3m'2023**
in thousand USD	**Three-month period ended March 31, 2024**	**Three-month period ended March 31, 2023**
North America	39,137	44,182
Europe	17,431	16,766
Asia-Pacific (APAC)	3,846	4,086
Other	6,561	6,712
Total revenue	**66,975**	**71,746**

The line "North America" includes revenue generated in the United States amounting to USD 37,286 thousand during the three-month period ended March 31, 2024 (USD 42,088 thousand during the three-month period ended March 31, 2023).

The above is the management's best estimate, as no geographical breakdown is available for some revenue sources. The allocation to regions is disclosed for countries which generated the most significant revenues during the reporting period, and comparatives presented accordingly (e.g. so that the undisclosed sources presented in the line "Other" in the current period do not exceed 15% of total revenues generated).

The allocation to regions is driven by the location of individual end-user customers. No individual end-user customer with whom the Group concludes transactions had a share of 10% or more in the Group's total revenues in the three-month period ended March 31, 2024 or March 31, 2023. The vast majority of revenues is generated by several platform providers, such as Apple App Store, Google Play, Facebook and Amazon App Store, as well as directly through direct-to-consumer offering (Webshop).

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

in thousand USD	Three-month period ended March 31, 2024	Three-month period ended March 31, 2023
Third-party platforms	61,405	69,411
Direct-to-consumer platforms	5,570	2,335
Total revenue	**66,975**	**71,746**

Operating expenses

The table below presents a breakdown of our operating expenses.

in thousand USD	3m`2024	3m`2023	Change, %
Cost of sales	(19,057)	(21,136)	-9.8%
Sales and marketing expenses:	(15,085)	(9,387)	60.7%
thereof User acquisition marketing campaigns	*(11,772)*	*(6,324)*	*86.1%*
thereof General sales and marketing expenses	*(3,313)*	*(3,063)*	*8.2%*
Research and development expenses	(5,705)	(7,473)	-23.7%
General and administrative expenses	(8,040)	(9,600)	-16.3%
Total operating expenses	**(47,887)**	**(47,596)**	**0.6%**

Operating expenses for the three months ended March 31, 2024 were largely flat (i.e. increased by 0.6%) compared to the three months ended March 31, 2023. Significant increase in User Acquisition Marketing Campaigns and a slight increase in General sales and marketing expenses were largely offset by savings in other cost categories, most notably Research and development and General and administrative expenses.

The largest operating expenses item (i.e., cost of sales) for the three months ended March 31, 2024 decreased by USD 2,079 thousand (i.e., 9.8%) compared to the corresponding period of 2023. This decrease outpaced the decline in revenue from in-app purchases, thanks to the expansion of our direct-to-consumer webshop platform for VIP players, which has significantly lower platform processing fees.

General Sales and Marketing expenses for the three months ended March 31, 2024 increased by USD 250 thousand (i.e. 8.2%) compared to the corresponding period of 2023, which can be attributed primarily to the increase in external marketing and sales services partially offset by decrease of salaries.

Research and Development expenses for the three months ended March 31, 2024 decreased by USD 1,768 thousand (i.e., 23.7%) compared to the corresponding period of 2023. The decrease was mainly driven by a decrease in the salaries and employee-related costs as a consequence of the headcount reductions.

Our General and Administrative expenses for the three months ended March 31, 2024 decreased by USD 1,560 thousand (i.e. by 16.3%) compared to the corresponding period of 2023. This reduction is primarily attributable to: (i) a decrease in salaries and employee-related costs due to headcount reductions, although this was partially offset by increased ESOP expenses; and (ii) lower finance and legal costs, as Q1 2023 included USD 547 thousand in costs related to the strategic options review.

Profitability

Our sales profit decreased by USD 8,140 thousand and the sales profit margin by 7.7pp for the three months ended March 31, 2024 compared to the corresponding period of 2023, mostly as a result of a higher user acquisition spend level combined with a decline in revenue.

The adjusted EBITDA decreased by USD 5,662 thousand and the adjusted EBITDA margin by 5.7pp in the three months ended March 31, 2024 compared to the corresponding period of 2023. The pace of decline in adjusted EBITDA is slower than in sales profit, due to significant reductions in Research and Development as well as General and Administrative expenses as discussed earlier in this report.

Finance income, net

in thousand USD	3m`2024	3m`2023	Change, %
Finance income	2,107	1,588	32.7%
Finance expense	(119)	(81)	46.9%
Finance income, net	**1,988**	**1,507**	**31.9%**

Finance income, net for the three months ended March 31, 2024 increased by USD 481 thousand to USD 1,988 (from USD 1,507 thousand) for the three months ended March 31, 2023. Change is mainly attributable to foreign exchange difference gains on the PLN/USD exchange rate.

Statement of Financial Position

Selected Consolidated Statements of Financial Position

	As at March 31		As at December 31	
in thousand USD	**2024**	**Structure**	**2023**	**Structure**
ASSETS				
Total non-current assets, including:	**32,640**	**14.2%**	**29,794**	**13.7%**
Right-of-use assets	6,506	2.8%	6,850	3.2%
Goodwill	2,513	1.1%	2,554	1.2%
Intangible assets	10,060	4.4%	9,854	4.5%
Long-term investments	3,500	1.5%	-	0.0%
Other items	10,061	4.4%	10,536	4.8%
Total current assets, including:	**196,786**	**85.8%**	**187,634**	**86.3%**
Trade and other receivables	28,856	12.6%	32,635	15.0%
Cash and cash equivalents	163,191	71.1%	152,110	70.0%
Other items	4,739	2.1%	2,889	1.3%
Total assets	**229,426**	**100.0%**	**217,428**	**100.0%**
EQUITY				
Total equity	**193,842**	**84.5%**	**177,060**	**81.4%**
LIABILITIES				
Total non-current liabilities, including:	**6,484**	**2.8%**	**7,217**	**3.3%**
Long-term lease liabilities	6,117	2.7%	6,843	3.1%
Other items	367	0.2%	374	0.2%
Total current liabilities, including:	**29,100**	**12.7%**	**33,151**	**15.2%**
Trade and other payables	17,179	7.5%	17,132	7.9%
Short-term lease liabilities	3,874	1.7%	3,796	1.7%
Provisions	1,700	0.7%	1,700	0.8%
Corporate income tax liabilities	3,792	1.7%	8,052	3.7%
Other items	2,555	1.1%	2,471	1.1%
Total liabilities	**35,584**	**15.5%**	**40,368**	**18.6%**
Total equity and liabilities	**229,426**	**100.0%**	**217,428**	**100.0%**

Assets

Total assets increased by USD 11,998 thousand (i.e., 5.5% from USD 217,428 thousand as at December 31, 2023 to USD 229,426 thousand as at March 31, 2024).

The structure of total assets was driven by the following items: (i) cash and cash equivalents (accounting for 71.1% and 70.0% of total assets as at March 31, 2024 and December 31, 2023, respectively) and (ii) trade and other receivables (accounting for 12.6% and 15.0% of total assets as at March 31, 2024 and December 31, 2023, respectively).

The increase in total assets resulted from: (i) an increase in cash and cash equivalents of USD 11,081 thousand (i.e., 7.3%, from USD 152,110 thousand as at December 31, 2023 to USD 163,191 thousand as at March 31, 2024), (ii) an increase in long-term investments of USD 3,500 thousand (as at March 31, 2024) offset by (iii) an decrease in trade receivables and other receivables of USD 3,779 thousand (i.e., 11.6%, from USD 32,635 thousand as at December 31, 2023 to USD 28,856 thousand as at March 31, 2024) mainly due to the change in VAT receivables, i.e. payment received in Q1 2024.

Equity

Total equity increased by USD 16,782 thousand (i.e., 9.5% from USD 177,060 thousand as at December 31, 2023 to USD 193,842 thousand as at March 31, 2024), which is an effect of current year earnings amounting to USD 16,541 thousand.

Liabilities

Total liabilities decreased by USD 4,784 thousand (i.e 11.9%, from USD 40,368 thousand as at December 31, 2023 to USD 35,584 thousand as at March 31, 2024). The decrease is mostly related to quarterly income tax advance payment made.

As at March 31, 2024, total liabilities mainly comprised (i) trade and other payables (accounting for 7.5% of total equity and liabilities compared to 7.9% as at December 31, 2023) and (ii) long-term lease liabilities (accounting for 2.7% of total equity and liabilities compared to 3.1% as at December 31, 2023).

Cash Flows and Liquidity

The following table summarizes selected net cash flows from operating, investing and financing activities for the three-month period ended March 31, 2024 compared to the three-month period ended March 31, 2023.

in thousand USD	3m`2024	3m`2023	Change, %
Cash flows from operating activities			
Profit before tax	**20,124**	**26,019**	**-22.7%**
Adjustments for:			
Total of non-cash changes in depreciation, amortization and profits or losses on disposal of assets	2,480	2,600	-4.6%
Non-cash employee benefits expense - share-based payments	1,350	55	>999,9%
Finance (income)/cost - net	(2,758)	(679)	306.2%
Changes in net working capital	2,144	(6,586)	n/a
Other items	(2,620)	26	n/a
Cash flows from operating activities	**20,720**	**21,435**	**-3.3%**
Income tax paid	(6,308)	(4,537)	39.0%
Net cash flows from operating activities	**14,412**	**16,898**	**-14.7%**
Cash flows from investing activities, including:			
Long-term investments	(3,500)	-	100.0%
Acquisition of property, plant and equipment and intangible assets	(1,072)	(764)	40.3%
Interest received	1,688	2,203	-23.4%
Other items	318	0	n/a
Net cash flows from/(used in) investing activities	**(2,566)**	**1,439**	**-278.3%**
Cash flows from financing activities, including:			
Transaction costs related to SBB	(113)	-	n/a
Lease repayment (principal) & interest paid	(1,063)	(1,097)	-3.1%
Exercise of stock options	142	149	-4.7%
Net cash flows from/(used in) financing activities	**(1,034)**	**(948)**	**9.1%**
Net increase/(decrease) in cash and cash equivalents	**10,812**	**17,389**	**-37.8%**

Net cash flows from operating activities
Net cash inflows from operating activities for the three-month period ended March 31, 2024 amounted to USD 14,412 thousand, which is mainly a combined effect of adjusted EBITDA generated during the period amounting to USD 21,940, net changes of finance income (by USD 2,758 thousand) and other items, mainly quarterly income tax advances paid. Additionally, during Q1 2024 there were deposits made in banks for the purpose of hedging transactions in the amount of USD 2,508 thousand, excluded from cash and cash equivalents, presented in the line "Other items" in the cash-flow statement above.

Net cash flows from investing activities
Net cash inflows from investing activities for the three-month period ended March 31, 2024 amounted to negative USD 2,566 thousand and resulted mainly from the investment through a simple agreement for future equity (the "SAFE") of USD 3,500 thousand in Bananaz Studios Ltd (as described more in detail in the section 2: Significant achievements or failures and unusual events significantly affecting the financial statements), offset by the interests received on short-term bank deposits and money market mutual funds accounts.

Net cash flows from financing activities
Net cash outflows from financing activities for the three-month period ended March 31, 2024 amounted to negative USD 1,034 thousand and are mainly related to lease repayment (principal & interest paid).

6. Possibility of accomplishing previously published forecasts

The Board of Directors has not published financial forecasts for 2024.

7. Identification of Significant Disputes before Courts, Arbitration bodies or authorities

As of the date of the issuance of this report, the Company has become involved in a number of pending litigations:

- On March 8, 2023, a plaintiff filed a complaint in the Circuit Court of Franklin County Alabama alleging that the Company's social casino games are unlawful gambling under Alabama law. The plaintiff withdrew the original complaint without prejudice for procedural reasons, and, on September 14, 2023, re-filed an amended complaint. As in the original complaint, the lawsuit seeks to recover all amounts paid by Alabama residents to the Company in those games during the period beginning one year before the filing of the lawsuit (i.e. September 14, 2022) until the case is resolved. The Company does not agree with the allegations and requests for relief made in the complaint and believes that there are meritorious legal and factual arguments supporting the Company's position. On November 1, 2023, the Company filed a motion to dismiss the amended complaint and on December 15, 2023, the Company filed a motion to compel arbitration. The hearing on the motions took place on February 26, 2024. As of the date of the issuance of this report, the parties are awaiting the judge's decision. As of the date of the issuance of this report, to the best of the Company's knowledge, the litigation is not expected to have a material impact on the Group's operations, financial condition or cash flows.

- On May 18, 2023, the Company received a demand for arbitration, alleging that the Company's social casino games are unlawful gambling under Kentucky law. The claimant seeks no monetary damages, only declaratory relief. However, if the arbitrator grants the requested declaratory judgments, the claimant may file a civil class action and seek to recover three times the total of all amounts paid by Kentucky residents to the Company in those games during the period beginning five years before the filing of the demand (i.e. May 18, 2018) until the case is resolved. The Company does not agree with the allegations and requests for relief made in the complaint and believes that there are meritorious legal and factual arguments supporting the Company's position. However, in order to avoid further legal and arbitration fees, on May 16, 2024 the parties settled the dispute. The amount agreed to be paid under the settlement agreement will not have a material impact on the Group's operations, financial condition or cash flows.

- On June 2, 2023, plaintiffs filed a complaint in the US Federal District Court for the Central District of California, alleging: (a) that the Company's social casino games are unlawful gambling under the laws of California, Illinois, and potentially other US states; and (b) that the Company's display of sale pricing in its social casino games constitutes false advertising under the laws of California, Illinois and potentially other US states. The lawsuit purports to be a nationwide class action, which also includes potential California and Illinois subclasses. The Company does not agree with the allegations and requests for relief made in the complaint and believes that there are meritorious legal and factual arguments supporting the Company's position. On January 24, 2024 the Company and the plaintiffs have signed an agreement to settle the case in exchange for the distribution to each class member of at least 375 virtual diamonds within the Company's games, and at least an aggregate total of 412.5 million virtual diamond, and USD 1,700 thousand in cash for attorneys' fees, costs of claims administration, and named plaintiff incentive awards. The settlement is subject to the approval by the relevant court, thus there is no certainty that any such settlement will be finally consummated. The preliminary approval hearing is set for June 6, 2024. If the settlement is approved, the resulting class action waiver will bar false advertising claims nationwide, and illegal gambling claims for residents of California and Illinois, from applicable time periods prior to the settlement. The settlement would not as a legal matter preclude the other matters referred to in this section from proceeding. The Company also believes, but cannot make any assurance, that the settlement would not have impact on the other matters referred to in this section, since they pertain to other issues in different states. The Company created a provision in the amount of USD 1,700 thousand, which, to the best belief of the Company's management, adequately reflects the financial exposure for the Company as of March 31, 2024 and as of the date of the issuance of this report.

- On June 28, 2023, a claimant filed a demand for arbitration alleging that the Company's social casino games are unlawful gambling under Kentucky law. The claimant seeks to recover treble the total of all amounts paid by Kentucky residents to the Company in those games during the period beginning five years before the filing of the demand (i.e. June 28, 2018) until the case is resolved. An arbitrator has been changed in the case, and a new arbitrator was appointed on April 15, 2024. The preliminary status hearing will be held on May 30, 2024. The Company does not agree with the allegations and requests for relief made in the demand and believes that there are meritorious legal and factual arguments supporting the Company's position. As of the date of the issuance of this report, to the best of the Company's knowledge, the arbitration is not expected to have a material impact on the Company's operations, financial condition or cash flows.

- On July 25, 2023, a claimant filed a demand for arbitration alleging that the Company's social casino games are unlawful gambling under Ohio law. The claimant seeks to recover all amounts he paid to the Company and all amounts paid by Ohio residents in those games during the period beginning two years before the filing of the demand (i.e. July 25, 2021) until the case is resolved. The arbitration is in the briefing stage. The Company does not agree with the allegations and requests for relief made in the demand and believes that there are meritorious legal and factual arguments supporting the Company's position. As of the date of the issuance of this report, to the best of the Company's knowledge, the arbitration is not expected to have a material impact on the Group's operations, financial condition or cash flows.

- On July 25, 2023, a claimant filed a demand for arbitration alleging that the Company's social casino games are unlawful gambling under Massachusetts law. The claimant seeks to recover all amounts he paid to the Company and treble the total of all amounts paid by Massachusetts residents in those games during the period beginning three years before the filing of the demands (i.e. July 25, 2020) until the case is resolved. The arbitration is in the briefing stage. The hearing will be held on June 14, 2024. The Company does not agree with the allegations and requests for relief made in the demand and believes that there are meritorious legal and factual arguments supporting the Company's position. As of the date of the issuance of this report, to the best of the Company's knowledge, the arbitration is not expected to have a material impact on the Group's operations, financial condition or cash flows.

- On November 13, 2023, a plaintiff filed a complaint in the Circuit Court of Coffee County Tennessee alleging that the Company's social casino games are unlawful gambling under Tennessee law. The lawsuit seeks to recover all amounts paid by Tennessee residents to the Company in those games during the period beginning one year before the filing of the lawsuit (i.e. November 13, 2022) until the case is resolved. The Company does not agree with the allegations and requests for relief made in the complaint and believes that there are meritorious legal and factual arguments supporting the Company's position. On December 21, 2023 the Company removed the case to the US District Court for the Eastern District of Tennessee. On January 22, 2024 the plaintiff filed an amended complaint substituting Huuuge Global Limited as defendant in place of the Company, and a motion to remand the case back to the state circuit court. On February 9, 2024 the Company opposed the plaintiff's motion to remand and further, on March 29, 2024 the Company submitted a reply to support its motion to dismiss filed on February 5, 2024. As of the date of the issuance of this report, the parties are awaiting the judge's decision on remand and the motion to dismiss. As of the date of the issuance of this report, to the best of the Company's knowledge, the litigation is not expected to have a material impact on the Group's operations, financial condition or cash flows.

8. Transactions with related parties

The Company and all the Huuuge Group companies conclude transactions with its affiliates only on arm's length basis. Information regarding transactions with related entities is provided in the Note 16 *Related Party Transactions* to the Interim Condensed Consolidated Financial Statements.

9. Granted sureties, loans, guarantees

Huuuge Global Ltd and Huuuge Games Sp. z o.o. have entered into two agreements with the banks for the purpose of conducting forward and derivative transactions. The maximum amount of the contingency obligation for both parties is disclosed in the Note 15 *Pledges, collaterals and other off-balance sheet positions* to the Interim Condensed Consolidated Financial Statements.

The Company and Huuuge Group companies did not give any other loan or credit sureties or guarantees.

Company’s selected separate financial data

Selected separate financial data

The following table presents selected financial data of the Company.

	USD	USD	EUR	EUR	PLN	PLN
in thousand	**3m`2024**	**3m`2023**	**3m`2024**	**3m`2023**	**3m`2024**	**3m`2023**
Revenue	209	95,564	193	89,087	834	419,693
Operating profit (loss)	(959)	92,740	(883)	86,455	(3,828)	407,290
Pre-tax profit (loss)	(2)	93,361	(2)	87,034	(8)	410,018
Net profit (loss)	(500)	93,435	(461)	87,103	(1,996)	410,343
Net cash flows from operating activities	8,781	(1,272)	8,089	(1,186)	35,054	(5,586)
Net cash flows from investing activities	(2,354)	1,010	(2,168)	942	(9,397)	4,436
Net cash flows from financing activities	29	8,718	27	8,127	116	38,287
Total net cash flows	6,456	8,456	5,947	7,883	25,772	37,137
Cash and cash equivalents at the end of period	86,805	94,273	80,502	86,568	346,250	404,779
Number of shares at the end of period	67,124,778	84,246,697	67,124,778	84,246,697	67,124,778	84,246,697
Weighted average number of shares	62,990,181	79,198,174	62,990,181	79,198,174	62,990,181	79,198,174

Company’s separate statement of comprehensive income

in thousand USD	Three-month period ended March 31, 2024	Three-month period ended March 31, 2023 Reclassified*
Revenue	**209**	**871**
Dividend income	-	94,693
Operating expenses	(1,166)	(2,436)
Other operating expenses	(2)	(388)
Operating result	**(959)**	**92,740**
Finance income/(expense), net	957	621
Profit/(loss) before tax	**(2)**	**93,361**
Income tax	(498)	74
Net result for the period	**(500)**	**93,435**
Other comprehensive income	-	-
Total comprehensive income/(loss) for the period	**(500)**	**93,435**

*** Change in presentation**
During the three-month period ended March 31, 2024, there was a change in presentation of the items in the separate statement of comprehensive income. The dividend income was reclassified from finance income to the line “Dividend income” (no dividend income during three-month period ended March 31, 2024, USD 94,693 thousand during three-month period ended March 31, 2023) under operating activities. General and administrative expenses are presented in the line “Operating expenses” (amounting to USD 1,166 thousand during the three-month period ended March 31, 2024, and USD 2,436 thousand during the three-month period ended March 31, 2023). Sales and Marketing expenses and Research and development expenses are presented in the line “Other operating expenses” (no Sales and Marketing expenses, Research and Development expenses during three-month period ended March 31, 2024, USD 385 thousand during three-month period ended March 31, 2023).

Since the Company’s revenue is generated by services provided to the other entities in the Group, with dividend income being part of Company’s operating activities, such reclassification aligns with the Company's core stewardship activities, and provides a more accurate representation of Company’s operational performance.

Company’s separate statement of financial position

in thousand USD	As at March 31, 2024	As at December 31, 2023
Assets		
Non-current assets		
Investment in subsidiaries	30,529	29,847
Deferred tax asset	435	88
Long-term investments	3,500	-
Total non-current assets	**34,464**	**29,935**
Current assets		
Trade and other receivables	3,277	1,961
Dividend receivable	-	10,000
Corporate income tax receivable	-	752
Cash and cash equivalents	86,805	80,532
Total current assets	**90,082**	**93,245**
Total assets	**124,546**	**123,180**
Equity		
Share capital	1	1
Treasury shares	(16,630)	(16,652)
Supplementary capital	149,417	149,590
Employee benefit reserve	27,099	25,749
Retained earnings/(Accumulated losses)	(40,002)	(39,502)
Total equity	**119,885**	**119,186**
Current liabilities		
Trade and other payables	2,961	2,294
Other provisions	1,700	1,700
Total current liabilities	**4,661**	**3,994**
Total equity and liabilities	**124,546**	**123,180**

Company's separate statement of changes in equity

in thousand USD	Share capital	Treasury shares	Supplementary capital	Employee benefit reserve	Retained earnings	Equity
As at January 1, 2024	**1**	**(16,652)**	**149,590**	**25,749**	**(39,502)**	**119,186**
Net profit/(loss)	-	-	-	-	(500)	(500)
Total comprehensive income/(loss) for the period	**-**	**-**	**-**	**-**	**(500)**	**(500)**
Exercise of stock options	-	315	(173)	-	-	142
Employee share schemes – value of employee services	-	-	-	1,350	-	1,350
Transaction costs related to SBB program	-	(293)	-	-	-	(293)
As at March 31, 2024	**1**	**(16,630)**	**149,417**	**27,099**	**(40,002)**	**119,885**

in thousand USD	Share capital	Treasury shares	Supplementary capital	Employee benefit reserve	Retained earnings	Equity
As at January 1, 2023	**2**	**(20,942)**	**304,487**	**22,894**	**(193,753)**	**112,688**
Net profit/(loss)	-	-	-	-	93,435	93,435
Total comprehensive income/(loss) for the period	**-**	**-**	**-**	**-**	**93,435**	**93,435**
Exercise of stock options	-	2,378	(2,229)	-	-	149
Employee share schemes – value of employee services	-	-	-	55	-	55
As at March 31, 2023	**2**	**(18,564)**	**302,258**	**22,949**	**(100,318)**	**206,327**

Company's separate statement of cash flows

in thousand USD	Three-month period ended March 31, 2024	Three-month period ended March 31, 2023
Cash flows from operating activities		
Profit/(loss) before tax	**(2)**	**93,361**
Adjustments for:		
Share-based payments - ESOP recharge from subsidiaries	440	-
Non-cash employee benefits expense – share-based payments	228	(157)
Finance (income)/expense, net	(963)	(615)
Dividend income	-	(94,693)
Depreciation and amortization	-	28
Changes in net working capital:		
Trade and other receivables	(1,316)	(37)
Trade and other payables	483	842
Dividend receivables	10,000	-
Other non-financial assets	-	(1)
Cash flows from operating activities	**8,870**	**(1,272)**
Income tax (paid)/received	(89)	-
Net cash flows from/(used in) operating activities	**8,781**	**(1,272)**
Cash flows from investing activities		
Long-term investments	(3,500)	
Interest received	1,146	1,010
Net cash flows from investing activities	**(2,354)**	**1,010**
Cash flows from financing activities		
Transaction costs related to SBB	(113)	-
Exercise of stock options	142	149
Dividend income received	-	8,590
Lease repayment	-	(21)
Net cash flows from financing activities	**29**	**8,718**
Net increase/(decrease) in cash and cash equivalents	**6,456**	**8,456**
Effect of exchange rate fluctuations and accrued interest	(183)	(393)
Cash and cash equivalents at beginning of the period	**80,532**	**86,210**
Cash and cash equivalents at end of the period	**86,805**	**94,273**

Unusual events significantly affecting Huuuge, Inc. separate financial data

Events that were unusual in nature, value or frequency and that significantly affected the Company's assets, liabilities or equity as of March 31, 2024 or the Company's net result and cash flows for the three-month period ended March 31, 2024 were the following:

Share Buyback and retirement of shares purchased by the Issuer during the share buyback
For details, please refer to the section General Information of this Report.

Dividend paid by Huuuge Global Limited
For the balance outstanding as of December 31, 2023 of the dividend from Huuuge Global Ltd. in the amount of USD 10,000 thousand the payment was received on March 1, 2024.

Investment in Bananaz Studios Ltd.
On March 17, 2024, Huuuge, Inc. signed two key agreements with Bananaz Studios Ltd.: a Simple Agreement for Future Equity (SAFE) and a Call Option Deed. For details, please refer to the section Significant achievements or failures and unusual events significantly affecting the financial statements of this Report.

Options granted to key management personnel
Based on the resolutions of the Board of Directors of Huuuge, Inc. 585,000 options were granted to key management personnel of Huuuge, Inc. Group on February 6, 2024. For details regarding share-based payment arrangements, please refer to Note 12 *Share-based payment arrangements* to the interim condensed consolidated financial statements.

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