ANNUAL REPORT

Management Report on the Group's and the Company's Activities
for the 12-month period ended December 31, 2022

Warsaw, March 27th, 2023

Disclaimer

This report constitutes the annual report for the twelve-month period ended December 31, 2022 ("FY 2022") prepared in accordance with the Regulation of the Minister of Finance of March 29, 2018 on 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 "Annual Report"). This Annual Report should be read in conjunction with the consolidated financial statements for the twelve-month period ended December 31, 2022 prepared in accordance with International Financial Reporting Standards as adopted by the European Union (the "Consolidated Financial Statements").
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 performs and presents a joint analysis for the separate and consolidated data.
Unless implied otherwise in this Annual 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 Annual 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 Annual Report may not conform exactly to the total figure given for that column or row.

Industry and Market Data

This Annual 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 Annual 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 Annual 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 Annual 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 as we define or report such information in this Annual Report.
While we are not aware of any misstatements regarding the industry data presented herein, our estimates involve certain assumptions, risks and uncertainties and are subject to change based on various factors, including those discussed under the section "Risk Factors" in this Annual Report.

Key Performance Indicators

Certain KPIs included in this report, including DAU, DPU, ARPDAU, ARPPU, 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 mean that our calculations may produce substantially different results than if they had been calculated using the methodologies used by others to calculate similar, even identically named, 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 as adopted by EU ("IFRS"), and their inclusion in this Annual Report does not mean that the Issuer will continue to report these KPIs in the future.

Forward-looking statements

The Annual 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 Annual 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 Annual 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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PRESIDENT'S LETTER

I am pleased to present to you the annual Huuuge financial statements for the year ended 2022. It was a year of mixed fortunes for us, but we are proud to have achieved significant milestones that demonstrate our resilience and commitment to delivering both fun social experiences to our players and long term value to our stakeholders.

2022 marked our first full year as a publicly listed company and I am pleased to report that Huuuge achieved a record high adjusted EBITDA of $82m, which is a 28% increase year-on-year. This is a testament to our focus on improving profitability and strong cash generation, which resulted in $222m cash at the end of the period and a 25.8% adjusted EBITDA margin. We shifted focus halfway through the year towards a harvesting strategy for our two main franchises, Huuuge Casino and Billionaire Casino, and as the figures attest that strategic change is working.

However, the gaming industry faced unprecedented headwinds in 2022, with the first year-on-year contraction in its history (-4% YoY, according to Newzoo). Mobile games were particularly hard hit, with a 5% YoY decline, while the social casino category contracted by 2.5% YoY, respectively. This was due to several factors, including more alternatives for consumers' time and attention post-COVID, ongoing impact of IDFA depreciation on performance marketing, and universal economic slowdown, rising inflation, and geopolitical uncertainty.

Unfortunately, we were not immune to these issues, and we experienced a 15% YoY decline in our topline, with core franchises declining by 12% and Traffic Puzzle declining by 23%. However, we responded proactively to the challenges by focusing on costs and efficiency. We reduced marketing expenses by 39% YoY, R&D expenses by 11% YoY, and total operating expenses by 23% YoY.

Looking to the future, we will continue to streamline our processes and costs. With the sunset of our Traffic Puzzle studio and the creation of creative development 'pods' – small, agile groups of people solely focused on building new games, we are redirecting our focus to where it is most valuable – the creation and growth of games. We will also actively look for opportunities to expand beyond only mobile and give our players the opportunity to enjoy our games on multiple devices and platforms. The first step in that direction was the successful rollout of our .com webshop throughout 2022. This channel already contributed several percentage points to our total revenue last year. Expanding this further is an important part of our 2023 plan.

We are also exploring how we can use AI across the business to help us develop and promote our games quicker and more efficiently. You may or may not have noticed that I used Chat GPT to help with an initial draft of this very letter, highlighting the amazing technological leaps AI technology has made over the past couple of years and the very real practical applications it can have in the business world to streamline processes and deliver tasks more efficiently.

In addition, after completing a thorough strategic options review process, our board adopted the recommendation made by the independent special committee of the board and announced plans to conduct a share buyback, which would return up to $150m cash to our shareholders.

In conclusion, we faced several challenges in 2022, but we responded proactively and achieved significant milestones. We are confident that our continued focus on creativity, innovation, improving efficiency and developing fun games will drive our success in the years to come.

Thank you for all your efforts to help Huuuge to succeed. We value your feedback, and hope you will continue to enjoy and play our games. Team Huuuge is looking forward to playing together with you.

Sincerely,

Anton Gauffin

Anton Gauffin
President and CEO of Huuuge, Inc.

2022 IN BRIEF

USD
319 million
Revenue

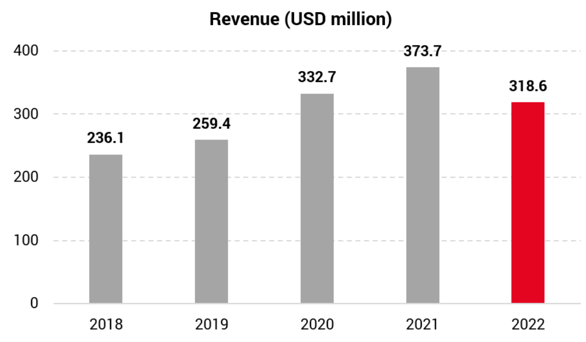
USD
82.3 million
Adjusted EBITDA

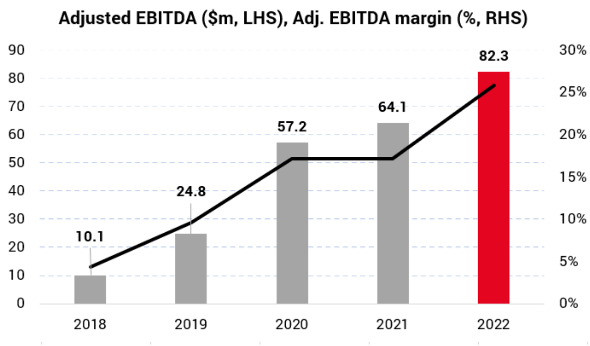
9.7%
monthly conversion
for core franchises

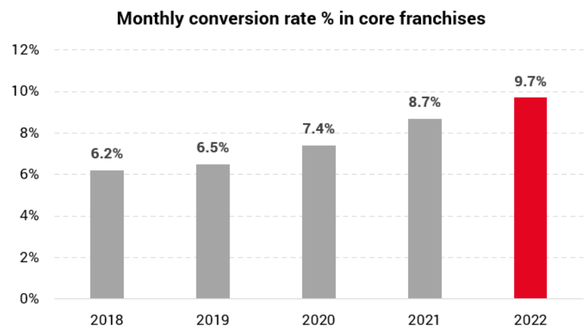
USD
43.45 ARPPU
in core franchises

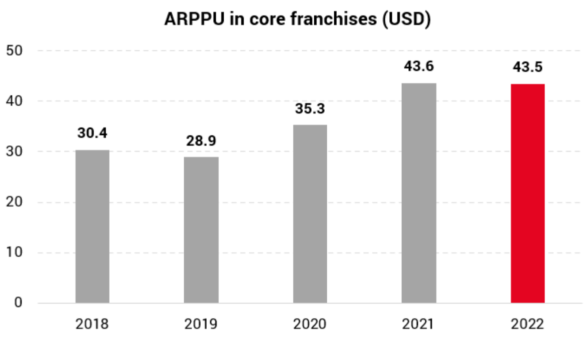
USD
222 million
Cash at the end of period

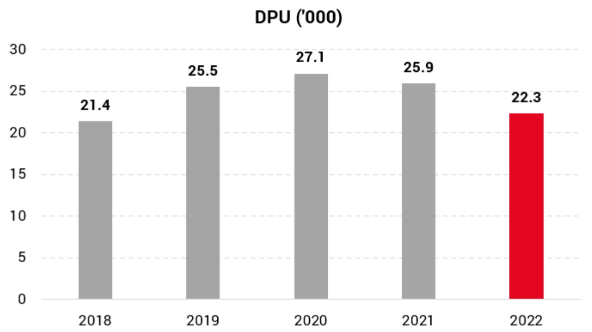
RESULTS 2018–2022











SELECTED FINANCIAL DATA

The following table presents selected financial data of the Group.

	USD	USD	EUR	EUR	PLN	PLN
in thousands	**12M 2022**	**12M 2021**	**12M 2022**	**12M 2021**	**12M 2022**	**12M 2021**
Revenue	318,622	373,739	302,284	315,842	1,415,200	1,442,055
Operating profit (loss)	38,608	44,577	36,628	37,671	171,482	171,998
Pre-tax profit (loss)	39,054	(1,001)	37,051	(846)	173,463	(3,862)
Net profit (loss)	32,008	(9,681)	30,367	(8,181)	142,168	(37,354)
Net cash flows from operating activities	70,957	29,769	67,319	25,157	315,164	114,862
Net cash flows from investing activities	(32,555)	(15,955)	(30,886)	(13,483)	(144,597)	(61,562)
Net cash flows from financing activities	(21,847)	96,610	(20,727)	81,644	(97,036)	372,765
Total net cash flows	16,555	110,424	15,706	93,318	73,531	426,066
Cash and cash equivalents at the end of period	222,245	204,415	208,583	180,442	978,191	829,925
Number of shares at the end of period	84,246,697	84,246,697	84,246,697	84,246,697	84,246,697	84,246,697
Weighted average number of shares (1)	80,389,472	77,342,078	80,389,472	77,342,078	80,389,472	77,342,078
Basic and diluted Earnings per share basic (EPS) (1)	0.40	(0.12)	0.38	(0.10)	1.78	(0.46)

(1) The weighted average number of shares has been adjusted for the split that took place on January 20, 2021.

The following table sets out the exchange rates of our main currencies against the USD as at the end of 2021 and 2022 and the annual average exchange rates for those years

	EUR	PLN	EUR	PLN
	12M 2022	**12M 2022**	**12M 2021**	**12M 2021**
Annual average exchange rate	1.0540	0.2251	1.1833	0.2592
Exchange rate at the end of the reported period	1.0655	0.2272	1.1329	0.2463

BUSINESS

About us

Business profile

Huuuge, Inc. (the "Company", "Huuuge") is registered in the 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 195 countries and are available in 17 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. Both generate 90% of Huuuge's total revenues. Our new franchises generate 10% of total revenues and include different titles at various stages of their life cycle.

HUUUGE CASINO

Huuuge Casino: The game was launched in June 2015. It is Huuuge's flagship title responsible for 59% of total 2022 revenue and for USD ~1.1 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 #25 (Apple App Store) and #10 (Google Play) among social casino apps in the United States in terms of revenue as at December 31, 2022.

Billionaire Casino: The game was launched in October 2016. Its revenue has grown rapidly since its release. It has achieved over USD 510 m of lifetime revenue and constitutes 31% of our total 2022 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 #34 (App Store) and #21 (Google Play) among social casino apps in the United States in terms of revenue as at December 31, 2022.

New titles

In 2022 our team responsible for new games explored multiple emerging genre market opportunities and settled on a concept in the Knockout Party game genre focused on competitive casual action. The game will spearhead our exploration of new methods of organic viral marketing as well as our potential venture beyond mobile and into PC. While the team is developing the product further and aiming for a tech launch in the coming months, it is still too early to comment about a potential material impact on our business.

In addition to our new internally developed title, we also published 3 new games in 2022 / early 2023.

Time Master (Firefog Games). A hybrid social casino game, where you spin, play mini-games, attack bosses, raid enemies, and collect resources and money to fix broken monuments of the past and the future. During 2022, we were introducing new features to the game, revamping the in-game economy (pricing and rewards) and experimenting with user acquisition "UA" channels and strategies. During 2023, our focus will be on further growing ad revenues through enhanced waterfall configurations, and IAP revenue through additional game economy changes. From a marketing perspective, we will explore avenues to drive additional organic growth and build community, in addition to regular performance marketing channels.

Bowling Clash: New Legends (Square Triangle). The perfect game for any bowling enthusiast, featuring fun core mechanics enriched with tactical elements that combine to make the game more challenging and engaging. The game allows players to upgrade their avatar and thereby improve their character's in-game skill. Meta gameplay aspects include signing contracts with sponsors and gaining followers to increase the player's fame level, helping them to climb the competitive bowling ladder. The game also allows competitive 1v1 matches with players in varied locations in real time and is available on both Android and iOS. We signed the game in early 2023.

Cafe Dash: Cooking Diner Game (Friedegg Games). A cafe simulation game that gives players the freedom to expand a small cafe into a thriving restaurant visited by show-business stars. Players must manage their own businesses while striving to fulfill their customers' orders, progressing through varied levels and competing with other players. Players take on challenges including dealing with their staff, creating menus and managing customer demands. This unique and fun time management game can be downloaded from App Store and Google Play. We signed the game in early 2023.

Group structure

As of December 31, 2022, the Huuuge Group ("Group") comprised Huuuge, Inc. (the parent entity), five subsidiary companies wholly and directly controlled by Huuuge, Inc., and eight subsidiaries wholly controlled by the Company through Huuuge Global Ltd. with its registered seat in Cyprus. All companies are consolidated using the full method.

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.

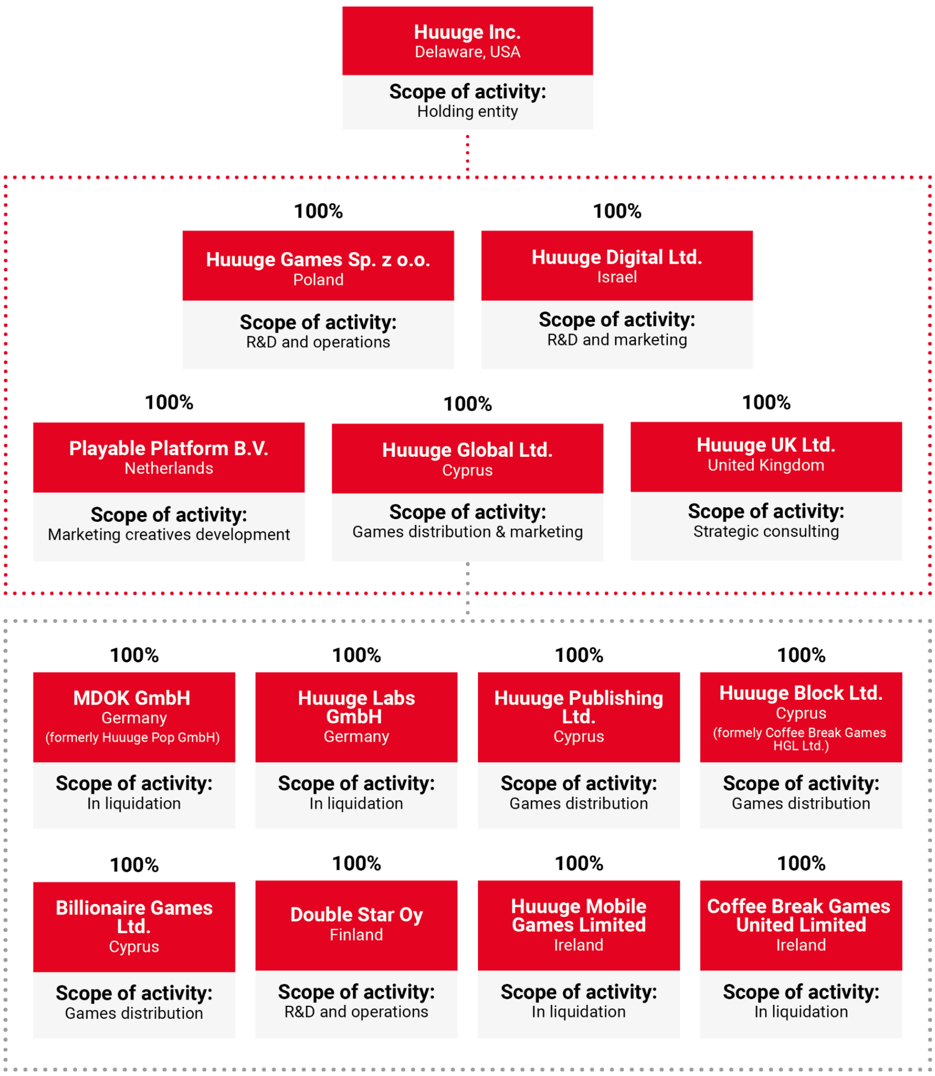
Information on the organizational or capital relations of the issuer with other entities and changes in the organization of the Group

Huuuge Tap Games Ltd., the Group's dormant Hong Kong subsidiary, filed for voluntary liquidation in 2021. On April 29, 2022 Huuuge Tap Tap Games Ltd. was successfully deregistered and dissolved.

MDOK GmbH and Huuuge Labs GmbH, the Group's two remaining German subsidiaries, entered into voluntary liquidation in 2022.

Huuuge Mobile Games Limited and Coffee Break Games United Limited, the Group's two remaining Irish subsidiaries, also entered into voluntary liquidation in 2022.

Corporate structure of the Group



Offices & Locations

We are a global organization with a global team located in nine offices across the globe and powered by a team of 582 people and a culture of innovation and teamwork. Our team consists of employees of more than 10 nationalities.

Gaming market

2022 saw a 4.3% decline in the global games market, primarily driven by a 6.4% YoY decline in the mobile games market, to $92.2bn (Newzoo). Data.ai estimates slightly differ, but also point to the same trend; a 5.4% YoY decline in mobile consumer spend to $109.5bn. The impact in the US was particularly acute, with a 12.0% decline (data.ai). A deeper look illustrates that spend reduction occurred across genres, with only the 'Action' category seeing a YoY increase in spend worldwide, and only the 'Puzzle' category seeing a YoY increase in the US.

$184.4bn Size of the Global Games Market	**50%** Mobile Share of Total Market
(4.3)% 2022 YoY Total Market Growth	**(5.4)%** 2022 YoY Mobile Market Growth
4.8% Total Player Growth vs 2021	**89.7bn** 2022 Mobile Game Downloads
4.6% '22-'25 Total Market CAGR%	**(0.2)%** '22-'25 Social Casino Market CAGR%

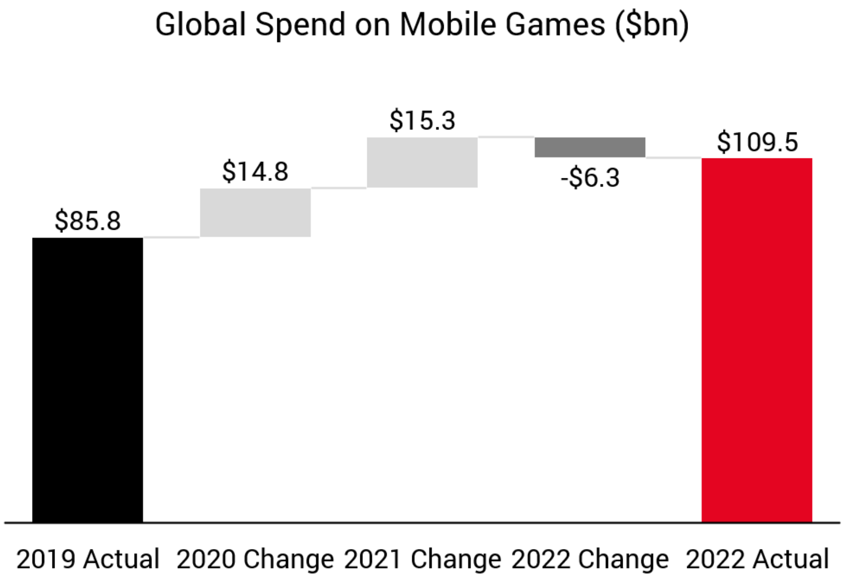
2022 was the first year of decline in the history of the mobile games market, for multiple reasons. 2022 was the first 'post-Covid' year for the industry, meaning consumers had access to alternative forms of entertainment more easily and therefore competition for their time was more intense. When viewed through this lens, the market is still significantly larger than where it was in recent years; +8.9% vs 2020 and a whopping +27.7% vs 2019 (data.ai). In 2022, the market also had to contend with the ongoing effects of Apple's App Tracking Transparency (ATT) changes, which depreciated the use of the IDFA for non opt-in users. This has led to lower spend per user, as high spenders have become harder to target. Thirdly, global macroeconomic factors have also likely played a role. As a result of the war in Ukraine, and the opening of the global economy post-Covid, many economies have experienced elevated levels of inflation. The first-order effect here is the erosion of consumer spending power. Additionally, central banks globally have raised interest rates in response to inflationary pressures. The result has been a slowdown in global economic growth during 2022, with further pressure on global GDP likely during 2023. Although games provide great entertainment value on a dollar-per-hour basis, consumers are likely to have reduced the frequency and size of in-app purchases in response to these wider macroeconomic changes.

Per Eilers & Krejcik (E&K), the social casino market declined 2.5% YoY, directionally in line with, but at a slower rate than the overall mobile market. During Q2 2022, E&K also revised down their long-term outlook for the social casino market in response to the various factors described in the preceding paragraph. They now expect growth at a -0.2% CAGR from 2022 to 2025. The decline is expected to be more acute in the near term, with 2023 seeing a ~1% fall prior to remaining largely flat in 2024 and 2025. The decline is set to be primarily driven by falling DAUs, offset partially by rising conversion, resulting in falling DPUs (but at a lower rate). At the end of 2025, this results in a market size of $7.4bn, still 5.1% higher than in 2020 and 30.7% higher vs 2019.

Despite the recent trajectory, the overall games market remains robust. Newzoo expects the market to grow at a 4.6% CAGR through to 2025. Within mobile we remain optimistic on the outlook on the back of strong fundamentals. The Covid effect has largely now dissipated and, indeed, downloads for 2022 reached a new record high of 89.7bn, growing 8% YoY. We are bullish that the long-term factors supporting the growth of the industry remain true: (1) population growth and mainstream prevalence of gaming amongst all demographics and geographies; (2) innovation in gameplay, technology & monetization; (3) continued adoption of mobile devices in emerging markets along with growth in GDP per capita (and therefore propensity to spend).

Although IDFA deprecation remains a challenge, the industry at large, and we at Huuuge, are actively working on finding better ways to do UA and thereby find new players and payers for our games. This includes optimizing UA further via campaign automation and Real-Time Bidding "RTB" tools. We are also finding ways to better recognize our core demographic through their actions in-game (via the work we are doing on payer and churn predictions). Whilst the environment remains uncertain, we have cut back UA spend. However, as the market environment improves, and Huuuge (along with the industry) finds better ways to connect advertising dollars with the right eyeballs, we anticipate that we will be well positioned for growth.

We are conscious that growth often also comes in the form of new innovative gameplay, which cannot be forecasted. In this context we are also refocusing our efforts on building fun new games and experiences. This requires experience in not only building great core loops, but also embedding a meta layer, designing complex game economies and managing live operations. We have a vision of the kinds of dynamic multiplayer experiences we would like to build and a skill-set in many of the areas highlighted.



Sources: Newzoo, data.ai, Eilers & Krejcik

Strategy

During 2022 we undertook a thorough review of the strategic options for the future of the company, led by a special committee of the board. At the conclusion of the review, the board took the view that at the present time, the correct strategy for the company is to remain a publicly listed company on the Warsaw Stock Exchange. In parallel, the board adopted the recommendation from the special committee and announced plans to allocate up to USD 150m for the purpose of conducting a share buy back. We continue to base our plans for future growth on our two-pronged "Build & Buy" framework, albeit with a renewed emphasis on new internally developed titles. We intend to continue exploring inorganic growth opportunities through publishing, partnerships and M&A ("Buy" strategy).

Our vision is to transform mobile gaming into a massively social experience and our mission is to empower billions of people to play together. Our goal is to achieve this mission by partnering with game creators and studios with the highest potential.

We plan to achieve our vision and mission by focusing on the following objectives:

Harvesting our large captive user base within our Core Franchises
We have a consistent track record and extensive experience in monetizing and retaining our user base. We have been able to continue increasing the rate at which players transact (convert to payers) and want to double down our focus on monetizing and retaining these existing players. Core to this plan is our strength in building new content and providing a great multiplayer social experience, as well as our strengths in game economy management and live operations. We are continuing to innovate in these areas during 2023. Additionally, we are in the midst of rolling out an expanded VIP program, which involves more closely servicing a greater number of high value players by account managers with clearly defined SLAs.

Organizing our new build activities into Pods

Building new games is core to the Huuuge identity. However, in today's market, doing so requires an approach that enables many shots on goal. Organizing our new build activities within dedicated "pods" will help us to do that. The pod structure will involve Huuuge investing in promising teams (both internal and external) with strong pitches, tracking progress, providing business support and then making continue / discontinue decisions at the end of the relevant period for which the pod has raised funding. This provides a scalable and agile operating structure for new game development, with true accountability. Pods will be primarily focused on creating fun new gameplay and experiences, in ways they best see fit. Pod leads will be given a high degree of creative freedom and will also have limited reliance on Huuuge services & technologies, so as to avoid placing an excessive burden on our existing teams. Three pods are already operational and we intend to establish several more in 2023.

Continuing our activity in publishing

We launched Huuuge Publishing in 2019 to expand our reach into various new mobile casual subgenres. Huuuge Publishing has already attracted strong interest from developers around the globe and has signed thirteen publishing agreements since the business unit's inception. Going forward, Huuuge Publishing will operate one Pod per published title. We expect Huuuge Publishing to be an important deal-flow channel for M&A activity.

Expanding our activities in the casual games subgenre

As a result of the above two points, we intend to introduce new games in the casual gaming subgenre across various categories by leveraging our strengths in social feature development, player monetization, and player retention via live-operation offerings within our games. In this way, we hope to offer our best-in-class social experiences to an ever-broadening user base within the casual games subgenre.

Optimization of marketing activities in conjunction with our Technology team

The user acquisition market environment has evolved significantly over the past 24 months. Install attribution has become much more challenging, and, as a result, a data-science-led approach to understanding marketing performance is necessary. We intend to evolve how we measure, with a greater focus on macro-level performance. Simultaneously, we are also widening the scope of our marketing efforts to incorporate new activities such as branding and influencer marketing. The dollar volume of spend will likely remain lower in the near term, but we expect to scale this as we evolve our approach to measurement and make progress with new channels.

Leverage our technology and data services to continue margin expansion

Our business is built on a data-centric approach, focused on our Huuuge Data Services system, which we will continue to refine and expand as we grow. We plan to continue to expand our profitability margins with a focus on data-driven decision-making and technology. We believe that our organizational architecture; namely our centralized service structures, data-centricity, and operating locations, which enable us to employ first-class human and technology resources at lower costs than our competitors, will allow us to achieve exceptional profitability levels.

Further streamline the company and optimize our cost base

We have managed to reduce our non-UA operating expenses in 2022 and we plan to continue challenging the cost structure further in 2023 and beyond. We want to ensure that our structure and size are optimal for our operational objectives and needs. That means not only striving to reduce our opex in absolute dollar terms, but also looking deeper into processes, organizational structure and complexity as well as geographic footprint.

Accessing best-in-class talent from around the world

Across our history, we have focused considerable time and resources on building a team with diverse experience and backgrounds and a positive, stimulating business culture. We are present in the most important gaming hubs in the world and we employ people from all over the world, which allows us to create the inclusive and diversified environment that is required to successfully operate in our industry. We benefit from our presence in Central and Eastern Europe, a region with a deep talent pool. We have cultivated an ecosystem within the industry that allows us to identify leading talent globally.

Research and development

We believe our ability to attract new players and retain existing players depends in part on our ability to evolve and expand our content library by continually developing differentiated games, systems technology and functionality to enhance the quality of player entertainment.

Our research and development expenditures amounted to USD 29,577 thousand in 2022 compared to USD 33,128 thousand in 2021. The decrease in expenses was driven mainly by a decrease in the cost of salaries and employee stock options of the R&D team (decreases of USD 2,791 thousand and USD 1,817 thousand, respectively), which reflects the decrease in headcount of the team.

Below are several key strategic initiatives in this area:

Personalization of in-game economies and player funnels
In 2022, we introduced sophisticated personalization models into our Core Franchises, providing players with personalized game experiences, liveops events, and in-game offers based on their historical behavior and predicted future behavior. By using various machine learning prediction models, such as predicting churn and future paying behavior, the game can adapt experiences to fit our players' behavior and preferences more accurately. Personalization of our games can bring the following strategic benefits:

- Personalization allows for further improvement of our best-in-class monetization KPIs. There are vast differences between our players when it comes to their playing behavior, activity, preferences, and purchasing behavior. Instead of bucketing players into segments that most closely represent those players' behavior, we now offer players the most relevant features and offers based on their own individual behavior. When we moved from one in-game economy to a more sophisticated, segmented in-game economy in 2019, we saw a major uplift in monetization KPIs. Taking this one step further now, we expect to be able to further improve our monetization metrics.
- Personalization is an answer to the challenges mobile games companies are experiencing due to changes in the advertising and privacy ecosystem with regards to limited user-level tracking (which started with Apple's ATT in 2021). By introducing personalization and behavior-based prediction models to our games, instead of relying on perfect targeting and tracking on the advertising side, our games now provide specific experiences and monetization strategies to each individual player. This allows for broader and less specific targeting on the marketing side without the need for individual user-level tracking.

Web-based store for in-game purchases
We have further developed and significantly grown our webshop for players that allows them to make direct purchases outside of the main app stores and platforms. By introducing an additional, cross-platform point of sale, players get access to additional benefits while Huuuge saves significantly on platform fees imposed by app stores. This also allows us to run direct marketing campaigns to the point of sale directly, without having to load the full game or having to navigate anywhere within the game itself.

Security and stability
We have invested further in various security tools and processes, as well as new monitoring tools across all our tech products and infrastructure, in order to further minimize the risk of outages and security incidents. As part of this, we have consolidated or sunset the majority of internal legacy systems to allow for improved time-to-market with new features and products, as well as saving costs of operating these systems.

FINANCIALS & KPIs

HUUUGE

Factors affecting our results

Core franchises continue to improve profitability
We have witnessed another quarter of QoQ decline in our core franchises' user base in line with the general genre market trends at the end of 2022. Our strategy is to optimize our User Acquisition spend for these flagship games and to further improve the profitability and cash generation of our core portfolio. Our core franchise Sales Profit has improved on a YoY basis.

Mobile gaming and social casino market environment
As far as market dynamics are concerned, Eilers & Krejcik estimate that the social casino market declined 2.5% YoY in 2022. The long-term forecast was also lowered in Q2-2022 with the social casino market expected to decline at a 0.2% CAGR in 2022-25E (with a USD 7.4b market by 2025). For more information about the mobile gaming market, see the chapter *Gaming Market*.

User Acquisition expenses and post-IDFA mobile advertising market update
User acquisition expenses were adapted to support the new, post-IDFA reality, such that 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. In this context, during 2022, we reorganized our Marketing team to be more closely aligned under the same umbrella as our Technology team.

General external factors
External factors that could affect our performance include the impact of the Covid-19 pandemic on the overall economy (and specifically on the gaming industry and our players' behavior), continued secular trends in the sector (higher player engagement and willingness to invest more time and money in mobile games, competition from other games and other forms of entertainment), inflation, and the volatility of foreign exchange rates.

Expected tax reforms & changes in tax law / tax law interpretations
In 2021, the debate on international taxation focused on the concepts of digital taxation and minimum taxation. The course of the debate also impacted the shape of the income tax reform in the United States that commenced in 2021. Among other things, we see the following changes in US taxation as potentially affecting the Group: (i) increase in the federal corporate tax rate; (ii) revisions to the global intangible low-taxed income (GILTI), and (iii) lower deduction against the global minimum tax in Internal Revenue Code Section 250. The discussed changes in the GILTI rate or the GILTI calculation mechanism may negatively impact the Group's effective tax rate (ETR). Taking into account currently available information the most impactful changes may be implemented starting from 2023 and 2024 respectively, according to General Explanations of the Administration's Fiscal Year 2024 Revenue Proposals. The implementation of these rules in their current form would negatively impact the global effective tax rate of the Group and may have a negative impact on our financial results.

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.

Key performance indicators

When evaluating our business, we consider the key performance indicators (KPIs) presented and discussed in this section. Each of these KPIs is defined below:

- **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 (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 presented.

- **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 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 table below presents our KPIs for 2022 and 2021 for the Group and core franchises, i.e. Huuuge Casino and Billionaire Casino.

	All games		Core franchises Huuuge Casino and Billionaire Casino	
KPI	**2022**	**2021**	**2022**	**2021**
DAU (in thousand)	610.5	789.8	380.8	479.0
DPU (in thousand)	22.3	25.9	18.1	20.6
ARPDAU (in USD)	1.4	1.3	2.1	1.9
ARPPU (in USD)	38.0	38.0	43.5	43.5
Monthly Conversion (%)	6.3%	5.5%	9.7%	8.7%

The table below presents our KPIs for Q4 2022 and Q4 2021 for the Group and core franchises, i.e. Huuuge Casino and Billionaire Casino.

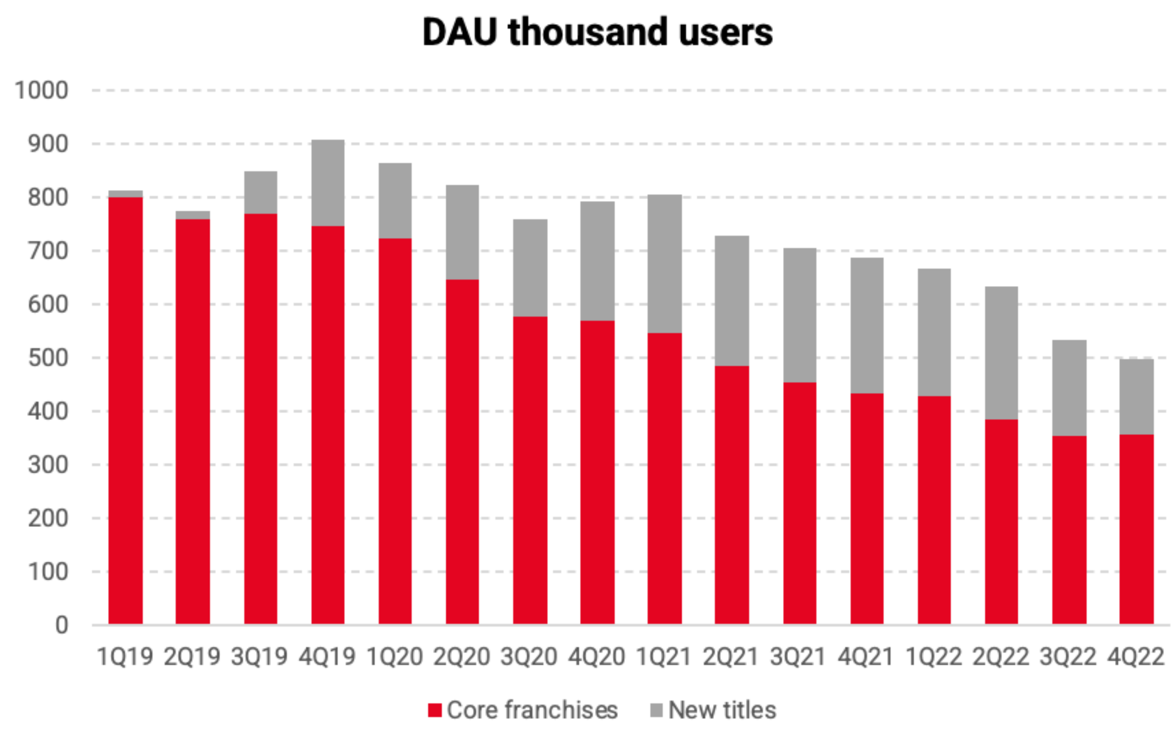
	All games		Core franchises Huuuge Casino and Billionaire Casino	
KPI	**Q4 2022**	**Q4 2021**	**Q4 2022**	**Q4 2021**
DAU (in thousand)	510.7	727.6	356.8	433.9
DPU (in thousand)	19.9	24.4	17.4	19.3
ARPDAU (in USD)	1.7	1.3	2.2	1.9
ARPPU (in USD)	41.7	37.7	45.9	43.4
Monthly Conversion (%)	7.9%	5.8%	10.9%	9.1%

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

Daily Active Users

The chart below presents DAU for our core franchises and our other games ("new franchises") for the periods indicated. The downward trend of DAU for our core franchises reflects the current trends seen in the social casino genre. In Q4 2022, our overall DAU decreased by 8% QoQ and by 30% YoY. The decline was observed across the whole portfolio, with lower User Acquisition spend driving declines for both core and new franchises. It is worth highlighting that, in Q4 2022, our core DAU actually increased by 1% QoQ on the back of a higher number of installs in the period. We have also seen a material QoQ decline in DAU of Traffic Puzzle in Q4 2022, a direct result of a declining marketing spend. In the FY 2022, total DAU decreased by 23% YoY, and was driven mainly by core franchises (-21% YoY), while DAU for new franchises declined by 28% YoY. The decline in DAU was driven by a lower number of installs, a function of reduced marketing spend across the whole portfolio.

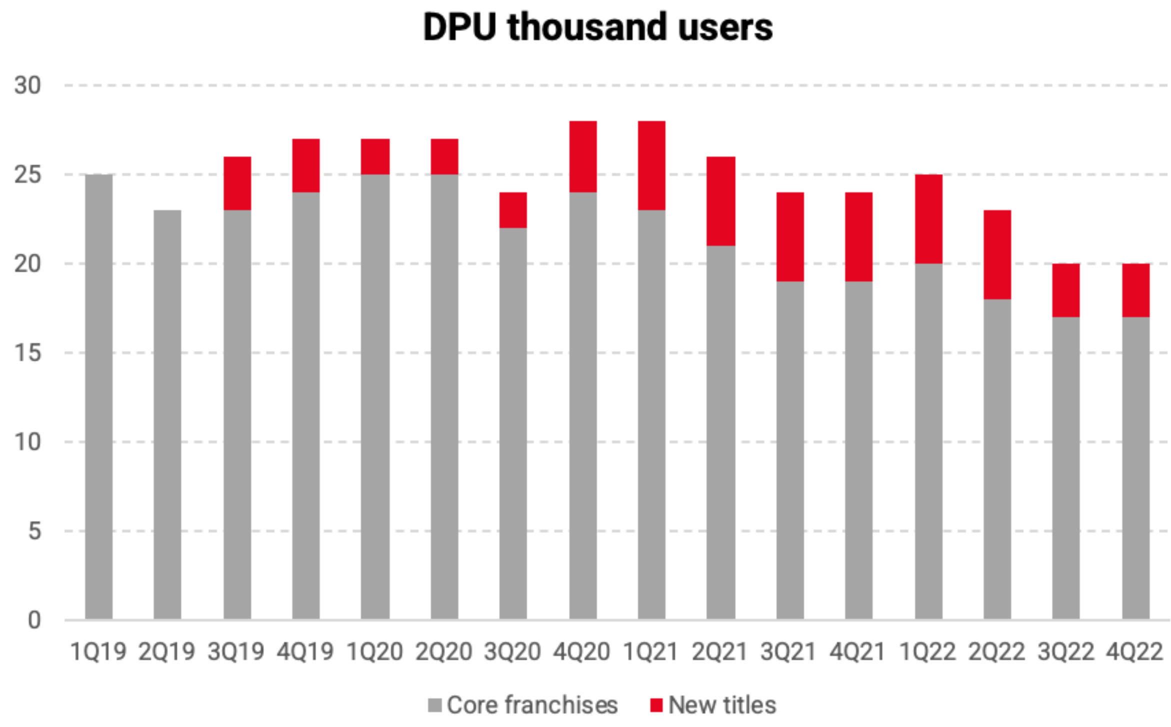
The chart below presents DAU for our core and new franchises for the periods indicated:



Daily Paying Users

In Q4 2022 the number of daily paying players was 5% lower compared to the previous quarter. There was a slight increase in DPU QoQ in core franchises, broadly in line with the DAU trend for the period. The 49% YoY decrease in new franchises was driven by a gradual decline of the Traffic Puzzle payer base (driven by falling marketing spend).

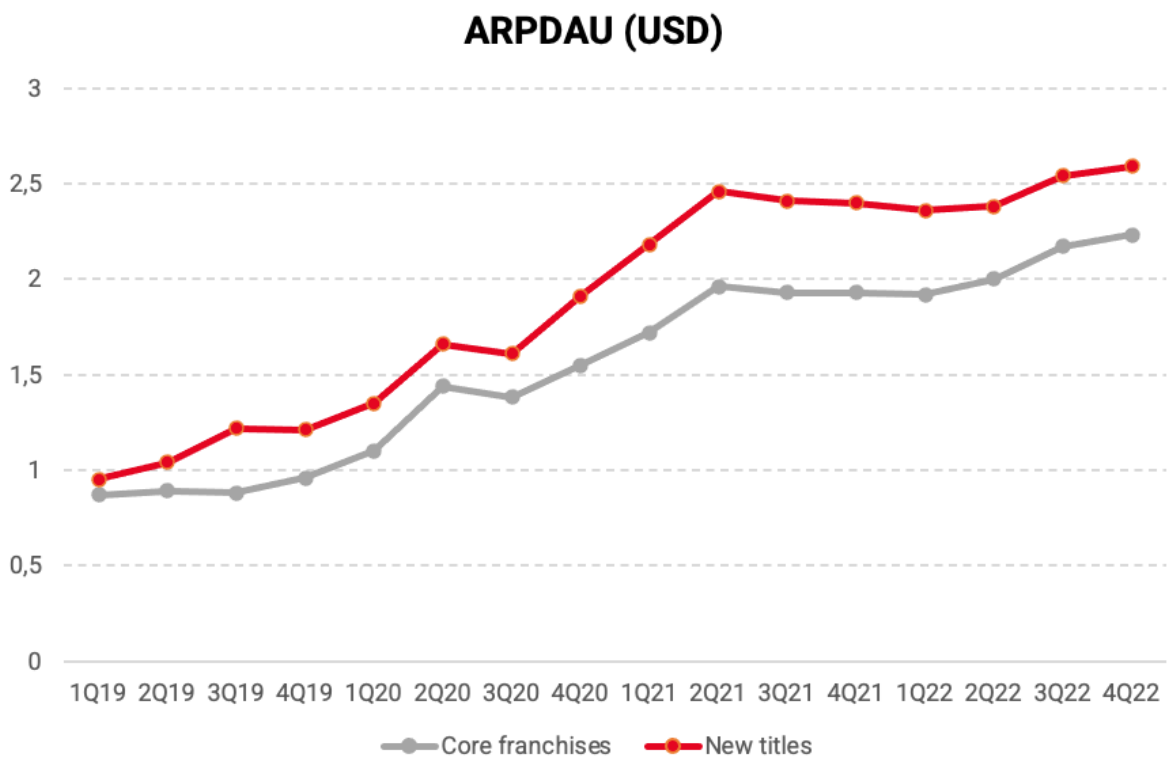
The chart below presents DPU for our core and new franchises for the periods indicated:



Average Revenue per Daily Active User

ARPDAU indicates how well we monetize our games taking into account our whole player base. Thanks to our competences in live operations, as well as our technology, we have seen sustained growth in the monetization of our core games, i.e. Huuuge Casino and Billionaire Casino. These two games continued to exhibit ARPDAU rates significantly exceeding the category averages and we saw this KPI improving further to USD 2.2 in Q4 2022 (+3% QoQ and +15% YoY). ARPDAU for our new franchises has increased by 1% QoQ up to USD 0.36, although it was lower by 17% YoY. In the FY 2022, ARPDAU increased by 10% YoY, with 10% higher ARPDAU in core franchises and 9% lower ARPDAU in new franchises.

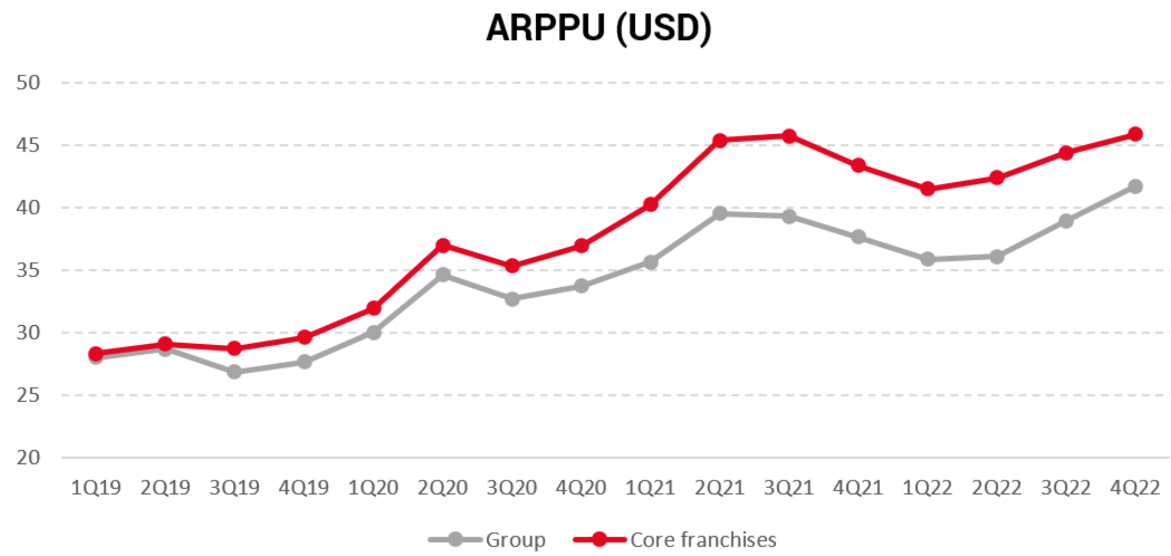
The chart below presents ARPDAU for our core and new franchises for the periods indicated:



Daily Average Revenue per Paying User

In recent years, we have been able to consistently improve the ARPPU of our core franchises owing to the social features of our games as well as constant focus on live events and special offers. In Q4 2022, we saw a further increase at the Group level, both YoY (+11%) and QoQ (+7%). Our ARPPU in the core franchises increased by 6% YoY and 3% QoQ. In the whole of 2022, our ARPPU remained effectively flat YoY both at the Group level and for our core franchises. Our core ARPPU remains consistently at the top levels in the social casino category.

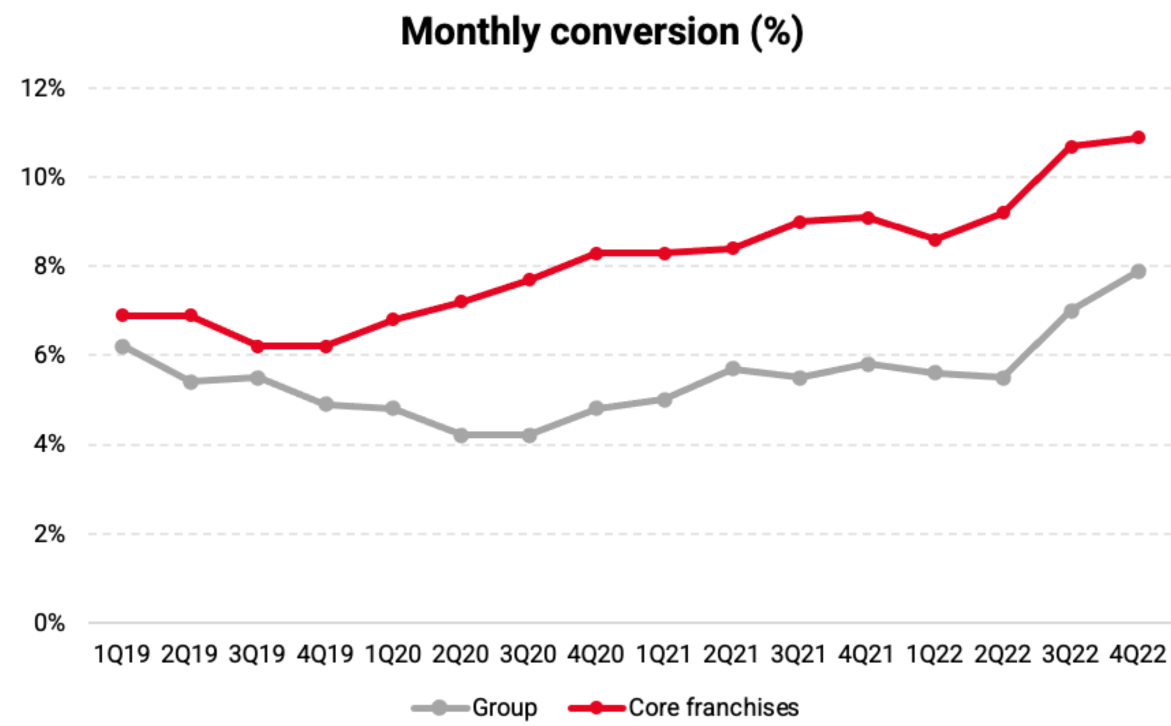
The chart below presents ARPPU for our core franchises games for the periods indicated:



Monthly conversion

Monthly Conversion is an indicator of our ability to convert players into payers. Monthly Conversion for all games grew from 7.0% in Q3 2022 to 7.9% in Q4 2022. This came from a QoQ improvement in both core franchises and new franchises. In the whole of 2022, Monthly Conversion increased to 6.3%, from 5.5% in 2021; this was also connected with an improvement both in core franchises (9.7% in 2022 vs 8.7% in 2021) and new franchises (3.4% in 2022 vs 2.9% in 2021). We believe that growing conversion is more beneficial for the longevity of our portfolio than driving revenue through increasing ARPPU. We also note that our core portfolio conversion metrics are also best-in-class in the social casino space.

The chart below presents Monthly conversion for our core and new franchises for the periods indicated:



Results of operations (P&L)

The following table presents our consolidated statement of comprehensive income for the two periods of twelve months ended December 31, 2022 and 2021, respectively, and for the two periods of three months ended December 31, 2022 and 2021, respectively ("Q4 2022" and "Q4 2021").

in thousand USD	12M 2022	12M 2021	Change	Q4 2022	Q4 2021	Change
Revenue	**318,622**	**373,739**	**-14.7%**	**77,674**	**88,507**	**-12.2%**
Cost of sales	(96,886)	(112,195)	-13.6%	(23,630)	(26,753)	-11.7%
Gross profit/(loss) on sales	**221,736**	**261,544**	**-15.2%**	**54,044**	**61,754**	**-12.5%**
Sales and marketing expenses	(88,814)	(146,239)	-39.3%	(13,849)	(29,643)	-53.3%
including user acquisition marketing campaigns	(73,725)	(130,031)	-43.3%	(10,081)	(26,254)	-61.6%
including general sales and marketing expenses	(15,089)	(16,208)	-6.9%	(3,768)	(3,389)	11.2%
Research and development expenses	(29,577)	(33,128)	-10.7%	(6,450)	(7,662)	-15.8%
General and administrative expenses	(39,611)	(37,989)	4.3%	(9,749)	(8,589)	13.5%
Impairment of intangible assets	(26,087)	-	n/a	(26,087)	-	n/a
Other operating income/(expense), net	*961*	389	147.0%	*324*	(304)	-206.6%
Operating result	**38,608**	**44,577**	**-13.4%**	**(1,767)**	**15,556**	**-111.4%**
Finance income	2,172	20	>999.9%	1,279	10	>999.9%
Finance expense	(1,726)	(45,598)	-96.2%	242	(1,024)	-123.6%
Profit/(loss) before tax	**39,054**	**(1,001)**	**<-999.9%**	**(246)**	**14,542**	**-101.7%**
Income tax	(7,046)	(8,680)	-18.8%	(608)	(3,164)	-80.8%
Net result for the period	**32,008**	**(9,681)**	**-430.6%**	**(854)**	**11,378**	**-107.5%**
Exchange gains/(losses) on translation of foreign operations	(2,912)	(1,021)	185.2%	2,482	(285)	-970.9%
Total comprehensive income for the period	**29,096**	**(10,702)**	**-371.9%**	**1,628**	**11,093**	**-85.3%**

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

in thousand USD	12M 2022	12M 2021	Change	Q4 2022	Q4 2021	Change
EBITDA	**49,688**	**52,597**	**-5.5%**	**1,207**	**18,087**	**-93.3%**
EBITDA margin (%)	15.6%	14.1%	1.5pp	1.6%	20.4%	-18.8pp
Adjusted EBITDA	82,295	64,357	27.9%	29,720	20,727	43.4%
Adjusted EBITDA Margin (%)	25.8%	17.2%	8.6pp	38.3%	23.4%	14.9pp
Sales Profit	148,011	131,513	12.5%	43,963	35,500	23.8%
Sales Profit Margin (%)	46.5%	35.2%	11.3pp	56.6%	40.1%	16.5pp
User acquisition marketing campaigns as % of revenue	23.1%	34.8%	-11.7pp	13.0%	29.7%	-16.7pp
Adjusted Net Result	**64,615**	**41,076**	**57.3%**	**27,659**	**14,018**	**97.3%**
Adjusted Net Result (%)	20.3%	11.0%	9.3pp	35.6%	15.8%	19.8pp

EBITDA, **Adjusted EBITDA**, **EBITDA Margin**, **Adjusted EBITDA Margin**, **Sales Profit**, **Sales Profit Margin**, **User acquisition cost as a percentage 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, which is unaffected by our capital structure, and allow us to readily view operating trends and identify strategies to improve operating performance as well as 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 for 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:

- We define **EBITDA** as the net result for the year adjusted for income tax, finance costs, finance income, 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 which offset taxable profits), the cost and age 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, asset impairment and share-based payment expense. 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 the **EBITDA margin** as the ratio of the **EBITDA** and Revenue. The rationale for using the **EBITDA margin** is that it is a measure of operational profitability widely used among securities analysts and investors, as well as the fact that **EBITDA** and the **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** and 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** (previously "Return on sales") as Gross profit/(loss) from the sales less the user acquisition costs. The rationale for using the **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. Historically, we used to include in this measure the Cost of external marketing and sales expenses but, beginning from the full year 2020, we decided to narrow the ratio to track profitability of revenue after covering User acquisition costs only, which is a narrower category than the previously used Cost of external marketing and sales expenses. For comparative purposes, the values presented for prior periods have been recalculated accordingly.

- We define **Sales Profit Margin** (previously "Sales margin") as the ratio of Sales Profit and Revenue. The rationale for using the Sales Profit Margin 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 the percentage of revenue** as the ratio of User acquisition costs and revenue. The rationale for using the **User Acquisition cost as a percentage of revenues** is to show how much of our revenue we reinvest directly in maintaining and expanding our player base. Historically, we used to include the total cost of external marketing and sales services in that measure and beginning from the full year 2020 we decided to narrow the ratio to track the reinvestment of user acquisition costs only. For comparative purposes, the values presented for prior periods have been recalculated accordingly.

- We define **Adjusted net result** as the net result for the year adjusted for events not related to the main activity of the Group, share-based payment expense and financial expenses related to the revaluation of the liability related to Series C Preferred Shares. The rationale for using the **Adjusted net result** is 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** and Revenue. The rationale for using the **Adjusted net result margin** is that it constitutes an attempt to show the net result for the year as a 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 may not be 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.

The following table presents a reconciliation of Sales Margin for the periods presented:

Sales Profit and Sales Profit Margin

in thousand USD	12M 2022	12M 2021	Change	Q4 2022	Q4 2021	Change
Revenue	**318,622**	**373,739**	**-14.7%**	**77,674**	**88,507**	**-12.2%**
Gross profit/(loss) on sales	221,736	261,544	-15.2%	54,044	61,754	-12.5%
User acquisition marketing campaigns	73,725	130,031	-43.3%	10,081	26,254	-61.6%
Sales profit	**148,011**	**131,513**	**12.5%**	**43,963**	**35,500**	**23.8%**
Sales profit margin %	***46.5%***	***35.2%***	**11.3pp**	***56.6%***	***40.1%***	**16.5pp**

The following table presents a reconciliation of Adjusted EBITDA for the periods presented:

Adjusted EBITDA reconciliation

in thousand USD	12M 2022	12M 2021	Change	Q4 2022	Q4 2021	Change
Net result for the period	**32,008**	**(9,681)**	**-430.6%**	**(854)**	**11,378**	**-107.5%**
Income tax	7,046	8,680	-18.8%	608	3,164	-80.8%
Finance expense	1,726	45,598	-96.2%	(242)	1,024	-123.6%
Finance income	(2,172)	(20)	>999.9%	(1,279)	(10)	>999.9%
Depreciation and amortization	11,080	8,020	38.2%	2,974	2,531	17.5%
EBITDA	**49,688**	**52,597**	**-5.5%**	**1,207**	**18,087**	**-93.3%**
EBITDA Margin	**15.6%**	**14.1%**	**1.5pp**	**1.6%**	**20.4%**	**-18.8pp**
Employee benefits costs – share-based plan[1]	3,082	11,760	-73.8%	993	2,640	-62.4%
Costs related to strategic options review	3,438	-	100%	1,433	-	100%
Impairment of intangible assets – Traffic Puzzle game	26,087	-	100%	26,087	-	100%
Adjusted EBITDA	**82,295**	**64,357**	**27.9%**	**29,720**	**20,727**	**43.4%**
Adjusted EBITDA Margin	**25.8%**	**17.2%**	**8.6pp**	**38.3%**	**23.4%**	**14.9pp**

[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.
[2] Costs related to strategic options review are a one-off non recurring expense. The process was concluded on February 15, 2023 as announced in the current report CR 04/2023.
[3] Impairment of intangible assets - Traffic Puzzle game is a non-cash one-off expense driven by the reduction of the game value.

The following table presents a reconciliation of Adjusted Net Result for the periods presented:

Adjusted Net Result

in thousand USD	12M 2022	12M 2021	Change	Q4 2022	Q4 2021	Change
Net result for the period	**32,008**	**(9,681)**	**-430.6%**	**(854)**	**11,378**	**-107.5%**
Employee benefits costs – share-based plan[1]	3,082	11,760	-73.8%	993	2,640	-62.4%
Series C revaluation[1]	-	38,997	-100.0%	-	-	n/a
Costs related to strategic options review	3,438	-	100.0%	1,433	-	100.0%
Impairment of intangible assets – Traffic Puzzle game	26,087	-	100.0%	26,087	-	100.0%
Adjusted Net Result	**64,615**	**41,076**	**57.3%**	**27,659**	**14,018**	**97.3%**
Adjusted Net Result Margin	**20.3%**	**11.0%**	**9.3pp**	**35.6%**	**15.8%**	**19.8pp**

[1]Series C revaluation - costs incurred in 2021 as a result of the remeasurement of the fair value of Series C Preferred Shares.

Revenue

Our revenue consists of revenue generated by in-app purchases in gaming applications and in-app advertising, as shown in the table below.

in thousand USD	12M 2022	12M 2021	Change	Q4 2022	Q4 2021	Change
Gaming applications	308,852	358,638	-13.9%	76,270	84,664	-9.9%
Advertising	9,770	15,101	-35.3%	1,404	3,843	-63.5%
Total revenue	**318,622**	**373,739**	**-14.7%**	**77,674**	**88,507**	**-12.2%**

Revenue decreased by USD 55,117 thousand, i.e. 14.7%, from USD 373,739 thousand for FY 2021, to USD 318,622 thousand for FY 2022. In Q4 2022, total revenue decreased by USD 10,833 thousand, i.e. 12.2%, compared to Q4 2021, and remained flat compared to Q3 2022.

Due to a decrease in both DAU (daily active users) and DPU (daily paying users) caused by lower marketing spend, revenue generated by in-app purchases in gaming applications decreased by 13.9% in FY 2022 compared to FY 2021. This decrease was further amplified by the fact that in 2021, we observed a COVID-19-related uplift in player monetization.

Revenue generated by advertising decreased by 35.3% in FY 2022 compared to FY 2021 mostly due to the declining user base of Traffic Puzzle and some of previously discontinued games from the Coffee Break Games portfolio.

Below, we show the revenue split into main product categories:

in thousand USD	12M 2022	12M 2021	Change	Q4 2022	Q4 2021	Change
Huuuge Casino	188,656	214,554	-12.1%	47,723	50,621	-5.7%
Billionaire Casino	99,418	113,515	-12.4%	25,153	26,552	-5.3%
Total Core Franchises	**288,074**	**328,069**	**-12.2%**	**72,876**	**77,173**	**-5.6%**
Traffic Puzzle	26,172	34,008	-23.0%	4,059	9,387	-56.8%
Other	4,376	11,662	-62.5%	739	1,947	-62.0%
Total New Franchises	**30,548**	**45,670**	**-33.1%**	**4,798**	**11,334**	**-57,7%**
Total revenue	**318,622**	**373,739**	**-14.7%**	**77,674**	**88,507**	**-12.2%**
- including games developed by external developers based on publishing contracts	939	578	62.5%	60	133	-54.9%

Revenue generated by our core games (i.e., Huuuge Casino and Billionaire Casino) decreased by USD 39,995 thousand, i.e. 12.2%, for FY 2022 compared to FY 2021 and decreased by USD 4,297, i.e. 5.6%, for Q4 2022 compared to the corresponding quarter of 2021. This is related to lower marketing spend driving the decline in DAU and DPU, as well as the above mentioned Covid-19 related higher player monetization metrics (namely ARPPU) observed in FY 2021.

With regard to Traffic Puzzle, revenue decreased by 7,836 thousand, i.e. 23.0%, between FY 2022 and FY 2021 and by 56.8% in Q4 2022 compared to the corresponding quarter of 2021. This follows the trend of declining DAU resulting from the 90.6% drop in marketing investments in Q4 2022 compared to Q4 2021.

The significant decrease in Other revenue of USD 7,286 thousand, i.e. 62.5%, in FY 2022 compared to FY 2021 and of USD 1,208 thousand, i.e. 62.0%, in Q4 2022 compared to the corresponding quarter of 2021 is a result of discontinued marketing spend for the games that have been put in maintenance mode in the second half of FY 2021.

The geographical breakdown of revenue is described in Note 6 to the Consolidated Financial Statements for 2022.

Operating expenses

Operating expenses for the year ended December 31, 2022 decreased by USD 74,663 thousand, i.e. 22.7%, compared to the year ended December 31, 2021 and by USD 18,969 thousand, i.e. 26.1%, in Q4 2022 compared to Q4 2021. This change resulted

primarily from (i) the decrease in User Acquisition Marketing Campaigns constituting a dominant part of the Sales and Marketing expenses, and (ii) the decrease in cost of sales following the decrease in revenue.
The table below presents a breakdown of our operating expenses.

in thousand USD	12M 2022	12M 2021	Change	Q4 2022	Q4 2021	Change
Cost of sales	**(96,886)**	**(112,195)**	**-13.6%**	**(23,630)**	**(26,753)**	**-11.7%**
Sales and marketing expenses:	(88,814)	(146,239)	-39.3%	(13,849)	(29,643)	-53.3%
thereof, user acquisition marketing campaigns	(73,725)	(130,031)	-43.3%	(10,081)	(26,254)	-61.6%
thereof, general sales and marketing expenses	(15,089)	(16,208)	-6.9%	(3,768)	(3,389)	11.2%
Research and development expenses	(29,577)	(33,128)	-10.7%	(6,450)	(7,662)	-15.8%
General and administrative expenses	(39,611)	(37,989)	4.3%	(9,749)	(8,589)	13.5%
Total operating expenses	**(254,888)**	**(329,551)**	**-22.7%**	**(53,678)**	**(72,647)**	**-26.1%**

Cost of sales

Cost of sales for the year ended December 31, 2022 decreased by USD 15,309 thousand from USD 112,195 thousand to USD 96,886 thousand, i.e. by 13.6%, compared to the year ended December 31, 2021 and by USD 3,123 thousand, i.e. 11.7%, in Q4 2022 compared to the corresponding period of 2021. As the cost of sales is mostly driven by commissions to distributors (platform fees), the 13.9% decrease in revenue generated by in-app purchases resulted in a similar decrease in cost of sales in FY 2022 compared to FY 2021. In Q4 2022, we observe a stronger decrease in cost of sales, i.e. 11.7% than the decrease in revenue generated by in-app purchases, i.e. 9.9%. The difference in the decrease ratio resulted mainly from the expansion of the direct-to-consumer webshop platform for our VIP players with significantly lower platform processing fees.

Sales and marketing expenses

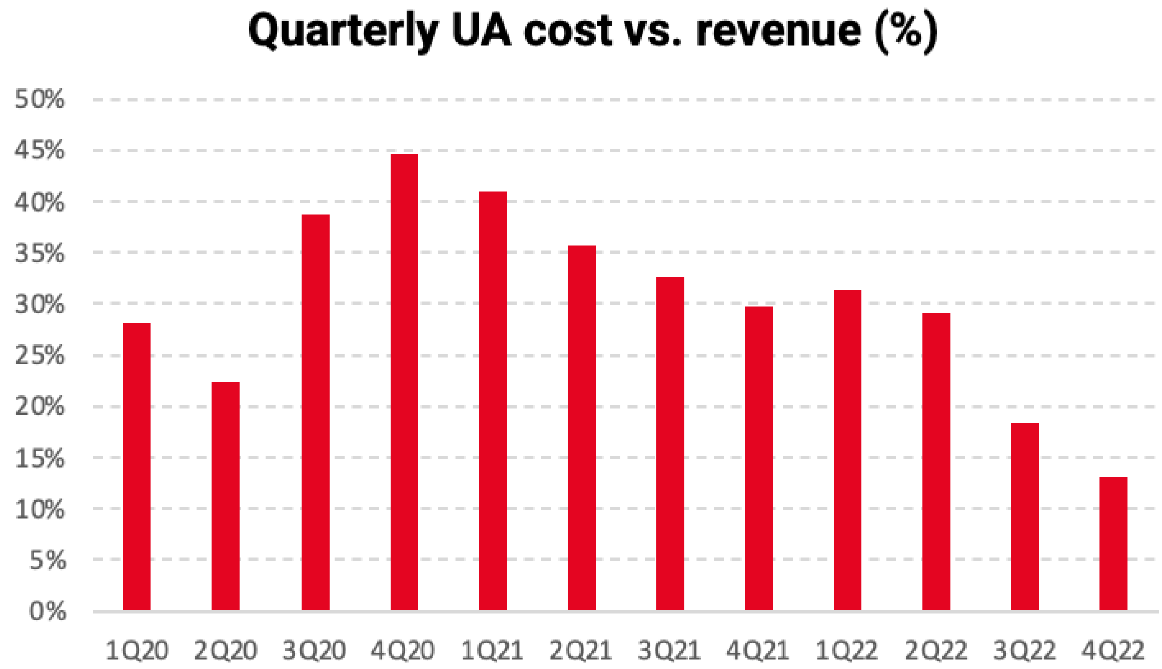
Sales and marketing expenses for the year ended December 31, 2022 decreased by USD 57,425 thousand from USD 146,239 thousand to USD 88,814 thousand, i.e. by 39.3%, compared to the year ended December 31, 2021 and by USD 15,794 thousand, i.e., 53.3%, in Q4 2022 compared to Q4 2021. Sales and marketing expenses consist of: i) user acquisition marketing campaigns and ii) general sales and marketing expenses.

The following trends were observed for these items:

User acquisition marketing campaigns

The cost of user acquisition marketing campaigns for the year ended December 31, 2022 decreased by USD 56,306 thousand from USD 130,031 thousand to USD 73,725 thousand, i.e., by 43.3%, compared to the year ended December 31, 2021 and by USD 16,173 thousand, i.e., 61.6%, in Q4 2022 compared to Q4 2021. Primarily this reflected our user acquisition strategy discussed in the User Acquisition and post-IDFA mobile advertising market update section. Measurement of marketing performance has deteriorated significantly with the depreciation of the IDFA. This has made it more challenging to acquire the right profile of players, thereby negatively affecting our ability to undertake large-scale user acquisition and maintain existing payback periods. Additionally, the decrease results from the limited marketing investment in the New Franchise portfolio.

The chart below presents a quarterly view of our user acquisition marketing campaigns as a percentage of revenue.



General sales and marketing expenses

General sales and marketing expenses for the year ended December 31, 2022 decreased by USD 1,119 thousand from USD 16,208 thousand to USD 15,089 thousand, i.e. by 6.9%, compared to the year ended December 31, 2021, mainly due to a decrease in the costs of employee stock options plan allocated to the sales and marketing team. In Q4 2022, general sales and marketing expenses increased by USD 379 thousand, i.e. 11.2%, from USD 3,389 thousand to USD 3,768 thousand in Q4 2021, mainly due to yearly bonus accrual true-up.

Research and development costs

Research and development costs for the year ended December 31, 2022 decreased by USD 3,551 thousand from USD 33,128 thousand to USD 29,577 thousand, i.e. by 10.7%, compared to the year ended December 31, 2021, mainly due to a decrease in the cost of salaries and employee stock options of the R&D team (decreases of USD 2,791 thousand and USD 1,817 thousand, respectively), which reflects the decrease in headcount of the team. It was partially offset by the increase in costs related to external R&D providers. In Q4 2022, research and development costs decreased by USD 1,212 thousand, i.e. 15.8%, compared to Q4 2021. This was mostly due to lower employee stock option plan expenses, salaries, and other employee-related costs in the last quarter of 2022.

General and administrative expenses

General and administrative expenses for the year ended December 31, 2022 increased by USD 1,622 thousand from USD 37,989 thousand to USD 39,611 thousand, i.e. by 4.3%, compared to the year ended December 31, 2021 which is a combined effect of: (i) an increase in finance and legal services by USD 1,962 thousand, mainly driven by the costs of strategic options review (ii) an increase in salaries and employee related costs by USD 1,723 thousand, (iii) an increase driven by post-pandemic reality in such categories as business travel, property costs and other costs in total by USD 2,337 thousand, (iv) a decrease in costs of employee stock options plan by USD 6,164 thousand . General and Administrative expenses in Q4 2022 increased by USD 1,160 thousand, i.e. 13.5%, compared to the corresponding quarter of 2021, which is primarily attributable to the increase in finance and legal services driven by advisory fees resulting from the strategic options review.

Impairment of intangible assets

Impairment of intangible assets for the year ended December 31, 2022 amounted to USD 26,087 thousand as a result of impairment loss of the value of IP associated with the game Traffic Puzzle. We reiterate that the game remains live and we expect it to generate revenue and contribute positively to the Group bottom line in 2023.

Profitability

Despite the decrease in revenue, our sales profit increased by USD 16,498 thousand from USD 131,513 thousand to USD 148,011 thousand, i.e. 12.5%, and the sales profit margin by 11.3pp for the year ended December 31, 2022 compared to the year ended December 31, 2021. The change results from a significant decrease in "User acquisition marketing campaigns" expense as described in the "Operating expenses" section. A similar trend is visible in Q4 2022, when our sales profit increased by USD 8,463 thousand (i.e. 23.8%) and sales profit margin increased by 16.5pp compared to the corresponding quarter of 2021.

The adjusted EBITDA increased by USD 17,938 thousand and the adjusted EBITDA margin by 8.6pp in the year ended December 31, 2022 compared to the year ended December 31, 2021, mostly as a result of a similar increase in Sales Profit (as discussed above). In Q4 2022, the adjusted EBITDA increased by USD 8,993 thousand, i.e. 43.4% compared to Q4 2021, which was also mostly driven by an increase in sales profit.

Finance income/(expenses), net

The table below presents a Finance income and Finance expenses for the periods presented:

in thousand USD	12M 2022	12M 2021	Change	Q4 2022	Q4 2021	Change
Finance income	2,172	20	>999,9%	1,279	10	>999.9%
Finance expenses	(1,726)	(45,598)	-96.2%	242	(1,024)	-123.6%
Finance income/(expense), net	**446**	**(45,578)**	**-101.0%**	**1,521**	**(1,014)**	**-250.0%**

Finance income, net for the year ended December 31, 2022 amounted to USD 446 thousand and is mainly attributable to finance income generated on interests on short-term bank deposits (USD 2,089 thousand) partially offset by foreign-exchange losses amounting to USD 1,398 thousand mainly resulting from the unfavorable trend in the EUR/USD exchange rate in Q2 and Q3 2022. Finance expenses, net for the year ended December 31, 2021 amounted to USD 45,578 thousand and were affected by the remeasurement of the fair value of Series C preferred shares (financial expense of USD 38,997 thousand for FY 2021), as well as a loss of USD 2,662 thousand on a foreign exchange forward contract.

Finance income, net in Q4 2022 amounted to USD 1,521 due to income generated from interests on short-term bank deposits as well as the change of the negative trend in the EUR/USD exchange resulting in foreign exchange gains in the last quarter of 2022.

Net financial debt

The table below presents the Net Financial Debt of the Group as at December 31, 2022 and December 31, 2021.

in thousand USD	As at December 31, 2022	As at December 31, 2021
Cash and cash equivalents[1]	222,245	204,415
Short-term lease liabilities	4,015	4,275
Net current financial indebtedness	(218,230)	(200,140)
Long-term lease liabilities	9,812	12,982
Non-current financial indebtedness	9,812	12,982
Net financial debt	**(208,418)**	**(187,158)**

[1] Includes cash in current accounts, short-term deposits, money market accounts and money market investment funds

Net financial debt of the Group in the year ended December 31, 2022 increased by USD 21,260 thousand (to negative USD 208,418 thousand from negative USD 187,158 thousand), which resulted from the increase in cash and cash equivalents by USD 17,830 thousand discussed in the Cash Flows and Liquidity section of this report and the decrease in the short-term and long-term lease liabilities by a total of USD 3,430 thousand.

Statement of financial position

Selected Consolidated Statements of Financial Position

The following selected consolidated financial information as at December 31, 2022 and December 31, 2021 has been derived from the Consolidated Financial Statements included in this Annual Report.

	As at December 31, 2022		As at December 31, 2021	
in thousand USD	**2022**	**Structure**	**2021**	**Structure**
ASSETS				
Total non-current assets, including:	**37,442**	**13.1%**	**67,512**	**22.5%**
Right-of-use assets	12,965	4.5%	17,479	5.8%
Goodwill	2,462	0.9%	2,693	0.9%
Intangible assets	12,057	4.2%	40,217	13.4%
Other items	9,958	3.5%	7,123	2.4%
Total current assets, including:	**248,875**	**86.9%**	**232,434**	**77.5%**
Trade and other receivables	25,855	9.0%	27,671	9.2%
Cash and cash equivalents	222,245	77.6%	204,415	68.2%
Other items	775	0.3%	348	0.1%
Total assets	**286,317**	**100.0%**	**299,946**	**100.0%**
EQUITY				
Total equity	**240,727**	**84.1%**	**226,099**	**75.4%**
LIABILITIES				
Total non-current liabilities, including:	**9,976**	**3.5%**	**12,982**	**4.3%**
Long-term lease liabilities	9,812	3.4%	12,982	4.3%
Other items	164	0.1%	-	0.0%
Total current liabilities, including:	**35,614**	**12.4%**	**60,865**	**20.3%**
Trade and other payables	24,302	8.5%	52,687	17.6%
Other items	11,312	4.0%	8,178	2.7%
Total liabilities	**45,590**	**15.9%**	**73,847**	**24.6%**
Total equity and liabilities	**286,317**	**100.0%**	**299,946**	**100.0%**

Assets

Total assets decreased by USD 13,629 thousand (i.e. 4.5% from USD 299,946 thousand as at December 31, 2021 to USD 286,317 thousand as at December 31, 2022) due to the impairment of IP rights associated with the game Traffic Puzzle (USD 26,087 thousand) decreasing the share of intangible assets by 9.2pp to 4.2% as at December 31, 2022. This decrease was partially offset by the increase in cash and cash equivalents by USD 17,830 thousand discussed in the Cash Flows and Liquidity section of this report. As a result, we observe an increase in share of current assets in total assets by 9.4pp, from 77.5% to 86.9% as at December 31, 2022. The structure of other assets lines remained mostly unchanged.

Liabilities

Total liabilities decreased by USD 28,257 thousand, i.e. 38.3%, from USD 73,847 thousand as at December 31, 2021 to USD 45,590 thousand as at December 31, 2022. The decrease is mostly related to settlement of the second and third tranches for the Traffic Puzzle game at the amount of USD 29,400 thousand in total paid in 2022.

As at December 31, 2022, total liabilities mainly comprised (i) trade and other payables (accounting for 53.3% of total liabilities compared to 71.3% as at December 31, 2021) and (ii) long-term lease liabilities (accounting for 21.5% of total liabilities compared to 17.6% as at December 31, 2021).

Cash flows and liquidity

Selected consolidated statements of cash flows

The following table summarizes selected net cash flows from operating, investing and financing activities for the two periods of twelve months ended December 31, 2022 and December 31, 2021 and for Q4 2022 compared to Q4 2021.

in thousand USD	12M 2022	12M 2021	Change	Q4 2022	Q4 2021	Change
Cash flows from operating activities						
Profit/(loss) before tax	**39,054**	**(1,001)**	**<-999.9%**	**(246)**	**14,542**	**-101.7%**
Adjustments for:						
Total of non-cash changes in depreciation, amortization, profits or losses on disposal	11,147	8,536	30.6%	2,994	2,616	14.4%
Impairment of intangible assets	26,087	-	n/a	26,087	-	n/a
Non-cash employee benefits expense – share-based payments	3,082	11,760	-73.8%	993	2,640	-62.4%
Non-cash remeasurement of preference shares liability – finance expense	-	38,997	n/a	-	-	-
Finance (income)/cost – net	(4,558)	2,507	-281.8%	(568)	(1,299)	-56.3%
Changes in net working capital	2,244	(21,289)	-110.5%	888	(3,611)	-124.6%
Other items	101	-	n/a	169	-	n/a
Cash flows from operating activities	**77,157**	**39,510**	**95.3%**	**30,317**	**14,888**	**103.6%**
Income tax paid	(6,200)	(9,741)	-36.4%	(1,436)	(4,065)	-64.7%
Net cash flows from operating activities	**70,957**	**29,769**	**138.4%**	**28,881**	**10,823**	**166.8%**
Cash flows from investing activities, including:						
Acquisition of property, plant and equipment and intangible assets	(4,501)	(6,455)	-30.3%	(1,497)	(2,249)	-33.4%
Acquisition of IP rights	(29,400)	(9,500)	209.5%	-	-	n/a
Other items	1,346	-	n/a	928	(10)	<-999.9%
Net cash from investing activities	**(32,555)**	**(15,955)**	**104,0%**	**(569)**	**(2,259)**	**-74.8%**
CASH FLOWS FROM financing ACTIVITIES, including:						
Shares issued/(repurchased)	(20,090)	-	n/a	-	-	-
Proceeds from issue of common shares for public Subscription	-	152,929	-100.0%	-	-	-
Execution of stabilization option	-	(43,976)	-100.0%	-	-	-
Transaction costs of the issue of equity instruments	-	(7,097)	-100.0%	-	-	-
Other items	(1,757)	(5,246)	-66.5%	(795)	(941)	-15.5%
Net cash from financing activities	**(21,847)**	**96,610**	**-122.6%**	**(795)**	**(941)**	**-15.5%**
Net increase/(decrease) in cash and cash equivalents	**16,555**	**110,424**	**-85.0%**	**27,517**	**7,623**	**261.0%**
Cash and cash equivalents at the end of the period	**222,245**	**204,415**	**8.7%**	**222,245**	**204,415**	**8.7%**

Net cash flows from operating activities

Net cash inflows from operating activities amounted to USD 70,957 thousand for the year ended December 31, 2022 and USD 28,881 thousand for Q4 2022, which is mainly the result of generated adjusted EBITDA (USD 82,295 thousand and USD 29,720 thousand, respectively), changes in the working capital (USD 2,244 thousand and USD 888 thousand, respectively) and income tax paid (USD 6,200 thousand and USD 1,436 thousand, respectively).

Net cash flows from investing activities

Net cash outflows from investing activities for the year ended December 31, 2022 amounted to USD 32,555 thousand and resulted mainly from payment of the second and the third tranches for the Traffic Puzzle game in the total amount of USD 29,400 thousand.

Net cash flows from financing activities

Net cash outflows from financing activities for the year ended December 31, 2022 amounted to USD 21,847 thousand and resulted mainly from the repurchase of common shares under the Share Buyback Program ("SBB) in the amount of USD 20,090 thousand (the SBB was started on March 29, 2022 and suspended on August 2, 2022).

Credits and loans

There are no significant sureties, loans or guarantees granted or received by the Issuer in the reported financial year.

The Group has no borrowing requirements. The Group anticipates that current sources of financing, i.e. equity and operating revenues will remain its main sources of financing in the near future. The Group's operations are not financed using debt financing.

No sureties and guarantees were granted or received by the Group in the year ended December 31, 2022, including those granted to the Company's related entities.

Current and projected financial situation

The table below presents the key parameters for assessing the Group's profitability, efficiency and liquidity.

in thousand USD	2022	2021	Change	Q4 2022	Q4 2021	Change
Profitability ratios						
Gross Profit margin	69.6%	70.7%	-1.1pp	69.6%	70.9%	-1.3pp
Adjusted EBITDA margin	25.8%	17.2%	8.6pp	38.3%	23.4%	14.9pp
EBITDA margin	15.6%	14.1%	1.5pp	1.6%	20.4%	-18.8pp
Adjusted Net Result margin	20.3%	11.0%	9.3pp	35.6%	15.6%	20.0pp
Efficiency ratios						
Debtors days	30.7	27.9	9.9%	28.8	28.6	0.8%
Creditors days	55.1	50.1	10.0%	38.9	67.4	-42.3%
Liquidity ratio						
Current ratio	7.0	3.8	83.9%			

Formulas for the calculation of indicators:
Gross Profit margin: Gross profit/(loss) on sales / Revenue
Adjusted EBITDA margin: Adjusted EBITDA / Revenue
EBITDA margin: EBITDA / Revenue
Adjusted Net Result margin: Adjusted Net Result / Revenue
Debtors days: (Trade and other receivables, gross, at the beginning of the period + Trade and other receivables, gross, at the end of the period) /2) / (Revenue / no. of days)
Creditors days: (Trade and other payables, gross, at the beginning of the period + Trade and other payables, gross, at the end of the period) /2) / (Operating expenses / no. of days)
Current ratio: Total current assets / Total current liabilities

The Group is in very good financial condition, with a high level of net cash (USD 208,418 thousand).

Because the Group (including the Parent Company) did not use external financing in 2021–2022, no debt ratios will be presented.

Separate results of operations

Separate results of operations

	12M 2022	12M 2021	Change	Change	Q4 2022	Q4 2021	Change	Change
Revenue	**2,922**	**3,824**	**(902)**	**-24%**	**801**	**951**	**(150)**	**-16%**
Cost of sales	-	-	-	-	-	-	-	-
Gross profit	**2,922**	**3,824**	**(902)**	**-24%**	**801**	**951**	**(150)**	**-16%**
Sales and marketing expenses	(76)	(76)	0	0%	(39)	(51)	12	-24%
Research and development expenses	(2,156)	(1,447)	(709)	49%	(534)	(350)	(184)	53%
General and administrative expenses	(8,167)	(5,206)	(2,961)	57%	(2,039)	(852)	(1,187)	139%
Other operating income/(expense), net	(16)	(80)	(64)	-80%	(2)	(106)	104	-98%
Operating result	**(7,493)**	**(2,985)**	**(4,508)**	**151%**	**(1,813)**	**(408)**	**(1,405)**	**344%**
Finance income	986	57	929	>999.9%	584	15	569	>999.9%
Finance expense	(376)	(42,205)	41,829	-99%	(48)	(10)	(38)	380%
Profit/(loss) before tax	**(6,883)**	**(45,133)**	**38,250**	**-85%**	**(1,277)**	**(403)**	**(874)**	**217%**
Income tax	(829)	(73)	(756)	>999.9%	(238)	(73)	(165)	226%
Net result for the year	**(7,712)**	**(45,206)**	**37,494**	**-83%**	**(1,515)**	**(476)**	**(1,039)**	**218%**
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income/(loss) for the year	**(7,712)**	**(45,206)**	**37,494**	**-83%**	**(1,515)**	**(476)**	**(1,039)**	**218%**

The Company separate net loss for the year ended December 31, 2022 decreased by USD 37,494 thousand from 45,206 thousand for the year ended December 31, 2021 to USD 7,712 thousand as a combined effect of:
(i) a decrease in finance expenses of USD 41,829 thousand driven by the remeasurement of the fair value of Series C Preferred Shares of USD 38,997 thousand recognized in the year ended December 31, 2021.

(ii) a decrease in operating result of USD 4,508, mainly due to the increased general and administrative expenses associated with strategic options review.

	USD	USD	EUR	EUR	PLN	PLN
in thousand USD	**12m`2022**	**12m`2021**	**12m`2022**	**12m`2021**	**12m`2022**	**12m`2021**
Revenue	2,922	3,824	2,772	3,232	12,978	14,753
Operating profit (loss)	(7,493)	(2,985)	(7,109)	(2,523)	(33,281)	(11,516)
Pre-tax profit (loss)	(6,883)	(45,133)	(6,530)	(38,142)	(30,572)	(174,124)
Net profit (loss)	(7,712)	(45,206)	(7,317)	(38,203)	(34,254)	(174,406)
Net cash flows from operating activities	(3,522)	(394)	(3,341)	(333)	(15,643)	(1,520)
Net cash flows from investing activities	569	(1,029)	540	(870)	2,527	(3,970)
Net cash flows from financing activities	(17,628)	100,469	(16,724)	84,906	(78,297)	387,612
Total net cash flows	(20,581)	99,046	(19,526)	83,703	(91,413)	382,122
Cash and cash equivalents at the end of period	86,210	106,330	80,910	93,856	379,445	431,709
Number of shares at the end of period	84,246,697	84,246,697	84,246,697	84,246,697	84,246,697	84,246,697
Weighted average number of shares (1)	80,389,472	77,342,078	80,389,472	77,342,078	80,389,472	77,342,078
Earnings per share basic (EPS) (1)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Earnings per share diluted (EPS) (1)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

Separate net financial debt

The table below presents the Net Financial Debt of the Company as at December 31, 2022 and December 31, 2021.

in thousand USD	As at December 31, 2022	As at December 31, 2021
Cash and cash equivalents[1]	**86,210**	**106,330**
Short-term lease liabilities	67	78
Net current financial indebtedness	**(86,143)**	**(106,252)**
Long-term lease liabilities	-	66
Non-current financial indebtedness	**-**	**66**
Net financial debt	**(86,143)**	**(106,186)**

Net financial debt as at December 31, 2022 amounted to negative USD 86,143 and decreased by USD 20,043 thousand from USD 106,186 thousand as at December 31, 2021, mainly due to the decrease in cash and cash equivalents discussed in separate statements of the cash flows section.

[1] Includes cash in money market investment funds

Selected separate statements of financial position

	December 31, 2022	December 31, 2021
Assets		
Total non-current assets, including	**29,446**	**27,134**
Investment in subsidiaries	29,162	26,856
Total current assets, including	**87,440**	**110,782**
Trade and other receivables	1,224	4,149
Cash and cash equivalents	86,210	106,330
Total assets	**116,886**	**137,916**
Equity		
Total Equity	**112,688**	**134,869**
Liabilities		
Total non-current liabilities	**-**	**66**
Total current liabilities, including	**4,198**	**2,981**
Trade and other payables	4,092	2,903
Total equity and liabilities	**116,886**	**137,916**

Assets

Total assets decreased by USD 21,030 thousand, i.e. 15.2%, from USD 137,916 thousand as at December 31, 2021 to USD 116,886 thousand as at December 31, 2022, mainly due to the decrease of cash and cash equivalents discussed in separate statements of the cash flows section.

As at December 31, 2022, and as at December 31, 2021, total assets mainly comprised the following items: i) cash and cash equivalents (accounting for 73.8% and 77.1% of total assets as at December 31, 2022, and December 31, 2021, respectively); ii) investments in subsidiaries (accounting for 24.9% and 19.5% of total assets as at December 31, 2022 and December 31, 2021, respectively), and iii) trade and other receivables (accounting for 1.0%. and 3.0% of total assets as at December 31, 2022 and December 31, 2021, respectively).

Liabilities

Total liabilities increased by USD 1,151 thousand, i.e. 37.8%, from USD 3,047 thousand as at December 31, 2021, to USD 4,198 thousand as at December 31, 2022, which is attributable to the increase in payables related to strategic options review costs.

Selected separate statements of cash flows

The following table summarizes selected net cash flows from operating, investing and financing activities for the two periods of twelve months ended December 31, 2022 and December 31, 2021.

	December 31, 2022	December 31, 2021	Change	% Change
Cash flows from operating activities				
Profit/(loss) before tax	(6,883)	(45,133)	38,250	-84.7%
Adjustments, including				
Non-cash remeasurement of preference shares liability – finance expense	-	38,997	(38,997)	n/a
Changes in net working capital	4,080	2,355	1,725	73.2%
Cash flows from operating activities	(2,977)	(499)	(2,478)	496.6%
Income tax (paid)/refund received	(545)	105	(650)	-619.0%
Net cash from operating activities	**(3,522)**	**(394)**	**(3,128)**	**794%**
Cash flows from investing activities, including				
Interest received	590	128	462	360.9%
Purchase of shares in subsidiaries	-	(2,485)	2,485	n/a
Repayment of loans received	-	1,400	(1,400)	n/a
Net cash from investing activities	**569**	**(1,029)**	**1,598**	**-155.3%**
Cash flows from financing activities, including				
Shares issued/(repurchased)	(20,090)	-	(20,090)	n/a
Exercise of stock options	2,540	1,350	1,190	88.1%
Proceeds from issue of common shares for public subscription	-	152,929	(152,929)	n/a
Execution of stabilization option	-	(43,976)	43,976	n/a
Transaction costs of the issue of equity instruments	-	(7,097)	7,097	n/a
Net cash from financing activities	**(17,628)**	**100,469**	**(118,097)**	**-117.5%**
Net increase/(decrease) in cash and cash equivalents	**(20,581)**	**99,046**	**(119,627)**	**-120.8%**

Cash flows from operating activities

Net cash outflows from operating activities for the year ended December 31, 2022 amounted to USD 3,522, which is a combined effect of the negative operating result in FY 2022 (USD 6,883 thousand) discussed in separate results of operations section, the favorable change in the net working capital (USD 4,080) and income tax paid (USD 545 thousand).

Cash flows from investing activities

Net cash inflows from investing activities for the year ended December 31, 2022 amounted to USD 569 thousand and increased by USD 1,598 thousand compared to net cash outflows of USD 1,029 thousand for the twelve months ended December 31, 2021. Inflows in 2022 are mainly attributable to income generated on interests on short-term bank deposits whereas, in 2021, the negative net cash flow from investing activities was driven by investment in new or existing subsidiaries of the Company, partially offset by the repayment of intercompany loans.

Cash flows from financing activities

For the twelve months ended December 31, 2022, the Company recorded net cash outflows from financing activities amounting to USD 17,628 thousand, mainly due to the repurchase of common shares under the Share Buyback Scheme started on March 29, 2022 in the amount of USD 20,090 thousand. The share buyback was suspended on August 2, 2022.

Additional information

Assessment of the possibility of realizing the investment plans

The Company has a high level of cash as at December 31, 2022. Therefore the Group is fully capable of developing the existing product portfolio, creating new games and financing any new initiatives. The Company is interested in acquiring other entities operating on the F2P games market, as well as expanding its publishing division, and is capable of obtaining additional financing if there is such a need.

Information on key markets and dependence on customers and suppliers

Information on key markets and on dependence on customers and suppliers is described in Note 6 of the Consolidated Financial Statements for 2022.

Significant events after the balance sheet date

Significant events that occurred after the balance sheet date are presented in the Consolidated Financial Statement for the period in Note 28 Subsequent events.

Possibility of accomplishing previously published forecasts

The Issuer does not publish financial forecasts.

Financial risk management

The financial risk management section is described in Note 12 to the Consolidated Financial Statements.

Off balance sheet positions

There were no off balance sheet positions as of December 31, 2022.

War in Ukraine

On February 24, 2022, Russian troops crossed the eastern, southern and northern borders of Ukraine, attacking the country. In connection with the Russian hostilities, representatives of the European Union imposed sanctions on Russia. The Company also took the decision to stop the distribution of new games in Russia and Belarus. Russia and Belarus markets were responsible for less than 1% of total revenue generated by Huuuge in 2022, which means that the ongoing war in Ukraine should not have a material impact on Huuuge's performance and operations. Huuuge has analyzed and is continuously monitoring the impact of the political and economic situation in Ukraine on its and the Group's operations and financial results. The Company is unable to reliably determine the impact that the situation in Ukraine will have on the ongoing state of the global economy and, consequently, on the activity of the Group.

As of March 2022, Google Play, due to payment system disruption, announced that it was suspending Google Play's billing system for users in Russia. This means users will not be able to purchase apps and games, make subscription payments or conduct any in-app purchases of digital goods using Google Play in Russia. According to market sources, iTunes and App Store purchases can also no longer be made by Apple device users located in Russia.

Charitable donations

In 2022 the amounts expensed by the company and its group in support of culture, sports, charities, the media and social organizations reached USD 292 thousand. Huuuge donated USD 262 thousand to charitable causes helping the victims of war in Ukraine. Other contributions related to reforestation project Ecosia, Make-a-wish foundation UK, Polish Center for International Aid, Love Does Not Exclude Association, Noble Gift and DKMS foundation.

Climate

The Company's Executive Management has strategic oversight of relevant sustainability issues. A materiality study was conducted in 2022 to assess, from a double materiality perspective, which ESG issues are material to the group. Among the material issues identified were issues related to combating climate change. At the same time, the study did not identify any significant risks related to climate change.

Huuuge Inc.'s business model is characterized by low environmental impact. The group does not use fuels in buildings and trace amounts in vehicles used by the company, resulting in negligible greenhouse gas emissions in scope 1 (direct emissions resulting mainly from use of fuels). Electricity is used in office applications, and the group does not have its own extensive data centers, also resulting in low greenhouse gas emissions in scope 2 (indirect emissions resulting from production of energy acquired by the company). A greenhouse gas emissions calculation in scope 3 (all other indirect emissions in the company's value chain) is planned for the future.

GOVERNANCE

HUUUGE

Shares and shareholding structure

Common and preferred shares

Basic information about the stock

Name	Huuuge, Inc.
Short name	HUUUGE
WSE Ticker **Bloomberg Ticker** **Reuters Ticker**	HUG HUG PW HUGP.WA
ISIN	US44853H1086
Number of outstanding shares	84,246,697

Effective on February 5, 2021, all Series A Preferred Shares, Series B Preferred Shares and Series C Preferred Shares were converted into Common Shares. On February 5, 2021, the Company also adopted the Fourth Amended and Restated Certificate of Incorporation, pursuant to which the Company has the authority to issue 113,881,420 shares, which shall be divided into two classes, consisting of (i) 113,881,418 Common Shares of USD 0.00002 par value per share and (ii) two Preferred Shares of USD 0.00002 par value per share, which shall be divided into two series, consisting of one Series A Preferred Share of USD 0.00002 par value and one Series B Preferred Share of USD 0.00002 par value. The Company issued two Preferred Shares: one Series A Preferred Share to RPII HGE LLC and one Series B Preferred Share to Big Bets OÜ (controlled by Anton Gauffin). The Preferred Shares, respectively, give RPII HGE LLC the right to appoint one director of the Company and Big Bets OÜ the right to appoint two directors of the Company, provided that one such director, to be approved, will be Anton Gauffin. Preferred Shares carry the same voting rights as Common Shares, but they are not admitted to trading on the WSE.

On January 27, 2021, Huuuge, Inc. published its prospectus and launched its initial public offering. The offering comprised a public subscription for 11,300,100 newly issued shares of the Company and a public sale of 22,016,586 existing shares, and also seeking the admission and introduction of 84,246,695 shares including 11,300,100 newly issued shares to trading on the regulated market of the Warsaw Stock Exchange with a nominal value of USD 0.00002 per share. The first listing date on the Warsaw Stock Exchange was February 19, 2021.

The Company's outstanding share capital currently consists of: (i) 84,246,695 Common Shares with a nominal value of USD 0.00002 each and two Preferred Shares (Preferred Shares are not admitted to trading on the WSE).
To the best of the Company's knowledge, as at the date of publication of this Report, the shareholders holding (directly or indirectly through subsidiaries) at least 5% of the total number of votes at the Issuer's general meeting are presented in the table below.

Shareholder	Shares	% of share capital and % of votes at the General Meeting
Anton Gauffin (through Big Bets OÜ)[1]	25,849,506	30.68
Raine Group (through RPII HGE LLC)[1]	10,919,646	12.96
Nationale-Nederlanden FUNDS	5,688,696	6,75
Others[2]	41,788,849	49,60
Total[3]	**84,246,697**	**100.00**

(1) includes one Preferred Share;

(2) includes 4,623,347 Treasury Shares, which carry no voting rights;
(3) 84,246,695 shares were introduced to public trading on the Warsaw Stock Exchange. Moreover, two shares of the Company are Preferred Shares and have not been introduced to public trading.

Each holder of Common Shares, as such, and each holder of Preferred Shares, are 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 December 31, 2022, the Company held 5,063,182 Treasury Shares.

On February 21, 2022, 23,046 Treasury Shares were transferred to the sellers of Double Star Oy, as part of the Year One Earn-Out Consideration, based on the share sale and purchase agreement dated July 16, 2020, as later amended by the First Amendment dated as of October 19, 2021.

On March 29, 2022, the Issuer informed in its current report RB9/2022 about the commencement of Issuer's shares buyback ("SBB") starting from 29 March 2022. The purpose of the SBB was to satisfy the Issuer's needs related to the exercise of options under its Employee Stock Option Plans in the foreseeable future. On August 3,2022, the Issuer informed in its current report RB41/2022 that the Issuer has indefinitely suspended the purchase of its own shares, effective August 2,2022. Before suspension, 4,989,608 common shares were repurchased under the SBB program for a total price of USD 20,090 thousand calculated as the number of shares repurchased, multiplied by the price per share plus the remuneration paid to Ipopema Securities S.A.

During the year 2022, 1,459,728 of the Issuer's Treasury Shares were allocated for the exercise of employee stock options. On March 5 2023, the Huuuge, Inc. Board of Directors approved the allocation of up to 439,835 Treasury Shares (all were exercised).

Accordingly, by the date of publication of this Report, the number of Treasury Shares held by the Issuer was reduced to 4,623,347. The nominal value of all retained shares is $92.47. These shares represent approximately 5.49% of the share capital.

For more detailed information regarding share capital please see Note 13 Share Capital in the Annual Consolidated Financial Statements.

Share option plan

As at December 31, 2022 the Company had an equity-settled share option program. The first share option program (the employee share option plan) was established by our Board of Directors on April 3, 2015 and the second on October 19, 2019. (Both plans have been further developed and amended by the Board, within its powers under the Company's governing documents and the terms of the respective plans.) The program entitles employees and some consultants of the Company and its Subsidiaries to purchase shares in the Company at a specified price. Each option gives the right to acquire one Common Share in the Company.

The vesting condition of both ESOP 2015 and 2019 programs is to provide the service continuously for at least 4 years from the grant date. Generally, the prevailing vesting schedule applicable to grants under both programs stipulates that either:
- the first 25% of options vest following 12 months of continuous service beginning on the vesting commencement date. Subsequently, 1/36 of the remaining options vest and become exercisable for each consecutive month of continuous service, or
- 1/48th of the total option shares vest and become exercisable for each consecutive month of continuous service.

For further details of the programs, please refer to Note 16 Share-based payment arrangements in the Consolidated Financial Statements. The Company's equity-settled share option programs are managed, approved and supervised by the Board of Directors.

Dividend policy

The Company has no dividend policy. The Board of Directors may from time to time declare dividends out of the Company's surplus cash flows and may, subject to the provisions of the Bylaws and the Certificate of Incorporation, set dates for the declaration and payment thereof. No dividend is payable other than in accordance with the applicable provisions of Delaware law. The General Meeting does not adopt resolutions regarding the distribution of profits and the payment of dividends.

The Board of Directors has not made any decision regarding the payment of dividends or the value thereof, if any, during the reporting period.

Our Board of Directors may decide not to pay dividends in the future. This might happen especially if unexpected events occur that would change the Boards' view as to the prudent level of cash and capital conservation as well as the Company's financial goals and strategy.

Pursuant to the Certificate of Incorporation, all common shares are treated equally, identically and rateably, on a per-share basis, with respect to any dividends or distributions as may be declared and paid from time to time by the Board of Directors out of any of the Company's legally available assets.

General Meetings

Convening a General Meeting

Pursuant to the Bylaws, the date and time of a General Meeting are determined by the Board, for the purpose of electing directors and for transaction of other business. The President may call a Special General Meeting (SGM) at the written request of the Company's shareholders owning shares of the Company representing at least 10% of the voting rights.

Upon the request to convene such a meeting, the Board of Directors determines the date, time and place, if any, of such meeting, which must be scheduled not less than thirty (30) days and not more than ninety (90) days after the Company Secretary receives the said request. The Secretary prepares the relevant notification. No business may be discussed at a Special General Meeting other than that specified in the notice to the shareholders.

An SGM may only discuss such business as has been included on the agenda by the Board of Directors, Chairman of the Board of Directors or President, or included in the notice sent out at the shareholders' written request as described above.

Notice of a General Meeting

Pursuant to the Bylaws, whenever shareholders are required or permitted to take any action at a meeting, a timely notice will be mailed or transmitted electronically by the Company Secretary to each shareholder of record entitled to vote in accordance with the records as at the record date for the meeting. Unless otherwise stipulated by the Certificate of Incorporation or the applicable laws, notice of a meeting should be given not less than 10 or more than 60 days before the date of the meeting to each shareholder entitled to vote at such meeting.

We intend to introduce additional procedures concerning notification and voting at General Meetings. We will notify shareholders about the date on which the list of persons entitled to participate in a General Meeting is drawn up (record date), and about the place, date and agenda of the General Meeting and will publish other relevant information, including all details concerning the General Meeting, in the form of an announcement, on our website: ir.huuugegames.com no later than two weeks prior to the date of drawing up the list of participants.

Quorum

Pursuant to the Bylaws, unless otherwise stipulated by law or by the Certificate of Incorporation, at all meetings of shareholders (annual or special), a quorum requires the presence, either in person or by proxy, of holders of at least one-third of the voting rights associated with the issued and outstanding shares entitled to vote. The majority of the votes cast is decisive for passing or rejecting a resolution.

Voting and proxies

As at the date of this Annual Report, the Company's outstanding share capital consists of: 84,246,695 Common Shares and two Preferred Shares. Each Common Share and each Preferred Share carries one vote. Unless otherwise expressly required by law or stipulated in the Certificate of Incorporation, both the holders of Common Shares and of Preferred Shares shall vote together as a single class on all matters submitted to a shareholders' vote.

Powers of the General Meeting

The General Meeting has the power to elect directors (other than those directors elected by the holders of Preferred Shares, and notwithstanding the Board of Directors' power to fill vacancies in its membership).

Pursuant to the Certificate of Incorporation, any amendment, alteration, or repeal of the provisions in the Certificate of Incorporation or Bylaws concerning: (a) the right of the holders of 10% of the total votes to request convening a SGM, (b) the quorum required at a General Meeting, (c) the number of Directors, their term of office, appointment and dismissal, and independence criteria, and (d) the Audit Committee (except for any amendment required under the applicable law), shall in each case be approved by an affirmative vote of the holders of the majority of the outstanding shares carrying voting rights.

Board of Directors

Appointment of the Board of Directors

Pursuant to the Certificate of Incorporation and Bylaws, the Board of Directors originally consisted of five Directors, of which (i) one Director (the "Series A Director") is elected by holders of the majority of outstanding Series A Preferred Shares carrying voting rights by submitting to the Board of Directors written consent signed by holders of the majority of the Series A Preferred Shares, (ii) two Directors (the "Series B Directors"), will be elected by the holders of the majority of outstanding Series B Preferred Shares entitled to vote at such a meeting by providing the Board of Directors with written consent, provided that one such Series B Director, to be qualified, shall be Anton Gauffin, and (iii) the remaining Directors will be elected by the holders of Common Shares carrying the same voting rights voting together as a single class.

In accordance with the Certificate of Incorporation, any Director elected, as stipulated above, by holders of Series A Preferred Shares or Series B Preferred Shares may be removed without cause, exclusively by an affirmative vote of the holders of the majority of the outstanding Series A Preferred Shares or Series B Preferred Shares respectively, acting as a separate class, either at an SGM duly called for that purpose or pursuant to the written consent of such shareholders. In addition, in accordance with the applicable law, any director so elected may be removed with cause by the majority of holders of shares carrying the respective voting rights. The Series A Director or Series B Director(s) may not be appointed by shareholders of the Company other than by holders of Series A Preferred Shares or Series B Preferred Shares, voting together. Any director (other than a Series A Director or Series B Director) may be removed at any time without cause by an affirmative vote of the holders of the majority of outstanding Common Shares entitled to vote thereon, voting together as a single class. In addition, in accordance with the applicable law, any director (other than a Series A Director or Series B Director) may be removed with cause by the majority in votes cast by the holders of shares carrying the respective voting rights.

The Board of Directors currently consists of six persons elected at the Annual General Meeting (AGM) for a term of office ending on the date of the following AGM or on the date of election of a replacement director or on a director's earlier resignation or dismissal. At least two out of the five persons must meet the independence criteria adopted or accepted by the WSE, including the criteria referred to in Annex II to the European Commission recommendation of February 15, 2005, on the role of non-executive or supervisory directors of listed companies and on the committees of the (supervisory) board.

In accordance with the Bylaws, subject to the provisions of the Delaware General Corporation Law and the restrictions contained in the Certificate of Incorporation or the Bylaws themselves, relating to an act requiring the approval of the shareholders or the votes of the outstanding shares, the business and affairs of the Corporation shall be managed and all corporate powers shall be exercised by the Board of Directors or a designated entity under its direction. The Board of Directors decides on the issuance or repurchase of shares.

The following table summarizes the most important information about acting members of the Board of Directors as at the date of this Annual Report.

Name	Function	Year of appointment for the current term of office	Year of expiry of the term of office
Anton Gauffin	Chief Executive Officer & executive director	2022	2023
Henric Suuronen	Non-executive director	2022	2023
John Salter	Non-executive director	2022	2023
Rod Cousens	Non-executive director	2022	2023
Krzysztof Kaczmarczyk	Non-executive director (independent)	2022	2023
Tom Jacobsson	Non-executive director (independent)	2022	2023

Until June 6, 2022, the Board of Directors consisted of the following members: Krzysztof Kaczmarczyk, Rod Cousens, John Salter, Anton Gauffin and Henric Suuronen. At the Company's annual general meeting held on June 6, 2022, the holder of all of the Company's Preferred Series A Share elected John Salter for an additional term, the holder of the Company's Preferred Series B Share elected Anton Gauffin and Henric Suuronen for an additional term, and the holders of the Company's Preferred and Common Shares elected Krzysztof Kaczmarczyk, Rod Cousens, and Tom Jacobsson, each to serve until the next AGM for the election of directors and until such directors' successors are duly elected unless any of the directors dies, resigns, is dismissed or retires earlier.

Two members of the Company's Board of Directors, Krzysztof Kaczmarczyk and Tom Jacobsson, meet the statutory criteria for independence.

The Board of Directors supervises the preparation of the Group's consolidated financial statements and is required to ensure that the Group's consolidated financial statements and the business statements comply with legal requirements. The President of the Company approves and signs the Group's consolidated financial statements. Substantially the same procedures apply to the Company's separate financial statements.

Committees

The Board of Directors has established the following committees: the Audit Committee, the Nomination and Remuneration Committee, and the Special Committee.

The Board of Directors has appointed from among its members the following persons to the Audit Committee:

- Mr Krzysztof Kaczmarczyk (Chair of the Audit Committee)
- Mr Tom Jacobsson
- Mr John Salter

Krzysztof Kaczmarczyk is the member of the Audit Committee with knowledge and skills in accounting and finance, and Tom Jacobsson is the member of the Audit Committee with knowledge and skills in the industry in which the Company operates.

The Company's Board of Directors established the Audit Committee on February 5, 2021. The Audit Committee is responsible for supervising the Company's financial matters and monitoring the implementation and maintenance of internal control, risk management, compliance and internal audit systems in the Company. Its scope of activity includes advising and consulting on financial reporting and auditing financial statements by a statutory auditor, which constitute actions in the competences of the Board of Directors.

Tom Jacobsson Non-executive director, independent
Tom Jacobsson is a veteran digital business entrepreneur with over 25 years of experience in helping products and businesses succeed through winning culture, design thinking, lean start-up philosophy and agile development. In previous roles, Tom built global infrastructure products and mobile technology as 3G System Program Manager for Nokia, ran Nokia's mobile chipset strategy and planning from single source vendor to multi-source, acted as a turnaround CEO for small and midsize digital companies and worked with companies on public listings. Presently, he is the CEO of Dunning, Kruger & Associates, a full-stack digital product company which he co-founded in 2017 and which was recently acquired by the North Alliance.

Krzysztof Kaczmarczyk, Non-executive director, independent
Krzysztof Kaczmarczyk is an independent member of supervisory boards of companies listed on the Warsaw Stock Exchange. He has gained over 15 years of supervisory experience sitting on the supervisory boards of more than 30 companies. Simultaneously, he served as a member or chairman of audit committees of more than 20 companies listed on the WSE. In 1999–2008, he worked for Deutsche Bank in Poland, where he served as Deputy Director of the Stock Market Analysis Department and Stock Market Analyst for the Central and Eastern European Region. From 2008 to 2010, he held various management positions within the TP Group (Orange). In 2010–2011, he worked for the Swiss investment bank Credit Suisse in Poland. In 2012–2015, he held the position of vice-president of the Management Board for Strategy and Business Development in Emitel, a leading terrestrial radio and television network operator in Poland. From 2016 to 2019, he worked as a strategy advisor to the Management Board of KGHM Polska Miedź S.A. (a leading mining company in the world). He is a graduate of the Warsaw School of Economics with a degree in finance and accounting.

In 2022, the Audit Committee of the Board of Directors held 6 meetings.

The Board of Directors has appointed from among its members the following persons to the Nomination and Remuneration Committee:

- Mr Krzysztof Kaczmarczyk (Chairman of the Nomination and Remuneration Committee)
- Mr Tom Jacobsson
- Mr John Salter

The tasks of the Remuneration and Nomination Committee consist of (a) preparing and periodically reviewing the Group's compensation policy and principles, the performance criteria related to compensation and a periodical review of their implementation, as well as submitting proposals and recommendations to the Board of Directors, and (b) preparing all relevant decisions of the Board of Directors concerning the nomination of members of the Issuer's Board of Directors, as well as submitting proposals and recommendations to the Board of Directors.

On June 14, 2022, the Board of Directors established the Special Committee and appointed from among its members the following persons to the committee:

- Mr Krzysztof Kaczmarczyk
- Mr Tom Jacobsson
- Mr John Salter

The Special Committee received a mandate from the board to manage the strategic options review and make recommendations to the board regarding steps to be taken pursuant to the review.

Agreements with the Board of Directors

Except for the transactions mentioned below, remuneration for the year ended December 31, 2022 of the members of the Board of Directors and share options owned by members of the Board of Directors and the reimbursement of travel expenses and accommodation costs incurred by board members related to their work, there were no other transactions between the Issuer and members of the Board of Directors.

Name	Function	Cash compensation	Share-based payment
Anton Gauffin	CEO & Executive director	412	410
Henric Suuronen	Non-executive director	76	-
John Salter	Non-executive director	85	-
Rod Cousens[2]	Non-executive director	627	-
Krzysztof Kaczmarczyk	Non-executive director (independent)	91	-
Tom Jacobsson	Non-executive director (independent)	62	-
Total		**1,353**	**410**

[2] Between April 7, 2022 and March 7, 2023 Rod Cousens was also a member of the Executive Management Team and served as Co-Chief Executive Officer.

Amounts of remuneration and benefits in kind of members of the Board of Directors

Costs of remuneration (including accrued bonuses) of members of the Board of Directors amounted to USD 1,353 thousand for the year ended December 31, 2022. The Company has no formal rules for the payment of cash bonuses to members of the Board of Directors; all such bonuses are paid on a discretionary basis.

Shares or share options held by members of the Board of Directors

The table below presents the number of shares and share options held by members of the Board of Directors at the Annual Report publication date:

Name	Function	Common Shares	Share Options Outstanding
Anton Gauffin (through Big Bets OÜ)[3]	Chief Executive Officer & Executive Director	25,849,505	425,000
Henric Suuronen	Non-Executive Director	1,673,610	0

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

On December 10, 2021, in its current report RB21/2021 and on February 10, 2022, in its current report RB3/2022, the Issuer informed about the exercises of 192,340 and 8,360 stock options, respectively, by Mr Henric Suuronen. After completion of these two transactions, Mr Henric Suuronen's grant has been fully exercised and as at the date of the publication of this report it does not contain any other vested or unvested stock options.

Information on agreements known to the Company, including those concluded after the balance sheet date, that may result in future changes in the proportion of shares held by the existing shareholders and bondholders.

The Company is not aware of any agreements that may result in future changes in the proportion of shares held by the existing shareholders, except for possible changes in the proportion of shares resulting from equity-settled share option programs in the Company (one employee share option plan was established by the Board of Directors on April 3, 2015, and the second one on October 19, 2019).

Information on all liabilities arising from pensions

In 2022, as well as from January 1, 2023 until the date of publication of the annual report for 2022, there were no liabilities arising from pensions and benefits of a similar nature for former managing, supervising or former members of administrative bodies, and no liabilities were incurred in connection with those pensions.

Information on agreements concluded between the Issuer and board members

On November 3, 2022, following the recommendation of the Remuneration and Nomination Committee, the Company entered into an agreement with Mr Gauffin, governing his service as executive director and co-Chief Executive Officer of the Company for the board term commencing at the 2022 annual general meeting of the Company. In accordance with this agreement, Mr Gauffin will receive remuneration for his executive service to the company in the form of a gross annual payment of 500,000 USD, payable in monthly installments. In addition, Mr Gauffin is entitled to participate in the Company's performance bonus plan. Mr Gauffin will not receive remuneration for his service as a member of the Board.

On August 11, 2022, an agreement between the Company and Mr. Rod Cousens was concluded, governing Mr. Cousens service as an executive director and co-Chief Executive Officer of the Company. The agreement provides for a 12-month early notice period for termination (or payment in lieu of notice) upon termination other than for cause. On March 7, 2023, a termination agreement was concluded between the Company and Mr. Cousens and the Company confirmed Mr. Cousens's entitlement to payment in lieu of advance notice.

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

The Company has not concluded any other agreements with members of the Board of Directors providing for compensation in the event of the resignation or dismissal from the position held without an important reason or if the dismissal is due to the Issuer's merger by acquisition.

Executive management

Composition of the executive management and division of responsibilities

The Chief Executive Officer (CEO) is responsible for managing and controlling Huuuge's business and day-to-day operations in accordance with the guidelines and instructions of the Board of Directors. It is the duty of the CEO to ensure that Huuuge's operations are in compliance with the laws and regulations applicable at the time. The CEO is the chairman of the Executive Team.

On February 12, 2015, Mr Anton Gauffin was appointed President and CEO of Huuuge, Inc. and is in this position to date. Since January 18, 2022, Mr Anton Gauffin no longer holds the position of the Company's Secretary, following the appointment by the Board of Directors of the General Counsel of the Company, Mr Yehoshua Gurtler, to this position.

The current composition of the Executive Team is as follows:

Anton Gauffin, Chief Executive Officer
Marek Chwałek, Executive Vice President of Finance
Wojciech Wronowski, Chief Operating Officer
Jonathan Bellamy, Chief Commercial Officer
Erik Duindam, Chief Technology Officer
Yehoshua Gurtler, General Counsel and Company Secretary
Maciej Hebda, Senior Vice President, Strategy & Planning

Two changes occurred in the Executive Team during 2022. Grzegorz Kania (CFO) stepped down on June 15, 2022 and was replaced on the team by Marek Chwałek. Rod Cousens joined the Executive Team as Co-CEO on April 7, 2022, but recently stepped down on March 7, 2023. Biographies of the members of the Executive Team are posted on our website ir.huuugegames.com.

The Executive Team assists the CEO in planning and managing operations, as well as preparing matters for discussion by the Board of Directors. Executive Team meetings are convened by the CEO on a regular basis. The Executive Team prepares the Huuuge Group's strategic and annual planning, supervises the implementation of plans and financial reporting, and assists in processes related to significant investments as well as mergers and acquisitions.

The Executive Team members have authority within their individual areas of responsibility, and their duties are to develop the Company's operations in accordance with the targets set by the Board of Directors and the CEO. In addition to their main duties, the Executive Team members may also be members of the Boards of subsidiaries.

Auditor

The election of an independent auditor to audit the financial statements of the Group is one of the powers of the Company's Board of Directors. On February 5, 2021, the Company's Board of Directors adopted a "Policy for selecting and appointing an audit firm to audit the financial statements of Huuuge, Inc. and the Huuuge, Inc. Group". Once cooperation between the Company and the appointed audit firm has ended, the selection and appointment of another audit firm will be subject to the provisions of the aforementioned Policy.

On June 24, 2021 the Board approved the appointment of PricewaterhouseCoopers Polska Spółka z ograniczoną odpowiedzialnością Audyt Sp. k. ("PwC") as auditor for the consolidated financial statements and the separate financial statements of Huuuge, Inc. – both as at and for the year ended December 31, 2021. The final contract with PwC was signed on July 30, 2021.

On February 1, 2022 the Board approved the appointment of PricewaterhouseCoopers Polska Spółka z ograniczoną odpowiedzialnością Audyt Sp. k. ("PwC") as auditor for the consolidated financial statements and the separate financial statements of Huuuge, Inc. – both as at and for the year ended December 31, 2022. The final contract with PwC was signed on July 8, 2022.

There were no services performed by PwC for the Company other than audit services. The remuneration of the auditor has been described in Note 25 of the Consolidated Financial Statements.

Risk factors

The identification of risk factors takes place on the basis of the implemented risk management system. The risk management process has been formally established in the organization based on the Risk Management Policy.

The risk management process includes:

- risk identification;
- risk analysis (description and assessment);
- risk evaluation;
- risk mitigation;
- risk monitoring and reporting.

The most important goals of the Risk Management System include:

- identification, analysis, assessment and evaluation of risks;
- improvement of coherence of the approach to risk management;
- ensuring comparability of risks occurring in different areas of organization;
- creating a correlation between the operational and strategic level of risk management;
- reducing the frequency of adverse incidents;
- better preparation for adverse incidents and minimization of losses caused thereby.

All employees of the organization are involved in the risk management process. The most important functions are performed by the Board of Directors, Audit Committee, Executive Management, Risk Committee, Risk Officer, Risk Owner, Risk Coordinator (Secondary Risk Owner).

Furthermore, all management areas outsourced outside the organization should be addressed internally from a risk management perspective. In exceptional cases, it is possible to place the responsibility for risk management externally, with the consent of the Risk Committee.

Determination and concise naming of the most important occurring or possible events or phenomena threatening or affecting the implementation of the goals of Huuuge Group.

Risk assessment consists in determining the probability and impact of a risk in relation to selected scenarios (based on the causes and results indicated in the risk analysis). The assessment is performed on the basis of defined scales. The descriptions included therein are of an auxiliary nature and, in the case of any doubts, the score of the assessment shall have priority.

Risk evaluation consists of comparing the risk value with the previously assumed criteria, as well as identifying risks requiring the implementation of mitigation plans.

At the time of the publication of this report, the following material risk factors have been identified. However, the risk factors and uncertainties described below by the Group are not the only risk factors the Group faces. Additional risks and uncertainties that the Group is not aware of or currently considers to be insignificant may also have a significant adverse effect on the business, financial condition and operational results and prospects of the Group.

If we are unable to successfully attract new players or if we lose our current players, our business could be negatively affected. We rely on purchases from a small percentage of our players for nearly all of our revenue. If we are unable to entice players to make in-app purchases or engage with our games in ways that generate revenue, our business could be negatively affected.

*Our business depen*ds on developing and publishing mobile games that players download and spend time and money playing. The nature of our industry is that we develop and test hundreds of ideas and games, but subsequently focus only on the titles or features that exhibit the most promising key performance indicators ("KPIs"). Only a handful of our games make it to soft launch and even fewer progress to full launch and scaling. We cannot guarantee that high-quality games, even if favorably reviewed by players, will become "hits". Our new games may also attract players away from our existing games, especially when they provide similar gameplay features with an upgraded user interface or new social elements. Furthermore, we cannot ensure that new features or upgrades to our existing games will attract new players or allow us to retain existing ones.

The growth of our business largely depends upon our ability to attract new players to our existing and new games, as well as on retaining existing players of our games. Our success in doing so is conditional in part on unpredictable and volatile factors beyond our control, including customer preferences, competing games, the popularity of other forms of entertainment and economic conditions adversely affecting consumer spending. Achieving growth in our community of players may also require us to increasingly engage in sophisticated and costly sales and marketing efforts that may not result in additional players.

Currently, we derive 97% of our revenue from in-app purchases. As our games are available to players for free, we generate revenue from them only if they make in-app purchases above and beyond the level of free features provided as part of the game, e.g., they purchase virtual currency beyond the amount made available for free, or if they otherwise engage with our games in ways generating revenue. Our games also contain in-app purchases relating to items other than virtual currency such as "passes" granting players access to features such as mini games. If we fail to offer games that entice players to make in-app purchases or if we fail to properly manage the economics of free versus paid currency, or if we fail to entice players to engage with our games in ways generating revenue, this could materially and adversely affect our business, operating results and financial condition.

We rely on a small percentage of our players for nearly all of our revenue. However, we lose paying players in the ordinary course of business, and they may stop making purchases in our games or playing our games altogether at any time. In order to sustain or increase our revenue levels, we must attract new paying players or increase monetization across the current player base. To retain paying players, we must devote significant resources to, for example, marketing and data analytics, in order to individualize offers provided to our players so that the games they play retain their interest and attract them to our other games.

Measurement of marketing performance has deteriorated significantly with the depreciation of the IDFA (Apple's ID For Advertisers). This has made it more challenging to acquire the right profile of a player, thereby negatively affecting our ability to undertake large-scale user acquisition and maintain existing campaign performance and payback periods. In response, we have been actively lowering spend levels to maintain and/or improve our payback periods. This has had an impact on our revenue dynamics. Whilst IDFA changes were introduced in April 2021 with iOS 14.5, the ATT framework was present on a majority of iOS devices only from H2 2021 onwards. Therefore, its impact has been particularly evident throughout 2022. We continue to adapt our user acquisition strategy to the new post-IDFA market reality, such that budgets have been shifted to partners with better post-change performance.

Revenue concentration in a small number of games

The majority of our revenue is generated by a small number of our games, which could negatively affect our business. We expect that this concentration will continue in the future. For example, our most popular games generating the highest revenue are Huuuge Casino and Billionaire Casino. These top two franchises historically have contributed the majority of our revenue, accounting for 93% of our revenue in 2022, 88% of our revenue in 2021 and 94% in 2020. We expect the declining share of the top two franchises in total revenue to be the case over the next several years. If we are unable to diversify our portfolio of games in the long run and increase the popularity and improve the monetization of our existing games or the games we develop in the future, it could have a material adverse effect on our business, operating results and financial condition.

Dependence on third parties' services

We rely, to varying degrees, on a number of third-party vendors, service providers and game developers, as well as strategic partners, to efficiently operate our business, develop games and meet the expectations of our players. In particular, some elements of the provision and distribution chain of our gaming services are operated by third parties we do not control and which it would take significant time to replace. This dependence is expected to continue.

We are highly dependent on distribution platforms when offering our games to players. Any adverse changes in our existing arrangements with these third parties, including an inability to fulfill their obligations in a timely manner or an inability to enter into or renew arrangements on favorable terms, if at all, could reduce the quality, revenue or availability of our games. Changes to third parties' policies or terms of service could also negatively impact our ability to offer our existing or future games, or restrict the availability of certain features.

Disruption of IT infrastructure, networks and systems and IT gaps

We rely on information technology infrastructure, networks and systems that are important to the operation of our business. We use such infrastructure, networks and systems to operate our games and to manage and secure our business and data, particularly with respect to internal communications, controls and reporting and relations with suppliers.

Some of such infrastructure, networks and systems are managed or provided by third parties. These third parties are typically under no obligation to renew agreements relating to such infrastructure, networks and systems, and there is no guarantee that we will be able to renew these agreements on commercially reasonable terms, or at all. In addition, our information technology infrastructure, networks and systems – including those operated by third parties – may experience breaks, suspensions or stoppages of service, or we may experience system crashes in connection with system integration or migration work. Any disruption or failure in these infrastructure, networks and systems could adversely affect the availability of games, could slow them down or could otherwise disrupt the functionality or operations of the relevant business.

As a result of technological advancements, our IT infrastructure may become outdated or inadequate for our business needs. If we are unable to keep our systems and infrastructure current with industry standards and with evolving technologies, our operations or growth may be impeded.

Undetected errors, bugs or vulnerabilities

Our games and other software applications and systems, as well as the third-party platforms upon which they are made available, could contain undetected errors, bugs or vulnerabilities that could adversely affect the performance of our games, some of which may only be detected after the code has been released for external or internal use. For example, errors, bugs or other types of defects could prevent our players from making in-app purchases, harm the overall game-playing experience for our players, delay game introductions or enhancements, cause measurement errors, result in our games being non-compliant with applicable laws or create legal liability for us. We have experienced some of these issues in the past, including lags in gameplay, in-app purchase errors, game data corruption and problems with players' access to our games. We resolved most of these issues on a timely basis, but we cannot guarantee that we will be able to do so in the future. Moreover, resolving such errors, bugs or other vulnerabilities could disrupt our operations or cause us to divert resources from other projects.

Failure to successfully pursue or implement new business initiatives

In order to grow our business, we need to evaluate, consider and effectively implement new business initiatives. Management may not properly ascertain or assess the risks associated with these new initiatives, and subsequent events may arise that would render our initial assessment of the economic merits of a particular initiative uneconomic.

Moreover, the market of new technologies is one that is developing rapidly. Therefore, we conduct ongoing monitoring of new technologies and IT solutions in order to quickly adapt to the solutions introduced to the market. The failure to analyze or implement new technologies may result in a loss of competitiveness in the market, which could have a negative impact our operating activities and financial results.

Business acquisitions and integrating acquired operations could divert the attention of our management and otherwise disrupt our operations

As a part of our strategy, we may in the future explore, and have in the past carried out, acquisitions to strengthen our market position in selected game genres and grow our game development talent. We may use our excess cash to finance extraordinary growth events such as potential acquisitions, if the opportunity arises. We cannot guarantee we will be able to identify acquisition targets that help us to achieve our growth strategy, or that the transactions we may consider will be completed or prove to be successful or accretive. In addition, acquisitions and integration processes could divert our management's attention from other business concerns and also lead to the use of resources that are needed in other parts of our business.

Real or perceived inaccuracies in our performance metrics

We track certain performance metrics, such as Installs, DAU, DPU, ARPDAU, ARPPU, Monthly Conversion. Our performance metrics tools have limitations, and our methodologies for tracking these metrics may change over time, which could result in unexpected changes to our metrics, including those we report. If our performance metrics are not accurate representations of our business, player base or traffic levels, or if we discover material inaccuracies in our metrics or if those we rely on to track our performance do not provide an accurate measurement of our business, we may fail to obtain an accurate understanding of the performance of our business, our reputation may be significantly harmed, or we may lose the confidence of players, analysts or business partners, and this could adversely affect our business, operating results and financial condition.

Ineffective protection of our intellectual property

Intellectual property rights are an essential element of our business. We rely on a combination of different intellectual property rights such as trademarks, patents and copyrights relating to our games, and proprietary or confidential information that is not subject to formal intellectual property protection.

While we create most of the intellectual property we use internally, we also license intellectual property such as, in particular, games (as a whole) and software development kits ("SDKs") from third parties. In particular, our games use SDKs provided by, among others, Facebook and Google. We also purchase or license, in whole or in part, photos, videos and audio used in our games from third parties, including Shutterstock and Envato. We rely on licenses for all of our third-party publishing.

Despite our efforts to protect our owned and licensed intellectual property, unauthorized parties may attempt to copy or otherwise obtain and use our technology, games or brands. There is a risk that the actions we take will not be sufficient to protect our owned and licensed intellectual property. Furthermore, our use of third-party intellectual property may inadvertently violate the rights of third parties, and therefore we could become subject to infringement claims, which we already occasionally face.

Third-party intellectual property rights may limit our development

We need to continuously adapt our games to incorporate new technologies. If such technologies are protected by the intellectual property rights of our competitors or other third parties, we may be prevented from introducing games based on these technologies or expanding into markets or platforms created by these technologies.

We license SDKs, which may be integrated into our own products and are required, among other reasons, to allow our players to connect their game accounts with their social media ones. If the owners of these SDKs, such as Google and Facebook, change the license terms in a manner that limits our ability to use the SDKs or integrate with their platforms, our business, operating results and financial condition may be adversely affected.

We also use open source software in our games and expect to continue to do so. Some open source software licenses require users who distribute open source software to publicly disclose all or part of the source code to such software or make available any derivative works of the open source code on unfavorable terms or at no cost. In addition, provisions of various open source licenses have not been interpreted by courts, and there is a risk that such licenses could be construed in a manner that imposes unanticipated conditions or limitations on our use of the open source software. If our use of open source software is not in compliance with a particular license, we may be required to release our proprietary source code, pay damages for breach of contract, re-engineer our games or products, discontinue distribution in the event that reengineering cannot be accomplished on a timely basis, or take other remedial action that may entail additional expenses or limit our activities.

Ineffective protection of confidential information

Our management and key employees have access to sensitive confidential information relating to our business such as insights about strategic developments, business case planning and core technology. In the event that competitors, third parties or the general public gain access to such confidential information, whether on purpose or by accident, our market position could be materially weakened.

We could be the target of cyber-attacks, piracy, database security breaches or hacking

Our industry is prone to – and our games, systems and networks are subject to – cyber-attacks, viruses, worms, phishing attacks, malicious software, break-ins, theft, computer hacking, employee error or malfeasance or other security breaches that may exploit, damage, or disrupt the functioning of our games, networks or technological infrastructure. Physical locations where our IT infrastructure is located, as well as our hardware, may also be subject to break-ins, theft or damage.

Any security breach or incident that we experience could result in unauthorized access to, misuse of, or unauthorized acquisition of our or our players' data, the loss, corruption or alteration of this data, interruptions to our operations, unavailability or malfunctioning of our games, or damage to our computers or systems or those of our players or third-party platforms. Furthermore, third parties, such as hosted solution providers or third-party platform operators that provide services to us, could also be a source of security risks in the event of the failure of their own security systems and infrastructure.

As threats related to cyber-attacks develop and grow, we may also find it necessary to make further investments to protect our data and infrastructure.

Unauthorized operators may develop "hacks" or other types of "cheating" software enabling players to alter the intended game play, abuse or exploit the mechanics of our games and, therefore, obtain unfair advantages in our games, or otherwise obtain virtual currency or other benefits available in our games. These may have a negative impact on the volume of in-app purchases and the amount of revenue we collect from players. In addition, such "hacks" or other similar vulnerabilities may result in increased costs of developing technological measures to respond to them.

The Russian invasion of Ukraine, and the associated developments on the international arena, could result in an increased risk of cyber-attacks, which could affect our systems. We have taken action to analyze the impact of various types of cyber-attacks and have implemented additional security measures commensurate with the potential increase of such risk.

Fluctuations in foreign exchange rates and inflationary pressures could negatively impact our business.

Our activities and businesses expose us to fluctuations in currency exchange rates between USD and other currencies, such as the Polish zloty and the euro. These fluctuations may reach significant levels during periods of increased market volatility related to, for example, the Russian invasion of Ukraine, the Covid-19 pandemic, climate change, or other events increasing uncertainty in the global economy. See also "Key Factors Affecting Our Results of Operations and Market Trends".

For further information on the Group's exposure to foreign exchange rate volatility for the most significant currencies, see Note 7 to our Consolidated Financial Statements for full year 2022.

Our performance may also be affected by inflationary pressures and their impact on consumer spending patterns, which could result in decreased spending on leisure and entertainment, and thereby negatively impact our revenues.

Our success and continued growth are heavily reliant on the experience and talent of our managers and skilled employees

The successful operation of our businesses and the successful implementation of our strategy are dependent on the experience of our managers and key personnel. Due to the specifics of the industry we operate in, we are dependent on our highly skilled, technically trained and creative employees, whose high competences and knowledge translates into developing new technologies and creating innovative games. The loss of any of these individuals could harm our business. Competition for employees, particularly game designers, engineers and project managers with desirable skill sets is intense, and we devote significant resources to identifying, hiring, training, successfully integrating and retaining these employees.

Our future success depends in part on our ability to retain highly qualified managers active in the mobile games industry who have had a significant impact on our development, as well as on our ability to attract and retain skilled employees able to effectively operate our business. We cannot guarantee that we will be able to attract and retain such managers or skilled employees in the future, and the costs associated with retaining them may impact our profitability or financial results.

Changes in tax laws or tax rulings, or the examination of our tax position, could materially affect our financial condition and results of operations

We are subject to complex tax legislation in the various countries in which we operate. In particular, given the international scope of our business and our structure, we are subject to rules on transfer pricing. Moreover, GAAR and the focus of tax regulations on real business substance may have an increasing impact on international taxation.

For example, we sell services or use intellectual property through legal entities that must necessarily procure these services or license such intellectual property within a group. Therefore, we perform numerous intercompany transactions. The jurisdictions in which we operate generally have transfer pricing regulations that require transactions involving related parties to be undertaken on properly documented arm's length terms and conditions. If the tax authorities in a particular jurisdiction do not regard intra-group transactions as being made on a properly documented arm's length basis and successfully challenge such transactions, or otherwise adopt a differing approach on the attribution of revenue or profits between our various group entities, the amount of tax payable by the relevant member or members of our group, in respect of both current and previous years may increase, and we may be subject to penalties or fines, or required to make interest payments.

In addition, we provide services whose price is subject to direct and indirect taxes in various countries, such as value added tax. The complexity of our business model may complicate an understanding of the legal obligations in the relevant tax application. We may also be subject to double taxation in jurisdictions with multiple tax authorities or incompatible tax regimes. In addition, applicable tax rates could increase. A significant increase in value added tax rates could negatively affect our activity, especially customer demand, which could have a material adverse effect on our business, operating results and financial condition.

Changes in tax treaties, laws, rules or interpretations or the outcome of tax audits could have an adverse effect on our business. The tax laws and regulations in the jurisdictions in which we operate may be subject to change; for example, a substantial amendment may be introduced to the taxation of digitized companies. New tax laws or regulations may be introduced with or without retroactive effect and there may be changes in the interpretation and enforcement of such tax laws or regulations.

If the relevant tax authority challenges our tax position, through audits or otherwise, and is successful, our effective tax rate may increase, and we may be required to pay additional taxes, penalty charges and interest, and we may incur costs in defending litigation or reaching a settlement with the relevant tax authority. We could be liable for amounts that are either not covered by or are in excess of our established reserves. Any of the foregoing situations could have an adverse effect on our business, operating results and financial condition.

Competition in the gaming industry

The gaming industry, which includes social casino games (from which we derive the majority of our revenue), is considered to be a highly competitive and rapidly evolving industry with low barriers to entry. We are experiencing, and are likely to experience in the future, competition from other developers and publishers in the gaming category. Our competitors range from established interactive entertainment companies to emerging start-ups, and we expect new competitors to continue to emerge globally.

Our operations depend on third-party platforms used to offer our games

Our social gaming offerings operate mainly through Apple's App Store, Google's Play Store and Facebook, which also serve as significant online distribution platforms for our games and provide us with valuable information and data. Consequently, our operations depend on our continued relationships with these providers, and any emerging platform providers that are widely adopted by our target player base.

We are subject to the standard terms and conditions that these platform providers have for application developers, which govern the promotion, distribution and operation of games and other applications on their platforms, and which the platform providers can change on a discretionary basis and unilaterally on short notice or without notice.

Moreover, Internet-connected devices and operating systems controlled by third parties increasingly contain features that allow device users to disable functionality that allows for the delivery of advertising on their devices, including through Apple's Identifier for Advertising, or IDFA, or Google's Advertising ID, or AAID, for Android devices. Device and browser manufacturers may include or expand these features as part of their standard device specifications. If players elect to utilize the opt-out mechanisms in greater numbers, our ability to deliver effective targeted advertisements would suffer, which could adversely impact our revenues from in-game advertising (currently less than 5% of Huuuge's overall revenue).

In addition, new regulations and increased focus on data protection may result in changes to the data protection policies of the platform providers, which we will be required to implement. We cannot exclude the possibility that our games, in particular social casino games, will be targeted by other limitations introduced by third-party platform providers or our advertising and marketing partners concerning, among others, user acquisition and advertising revenue.

Changes in third-party platforms classification of or approach towards social casino games or certain game features (such as loot boxes) could restrict the availability of our games or of certain game features on those platforms or to users in certain jurisdictions.

If similar events occur and we are unable to address them effectively, or if other similar issues arise that impact players' ability to download our games, access social features or purchase virtual currency, it could have a material adverse effect on our business, operating results and financial condition.

We operate in an industry characterized by an evolving and partially unclear regulatory environment

Generally, social gaming, including but not limited to social casino games, is not explicitly regulated in the markets where we operate; however, as the mobile and online game industry evolves, so too are regulations evolving and, as a result of this evolution and possible changes in the approach of legislators, regulators and courts, we cannot exclude the possibility that our activities could be regulated in ways that could adversely affect our business.

In some jurisdictions, there is growing opposition from regulators, public interest groups and/or media towards mobile and online gaming, including social casino games or social gaming, as well as towards specific in-game features, such as loot boxes. Such opposition could lead these jurisdictions to adopt legislation or impose or enforce an existing regulatory framework to govern mobile and online gaming, broadly or more specifically, for example social gaming, or in-game features such as loot boxes. Alternatively, jurisdictions or regulators could seek to apply laws we do not believe are applicable to our games to certain types of games we offer or to games containing certain features or characteristics.

Courts may also interpret or apply laws in a manner adverse to us, notwithstanding the position taken by the relevant gambling authority, and this may compromise our ability to continue to offer our games in particular jurisdictions.

We believe that our games do not constitute gambling in the jurisdictions in which we operate, particularly due to the free access and lack of monetary rewards; however, we cannot exclude the possibility that gambling regulators, judicial or similar authorities in certain jurisdictions will interpret the applicable existing or new laws in a manner classifying our games as gambling or requiring that certain in-game features (e.g. features that are deemed to be "loot boxes") be limited or excluded. If any authority issues such an interpretation, we may face enforcement action on the basis of that interpretation. Moreover, if our games are considered to be gambling in jurisdictions that prohibit online gambling, we may be forced to cease offering our top-grossing games in such jurisdictions. If our games are classified, for regulatory purposes, in a manner differing from the manner in which we view them, we may also be barred from promoting those games via third-party platforms (such as the AppStore or Facebook.)

There is a risk that further legislative or regulatory developments could curtail our offering of games in certain jurisdictions, result in a prohibition on mobile or online gaming in the jurisdictions in which we operate, restrict our ability to advertise our games, allow our players to claim damages related to the use of our games, raise consumer protection claims, substantially increase the cost of complying with the applicable regulations, or subject us to fines or other regulatory actions, any of which could have an adverse effect on our business, operating results and financial condition. Finally, the increased public scrutiny of social casino games and loot boxes could result in reputational damage to ourselves and to the industry, deter players from participating in our games, generate negative publicity, or deter financial institutions and other third-party partners and suppliers from cooperating with us.

We could be subjected to sanctions or other penalties for data privacy and/or data security breaches

We collect, process, store, use and share personal information and other data in order to develop new games, offer products and features to players, and analyze the effectiveness of our marketing channels. Our business is therefore subject to a number of laws and regulations governing data privacy and security, as well as various regulators' guidelines, including with respect to the collection, storage, use, transmission, sharing and protection of personal information and other consumer data applicable in various jurisdictions. Such laws and regulations and guidelines may be inconsistent between countries or conflict with other rules.

Any failure or perceived failure by us to comply with our posted privacy policies, our privacy-related obligations to players or other third parties, or any other legal obligations or regulatory requirements relating to privacy, data protection, or information security may result in governmental investigations or enforcement actions, litigation, claims, or public statements against us by consumer advocacy groups or others and could result in significant liability, cause our players to lose trust in us, or otherwise materially and adversely affect our reputation and business.

Furthermore, the costs of compliance with, and other burdens imposed by the laws, regulations, and policies that are applicable to us may limit the adoption and use of, and reduce the overall demand for our games. Additionally, if third parties we work with violate applicable laws, regulations or agreements, such violations may put our players' data at risk, could result in governmental investigations or enforcement actions, fines, litigation, claims or public statements against us by consumer advocacy groups or others and could result in significant liability, cause our players to lose trust in us and otherwise materially and adversely affect our reputation and business. Further, public scrutiny of, or complaints about, technology companies or their data handling or data protection practices, even if unrelated to our business, industry or operations, may lead to increased scrutiny of technology companies, including us, and may cause government agencies to enact additional regulatory requirements, or to modify their enforcement or investigation activities, which may increase our costs and risks.

Operating in multiple jurisdictions and locations

Although the US is our most significant market in terms of revenue, we generate revenue across multiple jurisdictions, and our users originate from a large number of jurisdictions worldwide. Our main operations, including game development operations, are located in Poland. We operate offices in different cities worldwide, including Tel Aviv, Israel; Limassol, Cyprus; Las Vegas, Nevada; Amsterdam, Netherlands; Helsinki, Finland, and London, UK.

Our operations in multiple jurisdictions could subject us to additional risks customarily associated with such operations, including: the complexity of laws and regulations in different jurisdictions and markets; ambiguity or inconsistency resulting from conflicts-of-laws; the uncertainty of enforcement of remedies in various jurisdictions; the effect of currency exchange rate fluctuations; the impact of various labor laws and disputes; the ability to attract and retain key personnel in different jurisdictions; the economic, tax and regulatory policies of local governments; compliance with applicable anti-money laundering, anti-bribery and anti-corruption laws, including the Foreign Corrupt Practices Act and other anti-corruption laws that generally prohibit US persons and companies and their agents from offering, promising, authorizing or making improper payments to foreign government officials for the purpose of obtaining or retaining business; and compliance with applicable sanctions regimes regarding dealings with certain persons or countries. Moreover, foreign jurisdictions could impose tariffs, quotas, trade barriers and other similar restrictions on our international sales.

Our international business operations could be interrupted and negatively affected by terrorist activity, political unrest or other economic or political uncertainties. We operate in locations that are regularly affected by such events, including Tel Aviv.

The Russian invasion of Ukraine is likely to present obstacles to our collaboration with entities located in Ukraine with which we have commercial relationships. We are constantly reviewing the circumstances affecting our partners and taking available and appropriate measures to mitigate the potential impact on our operations, as well as assist our partners where possible. The international sanctions imposed on Russia may also have an impact on our operations, which at the date of publication of this report we do not expect to be materially adverse. Finally, an escalation of the war in Ukraine could potentially impact the operations of our offices in Poland, and we are therefore constantly monitoring the situation with a view to taking any necessary mitigation steps to ensure the safety of our teams and the continuity of operations.

Legal proceedings may materially adversely affect our business and our results of operations, cash flows and financial condition

We have been party to, and in the future may become subject to legal proceedings including with respect to consumer protection, gambling related matters, employee matters, alleged service and system malfunctions, alleged intellectual property infringement and claims relating to our contracts, licenses and strategic investments. Legal proceedings targeting our social casino games and claiming violations of state, federal or local laws in jurisdictions where we operate could also occur based on the unique and specific laws of each jurisdiction.

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.

We cannot predict the likelihood, timing or scope of any legal proceedings to which we may be a party, any of which could have a material adverse effect on our business, operating results and financial condition.

We may incur significant expenses defending any lawsuits to which we may be a party, even if we eventually prevail in such proceedings or if they are found to be without merit, and lawsuits may result in the imposition of damages, restitution, fines or other penalties that could have a material impact on our financial results.

Our shareholders' rights under Delaware law differ from shareholder rights under Polish law

The Company is a Delaware corporation, and therefore its structure, operating procedures and the relationships between shareholders are governed by the laws of the State of Delaware and US federal laws, including US securities laws.

The principles underlying these laws differ from those underlying Polish law in many respects. Therefore, the rights of our shareholders are in many instances different from those of shareholders of Polish companies.

Best practices

Since February 19, 2021, the Company has been subject to and has applied WSE Best Practices, except for the principles that cannot be adhered to or that are impracticable due to the differences between the US and Polish legal system or where this contradicts the provisions of Delaware or US federal law.

The WSE Best Practices are available in both English and Polish on the Warsaw Stock Exchange website at https://www.gpw.pl/dobre-praktyki2021.

1. **DISCLOSURE POLICY, INVESTOR COMMUNICATIONS**

In the interest of all market participants and their own interest, listed companies ensure quality investor communications and pursue a transparent and fair disclosure policy.

Recommendations:

1.1. Companies maintain efficient communications with capital market participants and provide fair information about matters that concern them. For that purpose, companies use diverse tools and forms of communication, including in particular the corporate website where they publish all information relevant for investors.

This principle is applied.

1.2. Companies make available their financial results compiled in periodic reports as soon as possible after the end of each reporting period; should that not be feasible for substantial reasons, companies publish at least preliminary financial estimates as soon as possible.

This principle is applied.

1.3. Companies integrate ESG factors in their business strategy, including in particular:

1.3.1. environmental factors, including measures and risks relating to climate change and sustainable development;

This principle is not applied.

The company has an ESG committee that addresses these issues and reports to the board of directors. The Issuer is working on the ESG strategy, which will include environmental factors.

1.3.2. social and employee factors, including among others actions taken and planned to ensure equal treatment of women and men, decent working conditions, respect for employees' rights, dialogue with local communities, customer relations.

This principle is not applied.

The company has an ESG committee that addresses these issues and reports to the board of directors. The Issuer is working on the ESG strategy, which will include social and employee factors. Currently, in order to ensure the promotion of social and employee factors within the organization, the Issuer has implemented a Code of Conduct, an Anti-Harassment Policy and a Whistleblowing Policy, and has established a senior task force, led by a member of the Executive Management, to address issues of Diversity, Equity and Inclusion and, inter alia, to adopt a Diversity Policy for the Issuer.

1.4. To ensure quality communications with stakeholders, as a part of the business strategy, companies publish on their website information concerning the framework of the strategy, measurable goals, including in particular long-term goals, planned activities and their status, defined by measures, both financial and non-financial. ESG information concerning the strategy should, among other things:

1.4.1. explain how the decision-making processes of the company and its group members integrate climate change, including the resulting risks;

This principle is not applied.

The company has an ESG committee that addresses climate change among other issues. The ESG committee, together with the Board of Directors, will examine the extent to which, given the nature of the company's business, consideration of these factors in decision-making is appropriate, both for the interests of the company and the environment. The ESG committee is working on including climate change issues in the company's reporting.

1.4.2. present the equal pay index for employees, defined as the percentage difference between the average monthly pay (including bonuses, awards and other benefits) of women and men in the last year, and present information about actions taken to eliminate any pay gaps, including a presentation of related risks and the time horizon of the equality target.

This principle is not applied.

The Issuer does not publish equal pay index data. The Issuer hires and remunerates its employees on the basis of their competences, experience and knowledge, without any gender discrimination. There is an internal working group at the Issuer that addresses issues of Diversity, Equity and Inclusion, including with respect to remuneration.

1.5. Companies disclose, on at least an annual basis, the amounts expensed by the company and its group in support of culture, sports, charities, the media, social organizations, trade unions, etc. If the company or its group pay such expenses in the reporting year, the disclosure presents a list of such expenses.

This principle is applied.

1.6. Companies participating in the WIG20, mWIG40 or sWIG80 index hold on a quarterly basis, and other companies hold at least on an annual basis, a meeting with investors to which they invite in particular shareholders, analysts, industry experts and the media. At such meetings, the management board of the company presents and comments on the strategy and its implementation, the financial results of the company and its group, and the key events impacting the business of the company and its group, their results and outlook. At such meetings, the management board of the company publicly provides answers and explanations to the questions raised.

This principle is applied.

1.7. If an investor requests any information about a company, the company replies immediately and in any event no later than within 14 days.

This principle is applied.

2. **MANAGEMENT BOARD, SUPERVISORY BOARD**

To ensure top standards of the responsibilities and effective performance of the management board and the supervisory board of a company, only persons with adequate competences, skills and experience are appointed to the management board and the supervisory board.

Management Board members act in the interest of the company and are responsible for its activity. The management board is responsible among other things for the company's leadership, engagement in setting and implementing its strategic objectives, and ensuring the company's efficiency and safety.

Supervisory board members acting in their function and to the extent of their responsibilities on the supervisory board follow their independent opinion and judgment, including in decision making, and act in the interests of the company.

The supervisory board functions in the spirit of debate and analyzes the position of the company in the context of the sector and the market on the basis of information provided by the management board of the company and via the company's internal systems and functions and obtained from external sources, using the output of its committees. The supervisory board in particular issues opinions on the company's strategy, verifies the work of the management board in pursuit of defined strategic objectives, and monitors the company's performance.

2.1. Companies should have in place a diversity policy applicable to the management board and the supervisory board, approved by the supervisory board and the general meeting, respectively. The diversity policy defines diversity goals and criteria, among others including gender, education, expertise, age, professional experience, and specifies the target dates and the monitoring systems for such goals. With regard to the gender diversity of corporate bodies, the participation of the minority group in each body should be at least 30%.

This principle is not applied.

The Issuer has established a senior task force, led by a member of the Executive Management, to address issues of Diversity, Equity and Inclusion and, inter alia, to adopt a Diversity Policy for the Issuer. One of the goals of the task force is to ensure that all genders are equitably represented at all levels of the company. The Issuer exercises a policy of employing persons who are competent, creative and have the professional experience and education necessary to perform their duties, and does not base its employment decisions on gender. The Issuer employs approximately 70% men and 30% women, a distribution that is relatively consistent at different levels of seniority. However, the Issuer is aware of the fact that at present, the composition of the Issuer's Board is not balanced in terms of the participation of men and women, recognizing also that given the relatively infrequent changes to the structure of the Board, rectification of this imbalance may take longer than imbalances at other levels of the company.

2.2. Decisions to elect members of the management board or the supervisory board of companies should ensure that the composition of those bodies is diverse by appointing persons ensuring diversity, among other things in order to achieve the target minimum participation of the minority group of at least 30% according to the goals of the established diversity policy referred to in principle 2.1.

This principle is not applied.

See explanation to point 2.1. above.

2.3. At least two members of the supervisory board meet the criteria of being independent as referred to in the Act of May 11, 2017, on Auditors, Audit Firms and Public Supervision, and have no actual and material relations with any shareholder who holds at least 5% of the total votes in the company.

This principle is applied.

The Issuer has a one-tier management structure; therefore, principles regarding members of the management board and supervisory board do not apply directly to the Issuer. The Issuer is incorporated in Delaware and has one governing body, the Board of Directors.

At least two members of the Board of Directors meet the criteria of being independent as referred to in the Act of May 11, 2017, on Auditors, Audit Firms and Public Supervision, and have no actual and material relations with any shareholder who holds at least 5% of the total votes in the company.

2.4. The supervisory board and the management board vote in an open ballot unless otherwise required by law.

This principle is applied.

The Issuer has a one-tier management structure; therefore, principles regarding members of the management board and supervisory board do not apply directly to the Issuer. The Issuer is incorporated in Delaware and has one governing body, the Board of Directors. Voting in the Board of Directors is done by an open ballot.

2.5. Members of the supervisory board and members of the management board who vote against a resolution may have their dissenting vote recorded in the minutes.

This principle is applied.

The votes of all members of the Board of Directors are recorded in the Board's minutes.

2.6. Functions on the management board of a company are the main area of the professional activity of management board members. Management board members should not engage in additional professional activities if the time devoted to such activities prevents their proper performance in the company.

This principle is applied.

The Board of Directors in the Issuer is a one-tier management structure. This principle is applied in relation to the Executive Directors, who as Co-Chief Executive Officers are also officers of the Issuer and form its management. The remaining Directors are not officers of the Issuer and most of them have other professional activities in addition to the Issuer.

2.7. A company's management board member may sit on the corporate bodies of companies other than members of its group subject to the approval of the supervisory board.

This principle is not applied.

According to the Issuer's Certificate of Incorporation, the consent of the Board of Directors is not required for the President (or any Director) to sit on the management or supervisory board of companies other than members of the Issuer's group. The Issuer maintains a Conflict of Interests policy designed to prevent conflicts of interest at all levels.

2.8. Supervisory board members should be able to devote the time necessary to perform their duties.

This principle is applied.

The Issuer has a one-tier management structure; therefore, principles regarding members of the management board and supervisory board do not apply directly to the Issuer. The Issuer is incorporated in Delaware and has one governing body, the Board of Directors. Members of the Board undertake to devote the time necessary to perform their duties in compliance with the law and the Company's statutory documents.

2.9. The chair of the supervisory board should not combine this function with that of chair of the audit committee of the supervisory board.

This principle is applied.

The Issuer is a Delaware corporation and does not presently have a chairman of the supervisory board (or Board of Directors). The Chairman of the Audit Committee meets the independence criteria established by the company and by applicable regulations.

2.10. Companies allocate the administrative and financial resources necessary to ensure the efficient functioning of the supervisory board in a manner adequate to their size and financial standing.

This principle is applied.

2.11. In addition to its responsibilities laid down in the legislation, the supervisory board prepares and presents an annual report to the annual general meeting once per year. Such report includes at least the following:

The Issuer does not have a supervisory board, operates in a one-tier management structure and presents information on the members of the Board of Directors. Relevant information listed below is included in the Annual Report of the Company prepared by the Board of Directors and presented to all shareholders and to the market.

2.11.1. information about the members of the supervisory board and its committees, including an indication of those supervisory board members who fulfill the criteria of being independent referred to in the Act of May 11, 2017 on Auditors, Audit Firms and Public Supervision and those supervisory board members who have no actual and material relations with any shareholder who holds at least 5% of the total vote in the company, and information about the members of the supervisory board in the context of diversity;

This principle is applied.

2.11.2. summary of the activity of the supervisory board and its committees;

This principle is applied.

2.11.3. assessment of the company's standing on a consolidated basis, including an assessment of the internal control, risk management and compliance systems and the internal audit function, and information about measures taken by the supervisory board to perform such assessment; such assessment should cover all significant controls, in particular reporting and operational controls;

This principle is applied.

2.11.4. assessment of the company's compliance with the corporate governance principles and the manner of compliance with the disclosure obligations concerning compliance with the corporate governance principles defined in the Exchange Rules and the regulations on current and periodic reports published by issuers of securities, and information about measures taken by the supervisory board to perform such assessment;

This principle is applied.

2.11.5. assessment of the rationality of expenses referred to in principle 1.5;

This principle is applied.

2.11.6. information regarding the degree of implementation of the diversity policy applicable to the management board and the supervisory board, including the achievement of goals referred to in principle 2.1.

This principle is not applied.

The Issuer exercises a policy of employing persons who are competent, creative and have the professional experience and education necessary to perform their duties. The Issuer does not ensure the balanced participation of men and women on the Issuer's Board of Directors. There is an internal working group at the Issuer that addresses issues of Diversity, Equity and Inclusion, and will determine the diversity policy of the Issuer.

3. INTERNAL SYSTEMS AND FUNCTIONS

Efficient internal systems and functions are an indispensable tool of exercising supervision over a company.

The systems cover the company and all areas of activity of its group which have a significant impact on the position of the company.

3.1. Listed companies maintain efficient internal control, risk management and compliance systems and an efficient internal audit function adequate to the size of the company and the type and scale of its activity; the management board is responsible for their functioning.

This principle is applied.

3.2. Companies' organization includes units responsible for the tasks of individual systems and functions unless it is not reasonable due to the size of the company or the type of its activity.

This principle is applied.

3.3. Companies participating in the WIG20, mWIG40 or sWIG80 index appoint an internal auditor to head the internal audit function in compliance with generally accepted international standards for the professional practice of internal auditing. In other companies which do not appoint an internal auditor who meets such requirements, the audit committee (or the supervisory board if it performs the functions of the audit committee) assesses on an annual basis whether such a person should be appointed.

This principle is applied.

3.4. The remuneration of persons responsible for risk and compliance management and of the head of internal audit should depend on the performance of delegated tasks rather than the short-term results of the company.

This principle is applied.

3.5. Persons responsible for risk and compliance management report directly to the president or other member of the management board.

This principle is not applied.

The Issuer has a one-tier management structure; therefore, the principles regarding members of the management board do not apply directly to the Issuer. The Issuer is incorporated in Delaware and has one governing body, the Board of Directors.

Person responsible for risk management reports to the Chief Technology Officer, a member of the executive management team. The person responsible for compliance management reports to the General Counsel, a member of the executive management team.

3.6. The head of internal audit reports organizationally to the president of the management board and functionally to the chair of the audit committee or the chair of the supervisory board if the supervisory board performs the functions of the audit committee.

This principle is not applied.

The Issuer has a one-tier management structure; therefore, the principles regarding members of the management board do not apply directly to the Issuer. The Issuer is incorporated in Delaware and has one governing body, the Board of Directors.

The Head of Internal Audit was appointed by and reports to the Audit Committee of the Board of Directors and administratively reports to the EVP Finance, who is a member of the executive management team.

3.7. Principles 3.4 to 3.6 apply also to members of the company's group which are material to its activity if they appoint persons to perform such tasks.

This principle is applied.

3.8. The person responsible for internal audit or the management board if such function is not performed separately in the company reports to the supervisory board at least once per year with their assessment of the efficiency of the systems and functions referred to in principle 3.1 and tables a relevant report.

This principle is applied.

The Issuer has a one-tier management structure; therefore, principles regarding members of the management board and supervisory board do not apply directly to the Issuer. The Issuer is incorporated in Delaware and has one governing body, the Board of Directors. The Head of Internal Audit reports routinely to the Audit Committee of the Board of Directors with their assessment of the efficiency of the systems and functions referred to in principle 3.1 and tables a relevant report. Since the internal audit function was implemented only in Q4 2021 and the Head of IA was engaged only on December 1, 2021, the first such report will be compiled for the year ended December 31, 2022.

3.9. The supervisory board monitors the efficiency of the systems and functions referred to in principle 3.1 on the basis of, among other things, reports provided periodically by the persons responsible for the functions and the company's management board and makes an annual assessment of the efficiency of such systems and functions according to principle 2.11.3. Where the company has an audit committee, the audit committee monitors the efficiency of the systems and functions referred to in principle 3.1, which, however, does not release the supervisory board from the annual assessment of the efficiency of such systems and functions.

This principle is applied.

The Issuer has a one-tier management structure; therefore, principles regarding members of the management board and supervisory board do not apply directly to the Issuer. The Issuer is incorporated in Delaware and has one governing body, the Board of Directors.

The Board of Directors is, together with the Co-Chief Executive Officers, responsible for overseeing the financial reporting process of the Group, including monitoring of the efficiency of the systems and functions referred to in principle 3.1

The Issuer has an Audit Committee that reports to the Board of Directors. The Audit Committee is responsible for supervising the adequacy of the internal control system and for monitoring its effectiveness in the preparation of the consolidated financial statements.

3.10. Companies participating in the WIG20, mWIG40 or sWIG80 index have the internal audit function reviewed at least once every five years by an independent auditor appointed with the participation of the audit committee.

This principle is applied.

4. **GENERAL MEETING, SHAREHOLDER RELATIONS**

The management board and the supervisory board of listed companies should encourage the engagement of shareholders in matters of the company, in particular through active participation in the general meeting, either in person or through a proxy.

The general meeting should proceed by respecting the rights of all shareholders and ensuring that passed resolutions do not infringe on the legitimate interests of different groups of shareholders.

Shareholders who participate in a general meeting exercise their rights in accordance with the rules of good conduct. Participants of a general meeting should come prepared to the general meeting.

4.1. Companies should enable their shareholders to participate in a general meeting by means of electronic communication (e-meeting) if justified by the expectations of shareholders notified to the company, provided that the company is in a position to provide the technical infrastructure necessary for such general meeting to proceed.

This principle is applied.

4.2. Companies set the place and date and the form of a general meeting so as to enable the participation of the highest possible number of shareholders. For that purpose, companies strive to ensure that the cancellation of a general meeting, change of its date or break in its proceedings take place only if justified and do not prevent or limit the exercising of the shareholders' rights to participate in the general meeting.

This principle is applied.

4.3. Companies provide a public real-life broadcast of the general meeting.

This principle is applied.

4.4. The presence of representatives of the media is allowed at general meetings.

This principle is applied.

4.5. If the management board becomes aware of a general meeting being convened pursuant to Article 399 § 2 – 4 of the Commercial Companies Code, the management board immediately takes steps which it is required to take in order to organize and conduct the general meeting. The foregoing applies also where a general meeting is convened under authority granted by the registration court according to Article 400 § 3 of the Commercial Companies Code.

This principle is applied.

The Issuer is a Delaware corporation and, therefore, Section 399.2 – Section 399.4 of the Commercial Companies Code does not apply to the Issuer. However, in accordance with the Bylaws, the President shall call a Special General Meeting (SGM) at the written request of the Company's shareholders owning shares of the Company representing at least 10% of the voting rights. In a situation where a shareholder or shareholders make such a request, the board will take prompt and effective action to convene the SGM. According to the Bylaws of the Company, the Board shall convene such a meeting no less than 30 days and no more than 90 days after a valid written request. If the Board fails to do so, notice of the meeting may be given by the shareholders requesting the meeting. In addition, in accordance with the Certificate of Incorporation the SGM may be called at any time by or at the direction of the Board of Directors (by resolution approved by a vote of the majority of the Directors eligible to vote) or the Chairman of the Board of Directors.

4.6. To help shareholders participating in a general meeting to vote on resolutions with adequate understanding, draft resolutions of the general meeting concerning matters and decisions other than points of order should contain a justification, unless it follows from documentation tabled to the general meeting. If a matter is put on the agenda of the general meeting at the request of a shareholder or shareholders, the management board requests a presentation of the justification for the proposed resolution, unless previously presented by such shareholder or shareholders

This principle is applied.

4.7. The supervisory board issues opinions on draft resolutions put by the management board on the agenda of the general meeting.

This principle is applied.

The Issuer has a one-tier management structure; therefore, principles regarding members of the management board and supervisory board do not apply directly to the Issuer. Draft resolutions are reviewed and discussed by the Board of Directors.

4.8. Draft resolutions of the general meeting on matters put on the agenda of the General Meeting should be tabled by shareholders no later than three days before the General Meeting.

This principle is applied.

4.9. If the General Meeting is to appoint members of the supervisory board or members of the supervisory board for a new term of office:

4.9.1. candidates for members of the supervisory board should be nominated with a notice necessary for shareholders present at the General Meeting to make an informed decision and in any case no later than three days before the General Meeting; the names of candidates and all related documents should be immediately published on the company's website;

This principle is applied.

4.9.2. candidates for members of the supervisory board make a declaration concerning the fulfillment of the requirements for members of the audit committee referred to in the Act of May 11, 2017, on Auditors, Audit Firms and Public Supervision and having actual and material relations with any shareholder who holds at least 5% of the total votes in the company.

This principle is applied.

4.10. Any exercise of the rights of shareholders or the way in which they exercise their rights must not hinder the proper functioning of the governing bodies of the company.

This principle is applied.

4.11. Members of the management board and members of the supervisory board participate in a General Meeting, at the location of the meeting or via means of bilateral real-time electronic communication, as necessary to speak on matters discussed by the General Meeting and answer questions asked at the General Meeting. The management board presents to participants of an Annual General Meeting the financial results of the company and other relevant information, including non-financial information, contained in the financial statements to be approved by the General Meeting. The management board presents key events of the last financial year, compares presented data with previous years, and presents the degree of implementation of the plans for the last year.

This principle is applied.

The Issuer is a Delaware corporation and, accordingly, the provisions of the Commercial Companies Code do not apply and, therefore, the financial statements do not have to be approved by the shareholders.

4.12. Resolutions of the General Meeting concerning an issue of shares with subscription rights should specify the issue price or the mechanism of setting the price or authorize the competent body to set the price prior to the subscription right record date within a timeframe necessary for investors to make decisions.

This principle is not applied.

The Issuer is a Delaware corporation and, accordingly, the provisions of the Commercial Companies Code do not apply. The shares are issued by the Board of Directors.

4.13. Resolutions concerning a new issue of shares with the exclusion of subscription rights which grant pre-emptive rights for new issue shares to selected shareholders or other entities may pass subject to at least the following three criteria:

a) the company has a rational, economically justified need to urgently raise capital or the share issue is related to rational, economically justified transactions, among other things such as a merger with or the take-over of another company, or the shares are to be taken up under an incentive scheme established by the company;

b) the persons granted the pre-emptive right are to be selected according to objective general criteria;

c) the purchase price of the shares is in a rational relation with the current share price of the company or is to be determined in book-building on the market.

This principle is applied.

The Issuer is a Delaware corporation and, accordingly, the provisions of the Commercial Companies Code do not apply. The shares are issued by the Board of Directors. The Issuer's Certificate of Incorporation provides for limited pre-emptive rights of the Company's shareholders.

4.14. Companies should strive to distribute their profits by paying out dividends. Companies may retain all their earnings subject to any of the following criteria:

a) the earnings are minimal and consequently the dividend would be immaterial in relation to the value of the shares;

b) the company reports uncovered losses from previous years and the earnings are used to reduce such losses;

c) the company can demonstrate that investment of the earnings will generate tangible benefits for the shareholders;

d) the company generates insufficient cash flows to pay out dividends;

e) a dividend payment would substantially increase the risk to covenants under the company's binding credit facilities or terms of bond issue;

f) retention of the company's earnings follows recommendations of the authority which supervises the company by virtue of its business activity.

This principle is applied.

5. **CONFLICT OF INTEREST, RELATED PARTY TRANSACTIONS**

For the purpose of this section, "related party" is defined within the meaning of the International Accounting Standards approved in Regulation No (EU) 1606/2002 of the European Parliament and of the Council of July 19, 2002, on the application of international accounting standards.

Companies and their groups should have in place transparent procedures for managing conflicts of interest and for related party transactions where a conflict of interest may occur. The procedures should provide for ways to identify and disclose such cases and the course of action in the event that they occur. Members of the management board and members of the supervisory board should refrain from professional or other activities which might cause a conflict of interest or adversely affect their reputation as members of the corporate body, and, where a conflict of interest arises, they should immediately disclose it.

5.1. Members of the management board and members of the supervisory board notify the management board or the supervisory board, respectively, of any conflict of interest which has arisen or may arise, and refrain from discussions on the issue which may give rise to such a conflict of interest in their case.

This principle is applied.

5.2. Where a member of the management board or a member of the supervisory board concludes that a decision of the management board or the supervisory board, respectively, is in conflict with the interest of the company, he or she should request that the minutes of the management board or supervisory board meeting show his or her dissenting opinion.

This principle is applied.

5.3. No shareholder should have preference over other shareholders in related party transactions. The foregoing also concerns transactions concluded by the company's shareholders with members of the company's group.

This principle is applied.

5.4. Companies may buy back their own shares only in a procedure which respects the rights of all shareholders.

This principle is applied.

5.5. If a transaction concluded by a company with its related party requires the consent of the supervisory board, before giving its consent the supervisory board assesses whether to ask a prior opinion of a third party which can provide valuation of the transaction and review its economic impact.

This principle is applied.

The Issuer is a Delaware corporation and its corporate structure includes no Supervisory Board.

The Company's Board of Directors has adopted a "Related Party Transaction Policy". According to this Policy, material related party transactions are subject to approval by the Board of Directors.

The market terms of the related party transactions shall be assessed based on the information provided to the Audit Committee by an expert third party or market evidence. In order to perform the duties and obligations resulting from this Policy, the Audit Committee may also retain the services of external advisors, experts or consultants.

According to the "Related Party Transaction Policy", the Company shall disclose information on all material transactions concluded with related parties on its website. Full text of the Policy is available on the Company's website in the Governance section.

5.6. If a related party transaction requires the consent of the General Meeting, the supervisory board issues an opinion on the rationale of such transaction. In that case, the supervisory board assesses whether to ask a prior opinion of a third party referred to in principle 5.5.

This principle is applied.

The Issuer's Certificate of Incorporation, which is in accordance with Delaware law as applicable to the Issuer, does not require general meeting approval for the transactions in question. The manner in which consent to related party transactions is granted is described in section 5.5.

5.7. If a decision concerning the company's significant transaction with a related party is made by the General Meeting, the company should give all shareholders access to information necessary to assess the impact of the transaction on the interest of the company before the decision is made, including an opinion of the supervisory board referred to in principle 5.6.

This principle is applied.

The Issuer's Certificate of Incorporation, which is in accordance with Delaware law as applicable to the Issuer, does not require general meeting approval for the transactions in question. The manner in which consent to related party transactions is granted is described in section 5.5.

6. REMUNERATION

Companies and their groups protect the stability of their management teams by, among other things, transparent, fair, consistent and non-discriminatory terms of remuneration, including equal pay for women and men.

Companies' remuneration policy for members of corporate bodies and key managers should in particular determine the form, structure, and method of determining and payment of the remuneration.

6.1. The remuneration of members of the management board and members of the supervisory board and key managers should be sufficient to attract, retain and motivate persons with skills necessary for proper management and supervision of the company. The level of remuneration should be adequate to the tasks and responsibilities delegated to individuals and their resulting accountability.

This principle is applied.

6.2. Incentive schemes should be constructed in a way necessary to, among other things, tie the level of remuneration of members of the company's management board and key managers to the actual long-term standing of the company measured by its financial and non-financial results as well as long-term shareholder value creation, sustainable development and the company's stability.

This principle is applied.

6.3. If companies' incentive schemes include a stock option programme for managers, the implementation of the stock option programme should depend on the beneficiaries' achievement, over a period of at least three years, of pre-defined, realistic financial and non-financial targets and sustainable development goals adequate to the company, and the share price or option exercise price for the beneficiaries cannot differ from the value of the shares at the time when such programme was approved.

This principle is not applied.

The Company has two option plans. The first option program (employee stock option plan) was established by the Board of Directors on April 3, 2015, and the second on October 19, 2019. The plans entitle employees and certain consultants of the Issuer and its subsidiaries to purchase shares of the Company's stock at a specified price upon vesting of the option and provided that the option has not expired. Each option entitles the holder to purchase one common share of the Company.

Both option plans allow stock options to be exercised (at least in part) prior to three years after grant, but both plans typically have a vesting cliff of twelve months, followed by 36 monthly vesting periods, which spans the total plan over the period of four years.

6.4. As the supervisory board performs its responsibilities on a continuous basis, the remuneration of supervisory board members cannot depend on the number of meetings held. The remuneration of members of committees, in particular the audit committee, should take into account the additional workload on the committee.

This principle is not applied.

The Issuer does not have a supervisory board. The non-executive directors are remunerated with (i) a fixed annual salary, (ii) an additional salary for holding the position of president of the Audit Committee or the Nomination and Remuneration Committee or being a member of the Audit Committee or the Nomination and Remuneration Committee and (iii) remuneration for the participation in every meeting held.

6.5. The level of remuneration of supervisory board members should not depend on the company's short-term results.

This principle is applied.

Internal control and risk management

The Company's President is responsible for the Company's and Group's internal control system and the Board of Directors is responsible for supervision over the adequacy of the internal control system and over monitoring its effectiveness. In addition, the Board of Directors and the President of the Company are responsible for supervision over the preparation of the Group's consolidated financial statements in accordance with IFRS, as well as the Company's separate financial statements, which will also be prepared in accordance with IFRS.

The purpose of an effective internal control system over financial reporting is to ensure the adequacy and correctness of the financial information contained in the financial statements and interim and annual reports.

During the preparation of the Group's consolidated financial statements, the verification of the financial statements by an independent auditor is one of the main elements of the audit. The responsibilities of the auditor include, in particular, an audit of the annual consolidated financial statements. Substantially the same principles apply to the Company's separate financial statements. In addition to the audit of the annual consolidated and separate financial statements, the auditor's responsibilities include a review of the semi-annual separate and consolidated financial statements.

The Board of Directors elects an independent auditor. Upon the auditor's completion of the audit, the consolidated financial statements are sent to the members of the Board of Directors, which assesses the Company's consolidated financial statements with regard to their compliance with the books and documents as well as with the facts. Substantially the same procedures apply to the Company's separate financial statements.

The Board of Directors supervises the preparation of the Group's consolidated financial statements. The Board of Directors is required to ensure that the Group's consolidated financial statements and business statements meet the legal requirements. The President of the Company approves and signs the Group's consolidated financial statements. Substantially the same procedures apply to the Company's separate financial statements.

The supervision over the preparation of the separate financial statements of the Subsidiaries is conducted by their respective corporate bodies. The Company oversees such processes based on the available corporate powers and monthly reporting used by the Group. Additionally, the Issuer ensures the existence and effectiveness of such internal controls within the Group, including the Subsidiaries, as it deems necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

The Group's consolidated financial statements are prepared by the finance team and reviewed by the Board of Directors before receiving approval from the President of the Company and the issuance of an independent auditor's opinion. The financial data used in the annual and interim consolidated financial statements, as well as the monthly reporting used by the Group, derive from the Group's financial and accounting system and the financial systems used by external accounting teams. After all the predefined processes concerning the closing of the books have been completed at the end of each month, detailed financial and operational reports are prepared and, at the end of each quarter, additional consolidated IFRS reports. The Company applies consistent accounting principles when presenting financial data in financial statements and periodic financial reports.

The Company's separate financial statements are prepared by the finance team and reviewed by the Board of Directors before their approval by the President of the Company and the issue of an independent auditor's opinion. The financial data used in the annual and interim separate financial statements as well as the monthly reporting used by the Company derive from the Company's financial and accounting system.

The Company reviews the quality of its internal control and risk management systems with regard to the preparation of the consolidated financial statements. Substantially the same practice applies to the internal control and risk management systems with regard to the preparation of the Company's separate financial statements.

Diversity policy

In 2021, the Company had not developed or implemented a formal diversity policy with respect to its governing bodies and key managers. In 2022 the Company established an internal working group to address issues of Diversity, Equity and Inclusion, including with respect to remuneration. One of the matters to be addressed by the working group is the preparation of a group-wide diversity policy.

Related parties

Transactions between the Company and its subsidiaries

Transactions between the Company and Huuuge Global Limited

The Company buys some marketing services from third-party vendors, (primarily Facebook) and later recharges them to Huuuge Global Limited. There is no value added by Huuuge, Inc. in this process but changing the billing party by Facebook to Huuuge Global Limited would require setting up new accounts and would result in the need to optimize all user acquisition campaigns once again.

In the year ended December 31, 2022, these transactions amounted to USD 10,839 thousand and interest accrued on overdue receivables amounted to USD 0. As of December 31, 2022, unpaid marketing invoices amounted to USD 227 thousand and unbilled revenue amounted to USD 187 thousand. In the year ended December 31, 2021, these transactions amounted to USD 28,435 thousand and interest accrued on overdue receivables amounted to USD 0. As of December 31, 2021, unpaid marketing invoices amounted to USD 1,694 thousand, and unbilled revenue amounted to USD 1,216 thousand.

At the same time, the Company provided services to Huuuge Global Limited in the area of stewardship activities and game development.

In the year ended December 31, 2022, these transactions amounted to USD 2,922 thousand. As at December 31, 2022, the respective unpaid invoices amounted to USD 234 thousand and unbilled revenue amounted to USD 0 thousand. In the year ended December 31, 2021, these transactions additionally included legal services, and in total amounted to USD 3,824 thousand.

Transactions between the Company and Huuuge Games sp. z o.o. and other subsidiaries
In 2022, Huuuge Games sp. z o.o. provided Huuuge, Inc. with some administrative services such as back-office services. In 2021, Huuuge Games sp. z o.o. and Coffee Break Games United Ltd. provided Huuuge, Inc. with some administrative services such as the organization of Board of Directors meetings.

The value of such transactions in the year ended December 31, 2022 amounted to USD 89 thousand in total. As at December 31, 2021, the balance of unpaid invoices from such transactions amounted to USD 0 thousand. The value of such transactions in the year ended December 31, 2021 amounted to USD 878 thousand.

In 2022, Huuuge UK Ltd. provided Huuuge, Inc. with some administrative services such as advisory services. The value of such transactions in the year ended December 31, 2022 amounted to USD 661 thousand in total. The value of such transactions in the year ended December 31, 2021 amounted to USD 100 thousand.

Loan financing transactions in the Group

During the year ended December 31, 2022, there have been no loan financing transactions either from Huuuge, Inc. to any party related to Huuuge, Inc. or from Huuuge Group to any party related to the Huuuge Group.

Transactions between the Company and its shareholders

In 2022, there were no transactions between the Company and its shareholders.

Transactions between the Company and the Board of Directors

Except for the transactions mentioned above in the section "Agreements with Board of Directors", i.e. the remuneration paid by the Issuer to members of the Board of Directors and shares and share options held by members of the Board of Directors, there were no other transactions between the Issuer and the members of the Board of Directors.

The Company has not concluded any transactions with related parties of other members of the Board of Directors.

Transactions concluded between the Subsidiaries and related parties

Except for the transactions mentioned below, in the year ended December 31, 2022, the Subsidiaries did not conclude any transactions with related parties of the Company other than the Subsidiaries.

On March 7, 2023 the 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 of USD 213 thousand, both for a six-month period at a market interest rate.

Rules for amending the issuer's certificate of incorporation

The Certificate of Incorporation can be amended or repealed in the manner prescribed by the laws of the State of Delaware and all rights conferred upon shareholders are granted subject to this reservation. Under the Certificate of Incorporation, the following provisions in the Certificate of Incorporation may be amended, altered, repealed or rescinded, in whole or in part, directly or indirectly, only by an affirmative vote of the holders of at least 66 and 2/3% of the voting rights of the Company's outstanding shares: Article V, Article VI, Article VII, Article VIII, Article IX, Article X and Article XI.

The Company's Board of Directors is authorized to adopt, amend or repeal the Bylaws without the assent or vote of the shareholders. The affirmative vote of the holders of at least 66 and 2/3% of the voting power of the Company's outstanding shares shall be required in order for the Company's shareholders to alter, amend, repeal or rescind, in whole or in part, any provision of the Bylaws or to adopt any provision inconsistent therewith.

As long as at least one Series A Preferred Share or one Series B Preferred Share is issued and outstanding, the Corporation shall not amend, alter, or repeal any provisions of the Certificate of Incorporation or Bylaws concerning rights of the holders of the Series A Preferred Shares or holders of the Series B Preferred Shares, without the written consent or affirmative vote of the holders of at least a majority of the then outstanding Series A Preferred Shares and Series B Preferred Shares.

Changes in the basic principles of management

The Issuer did not make any changes to the basic principles of management of the Issuer's enterprise and its Group.

Identification of significant court cases

There are no significant court cases pending.

GLOSSARY

ARPDAU	Average revenue per daily active user
ARPPU	Average revenue per paying user
DAU	The number of individual users who played a game on a particular day
DPU	The number of players (active users) who made a purchase on a given day
eCPI	Cost of one Install in a given period (including installs acquired from paid channels as well as installs not directly related to paid user acquisition channels)
Free-to-play	A games sales model where the game is downloaded by the user for free, and its creators earn money through in-app advertising or in-app purchases (players purchase in-game items, skills, experience points, etc.)
Casual games	A type of game designed for players with the following features: (i) as a general rule, not feeling the need or not being able to spend a significant amount of time playing, (ii) not needing to improve their gaming skills in a significant way, iii) preferring relatively simple and easy-to-learn game mechanisms
Social casino games	The type of games in which a player can play a certain number of slot machines; the player also has the opportunity to participate in other casino games.
Live events	Real-time events, promotions and special offers enabling players to win additional prizes or to improve gameplay
Live Ops	Activities aimed at increasing the player engagement, including by adding new features to games, recurring and one-off virtual events in which players can participate, and active management of promotions within the game
LTV	Life-Time Value – estimated total revenue generated from a model player
MAU	The number of individual users who played a game during a particular month
Monthly Conversion	The percentage of MAU that made at least one purchase in a month during the same period. In-app purchases Payments made by users after downloading a game, in connection with the purchase of additional game features
In-app purchases	Can be made through various non-cash payment instruments (e.g. payment card, transfer), various electronic channels (e.g. e-banking, mobile phone) or using payment service providers (e.g. PayPal)
Monetization	The process of generating revenue from games through, among other things, in-app purchases and in-app advertising
MPU	The number of players (active users) who made a purchase at least once in a given month
Retention	The number of users who continued to use the game after a certain period of time after downloading the application
RTB	Real-Time Bidding - it refers to the practice of buying and selling ads in real time on a per-impression basis in an instant auction
User acquisition	The process of acquiring users through paid campaigns or promotional offers

BOARD OF DIRECTORS' STATEMENTS

Pursuant to the requirements of the Regulation of the Minister of Finance of March 29, 2018 on current and periodic information provided by issuers of securities and on conditions under which information required by legal regulations of a non-member state may be recognized as equivalent, the Board of Directors of Huuuge, Inc. hereby represents that:

- to the best of its knowledge, the annual financial statements and the comparative information were prepared in accordance with the currently effective accounting principles, and they reflect in a true, fair and clear way the financial position results of the Company, and the Board of Directors' report on activities contains a true image of the Company's development, achievements and standing, including description of basic risks and threats;
- within the scope of its competences, the Board of Directors supervised the process of preparing the annual financial statements and the comparative information and the Board of Directors' report on activities for the year ended December 31, 2022;
- the selection of the audit firm conducting the audit of the annual financial statements has been made in accordance with the applicable regulations, including the selection and procedure for the selection of an audit firm;
- the audit firm and the members of the audit team met the conditions for preparing an impartial and independent audit reports on the annual financial statements in accordance with applicable regulations, professional standards and professional ethics;
- it adopted a policy governing the selection of an audit firm and a policy governing the provision of additional non-audit services to the issuer by an audit firm, its related parties and members of its network, including services conditionally exempt from the prohibition on being provided by an audit firm;
- the Company complies with the applicable regulations related to the rotation of the audit firm and the key statutory auditor and mandatory grace periods;
- the Company observes regulations that govern the appointment, composition and operations of the Audit Committee, including in particular the fulfillment of independence criteria by its members and requirements concerning knowledge and skills related to the industry in which the issuer operates, as well as to accounting or the audit of financial statements;
- the audit committee performed the tasks of the audit committee provided for in the applicable regulations;
- because of the Company's monistic corporate governance system, the Company does not have a separate supervisory body within the meaning of § 70 (1) (14) and § 71 (1) (12) of the Regulation of the Minister of Finance of March 29, 2018 on current and periodic information provided by issuers of securities and on conditions under which information required by legal regulations of a non-member state may be recognized as equivalent (Journal of Laws of 2018, item 757). The Board of Directors has positively evaluated the financial statements and the consolidated statements in terms of their conformity with the books and documents as well as with the facts. The Company's Board of Directors assessed the aforementioned statements after reviewing their content, as well as information from the Company's independent auditor and the Audit Committee of the Board of Directors, which included: i) the independent auditor's report on the audit of the Company's financial statements for the fiscal year 2022, ii) the independent auditor's report on the audit of the Company's consolidated financial statements for fiscal year 2022 and iii) presentation of the auditor to the Audit Committee of the Board of Directors and the meetings of the Audit Committee with the representatives of the auditor, including the key registered auditor, followed by a recommendation of the Audit Committee of the Board of Directors with respect to an evaluation of the financial statements and the consolidated financial statements. In view of the above, the Board of Directors has made a positive assessment of the said financial statements. Due to the Company's monistic corporate governance system, the Board of Directors cannot make the declarations referred to in § 70 (1) (14) and § 71 (1) (12) of the Regulation of the of the Minister of Finance of March 29, 2018 on current and periodic information provided by issuers of securities and on conditions, regarding the issuer's management report and the issuer's group management report, as the Board of Directors is itself responsible for the equivalent of the aforementioned reports (Board of Directors' report on activities), which was prepared jointly for the Company and the Group;
- the Company, being a Delaware-incorporated company, is not subject to the obligation to prepare a statement of non-financial information designated by Section 49b (1) of the Polish Accounting Act (Journal of Laws of 2021, item 217) and § 70 paragraph 1 point 5) and § 71 paragraph 1 point 5) of the Regulation of the Minister of Finance of March 29, 2018, on current and periodic information provided by issuers of securities and on conditions under which information required by legal regulations of a non-member state may be recognized as equivalent (Journal of Laws of 2018, item 757).

On behalf of the Board of Directors of Huuuge, Inc.

____

Anton Gauffin
Chief Executive Officer & executive director

Unanimous Written Consent of the Board of Directors of Huuuge, Inc.

March 24, 2023

The undersigned, being all of the members of the Board of Directors (the "**Board**") of HUUUGE, INC., a Delaware corporation (the "**Company**"), following diligent review of the facts and related documents, have not uncovered any information to indicate that the Company should not execute the measures covered by this consent and, therefore, do hereby adopt the following resolutions by unanimous written consent (the "**Board Consent**") in lieu of a meeting in accordance with Section 141(f) of the Delaware General Corporation Law ("**DGCL**") and the Bylaws of the Company, and further waive any and all notices that may be required to be given with respect to a meeting of the directors of the Company:

- **Whereas**, the Company's President, Anton Gauffin and Huuuge Capital Group EVP Finance and the currently acting CFO, Marek Chwałek, have presented to the Board the consolidated financial statements of the Company for the full year period ended December 31, 2022 ("**Consolidated Financial Statements**"), the separate financial statements of the Company for the full year period ended December 31, 2022 ("**Separate Financial Statements**") and the annual report for the full year ended December 31, 2022 (including certain representations of the Board to this report which are included therein in the document titled "Board of Directors' Statements") ("**Annual Report**" and together with the Consolidated Financial Statements and Separate Financial Statements, the "**Reports**") as attached herein as Exhibit A to this Board Consent; and
- **Whereas**, the Company desires to approve and publish the Reports;
- **Whereas**, the Board is required to make certain representations within the Annual Report;
- **Whereas**, the Board has reviewed the Reports and intends with this Board Consent to give to Anton Gauffin authorization to issue and execute the Reports on behalf of the Company.
- **Now, Therefore,** it being in the best interest of the Corporation, it is hereby:
- **Resolved**, that the Reports substantially in the form attached herein as Exhibit A to this Board Consent are hereby approved and Mr. Anton Gauffin is authorized to issue and execute the Reports on behalf of the Company as the Company's President and CEO;
- **Resolved further**, that Mr. Anton Gauffin is authorized to execute on behalf of the Company the Reports substantially in the form attached herein as Exhibit A to this Board Consent, but with such changes and additions as Mr. Marek Chwałek or Mr. Anton Gauffin may deem to be in the best interests of the Company (such determination that a change or addition is in the best interests of the Company to be conclusively evidenced by Mr. Anton Gauffin's or Mr. Marek Chwałek's or his or their designee's execution of the modification, provided that notice is provided to the Board of any changes to the Reports that deviate from Exhibit A in a reasonable time after the Reports have been executed);
- **Resolved further**, that Mr. Anton Gauffin, or his designee, as an authorized representative of the Company, is individually further authorized and directed to file the Reports, with all exhibits thereto, and other documents in connection therewith, with the Polish Financial Supervision Authority (Komisja Nadzoru Finansowego) and to take all such further actions and to execute and deliver all such instruments and documents in the name and on behalf of the Company, and under corporate seal or otherwise, as in the individual's judgment shall be necessary, proper, or advisable in order to fully carry out the intent and to accomplish the purposes of the foregoing resolutions; and
- **Finally resolved**, that any and all actions of Mr. Anton Gauffin and any of his agents or designees pursuant to, or in furtherance of the intent and purposes of the foregoing resolutions, including prior to the date of the foregoing resolutions adopted hereby that are within the authority conferred thereby are hereby ratified, confirmed and approved as the acts and deeds of the Company.

The undersigned constituting all of the members of the Board do hereby consent to and approve the adoption of the foregoing resolutions effective as of the date first written above. This consent may be executed in any number of counterparts, each of which shall be deemed an original and all of which together shall constitute one instrument. This consent may be executed by way of either digital or electronic signatures.

Board Of Directors

Anton Gauffin
Rod Cousens
Henric Suuronen
John Salter
Krzysztof Kaczmarczyk
Tom Jacobsson

HUUUGE, INC.
850 New Burton Rd.,
Suite #201,
Dover, DE 19904
United States of America

Contact for Investors
investor@huuugegames.com
https://ir.huuugegames.com
http://huuugegames.com