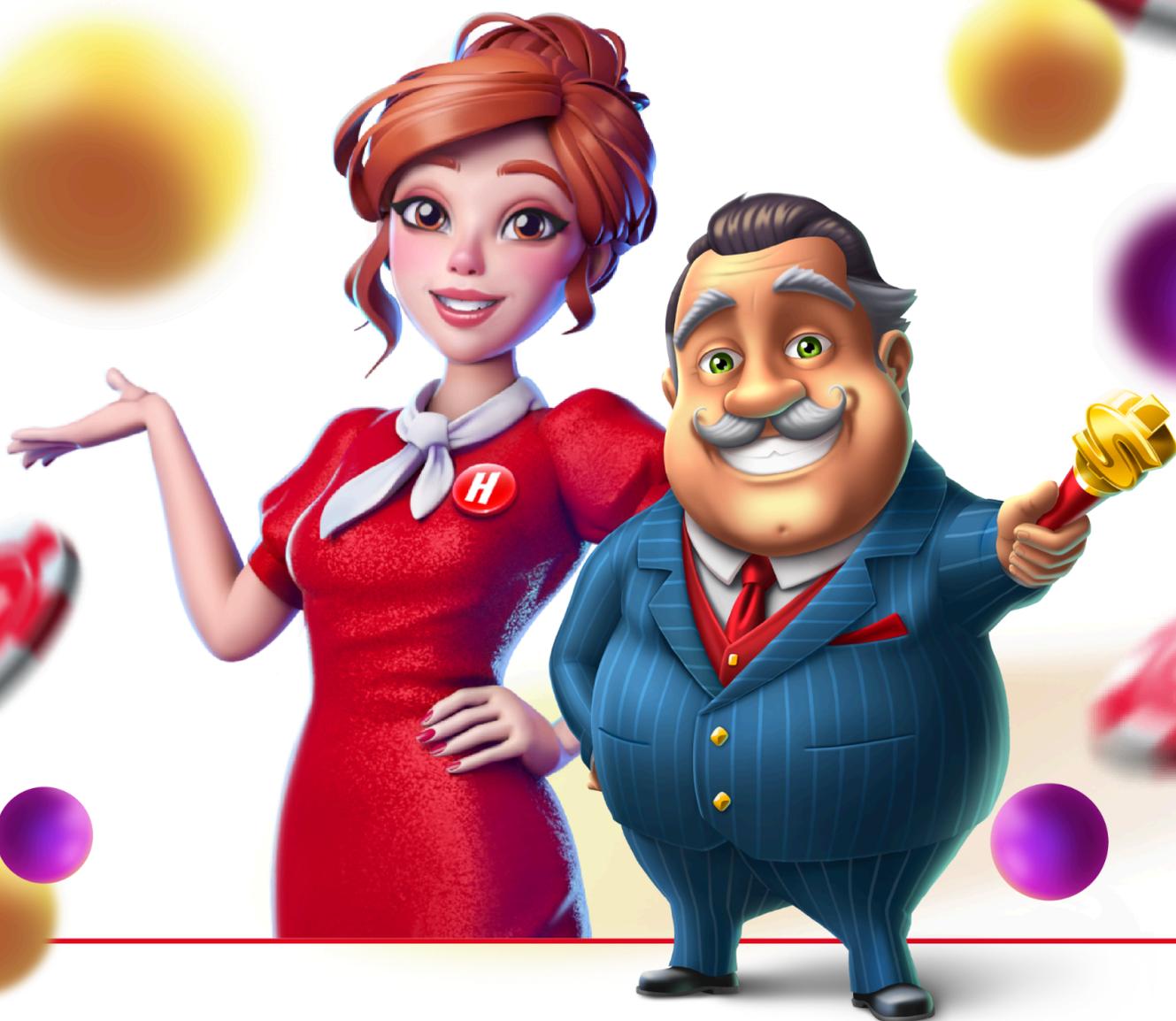


HUUUGE



HUUUGE GROUP

Report on Activities

for the six-month period ended June 30, 2024

Disclaimer

This Report on Activity of Huuuge Group for the six-month period ended June 30, 2024 (the "Semi-Annual Report") has been prepared in accordance with §69 of 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. Since the separate data for Huuuge, Inc. and the consolidated data for the Huuuge Group are generally similar (trends are maintained for individual balance sheet and result items), the Board of Directors and Management perform and present a joint analysis for the separate and consolidated data.

Unless implied otherwise in this Semi-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 Semi-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 Semi-Annual Report may not conform exactly to the total figure given for that column or row.

Industry and Market Data

This Semi-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 Semi-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 Semi-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 Semi-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 in line with how we define or report such information in this Semi-Annual Report.

While we are not aware of any mis-statements regarding the industry data presented herein, our estimates involve certain assumptions, risks and uncertainties and are subject to change based on various factors.

Key Performance Indicators

Certain KPIs included in this Semi-Annual Report, including DAU, MAU, DPU, MPU, ARPDAU, ARPPU and Monthly Conversion, are derived from management estimates, are not part of our financial statements or financial accounting records and have not been audited or otherwise reviewed by independent auditors, consultants or experts.

Our use or computations of these KPIs may not be comparable to the use or computations of similarly titled measures reported by other companies in our industry, by research agencies or by market reports. For that reason, comparisons using this information may not be reliable. Other companies, research agencies or market reporters may include other items or factors in their calculation of similar metrics and may use certain estimates and assumptions that we do not use when calculating these metrics. These factors may cause the calculations by others of similar metrics to differ substantially from our calculations if their methodologies instead were used to calculate our KPIs. The KPIs are not accounting measures, but management believes that each of these measures provides useful information concerning the usage and monetization patterns of our games, as well as the costs associated with attracting and retaining our players. None of the KPIs should be considered in isolation or as

an alternative measure of performance under IFRS, and their inclusion in this Semi-Annual Report does not mean that the Issuer will continue to report these KPIs in the future.

Forward-looking statements

The Semi-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 approval of the Semi-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 Semi-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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Consolidated financial data

	USD	USD	EUR	EUR	PLN	PLN
in thousand USD	6m`2024	6m`2023	6m`2024	6m`2023	6m`2024	6m`2023
Revenue	130,325	140,934	120,571	130,408	520,467	603,449
Operating profit (loss)	34,638	48,902	32,046	45,250	138,331	209,388
Pre-tax profit (loss)	38,494	52,469	35,613	48,550	153,730	224,661
Net profit (loss)	31,611	44,104	29,245	40,810	126,242	188,844
Net cash flows from operating activities	32,733	37,391	30,283	34,598	130,723	160,100
Net cash flows from investing activities	(2,504)	2,628	(2,317)	2,432	(10,000)	11,253
Net cash flows from financing activities	(72,459)	(1,985)	(67,036)	(1,837)	(289,373)	(8,499)
Total net cash flows	(42,230)	38,034	(39,069)	35,193	(168,650)	162,854
Cash and cash equivalents at the end of period	109,591	259,587	102,450	239,539	441,899	1,066,020
Number of shares at the end of period	59,984,981	84,246,697	59,984,981	84,246,697	59,984,981	84,246,697
Weighted average number of shares	60,371,117	79,418,767	60,371,117	79,418,767	60,371,117	79,418,767
Earnings per share basic (EPS)	0.52	0.56	0.48	0.52	2.08	2.40

	EUR	PLN	EUR	PLN
	6m`2024	6m`2024	6m`2023	6m`2023
Annual average exchange rate	1.0809	0.2504	1.0807	0.2335
Exchange rate at the end of the reported period	1.0697	0.2480	1.0837	0.2435

Separate financial data

	USD	USD	EUR	EUR	PLN	PLN
in thousand USD	6m`2024	6m`2023	6m`2024	6m`2023	6m`2024	6m`2023
Revenue	447	1,068	414	988	1,785	4,574
Dividend income	43,973	94,693	40,682	87,622	175,611	405,537
Operating profit (loss)	42,042	91,580	38,895	84,741	167,899	392,206
Pre-tax profit (loss)	43,431	93,374	40,180	86,401	173,446	399,889
Net profit (loss)	42,410	92,170	39,236	85,287	169,369	394,732
Net cash flows from operating activities	6,977	89,122	6,455	82,467	27,863	381,679
Net cash flows from investing activities	(1,912)	2,029	(1,769)	1,877	(7,636)	8,690
Net cash flows from financing activities	(70,258)	244	(65,000)	226	(280,583)	1,045
Total net cash flows	(65,193)	91,395	(60,314)	84,570	(260,355)	391,413
Cash and cash equivalents at the end of period	15,116	177,315	14,131	163,620	60,952	728,193
Number of shares at the end of period	59,984,981	84,246,697	59,984,981	84,246,697	59,984,981	84,246,697

	EUR	PLN	EUR	PLN
	6m`2024	6m`2024	6m`2023	6m`2023
Annual average exchange rate	1.0809	0.2504	1.0807	0.2335
Exchange rate at the end of the reported period	1.0697	0.2480	1.0837	0.2435

1. General information

Huuuge, Inc. and its Group

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

The Issuer is a global enterprise with a team of around 450 people from 15 different nationalities, working in seven offices located around the world.

Since February 2021, shares of common stock are listed on the Warsaw Stock Exchange (Giełda Papierów Wartościowych w Warszawie S.A.).

Changes to the Group in first half of 2024

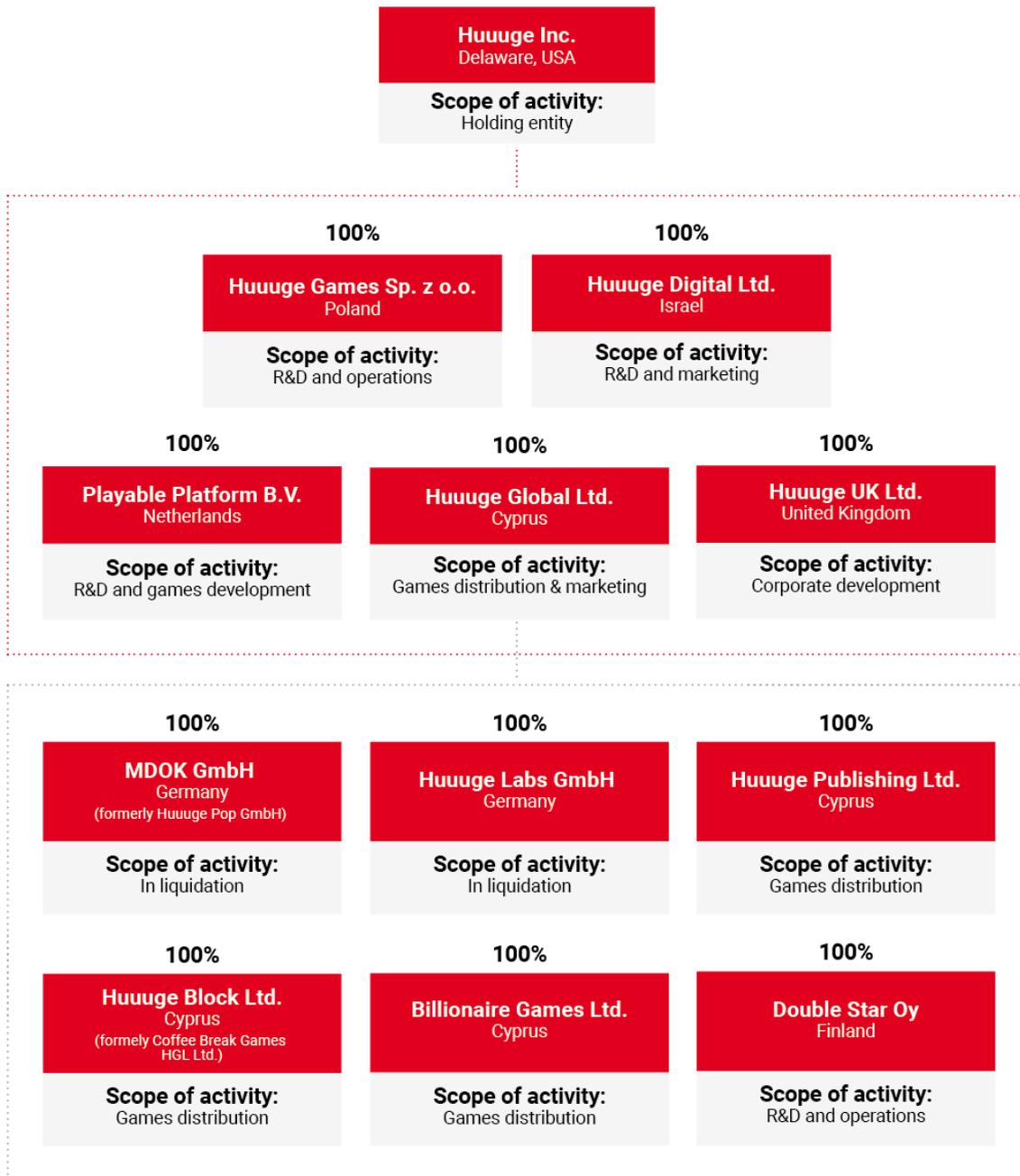
As of the date of submitting this Report for approval, MDOK GmbH and Huuuge Labs GmbH, two remaining German subsidiaries of the Group remain in voluntary liquidation proceedings initiated in 2022.

Coffee Games United Limited, which started voluntary liquidation in 2022, was eventually dissolved as of January 24, 2024.

Huuuge Mobile Games Limited, which started voluntary liquidation in 2022, was eventually dissolved as of May 27, 2024.

As of June 30, 2024, Huuuge Group ("Group") comprised Huuuge, Inc. (parent company), 5 subsidiaries directly and fully controlled by the Company and 6 subsidiaries fully controlled by Huuuge Global Ltd. with its registered office in Limassol, Cyprus. All companies are consolidated under the full method.

The below shows the current structure of the Group with percentage shareholding in share capital of each entity.



The Board of Directors

In accordance with the Certificate of Incorporation and Bylaws, the Board of Directors consists of five (5) Directors, of which: (i) one (1) 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 (2) Directors (the "Series B Directors"), are 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 signed by holders of the majority of the Series B Preferred Shares, provided that one such Series B Director, to be qualified, shall be Anton Gauffin, and (iii) the remaining Directors are elected by the holders of Common Shares.

Directors of the Company are appointed for term of office terminating on a date of the next Annual General Meeting or until his successor has been elected and qualified, or until his earlier death, resignation, removal or retirement.

At the Annual General Meeting that took place on June 18, 2024, the holder of Series A Preferred Stock appointed John Salter for an additional term of office, the holder of Series B Preferred Stock appointed Anton Gauffin and Henric Suuronen for an additional term of office, and holders of Common Stock of the Company appointed Krzysztof Kaczmarczyk and Tom Jacobsson. Each director has been appointed until his successor has been elected and qualified, or until his earlier death, resignation, removal or retirement.

The below table includes main information on people holding the function of directors as of the date of approval of this Report.

Full Name	Function	Year of appointment for current term of office	Year of end of current term of office
Anton Gauffin	Chairman of the Board of Directors and executive director	2024	2025
Henric Suuronen	Non-executive director	2024	2025
John Salter	Non-executive director	2024	2025
Krzysztof Kaczmarczyk	Non-executive director (independent)	2024	2025
Tom Jacobsson	Non-executive director (independent)	2024	2025

Annual General Meeting

On June 18, 2024, Annual General Meeting took place, during which the directors were reappointed as well as Paragraph 4.1 of Article IV of the Fourth Amended and Restated Certificate of Incorporation was amended in full and Article VII of the Fourth Amended and Restated Certificate of Incorporation was changed in full, as indicated in detail in current report nr 31/2024 dated June 18, 2024. On July 2, 2024, the Secretary of State of the State of Delaware registered the change to the Certificate of Incorporation of the Issuer and the changes came to effect with that date as indicated in current report nr 35/2024 dated July 3, 2024.

2. Company Business Profile

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



MISSION

Empower billions of people to play together



VISION

Transform mobile gaming into a massively social experience

The primary business activity is:

- Production of mobile games in a free-to-play model (a game distribution formula that does not require payment for downloading the game or paying a subscription fee),
- Distribution and acquisition of users for our own mobile games.

Key products

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

Our core franchises are Huuuge Casino and Billionaire Casino. Together, they generated 97% of Huuuge’s total revenues in the first half of 2024. Our legacy games¹ generated 3% of total revenues and include different titles at various stages of their life cycle.



Huuuge Casino: The game was launched in June 2015. It is Huuuge’s flagship title responsible for 65% of total HY 2024 revenue and for over USD 1.4 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 #24 (Apple App Store) and #11 (Google Play) among social casino apps in the United States in terms of revenue as at June 30, 2024.



Billionaire Casino: The game was launched in October 2016. Its revenue has grown rapidly since its release. It has achieved over USD 0.6 billion of lifetime revenue and constitutes 33% of our total first half of 2024 revenues. Due to its aesthetic, which is different from that of Huuuge Casino, Billionaire Casino is targeted at a different player base in terms of demographics. Similar to Huuuge Casino, Billionaire Casino offers players a number of casino slot machines, as well as card games and roulette. Billionaire Casino allows players to create a club with their friends or join a club and meet new people while playing slot machines. In addition, the game allows players to participate in club events by playing slots and other casino games. Billionaire Casino is ranked #35 (App Store) and #25 (Google Play) among social casino apps in the United States in terms of revenue as at June 30, 2024.

New titles

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

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

Development works are still at an early stage, we have tested several prototypes in Q2 2024 and are planning two MVP/tech launches in H2 2024.

¹ Change of terminology from 'new franchises' to 'legacy games' starting Q2 2024.

3. Shares and Significant Shareholders Structure

Share capital structure of Huuuge

As of the date of approval of this Report, the share capital structure of the Issuer is as follows:

- The authorized capital comprises 85,300,474 shares divided into two classes, consisting of (i) 85,300,472 shares of common stock with a par value of \$0.00002 per share and (ii) 2 shares of preferred stock with a par value of \$0.00002 per share, divided into two series consisting of 1 Series A share of preferred stock with a par value of \$0.00002 per share and 1 Series B share of preferred stock with a par value of \$0.00002 per share;
- The issued capital is 59,984,981 and consists of (i) 59,984,979 shares of common stock with a par value of USD 0.00002 per share and (ii) 2 shares of preferred stock with a par value of USD 0.00002 per share, divided into two series consisting of 1 Series A share of preferred stock with a par value of USD 0.00002 per share and 1 Series B share of preferred stock with a par value of USD 0.00002 per share.

Share Buyback

On March 14, 2024, the Company announced a share buyback in the form of a time-limited invitation to submit to the Company sale offers relating to shares in the Company, at a pre-determined and fixed price per share, open to all shareholders of the Company (the "Invitation") (the "SBB").

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

In the course of the SBB:

- The Issuer acquired 7,139,797 shares of common stock of its own shares for the total amount of USD69,999,998, which constituted 10.64% share capital of the Company and entitled to 10.64% of the total number of votes at the general meeting of the Company. After the SBB, the Company held 11,141,843 treasury shares representing 16.60% of its share capital and total number of votes at the General Meeting,
- Big Bets OÜ sold to the Company 2,332,116 shares of common stock of the Company, constituting 3.47% of the share capital of the Company entitling to 3.47% of the total amount of votes at the General Meeting,
- RPII HGE LLC sold to the Company 970,559 shares of common stock of the Company, constituting 1.45% of the share capital of the Company entitling to 1.45% of the total amount of votes at the General Meeting.

Retirement of shares purchased by the Issuer during the share buyback

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

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

Treasury Shares

As of the date of publication of the last periodic report (report for Q1 2024), i.e., on May 28, 2024, the Company held 4,002,046 treasury shares.

On June 24, 2024, the Board of Directors resolved on allocating 22,927 treasury shares for the purposes of exercising the employee stock options. Those shares have been distributed to the employees.

As of the date of approval of this Report, the Company held 3,979,119 treasury shares.

Significant Shareholders

To the best of the Company's knowledge, as of the date of publication of this Quarterly Report, the below tables show the shareholders holding (directly or indirectly through subsidiaries) at least 5% of the total number of votes at the Issuer's general meeting as of the date of publication of this Quarterly Report i.e. September 5, 2024 and as of the date of the publication of the previous periodic report, i.e. May 28, 2024.

As of 28 May, 2024

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

¹ including one Preferred Share;

² According to the Nationale Nederlanden notification dated May 4, 2022 notified in the Current Report 19/2022, percentage of shareholding and voting power as calculated by the Company as of the date of publication of this Quarterly Report.

³ The Company cannot exercise voting rights from its treasury shares according to Delaware law.

As of September 5, 2024

<i>Number of shares/votes</i>	59,984,981		59,984,981	
Shareholder	Shares	% of share capital	Votes	% of votes at the General Meeting
Anton Gauffin (through Big Bets OÜ) ¹	18,773,294	31.30	18,773,294	31.30
Raine Group (through RPII HGE LLC) ¹	7,600,966	12.67	7,600,966	12.67
Nationale-Nederlanden Pension Fund	5,688,696	9.48 ²	5,688,696	9.48 ²
Huuuge Inc. ³	3,979,119	6.63	3,979,119	6.63
<i>Others</i>	23,942,906	39.91	23,942,906	39.91

¹ including one Preferred Share;

² According to the Nationale Nederlanden notification dated May 4, 2022 notified in the Current Report 19/2022, percentage of shareholding and voting power as calculated by the Company as of the date of publication of this Quarterly Report.

³ The Company cannot exercise voting rights from its treasury shares according to Delaware law.

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

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

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

The table below presents, to the best of the Company's knowledge, the shares and outstanding stock options held directly or indirectly by the Company's Board of Directors as of the date of publication of this Quarterly Report and as of the date of the publication of the previous periodic report, i.e. May 28, 2024.

As of May 28, 2024

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

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

As of September 5, 2024

Members of the Company's Board of Directors	Function	Common Shares	Outstanding Stock Options
Anton Gauffin (through Big Bets OÜ) ¹	Executive Chairman of the Board & Executive director	18,773,294	425,000
Henric Suuronen	Non-executive director	1,673,610	-

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

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

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

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

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

Principles for the preparation of the interim condensed consolidated financial statements

The interim condensed consolidated financial statements as at and for the six-month period ended June 30, 2024 have been prepared in accordance with the IAS 34 Interim Financial Reporting as adopted by the European Union.

The interim condensed consolidated financial statements for the six-month period ended June 30, 2024 and the condensed separate financial statements for the six-month period ended June 30, 2024 prepared in accordance with the IAS 34 Interim Financial Reporting as adopted by the European Union and the Huuuge Group Report on Activities for the six-month period ended June 30, 2024 should be considered jointly.

4. Key Risk Factors

4.1 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 impact 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 Officer and Risk Owners.

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 facilitates 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 compares 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 depends on developing and publishing 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".

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.

Currently, we derive 99% 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. 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.

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 maintain existing campaign performance and payback periods. In response, we have been actively lowering spend levels to maintain and/or improve our payback periods. 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. 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 96% of our revenue in 2023, 93% of our revenue in 2022 and 88% of our revenue in 2021. 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.

We are highly dependent on distribution platforms when offering our games to players. Any adverse changes in our existing arrangements with these third parties or changes to third parties' policies or terms of service, 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. Above changes could also negatively impact our ability to offer our existing or future games, or restrict the availability of certain features.

Changes in gaming technologies and hardware preferences

We rely, to varying degrees, on mobile and PC based hardware and specific gaming technologies (middleware like Unity) to make our games performance attractive and interactive for our users to play our games. If new immersive technologies and hardware would become successful or become a de facto new standard for online games, we would have to develop new versions of our existing and new games. As technologies differ in their capabilities, performance, compatibility across platforms and operating systems, differences between performance and gameplay within systems might affect perception of our games. If we introduce games using new hardware or technologies when it is unclear if they would be widely accepted by users or opposite - introduce new standards very late to our games, when a significant market shift has already occurred, our financial performance might be affected.

Ability to retain skilled employees and further develop an attractive employer brand

The Group strives to continue to build a reputation of being an attractive employer brand and to ensure our reward and recognition practices remain competitive. The Group has implemented a number of procedures to engage dynamically with its employees and act on constructive feedback to improve our workplace. We undertake employee engagement surveys and carry out salary benchmarking to ensure our core salaries remain competitive in addition to our competitive benefits packages.

Artificial Intelligence (AI) generated content present both risk and opportunities

The incorporation of AI-generated content can substantially reduce costs of game development and speed to market. However it may limit innovation and creativity which are differentiating factors across games, leading to excessive homogenization of

gaming products. Legal ambiguity surrounding AI-generated works creates copyright concerns. Dynamic nature of AI-generated content and tools can lead to unexpected or unwanted game elements, requiring a careful balance between AI's creative freedom and the need for a coherent gaming experience.

We acknowledge AI algorithms utilized in gaming have the potential to inadvertently distribute biases and inequalities, be it in character design, dialogue systems, or gameplay mechanics. Also AI generated content must follow extended verification to ensure it is not violating any existing rights, patents and other elements belonging to 3rd parties. We need to ensure AI models are trained on diverse and non-discriminatory datasets and do not create output which can be subject to 3rd party infringements.

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 terms similar or better to current ones. 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. At the same time, response and actions taken for the case of CrowdStrike update bug confirm that relevant internal teams have sufficient skills and tools to effectively manage similar risks on the current phase of company development

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 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, such 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.

The market of new technologies is developing rapidly therefore we constantly monitor new technologies and IT solutions in order to quickly adapt to the solutions introduced to the market. The failure to analyze or delayed implementation of new technologies may result in a loss of competitiveness in the market, which could have a negative impact on 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 currently and in the future explore acquisitions to strengthen our market position in selected game genres and expand our game development talent pool. 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. Acquisitions and integration related 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 without protection 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 depending on the scope of such information.

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 frequency of cyber-attacks, which may 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; however, the Group cannot assure it would efficiently remedy this risk also in the future.

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. 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 2023.

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. 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 and the Free to Play segment (from which we derive the majority of our revenue), is considered to be a highly competitive and rapidly evolving industry with relatively 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 and Google's Play Store, 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 1% of Huuuge's Group 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 expansively 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 direct 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 potential 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; 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, licenses, 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 presents 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 or other countries 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.

4.2 Internal control and risk management

The Company's Chief Executive Officer 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 is 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 Company's CEO approves and signs the Group's consolidated financial statements based on the authorisation from the Board of Directors. 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 in cooperation with the Company's CEO and Company's Treasurer and reviewed and approved by the Board of Directors before 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 in cooperation with the Company's CEO and Company's Treasurer and reviewed and approved by the Board of Directors before the issuance 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.

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

Share Buyback

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

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

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

All shares acquired during the Share Buyback were retired by resolution of the Board of Director dated April 26, 2024.

Investment in Bananaz Studios Ltd.

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

6. Factors impacting our first half of 2024 financial results and events, which in the Issuer's opinion, will impact the Group's results for at least the next quarter

Mobile gaming and social casino market environment

As far as market dynamics are concerned, Eilers & Krejcik estimate that the social casino market declined by 3.8% YoY in Q2 2024 (and by 2.7% QoQ). The long-term forecast has been revised downwards in Q2 2024. The social casino market is expected to decline at a 3.0% CAGR in 2023-27E (with a USD 6.5 billion market by 2027). Eilers & Krejcik forecast the category to decline by 3.2% YoY in 2024 (following a downward revision of the forecast in Q2 2024).

User Acquisition expenses and our marketing strategy and post-IDFA mobile advertising market update

Our marketing strategy and User acquisition expenses have adapted over the past few years to support the new, post-IDFA reality. Budgets have been shifted to partners with better post-change performance, and overall spend has been reduced, with a focus instead on monetizing and retaining our large captive audience. Additionally, we have focused on driving greater profitability through other initiatives, such as rolling out an expanded VIP program and moving to new payment channels (Webshop). From a marketing perspective, we have increasingly focused on how we do things, making measurement and a single source of truth central to our goals. Leveraging technology to drive adoption of new measurement methods such as incrementality has become crucial to operating a successful marketing organization. Following these changes in 2023, we have observed that we were able to increase UA spend while maintaining satisfactory paybacks. In H1 2024, our UA spend on core franchises increased by 71% YoY. We are planning to reduce our marketing spend in H2 2024, with the goal of aligning the investment with new feature release traction and maintaining strict paybacks discipline. For Traffic Puzzle, the marketing spend is immaterial and focused mostly on retargeting inactive players.

Pods and new approach to new game development

In Q1 2023 we created small internal teams, called "Pods", responsible for agile prototyping and development of new games. Their exploration is focused on new games with attributes that play to our strengths and reflect market conditions, namely: (1) Multiplayer games with natural word-of-mouth distribution; (2) Games with highly shareable moments; (3) Socially-oriented long-term retention drivers; (4) Games with high accessibility and universal appeal. Development works are still at an early stage, we have tested several prototypes in Q2 2024 and are planning two MVP/tech launches in H2 2024.

Expected introduction of Google's Privacy Sandbox

Google's Privacy Sandbox is a strategic move to enhance user privacy, which will likely be launched in Q4 2024 or 2025, the date not officially confirmed yet. Google will phase out the Google Advertising ID (GAID) for all users eventually, though the discontinuation of GAID is not currently included in Google's Privacy Sandbox initiatives.

The phase-out is anticipated to not occur before next year (2025). Consequently, there will be a transitional period during which it will be possible to measure Android traffic deterministically, as is the current practice, and through Google's Privacy Sandbox. This overlap will provide an opportunity to compare the effectiveness of the two approaches.

The discontinuation of GAID will restrict app developers' ability to track specific conversion events, for which Google's Privacy Sandbox is intended to serve as a remedy. Although plans are in place to phase out GAID, the Google Play referrer, an alternative method of attribution based on the App Set ID, might continue to be available and needs to be confirmed by Google. This could

offer an alternative to GAID, though its efficacy and applicability in the post-GAID era will require further validation. Sandbox will send aggregated event data with added noise points for privacy. Google assures clients that the changes won't drastically impact their ad business. Pre-Sandbox efforts include continuous development of Media-Mix-Modeling (MMM) for allocating organic users and assessing the influence of marketing networks. Additionally, HUUUGE is among the initial testers of the Privacy Sandbox on Android through participation in the Google Ads Early Access Program & AppsFlyer's Sandbox beta version testing.

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

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

Impact of the situation in Israel on our business

HUUUGE's office in Tel Aviv, Israel accounts for around 8% of the Group's total headcount, which includes senior management of our HUUUGE Casino Studio. On October 7, 2023, Hamas militants conducted a series of coordinated attacks from the Gaza Strip against the Israeli people, resulting in the outbreak of war between the State of Israel and Hamas. Moreover, Israel is engaged in ongoing hostilities with Hezbollah in Lebanon. Some of our employees in Israel in certain emergency circumstances may be called to immediate and unlimited active duty. As a result of Israel's October 7, 2023 declaration of a state of war and activation of Article 8 of the Reserve Service Law (2008), several of our employees in Israel were activated for military duty. Currently, none of HUUUGE's employees have been called up for military service. Any major escalation in hostilities in the region could result in a portion of our employees and service providers in Israel being called up to perform military duty for an extended period. Contingency plans are in place to prevent disruptions to business, including Israeli teams working from home and one employee temporarily moved outside of the country. Our technology infrastructure is critical to supporting the performance of our games, ensuring uptime and redundancy. All of our games operate on cloud, maintained through data centers and availability zones in the US and the EU.

The Company is actively monitoring the situation and has established an internal task force developing and implementing business continuity measures and ensuring the core competences are covered.

We have no Israel-based personnel responsible for infrastructure. As of the date of the report, the war in Israel has no significant impact on our business and financial results.

Legal cases in the gaming industry

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

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

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

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

However a new 3% "Payment Processing Fee" is added, as well as a Euro 0.5 "Core Technology Fee" for each annual install of an app above 1 million installs. Other notable changes in the new terms include allowing EU developers to "link out" to payment

options other than Apple's own in-app payment process, and allowing alternative app stores other than Apple's own App Store on iPhones for EU users.

Huuuge is constantly tracking Apple's recent updates, including those to App Store policies, new hardware features, and privacy protections. In Q2 2024 we have adopted the new App Store terms and pricing for the EU markets. Going forward, we expect to generate minor cost savings on platform fees.

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

7. Key Performance Indicators

When evaluating our business, we consider the 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 (the right offer, to the right person, at the right time), better retargeting capabilities and better predictive models. Average DAU for a period is the average of the monthly average DAU for the period. It is not a KPI that we internally use as an objective (we focus primarily on the number of paying users – e.g., DPU).
- **Daily Paying Users (DPU):** DPU is defined as the number of players (active users) who made a purchase on a given day.
- **Average Revenue per Daily Active User (ARPDau):** ARPDau is defined as average revenue per daily active user. ARPDau for a period is calculated by dividing gross revenue (i.e., before deduction of platform fees) for the period by the number of days in the period and then dividing by the average DAU for the period.
- **Daily Average Revenue per Paying User (ARPPU):** ARPPU is defined as average revenue per paying user on a given day. It is calculated by dividing gross revenue from in-app purchases (i.e., before deduction of platform fees) for the period by the number of days in the period and then dividing by the average DPU for the period. ARPPU for the period is calculated by dividing IAP revenue for the period by the number of days in the period and then dividing by the average DPU for the period.
- **Monthly Payer Conversion (Monthly Conversion):** Monthly Conversion is defined as the percentage of MAU (the number of individual users who played a game during a particular month) that made at least one purchase in a month during the same period.

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

The tables below present our KPIs for Q2 2024 and Q2 2023 (YoY) as well as Q2 2024 and Q1 2024 (QoQ) for the Group and “core franchises,” i.e., Huuuge Casino and Billionaire Casino.

YoY KPI	All games			Core franchises Huuuge Casino and Billionaire Casino		
	Q2 2024	Q2 2023	Change, %	Q2 2024	Q2 2023	Change, %
DAU (in thousands)	392.898	426.045	-7.8%	335.522	326.640	2.7%
DPU (in thousands)	14.195	16.341	-13.1%	13.442	14.757	-8.9%
ARPPU (in USD)	1.77	1.77	-	2.02	2.21	-8.6%
ARPPU (in USD)	48.66	45.59	6.7%	50.48	48.97	3.1%
Monthly Conversion (%)	6.4%	8.0%	-1.6pp	7.2%	10.1%	-2.9pp

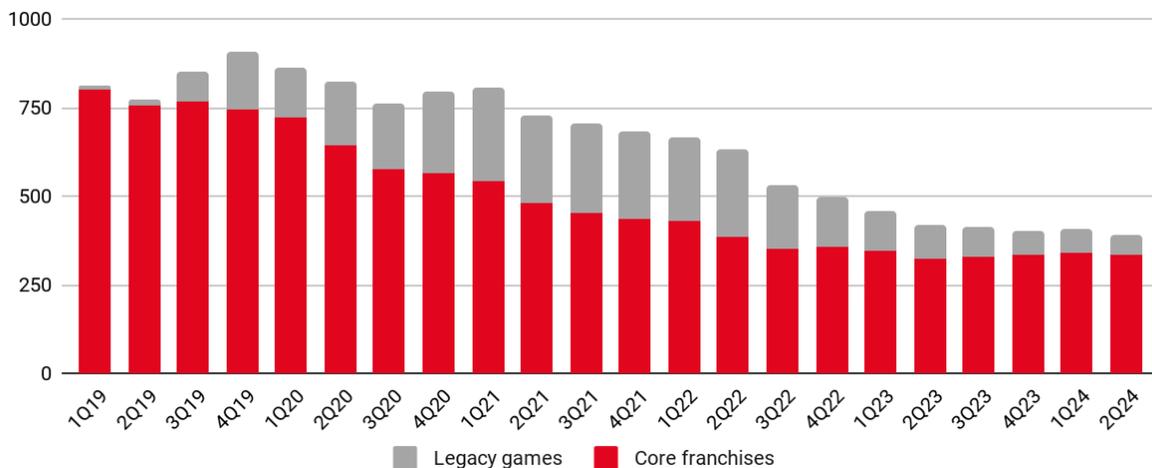
QoQ KPI	All games			Core franchises Huuuge Casino and Billionaire Casino		
	Q2 2024	Q1 2024	Change, %	Q2 2024	Q1 2024	Change, %
DAU (in thousands)	392.898	408.509	-3.8%	335.522	341.228	-1.7%
DPU (in thousands)	14.195	15.691	-9.5%	13.442	14.759	-8.9%
ARPPU (in USD)	1.77	1.80	-1.7%	2.02	2.10	-3.6%
ARPPU (in USD)	48.66	46.46	4.7%	50.48	48.51	4.1%
Monthly Conversion (%)	6.4%	7.1%	-0.7pp	7.2%	8.2%	-1.0pp

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

Daily Active Users

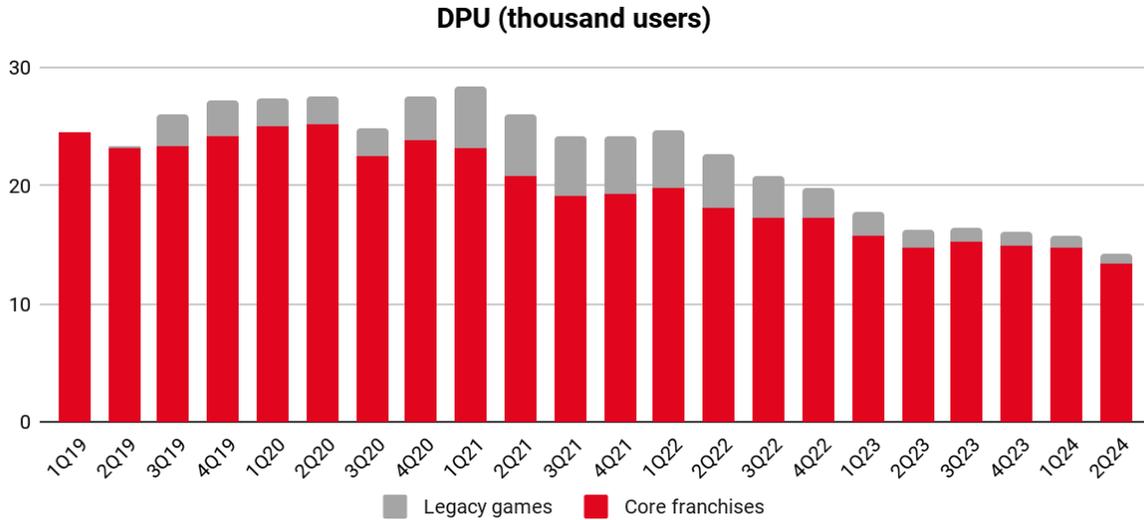
In Q2 2024, we observed a slight sequential decline (-1.7% QoQ, +2.7% YoY) in DAU for our core franchises and significant decrease (-14.7% QoQ, -41.7% YoY) for legacy games. DAU for Core franchises have been fairly stable over the past several quarters of growth. Legacy games' decline in DAU was connected with user acquisition spend on Traffic Puzzle gradually declining throughout the past several quarters and ultimately the game moving to maintenance mode with no active support.

DAU (thousand users)



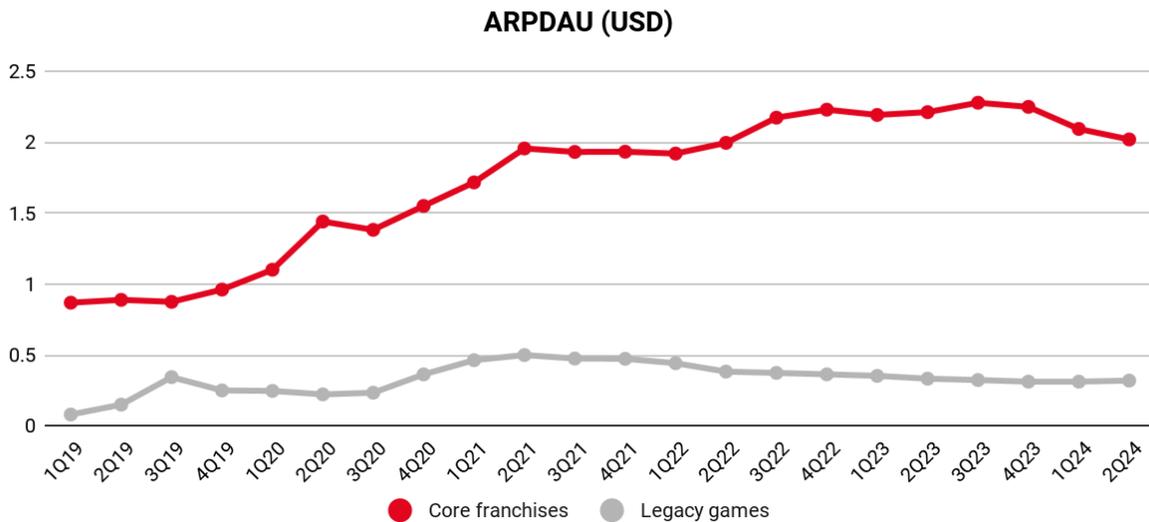
Daily Paying Users

In Q2 2024, we saw a 13% YoY decrease and 10% QoQ decrease in the overall number of DPUs. Core franchise DPUs declined by 9% YoY and by 9% QoQ as a result of lower player-to-payer conversion. The DPUs of our legacy games (primarily Traffic Puzzle) decreased by 52% YoY and 19% QoQ, following the decline in TP user base.



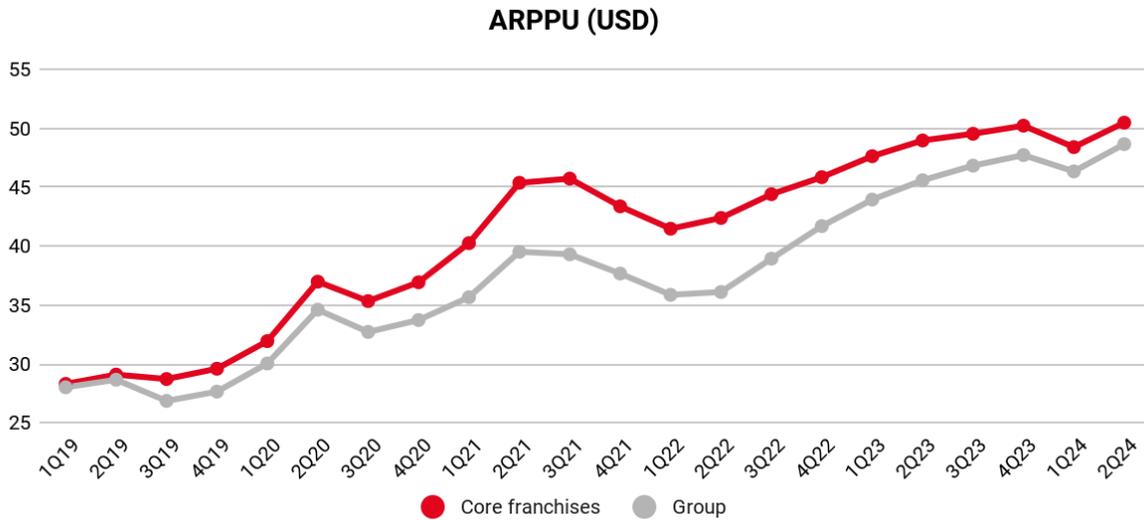
Average Revenue per Daily Active User

ARPPDAU indicates how well we monetize our games considering our entire player base. Huuuge Casino and Billionaire Casino remain among the best monetizing social casino games in the market. In Q2 2024, this KPI was flat YoY, along with a QoQ slight decline of 2%. This trend is associated with the growing number of Daily Active Users (DAU), including growth in non-US markets. At the same time, the ARPPDAU of legacy games declined by 5% YoY and increased +2% QoQ, with Traffic Puzzle having the largest impact on our portfolio.



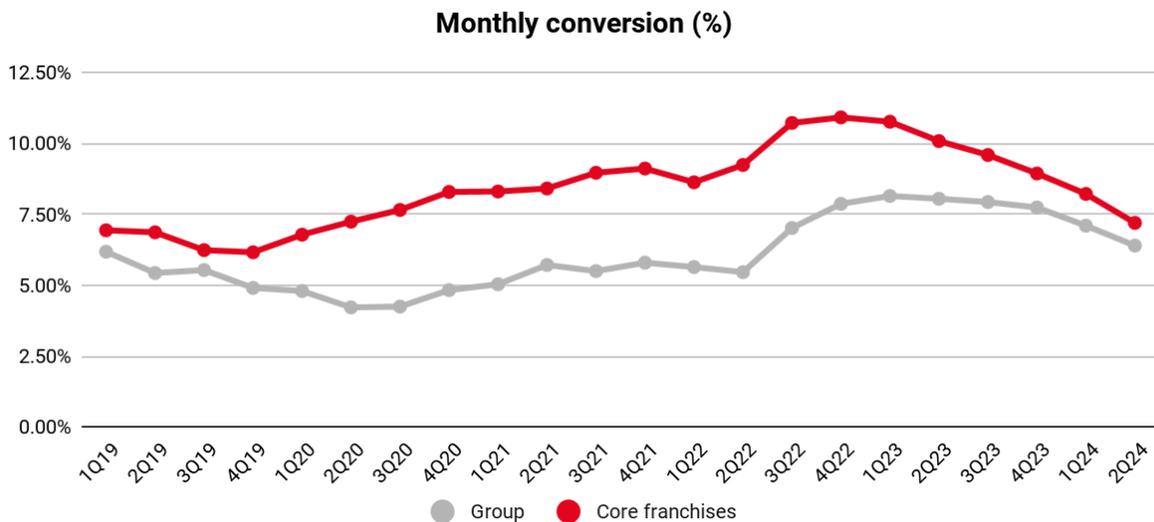
Daily Average Revenue per Paying User

In recent years, we have been able to improve the ARPPU of our core franchises owing to the social features of our games and to our constant focus on live events and special offers. In Q2 2024 our overall ARPPU increased by 7% YoY and 5% QoQ.



Monthly Conversion

Monthly Conversion is an indicator of our ability to convert players into payers. In Q2 2024, our core franchises' monthly conversion decreased from 8.2% in Q1 2024 to 7.2% in Q2 2024, which was driven by the increase in MAU (including non-US players) and lack of major new feature releases throughout H1 2024 (feature roadmap pushed to H2 2024). Total monthly conversion for the whole portfolio slightly decreased from 7.1% in Q1 2024 to 6.4% in Q2 2024, as core franchises' conversion dropped.



8. Results of operations

The following table presents our consolidated statement of comprehensive income for the six-month periods ended June 30, 2024 and June 30, 2023.

in thousand USD	6m`2024	6m`2023	Change, %	Q2`2024	Q2`2023	Change, %
Revenue	130,325	140,934	-7.5%	63,350	69,188	-8.4%
Cost of sales	(36,681)	(41,444)	-11.5%	(17,624)	(20,308)	-13.2%
Gross profit on sales	93,644	99,490	-5.9%	45,726	48,880	-6.5%
Sales and marketing expenses:	(30,645)	(20,502)	49.5%	(15,560)	(11,115)	40.0%
<i>thereof User acquisition marketing campaigns</i>	(23,683)	(14,048)	68.6%	(11,911)	(7,724)	54.2%
<i>thereof General sales and marketing expenses</i>	(6,962)	(6,454)	7.9%	(3,649)	(3,391)	7.6%
Research and development expenses	(11,583)	(13,242)	-12.5%	(5,878)	(5,769)	1.9%
General and administrative expenses	(15,855)	(17,211)	-7.9%	(7,815)	(7,611)	2.7%
Other operating income/(expense), net	(923)	367	-351.5%	29	5	480.0%
Operating result	34,638	48,902	-29.2%	16,502	24,390	-32.3%
Finance income	4,005	3,729	7.4%	1,898	2,141	-11.3%
Finance expense	(149)	(162)	-8.0%	(30)	(81)	-63.0%
Profit before tax	38,494	52,469	-26.6%	18,370	26,450	-30.5%
Income tax	(6,883)	(8,365)	-17.7%	(3,300)	(4,740)	-30.4%
Net result for the period	31,611	44,104	-28.3%	15,070	21,710	-30.6%
Exchange gains/(losses) on translation of foreign operations	(1,747)	966	-280.8%	(789)	538	-246.7%
Total comprehensive income for the period	29,864	45,070	-33.7%	14,281	22,248	-35.8%

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

in thousand USD	6m`2024	6m`2023	Change, %	Q2`2024	Q2`2023	Change, %
EBITDA	39,263	53,589	-26.7%	18,673	26,589	-29.8%
EBITDA margin (%)	30.1%	38.0%	-7.9pp	29.5%	38.4%	-8.9pp
Adjusted EBITDA	41,384	55,106	-24.9%	19,444	27,504	-29.3%
Adjusted EBITDA margin (%)	31.8%	39.1%	-7.3pp	30.7%	39.8%	-9.1pp
Sales Profit	69,961	85,442	-18.1%	33,815	41,156	-17.8%
Sales Profit margin (%)	53.7%	60.6%	-6.9pp	53.4%	59.5%	-6.1pp
User acquisition marketing campaigns as % of revenue	18.2%	10.0%	8.2pp	18.8%	11.2%	7.6pp
Adjusted Net Result	33,732	45,621	-26.1%	15,841	22,625	-30.0%
Adjusted Net Result (%)	25.9%	32.4%	-6.5pp	25.0%	32.7%	-7.7pp

EBITDA, Adjusted EBITDA, EBITDA margin, Adjusted EBITDA margin, Sales profit, Sales profit margin and User acquisition cost as % of revenue are supplemental measures of the financial and operating performance used by us that are not required by, or prepared in accordance with IFRS. These measures are prepared by us because we believe they provide a view of our recurring operating performance that is unaffected by our capital structure and allow us to readily view operating trends and identify strategies to improve operating performance and to assist investors and analysts in comparing our performance across reporting periods on a consistent basis by excluding items that we do not believe are critical to our core operating performance.

In evaluating these measures, you should be aware that, in the future, we may incur expenses that are the same as or similar to some of the adjustments in this presentation. Our presentation of these measures should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items. Our use of each of these measures is as follows:

The APM indicators used by the Company should be analyzed solely as supplementary rather than substitutive financial information presented in the Group's financial statements.

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

- We define **EBITDA** as the net result for the year adjusted for income tax, finance costs, finance income, and depreciation and amortization. The rationale for using the **EBITDA** is that it is a measure widely used by securities analysts, investors and other interested parties to evaluate the profitability of companies. **EBITDA** eliminates potential differences in performance caused by variations in capital structures (affecting finance costs and finance income), tax positions (such as the availability of net operating losses that offset taxable profits), the costs and ages of property, plant and equipment (affecting the depreciation expense level) and the extent to which intangible assets are identifiable (affecting the amortization expense level).
- We define **Adjusted EBITDA** as **EBITDA** adjusted for events not related to the main activity of the Group. In the periods presented, i.e. H1 2023 and H1 2024 there were share-based payment expenses and costs related to strategic options review. The rationale for using the **Adjusted EBITDA** is that it constitutes an attempt to show the **EBITDA** result after eliminating events not related to the main activity of the Group and items from the profit and loss account that are of a non-cash nature.
- We define **EBITDA margin** as the ratio of the **EBITDA** to Revenue. The rationale for using the **EBITDA margin** is that it is a measure of operational profitability widely used among securities analysts and investors, and that **EBITDA** and **EBITDA margin** are internal measures used by us in the process of budgeting and management accounting.
- We define **Adjusted EBITDA margin** as the ratio of **Adjusted EBITDA** to Revenue. The rationale for using the **Adjusted EBITDA margin** is that it shows a measure of operating profitability after eliminating events not related to the main activity of the Group and items from the profit and loss account that are of a non-cash nature.
- We define **Sales Profit** as Gross profit/(loss) from sales, less the user acquisition costs. The rationale for using **Sales Profit** is to show the profitability of sales in the value aspect after covering costs directly related to the generated revenue – mainly distribution costs (fees for owners of distribution platforms), server expenses and the user acquisition costs through paid advertising campaigns.
- We define **Sales profit margin** as the ratio of Sales profit to Revenue. The rationale for using the sales profit % is to show the profitability of sales as a percentage after covering variable costs directly related to the revenue generated – mainly distribution costs (fees for owners of distribution platforms), server expenses and the user acquisition costs through paid advertising campaigns.
- We define **User Acquisition cost as % of revenue** as the ratio of User acquisition costs to Revenue. The rationale for using the **User Acquisition cost as % of revenues** is to show how much of our revenue we reinvest directly in maintaining and expanding our player base.
- We define **Adjusted net result** as the net result for the year adjusted for events not related to the main activity of the Group. In the periods presented, i.e. Q1 2024 and Q1 2023 there were share-based payment expenses and costs related to strategic options review. The rationale for using the **Adjusted net result** is that it constitutes an attempt to show the Net result for the year after eliminating events not related to the main activity of the Group and items from the profit and loss account that are of a non-cash nature.
- We define **Adjusted net result margin** as the ratio of the **Adjusted net result** to Revenue. The rationale for using the **Adjusted net result margin** is that it constitutes an attempt to show the Net result for the year in percentage after

eliminating events not related to the main activity of the Group and items from the profit and loss account that are of a non-cash nature.

The measures presented might 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.

Sales Profit and Sales Profit Margin

in thousand USD	6m`2024	6m`2023	Change, %	Q2`2024	Q2`2023	Change, %
Revenue	130,325	140,934	-7.5%	63,350	69,188	-8.4%
Gross profit on sales	93,644	99,490	-5.9%	45,726	48,880	-6.5%
User acquisition marketing campaigns	23,683	14,048	68.6%	11,911	7,724	54.2%
Sales profit	69,961	85,442	-18.1%	33,815	41,156	-17.8%
Sales profit margin %	53.7%	60.6%	-6.9pp	53.4%	59.5%	-6.1pp

Adjusted EBITDA reconciliation

in thousand USD	6m`2024	6m`2023	Change, %	Q2`2024	Q2`2023	Change, %
Net result for the period	31,611	44,104	-28.3%	15,070	21,710	-30.6%
Income tax	6,883	8,365	-17.7%	3,300	4,740	-30.4%
Finance expense	149	162	-8.0%	30	81	-63.0%
Finance income	(4,005)	(3,729)	7.4%	(1,898)	(2,141)	-11.3%
Depreciation and amortization	4,625	4,687	-1.3%	2,171	2,199	-1.3%
EBITDA	39,263	53,589	-26.7%	18,673	26,589	-29.8%
EBITDA Margin	30.1%	38.0%	-7.9pp	29.5%	38.4%	-9.0pp
Employee benefits costs – share-based plan ¹	2,121	970	118.7%	771	915	-15.7%
Costs related to strategic options review	-	547	n/a	0	0	n/a
Adjusted EBITDA	41,384	55,106	-24.9%	19,444	27,504	-29.3%
Adjusted EBITDA Margin	31.8%	39.1%	-7.3pp	30.7%	39.8%	-9.1pp

¹Employee benefits costs – share-based plan¹ is a non-cash expense related to the Company's stock option plan and recognized in accordance with IFRS 2 Share-based Payment.

Adjusted Net Result

in thousand USD	6m`2024	6m`2023	Change, %	Q2`2024	Q2`2023	Change, %
Net result for the period	31,611	44,104	-28.3%	15,070	21,710	-30.6%
Employee benefits costs – share-based plan ¹	2,121	970	118.7%	771	915	-15.7%
Costs related to strategic options review	-	547	-100.0%	-	-	n/a
Adjusted Net Result	33,732	45,621	-26.1%	15,841	22,625	-30.0%
Adjusted Net Result %	25.9%	32.4%	-6.5pp	25.0%	32.7%	-7.7pp

¹Employee benefits costs – share-based plan¹ is a non-cash expense related to the Company's stock option plan and recognized in accordance with IFRS 2 Share-based Payment.

Revenue

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

in thousand USD	6m`2024	6m`2023	Change, %	Q2`2024	Q2`2023	Change, %
Gaming applications	129,174	138,957	-7.0%	62,853	68,331	-8.0%
Advertising	1,151	1,977	-41.8%	497	857	-42.0%
Total revenue	130,325	140,934	-7.5%	63,350	69,188	-8.4%

As a result of a decline in our core franchise DPUs, not fully offset by improvement in ARPPU, revenue generated by in-app purchases in gaming applications decreased by USD 9,783 thousand (i.e. 7%) from USD 138,957 thousand for the six months ended June 30, 2023 to USD 129,174 thousand for the six months ended June 30, 2024, while revenue generated by advertising decreased by USD 826 thousand (i.e., 41.8%) for the six months ended June 30, 2024 compared to the corresponding period of 2023, driven largely by declining Traffic Puzzle revenue.

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

in thousand USD	6m`2024	6m`2023	Change, %	Q2`2024	Q2`2023	Change, %
Huuuge Casino	84,069	89,093	-5.6%	41,222	43,878	-6.1%
Billionaire Casino	42,786	44,998	-4.9%	20,526	22,217	-7.6%
Total Core Franchises	126,855	134,091	-5.4%	61,748	66,095	-6.6%
Traffic Puzzle	2,783	5,717	-51.3%	1,269	2,613	-51.4%
Other	687	1,126	-39.0%	333	480	-30.6%
Total legacy games	3,470	6,843	-49.3%	1,602	3,093	-48.2%
Total revenue	130,325	140,934	-7.5%	63,350	69,188	-8.4%

Revenue generated by our core games (i.e., Huuuge Casino and Billionaire Casino) decreased by USD 7,236 thousand (i.e., by 5.4%) for the six months ended June 30, 2024 compared to the corresponding period of 2023 and by 6.6% for Q2 2024 compared to the corresponding quarter of 2023. This was mostly driven by the overall decline in DPU.

With regard to Traffic Puzzle, revenue decreased by 2,934 thousand (i.e., by 51.3%) for the six months ended June 30, 2024 compared to the corresponding period of 2023 and by 51.4% for Q2 2024 compared to the corresponding quarter of 2023. This was driven by the churning user base resulting from decreased user acquisition spend and the game being in maintenance mode since early 2023 (no significant content updates other than minor bug fixes).

The significant decrease in Other revenue of 39.0% for the six months ended June 30, 2024 compared to the corresponding period of 2023 is a result of discontinued marketing spend and a number of these legacy games having been put in maintenance mode (which also resulted in a drop in DAU).

Revenue was generated in the following geographical locations:

in thousand USD	6m`2024	6m`2023	Change, %
North America	77,095	86,423	-10.8%
Europe	33,470	32,992	1.4%
Asia-Pacific (APAC)	7,282	8,141	-10.6%
Other	12,478	13,378	-6.7%
Total revenue	130,325	140,934	-7.5%

North America (primarily the USA) remained the most important region from our revenue standpoint with 59% share in total in H1 2023 (vs 61% in H1 2023).

The above is the management's best estimate, as no geographical breakdown is available for some revenue sources. The allocation to regions is disclosed for countries which generated the most significant revenues during the reporting period, and

comparatives presented accordingly (e.g. so that the undisclosed sources presented in the line "Other" in the current period do not exceed 15% of total revenues generated).

The allocation to regions is driven by the location of individual end-user customers. No individual end-user customer with whom the Group concludes transactions had a share of 10% or more in the Group's total revenues in the six-month period ended June 30, 2024 or June 30, 2023. The vast majority of revenues is generated by several platform providers, such as Apple App Store, Google Play, Facebook and Amazon App Store, as well as directly through direct-to-consumer offering (Webshop).

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

in thousand USD	6m`2024	6m`2023	Change, %	Q2`2024	Q2`2023	Change, %
Third-party platforms	117,225	134,980	-13.2%	55,820	65,569	-14.9%
Direct-to-consumer platforms	13,100	5,954	120.0%	7,530	3,619	108.1%
Total revenue	130,325	140,934	-7.5%	63,350	69,188	-8.4%

Our own Direct-To-Consumer channel (Webshop) remains a strategic priority for the Company. In H1 2024 it accounted for 10.1% of total revenue (up from 4.2% in H1 2023). We continue to invest in this channel and expect this share to increase further - in Q2 2024 alone it reached 11.8%.

Operating expenses

The table below presents a breakdown of our operating expenses.

in thousand USD	6m`2024	6m`2023	Change, %	Q2`2024	Q2`2023	Change, %
Cost of sales	(36,681)	(41,444)	-11.5%	(17,624)	(20,308)	-13.2%
Sales and marketing expenses:	(30,645)	(20,502)	49.5%	(15,560)	(11,115)	40.0%
<i>thereof User acquisition marketing campaigns</i>	<i>(23,683)</i>	<i>(14,048)</i>	<i>68.6%</i>	<i>(11,911)</i>	<i>(7,724)</i>	<i>54.2%</i>
<i>thereof General sales and marketing expenses</i>	<i>(6,962)</i>	<i>(6,454)</i>	<i>7.9%</i>	<i>(3,649)</i>	<i>(3,391)</i>	<i>7.6%</i>
Research and development expenses	(11,583)	(13,242)	-12.5%	(5,878)	(5,769)	1.9%
General and administrative expenses	(15,855)	(17,211)	-7.9%	(7,815)	(7,611)	2.7%
Total operating expenses	(94,764)	(92,399)	2.6%	(46,877)	(44,803)	4.6%

Operating expenses for the six months ended June 30, 2024 increased by USD 2,365 thousand (i.e., by 2.6%) compared to the six months ended June 30, 2023. Significant increase in User Acquisition Marketing Campaigns and a slight increase in General sales and marketing expenses were largely offset by savings in other cost categories, most notably Research and development and General and administrative expenses. Looking at Q2'2024, total operating expenses increase YoY was largely driven by growth in User Acquisition Marketing Campaigns, while most other cost categories increased only slightly YoY from the lower cost base seen in Q2'2023 (which already reflected the restructuring initiatives carried out last year). Another factor negatively impacting the YoY cost dynamics was the USD/PLN exchange rate (PLN strengthened against USD by 9% YoY in Q1'2024 and by 4% YoY in Q2'2024 respectively).

The largest operating expenses item (i.e., cost of sales) for the six months ended June 30, 2024 decreased by USD 4,763 thousand (i.e., 11.5%) compared to the corresponding period of 2023 and by USD 2,684 thousand (i.e., 13.2%) for Q2 2024 compared to the corresponding quarter of 2023. This decrease outpaced the decline in revenue from in-app purchases, thanks to the expansion of our direct-to-consumer webshop platform for VIP players, which has significantly lower platform fees (and other associated costs).

General Sales and Marketing expenses for the six months ended June 30, 2024 increased by USD 10,143 thousand (i.e., 49.5%) and by USD 4,445 thousand (i.e., 40.0%) for Q2 2024 compared to the corresponding period of 2023, which can be attributed primarily to the increase in external marketing and sales services partially offset by decrease of salaries.

Our General and Administrative expenses for the six months ended June 30, 2024 decreased by USD 1,356 thousand (i.e., 7.9%) compared to the corresponding period of 2023 and increased by USD 204 thousand (i.e., 2.7%) for Q2 2024 compared to the corresponding quarter of 2023. This reduction is primarily attributable to: (i) a decrease in salaries and employee-related costs due to headcount reductions, although this was partially offset by increased ESOP expenses; and (ii) lower depreciation and amortization and (iii) lower finance and legal costs, as Q1 2023 included USD 547 thousand in costs related to the strategic options review.

Research and Development expenses for the six months ended June 30, 2024 decreased by USD 1,659 thousand (i.e., 12.5%) and increased by USD 109 thousand (i.e., 1.9%) for Q2 2024 compared to the corresponding period of 2023. The decrease was mainly driven by a decrease in the salaries and employee-related costs as a consequence of the headcount reductions.

Profitability

Our sales profit decreased by USD 15,481 thousand and the sales profit margin by 6.9pp for the six months ended June 30, 2023 compared to the corresponding period of 2023 and reached 53.7%, mostly as a result of a significant increase of User acquisition marketing campaign expenses combined with revenue decline.

The adjusted EBITDA decreased by USD 13,722 thousand and the adjusted EBITDA margin by 7.3 pp. in the six months ended June 30, 2024 compared to the corresponding period of 2023. The pace of decline in adjusted EBITDA is slower than in sales profit, due to significant reductions in Research and Development as well as General and Administrative expenses as discussed earlier in this report.

Finance income, net

in thousand USD	6m`2024	6m`2023	Change, %	Q2`2024	Q2`2023	Change, %
Finance income	4,005	3,729	7.4%	1,898	2,141	-11.3%
Finance expense	(149)	(162)	-8.0%	(30)	(81)	-63.0%
Finance income, net	3,856	3,567	8.1%	1,868	2,060	-9.3%

Finance income, net for the six months ended June 30, 2024 increased by USD 289 thousand to USD 3,856 (from USD 3,729 thousand) for the six months ended June 30, 2023. Change is mainly attributable to foreign exchange difference gains on the PLN/USD exchange rate.

Statement of Financial Position

Selected Consolidated Statements of Financial Position

in thousand USD	As at June 30		As at December 31	
	2024	Structure	2023	Structure
ASSETS				
Total non-current assets, including:	32,112	18.5%	29,794	13.7%
Right-of-use assets	5,805	3.4%	6,850	3.2%
Goodwill	2,472	1.4%	2,554	1.2%
Intangible assets	10,030	5.8%	9,854	4.5%
Long-term investments	3,500	2.0%	-	0.0%
Other items	10,305	6.0%	10,536	4.8%
Total current assets, including:	141,017	81.5%	187,634	86.3%
Trade and other receivables	25,426	14.7%	32,635	15.0%
Cash and cash equivalents	109,591	63.3%	152,110	70.0%
Other short-term financial assets	2,574	1.5%	-	0.0%
Other receivables	3,426	2.0%	2,889	1.3%
Total assets	173,129	100.0%	217,428	100.0%
EQUITY				
Total equity	138,378	79.9%	177,060	81.4%
LIABILITIES				
Total non-current liabilities, including:	5,526	3.2%	7,217	3.3%
Long-term lease liabilities	5,163	3.0%	6,843	3.1%
Other items	363	0.2%	374	0.2%
Total current liabilities, including:	29,225	16.9%	33,151	15.2%
Trade and other payables	16,416	9.5%	17,132	7.9%
Short-term lease liabilities	3,709	2.1%	3,796	1.7%
Provisions	1,700	1.0%	1,700	0.8%
Corporate income tax liabilities	5,736	3.3%	8,052	3.7%
Other items	1,664	1.0%	2,471	1.1%
Total liabilities	34,751	20.1%	40,368	18.6%
Total equity and liabilities	173,129	100.0%	217,428	100.0%

Assets

Total assets decreased by USD 44,299 thousand (i.e., 20.4% from USD 217,428 thousand as at December 31, 2023 to USD 173,129 thousand as at June 30, 2024).

The structure of total assets has slightly changed and included the following two main items: (i) cash and cash equivalents (accounting for 63.3% and 70.0% of total assets as at June 30, 2024 and December 31, 2023, respectively) and (ii) trade and other receivables (accounting for 14.7% and 15.0% of total assets as at June 30, 2024 and December 31, 2023, respectively).

The decrease in total assets was mostly driven by a combined effect of: (i) a decrease in cash and cash equivalents of USD 42,519 thousand (i.e., 28.0%, from USD 152,110 thousand as at December 31, 2023 to USD 109,591 thousand as at June 30, 2024) mainly due to settlement of USD 70 m share buyback ("SBB") in H1 2024 and (ii) a decrease in trade and other receivables of USD 7,209 thousand (i.e., 22.1%, from USD 32,635 thousand as at December 31, 2023 to USD 25,426 thousand as at June 30, 2024) mainly due to decrease of revenues and the outstanding VAT balance settled in H1 2024 and (iii) slightly offset by an increase in long-term investments of USD 3,500 thousand related to investment in Bananz Studios Ltd and by an increase in other short-term financial assets of USD 2,574 thousand associated mostly with currency hedging transactions.

Equity

Total equity decreased by USD 38,682 thousand (i.e., 21.8% from USD 177,060 thousand as at December 31, 2023 to USD 138,378 thousand as at June 30, 2024), which is an effect of settlement of USD 70 million share buyback (SBB) in H1 2024 offset by current year earnings amounting to USD 31,611 thousand.

Liabilities

Total liabilities decreased by USD 5,617 thousand (i.e 13.9%, from USD 40,368 thousand as at December 31, 2023 to USD 34,751 thousand as at June 30, 2024). The decrease is mostly related to decrease of Corporate income tax liabilities, following higher tax payments made during the six-month period ended June 30, 2024, and a decrease in long-term lease liabilities as a result of lease payouts.

As at June 30, 2024, total liabilities mainly comprised (i) trade and other payables (accounting for 9.5% of total equity and liabilities compared to 7.9% as at December 31, 2023) and (ii) Corporate income tax liabilities (accounting for 3.3% of total equity and liabilities compared to 3.7% as at December 31, 2023).

Cash Flows and Liquidity

The following table summarizes selected net cash flows from operating, investing and financing activities for the six-month period ended June 30, 2024 compared to the six-month period ended June 30, 2023.

in thousand USD	6m`2024	6m`2023	Change, %	Q2`2024	Q2`2023	Change, %
Cash flows from operating activities						
Profit before tax	38,494	52,469	-26.6%	18,370	26,450	-30.5%
Adjustments for:						
Total of non-cash changes in depreciation, amortization and profits or losses on disposal of assets	4,676	5,160	-9.4%	2,196	2,560	-14.2%
Non-cash employee benefits expense - share-based payments	2,121	970	118.7%	771	915	-15.7%
Finance (income)/cost - net	(4,176)	(1,888)	121.2%	(1,418)	(1,209)	17.3%
Changes in net working capital	(1,016)	(14,244)	-92.9%	(540)	(7,684)	-93.0%
Cash flows from operating activities	40,099	42,467	-5.6%	19,379	21,032	-7.9%
Income tax paid	(7,366)	(5,076)	45.1%	(1,058)	(539)	96.3%
Net cash flows from operating activities	32,733	37,391	-12.5%	18,321	20,493	-10.6%
Cash flows from investing activities, including:						
Long-term investments	(3,500)	-	n/a	-	-	n/a
Acquisition of property, plant and equipment and intangible assets	(2,581)	(1,522)	69.6%	(1,509)	(758)	99.1%
Interest received	2,937	3,875	-24.2%	1,249	1,672	-25.3%
Other items	640	275	132.7%	322	275	17.1%
Net cash flows from/(used in) investing activities	(2,504)	2,628	-195.3%	62	1,189	-94.8%
Cash flows from financing activities, including:						
Transaction costs related to SBB	(423)	(61)	593%	(310)	(61)	408.2%
Lease repayment (principal) & interest paid	(2,201)	(2,269)	-3.0%	(1,138)	(1,172)	-2.9%
Exercise of stock options	165	345	-52.2%	23	196	-88.3%
Repurchase of common shares under Share Buyback Scheme ("SBB")	(70,000)	-	n/a	(70,000)	-	n/a
Net cash flows from/(used in) financing activities	(72,459)	(1,985)	n/a	(71,425)	(1,037)	n/a
Net increase/(decrease) in cash and cash equivalents	-42,230	38,034	n/a	-53,042	20,645	n/a

Net cash flows from operating activities

Net cash inflows from operating activities for the six-month period ended June 30, 2024 amounted to USD 32,733 thousand, which is mainly a combined effect of adjusted EBITDA generated during the period amounting to USD 41,384, offset by changes in net working capital in the amount of USD 1,016 thousand, as well as Income tax paid in the amount of USD 7,366 thousand.

Changes in net working capital

Net working capital increased by USD 1,016 thousand in the six months ended June 30, 2024, primarily driven by: (1) a decrease in trade and other payables by USD 4,241 thousand, (2) bank deposits of USD 2,509 thousand made for hedging transactions, reported under 'Other short-term financial assets' in the Interim Condensed Consolidated Statement of Cash Flows, and (3) partially offset by a decrease in trade and other receivables, and other long-term assets by USD 6,636 thousand due to lower revenues and a VAT refund.

In the six months ended June 30, 2023, the increase in net working capital was significantly higher, amounting to USD 14,244 thousand. This was primarily due to an increase in trade and other receivables, and other long-term assets by USD 6,915 thousand, driven by Apple's payment schedule (with two months' revenues recognized in outstanding receivables), and a decrease in trade and other payables by USD 6,834 thousand, resulting from the payment of the 2022 performance bonus and the settlement of expenses related to the strategic option review.

Net cash flows from investing activities

Net cash inflows from investing activities for the six-month period ended June 30, 2024 amounted to negative USD 2,504 thousand and resulted mainly from the investment through a simple agreement for future equity (the "SAFE") of USD 3,500 thousand in Bananz Studios Ltd (as described more in detail in the section 5: Significant achievements or failures and unusual events significantly affecting the financial statements) coupled with ongoing purchases of property, plant and equipment and intangible assets of USD 2,581 thousand, offset by the interests received on short-term bank deposits and money market mutual funds accounts.

Net cash flows from financing activities

Net cash outflows from financing activities for the six-month period ended June 30, 2024 amounted to negative USD 72,459 thousand and are mainly related to repurchase of common shares under Share Buyback Scheme ("SBB").

9. Possibility of accomplishing previously published forecasts

The Board of Directors have not published financial forecasts for 2024 for the Company or the Group.

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

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

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

The Company cannot predict with certainty the outcomes of any legal proceedings and other contingencies, and the costs incurred in litigation can be substantial, regardless of the outcome. As a result, the Company and/or its subsidiaries could from

time to time incur judgments, enter into settlements or revise our expectations regarding the outcome of certain matters, and such developments could harm our reputation and have a material adverse effect on our results of operations in the period in which the amounts are accrued and/or our cash flows in the period in which the amounts are paid. In addition, as a result of the ongoing legal proceedings, the Company and/or its subsidiaries may be subject to damages, civil fines, or other sanctions. Additionally, defending against these lawsuits and proceedings may involve significant expense and diversion of management's attention and resources.

As of the date of the approval of this report, the Company and/or its subsidiaries has become involved in a number of pending litigations:

- On March 8, 2023, a plaintiff filed a complaint in the Circuit Court of Franklin County Alabama alleging that the Company's social casino games are unlawful gambling under Alabama law. The plaintiff withdrew the original complaint without prejudice for procedural reasons, and, on September 14, 2023, re-filed an amended complaint. As in the original complaint, the lawsuit seeks to recover all amounts paid by Alabama residents to the Company in those games during the period beginning one year before the filing of the lawsuit (i.e. September 14, 2022) until the case is resolved. The Company does not agree with the allegations and requests for relief made in the complaint and believes that there are meritorious legal and factual arguments supporting the Company's position. On November 1, 2023, the Company filed a motion to dismiss the amended complaint and on December 15, 2023, the Company filed a motion to compel arbitration. The hearing on the motions took place on February 26, 2024. On June 7, 2024, the judge dismissed the Company's motion to compel arbitration and its motion to dismiss. On July 17, 2024, the Company filed an appeal and a writ of mandamus. As of the date of the approval of this report, to the best of the Company's knowledge, the litigation is not expected to have a material impact on the Company's operations, financial condition or cash flows.
- On May 18, 2023, the Company received a demand for arbitration, alleging that the Company's social casino games are unlawful gambling under Kentucky law. The claimant seeks no monetary damages, only declaratory relief. However, if the arbitrator grants the requested declaratory judgments, the claimant may file a civil class action and seek to recover three times the total of all amounts paid by Kentucky residents to the Company in those games during the period beginning five years before the filing of the demand (i.e. May 18, 2018) until the case is resolved. The Company does not agree with the allegations and requests for relief made in the complaint and believes that there are meritorious legal and factual arguments supporting the Company's position. However, in order to avoid further legal and arbitration fees, on May 16, 2024 the parties settled the dispute. The amount agreed to be paid under the settlement agreement will not have a material impact on the Company's operations, financial condition or cash flows.
- On June 2, 2023, plaintiffs filed a complaint in the US Federal District Court for the Central District of California, alleging: (a) that the Company's social casino games are unlawful gambling under the laws of California, Illinois, and potentially other US states; and (b) that the Company's display of sale pricing in its social casino games constitutes false advertising under the laws of California, Illinois and potentially other US states. The lawsuit purports to be a nationwide class action, which also includes potential California and Illinois subclasses. The Company does not agree with the allegations and requests for relief made in the complaint and believes that there are meritorious legal and factual arguments supporting the Company's position. On January 24, 2024 the Company and the plaintiffs have signed an agreement to settle the case in exchange for the distribution to each class member of at least 375 virtual diamonds within the Company's games, and at least an aggregate total of 412.5 million virtual diamond, and USD 1,700 thousand in cash for attorneys' fees, costs of claims administration, and named plaintiff incentive awards. The settlement is subject to the approval by the relevant court, thus there is no certainty that any such settlement will be finally consummated. The Court denied preliminary approval, without prejudice, at the initial hearing that took place on June 6, 2024. The Court scheduled another hearing on preliminary approval on September 12, 2024. If the settlement is approved, the resulting class action waiver will bar false advertising claims nationwide, and illegal gambling claims for residents of California and Illinois, from applicable time periods prior to the settlement. The settlement would not as a legal matter preclude the other matters referred to in this section from proceeding. The Company also believes, but cannot make any assurance, that the settlement would not have impact on the other matters referred to in this section, since they pertain to other issues in different states. The Company created a

provision in the amount of USD 1,700 thousand, which, to the best belief of the Company's management, adequately reflects the financial exposure for the Company as of June 30, 2024 and as of the date of the approval of this report.

- On June 28, 2023, a claimant filed a demand for arbitration alleging that the Company's social casino games are unlawful gambling under Kentucky law. The claimant seeks to recover treble the total of all amounts paid by Kentucky residents to the Company in those games during the period beginning five years before the filing of the demand (i.e. June 28, 2018) until the case is resolved. An arbitrator has been changed in the case, and a new arbitrator was appointed on April 15, 2024. On June 24, 2024, the Company filed a dispositive motion. On July 15, 2024, the claimant filed a response to the motion. The Company filed a reply on July 29, 2024. The hearing on the dispositive motion was held on August 15, 2024. The parties are awaiting the arbitrator's decision on the motion. The Company does not agree with the allegations and requests for relief made in the demand and believes that there are meritorious legal and factual arguments supporting the Company's position. As of the date of the issuance of this report, to the best of the Company's knowledge, the arbitration is not expected to have a material impact on the Company's operations, financial condition or cash flows.
- On July 25, 2023, a claimant filed a demand for arbitration alleging that the Company's social casino games are unlawful gambling under Ohio law. The claimant seeks to recover all amounts he paid to the Company and all amounts paid by Ohio residents in those games during the period beginning two years before the filing of the demand (i.e. July 25, 2021) until the case is resolved. The Company filed its dispositive motion on February 26, 2024. On June 6, 2024, the arbitrator issued a decision on threshold issues (such as choice of law) that was beneficial for the Company. On July 15, 2024, the claimant re-filed his claims under California law. The Company filed its answer on July 29, 2024. The arbitrator issued a briefing schedule to allow the parties to address additional threshold issues. The Company's opening brief is due September 30, 2024. The Company does not agree with the allegations and requests for relief made in the demand and believes that there are meritorious legal and factual arguments supporting the Company's position. As of the date of the approval of this report, to the best of the Company's knowledge, the arbitration is not expected to have a material impact on the Company's operations, financial condition or cash flows.
- On July 25, 2023, a claimant filed a demand for arbitration alleging that the Company's social casino games are unlawful gambling under Massachusetts law. The claimant seeks to recover all amounts he paid to the Company and treble the total of all amounts paid by Massachusetts residents in those games during the period beginning three years before the filing of the demands (i.e. July 25, 2020) until the case is resolved. The Company does not agree with the allegations and requests for relief made in the demand and believes that there are meritorious legal and factual arguments supporting the Company's position. After a successful result from the arbitrator on the Company's motion on threshold issues, the parties settled the dispute on August 2, 2024. The amount agreed to be paid under the settlement agreement will not have a material impact on the Company's operations, financial condition or cash flows.
- On November 13, 2023, a plaintiff filed a complaint in the Circuit Court of Coffee County Tennessee alleging that the Company's social casino games are unlawful gambling under Tennessee law. The lawsuit seeks to recover all amounts paid by Tennessee residents to the Company in those games during the period beginning one year before the filing of the lawsuit (i.e. November 13, 2022) until the case is resolved. The Company does not agree with the allegations and requests for relief made in the complaint and believes that there are meritorious legal and factual arguments supporting the Company's position. On December 21, 2023 the Company removed the case to the US District Court for the Eastern District of Tennessee. On January 22, 2024 the plaintiff filed an amended complaint substituting Huuuge Global Limited as defendant in place of the Company, and a motion to remand the case back to the state circuit court. On February 9, 2024 the Company opposed the plaintiff's motion to remand and further, on March 29, 2024 the Company submitted a reply to support its motion to dismiss filed on February 5, 2024. As of the date of the approval of this report, the parties are awaiting the judge's decision on remand and the motion to dismiss. As of the date of the issuance of this report, to the best of the Company's knowledge, the litigation is not expected to have a material impact on the Company's operations, financial condition or cash flows.
- On August 22, 2024, a plaintiff filed a complaint in the United States District Court for the Western District of Kentucky Owensboro Division alleging that the Company's social casino games are unlawful gambling under Kentucky law. The

lawsuit seeks to recover treble the total of all amounts paid by Kentucky residents to the Company in those games during the period beginning five years before the filing of the demand (i.e. August 22, 2019) until the case is resolved. The Company does not agree with the allegations and requests for relief made in the complaint and believes that there are meritorious legal and factual arguments supporting the Company's position. As of the date of the approval of this report, to the best of the Company's knowledge, the litigation is not expected to have a material impact on the Company's operations, financial condition or cash flows.

Except for the abovementioned proceedings, neither the Company nor any of its subsidiaries were, as of June 30, 2024, or as of the date of the approval of this report, a party to any other significant court or arbitration proceedings or before any public authority.

11. Transactions with related parties

The Issuer and the companies in the Group conclude transactions with affiliates only on arm's-length terms. Information regarding transactions with related entities is provided in the Note [16] *Related Party Transactions* to the Interim Condensed Consolidated Financial Statements.

12. Granted sureties, loans, guarantees

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

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

13. Other information important for the assessment of human resources, property, financial situation, financial result and their changes and information important for the assessment of the issuer's ability to meet its obligations

There is no other significant information of the above nature in the Issuer's Capital Group as at June 30, 2024.



Wojciech Wronowski
Chief Executive Officer
September 5, 2024



Board of Directors' Statement

HUUUGE

Board of Directors' Statements

Pursuant to the requirements of the Regulation of the Minister of Finance of 29 March, 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:

- 1) to the best of its knowledge, the semi-annual condensed consolidated financial statement of Huuuge Group and semi-annual condensed stand-alone financial statements of Huuuge, Inc. and the comparative information were prepared in accordance with accounting principles currently in effect and they reflect, in a true, fair and clear manner, the financial position and results of the Company and the Group, and;
- 2) the semi-annual report on activities contains a true image of the Company's and the Group's development, achievements and standing, including a description of the basic risks and threats.

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



Anton Gauffin
Executive Chairman of the Board

**Unanimous Written Consent
Of The Board Of Directors Of HUUUGE, Inc.**

The undersigned, being all of the members of the Board of Directors ("**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 ("**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 CEO, Wojciech Wronowski and HUUUGE Capital Group EVP Finance, Marek Chwałek, have presented to the Board

- half-year interim condensed consolidated financial statement of the HUUUGE Group for the six-month period ended June 30, 2024 ("**Consolidated Financial Statement**");
- half-year interim condensed separate financial statement of the HUUUGE Group for the six-month period ended June 30, 2024 ("**Separate Financial Statements**");
- half-year report on activities of HUUUGE Group for the six-month period ended June 30, 2024 ("**Report on Activities**") together with the statement of the Board to the Report on Activities, which is attached as document named "Board of Director's Statement;

further referred to as the "**Report**" constituting Exhibit A to this Board Consent;

WHEREAS, the Company desires to approve and publish the Report;

WHEREAS, the Board is obligated to issue certain statement being a part of the Report on Activities;

WHEREAS, the Board has reviewed the Report and intends with this Board Consent to give to Mr. Wojciech Wronowski and Mr. Marek Chwałek, each individually, authorization to issue and execute the Report on behalf of the Company.

NOW, THEREFORE, it being in the best interest of the Corporation, it is hereby:

RESOLVED, that the Report substantially in the form attached herein as Exhibit A to this Board Consent is hereby approved and Mr. Wojciech Wronowski and Mr. Marek Chwałek, each individually, is authorized to issue and execute the Report on behalf of the Company;

RESOLVED FURTHER, that Mr. Anton Gauffin is authorized to sign on behalf of the Company certain statement being part of the Report on Activities in accordance with Exhibit A to this Board Consent, but with such changes and additions as 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 their designee's execution of the modification, provided that notice is provided to the Board of any changes to the Report that deviate from Exhibit A in a reasonable time after the Report have been executed);

RESOLVED FURTHER, that Mr. Wojciech Wronowski and Mr. Marek Chwałek, each individually, or their designee, as an authorized representative of the Company, is individually further authorized and directed to file the Report, 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, Mr. Wojciech Wronowski and Mr. Marek Chwałek 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 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 Board 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 Board Consent may be executed by way of either digital or electronic signatures.

Board Of Directors

Anton Gauffin

Henric Suuronen

John Salter

Krzysztof Kaczmarczyk

Tom Jacobsson

HUUUGE



HUUUGE, INC.

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

Contact for Investors

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