



HUUUGE, INC.

Interim Condensed Separate Financial Statements

as at and 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

HUUUGE

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Interim condensed separate statement of comprehensive income

	Note	Six-month period ended June 30, 2024 Unaudited	Six-month period ended June 30, 2023 Unaudited Reclassified*	Three-month period ended June 30, 2024 Unaudited	Three-month period ended June 30, 2023 Unaudited Reclassified*
Revenue	5	447	1,068	238	197
Dividend income		43,973	94,693	43,973	-
Operating expenses		(2,193)	(4,144)	(1,027)	(1,708)
Other operating income/(expenses), net		(185)	(37)	(183)	351
Operating result		42,042	91,580	43,001	(1,160)
Finance income/(expense), net		1,389	1,794	432	1,173
Profit/(loss) before tax		43,431	93,374	43,433	13
Income tax	8	(1,021)	(1,204)	(523)	(1,278)
Net result for the period		42,410	92,170	42,910	(1,265)
Other comprehensive income		-	-	-	-
Total comprehensive income/(loss) for the period		42,410	92,170	42,910	(1,265)

* Change in presentation

During the six-month period ended June 30, 2024, there was a change in presentation of the items in the separate statement of comprehensive income. For the details, please refer to Note 2 *Basis for preparation of the interim condensed financial statements*.

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

Interim condensed separate statement of financial position

	Note	As at June 30, 2024 Unaudited	As at December 31, 2023 Audited
Assets			
Non-current assets			
Investment in subsidiaries	9	30,463	29,847
Long-term investments	10	3,500	-
Deferred tax assets	8	1,447	88
Total non-current assets		35,410	29,935
Current assets			
Trade and other receivables		3,664	1,961
Dividend receivable		41,774	10,000
Corporate income tax receivable		1,257	752
Cash and cash equivalents	11	15,116	80,532
Total current assets		61,811	93,245
Total assets		97,221	123,180
Equity			
Share capital	12	1	1
Treasury shares	12	(16,065)	(16,652)
Supplementary capital	12	78,336	149,590
Employee benefit reserve	13	27,870	25,749
Retained earnings/(Accumulated losses)		2,908	(39,502)
Total equity		93,050	119,186
Current liabilities			
Trade and other payables		2,471	2,294
Provisions	14	1,700	1,700
Total current liabilities		4,171	3,994
Total equity and liabilities		97,221	123,180

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

Interim condensed separate statement of changes in equity

	Note	Share capital	Treasury shares	Supplementary capital	Employee benefit reserve	Retained earnings/ (accumulated losses)	Equity
As at January 1, 2024, Audited		1	(16,652)	149,590	25,749	(39,502)	119,186
<i>Net profit/(loss) for the period</i>		-	-	-	-	42,410	42,410
Total comprehensive income for the period		-	-	-	-	42,410	42,410
Exercise of stock options	12,13	-	587	(422)	-	-	165
Employee share schemes – value of employee services	13	-	-	-	2,121	-	2,121
Transaction costs related to SBB program*		-	(832)	-	-	-	(832)
Repurchase of common shares under Share Buyback Scheme ("SBB")	12	-	(70,000)	-	-	-	(70,000)
Retirement of shares purchased during the Share Buyback Scheme ("SBB")	12	-	70,832	(70,832)	-	-	-
As at June 30, 2024, Unaudited		1	(16,065)	78,336	27,870	2,908	93,050

* Transaction costs related to the Share Buyback ("SBB") program include directly attributable costs incurred before June 30, 2024, incl. excise tax on certain repurchases of shares by corporations, recognized as a deduction from equity. The change of trade and other payables presented in the interim statement of financial position as at June 30, 2024 does not equal the change in the statement of cash flows for the six-month period ended June 30, 2024. The difference of USD 409 thousand is due to the transaction costs related to SBB, presented in the cash flows from financing activities in the interim statement of cash flows, which were not paid as at June 30, 2024.

	Note	Share capital	Treasury shares	Supplementary capital	Employee benefit reserve	Retained earnings/ (accumulated losses)	Equity
As at January 1, 2023, Audited		2	(20,942)	304,487	22,894	(193,753)	112,688
<i>Net profit/(loss)</i>		-	-	-	-	92,170	92,170
Total comprehensive income for the period		-	-	-	-	92,170	92,170
Exercise of stock options	12,13	-	3,619	(3,274)	-	-	345
Employee share schemes – value of employee services	13	-	-	-	970	-	970
Transaction costs related to SBB program*		-	(1,077)	-	-	-	(1,077)
As at June 30, 2023, Unaudited		2	(18,400)	301,213	23,864	(101,583)	205,096

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

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

Interim condensed separate statement of cash flows

	Note	Six-month period ended June 30, 2024 Unaudited	Six-month period ended June 30, 2023 Unaudited
Cash flows from operating activities			
Profit/(loss) before tax		43,431	93,374
Adjustments for:			
Finance (income)/expense, net		(1,365)	(1,739)
Non-cash employee benefits expense – share-based payments	13	390	42
Recharge from subsidiaries - share-based payments		440	-
Depreciation and amortization		-	52
(Profit)/loss on disposal of property, plant and equipment		-	50
Changes in net working capital:			
Dividend receivable		(33,973)	-
Trade and other receivables		(1,028)	335
Trade and other payables		(232)	(2,530)
Other adjustments		(5)	(2)
Cash flows from operating activities		7,658	89,582
Income tax (paid)		(681)	(460)
Net cash flows from operating activities		6,977	89,122
Cash flows from investing activities			
Long-term investments	10	(3,500)	-
Interest received		1,588	2,029
Net cash flows from/(used in) investing activities		(1,912)	2,029
Cash flows from financing activities			
Repurchase of common shares under Share Buyback Scheme (“SBB”)	12	(70,000)	-
Transaction costs related to SBB		(423)	(61)
Exercise of stock options	12	165	345
Lease repayment and interest paid		-	(40)
Net cash flows from/(used in) financing activities		(70,258)	244
Net increase/(decrease) in cash and cash equivalents		(65,193)	91,395
Effect of exchange rate fluctuations and accrued interest		(223)	(290)
Cash and cash equivalents at the beginning of the period		80,532	86,210
Cash and cash equivalents at the end of the period		15,116	177,315

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



Notes to the interim condensed separate financial statements

HUUUGE

1. General information

Huuuge, Inc. (hereinafter the “Company”, the “Parent Company”) is a company registered in the United States of America. The Company’s registered office is located in Dover, Delaware, 850 Burton Road, Suite 201, DE 19904, and the operating office is located in Las Vegas, Nevada, 2300 W. Sahara Ave., Suite #680, Mailbox #32, NV 89102.

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

The Company has an unlimited period of operation.

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

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

Identification of consolidated financial statements

The Company is the ultimate parent of the Huuuge Inc Group. The Company has prepared interim condensed consolidated financial statements for the period ended June 30, 2024, which were approved on September 3, 2024 by the Board of Directors.

Composition of the Company's Board of Directors as at June 30, 2024 and as at the date of signing of these interim condensed separate financial statements

Directors have annual terms of duty and serve until the successors are duly elected. Preferred shareholders have the right to appoint certain directors. Effective on June 18, 2024, Mr. Krzysztof Kaczmarczyk and Mr. Tom Jacobsson were re-elected as independent non-executive directors. In connection with the election of members of the Board of Directors by the Annual General Meeting, Mr. John Salter was elected to serve as the Series A Director for the next term, and Mr. Henric Suuronen and Mr. Anton Gauffin to serve as the Series B Directors for the next term.

As at December 31, 2023, as well as at June 30, 2024 and as at the date of signing of these interim condensed separate financial statements, the composition of the Company’s Board of Directors was the following:

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

Investments in subsidiaries

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

Name of entity	Registered seat	Activities	Company's share in capital	
			As at June 30, 2024	As at December 31, 2023
Huuuge Games Sp. z o.o.	Szczecin, Poland	games development and operations	100%	100%
Huuuge Global Ltd	Limassol, Cyprus	games distribution, user acquisition	100%	100%
Huuuge Publishing Ltd (formerly Fun Monkey Ltd)	Limassol, Cyprus	games distribution	100%	100%
Huuuge Block Ltd (formerly Coffee Break Games Ltd)	Limassol, Cyprus	games distribution	100%	100%
Billionaire Games Limited	Limassol, Cyprus	games distribution	100%	100%
Huuuge Digital Ltd	Tel Aviv, Israel	games development, R&D	100%	100%
Playable Platform B.V.	Amsterdam, Netherlands	games development, R&D	100%	100%
Double Star Oy	Helsinki, Finland	games development	100%	100%
Huuuge UK Ltd	London, United Kingdom	product management	100%	100%
MDOK GmbH (formerly Huuuge Pop GmbH)	Berlin, Germany	games development, in liquidation	100%	100%
Huuuge Labs GmbH	Berlin, Germany	games development, R&D, in liquidation	100%	100%
Huuuge Mobile Games Ltd **	Dublin, Ireland	dissolved	-	100%
Coffee Break Games United Ltd *	Dublin, Ireland	dissolved	-	100%

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

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

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

2. Basis for preparation of the interim condensed financial statements

These interim condensed separate financial statements (hereinafter "interim condensed 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.

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

These interim condensed financial statements as at and for the six-month period ended June 30, 2024 were approved on September 3, 2024 by the Board of Directors. The Company has prepared these interim separate financial statements on the basis that it will continue to operate as a going concern.

These interim condensed financial statements are prepared on the historical cost basis, except for financial instruments, measured at fair value.

Change in presentation in the separate statement of comprehensive income

During the six-month period ended June 30, 2024 Company changed presentation of the items in the separate statement of comprehensive income. The Company simplified the presentation of the separate statement of comprehensive income by eliminating Cost of Sales line item, as the Company does not incur such costs and also eliminating gross profit/(loss) subtotal. Additionally, the Company aggregated Sales and Marketing expenses, Research and development expenses and General and administrative expenses into one line – Operating expenses, with disaggregation provided in note 7 to the condensed separate financial statements. The Company also aggregated Finance income and finance expenses into one line, i.e. Finance income/(expenses) net.

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

3. Adoption of new and revised Standards

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

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

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

- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture (issued on September 11, 2014): the endorsement process of these Amendments has been postponed by the EU – the effective date was deferred indefinitely by the International Accounting Standards Board;
- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (issued on August 15, 2023): not yet endorsed by the EU at the date of approval of these interim condensed financial statements for issue – effective for financial years beginning on or after January 1, 2025;
- IFRS 18: Presentation and disclosure in financial statements (issued on April 9, 2024) – not yet endorsed by EU at the date of approval of these interim condensed financial statements for issue – effective for financial years beginning on or after January 1, 2027;
- IFRS 19: Subsidiaries without Public Accountability: Disclosures (issued on May 9, 2024) – not yet endorsed by EU at the date of approval of these interim condensed financial statements for issue – effective for financial years beginning on or after January 1, 2027;
- Amendments to IFRS 9 and IFRS: Amendments to the Classification and Measurement of Financial Instruments (issued on May 30, 2024) – not yet endorsed by EU at the date of approval of these interim condensed financial statements for issue – effective for financial years beginning on or after January 1, 2026;
- Annual Improvements Volume 11 (issued on July 18, 2024) – not yet endorsed by EU at the date of approval of these interim condensed financial statements for issue – effective for financial years beginning on or after January 1, 2026.

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

New International Financial Reporting Standards and Interpretations effective for the first time for financial year 2024:

During the six-month period ended June 30, 2024, the following IFRS and amendments to IFRS or interpretations entered into force:

- Amendments to IAS 1: Presentation of Financial Statements: Classification of Liabilities as Current or Non-current – Deferral of Effective Date and Non-current Liabilities with Covenants (issued on January 23, 2020 and subsequently amended on July 15, 2020 and October 31, 2022): effective for financial years beginning on or after January 1, 2024;
- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (issued on September 22, 2022): effective for financial years beginning on or after January 1, 2024;
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (Issued on May 25, 2023): not yet endorsed by the EU at the date of approval of these financial statements for issue – effective for financial years beginning on or after January 1, 2024.

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

4. Significant accounting policies, key judgments and estimates

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

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

5. Revenue and dividend income

The Company's revenue is generated by services rendered to the other entities in the Group. The Company's revenue comprises revenues from stewardship activities as well as facilitating the advertisement services on behalf of Huuuge Global Ltd.. The Company as an agent presents revenues from advertising services in net amounts, as described in Note 2 *Basis for preparation of the financial statements*, point (d) *Key judgements and estimates* of the Company's financial statements as at and for the year ended December 31, 2023.

In the six-month period ended June 30, 2024 the Company's revenues amounted to USD 447 thousand (USD 1 thousand from game design services and USD 446 thousand from stewardship services), and in the six-month period ended June 30, 2023 - USD 1,068 thousand (USD 972 thousand from game design services and USD 96 thousand from stewardship).

During the six-month period ended June 30, 2024, the Company recognized dividend income in the amount of USD 43,973 thousand as presented in the line "Dividend income" in the interim condensed separate statement of comprehensive income. Based on the shareholders resolution of Huuuge Games Sp. z o.o. dated June 28, 2024 the dividend was declared. The dividend relates to the profits for the years 2020 (USD 4,203 thousand), 2021 (USD 3,906 thousand), 2022 (USD 4,473 thousand) and 2023 (USD 31,391 thousand). As of the date of the approval of these interim condensed separate financial statements for issue the Company has not received the dividend payment.

6. Segment information

The Company uses the exemption with respect to the disclosures of segment information in accordance with IFRS 8.4, therefore, the analysis of the activities of the Company's operating segments has been presented in the interim condensed consolidated financial statements as at and for the six-month period ended June 30, 2024.

7. Operating expenses

For the six-month periods ended June 30, 2024 and June 30, 2023 operating expenses include:

Expenses by nature	Six-month period ended June 30, 2024 Unaudited	Six-month period ended June 30, 2023 Unaudited
Salaries and employee-related costs	784	2,366
Finance & legal services	918	1,543
Share - based payment expense	390	42
Other costs	101	148
Property maintenance and external services	-	45
Total operating expenses	2,193	4,144

8. Income tax

	Six-month period ended June 30, 2024 Unaudited	Six-month period ended June 30, 2023 Unaudited
Current income tax	2,379	1,119
Change in deferred income tax	(1,358)	85
Income tax for the period	1,021	1,204

The average tax rate used for the six-month period ended June 30, 2024 is (2.4)%, compared to (1.3)% for the six-month period ended June 30, 2023. Higher current income tax in the six-month period ended June 30, 2024 is due to recognized dividend income in the amount of USD 43,973 thousand and recognized withholding tax related to this dividend in the amount of USD 2,199 thousand. This was partially off-set due to the fact that recognized withholding tax can be deducted from the federal tax. Unused part of withholding tax, which can be deducted in the future, was included in the deferred tax asset.

9. Investments in subsidiaries

	As at June 30, 2024 Unaudited	As at December 31, 2023 Audited
Investment in subsidiaries:		
Huuuge Global Ltd	3,593	3,593
Huuuge Games Sp. z o.o.	2,326	2,326
Playable Platform B.V.	1,826	1,826
Huuuge UK	345	345
Huuuge Digital Ltd	0	0
Impairment	-	-
Options granted to employees of the Company's subsidiaries under stock option program	22,373	21,757
Total investment in subsidiaries	30,463	29,847

As at June 30, 2024 and December 31, 2023 there was no impairment of the investment in subsidiaries recognized due to the lack of the impairment indicators. When reviewing the indicators of impairment, the Company's management has considered the following factors:

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

10. Long-term investments

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

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

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

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

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

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

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

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

As at June 30, 2024, the SAFE agreement was recognised in the line “Long-term investments” in the interim condensed statement of financial position in the amount of USD 3,500 thousand. Since the strike price for the call option as at June 30, 2024 is higher than the fair value of the underlying assets, the call option approximates nil value as at the reporting date. The call option fair value is subject to revaluation in the following reporting periods.

11. Cash and cash equivalents

	As at June 30, 2024 Unaudited	As at December 31, 2023 Audited
Money market mutual funds	14,563	79,986
Cash at banks (current accounts)	553	546
Total cash and cash equivalents	15,116	80,532

Money market mutual fund investments are classified as cash equivalents. For the details, please refer to Note 2 *Accounting policies*, point 2) *Key judgements and estimates* in the separate financial statements as at and for the year ended December 31, 2023.

During the six-month period ended June 30, 2024, money market mutual fund investments and deposits generated interest income in the total amount of USD 1,365 thousand (USD 1,739 thousand during six-month period ended June 30, 2023).

12. Share capital

As at June 30, 2024 and June 30, 2023 Company's share capital comprised common shares and preferred shares series A and B. Below are presented movements on different components of equity divided in the categories of shares (nominal values presented in USD, not thousand USD):

Shares classified as equity instruments as at June 30, 2024:

	Common shares (outstanding)		Preferred shares (series A and B)		Treasury shares		Treasury shares allocated for the existing share-based payment programs		Total (issued)	
	Number of shares	Nominal value	Number of shares	Nominal value	Number of shares	Nominal value	Number of shares	Nominal value	Number of shares	Nominal value
As at January 1, 2024, Audited	62,977,148	1,260	2	0	4,147,628	84	-	-	67,124,778	1,344
Allocation of shares to Share-based payment program	-	-	-	-	(168,509)	(3)	168,509	3	-	-
Exercise of stock options	145,582	3	-	-	-	-	(145,582)	(3)	-	-
Repurchase of common shares under Share Buyback Scheme ("SBB")	(7,139,797)	(143)	-	-	7,139,797	143	-	-	-	-
Retirement of treasury shares	-	-	-	-	(7,139,797)	(143)	-	-	(7,139,797)	(143)
As at June 30, 2024, Unaudited	55,982,933	1,120	2	0	3,979,119	81	22,927	-	59,984,981	1,201

Shares classified as equity instruments as at June 30, 2023:

	Common shares (outstanding)		Preferred shares (series A and B)		Treasury shares		Treasury shares allocated for the existing share-based payment programs		Total (issued)	
	Number of shares	Nominal value	Number of shares	Nominal value	Number of shares	Nominal value	Number of shares	Nominal value	Number of shares	Nominal value
As at January 1, 2023 Audited	79,183,513	1,584	2	0	5,063,182	102	-	-	84,246,697	1,686
Allocation of shares to Share-based payment program	-	-	-	-	(748,971)	(15)	748,971	15	-	-
Exercise of stock options	748,971	15	-	-	-	-	(748,971)	(15)	-	-
As at June 30, 2023 Unaudited	79,932,484	1,599	2	0	4,314,211	87	-	-	84,246,697	1,686

As at June 30, 2024, the Company was authorized to issue up to 113,881,420 shares with a par value of USD 0.00002 (113,881,418 common shares and 1 share of series A preferred share and 1 share of series B preferred share), out of which as at June 30, 2024, 28,603,873 shares were allocated to a reserve that could be issued only with majority shareholders' approval (4,007,065 as at June 30, 2023).

As at June 30, 2024, the issued share capital of the Company comprised 59,984,981 shares (fully paid) with a par value of USD 0.00002 per share and the total value of USD 1,201 (not thousands), including 55,982,933 common shares held by shareholders, 2 preferred shares (one preferred share of series A and one preferred share of series B) held by shareholders and 4,002,046 common shares reacquired by the Company and not redeemed (presented in the tables above: treasury shares and treasury shares allocated to the existing share-based payment programs).

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

During the six-month period ended June 30, 2024, the number of shares (not issued) allocated to the existing share-based payment programs was reduced by 168,509 shares. This is because 145,582 treasury shares were delivered to employees for the options exercised during the period, and 22,927 treasury shares were delivered after June 30, 2024. As at June 30, 2024, 9,923,670 shares with a par value of USD 0.00002 per share were reserved for two stock option programs established in 2015 and 2019.

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

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

As at June 30, 2024 and June 30, 2023, no shareholder owned over 50% of the Company's equity or had more than 50% of voting rights. The Company's major shareholder is Mr. Anton Gauffin, founder and Executive Chairman of the Board, who participates in the Company's ordinary shares indirectly (through shares of Big Bets OU).

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

In the six-month period ended June 30, 2024, the following transactions took place:

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

In the six-month period ended June 30, 2024, 296,767 share options held by employees under the share-based payment program were exercised. Of these, 256,591 options exercised resulted in the delivery of 145,582 treasury shares to employees before June 30, 2024, and 40,176 options resulted in the delivery of 22,927 treasury shares after June 30, 2024 (the difference between the number of options exercised and the number of treasury shares delivered is due to cashless exercises).

The delivery of treasury shares was presented as a movement from treasury shares to common shares. The movement resulted in an increase in share capital in the amount of the nominal value of the shares delivered, and the difference between the value of treasury shares and the cash consideration received in the amount of USD 422 thousand was recognized in supplementary capital. At the same time, the movement decreased the number of shares (not issued) allocated to the existing share-based payment programs.

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

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

In the course of the SBB:

- The Company acquired 7,139,797 shares of common stock of its own shares for the total amount of USD 69,999,998, 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.

Prior to the SBB settlement, the Company owned 4,002,046 common shares that represented 5.96% of the Company's share capital and did not entitle the Company to voting rights. Following the settlement of the SBB, the Company owned a total of 11,141,843 shares that represented 16.60% of the Company's share capital and do not entitle the Company to voting rights. Consequently, following the settlement of the SBB, there were 67,124,778 shares of the Company issued and conferring 55,982,935 votes in total at the general meeting of the Company.

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 Company at the time (as announced in Current Report no. 23/2024). The shares that were subject to the retirement were purchased by the Company during the SBB with the intention that the shares will be retired, other than those shares necessary, in the Company's view, to satisfy its ongoing needs under the 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.

- **Authorised capital decrease**

As reported in the current report no. 35/2024 dated July 3, 2024, in connection with resolutions adopted at the Annual General Meeting of Shareholders of the Company on June 18, 2024 and in connection with the submission of an application to the Delaware Secretary of State to register amendments to the Certificate of Incorporation, the Delaware Secretary of State registered amendments to the Company's Memorandum of Association on July 2, 2024.

The authorised capital of the Company was decreased to 85,300,474 shares by amending Paragraph 4.1 of Article IV of the Certificate of Incorporation.

Share structure of the Company after decreasing the authorised capital was as follows:

1. The authorized capital comprised 85,300,474 shares divided into two classes, consisting of (i) 85,300,472 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;
2. The issued capital was 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.

Each share of common stock and preferred stock gives the right to one vote at the general meeting of the Company, which results in the total number of votes from all issued shares equal to 59,984,981.

In the six-month period ended June 30, 2023, the following transactions took place:

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

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

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

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

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

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

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

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

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

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

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

13. Share-based payment arrangements

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

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

	Six-month period ended June 30, 2024	
	Number of options	Weighted average exercise price
Balance as at January 1, 2024	5,534,416	5.75
Granted during the period	585,000	6.92
Forfeited during the period	(267,262)	5.25
Exercised during the period	(296,767)	3.53
Expired during the period	(9,856)	2.99
Balance as at June 30, 2024	5,545,531	6.03

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

As at June 30, 2024, 738,048 share options were exercisable, with the weighted average exercise price of USD 4.3 per share. As at June 30, 2023, 504,498 share options were exercisable, with the weighted average exercise price of USD 3.6 per share.

During the six-month period ended June 30, 2024, 296,767 options were exercised under the share-based payment program, out of which 256,591 treasury shares were delivered to employees before June 30, 2024 (the difference is due to cashless exercises and number of options exercised, for which treasury shares were not delivered as at June 30, 2024). For the remaining 40,176 options exercised during the six-month period ended June 30, 2024, 22,927 shares were pending delivery as of June 30, 2024. Total cash payments received during the six-month period ending June 30, 2024 amounted to USD 165 thousand.

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

The effect of the fair value measurement of options granted to employees of the Company, i.e. total expense related to share-based payment arrangements for the six-month period ended June 30, 2024 amounted to USD 390 thousand (for the six-month period ended June 30, 2023 amounted to 42 USD thousand), including the reversal of costs for the options forfeited during the period. These costs are presented in the Line "Operating expenses" in the interim condensed statement of comprehensive income. The effect of the fair value measurement of options granted to employees of the Company's subsidiaries during the six-month period ended June 30, 2024 is reflected in the Company's assets as investment in subsidiaries in the amount of USD 1,731 thousand (USD 928 thousand during the six-month period ended June 30, 2023).

Executive Chairman of the Board options

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

The vesting conditions for the options are the following:

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

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

Advisory agreement

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

Options granted to key management personnel

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

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

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

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

14. Contingencies

Tax contingent liabilities

Tax settlements are subject to review and investigation by tax authorities, which are entitled to impose severe fines, penalties and interest charges. Tax regulations in the United States have been changing recently, which may lead to lack of their clarity and integrity. Furthermore, frequent contradictions in tax interpretations, both within government bodies and between companies and government bodies create uncertainties and conflicts.

Tax authorities may examine accounting records retrospectively: for 3 years in the United States (and up to 6 years in case of substantial errors). Consequently, the Company may be subject to additional tax liabilities, which may arise as a result of tax audits. The Board of Directors of the Company believes that there was no need to record any provisions for known and quantifiable risks in this regard as in their assessment there are no such uncertain tax positions for which it would be probable that the taxation authority will not accept the tax treatment applied by the Company.

Litigation and other legal proceedings

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

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

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 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 may be subject to damages, civil fines, or other sanctions. Additionally, defending against these lawsuits and proceedings may involve significant expense and diversion of management's attention and resources.

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

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

- On June 28, 2023, a claimant filed a demand for arbitration alleging that the Company's social casino games are unlawful gambling under Kentucky law. The claimant seeks to recover treble the total of all amounts paid by Kentucky residents to the Company in those games during the period beginning five years before the filing of the demand (i.e. June 28, 2018) until the case is resolved. An arbitrator has been changed in the case, and a new arbitrator was appointed on April 15, 2024. 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 approval of these interim condensed separate financial statements for issue, 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 approval of these interim condensed separate financial statements for issue, 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 plaintiff filed an amended complaint substituting Huuuge Global Limited as defendant in place of the Company, and a motion to remand the case back to the state circuit court. On February 9, 2024 the Company opposed the plaintiff's motion to remand and further, on March 29, 2024 the Company submitted a reply to support its motion to dismiss filed on February 5, 2024. As of the date of approval of these interim condensed separate financial statements for issue, the parties are awaiting the judge's decision on remand and the motion to dismiss. As of the date of approval of these interim condensed separate financial statements for issue, 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 approval of these interim condensed

separate financial statements for issue, 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 at June 30, 2024, or as at the date of approval of these interim condensed separate financial statements for issue, a party to any significant court or arbitration proceedings or before any public authority.

15. Related party transactions

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

Related party	During the six-month period ended, Unaudited	Sales to a related party	Purchase from a related party/other operating expense	Dividend income
Huuuge Global Ltd	June 30, 2024	6,945	-	-
	June 30, 2023	2,318	-	94,693
Huuuge Games Sp. z o.o.	June 30, 2024	-	-	43,973
	June 30, 2023	-	7	-
Huuuge UK	June 30, 2024	-	-	-
	June 30, 2023	-	358	-
Total for the six-month period ended June 30, 2024 (Unaudited)		6,945	0	43,973
Total for the six-month period ended June 30, 2023 (Unaudited)		2,318	365	94,693

Related party	As at June 30, 2024(Unaudited) and as at December 31,2023 (Audited)	Trade receivables from a related party	Trade liabilities to a related party
Huuuge Global Ltd	June 30, 2024	2,760	-
	December 31, 2023	1,595	-
Huuuge Digital Ltd	June 30, 2024	40	-
	December 31, 2023	-	-
Huuuge Games Sp. z o.o.	June 30, 2024	-	315
	December 31, 2023	-	-
Huuuge UK	June 30, 2024	678	-
	December 31, 2023	139	-
Double Star OY	June 30, 2024	-	18
	December 31, 2023	-	-
Total as at June 30, 2024 (Unaudited)		3,478	333
Total as at December 31, 2023 (Audited)		1,734	-

Total gross revenue during six-months period ended June 30, 2024 and June 30, 2023 amounted to USD 6,945 thousand and USD 2,318 thousand respectively. Cost of re-invoiced services during six-months period ended June 30, 2024 and June 30, 2023 amounted to USD 6,498 thousand and USD 1,250 thousand respectively, thus the net revenue presented in the interim condensed statement of comprehensive income amounts to USD 447 thousand during six-months period ended June 30, 2024 and USD 1,068 thousand during six-months period ended June 30, 2023.

In addition, related parties' transactions include transactions with the Management of the Company. Compensation of key management personnel of the Company for the six-month period ended June 30, 2024 comprised the base salaries, and share-based payments in the total amount of USD 894 thousand for the six-month period ended June 30, 2024 (compensation of key management personnel for the six-month period ended June 30, 2023 included additionally bonuses and compensation based on the financial result of the period). For more details, please refer to Note 17 *Transactions with management of the Parent Company and their close family members* to the interim condensed consolidated financial statements.

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

On April 23, 2024, members of the Executive Management team and their close family members sold 13,108 shares in total under Share Buy-back amounting to USD 129 thousand.

16. Subsequent events

After June 30, 2024 and up to the date of approval of these interim condensed financial statements for issue no significant events except the following have occurred:

Authorised capital decrease

As reported in the current report no. 35/2024 dated July 3, 2024, the authorised capital of the Company was decreased to 85,300,474 shares. For details, please, refer to Note 12 *Share capital*.

Investment in Empire Games Ltd.

On August 14, 2024, The Company concluded: (i) a simple agreement for future equity (the "SAFE") with Empire Games Ltd., with its seat in London, England ("Empire Games") for the total amount of up to USD 1,500 thousand to be paid in tranches. As of the date of approval of these interim condensed financial statements for issue, the Company made the payment of the first tranche in the amount of USD 500 thousand. The payment of the second and the third tranches is at the sole discretion of the Company. In addition, the Company concluded a call option deed agreement (the "Call Option Deed") with Empire Games and its shareholders. In accordance with the provisions of the Call Option Deed, the Company is granted the right (not an obligation) to acquire the entire issued share capital of Empire Games (existing or future) together with all rights attached thereto. The Company is entitled to exercise the Call Option at any time following the investment of the second tranche under SAFE, and ending on the date falling 18 months following the date of the investment of the second tranche. The price of the call option amounts to USD 650 thousand. The exercise of the call option would result in the additional signing bonus and earn-out bonus conditional on achievement of pre-agreed performance metrics.



Electronically signed
Wojciech Wronowski,
Officer of Huuuge, Inc., CEO
September 5, 2024



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