The Huuuge, Inc. Group Consolidated Financial Statements

as at and for the year ended December 31, 2024

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

HUUUGE

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Consolidated statement of comprehensive income

	Note	Year ended December 31, 2024	Year ended December 31, 2023 (Reclassified)
Revenue	**3**	**250,823**	**283,444**
Cost of sales	4	(69,005)	(82,569)
Gross profit on sales		**181,818**	**200,875**
Sales and marketing expenses:	4	(52,942)	(50,467)
thereof, User acquisition marketing campaigns	*4*	*(38,887)*	*(35,337)*
thereof, General sales and marketing expenses	*4*	*(14,055)*	*(15,130)*
Research and development expenses	4	(22,209)	(23,363)
General and administrative expenses	4	(31,291)	(32,796)
Other operating income/(expense), net		(4,468)	(176)
Operating result		**70,908**	**94,073**
Finance income	6	7,146	5,842
Finance expense	6	(269)	(1,150)
Profit before tax		**77,785**	**98,765**
Income tax	8	(12,433)	(16,587)
Net result for the year		**65,352**	**82,178**
Other comprehensive income			
Items that may be reclassified to profit or loss			
Exchange gains/(losses) on translation of foreign operations		(2,541)	1,908
Total other comprehensive income/(loss)		**(2,541)**	**1,908**
Total comprehensive income for the year		**62,811**	**84,086**
Net result for the year attributable to:			
owners of the Parent		65,352	82,178
Total comprehensive income for the year attributable to:			
owners of the Parent		62,811	84,086
Earnings per share (in USD)			
basic	7	1.12	1.15
diluted	7	1.12	1.15

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

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

Consolidated statement of financial position

	Note	As at December 31, 2024	As at December 31, 2023
Assets			
Non-current assets			
Property, plant and equipment		2,254	2,576
Right-of-use assets	17	4,847	6,850
Goodwill	15	2,408	2,554
Intangible assets	9	7,780	9,854
Deferred tax assets	8	4,973	3,733
Long-term investments	10	500	-
Long-term lease receivables	17	1,149	2,341
Other long-term assets		1,927	1,886
Total non-current assets		**25,838**	**29,794**
Current assets			
Trade and other receivables	11	29,702	32,635
Short-term lease receivables	17	1,169	1,209
Corporate income tax receivable		2,301	1,680
Other short-term financial assets		2,465	-
Cash and cash equivalents	12	141,840	152,110
Total current assets		**177,477**	**187,634**
Total assets		**203,315**	**217,428**
Equity			
Share capital	13	1	1
Treasury shares	13	(15,720)	(16,652)
Supplementary capital	13	78,886	150,364
Employee benefit reserve	14	29,234	25,749
Foreign exchange reserve		(3,267)	(726)
Retained earnings		83,676	18,324
Total equity		**172,810**	**177,060**
Equity attributable to owners of the Company		*172,810*	*177,060*
Non-current liabilities			
Long-term lease liabilities	17	3,609	6,843
Other long-term liabilities		355	374
Total non-current liabilities		**3,964**	**7,217**
Current liabilities			
Trade and other payables	16	11,426	17,132
Deferred income	3, 16	1,879	2,471
Corporate income tax liabilities		7,594	8,052
Short-term lease liabilities	17	3,942	3,796
Provisions	18	1,700	1,700
Total current liabilities		**26,541**	**33,151**
Total equity and liabilities		**203,315**	**217,428**

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

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

Consolidated statement of changes in equity

Equity attributable to owners	Note	Share capital	Treasury shares	Supplementary capital	Employee benefit reserve	Retained earnings	Foreign exchange reserve	Equity
As at January 1, 2024		**1**	**(16,652)**	**150,364**	**25,749**	**18,324**	**(726)**	**177,060**
Net profit/(loss) for the year		-	-	-	-	65,352	-	65,352
Other comprehensive income - foreign currency exchange gains/(losses)		-	-	-	-	-	(2,541)	(2,541)
Total comprehensive income for the year		**-**	**-**	**-**	**-**	**65,352**	**(2,541)**	**62,811**
Exercise of stock options	13, 14	0**	932	(646)	-	-	-	286
Employee share schemes - value of employee services	14	-	-	-	3,485	-	-	3,485
Transaction costs related to SBB program*	13	-	(832)	-	-	-	-	(832)
Repurchase of common shares under Share Buyback Scheme ("SBB")	13	(0)**	(70,000)	-	-	-	-	(70,000)
Retirement of shares purchased during the Share Buyback Scheme ("SBB")	13	-	70,832	(70,832)	-	-	-	-
As at December 31, 2024		**1**	**(15,720)**	**78,886**	**29,234**	**83,676**	**(3,267)**	**172,810**

* Transaction costs related to the Share Buyback ("SBB") program include directly attributable costs incurred before December 31, 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 consolidated statement of financial position as at December 31, 2024 does not equal the change in the consolidated statement of cash flows for the year ended December 31, 2024. The difference of USD 377 thousand is due to the transaction costs related to SBB, presented in the cash flows from financing activities in the consolidated statement of cash flows, which were not paid as at December 31, 2024.

** 0 represents an amount less than USD 1 thousand.

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

Equity attributable to owners	Note	Share capital	Treasury shares	Supplementary capital	Employee benefit reserve	Retained earnings (accumulated losses)	Foreign exchange reserve	Equity
As at January 1, 2023		**2**	**(20,942)**	**305,261**	**22,894**	**(63,854)**	**(2,634)**	**240,727**
Net profit/(loss) for the year		-	-	-	-	82,178	-	82,178
Other comprehensive income - foreign currency exchange gains/(losses)		-	-	-	-	-	1,908	1,908
Total comprehensive income for the year		**-**	**-**	**-**	**-**	**82,178**	**1,908**	**84,086**
Exercise of stock options	13, 14	0**	4,290	(3,820)	-	-	-	470
Employee share schemes - value of employee services	14	-	-	-	2,855	-	-	2,855
Repurchase of common shares under Share Buyback Scheme ("SBB")	13	(1)***	(150,000)	-	-	-	-	(150,001)
Transaction costs of SBB program*	13	-	(1,077)	-	-	-	-	(1,077)
Retirement of shares purchased during the Share Buyback Scheme ("SBB")	13	-	151,077	(151,077)	-	-	-	-
As at December 31, 2023		**1**	**(16,652)**	**150,364**	**25,749**	**18,324**	**(726)**	**177,060**

* Share Buyback program ("SBB") line includes the cash outflows for the repurchase of 17,121,919 own shares at a price of USD 8.7607 per share on July 4, 2023. The change of trade and other payables presented in the consolidated statement of financial position as at December 31, 2023 does not equal the change in the consolidated statement of cash flows for the year ended December 31, 2023. The difference of USD 93 thousand is due to the transaction costs related to SBB, presented in the cash flows from financing activities in the consolidated statement of cash flows, which were not paid as at December 31, 2023.

** 0 represents an amount less than USD 1 thousand.

*** (1) represents an amount less or equal USD 1 thousand.

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

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

Consolidated statement of cash flows

	Note	Year ended December 31, 2024	Year ended December 31, 2023
Cash flows from operating activities			
Profit/(loss) before tax		77,785	98,765
Adjustments for:			
Depreciation and amortization	4	9,202	9,058
Finance (income)/expense, net	6	(7,703)	(2,303)
Revaluation losses on financial instruments	10	3,500	-
Non-cash employee benefits expense - share-based payments	14	3,485	2,855
(Profit)/loss on disposal of property, plant and equipment and derecognition of intangible assets		578	690
Changes in net working capital:			
Trade and other receivables, and other long-term assets	11	2,395	(7,662)
Trade and other payables	16	(9,931)	(7,284)
Other short-term financial assets		(2,465)	-
Deferred income	16	(592)	(209)
Provisions		-	1,700
Other long-term liabilities		(19)	210
Other adjustments		53	79
Cash flows from operating activities		**76,288**	**95,899**
Income tax paid		(11,277)	(13,479)
Net cash flows from operating activities		**65,011**	**82,420**
Cash flows from investing activities			
Interest received	6	5,570	6,144
Long-term investments	10	(4,000)	-
Acquisition of property, plant and equipment		(1,195)	(532)
Software expenditure	9	(2,282)	(2,287)
Sublease payments received	17	1,108	660
Interest received from sublease	17	166	138
Net cash flows from/(used in) investing activities		**(633)**	**4,123**
Cash flows from financing activities			
Repurchase of own shares incl. transaction costs	13	(70,455)	(150,985)
Lease repayment	17	(4,019)	(4,199)
Interest paid	17	(236)	(307)
Exercise of stock options	14	286	470
Net cash flows from/(used in) financing activities		**(74,424)**	**(155,021)**
Net increase/(decrease) in cash and cash equivalents		**(10,046)**	**(68,478)**
Effect of exchange rate fluctuations and accrued interest		(224)	(1,657)
Cash and cash equivalents at the beginning of the year		**152,110**	**222,245**
Cash and cash equivalents at the end of the year		**141,840**	**152,110**

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

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

Notes to the consolidated financial statements

1. General information

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

The Company was established with a notary deed on February 11, 2015.As at December 31, 2024 and December 31, 2023, the Huuuge Inc. Group (the Company and its subsidiaries collectively referred to as the "Group") comprised the Parent Company and its subsidiaries, as listed below.

Name of entity	Registered seat	Activities	Parent Company's share in capital	
			As at December 31, 2024	As at December 31, 2023
Huuuge Games Sp. z o.o.	Szczecin, Poland	games development and operations	100%	100%
Huuuge Global Ltd	Limassol, Cyprus	games distribution, user acquisition	100%	100%
Huuuge Publishing Ltd (formerly Fun Monkey Ltd)	Limassol, Cyprus	games distribution	100%	100%
Huuuge Block Ltd (formerly Coffee Break Games Ltd) **	Limassol, Cyprus	under the strike-off process	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%
Huuuge Mobile Games Ltd *	Dublin, Ireland	dissolved	-	100%
Coffee Break Games United Ltd *	Dublin, Ireland	dissolved	-	100%
MDOK GmbH (formerly Huuuge Pop GmbH) *	Berlin, Germany	dissolved	-	100%
Huuuge Labs GmbH *	Berlin, Germany	dissolved	-	100%

* During the year ended December 31, 2024 the following companies were dissolved and are no longer in existence:

- Coffee Break Games United Ltd - effective from January 24, 2024.
- Huuuge Mobile Games Ltd - effective from May 27, 2024.
- Huuuge Labs GmbH - effective from September 11, 2024.
- MDOK GmbH - effective from September 16, 2024.

** Huuuge Block Ltd. has ceased its operations and the Board of Huuuge Block Ltd., filed an application to strike off Huuuge Block Ltd on December 4, 2024. Huuuge Block Ltd. will not undertake any operational activity, it will cease to exist once the application is approved by the authorities.

*** On March 24, 2025, Double Star Oy entered into voluntary liquidation proceedings. The process of liquidation of the subsidiary is ongoing as of the date of approval of these consolidated financial statements for issue.

**** On March 31, 2025, Playable Platform B.V. entered into voluntary liquidation proceedings. The process of liquidation of the subsidiary is ongoing as of the date of approval of these consolidated financial statements for issue.

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

The core business activities of the Group include:

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

The Group's business activities are not subject to significant seasonal or cyclical trends. The Group's business activities are characterized by low environmental impact.
For more information on climate matters, please refer to the Annual report for the twelve-month period ended December 31, 2024. There were no significant risks identified related to climate change.

Composition of the Company's Board of Directors as at December 31, 2024 and as at the date of signing of these consolidated financial statements
Directors have annual terms of duty and serve until the successors are duly elected. Preferred shareholders have the right to appoint certain directors. 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 December 31, 2024 and as at the date of signing of these consolidated 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.

2. Accounting policies

1) Basis for preparation of the consolidated financial statements
These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union ("IFRS") and were approved on April 15, 2025 by the Board of Directors. The Group has prepared the consolidated financial statements on the basis that it will continue to operate as a going concern.

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

The functional currencies of the Parent Company and its subsidiaries are presented below:

Name of entity	Functional currency
Huuuge Inc.	US dollar (“USD”)
Huuuge Games Sp. z o.o.	Polish zloty (“PLN”)
Huuuge Global Ltd	US dollar (“USD”)
Huuuge Publishing Ltd	US dollar (“USD”)
Huuuge Block Ltd	US dollar (“USD”)
Billionaire Games Limited	US dollar (“USD”)
Huuuge Digital Ltd	Israeli shekel (“ILS”)
Huuuge Labs GmbH	Euro (“EUR”)
Huuuge Mobile Games Ltd	Euro (“EUR”)
Coffee Break Games United Ltd	Euro (“EUR”)
Playable Platform B.V.	Euro (“EUR”)
Double Star Oy	Euro (“EUR”)
MDOK GmbH	Euro (“EUR”)
Huuuge UK Ltd	Pound sterling (“GBP”)

The presentation currency of the consolidated financial statements is USD.

Changes in presentation of amortization of the intangible assets

During the year ended December 31, 2024, the Company management analyzed the presentation of the operating expenses and decided on a change in the presentation of the amortization of internally generated intangible assets, as well as few externally generated intangible assets. In 2023, the amortization of the internally and externally generated intangible assets was in full allocated to the “General and administrative expenses” in the statement of comprehensive income. Starting from January 1, 2024, management decided to allocate the amortization of intangible assets by function. As a result, the amortization in the amount of USD 1,885 thousand was allocated to and presented in the line “Research and development expenses” and USD 479 thousand was allocated to and presented in the line “Sales and marketing expenses” (please, refer to the Note 4 *Operating expenses*).

Such a presentation is relevant to an understanding of the Group's operating expenses structure. In the management’s view, the amended presentation enhances the presentation of the statement of the comprehensive income. The change was implemented retrospectively, i.e. the comparative figures conform to the new presentation: as a result of this change, the amount transferred from the “General and administrative expenses” to the line “Research and development expenses” is USD 1,355 thousand and to the line “Sales and marketing expenses” is USD 312 thousand for the year ended December 31, 2023. This change did not have an impact on total operating expenses for the year ended December 31, 2023.

2) Key judgements and estimates

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

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

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

Model of revenue recognition

Estimate of the progress towards complete satisfaction of the performance obligation

Management evaluates what is the most adequate model of accounting for revenue from micro-payments from customers. In gaming applications, in-app purchases concern mostly immediate purchase of virtual coins (consumable goods), which can be used by the players in the future. Purchase of the virtual coins by the player represents a prepayment for the gaming service. The coins do not have expiry date and the players decide when to use them in the game. In principle, providing access to game functionalities in exchange for the redeemed coins is a performance obligation that the Group fulfills over time. The output method is used to measure the progress of satisfaction by the Group of its performance obligation. At the moment when the player purchases the virtual coins, the Group recognizes the contract liability. The amounts recognized as contract liability are transferred to revenue in line with the pattern of usage of the coins in the game by the customers. Analysis of consumption of coins is not tracked on an individual player basis but is estimated using cumulative method to determine the average days of usage. According to management's assessment, supported by historical data analysis, coins are generally used within 2 days after purchase (consistently over the years 2024 and 2023).

The Group recognizes a contract liability for any consideration received that is attributable to player's unused coins (i.e. player's unexercised rights), taking into account estimated breakage rate (i.e., percentage of coins not expected to be redeemed) at the end of the reporting period. In management's estimate all coins will be used, therefore the breakage rate is zero. The amount of the contract liability is presented in Note 16 *Trade, other payables and deferred income* as deferred income and amounted to USD 1,879 thousand as at December 31, 2024 and USD 2,471 thousand as at December 31, 2023.

Due to the fact that the timing of the use of the coins is at the discretion of the customer the contract does not contain a financing component.

Accordingly, the Group defers the related portion of the platform fees paid or payable to distributors costs to fulfill the contract and recognizes "Contract cost" asset, presented in the line "Trade and other receivables" in the consolidated statement of financial position. For further information on the accounting for the fees paid/payable to the distributors see below "Agent vs principal considerations in selling the virtual coins and providing access to the games".

Agent vs principal considerations in selling the virtual coins and providing access to the games

The vast majority of in-app purchases are sold through Application Marketplaces ("Platform Providers") such as Apple App Store, Google Play, Facebook and Amazon App Store. Management determines that players are the Group's customers, and the Group acts as a principal in its relation to the players. The conclusion that the Group acts as a principal selling virtual coins is consistent with general industry practices and is supported mainly by the following factors:

- The Group has the ultimate responsibility for providing the game to a customer.
- The players sign off the Group's terms & conditions statement.
- All updates and modifications with respect to the game are also prepared by the Group.
- The Group set prices for virtual coins charged to the end-user. The Group has a right to change these prices at any time at its discretion.
- The Group, being a game developer, takes the risk of recovering the expenditures it has incurred developing the game. The distributors do not pay to the Group any upfront fee independently of the actual sales of the games thus do not take any risk similar to inventory risk.
- The Platforms provide IT infrastructure (hosting service), distribution channels and marketing activities as well as collecting and disbursing cash on behalf of Huuuge. None of the distributors have an exclusive right to operate a game as the game is available in multiple channels. The distributors do not provide a significant service of integrating

the license with other products (features) and do not create the combined output as the installation is a very simple process and it is performed by the end-user (player).

Being a principal, the Group presents in-app revenue on a gross basis.

Platform Providers charge usually 30% fees on the prices paid by the users only when the virtual items are purchased. If there are no purchases of the virtual items, the distributors are not entitled to any commissions. The fees cover all services performed by the Platform Providers, such as granting access to the sales platform, ensuring the relevant IT environment (an ongoing service provided by the Platform Provider) and collecting sales proceeds from the users.

Those fees are treated as the costs to fulfill the contract and are recognized as an asset. Contract cost asset is presented in “Trade and other receivables” line item in the consolidated statement of financial position. Those costs are charged to profit/loss over time matching the pattern of revenue recognition and the charge is presented in the consolidated statement of comprehensive income in the “Cost of sales” line. Further accounting policies applied by the Group when recognizing revenue are described in Note 2.3 *Material accounting policies*, point (c) *Revenue*.

Money market mutual funds

As part of its liquidity management, the Group engages in short-term deposits with various banks or overnight deposits in money market mutual funds. Additionally, it invests in Polish state treasury bonds or maintains funds in interest-bearing bank accounts. All institutions or banks must have a high level of creditworthiness, meeting the investment grade criteria as indicated by Moody's ratings. The Company invests in money market funds that are open-ended mutual funds that invest in liquid, high-quality debt. This debt is either issued or guaranteed by the U.S. government, its agencies, or instrumentalities, along with repurchase agreements secured by such obligations or cash (Aaa-mf Moody’s rating of funds only). The main goals are the preservation of principal, high liquidity and a modest incremental return over short-term interest rates or a benchmark rate.

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

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

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

Due to the above, in the management’s opinion, the Group’s investments in money market funds have the attributes to be considered a cash equivalent. This analysis is performed at each reporting period. For details on the funds and their credit ratings please refer to Note 7 *Financial risk management*, point (b) *Credit risk*. For carrying amounts as at December 31, 2024 and December 31, 2023 please refer to Note 12 *Cash and cash equivalents*.

Impairment of intangible assets

As of December 31, 2024 there were no indicators for impairment either for reversal of impairment of intangible assets identified. As of December 31, 2024, the Traffic Puzzle Game was still active and accessible on app stores and continues to generate revenue, with no intentions to invest additional significant resources in user acquisition and development for the title. After the reduction of Traffic Puzzle value due to the impairment, as well as reassessment of its economic useful life, the amortization charge was changed starting from January 1, 2023. Amortization charge for the year ended December 31, 2024 amounted to USD 1,583 thousand and for the year ended December 31, 2023 amounted to USD 1,583 thousand.

Estimation uncertainty

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

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

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

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

For more details on deferred tax assets and liabilities please refer to Note 2.3 *Material accounting policies*, point (d) *Income tax* and to Note 8 *Income tax*.

Provisions and contingent liabilities

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

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

The Company has become involved in several pending litigations. In each instance, the Management considered the potential outcome of the matter and assessed its impact on the Group's consolidated financial statements, including deliberation on whether provisions should be recognized and, if so, the appropriate quantification thereof. For more details on the Group's litigations please refer to Note 18 *Contingencies*.

3) Material accounting policies

The accounting policies applied by the Group in these consolidated financial statements have been consistently applied by the Group and are consistent across the reported periods, unless indicated otherwise (see Note 2.4 *Adoption of new and revised Standards*).

(a) Basis for consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Parent Company because the Group (i) has power to direct the relevant activities of the investees that significantly affect their returns, (ii) has exposure, or rights, to variable returns from its involvement with the investees, and (iii) has the ability to use its power over the investees to affect the amount of the investor's returns. Financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences (date of acquisition or establishment) until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

(ii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing these consolidated financial statements. Unrealized losses are eliminated unless the transaction provides evidence of an impairment of the transferred asset.

(iii) Foreign operations

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet,
- income and expenses for each statement of comprehensive income are translated at average exchange rates if they are reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, and
- all resulting exchange differences are recognized in other comprehensive income.

(b) Foreign currency transactions – transactions and balances

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

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

(c) Revenue

The Group is a game developer who operates free-to-play multi-player games. The main source of revenue recognized by the Group is in-app purchases in gaming applications made by the players who wish to buy additional packages of virtual coins that can be further used in the game.

The Group operates in the most popular business model in this industry where the Group initially provides the hosted underlying license arrangement to all mobile players for free (the player initially obtains a predetermined quantity of the virtual coins for free and may play for free until such coins are redeemed) and generates its revenue from subsequent selling a large volume of virtual items (i.e. coins) to the players. By entering into the free of charge play, the player does not have any commitment to purchase any virtual coins thus free of charge use of the game does not result in recognition of revenue.

After agreeing with the terms and conditions of the hosted underlying license arrangement with the Group, players can download the game application to their mobile devices and enjoy playing the game for free in the non-charged and the stand-alone environment (without purchasing the virtual items) until all free of charge virtual coins held by the player are redeemed through the play.

Players can purchase the non-refundable virtual coins for a fixed fee (included in an application) in the game environment to continue playing with a game. Coins are not returnable. The virtual coins do not allow the players to obtain access to additional functions or enhanced environments. They are consumable items which might be immediately consumed by a player or can be multiplied throughout the game when the player is winning. The virtual items do not have an expiry date.

In most cases, the Group is the owner of the application and is fully responsible for future upgrades and future developments of this game application.

The Group makes the mobile game application available on players' mobile devices mostly by using the recognized distribution channels provided by the distributors, as well as direct-to-consumer offering (Web store), which for the year ended December 31, 2024 constituted 12% of revenues. The distributors act as the intermediary parties which provides IT infrastructure/

distribution channels and marketing activities as well as collecting and disbursing cash from the players on behalf of the Group. Revenue recognition model as described below is consistent irrespective of distribution channels.

In addition, the Group generates revenue on in-app advertising which is generated by broadcasting advertisements during gameplay.

The Group recognizes revenues from contracts with clients as described below.

Revenue from in-app purchases in gaming applications

Vast majority of in-app purchases are sold through Application Marketplaces ("Platform Providers") such as Apple App Store, Google Play, Facebook and Amazon App Store, as well as directly through direct-to-consumer offering (Web store).

Players are determined to be the Group's customers, and the Group acts as a principal in its relation to the players (further information on the judgement in this respect is presented in Note 2.2 *Key judgements and estimates – Model of revenue recognition*.

The Group presents in-app revenue on a gross basis. Platform Providers charge usually 30% commission on the prices paid by the users. The commission covers all services performed by the "Platform Providers" such as granting access to the sales platform, ensuring the relevant IT environment (an ongoing service provided by the Platform Provider) and collecting sales proceeds from the users. These costs meet the definition of the costs to fulfill the contract and are recognized as an asset. Contract cost assets are presented in the "Trade and other receivables" line item in the statement of financial position and are amortized on a systematic basis consistent with the expected pattern of transfer of the related goods or services under the contract (as described below). The relevant charge is presented in the consolidated statement of comprehensive income in the "Cost of sales" line.

The game application can be used only with the virtual coins, which are either obtained by the players free of charge (at the initial downloads of application and at regular periodical grants of free coins) or subsequently purchased. The coins do not have any alternative use other than the use in the Huuuge's games and also cannot be exchanged for cash.

Due to the fact that the player cannot benefit from gaming application on its own but only with the virtual coins (either obtained free of charge or purchased) therefore there is only one performance obligation being providing the players with a right to play the game. As long as the player uses only free of charge coins, the contract under IFRS 15 does not exist.

The customer in the in-app purchases downloads the application for free and purchases virtual coins. Management concluded that the purchased virtual coins represent a prepayment for the use of the games thus the hosted underlying license to use an application is the only performance obligation.

The Group provides the players with a right to use virtual coins in the gaming environment. The consideration obtained from the player for the sales of the virtual coins represents a prepayment for the use of the gaming service. Through selling the virtual items, the Group provides access to the game functionalities in exchange for virtual coins consumed by the players. In gaming application published by the Group in-app purchases concern mostly virtual coins, which players of Group's games can use to play slot games and other casino-like games, as well as casual games.

The Group's management concluded that the Group meets requirements of IFRS 15.35(a) for over time recognition that players simultaneously receive and consume the benefits of the service being access to gaming environments and a possibility to play, as the entity makes them available.

According to management's assessment, based on data gathered, the virtual coins acquired by the customers are consumed in most instances in several hours from the purchase moment. Revenues from in-app purchases in gaming applications are recognized as revenue over the period of expected consumption. The Group recognizes a contract liability for any consideration received that is attributable to the player's estimated unused coins (i.e. player's unexercised rights), taking into account estimated rate of breakage. Such contract liability is presented as "Deferred income" in the statement of financial position. Further information regarding the estimate of the revenue recognized from the contract liability is provided in Note 2.2 *Key judgements and estimates – model of revenue recognition*.

Revenue is recognized at the amount that reflects the price expected by the Group in exchange for the transfer of the services, which is available in the gaming application and depends on the amount of coins being purchased.

Given the fact that the Group grants players the option to acquire additional virtual items at a price that would reflect the stand-alone selling price for those items, the option does not provide a material right to players. For this reason, the Group accounts for future purchases of virtual items only when players exercise the option to purchase virtual items (the contract liability is recognized at the date of the purchase which is subsequently accounted for as explained above). When the virtual items are granted for players for free (e.g. for promoting purposes), the Group does not recognize neither revenues, nor costs.

Revenue from the advertising activities

Revenues from advertising are generated by broadcasting advertisements during gameplay. The Group's management identified one performance obligation which is displaying advertisements in gaming applications. Revenue is recognized over time, in the period in which the advertisements are broadcast. The transaction price is variable and is based on the sales of products by advertisers. The Group recognizes the variable consideration in the month in which the sales transaction which triggers the payment of the fee to the Group has occurred. The consideration is determined based on revenue reports from the ad network indicating the number of products sold and the amount of the consideration due to the Group.

For both revenue streams, i.e. revenue from in-app purchases in gaming applications and revenue from the advertising activities, management assesses that the Group does not have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a result, the Group does not adjust any of the transaction prices for the time value of money. A receivable is recognized when the consideration is unconditional because only the passage of time is required before the payment is due. Revenue is collected not directly from end-users but via distribution platforms that charge their commission for the service. The payment terms with major distribution platforms are described in Note 11 *Trade and other receivables*.

(d) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items are recognized directly in equity or in other comprehensive income. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax is not recognized for temporary differences arising on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax liabilities and assets are not recognized for temporary differences between the carrying amount and tax bases of investments in subsidiaries where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

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

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

Payments received from distributors for sale of virtual items are subject to the withholding taxes paid by the distributors to the tax authorities on behalf of the Group entities as a recipient. As a result, the Group receives the consideration net of taxes deducted at source. The Group's management determined that this withholding tax is an income tax in nature, and it is recognized, measured and disclosed under the requirements of IAS 12 due to the fact that the gross amount of income received is included in the calculation of taxable profit in the entity's tax computation.

Thus, the revenue is recognized at the amount that includes withholding taxes paid to the tax authorities on behalf of the Group, i.e. gross including the amount of the withholding tax. The withholding tax paid is credited against income tax due in the particular jurisdiction in accordance with local regulations.

Huuuge, Inc. is subject to U.S. tax regulations on the global intangible low-taxed income (GILTI) that are applicable to U.S. taxpayers since 2017. The GILTI is a category of income that is earned abroad by U.S.-controlled foreign corporations from easily movable intangible assets, such as IP rights, and this income is subject to special tax treatment under the U.S. tax code. The Group applies the accounting policy to treat U.S. taxes due in relation to GILTI as a current-period expense when incurred. Therefore, the Group does not record the deferred taxes for basis differences expected to reverse as GILTI in future periods.

In addition, starting from 2022, in the United States, Tax Cuts and Jobs Act requires capitalization and amortization of research & development expenses for U.S. federal income tax purposes. As the Group does not capitalize any research or development expenditures for the accounting purpose, this might give a rise to the deductible temporary differences related to the R&D expenses. As Huuuge Inc. does not carry out any R&D operations in the US, the deductible temporary differences do not arise in this area, and the deferred tax asset is not recognized.

However, the tax capitalization rules apply also to R&D expenses incurred in the foreign operations when the income is being computed or reported on a U.S. tax basis. The deferral of R&D expenses for tax purposes affects the computation of GILTI that is accounted for in accordance with the accounting policy indicated above.

Tax credits

Starting from 2023, the Group benefits from the tax credits available for research and development expenditures incurred. R&D credits are recognized in the income tax in the year in which the conditions required to obtain the relief are met (qualified expenditure was incurred), regardless of their treatment for the accounting purposes. Unused research and development tax reliefs in particular years, due to the possibility of deducting them in returns for six subsequent tax years, are recognized as deferred tax assets to the extent to which it is probable that income will be available for use in the future.

As at December 31, 2024 and December 31, 2023, there were no tax reliefs that were not used as at the balance sheet date.

(e) Leases

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

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

Right-of-use assets

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

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

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

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

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

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

Lease liabilities

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

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

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

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

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

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

Subleases

In sublease arrangements, the Group entities act as both lessee and lessor of the same underlying asset. For the sublease arrangements classified as an operating lease in accordance with the criteria of IFRS 16, the Group continues to account for the lease liability and right-of-use asset on the head lease like any other lease. For the sublease arrangements qualified as a finance lease in accordance with the criteria of IFRS 16, the Group derecognizes the right-of-use asset on the head lease at the sublease commencement date and continues to account for the original lease liability in accordance with the lessee accounting model.

In classifying a sublease as a finance lease or an operating lease by reference to the right-of-use asset arising from the head lease, the following criteria are considered: possibility to transfer ownership of the asset to the sublessee by the end of the agreement term, option to purchase the asset at a price that is expected to be sufficiently lower than the fair value at the date the option becomes exercisable, if sublease term is for the major part of head lease agreement, if the present value of the sublease payments amounts to at least substantially to headlease payments amount.

(f) Intangible assets

Internally generated intangible assets

Development expenditures are recognized as an intangible asset when the Group can demonstrate all of the following:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale,
- its intention to complete and its ability and intention to use or sell the asset,
- how the asset will generate probable future economic benefits,
- the availability of resources to complete the asset,
- its ability to measure reliably the expenditure during development.

The costs of internally generated intangible assets are capitalized once the technological feasibility of a product is established by the management and such costs are determined to be recoverable. Technological feasibility of a product encompasses both technical design documentation and game design documentation or the completed and tested product design and working model.

For products with existing proven technology, the establishment of the technological feasibility may arise early in the product development cycle. Technological feasibility is evaluated individually for each product.

If the criteria for capitalization are met, the development costs are recorded as intangible assets and amortized from the point at which the asset is available for use.

The Group capitalizes software development costs which are direct costs incurred for internal software development. Capitalized software development costs are amortized on a straight line basis over useful life which generally is from 1 to 3 years.

Research expenditure and development expenditure that do not meet the criteria described above are recognized as an expense as incurred.

The Group does not capitalize the expenditure incurred in relation to internally generated games as the criteria for capitalization are not met. As a consequence of focusing on mobile phone games, the life cycle of the products developed internally cannot be determined unequivocally and the division between increase in the carrying value associated with increase of incremental benefits and the maintenance expenditure is at times vague. The Group's management find it questionable to demonstrate that the technical feasibility of completing the intangible asset and the Group's ability to measure reliably the expenditure attributable to the intangible asset during its development due to the fact that the development phase of an internal project cannot be reliably separated from the maintenance phase.

The nature of the Group's operations, i.e. providing the users with multi-player games, requires from the Group the continuous expenditure on developments and upgrades of the existing games, driven by the fast-paced changes of the software environment. Such upgrades are necessary for the further game continuity, and the Group is not able to reliably determine if it is probable that future economic benefits associated with the developments and upgrades will flow to the Group.

For these reasons, the Group expenses the costs borne on the maintenance of the existing games and development of the new games and does not capitalize them. Such expenditures are charged to profit or loss in the statement of comprehensive income when incurred and presented in a separate line "Research and development expenses".

Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

Software acquired externally and other intangible assets

Software licenses for software acquired externally and other intangible assets are measured in the consolidated statement of financial position at cost less accumulated amortization and any accumulated impairment losses. Amortization commences when the assets are available for their intended use. Software acquired externally and other intangible assets are amortized on a straight line basis over their expected economic useful lives which generally are from 1 to 3 years. Economic useful life for intangible assets acquired during the year 2021, Traffic Puzzle Game, was reassessed to 4 years effective from January 1, 2023.

The gain or loss arising on disposal or retirement of an item of intangible assets is determined as the difference between the proceeds and the carrying amount of the asset on disposal/retirement date and is recognized in the consolidated statement of comprehensive income in operating profit.

(g) Financial instruments

The Group recognizes the non-derivative financial instruments such as other long-term financial assets (mostly long-term deposits), trade and other receivables, cash and cash equivalents (including investments in mutual funds), trade and other payables and investments in SAFE agreements, as well as the derivative financial instruments such as call options.

Financial assets are initially recognized at fair value plus transaction costs directly attributable to the acquisition of the financial asset, except for financial assets measured at fair value through profit or loss ("FVPL"), where transaction costs are expensed immediately in profit or loss.

The group classifies its financial assets based on the business model for managing them and the contractual terms of the cash flows. Debt instruments held for the collection of contractual cash flows that meet the "solely payments of principal and interest" (SPPI) test are measured at amortized cost. Interest income on these assets is recognized using the effective interest rate method and presented in finance income. Gains and losses arising from derecognition are recorded in profit or loss. Financial assets not meeting the criteria for amortized cost are classified and measured at FVPL, such as call options and investments in SAFE agreements, currency forward contracts.

Management assesses the Group's expected credit losses ("ECLs") associated with debt instruments measured at amortized cost, regardless of whether or not there has been any indication of impairment. Please refer to Note 2.3 *Material accounting policies*, point (h) *Impairment,* (i) *Financial assets* below.

(h) Impairment

(i) Financial assets

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

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

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

(ii) Goodwill

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination in which the goodwill arose, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. At current, the entire operations of the Group are considered to be one cash generating unit.

Goodwill is tested for impairment annually as at December 31 or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. When the recoverable amount of the cash-generating unit is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Gains and losses on the disposal of the business operations include the carrying amount of goodwill relating to the business sold.

(iii) Cash and cash equivalents

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

The judgment relating to the classification of the investments in money market funds as "cash and cash equivalents' is disclosed in Note 2.2 *Key judgements and estimates – Money market mutual funds.*

Cash on bank accounts and investments in money market mutual funds meets the SPPI test and the business model test "held to collect", therefore they are measured at amortized cost including an impairment loss determined in accordance with the expected loss model described in Note 2.3 *Material accounting policies*, point (h) *Impairment,* (i) *Financial assets.*

(iv) Trade and other receivables

Trade receivables are recognized initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognised at fair value. Subsequently, they are carried at amortized cost using the effective interest method, less loss allowance. The loss allowance is determined according to the accounting policy presented in Note 2.3 *Material accounting policies,* point (h) *Impairment* (i) *Financial assets*.

Accrued revenues included in trade and other receivables are recognized initially at the amount of consideration based on the sales reports provided by platforms.

Other receivables include receivables from employees and security deposits paid. Other receivables that are not financial assets as at the end of the reporting period are measured at the amount due.

(i) Trade and other payables and deferred income

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

The other payables comprise employees related liabilities, tax other than income tax liabilities and accrued expenses. The deferred income represents a contract liability; it is recognized and measured according to the accounting policy presented in Note 2.3 *Material accounting policies,* point (c) *Revenue*. Other payables are measured at the amount due.

(j) Share capital and other components of the equity

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

As at December 31, 2024 and December 31, 2023 all ordinary shares and preferred shares (series A and B) are classified as equity. Preferences attributable to series A and B of preferred shares are described in Note 13 *Share capital*.

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

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

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

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

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

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

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

Employee benefits reserve results from the share-based payment arrangements and are described in detail in Note 2.3 *Material accounting policies*, (l) *Employee benefits*, (i) *Share-based payment arrangements* and Note 14 *Share-based payment arrangements*. Employee benefit reserve is not transferred or reclassified within equity.

Foreign exchange reserve results from exchange differences resulting from translating of foreign entities with functional currency different than USD.

(k) Earnings per share

Basic earnings per share is calculated by dividing profit or loss attributable to ordinary equity holders of the Huuuge Inc. by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share is calculated by dividing the Group’s adjusted profit or loss by the after-tax effect of:

a. any dividends or other items related to dilutive potential ordinary shares deducted in arriving at profit or loss attributable to ordinary equity holders of Huuuge Inc.;

b. any interest recognized in the period related to dilutive potential ordinary shares; and

c. any other changes in income or expense that would result from the conversion of the dilutive potential ordinary shares by the weighted average number of ordinary shares adjusted for the effect of all dilutive potential ordinary shares.

The treasury shares are excluded from the weighted average number of ordinary shares for the purpose of calculating earnings per share (“EPS”) as they are not outstanding.

(l) Employee benefits

(i) Share-based payment arrangements

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

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The grant date fair value of the awards is determined using a share option pricing model. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 14 *Share-based payment arrangements*.

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

The fair value determined at the grant date of the equity-settled share-based payments is expensed over the vesting period. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. At the end of each period the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefit reserve.

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense (employee benefit expense), with a corresponding increase in equity, over the vesting period of the awards.

IFRS 2 *Share-based Payment* does not address whether an increase in equity recognized in connection with a share-based payment transaction should be presented in a separate component within equity or within retained earnings. Such an increase is presented in the line “Employee benefit reserve” in these consolidated financial statements, and is not transferred or reclassified within equity.

Share - based payment transactions with non-employees (Advisory agreement as described in the Note 14 *Share-based payment arrangements* to these consolidated financial statements)

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

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

Since the service is received on more than one date, the fair value of the equity instruments granted should be measured on each date when the services are received. The Group measures expenses to be recognised in the profit on a quarterly basis using the average share price, as the changes in the share price over that period are not significant.

The Group recognizes the expense charge in the consolidated statement of comprehensive income over the vesting period for which the related services are provided with the corresponding increase in equity in the line “Employee benefit reserve”.

(ii) Other employee benefits

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

(m) Provisions

A provision is recognized when the Group, as a result of a past event, has a present obligation (legal or constructive) that can be estimated reliably, and it is probable that the Group will be required to settle that obligation (an outflow of economic benefits will be required). Provisions are measured at management’s best estimate of the expenditure required to settle the obligation at the end of the reporting period and are discounted to present value where the effect is material. For more details on the Group's litigations please refer to Note 18 *Contingencies*.

(n) Cost of sales

In the line "Cost of sales", the Group mostly recognizes platform fees to distributors, which are related to revenues from in-app purchases and costs of using servers of external suppliers. Platform fees to distributors are recognized over time in line with the recognition of revenues from in-app purchases. Server costs are recognized when incurred.

In addition, this line includes amortization of the acquired titles, i.e. amortization of Traffic Puzzle game for the year ended December 31, 2024 and December 31, 2023 which is recognized on a straight-line basis over the estimated period of the economic useful life of the title.

(o) Research and development expenses

In the line "Research and development expenses", the Group recognizes costs of the maintenance of the existing games and development of the new games and fees paid to external developers related to the publishing contracts. In addition, this line includes costs of salaries and share-based payment arrangements of the technology department, as well as the research and development expenses that do not meet the criteria for capitalization.

Fees paid to external developers include expenditures incurred in relation to the right to the game (i.e. the license), the payment for the development operations and maintenance services. Due to the fact that the Group is not able to allocate the fees between particular components, total fees are recognized when incurred.

These costs are recognized when incurred. Details regarding lack of capitalization of these costs are presented, respectively, in Note 2.3 *Material accounting policies,* point (f) *Intangible assets.*

(p) Sales and marketing expenses

The line "Sales and marketing expenses" includes two main types of sales and marketing expenses:

a) "User acquisition marketing campaigns" which mainly include variable costs of external marketing campaigns directly attributable to acquisition of new players, and conversion of non-paying players into paying players, and

b) "General Sales and marketing expenses" which mainly include costs of salaries and share-based payment arrangements of the sales and marketing departments as well as external marketing and sales services.

These costs are recognized when incurred.

(q) Finance income and expense

Finance income comprises mainly interest income on funds invested, i.e., bank deposits, money market mutual fund investments and buy-sell-back transactions and foreign exchange differences on currency translation. Interest income is recognized as it accrues in profit or loss, using the effective interest method. Foreign currency gains and losses are reported on a net basis as either finance income or finance expenses depending on whether foreign currency movements are in a net gain or net loss position unless material, where separate presentation is required.

Finance expenses comprise mainly interest expense on lease liabilities.

4) 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 consolidated financial statements for publication, considering the pending process of introducing IFRSs in the EU and the operations conducted by the Group, the EU IFRS applicable to these financial statements might differ from IFRS adopted by the International Accounting Standards Board.

In preparing these consolidated financial statements, the Group's management has analyzed new Standards which have already been adopted by the European Union and which 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 11 September 2014) – the endorsement process of these Amendments has been postponed by EU - the effective date was deferred indefinitely by International Accounting Standards Board;
- Amendments to IAS 21: The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (issued on 15 August 2023) – effective for financial years beginning on or after 1 January 2025;
- IFRS 18: Presentation and disclosure in financial statements (issued on 9 April 2024) – not yet endorsed by EU at the date of approval of these consolidated financial statements for issue – effective for financial years beginning on or after 1 January 2027;
- IFRS 19: Subsidiaries without Public Accountability: Disclosures (issued on 9 May 2024) – not yet endorsed by EU at the date of approval of these consolidated financial statements for issue – effective for financial years beginning on or after 1 January 2027;
- Amendments to IFRS 9 and IFRS 7: 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 consolidated financial statements for issue – effective for financial years beginning on or after 1 January 2026;
- Annual Improvements Volume 11 (issued on 18 July 2024) – not yet endorsed by EU at the date of approval of these consolidated financial statements for issue– effective for financial years beginning on or after 1 January 2026;
- Amendments to IFRS 9 and IFRS 7 Contracts Referencing Nature-dependent Electricity (issued on 18 December 2024) – not yet endorsed by EU at the date of approval of these consolidated financial statements for issue – effective for financial years beginning on or after 1 January 2026.

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

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

During the year 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 consolidated 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.

5) Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. As at December 31, 2024 the Group recognized the fair value of investments in SAFE agreements and call options recognized under investment agreements (for the details, please refer to Note 10 *Long-term investments*) and currency forward contracts. As at December 31, 2023 there were no assets or liabilities measured at fair values.

At each reporting date, the management analyzes movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Group's accounting policies.

(a) Trade and other receivables measured at amortized cost

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

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

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

3. Revenue and segment information

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

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

The Group's revenue from contracts with clients comprises revenue generated by in-app purchases (gaming applications) and in-app ads (advertising). Revenue generated from gaming applications for the year ended December 31, 2024 amounted to USD 249,039 thousand (USD 279,874 thousand for the year ended December 31, 2023), and revenue generated from advertising amounted to USD 1,784 thousand for the year ended December 31, 2024 (USD 3,570 thousand for the year ended December 31, 2023).

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

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

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

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

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

	Year ended December 31, 2024	Year ended December 31, 2023
Huuuge Casino	162,297	180,453
Billionaire Casino	82,833	91,783
Traffic Puzzle	4,445	9,262
Other games	1,248	1,946
Total revenue	**250,823**	**283,444**

Revenue was generated in the following geographical locations:

	Year ended December 31, 2024	Year ended December 31, 2023
North America	147,013	170,689
Europe	74,390	78,159
Asia-Pacific (APAC)	24,975	29,905
Other	4,445	4,691
Total revenue	**250,823**	**283,444**

The line “North America” includes revenue generated in the United States amounting to USD 140,021 thousand during the year ended December 31, 2024 (USD 162,510 thousand during the year ended December 31, 2023). The above is the management’s best estimate, as no geographical breakdown is available for some revenue sources.

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

The division of assets by geographical location does not define the Group's activities. Right-of-use assets and property, plant, and equipment are allocated based on the locations of the subsidiaries' offices, while intellectual property rights are situated in Cyprus.

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

	Year ended December 31, 2024	Year ended December 31, 2023
Third-party platforms	220,881	266,923
Direct-to-consumer platforms	29,942	16,521
Total revenue	**250,823**	**283,444**

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

4. Operating expenses

For the year ended December 31, 2024, the operating expenses comprised:

				Sales and marketing expenses			
Expenses by nature	**Note**	**Total**	**Cost of sales**	***thereof***, **User acquisition marketing campaigns**	***thereof***, **General sales and marketing expenses**	**Research and development expenses**	**General and administrative expenses**
Platform fees to distributors		66,890	66,890	-	-	-	-
External developers fees		420	-	-	-	420	-
Gaming servers expenses		532	532	-	-	-	-
External marketing and sales services		44,649	-	38,887	5,762	-	-
Salaries and employee-related costs	5	38,327	-	-	7,674	18,908	11,745
Employee stock option plan	5	3,485	-	-	123	199	3,163
Depreciation and amortization		9,203	1,583	-	479	1,885	5,256
Finance & legal services		3,228	-	-	-	-	3,228
IT equipment and software expenses		3,126	-	-	-	-	3,126
Property maintenance and external services		1,624	-	-	-	-	1,624
Other costs		3,963	-	-	17	797	3,149
Total operating expenses		**175,447**	**69,005**	**38,887**	**14,055**	**22,209**	**31,291**

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

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

For the year ended December 31, 2023, operating, administrative and marketing expenses comprised:

Expenses by nature	Note	Total	Cost of sales	Sales and marketing expenses: *thereof,* User acquisition marketing campaigns	Sales and marketing expenses: *thereof,* General sales and marketing expenses	Research and development expenses	General and administrative expenses
Platform fees to distributors		80,145	80,145	-	-	-	-
External developers fees		755	-	-	-	755	-
Gaming servers expenses		841	841	-	-	-	-
External marketing and sales services		41,816	-	35,337	6,479	-	-
Salaries and employee-related costs	5	40,789	-	-	7,929	19,666	13,194
Employee stock option plan	5	2,855	-	-	374	640	1,841
Depreciation and amortization		9,058	1,583	-	312	1,355	5,808
Finance & legal services		3,851	-	-	-	-	3,851
IT equipment and software expenses		2,558	-	-	-	-	2,558
Property maintenance and external services		2,210	-	-	-	-	2,210
Other costs		4,317	-	-	36	947	3,334
Total operating expenses		**189,195**	**82,569**	**35,337**	**15,130**	**23,363**	**32,796**

Salaries and employee-related costs include costs related to the headcount reductions amounting to USD 1,640 thousand. Other costs under research and development expenses include costs of development, graphics and gaming content. Other costs under general and administrative expenses include mainly business travel expenses, office management services (including company events), training costs and costs of recruitment and payment services.

As of December 31, 2024, the amortization of intangible assets was allocated to and is presented within “Research and development expenses” and “Sales and marketing expenses”. The comparative figures have been reclassified accordingly. Specifically, USD 1,355 thousand previously presented under “General and administrative expenses” has been reclassified to “Research and development expenses”, and USD 312 thousand previously presented under “General and administrative expenses” has been reclassified to “Sales and marketing expenses”. Please, refer to Note 2.1) Basis for preparation of interim condensed consolidated financial statements, point Changes in presentation of amortization of the intangible assets.

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

5. Salaries and employee-related costs

The table below presents the amounts of salaries and employee-related costs, including remuneration of executive management, for the year ended December 31, 2024 and December 31, 2023.

	Year ended December 31, 2024	Year ended December 31, 2023
Salaries and bonuses	33,324	32,209
Social security contributions	3,587	7,229
Share-based payment expense	3,485	2,855
Other employee-related costs	1,416	1,351
Total salaries and employee-related costs	**41,812**	**43,644**

Other employee related costs mostly include employee benefits such as medical insurance, lunch cards or holiday vouchers.

The tables below present the headcount and the average headcount as at and for the year ended December 31, 2024 and December 31, 2023 respectively.

Headcount at year-end	As at December 31, 2024	As at December 31, 2023
Sales and marketing	88	98
Game development	233	231
Back office	92	110
Executive management and global management	15	11
Total number of employees	**428**	**450**

Headcount average	Year ended December 31, 2024	Year ended December 31, 2023
Sales and marketing	98	104
Game development	230	254
Back office	105	117
Executive management and global management	15	8
Total average number of employees	**448**	**483**

Number of employees is calculated based on the actual persons employed, including self-employed, irrespective of full or part-time equivalents. The table above also includes employees on long-term absences.

6. Finance income and finance expense

Finance income

	Year ended December 31, 2024	Year ended December 31, 2023
Foreign exchange gains, net	1,279	-
Interest income	5,867	5,842
Total finance income	**7,146**	**5,842**

In the year ended December 31, 2024, finance income amounted to USD 7,146 thousand, which mainly comprises interest income on deposits and money market mutual funds accounts, including interest accrued in the amount of USD 403 thousand and net foreign exchange gain in the amount of USD 1,279 thousand.

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

In the year ended December 31, 2023 finance income amounted to USD 5,842 thousand which comprised mainly interest income on deposits, money market mutual funds accounts, including interest accrued in the amount of USD 331 thousand.

Interest received, presented in the Consolidated statement of cash flows for the year ended December 31, 2024 amounted to USD 5,570 thousand does not equal to Interest income presented in the Consolidated statement of comprehensive income for the year ended December 31, 2024. The difference is due to interest accrued, as well as sublease interest received presented in the line “Interest received from sublease” in the consolidated statement of cash flows.

During the year ended December 31, 2024, Huuuge Global Ltd and Huuuge Games Sp. z o.o. have entered into currency forward contracts. Both contracts are short term, i.e. for the period not exceeding 6 months. Notional amount of the outstanding contracts as at December 31, 2024 amounted to USD 32,188 thousand. The effect of the contract's valuation amounted to USD 54 thousand in the year ended December 31, 2024, and was included in the line Foreign exchange gains, net.

Finance expense

	Year ended December 31, 2024	Year ended December 31, 2023
Foreign exchange losses, net	-	808
Interest expense	269	342
Total finance expense	**269**	**1,150**

In the year ended December 31, 2024, finance expenses include the interest expense in the amount of USD 269 thousand, which comprises interest expense recognized under IFRS 16 on lease liabilities, as well as interest expense from banks.

In the year ended December 31, 2023, finance expense includes net foreign exchange losses in the amount of USD 808 thousand, and the interest expense in the amount of USD 342 thousand, which comprises interest expense recognized under IFRS 16 on lease liabilities, as well as interest expense from banks.

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

7. Financial risk management

(a) Introduction

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

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

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

Risk management framework

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

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

(b) Credit risk

Credit risk relating to cash and cash equivalents

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

Moody's Rating	As at December 31, 2024	As at December 31, 2023
Aaa-mf	113,655	79,986
Aa2	37	-
Aa3	2,108	33,978
A1	-	13
A2	4,501	5,667
A3	20,587	31,998
Baa1	723	-
Baa2	229	-
Baa3	-	468
Total cash and cash equivalents	**141,840**	**152,110**

Investments in money market mutual funds are kept in funds with Aaa-mf rating only.

According to Moody's, the investment ratings are ratings from Aaa to Baa3. Activities in non-investment ratings are limited to the minimum and are connected to the Group presence in the particular jurisdictions.

Cash and cash equivalents are kept at a limited number of major financial institutions. The Group's management monitors the creditworthiness of the institutions and mitigates concentration risk by not limiting the exposure to a single financial institution or fund. Concentration risk is mitigated at the Group level, ensuring that the maximum concentration in any one financial institution (or fund) does not exceed 30%, at the same time investment funds are diversified. In this way, the risk of concentration is spread among different funds rather than within individual financial institutions.

As at December 31, 2024, the largest concentration of funds in financial institution (bank) was respectively 14% with the remaining funds not being concentrated more than 5% in a single bank or not more than 20% in one money market mutual fund. In comparison, as at December 31, 2023, the largest concentration in two financial institutions (banks) was respectively 22% and 21% with the remaining funds not being concentrated more than 5% in a single bank or not more than 7% in one money market mutual fund.

Total gross carrying amounts of cash and cash equivalents as at December 31, 2024 and December 31, 2023 were included in Stage 1, based on assessment that credit risk has not increased significantly since initial recognition. For financial assets in Stage 1, the Group recognizes 12 month ECL and recognizes interest income on a gross basis – interest will be calculated on the gross carrying amount of the financial asset before adjusting for ECL.

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

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

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

Credit risk with respect to trade receivables and other receivables

The carrying amount of trade receivables represents the maximum credit exposure. The maximum exposure to credit risk at the reporting dates was as follows: Trade receivables from third parties amounted to USD 22,989 thousand as at December 31, 2024 and USD 23,855 thousand as at December 31, 2023.

The specifics of the Group's activity (numerous end-users worldwide, collection of cash payments via major distribution platforms with high credit ratings) limits considerably the potential credit risk with regard to trade receivables; the credit risk is concentrated as the Group has trade receivables from the few major distribution platforms (cash collection agents).

Below are disclosed the concentrations of main trade receivables as at the respective balance sheet dates and their share in trade receivables from third parties:

	As at December 31, 2024	**%**	**As at December 31, 2023**	**%**
Apple	11,116	48%	12,231	51%
Google	9,809	43%	7,739	32%
Facebook	941	4%	753	3%
Amazon	321	1%	790	3%
Other	802	3%	2,342	10%
Trade receivables from third parties	**22,989**	**100%**	**23,855**	**100%**

Allowance for expected credit losses

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

As there are only a few important business partners, each of them with high credit ratings (Aaa to A1 for the years ended December 31, 2024 and December 31, 2023) the Group does not apply the portfolio approach and performs the analysis on the individual basis instead. Taking into account that Group's trade receivables are from a few large Platform Providers and there were no issues with historical recoverability, the related expected credit losses had been assessed as immaterial.

All trade receivables are classified to Stage 2 as those are receivables for which the ECL is calculated using the simplified approach allowed under IFRS 9; the amount of trade receivables classified to Stage 3 is insignificant (based on the individual analysis, receivables which are overdue more than 90 days are recoverable, and therefore not impaired). For movement in the allowance for expected credit losses please refer to Note 11 *Trade and other receivables.*

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

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

As at December 31, 2024	Total	not due and overdue up to 1 month	over 1 month to 3 months	over 3 months to 6 months	over 6 month to 1 year	over 1 year
Trade receivables	22,989	22,235	754	-	-	-
Allowance for expected credit losses	-	-	-	-	-	-
Trade receivables, net	**22,989**	**22,235**	**754**	**-**	**-**	**-**

As at December 31, 2023	Total	not due and overdue up to 1 month	over 1 month to 3 months	over 3 months to 6 months	over 6 month to 1 year	over 1 year
Trade receivables	23,855	23,613	218	24	-	-
Allowance for expected credit losses	-	-	-	-	-	-
Trade receivables, net	**23,855**	**23,613**	**218**	**24**	**-**	**-**

(c) Liquidity risk

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

There are no bank loan balances and bank loan agreements in force as at December 31, 2024, December 31, 2023 and as at date of approval these consolidated financial statements for issue, thus also interest rate risk is remote from the Group's perspective. Moreover, it is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

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

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

As at December 31, 2024	Carrying amount	Contractual cash flows	6 months or less	6 - 12 months	1 - 2 years	2 - 5 years
Trade payables	1,238	1,238	1,238	-	-	-
Accrued expenses (except taxes)	5,553	5,553	5,553	-	-	-
Lease liabilities	7,551	7,760	2,148	1,943	3,397	272
Non derivative financial liabilities	**14,342**	**14,551**	**8,939**	**1,943**	**3,397**	**272**

As at December 31, 2023	Carrying amount	Contractual cash flows	6 months or less	6 - 12 months	1 - 2 years	2 - 5 years
Trade payables	1,549	1,549	1,549	-	-	-
Accrued expenses (except taxes)	12,061	12,061	12,061	-	-	-
Lease liabilities	10,639	10,932	2,071	1,809	3,547	3,505
Non derivative financial liabilities	**24,249**	**24,542**	**15,681**	**1,809**	**3,547**	**3,505**

The changes in liabilities arising from financing activities are presented in Note 17 *Leases*.

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

(d) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices may affect the Group's income or the value of the financial instruments held (incl. money market mutual funds investments presented as cash and cash equivalents). The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

(i) Currency risk

One of the main risks to which the Group is exposed is the currency risk related to the exchange rate volatility between EUR and USD and functional currencies of respective Group entities. The Group is exposed to the currency risks resulting from the foreign currency balances (cash and cash equivalents, trade receivables, trade payables except taxes and employee-related payables) and from the business operations.

Due to the mix of currencies for accounts receivable and accounts payable, as described above, the Group takes advantage of a reduced currency risk due to the fact that currency differences resulting from accounts receivable and accounts payable have the opposite effect, i.e. exposures are netted. In addition, during the year ended December 31, 2024, Huuuge Global Ltd and Huuuge Games Sp. z o.o. have entered into two foreign exchange forward agreements to mitigate currency risk. The Group did not enter into derivative transactions with banks during the year ended December 31, 2023.

The Group's exposure to foreign currency risk for the most significant currencies is illustrated in the table below.

Foreign currency denominated	As at December 31, 2024	As at December 31, 2023
Trade receivables	**22,989**	**23,855**
USD - foreign	350	434
EUR - foreign	7,271	8,350
Other - foreign	23	80
Functional currencies	15,345	14,991
Cash and cash equivalents	**141,840**	**152,110**
USD – foreign	7,397	37,068
PLN - foreign	3	21
EUR - foreign	1,545	2,382
Other - foreign	4	17
Functional currencies	132,891	112,622
Trade payables and accrued expenses (except taxes)	**(6,791)**	**(13,610)**
USD - foreign	(41)	(35)
PLN - foreign	(42)	(114)
EUR - foreign	(351)	(649)
ILS - foreign	(2)	(17)
GBP - foreign	(77)	(5)
Other - foreign	-	(5)
Functional currencies	(6,278)	(12,785)

Net balances in foreign currencies	As at December 31, 2024	As at December 31, 2023
USD	7,706	37,467
PLN	(39)	(93)
EUR	8,465	10,083
ILS	(2)	(17)
GBP	(77)	(5)
Other	27	92
Gross exposure	**16,080**	**47,527**

The Group did not enter into hedging transactions.

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

Sensitivity analysis

A strengthening or weakening of foreign currencies, as indicated below, against all functional currencies would have increased or decreased, respectively, net profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant.

As at December 31, 2024	EUR/USD	USD/PLN	EUR/PLN	USD/ILS	ILS/EUR	USD/GBP	PLN/GBP	Other	Total exposure
USD	-	3,613	-	4,051	-	(27)		25	7,662
EUR	8,230	-	-	-	-	-		(5)	8,225
PLN	-	-	247	-	-	-	(50)	-	197
ILS	-	-	-	-	(4)	-			(4)
Gross exposure	**8,230**	**3,613**	**247**	**4,051**	**(4)**	**(27)**	**(50)**	**20**	**16,080**
Reasonable shift +10%	823	361	25	405	0	(3)	(5)	2	
Reasonable shift -10%	(823)	(361)	(25)	(405)	0	3	5	(2)	

* 0 represents an amount less than USD 1 thousand.

As at December 31, 2023	EUR/USD	USD/PLN	EUR/PLN	USD/ILS	ILS/EUR	USD/GBP	Other	Total exposure
USD	-	35,611	-	1,757	-	(4)	78	37,442
EUR	9,672	-	-	-	-	-	-	9,672
PLN	-	-	465	-	-	-	-	465
ILS	-	-	-	-	(52)	-		(52)
Gross exposure	**9,672**	**35,611**	**465**	**1,757**	**(52)**	**(4)**	**78**	**47,527**
Reasonable shift +10%	967	3,561	47	176	(5)	0	8	
Reasonable shift -10%	(967)	(3,561)	(47)	(176)	5	0	(8)	

* 0 represents an amount less than USD 1 thousand.

(ii) Interest rate risk

As the Group has not entered in bank loan agreements in all presented periods till December 31, 2024, the interest rate risk is marginal. The Group has recognized the lease liability; the lease liability bears fixed interest.

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

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

(e) Capital management

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

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

The capital managed by the Group's management includes equity. As such, managed capital consists of ordinary shares, preferred shares of series A and B, as well as repurchased own shares and options as of year-ended December 31, 2024. For the amounts please refer to respective Note 13 *Share capital,* of these consolidated financial statements. There are no externally imposed capital management requirements (such as covenants or similar).

The Group's management monitors the return on capital on the basis of the basic and diluted earnings per share ratios. Further information on calculation of EPS is presented in Note 7 *Financial risk management*, point (f) *Earnings per share*. The objective of the Management is to maximize the return on capital to the shareholders and maintain the level of capital that will ensure the settlement of Group's liabilities.

No dividends were declared and paid by the Company to its shareholders in the years ending December 31, 2024 and December 31, 2023.

During the year ended December 31, 2024 the Company conducted the share buyback program ("SBB"). The program was aimed at acquiring Company's common shares from its shareholders at a pre-determined and fixed price per share. For the further details on acquisition of shares under share Buyback Scheme, please refer to Note 13 *Share Capital*.

	As at December 31, 2024	**As at December 31, 2023**
Equity	172,810	177,060
Total capital	**172,810**	**177,060**

(f) Earnings per share

Basic EPS is calculated by dividing profit or loss attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding.

Diluted EPS is calculated by adjusting the earnings per share for the effects of dilutive employee share options. Convertible preferred shares classified as equity are dilutive if the amount of dividend declared on such share per ordinary share obtainable on conversion is below basic EPS.

Series A and B are preferred shares. The dividend on ordinary shares can only be declared if the dividend on preferred shares is also declared in the amount that is at least the same but the Group otherwise does not have an obligation to declare preferred dividends. Thus series A and B shares are treated as participating non-cumulative equity instruments (IAS 33 A13(a)). In the reporting period there were no dividends declared. Therefore, in the calculation of basic EPS the amount of undistributed earnings is allocated to both ordinary shareholders and participating preferred shareholders.

Diluted EPS is calculated by adjusting the earnings per share for the effects of dilutive employee share options and convertible non-cumulative preferred shares series A and B (non-mandatorily convertible preferred shares classified as equity are dilutive if the amount of dividend declared on such share per ordinary share obtainable on conversion is below basic EPS).

Options granted to employees under the ESOP are considered to be potential ordinary shares. Options with exercise price below fair market value of the shares in the reporting period have been included in the determination of diluted earnings per share. The options have not been included in the determination of basic earnings per share. Details relating to the options are set out in Note 14 *Share-based payment arrangements.*

Treasury shares represent the repurchased own shares and they are excluded from the calculation of earnings per share as they are not outstanding.

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

Basic EPS

		Year ended December 31, 2024	Year ended December 31, 2023
Net result attributable to the owners of the Parent	[A]	65,352	82,178
Undistributed profit (loss) attributable to holders of series A and B preferred shares	[B]	-	-
Profit (loss) attributable to holders of ordinary shares	**[C]=[A]-[B]**	**65,352**	**82,178**

		Year ended December 31, 2024	Year ended December 31, 2023
Weighted average number of ordinary shares	[D]	58,179,497	71,252,841
Basic EPS	**[E] = [C]/[D]**	**1.12**	**1.15**

Diluted EPS

The effects of anti-dilutive potential ordinary shares are ignored in calculating diluted EPS. Consequently, profit (loss) attributable to ordinary equity holders of the parent adjusted for the effect of dilution is equal to profit (loss) attributable to holders of ordinary shares.

Profit (loss) attributable to holders of ordinary shares and profit (loss) attributable to ordinary equity holders of the parent adjusted for the effect of dilution is presented below:

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

		Year ended December 31, 2024	Year ended December 31, 2023
Weighted average number of issued ordinary shares used in calculating basic earnings per share	[D]	58,179,497	71,252,841
Employee Stock Option Plan	[F]	376,029	-
Weighted average number of issued ordinary shares and potential ordinary shares used in calculating diluted earnings per share	**[G]=[D]+[F]**	**58,555,526**	**71,252,841**
Diluted EPS	[H]=[C]/[G]	1.12	1.15

(g) Accounting classifications of financial instruments and fair values

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

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

As at December 31, 2024	Financial assets measured at amortized cost	Financial assets measured at fair value through profit or loss	Financial liabilities measured at fair value	Financial liabilities at amortized cost	Financial assets and liabilities out of scope of IFRS 9	Total carrying amount	Fair value
Assets	**164,829**	**2,953**	**-**	**-**	**2,318**	**170,100**	**170,100**
Trade receivables	22,989	-	-	-	-	22,989	22,989
Lease receivables	-	-	-	-	2,318	2,318	2,318
Cash and cash equivalents	141,840	-	-	-	-	141,840	141,840
Deposits for currency forward contracts	-	2,507	-	-	-	2,507	2,507
Currency forward contracts	-	(54)	-	-	-	(54)	(54)
Investments in SAFE agreements	-	500	-	-	-	500	500
Call option agreements on long-term investments	-	0	-	-	-	0	0
Liabilities	**-**	**-**	**-**	**1,238**	**7,551**	**8,789**	**8,789**
Lease liability	-	-	-	-	7,551	7,551	7,551
Trade payables	-	-	-	1,238	-	1,238	1,238
Net amount	**164,829**	**2,953**	**-**	**(1,238)**	**(5,233)**	**161,311**	**161,311**

As at December 31, 2023	Financial assets measured at amortized cost	Financial liabilities measured at fair value	Financial liabilities at amortized cost	Financial assets and liabilities out of scope of IFRS 9	Total carrying amount	Fair value
Assets	**175,965**	**-**	**-**	**3,550**	**179,515**	**179,515**
Trade receivables	23,855	-	-	-	23,855	23,855
Lease receivables	-	-	-	3,550	3,550	3,550
Cash and cash equivalents	152,110	-	-	-	152,110	152,110
Liabilities	**-**	**-**	**1,549**	**10,639**	**12,188**	**12,188**
Lease liability	-	-	-	10,639	10,639	10,639
Trade payables	-	-	1,549	-	1,549	1,549
Net amount	**175,965**	**-**	**(1,549)**	**(7,089)**	**167,327**	**167,327**

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

As at December 31, 2024 the Group identifies currency forward contracts (for the details, please refer to Note 6 *Finance income and finance expense*), investments in SAFE agreements and call options (For the details, please refer to Note 10 *Long-term* *investments*) as assets measured at fair value. As at December 31, 2023 the Group's management did not identify any financial assets measured at fair value – neither through profit or loss nor through other comprehensive income.

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

8. Income tax

	As at December 31, 2024	As at December 31, 2023
Deferred tax assets	4,973	3,733
Deferred tax liabilities	-	-
Net deferred tax assets/(liabilities)	**4,973**	**3,733**

	Year ended December 31, 2024	Year ended December 31, 2023
Current income tax	13,673	15,831
Change in deferred income tax	(1,240)	756
Income tax for the year	**12,433**	**16,587**

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the statutory tax rate applied to profit of the consolidated entities as follows:

Effective tax rate reconciliation	Year ended December 31, 2024	Year ended December 31, 2023
Profit/(loss) before income tax	**77,785**	**98,765**
Statutory tax rate in the United States	21%	21%
Theoretical tax expense/(benefit) according to current tax rate in the United States	16,335	20,741
Adjustment for tax rates in foreign subsidiaries	(4,188)	(6,218)
Tax impact of non-deductible costs – ESOP	611	581
Tax impact of non-tax costs/(income) – other	561	220
GILTI* income net of FDII** deduction, net of foreign tax credit	415	2,085
Tax impact of R&D relief***	(1,132)	(1,035)
Previous years' income taxes	(147)	446
Tax impact of other differences	(22)	(233)
Tax charge	**12,433**	**16,587**
Effective tax rate	**16%**	**17%**

* GILTI – Global Intangible Low-Taxed Income ** FDII – Foreign-Derived Intangible Income. This is a reconciling item since the Group's policy choice is to recognise any taxes for GILTI as a period cost, i.e. no deferred taxes for temporary differences expected to reverse as GILTI. Please refer to the Note 2.3 *Material accounting policies,* point (d) *Income tax*.

*** In the year ended December 31, 2024 and December 31, 2023, tax relief for research and development was applied in Poland, which increased the deductions from the tax base, i.e. The relief allows for deduction of 200% of the eligible costs related to the research and development activities. Please refer to the Note 2.3 *Material accounting policies,* point (d) *Income tax.*

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

The average tax rate used for the year ended December 31, 2024 is 16%, compared to 17% for the year ended December 31, 2023. The tax rate was lower in the year ended December 31, 2024 mainly due to the lower proportion of non-tax deductible costs in comparison to the prior period, as well as due to lower proportion of tax losses without recognized tax benefit.

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

Deferred tax reconciliation

Deferred tax assets	As at December 31, 2024	As at December 31, 2023
Lease liabilities	1,567	1,938
Traffic Puzzle game	1,630	2,446
Accrued expenses	388	959
Other deductible temporary differences	2,983	362
Other intangible assets	17	6
Total	**6,585**	**5,711**
Tax losses	-	-
Deferred tax assets	**6,585**	**5,711**
Compensation with deferred tax liabilities	(1,612)	(1,978)
Deferred tax assets presented in the consolidated statement of financial position	**4,973**	**3,733**

Deferred tax assets expected to be recovered within 12 months from the reporting date amounted to USD 4,614 thousand as at December 31, 2024 and USD 2,630 thousand as at December 31, 2023.

Deferred tax liabilities	As at December 31, 2024	As at December 31, 2023
Right-of-use assets	1,029	1,208
Lease receivables	463	658
Uninvoiced receivables	69	94
Other differences	51	18
Deferred tax liabilities	**1,612**	**1,978**
Compensation with deferred tax assets	(1,612)	(1,978)
Deferred tax liabilities presented in the consolidated statement of financial position	**-**	**-**

Deferred tax liabilities expected to be settled within 12 months from the reporting date amounted to USD 840 thousand as at December 31, 2024 and USD 1,072 thousand as at December 31, 2023.

	As at December 31, 2024	As at December 31, 2023
Net deferred tax assets at the beginning of the year	3,733	4,489
Net deferred tax assets/(liabilities) at the end of the year	4,973	3,733
Deferred tax in the net profit for the year	**(1,240)**	**756**

As at December 31, 2024 and December 31, 2023 there was no deferred tax asset recognized on unused tax losses in the consolidated statement of financial position.

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

9. Intangible assets

	IP rights	Software generated internally	Software acquired externally	Prepayments for intangible assets	Total
Gross book value as at January 1, 2024	**39,743**	**5,690**	**3,766**	**1,653**	**50,852**
Additions	-	-	2,076	1,097	3,173
Transfer	-	1,291	-	(1,291)	-
Derecognition	(206)	-	-	(508)	(714)
Net foreign exchange differences on translation	7	-	15	13	35
Gross book value as at December 31, 2024	**39,544**	**6,981**	**5,857**	**964**	**53,346**
Accumulated amortization and impairment as at January 1, 2024	**(34,959)**	**(2,530)**	**(3,509)**	**-**	**(40,998)**
Amortization charge for the year	(1,583)	(1,897)	(1,305)	-	(4,785)
Derecognition	206	-	-	-	206
Net foreign exchange differences on translation	(7)	5	13	-	11
Accumulated amortization and impairment as at December 31, 2024	**(36,343)**	**(4,422)**	**(4,801)**	**-**	**(45,566)**
Net book value as at January 1, 2024	**4,784**	**3,160**	**257**	**1,653**	**9,854**
Net book value as at December 31, 2024	**3,201**	**2,559**	**1,056**	**964**	**7,780**

	IP rights	Software generated internally	Software acquired externally	Prepayments for intangible assets	Total
Gross book value as at January 1, 2023	**39,695**	**3,653**	**3,399**	**1,904**	**48,651**
Additions	-	-	305	1,982	2,287
Transfers	40	2,037	2	(2,079)	-
Derecognition of capitalized expenditure	-	-	-	(162)	(162)
Net foreign exchange differences on translation	8	-	60	8	76
Gross book value as at December 31, 2023	**39,743**	**5,690**	**3,766**	**1,653**	**50,852**
Accumulated amortization and impairment as at January 1, 2023	**(33,079)**	**(1,174)**	**(2,341)**	**-**	**(36,594)**
Amortization charge for the year	(1,873)	(1,355)	(1,129)	-	(4,357)
Net foreign exchange differences on translation	(7)	(1)	(39)	-	(47)
Accumulated amortization and impairment as at December 31, 2023	**(34,959)**	**(2,530)**	**(3,509)**	**-**	**(40,998)**
Net book value as at January 1, 2023	**6,616**	**2,479**	**1,058**	**1,904**	**12,057**
Net book value as at December 31, 2023	**4,784**	**3,160**	**257**	**1,653**	**9,854**

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

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

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

10. Long-term investments

Investment in Bananaz Studios Ltd.
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 reported in the current report no. 4/2025 dated January 16, 2025, as at December 31, 2024 the carrying value of the asset recognised in the line "Long-term investments" in the consolidated statement of financial position was reduced by USD 3,500 thousand to zero. Accordingly, the revaluation loss of USD 3,500 thousand was recognised in the consolidated statement of comprehensive income, in the line "Other operating income/(expense), net". The Company has also decided that it will undertake actions to cease further financing of Bananaz Studios Ltd.

Investment in Empire Games Ltd.

On August 14, 2024, The Company concluded 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 consolidated financial statements for issue, the Company made the payment of the first and second tranches in the total amount of USD 1,000 thousand. The payment of the third tranche 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.

As at December 31, 2024, the SAFE agreement was recognised in the line "Long-term investments" in the consolidated statement of financial position in the amount of USD 500 thousand (first tranche was paid during the year 2024, and the second tranche was paid after December 31, 2024), which reflects the fair value of the asset. Since the call option is contingent upon the payment of the second tranche which was not yet paid as at December 31, 2024, the call option approximates nil value as at the reporting date. The investment in SAFE agreement and call option fair value is subject to revaluation in the following reporting periods.

11. Trade and other receivables

	As at December 31, 2024	As at December 31, 2023
Trade accounts receivable and accrued revenues from third parties	22,989	23,855
Tax receivables other than from corporate income taxes	5,305	6,749
Contract cost	564	741
Prepaid expenses	712	1,110
Other receivables	556	652
Allowance for expected credit losses	(424)	(472)
Total trade and other receivables	**29,702**	**32,635**

The change of trade and other receivables, including other long-term assets, presented in the consolidated statement of financial position as of December 31, 2024 does not equal the change in the consolidated statement of cash flows for the year ended December 31, 2024. The difference is due to the withholding tax settlement amounting to USD 497 thousand presented in the "Income tax paid" line in the consolidated statement of cash flows.

Allowance for expected credit losses	As at December 31, 2024	As at December 31, 2023
Opening balance	(472)	(196)
- increase	-	(276)
- decrease - use	48	-
Total allowance for expected credit losses	**(424)**	**(472)**

The majority of trade accounts receivable from main customers (platform distributors) are due within 30 days.

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

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

Other receivables include receivables from employees and security deposits paid.

Allowance for expected credit losses is recognized in other operating expenses in the consolidated statement of comprehensive income. The allowance for expected credit losses referred solely to "Other receivables" in the amount of USD 424 thousand as at December 31, 2024 and USD 472 thousand as at December 31, 2023.

12. Cash and cash equivalents

	As at December 31, 2024	As at December 31, 2023
Money market mutual fund investments	113,654	79,986
Deposits	18,068	53,105
Cash at banks (current accounts)	5,617	13,929
Cash for buy-sell-back transactions	4,501	5,090
Total cash and cash equivalents	**141,840**	**152,110**

Money market mutual fund investments are classified as cash equivalents. For the details, please refer to Note 2.2 *Key judgements and estimates*.

During the year ended December 31, 2024, money market mutual fund investments, deposits and buy-sell-back transactions generated interest income in the total amount of USD 5,669 thousand. This includes the accrued interest from bank deposits in the amount of USD 435 thousand (USD 331 thousand as at December 31, 2023). For details, please refer to Note 6 *Finance income and finance expense.*

As at December 31, 2024, there were short-term cash deposits amounting to USD 18,068 thousand. Maturity of these investments is three months, and they are repayable on demand, thus the investments are highly liquid, readily convertible to known amounts of cash, and are subject to an insignificant risk of changes in value, and meet the criteria indicated in IAS 7 Statement of Cash Flows, and have been considered in substance as cash equivalents.

As at December 31, 2024 there were buy-sell-back transactions concluded for the amount of USD 4,501 thousand. These are the transactions by which a Group buys bonds through a brokerage account, agreeing, respectively, to sell the securities, at a specified price on a future date. Maturity of these investments is not more than three months, and they are repayable on demand, thus the investments are highly liquid, readily convertible to known amounts of cash, and are subject to an insignificant risk of changes in value, and meet the criteria indicated in IAS 7 Statement of Cash Flows, and have been considered in substance as cash equivalents.

As at December 31, 2024, there was restricted cash in the amount of USD 17 thousand (USD 32 thousand as at December 31, 2023).

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

13. Share capital

As at December 31, 2024 and December 31, 2023, the Group's share capital comprised common shares and preferred shares series A and B. Below are presented movements on different components of equity divided in the categories of shares (nominal values presented in USD, not thousand USD):

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

	Common shares (outstanding)		Preferred shares (series A and B)		Treasury shares		Treasury shares allocated for the existing share-based payment programs		Total (issued)	
	Number of shares	Nominal value	Number of shares	Nominal value	Number of shares	Nominal value	Number of shares	Nominal value	Number of shares	Nominal value
As at January 1, 2024	**62,977,148**	**1,260**	**2**	**0**	**4,147,628**	**84**	**-**	**-**	**67,124,778**	**1,344**
Allocation of shares to Share-based payment program	-	-	-	-	(232,346)	(5)	232,346	5	-	-
Exercise of stock options	232,346	5	-	-	-	-	(232,346)	(5)	-	-
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 December 31, 2024	**56,069,697**	**1,122**	**2**	**0**	**3,915,282**	**79**	**-**	**-**	**59,984,981**	**1,201**

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

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

	Common shares (outstanding)		Preferred shares (series A and B)		Treasury shares		Treasury shares allocated for the existing share-based payment programs		Total (issued)	
	Number of shares	Nominal value	Number of shares	Nominal value	Number of shares	Nominal value	Number of shares	Nominal value	Number of shares	Nominal value
As at January 1, 2023	**79,183,513**	**1,584**	**2**	**0**	**5,063,182**	**102**	**-**	**-**	**84,246,697**	**1,686**
Allocation of shares to Share-based payment program	-	-	-	-	(915,554)	(18)	915,554	18	-	-
Exercise of stock options	915,554	18	-	-	-	-	(915,554)	(18)	-	-
Repurchase of common shares under Share Buyback Scheme ("SBB")	(17,121,919)	(342)	-	-	17,121,919	342	-	-	-	-
Retirement of shares purchased during the Share Buyback Scheme ("SBB")	-	-	-	-	(17,121,919)	(342)	-	-	(17,121,919)	(342)
As at December 31, 2023	**62,977,148**	**1,260**	**2**	**0**	**4,147,628**	**84**	**-**	**-**	**67,124,778**	**1,344**

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

As at December 31, 2024 Company was authorized to issue up to 85,300,474 shares with a par value of USD 0.00002 (85,300,472 common shares and 1 share of series A preferred share and 1 share of series B preferred share), out of which as at December 31, 2024, 86,764 shares were allocated to a reserve that could be issued only with majority shareholders' approval (21,295,567 as at December 31, 2023).

As at December 31, 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 56,069,697 common shares held by shareholders, 2 preferred shares (one preferred share of series A and one preferred share of series B), and 3,915,282 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 December 31, 2023, the issued share capital of the Company comprised 67,124,778 shares (fully paid) with a par value of USD 0.00002 per share and a total value of USD 1,344 (not thousands), including 62,977,148 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 4,147,628 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).

During the year 2024, the number of shares (not issued) allocated to the existing share-based payment programs was reduced by 232,346 shares. This is because 232,346 treasury shares were delivered to employees for the options exercised during the year ended December 31, 2024. As at December 31, 2024, 9,859,833 shares with a par value of USD 0.00002 per share were reserved for two stock option programs established in 2015 and 2019.

During the year 2023, the number of shares (not issued) allocated to the existing share-based payment programs was reduced by 915,554 shares. This is because 915,554 treasury shares were delivered to employees for the options exercised during the year ended December 31, 2023. As at December 31, 2023, 10,092,179 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 December 31, 2024 and December 31, 2023, no shareholder owned over 50% of the Company's equity or had more than 50% of voting rights. The Company's major shareholder is Mr. Anton Gauffin, founder and Executive Chairman of the Board, who participates in the Company's ordinary shares indirectly (through shares of Big Bets OU).

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

<u>In the year ended December 31, 2024, the following transactions took place:</u>

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

In the year ended December 31, 2024, 381,123 share options held by employees under the share-based payment program were exercised. Of these, 381,123 options exercised resulted in the delivery of 232,346 treasury shares to employees before December 31, 2024 (the difference between the number of options exercised and the number of treasury shares delivered is due to cashless exercises).

The delivery of treasury shares was presented as a movement from treasury shares 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 646 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 year ended December 31, 2023, the following transactions took place:

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

In the year ended December 31, 2023, 1,693,330 share options held by employees under the share-based payment program were exercised, out of which for 915,554 options exercised treasury shares were delivered to employees before December 31, 2023 (the difference is due to cashless exercises).

The delivery of treasury shares was presented as a movement from treasury shares to common shares. The movement resulted in an increase in share capital in the amount of the nominal value of the shares delivered, and the difference between the value of treasury shares and the cash consideration received in the amount of USD 3,820 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")**

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 representing 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 were 84,246,697 shares of the Company issued 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 the resolution 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.

14. Share-based payment arrangements

As at December 31, 2024 and as at December 31, 2023 the Group had an equity incentive plan, i.e. ESOP. The first stock option program (the employee stock option plan or "ESOP 2015") was established by the Company's Board of Directors on April 3, 2015, the second one on October 19, 2019 ("ESOP 2019"), the grant dates are determined at the dates when the contracts with eligible employees are signed. The program entitles employees and consultants to purchase shares in the Company. Each option stands for one common or treasury share of the Company.

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

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

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

In addition, based on the ESOP 2019 plan, there were several grants with additional vesting conditions:

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 instalment 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 was providing 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. Please refer also to the Note 2.3 *Material accounting policies*.

Options granted to key management personnel

Based on resolutions of the Board of Directors of Huuuge, Inc. the following options were granted to key managers of Huuuge, Inc. Group:

- 3,145,000 options (including 2,345,000 options granted to Huuuge, Inc. Officers) - on October 3, 2023,
- 125,000 options - on November 6, 2023,
- 585,000 options - on February 6, 2024,
- 125,000 options - on September 30, 2024.

The vesting conditions for the 3,680,000 options which are outstanding as at December 31, 2024 are the following:

- 1,226,662 options with a vesting condition to provide the service continuously for about four years from the service commencement date.
- 1,226,662 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.
- 1,226,676 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 instalment has a different vesting period and is treated as a separate award with a different vesting period.

As at December 31, 2024 there were 9,859,833 shares reserved for the ESOP that were not yet allocated to specific employees (10,092,179 as at December 31, 2023). This is at the Group discretion whether the unallocated shares will be allocated within the share-based program to the employees or unused or withdrawn from the program.

In 2024 the Company's Board of Directors granted 710,000 options (3,270,000 in 2023).

Shares option expense for the year 2024 amounts to USD 3,485 thousand (USD 2,855 thousand in 2023) and was booked against equity (employee benefit reserve) which amounted to USD 29,234 thousand as at December 31, 2024 (USD 25,749 thousand as at December 31, 2023).

Details of the grants are presented in the table below:

Grant date	Number of instruments granted *	Expiry date
Granted in 2015	293,292	June 1, 2025
Granted in 2016	175,058	June 1, 2026 - December 1, 2026
Granted in 2017	386,310	February 1, 2027 - December 1, 2027
Granted in 2018	131,000	December 1, 2024
Granted in 2019	243,525	December 1, 2024 – November 6, 2025
Granted in 2020	738,024	April 1, 2027– November 11, 2027
Granted in 2021	4,111,765	*February 2,2028 – September 10, 2028*
Granted in 2022	656,971	*January 3, 2029 – August 5, 2029*
Granted in 2023	3,270,000	*October 3, 2030 - November 6, 2030*
February 6, 2024	585,000	*February 6, 2031*
September 30, 2024	125,000	*September 30, 2031*
Subtotal granted in 2024	**710,000**	
Total	**10,715,945**	

* The number of options granted before January 20, 2021 is presented in the amount before the share split on a one for five basis.

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

	Year ended December 31, 2024	
	Number of options	Weighted average exercise price
Balance as at January 1	**5,534,416**	**5.75**
Granted during the year	710,000	6.59
Forfeited during the year	(448,549)	5.37
Exercised during the year	(381,123)	3.33
Expired during the year	(61,521)	4.56
Balance as at December 31	**5,353,223**	**6.08**

	Year ended December 31, 2023	
	Number of options	Weighted average exercise price
Balance as at January 1	**4,778,100**	**4.46**
Granted during the year	3,270,000	5.83
Forfeited during the year	(761,374)	3.95
Exercised during the year	(1,693,330)	3.13
Expired during the year	(58,980)	3.79
Balance as at December 31	**5,534,416**	**5.75**

As at December 31, 2024, 1,180,503 share options were exercisable, with the weighted average exercise price of USD 4.84 per share. As at December 31, 2023, 757,846 share options were exercisable, with the weighted average exercise price of USD 3.86 per share.

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

	Grant date	Exercise price	Fair Market Value on exercise date	Number of stock options exercised
Exercised in 2019	May 29, 2015 - December 1, 2018	$0.0002 - $4.15	$14.09 - $15.03	31,363
Exercised in 2020	May 29, 2015 - November 6, 2019	$0.0002 - $13.50	$15.03 - $18.62	176,009
Exercised in 2021 (before share split)	May 29, 2015 – December 1, 2016	$0.0002 – $0.79	$54.53	6,411
Exercised in 2021 (after share split)	May 29, 2015 – November 20, 2020	$0.00004 – $3.72	$6.23 – $12.03	1,851,622
Exercised in 2022	May 29, 2015 – January 3, 2022	$0.11 – $4.13	$3.58 – $5.68	2,072,355
Exercised in 2023	May 29, 2015 – August 1, 2022	$0.00004 – $6.18	$5.31 – $7.02	1,693,330
Exercised in 2024	December 1, 2017 – August 1, 2022	$0.83 – $6.18	$4.01 – $7.37	381,123

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

As at December 31, 2024:

Exercise price in USD	Number of outstanding stock options	Weighted average remaining contractual life (in years)
0.83	75,025	2.84
2.70 - 3.92	1,020,056	3.89
4.13 - 13.51	4,258,142	5.55
Total:	**5,353,223**	**5.20**

As at December 31, 2023:

Exercise price in USD	Number of outstanding stock options	Weighted average remaining contractual life (in years)
0.00004 - 0.83	127,754	3.88
2.7 - 3.92	1,448,483	4.65
4.13 - 13.51	3,958,179	6.40
Total:	**5,534,416**	**5.89**

The fair value of the employee share options without market conditions has been measured using the Black-Scholes formula by an independent appraiser, assuming no dividends and using the valuation assumptions summarized below. The underlying price of the common stock was determined using the fair value as of the option grant dates. The exercise prices of the options were determined by the Board of Directors of the Company in the contract with the employee. The risk-free rate is based on the U.S. Treasury yield curve in effect at the time of each grant date and corresponding to expiration. In assessing the appropriate time to expiration, the appraiser examined the expiration period, the vesting period and the option grant dates.

The fair value of the employee share options with market conditions has been measured using the Binomial model by an independent appraiser. This requires building a stock price tree as paths for the future stock prices to follow. The valuation is done in the process of backward induction that allows to price US-type options and flexible adaptation of the model to the specifics of the valued instrument. The model allows to take into account the term structure of interest rates and volatility, enabling a variable dividend rate to be applied, modelling the vesting period and reflecting the conditions restricting the right to exercise an option.

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

Based on the analysis and the factors specific to the Company, an equity volatility of 37.0% - 80.0% (53.3% - 80.0% for the year ended December 31, 2023) was used in the option pricing model. Expected volatility was based on historical volatility of a similar industry sector for the year ended December 31, 2023.

The inputs used in the measurement of the fair values at the grant dates of the equity-settled share-based payment plan for the options outstanding as of December 31, 2024 and as of December 31, 2023, were as follows:

	As at December 31, 2024	**As at December 31, 2023**
Fair value at grant date	0.93 – 6.64	1.59 – 8.66
Share price at grant date	2.50 – 9.49	2.50 – 10.91
Exercise price	0.83 – 13.51	0.83 – 13.51
Expected volatility (weighted average)	36.97% – 80.00%	53.29% – 80.00%
Expected life (weighted average)	2.44 – 6.10	0.92 – 9.86
Risk-free interest rate	0.21% – 5.04%	0.21% – 5.04%

The effect of the fair value measurement (which includes cost recognised for the period as well as derecognition of the cost when non-market vesting conditions are not met) is reflected in the profit and loss against equity (USD 3,485 thousand was expensed in 2024 and USD 2,855 thousand in 2023) – please refer to Note 5 *Salaries and employee-related costs* and to the consolidated statement of changes in shareholders' equity. These costs were allocated to "Sales and marketing expenses", "Research and development expenses" and "General and administrative expenses" lines in the consolidated statement of comprehensive income.

During the year ended December 31, 2024, 381,123 options were exercised in total under the share-based payment program, and 232,346 treasury shares were delivered for all options exercised (the difference of 148,777 options is due to cashless exercises). Cash payments received for the shares delivered to employees before December 31, 2024 amounted to USD 286 thousand.

During the year ended December 31, 2023, 1,693,330 options were exercised under the share-based payment program, and 915,554 treasury shares were delivered for all options exercised (the difference of 777,776 options is due to cashless exercises). Total cash payments received during the year ending December 31, 2023 amounted to USD 470 thousand.

15. Goodwill

For the purpose of impairment testing, the whole Group is determined to be one cash-generating unit, to which goodwill resulting from business combinations is allocated in full. Reconciliation of the carrying amount of goodwill in each of the reporting periods was as follows:

	As at December 31, 2024	**As at December 31, 2023**
Amount as the beginning of the year	**2,554**	**2,462**
Goodwill arising from the acquisitions	2,606	2,606
Foreign exchange differences	(198)	(52)
Impairment	-	-
Amount as the end of the year	**2,408**	**2,554**

The recoverable amount of the net assets of the Group has been determined based on their fair value (Level 1) as at December 31, 2024, i.e. market capitalization. The test results showed no goodwill impairment as at December 31, 2024.

When performing the test for impairment, the recoverable amount of a cash-generating unit is determined based on the fair value less costs of disposal, and then compared to the cash-generating unit's carrying amount. Once the fair value of the cash-generating unit falls below its carrying amount an additional value in use calculation is performed.

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

16. Trade, other payables and deferred income

	As at December 31, 2024	As at December 31, 2023
Trade accounts payable to third parties	1,238	1,549
Accrued expenses	3,392	5,535
Tax payables other than from corporate income taxes	2,986	3,144
Employee liabilities	2,422	6,838
Other accounts payable	1,388	66
Trade and other payables	**11,426**	**17,132**

As at December 31, 2024 and December 31, 2023 accrued expenses mainly include marketing and advertising expenses, expenses related to audit.

Deferred income, presented in a separate line of the statement of the financial position, amounting to USD 1,879 thousand as at December 31, 2024 (USD 2,471 thousand as at December 31, 2023), is a contract liability related to players' unused coins at the end of the reporting period as described in Note 2.2 *Key judgement and estimates – estimate of the progress towards complete satisfaction of the performance obligation.*

17. Leases

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

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

There were no significant lease agreements signed neither during the year ended December 31, 2024, nor during the year ended December 31, 2023.

The tables below present the carrying amounts of recognized right-of-use assets and the movements in the year ended December 31, 2024 and in the year ended December 31, 2023:

	Offices	Cars	Total
as at January 1, 2024	**6,775**	**75**	**6,850**
extension of contracts, remeasurement due to indexation and other	1,038	57	1,095
foreign exchange differences on translation	(203)	(4)	(207)
depreciation	(2,829)	(62)	(2,891)
as at December 31, 2024	**4,781**	**66**	**4,847**

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

	Offices	Cars	Total
as at January 1, 2023	**12,859**	**106**	**12,965**
additions (new leases)	-	46	46
transfer to lease receivable	(3,555)	-	(3,555)
extension of contracts, remeasurement due to indexation and other	774	17	791
foreign exchange differences on translation	117	(29)	88
depreciation	(3,420)	(65)	(3,485)
as at December 31, 2023	**6,775**	**75**	**6,850**

The table below presents the carrying amounts of lease liabilities and movements during the year ended December 31, 2024 and in the year ended December 31, 2023:

	Year ended December 31, 2024	Year ended December 31, 2023
as at January 1	**10,639**	**13,827**
additions (new leases)	-	46
extension of contracts, remeasurement due to indexation and other	1,283	787
interest expense on lease liabilities	236	288
lease payments	(4,255)	(4,487)
foreign exchange differences on translation to functional currency	(63)	(383)
foreign exchange differences on translation to USD	(289)	561
as at December 31	**7,551**	**10,639**
long-term	3,609	6,843
short-term	3,942	3,796

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

- cash payments of the capital component of lease liabilities in the year 2024 amounting to USD 4,019 thousand (USD 4,199 thousand in the year 2023) – as part of financing activities (lease repayment),
- cash interest payments on leases in the year 2024 amounting to USD 236 thousand (USD 288 thousand in the year 2023) – as part of financing activities (interest paid).

The Group had total cash outflows due to leases, including short term leases, of USD 4,445 thousand in the year 2024 and USD 4,675 thousand in the year 2023.

The table below presents the amounts of income, costs, gains and losses resulting from leases which are recognized in the consolidated statement of comprehensive income for year 2024 and 2023:

	Year ended December 31, 2024	Year ended December 31, 2023
Depreciation expense of right-of-use assets	2,892	3,485
Interest expense on lease liabilities	236	288
Foreign exchange differences	(63)	(383)
Total amount recognized in the consolidated statement of comprehensive income	**3,065**	**3,390**

As of December 31, 2024, the Group held three agreements expensed to profit and loss statement, either due to the short-term nature of the agreements or their respective values amounting to USD 190 thousand in the year 2024 (USD 188 thousand in the year 2023) presented as part of operating activities in consolidated statements of cash flows.

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

Sublease agreements

The Group entities have entered several arrangements to sublease leased office spaces to a third party while the original lease contract is in effect. The lease receivable from the finance lease amounted to USD 2,318 thousand as at December 31, 2024 (USD 3,550 thousand as at December 31, 2023). As of December 31, 2024, the Group held two short term agreements classified as operating leases. The income from interest received from finance sublease amounted to USD 166 thousand during the year 2024 (USD 138 thousand in the year 2023). The income from the operating lease amounting to USD 987 thousand is presented in the line “Other operating income/(expense), net” in the consolidated statement of comprehensive income during the year ended December 31, 2024.

The amount of future contractual payments under operating subleases is USD 371 thousand as of December 31, 2024.

18. Contingencies

Tax contingent liabilities

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

Tax authorities may examine accounting records retrospectively: for 3 years in the United States (and up to 6 years in case of substantial errors), 5 years in Poland, 6 years in Cyprus (and up to 12 years in case of substantial errors) and 7 years in Israel. Consequently, the Parent Company and subsidiaries may be subject to additional tax liabilities, which may arise as a result of tax audits. The Board of Directors of the Parent Company believes that there was no need to record any provisions for known and quantifiable risks in this regard, as, in their assessment, there are no such uncertain tax positions for which it would be probable that the taxation authority will not accept the tax treatment applied by the Group.

Litigation and other legal proceedings

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

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

The Company cannot predict with certainty the outcomes of any legal proceedings and other contingencies, and the costs incurred in litigation can be substantial, regardless of the outcome. As a result, the Company and/or its subsidiaries could from time to time incur judgments, enter into settlements or revise our expectations regarding the outcome of certain matters, and such developments could harm our reputation and have a material adverse effect on our results of operations in the period in which the amounts are accrued and/or our cash flows in the period in which the amounts are paid. In addition, as a result of the ongoing legal proceedings, the Company and/or its subsidiaries may be subject to damages, civil fines, or other sanctions. Additionally, defending against these lawsuits and proceedings may involve significant expense and diversion of management’s attention and resources.

As at the date of approval of these annual consolidated financial statements for issue, the Company and/or its subsidiaries has become involved in a number of pending litigations and arbitrations:

- 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. On June 7, 2024, the judge denied the Company's motion to dismiss and the Company's motion to compel arbitration. On July 17, 2024, the Company filed a notice of appeal. The Supreme Court of Alabama held oral argument on March 5, 2025. As of the date of approval of these annual consolidated financial statements for issue, the parties are awaiting the judge's decision. As of the date of approval of these annual consolidated financial statements for issue, to the best of the Company's knowledge, the litigation is not expected to have a material impact on the 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 Company also agrees in the settlement to make changes: (a) in game play, allowing players to engage in certain forms of continuous game play; and b) in advertising practices. The settlement is subject to court approval and to the Company's option to cancel the settlement if 1,000 or more class members elect to opt out of the settlement. On January 22, 2025, the court preliminarily approved the settlement. However, the settlement is still subject to the court's final approval, which may or may not be forthcoming. The final approval hearing is currently scheduled for August 5, 2025, but may be moved by the court. 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 December 31, 2024, and as of the date of approval of these annual consolidated financial statements for issue.

- On June 28, 2023, a claimant filed a demand for arbitration alleging that the Company's social casino games are unlawful gambling under Kentucky law. The claimant seeks to recover treble the total of all amounts paid by Kentucky residents to the Company in those games during the period beginning five years before the filing of the demand (i.e. June 28, 2018) until the case is resolved. On June 24, 2024, the Company filed a dispositive motion. On September 5, 2024, the arbitrator issued an order on threshold issues (such as choice of law and ability to bring representative actions) that was beneficial for the Company. However, the claimant refiled his claims under California law on October 4, 2024. The arbitrator ordered that consideration of the motion be deferred until after the final hearing on this matter. The final hearing has not yet been scheduled. 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 annual consolidated financial statements for issue, to the best of the Company's knowledge, the arbitration is not expected to have a material impact on the 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 brief took place on September 30,

2024. On December 6, 2024, the arbitrator dismissed all claims against the Company. 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 annual consolidated financial statements for issue, to the best of the Company's knowledge, the arbitration is not expected to have a material impact on the 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 and the case was subsequently remanded to the Circuit Court. On November 8, 2024, the Company filed a motion to compel arbitration and a motion to dismiss. As of the date of approval of these annual consolidated financial statements for issue, the parties are awaiting the judge's decision on the motions. As of the date of approval of these annual consolidated financial statements for issue, to the best of the Company's knowledge, the litigation is not expected to have a material impact on the 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. On January 31, 2025, the Company filed a motion to compel arbitration. As of the date of approval of these annual consolidated financial statements for issue, the parties are awaiting the judge's decision. 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 annual consolidated financial statements for issue, to the best of the Company's knowledge, the litigation is not expected to have a material impact on the Company's operations, financial condition or cash flows.

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

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

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

During the year ended December 31, 2024, Huuuge Global Ltd and Huuuge Games Sp. z o.o. have entered into two agreements for the purpose of conducting forward and derivative transactions in the future. In one agreement, entities involved are considered joint and several debtors for planned transactions while in the second agreement, one entity guarantees the obligation of the other. The maximum amount of the contingency obligation cannot exceed USD 19,080 thousand for both parties. As at December 31, 2023 there were no forward and derivative transactions concluded.

20. Related party transactions

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

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

On July 4, 2023, Anton Gauffin (through Big Bets OÜ) and Raine Group (through RPII HGE LLC), sold 7,906,705 shares in total under the Share Buy-back amounting to USD 69,268 thousand.

There is no ultimate controlling party.

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

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

Board of Directors of Huuuge, Inc., Officers and Global Management	Year ended December 31, 2024	Year ended December 31, 2023
Base salaries	4,613	3,531
Bonuses and compensation based on the Group's financial result for the year	-	1,267
Share-based payments	3,191	1,673
Total	**7,804**	**6,471**

The amounts presented above include compensation of members of the Board of Directors of Huuuge, Inc., Officers and Global Management team members. The amounts for the year 2024 and 2023 reflect the changes in composition of the teams during those periods.

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

During the year 2024, members of the Board of Directors, Officers and Global Management team exercised 92,989 options (618,328 options during the year 2023).

On April 23, 2024, members of the Executive Management team and their close family members sold 117,829 shares in total under Share Buy-back amounting to USD 1,155 thousand.

On July 4, 2023, members of the Executive Management team and their close family members sold 331,324 shares in total under Share Buy-back amounting to USD 2,903 thousand.

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

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

22. Audit fees

	Year ended December 31, 2024	Year ended December 31, 2023
Audit of financial statements	258	170
Review of interim financial statements	64	57
Other services	32	-
Total	**354**	**227**

Audit of financial statements relates to the audit of separate financial statements of Huuuge Inc., and the audit of the Group's consolidated financial statements prepared in accordance with IFRS, as well as the audit of separate financial statements of the Group's subsidiaries prepared in accordance with local generally accepted accounting principles, to the extent performed by the Group Auditor. Audit services performed for Huuuge Global Ltd. include standard tax compliance services.

23. Unusual events

Impact of the situation in Israel on our business

Huuuge's office in Tel Aviv, Israel accounts for around 6% 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 if required. 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 these consolidated financial statements, the war in Israel has no significant impact on our business and financial results.

24. Subsequent events

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

Collective redundancies in the Group

As reported in the current report no No. 3/2025 dated January 16, 2025, with reference to current report No. 2/2025 dated January 9, 2025 regarding a decision on the intention to carry out collective redundancies informed that, in line with the provisions of the Polish act on the rules for terminating employment relationships with employees for reasons not related to the employees (ustawa z dnia 13 marca 2003 roku o szczególnych zasadach rozwiązywania z pracownikami stosunków pracy z przyczyn niedotyczących pracowników) (the "Act on Redundancies"), Huuuge Games sp. z o.o. (the "Subsidiary"), following a consultation process with the employee representatives regarding collective redundancies has reached an understanding with the employee representatives regarding collective redundancies, and has submitted notifications to the relevant labour offices on January 16, 2025, thereby commencing the process of collective redundancies.

As of the date of approval of these financial statements for issue, collective redundancies in the Group were mostly completed with a few exceptions. Simultaneously, the Issuer has decided to dissolve subsidiaries in the Netherlands and Finland. As of the date of approval of these financial statements it is expected that the reduction of employment in the Group will cover 29% persons of the total headcount of the Group.

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

The final data on the impact of the employment restructuring on the financial results of the Group will be presented in the consolidated Q1 2025 report.

Investment in Empire Games Ltd.

On January 24, 2025 Huuuge, Inc. made a second tranche payment of USD 500 thousand related to investment in Empire Games Ltd. (investment described in Note 10 *Long-term investments*).

Electronically signed

Wojciech Wronowski,

Officer of Huuuge, Inc., CEO

April 16, 2025

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