HUUUGE, INC.
Separate 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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Company's separate statement of comprehensive income

	Note	Year ended December 31, 2024	Year ended December 31, 2023 Reclassified*
Revenue	**3**	**934**	**1,577**
Dividend income	3	100,822	159,729
Operating expenses	5	(4,084)	(6,490)
Revaluation losses on financial instruments	9	(3,500)	-
Impairment losses on investments	8	(1,971)	-
Other operating income/(expense), net		(194)	(1,876)
Operating result		**92,007**	**152,940**
Finance income/(expense), net	6	3,931	2,869
Profit/(loss) before tax		**95,938**	**155,809**
Income tax	7	(211)	(1,558)
Net result for the year		**95,727**	**154,251**
Other comprehensive income		-	-
Total comprehensive income for the year		**95,727**	**154,251**

*** Change in presentation**

During the year ended December 31, 2024, there was a change in presentation of the items in the separate statement of comprehensive income. For the details, please refer to Note 2.1 *Basis for preparation of the financial statements.*

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

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

Company's separate statement of financial position

	Note	As at December 31, 2024	As at December 31, 2023
Assets			
Non-current assets			
Investment in subsidiaries	8	28,995	29,847
Deferred tax asset	7	2,841	88
Long-term investments	9	500	-
Total non-current assets		**32,336**	**29,935**
Current assets			
Dividend receivable	3	44,864	10,000
Corporate income tax receivable	7	1,285	752
Trade and other receivables	12	911	1,961
Cash and cash equivalents	13	71,441	80,532
Total current assets		**118,501**	**93,245**
Total assets		**150,837**	**123,180**
Equity			
Share capital	14	1	1
Treasury shares	14	(15,720)	(16,652)
Supplementary capital	14	78,112	149,590
Employee benefit reserve	15	29,234	25,749
Retained earnings/(Accumulated losses)		56,225	(39,502)
Total equity		**147,852**	**119,186**
Current liabilities			
Trade and other payables	16	1,285	2,294
Provisions	17	1,700	1,700
Total current liabilities		**2,985**	**3,994**
Total liabilities		**2,985**	**3,994**
Total equity and liabilities		**150,837**	**123,180**

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

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

Company's separate statement of changes in equity

	Note	Share capital	Treasury shares	Supplementary capital	Employee benefit reserve	Retained earnings/ (accumulated losses)	Equity
As of January 1, 2024		**1**	**(16,652)**	**149,590**	**25,749**	**(39,502)**	**119,186**
Net profit/(loss) for the year		-	-	-	-	95,727	95,727
Total comprehensive income for the year		-	-	-	-	**95,727**	**95,727**
Exercise of stock options	14,15	0**	932	(646)	-	-	286
Employee share schemes - value of employee services	15	-	-	-	3,485	-	3,485
Repurchase of common shares under Share Buyback Scheme ("SBB")	14	(0)**	(70,000)	-	-	-	(70,000)
Transaction costs related to SBB program*	14	-	(832)	-	-	-	(832)
Retirement of shares purchased during the Share Buyback Scheme ("SBB")	14	-	70,832	(70,832)	-	-	-
As of December 31, 2024		**1**	**(15,720)**	**78,112**	**29,234**	**56,225**	**147,852**

* 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 statement of financial position as at December 31, 2024 does not equal the change in the 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 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)

	Note	Share capital	Treasury shares	Supplementary capital	Employee benefit reserve	Retained earnings/ (accumulated losses)	Equity
As at January 1, 2023		**2**	**(20,942)**	**304,487**	**22,894**	**(193,753)**	**112,688**
Net profit/(loss) for the year		-	-	-	-	*154,251*	*154,251*
Total comprehensive income for the year		**-**	**-**	**-**	**-**	**154,251**	**154,251**
Exercise of stock options	14,15	0**	4,290	(3,820)	-	-	470
Employee share schemes - value of employee services	15	-	-	-	2,855	-	2,855
Share BuyBack (“SBB”) - repurchase of shares *	14	(1) ***	(150,000)	-	-	-	(150,001)
Transaction costs related to SBB program *	14	-	(1,077)	-	-	-	(1,077)
Retirement of shares purchased during the Share Buyback Scheme ("SBB")	14	-	151,077	(151,077)	-	-	-
As at December 31, 2023		**1**	**(16,652)**	**149,590**	**25,749**	**(39,502)**	**119,186**

* 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 statement of financial position as at December 31, 2023 does not equal the change in the 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 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 separate financial statements.

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

Company's separate statement of cash flows

	Note	Year ended December 31, 2024	Year ended December 31, 2023
Cash flows from operating activities			
Profit/(loss) before tax		95,938	155,809
Adjustments for:			
Revaluation losses on financial instruments	9	3,500	-
Impairment of assets and other adjustments		1,953	-
Share-based payments - ESOP recharge from subsidiaries		1,429	-
Non-cash employee benefits expense - share-based payments	15,8	618	2,170
Finance (income)/expense, net	6	(2,380)	(2,805)
Depreciation and amortization		-	76
(Profit)/loss on disposal of property, plant and equipment		-	60
Changes in net working capital:			
Trade and other receivables	12	1,050	(737)
Trade and other payables	16	(1,386)	(1,891)
Dividend receivables	3	(37,662)	(10,000)
Provisions	17	-	1,700
Other non-financial assets		-	36
Cash flows from operating activities		**63,060**	**144,418**
Income tax paid		(681)	(2,326)
Net cash flows from operating activities		**62,379**	**142,092**
Cash flows from investing activities			
Long-term investments outflows	9	(4,000)	-
Long-term investments inflows		318	-
Interest received	6	2,422	2,915
Net cash flows from/(used in) investing activities		**(1,260)**	**2,915**
Cash flows from financing activities			
Repurchase of own shares incl. transaction costs	14	(70,455)	(150,985)
Exercise of stock options	15	286	470
Lease repayment and interest paid		-	(60)
Net cash flows from/(used in) financing activities		**(70,169)**	**(150,575)**
Net increase/(decrease) in cash and cash equivalents		**(9,050)**	**(5,568)**
Effect of exchange rate fluctuations and accrued interest		(41)	(110)
Cash and cash equivalents at the beginning of the year		**80,532**	**86,210**
Cash and cash equivalents at the end of the year		**71,441**	**80,532**

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

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

Notes to the separate financial statements

HUUUGE

1. General information

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

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

These separate financial statements (hereinafter “financial statements”) of the Company cover the year ended December 31, 2024 and includes comparative data for the year ended December 31, 2023. These financial statements were approved on April 15, 2025 by the Board of Directors.

The Company has an unlimited period of operation.

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

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

The Company’s business activities are not subject to significant seasonal or cyclical trends. The Group’s business activities are characterised 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.

Identification of consolidated financial statements

The Company is the ultimate parent of the Huuuge Inc Group. The Company has prepared consolidated financial statements for the year ended December 31, 2024, which were approved on April 15, 2025 by the Board of Directors.

Composition of the Company’s Board of Directors as at December 31, 2024 and as at the date of signing of these separate financial statements

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

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

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

Investments in subsidiaries

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

Name of entity	Registered seat	Activities	Company's share in capital	
			As at 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 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 financial statements for issue.

2. Accounting policies

1) Basis for preparation of the financial statements

These financial statements of the Company have been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union ("IFRS") and constitute the Company's separate financial statement prepared in order to meet the legal requirements imposed on issuers of the securities admitted to trading on regulated markets. The Company has prepared the financial statements on the basis that it will continue to operate as a going concern.

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

The Company is the parent entity of the Huuuge Inc. Group. The annual consolidated financial statements of the Group have been prepared in accordance with the requirements of IFRS. In order to fully understand the financial situation and the results of operations of the Company as the parent company in the Group, these financial statements should be read together with the annual consolidated financial statements for the period ended on December 31, 2024. The consolidated financial statements of the Group are prepared and published at the same time as these separate financial statements of the Company.

These financial statements are prepared on the historical cost basis, except for financial instruments measured at fair value
The functional currency of the Company and the presentation currency of these financial statements is the US dollar ("USD").

Change in presentation in the separate statement of comprehensive income

During the year ended December 31, 2024 Company changed presentation of the items in the separate statement of comprehensive income. The Company simplified the presentation of the separate statement of comprehensive income by eliminating Cost of Sales line item, as the Company does not incur such costs, as well as by eliminating gross profit/(loss) subtotal. Additionally, the Company aggregated Sales and Marketing expenses, Research and development expenses and General and administrative expenses into one line – Operating expenses, with disaggregation provided in Note 5 to the separate financial statements. The Company also aggregated Finance income and finance expenses into one line, i.e. Finance income/(expenses) net.

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

2) Key judgements and estimates

The preparation of 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, income and expenses. 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.

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

Model of revenue recognition

Agent vs principal considerations – transactions between the Company and Huuuge Global Limited

The Company purchases certain advertisement services from third parties (mostly Platform providers such as Facebook), which are subsequently recharged to Huuuge Global Ltd. The Company's management has determined that in its relation to the platforms the Company acts as an agent on behalf of Huuuge Global Ltd.

In accordance with IFRS 15.B34, when another entity is involved in providing goods or services to a customer, the entity evaluates the nature of its promise to the customer, whether the nature of the entity`s performance obligation is to provide the specified goods or services to the customer itself (in this case the entity is a principal) or to arrange for them to be provided by another entity (in this case the entity is an agent). In accordance with IFRS 15.B35, the entity acts as the principal, if it obtains control of the specified good or service before it is transferred to the customer, otherwise the entity acts as an agent arranging for the provision of the specified goods or service for another entity`s customer. An agent recognizes revenue on a net basis corresponding to any fee or commission to which it expects to be entitled in return for the arrangement of provision of goods or services by another entity.

The Company's management assessed that, taking into account the IFRS 15 guidance, the nature of the Company's performance obligation is to ensure the provision of advertisement services by Platform providers such as Facebook for Huuuge Global Ltd, and that the Company itself does not obtain control over the goods or services provided prior to its transfer to the customer. The Company's management therefore assessed that the Company acts as an agent to Huuuge Global Limited. The conclusion that the Company acts as an agent is supported mainly by the following factors: Platform providers (such as

Facebook) have the ultimate responsibility for providing the services to Huuuge Global Ltd; the Company does not set the prices for the advertisement services, nor it has a discretion to select the Platforms, Platform providers have right to change these prices at any time at their discretion.

The Company being an agent presents revenues from those transactions in net amounts – revenue from Huuuge Global Ltd for the provision of these services was fully netted with related costs in the statement of comprehensive income for the years ended December 31, 2024 and December 31, 2023.

For details on the accounting policies related to the revenue recognition please refer to Note 2.3 *Material accounting policies*, point (b) *Revenue*.

Money market mutual funds

As part of its liquidity management, the Company engages in short-term deposits with various banks or overnight deposits in money market mutual funds. 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 judgment 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 Company 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 Company 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 Company 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 Company'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 10 *Financial risk management*, point (b) *Credit risk*. For carrying amounts as at December 31, 2024 and December 31, 2023 please refer to Note 13 *Cash and cash equivalents*.

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 the Company, 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 Company 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 Company.

Deferred tax liabilities and assets are not recognized for temporary differences between the carrying amount and tax bases of investments in subsidiaries as the Company is able to control the timing of the reversal of the temporary differences and in the management's assessment it is probable that the differences will not reverse in the foreseeable future.

For more details on deferred tax assets and liabilities please refer to Note 2.3 *Material accounting policies*, point (c) *Income tax* and to Note 7 *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 these financial statements, including deliberation on whether provisions should be recognized and, if so, the appropriate quantification thereof. For more details on the Company's litigations please refer to Note 17 *Contingencies.*

3) Material accounting policies

The accounting policies applied by the Company in these financial statements have been consistently applied by the Company and are consistent across the reported periods, unless indicated otherwise.

a) Foreign currency transactions – transactions and balances

Transactions in foreign currencies are translated to USD (which is the functional currency of the entity and the presentation currency of these financial statements) at exchange rates effective on the days of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into USD 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.

b) Revenue

The Company's revenue is generated by services provided to the other entities in the Group and dividend income. The Company's revenue generated by services comprises revenues from advertisement services, game design development services, and stewardship activities. The Company recognizes dividend income from its subsidiaries based on the amount of dividends declared.

Advertisement services

The Company purchases certain advertisement services from third parties (mostly Platform providers such as Facebook), which are subsequently recharged to Huuuge Global Ltd. The Company's management has determined that in its relation to the platforms the Company acts as an agent on behalf of Huuuge Global Ltd. Further information on the judgment in this respect is presented in Note 2.2 *Key judgements and estimates – Model of revenue recognition.*

The Company's management identified one performance obligation which is advertisement services in gaming applications. Revenue is recognized over time, in the period in which services are provided.

Stewardship activities, and game design development services

Under each of these revenue streams, The Company's management identified one performance obligation. Revenue is recognized over time, in the period in which services are provided. For stewardship activities and game design development services, the Company has a right to consideration in an amount that corresponds directly with the value to the customer of the entity's performance completed to date.

Management assesses that the Company does not have any contracts where the period between the transfer of the promised goods or services and payment exceeds one year. As a consequence, the Company 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.

In relation to these services, the Company's management has determined that the Company acts as the principal as it controls the specified goods or services before it is transferred to the customer. In such circumstances, the Company recognizes revenue in the amount of gross remuneration to which it expects to be entitled in exchange for the goods or services transferred.

c) 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 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.

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 Company applies the accounting policy to treat U.S. taxes due in relation to GILTI as a current-period expense when incurred. Therefore, the Company 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 Company 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.

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.

d) Shares in subsidiaries, associates and joint ventures

Shares in subsidiaries, associates and joint ventures not classified as held for sale in accordance with IFRS 5, are measured at historical cost in accordance with IAS 27 reduced by impairment losses, if any arise in accordance with IAS 36. The impairment test is carried out if there are any indications of impairment. The amount of the impairment loss is assessed by comparing the carrying amount to the higher of fair value less costs to sell and value in use. Usually, transaction costs related to acquisition of shares in subsidiaries increase the costs (the carrying amount) of the investment.

Subsidiaries are entities controlled by the Company.

The Company controls an entity when it:

- has power to direct the relevant activities of the investees that significantly affect their returns,
- has exposure, or rights, to variable returns from its involvement with the investees,
- has the ability to use its power over the investees to affect the amount of the investor’s returns.

The Company verifies if it has control over entities, if an event results in a change to one or more of the control conditions listed above.

The Company does not have any associates or/and joint ventures.

e) Financial instruments

The Company recognizes the non-derivative financial instruments such as, 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 Company 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.

Management assesses the Company’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 (f) *Impairment, (i) Financial assets* below.

f) Impairment

(i) Financial assets

Management assesses the Company'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 Company 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 Company uses its historical data on credit losses, adjusted on an as-needed basis for the impact of forward-looking statements.

g) 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 (f) *Impairment, (i) Financial assets*.

h) 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 (f) *Impairment, (i) Financial assets*.

Other receivables include tax receivables other than from corporate income taxes and advance payments for subscriptions. 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

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, which 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 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 14 *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 Company 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 Company 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*, (k) *Share-based payment arrangements* and Note 15 *Share-based payment arrangements*. Employee benefit reserve is not transferred or reclassified within equity.

k) Share-based payment arrangements

The Company 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 of the Company and its subsidiaries 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 15 *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 (staged vesting).

The fair value determined at the grant date of the equity-settled share-based payments is expensed (options granted to employees of the Company) or allocated to investments in subsidiaries (options granted to employees of the Company's subsidiaries) over the vesting period. The amount recognized as an expense or allocated to investment in subsidiaries 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 Company 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, or investment in subsidiaries, such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefit reserve.

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 financial statements, and is not transferred or reclassified within equity.

Share - based payment transactions with non-employees (Advisory agreement as described in the Note 15 *Share-based payment arrangements* to these financial statements)

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

In accordance with IFRS 2, the Company 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 Company 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 Company 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 Company recognizes the expense charge in the Company's separate 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".

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 Company 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.

l) Provisions

A provision is recognized when the Company, 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 Company 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 Company's litigations please refer to Note 17 *Contingencies*.

m) Finance income and expense

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 income comprises mainly interest income on funds invested. Interest income is recognized as it accrues in profit or loss, using the effective interest method.

Finance expenses comprise interest expenses from banks and leases.

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

In preparing these financial statements the Company'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 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 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 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 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 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 Company in the current or future reporting periods and on foreseeable future transactions.

New International Financial Reporting Standards and Interpretations effective for the first time for financial year 2023:

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 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

As at December 31, 2024 the Company recognized the fair value of investments in SAFE agreements and call options recognized under investment agreements (for the details, please refer to Note 9 Long-term investments). As at December 31, 2023 no assets or liabilities were measured at fair value.

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 Company's accounting policies.

a) Trade and other receivables measured at amortized cost

For trade and other receivables and deposits, the Company'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 Company'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 dividend income

The Company's revenue is generated by services rendered to the other entities in the Group. The Company's revenue comprises revenues from stewardship activities as well as facilitating the advertisement services on behalf of Huuuge Global Ltd.. The Company as an agent presents revenues from advertising services in net amounts, for further details on the judgment please refer to Note 2.2 *Key judgements and estimates - Model of revenue recognition.*

During the year ended December 31, 2024 the Company's revenues amounted to USD 934 thousand (USD 933 thousand from stewardship services and USD 1 thousand from game design services) and in the year ended December 31, 2023 - USD 1,577 thousand (USD 629 thousand from stewardship services and USD 948 thousand from game design services).

During the year ended December 31, 2024, the Company recognized dividend income in the amount of USD 100,822 thousand as presented in the line "Dividend income" in the separate statement of comprehensive income (USD 159,729 thousand in the year ended December 31, 2023).

The total dividend income for the year 2024 was recognized based on the following resolutions of:

- Huuuge Games Sp. z o.o.: shareholders resolution dated June 28, 2024 (USD 43,973 thousand), shareholders resolution dated December 19, 2024 (USD 11,985 thousand). The total amount of dividend decreased by the WHT tax was received in the amount of USD 53,143 before December 31, 2024;
- Huuuge Global Ltd: shareholders resolution dated December 20, 2024 (USD 20,000 thousand), shareholders resolution dated December 20, 2024 (USD 24,864 thousand). The dividend of USD 20,000 thousand was received on March 11, 2025, the remaining dividend of USD 24,864 thousand was received on March 21, 2025.

4. Segment information

The Company uses the exemption with respect to the disclosures of segment information in accordance with IFRS 8.4, therefore, the analysis of the activities of the Company's operating segments has been presented in the consolidated financial statements as at and for the year ended December 31, 2024.

5. Operating expenses

For the years ended December 31, 2024 and December 31, 2023 operating expenses include:

Expenses by nature	Year ended December 31, 2024	Year ended December 31, 2023
Salaries and employee-related costs	1,392	3,056
Finance and legal services	1,851	2,767
Share-based payment expense	619	350
Other costs	222	317
Total operating expenses	**4,084**	**6,490**

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

6. Finance income

	Year ended December 31, 2024	Year ended December 31, 2023
Interest earned from banks and Money Market Funds	2,377	2,805
Foreign exchange gains, net	1,554	64
Total finance income	**3,931**	**2,869**

Finance income for the year ended December 31, 2024 amounted to USD 3,931 thousand, which comprises mainly interest from banks on deposits and money market mutual fund investments, including interest accrued in the amount of USD 244 thousand.

Finance income for the year ended December 31, 2023 amounted to USD 2,869 thousand, which comprises mainly interest from banks on deposits and money market mutual fund investments, including interest accrued in the amount of USD 286 thousand.

7. Income tax

	As at December 31, 2024	As at December 31, 2023
Deferred tax assets	2,841	88
Deferred tax liabilities	-	-
Net deferred tax asset/(liability)	**2,841**	**88**

	Year ended December 31, 2024	Year ended December 31, 2023
Current income tax	2,813	1,298
Adjustments in respect of current income tax of previous year	151	236
Change in deferred income tax	(2,753)	24
Income tax for the year	**211**	**1,558**

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the statutory tax rate applied to its profit as follows:

Effective tax rate reconciliation	Year ended December 31, 2024	Year ended December 31, 2023
Profit/(loss) before income tax	**95,938**	**155,809**
Statutory tax rate in the United States	21%	21%
Theoretical tax expense/(benefit) according to current tax rate in the United States	20,147	32,720
Previously taxed earnings - dividend from subsidiary	(21,384)	(33,543)
Impairment Expenses	1,149	-
Tax impact of non-deductible costs – ESOP	130	74
GILTI* income net of FDII** deduction, net of foreign tax credit	415	2,085
Tax impact of non-deductible costs – other	(358)	(14)
Correction of the current tax relating to previous years	96	236
State tax	16	-
Tax charge	**211**	**1,558**
Effective tax rate	**0%**	**1%**

* GILTI – Global Intangible Low-Taxed Income ** FDII – Foreign-Derived Intangible Income. This is a reconciling item since the Company'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*.

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

The effective tax rate was slightly lower in the year ended December 31, 2024 mainly due to the lower profit before tax off-set by the higher 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.

Deferred tax reconciliation

Deferred tax assets	As at December 31, 2024	As at December 31, 2023
Foreign Tax Credit Carryforwards	2,832	-
Accrued expenses	8	89
Unrealized exchange rate differences	1	(1)
Deferred tax assets	**2,841**	**88**
Compensation with deferred tax liabilities	-	-
Deferred tax asset presented in the statement of financial position	**2,841**	**88**

Deferred tax assets are expected to be recovered within 12 months from the reporting date.

As of December 31, 2024, and December 31, 2023, the Company did not recognize a deferred tax liability.

	As at December 31, 2024	As at December 31, 2023
Net deferred tax assets/(liabilities) at the beginning of the year	88	112
Net deferred tax assets/(liabilities) at the end of the year	2,841	88
Deferred tax in the net profit for the year	**(2,753)**	**24**

As at December 31, 2024 and December 31, 2023 there were no unused tax losses for which no deferred tax would be recognized in the statement of financial position.

8. Investments in subsidiaries

	As at December 31, 2024	As at December 31, 2023
Huuuge Global Ltd	3,593	3,593
Huuuge Games Sp. z o.o.	2,007	2,326
Playable Platform B.V.	1,826	1,826
Huuuge UK	345	345
Huuuge Digital Ltd	0**	0**
Impairment	(1,971)	-
Options granted to employees of the Company's subsidiaries under stock option program *	23,195	21,757
Total	**28,995**	**29,847**

* For details, please refer to the Note 15 *Share-based payment arrangements*
** 0 represents the amount less than USD 1 thousand

As at December 31, 2024 the Company has identified indicators of an impairment on its investments in Playable Platform B.V. As a result, the Group recognized an impairment loss of USD 1,971 thousand, reducing the carrying amount of the investment to its recoverable amount. This impairment has been recorded under 'Impairment losses on investments' in the separate statement of comprehensive income. For the other investments in subsidiaries, there were no indicators of impairment identified.

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

- external sources, such as: observable indications that the assets' value has declined significantly more that would be expected; significant changes with an adverse effect in the technological, market, economic or legal environment; market capitalization;

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

- internal sources, such as: evidence of obsolescence or physical damage of the assets; evidence that economic performance of the assets is or will be worse than expected; plans to discontinue or restructure the operation, plans to dispose of the assets before than previously expected.

9. 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 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 statement of comprehensive income, in the line "Revaluation losses on financial instruments". 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 separate 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 separate 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.

10. Financial risk management

a) Introduction

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

The Company 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 Company's risk management framework. The Board of Directors continually identifies, evaluates and manages the risks faced by the Company, sets appropriate risk limits and controls and monitors risks.

The Company's management monitors financial risks regarding the Group as a whole for the purpose of making risk management related decisions.

b) Credit risk

Credit risk relating to cash and cash equivalents

The Company is exposed to credit risks mainly with regard to cash and cash equivalents, that include investments in money market funds, 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 Company'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 Company'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	71,397	79,986
A3	44	546
Total cash and cash equivalents	**71,441**	**80,532**

Cash and cash equivalents (including investments in money market mutual funds) are kept in financial institutions with ratings from Aaa to A3, which are investment ratings according to Moody's.

Cash and cash equivalents are kept at a limited number of major financial institutions. The Company's management monitors the creditworthiness of these institutions and mitigates concentration risk by limiting the exposure on a single financial fund or deposits placed in one bank. This approach ensures that the risk of concentration is spread among different funds rather than within individual financial institutions.

As at December 31, 2024, funds were held in two financial institutions. As at December 31, 2023, funds were held in one financial institution but in several amounts of mutual funds.

Total gross carrying amounts of cash and cash equivalents as of December 31, 2024 and December 31, 2023 were included in Level 1, based on assessment that credit risk has not increased significantly since initial recognition. For financial assets in Level 1, the Company 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 Company'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.

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:

Carrying amount	As at December 31, 2024	As at December 31, 2023
Trade receivables from related parties	710	1,734
Total	**710**	**1,734**

Trade receivables from related parties amounted to USD 710 thousand as at December 31, 2024 and USD 1,734 thousand as at December 31, 2023.

The Company' trade receivables are trade receivables from related parties – Huuuge Global Ltd. and Huuuge UK Ltd. Transactions with related parties are described in Note 19 *Related party transactions*.

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

The Company's trade receivables are trade receivables from its related parties for each period presented therefore, the Company does not apply the portfolio approach, and instead performs the analysis on the individual basis. Taking into account that Company's trade receivables are only from related parties and there were no issues with historical recoverability, the related expected credit losses had been assessed as immaterial.

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

There are no trade receivables which are overdue more than 90 days or individually identified as impaired. The ageing of trade receivables at the reporting dates was as follows:

	As at December 31, 2024				As at December 31, 2023			
	Total	**not due and overdue up to 1 month**	**over 1 month to 6 months**	**over 6 months**	**Total**	**not due and overdue up to 1 month**	**over 1 month to 6 months**	**over 6 months**
Trade receivables from related parties	710	710	-	-	1,734	1,734	-	-
Allowance for expected credit losses/ impairment	-	-	-	-	-	-	-	-
Trade receivables, net	**710**	**710**	**-**	**-**	**1,734**	**1,734**	**-**	**-**

c) Liquidity risk

Liquidity risk means the risk that the Company may encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company'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 Company's reputation. Liquidity risk is assessed in conjunction with the Company'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 financial statements for issue, thus also interest rate risk is remote from the Company'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.

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**	**over 6 months**
Trade payables	48	48	48	-
Accrued expenses (except taxes and employee-related)	2,380	2,380	2,380	-
Non derivative financial liabilities	**2,428**	**2,428**	**2,428**	**-**

As at December 31, 2023	**Carrying amount**	**Contractual cash flows**	**6 months or less**	**over 6 months**
Trade payables	90	90	90	-
Accrued expenses (except taxes and employee-related)	3,287	3,287	3,287	-
Non derivative financial liabilities	**3,377**	**3,377**	**3,377**	**-**

There were no derivative financial instruments at the end of reported periods.

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 Company'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. The Company does not apply hedge accounting in order to manage volatility in profit or loss and so far neither has entered into derivatives nor incurred external financial liabilities.

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

(i) Currency risk

Management of the Company has analyzed currency risk related to variability of exchange rates and did not identify significant balances of accounts denominated in foreign currencies (cash and cash equivalents, trade receivables and trade payables) and transactions carried in foreign currencies which would be associated with a significant currency risk for the Company.

(ii) Interest rate risk

As the Company has not entered in bank loan agreements in the presented periods till December 31, 2024, the interest rate risk is marginal.

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

The Company's interest bearing assets are cash and cash equivalents. The deposits, and the investments in money market funds 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 Company to cash flow risk.

e) Capital management

The Board of Directors manages the Company'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 Company's management seeks to maintain a sufficient capital base for meeting the Company'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 and maintain the level of capital that will ensure the settlement of liabilities. 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 Note 14 *Share capital,* of these financial statements. There are no externally imposed capital management requirements (such as covenants or similar).

The Company's management monitors the return on capital on the basis of the basic and diluted earnings per share ratios. Further information on calculation of earnings per share rations is presented in the Group's consolidated financial statements. The objective of the Management is to maximize the return on capital to the shareholders.

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

	As at December 31, 2024	As at December 31, 2023
Equity	147,852	119,186
Total capital	**147,852**	**119,186**

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

11. Accounting classifications of financial instruments and fair values

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

As at December 31, 2024	Financial assets measured at amortized cost	Financial assets measured at fair value through profit or loss	Financial liabilities at amortized cost	Financial liabilities out of scope of IFRS 9	Total carrying amount	Fair value
Assets	**72,151**	**500**	**-**	**-**	**72,651**	**72,651**
Trade receivables from related parties	710	-	-	-	710	710
Cash and cash equivalents	71,441	-	-	-	71,441	71,441
Investments in SAFE agreements	-	500	-	-	500	500
Call option agreements on long-term investments	-	0	-	-	0	0
Liabilities	**-**	**-**	**48**	**-**	**48**	**48**
Trade payables	-	-	48	-	48	48
Net amount	**72,151**	**500**	**48**	**-**	**72,603**	**72,603**

As at December 31, 2023	Financial assets measured at amortized cost	Financial liabilities at amortized cost	Financial liabilities out of scope of IFRS 9	Total carrying amount	Fair value
Assets	**82,266**	**-**	**-**	**82,266**	**82,266**
Trade receivables from related parties	1,734	-	-	1,734	1,734
Cash and cash equivalents	80,532	-	-	80,532	80,532
Liabilities	**-**	**90**	**-**	**90**	**90**
Trade payables	-	90	-	90	90
Net amount	**82,266**	**90**	**-**	**82,176**	**82,176**

As at December 31, 2024 the Company's there were two investments in SAFE agreements and two call options under long-term investments agreements measured at fair value through profit or loss, for more details please refer to Note 9 *Long term investments* As at December 31, 2023 the Company's management did not identify any financial assets measured at fair value – neither through profit or loss nor through other comprehensive income.

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

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

12. Trade and other receivables

	As at December 31, 2024	As at December 31, 2023
Trade receivables and accrued revenues from related parties	710	1,734
Prepaid expenses	70	70
Other receivables	131	157
Total trade and other receivables	**911**	**1,961**

Allowance for expected credit losses/ impairment of trade receivables is not significant.

Transactions with related parties are described in Note 19 *Related party transactions*.

Other receivables include mainly tax receivables other than from corporate income taxes.

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

13. Cash and cash equivalents

	As at December 31, 2024	As at December 31, 2023
Money market mutual funds	71,397	79,986
Cash at banks (current accounts)	44	546
Total cash and cash equivalents	**71,441**	**80,532**

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

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.

During the year ended December 31, 2024, deposits and money market mutual fund investments generated interest income in the total amount of USD 2,377 thousand. This includes the accrued interest from bank deposits in the amount of USD 244 thousand (received before the date of issue of these financial statements). For the details, please refer to Note 6 *Finance income*.

As at December 31, 2024, there was no restricted cash. As at December 31, 2023, there was restricted cash in the amount of USD 15 thousand.

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

14. Share capital

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

Shares classified as equity instruments as at 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.

15. Share-based payment arrangements

As at December 31, 2024 and as at December 31, 2023 the Company 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 Company's management expects Mr. Anton Gauffin to fulfil 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 Company'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 Company, 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 Company 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 Company, 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 Company 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:

Exercise date	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.

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

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.

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 619 thousand was expensed in 2024 and USD 350 thousand in 2023). These costs were included in the Operating expenses line in the statement of comprehensive income, booked against equity, "Employee benefit reserve".

The effect of the fair value measurement of options granted to employees of the Company's subsidiaries is recognised in the Company's assets as investment in subsidiaries in the amount of USD 1,438 thousand in 2024 (USD 685 thousand in 2023), booked against equity, "Employee benefit reserve". Please refer to Note 8 *Investment in subsidiaries.*

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.

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

16. Trade and other payables

	As at December 31, 2024	As at December 31, 2023
Accrued expenses	843	2,142
Trade accounts payable including:	48	90
- trade accounts payable to third parties	*48*	*90*
- trade accounts payable to related parties	-	-
Tax payables other than from corporate income taxes	394	62
Other accounts payable	-	-
Trade and other payables	**1,285**	**2,294**

As at December 31, 2024 accrued expenses mainly included digital advertising related expenses, finance, audit and legal services expenses. As at December 31, 2023 accrued expenses mainly included digital advertising related expenses, finance, audit and legal services expenses, expenses related to bonuses and remuneration.

17. Contingencies

Tax contingent liabilities

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

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

Litigation and other legal proceedings

Company operates in a 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.

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

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

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

18. Pledges and collaterals

During the reporting periods and till the date of issuing these financial statements the Company did not enter in a pledge or collateral agreement on its assets.

19. Related party transactions

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

Related parties		Sales to a related party	Dividend income	Purchase from a related party
Huuuge Global Ltd	2024	10,543	44,864	-
	2023	6,755	158,972	-
Huuuge Games Sp. z o.o.	2024	-	55,958	-
	2023	5	757	2
Huuuge UK	2024	-	-	-
	2023	-	-	476
2024		**10,543**	**100,822**	**-**
2023		**6,760**	**159,729**	**478**

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

Related parties		Trade receivables from a related party	Other receivables from a related party	Dividend receivables from a related party
Huuuge Global Ltd	31-Dec-24	710	-	44,864
	31-Dec-23	1,595	-	10,000
Huuuge UK	31-Dec-24	-	131	-
	31-Dec-23	139	-	-
Total as of December 31, 2024		**710**	**131**	**44,864**
Total as of December 31, 2023		**1,734**	**-**	**10,000**

There were no outstanding trade payables to related parties as at December 31, 2024 and December 31, 2023.

The Company is the ultimate parent to its Group. Transactions between related parties took place on terms equivalent to those that apply to transactions concluded on market terms.

The Company purchases certain advertisement services from third parties (mostly Facebook), which are subsequently recharged to Huuuge Global Limited. For more information, please refer to Note 2.2 *Key judgements and estimates – Model of revenue recognition*.

The Company recognizes revenue when services are transferred to the customer, at a value that reflects the price expected by the entity, in exchange for the transfer of those goods and services.

Therefore, total gross revenue in the years ended December 31, 2024 and December 31, 2023 amounted to USD 10,543 thousand and USD 6,755 thousand respectively.

Cost of re-invoiced sales and marketing services in the year ended December 31, 2024 amounted to USD 9,609 thousand (USD 5,178 thousand in the year ended December 31, 2023), fully netted in the statement of comprehensive income. For more details regarding revenue generated by game design and stewardship in the total amount of USD 934 thousand in the year ended December 31, 2024 (USD 1,577 thousand in the year ended December 31, 2023) please refer to Note 3 *Revenue and dividend income.*

In addition, related parties' transactions include transactions with the management of the Company. For more details, please refer to Note 20 *Transactions with management of the Company*.

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

20. Transactions with management of the Company

Transactions with management of the Company for the years ended December 31, 2024 and December 31, 2023 were as follows:

Transactions with management of the Company	Year ended December 31, 2024	Year ended December 31, 2023
Base salaries	1,240	1,905
Bonuses and compensation based on the Group's financial result for the previous year	-	562
Share-based payments	350	398
Total	**1,590**	**2,865**

On March 7, 2023 the 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.

21. Audit fees

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.

Other services relate to the general tax compliance services, and trainings.

22. Employment structure

As at December 31, 2024, there were no full-time employees, only contracts with the members of the Board of directors, as well as Company's executive management. As at December 31, 2023, there were three full-time employees, contracts with the members of the Board of directors, as well as executive management.

23. Subsequent events

After December 31, 2024 and up to the date of approval of these separate 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.

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

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.

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.

The Company in January 2025 made a second tranche payment of USD 500 thousand related to investment in Empire Games Ltd. (investment described in Note 9 *Long-term investments*).

Dividend paid by Huuuge Global Limited

As presented in the Note 3 *Revenue and dividend income*, the outstanding dividend balance from Huuuge Global Ltd., amounting to USD 20,000 thousand, was received on March 11, 2025, while the remaining USD 24,864 thousand was received on March 21, 2025.

Electronically signed
Wojciech Wronowski
Officer of Huuuge Inc., CEO
April 16, 2025

HUUUGE, INC.

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