CONSOLIDATED Q3 2024 REPORT

THE HUUUGE, INC. GROUP

Warsaw, November 21, 2024

This report was prepared in English and Polish language versions. In the case of any discrepancies, the English version shall prevail as binding.

Disclaimer

This Consolidated quarterly report of Huuuge Group for the third quarter of 2024 (the "Report") has been prepared in accordance with §69 of the Regulation of the Minister of Finance of March 29, 2018 on current and periodic information published by issuers of securities and the conditions for recognizing information as equivalent required by the law of a non-member state.

Since the separate data for Huuuge, Inc. and the consolidated data for the Huuuge Group are generally similar (trends are maintained for individual balance sheet and result items), the Board of Directors and Management perform and present a joint analysis for the separate and consolidated data.

Unless implied otherwise in this Report, the terms "we" or the "Group", refer to the Company together with all of its subsidiaries and the term the "Company" or "Issuer", refers to Huuuge, Inc.

Unless indicated otherwise, references to statements as to beliefs, expectations, estimates and opinions of the Company or its management refer to the beliefs, expectations, estimates and opinions of the Company's Board of Directors.

Certain arithmetical data contained in this Report, including financial and operating information, have been rounded. Therefore, in certain instances, the sum of the numbers in a column or a row in tables contained in this Report may not conform exactly to the total figure given for that column or row.

Industry and Market Data
This Report may include market share and industry data that we obtained from various third-party sources, including publicly available information concerning global social gaming industries. The information in this Report that has been sourced from third parties has been accurately reproduced with reference to these sources in the relevant paragraphs and, as far as we are aware and able to ascertain from the information published by that third party, no facts have been omitted that would render the reproduced information provided inaccurate or misleading. Where third-party information has been sourced in this Report, the source of such information has been identified. Industry publications, surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable. To the extent these industry publications, surveys and forecasts are accurate and complete, we believe we have correctly extracted and reproduced the information from such sources. Additionally, industry publications generally state that the information contained therein has been obtained from sources believed to be reliable but that the accuracy and completeness of such information is not guaranteed and in some instances state that they do not assume liability for such information. We cannot therefore assure you of the accuracy and completeness of such information, and we have not independently verified such information.

In addition, in many cases, statements in this Report regarding our industry and our position in the industry are based on our experience and our own investigation of market conditions. Comparisons between our reported financial or operational information and that of other companies operating in our industry using this information may not fully reflect the actual market share or position in the market, as such information may not be defined consistently or reported for all companies from our industry in line with how we define or report such information in this Report.

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

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

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

Forward-looking statements

The Report includes forward-looking statements, which include all statements other than statements of historical facts, including, without limitation, any statements preceded by, followed by or that include the words “targets,” “believes,” “expects,” “aims,” “intends,” “will,” “may,” “anticipates,” “would,” “could” or similar expressions or the negative thereof. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond our control that could cause our actual results of operations, financial condition or prospects to materially differ from any of those expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we currently operate and will operate in the future. These forward-looking statements speak only as at the date of approval of the Report. We have no obligation and have made no undertaking to disseminate any updates of or revisions to any forward-looking statements contained in this Report unless we are required to do so under the applicable laws.

Investors should be aware that several important factors and risks may cause our actual results of operations to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements.

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Selected consolidated financial data

The following table presents selected financial data of the Group

	USD	USD	EUR	EUR	PLN	PLN
in thousand USD	**9m`2024**	**9m`2023**	**9m`2024**	**9m`2023**	**9m`2024**	**9m`2023**
Revenue	189,075	212,111	173,974	195,837	749,109	897,634
Operating profit (loss)	52,184	71,441	48,016	65,960	206,751	302,332
Pre-tax profit (loss)	56,517	75,413	52,003	69,627	223,918	319,141
Net profit (loss)	46,872	62,762	43,128	57,947	185,705	265,603
Net cash flows from operating activities	47,261	57,615	43,486	53,195	187,246	243,821
Net cash flows from investing activities	(1,516)	3,177	(1,395)	2,933	(6,006)	13,445
Net cash flows from financing activities	(73,509)	(153,932)	(67,638)	(142,122)	(291,240)	(651,426)
Total net cash flows	(27,764)	(93,140)	(25,547)	(85,994)	(110,000)	(394,160)
Cash and cash equivalents at the end of period	124,970	127,661	111,541	120,333	477,349	557,959
Number of shares at the end of period	59,984,981	67,124,778	59,984,981	67,124,778	59,984,981	67,124,778
Weighted average number of shares	59,354,401	74,691,800	59,354,401	74,691,800	59,354,401	74,691,800
Earnings per share basic (EPS)	0.80	0.85	0.74	0.78	3.17	3.60

	EUR	PLN	EUR	PLN
	9m`2024	**9m`2024**	**9m`2023**	**9m`2023**
Annual average exchange rate	1.0868	0.2524	1.0831	0.2363
Exchange rate at the end of the reported period	1.1204	0.2618	1.0609	0.2288

The Huuuge, Inc. Group Interim Condensed Consolidated Financial Statements

as at and for the nine-month period ended September 30, 2024

prepared in accordance with the IAS 34 Interim Financial Reporting
as adopted by the European Union

Interim condensed consolidated statement of comprehensive income

	Note	Nine-month period ended September 30, 2024	Nine-month period ended September 30, 2023 (Reclassified)	Three-month period ended September 30, 2024	Three-month period ended September 30, 2023 (Reclassified)
Revenue	**3**	**189,075**	**212,111**	**58,750**	**71,177**
Cost of sales	4	(52,692)	(62,047)	(16,011)	(20,603)
Gross profit on sales		**136,383**	**150,064**	**42,739**	**50,574**
Sales and marketing expenses:	4	(42,372)	(35,929)	(11,727)	(15,427)
thereof, User acquisition marketing campaigns	4	(32,211)	(24,915)	(8,528)	(10,867)
thereof, General sales and marketing expenses	4	(10,161)	(11,014)	(3,199)	(4,560)
Research and development expenses	4	(16,912)	(18,407)	(5,329)	(5,165)
General and administrative expenses	4	(24,221)	(24,410)	(8,366)	(7,199)
Other operating income/(expense), net		(694)	123	229	(244)
Operating result		**52,184**	**71,441**	**17,546**	**22,539**
Finance income	5	4,549	4,476	544	747
Finance expense	5	(216)	(504)	(67)	(342)
Profit before tax		**56,517**	**75,413**	**18,023**	**22,944**
Income tax	6	(9,645)	(12,651)	(2,762)	(4,286)
Net result for the period		**46,872**	**62,762**	**15,261**	**18,658**
Other comprehensive income					
Items that may be reclassified to profit or loss					
Exchange gains/(losses) on translation of foreign operations		(337)	(711)	1,410	(1,677)
Total other comprehensive income		**(337)**	**(711)**	**1,410**	**(1,677)**
Total comprehensive income for the period		**46,535**	**62,051**	**16,671**	**16,981**
Net result for the year attributable to:					
owners of the Parent		46,872	62,762	15,261	18,658
Total comprehensive income for the period attributable to:					
owners of the Parent		46,535	62,051	16,671	16,981
Earnings per share (in USD)					
basic	10	0.8	0.85	0.28	0.29
diluted	10	0.79	0.84	0.27	0.29

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

Interim condensed consolidated statement of financial position

	Note	As at September 30, 2024	As at December 31, 2023
Assets			
Non-current assets			
Property, plant and equipment		2,457	2,576
Right-of-use assets	13	5,515	6,850
Goodwill		2,589	2,554
Intangible assets	8	9,249	9,854
Deferred tax assets	6	3,597	3,733
Long-term investments	7	4,000	-
Long-term lease receivables	13	1,521	2,341
Other long-term assets		2,004	1,886
Total non-current assets		**30,932**	**29,794**
Current assets			
Trade and other receivables		25,301	32,635
Short-term lease receivables	13	1,209	1,209
Corporate income tax receivable		2,243	1,680
Other short-term financial assets		2,248	-
Cash and cash equivalents	9	124,970	152,110
Total current assets		**155,971**	**187,634**
Total assets		**186,903**	**217,428**
Equity			
Share capital	11	1	1
Treasury shares	11	(15,973)	(16,652)
Supplementary capital	11	79,093	150,364
Employee benefit reserve	12	28,877	25,749
Foreign exchange reserve		(1,063)	(726)
Retained earnings		65,196	18,324
Total equity		**156,131**	**177,060**
Equity attributable to owners of the Company		**156,131**	**177,060**
Non-current liabilities			
Long-term lease liabilities	13	4,656	6,843
Other long-term liabilities		382	374
Total non-current liabilities		**5,038**	**7,217**
Current liabilities			
Trade and other payables		14,378	17,132
Deferred income	3	1,318	2,471
Corporate income tax liabilities		4,448	8,052
Short-term lease liabilities	13	3,890	3,796
Provisions	14	1,700	1,700
Total current liabilities		**25,734**	**33,151**
Total equity and liabilities		**186,903**	**217,428**

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

Interim condensed consolidated statement of changes in equity

	Equity attributable to owners							
	Note	Share capital	Treasury shares	Supplementary capital	Employee benefit reserve	Retained earnings	Foreign exchange reserve	Equity
As of January 1, 2024, Audited		**1**	**(16,652)**	**150,364**	**25,749**	**18,324**	**(726)**	**177,060**
Net profit (loss) for the period		-	-	-	-	46,872	-	46,872
Other comprehensive income - foreign currency exchange gains/(losses)		-	-	-	-	-	(337)	(337)
Total comprehensive income for the period		-	-	-	-	46,872	(337)	46,535
Exercise of stock options	11,12	0	679	(439)	-	-	-	240
Employee share schemes - value of employee services	12	-	-	-	3,128	-	-	3,128
Transaction costs related to SBB program		-	(832)	-	-	-	-	(832)
Repurchase of common shares under Share Buyback Scheme ("SBB")	11	(0)	(70,000)	-	-	-	-	(70,000)
Retirement of shares purchased during the Share Buyback Scheme ("SBB")	11	-	70,832	(70,832)	-	-	-	-
As of September 30, 2024, Unaudited		**1**	**(15,973)**	**79,093**	**28,877**	**65,196**	**(1,063)**	**156,131**

* Transaction costs related to the Share Buyback ("SBB") program include directly attributable costs incurred before September 30, 2024, incl. excise tax on certain repurchases of shares by corporations, recognized as a deduction from equity. The change of trade and other payables presented in the interim consolidated statement of financial position as at September 30, 2024 does not equal the change in the consolidated statement of cash flows for the nine-month period ended September 30, 2024. The difference of USD 388 thousand is due to the transaction costs related to SBB, presented in the cash flows from financing activities in the interim consolidated statement of cash flows, which were not paid as at September 30, 2024.

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

	Note	Share capital	Treasury shares	Supplementary capital	Employee benefit reserve	Retained earnings (accumulated losses)	Foreign exchange reserve	Equity
	Equity attributable to owners							
As of January 1, 2023, Audited		**2**	**(20,942)**	**305,261**	**22,894**	**(63,854)**	**(2,634)**	**240,727**
Net profit (loss)		-	-	-	-	62,762	-	62,762
Other comprehensive income - foreign currency exchange gains/(losses)		-	-	-	-	-	(711)	(711)
Total comprehensive income for the period		-	-	-	-	62,762	(711)	62,051
Exercise of stock options	11,12	(0)	3,619	(3,203)	-	-	-	416
Employee share schemes - value of employee services	12	-	-	-	1,631	-	-	1,631
Repurchase of common shares under Share Buyback Scheme ("SBB")		(1)	(150,000)	-	-	-	-	(150,001)
Transaction costs of SBB program		-	(1,077)	-	-	-	-	(1,077)
Retirement of shares purchased during the Share Buyback Scheme ("SBB")		-	151,077	(151,077)	-	-	-	-
As of September 30, 2023, Unaudited		**1**	**(17,323)**	**150,981**	**24,525**	**(1,092)**	**(3,345)**	**153,747**

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

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

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

Interim condensed consolidated statement of cash flows

	Note	Nine-month period ended September 30, 2024	Nine-month period ended September 30, 2023
Cash flows from operating activities			
Profit/(loss) before tax		**56,517**	**75,413**
Adjustments for:			
Depreciation and amortization	4	6,961	6,816
Interest (income)/expense, net	5	(4,157)	(4,256)
Foreign exchange (gains)/losses, net	5	(987)	899
Non-cash employee benefits expense - share-based payments	12	3,128	1,631
(Profit)/loss on disposal of property, plant and equipment		63	585
Changes in net working capital:			
Trade and other receivables, and other long-term assets		6,784	(8,544)
Trade and other payables		(6,673)	(4,690)
Other short-term financial assets		(2,248)	-
Deferred income		(1,153)	(104)
Provisions		-	1,700
Other long-term liability		-	188
Other adjustments		20	85
Cash flows from operating activities		**58,255**	**69,723**
Income tax paid		(10,994)	(12,108)
Net cash flows from operating activities		**47,261**	**57,615**
Cash flows from investing activities			
Long-term investments	7	(4,000)	-
Acquisition of property, plant and equipment		(1,084)	(323)
Software expenditure	8	(1,649)	(1,884)
Interest received	5	4,264	4,867
Sublease payments received	13	822	425
Interest received from sublease	13	131	92
Net cash flows from/(used in) investing activities		**(1,516)**	**3,177**
Cash flows from financing activities			
Repurchase of common shares under Share Buyback Scheme ("SBB")	11	(70,000)	(150,001)
Transaction costs related to SBB		(444)	(984)
Lease repayment	13	(3,119)	(3,134)
Interest paid	13	(186)	(229)
Exercise of stock options	12	240	416
Net cash flows from/(used in) financing activities		**(73,509)**	**(153,932)**
Net increase/(decrease) in cash and cash equivalents		**(27,764)**	**(93,140)**
Effect of exchange rate fluctuations and accrued interest		624	(1,444)
Cash and cash equivalents at the beginning of the period		**152,110**	**222,245**
Cash and cash equivalents at the end of the period		**124,970**	**127,661**

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

Notes to the interim condensed consolidated financial statements

HUUGE

1. General information

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

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

As at September 30, 2024 and December 31, 2023, the Huuuge Inc. Group (the Company and its subsidiaries collectively referred to as the "Group") comprised the Parent Company and its subsidiaries, as listed below.

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

* During the nine-month period ended September 30, 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.

The core business activities of the Group include:

- development of mobile games in the free-to-play model,

- distribution and user acquisition of proprietary mobile games.

The Group's business activities are not subject to significant seasonal or cyclical trends. The Group's business activities are characterized by low environmental impact. For more information on climate matters, please refer to the Annual report for the twelve-month period ended December 31, 2023. There were no significant risks identified related to climate change.

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

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

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

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

2. Accounting policies

1. Basis for preparation of the interim condensed consolidated financial statements

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

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

These interim condensed consolidated financial statements as at and for the nine-month period ended September 30, 2024 were approved on November 19, 2024 by the Board of Directors. The Group has prepared these interim consolidated financial statements on the basis that it will continue to operate as a going concern.

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

Changes in presentation of amortization of the intangible assets

During the nine-month period ended September 30, 2024, the Company management analyzed the presentation of the operating expenses and decided on a change in the presentation of the amortization of internally generated intangible assets, as well as few externally generated intangible assets. In 2023, the amortization of the internally and externally generated intangible assets was in full allocated to the "General and administrative expenses" in the statement of comprehensive income. Starting from January 1, 2024, management decided to allocate the amortization of intangible assets by function. As a result, the amortization in the amount of USD 1,387 thousand was allocated to and presented in the line "Research and development expenses" and USD 376 thousand was allocated to and presented in the line "Sales and marketing expenses" (please, refer to the Note 4 *Operating expenses*).

Such a presentation is relevant to an understanding of the Group's operating expenses structure. In the management's view, the amended presentation enhances the presentation of the statement of the comprehensive income. The change was implemented retrospectively, i.e. the comparative figures conform to the new presentation: as a result of this change, the amount transferred from the “General and administrative expenses” to the line “Research and development expenses” is USD 932 thousand and to the line “Sales and marketing expenses” is USD 234 thousand for the nine-month period ended September 30, 2023. This change did not have an impact on total operating expenses for the nine-month period ended September 30, 2023, nor for the year ended December 31, 2023.

2. Material accounting policies, key judgments and estimates

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

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

3. Adoption of new and revised standards

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

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

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

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

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

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

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

- Amendments to IAS 1: Presentation of Financial Statements: Classification of Liabilities as Current or Non-current – Deferral of Effective Date and Non-current Liabilities with Covenants (issued on January 23, 2020 and subsequently amended on July 15, 2020 and October 31, 2022): effective for financial years beginning on or after January 1, 2024;

- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (issued on September 22, 2022): effective for financial years beginning on or after January 1, 2024;

- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (Issued on May 25, 2023): not yet endorsed by the EU at the date of approval of these financial statements for issue – effective for financial years beginning on or after January 1, 2024.

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

3. Revenue and segment information

Huuuge's business, development and sales of casual games for mobile platforms is global, and both games and sales channels are the same, regardless of where the players (customers) are located. Management measures and monitors the Group's revenue in respect of each game, but does not allocate all costs, assets and liabilities by game and does not measure the operating results by game. In management's view, the operations and the Group's financial performance and position cannot be divided into different segments in such a way that it improves the ability to analyze and manage the Group. As at September 30, 2024 the CEO is the Chief operating decision-maker and for this reason, the CEO analyzes the consolidated financial position and operating results of the Group as a whole; therefore, it has been determined that the Group has only one operating segment ("online mobile games").

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

The Group's revenue from contracts with clients comprises revenue generated by in-app purchases (gaming applications) and in-app ads (advertising). Revenue generated from gaming applications for the nine-month period ended September 30, 2024 amounted to USD 187,600 thousand (USD 209,404 thousand for the nine-month period ended September 30, 2023), and revenue generated from advertising amounted to USD 1,475 thousand for the nine-month period ended September 30, 2024 (USD 2,707 thousand for the nine-month period ended September 30, 2023).

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

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

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

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

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

	Nine-month period ended September 30, 2024 Unaudited	Nine-month period ended September 30, 2023 Unaudited
Huuuge Casino	122,372	134,499
Billionaire Casino	62,038	68,467
Traffic Puzzle	3,653	7,561
Other games	1,012	1,584
Total revenue	**189,075**	**212,111**

Revenue was generated in the following geographical locations:

	Nine-month period ended September 30, 2024 Unaudited	Nine-month period ended September 30, 2023 Unaudited
North America	111,339	128,713
Europe	49,179	50,543
Asia-Pacific (APAC)	10,415	11,894
Other	18,142	20,961
Total revenue	**189,075**	**212,111**

The line "North America" includes revenue generated in the United States amounting to USD 106,056 thousand during the nine-month period ended September 30, 2024 (USD 122,457 thousand during the nine-month period ended September 30, 2023). The above is the management's best estimate, as no geographical breakdown is available for some revenue sources.

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

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

	Nine-month period ended September 30, 2024 Unaudited	Nine-month period ended September 30, 2024 Unaudited
Third-party platforms	168,711	201,508
Direct-to-consumer platforms	20,364	10,603
Total revenue	**189,075**	**212,111**

4. Operating expenses

For the nine-month period ended September 30, 2024, the operating expenses comprised:

Expenses by nature, Unaudited	Total	Cost of sales	Sales and marketing expenses		Research and development expenses	General and administrative expenses
			thereof, User acquisition marketing campaigns	*thereof,* General sales and marketing expenses		
Platform fees to distributors	51,092	51,092	-	-	-	-
External developers fees	390	-	-	-	390	-
Gaming servers expenses	413	413	-	-	-	-
External marketing and sales services	36,026	-	32,211	3,815	-	-
Salaries and employee-related costs	28,935	-	-	5,785	14,313	8,837
Employee stock option plan	3,124	-	-	157	172	2,795
Depreciation and amortization	6,961	1,187	-	376	1,387	4,011
Finance & legal services	2,620	-	-	-	-	2,620
IT equipment and software expenses	2,405	-	-	-	-	2,405
Property maintenance and external services	1,265	-	-	-	-	1,265
Other costs	2,966	-	-	28	650	2,288
Total operating expenses	**136,197**	**52,692**	**32,211**	**10,161**	**16,912**	**24,221**

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

For the nine-month period ended September 30, 2023, the operating expenses comprised:

Expenses by nature, Unaudited	Total	Cost of sales	Sales and marketing expenses		Research and development expenses	General and administrative expenses
			thereof User acquisition marketing campaigns	*thereof General sales and marketing expenses*		
Platform fees to distributors	60,247	60,247	-	-	-	-
External developers fees	575	-	-	-	575	-
Gaming servers expenses	613	613	-	-	-	-
External marketing and sales services	29,304	-	24,915	4,389	-	-
Salaries and employee-related costs	32,265	-	-	6,178	15,915	10,172
Employee stock option plan	1,631	-	-	191	372	1,068
Depreciation and amortization	6,816	1,187	-	234	932	4,463
Finance & legal services	2,447	-	-	-	-	2,447
IT equipment and software expenses	2,309	-	-	-	-	2,309
Property maintenance and external services	1,603	-	-	-	-	1,603
Other costs	2,983	-	-	22	613	2,348
Total operating expenses	**140,793**	**62,047**	**24,915**	**11,014**	**18,407**	**24,410**

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

As of September 30, 2024, the amortization of intangible assets was allocated to and is presented within "Research and development expenses" and "Sales and marketing expenses". The comparative figures have been reclassified accordingly. Specifically, USD 932 thousand previously presented under "General and administrative expenses" has been reclassified to "Research and development expenses", and USD 234 thousand previously presented under "General and administrative expenses" has been reclassified to "Sales and marketing expenses". Please, refer to Note 2.1) Basis for preparation of interim condensed consolidated financial statements, point Changes in presentation of amortization of the intangible assets.

5. Finance income and finance expense

Finance income

	Nine-month period ended September 30, 2024 Unaudited	Nine-month period ended September 30, 2023 Unaudited
Foreign exchange gains, net	176	-
Interest income	4,373	4,476
Total finance income	**4,549**	**4,476**

In the nine-month period ended September 30, 2024, finance income amounted to USD 4,549 thousand, which mainly comprises interest income on deposits and money market mutual funds accounts. In the nine-month period ended September 30, 2023, finance income amounted to USD 4,476 thousand, which comprises mainly interest income on deposits and money market mutual funds accounts.

During the nine-month period ended September 30, 2024, Huuuge Global Ltd and Huuuge Games Sp. z o.o. have entered into currency forward contracts. Both contracts are short term, i.e. for the period not exceeding 3 months. Notional amount of the outstanding contracts as at September 30, 2024 amounted to USD 14,876 thousand. The effect of the contracts valuation amounted to USD 284 thousand in the nine-month period ended September 30, 2024, and was included in the line Foreign exchange gains, net.

Finance expense

In the nine-month period ended September 30, 2024, finance expense includes the interest expense in the amount of USD 216 thousand (USD 503 thousand in the nine-month period ended September 30, 2023), which comprises interest expense recognized under IFRS 16 on lease liabilities as well as foreign exchange losses, net in the amount of USD 253 thousand.

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

6. Income tax

	Nine-month period ended September 30, 2024 Unaudited	Nine-month period ended September 30, 2023 Unaudited
Current income tax	9,509	11,774
Change in deferred income tax	136	877
Income tax for the period	**9,645**	**12,651**

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

The average tax rate used for the nine-month period ended September 30, 2024 is 17.1%, compared to 16.8% for the nine-month period ended September 30, 2023. The tax rate was slightly higher in the nine-month period ended September 30, 2024 mainly due to the higher proportion of non-tax deductible costs in comparison to the prior period, as well as due to higher proportion of tax losses without recognized tax benefit.

7. 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 at September 30, 2024, the SAFE agreement was recognised in the line "Long-term investments" in the interim condensed consolidated statement of financial position in the amount of USD 3,500 thousand. Since the call option is contingent upon the second tranche and since the strike price for the call option as at September 30, 2024 is higher than the fair value of the underlying assets, the call option approximates nil value as at the reporting date. The call option fair value is subject to revaluation in the following reporting periods.

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 interim condensed consolidated financial statements for issue, the Company made the payment of the first tranche in the amount of USD 500 thousand. The payment of the second and the third tranches is at the sole discretion of the Company.

In addition, the Company concluded a call option deed agreement (the "Call Option Deed") with Empire Games and its shareholders. In accordance with the provisions of the Call Option Deed, the Company is granted the right (not an obligation) to acquire the entire issued share capital of Empire Games (existing or future) together with all rights attached thereto. The Company is entitled to exercise the Call Option at any time following the investment of the second tranche under SAFE, and ending on the date falling 18 months following the date of the investment of the second tranche. The price of the call option amounts to USD 650 thousand. The exercise of the call option would result in the additional signing bonus and earn-out bonus conditional on achievement of pre-agreed performance metrics.

As at September 30, 2024, the SAFE agreement was recognised in the line "Long-term investments" in the interim condensed consolidated statement of financial position in the amount of USD 500 thousand. Since the call option is contingent upon the payment of the second tranche which was not yet paid as at September 30, 2024, the call option approximates nil value as at the reporting date. The call option fair value is subject to revaluation in the following reporting periods.

8. Intangible assets

	IP rights	Software generated internally	Software acquired externally	Prepayments for intangible assets	Total
Gross book value as of January 1, 2024	**39,743**	**5,690**	**3,766**	**1,653**	**50,852**
Additions	-	-	2,007	963	**2,970**
Transfer	-	549	-	(549)	**-**
Derecognition	(207)	-	-	-	**(207)**
Net foreign exchange differences on translation	8	-	18	-	**26**
Gross book value as of September 30, 2024	**39,544**	**6,239**	**5,791**	**2,067**	**53,641**
Accumulated amortization and impairment as of January 1, 2024	**(34,959)**	**(2,530)**	**(3,509)**	**0**	**(40,998)**
Impairment	-	-	-	-	**-**
Amortization charge for the period	(1,193)	(1,400)	(990)	-	**(3,583)**
Derecognition	207	-	-	-	**207**
Net foreign exchange differences on translation	(2)	1	(17)	-	**(18)**
Accumulated amortization and impairment as of September 30, 2024	**(35,947)**	**(3,929)**	**(4,516)**	**0**	**(44,392)**
Net book value as of January 1, 2024	**4,784**	**3,160**	**257**	**1,653**	**9,854**
Net book value as of September 30, 2024	**3,597**	**2,310**	**1,275**	**2,067**	**9,249**

	IP rights	Software generated internally	Software acquired externally	Prepayments for intangible assets	Total
Gross book value as of January 1, 2023	**39,695**	**3,653**	**3,399**	**1,904**	**48,651**
Additions	-	-	375	1,509	**1,884**
Transfers and Disposals	-	1,304	-	(1,304)	-
Derecognition of capitalized expenditure	-	-	-	(162)	**(162)**
Net foreign exchange differences on translation	-	-	-	-	-
Gross book value as of September 30, 2023	**39,695**	**4,957**	**3,774**	**1,947**	**50,373**
Accumulated amortization and impairment as of January 1, 2023	**(33,079)**	**(1,174)**	**(2,341)**	**-**	**(36,594)**
Amortization charge for the period	(1,477)	(932)	(812)	-	**(3,221)**
Disposals	-	-	-	-	-
Net foreign exchange differences on translation	1	-	(1)	-	-
Accumulated amortization and impairment as of September 30, 2023	**(34,555)**	**(2,106)**	**(3,154)**	**-**	**(39,815)**
Net book value as of January 1, 2023	**6,616**	**2,479**	**1,058**	**1,904**	**12,057**
Net book value as of September 30, 2023	**5,140**	**2,851**	**620**	**1,947**	**10,558**

No indicators for additional impairment recognition or reversal were identified as at September 30, 2024 and September 30, 2023 in relation to intangible assets. As at September 30, 2024, and as at the date of approval of these interim condensed consolidated financial statements for issue, there were no pledges or collaterals on the Group's intangible assets.

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

9. Cash and cash equivalents

Cash and cash equivalents

	As at September 30, 2024 Unaudited	As at December 31, 2023 Audited
Deposits	26,976	53,105
Money market mutual fund investments	85,514	79,986
Cash at banks (current accounts)	6,998	13,929
Cash for the purpose of buy-sell-back	5,482	5,090
Total cash and cash equivalents	**124,970**	**152,110**

As at September 30, 2024, there were short-term cash deposits amounting to USD 26,976 thousand. Maturity of these investments is three months, and they are repayable on demand, thus the investments are highly liquid, readily convertible to known amounts of cash, and are subject to an insignificant risk of changes in value, and meet the criteria indicated in IAS 7 Statement of Cash Flows, and have been considered in substance as cash equivalents.

Money market mutual fund investments are classified as cash equivalents. For the details, please refer to Note 2.2 *Key judgements and estimates* in the consolidated financial statements as at and for the year ended December 31, 2023.

During the nine-month period ended September 30, 2024, money market mutual fund investments, deposits and buy-sell-back transactions generated interest income in the total amount of USD 4,210 thousand. This includes the accrued interest from bank deposits in the amount of USD 285 thousand (USD 331 thousand as at December 31, 2023). For details, please refer to Note 5 *Finance income and finance expense.*

As at September 30, 2024, there was restricted cash in the amount of USD 386 thousand, which mainly constitutes the cash at banks of the dissolved entities during the period, received after September 30, 2024 (USD 32 thousand as at December 31, 2023).

10. Earnings per share

Detailed methodology of calculation of basic and diluted earnings per share is presented in the Group's consolidated financial statements as at and for the year ended December 31, 2023.

		Nine-month period ended September 30, 2024 Unaudited	Nine-month period ended September 30, 2023 Unaudited
Net result attributable to the owners of the Parent	[A]	46,872	62,762
Undistributed profit (loss) attributable to holders of series A and B preference shares	[B]	-	-
Profit (loss) attributable to holders of ordinary shares	**[C]=[A]-[B]**	**46,872**	**62,762**

		Nine-month period ended September 30, 2024 Unaudited	Nine-month period ended September 30, 2023 Unaudited
Weighted average number of ordinary shares	[D]	58,898,781	74,072,735
Basic EPS	**[E] = [C]/[D]**	**0.80**	**0.85**

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

		Nine-month period ended September 30, 2024 Unaudited	Nine-month period ended September 30, 2023 Unaudited
Weighted average number of issued ordinary shares used in calculating basic earnings per share	[D]	58,898,781	74,072,735
Employee Stock Option Plan	[F]	455,620	619,065
Weighted average number of issued ordinary shares and potential ordinary shares used in calculating diluted earnings per share	[G]=[D]+[F]	59,354,401	74,691,800
Diluted EPS	**[H]=[C]/[G]**	**0.79**	**0.84**

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11. Share capital

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

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

	Common shares (outstanding)		Preference shares (series A and B)		Treasury shares		Treasury shares allocated for the existing share-based payment program		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 of January 1, 2024	**62,977,148**	**1,260**	**2**	**-**	**4,147,628**	**84**	**-**	**-**	**67,124,778**	**1,344**
Allocation of shares to Share-based payment program	-	-	-	-	(208,323)	(4)	208,323	4	-	-
Exercise of stock options	168,509	3	-	-	-	-	(168,509)	(3)	-	-
Repurchase of common shares under Share Buyback Scheme ("SBB")	(7,139,797)	(143)	-	-	7,139,797	143	-	-	-	-
Retirement of treasury shares	-	-	-	-	(7,139,797)	(143)	-	-	**(7,139,797)**	**(143)**
As of September 30, 2024	**56,005,860**	**1,120**	**2**	**-**	**3,939,305**	**80**	**39,814**	**-**	**59,984,981**	**1,201**

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

	Common shares (outstanding)		Preference shares (series A and B)		Treasury shares		Treasury shares allocated for the existing share-based payment program		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 of 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	-	-	-	-	(828,071)	(17)	828,071	17	**-**	**-**
Exercise of stock options	748,971	15	-	-	-	-	(748,971)	(15)	**-**	**-**
Repurchase of common shares under Share Buyback Scheme ("SBB")	(17,121,919)	(342)	-	-	17,121,919	342.00	-	-	-	-
Retirement of shares purchased during the Share Buyback Scheme ("SBB")	-		-	-	(17,121,919)	(342)	-	-	**(17,121,919)**	**(342)**
As of September 30, 2023	**62,810,565**	**1,257**	**2**	**0**	**4,235,111**	**85**	**79,100**	**2**	**67,124,778**	**1,344**

As at September 30, 2024, the 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 September 30, 2024, 62,741 shares were allocated to a reserve that could be issued only with majority shareholders' approval (21,313,098 as at September 30, 2023).

As at September 30, 2024, the issued share capital of the Company comprised 59,984,981 shares (fully paid) with a par value of USD 0.00002 per share and the total value of USD 1,201 (not thousands), including 56,005,860 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 3,979,119 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 September 30, 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 62,810,565 common shares held by shareholders, two preferred shares (one preferred share of series A and one preferred share of series B) held by shareholders and 4,314,211 common shares reacquired by the Company and not redeemed (presented in the tables above: treasury shares and treasury shares allocated for the existing share-based payment programs).

During the nine-month period ended September 30, 2024, the number of shares (not issued) allocated to the existing share-based payment programs was reduced by 208,323 shares. This is because 168,509 treasury shares were delivered to employees for the options exercised during the period, and 39,814 treasury shares were delivered after September 30, 2024. As at September 30, 2024, 9,883,856 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 September 30, 2024 and September 30, 2023, no shareholder owned over 50% of the Company's equity or had more than 50% of voting rights. The Company's major shareholder is Mr. Anton Gauffin, founder and Executive Chairman of the Board, who participates in the Company's ordinary shares indirectly (through shares of Big Bets OU).

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

<u>In the nine-month period ended September 30, 2024, the following transactions took place:</u>

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

In the nine-month period ended September 30, 2024, 357,100 share options held by employees under the share-based payment program were exercised. Of these, 296,767 options exercised resulted in the delivery of 168,509 treasury shares to employees before September 30, 2024, and 60,333 options resulted in the delivery of 39,814 treasury shares after September 30, 2024 (the difference between the number of options exercised and the number of treasury shares delivered is due to cashless exercises).

The delivery of treasury shares was presented as a movement from treasury shares to common shares. The movement resulted in an increase in share capital in the amount of the nominal value of the shares delivered, and the difference between the value of treasury shares and the cash consideration received in the amount of USD 439 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 nine-month period ended September 30, 2023, the following transactions took place:

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

In the nine-month period ended September 30, 2023, 1,524,454 share options held by employees under the share-based payment program were exercised, out of which for 748,971 options exercised treasury shares were delivered to employees before September 30, 2023 (the difference is due to cashless exercises and number of options exercised, for which treasury shares were not delivered as at September 30, 2023).

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 3,203 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 that represented 5.12% of the Company's share capital and did not entitle the Company to voting rights. Following the settlement of the SBB, the Company owns a total of 21,436,130 shares that represent 25.44% of the Company's share capital and do not entitle the Company to voting rights. Consequently, following the settlement of the SBB, there are 84,246,697 shares of the Company outstanding and conferring 62,810,567 votes in total at the general meeting of the Company. The Company acquired the shares under the SBB with the intention that the shares will be retired, other than those shares necessary, in the Company's view, to satisfy its ongoing needs under the Company's employee stock option plans. Treatment of the acquired shares will be determined in due course by the Issuer's Board of Directors, in accordance with its Certificate of Incorporation.

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

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

Effective as of the adoption of 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.

12. Share-based payment arrangements

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

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

	Nine-month period ended September 30, 2024	
	Number of options	Weighted average exercise price
Balance as at January 1	**5,534,416**	**5.75**
Granted during the period	710,000	6.59
Forfeited during the period	(286,866)	5.21
Exercised during the period	(357,100)	3.43
Expired during the period	(40,482)	4.41
Balance as at September 30	**5,559,968**	**6.05**

	Nine-month period ended September 30, 2023	
	Number of options	Weighted average exercise price
Balance as at January 1	**4,778,100**	**4.46**
Granted during the period	-	-
Forfeited during the period	(592,040)	3.97
Exercised during the period	(1,524,454)	3.07
Expired during the period	(56,288)	3.79
Balance as at September 30	**2,605,318**	**5.40**

As at September 30, 2024, 1,060,475 share options were exercisable, with the weighted average exercise price of USD 4.76 per share. As at September 30, 2023, 767,615 share options were exercisable, with the weighted average exercise price of USD 3.76 per share.

During the nine-month period ended September 30, 2024, 357,100 options were exercised under the share-based payment program, out of which 168,509 treasury shares were delivered to employees before September 30, 2024 (the difference is due to cashless exercises and number of options exercised, for which treasury shares were not delivered as at September 30, 2024).
For the remaining 60,333 options exercised during the nine-month period ended September 30, 2024, 39,814 shares were pending delivery as of September 30, 2024. Total cash payments received during the nine-month period ending September 30, 2024 amounted to USD 240 thousand.

During the nine-month period ended September 30, 2023, 1,524,454 options were exercised under the share-based payment program, out of which, 748,971 treasury shares were delivered for 1,340,340 options exercised (the difference of 591,369 options is due to cashless exercises). For the remaining 184,114 options exercised during the nine-month period ended September 30, 2023, the shares were pending delivery as of September 30, 2023. Total cash payments received during the nine-month period ending September 30, 2023 amounted to USD 416 thousand, out of which USD 345 thousand were received for the shares delivered to employees before September 30, 2023, and USD 71 thousand - for the shares pending delivery as of September 30, 2023.

Total expense related to share-based payment arrangements, which includes cost recognised for the period as well as the cost derecognition when the service condition is not met for the nine-month period ended September 30, 2024, amounted to USD 3,128 thousand (USD 1,631 thousand for the nine-month period ended September 30, 2023).

These costs were allocated to “Sales and marketing expenses”, “Research and development expenses” and “General and administrative expenses” lines in the interim condensed consolidated statement of comprehensive income, depending on the roles of the employees.

Executive Chairman of the Board options

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

The vesting conditions for the options are the following:

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

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

Advisory agreement

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

Options granted to key management personnel

Based on resolutions of the Board of Directors of Huuuge, Inc. 3,145,000 options were granted to key managers of Huuuge, Inc. Group (including 2,345,000 options granted to Huuuge, Inc. Officers) on October 3, 2023. 125,000 options were granted on November 6, 2023. Additionally, 585,000 options were granted on February 6, 2024 and 125,000 options were granted on September 30, 2024.

As at September 30, 2024, 3,805,000 of these options were outstanding. The vesting conditions for the outstanding options are the following:

- 1,269,000 options with a vesting condition to provide the service continuously for about four years from the service commencement date.
- 1,268,000 options with a vesting condition to provide the service continuously for about four years from the service commencement date and to meet specified EBITDA and Revenue targets, i.e. performance condition.
- 1,268,000 options with a vesting condition to provide the service continuously and with a variable vesting period due to market condition, i.e. condition to meet the Company's market capitalization milestones.

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

13. Leases

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

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

The tables below present the carrying amounts of recognized right-of-use assets and the movements in the nine-month period ended September 30, 2024 and in the nine-month period ended September 30, 2023:

	Offices	Cars	Total
as at January 1, 2024, Audited	**6,775**	**75**	**6,850**
additions (new leases)	-	-	**-**
transfer to lease receivables	-	-	**-**
remeasurement due to indexation, and other	910	16	**926**
foreign exchange differences on translation	(99)	(1)	**(101)**
depreciation	(2,115)	(46)	**(2,160)**
as at September 30, 2024, Unaudited	**5,471**	**44**	**5,515**

	Offices	Cars	Total
as at January 1, 2023, Audited	**12,859**	**106**	**12,965**
remeasurement	-	-	**-**
additions (new leases)	-	-	**-**
transfer to lease receivable	(2,812)	-	**(2,812)**
remeasurement due to indexation, and other	683	-	**683**
foreign exchange differences on translation	(285)	5	**(280)**
depreciation	(2,591)	(73)	**(2,664)**
as at September 30, 2023, Unaudited	**7,854**	**38**	**7,892**

The table below presents the carrying amounts of lease liabilities and movements in the nine-month period ended September 30, 2024 and in the nine-month period ended September 30, 2023:

	Nine-month period ended September 30, 2024	Nine-month period ended September 30, 2023
as at January 1, Audited	**10,639**	**13,827**
additions (new leases)	-	-
remeasurement due to indexation, and other	1,107	679
interest expense on lease liabilities	186	229
lease payments	(3,305)	(3,363)
foreign exchange differences on translation to functional currency	(62)	(83)
foreign exchange differences on translation to USD	(19)	(246)
as at September 30, Unaudited	**8,546**	**11,043**
long-term	4,656	7,164
short-term	3,890	3,879

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

- cash payments of the capital component of lease liabilities in the nine-month period ended September 30, 2024 amounting to USD 3,119 thousand (USD 3,134 thousand in the nine-month period ended September 30, 2023) – as part of financing activities (lease repayment),
- cash interest payments on leases in the nine-month period ended September 30, 2024 amounting to USD 186 thousand (USD 229 thousand in the nine-month period ended September 30, 2023) – as part of financing activities (interest paid),
- leases of low-value assets and short-term leases not included in the measurement of lease liabilities in the nine-month period ended September 30, 2024 amounting to USD 138 thousand (USD 330 thousand in the nine-month period ended September 30, 2023) – as part of operating activities.

The Group had total cash outflows due to leases of USD 3,443 thousand in the nine-month period ended September 30, 2024 and USD 3,693 thousand in the nine-month period ended September 30, 2023.

Sublease agreements

The Group entities have entered several arrangements to sublease leased office spaces to a third party while the original lease contract is in effect. The lease receivable from the finance lease amounted to USD 2,730 thousand as at September 30, 2024 (USD 2,789 thousand as at September 30, 2023). As of September 30, 2024, the Group held three short term agreements classified as operating leases. The income from interest received from finance sublease amounted to USD 130 thousand during the nine-month period ended September 30, 2024 (USD 92 thousand in the nine-month period ended September 30, 2023). The income from the operating lease amounting to USD 588 thousand is presented in the line “Other operating income/(expense), net” in the interim condensed consolidated statement of comprehensive income during the nine-month period ended September 30, 2024.

The amount of future contractual payments under operating subleases was USD 397 thousand as of September 30, 2024.

14. Contingencies

Tax contingent liabilities

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

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

Litigation and other legal proceedings

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

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

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

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

- On March 8, 2023, a plaintiff filed a complaint in the Circuit Court of Franklin County, Alabama alleging that the Company's social casino games are unlawful gambling under Alabama law. The plaintiff withdrew the original complaint without prejudice for procedural reasons, and, on September 14, 2023, re-filed an amended complaint. As in the original complaint, the lawsuit seeks to recover all amounts paid by Alabama residents to the Company in those games during the period beginning one year before the filing of the lawsuit (i.e. September 14, 2022) until the case is resolved. The Company does not agree with the allegations and requests for relief made in the complaint and believes that there are meritorious legal and factual arguments supporting the Company's position. On November 1, 2023, the Company filed a motion to dismiss the amended complaint and on December 15, 2023, the Company filed a motion to compel arbitration. The hearing on the motions took place on February 26, 2024. 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 Company filed its opening appeal brief on October 16, 2024. As of the date of approval of these interim condensed consolidated financial statements for issue, to the best of the Company's knowledge, the litigation is not expected to have a material impact on the Company's operations, financial condition or cash flows.

- On June 2, 2023, plaintiffs filed a complaint in the US Federal District Court for the Central District of California, alleging: (a) that the Company's social casino games are unlawful gambling under the laws of California, Illinois, and potentially other US states; and (b) that the Company's display of sale pricing in its social casino games constitutes false advertising under the laws of California, Illinois and potentially other US states. The lawsuit purports to be a nationwide class action, which also includes potential California and Illinois subclasses. The Company does not agree with the allegations and requests for relief made in the complaint and believes that there are meritorious legal and factual arguments supporting the Company's position. On January 24, 2024 the Company and the plaintiffs have signed an agreement to settle the case in exchange for the distribution to each class member of at least 375 virtual diamonds within the Company's games, and at least an aggregate total of 412.5 million virtual diamond, and USD 1,700 thousand in cash for attorneys' fees, costs of claims administration, and named plaintiff incentive awards. The settlement is subject to the approval by the relevant court, thus there is no certainty that any such settlement will be finally consummated. The Court denied preliminary approval, without prejudice, at the initial hearing that took place on June 6, 2024. In September and October 2024 additional hearings took place. By November 27, 2024 the parties are required to present certain additional data. Thereafter, the continued hearing on preliminary approval will be continued on December 5, 2024. If the settlement is approved, the resulting class action waiver will bar false advertising claims nationwide, and illegal gambling claims for residents of California and Illinois, from applicable time periods prior to the settlement. The settlement would not as a legal matter preclude the other matters referred to in this section from proceeding. The Company also believes, but cannot make any assurance, that the settlement would not have impact on the other matters referred to in this section, since they pertain to other issues in different states. The Company created a provision in the amount of USD 1,700 thousand, which, to the best belief of the Company's management, adequately reflects the financial exposure for the Company as of September 30, 2024 and as of the date of approval of these interim condensed consolidated financial statements for issue.

- On June 28, 2023, a claimant filed a demand for arbitration alleging that the Company's social casino games are unlawful gambling under Kentucky law. The claimant seeks to recover treble the total of all amounts paid by Kentucky residents to the Company in those games during the period beginning five years before the filing of the demand (i.e. June 28, 2018) until the case is resolved. On June 24, 2024, the Company filed a dispositive motion. On September 5, 2024, the arbitrator issued an order on thresholds 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 Company will again file a motion on threshold issues before December 20, 2024. An argument on the preliminary motion shall occur online on January 23, 2025. The Company does not agree with the allegations and requests for relief made in the demand and believes that there are meritorious legal and factual arguments supporting the Company's position. As of the date of approval of these interim condensed consolidated financial statements for issue, to the best of the Company's knowledge, the arbitration is not expected to have a material impact on the Company's operations, financial condition or cash flows.

- On July 25, 2023, a claimant filed a demand for arbitration alleging that the Company's social casino games are unlawful gambling under Ohio law. The claimant seeks to recover all amounts he paid to the Company and all amounts paid by Ohio residents in those games during the period beginning two years before the filing of the demand (i.e. July 25, 2021) until the case is resolved. The Company filed its dispositive motion on February 26, 2024. On June 6, 2024, the arbitrator issued a decision on thresholds 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 again filed a motion on threshold issues on September 30, 2024. As of the date of the issuance of this report, the parties are awaiting the arbitrator's decision. The Company does not agree with the allegations and requests for relief made in the demand and believes that there are meritorious legal and factual arguments supporting the Company's position. As of the date of approval of these interim condensed consolidated financial statements for issue, to the best of the Company's knowledge, the arbitration is not expected to have a material impact on the Company's operations, financial condition or cash flows.

- On November 13, 2023, a plaintiff filed a complaint in the Circuit Court of Coffee County Tennessee alleging that the Company's social casino games are unlawful gambling under Tennessee law. The lawsuit seeks to recover all amounts paid by Tennessee residents to the Company in those games during the period beginning one year before the filing of the lawsuit (i.e. November 13, 2022) until the case is resolved. The Company does not agree with the allegations and requests for relief made in the complaint and believes that there are meritorious legal and factual arguments supporting the Company's position. On December 21, 2023, the Company removed the case to the U.S. District Court for the Eastern District of Tennessee. On September 26, 2024, at the request of the plaintiff the case was remanded to the Circuit Court of Coffee County Tennessee. As of the date of approval of these interim condensed consolidated financial statements for issue, to the best of the Company's knowledge, the litigation is not expected to have a material impact on the Company's operations, financial condition or cash flows.

- On August 22, 2024, a plaintiff filed a complaint in the U.S. District Court for the Western District of Kentucky alleging that the Company's social casino games are unlawful gambling under Kentucky law. The lawsuit seeks to recover treble the total of all amounts paid by Kentucky residents to the Company in those games during the period beginning five years before the filing of the demand (i.e. August 22, 2019) until the case is resolved. The Company does not agree with the allegations and requests for relief made in the complaint and believes that there are meritorious legal and factual arguments supporting the Company's position. As of the date of approval of these interim condensed consolidated financial statements for issue, to the best of the Company's knowledge, the litigation is not expected to have a material impact on the Company's operations, financial condition or cash flows.

Except for the abovementioned proceedings, neither the Company nor any of its subsidiaries were, as at September 30, 2024, or as at the date of approval of these interim condensed consolidated financial statements for issue, a party to any significant court or arbitration proceedings or before any public authority.

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

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

Huuuge Global Ltd and Huuuge Games Sp. z o.o. have entered into two agreements for the purpose of conducting forward and derivative transactions in the future. In one agreement, entities involved are considered joint and several debtors for planned transactions while in the second agreement, one entity guarantees the obligation of the other. The maximum amount of the contingency obligation cannot exceed USD 20,488 thousand for both parties.

16. Related party transactions

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

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

There is no ultimate controlling party.

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

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

Board of Directors of Huuuge, Inc., Officers and Global Management	Nine-month period ended September 30, 2024 Unaudited	Nine-month period ended September 30, 2023 Unaudited
Base salaries	3,453	2,729
Bonuses and compensation based on the Group's financial result for the period	-	939
Share-based payments	2,732	633
Total	**6,185**	**4,301**

The amounts presented above include compensation of members of the Board of Directors of Huuuge, Inc., Officers and Global Management team members. The amounts for the nine-month period ended September 30, 2024 and September 30, 2023 reflect the changes in composition of the teams during those periods.

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

Generally, share-based payment remuneration includes cost recognized during the period in accordance with the vesting schedule, as well as cost derecognition when a member of the executive management team ends the tenure with the Company, i.e., when the service condition is not met. During the nine-month period ended September 30, 2024, the cost recognized amounted to USD 2,847 thousand and cost derecognized amounted to USD 115 thousand (USD 793 thousand of cost recognized and cost derecognized amounted to USD 160 thousand during the nine-month period ended September 30, 2023).

During the nine-month period ended September 30, 2024 members of the Board of Directors, Officers and Global Management team exercised 81,351 options (603,953 options during the nine-month period ended September 30, 2023).

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

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

18. Unusual events

Impact of the situation in Israel on our business

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

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

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

19. Subsequent events

After September 30, 2024 and up to the date of approval of these interim condensed consolidated financial statements for issue no significant events have occurred.

Wojciech Wronowski
Chief Executive Officer
November 21, 2024

Additional information to the consolidated quarterly report

1. General information

Business profile

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

MISSION

Empower billions of people to play together

VISION

Transform mobile gaming into a massively social experience

Huuuge is a global game developer and publisher on a mission to build the world’s most social real-time, free-to-play mobile games portfolio. We strive to become the global leader in real-time free-to-play casual gaming, we aim to redefine the experience to give maximum joy and fun to players all around the world. Huuuge’s games provide entertainment every month to millions of players from 174 countries and are available in 32 languages. Huuuge shares have been listed on the Warsaw Stock Exchange since February 2021.

Key products

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

Our core franchises are Huuuge Casino and Billionaire Casino. Together, they generated 98% of Huuuge’s total revenues in the first nine months of 2024. Our legacy games generated 2% of total revenues and include different titles at various stages of their life cycle.

HUUUGE CASINO

Huuuge Casino: The game was launched in June 2015. It is Huuuge’s flagship title responsible for 65% of total nine-month 2024 revenue and for almost USD 1.4 billion in lifetime revenue. Huuuge Casino was a true pioneer with its mobile-first user experience and real-time PvP-style gameplay. We believe that it was the first social casino game to introduce features such as clubs to the realm of social casino games. Huuuge Casino offers players over 100 casino slot machines, as well as card games and roulette. The game enables players to join a club and compete in a Billionaire League, with multiplayer slots where they can play with friends and compete against each other. Huuuge Casino is ranked #25 (Apple App Store) and #11 (Google Play) among social casino apps in the United States in terms of revenue as at September 30, 2024.

Billionaire Casino: The game was launched in October 2016. Its revenue has grown rapidly since its release. It has achieved almost USD 0.7 billion of lifetime revenue and constitutes 33% of our total nine-month 2024 revenues. Due to its aesthetic, which is different from that of Huuuge Casino, Billionaire Casino is targeted at a different player base in terms of demographics. Similar to Huuuge Casino, Billionaire Casino offers players a number of casino slot machines, as well as card games and roulette. Billionaire Casino allows players to create a club with their friends or join a club and meet new people while playing slot machines. In addition, the game allows players to participate in club events by playing slots and other casino games. Billionaire Casino is ranked #43 (App Store) and #24 (Google Play) among social casino apps in the United States in terms of revenue as at September 30, 2024.

New titles

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

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

Development work on the games is still at an early stage. We have tested several game prototypes in Q3 2024 and are planning further test launches (MVP / tech launch) in the coming months.

Share capital structure of Huuuge

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

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

Treasury Shares

As of the date of publication of the last periodic report (report for Q2 2024), i.e., on September 5, 2024, the Company held 3,979,119 treasury shares.

On September 30, 2024, the Board of Directors resolved on allocating 39,814 treasury shares for the purposes of exercising the employee stock options. Those shares have been distributed to the employees.

As a result, as of the date of issuance of this Report, the Company held 3,939,305 treasury shares.

Significant Shareholders

To the best of the Company's knowledge, as of the date of publication of this Quarterly Report, the below tables show the shareholders holding (directly or indirectly through subsidiaries) at least 5% of the total number of votes at the Issuer's general meeting as of the date of publication of this Quarterly Report, i.e., on November 21, 2024 and as of the date of the publication of the previous periodic report, i.e. half-year report on September 5, 2024.

As of September 5, 2024

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

[1] including one Preferred Share;
[2] According to the notification dated May 4, 2022 notified in the Current Report 19/2022, percentage of shareholding and voting power as calculated by the Company as of the date of publication of Semi-Annual Report.
[3] The Company cannot exercise voting rights from its treasury shares according to Delaware law.

As of November 21, 2024

Number of shares/votes	59,984,981		59,984,981	
Shareholder	**Shares**	**% of share capital**	**Votes**	**% of votes at the General Meeting**
Anton Gauffin (through Big Bets OÜ)[1]	18,773,294	31.30	18,773,294	31.30
Raine Group (through RPII HGE LLC)[1]	7,600,966	12.67	7,600,966	12.67
Nationale-Nederlanden FUNDS	5,688,696	9.48[2]	5,688,696	9.48[2]
Huuuge Inc.[3]	3,939,305	6.57[3]	3,939,305	6.57[3]
Others	23,982,720	39.98	23,982,720	39.98

[1] including one Preferred Share;
[2] According to the notification dated May 4, 2022 notified in the Current Report 19/2022, percentage of shareholding and voting power as calculated by the Company as of the date of publication of this Quarterly Report.
[3] The Company cannot exercise voting rights from its treasury shares according to Delaware law.

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

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

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

The table below presents, to the best of the Company's knowledge, the shares and outstanding stock options held directly or indirectly by the Company's Board of Directors as of the date of publication of this Quarterly Report and as of the date of the publication of the previous periodic report, i.e. half-year report on September 5, 2024.

As of September 5, 2024

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

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

As of November 21, 2024

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

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

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

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

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

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

Principles for the preparation of the interim condensed consolidated financial statements

The interim condensed consolidated financial statements for the nine-month period ended September 30, 2024 and the condensed separate financial statements for the nine-month period ended September 30, 2024 were prepared in accordance with the IAS 34 Interim Financial Reporting as adopted by the European Union.

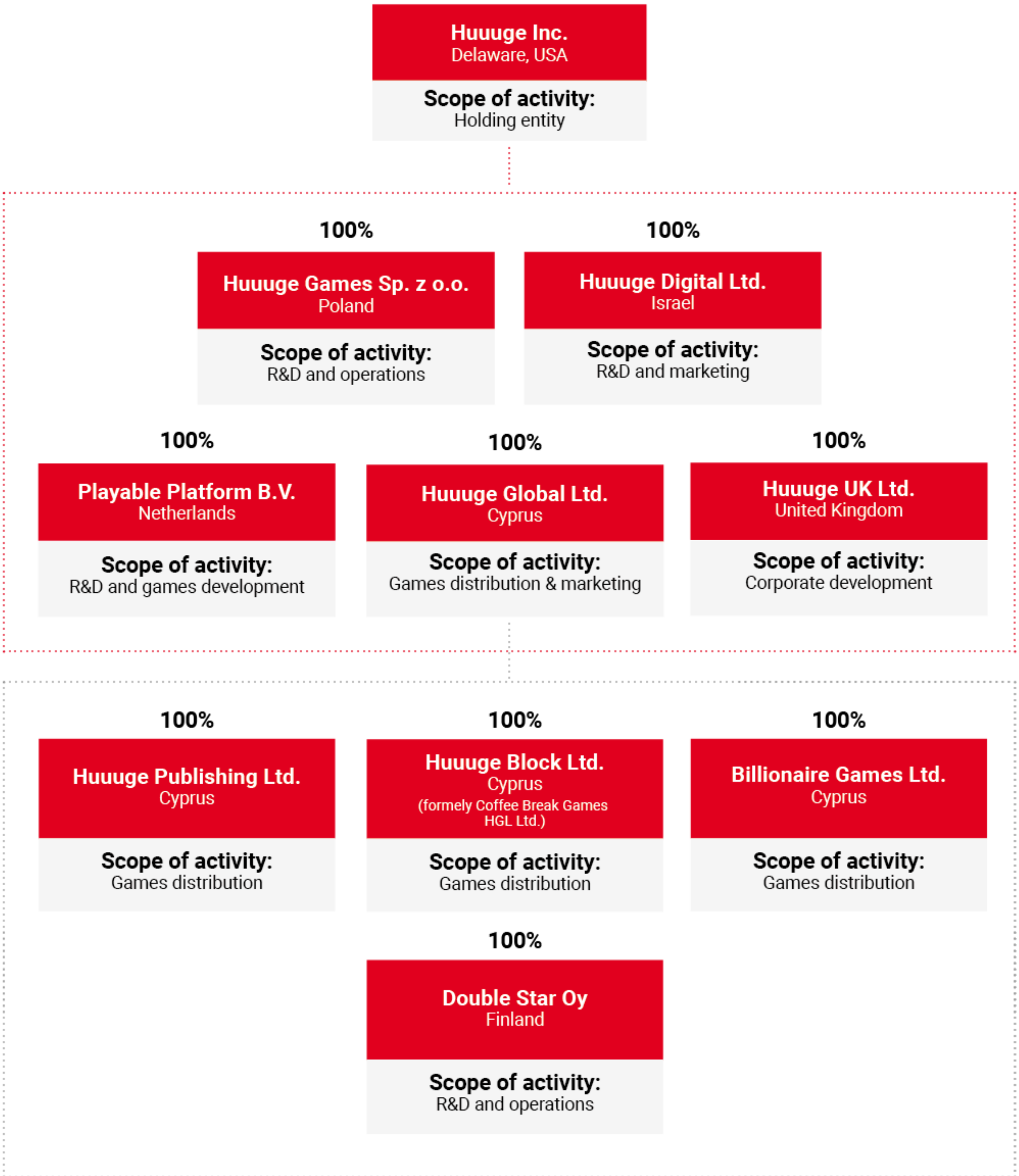
Changes to the Group

Huuuge Labs GmbH and MDOK GmbH, two remaining German subsidiaries of the Group, concluded the voluntary liquidation proceedings initiated in 2022 and ceased to exist on September 11, 2024 and September 16, 2024 respectively.

As of September 30, 2024, Huuuge Group ("Group") comprised Huuuge, Inc. (parent company), 5 subsidiaries directly and fully controlled by the Company and 4 subsidiaries fully controlled by Huuuge Global Ltd.. All companies are consolidated under the full method.

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

Corporate structure of the Group



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

Share Buyback and Redemption of Shares

On March 14, 2024, the Company announced a Share Buyback in the form of a time-limited tender offer to sell shares to the Company at a predetermined and fixed price per share, available to all Company shareholders ("SBB"). The purpose of the buyback was to acquire a maximum of 7,139,797 ordinary shares, which constituted 10.64% of the Company's issued share capital, with the intention of redeeming the majority of the acquired shares. Each share in the buyback was valued at a fixed rate of USD 9.8042, and the total budget set for this buyback was USD 70 million.

During the entire offer period, a total of 446 share sale bids were submitted for a total of 27,461,824 shares of the Issuer. Consequently, the Company proportionally reduced the number of shares covered by the sale offers submitted by shareholders. The average reduction rate of the submitted sale offers was 84.12%. As a result, under the SBB, on April 23, 2024, the Company acquired 7,139,797 shares.

All shares acquired during the Share Buyback were retired by resolution of the Board of Directors dated April 26, 2024, and as a result the issued capital of the Company decreased from 67,124,778 to 59,984,981 shares. The change was registered by the Secretary of State of the State of Delaware on July 2, 2024.

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

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

Mobile gaming and social casino market environment
As far as market dynamics are concerned, Eilers & Krejcik estimate that the social casino market declined by 3.9% YoY in Q3 2024 (and grew by 0.1% QoQ). The long-term forecast has been revised downwards in Q2 2024. The social casino market is expected to decline at a 3.0% CAGR in 2023-27E (with a USD 6.5 billion market by 2027). Eilers & Krejcik forecast the category to decline by 3.2% YoY in 2024 (following a downward revision of the forecast in Q2 2024).

User Acquisition expenses and our marketing strategy
Due to weak performance in the social casino market, making it more difficult for us to maintain satisfactory paybacks, we reduced UA spending in Q3. For Q3 2024, UA expenses declined by 22% year-over-year, though year-to-date expenses for the first nine months of 2024 were still up by 29%. We plan to further reduce marketing spend in Q4 2024, aiming to align investment with traction from new feature releases and maintain a disciplined approach to paybacks. For Traffic Puzzle, marketing spend is immaterial, primarily focused on retargeting inactive players.

Pods and new approach to new game development
In Q1 2023 we created small internal teams, called “Pods”, responsible for agile prototyping and development of new games. Their exploration is focused on new games with attributes that play to our strengths and reflect market conditions, namely: (1) Multiplayer games with natural word-of-mouth distribution; (2) Games with highly shareable moments; (3) Socially-oriented long-term retention drivers; (4) Games with high accessibility and universal appeal. Development work on the games is still at an early stage. We have tested several game prototypes in Q3 2024 and are planning further test launches (MVP / tech launch) in the coming months.

Expected introduction of Google’s Privacy Sandbox
Google’s Privacy Sandbox is a strategic move to enhance user privacy, which will likely be fully launched in 2025 or later, the date not officially confirmed yet. Google will phase out the Google Advertising ID (GAID) for all users eventually, though the discontinuation of GAID is not currently included in Google's Privacy Sandbox initiatives.
The phase-out is anticipated to not occur before next year (2025). Consequently, there will be a transitional period during which it will be possible to measure Android traffic deterministically, as is the current practice, and through Google's Privacy Sandbox. This overlap will provide an opportunity to compare the effectiveness of the two approaches.

The discontinuation of GAID will restrict app developers' ability to track specific conversion events, for which Google's Privacy Sandbox is intended to serve as a remedy. Although plans are in place to phase out GAID, the Google Play referrer, an alternative method of attribution based on the App Set ID, might continue to be available and needs to be confirmed by Google. This could offer an alternative to GAID, though its efficacy and applicability in the post-GAID era will require further validation. Sandbox will send aggregated event data with added noise points for privacy. Google assures clients that the changes won't drastically impact their ad business. Pre-Sandbox efforts include continuous development of Media-Mix-Modeling (MMM) for allocating organic users and assessing the influence of marketing networks. Additionally, Huuuge is among the initial testers of the Privacy Sandbox on Android through participation in the Google Ads Early Access Program & AppsFlyer's Sandbox beta version testing. Huuuge is actively testing ways to measure Unity Android traffic both deterministically and through Google's Privacy Sandbox.

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

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

Impact of the situation in Israel on our business

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

The Company is actively monitoring the situation and has established an internal task force developing and implementing business continuity measures and ensuring the core competences are covered.
We have no Israel-based personnel responsible for infrastructure. As of the date of the report, the war in Israel has no significant impact on our business and financial results.

Legal cases in the gaming industry

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

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

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

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

However a new 3% “Payment Processing Fee" is added, as well as a Euro 0.5 “Core Technology Fee” for each annual install of an app above 1 million installs. Other notable changes in the new terms include allowing EU developers to “link out” to payment options other than Apple’s own in-app payment process, and allowing alternative app stores other than Apple’s own App Store on iPhones for EU users.

Huuuge is constantly tracking Apple's recent updates, including those to App Store policies, new hardware features, and privacy protections. In Q2 2024 we have adopted the new App Store terms and pricing for the EU markets. The adopted change has had a positive, but minor impact on our platform fee costs.

Except for events and factors described in the Financial and KPI sections, there were no other unusual events with an impact on the Issuer’s financial results in the nine-month period of 2024 and upcoming quarter.

4. Key Performance Indicators

- **Daily Active Users (DAU):** DAU is defined as the number of individual users who played a game on a particular day. In order to more accurately reflect reality, we identify the users based on (human) ID (HID) rather than device ID. That allows us to eliminate the double counting of individuals playing games on multiple devices. The ability to identify and analyze actual players rather than accounts allows for substantially greater accuracy, including better in-game targeting of offers (the right offer, to the right person, at the right time), better retargeting capabilities and better predictive models. Average DAU for a period is the average of the monthly average DAU for the period. It is not a KPI that we internally use as an objective (we focus primarily on the number of paying users – e.g., DPU).
- **Daily Paying Users (DPU):** DPU is defined as the number of players (active users) who made a purchase on a given day.
- **Average Revenue per Daily Active User (ARPDAU):** ARPDAU is defined as average revenue per daily active user. ARPDAU for a period is calculated by dividing gross revenue (i.e., before deduction of platform fees) for the period by the number of days in the period and then dividing by the average DAU for the period**.**
- **Daily Average Revenue per Paying User (ARPPU):** ARPPU is defined as average revenue per paying user on a given day. It is calculated by dividing gross revenue from in-app purchases (i.e., before deduction of platform fees) for the period by the number of days in the period and then dividing by the average DPU for the period. ARPPU for the period is calculated by dividing IAP revenue for the period by the number of days in the period and then dividing by the average DPU for the period.
- **Monthly Payer Conversion (Monthly Conversion):** Monthly Conversion is defined as the percentage of MAU (the number of individual users who played a game during a particular month) that made at least one purchase in a month during the same period.

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

The tables below present our KPIs for Q3 2024 and Q3 2023 (YoY) as well as Q3 2024 and Q2 2024 (QoQ) for the Group and “core franchises,” i.e., Huuuge Casino and Billionaire Casino.

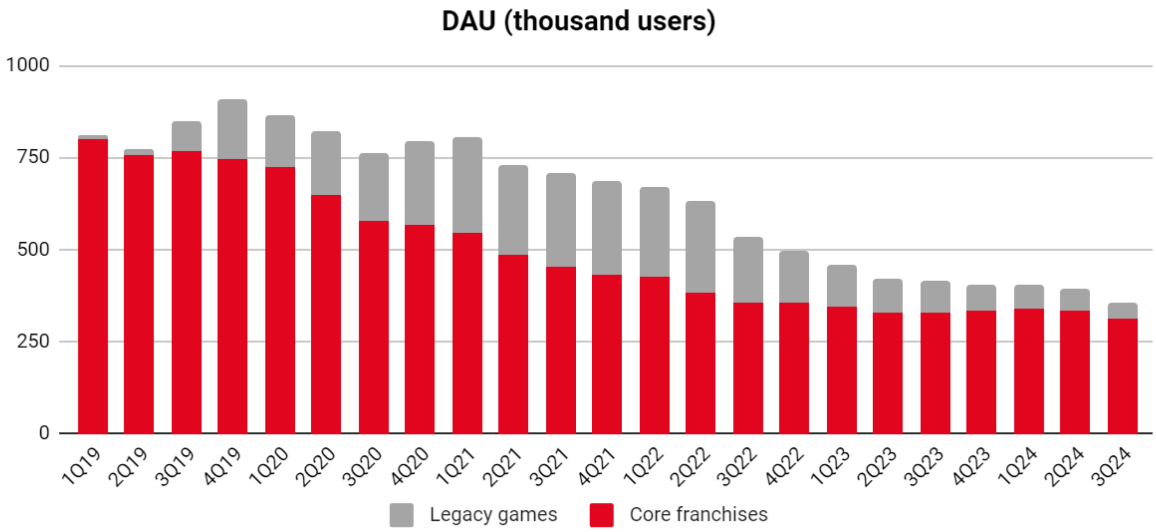
YoY KPI	All games			Core franchises Huuuge Casino and Billionaire Casino		
	Q3 2024	Q3 2023	Change, %	Q3 2024	Q2 2023	Change, %
DAU (in thousands)	359,193	416,609	-13.8%	310,137	331,069	-6.3%
DPU (in thousands)	13,369	16,510	-19.0%	12,723	15,231	-16.5%
ARPDAU (in USD)	1.78	1.88	-5.2%	2.02	2.28	-11.5%
ARPPU (in USD)	47.50	46.83	1.4%	49.17	49.54	-0.7%
Monthly Conversion (%)	6.6	7.9	-1.3pp	7.2	9.6	-2.4pp

QoQ KPI	All games			Core franchises Huuuge Casino and Billionaire Casino		
	Q3 2024	Q2 2024	Change, %	Q3 2024	Q2 2024	Change, %
DAU (in thousands)	359,193	392,898	-8.6%	310,137	335,522	-7.6%
DPU (in thousands)	13,369	14,195	-5.8%	12,723	13,442	-5.3%
ARPDAU (in USD)	1.78	1.77	0.3%	2.02	2.02	-
ARPPU (in USD)	47.50	48.66	-2.4%	49.17	50.48	-2.6%
Monthly Conversion (%)	6.6	6.4	0.2pp	7.2	7.2	-

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

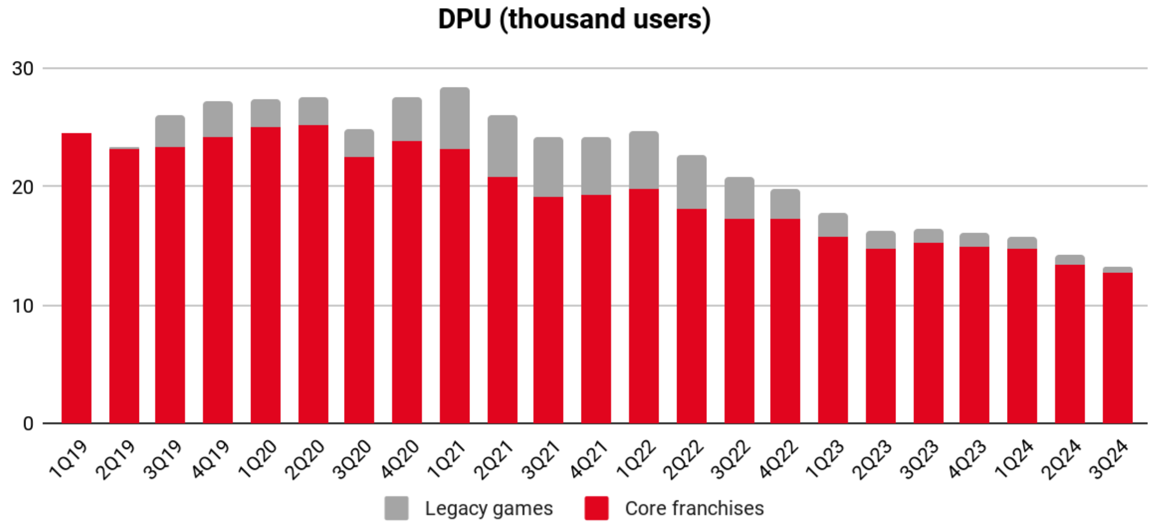
Daily Active Users

In Q3 2024, we observed a decline (-7.6% QoQ, -6.3% YoY) in DAU for our core franchises and significant decrease (-14.2% QoQ, -42.4% YoY) for legacy games. DAU for Core franchises has declined mainly due to lower marketing expenses in Q3 as well as the churn of existing cohorts. Legacy games' decline in DAU was connected with user acquisition spend on Traffic Puzzle gradually declining throughout the past several quarters and ultimately the game moving to maintenance mode with no active support.



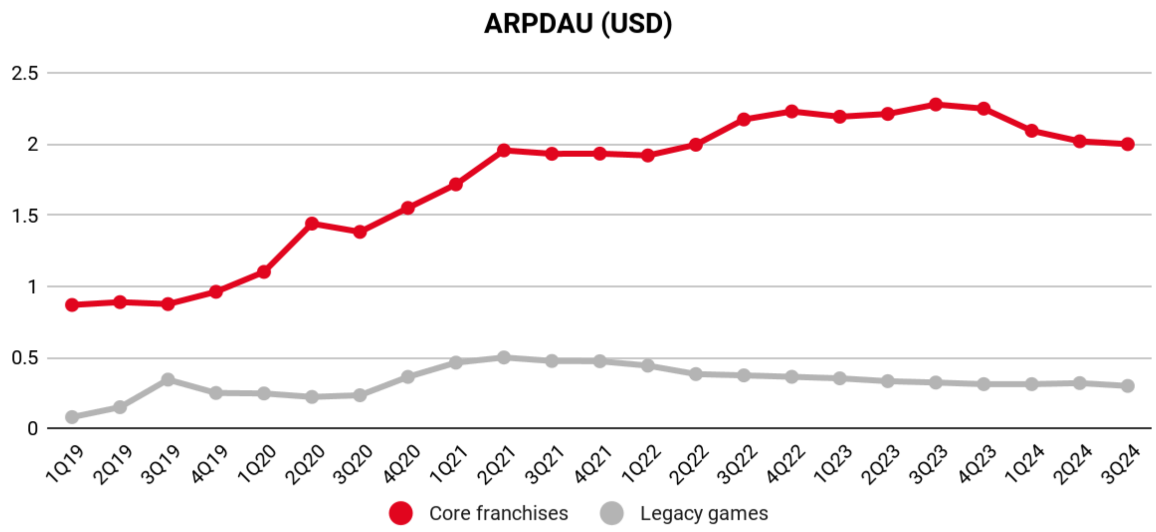
Daily Paying Users

In Q3 2024, we saw a 19.0% YoY decrease and 5.8% QoQ decrease in the overall number of DPUs. Core franchise DPUs declined by 16.5% YoY and 5.3% QoQ as a result of lower player-to-payer conversion. The DPUs of our legacy games (primarily Traffic Puzzle) decreased by 49.3% YoY and 14.3% QoQ, following the decline in TP user base.



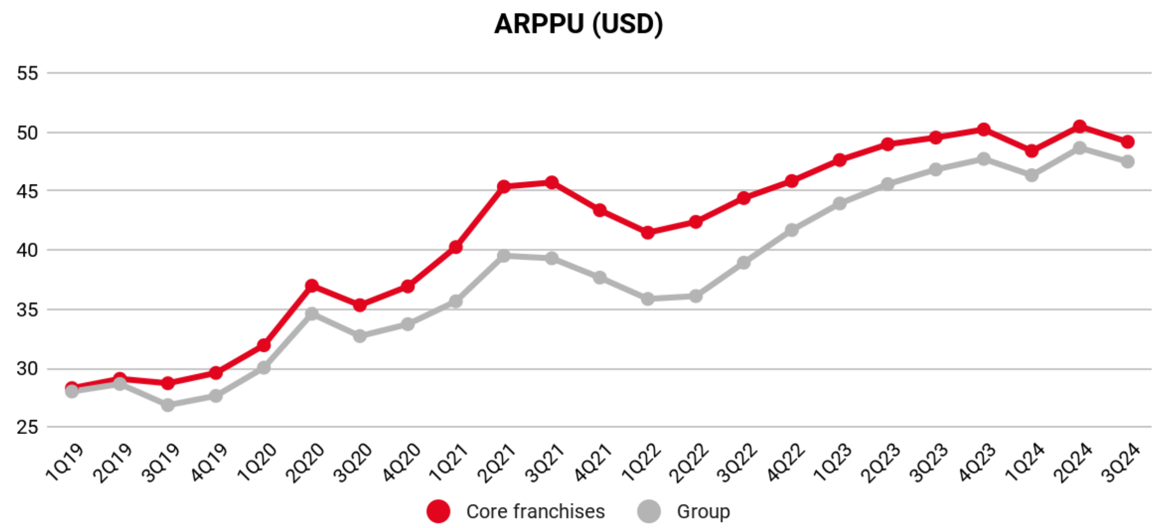
Average Revenue per Daily Active User

ARPDAU indicates how well we monetize our games considering our entire player base. Huuuge Casino and Billionaire Casino remain among the best monetizing social casino games in the market. In Q3 2024, this KPI declined by 5.2% YoY, along with a QoQ slight decrease of 0.3%. At the same time, the ARPDAU of legacy games declined by 17.0% YoY and 15.7% QoQ, with Traffic Puzzle having the largest impact on our portfolio.



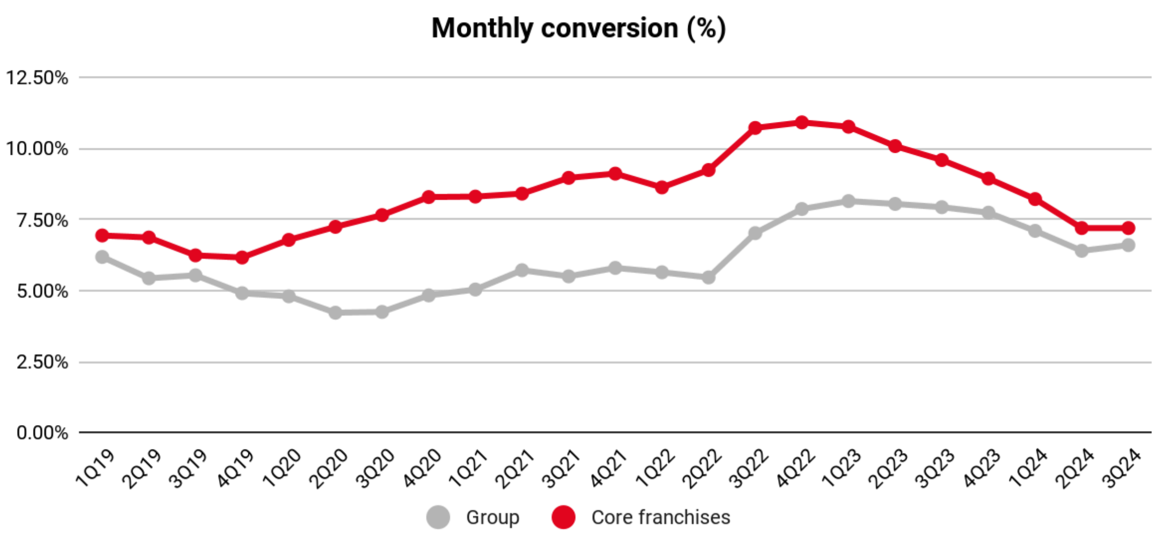
Daily Average Revenue per Paying User

In recent years, we have been able to improve the ARPPU of our core franchises owing to the social features of our games and to our constant focus on live events and special offers. Since Q1 2023, we have maintained this KPI at a very high level compared to industry standards.



Monthly Conversion

Monthly Conversion is an indicator of our ability to convert players into payers. In Q3 2024, our core franchises' monthly conversion remained flat QoQ and amounted to 7.2%. Total monthly conversion for the whole portfolio slightly increased from 6.4% in Q2 2024 to 6.6% in Q3 2024.



5. Group's Results

The following table presents our consolidated statement of comprehensive income for the nine-month period ended September 30, 2024 and September 30, 2023.

in thousand USD	9m`2024	9m`2023	Change, %	Q3`2024	Q3`2023	Change, %
Revenue	**189,075**	**212,111**	**-10.9%**	**58,750**	**71,177**	**-17.5%**
Cost of sales	(52,692)	(62,047)	-15.1%	(16,011)	(20,603)	-22.3%
Gross profit on sales	**136,383**	**150,064**	**-9.1%**	**42,739**	**50,574**	**-15.5%**
Sales and marketing expenses:	(42,372)	(35,929)	17.9%	(11,727)	(15,427)	-24.0%
thereof User acquisition marketing campaigns	*(32,211)*	*(24,915)*	*29.3%*	*(8,528)*	*(10,867)*	*-21.5%*
thereof General sales and marketing expenses	*(10,161)*	*(11,014)*	*-7.7%*	*(3,199)*	*(4,560)*	*-29.8%*
Research and development expenses	(16,912)	(18,407)	-8.1%	(5,329)	(5,165)	3.2%
General and administrative expenses	(24,221)	(24,410)	-0.8%	(8,366)	(7,199)	16.2%
Other operating income/(expense), net	(694)	123	-664.2%	229	-244	-193.9%
Operating result	**52,184**	**71,441**	**-27.0%**	**17,546**	**22,539**	**-22.2%**
Finance income	4,549	4,476	1.6%	544	747	-27.2%
Finance expense	(216)	(504)	-57.1%	(67)	(342)	-80.4%
Profit before tax	**56,517**	**75,413**	**-25.1%**	**18,023**	**22,944**	**-21.4%**
Income tax	(9,645)	(12,651)	-23.8%	(2,762)	(4,286)	-35.6%
Net result for the period	**46,872**	**62,762**	**-25.3%**	**15,261**	**18,658**	**-18.2%**
Exchange gains/(losses) on translation of foreign operations	(337)	(711)	-52.6%	1,410	(1,677)	-184.1%
Total comprehensive income for the period	**46,535**	**62,051**	**-25.0%**	**16,671**	**16,981**	**-1.8%**

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

in thousand USD	9m`2024	9m`2023	Change, %	Q3`2024	Q3`2023	Change, %
EBITDA	**59,145**	**78,257**	**-24.4%**	**19,882**	**24,668**	**-19.4%**
EBITDA margin (%)	31.3%	36.9%	-5.6pp	33.8%	34.7%	-0.9pp
Adjusted EBITDA	**62,269**	**80,435**	**-22.6%**	**20,885**	**25,329**	**-17.5%**
Adjusted EBITDA margin (%)	32.9%	37.9%	-5pp	35.5%	35.6%	-0.1pp
Sales Profit	104,172	125,149	-16.8%	34,211	39,707	-13.8%
Sales Profit margin (%)	55.1%	59.0%	-3.9pp	58.2%	55.8%	2.4pp
User acquisition marketing campaigns as % of revenue	17.0%	11.7%	5.3pp	14.5%	15.3%	-0.8pp
Adjusted Net Result	**49,996**	**64,940**	**-23.0%**	**16,264**	**19,319**	**-15.8%**
Adjusted Net Result (%)	26.4%	30.6%	-4.2pp	27.7%	27.1%	0.6pp

EBITDA, **Adjusted EBITDA**, **EBITDA margin**, **Adjusted EBITDA margin**, **Sales profit**, **Sales profit margin** and **User acquisition cost as % of revenue** are supplemental measures of the financial and operating performance used by us that are not required by, or prepared in accordance with IFRS. These measures are prepared by us because we believe they provide a view of our recurring operating performance that is unaffected by our capital structure and allow us to readily view operating trends and identify strategies to improve operating performance and to assist investors and analysts in comparing our performance across reporting periods on a consistent basis by excluding items that we do not believe are critical to our core operating performance. In evaluating these measures, you should be aware that, in the future, we may incur expenses that are the same as or similar to some of the adjustments in this presentation. Our presentation of these measures should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items. Our use of each of these measures is as follows:

The APM indicators used by the Company should be analyzed only as supplementary information and not as a substitute for the financial information presented in the Group's financial statements.

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

- We define **EBITDA** as the net result for the year adjusted for income tax, finance costs, finance income, and depreciation and amortization. The rationale for using the **EBITDA** is that it is a measure widely used by securities analysts, investors and other interested parties to evaluate the profitability of companies. **EBITDA** eliminates potential differences in performance caused by variations in capital structures (affecting finance costs and finance income), tax positions (such as the availability of net operating losses that offset taxable profits), the costs and ages of property, plant and equipment (affecting the depreciation expense level) and the extent to which intangible assets are identifiable (affecting the amortization expense level).

- We define **Adjusted EBITDA** as **EBITDA** adjusted for events not related to the main activity of the Group. In the periods presented, i.e. 9m 2023 and 9m 2024 there were share-based payment expenses and costs related to strategic options review (in 9m 2023 only). The rationale for using the **Adjusted EBITDA** is that it constitutes an attempt to show the **EBITDA** result after eliminating events not related to the main activity of the Group and items from the profit and loss account that are of a non-cash nature.

- We define **EBITDA margin** as the ratio of the **EBITDA** to Revenue. The rationale for using the **EBITDA margin** is that it is a measure of operational profitability widely used among securities analysts and investors, and that **EBITDA** and **EBITDA margin** are internal measures used by us in the process of budgeting and management accounting.

- We define **Adjusted EBITDA margin** as the ratio of **Adjusted EBITDA** to Revenue. The rationale for using the **Adjusted EBITDA margin** is that it shows a measure of operating profitability after eliminating events not related to the main activity of the Group and items from the profit and loss account that are of a non-cash nature.

- We define **Sales Profit** as Gross profit/(loss) from sales, less the user acquisition costs. The rationale for using **Sales Profit** is to show the profitability of sales in the value aspect after covering costs directly related to the generated revenue – mainly distribution costs (fees for owners of distribution platforms), server expenses and the user acquisition costs through paid advertising campaigns.

- We define **Sales profit margin** as the ratio of Sales profit to Revenue. The rationale for using the sales profit % is to show the profitability of sales as a percentage after covering variable costs directly related to the revenue generated – mainly distribution costs (fees for owners of distribution platforms), server expenses and the user acquisition costs through paid advertising campaigns.

- We define **User Acquisition cost as % of revenue** as the ratio of User acquisition costs to Revenue. The rationale for using the **User Acquisition cost as % of revenues** is to show how much of our revenue we reinvest directly in maintaining and expanding our player base.

- We define **Adjusted net result** as the net result for the year adjusted for events not related to the main activity of the Group. In the periods presented, i.e. 9m 2024 and 9m 2023 there were share-based payment expenses and costs related to strategic options review (in 9m 2023 only). The rationale for using the **Adjusted net result** is that it constitutes an attempt to show the Net result for the year after eliminating events not related to the main activity of the Group and items from the profit and loss account that are of a non-cash nature.

- We define **Adjusted net result margin** as the ratio of the **Adjusted net result** to Revenue. The rationale for using the **Adjusted net result margin** is that it constitutes an attempt to show the Net result for the year in percentage after eliminating events not related to the main activity of the Group and items from the profit and loss account that are of a non-cash nature.

The measures presented are not comparable to similarly titled measures used by other companies. We encourage you to review our financial information in its entirety and not to rely on a single financial measure.

Sales Profit and Sales Profit Margin

in thousand USD	9m`2024	9m`2023	Change, %	Q3`2024	Q3`2023	Change, %
Revenue	**189,075**	**212,111**	**-10.9%**	**58,750**	**71,177**	**-17.5%**
Gross profit on sales	136,383	150,064	-9.1%	42,739	50,574	-15.5%
User acquisition marketing campaigns	32,211	24,915	29.3%	8,528	10,867	-21.5%
Sales profit	**104,172**	**125,149**	**-16.8%**	**34,211**	**39,707**	**-13.8%**
Sales profit margin %	55.1%	59.0%	-3.9pp	58.2%	55.8%	2.4pp

Adjusted EBITDA reconciliation

in thousand USD	9m`2024	9m`2023	Change, %	Q3`2024	Q3`2023	Change, %
Net result for the period	**46,872**	**62,762**	**-25.3%**	**15,261**	**18,658**	**-18.2%**
Income tax	9,645	12,651	-23.8%	2,762	4,286	-35.6%
Finance expense	216	504	-57.1%	67	342	-80.4%
Finance income	(4,549)	(4,476)	1.6%	(544)	(747)	-27.2%
Depreciation and amortization	6,961	6,816	2.1%	2,336	2,129	9.7%
EBITDA	**59,145**	**78,257**	**-24.4%**	**19,882**	**24,668**	**-19.4%**
EBITDA Margin	**31.3%**	**36.9%**	**-5.6pp**	**33.8%**	**34.7%**	**-0.9pp**
Employee benefits costs – share-based plan[1]	3,124	1,631	91.5%	1,003	661	51.7%
Costs related to strategic options review	-	547	n/a	-	-	n/a
Adjusted EBITDA	**62,269**	**80,435**	**-22.6%**	**20,885**	**25,329**	**-17.5%**
Adjusted EBITDA Margin	**32.9%**	**37.9%**	**-5pp**	**35.5%**	**35.6%**	**-0.1pp**

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

Adjusted Net Result

in thousand USD	9m`2024	9m`2023	Change, %	Q3`2024	Q3`2023	Change, %
Net result for the period	**46,872**	**62,762**	**-25.3%**	**15,261**	**18,658**	**-18.2%**
Employee benefits costs – share-based plan[1]	3,124	1,631	91.5%	1,003	661	51.7%
Costs related to strategic options review	-	547	-100.0%	0	0	0.0%
Adjusted Net Result	**49,996**	**64,940**	**-23.0%**	**16,264**	**19,319**	**-15.8%**
Adjusted Net Result %	**26.4%**	**30.6%**	**-4.2pp**	**27.7%**	**27.1%**	**0.6pp**

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

Revenue

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

in thousand USD	9m`2024	9m`2023	Change, %	Q3`2024	Q3`2023	Change, %
Gaming applications	187,600	209,404	-10.4%	58,426	70,447	-17.1%
Advertising	1,475	2,707	-45.5%	324	730	-55.6%
Total revenue	**189,075**	**212,111**	**-10.9%**	**58,750**	**71,177**	**-17.5%**

As a result of a decline in our core franchise DPUs, not fully offset by ARPPU, revenue generated by in-app purchases in gaming applications decreased by USD 21,804 thousand (i.e. 10.4%) from USD 209,404 thousand for the nine months ended September 30, 2023 to USD 187,600 thousand for the nine months ended September 30, 2024, while revenue generated by advertising decreased by USD 1,232 thousand (i.e., 45.5%) for the nine months ended September 30, 2024 compared to the corresponding period of 2023, driven largely by declining Traffic Puzzle revenue.

in thousand USD	9m`2024	9m`2023	Change, %	Q3`2024	Q3`2023	Change, %
Huuuge Casino	122,372	134,499	-9.0%	38,303	45,406	-15.6%
Billionaire Casino	62,038	68,467	-9.4%	19,252	23,469	-18.0%
Total Core Franchises	**184,410**	**202,966**	**-9.1%**	**57,555**	**68,875**	**-16.4%**
Traffic Puzzle	3,653	7,561	-51.7%	870	1,844	-52.8%
Other	1,012	1,584	-36.1%	325	458	-29.0%
Total Legacy Games	**4,665**	**9,145**	**-49.0%**	**1,195**	**2,302**	**-48.1%**
Total revenue	**189,075**	**212,111**	**-10.9%**	**58,750**	**71,177**	**-17.5%**

Revenue generated by our core games (i.e., Huuuge Casino and Billionaire Casino) decreased by USD 18,556 thousand (i.e., by 9.1%) for the nine months ended September 30, 2024 compared to the corresponding period of 2023 and by 16.4% for Q3 2024 compared to the corresponding quarter of 2023. This was mostly driven by the overall decline in DPU.

With regard to Traffic Puzzle, revenue decreased by 3,908 thousand (i.e., by 51.7%) for the nine months ended September 30, 2024 compared to the corresponding period of 2023 and by 52.8% for Q3 2024 compared to the corresponding quarter of 2023. This was driven by the churning user base resulting from decreased user acquisition spend and the game being in maintenance mode since early 2023 (no significant content updates other than minor bug fixes).

The significant decrease in Other revenue of 36.1% for the nine months ended September 30, 2024 compared to the corresponding period of 2023 is a result of discontinued marketing spend and a number of these legacy games having been put in maintenance mode (which also resulted in a drop in DAU).

Revenue was generated in the following geographical locations:

in thousand USD	9m`2024	9m`2023
North America	111,339	128,713
Europe	49,179	50,543
Asia-Pacific (APAC)	10,415	11,894
Other	18,142	20,961
Total revenue	**189,075**	**212,111**

North America (primarily the USA) remained the most important region from our revenue standpoint with 59% share in total in 9m 2024 (vs 61% in 9m 2023).

The above is the management's best estimate, as no geographical breakdown is available for some revenue sources. The allocation to regions is disclosed for countries which generated the most significant revenues during the reporting period, and comparatives presented accordingly (e.g. so that the undisclosed sources presented in the line "Other" in the current period do not exceed 15% of total revenues generated).

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

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

in thousand USD	9m'2024	9m`2023	Change, %	Q3`2024	Q3`2023	Change, %
Third-party platforms	168,711	201,508	-16.3%	51,486	66,528	-22.6%
Direct-to-consumer platforms	20,364	10,603	92.1%	7,264	4,649	56.2%
Total revenue	189,075	212,111	-10.9%	58,750	71,177	-17.5%

Our own Direct-To-Consumer channel (Webshop) remains a strategic priority for the Company. In 9m 2024 it accounted for 10.8% of total revenue (up from 5.0% in 9m 2023). We continue to invest in this channel and expect this share to increase further.

Operating expenses

The table below presents a breakdown of our operating expenses.

in thousand USD	9m`2024	9m`2023	Change, %	Q3`2024	Q3`2023	Change, %
Cost of sales	(52,692)	(62,047)	-15.1%	(16,011)	(20,603)	-22.3%
Sales and marketing expenses:	(42,372)	(35,929)	17.9%	(11,727)	(15,427)	-24.0%
thereof User acquisition marketing campaigns	*(32,211)*	*(24,915)*	*29.3%*	*(8,528)*	*(10,867)*	*-21.5%*
thereof General sales and marketing expenses	*(10,161)*	*(11,014)*	*-7.7%*	*(3,199)*	*(4,560)*	*-29.8%*
Research and development expenses	(16,912)	(18,407)	-8.1%	(5,329)	(5,165)	3.2%
General and administrative expenses	(24,221)	(24,410)	-0.8%	(8,366)	(7,199)	16.2%
Total operating expenses	**(136,197)**	**(140,793)**	**-3.3%**	**(41,433)**	**(48,394)**	**-14.4%**

Operating expenses for the nine months ended September 30, 2024 decreased by USD 4,596 thousand (i.e., by 3.3%) compared to the nine months ended September 30, 2023 and by USD 6,961 thousand (i.e., 14.4%) for Q3 2024 compared to the corresponding quarter of 2023.

The largest operating expenses item (i.e., cost of sales) for the nine months ended September 30, 2024 decreased by USD 9,355 thousand (i.e., 15.1%) compared to the corresponding period of 2023 and by USD 4,592 thousand (i.e., by 22.3%) for Q3 2024 compared to the corresponding quarter of 2023. This decrease outpaced the decline in revenue from in-app purchases, thanks to the expansion of our direct-to-consumer webshop platform, which has significantly lower platform fees (and other associated costs).

In the nine months ended September 30, 2024, User Acquisition Marketing Campaign expenses increased by USD 7,296 thousand (i.e., by 29.3%); however, in the third quarter of 2024, they dropped by USD 2,339 thousand (21.5%) as we observed less satisfactory paybacks in the market.

General Sales and Marketing expenses for the nine months ended September 30, 2024 decreased by 853 USD thousand (i.e., 7.7%) and by USD 1,361 thousand (i.e., 29.8%) for Q3 2024 compared to the corresponding period of 2023, which can be attributed primarily to reductions in salaries and employee-related costs as well as in external marketing and sales services.

General and Administrative expenses for the nine months ended September 30, 2024 decreased by USD 189 thousand (i.e., 0.8%) compared to the corresponding period of 2023 and increased by USD 1,167 thousand (i.e., 16.2%) for Q3 2024 compared to the corresponding quarter of 2023. This YoY reduction in the first 9 months of this year is primarily attributable to a decrease in salaries and employee-related costs due to headcount reductions along with smaller savings in other cost categories, partially offset by increased ESOP expenses. The YoY cost increase in 3Q 2024 compared to the corresponding quarter of 2023 is attributable to higher ESOP as well as finance & legal services expenses.

Research and Development expenses for the nine months ended September 30, 2024 decreased by USD 1,495 thousand (i.e., 8.1%) and increased by USD 164 thousand (i.e., 3.2%) for Q3 2024 compared to the corresponding period of 2023. The decrease was mainly driven by a decrease in the salaries and employee-related costs as a consequence of the headcount reductions.

Profitability

Sales profit decreased by USD 20,977 thousand, and the sales profit margin declined by 3.9 percentage points for the nine months ended September 30, 2024, compared to the corresponding period in 2023, reaching 55.1%. This was primarily due to a significant increase in User Acquisition Marketing Campaign expenses combined with a revenue decline.

The adjusted EBITDA decreased by USD 18,166 thousand and the adjusted EBITDA margin declined by 5.0pp in the nine months ended September 30, 2024 compared to the corresponding period of 2023. In the third quarter of 2024, the adjusted EBITDA decline amounted to USD 4,444 thousand, and the adjusted EBITDA margin declined by 0.1pp

in thousand USD	9m`2024	9m`2023	Change, %	Q3`2024	Q3`2023	Change, %
Finance income	4,549	4,476	1.6%	544	747	-27.2%
Finance expense	(216)	(504)	-57.1%	(67)	(342)	-80.4%
Finance income, net	**4,333**	**3,972**	**9.1%**	**477**	**405**	**17.8%**

Finance income, net for the nine months ended September 30, 2024 increased by USD 361 thousand to USD 4,333 (from USD 3,972 thousand) for the nine months ended September 30, 2023. Change is mainly attributable to foreign exchange difference gains on the PLN/USD, as well as EUR/USD exchange rate.

Statement of Financial Position

Selected Consolidated Statements of Financial Position

	As at September 30		As at December 31	
in thousand USD	2024	Structure	2023	Structure
ASSETS				
Total non-current assets, including:	**30,932**	**16.5%**	**29,794**	**13.7%**
Right-of-use assets	5,515	3.0%	6,850	3.2%
Goodwill	2,589	1.4%	2,554	1.2%
Intangible assets	9,249	4.9%	9,854	4.5%
Long-term investments	4,000	2.1%	-	0.0%
Other items	9,579	5.1%	10,536	4.8%
Total current assets, including:	**155,971**	**83.5%**	**187,634**	**86.3%**
Trade and other receivables	25,301	13.5%	32,635	15.0%
Cash and cash equivalents	124,970	66.9%	152,110	70.0%
Other short-term financial assets	2,248	1.2%	-	0.0%
Other receivables	3,452	1.8%	2,889	1.3%
Total assets	**186,903**	**100.0%**	**217,428**	**100.0%**
EQUITY				
Total equity	**156,131**	**83.5%**	**177,060**	**81.4%**
LIABILITIES				
Total non-current liabilities, including:	**5,038**	**2.7%**	**7,217**	**3.3%**
Long-term lease liabilities	4,656	2.5%	6,843	3.1%
Other items	382	0.2%	374	0.2%
Total current liabilities, including:	**25,734**	**13.8%**	**33,151**	**15.2%**
Trade and other payables	14,378	7.7%	17,132	7.9%
Short-term lease liabilities	3,890	2.1%	3,796	1.7%
Provisions	1,700	0.9%	1,700	0.8%
Corporate income tax liabilities	4,448	2.4%	8,052	3.7%
Other items	1,318	0.7%	2,471	1.1%
Total liabilities	**30,772**	**16.5%**	**40,368**	**18.6%**
Total equity and liabilities	**186,903**	**100.0%**	**217,428**	**100.0%**

Assets

Total assets decreased by USD 30,525 thousand (i.e., 14.0% from USD 217,428 thousand as at December 31, 2023 to USD 186,903 thousand as at September 30, 2024).

The structure of total assets has slightly changed and included the following three main items: (i) cash and cash equivalents (accounting for 66.9% and 70.0% of total assets as at September 30, 2024 and December 31, 2023, respectively) and (ii) trade and other receivables (accounting for 13.5% and 15.0% of total assets as at September 30, 2024 and December 31, 2023, respectively) and (iii) long-term investments of USD 4,000 thousand related to investment in Bananaz Studios Ltd and Empire Games Ltd (accounting for 2.1% and 0.0% of total assets as at September 30, 2024 and December 31, 2023, respectively).

The decrease in total assets was mostly driven by a combined effect of: (i) a decrease in cash and cash equivalents of USD 27,140 thousand (i.e., 17.8%, from USD 152,110 thousand as at December 31, 2023 to USD 124,970 thousand as at September 30, 2024) mainly due to settlement of USD 70 m share buyback ("SBB") in H1 2024 and (ii) a decrease in trade and other receivables of USD 7,334 thousand (i.e., 22.5%, from USD 32,635 thousand as at December 31, 2023 to USD 25,301 thousand as at September 30, 2024) mainly due to decrease of revenues and the outstanding VAT balance settled in nine-month period of 2024.

Equity

Total equity decreased by USD 20,929 thousand (i.e., 11.8% from USD 177,060 thousand as at December 31, 2023 to USD 156,131 thousand as at September 30, 2024), which is an effect of settlement of USD 70 million share buyback (SBB) in H1 2024 offset by current year earnings amounting to USD 46,872 thousand.

Liabilities

Total liabilities decreased by USD 9,596 thousand (i.e 23.8%, from USD 40,368 thousand as at December 31, 2023 to USD 30,772 thousand as at September 30, 2024). The decrease is mostly related to (i) decrease of Corporate income tax liabilities, following higher tax payments made during the nine-month period ended September 30, 2024 (ii) a decrease in long-term lease liabilities as a result of lease payouts, and the discontinuation of the annual bonus policy in 2024 which resulted in a decrease in the corresponding bonus provision.

As at September 30, 2024, total liabilities mainly comprised (i) trade and other payables (accounting for 7.7% of total equity and liabilities compared to 7.9% as at December 31, 2023) (ii) corporate income tax liabilities (accounting for 2.4% of total equity and liabilities compared to 3.7% as at December 31, 2023) and (iii) short-term lease liabilities (accounting for 2.1% of equity and liabilities compared to 1.7% as at December 31, 2023)

Cash Flows and Liquidity

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

in thousand USD	9m`2024	9m`2023	Change, %	Q3`2024	Q3`2023	Change, %
Cash flows from operating activities						
Profit before tax	**56,517**	**75,413**	**-25.1%**	**18,023**	**22,944**	**-21.4%**
Adjustments for:						
Total of non-cash changes in depreciation, amortization and profits or losses on disposal of assets	7,024	7,401	-5.1%	2,348	2,241	4.8%
Non-cash employee benefits expense - share-based payments	3,128	1,631	91.8%	1,007	661	52.3%
Finance (income)/cost - net	(5,144)	(3,357)	53.2%	(968)	(1,469)	-34.1%
Changes in net working capital	(3,270)	(11,365)	-71.2%	(2,254)	2,879	-178.3%
Cash flows from operating activities	**58,255**	**69,723**	**-16.4%**	**18,156**	**27,256**	**-33.4%**
Income tax paid	(10,994)	(12,108)	-9.2%	(3,628)	(7,032)	-48.4%
Net cash flows from operating activities	**47,261**	**57,615**	**-18.0%**	**14,528**	**20,224**	**-28.2%**
Cash flows from investing activities, including:						
Long-term investments	(4,000)	-	100.0%	(500)	-	100.0%
Acquisition of property, plant and equipment and intangible assets	(2,733)	(2,207)	23.8%	(152)	(685)	-77.8%
Interest received	4,264	4,867	-12.4%	1,327	992	33.8%
Other items	953	517	84.3%	313	242	29.3%
Net cash flows from/(used in) investing activities	**(1,516)**	**3,177**	**-147.7%**	**988**	**549**	**80.0%**
Cash flows from financing activities, including:						
Transaction costs related to SBB	(444)	(984)	-55%	*(21)*	(923)	-97.7%
Lease repayment (principal) & interest paid	(3,305)	(3,363)	-1.7%	(1,104)	(1,094)	0.9%
Exercise of stock options	240	416	-42.3%	75	71	5.6%
Repurchase of common shares under Share Buyback Scheme ("SBB")	(70,000)	(150,001)	-53.3%	-	(150,001)	-100.0%
Net cash flows from/(used in) financing activities	**(73,509)**	**(153,932)**	**-52.2%**	**(1,050)**	**(151,947)**	**-99.3%**
Net increase/(decrease) in cash and cash equivalents	**-27,764**	**-93,140**	**-70.2%**	**14,466**	**-131,174**	**-**

Net cash flows from operating activities

Net cash inflows from operating activities for the nine-month period ended September 30, 2024 amounted to USD 47,261 thousand, which is mainly a combined effect of adjusted EBITDA generated during the period amounting to USD 62,269 thousand, offset by changes in net working capital in the amount of USD 3,270 thousand, as well as Income tax paid in the amount of USD 10,994 thousand.

Net cash flows from investing activities

Net cash inflows from investing activities for the nine-month period ended September 30, 2024 amounted to negative USD 1,516 thousand and resulted mainly from the investment through a simple agreement for future equity (the "SAFE") of USD 3,500 thousand in Bananaz Studios Ltd and USD 500 thousand in Empire Games Ltd. along with ongoing purchases of property, plant and equipment and intangible assets of USD 2,733 thousand. These outflows were partially offset by interest received on short-term bank deposits and money market mutual funds of USD 4,264 thousand.

Net cash flows from financing activities

Net cash outflows from financing activities for the nine-month period ended September 30, 2024 amounted to negative USD 73,509 thousand and are mainly related to repurchase of common shares under Share Buyback Scheme ("SBB").

6. Possibility of accomplishing previously published forecasts

The Board of Directors has not published financial forecasts for 2024.

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

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

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

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

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

- On March 8, 2023, a plaintiff filed a complaint in the Circuit Court of Franklin County, Alabama alleging that the Company's social casino games are unlawful gambling under Alabama law. The plaintiff withdrew the original complaint without prejudice for procedural reasons, and, on September 14, 2023, re-filed an amended complaint. As in the original complaint, the lawsuit seeks to recover all amounts paid by Alabama residents to the Company in those games during the period beginning one year before the filing of the lawsuit (i.e. September 14, 2022) until the case is resolved. The Company does not agree with the allegations and requests for relief made in the complaint and believes that there are meritorious legal and factual arguments supporting the Company's position. On November 1, 2023, the Company filed a motion to dismiss the amended complaint and on December 15, 2023, the Company filed a motion to compel arbitration. The hearing on the motions took place on February 26, 2024. 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 Company filed its opening appeal brief on October 16, 2024. As of the date of the issuance of this report, to the best of the Company's knowledge, the litigation is not expected to have a material impact on the Company's operations, financial condition or cash flows.
- On June 2, 2023, plaintiffs filed a complaint in the US Federal District Court for the Central District of California, alleging: (a) that the Company's social casino games are unlawful gambling under the laws of California, Illinois, and potentially other US states; and (b) that the Company's display of sale pricing in its social casino games constitutes false advertising under the

laws of California, Illinois and potentially other US states. The lawsuit purports to be a nationwide class action, which also includes potential California and Illinois subclasses. The Company does not agree with the allegations and requests for relief made in the complaint and believes that there are meritorious legal and factual arguments supporting the Company's position. On January 24, 2024 the Company and the plaintiffs have signed an agreement to settle the case in exchange for the distribution to each class member of at least 375 virtual diamonds within the Company's games, and at least an aggregate total of 412.5 million virtual diamond, and USD 1,700 thousand in cash for attorneys' fees, costs of claims administration, and named plaintiff incentive awards. The settlement is subject to the approval by the relevant court, thus there is no certainty that any such settlement will be finally consummated. The Court denied preliminary approval, without prejudice, at the initial hearing that took place on June 6, 2024. In September and October 2024 additional hearings took place. By November 27, 2024 the parties are required to present certain additional data. Thereafter, the continued hearing on preliminary approval will be continued on December 5, 2024. If the settlement is approved, the resulting class action waiver will bar false advertising claims nationwide, and illegal gambling claims for residents of California and Illinois, from applicable time periods prior to the settlement. The settlement would not as a legal matter preclude the other matters referred to in this section from proceeding. The Company also believes, but cannot make any assurance, that the settlement would not have impact on the other matters referred to in this section, since they pertain to other issues in different states. The Company created a provision in the amount of USD 1,700 thousand, which, to the best belief of the Company's management, adequately reflects the financial exposure for the Company as of September 30, 2024, and as of the date of the issuance of this report.

- On June 28, 2023, a claimant filed a demand for arbitration alleging that the Company's social casino games are unlawful gambling under Kentucky law. The claimant seeks to recover treble the total of all amounts paid by Kentucky residents to the Company in those games during the period beginning five years before the filing of the demand (i.e. June 28, 2018) until the case is resolved. 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 Company will again file a motion on threshold issues before December 20, 2024. An argument on the preliminary motion shall occur online on January 23, 2025. The Company does not agree with the allegations and requests for relief made in the demand and believes that there are meritorious legal and factual arguments supporting the Company's position. As of the date of the issuance of this report, to the best of the Company's knowledge, the arbitration is not expected to have a material impact on the Company's operations, financial condition or cash flows.

- On July 25, 2023, a claimant filed a demand for arbitration alleging that the Company's social casino games are unlawful gambling under Ohio law. The claimant seeks to recover all amounts he paid to the Company and all amounts paid by Ohio residents in those games during the period beginning two years before the filing of the demand (i.e. July 25, 2021) until the case is resolved. The Company filed its dispositive motion on February 26, 2024. On June 6, 2024, the arbitrator issued a decision on threshold issues (such as choice of law) that was beneficial for the Company. On July 15, 2024, the claimant re-filed his claims under California law. The Company again filed a motion on threshold issues on September 30, 2024. As of the date of the issuance of this report, the parties are awaiting the arbitrator's decision. The Company does not agree with the allegations and requests for relief made in the demand and believes that there are meritorious legal and factual arguments supporting the Company's position. As of the date of the issuance of this report, to the best of the Company's knowledge, the arbitration is not expected to have a material impact on the Company's operations, financial condition or cash flows.

- On 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 U.S. District Court for the Eastern District of Tennessee. On September 26, 2024, at the request of the plaintiff the case was remanded to the Circuit Court of Coffee County Tennessee. As of the date of the issuance of this report, to the best of the Company's knowledge, the litigation is not expected to have a material impact on the Company's operations, financial condition or cash flows.

- On August 22, 2024, a plaintiff filed a complaint in the U.S. District Court for the Western District of Kentucky alleging that the Company's social casino games are unlawful gambling under Kentucky law. The lawsuit seeks to recover treble the total of all amounts paid by Kentucky residents to the Company in those games during the period beginning five years before the filing of the demand (i.e. August 22, 2019) until the case is resolved. The Company does not agree with the allegations and requests for relief made in the complaint and believes that there are meritorious legal and factual arguments supporting the Company's position. As of the date of the issuance of this report, to the best of the Company's knowledge, the litigation is not expected to have a material impact on the Company's operations, financial condition or cash flows.

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

8. Transactions with related parties

The Company and all the Huuuge Group companies conclude transactions with its affiliates only on arm's length basis. Information regarding transactions with related entities is provided in the Note 16 *Related Party Transactions* to the Interim Condensed Consolidated Financial Statements.

9. Granted sureties, loans, guarantees

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

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

Wojciech Wronowski

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Wojciech Wronowski
Chief Executive Officer
21st November, 2024

Company’s selected separate financial data

Selected separate financial data

The following table presents selected financial data of the Company.

	USD	USD	EUR	EUR	PLN	PLN
in thousand USD	**9m`2024**	**9m`2023**	**9m`2024**	**9m`2023**	**9m`2024**	**9m`2023**
Revenue	725	1,296	667	1,197	2,872	5,485
Dividend income	43,973	128,972	40,461	119,077	174,219	545,798
Operating profit (loss)	41,188	123,410	37,898	113,941	163,185	522,260
Pre-tax profit (loss)	44,446	125,549	40,896	115,916	176,094	531,312
Net profit (loss)	43,123	123,400	39,679	113,932	170,852	522,218
Net cash flows from operating activities	51,692	86,693	47,563	80,042	204,802	366,877
Net cash flows from investing activities	(2,184)	2,370	(2,010)	2,188	(8,653)	10,030
Net cash flows from financing activities	(70,204)	(150,629)	(64,597)	(139,072)	(278,146)	(637,448)
Total net cash flows	(20,696)	(61,566)	(19,043)	(56,842)	(81,997)	(260,542)
Cash and cash equivalents at the end of period	59,690	24,351	53,276	22,953	227,998	106,429
Number of shares at the end of period	59,984,981	67,124,778	59,984,981	67,124,778	59,984,981	67,124,778
Weighted average number of shares	59,354,401	74,691,800	59,354,401	74,691,800	59,354,401	74,691,800

Company's separate statement of comprehensive income

in thousand USD	**Nine-month period ended September 30, 2024**	**Nine-month period ended September 30, 2023**
		Reclassified*
Revenue	725	1,296
Dividend income	43,973	128,972
Operating expenses	(3,318)	(5,114)
Other operating expenses	(192)	(1,744)
Operating result	41,188	123,410
Finance income/(expense), net	3,258	2,139
Profit/(loss) before tax	44,446	125,549
Income tax	(1,323)	(2,149)
Net result for the period	43,123	123,400
Other comprehensive income		
Total comprehensive income/(loss) for the period	43,123	123,400

* **Change in presentation**

During the nine-month period ended September 30, 2024, there was a change in presentation of the items in the separate statement of comprehensive income. General and administrative expenses, Sales and Marketing expenses and Research and development expenses are presented in the line "Operating expenses". During the nine-month period ended September 30, 2023, General and administrative expenses amounted to USD 4,639 thousand, Sales and Marketing expenses and Research and Development expenses amounted in total to USD 475 thousand. This change did not impact the total operating expenses.

Company’s separate statement of financial position

in thousand USD	As at September 30, 2024	As at December 31, 2023
Assets		
Non-current assets		
Investment in subsidiaries	31,133	29,847
Deferred tax asset	1,145	88
Long-term investments	4,000	-
Total non-current assets	**36,278**	**29,935**
Current assets		
Trade and other receivables	1,668	1,961
Dividend receivable	-	10,000
Corporate income tax receivable	1,257	752
Cash and cash equivalents	59,690	80,532
Total current assets	**62,615**	**93,245**
Total assets	**98,893**	**123,180**

Equity		
Share capital	1	1
Treasury shares	(15,973)	(16,652)
Supplementary capital	78,319	149,590
Employee benefit reserve	28,877	25,749
Retained earnings/(Accumulated losses)	3,621	(39,502)
Total equity	**94,845**	**119,186**
Current liabilities		
Trade and other payables	2,348	2,294
Other provisions	1,700	1,700
Total current liabilities	4,048	3,994
Total equity and liabilities	98,893	123,180

Company's separate statement of changes in equity

in thousand USD	Share capital	Treasury shares	Supplementary capital	Employee benefit reserve	Retained earnings	Equity
As at January 1, 2024	**1**	**(16,652)**	**149,590**	**25,749**	**(39,502)**	**119,186**
Net profit/(loss)	-	-	-	-	43,123	43,123
Total comprehensive income/(loss) for the period	**-**	**-**	**-**	**-**	**43,123**	**43,123**
Exercise of stock options	0	679	(439)	-	-	240
Employee share schemes - value of employee services	-	-	-	3,128	-	3,128
Transaction costs related to SBB program	-	(832)	-	-	-	(832)
Repurchase of common shares under Share Buyback Scheme ("SBB")	(0)	(70,000)	-	-	-	(70,000)
Retirement of shares purchased during the Share Buyback Scheme ("SBB")	-	70,832	(70,832)	-	-	-
As of September 30, 2024	**1**	**(15,973)**	**78,319**	**28,877**	**3,621**	**94,845**

in thousand USD	Share capital	Treasury shares	Supplementary capital	Employee benefit reserve	Retained earnings	Equity
As of January 1, 2023	**2**	**(20,942)**	**304,487**	**22,894**	**(193,753)**	**112,688**
Net profit (loss)	-	-	-	-	123,400	123,400
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**123,400**	**123,400**
Exercise of stock options	0	3,619	(3,203)	-	-	416
Employee share schemes - value of employee services	-	-	-	1,631	-	1,631
Repurchase of common shares under Share Buyback Scheme ("SBB")	(1)	(150,000)	-	-	-	(150,001)
Transaction costs related to SBB program	-	(1,077)	-	-	-	(1,077)
Retirement of shares purchased during the Share Buyback Scheme ("SBB")	-	151,077	(151,077)	-	-	-
As of September 30, 2023	**1**	**(17,323)**	**150,207**	**24,525**	**(70,353)**	**87,057**

Company's separate statement of cash flows

in thousand USD	Nine-month period ended September 30, 2024	Nine-month period ended September 30, 2023
Cash flows from operating activities		
Profit/(loss) before tax	**44,446**	**125,549**
Adjustments for:		
Share-based payments - ESOP recharge from subsidiaries	1,115	-
Non-cash employee benefits expense – share-based payments	544	176
Finance (income)/expense, net	(1,670)	(2,077)
Depreciation and amortization	-	76
(Profit)/loss on disposal of property, plant and equipment	-	57
Changes in net working capital:		
Trade and other receivables	476	(444)
Trade and other payables	(334)	(1,875)
Dividend receivables	7,801	(34,279)
Other provisions	-	1,700
Other non-financial assets	(5)	30
Cash flows from operating activities	**52,373**	**88,913**
Income tax (paid)/received	(681)	(2,220)
Net cash flows from/(used in) operating activities	**51,692**	**86,693**
Cash flows from investing activities		
Long-term investments	(4,000)	-
Interest received	1,816	2,370
Net cash flows from investing activities	**(2,184)**	**2,370**
Cash flows from financing activities		
Repurchase of common shares under Share Buyback Scheme ("SBB")	(70,000)	(150,001)
Transaction costs related to SBB	(444)	(984)
Exercise of stock options	240	416
Lease repayment	-	(60)
Net cash flows from financing activities	**(70,204)**	**(150,629)**
Net increase/(decrease) in cash and cash equivalents	**(20,696)**	**(61,566)**
Effect of exchange rate fluctuations and accrued interest	(146)	(293)
Cash and cash equivalents at beginning of the period	**80,532**	**86,210**

Unusual events significantly affecting Huuuge, Inc. separate financial data

Events that were unusual in nature, value or frequency and that significantly affected the Company's assets, liabilities or equity as of September 30, 2024 or the Company's net result and cash flows for the nine-month period ended September 30, 2024 were the following:

Share Buyback and retirement of shares purchased by the Issuer during the share buyback
For details, please refer to the section Additional information to the consolidated quarterly report of this Report.

Dividend paid by Huuuge Global Limited
For the balance outstanding as of December 31, 2023 of the dividend from Huuuge Global Ltd. in the amount of USD 10,000 thousand the payment was received on March 1, 2024.

Dividend declared by Huuuge Games Sp. z o.o.
Based on the shareholders resolution of Huuuge Games Sp. z o.o. dated June 28, 2024 the dividend was declared. The dividend relates to the profits for the years 2020 (USD 4,203 thousand), 2021 (USD 3,906 thousand), 2022 (USD 4,473 thousand) and 2023 (USD 31,391 thousand). The company recognized dividend income in the amount of USD 43,973 thousand, the payment was received on September 12, 2024.

Authorised capital decrease
As reported in the current report no. 35/2024 dated July 3, 2024, the authorised capital of the Company was decreased to 85,300,474 shares.

Investment in Bananaz Studios Ltd.
On March 17, 2024, 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") for the total amount of up to USD 6,000 thousand to be paid in tranches. As of the date of this report, the Company made the payment of the first tranche in the amount of USD 3,500 thousand. The payment of 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. In addition, the Company concluded a call option deed agreement (the "Call Option Deed") with Bananaz 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 Bananaz (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 24 months following the date of the investment of the second tranche. The price of the call option shall be paid in two installments. For more details, please refer to the Note 7 Long-term investments to the interim condensed consolidated financial statements.

Investment in Empire Games Ltd.
On August 14, 2024, The Company concluded: (i) a simple agreement for future equity (the "SAFE") with Empire Games Ltd., with its seat in London, England ("Empire Games") for the total amount of up to USD 1,500 thousand to be paid in tranches. As of the date of this report, the Company made the payment of the first tranche in the amount of USD 500 thousand. The payment of the second and the third tranches is at the sole discretion of the Company. In addition, the Company concluded a call option deed agreement (the "Call Option Deed") with Empire Games and its shareholders. In accordance with the provisions of the Call Option Deed, the Company is granted the right (not an obligation) to acquire the entire issued share capital of Empire Games (existing or future) together with all rights attached thereto. The Company is entitled to exercise the Call Option at any time following the investment of the second tranche under SAFE, and ending on the date falling 18 months following the date of the investment of the second tranche. The price of the call option amounts to USD 650 thousand. The exercise of the call option would result in the additional signing bonus and earn-out bonus conditional on achievement of pre-agreed performance metrics. For more details, please refer to the Note 7 Long-term investments to the interim condensed consolidated financial statements.

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