The Huuuge Inc. Group Interim Condensed Consolidated Financial Statements

as at and for the six-month period ended June 30, 2022

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Interim condensed consolidated statement of comprehensive income

	Note	Six-month period ended June 30, 2022 Unaudited	Six-month period ended June 30, 2021 Unaudited, Reclassified	Three-month period ended June 30, 2022 Unaudited	Three-month period ended June 30, 2021 Unaudited
Revenue	5	**163,427**	**193,234**	**79,426**	**97,543**
Cost of sales	6	(49,499)	(57,455)	(24,026)	(29,384)
Gross profit on sales		**113,928**	**135,779**	**55,400**	**68,159**
Sales and marketing expenses:	6	(57,270)	(82,538)	(27,373)	(39,299)
thereof User acquisition marketing campaigns	6	*(49,433)*	*(73,914)*	*(23,148)*	*(34,816)*
thereof General sales and marketing expenses	6	*(7,837)*	*(8,624)*	*(4,225)*	*(4,483)*
Research and development expenses	6	(16,839)	(15,867)	(7,857)	(8,048)
General and administrative expenses	6	(18,233)	(19,485)	(9,182)	(9,451)
Other operating income/(expense), net		273	(145)	198	(120)
Operating result		**21,859**	**17,744**	**11,186**	**11,241**
Finance income	7	145	-	-	409
Finance expense	7	(1,289)	(43,053)	(1,214)	-
Profit/(loss) before tax		**20,715**	**(25,309)**	**9,972**	**11,650**
Income tax	8	(3,152)	(3,126)	(1,335)	(2,546)
Net result for the period		**17,563**	**(28,435)**	**8,637**	**9,104**
Other comprehensive income					
Items that can be later reversed in profit or loss					
Exchange gains/(losses) on translation of foreign operations		(3,349)	(42)	(2,277)	374
Total other comprehensive income		**(3,349)**	**(42)**	**(2,277)**	**374**
Total comprehensive income for the period		**14,214**	**(28,477)**	**6,360**	**9,478**
Net result for the period attributable to:					
owners of the Parent		17,563	(28,435)	8,637	9,104
Total comprehensive income for the period attributable to:					
owners of the Parent		14,214	(28,477)	6,360	9,478
Earnings per share (in USD)					
Basic	11	0.21	(0.38)	0.11	0.11
Diluted	11	0.21	(0.38)	0.10	0.11

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

Huuuge, Inc. interim condensed consolidated financial statements for the six-month period ended June 30, 2022 prepared in accordance with International Financial Reporting Standards as adopted by the European Union. All amounts in tables presented in thousand USD, except where stated otherwise.

Interim condensed consolidated statement of financial position

	Note	As of June 30, 2022 Unaudited	As of December 31, 2021 Audited
Assets			
Non-current assets			
Property, plant and equipment		3,313	3,739
Right-of-use assets	16	15,061	17,479
Goodwill		2,413	2,693
Intangible assets	9	39,281	40,217
Deferred tax assets		998	989
Other long-term assets		2,116	2,395
Total non-current assets		**63,182**	**67,512**
Current assets			
Trade and other receivables		24,101	27,671
Corporate income tax receivable		929	348
Cash and cash equivalents	10	188,217	204,415
Total current assets		**213,247**	**232,434**
Total assets		**276,429**	**299,946**
Equity			
Share capital	13	2	2
Treasury shares	13	(26,739)	(19,954)
Supplementary capital		314,637	321,823
Employee benefit reserve	14	20,831	19,812
Foreign exchange reserve		(3,071)	278
Retained earnings/(accumulated losses)		(78,299)	(95,862)
Total equity		**227,361**	**226,099**
Equity attributable to owners of the Company		*227,361*	*226,099*
Non-current liabilities			
Long-term lease liabilities	16	10,999	12,982
Total non-current liabilities		**10,999**	**12,982**
Current liabilities			
Trade and other payables	9	28,340	52,687
Deferred income		2,688	3,126
Corporate income tax liabilities		3,046	723
Short-term lease liabilities	16	3,995	4,275
Other provisions		-	54
Total current liabilities		**38,069**	**60,865**
Total equity and liabilities		**276,429**	**299,946**

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Huuuge, Inc. interim condensed consolidated financial statements for the six-month period ended June 30, 2022 prepared in accordance with International Financial Reporting Standards as adopted by the European Union. All amounts in tables presented in thousand USD, except where stated otherwise.

Interim condensed consolidated statement of changes in equity

	Note	Share capital	Treasury shares	Supplementary capital	Employee benefit reserve	Retained earnings	Foreign exchange reserve	Equity attributable to owners	Non-controlling interest	Equity
As of January 1, 2022, audited		**2**	**(19,954)**	**321,823**	**19,812**	**(95,862)**	**278**	**226,099**	**-**	**226,099**
Net profit (loss) for the period		-	-	-	-	17,563	-	17,563	-	17,563
Other comprehensive income - foreign currency exchange gains/(losses)		-	-	-	-	-	(3,349)	(3,349)	-	(3,349)
Total comprehensive income for the period		**-**	**-**	**-**	**-**	**17,563**	**(3,349)**	**14,214**	**-**	**14,214**
Shares issued/(repurchased)*	13	-	(16,133)	-	-	-	-	(16,133)	-	(16,133)
Exercise of stock options **	13, 14	-	9,037	(6,875)	-	-	-	2,162	-	2,162
Delivery of shares to former owners of Double Star Oy	13	-	311	(311)	-	-	-	-	-	-
Employee share schemes - value of employee services	14	-	-	-	1,019	-	-	1,019	-	1,019
As of June 30, 2022, unaudited		**2**	**(26,739)**	**314,637**	**20,831**	**(78,299)**	**(3,071)**	**227,361**	**-**	**227,361**

* Shares issued/(repurchased) line includes payments in the amount of USD 468 thousand made for the purchase of 115,387 own shares under the buy-back program, which were not yet registered at Central Securities Depository as of the date of these interim condensed consolidated financial statements.

** Exercise of stock options line includes payments received from the employees in the amount of USD 265 thousand for shares which have not yet been delivered to the employees, and are presented in supplementary capital as at the date of these interim condensed consolidated financial statements.

Huuuge, Inc. interim condensed consolidated financial statements for the six-month period ended June 30, 2022 prepared in accordance with International Financial Reporting Standards as adopted by the European Union. All amounts in tables presented in thousand USD, except where stated otherwise.

	Note	Share capital	Treasury shares	Supplementary capital	Employee benefit reserve	Retained earnings	Foreign exchange reserve	Equity attributable to owners	Non-controlling interest	Equity
As of January 1, 2021, audited		**2**	**(33,994)**	**14,814**	**8,052**	**(86,181)**	**1,299**	**(96,008)**	**-**	**(96,008)**
Net profit (loss) for the period		-	-	-	-	*(28,435)*	-	*(28,435)*	-	*(28,435)*
Other comprehensive income - foreign currency exchange gains/(losses)		-	-	-	-	-	*(42)*	*(42)*	-	*(42)*
Total comprehensive income for the period		-	-	-	-	**(28,435)**	**(42)**	**(28,477)**	-	**(28,477)**
Shares issued/(repurchased)	13	0	(43,976)	152,929	-	-	-	108,953	-	108,953
Exercise of stock options	13, 14	-	-	3	-	-	-	3	-	3
Employee share schemes - value of employee services	14	-	-	-	5,055	-	-	5,055	-	5,055
Earn-out consideration – value of employee services	14	-	-	-	33	-	-	33	-	33
Conversion of preference shares	15	0	-	215,603	-	-	-	215,603	-	215,603
Redemption of treasury shares	13	-	33,994	(33,994)	-	-	-	-	-	-
Transaction costs of an issuance of equity instruments		-	-	(4,857)	-	-	-	(4,857)	-	(4,857)
As of June 30, 2021, unaudited		**2**	**(43,976)**	**344,498**	**13,140**	**(114,616)**	**1,257**	**200,305**	**-**	**200,305**

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

Huuuge, Inc. interim condensed consolidated financial statements for the six-month period ended June 30, 2022 prepared in accordance with International Financial Reporting Standards as adopted by the European Union. All amounts in tables presented in thousand USD, except where stated otherwise.

Interim condensed consolidated statement of cash flows

	Note	Six-month period ended June 30, 2022 Unaudited	Six-month period ended June 30, 2021 Unaudited
Cash flows from operating activities			
Profit/(loss) before tax		**20,715**	**(25,309)**
Adjustments for:			
Depreciation and amortization	6	5,214	3,144
(Profit)/loss on disposal of property, plant and equipment		90	863
Finance (income)/cost, net		(2,811)	3,105
Non-cash employee benefits expense – share-based payments	14	1,019	5,088
Remeasurement of preference shares liability - finance expense	7	-	38,997
Changes in net working capital:			
Trade and other receivables, and other long-term assets		3,556	(7,153)
Trade and other payables		104	(7,793)
Deferred income		(438)	(709)
Other provisions		(54)	(7,759)
Other adjustments		(69)	124
Cash flows from operating activities		**27,326**	**2,598**
Income tax paid		(1,059)	(2,407)
Net cash flows from operating activities		**26,267**	**191**
Cash flows from investing activities			
Acquisition of property, plant and equipment		(529)	(596)
Acquisition of IP rights	9	(25,000)	(9,500)
Software expenditures		(1,256)	(1,881)
Interest received		63	-
Net cash from investing activities		**(26,722)**	**(11,977)**
Cash flows from financing activities			
Shares issued/(repurchased)	13	(16,133)	-
Exercise of stock options	13	2,162	688
Lease repayment	16	(2,105)	(1,377)
Interest paid	16	(141)	(353)
Proceeds from issue of common shares for public subscription	13	-	152,929
Execution of stabilization option	13	-	(43,976)
Transaction costs of an issuance of equity instruments		-	(7,097)
Loss on foreign exchange forward contract	7	-	(2,662)
Net cash from financing activities		**(16,217)**	**98,152**
Net increase/(decrease) in cash and cash equivalents		**(16,672)**	**86,366**
Effect of exchange rate fluctuations		474	(172)
Cash and cash equivalents at the beginning of the period		**204,415**	**94,158**
Cash and cash equivalents at the end of the period		**188,217**	**180,352**

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

Huuuge, Inc. interim condensed consolidated financial statements for the six-month period ended June 30, 2022 prepared in accordance with International Financial Reporting Standards as adopted by the European Union. All amounts in tables presented in thousand USD, except where stated otherwise.

Notes to the interim condensed consolidated financial statements

1. General information

Huuuge Inc. (hereinafter the "Company", the "Parent Company") is a company registered in the United States of America. The Company's registered office is located in Dover, Delaware, 850 Burton Road, Suite 201, DE 19904 and the operating office is located in Las Vegas, Nevada, 2300 W. Sahara Ave., Suite 800, NV 89102.

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

As of June 30, 2022 and December 31, 2021 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 of June 30, 2022	As of December 31, 2021
Huuuge Games Sp. z o.o.	Szczecin, Poland	games development and operations	100%	100%
Huuuge Global Ltd	Larnaca, Cyprus	games distribution, user acquisition	100%	100%
Huuuge Publishing Ltd (formerly Fun Monkey Ltd)	Larnaca, Cyprus	games distribution	100%	100%
Huuuge Block Ltd (formerly Coffee Break Games Ltd)	Larnaca, Cyprus	games distribution	100%	100%
Billionaire Games Limited	Larnaca, Cyprus	games distribution	100%	-
Huuuge Digital Ltd	Tel Aviv, Israel	games development, R&D	100%	100%
Playable Platform B.V.	Amsterdam, Netherlands	games advertisement	100%	100%
Double Star Oy	Vantaa, Finland	games development	100%	100%
Huuuge UK Ltd	London, United Kingdom	corporate development	100%	100%
Huuuge Mobile Games Ltd	Dublin, Ireland	games distribution, user acquisition	100%	100%
Coffee Break Games United Ltd	Dublin, Ireland	games distribution, user acquisition	100%	100%
MDOK GmbH (formerly Huuuge Pop GmbH.)	Berlin, Germany	games development	100%	100%
Huuuge Labs GmbH	Berlin, Germany	games development, R&D	100%	100%
Huuuge Tap Tap Games Ltd	Hong Kong	games development, user acquisition	-	100%

On April 8, 2022 Coffee Break Ltd., a subsidiary wholly owned by Huuuge Global Ltd changed its name to Huuuge Block Ltd.

On April 29, 2022 Huuuge Tap Tap Games Ltd was successfully deregistered and dissolved.

On May 4, 2022, a new subsidiary wholly owned by Huuuge Global Ltd was registered under the name Billionaire Games Limited.

The core business activities of the Group include:

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

Huuuge, Inc. interim condensed consolidated financial statements for the six-month period ended June 30, 2022 prepared in accordance with International Financial Reporting Standards as adopted by the European Union. All amounts in tables presented in thousand USD, except where stated otherwise.

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

Composition of the Company's Board of Directors as of June 30, 2022 and as of 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. The preference shareholders have the right to appoint certain directors.

As of December 31, 2021 The Company's Board of Directors consisted of the Chief Executive Officer, who was also an executive director, and non-executive directors. The Chief Executive Officer and executive director was Mr Anton Gauffin, and non-executive directors were:

- Henric Suuronen, director,
- Krzysztof Kaczmarczyk, director,
- John Salter, director,
- Rod Cousens, director.

On April 7, 2022 Mr. Rod Cousens was appointed as a co-CEO, and Mr. Tom Jacobsson was elected as a non-executive director. After this change, as of June 30, 2022, and as of 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, President and co-CEO
- Rod Cousens, executive director, co-CEO
- Henric Suuronen, non-executive director,
- Krzysztof Kaczmarczyk, non-executive director,
- John Salter, non-executive director,
- Tom Jacobsson, non-executive director.

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

These interim condensed consolidated financial statements as of and for the six-month period ended June 30, 2022 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 disclosure required in the annual financial statements, and should be read in conjunction with the Group's consolidated financial statements as of and for the year ended December 31, 2021 prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS").

These interim condensed consolidated financial statements as of and for the six-month period ended June 30, 2022 were approved on September 6, 2022 by the Board of Directors.

These interim condensed consolidated financial statements are prepared on the historical cost basis, except for the preferred shares C series which were measured at fair value with the gains/losses recognized in profit or loss until their redemption in February 2021, and derivatives, which were measured at fair value with the gains/losses recognized in profit or loss prior to its execution during the year 2021.

Changes in presentation of amortization of the acquired titles

During the six-month period ended June 30, 2022, management of the Company analysed the presentation of the operating expenses and decided about a change in presentation of the amortization of acquired titles (games). In 2021, the amortization of the acquired game was allocated to the "General and administrative expenses" in the statement of comprehensive income. Starting from January 1, 2022 management decided to present the amortization of acquired game which amounted to USD 1,945 thousand in the line "Cost of sales" (please, refer to the Note 6 *Operating expenses*).

Such a presentation is relevant to an understanding of the Group's structure of the operating expenses. In the management's view, the amended presentation enhances the presentation of the statement of the comprehensive income, and as a result the financial statements are more comparable to the industry. The change was implemented retrospectively, i.e. the comparative figures conform to the new presentation: the amount transferred in a result of change from the "General and administrative expenses" to the line "Cost of Sales" is USD 648 thousand for the six-month period ended June 30, 2021. This change did not have an impact on total operating expenses for the six-month period ended June 30, 2021, as well as for the year ended December 31, 2021.

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

In preparing these interim condensed consolidated financial statements the Group's management has analyzed new Standards which have already been adopted by the European Union and which should be applied for periods beginning on or after January 1, 2022.

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

- IFRS 14 Regulatory Deferral Accounts (issued on January 30, 2014) – The European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard – not yet endorsed by EU at the date of approval of these interim condensed consolidated financial statements for issue – effective for financial years beginning on or after January 1, 2016;

- 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 EU - the effective date was deferred indefinitely by International Accounting Standards Board;

- IFRS 17 Insurance Contracts (issued on May 18, 2017) including Amendments to IFRS 17 (issued on June 25, 2020) – effective for financial years beginning on or after January 1, 2023;

- Amendments to IAS 1: Presentation of Financial Statements: Classification of Liabilities as Current or Non-current - Deferral of Effective Date (issued on January 23, 2020 and July 15, 2020) – not yet endorsed by EU at the date of approval of these interim condensed consolidated financial statements for issue – effective for financial years beginning on or after January 1, 2023;

- Amendments to IFRS 3: Reference to the Conceptual Framework (issued on May 14, 2020) – effective for financial years beginning on or after January 1, 2022;

- Amendments to IAS 16: Property, Plant and Equipment – Proceeds before Intended Use (issued on May 14, 2020) – effective for financial years beginning on or after January 1, 2022;

- Amendments to IAS 37: Onerous Contracts – Cost of Fulfilling a Contract (issued on May 14, 2020) – effective for financial years beginning on or after January 1, 2022;

- Annual Improvements to IFRS Standards 2018–2020 (issued on May 14, 2020) – effective for financial years beginning on or after January 1, 2022;

- Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on February 12, 2021) – effective for financial years beginning on or after January 1, 2023;

- Amendments to IAS 8: Definition of Accounting Estimates (issued on February 12, 2021) – effective for financial years beginning on or after January 1, 2023;
- Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (issued on May 6, 2021) – not yet endorsed by EU at the date of approval of these interim condensed consolidated financial statements – effective for financial years beginning on or after 1 January 2023;
- Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information (issued on 9 December 2021)- not yet endorsed by EU at the date of approval of these interim condensed consolidated financial statements – effective for financial years beginning on or after 1 January 2023;

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.

4. Significant 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 of and for the year ended December 31, 2021, except for the adoption of new standards effective as of January 1, 2022. 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 2022, 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.

5. Revenue & 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 company. As of June 30, 2022 the co- CEOs are the Chief operating decision makers and for this reason, the co-CEOs analyze 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 are comprised of revenue generated by in-app purchases (gaming applications) and in-app ads (advertising), as shown below:

	Six-month period ended June 30, 2022 Unaudited	Six-month period ended June 30, 2021 Unaudited
Gaming applications	156,955	185,851
Advertising	6,472	7,383
Total revenue	**163,427**	**193,234**

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

Huuuge, Inc. interim condensed consolidated financial statements for the six-month period ended June 30, 2022 prepared in accordance with International Financial Reporting Standards as adopted by the European Union. All amounts in tables presented in thousand USD, except where stated otherwise.

For the gaming services, the transaction price is prepaid by the customers when the 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. The amounts recognized as deferred income are recognized as revenue on average within 2 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:

	Six-month period ended June 30, 2022 Unaudited	**Six-month period ended June 30, 2021 Unaudited**
Huuuge Casino	94,371	111,309
Billionaire Casino	49,867	59,073
Traffic Puzzle*	16,452	15,887
Other games	2,737	6,965
- including games developed by external developers based on publishing contracts	*392*	*340*
Total revenue	**163,427**	**193,234**

* In April 2021 the Group became the owner of Traffic Puzzle game, therefore revenues for the six-month period ended June 30, 2022 include revenues generated after the acquisition of the game. Traffic Puzzle revenues for the six-month period ended June 30, 2021 include revenues based on publishing agreement and revenues after the acquisition of the game.

The Group distributes in-house games as well as the games developed by other companies. In most cases, the Group is the owner of the application and is fully responsible for future upgrades and future developments of this game application. Nevertheless, in some cases, the Group publishes mobile game applications of third-party developers based on the publishing contracts. The publishing contract provides the Group with an exclusive right for a distribution, marketing and operation of the games developed by external developers and to benefit from selling the virtual coins to the end-users. The Group has the ultimate responsibility for providing the game to a customer and it is entitled to set prices for virtual coins charged to the end-user as well as authorize the upgrade and modifications of games.

These arguments support the Management conclusion that in the publishing arrangements, the control over the games developed by the third-party developers has been transferred over the Group. Therefore, in such a situation, the Group, being the customer of the developers, acts as a principal in its relation to the players and presents in-app revenue on a gross basis, i.e. in the amount of consideration to which it expects to be entitled in exchange for making the games available for end-users.

Huuuge, Inc. interim condensed consolidated financial statements for the six-month period ended June 30, 2022 prepared in accordance with International Financial Reporting Standards as adopted by the European Union. All amounts in tables presented in thousand USD, except where stated otherwise.

Revenue was generated in the following countries:

	Six-month period ended June 30, 2022 Unaudited	Six-month period ended June 30, 2021 Unaudited
United States	96,808	117,122
Germany	11,625	13,970
United Kingdom	4,963	5,880
Canada	4,928	6,273
Japan	4,265	5,167
France	4,125	5,427
Netherlands	3,916	4,599
Australia	3,404	3,781
Poland	3,209	3,406
Switzerland	2,847	2,388
Taiwan	1,955	1,714
Italy	1,558	1,880
Republic of South Africa	1,299	1,420
Spain	1,187	1,231
Austria	1,184	1,204
Other	16,154	17,772
Total revenue	**163,427**	**193,234**

The above is the management's best estimate, as for some revenue sources geographical breakdown is not available. The allocation to regions is driven by the location of individual end-user customers. No individual end-user customer with whom the Group concludes transactions had a share of 10% or more in the Group's total revenues in the six-month period ended June 30, 2022 or June 30, 2021. The vast majority of revenues is generated by several platform providers, such as Apple App Store, Google Play, Facebook and Amazon App Store.

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6. Operating expenses

For the six-month period ended June 30, 2022 operating, administrative and marketing expenses include:

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	46,915	46,915	-	-	-	-
External developers fees	934	-	-	-	934	-
Gaming servers expenses	639	639	-	-	-	-
External marketing and sales services	51,441	-	49,433	2,008	-	-
Salaries and employee-related costs	28,286	-	-	5,513	14,590	8,183
Employee stock option plan	1,019	-	-	316	829	(126)
Depreciation and amortization	5,214	1,945	-	-	-	3,269
Finance & legal services	2,015	-	-	-	-	2,015
Business travels & expenses	684	-	-	-	-	684
Property maintenance and external services	1,058	-	-	-	-	1,058
Other costs	3,636	-	-	-	486	3,150
Total operating expenses	**141,841**	**49,499**	**49,433**	**7,837**	**16,839**	**18,233**

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 service (including company events), and costs of recruitment and payment services.

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For the six-month period ended June 30, 2021 operating, administrative and marketing expenses include:

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	56,204	56,204	-	-	-	-
External developers fees	666	-	-	-	666	-
Gaming servers expenses	603	603	-	-	-	-
External marketing and sales services	76,241	-	73,914	2,327	-	-
Salaries and employee-related costs	26,538	-	-	5,774	13,517	7,247
Employee stock option plan	5,091	-	-	523	928	3,640
Depreciation and amortization	3,144	648	-	-	-	2,496
Finance & legal services	2,935	-	-	-	-	2,935
Business travels & expenses	80	-	-	-	-	80
Property maintenance and external services	777	-	-	-	-	777
Other costs	3,066	-	-	-	756	2,310
Total operating expenses	**175,345**	**57,455**	**73,914**	**8,624**	**15,867**	**19,485**

Huuuge, Inc. interim condensed consolidated financial statements for the six-month period ended June 30, 2022 prepared in accordance with International Financial Reporting Standards as adopted by the European Union. All amounts in tables presented in thousand USD, except where stated otherwise.

As of June 30, 2022 the amortization of acquired titles (games) is presented within "Cost of sales". The comparative figures have been reclassified accordingly, i.e. the amount of USD 648 thousand previously presented within "General and administrative expenses" has been reclassified to "Costs of sales". Please, refer to Note 2 *Basis for preparation of interim condensed consolidated financial statements,* point *Changes in the presentation of amortization of acquired titles*.

When selling the mobile game applications of third-party developers, the Group is obliged to pay the fees to the external developers mostly determined as variable payments dependent on the level of turnover and cumulative gains generated from selling the game. Although the publishing contracts provide the Group with an exclusive right to use the games, the usage of these games is contingent on the future services which need to be provided by the external developers and which are the subject of the Group's authorization and consent. In accordance with the publishing contracts, the external developers are obliged to perform the on-going development of the game and improvements to increase its functionalities as well as the maintenance services. As a result, the contracts with external developers are partially executory arrangement as the future developments do not exist at the contract inception and no liability to the contractor arises until the contractor performs work under the contract, i.e. the services specified in the contracts with external developers are performed. However, the fees agreed by the Group and developers in these arrangements are set usually in relation to the whole bunch of the promises included in a contract, i.e. there is no relevant split of the consideration between the purchase price paid for the right to use a game and the future additional services (development operations and maintenance services). The Group is not able to reliably distinguish the expenditures incurred in relation to the right to the game (i.e. the license) from the payment for the development operations and maintenance services, therefore, the expenditures incurred by the Group in relation to the publishing arrangements are charged to the profit and loss as incurred with no liability recognized at the date of signing the contract. Accordingly, developers' fees related to publishing contracts are presented in the Consolidated Statement of Comprehensive income in the line "Research and development expenses".

The future monthly expenditure related to the publishing contracts that were in force as at June 30, 2022 amounts to USD 120 thousand (USD 95 thousand as at June 30, 2021). The above commitments comprise the fixed fees contracted in the publishing arrangements and do not include the variable payments which are based on the future cash flows from selling the games, and the future development fees subject to the specific arrangements and agreements between parties on a scope of services.

7. Finance income and finance expense

Finance expense

	Six-month period ended June 30, 2022 Unaudited	Six-month period ended June 30, 2021 Unaudited
Foreign exchange losses, net	1,094	1,040
Interest expense	195	354
Valuation of preference shares series C classified as non-current liabilities	-	38,997
Loss on foreign exchange forward contract	-	2,662
Total finance expense	**1,289**	**43,053**

In the six-months period ended June 30, 2022 finance expense includes net foreign exchange losses in the amount of USD 1,094 thousand, and interest expense in the amount of USD 195 thousand, which comprises interest expense recognized under IFRS 16 on lease liabilities, as well as interest expense from banks.

In the six-months period ended June 30, 2022 finance income amounted to USD 145 thousand which comprises interest income from banks.

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.

Huuuge, Inc. interim condensed consolidated financial statements for the six-month period ended June 30, 2022 prepared in accordance with International Financial Reporting Standards as adopted by the European Union. All amounts in tables presented in thousand USD, except where stated otherwise.

In the six-month period ended June 30, 2021 finance expenses included mainly valuation of series C preference shares classified as a non-current liability in the amount of USD 38,997 thousand. On February 5, 2021 series C preference shares were converted into common shares. For more information, please refer to Note 13 *Share capital.*

In addition, during the six-month period ended June 30, 2021, prior to the initial public offering, the Company has entered into foreign exchange forward contract contingent upon the event of initial public offering. Upon occurrence of initial public offering event, the Company has received proceeds from the newly issued shares converted to USD at a fixed PLN/USD exchange rate, as determined in the forward contract. The Group's policy choice is to present the profit or loss on forward contracts as finance income or expense accordingly. Effectively, loss of USD 2,662 thousand was incurred on forward contract settlement date, presented in the line "Finance expense" in the interim condensed consolidated statement of comprehensive income for the six-month period ended June 30, 2021.

8. Income tax

	Six-month period ended June 30, 2022 Unaudited	Six-month period ended June 30, 2021 Unaudited
Current income tax	3,161	4,018
Change in deferred income tax	(9)	(892)
Income tax for the period	**3,152**	**3,126**

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 six-month period ended June 30, 2022 is 15.2%, compared to (12.4)% for the six-month period ended June 30, 2021. The tax rate was higher in the six-month period ended June 30, 2022 mainly due to the lower proportion of non-tax deductible costs in comparison to the prior period, i.e. the valuation of the series C preference shares and costs related to the employee stock option plan ("ESOP") to profit before tax. In addition, higher current income tax in the six-month period ended June 30,2022 is due to the changes introduced to the U.S. tax treatment of research and development costs. Starting from 2022, U.S. taxpayers are required to capitalize and amortize costs related to research and development activities for the tax purposes. The changes resulted in the lower tax-deductible costs in the six-month period ended June 30, 2022, and consequently higher global intangible low-taxed income ("GILTI").

9. Intangible assets

	IP rights	Software generated internally	Software acquired externally	Prepayments for intangible assets	Total
Gross book value as of January 1, 2022	**39,695**	**529**	**2,149**	**2,499**	**44,872**
Additions	-	-	1,108	697	1,805
Disposals	-	-	(51)	-	(51)
Net foreign exchange differences on translation	(20)	-	55	(127)	(92)
Gross book value as of June 30, 2022	**39,675**	**529**	**3,261**	**3,069**	**46,534**
Accumulated depreciation as of January 1, 2022	**(2,965)**	**(529)**	**(1,161)**	**-**	**(4,655)**
Depreciation charge for the period	(2,005)	-	(475)	-	(2,480)
Disposals	-	-	(88)	-	(88)
Net foreign exchange differences on translation	-	-	(30)	-	(30)
Accumulated depreciation as of June 30, 2022	**(4,970)**	**(529)**	**(1,754)**	**-**	**(7,253)**
Net book value as of January 1, 2022	**36,730**	**-**	**988**	**2,499**	**40,217**
Net book value as of June 30, 2022, Unaudited	**34,705**	**-**	**1,507**	**3,069**	**39,281**

Huuuge, Inc. interim condensed consolidated financial statements for the six-month period ended June 30, 2022 prepared in accordance with International Financial Reporting Standards as adopted by the European Union. All amounts in tables presented in thousand USD, except where stated otherwise.

	IP rights	Software generated internally	Software acquired externally	Prepayments for intangible assets	Total
Gross book value as of January 1, 2021	**601**	**571**	**846**	**442**	**2,460**
Additions	39,090	-	282	1,409	40,781
Disposals	-	-	-	(442)	(442)
Net foreign exchange differences on translation	7	4	-	-	11
Gross book value as of June 30, 2021	**39,698**	**575**	**1,128**	**1,409**	**42,810**
Accumulated depreciation as of January 1, 2021	**(70)**	**(563)**	**(368)**	**-**	**(1,001)**
Depreciation charge for the period	(899)	(5)	(259)	-	(1,163)
Disposals	-	-	-	-	-
Net foreign exchange differences on translation	-	(6)	1	-	(5)
Accumulated depreciation as of June 30, 2021	**(969)**	**(574)**	**(626)**	**-**	**(2,169)**
Net book value as of January 1, 2021	**531**	**8**	**478**	**442**	**1,459**
Net book value as of June 30, 2021, Unaudited	**38,729**	**1**	**502**	**1,409**	**40,641**

No impairment was recognised as at June 30, 2022 and December 31, 2021. As of June 30, 2022, and as at the date of approval 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).

Acquisition of Traffic Puzzle game and repayment of consideration

On April 27, 2021, Huuuge Global Ltd. Entered into the Asset Purchase Agreement ("APA") under which it acquired from PICADILLA GAMES Adziński, Porzucek, Czerenkiewicz sp. K. with its registered office in Wrocław, Poland ("Picadilla") the mobile game Traffic Puzzle together with the related rights and assets, for the amount of USD 38,900 thousand ("Purchase Price"). The transaction resulted in recognition of an intangible asset in the amount of USD 38,900 thousand that has been classified as an asset with definite useful life. Based on the analysis of all relevant factors, the useful life of the acquired asset has been estimated as 10 years.

The deferred payments for the Traffic Puzzle game are presented under the "Trade and other payables" line in the consolidated statement of financial position. In accordance with the payment schedule, as of the date of these interim condensed financial statements two tranches have been already paid in the amount of USD 34,500 thousand (first tranche in the amount of USD 9,500 thousand was paid in 2021, and second tranche in the amount of USD 25,000 thousand was paid during six-month period ended June 30, 2022, which resulted in the decrease of "Trade and other payables" in the amount of USD 25,000 thousand respectively during this period). For more details regarding the transaction, please refer to the Group's consolidated financial statements as of and for the year ended December 31, 2021.

10. Cash and cash equivalents

	As of June 30, 2022	As of December 31, 2021
Deposits	126,128	-
Cash at banks (current accounts)	61,356	204,169
Money market mutual funds	733	245
Cash in hand	-	1
Total cash and cash equivalents	**188,217**	**204,415**

Cash at banks (current accounts) includes the cash at the brokerage accounts for the purpose of share buy-back scheme in the amount of USD 1,941 thousand.

Huuuge, Inc. interim condensed consolidated financial statements for the six-month period ended June 30, 2022 prepared in accordance with International Financial Reporting Standards as adopted by the European Union. All amounts in tables presented in thousand USD, except where stated otherwise.

As of June 30, 2022, there was a short-term cash deposits amounting to USD 126,128 thousand. Maturity of these investments is three months, it is 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 *Basis for preparation of the consolidated financial statements*, point (d) *Key judgements and estimates* in the consolidated financial statements as of and for the year ended December 31, 2021.

As of June 30, 2022 there was restricted cash of USD 32 thousand (USD 19 thousand as of December 31, 2021).

11. Earnings per share

Detailed methodology of calculation of basic and diluted earnings per share is presented in the Group's consolidated financial statements as of and for the year ended December 31, 2021.

Basic EPS		**Six-month period ended June 30, 2022 Unaudited**	**Six-month period ended June 30, 2021 Unaudited**
Net result attributable to the owners of the Parent	[A]	17,563	(28,435)
Undistributed profit (loss) attributable to holders of series A and B preference shares*	[B]	-	(1,021)
Profit (loss) attributable to holders of common shares	**[C]=[A]-[B]**	**17,563**	**(27,414)**

* Series A and B preference shares are treated as participating equity instruments due to the fact that the preference shares series A and B participate in the dividend together with the ordinary shares thus reducing the entitlement of an ordinary shareholder to the net profit or loss. The numerator for basic EPS is adjusted for the effects of those instruments (i.e. the amount of dividend attributable to those shareholders).

		Six-month period ended June 30, 2022 Unaudited	**Six-month period ended June 30, 2021 Unaudited**
Weighted average number of common shares*	[D]	81,918,361	72,805,021
Basic EPS	[E] = [C] / [D]	0.21	(0.38)

* The weighted average number of shares in the six-month period ended June 30, 2021 was adjusted for the event of share split which took place on January 20, 2021. In accordance with IAS 33 Earnings per share the weighted average number of shares has to be adjusted retrospectively, therefore the additional shares are treated as having been in issue before January 20, 2021 to give a comparable result. In the result of the share split each one of common and preferred shares was automatically reclassified as five shares of common or preferred shares accordingly, i.e. share split on a one for five basis. For more information please refer to Note 13 *Share capital*.

Diluted EPS		**Six-month period ended June 30, 2022 Unaudited**	**Six-month period ended June 30, 2021 Unaudited**
Profit (loss) attributable to holders of common shares	**[C]**	**17,563**	**(27,414)**
Profit (loss) attributable to ordinary equity holders of the parent adjusted for the effect of dilution	**[H]**	**17,563**	**(27,414)**

Huuuge, Inc. interim condensed consolidated financial statements for the six-month period ended June 30, 2022 prepared in accordance with International Financial Reporting Standards as adopted by the European Union. All amounts in tables presented in thousand USD, except where stated otherwise.

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

		Six-month period ended June 30, 2022 Unaudited	Six-month period ended June 30, 2021 Unaudited
Weighted average number of issued common shares used in calculating basic earnings per share*	**[D]**	81,918,361	72,805,021
Employee Stock Option Plan		1,285,952	-
Weighted average number of issued common shares and potential common shares used in calculating diluted earnings per share*	**[I]**	**83,204,313**	**72,805,021**
Diluted EPS	[J]=[H] / [I]	0.21	(0.38)

*The weighted average number of shares in the six-month period ended June 30, 2021 was adjusted for the event of share split which took place on January 20, 2021. In accordance with IAS 33 *Earnings per share* the weighted average number of shares has to be adjusted retrospectively, therefore the additional shares are treated as having been in issue before January 20, 2021 to give a comparable result. In the result of the share split each one of common and preferred shares was automatically reclassified as five shares of common or preferred shares accordingly, i.e. share split on a one for five basis. For more information please refer to Note 13 *Share capital*.

12. Accounting classifications of financial instruments and fair values

As of June 30, 2022 and December 31, 2021, the Group's management did not identify any financial assets measured at fair value – neither through profit or loss nor through other comprehensive income.

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

Series C preference shares

Prior to conversion on February 5, 2021 series C preference shares liability was measured at fair value initially with gains/losses on subsequent remeasurements being recognized in profit or loss at each reporting period. The fair value measurements of series C preference shares was classified as Level 3 of the fair value hierarchy. Further information regarding the gain/loss recognized on the remeasurement of the preference shares liability in the prior periods is presented in the Group's consolidated financial statements as of and for the year ended December 31, 2021.

Huuuge, Inc. interim condensed consolidated financial statements for the six-month period ended June 30, 2022 prepared in accordance with International Financial Reporting Standards as adopted by the European Union. All amounts in tables presented in thousand USD, except where stated otherwise.

13. Share capital

As of June 30, 2022 and June 30, 2021 Group's share capital comprised of common shares and preference 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 of June 30, 2022:

	Common shares		Preference shares (series A and B)		Treasury shares		Treasury shares allocated for the existing share-based payment programs		Sub-total (issued)		Shares allocated for the existing share-based payment programs (not issued)		Grand total	
	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	Number of shares	Nominal value	Number of shares	Nominal value
As of January 1, 2022 Audited	**82,690,347**	**1,655**	**2**	**0**	**1,556,348**	**31**	**-**	**-**	**84,246,697**	**1,686**	**12,467,461**	**249**	**96,714,158**	**1,935**
Reduction of shares allocated for the existing share-based payment programs (not issued)	-	-	-	-	-	-	-	-	-	-	(688,437)	(14)	(688,437)	(14)
Allocation of shares to Share-based payment program	-	-	-	-	(688,437)	(14)	688,437	14	-	-	-	-	-	-
Exercise of stock options	684,981	14	-	-	-	-	(684,981)	(14)	-	-	-	-	-	-
Delivery of shares to former owners of Double Star Oy	23,046	0	-	-	(23,046)	0	-	-	-	-	-	-	-	-
Repurchase of common shares under Share Buyback Scheme ("SBB")	(3,847,083)	(77)	-	-	3,847,083	77	-	-	-	-	-	-	-	-
As of June 30, 2022 Unaudited	**79,551,291**	**1,592**	**2**	**0**	**4,691,948**	**94**	**3,456**	**-**	**84,246,697**	**1,686**	**11,779,024**	**235**	**96,025,721**	**1,921**

Huuuge, Inc. interim condensed consolidated financial statements for the six-month period ended June 30, 2022 prepared in accordance with International Financial Reporting Standards as adopted by the European Union. All amounts in tables presented in thousand USD, except where stated otherwise.

Shares classified as equity instruments as of June 30, 2021, i.e. including preference shares of series C after conversion (see Note 15 *Conversion of series C preference shares*):

	Common shares		Preference shares (series A, B and C)		Treasury shares		Treasury shares allocated for the existing share-based payment programs		Sub-total (issued)		Shares allocated for the existing share-based payment programs (not issued)		Grand total	
	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**	**Number of shares**	**Nominal value**	**Number of shares**	**Nominal value**
As of January 1, 2021 Audited	**8,618,959**	**863**	**5,963,949**	**596**	**1,390,019**	**139**	**794,442**	**80**	**16,767,369**	**1,678**	**881,071**	**88**	**17,648,440**	**1,766**
Redemption of treasury shares	-	-	-	-	**(1,390,019)**	**(139)**	**(794,442)**	**(80)**	**(2,184,461)**	**(219)**	**-**	**-**	**(2,184,461)**	**(219)**
Exercise of stock options	6,411	1	-	-	-	-	-	-	6,411	1	(6,411)	(1)	-	-
Allocation of shares to Share-based payment program	-	-	-	-	-	-	-	-	-	-	794,442	80	794,442	80
All shares before share split	***8,625,370***	***864***	***5,963,949***	***596***	**-**	**-**	**-**	**-**	***14,589,319***	***1,460***	***1,669,102***	***167***	***16,258,421***	***1,627***
All shares after share split	***43,126,850***	***864***	***29,819,745***	***596***	**-**	**-**	**-**	**-**	***72,946,595***	***1,460***	***8,345,510***	***167***	***81,292,105***	***1,627***
Conversion of preference shares	29,819,745	596	(29,819,745)	(596)	-	-	-	-	-	-	-	-	-	-
Shares issued	11,300,100	226	-	-	-	-	-	-	11,300,100	226	-	-	11,300,100	226
Stabilization option	(3,331,668)	(67)	-	-	3,331,668	67	-	-	-	-	-	-	-	-
Preference shares issued	-	-	2	0	-	-	-	-	2	0	-	-	2	0
Reduction of shares allocated for the existing share-based payment programs (not issued)	-	-	-	-	-	-	-	-	-	-	(150,490)	(3)	(150,490)	(3)
Allocation of treasury shares to share-based payment program	-	-	-	-	(150,490)	(3)	150,490	3	-	-	-	-	-	-
As of June 30, 2021 Unaudited	**80,915,027**	**1,619**	**2**	**0**	**3,181,178**	**64**	**150,490**	**3**	**84,246,697**	**1,686**	**8,195,020**	**164**	**92,441,717**	**1,850**

* Treasury shares include 980,286 exercised options as presented in Note 14 *Share-based payment arrangements* which were not delivered to the employees as at June 30, 2021.

Huuuge, Inc. interim condensed consolidated financial statements for the six-month period ended June 30, 2022 prepared in accordance with International Financial Reporting Standards as adopted by the European Union. All amounts in tables presented in thousand USD, except where stated otherwise.

The Company is authorized to issue up to 113,881,420 shares with a par value of USD 0.00002 (113,881,418 of common shares and 1 share of series A preferred share and 1 share of series B preferred share).

As of June 30, 2022, 2,486,803 shares were allocated to a reserve which could be issued only with majority shareholders approval. This is a consequence of using the treasury shares for: the Group's ESOP obligations in the amount of 1,775,320 shares during the year 2021 and 688,437 during six-month period ended June 30, 2022, as well as the delivery of 23,046 treasury shares to the Double Star former owners (as presented in the tables above), which otherwise would need to be satisfied via issuance of new shares.

As of June 30, 2022, the share capital of the Company comprised 84,246,697 shares with a par value of USD 0.00002 per share and the total value of USD 1,686 (not thousand), including 79,551,291 common shares held by shareholders, 2 preference shares (one preference share of series A and one preference share of series B), and 4,695,404 of common shares reacquired by the Company and not redeemed (treasury shares and treasury shares allocated for the existing share-based payment programs).

As of June 30, 2021, the share capital of the Company comprised 84,246,697 shares with a par value of USD 0.00002 per share and the total value of USD 1,686 (not thousand), including 80,915,027 common shares held by shareholders, 2 preference shares (one preference share of series A and one preference share of series B), and 3,331,668 of common shares reacquired by the Company and not redeemed (treasury shares and treasury shares allocated for the existing share-based payment programs).

During the six-month period ended June 30, 2022, the number of shares (not issued) allocated for the existing share-based payment programs was reduced by 688,437 shares. This is because 684,981 treasury shares were delivered to employees for the part of options exercised during the six-month period ended June 30, 2022, and 3,456 treasury shares would be delivered after June 30,2022. As of June 30, 2022 11,779,024 shares with a par value of USD 0.00002 per share were reserved for two stock option programs established in 2015 and 2019 years.

As of June 30, 2021 8,195,020 shares with a par value of USD 0.00002 per share were reserved for two stock option programs: 4,222,810 shares for the stock option programs established in 2015 and 3,972,210 shares for the stock option program established in 2019.

In the six-month period ended June 30, 2022 the following transactions in common and preference shares took place:

- **Share Buyback Scheme ("SBB")**

On February 15, 2022, the Group decided to repurchase its common shares listed for trading on the Warsaw Stock Exchange. The share buy-back started on March 29, 2022. The purpose of the Share Buyback Scheme is to satisfy the Group's needs related to the exercise of options under its Employee Stock Option Plans in the foreseeable future. On May 22, 2022, the Board of Directors adopted a resolution according to which the number of Company's shares capable of being repurchased by the Company under the SBB has been set to the 6,500,000 shares.

The common shares repurchased were presented in treasury shares line in the statement of financial position.

During the six-month period ended June 30, 2022, 3,847,083 common shares were repurchased under SBB program. Payments made for the purchase of own shares in the amount of USD 16,133 thousand were recognized in Equity (Treasury shares).

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

In the six-month period ended June 30, 2022, 828,458 share options held by the employees under the share-based payment program were exercised, out of which for 684,981 options exercised treasury shares were delivered to employees before June 30, 2022 (the difference is due to cashless exercises and number of options exercised, but not delivered as of June 30, 2022).

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 nominal value of the shares delivered, and difference between the value of treasury shares and the cash consideration received in the amount of USD 6,875 thousand was recognized in supplementary capital. At the same time, the movement decreased the number of shares (not issued) allocated for the existing share-based payment programs.

- **Delivery of the treasury shares to the former owners of Double Star Oy**

In the six-month period ended June 30, 2022, 23,046 shares were delivered to former owners of Double Star Oy based on the Share Sale and Purchase Agreement, corrected by the First Amendment dated October 19, 2021. For details of the earn-out consideration, please see Note 14 *Share-based payment arrangements*. The movement resulted in an increase in share capital in the amount of nominal value of the shares delivered, and a decrease in supplementary capital in the amount of USD 311 thousand (amount reflects the value of treasury shares, since the shares were delivered with no cash consideration).

Holders of the 2 preference shares series A and series B, 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 preference 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 a director for every separate class of preference shares 1 per each series of preference shares (series A,B); 2 by the holders of common shares.

As at June 30, 2022 and December 31, 2021 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, co-CEO and the President, who participates in the Company's ordinary shares indirectly (through shares of Big Bets OU).

As of June 30, 2022, the share capital of the Company amounted to USD 1,686 (USD 1,686 as of December 31, 2021).

The supplementary capital derives mainly from the share premium gained on issuance of shares, or re-issue of treasury shares.

<u>In the six-month period ended June 30, 2021 the following transactions in common and preference shares took place:</u>

- **Redemption of treasury shares**

On January 15, 2021 the Board of Directors of the Company approved to retire all of the Company's common and preferred shares that were held as treasury shares, which were as follows:

- common shares in the amount of 1,402,293
- series A preference shares in the amount of 257,103
- series B preference shares in the amount of 397,645
- series C preference shares in the amount of 127,420.

Common shares were reverted to the status of authorized but unissued shares, preferred shares were eliminated to no longer be issued or outstanding shares.

Redemption of treasury shares has been recognized as a decrease in supplementary capital in the amount of USD 33,994 thousand in the interim condensed consolidated statement of changes in equity for the period ended June 30, 2021.

- **Share split**

On January 18, 2021 the Board of Directors approved the split of all of the Company's existing common and preferred shares. The Certificate of Incorporation of Huuuge Inc. was amended as following:

The total number of shares of all classes of stock which Huuuge Inc. has authority to issue is 118,063,540 shares, which shall be divided into:

(i) 88,243,795 common shares, with a par value of USD 0.00002 per share, and

(ii) 29,819,745 preferred shares series consisting of:

a) 8,714,485 series A preferred shares, with a par value of USD 0.00002 per share,
b) 4,911,775 series B preferred shares, with a par value of USD 0.00002 per share, and
c) 16,193,485 series C preferred shares, with a par value of USD 0.00002 per share.

After this amendment each one common and each one preferred share, with a par value of USD 0.0001 per share, issued and outstanding or held by Huuuge Inc. as treasury shares was automatically reclassified as five shares of common or preferred shares accordingly, with a par value of USD 0.00002 per share.

Split of shares required weighted average number of shares presented in Note 11 *Earnings per share* to be adjusted in the calculation of both basic and diluted earnings per share for all periods presented in accordance with IAS 33 *Earnings per share*.

- **Conversion of preference shares series A, B and C**

  On February 5, 2021 all preference shares series A, B and C were converted into common shares, as shown in the table below:

	Before the conversion			After conversion
	Series A preference shares	Series B preference shares	Series C preference shares	Common shares
Number of shares	8,714,485	4,911,775	16,193,485	29,819,745

For more details, please refer to Note 15 *Conversion of series C preference* shares.

- **Issuance of series A and series B preference shares**

  On February 5, 2021 the Board of Directors, issued one series A preference share to RPII HGE LLC (Raine Group), with a par value of USD 0.00002 per share for cash consideration of USD 50 and one series B preference share to Big Bets OU, with a par value of USD 0.00002 per share, for cash consideration of USD 50, for which total cash consideration amounting to USD 100 was received in February 2021. The difference between the nominal amount and the consideration received was recognized in the supplementary capital in the interim condensed consolidated statement of changes in equity.

- **Initial public offering**

  On January 27, 2021 Huuuge Inc. published its prospectus and launched its initial public offering. The offering comprised a public subscription for 11,300,100 newly issued shares. The final share price for offering shares was determined as PLN 50 per share (approx. USD 13.53 per share). Difference between the nominal amount of newly issued shares and the cash consideration received was in the supplementary capital in the interim condensed consolidated statement of changes in equity.

- **Execution of stabilization option**

  On February 5, 2021 the Company and IPOPEMA Securities S.A. (“Stabilization Manager”) signed Stabilization Agreement. The purpose of the Stabilization Agreement was to stabilize the price of the Huuuge Inc. shares at a level higher than the level which would otherwise have prevailed. When the Company entered the contract, the liability was recognised in correspondence with equity. At the same time, the Company recognised a prepayment (financial asset) in the same amount to reflect the fact that the stabilisation activities were funded from the proceeds from the offering. The liability and the assets were measured at fair value through profit or loss until the stabilisation transactions were completed. As such, these transactions had no net impact on profit or loss.

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On February 26, 2021 the Company ended the stabilization process, which started upon initial public offering on February 19, 2021, and the above-mentioned liability and asset have been derecognized. The Company repurchased via Stabilization Manager its own shares in the total number of 3,331,668 in the price range PLN 38.4000 – 49.9850 (USD 10.35 – USD 13.51). The repurchased shares were recognized as a decrease in equity (treasury shares) in the total amount of USD 43,976 thousand, calculated as the number of shares repurchased, multiplied by the price per share plus the remuneration paid to Stabilization Manager representing transaction cost of this capital transaction.

- **Exercise of stock options**

  In the six-month period ended June 30, 2021, before share split 6,411 share options (equivalent of 32,055 options after share split) held by the employees under the share-based payment program were exercised, resulting in the issuance of common shares with the difference between the exercise price paid by the employee and the nominal amount of shares recognized as share premium (presented within "Supplementary capital") of USD 3 thousand. The exercise price was paid by the employees in cash.

14. Share-based payment arrangements

Detailed description regarding Group's equity share-based payment program, i.e. ESOP, as well as fair value measurement of the employee share options, is presented in the Group's consolidated financial statements as of and for the year ended December 31, 2021.

Movements in share options since the first grant date were as follows (weighted average exercise prices are presented in USD, not in thousand USD):

	Six-month period ended June 30, 2022	
	Number of options	Weighted average exercise price
Balance as at January 1	**8,839,097**	**5.80**
Granted during the period	351,610	4.67
Forfeited during the period	(1,866,900)	5.17
Exercised during the period	(828,458)	2.80
Expired during the period	(195,047)	4.69
Balance as at June 30	**6,300,302**	**6.35**

	Six-month period ended June 30, 2021	
	Number of options	Weighted average exercise price
Balance as at January 1	**1,435,584**	**12.01**
Exercised during the period	(6,411)	0.45
Forfeited during the period	(2,056)	4.15
All options before share split	***1,427,117***	
All options after share split	***7,135,585***	
Granted during the period	235,000	3.72
Forfeited during the period	(46,350)	2.81
Exercised during the period	(980,286)	0.70
Expired during the period	(15,480)	0.83
Balance as at June 30	**6,328,469**	**2.73**

As at June 30, 2022, 2,670,991 share options were exercisable, with weighted average exercise price of USD 3.3 per share. As at June 30, 2021 (after share split), 2,619,213 share options were exercisable, with weighted average exercise price of USD 1.93 per share.

During the six-month period ended June 30, 2022, 828,458 options were exercised in total under the share-based payment program, out of which 684,981 treasury shares were delivered for 691,013 options exercised (the difference of 6,032 options is due to cashless exercises). For the remaining 137,445 options exercised during the six-month period ended June 30, 2022, the shares were pending delivery as of June 30, 2022. Cash payments received for the shares delivered to employees before June 30, 2022 amounted to USD 1,897 thousand, and for the shares that were pending delivery to employees as of June 30, 2022 – amounted to USD 265 thousand.

During the six-month period ended June 30, 2021, before share split, 6,411 common shares were issued (equivalent of 32,055 common shares after share split) from the share-based payment program. The Group received cash payments for the shares not yet delivered as of June 30, 2021, which were recognized as a liability to its employees. This resulted in a difference between the change of trade and other payables in the statement of financial position as of June 30, 2021 and the change of trade and other payables presented in the statement of cash flows for the six-months period ended June 30, 2021 amounting to USD 685 thousand.

Other than the share-based payment arrangements described above, as a result of the acquisition that took place on July 16, 2020, the Group accounted for the earn-out consideration payable in shares dependent on performance condition and the continuing employment condition as a share-based payment for the sellers of Double Star Oy.

As at June 30, 2021, after the share split as described in Note 13 *Share capital*, the total number of shares to be vested during the period of 3 years after the transaction was estimated at 67,378 shares.

On February 21, 2022, 23,046 treasury shares were delivered to former owners of Double Star Oy as presented in Note 13 *Share capital*. As at June 30, 2022 it is not expected that additional shares, except for those delivered, would vest under earn-out consideration.

Total expense related to share-based payment arrangements for the six-month period ended June 30, 2022 amounted to USD 1,019 thousand (this expense includes Mr Anton's Gauffin options and the options payable to a consultant under the advisory agreement in the total amount of USD 265 thousand, which both are explained in detail further below).

Total expense related to share-based payment arrangements for the six-month period ended June 30, 2021 comprises ESOP in the amount of USD 5,055 thousand (this expense includes USD 185 thousand related to Mr Anton's Gauffin options which is explained in detail further below) and earn-out consideration in the amount of USD 33 thousand.

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.

CEO options

The remuneration of Mr Anton Gauffin, holding the positions of the President and co-Chief Executive Officer of the Company, for the period ending at the 2022 Annual General Meeting of the Company, consisted solely of share options. All 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 is the following:

- 50,000 options with a vesting condition to provide the service continuously for about 4 years from the service commencement date. The Group's management expects Mr Anton Gauffin to fulfil the service condition.
- 75,000 options with a vesting condition to provide the service continuously for about 4 years from the service commencement date and to meet 2021 EBITDA target. These options were forfeited since the performance condition was not met.

- 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 in total 6 years of continuous service from the service commencement date will be required for options to vest.

Similar to other share-based payments in the Group, for this program staged vesting applies, i.e., each instalment has 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 CEO 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 is 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.

15. Conversion of series C preference shares

On February 5, 2021 all preference shares series C were converted into common shares. For more information, please refer to Note 13 *Share capital.* As a result of the conversion, financial liability arising from preference shares has been decreased with the corresponding increase in supplementary capital as presented in the interim condensed consolidated statement of changes in equity as of June 30, 2021.

16. Leases

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

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

The table below presents the carrying amounts of recognized right-of-use assets and the movements in the six-month period ended June 30, 2022 and in the six-month period ended June 30, 2021:

	Offices	Cars	Total
as at January 1, 2022, audited	**17,229**	**250**	**17,479**
additions (new leases)	260	-	260
lease modifications	1,068	-	1,068
foreign exchange differences on translation	(1,633)	(29)	(1,662)
Depreciation	(2,029)	(55)	(2,084)
as at June 30, 2022, unaudited	**14,895**	**166**	**15,061**

	Offices	Cars	Total
as at January 1, 2021, audited	**8,501**	**145**	**8,646**
remeasurement	833	-	833
additions (new leases)	-	231	231
lease modifications	(1,547)	-	(1,547)
foreign exchange differences on translation	(31)	-	(31)
depreciation	(1,476)	(49)	(1,525)
as at June 30, 2021, unaudited	**6,280**	**327**	**6,607**

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The table below presents the book values of lease liabilities and movements in the six-month period ended June 30, 2022 and in the six-month period ended June 30, 2021:

	Six-month period ended June 30, 2022	Six-month period ended June 30, 2021
as at January 1, audited	**17,257**	**9,061**
additions (new leases)	260	231
lease modifications	1,073	(1,403)
Remeasurement	-	894
interest expense on lease liabilities	141	65
lease payments	(2,246)	(1,442)
foreign exchange differences on translation to local currency	131	(100)
foreign exchange differences on translation to USD	(1,622)	(55)
as at June 30, unaudited	**14,994**	**7,251**
long-term	10,999	4,671
short-term	3,995	2,580

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

- cash payments of the capital component of lease liabilities in the six-month period ended June 30, 2022 amounting to USD 2,105 thousand (USD 1,377 thousand in the six-month period ended June 30, 2021) – as part of financing activities (lease repayment),
- cash interest payments on leases in the six-month period ended June 30, 2022 amounting to USD 141 thousand (USD 65 thousand in the six-month period ended June 30, 2021) – 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 six-month period ended June 30, 2022 amounting to USD 150 thousand (USD 249 thousand in the six-month period ended June 30, 2021) – as part of operating activities.

The Group had total cash outflows due to leases of USD 2,396 thousand in the six-month period ended June 30, 2022 and USD 1,691 thousand in the six-month period ended June 30, 2021.

17. Contingencies

Tax contingent liabilities

Tax settlements are subject to review and investigation by tax authorities, which are entitled to impose severe fines, penalties and interest charges. Tax regulations in the United States, Poland and Israel, which apart from Cyprus constitute the main operating environments of the Group, have been changing recently, which may lead to lack of their 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.

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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.

18. Related party transactions

On February 5, 2021 one series A preference share was issued to RP II HE LLC - the Group's shareholder holding 12.96 % of the Company's shares and exercising the significant influence as at the date of approval of these interim condensed consolidated financial statements for issue, with a par value of USD 0.00002 per share for cash consideration of USD 50, and one series B preference share was issued to Anton Gauffin (through Big Bets OU) - the Group's shareholder holding 30.68 % of the Company's shares, with a par value of USD 0.00002 per share, for cash consideration of USD 50.

There were no transactions with related parties during the period ended June 30, 2022.

There is no ultimate controlling party.

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

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

Six-month period ended June 30, 2022 Unaudited	**Board of Directors of Huuuge Inc.**	**Executive management team**	**Total**
Base salaries	136	1,139	1,275
Bonuses and compensation based on the Group's financial result for the period	-	434	434
Share-based payments	-	(339)	(339)
Total	**136**	**1,234**	**1,370**

Six-month period ended June 30, 2021 Unaudited	**Board of Directors of Huuuge Inc.**	**Group Global Management**	**Total**
Base salaries	136	1,534	1,670
Bonuses and compensation based on the Group's financial result for the period	-	889	889
Share-based payments	1	2,546	2,547
Total	**137**	**4,969**	**5,106**

The remuneration of the Executive Management Team ("Group Global Management" during the period ended June 30, 2021) presented in the tables above includes USD 208 thousand related to Mr Anton's Gauffin options for the period ended June 30, 2022 (USD 185 thousand for the period ended June 30, 2021).

Share-based payment remuneration includes cost recognized during the period in accordance with the vesting schedule, as well as cost derecognition when the member of the executive management team ends the tenure with the Company, i.e. when service condition is not met. During the six-month period ended June 30, 2022 cost recognized amounted to USD 1,196 thousand, and the cost reversal amounted to USD 1,535 thousand.

During the period ended June 30, 2022, members of the Board of Directors and Executive Management team exercised 8,360 options. For additional information, please refer to Note 14 *Share-based payment arrangements*.

Huuuge, Inc. interim condensed consolidated financial statements for the six-month period ended June 30, 2022 prepared in accordance with International Financial Reporting Standards as adopted by the European Union. All amounts in tables presented in thousand USD, except where stated otherwise.

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.

During the six-month period ended June 30, 2021 there was no additional compensation for the Board of Directors of Huuuge Inc. except for the remuneration of Mr Anton Gauffin as described above.

20. Impact of COVID-19

On March 11, 2020 WHO declared global COVID-19 coronavirus pandemic and recommended preventive measures such as the physical social distancing. Consequently, governments worldwide implemented unprecedented restrictions. The impacts of the COVID-19 outbreak have evolved from mid-March 2020 up to the day of issuing these interim condensed consolidated financial statements. The Group's management constantly monitors specific facts and circumstances and the financial results. Neither the video game industry as a whole, nor the Group's operations in particular, have been adversely affected by the pandemic and there is no going concern issue. The Group proved to be resilient to the lockdown, the operations have been maintained with employees working remotely and online gaming's popularity is on the rise with many people globally adhering to social distancing guidelines.

The positive operating result for the six-month period ended June 30, 2022 and for the six-month period ended June 30, 2021 indicates that COVID-19 pandemic had no negative impact on the Group's business.

Based on the analysis performed by the Group's management as of June 30, 2022 and June 30, 2021, COVID-19 pandemic has no negative impact on the Group's liquidity. Due to the fact that the Group's receivables are settled by the large platform providers, such as Apple App Store, Google Play, Facebook and Amazon App Store. The Group's management assessed the risk of receivables irrecoverability as minimal. The Group's management has not identified any evidence to modify the assumptions used to assess expected credit losses.

21. Unusual events

War in Ukraine

On February 24, 2022, Russian troops crossed the eastern, southern and northern borders of Ukraine, attacking Ukraine. In connection with the hostilities of Russia, the representatives of the European Union imposed sanctions on Russia. The Company had also made a decision to stop distribution of new games in Russia and Belarus. Russia and Belarus markets were responsible for less than 1% of total revenue generated by Huuuge in 2021 which means the currently ongoing war in Ukraine should not have a material impact on Huuuge's performance and operations. Huuuge has analyzed and is continuously monitoring the impact of the political and economic situation in Ukraine on its and the Group's operations and financial results. The Company is not able to reliably determine the impact which the situation in Ukraine will have on the state of the European economy and, consequently, on the activity of the Group.

As of March 10th, 2022 Google Play due to payment system disruption informed about pausing Google Play's billing system for users in Russia. This means users will not be able to purchase apps and games, make subscription payments or conduct any in-app purchases of digital goods using Google Play in Russia.

22. Subsequent events

After June 30, 2022 and up to the date of approval of these interim condensed consolidated financial statements for issue no significant events except the following have occurred.

Delivery of treasury shares for the options exercised

After June 30, 2022 and up to the date of approval of these interim condensed consolidated financial statements for issue the Company delivered to its employees 278,998 treasury shares, out of which 109,703 treasury shares were delivered for the options exercised during six-month period ended June 30, 2022, and 169,295 treasury shares - for the options exercised after

June 30, 2022. Any difference between shares delivered and options exercised is due to the cashless exercises. The delivery took place under the stock option plan presented in Note 14 *Share-based payment arrangements*.

The delivery of shares will be presented as a movement from treasury shares to common shares. The movement will result in an increase in share capital in the amount of nominal value of the shares delivered, and any difference between the value of treasury shares delivered and the cash consideration received will be recognized in supplementary capital. At the same time, the movement will decrease the number of shares (not issued) allocated for the existing share-based payment programs.

Purchase of shares under share Buyback Scheme ("SBB") and suspension of the program

At the date of approval of these interim condensed consolidated financial statements for issue 4,989,608 shares in total were repurchased and registered at the Central Securities Depository under Share Buyback Scheme. Effective August 2, 2022, the Company has indefinitely suspended the purchase of its own shares.

Modification of the share-based payment program

On July 25, 2022 the Company's Board of Directors adopted a resolution on the voluntary modification of the terms of the grants which took place between August 2021 and February 2022. For certain options under Company's employee stock option plans, i.e. "ESOP 2019" and "ESOP 2015", the vesting schedule has been extended and the exercise price has been decreased. For certain options under Company's employee stock option plans, i.e. "ESOP 2019" and "ESOP 2015", the exercise price has been decreased without changes to the vesting schedule. As of the date of approval of these interim condensed consolidated financial statements for issue, the process of the voluntary choice by the employees was still in progress.

Approval of grant of new options

On August 1, 2022 the Board of Directors approved the grant of 338,803 options to its employees within the employee stock option program with a weighted average exercise price of USD 3.90.

Repayment of the third tranche to PICADILLA for Traffic Puzzle game

On August 17, 2022 the Group made the payment of third tranche in the amount of USD 4,400 thousand for Traffic Puzzle game according to the schedule settled with PICADILLA GAMES Adziński, Porzucek, Czerenkiewicz sp.k. For details, please see Note 9 *Intangible assets*.

Anton Markus Gauffin

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Anton Gauffin

President of Huuuge Inc., co-CEO

September 7, 2022

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