ANNUAL REPORT

Management Report on the Group's and the Company's Activities
for the 12-month period ended December 31, 2021

Disclaimer

This constitutes the annual report for the twelve-month period ended December 31, 2021 ("FY 2021") prepared in accordance with 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 (the "Annual Report"). This Annual Report should be read in conjunction with the interim condensed consolidated financial statements for the twelve-month period ended December 31, 2021 prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

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

Unless implied otherwise in this Annual 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 Annual 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 Annual Report may not conform exactly to the total figure given for that column or row.

Industry and Market Data

This Annual 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 Annual 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 Annual 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 Annual 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 as we define or report such information in this Annual Report.

While we are not aware of any misstatements 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, DPU, ARPDAU, ARPPU, 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 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 Annual Report does not mean that the Issuer will continue to report these KPIs in the future.

Forward-looking statements

The Annual 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 the Annual 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 Annual 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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PRESIDENT'S LETTER

Dear Shareholders,

It is my pleasure to present our report for the full year 2021, which marked another period of growth for Huuuge, as well as some important steps in the pursuit of our strategy.

2021 has been a unique year in Huuuge's history. In February we began our journey as a publicly listed company, and in April we completed the Company's most important M&A transaction to date — the acquisition of Traffic Puzzle, which continues to strengthen the potential of the Buy component in our "Build & Buy" strategy. These unprecedented events were only possible thanks to the vision we had and the efforts we made long before 2021.

Last year we delivered double digit revenue and adjusted EBITDA growth. Revenue reached USD 374m, 12% higher YoY and adjusted EBITDA increased to USD 64m, also 12% up YoY. We are proud of these results as the market last year was full of challenges, including sector-wide uncertainties related to the consequences of the COVID-19 pandemic and the changes in Apple's privacy policy.

Summing up 2021, it is important to put the spotlight on the acquisition of Traffic Puzzle, which we closed in April, as it demonstrates perfectly Huuuge's way of scaling and growing our business. Having Traffic Puzzle in our portfolio enables us to accelerate our revenue diversification and expand into the high-growth casual games segment, as the title has already become our third most popular game, after Huuuge Casino and Billionaire Casino. We plan to further scale publishing and have identified the opportunity to rinse & repeat and go for a larger scale – to publish systematically as part of our "Build & Buy" strategy. We are continuing to build our partnerships and select the most promising prospects for our publishing division. Last year we signed four new publishing agreements and this year we have ambition to sign many more.

The past year also brought a continuation of investment in the development of new games and products. We added to our portfolio titles such as Rogue Land (named "Best Competitive" by Google Play's Best of 2021), and Brink of Mayhem (a unique mobile first-person multiplayer shooter game) and Gatherers (a real-time, cross-platform social co-op shooter game)

To our continued long term success it is important to see the creation of new product concepts as the best long term investment. We are realistic when it comes to the competitive nature of the gaming market and recognise that it usually takes multiple shots on goal and plenty of iterations before new amazing product greatness can be achieved, but when reviewing and analyzing Huuuge's business with a 10 year perspective, it becomes much more clear to see that these continued product investments and expansions we do with our build & buy is what leads to systematic repeatable long term growth.

Huuuge (and its predecessor – Gamelion) has now been present on the gaming market for about twenty years. Such a long, successful track record in an extremely demanding industry would not be possible without exploring and creating ever-newer ways to produce new games. Innovation and creativity is a part of our DNA. 2022 will be no different in this respect, as we continue to explore the potential of innovation in gaming, specifically Web3 and Blockchain technologies, which are gaining traction in the industry and which we are actively exploring.

Future looks bright for the gaming market and players around the World. Mobile game revenues are expected to outperform both console and PC in the next few years, and indeed accounted for more than half of the global gaming market at the end of 2021. The growing popularity of smartphones, as well as the introduction of 5G networks throughout the world, are expected to bolster our business in the next few years. And we continue to benefit from another macro trend: people's strong desire to play and interact with others. Playing together is just much more fun than playing alone, and it is due to that simple truth that we continue to concentrate intensely on creating social games. We base our future growth on the "Build & Buy" strategy, and we believe the combination of promising acquisitions and stellar innovation will generate significant added value for our shareholders.

Thank you for all your efforts to help Huuuge to succeed. We value your feedback, and hope you will continue to enjoy and play our games. Team Huuuge is looking forward to playing together with you.

Anton Gauffin

Anton Gauffin
President and CEO of Huuuge, Inc.

2021 IN BRIEF

USD
374 million
Revenue

12%
revenue from new titles

USD
64.4 million
Adjusted EBITDA

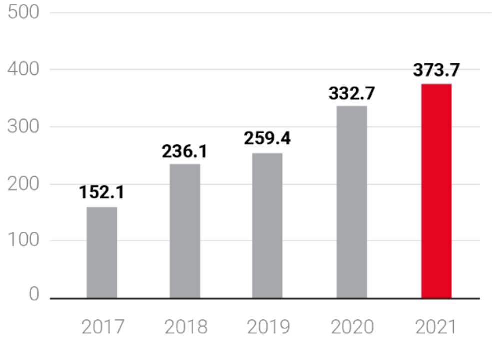
USD
43.5 ARPPU
in core franchises

8.7%
monthly conversion
for core franchises

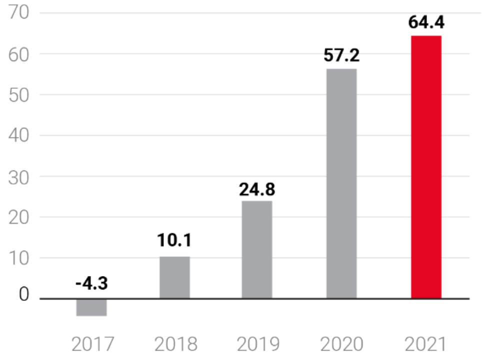
USD
204 million
cash end of period

RESULTS 2017–2021

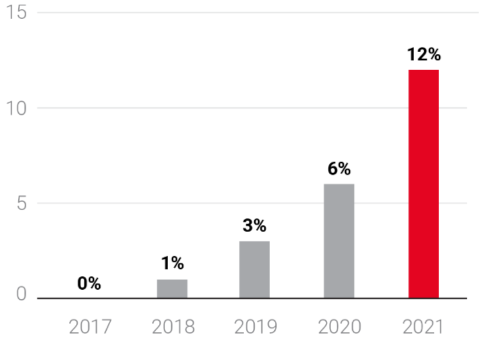
Revenue (USD million)



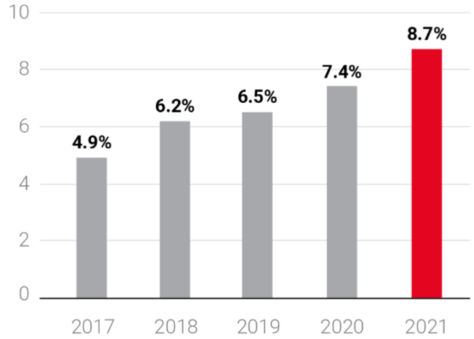
Adj. EBITDA (USD million)



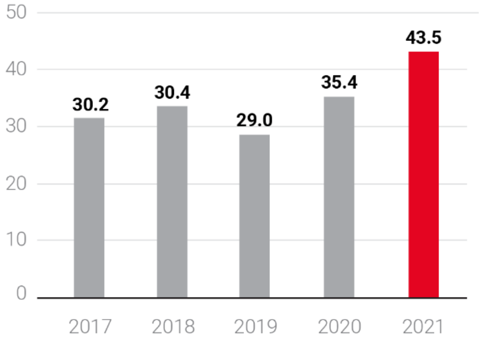
New franchises as % of revenue



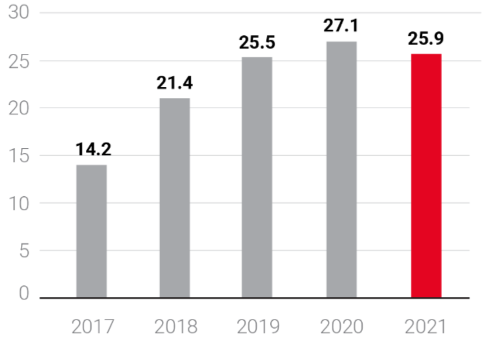
Monthly conversion rate % in core franchises



ARPPU in core franchises (USD)



DPU ('000)



SELECTED FINANCIAL DATA

The following table presents the selected financial data of the Group.

	USD	USD	EUR	EUR	PLN	PLN
in thousands	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Revenue	373,739	332,721	315,842	291,886	1,442,055	1,297,158
Operating profit (loss)	44,577	50,184	37,671	44,025	171,998	195,649
Pre-tax profit (loss)	(1,001)	(76,244)	(846)	(66,887)	(3,862)	(297,248)
Net profit (loss)	(9,681)	(82,604)	(8,181)	(72,466)	(37,354)	(322,043)
Net cash flows from operating activities	29,769	73231	25,157	64,243	114,862	285,501
Net cash flows from investing activities	(15,955)	(5,458)	(13,483)	(4,788)	(61,562)	(21,279)
Net cash flows from financing activities	96,610	(14)	81,644	(12)	372,765	(55)
Total net cash flows	110,424	67,759	93,318	59,443	426,066	264,168
Cash and cash equivalents at the end of period	204,415	94,158	180,442	76,682	829,925	353,844
Number of shares at the end of period	84,246,697	13,401,252				
Weighted average number of shares (1)	77,342,078	42,385,427				
Basic and diluted Earnings per share basic (EPS) (1)	(0.12)	(1.46)				

(1) The weighted average number of shares has been adjusted for the split that took place on January 20, 2021.

The following table sets out the exchange rates of our main currencies against the USD as at the end of 2020 and 2021 and the annual average exchange rates for those years

	EUR	PLN	EUR	PLN
	2021	**2021**	**2020**	**2020**
Annual average exchange rate	1.1833	0.2592	1.1399	0.2565
Exchange rate at the end of the reported period	1.1329	0.2463	1.2279	0.2661

BUSINESS

HUUUGE

About us

Business profile

Huuuge, Inc. (the "Company", "Huuuge") is registered in the United States of America. Huuuge'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, NV 89102. 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 mobile free-to-play games developer and publisher, with a mission to empower billions of people to play together, and a vision to transform mobile gaming into a massively social experience. The Group's main areas of operations are developing, publishing, scaling and operating mobile games to a broad player base. Huuuge games provide entertainment every month to millions of players from almost 200 countries and are available in 17 languages. Huuuge employs over 600 people at nine offices around the world. Huuuge shares have been listed on the Warsaw Stock Exchange since February 19, 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. Both generate 88% of Huuuge's total revenues. Our new franchises generate 12% of total revenues and their stake is increasing on a YoY basis. Our most important new title is Traffic Puzzle and we have many more titles in our portfolio at different stages of their life cycle.

Huuuge Casino: The game was launched in June 2015. It is Huuuge's flagship title responsible for 57% of total 2021 revenue and for over USD 860 million 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 #13 (Apple App Store) and #7 (Google Play) among social casino apps in the United States in terms of revenue as at December 31, 2021.

Billionaire Casino: The game was launched in October 2016. Its revenue has grown rapidly since its release. It has achieved over USD 410 million of lifetime revenue and constitutes 30% of our total 2021 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 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 #24 (App Store) and #21 (Google Play) among social casino apps in the United States in terms of revenue as at December 31, 2021.

Traffic Puzzle: The game was originally developed by Picadilla Games, a Polish developer studio based in Wrocław, and launched in May 2019 by Huuuge Publishing. In April 2021 the game was acquired by Huuuge. Traffic Puzzle is a unique match-3 game, positioned to build a top grossing mobile title. In Traffic Puzzle, the player tries to clear a clogged road by matching three cars of the same colour. The game offers different levels in which players assist the police, fire trucks and ambulances to reach their destinations. Traffic Puzzle's monetization model is based on in-app purchases and advertising. Traffic Puzzle's revenues increased by 247% YoY in 2021 and in Q4 2021 reached 210 thousand daily active users (DAU).

New titles

In 2021 our team responsible for new games was working on the development and soft launch of three new titles: *Brink of Mayhem, Gatherers and Rogue Land*.

Brink of Mayhem is a real-time multiplayer shooter game. At the end of the year the game was in the soft launch stage in selected countries. In the game players can customize their character, weapons, weapon effects, avatars, avatar frames and hooks. During the year we added features including the ability to play with other people in real time, enhanced FPS movement, new game modes, seasons with battle pass, missions and leader boards and more.

Gatherers is a real-time, cross-platform social co-op shooter game. Gatherers has been crafted by our amazing, very talented Helsinki team, focused on prototyping new experiences and bringing them quickly to the soft launch phase. We are working to make the gameplay experience even more social and fun. T

Rogue Land is an easy to play fast-paced game with no unnecessary rules. It has been ranked by Google Play's Best of 2021 in the 'Best Competitive' category. The first version of the game was released in February 2021. After this, a new major update was released every month. The main 2021 development milestones included: introducing long-term retention and monetization goals by a feature set focused on collecting and maxing out all heroes, and delivering new heroes at regular intervals, pursuing Ad Monetization improvements, expanding a variety of game levels, and introducing social features. In 2022 we will make Rogue Land more social and plan to introduce a multiplayer gameplay experience.

Group structure

As of December 31, 2021, the Huuuge Group ("Group") comprised Huuuge Inc. (the parent entity), six subsidiary companies wholly and directly controlled by Huuuge Inc. and seven subsidiaries wholly controlled by the Company through Huuuge Global Ltd. with its registered seat in Cyprus. All companies are consolidated using the full method.

Please find below the current corporate structure of the Group, indicating the chain of ownership and the percentage shares in the share capital of each of the entities respectively.

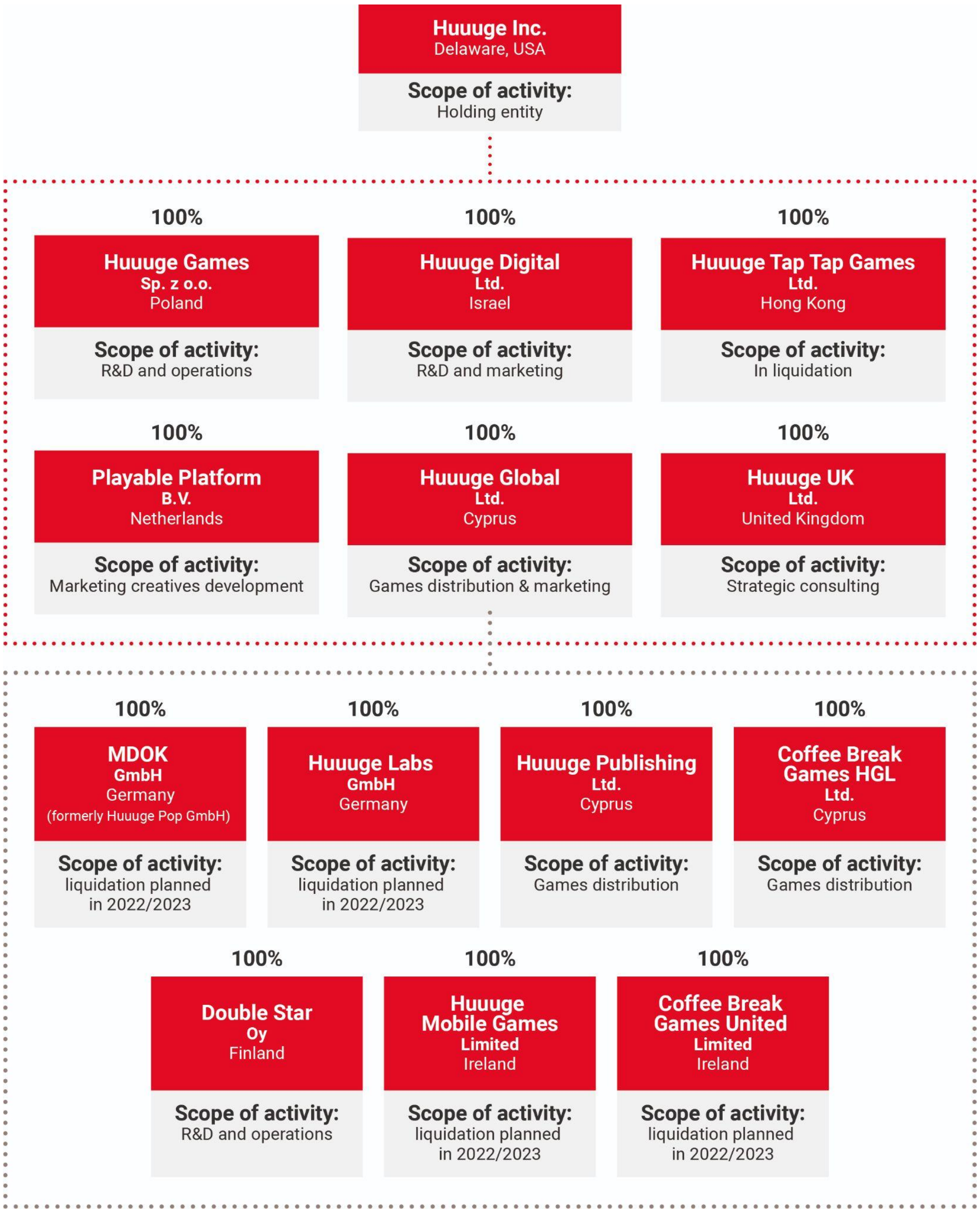
Information on the organizational or capital relations of the issuer with other entities and changes in the organization of the Group

On December 20, 2021, two of the group's subsidiaries registered in Ireland, Emanon Limited (formerly Billionaire Games Limited) and Cireneg Limited (formerly Fun Monkey Games Limited), both hitherto inactive, were sold in their entirety.

On December 31, 2021, DoubleStars Oy (the Group's Finnish subsidiary) shares were transferred to Huuuge Global Limited (another subsidiary of the Group), as part of an internal reorganization.

Huuuge Tap Games Ltd., the Group's dormant Hong Kong subsidiary, filed for voluntary liquidation in 2021.

The Issuer has no other organizational and capital relations other than those indicated below. The Issuer did not make any other capital investments (except for investments in new products), in 2021, as well as from January 1, 2022, until the date of this Annual Report.



Offices & Locations

We are a global organization with a global team located in nine offices across the globe powered by a team of over 600 people and a culture of innovation and teamwork. Our team consists of employees of more than 15 nationalities.

Gaming market

$180.3bn Size of the Global Games Market	**52%** Mobile Share of Total Market
1.4% 2021 YoY Total Market Growth	**7.3%** 2021 YoY Mobile Market Growth
5.3% Total Player Growth vs 2020	**83.0bn** 2021 Mobile Game Downloads
6.7% '21-'24 Total Market CAGR%	**7.7%** '21-'24 Mobile Market CAGR%

2020 saw a significant increase in the size of the global gaming market, driven by the COVID-19 pandemic. Despite the challenges with game development and hardware availability in 2021, the global market grew by 1.4% to reach $180.3bn in total revenues (per Newzoo). The overall market growth in 2021 was above Newzoo's initial estimates, primarily the result of mobile games revenue surpassing expectations to grow +7.3% YoY, despite PC and Console revenues both shrinking. At $93.2bn in revenues, the mobile market now accounts for over half the total games market.

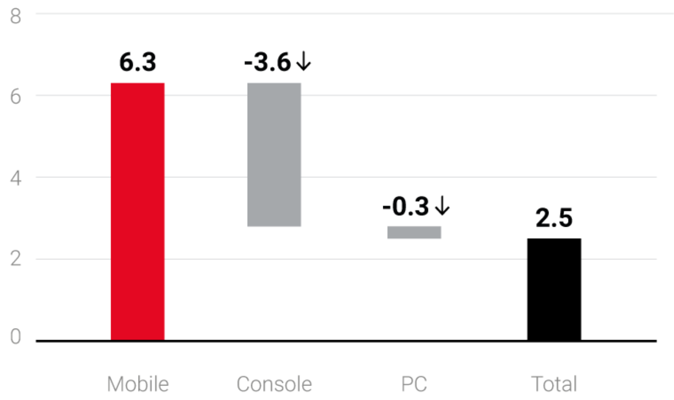
Mobile outperformance in a challenging year is testimony to how games as a whole are becoming less cyclical and hit-driven, as well as less reliant on the release of new hardware to drive revenue. The pandemic has resulted in an increased number of new players for whom mobile games have been an entry point. Mobile's share of the total market is set to continue increasing over the coming years. The market is expected to reach $116.4bn in revenues by 2024, representing a CAGR of 7.7%. Structural tailwinds such as increasing smartphone and mobile internet availability, affordability and bandwidth, should continue to bring new players on-board, particularly in emerging markets.

The lasting positive effects of the pandemic for gaming are also expected to apply to the Social Casino ("SC") genre. Growth here is expected to be slower than the overall mobile games market, at a 3.1% CAGR from 2021 to 2024. Unlike other genres, SC DAUs are expected to decrease, with revenue growth instead supported by more effective monetization, leading to higher player conversion and higher payments per paying player. On the contrary, puzzle games – particularly of a hyper casual nature – are continuing to gain popularity. Per App Annie, "Puzzle (Hyper casual)" was the second most downloaded game genre in 2021. 2021 also saw the boundaries of game genres blur. Innovation in game development has led to the emergence of "hybrid" games, combining elements from different genres. We believe that this will continue to be a growth opportunity in the years ahead.

A noteworthy market development in 2021 was Apple's introduction of privacy changes requiring users to opt in to IDFA tracking. This has limited the ability of mobile marketers to deliver targeted advertising and measure attribution, consequently impacting user acquisition activities. As UA budgets shifted to Android in response, unit UA costs have increased across both platforms, for all game genres. Acquiring a specific 'type' of user has become a challenge. The extent to which these challenges abate will depend on how the developer and ad-tech ecosystem responds over the coming months and years. Additional clarity and innovation in this space is likely to occur in 2022. Moreover, it is yet to be seen whether Google will go much further with privacy changes following the rollout of a new Privacy Dashboard and settings in Android 12 in October 2021 (which some marketers called "ATT-lite").Google did not provide an exact timeline for its changes, but said it would support existing technologies for at least two more years.

The emergence of 'Web3' games in 2021 also deserves some discussion. Since free-to-play as a business model for games has emerged, perhaps only Cloud Gaming has generated a similar level of interest within the industry. Web3 games have seen the introduction of blockchain-based tokens to supplement traditional virtual currencies, allowing players to potentially make economic gains through gameplay. Additionally, Non Fungible Tokens ("NFTs") confer ownership over in-game virtual items. To date, very few games have been released and there remains significant uncertainty over future development in this domain, as well as over the legal and regulatory constraints that may apply to this form of gaming. However, established game developers and publishers are monitoring this space, assessing if and how best to harness the technological potential to the future growth of their businesses. Other emerging opportunities in the gaming market include Metaverse related opportunities, skill-based gaming (e-sports) and further growth in live streaming.

Growth in 2021 Market Revenues ($bn) Led by Mobile



Sources: Newzoo, AppAnnie, Eilers & Krejcik

Strategy

We continue to base our plans for future growth on our two-pronged “Build & Buy” framework. We intend to combine further expansion of our existing internally-developed games, adding new, internally-developed games to our portfolio (“Build” strategy), and inorganic growth of our business through publishing, partnerships and M&A (“Buy” strategy).

Our vision is to transform mobile gaming into a massively social experience and our mission is to empower billions of people to play together. Our goal is to achieve this mission by partnering with game creators and studios with the highest potential.

We plan to achieve our vision and mission by focusing on the following objectives:

Expanding our activities in the casual games subgenre
We intend to introduce new games in the casual gaming subgenre across various categories by leveraging our strengths in social feature development, player monetization, and player retention via live-operation offerings within our games. We intend to offer our best-in-class social experiences to an ever-broadening user base within the casual games subgenre.

Increasing activity in publishing
We launched Huuuge Publishing in 2019 to expand our reach into various new mobile casual subgenres. Huuuge Publishing has already attracted strong interest from developers around the globe and has signed more than ten publishing agreements since the business unit’s inception. Signing a publishing agreement is a starting point not only for a particular game to be published by us, but also for a partnership between us and the developer. In addition to the revenue stream from the publishing function, we expect Huuuge Publishing to be an important deal-flow channel for further M&A activity.

The success and, in particular, the eventual acquisition of Traffic Puzzle, has proven the validity of the third-party publishing business model, and created the precedent necessary to double down on this prong of our strategy in the year ahead.

Optimization of marketing and content development
Beyond publishing, our plans for 2022 include the rapid scaling and build-out of our new franchises. We plan to optimize our marketing and user acquisition efforts aimed at the growth of our player base, retention of existing players and driving the monetization level of our new franchises. In addition, we plan to develop new content for our core and new franchises, including Live-Ops features, such as time-limited events, new game mechanics and gameplay, and visual enhancements aimed at increasing the attractiveness of our games and improving the in-game experience of our players.

Continued engagement & strong live-ops efforts to entertain our player cohorts
We have a consistent track record and extensive experience in monetizing our user base. We continually invest in our current portfolio of games, which drive increases in the rate at which players transact (convert to payers). We believe that by continuing our proven game development approach and marketing model we can continue to improve our player monetization trajectory and invest a meaningful portion of our revenue into our marketing effort. We have an experienced team across user acquisition, retargeting, ad creative and ad monetization supported by our Huuuge Data Services system.

Expand and enhance our core social casino offering
We plan to enhance our offering in the social casino market through the continued introduction of new content to our two key games: Huuuge Casino and Billionaire Casino. Our experience in building proven meta-game layers and the inclusion of club systems, leagues, live events, chats and player vs player style gameplay strongly positions us to continue to succeed in this subgenre of social mobile gaming.

Leverage our technology and data services to continue margin expansion
Our business is built on a data-centric approach, focused on our Huuuge Data Services system, which we will continue to refine and expand as we grow. We plan to continue to expand our profitability margins with a focus on data driven decision-making and technology. We believe that our organizational architecture; namely our centralized service structures, data-centricity, and operating locations, which enable us to employ first-class human and technology resources at lower costs than our competitors, will allow us to achieve exceptional profitability levels.

Accessing best-in-class talent from around the world

Across our history, we have focused considerable time and resources on building a team with diverse experience and backgrounds and a positive, stimulating business culture. We are present in the most important gaming hubs in the world and we employ people from all over the world, which allows us to create an inclusive and diversified environment, required to successfully operate in our industry. We benefit from our presence in Central and Eastern Europe, a region with a deep talent pool. We have cultivated an ecosystem within the industry which allows us to identify leading talent globally.

Research and development

We believe our ability to attract new players and retain existing players depends in part on our ability to evolve and expand our content library by continually developing differentiated games, systems technology and functionality to enhance the quality of player entertainment.

Our research and development activities are centered around, among other things:

- modifying the source code of the application to introduce new functionalities to released games;
- creating dynamic and static graphic elements and designing sound effects;
- creating tools and processes for testing applications and upgrades to applications before they are released on the market;
- developing server platforms necessary for the functioning of released games;
- optimizing mechanisms allowing for easy and quick search for games in stores;
- building an internal data warehouse that enables analysing current sales results and trends;
- segmentation of players as well as creating dynamic predictive models.

Our research and development expenditures amounted to USD 33,128 thousand in 2021 compared to USD 29,832 thousand in 2020. The increase in expenses was driven mainly by the higher number of employees working on game development both on our core games and new franchises, as well as salary increases for our R&D personnel.

During 2021 we intensively worked on developing Huuuge Casino and Billionaire Casino. We continued investing in the development of new features and our live-ops capabilities. In the new franchise space we focused mainly on Traffic Puzzle: adding our own content and delivering a roadmap of features and changes in the game. We also continued working on our "Build" side of the strategy with the main focus on three new games from the casual genre – Brink of Mayhem, Gatherers and Rogue Land.

On the technology side, we have completely revamped our already sophisticated data and AI infrastructure to allow data science and machine learning to be applied much more broadly across the company in a privacy-centric manner, adapting to the changing ecosystem and setting us up for success in the upcoming years. We have also invested heavily in our Huuuge Fuel tech engine to technologically optimize, monetize, and scale any new or existing game. Huuuge Fuel now includes a new zero-code personalization and live-ops engine, as well as generic, plug & play AI prediction models and automation for marketing, game economy, and user experience.

FINANCIALS & KPIs

Factors affecting our results

Traffic Puzzle remains our fastest growing game
In January 2022 we finalized the handover process of Traffic Puzzle and are now in a position to make the required changes to the product and bring the game's KPIs to the next level. Traffic Puzzle 2021 revenue was almost 3.5 times higher YoY and we believe there is still significant potential for the further scaling of that title. The user base keeps growing and the number of DAUs in Q4 2021 surpassed 200 thousand and the run-rate revenue (annualized revenue based on last month's sales number) exceeded USD 35 million at the end of the fourth quarter.

Core franchises continue to improve profitability
We have witnessed another quarter of QoQ decline in our core franchises' user base in line with the general genre market trends at the end of 2021. Our strategy is to optimize our User Acquisition spend for these flagship games and to further improve the profitability and cash generation of our core portfolio. As evidenced by our 2021 core franchise revenue (+5% YoY) we have been able to maintain top-line growth despite a decline in DAU, while at the same time our core franchise Sales Profit has improved on a YoY basis.

Mobile gaming and social casino market environment
As far as market dynamics are concerned, Eilers & Krejcik estimate the social casino market grew 8.3% YoY in 2021. The long term forecast has been lowered lately with the social casino market expected to grow at +2.7% CAGR in 2021-25E (with a USD 8.5 billion market by 2025). For more information about the mobile gaming market please see the chapter *Gaming Market*.

User Acquisition expenses and post-IDFA mobile advertising market update
User acquisition expenses were adapted to support new post-IDFA reality, such that budgets have been shifted to partners with better post-change performance. Media-buying methods and the overall marketing strategy have not been affected, rather adapted to better performing channels and platforms. We have adjusted our reporting and internal measurements to support Facebook and TikTok AMM changes with little to no impact on marketing reports and media-buying efforts. We continuously test new tools and features to improve current measurement possibilities while strictly maintaining data privacy and compliance with the applicable regulations. According to Google and media reports, Google is working on privacy measures intended to limit the sharing of data on smartphones using the Android operating system. However, those changes are not expected to be as disruptive as the changes introduced by Apple last year. Google did not provide an exact timeline for its changes, but said it would support existing technologies for at least two more years.

General external factors
External factors that could affect our performance include the impact of the Covid-19 pandemic on the overall economy and specifically on the gaming industry and our players' behaviour, continued secular trends in the sector (higher player engagement and willingness to invest more time and money in mobile games, competition from other games and other forms of entertainment), inflation and the volatility of foreign exchange rates.

Expected tax reforms & changes in tax law / tax law interpretations
In 2021 the debate on international taxation focused on the concepts of digital taxation and minimum taxation. The course of debate also impacted the shape of income tax reform in the United States that commenced in 2021. Among other things we see the following changes in US taxation as potentially affecting the Group: (i) increase in the federal corporate tax rate, (ii) revisions to the global intangible low-taxed income (GILTI), and iii) lower deduction against the global minimum tax in Internal Revenue Code Section 250. The discussed changes in the GILTI rate or the GILTI calculation mechanism may negatively impact the Group's ETR. Taking into account currently available information and the fact that the GILTI mechanism is yet to be adjusted to the agreement reached by the OECD member states on October 8, 2021 seeking to impose a minimum tax rate, the most impactful changes may be implemented during 2022. The implementation of these rules in their current form would negatively impact the global effective tax rate of the Group and may have a negative impact on our financial results.

On January 1, 2022 a new comprehensive social and economic program, referred to as the "The New Economic Polish Deal" took effect. The rules introduce extensive changes to taxation and health insurance contributions. The adoption of the program results, among other things, in an increase in employment costs in Poland (the majority of our employment costs, excluding share-based compensation, are incurred in Poland), which will have a negative impact on our financial results.

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.

Key performance indicators

When evaluating our business, we consider the key performance indicators (KPIs) presented and discussed in this section. Each of these KPIs is defined below:

- **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 analyse actual players rather than accounts allows for substantially greater accuracy, including better in-game targeting of offers (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 presented.

- **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 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 table below presents our KPIs for 2021 and 2020 for the Group and core franchises, i.e. Huuuge Casino and Billionaire Casino.

	All games		Core franchises Huuuge Casino and Billionaire Casino	
KPI	**2021**	**2020**	**2021**	**2020**
DAU (in thousand)	789.8	947.2	479.0	628.1
DPU (in thousand)	25.9	27.1	20.6	24.1
ARPDAU (in USD)	1.3	1.0	1.9	1.4
ARPPU (in USD)	38.0	32.8	43.5	35.3
Monthly Conversion (%)	5.5%	4.5%	8.7%	7.4%

The table below presents our KPIs for Q4 2021 and Q4 2020 for the Group and core franchises, i.e. Huuuge Casino and Billionaire Casino.

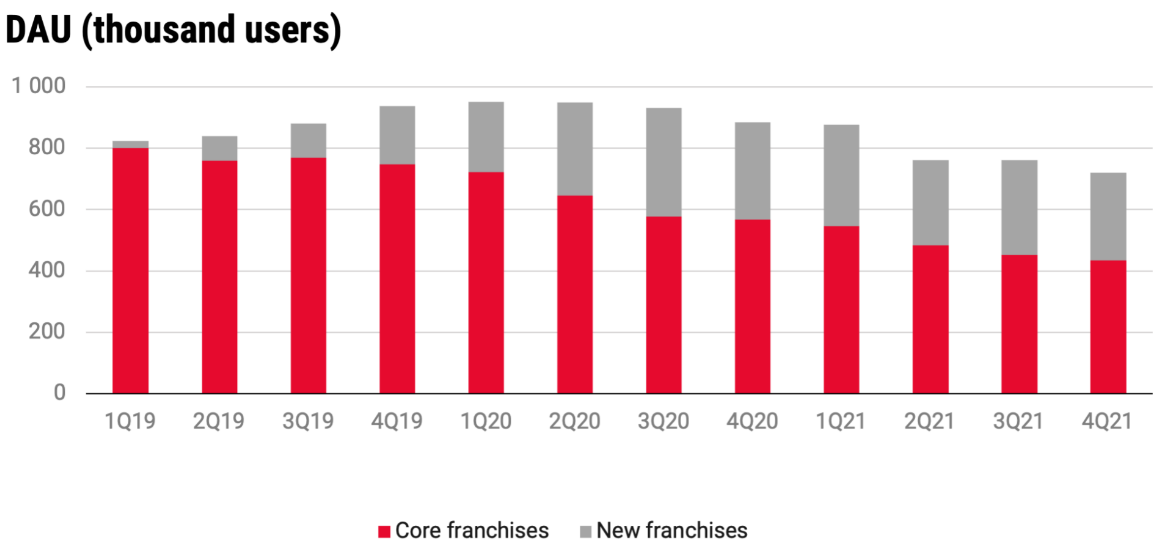
	All games		Core franchises Huuuge Casino and Billionaire Casino	
KPI	**Q4 2021**	**Q4 2020**	**Q4 2021**	**Q4 2020**
DAU (in thousand)	727.6	893.9	433.9	567.8
DPU (in thousand)	24.4	27.8	19.3	23.8
ARPDAU (in USD)	1.3	1.1	1.9	1.6
ARPPU (in USD)	37.7	33.7	43.4	36.9
Monthly Conversion (%)	5.8%	4.8%	9.1%	8.3%

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

Daily Active Users

The chart below presents DAU for our core franchises and our other games ("new franchises") for the periods indicated. The downward trend of DAU for our core franchises reflects the current trends seen in the social casino genre. In Q4 2021 our overall DAU decreased by 5% QoQ and by 19% YoY. The decline was driven mainly by core franchises (-4% QoQ and -24% YoY) while in new franchises the decline resulted mainly from relocating User Acquisition investment from other games to Traffic Puzzle (in Q4 2021 Traffic Puzzle DAU grew by 12% QoQ and 137% YoY). In the FY 2021 total DAU decreased by 17% YoY, and was driven mainly by core franchises (-24% YoY) while DAU for new franchises was flat YoY, with Traffic Puzzle DAU growth of 199% YoY. The decline in our core portfolio DAU was driven by a lower number of installs. Our new franchise DAU declined due to relocating investment into Traffic Puzzle, a game with promising monetization metrics.

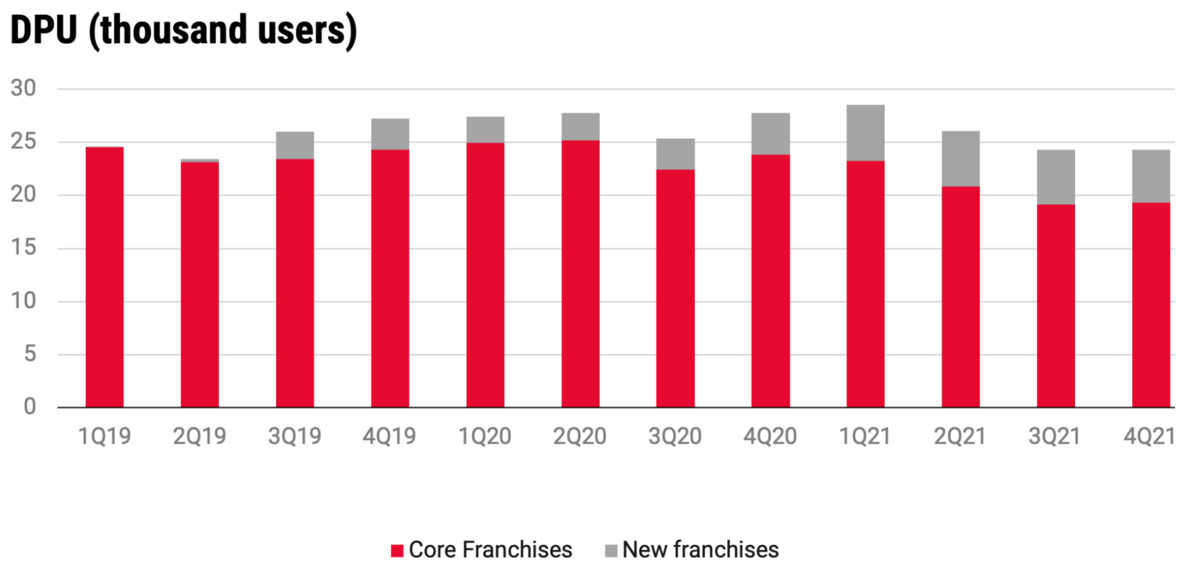
The chart below presents DAU for our core and new franchises for the periods indicated:



Daily Paying Users

In Q4 2021 the number of daily paying players was flat compared to the previous quarter. There was a slight increase in DPU QoQ in core franchises despite a decrease in the overall number of players which proves our ability to keep the most valuable players in the game. As already explained above, the decrease in new franchises was due to relocating resources from less promising titles to Traffic Puzzle. DPU in Traffic Puzzle increased by 9% QoQ. In 2021 DPU decreased by 5% YoY: DPU for core franchises decreased by 14% YoY while DPU for new franchises grew by 74%. The drop in DPU for core franchises was a consequence of falling DAU (as a consequence of lower installs) although it was partially offset by better monetization metrics (growth in ARPDAU and monthly conversion).

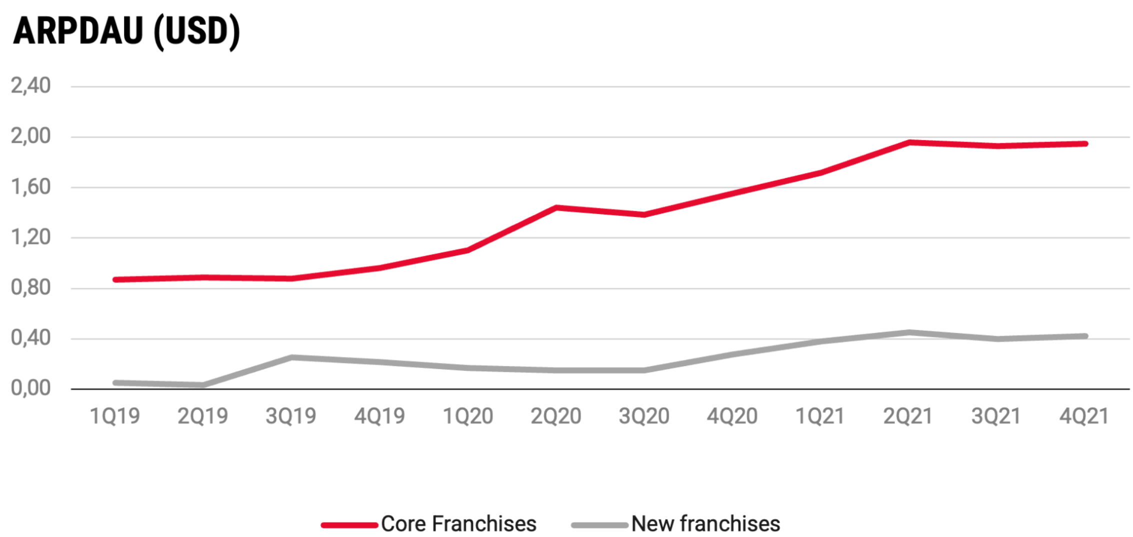
The chart below presents DPU for our core and new franchises for the periods indicated:



Average Revenue per Daily Active User

ARPDAU indicates how well we monetize our games taking into account our whole player base. Thanks to our competences in marketing, as well as our technology, we have seen sustained growth in the monetization of our core games, i.e. Huuuge Casino and Billionaire Casino. These two games continued to exhibit ARPDAU rates significantly exceeding the category averages and we saw this KPI stabilizing just under USD 2.0 in Q4 2021. ARPDAU for our new franchises has increased by 6% QoQ up to USD 0.43. In the FY 2021 ARPDAU increased by 35% YoY, with 38% higher ARPDAU in core franchises and 120% higher ARPDAU in new franchises.

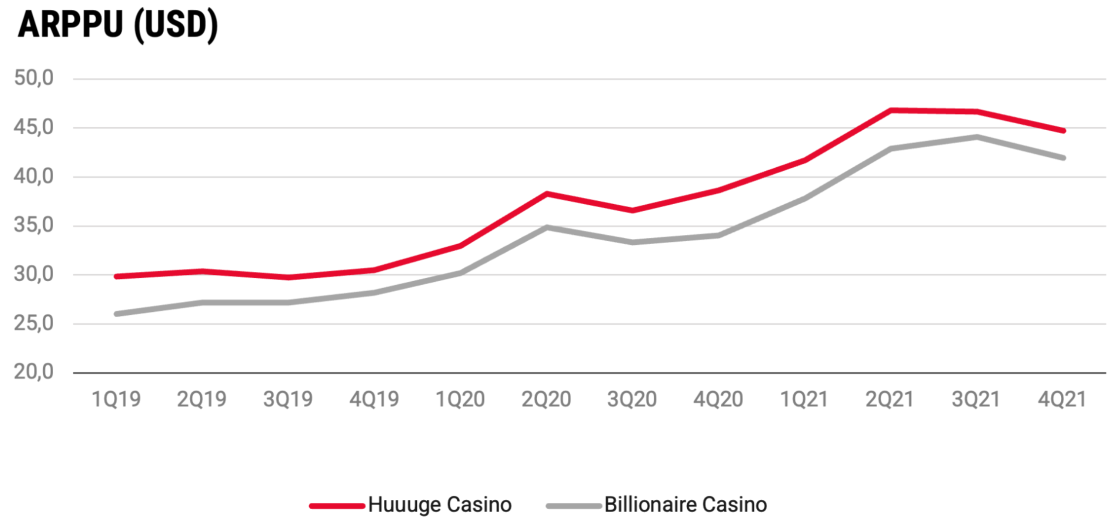
The chart below presents ARPDAU for our core and new franchises for the periods indicated:



Daily Average Revenue per Paying User

In recent years, we have been able to consistently improve the ARPPU of our core franchises owing to the social features of our games as well as constant focus on live events and special offers. In Q4 2021 we saw a slight decrease on a QoQ basis, while YoY our ARPPU in the core franchises increased by 17%. In the whole of 2021 our ARPPU increased by 16% YoY and the ARPPU of our core franchises increased by 23% YoY. Our core ARPPU remains at the top levels in the social casino category. We have been focusing on the longevity of our core games, which means the slightly less aggressive monetization of our players and higher conversion ratios.

The chart below presents ARPPU for our core franchises games for the periods indicated:

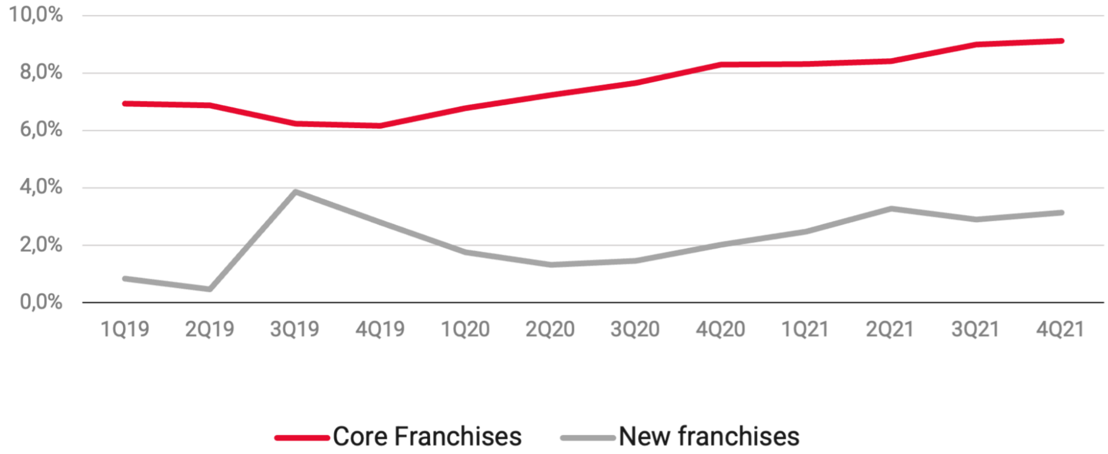


Monthly conversion

Monthly Conversion is an indicator of our ability to convert players into payers. In Q4 2021, the Monthly Conversion for all games grew from 5.5% in Q3 2021 to 5.8% in Q4 2021, this came from an improvement in both core franchises and new franchises QoQ. In the whole of 2021 Monthly Conversion increased to 5.5% from 4.5% in 2020; this was also connected with an improvement both in core franchises (8.7% in 2021 vs 7.4% in 2020) and new franchises (2.9% in 2021 vs 1.6% in 2020). We believe that growing conversion is more beneficial for the longevity of our portfolio than driving revenue through increasing ARPPU.

The chart below presents Monthly conversion for our core and new franchises for the periods indicated:

Monthly conversion (%)



Results of operations (P&L)

The following table presents our consolidated statement of comprehensive income for the twelve months ended December 31, 2021 and 2020, respectively and for the three months ended December 31, 2021 and 2020, respectively (“Q4 2021” and “Q4 2020”, respectively).

in thousand USD	2021	2020	Change	Q4 2021	Q4 2020	Change
Revenue	**373,739**	**332,721**	**12.3%**	**88,507**	**89,192**	**-0.8%**
Cost of sales	(109,601)	(99,622)	10.0%	(25,781)	(26,334)	-2.1%
Gross profit/(loss) on sales	**264,138**	**233,099**	**13.3%**	**62,726**	**62,858**	**-0.2%**
Sales and marketing expenses	(146,239)	(125,133)	16.9%	(29,643)	(43,626)	-32.1%
including user acquisition marketing campaigns	(130,031)	(111,494)	16.6%	(26,254)	(39,999)	-34.4%
including general sales and marketing expenses	(16,208)	(13,639)	18.8%	(3,389)	(3,627)	-6.6%
Research and development expenses	(33,128)	(29,832)	11.0%	(7,662)	(8,740)	-12.3%
General and administrative expenses	(40,583)	(27,606)	47.0%	(9,561)	(9,986)	-4.3%
Other operating income/(expense), net	389	(344)	-213.1%	(304)	(440)	-30.9%
Operating result	**44,577**	**50,184**	**-11.2%**	**15,556**	**66**	**>999.9%**
Finance income	20	2,081	-99.0%	10	1,089	-99.1%
Finance expense	(45,598)	(128,509)	-64.5%	(1,024)	(109,328)	-99.1%
Profit/(loss) before tax	**(1,001)**	**(76,244)**	**-98.7%**	**14,542**	**(108,173)**	**-113,4%**
Income tax	(8,680)	(6,360)	36.5%	(3,164)	814	-488.7%
Net result for the period	**(9,681)**	**(82,604)**	**-88.0%**	**11,378**	**(107,359)**	**-110.6%**
Exchange gains/(losses) on translation of foreign operations	(1,021)	491	-307.9%	(285)	1,483	-119.2%
Total comprehensive income for the period	**(10,702)**	**(82,113)**	**-87.0%**	**11,093**	**(105,876)**	**-110.5%**

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

in thousand USD	2021	2020	Change	Q4 2021	Q4 2020	Change
EBITDA	**52,597**	**53,514**	**-1.7%**	**18,087**	**1,534**	**>999,9%**
EBITDA margin (%)	14.1%	16.1%	-2pp	20.4%	1.7%	18.7pp
Adjusted EBITDA	64,357	57,272	12.4%	20,727	3,065	576.2%
Adjusted EBITDA Margin (%)	17.2%	17.2%	0pp	23.4%	3.4%	20pp
Sales Profit	134,107	121,605	10.3%	36,472	22,859	59.6%
Sales Profit Margin (%)	35.9%	36.5%	-0.6pp	41.2%	25.6%	15.6pp
User acquisition marketing campaigns as % of revenue	34.8%	33.5%	1.3pp	29.7%	44.8%	-15.2pp
Adjusted Net Result	**41,076**	**48,110**	**-14.6%**	**14,018**	**2,056**	**581.8%**

Adjusted Net Result (%)	11.0%	14.5%	-3.5pp	15.8%	2.3%	13.5pp

EBITDA, **Adjusted EBITDA**, **EBITDA Margin**, **Adjusted EBITDA Margin**, **Sales Profit**, **Sales Profit Margin**, **User acquisition cost as a percentage 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 which is unaffected by our capital structure and allow us to readily view operating trends and identify strategies to improve operating performance as well as 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 for 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:

- 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 which offset taxable profits), the cost and age 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 and share-based payment expense. The rationale for using the **Adjusted EBITDA** is 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 which are of a non-cash nature.

- We define the **EBITDA margin** as the ratio of the **EBITDA** and Revenue. The rationale for using the **EBITDA margin** is that it is a measure of operational profitability widely used among securities analysts and investors, as well as the fact that **EBITDA** and the **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** and 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 which are of a non-cash nature.

- We define **Sales Profit** (previously "Return on sales") as Gross profit/(loss) from the sales less the user acquisition costs. The rationale for using the **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. Historically, we used to include in this measure the Cost of external marketing and sales expenses but beginning from the full year 2020 we decided to narrow the ratio to track profitability of revenue after covering User acquisition costs only, which is a narrower category than the previously used Cost of external marketing and sales expenses. For comparative purposes, the values presented for prior periods have been recalculated accordingly.

- We define **Sales Profit Margin** (previously "Sales margin") as the ratio of Sales Profit and Revenue. The rationale for using the Sales Profit Margin 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 the percentage of revenue** as the ratio of User acquisition costs and revenue. The rationale for using the **User Acquisition cost as a percentage of revenues** is to show how much of our revenue we reinvest directly in maintaining and expanding our player base. Historically, we used to include the total cost of external marketing and sales services in that measure and beginning from the full year 2020 we decided to narrow the ratio to track the reinvestment of user acquisition costs only. For comparative purposes, the values presented for prior periods have been recalculated accordingly.

- We define **Adjusted net result** as the net result for the year adjusted for events not related to the main activity of the Group, share-based payment expense and financial expenses related to the revaluation of the liability related to Series C Preferred Shares. The rationale for using the **Adjusted net result** is 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 which are of a non-cash nature.

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

The measures presented may not be 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.

The following table presents a reconciliation of Sales Margin for the periods presented:

Sales Profit and Sales Profit Margin

in thousand USD	12M 2021	12M 2020	Change	Q4 2021	Q4 2020	Change
Revenue	**373,739**	**332,721**	**12.3%**	**88,507**	**89,192**	**-0.8%**
Gross profit/(loss) on sales	264,138	233,099	13.3%	62,726	62,858	-0.2%
User acquisition marketing campaigns	130,031	111,494	16.6%	26,254	39,999	-34.2%
Sales Profit	**134,107**	**121,605**	**10.3%**	**36,472**	**22,859**	**59.6%**
Sales Profit Margin	**35.9%**	**36.5%**	**-0.6pp**	**41.2%**	**25.6%**	**15.6pp**

The following table presents a reconciliation of Adjusted EBITDA for the periods presented:

Adjusted EBITDA reconciliation

in thousand USD	12M 2021	12M 2020	Change	Q4 2021	Q4 2020	Change
Net result for the period	**(9,681)**	**(82,604)**	**-88.3%**	**11,378**	**(107,359)**	**-110.6%**
Income tax	8,680	6,360	36.5%	3,164	(814)	-488.7%
Finance expense	45,598	128,509	-64.5%	1,024	109,328	-99.1%
Finance income	(20)	(2,081)	-99.0%	(10)	(1,089)	-99.1%
Depreciation and amortization	8,020	3,330	140.8%	2,531	1,468	72.4%
EBITDA	**52,597**	**53,514**	**-1.7%**	**18,087**	**1,534**	**>999.9%**
EBITDA Margin	**14.1%**	**16.1%**	**-2pp**	**20.4%**	**1.7%**	**18.7pp**
Employee benefits costs – share-based plan (1)	11,760	3,758	212.9%	2,640	1,531	72.4%
Adjusted EBITDA	**64,357**	**57,272**	**12.4%**	**20,727**	**3,065**	**576.2%**
Adjusted EBITDA Margin	**17.2%**	**17.2%**	**0pp**	**23.4%**	**3.4%**	**20pp**

(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.

The following table presents a reconciliation of Adjusted Net Result for the periods presented:

Adjusted Net Result

in thousand USD	12M 2021	12M 2020	Change	Q4 2021	Q4 2020	Change
Net result for the period	**(9,681)**	**(82,604)**	**-88.3%**	**11,378**	**(107,359)**	**-110.6%**
Employee benefits costs – share-based plan (1)	11,760	3,758	212.9%	2,640	1,531	72.4%
Series C shares revaluation	38,997	127,768	-69.5%	-	108,696	-100.0%
Tax impact of the above items	-	(813)	-100.0%	-	(813)	-100.0%
Adjusted Net Result	**41,076**	**48,110**	**-14.6%**	**14,018**	**(2,056)**	**581.8%**
Adjusted Net Result Margin	**11.0%**	**14.5%**	**-3.5%**	**15.8%**	**2.3%**	**13.5pp**

(1) "Employee benefits costs – share-based plan" is a non-cash expense related to the Company's stock option plans 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.

in thousand USD	12M 2021	12M 2020	Change	Q4 2021	Q4 2020	Change
Gaming applications	358,638	325,684	10.1%	84,664	86,162	-1.7%
Advertising	15,101	7,037	114.6%	3,843	3,030	26.8%
Total revenue	**373,739**	**332,721**	**12.3%**	**88,507**	**89,192**	**-0.8%**

Revenue increased by USD 41,018 thousand, i.e. 12.3%, from USD 332,721 thousand for FY 2020, to USD 373,739 thousand for FY 2021. The key driver for that uplift was Traffic Puzzle (monetized largely through in-app advertising), revenue from which grew by 246.5% YoY. This was further amplified by improved user monetization in our core franchises, which more than offset a decline in DAU. In Q4 2021 total revenue remained substantially flat compared to Q4 2020.

Below we show the revenue split into main product categories:

in thousand USD	2021	2020	Change	Q4 2021	Q4 2020	Change
Huuuge Casino	214,554	201,919	6.3%	50,621	53,189	-4.8%
Billionaire Casino	113,515	109,610	3.6%	26,552	27,837	-4.6%
Total Core Franchises	**328,069**	**311,529**	**5.3%**	**77,173**	**81,026**	**-4.8%**
Traffic Puzzle	34,008	9,814	246.5%	9,387	4,056	131.4%
Other	11,662	11,378	2.5%	1,947	4,110	-52.6%
Total New Franchises	**45,670**	**21,192**	**115.5%**	**11,334**	**8,166**	**38.8%**
Total revenue	**373,739**	**332,721**	**12.3%**	**88,507**	**89,192**	**-0.8%**
- of which originating from games developed by external developers with whom we have publishing contracts	578	1,103	-46.6%	133	9,899	-98.7%

The main driver for the revenue growth in the core franchises (USD 16,540 thousand, i.e. an increase of 5.3% between FY 2020 and FY 2021) was an improvement in ARPDAU, driven by both improving conversion rates as well as ARPPU. In Q4 2021 revenue in the core franchises decreased by USD 3,853 thousand, i.e. by 4.8% (from USD 81,026 thousand in Q4 2020 to USD 77,173 thousand in Q4 2021) mainly due to the decrease in DPU as discussed in the Key Performance Indicators section of this report.

With regards to Traffic Puzzle, its rapid revenue growth of USD 24,194 thousand (i.e. 246.5%) between FY 2020 and FY 2021, and of USD 5,331 thousand (i.e. 131.4%) between Q4 2020 and Q4 2021, followed the continuous DAU expansion driven by ongoing investments in marketing, resulting in a growing number of new installs.

Revenue from other franchises for FY 2021 amounted to USD 11,662 thousand and remained substantially flat compared to FY 2020 (USD 11,378 thousand for that period). In Q4 2021 revenue from other franchises decreased by USD 2,163 thousand (i.e. by 52.6%) from USD 4,110 thousand in Q4 2020 to USD 1,947 thousand in Q4 2021, mainly due to prioritizing marketing expenses to the highest ROAS (Return on Ad Spend) opportunity within the new franchises portfolio. It is for that reason that we have doubled down on our marketing efforts for Traffic Puzzle and at the same time gradually phased out most of the user acquisition marketing campaigns for new franchises that demonstrated lower ROAS.

The geographical breakdown of revenue is described in Note 6 to the Consolidated Financial Statements for 2021.

Operating expenses

Operating expenses for the year ended December 31, 2021, increased by USD 47,358 thousand (from USD 282,193 thousand to USD 329,551 thousand), i.e. by 16.8%, compared to the year ended December 31, 2020. That increase resulted primarily from an increase in (i) user acquisition marketing campaign costs of USD 18,537 thousand, i.e. 16.6%, mainly in the first half of the year,

(ii) general and administrative expenses of USD 12,977 thousand, i.e. 47.0%, attributable mainly to the costs associated with operating as a public company, (iii) cost of sales of USD 9,979 thousand, i.e. 10.0%, as a result of growing revenue. The operating expenses for Q4 2021 decreased vs. Q4 2020 by USD 16,039 thousand from USD 88,686 thousand to USD 72,647 thousand (i.e. by 18.1%), attributable mainly to the decrease in user acquisition marketing campaign costs (a decrease of USD 13,745 thousand, i.e. 34.4%).

The table below presents a breakdown of our operating expenses.

in thousand USD	12M 2021	12M 2020	Change	Q4 2021	Q4 2020	Change
Cost of sales	**(109,601)**	**(99,622)**	**10.0%**	**(25,781)**	**(26,334)**	**-2.1%**
Sales and marketing expenses:	(146,239)	(125,133)	16.9%	(29,643)	(43,626)	-32.1%
thereof user acquisition marketing campaigns	(130,031)	(111,494)	16.6%	(26,254)	(39,999)	-34.4%
thereof general sales and marketing expenses	(16,208)	(13,639)	18.8%	(3,389)	(3,627)	-6.6%
Research and development expenses	(33,128)	(29,832)	11.0%	(7,662)	(8,740)	-12.3%
General and administrative expenses	(40,583)	(27,606)	47.0%	(9,561)	(9,986)	-4.3%
Total operating expenses	**(329,551)**	**(282,193)**	**16.8%**	**(72,647)**	**(88,686)**	**-18.1%**

Cost of sales

Cost of sales for the year ended December 31, 2021 increased by USD 9,979 thousand from USD 99,622 thousand to USD 109,601 thousand, i.e. by 10.0%, compared to the year ended December 31, 2020, mainly due to an increase in platform fees to distributors, as a result of the increased scale of our sales. Cost of sales as a percentage of revenue was on a similar level for both years and amounted to 29.3% and 29.9% for FY 2021 and FY 2020, respectively. In Q4 2021 cost of sales decreased by USD 553 thousand, i.e. 2.1%, compared to Q4 2020, greater than the sales decrease of 0.8% in the same period. This difference is due to the increase in the share of advertising revenue (which does not incur platform fees) in the total revenue, combined with a slight decrease in revenue from gaming applications.

Sales and marketing expenses

Sales and marketing expenses for the year ended December 31, 2021 increased by USD 21,106 thousand from USD 125,133 thousand to USD 146,239 thousand, i.e. by 16.9%, compared to the year ended December 31, 2020. The change between Q4 2021 and Q4 2020 was a decrease of USD 13,983 thousand from USD 43,626 thousand to USD 29,643 thousand, i.e. by 32.1%. Sales and marketing expenses consist of: i) user acquisition marketing campaigns and ii) general sales and marketing expenses.

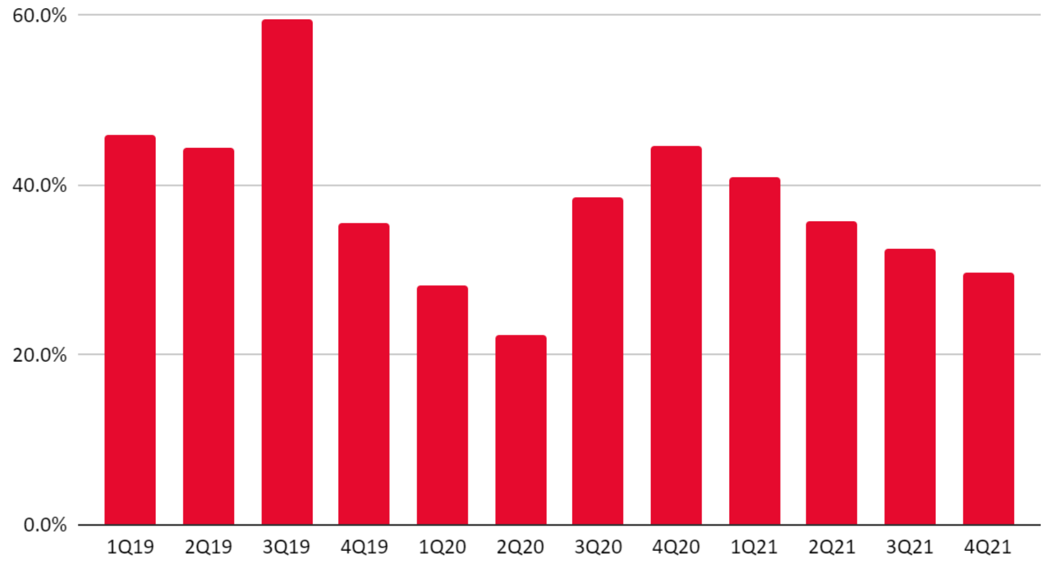
The following trends were observed for these items:

User acquisition marketing campaigns

The cost of user acquisition marketing campaigns for the year ended December 31, 2021 increased by USD 18,537 thousand from USD 111,494 thousand to USD 130,031 thousand, i.e. by 16.6%, compared to the year ended December 31, 2020, mainly due to increased marketing spend on our New Franchises. It is also worth highlighting that within our New Franchise portfolio we have gradually decreased marketing spend on Stars Slots as well as Coffee Break Games and reallocated the budget towards Traffic Puzzle. Comparing Q4 2021 and Q4 2020 the cost of user acquisition marketing campaigns decreased by USD 13,745 thousand from USD 39,999 thousand to USD 26,254 thousand, i.e. by 34.4%, which reflected the pattern of marketing spend adopted for 2021, under which - in contrast to 2020 - most of the marketing budget was allocated to the first half of the year.

The chart below presents a quarterly view of our user acquisition marketing campaigns as a percentage of revenue. As explained above, the decrease in spending towards the second half of 2021 was driven by the decision on budget distribution and our commitment to disciplined spending based on expected ROAS/paybacks.

Quarterly UA cost vs. revenue (%)



General sales and marketing expenses

General sales and marketing expenses for the year ended December 31, 2021 increased by USD 2,569 thousand from USD 13,639 thousand to USD 16,208 thousand, i.e. by 18.8%, compared to the year ended December 31, 2020, mainly due to an increase in the costs of salaries and employee stock options allocated to the sales and marketing team, reflecting the continued development of our in-house marketing teams and related competences. In Q4 2021 general sales and marketing expenses decreased by USD 238 thousand, i.e. by 6.6%, from USD 3,627 thousand in Q4 2020 to USD 3,389 thousand in Q4 2021, mainly as a result of updates of the underlying assumptions for estimate of annual performance bonus accrual.

Research and development costs

Research and development costs for the year ended December 31, 2021 increased by USD 3,296 thousand from USD 29,832 thousand to USD 33,128 thousand, i.e. by 11.0%, compared to the year ended December 31, 2020, mainly due to an increase in the cost of salaries and employee stock options of the R&D team (an increase of USD 2,132 thousand and USD 2,722 thousand, respectively), which reflects the growing headcount and the increasing seniority of the team. This increase was, however, partially offset by lower payments to external developers within publishing agreements (a decrease of USD 2,225 thousand). In Q4 2021 research and development costs decreased by USD 1,078 thousand, i.e. 12.3%, from USD 8,740 thousand in Q4 2020 to USD 7,662 thousand in Q4 2021, mainly due to updates in the underlying assumptions for estimate of annual performance bonus accrual.

General and administrative expenses

General and administrative expenses for the year ended December 31, 2021 increased by USD 12,977 thousand from USD 27,606 thousand to USD 40,583 thousand, i.e. by 47.0%, compared to the year ended December 31, 2020, mainly due to (i) higher depreciation and amortization (an increase of USD 4,690 thousand, i.e. 140.8%) mainly attributable to the amortization of the Traffic Puzzle game acquired in Q2 2021, (ii) employee stock option plan expenses (an increase of USD 4,477 thousand, i.e. 173.7%), (iii) higher costs of salaries (an increase of USD 2,261 thousand, i.e. 20.0%) driven by the higher headcount in back office teams as a consequence of operating as a public company. General and administrative expenses decreased between Q4 2020 and Q4 2021 by USD 425 thousand, i.e. 4.3%, due to higher costs of external finance and legal services, mainly attributable to preparations for the IPO, recognized in Q4 2020, partially offset by higher costs of depreciation and amortization in Q4 2021 as discussed above.

Other operating income, net

Other operating income for the year ended December 31, 2021, increased by USD 733 thousand, i.e. 213.1%, to USD 389 thousand from net operating expense of USD 344 thousand in the year ended December 31, 2020, primarily due to a refund received in Q3 2021 of approximately USD 832 thousand resulting from sales related taxes erroneously withheld by distribution platforms in previous years. In Q4 2021 other operating expenses amounted to USD 304 thousand compared to USD 440 thousand in Q4 2020, due to lower sales related taxes.

Profitability

Our Sales Profit for FY 2021 increased by USD 12,502 thousand from USD 121,605 thousand to USD 134,107 thousand, i.e. 10.3%, compared to FY 2020 as a result of the increase in gross profit on sales of USD 31,039 thousand, i.e. 13.3%, offset by an increase in user acquisition marketing campaign costs of USD 18,537 thousand, i.e. 16.6%. The Sales Profit Margin in FY 2021 amounted to 35.9% and was substantially on the same level as in the prior year (36.5%). In Q4 2021 there was a notable increase in Sales Profit of USD 13,613 thousand, i.e. 59.6%, compared to Q4 2020, which resulted in a corresponding improvement in the Sales Profit Margin of 15.6 pp from 25.6% in Q4 2020 to 41.2% in Q4 2021, driven mostly by the decrease in user acquisition costs. Those dynamics reflect the phasing of our user acquisition marketing campaigns throughout 2021, with the highest spend occurring in Q1 2021, and a gradual decrease in the following quarters.

Our adjusted EBITDA for FY 2021 increased by USD 7,085 thousand compared to FY 2020, and the adjusted EBITDA margin for FY 2021 remained at the same level compared to FY 2020. The change in the adjusted EBITDA reflected the increase in Sales Profit as discussed above, partially offset by an increase in operating expenses. At the same time, in Q4 2021 there was an increase in adjusted EBITDA of USD 17,662 thousand, i.e. 576.2%, compared to Q4 2020, which lifted the adjusted EBITDA margin by 20.0 pp from 3.4% in Q4 2020 to 23.4% in Q4 2021 and resulted from the increased Sales Profit and decreased operating expenses discussed in the Profitability and Operating expenses sections of this report.

Finance expenses, net

The table below presents a Finance income and Finance expenses for the periods presented:

in thousand USD	2021	2020	Change	Q4 2021	Q4 2020	Change
Finance income	20	2,081	-99.0%	10	1,089	-99.1%
Finance expenses	(45,598)	(128,509)	-64.5%	(1,024)	(109,328)	-99.1%
Finance expense, net	**(45,578)**	**(126,428)**	**-63.9%**	**(1,014)**	**(108,239)**	**-99.1%**

Finance expenses, net for FY 2021 decreased by USD 80,850 thousand compared to FY 2020, mainly as a result of the remeasurement of the fair value of Series C Preferred Shares (finance expense of USD 38,997 thousand for FY 2021, compared to USD 127,768 thousand for FY 2020), as well as a loss of USD 2,662 thousand on a foreign exchange forward contract entered into to fix the conversion rate for proceeds from the IPO from Polish złoty to USD. It is worth noting that the finance expenses related to the remeasurement of the fair value of Series C Preferred Shares reported in FY 2021 is fully attributed to the first quarter of the financial year as the conversion of Series C Preferred Shares into Common Shares took place on February 5, 2021, upon which those shares are no longer classified as a financial liability.

Finance expenses, net in Q4 2021 amounted to USD 1,014 thousand compared to USD 108,239 thousand in Q4 2020. The decline of USD 107,225 thousand, i.e. 99.1% can be mostly explained by the remeasurement of the fair value of Series C Preferred Shares to USD 109,176 thousand in Q4 2020. Finance expenses in Q4 2021 are almost entirely attributable to foreign exchange rate fluctuations.

Net Financial Debt

The table below presents the Net Financial Debt of the Group as at December 31, 2021 and December 31, 2020. We have also presented Adjusted Net Financial Debt as at December 31, 2020, giving effect to the conversion of Series C Preferred Shares into Common Shares of February 5, 2021, upon which those shares are no longer recognized as a financial liability.

in thousand USD	As at December 31, 2021	As at December 31, 2020
Cash and cash equivalents[1]	204,415	94,158
Short-term lease liabilities	4,275	2,779
Net current financial indebtedness	(200,140)	(91,379)
Long-term lease liabilities	12,982	6,282
Preferred shares[2]		176,606
Non-current financial indebtedness	12,982	182,888
Net financial debt	**(187,158)**	**91,509**
Adjustment or Preferred shares financial liability[3]	-	*(176,606)*
Adjusted Net financial debt	**(187,158)**	**(85,097)**

1. Includes cash in money market investment funds
2. Represents the fair value of Series C Preferred Shares
3. The effect of the conversion of Series C Preferred Shares into Common Shares of February 5, 2021, upon which such shares will no longer be recognized as a financial liability.

Net financial debt as at December 31, 2021 amounted to negative USD 187,158 and decreased by USD 278,667 thousand from positive USD 91,509 thousand as at December 31, 2020 mainly due to:

- the conversion of Series C Preferred Shares into Common Shares as at February 5, 2021, upon which such shares are no longer recognized as a financial liability, therefore decreasing the Net Debt. As the conversion took place in Q1 2021 there was no additional impact in the following quarters of that financial year; and
- the completion of the Initial Public Offering, which provided the Group with net proceeds of approximately USD 101 million (net of costs and stabilization actions), increasing liquidity and decreasing the Net Debt.

Statement of financial position

Selected Consolidated Statements of Financial Position

The following selected consolidated financial information as at December 31, 2021 and December 31, 2020 has been derived from the Consolidated Financial Statements included in this Annual Report.

	As at December 31,		As at December 31,	
in thousand USD	**2021**	**Structure**	**2020**	**Structure**
ASSETS				
Total non-current assets, including:	67,512	22.5%	17,347	12.2%
Right-of-use assets	17,479	5.8%	8,646	6.1%
Goodwill	2,693	0.9%	2,838	2.0%
Intangible assets	40,217	13.4%	1,459	1.0%
Total current assets, including:	232,434	77.5%	124,485	87.8%
Trade and other receivables	27,671	9.2%	29,226	20.6%
Cash and cash equivalents	204,415	68.2%	94,158	66.4%
Total assets	**299,946**	**100%**	**141,832**	**100.0%**
EQUITY				
Total equity	**226,099**	**75.4%**	**(96,008)**	**-67.7%**
LIABILITIES				
Total non-current liabilities, including:	12,982	4.3%	183,019	129.0%
Preferred shares	-	0.0%	176,606	124.5%
Total current liabilities, including:	60,865	20.3%	54,821	38.7%
Trade and other payables	52,687	17.6%	37,797	26.6%
Total Liabilities	**73,847**	**24.6%**	**237,840**	**167.7%**
Total equity and liabilities	**299,946**	**100%**	**141,832**	**100.0%**

Assets

Total assets increased by USD 158,114 thousand, i.e. 111.5%, from USD 141,832 thousand as at December 31, 2020, to USD 299,946 thousand as at December 31, 2021. The increase in total assets resulted from: (i) an increase in total current assets of USD 107,949 thousand, mainly due to a significant increase in cash and cash equivalents related to the net proceeds from the IPO and (ii) an increase in total non-current assets of USD 50,165 thousand, mainly due to the acquisition of the Traffic Puzzle game that was recognized as an intangible asset, as well as new leases recognized as right-of-use assets.

The structure of total assets changed mostly as a result of an increase in intangible assets of USD 38,758 thousand (resulting from the acquisition of Traffic Puzzle) and cash and cash equivalents of USD 110,257 thousand (attributable to funds from the Company's IPO, as well as cash surplus generated during the year). Total assets comprised mainly the following items: (i) cash and cash equivalents (accounting for 68.2% and 66.4% of total assets as at December 31, 2021, and December 31, 2020, respectively); (ii) intangible assets (accounting for 13.4% and 1.0% of total assets as at December 31, 2021, and December 31, 2020, respectively); and (iii) trade and other receivables (accounting for 9.2% and 20.6% of total assets as at December 31, 2021, and December 31, 2020, respectively).

Liabilities

Total liabilities decreased by USD 163,993 thousand, i.e. 69.0%, from USD 237,840 thousand as at December 31, 2020, to USD 73,847 thousand as at December 31, 2021. The level and structure of total liabilities changed primarily due to the conversion of Series C Preferred Shares into Common Shares which is described in Note 17 Conversion of Series C Preferred Shares to the Consolidated Financial Statements.

As at December 31, 2021 total liabilities comprised mainly trade and other payables (accounting for 71.3% of total liabilities).

As at December 31, 2020 total liabilities comprised mainly the following items: (i) Preferred Shares (accounting for 74.3% of total liabilities), and (ii) trade and other payables (accounting for 15.9% of total liabilities).

Please refer to the Cash flows and liquidity section later in this chapter for an explanation of the changes in net working capital, including trade and other payables.

The Group has a high level of cash as at 31 December 2021. The Group companies settle their liabilities on time. Furthermore, the Group companies do not encounter problems with the collection of receivables. The Issuer's current financial situation does not require taking any additional steps to protect its ability to settle liabilities in time.

Cash flows and liquidity

Selected consolidated statements of cash flows

The following table summarizes selected net cash flows from operating, investing and financing activities for twelve months ended December 31, 2021 and December 31, 2020 and for Q4 2021 compared to Q4 2020.

in thousand USD	2021	2020	Change	Q4 2021	Q4 2020	Change
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit/(loss) before tax	**(1,001)**	**(76,244)**	**-98.7%**	**14,542**	**(108,173)**	**-113,4%**
Adjustments for:						
Sum of non-cash changes in interest, depreciation, amortization, FX differences, prepayments and profits on disposal	11,043	3,748	194,6%	1,317	2,932	-55,1%
Non-cash employee benefits expense – share-based payments	11,760	3,758	212.9%	2,640	1,531	72.4%
Non-cash remeasurement of preference shares liability – finance expense	38,997	128,249	-69.6%	-	109,177	-100.0%
Changes in net working capital	(21,289)	19,445	-209.5%	(3,611)	10,916	-133.1%
Cash flows from operating activities	**39,510**	**78,956**	**-50.0%**	**14,888**	**16,383**	**-9.1%**
Income tax paid	(9,741)	(5,725)	70.1%	(4,065)	(1,962)	107.2%
Net cash flows from operating activities	**29,769**	**73,231**	**-59.3%**	**10,823**	**14,421**	**-24.9%**
CASH FLOWS FROM INVESTING ACTIVITIES						
Acquisition of property, plant and equipment and intangible assets	(6,455)	(3,437)	87.8%	(2,249)	(1,857)	21.1%
Acquisition of subsidiaries, net of cash acquired	-	(2,088)	-100.0%	-	-	-
Acquisition of IP rights	(9,500)	-	100.0%	-		100%
Net cash from investing activities	**(15,955)**	**(5,458)**	**192.3%**	**(2,259)**	**(1,857)**	**21.6%**
CASH FLOWS FROM FINANCING ACTIVITIES						
Proceeds from issue of common shares for public Subscription	152,929	-	100.0%	-	-	-
Execution of stabilization option	(43,976)	-	100.0%	-	-	-
Transaction costs of the issue of equity instruments	(7,097)	(275)	>999.9%	-	-	-
Proceeds from issue of shares	-	9,681	-100.0%	-	-	-
Repurchase of own shares	-	(7,699)		-	-	-
Net cash from financing activities	**96,610**	**(14)**	**<-999,9%**	**(941)**	**(672)**	**40.0%**
Net increase/(decrease) in cash and cash equivalents	**110,424**	**67,759**	**63.0%**	**7,623**	**11,892**	**-35.9%**

Net cash flows from operating activities

Net cash inflows from operating activities for FY 2021 amounted to USD 29,769 thousand and decreased by USD 43,462 thousand from cash inflows of USD 73,231 thousand for FY 2020.

The changes in net cash flows from operating activities are attributable primarily to an unfavourable change in net working capital of USD 40,734 thousand and an increase of income taxes paid of USD 4,016 thousand. The change in net working capital resulted mainly from: (i) a decrease in trade and other payables of USD 13,132 thousand (excluding the deferred payments related to the acquisition of the Traffic Puzzle game), during FY 2021 (mainly driven by the decrease in payables for user acquisition marketing campaign expenses and for expenses related to the IPO process) compared to the increase in trade and other payables of USD 26,087 thousand during FY 2020; (ii) the settlement of the Washington court case (USD 6,500 thousand), and (iii) utilization of other provisions (USD 1,259 thousand), explained in Note 22 Provisions to the Consolidated Financial Statements.

Net cash flows from investing activities

Net cash outflows from investing activities for FY 2021 amounted to USD 15,955 thousand and increased by USD 10,497 thousand, from outflows of USD 5,458 thousand for FY 2020. The changes in net cash flows from investing activities are attributable primarily to the settlement of the first payment for the Traffic Puzzle game.

Net cash flows from financing activities

Net cash inflows from financing activities for FY 2021 amounted to USD 96,610 thousand and increased by USD 96,624 thousand, from outflows of USD 14 thousand for FY 2020. The changes in net cash flows from financing activities are mainly attributable to: (i) proceeds from the subscribed Common Shares issued for the public offering subscription of USD 152,929 thousand offset by (ii) transaction costs incurred related to the issue of equity instruments of USD 7,097 thousand, and (iii) funds used for the execution of the stabilization option of USD 43,976 thousand.

Credits and loans

There are no significant sureties, loans or guarantees granted or received by the Issuer in the reported financial year.

The Group has no borrowing requirements. The Group anticipates that current sources of financing, i.e. equity and operating revenues will remain its main sources of financing in the near future. The Group's operations are not financed using debt financing.

No sureties and guarantees were granted or received by the Group in the year ended December 31, 2021, including those granted to the Company's related entities.

Current and projected financial situation

The table below presents the key parameters for assessing the Group's profitability, efficiency and liquidity

in thousand USD	2021	2020	Change	Q4 2021	Q4 2020	Change
Profitability ratios						
Gross Profit margin	70.7%	70.1%	0.6pp	70.9%	70.5%	0.4pp
Adjusted EBITDA margin	17.2%	17.2%	0pp	23.4%	3.4%	20pp
EBITDA margin	14.1%	16.1%	-2pp	20.4%	1.7%	18.7pp
Adjusted Net Result margin	11.0%	14.5%	-3.5pp	15.6%	2.3%	124.2pp
Efficiency ratios						
Debtors days	27.9	27.8	-0.1%	28.6	29.4	-2.6%
Creditors days	50.1	31.5	59.1%	67.4	32.9	104.8%
Liquidity ratio						
Current ratio	3.8	2.3	66.0%	3.5	2.3	53.7%

Formulas for the calculation of indicators:
Gross Profit margin: Gross profit/(loss) on sales / Revenue
Adjusted EBITDA margin: Adjusted EBITDA / Revenue
EBITDA margin: EBITDA / Revenue
Adjusted Net Result margin: Adjusted Net Result / Revenue
Debtors days: (Trade and other receivables, gross, at the beginning of the period + Trade and other receivables, gross, at the end of the period) /2) / (Revenue / no. of days)
Creditors days: (Trade and other payables, gross, at the beginning of the period + Trade and other payables, gross, at the end of the period) /2) / (Operating expenses / no. of days)
Current ratio: Total current assets / Total current liabilities

The Group is in very good financial condition, with a high level of net cash (USD 187,158).

Due to the fact that the Group (including the Parent Company) did not use external financing in 2020-2021, no debt ratios will be presented.

Proceeds from the Initial Public Offering

In 2021, the Company obtained approximately USD 101 million from the Initial Public Offering net of costs and funds used for stabilization.

Stand-alone results of operations

Stand-alone results of operations

	Year ended	Year ended		
	December 31, 2021	December 31, 2020	Change	Change
Revenue	**3,824**	**2,817**	**1,007**	**36%**
Cost of sales	-	-		
Gross profit	**3,824**	**2,817**	**1,007**	**36%**
Sales and Marketing expenses	(76)	-	(76)	100%
Research and development expenses	(1,447)	(906)	(541)	60%
General and administrative expenses	(5,206)	(5,885)	679	-12%
Other operating income/(expense), net	(80)	6,536	(6,616)	-101%
Operating result	**(2,985)**	**2,562**	**(5,547)**	**-217%**
Finance income	57	166	(109)	-66%
Finance expense	(42,205)	(128,309)	86,104	-67%
Profit/(loss) before tax	**(45,133)**	**(125,581)**	**80,448**	**-64%**
Income tax	(73)	(96)	23	-24%
Net result for the year	**(45,206)**	**(125,677)**	**80,471**	**-64%**
Other comprehensive income	-	-	-	-
Total comprehensive income/(loss) for the year	**(45,206)**	**(125,677)**	**80,471**	**-64%**

The Company stand-alone net loss for the year ended December 31, 2021, decreased by USD 80,471 thousand, i.e. 64.0%, compared to the year ended December 31, 2020, as a combined result of:

(i) a decrease in finance expenses for the year ended December 31, 2021, of USD 86,104 thousand (to USD 42,205 thousand from 128,309 thousand, respectively), i.e. 67.1%, compared to the year ended December 31, 2020, mainly as a result of the remeasurement of the fair value of Series C Preferred Shares of USD 38,997 thousand for FY 2021 compared to 127,768 thousand for FY 2020, as discussed in the analysis of the consolidated Finance expenses, net;
(ii) a decrease in other operating income, net, from USD 6,536 thousand for the year ended December 31, 2020, to negative USD 80 thousand for the year ended December 31, 2021, mainly due to one-off other operating income of USD 6,500 thousand recognized in 2020, attributable to compensation from Huuuge Global Ltd. for the costs related to the court case in the District Court for the Western District of Washington.

Stand-alone net financial debt

The table below presents the Net Financial Debt of the Company as at December 31, 2021 and December 31, 2020. We have also presented Adjusted Net Financial Debt to give effect as at December 31, 2021 and December 31, 2020 with respect to the conversion of Series C preferred shares into common shares as at February 5, 2021, upon which those shares are no longer recognized as a financial liability.

in thousand USD	2021	2020
Cash and cash equivalents[1]	**106,330**	**7,284**
Short-term lease liabilities	78	76
Net current financial indebtedness	**(106,252)**	**(7,208)**
Long-term lease liabilities	66	142
Preferred shares[2]	-	176,606
Non-current financial indebtedness	**66**	**176,748**
Net financial debt	**(106,186)**	**169,540**
ADJ for Preferred shares financial liability[3]	-	*(176,606)*
Adjusted Net financial debt	**(106,186)**	**(7,066)**

Net financial debt as at December 31, 2021 amounted to negative USD 106,186 and decreased by USD 275,726 thousand from USD 169,540 thousand as at December 31, 2020, mainly due to:

- the conversion of Series C Preferred Shares into Common Shares as at February 5, 2021, upon which such shares are no longer recognized as a financial liability, therefore decreasing the Net Debt. As the conversion took place in Q1 2021 there was no additional impact in the following quarters of this financial year; and
- the completion of the Initial Public Offering, which provided the Company with net proceeds of approximately USD 101 million (net of costs and stabilization actions), increasing liquidity and decreasing the Net Debt.

[1] Includes cash in money market investment funds

[2] Represents the fair value of Series C Preferred Shares

[3] The effect of the conversion of Series C Preferred Shares into Common Shares as at February 5, 2021, upon which such shares will no longer be recognized as a financial liability.

Selected stand-alone statements of financial position

	December 31, 2021	December 31, 2020
Assets		
Total non-current assets, including	**27,134**	**15,373**
Investment in subsidiaries	26,856	13,633
Total current assets, including	**110,782**	**23,095**
Trade and other receivables	4,149	15,228
Cash and cash equivalents	106,330	7,284
Total assets	**137,916**	**38,468**
Equity		
Total Equity	134,869	(152,734)
Liabilities		
Total non-current liabilities, including	66	176,776
Preferred stock	0	176,606
Total current liabilities	2,981	14,426
Total equity and liabilities	**137,916**	**38,468**

Assets

Total assets increased by USD 99,448 thousand, i.e. 258.5%, from USD 38,468 thousand as at December 31, 2020, to USD 137,916 thousand as at December 31, 2021.

As at December 31, 2021, and as at December 31, 2020, total assets mainly comprised the following items: i) cash and cash equivalents (accounting for 77.1% and 18.9% of total assets as at December 31, 2021, and December 31, 2020, respectively); ii) investments in subsidiaries (accounting for 19.5%. and 35.4% of total assets as at December 31, 2021, and December 31, 2020, respectively), and i) trade and other receivables (accounting for 3.0%. and 39.6% of total assets as at December 31, 2021, and December 31, 2020, respectively).

The change is mainly attributable to (i) an increase in investments in subsidiaries related to the allocated cost of the stock options granted to employees of the subsidiaries, (ii) a decrease in trade and other receivables resulting from the payment received from Huuuge Global for the compensation recognized as at December 31, 2020, with respect to the court case in the District Court for the Western District of Washington, and (iii) the net proceeds from the IPO (approximately USD 101 million).

Liabilities

Total liabilities decreased by USD 188,155 thousand, i.e. 98.4%, from USD 191,202 thousand as at December 31, 2020, to USD 3,047 thousand as at December 31, 2021, which is attributable to (i) a decrease in non-current liabilities of USD 176,710 thousand, i.e. 99.96%, from USD 176,776 thousand as at December 31, 2020 to USD 66 thousand as at December 31, 2021 caused by the fair value remeasurement of the liability relating to Series C Preferred Shares as discussed in the analysis of the consolidated balance sheet section of this report (ii) a decrease in current liabilities of USD 11,445 thousand, i.e. 79.3%, from USD 14,426 thousand as at December 31, 2020, to USD 2,981 thousand as at December 31, 2021 caused mainly by the utilization of the provision related to the court case in the District Court for the Western District of Washington.

Selected stand-alone statements of cash flows

The following table summarizes selected net cash flows from operating, investing and financing activities for the twelve months ended December 31, 2021 and December 31, 2020.

	December 31, 2021	December 31, 2020	Change	% Change
Cash flows from operating activities				
Profit/(loss) before tax	(45,133)	(125,581)	80,448	-64%
Adjustments, including				
Non-cash remeasurement of preference shares liability – finance expense	38,997	128,249	(89,252)	-70%
Changes in net working capital	2,355	(1,378)	3,737	-271%
Cash flows from operating activities	(499)	1,344	(1,843)	(137%)
Income tax refund received	105	-	105	100%
Net cash from operating activities	**(394)**	**1,344**	**(1,738)**	**-129%**
Cash flows from investing activities, including				
Purchase of shares in subsidiaries	(2,485)	(2,328)	(157)	7%
Repayment of loans received	1,400	2,000	(600)	-30%
Net cash from investing activities	**(1,029)**	**(606)**	**(423)**	**70%**
Cash flows from financing activities, including				
Proceeds from issue of common shares for public subscription	152,929	-	152,929	100%
Execution of stabilization option	(43,976)	-	(43,976)	100%
Transaction costs of the issue of equity instruments	(7,097)	-	(7,097)	100%
Proceeds from issue of shares	-	9,681	(9,681)	-100%
Repurchase of own shares	-	(7,699)	7,699	-100%
Net cash from financing activities	**100,469**	**1,896**	**98,573**	**5199%**
Net increase/(decrease) in cash and cash equivalents	**99,046**	**2,634**	**96,412**	**3660%**

Cash flows from operating activities

Negative net cash from operating activities for the year ended December 31, 2021 amounted to USD 394 thousand and decreased by USD 1,738 thousand, from positive net cash from operating activities of USD 1,344 thousand for the twelve months ended December 31, 2020. The decrease in net cash flows from operating activities is mainly attributable to lower operating result in FY2021 primarily due to one-off court case compensation received from Huuuge Global Ltd. in FY2020, partially offset by the positive change in net working capital.

Cash flows from investing activities

Net cash outflows from investing activities for the year ended December 31, 2021 amounted to USD 1,029 thousand and increased by USD 423 thousand compared to net cash outflows of USD 606 thousand for the twelve months ended December

31, 2020. In both reporting periods the negative net cash flow from investing activities was driven by investment in new or existing subsidiaries of the Company, partially offset by the repayment of intercompany loans.

Cash flows from financing activities

For the twelve months ended December 31, 2021, the Company recorded net cash inflows from financing activities amounting to USD 100,469 thousand and increased by 98,573 thousand from USD 1,896 thousand for the twelve-month period ended December 31, 2020 mainly due to the net proceeds from the IPO (approximately USD 101 million).

Additional information

Significant agreements

On April 27, 2021. Huuuge Global Ltd., a subsidiary of the Company, entered into an asset purchase agreement concerning the acquisition of "Traffic Puzzle", a match-3 game initially published by Huuuge. As part of the transaction, Huuuge Global Ltd. acquired full ownership of the game, as well as the rights to assets related to the game (including trademarks, marketing materials, development tools, etc.). The acquisition was followed by a handover period completed in January 2022, during which the seller transferred the acquired assets to Huuuge and assisted Huuuge with preparing for the further, self-reliant development of the game. The purchase price was USD 38,900 thousand.

The Purchase Price payment schedule was divided into 3 tranches. a) USD 9,500 thousand was paid in Q2 2021, within 10 business days from the signing of the APA, b) USD 25,000 thousand was settled in Q1 2022, within 15 business days from the completion of the handover of the acquired assets, c) USD 4,400 thousand is to be paid within 15 business days from the first anniversary of the completion of the handover of the acquired assets (not paid as at December 31, 2021 and publication of the report). For more information please see Note 11 Intangible assets to the Consolidated Financial Statements for 2021.

Assessment of the possibility of realizing the investment plans

The Company has a high level of cash as at December 31, 2021. Therefore the Group is fully capable of developing the existing product portfolio, creating new games and financing any new initiatives. The Company is interested in acquiring other entities operating on the F2P games market as well as expanding its publishing division and is capable of obtaining additional financing if there is a need to do that.

Information on key markets and dependence on customers and suppliers

Information on key markets as well as dependence on customers and suppliers is described in Note 6. of the Consolidated Financial Statements for 2021.

Significant events after the balance sheet date

Significant events that occurred after the balance sheet date are presented in the Interim Condensed Consolidated Financial Statement for the period in Note 23 Subsequent events.

Possibility of accomplishing previously published forecasts

The Issuer does not publish financial forecasts.

Financial risk management

The financial risk management section is described in Note 12 to the Consolidated Financial Statements.

Off balance sheet positions

There were no off balance sheet positions as of December 31, 2021.

War in Ukraine

On February 24, 2022, Russian troops crossed the eastern, southern and northern borders of Ukraine, attacking the country. In connection with the Russian hostilities, representatives of the European Union imposed sanctions on Russia. The Company also took the decision to stop the 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 that the currently ongoing war in Ukraine should not have a material impact on Huuuge's performance and operations. Huuuge has analysed 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 unable 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 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. According to market sources also iTunes and App Store purchases can no longer be made by Apple device users located in Russia.

SUSTAINABILITY

Our approach to sustainable growth

Our approach to business and management structures must keep pace with the dynamic growth of the organization, so that it can be managed effectively and efficiently. In the first half of 2021 actions were initiated to organize and structure the management of environmental, social and corporate governance ("ESG"), including mapping stakeholders and defining Huuuge's key areas of responsibility and initiating a comprehensive ESG strategy. As of the date of this Annual Report, work on devising that strategy is still ongoing.

Respect and non-discrimination among players

Apart from standard contacts with our players, which may concern a wide range of problems – from technical issues with the game to incidents of unacceptable behaviour – we engage in dialogue with our players. Their opinions are particularly important to us, and understanding their viewpoint enables us to constantly improve our games. We use external support to better listen to market opinions and suggestions, analyse them and make business decisions based on them. We also engage in dialogue with the gaming community via the most popular social media platforms.

A number of procedures have been implemented that allow us to eliminate inappropriate behaviour by gamers towards each other. Huuuge makes available a large team of Player Support professionals for gamers. In addition, in games where there is a possibility to interact with players (e.g. via chat), we additionally prevent the use of words commonly considered offensive or vulgar in communications and we react to any manifestations of hatred and harassment.

All incidents are immediately investigated and if unacceptable practices and behaviours are confirmed, steps are taken to eliminate them (e.g. by blocking the player). In 2021, we received approximately 1500 reports of in-game conduct violations of which 10% resulted in players being permanently banned. In the previous year, i.e. in 2020, we recorded approximately 900 such cases.

Responsible entertainment

All games offered by Huuuge are designed in a responsible manner, taking into consideration, among other things, the age of the players. We give transparent information about the age group for which each game is safe.

Our games are offered on renowned platforms (e.g. Apple AppStore, Google Play, Amazon Appstore) and via Facebook. To do so, we must ensure that our products are compliant with their requirements, also in terms of responsible gaming, as well as meeting the requirements of gaming industry associations such as the Best Practices Principles of the International Social Games Association (ISGA) of which we are a member.

The global nature of the on-line games offered by Huuuge means that we continuously monitor regulatory changes, the approach of respective authorities and market practices to ensure compliance with the laws of particular countries. We are also aware that certain supervisory authorities in some countries may place additional restrictions on interactive social games, including social casino games. In recent years Huuuge has not been a party to administrative proceedings or litigation that would result in a ban or restrictions on its offer to any of its markets.

Data security & Personal data protection

Matters related to security in general are regulated by Huuuge's "Security Policy". Data protection aspects are covered by our "Data Protection Policy".

The purpose of the first document is to define the rules to be complied with and to identify actions to:

- maintain the physical security of Huuuge's offices and other premises, including personnel and property protection;
- protect Huuuge's tangible and intangible assets from theft, unauthorized access, damage or disruption;
- provide security standards for all of Huuuge's operations and actions to support and maintain data security;
- facilitate the proper discharge of the data inspector's duties: managing, securing and protecting personal data.

The Security Policy also specifies the rights and responsibilities of Team Members, counterparties and external collaborators with respect to the protection of Huuuge's data and assets. It establishes security policies for the presence of third parties, including visitors, on Company premises. The policy also defines the process of incident management, including reporting of personal data protection violations. It systemizes them to restore the proper functioning of systems and services by:

- classifying, recording and processing incidents;
- minimizing the negative impact of security incidents on operations, assets, data, etc.

All Huuuge Group team members are required to report all suspicious activity and potential cyber incidents, including data breaches, in accordance with the binding internal process. Security incidents can consist of: loss of data, unauthorized modification of data, unauthorized access to data, malware, penetration, DDoS, unauthorized access to applications or loss of the Company's assets. Huuuge takes application access management very seriously and has Identity and Access Management processes in place, including regulations related to password policy.

Aware of the consequences of potential attacks, all key resources are backed up, in accordance with our Backup Policy. The infrastructure is protected by a number of technical solutions such as Intrusion Detection Systems or Endpoint Detection and Response. The Company also conducts extensive actions related to Security Awareness among all staff. A 24/7 Network Operations Center team observes all signals to minimize response time.

The Data Protection Policy is a framework document that determines how Huuuge processes and protects personal data and encompasses a set of principles, rules and instructions which inform how Huuuge ensures compliance with applicable data protection regulations (in particular GDPR). The policy describes how Huuuge performs its duties under the applicable privacy and personal data protection legislation and how personal data protection is internally organized at Huuuge. Under the Data Protection Policy, Huuuge commits to ensuring that personal data is processed in accordance with the law, in a fair and transparent manner in relation to the data owner, respecting the principles of limiting the purpose of processing, data retention minimization, data storage limitation and respecting the principles of integrity and confidentiality, as well as bearing in mind the principle of accountability. In addition, the policy addresses, among other things, the exercising of data owners' rights, the issue of entrusting data, recording of data processing activities and their categories, conducting data impact assessments, data protection at the designing stage and default data protection, and the manner of handling data transfers and data breaches.

Huuuge ensures the security of all personal data, including those of our personnel, counterparties, partners and gamers. With respect to protecting gamers' personal data, Huuuge complies not only with the relevant legal requirements, but also with the requirements of game distribution platforms, best practices and the recommendations of the respective authorities. All gamers from all jurisdictions are treated equally; in effect Huuuge often offers a higher standard of data protection to players than dictated by the regulations in their respective countries.

New employees recruitment & turnover

Huuuge is a multinational, multicultural team of teams who share a common passion. We develop our organizational culture such that it maintains an informal, flexible and transparent working environment. This allows us to attract talents from the industry to our Company and to retain employees who have been with us for many years. To make the working environment attractive to high quality individuals, it must be based on knowledge sharing and access to interesting projects and new technologies. These are our priorities, therefore we are constantly investing in the development of solutions in the area of Learning & Development. We also enable our employees to develop by internal promotions – both within their own department and as part of engaging in new projects to learn and gain expertise in new areas.

Group employment structure as of December 31, 2021	2021		
	Women	Men	**Total**
by region			
Cyprus	1	1	2
Finland	3	10	13
Germany	0	3	3
Ireland	0	1	1
Israel	35	58	93
Poland	119	291	410
United States of America	3	5	8
The Netherlands	3	4	7
UK	0	2	2
Total employees	**164**	**377**	**539**
Team members cooperating on the basis of civil-law contracts, self-employment / B2B, etc.	23	76	99
Total number of team members	**187**	**453**	**638**

Cultural differences, diversity, inclusion

Huuuge's foundations are people and the teams they create. We differ in many ways: nationality, religion, ethnicity, the culture in which we grew up, our worldviews, not to mention our gender, sexual orientation or skin colour. What we have in common is the passion for the games we create together. It is for that passion that we play together effectively as a team – not despite the differences, but thanks to them.

We pay great attention to integrating the teams, and so arrange meetings between employees and collaborators between our different locations. We celebrate various occasions together and even within the restrictions dictated by the Covid 19 pandemic, we managed to organize almost 30 local and firm-wide events in total, such as Programmer's Day, a Technology & Security Summit, a Creative Marketing Hackathon, the Halloween party or the Huuuge Bowling party, to name but a few. Some events, such as the company-wide celebrations of Hanukkah or Christmas, are also a good occasion to embrace our cultural differences and consolidate the community of Huuuge employees.

Respect and non-discrimination among employees

In order to create a multicultural, multinational, diverse organization where everyone feels comfortable, we strive to eliminate any form of discrimination, however small. The Company does not accept any form of disrespect for the inalienable dignity of every human being. All incidents that could attest to any form of discrimination, are taken very seriously, investigated, and in the event of confirmation, unconditionally repudiated. In procedural terms, this is helped by a group of policies that make up the broader Huuuge compliance system. These policies include the Code of Conduct, the Anti-Harassment Policy and the Whistleblowing Policy.

Discrimination, violence and other forms of bullying, mobbing and harassment are all considered violations of Huuuge's internal procedures, and are not tolerated.

The Anti-Harassment Policy reflects the Company's moral obligation to counteract bullying, mobbing, discrimination and other undesirable behaviours that may potentially occur both in society and in communities, including corporate communities. The policy formalizes the possibility to report suspicious incidents and establishes a committee responsible for investigating issues related to bullying, mobbing, discrimination and other undesirable behaviours. The rights, obligations and rules of conduct set out in the Anti-Harassment Policy do not affect or exclude legal solutions, including legal liability, specified in the generally applicable regulations of a given country. In recent years no incidents related to discrimination of employees or third parties have been recorded.

Talent management & training

At Huuuge we believe that people are our greatest asset, therefore, we pay special attention to creating a working environment in which they may freely develop their competences and hone their skills. Many of our employees declare in surveys that development is one of their priorities and we are committed to support them by engaging managers and HR Business Partners into tailoring training and other development programmes to the needs of particular teams. The range of such programmes is very diverse, from the development of soft skills to technical training related to particular technologies. Additionally, it goes without saying that everyone at Huuuge can learn English and use the e-book library.

Average hours of training per year per employee – 2021	**Women**	**Men**	**Total**
Languages	8	7	7
Mandatory e-learning (Compliance, Data Protection, Security)	1.5	1.5	1.5
External Training	24	23	23
TOTAL	33	32	32

Charity & volunteering

The issues related to broadly defined social engagement, i.e. all types of donations and sponsorship are regulated in the document Donations and Sponsorships Policy. This policy on the one hand emphasizes Huuuge's commitment to good causes, and on the other puts special emphasis on the transparency of these activities.

In 2021, Huuuge was involved in a major industry action: "Game Stars: Wish 100 Week" initiated by the British Make-A-Wish UK foundation. As part of the campaign it asked the key gaming companies to jointly raise funds to fulfil the dreams of terminally ill children. Due to the restrictions related to the COVID-19 pandemic, the possibility of personal involvement of employees, including volunteer actions, was significantly limited. Nevertheless, as an example of social involvement, at the end of 2021 the Szczecin Huuuge team joined in preparing Christmas gifts for needy families under the Poland-wide action "Szlachetna Paczka". The total sum of Huuuge's donations in 2021 amounted to USD 5,500.

Additionally, after the reporting period – in February and at the beginning of March 2022 – as an immediate response to the conflict in Ukraine, Huuuge decided to carry out various charitable initiatives. Our number one priority was taking care of the health and safety of our employees, their families and our business partners from Ukraine. We ensured relocation to Poland of those employees who live in Ukraine. Additionally, we offered transportation and accommodation to their families willing to move to Poland in the time of war. We also provided psychological and financial support. Huuuge pledged PLN 1 mln towards humanitarian aid for three charity organizations selected by our employees. These included: Polish Humanitarian Action, Return Alive and the Polish Red Cross. Furthermore, we have invited employees to an individual donations initiative. Each individual contribution made to those three charities was matched by a contribution from Huuuge. In total, we have collectively donated PLN 130,000 to support humanitarian aid. Our most recent initiatives include: collection of supplies for families in need and "Play Together 4 Ukraine" volunteering action. The latter is based on individual support of our employees who receive three paid days off on top of their annual day off allowance. This time can be dedicated to helping those in need in our local communities. We also offered up to 3 days of paid leave for those employees who wish to fully dedicate their time towards helping the victims of the Russian invasion of Ukraine.

The environment

The nature of Huuuge's operations means that most of the energy that is directly consumed constitutes electricity used in our various offices. The office buildings in which the main offices are located are modern; the largest Warsaw office is a good example, as it is located in one of the state-of-the-art buildings constructed with energy-efficiency in mind. In addition to electricity, Huuuge has a very small fleet of leased passenger cars. The cars are new and modern. Approximately 60% of them are hybrid. We do not use cars with diesel engines.

Huuuge's influence on the water, sewage and waste management system is marginal due to the nature of our operations. Water is used in our offices exclusively for domestic purposes and comes from the municipal mains. Similarly, sewage and a small amount of rainwater are channelled to the municipal sewerage system and have no negative impact on Huuuge's environmental ratios. As a rule, Huuuge tries to promote a frugal and sustainable approach encouraging employees to handle waste properly. We provide containers to segregate waste and they are used in all our offices. As a result of the activities in which we engage, small amounts of hazardous waste may also be produced (such as toners or used electric and electronic equipment). Depending on the country and specific equipment, these are taken away and treated by companies which supply the printers, or directly by Huuuge.

Ethical management

The basic internal document binding on all Huuuge employees and collaborators is the Code of Conduct supplemented by other internal documents, such as, e.g., the Conflicts of Interest Policy. The purpose of the regulations is to ensure a workplace in which all members of the Huuuge team, representing the highest standards of professional behaviour, treat each other with courtesy, respect and dignity. All our employees and collaborators, irrespective of their position, location and personal views, are required to comply with this code of conduct to protect the interests and safety of all Huuuge members and the Company itself.

In accordance with the adopted Whistleblowing Policy, apart from the requirement to behave in accordance with the Code of Conduct, Huuuge team members may report information on potential violations, including of the Code of Conduct or any of Huuuge's basic policies, anonymously or not, using the dedicated whistleblowing tool. Each case is treated as confidential and investigated in-depth.

Preventing corruption and bribery

Huuuge's Code of Conduct defines and restricts behaviours such as conflicts of interest, corruption or other situations which may raise ethical concerns. In addition to the general regulations under the Code of Conduct, some areas of concern have been described in more detail in additional policies, such as:

- the Anti-Corruption Policy;
- the Gifts & Business Entertainment Policy;
- the Policy on Engaging Third Parties Representing Huuuge in Dealings with Government Officials.

Huuuge attaches great importance to building business relationships, including good relationships with business partners. Offering business gifts or offering to participate in events is permissible in many situations if it has a business justification (i.e. it is promotional in nature), and the activities are conducted in an open and transparent manner. However, the gifts offered or accepted cannot impact business decisions or other actions and must be within reasonable, socially acceptable standards (e.g. in terms of value and frequency).

Huuuge ensures that any third party (e.g. agents, vendors, partners, lobbyists and consultants, and all other persons acting on Huuuge's behalf), which represents the Company before government institutions, acts according to the law and Huuuge's anti-corruption standards. Therefore all such entities must pass a selection and evaluation process before the commencement of our cooperation with them. The adopted Policy on Engaging Third Parties Representing Huuuge in Dealings with Government

Officials helps ensure that Huuuge has partners who value integrity, are transparent and represent the highest level of ethical standards, including anti-corruption solutions.

With the Code of Conduct in place, Huuuge is compliant with international regulations as well as anti-corruption best practices. The Anti-Corruption Policy is aimed at preventing all activities within Huuuge, as a business organization, that could be considered to be a form of bribery. This policy not only identifies and defines the risks associated with corruption in its most broadly-understood sense, but also provides tools to counteract specific potential threats.

Huuuge defines its policy vis-à-vis acts of corruption as a zero tolerance policy towards any type of bribery, kickbacks or corrupt activities. In 2021, there were no cases of corrupt behaviour in our company.

Anti-competitive, anti-monopolistic and anti-market activities

When Huuuge's Code of Conduct relates to respect for business ethics to be practised by its team and collaborators, this includes competing responsibly.

When working with business partners, Huuuge employees and collaborators should not conclude any agreements or arrangements, and should not share information with competitors, in particular competitors of any business partner, regarding prices, rates, terms and condition of sales, offers, costs, profit margins, market shares, business strategies or other confidential aspects of competition on the market, in a manner that is inconsistent with applicable antitrust and competition laws. Even if communicating with a competitor is allowed by law and justified, Huuuge team members should be especially careful not to do so in a manner resulting in anti-competitive behaviour, and should restrict their discussion to the enterprise in question.

There were no administrative or court proceedings related to the violation of anti-monopoly or anti-competitive activities at Huuuge in 2021.

Value chain management in relation to ESG

Relationships with suppliers are regulated in the document "Contract Management Policy & Procedures" and the "Know Your Customer Policy", as well as by the AML Policy and a number of other internal procedures (e.g. the Purchase Order Policy) and guidelines. These policies and procedures are intended to protect Huuuge companies from concluding agreements which may have negative consequences in terms of the Company's reputation, operations, finances or good standing. At the same time they help to ensure compliance with legal requirements and contract management best practices. The policy establishes rules for the conduct of Huuuge companies, members of the Board of Directors and employees when concluding, exercising and managing contracts. It also regulates the process of preparing and reviewing contracts before their conclusion and the rules for approving and performing contracts.

A key element of the value chain imperative to Huuuge's business model are the platforms through which our games are offered. These consist of several reputable and well-recognized international corporations which are referred to by the acronym GAFA (Google, Apple, Facebook and Amazon). On the one hand, the social control to which they are subject limits the risk of various types of ethically unacceptable behaviour and guarantees that they will avoid such conduct. On the other hand, the scale of operations of the platforms compared to the scale of Huuuge's operations minimizes Huuuge's negotiating power, also in respect of ESG.

At the same time, Huuuge, like any other entrepreneur, purchases various types of goods and services from external suppliers: it leases office space, uses legal, advisory and marketing services, purchases licenses, including software licenses, etc. However, the scale of such purchases is disproportionately smaller and is not as critical for the business model as cooperation with GAFA companies. The market is also much more competitive. Today Huuuge does not apply ESG criteria to its contracts with the aforementioned suppliers of goods and services. However, at present the contracts include clauses relating to counteracting corruption, and where appropriate they include a diligence process with regard to the avoidance of corrupt practices (see: "Preventing corruption and bribery").

GOVERNANCE

Shares and shareholding structure

Common and preferred shares

Basic information about the stock

Name	Huuuge, Inc.
Short name	HUUUGE
WSE Ticker **Bloomberg Ticker** **Reuters Ticker**	HUG HUG PW HUGP.WA
ISIN	US44853H1086
Number of outstanding shares	84,246,697

Effective on February 5, 2021, all Series A Preferred Shares, Series B Preferred Shares and Series C Preferred Shares were converted into Common Shares. On February 5, 2021 the Company also adopted the Fourth Amended and Restated Certificate of Incorporation, pursuant to which the Company has the authority to issue 113,881,420 shares, which shall be divided into two classes, consisting of (i) 113,881,418 Common Shares of USD 0.00002 par value per share and (ii) two Preferred Shares of USD 0.00002 par value per share, which shall be divided into two series, consisting of one Series A Preferred Share of USD 0.00002 par value and one Series B Preferred Share of USD 0.00002 par value. The Company issued two Preferred Shares: one Series A Preferred Share to RPII HGE LLC and one Series B Preferred Share to Big Bets OÜ (controlled by Anton Gauffin). The Preferred Shares, respectively, give RPII HGE LLC the right to appoint one director of the Company and Big Bets OÜ the right to appoint two directors of the Company, provided that one such director, to be approved, will be Anton Gauffin. Preferred Shares carry the same voting rights as Common Shares, but they are not admitted to trading on the WSE.

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 of the Company and a public sale of 22,016,586 existing shares, and also seeking the admission and introduction of 84,246,695 shares including 11,300,100 newly issued shares to trading on the regulated market of the Warsaw Stock Exchange with a nominal value of USD 0.00002 per share. The first listing date on the Warsaw Stock Exchange was February 19, 2021.

The Company's outstanding share capital currently consists of: (i) 84,246,695 Common Shares with a nominal value of USD 0.00002 each and two Preferred Shares (Preferred Shares are not admitted to trading on the WSE).

To the best of the Company's knowledge, as at the date of publication of this Report, the shareholders holding directly or indirectly through subsidiaries, at least 5% of the total number of votes at the Issuer's general meeting are presented in the table below.

Shareholder	Shares	% of share capital and % of votes at the General Meeting
Anton Gauffin (through Big Bets OÜ)[1]	25,849,506	30.68
Raine Group (through RPII HGE LLC)[1]	10,919,646	12.96
Kora Management	4,300,000	5.10
The Capital Group Companies	4,223,944	5.01
Others [2]	38,953,601	46.24
Total[3]	**84,246,697**	**100.00**

(1) includes one Preferred Share;

(2) includes 1,475,578 Treasury Shares which carry no voting rights;

(3) 84,246,695 shares were introduced to public trading on the Warsaw Stock Exchange. Moreover, two shares of the Company are Preferred Shares and have not been introduced to public trading.

Each holder of Common Shares, as such, and each holder of Preferred Shares, are 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.

Treasury shares

As at December 31, 2020, the Company held 2,184,461 Treasury Shares. On January 15, 2021, the Board unanimously approved the redemption of all Common Shares and all Preferred Shares that were held in treasury as at the date of the meeting which effectively reduced the number of Treasury Shares to nil.

On February 5, 2021, in connection with the IPO process, the Company entered into a Stabilization Agreement, based on which the Stabilization Manager (Ipopema) was entitled to sell and transfer the shares it acquired in stabilization actions to the Company at the same price as that at which the Stabilization Manager acquired the shares in the stabilization transactions on the WSE; such price could not exceed the Final Price for the Offer Shares. The Stabilization Manager was to transfer the Shares acquired in the stabilization actions to the Company in one or more transactions effected within a period not longer than 33 calendar days from the date of the first listing of the Shares on the WSE. The Stabilization Option was to cover no more than 10% of the number of the Offer Shares allotted in the Offering which was 3,331,668.

Within the stabilization program the Company repurchased via the Stabilization Manager 3,331,668 own shares for a total price of PLN 162,302 thousand calculated as the number of shares repurchased, multiplied by the price per share plus the remuneration paid to the Stabilization Manager representing the cost of this capital transaction. The entire repurchased volume was classified as Treasury Shares and represented approximately 4.0% of the share capital. The nominal value of all purchased shares was $66.63.

On July 7, 2021, the Issuer informed in its current report RB16/2021 about the allocation of 997,796 of the Issuer's Treasury Shares for the exercise of employee stock options. On November 3, 2021, December 23, 2021, and February 14, 2022, the Huuuge Inc Board of Directors approved the allocation of up to 423,534 (all were exercised), 353,990 and up to 58,034 (57,724 of them were exercised) Treasury Shares respectively also for the purpose of satisfying exercise requests from participants of the share option plan.

In October 2021, 23,046 Treasury Shares were assigned for transfer to the sellers of Double Star Oy, as part of the Year One Earn-Out Consideration, based on the share sale and purchase agreement dated July 16, 2020, as later amended by the First

Amendment dated as of October 19, 2021. The transfer of Treasury Shares to the sellers of Double Star Oy was completed on February 21, 2022.

Accordingly, by the date of publication of this Report, the number of Treasury Shares held by the Issuer was reduced to 1,475,578. The nominal value of all retained shares is $29.51. These shares represent approximately 1.8% of the share capital.

For more detailed information regarding share capital please see Note 13 Share Capital in the Quarterly Condensed Consolidated Financial Statements.

Share option plan

As at December 31, 2021 the Company had an equity-settled share option program. The first share option program (the employee share option plan) was established by our Board of Directors on April 3, 2015, and the second on October 19, 2019 (both plans have been further developed and amended by the Board, within its powers under the Company's governing documents and the terms of the respective plans). The program entitles employees and some consultants of the Company and its Subsidiaries to purchase shares in the Company at a specified price. Each option gives the right to acquire one Common Share in the Company.

Generally, the vesting schedule applicable to grants under both programs stipulates that the first 25% of options vest following 12 months of continuous service beginning on the vesting commencement date. Subsequently, 1/36 of the remaining options vest and become exercisable for each consecutive month of continuous service. For further details of the programs, please refer to Note 19 Share-based payment arrangements in the Consolidated Financial Statements. The Company's equity-settled share option programs are managed, approved and supervised by the Board of Directors.

Dividend policy

The Company has no dividend policy. The Board of Directors may from time to time declare dividends out of the Company's surplus cash flows and may, subject to the provisions of the Bylaws and the Certificate of Incorporation, set dates for the declaration and payment thereof. No dividend is payable other than in accordance with the applicable provisions of Delaware law. The General Meeting does not adopt resolutions regarding the distribution of profits and the payment of dividends.

The Board of Directors has not made any decision regarding the payment of dividends or the value thereof, if any, during the reporting period.

We operate in a rapidly growing industry, and in order to capitalize on this, we need to prioritize growth activities, in particular, potential acquisitions. The payment of future dividends, if any, and the amounts thereof, will depend upon a number of factors including, but not limited to, acquisition opportunities, the amount of our unconsolidated distributable reserves, our earnings, our level of profitability and financial condition, capital requirements, applicable restrictions on the payment of dividends under Delaware law and such other factors as our Board of Directors may deem relevant. Accordingly, our ability to pay dividends in the future may be limited.

Our Board of Directors may decide not to pay dividends in the future. This might happen especially if unexpected events occur that would change the Boards' view as to the prudent level of cash and capital conservation as well as the Company's financial goals and strategy.

Pursuant to the Certificate of Incorporation, all common shares are treated equally, identically and rateably, on a per share basis, with respect to any dividends or distributions as may be declared and paid from time to time by the Board of Directors out of any of the Company's legally available assets.

General meetings

Convening a General Meeting
Pursuant to the Bylaws, the date and time of a General Meeting are determined by the Board, for the purpose of electing directors and for transaction of other business. The President may call a Special General Meeting (SGM) at the written request of the Company's shareholders owning shares of the Company representing at least 10% of the voting rights.

Upon the request to convene such a meeting, the Board of Directors determines the date, time and place, if any, of such meeting, which must be scheduled not less than thirty (30) days and not more than ninety (90) days after the Company Secretary receives the said request. The Secretary prepares the relevant notification. No business may be discussed at a Special General Meeting other than that specified in the notice to the shareholders.

An SGM may only discuss such business as has been included on the agenda by the Board of Directors, Chairman of the Board of Directors or President, or included in the notice sent out at the shareholders' written request as described above.

Notice of a General Meeting

Pursuant to the Bylaws, whenever shareholders are required or permitted to take any action at a meeting, a timely notice will be mailed or transmitted electronically by the Company Secretary to each shareholder of record entitled to vote in accordance with the records as at the record date for the meeting. Unless otherwise stipulated by the Certificate of Incorporation or the applicable laws, notice of a meeting should be given not less than 10 or more than 60 days before the date of the meeting to each shareholder entitled to vote at such meeting.

We intend to introduce additional procedures concerning notification and voting at General Meetings. We will notify shareholders about the date on which the list of persons entitled to participate in a General Meeting is drawn up (record date), and about the place, date and agenda of the General Meeting and will publish other relevant information, including all details concerning the General Meeting, in the form of an announcement, on our website: ir.huuugegames.com no later than two weeks prior to the date of drawing up the list of participants.

Quorum
Pursuant to the Bylaws, unless otherwise stipulated by law or by the Certificate of Incorporation, at all meetings of shareholders, annual or special, a quorum requires the presence, either in person or by proxy, of holders of at least one-third of the voting rights associated with the issued and outstanding shares entitled to vote. The majority of the votes cast is decisive for passing or rejecting a resolution.

Voting and proxies
As at the date of this Annual Report, the Company's outstanding share capital consists of: 84,246,695 Common Shares and two Preferred Shares. Each Common Share and each Preferred Share carries one vote. Unless otherwise expressly required by law or stipulated in the Certificate of Incorporation, both the holders of Common Shares and of Preferred Shares shall vote together as a single class on all matters submitted to a shareholders' vote.

Powers of the General Meeting

The General Meeting has the power to elect directors (other than those directors elected by the holders of Preferred Shares, and notwithstanding the Board of Directors' power to fill vacancies in its membership).

Pursuant to the Certificate of Incorporation, any amendment, alteration, or repeal of the provisions in the Certificate of Incorporation or Bylaws concerning: (a) the right of the holders of 10% of the total votes to request convening a SGM, (b) the quorum required at a General Meeting, (c) the number of Directors, their term of office, appointment and dismissal, and independence criteria; and (d) the Audit Committee (except for any amendment required under the applicable law), shall in each case be approved by an affirmative vote of the holders of the majority of the outstanding shares carrying voting rights.

Board of Directors

Appointment of the Board of Directors

Pursuant to the Certificate of Incorporation and Bylaws, the Board of Directors originally consisted of five Directors, of which (i) one Director (the "Series A Director") is elected by holders of the majority of outstanding Series A Preferred Shares carrying voting rights by submitting to the Board of Directors written consent signed by holders of the majority of the Series A Preferred Shares, (ii) two Directors (the "Series B Directors"), will be elected by the holders of the majority of outstanding Series B Preferred Shares entitled to vote at such a meeting by providing the Board of Directors with written consent, provided that one such Series B Director, to be qualified, shall be Anton Gauffin, and (iii) the remaining Directors will be elected by the holders of Common Shares carrying the same voting rights voting together as a single class.

In accordance with the Certificate of Incorporation, any Director elected, as stipulated above, by holders of Series A Preferred Shares or Series B Preferred Shares may be removed without cause, exclusively by an affirmative vote of the holders of the majority of the outstanding Series A Preferred Shares or Series B Preferred Shares respectively, acting as a separate class, either at an SGM duly called for that purpose or pursuant to the written consent of such shareholders. In addition, in accordance with the applicable law, any director so elected may be removed with cause by the majority of holders of shares carrying the respective voting rights. The Series A Director or Series B Director(s) may not be appointed by shareholders of the Company other than by holders of Series A Preferred Shares or Series B Preferred Shares, voting together. Any director (other than a Series A Director or Series B Director) may be removed at any time without cause by an affirmative vote of the holders of the majority of outstanding Common Shares entitled to vote thereon, voting together as a single class. In addition, in accordance with the applicable law, any director (other than a Series A Director or Series B Director) may be removed with cause by the majority in votes cast by the holders of shares carrying the respective voting rights.

The Board of Directors consists of five persons elected at the Annual General Meeting (AGM) for a term of office ending on the date of the following AGM or on the date of election of the next director or on a director's earlier resignation or dismissal. At least two out of the five persons must meet the independence criteria adopted or accepted by the WSE, including the criteria referred to in Annex II to the European Commission recommendation of February 15, 2005, on the role of non-executive or supervisory directors of listed companies and on the committees of the (supervisory) board.

In accordance with the Bylaws, subject to the provisions of the Delaware General Corporation Law and the restrictions contained in the Certificate of Incorporation or the Bylaws themselves, relating to an act requiring the approval of the shareholders or the votes of the outstanding shares, the business and affairs of the Corporation shall be managed and all corporate powers shall be exercised by the Board of Directors or a designated entity under its direction. The Board of Directors decides on the issuance or repurchase of shares.

The following table summarizes the most important information about acting members of the Board of Directors as at the date of this Annual Report.

Name	Function	Year of appointment for the current term of office	Year of expiry of the term of office
Anton Gauffin	Chief Executive Officer & executive director	2021	2022
Henric Suuronen	Non-executive director	2021	2022
John Salter	Non-executive director	2021	2022
Rod Cousens	Non-executive director (independent)	2021	2022
Krzysztof Kaczmarczyk	Non-executive director (independent)	2021	2022

Until February 4, 2021, the Board of Directors consisted of the following members: Anton Gauffin, Henric Suuronen, Sang-Ho Park, John Salter, Rod Cousens. Effective February 4, 2021, the holders of all of the Company's outstanding Preferred Shares and the holders of the majority of the Company's Common Shares adopted resolutions by written consent without a meeting in accordance with Section 228 of the Delaware General Corporation Law electing the following persons to the Company's Board of Directors: Krzysztof Kaczmarczyk, Rod Cousens, John Salter, Anton Gauffin and Henric Suuronen, each to serve until the next AGM for the election of directors and until such directors' successors are duly elected unless any of the directors dies, resigns, is dismissed or retires earlier.

Two members of the Company's Board of Directors, Krzysztof Kaczmarczyk and Rod Cousens, meet the statutory criteria for independence.

The Board of Directors supervises the preparation of the Group's consolidated financial statements and is required to ensure that the Group's consolidated financial statements and the business statements comply with legal requirements. The President of the Company approves and signs the Group's consolidated financial statements. Substantially the same procedures apply to the Company's stand-alone financial statements.

Committees

The Board of Directors has established the following committees: the Audit Committee and the Nomination and Remuneration Committee.

The Board of Directors has appointed from among its members the following persons to the Audit Committee:

- Mr Krzysztof Kaczmarczyk (Chair of the Audit Committee)
- Mr Rod Cousens
- Mr John Salter

Krzysztof Kaczmarczyk is the member of the Audit Committee with knowledge and skills in accounting and finance and Rod Cousens is the member of the Audit Committee with knowledge and skills in the industry in which the Company operates.

The Company's Board of Directors appointed the Audit Committee on February 5, 2021. The Audit Committee is responsible for supervising the Company's financial matters and monitoring the implementation and maintenance of internal control, risk management, compliance and internal audit systems in the Company. Its scope of activity includes advising and consulting on financial reporting and auditing financial statements by a statutory auditor which constitute actions in the competences of the Board of Directors.

Rod Cousens Non-executive director, independent
Rod Cousens is a leading games industry executive and is currently a Senior Advisor at The Raine Group. Prior to joining The Raine Group, Rod was Chairman and Chief Executive Officer of Jagex Games Studio. Before his time at Jagex, Rod was CEO of Codemasters. Prior to Codemasters, Rod was COO and latterly CEO of international publisher Acclaim Entertainment. Rod began his career in the gaming industry in 1981 with the founding of games publisher Quicksilva. He went on to become UK Managing Director and later President International of Activision, now one of the largest publishers in the global video games industry. Rod Cousens graduated from Barton Peveril College, Brunel University, London and he completed executive business management courses at Stanford Business School, San Francisco.

Krzysztof Kaczmarczyk, Non-executive director, independent
Krzysztof Kaczmarczyk is an independent member of supervisory boards of companies listed on the Warsaw Stock Exchange. He has gained over 15 years of supervisory experience sitting on the supervisory boards of more than 30 companies. Simultaneously, he served as a member or chairman of audit committees of more than 20 companies listed on the WSE. In 1999–2008, he worked for Deutsche Bank in Poland, where he served as Deputy Director of the Stock Market Analysis Department and Stock Market Analyst for the Central and Eastern European Region. From 2008 to 2010, he held various management positions within the TP Group (Orange). In 2010–2011, he worked for the Swiss investment bank Credit Suisse in Poland. In 2012–2015, he held the position of vice-president of the Management Board for Strategy and Business Development in Emitel, a leading terrestrial radio and television network operator in Poland. From 2016 to 2019, he worked as a strategy advisor to the Management Board of KGHM Polska Miedź S.A. (a leading mining company in the world). A graduate of the Warsaw School of Economics with a degree in finance and accounting.

In 2021, the Audit Committee of the Board of Directors held 6 meetings.

The Board of Directors has appointed from among its members the following persons to the Nomination and Remuneration Committee:

- Mr Krzysztof Kaczmarczyk (Chairman of the Nomination and Remuneration Committee)
- Mr Rod Cousens
- Mr John Salter

The tasks of the Remuneration and Nomination Committee consist of (a) preparing and periodically reviewing the Group's compensation policy and principles, the performance criteria related to compensation and a periodical review of their implementation as well as submitting proposals and recommendations to the Board of Directors, and (b) preparing all relevant decisions of the Board of Directors concerning the nomination of members of the Issuer's Board of Directors as well as submitting proposals and recommendations to the Board of Directors.

Agreements with the Board of Directors

Except for the transactions mentioned below, remuneration for the year ended December 31, 2021 paid by the Issuer to members of the Board of Directors and share options owned by members of the Board of Directors and the reimbursement of travel expenses and accommodation costs incurred by board members related to their work, there were no other transactions between the Issuer and members of the Board of Directors.

Name	Function	Base salaries	Share-based payment
Anton Gauffin	CEO & Executive director	162	381
Henric Suuronen	Non-executive director	69	1
John Salter	Non-executive director	78	-
Rod Cousens	Non-executive director (independent)	80	-
Krzysztof Kaczmarczyk	Non-executive director (independent)	83	-
Sang-Ho Park	Non-executive director		-

Amounts of remuneration and benefits in kind of members of the Board of Directors
Costs of remuneration (including accrued bonuses) of members of the Board of Directors amounted to USD 472 thousand for the year ended December 31, 2021. The Company has no formal rules for the payment of cash bonuses to members of the Board of Directors; all such bonuses are paid on a discretionary basis.

Shares or share options held by members of the Board of Directors
The table below presents the number of shares and share options held by members of the Board of Directors at the Annual Report publication date:

Name	Function	Common Shares	Share Options Outstanding
Anton Gauffin (through Big Bets OÜ)[1]	Chief Executive Officer & Executive Director	25,849,505	500,000
Henric Suuronen	Non-Executive Director	1,673,610	0

1) Anton Gauffin also holds one Series B Preferred Share through Big Bets OÜ

On March 19, 2021, the Board of Directors adopted a recommendation from the Nomination and Remuneration Committee on executive and non-executive compensation for Mr Gauffin ("Proposal"), for holding the position of President, Chief Executive Officer and Secretary of the Company. This is also the date on which Mr Gauffin started providing services in this respect ("service commencement date"), therefore the relevant costs have been recognized starting from March 19, 2021. The final executive compensation agreement between Mr Gauffin and the Company was approved by the Board of Directors on September 9, 2021, and was signed by the parties on September 10, 2021.

In accordance with the adopted Proposal and the compensation agreement, Mr Anton Gauffin's remuneration will consist 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 are as follows:

(i) 50,000 options with a vesting condition that Mr Gauffin provides the service continuously for approximately 4 years from the service commencement date. The Group's management expects Mr Anton Gauffin to fulfil this vesting condition.

(ii) 75,000 options with a vesting condition that Mr Gauffin provides the service continuously for approximately 4 years from the service commencement date and the 2021 EBITDA target is met. The Group's management expects Mr Anton Gauffin to fulfil the service condition and the estimated cost reflects the probability of achieving the 2021 EBITDA target.

(iii) 375,000 options with a variable vesting period due to market conditions, i.e., conditional on meeting the Company's market capitalization milestones. The Group's management estimates that 6 years of continuous service will be required for these options to vest.

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

On December 10, 2021, in its current report RB21/2021 and on February 10, 2022, in its current report RB3/2022, the Issuer informed about the exercises of 192,340 and 8,360 stock options respectively by Mr. Henric Suuronen. After completion of these two transactions, Mr. Henric Suuronen's grant has been fully exercised and as at the date of the publication of this report it does not contain any other vested or unvested stock options.

The Company has not concluded any agreements with members of the Board of Directors that would afford any remuneration payable on the day of stepping down from any position in the Company.

The Group has no separate or dedicated reserves against liabilities related to age or disability pensions or any other similar benefits for members of the Board of Directors.

Information on agreements known to the Company, including those concluded after the balance sheet date, which may result in future changes in the proportion of shares held by the existing shareholders and bondholders.

The Company is not aware of any agreements which may result in future changes in the proportion of shares held by the existing shareholders, except for possible changes in the proportion of shares resulting from:

– equity-settled share option programs in the Company (one employee share option plan was established by the Board of Directors on April 3, 2015, and the second one on October 19, 2019); and

– earn-out consideration to be paid to the previous owners of Double Star Oy by the Company, based on the "Share sale and purchase agreement" dated July 16, 2020, as later amended by the "First Amendment" dated October 19, 2021, in the form of cash and 23,046 shares of the Company, upon satisfaction of certain conditions specified in the agreement relating to the EBITDA and revenue of the Double Star Oy company and the Double Star studio (being an internal, product-oriented structure within the Company's group), and subject to continuing employment of the sellers of Double Star Oy. The shares related to that transaction were transferred to the previous owners of Double Star Oy on February 21, 2022.

Information on all liabilities arising from pensions

In 2021, as well as from January 1. 2021, until the date of publication of the stand-alone and consolidated annual report for 2021, there were no liabilities arising from pensions and benefits of a similar nature for former managing, supervising or former members of administrative bodies and no liabilities were incurred in connection with those pensions.

Information on agreements concluded between the issuer and board members

The Issuer did not conclude any agreements with members of the Board of Directors providing for compensation in the event of the resignation or dismissal from the position held without an important reason or if the dismissal is due to the Issuer's merger by acquisition.

Executive management

Composition of the executive management and division of responsibilities

The Chief Executive Officer (CEO) is responsible for managing and controlling Huuuge's business and day-to-day operations in accordance with the guidelines and instructions of the Board of Directors. It is the duty of the CEO to ensure that Huuuge's operations are in compliance with the laws and regulations applicable at the time. The CEO is the chairman of the Executive Team.

On February 12, 2015, Mr Anton Gauffin was appointed President and CEO of Huuuge, Inc. and is in this position to date. As of January 18, 2022, Mr Anton Gauffin no longer holds the position of the Company's Secretary, following the appointment by the Board of Directors of the General Counsel of the Company, Mr Yehoshua Gurtler to this position. As of March 19, 2021, the Treasurer of the Company is Grzegorz Kania.

Before October 2021 the executive management team consisted of four members: Anton Gauffin (CEO), Elad Kushnir (COO), Grzegorz Kania (CFO) and Tal Shoham (CMO). On October 7, 2021, the Company announced changes in the executive management team. The current composition is as follows:
Anton Gauffin, Chief Executive Officer
Grzegorz Kania, Chief Finance Officer
Wojciech Wronowski, Executive Vice President, Product & Operations
Jon Bellamy, Executive Vice President, Strategy & Investment
Erik Duindam, Senior Vice President, Technology & Product
Yehoshua Gurtler, General Counsel
Maciej Hebda, Vice President, Strategy & Planning

More information about the team can be found in their profiles which are available on our website ir.huuugegames.com. Biographies of the members of the Executive Team are posted on our website.

The Executive Team assists the CEO in planning operations and their management, as well as preparing matters for discussion by the Board of Directors. Executive Team meetings are convened by the CEO on a regular basis. The Executive Team prepares the Huuuge Group's strategic and annual planning, supervises the implementation of plans and financial reporting, and assists in processes related to significant investments as well as mergers and acquisitions.

The Executive Team members have authority within their individual areas of responsibility and their duties are to develop the Company's operations in accordance with the targets set by the Board of Directors and the CEO. In addition to their main duties, the Executive Team members may also be members of the Boards of subsidiaries.

Auditor

The election of an independent auditor to audit the financial statements of the Group is one of the powers of the Company's Board of Directors. On February 5, 2021, the Company's Board of Directors adopted a "Policy for selecting and appointing an audit firm to audit the financial statements of Huuuge, Inc. and the Huuuge, Inc. Group". Once cooperation between the Company and the appointed audit firm has ended, the selection and appointment of another audit firm will be subject to the provisions of the aforementioned Policy.

In relation to the IPO, after reviewing a few offers and after receiving recommendations from the Company's CEO, the Board of Directors selected the audit firm PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp. k. as the entity authorized to: (i) audit the Group's consolidated financial information for 2017, 2018 and 2019, and (ii) review the Group's interim consolidated financial statement for the 9 months period ended September 30, 2020.

On June 24, 2021 the Board approved the appointment of PricewaterhouseCoopers Polska Spółka z ograniczoną odpowiedzialnością Audyt Sp. k. ("PwC") as auditor for the consolidated financial statements and the stand-alone financial statements of Huuuge, Inc. – both as at and for the year ended December 31, 2021. The final contract with PwC was signed on July 30, 2021.

The remuneration of the auditor has been described in Note 27 of the Consolidated Financial Statements.

Risk factors

The identification of risk factors takes place on the basis of the implemented risk management system. The risk management process has been formally established in the organization based on the Risk Management Policy.

The risk management process includes:

- risk identification;
- risk analysis (description and assessment);
- risk evaluation;
- risk mitigation;
- risk monitoring and reporting.

The most important goals of the Risk Management System include:

- identification, analysis, assessment and evaluation of risks;
- improvement of coherence of the approach to risk management;
- ensuring comparability of risks occurring in different areas of organization;
- creating a correlation between the operational and strategic level of risk management;
- reducing the frequency of adverse incidents;
- better preparation for adverse incidents and minimization of losses caused thereby.

All employees of the organization are involved in the risk management process. The most important functions are performed by the Board of Directors, Audit Committee, Executive Management, Risk Committee, Risk Officer, Risk Owner, Risk Coordinator (Secondary Risk Owner).

Furthermore, all management areas outsourced outside the organization should be addressed internally from a risk management perspective. In exceptional cases, it is possible to place the responsibility for risk management externally, with the consent of the Risk Committee.

Determination and concise naming of the most important occurring or possible events or phenomena threatening or affecting the implementation of the goals of Huuuge Group.

Risk assessment consists of determining the probability and impact of a risk in relation to the selected scenarios (based on the causes and results indicated in the risk analysis). The assessment is performed on the basis of defined scales. The descriptions included therein are of an auxiliary nature and, in the case of any doubts, the score of the assessment shall have priority.

Risk evaluation consists of comparing the risk value with the previously assumed criteria, as well as identifying risks requiring the implementation of mitigation plans.

At the time of the publication of this report, the following material risk factors have been identified. However, the risk factors and uncertainties described below by the Group are not the only risk factors the Group faces. Additional risks and uncertainties that the Group is not aware of or currently considers to be insignificant, may also have a significant adverse effect on the business, financial condition and operational results and prospects of the Group.

If we are unable to successfully attract new players or if we lose our current players, our business could be negatively affected. We rely on purchases from a small percentage of our players for nearly all of our revenue. If we are unable to entice players to make in-app purchases or engage with our games in ways that generate revenue, our business could be negatively affected.

Our business depends on developing and publishing mobile games that players download and spend time and money playing. The nature of our industry is that we develop and test hundreds of ideas and games, but subsequently focus only on the titles or features which exhibit the most promising key performance indicators ("KPIs"). Only a handful of our games make it to soft launch and even fewer progress to full launch and scaling. We cannot guarantee that high quality games, even if favourably reviewed by players, will become "hits". Our new games may also attract players away from our existing games, especially when they provide similar gameplay features with an upgraded user interface or new social elements. Furthermore, we cannot ensure that new features or upgrades to our existing games will attract new players or allow us to retain existing ones.

The growth of our business largely depends upon our ability to attract new players to our existing and new games, as well as on retaining existing players of our games. Our success in doing so is conditional in part on unpredictable and volatile factors beyond our control, including customer preferences, competing games, the popularity of other forms of entertainment and economic conditions adversely affecting consumer spending. Achieving growth in our community of players may also require us to increasingly engage in sophisticated and costly sales and marketing efforts that may not result in additional players.

Currently, we derive 96% of our revenue from in-app purchases. As our games are available to players for free, we generate revenue from them only if they make in-app purchases above and beyond the level of free features provided as part of the game, e.g., they purchase virtual currency beyond the amount made available for free, or if they otherwise engage with our games in ways generating revenue. Our games also contain in-app purchases relating to items other than virtual currency such as "passes" granting players access to features such as mini games. If we fail to offer games that entice players to make in-app purchases or if we fail to properly manage the economics of free versus paid currency, or if we fail to entice players to engage with our games in ways generating revenue, this could materially and adversely affect our business, operating results and financial condition.

We rely on a small percentage of our players for nearly all of our revenue. However, we lose paying players in the ordinary course of business, and they may stop making purchases in our games or playing our games altogether at any time. In order to sustain or increase our revenue levels, we must attract new paying players or increase monetization across the current player base. To retain paying players, we must devote significant resources, for example in the areas of marketing and data analytics, in order to individualize offers provided to our players so that the games they play retain their interest and attract them to our other games.

Revenue concentration in a small number of games

The majority of our revenue is generated by a small number of our games which could negatively affect our business. We expect that this concentration will continue in the future. For example, our most popular games generating the highest revenue are Huuuge Casino and Billionaire Casino. These top two franchises historically have contributed the majority of our revenue, accounting for 88% of our revenue in 2021 and 94% in 2020. We expect the declining share of the top two franchises in total revenue to continue to be the case over the next several years. If we are unable to diversify our portfolio of games in the long run and increase the popularity and improve the monetization of our existing games or the games we develop in the future, it could have a material adverse effect on our business, operating results and financial condition.

Dependence on third parties' services

We rely, to varying degrees, on a number of third-party vendors, service providers and game developers, as well as strategic partners, to efficiently operate our business, develop games and meet the expectations of our players. In particular, some elements of the provision and distribution chain of our gaming services are operated by third parties we do not control and which it would take significant time to replace. This dependence is expected to continue.

We are highly dependent on distribution platforms when offering our games to players. Any adverse changes in our existing arrangements with these third parties, including an inability to fulfil their obligations in a timely manner or an inability to enter into or renew arrangements on favourable terms, if at all, could reduce the quality, revenue or availability of our games. Changes to third parties' policies or terms of service, could also negatively impact our ability to offer our existing or future games, or restrict the availability of certain features.

Disruption of IT infrastructure, networks and systems and IT gaps

We rely on information technology infrastructure, networks and systems that are important to the operation of our business. We use such infrastructure, networks and systems to operate our games, and manage and secure our business and data, particularly with respect to internal communications, controls, reporting and relations with suppliers.

Some of such infrastructure, networks and systems are managed or provided by third parties. These third parties are typically under no obligation to renew agreements relating to such infrastructure, networks and systems and there is no guarantee that we will be able to renew these agreements on commercially reasonable terms, or at all. In addition, our information technology infrastructure, networks and systems, including those operated by third parties, may experience breaks, suspensions, or stoppages of service or we may experience system crashes in connection with system integration or migration work. Any disruption or failure in these infrastructure, networks and systems could adversely affect the availability of games, could slow them down or otherwise disrupt the functionality or operations of the relevant business.

As a result of technological advancements, our IT infrastructure may become outdated or inadequate for our business needs. If we are unable to keep our systems and infrastructure current with industry standards and with evolving technologies, our operations or growth may be impeded.

Undetected errors, bugs or vulnerabilities

Our games and other software applications and systems, as well as the third party platforms upon which they are made available, could contain undetected errors, bugs or vulnerabilities that could adversely affect the performance of our games, some of which may only be detected after the code has been released for external or internal use. For example, errors, bugs or other types of defects could prevent our players from making in-app purchases, harm the overall game-playing experience for our players, delay game introductions or enhancements, cause measurement errors, result in our games being non-compliant with applicable laws or create legal liability for us. We have experienced some of these issues in the past, including lags in gameplay, in-app purchase errors, game data corruption and problems with players' access to our games. We resolved most of these issues on a timely basis, but we cannot guarantee that we will be able to do so in the future. Moreover, resolving such errors, bugs or other vulnerabilities could disrupt our operations or cause us to divert resources from other projects.

Failure to successfully pursue or implement new business initiatives

In order to grow our business, we need to evaluate, consider and effectively implement new business initiatives. Management may not properly ascertain or assess the risks associated with these new initiatives and subsequent events may arise that would render our initial assessment of the economic merits of a particular initiative uneconomic.

Moreover, the market of new technologies is one that is developing rapidly. Therefore, we conduct ongoing monitoring of new technologies and IT solutions in order to quickly adapt to the solutions introduced to the market. The failure to analyse or implement new technologies may result in a loss of competitiveness in the market, which could have a negative impact on our operating activities and financial results.

Business acquisitions and integrating acquired operations could divert the attention of our management and otherwise disrupt our operations or limit our growth

As a part of our strategy, we may in the future explore, and have in the past carried out, acquisitions to strengthen our market position in selected game genres and grow our game development talent. We intend to use the net proceeds from the new shares sold in the initial public offering, which took place in February 2021, primarily to finance extraordinary growth events such as potential acquisitions, if the opportunity arises. We cannot guarantee we will be able to identify acquisition targets that help us to achieve our growth strategy, or that the transactions we have planned will be completed or prove to be successful or accretive. In addition, acquisitions and integration processes could divert our management's attention from other business concerns and also lead to the use of resources that are needed in other parts of our business.

Real or perceived inaccuracies in our performance metrics

We track certain performance metrics, such as Installs, DAU, DPU, ARPDAU, ARPPU, Monthly Conversion. Our performance metrics tools have a number of limitations and our methodologies for tracking these metrics may change over time, which could result in unexpected changes to our metrics, including those we report. If our performance metrics are not accurate representations of our business, player base or traffic levels, if we discover material inaccuracies in our metrics or if those we rely on to track our performance do not provide an accurate measurement of our business, we may fail to obtain an accurate understanding of the performance of our business, our reputation may be significantly harmed, we may lose the confidence of players, analysts or business partners and this could adversely affect our business, operating results and financial condition.

Ineffective protection of our intellectual property

Intellectual property rights are an essential element of our business. We rely on a combination of different intellectual property rights such as trademarks, patents and copyrights relating to our games, and proprietary or confidential information that is not subject to formal intellectual property protection.

While we create most of the intellectual property we use internally, we also license intellectual property such as, in particular, games (as a whole) and software development kits ("SDKs") from third parties. In particular, our games use SDKs provided by, among others, Facebook and Google. We also purchase or license, in whole or in part, photos, videos and audio used in our games from third parties, including Shutterstock and Envato. We rely on licenses for all of our third-party publishing.

Despite our efforts to protect our owned and licensed intellectual property, unauthorized parties may attempt to copy or otherwise obtain and use our technology, games or brands. There is a risk that the actions we take will not be sufficient to protect our owned and licensed intellectual property. Furthermore, our use of third-party intellectual property may inadvertently violate the rights of third parties, and therefore we could become subject to infringement claims, which we already occasionally face.

Third party intellectual property rights may limit our development

We need to continuously adapt our games to incorporate new technologies. If such technologies are protected by the intellectual property rights of our competitors or other third parties, we may be prevented from introducing games based on these technologies or expanding into markets or platforms created by these technologies.

We license SDKs which may be integrated into our own products and are required, among other reasons, to allow our players to connect their game accounts with their social media ones. If the owners of these SDKs, such as Google and Facebook, change the license terms in a manner that limits our ability to use the SDKs or integrate with their platforms, our business, operating results and financial condition may be adversely affected.

We also use open source software in our games and expect to continue to do so. Some open source software licenses require users who distribute open source software to publicly disclose all or part of the source code to such software or make available any derivative works of the open source code on unfavourable terms or at no cost. In addition, provisions of various open source licenses have not been interpreted by courts, and there is a risk that such licenses could be construed in a manner that imposes unanticipated conditions or limitations on our use of the open source software. If our use of open source software is not in compliance with a particular license, we may be required to release our proprietary source code, pay damages for breach of contract, re-engineer our games or products, discontinue distribution in the event that reengineering cannot be accomplished on a timely basis, or take other remedial action that may entail additional expenses or limit our activities.

Ineffective protection of confidential information

Our management and key employees have access to sensitive confidential information relating to our business such as insights about strategic developments, business case planning and core technology. In the event that competitors, third parties or the general public gain access to such confidential information, whether on purpose or by accident, our market position could be materially weakened.

We could be the target of cyber-attacks, piracy, database security breaches and hacking

Our industry is prone to, and our games, systems and networks are subject to cyber-attacks, viruses, worms, phishing attacks, malicious software, break-ins, theft, computer hacking, employee error or malfeasance or other security breaches that may exploit, damage, or disrupt the functioning of our games, networks or technological infrastructure. Physical locations where our IT infrastructure is located, as well as our hardware, may also be subject to break-ins, theft or damage.

Any security breach or incident that we experience could result in unauthorized access to, misuse of, or unauthorized acquisition of our or our players' data, the loss, corruption or alteration of this data, interruptions to our operations, unavailability or malfunctioning of our games, or damage to our computers or systems or those of our players or third party platforms. Furthermore, third parties, such as hosted solution providers or third-party platform operators that provide services to us, could also be a source of security risks in the event of the failure of their own security systems and infrastructure.

As threats related to cyber-attacks develop and grow, we may also find it necessary to make further investments to protect our data and infrastructure.

Unauthorized operators may develop "hacks" or other types of "cheating" software enabling players to alter the intended game play, abuse or exploit the mechanics of our games and, therefore, obtain unfair advantages in our games, or otherwise obtain virtual currency or other benefits available in our games. These may have a negative impact on the volume of in-app purchases and the amount of revenue we collect from players. In addition, such "hacks" or other similar vulnerabilities may result in increased costs of developing technological measures to respond to them.

The Russian invasion of Ukraine, and the associated developments on the international arena, could result in a heightened risk of cyber-attacks, which could affect our systems. We have taken action to analyse the impact of various types of cyber-attacks and have implemented additional security measures commensurate with the potential increase of such risk.

Fluctuations in foreign exchange rates and inflationary pressures could negatively impact our business.

Our activities and businesses expose us to fluctuations in currency exchange rates between USD and other currencies, such as the Polish zloty and the euro. These fluctuations may reach significant levels during periods of increased market volatility related to, for example, the Russian invasion of Ukraine, the COVID-19 pandemic, or other events increasing uncertainty in the global economy. See also "Key Factors Affecting Our Results of Operations and Market Trends".

For further information on the Group's exposure to foreign exchange rate volatility for the most significant currencies, see Note 7 to our Consolidated Financial Statements for full year 2021.

Our performance may also be affected by inflationary pressures and their impact on consumer spending patterns, which could result in decreased spending on leisure and entertainment, and therefore negatively impact our revenues.

Our success and continued growth are heavily reliant on the experience and talent of our managers and skilled employees

The successful operation of our businesses as well as the successful implementation of our strategy is dependent on the experience of our managers and key personnel. Due to the specifics of the industry we operate in, we are dependent on our highly skilled, technically trained and creative employees, whose high competences and knowledge translates into developing new technologies and creating innovative games. The loss of any of these individuals could harm our business. Competition for employees, particularly game designers, engineers and project managers with desirable skill sets is intense, and we devote significant resources to identifying, hiring, training, successfully integrating and retaining these employees.

Our future success depends in part on our ability to retain highly qualified managers active in the mobile games industry who have had a significant impact on our development, as well as on our ability to attract and retain skilled employees able to effectively operate our business. We cannot guarantee that we will be able to attract and retain such managers or skilled employees in the future, and the costs associated with retaining them may impact our profitability or financial results.

Changes in tax laws or tax rulings, or the examination of our tax position, could materially affect our financial condition and results of operations

We are subject to complex tax legislation in the various countries in which we operate. In particular, given the international scope of our business and our structure, we are subject to rules on transfer pricing. Moreover, GAAR and the focus of tax regulations on real business substance may have an increasing impact on international taxation.

For example, we sell services or use intellectual property through legal entities that must necessarily procure these services or license such intellectual property within a group. Therefore, we perform numerous intercompany transactions. The jurisdictions in which we operate generally have transfer pricing regulations that require transactions involving related parties to be undertaken on properly documented arm's length terms and conditions. If the tax authorities in a particular jurisdiction do not regard intra-group transactions as being made on a properly documented arm's length basis and successfully challenge such transactions, or otherwise adopt a differing approach on the attribution of revenue or profits between our various group entities, the amount of tax payable by the relevant member or members of our group, in respect of both current and previous years may increase, and we may be subject to penalties or fines, or required to make interest payments.

In addition, we provide services whose price is subject to direct and indirect taxes in various countries, such as value added tax. The complexity of our business model may complicate an understanding of the legal obligations in the relevant tax application. We may also be subject to double taxation in jurisdictions with multiple tax authorities or incompatible tax regimes. In addition, applicable tax rates could increase. A significant increase in value added tax rates could negatively affect our activity, especially customer demand, which could have a material adverse effect on our business, operating results and financial condition.

Changes in tax treaties, laws, rules or interpretations or the outcome of tax audits could have an adverse effect on our business. The tax laws and regulations in the jurisdictions in which we operate may be subject to change, for example a substantial amendment may be introduced to the taxation of digitized companies. New tax laws or regulations may be introduced with or without retroactive effect and there may be changes in the interpretation and enforcement of such tax laws or regulations.

If the relevant tax authority challenges our tax position, through audits or otherwise, and is successful, our effective tax rate may increase, and we may be required to pay additional taxes, penalty charges and interest, and we may incur costs in defending litigation or reaching a settlement with the relevant tax authority. We could be liable for amounts that are either not covered by or are in excess of our established reserves. Any of the foregoing situations could have an adverse effect on our business, operating results and financial condition.

Competition in the gaming industry

The gaming industry, which includes social casino games and from which we derive the majority of our revenue, is considered to be a highly competitive and rapidly evolving industry with low barriers to entry. We are experiencing, and are likely to experience in the future, competition from other developers and publishers in the gaming category. Our competitors range from established interactive entertainment companies to emerging start-ups, and we expect new competitors to continue to emerge globally.

Our operations depend on third-party platforms used to offer our games

Our social gaming offerings operate mainly through Apple's App Store, Google's Play Store and Facebook, which also serve as significant online distribution platforms for our games and provide us with valuable information and data. Consequently, our operations depend on our continued relationships with these providers, and any emerging platform providers that are widely adopted by our target player base.

We are subject to the standard terms and conditions that these platform providers have for application developers, which govern the promotion, distribution and operation of games and other applications on their platforms, and which the platform providers can change on a discretionary basis and unilaterally on short notice or without notice.

Moreover, Internet-connected devices and operating systems controlled by third parties increasingly contain features that allow device users to disable functionality that allows for the delivery of advertising on their devices, including through Apple's Identifier for Advertising, or IDFA, or Google's Advertising ID, or AAID, for Android devices. Device and browser manufacturers may include or expand these features as part of their standard device specifications. If players elect to utilize the opt-out mechanisms in greater numbers, our ability to deliver effective targeted advertisements would suffer, which could adversely impact our revenues from in-game advertising (currently less than 5% of Huuuge's overall revenue).

In addition, new regulations and increased focus on data protection may result in changes to the data protection policies of the platform providers, which we will be required to implement. We cannot exclude the possibility that our games, in particular social casino games, will be targeted by other limitations introduced by third party platform providers or our advertising and marketing partners concerning, among others, user acquisition and advertising revenue.

Changes in third party platforms classification of or approach towards social casino games or certain game features (such as loot boxes) could restrict the availability of our games or of certain game features on those platforms or to users in certain jurisdictions.

If similar events occur and we are unable to address them effectively or if other similar issues arise that impact players' ability to download our games, access social features or purchase virtual currency, it could have a material adverse effect on our business, operating results and financial condition.

We operate in an industry characterized by an evolving and partially unclear regulatory environment

Generally, social gaming, including but not limited to social casino games, is not explicitly regulated in the markets where we operate; however, as the mobile and online game industry evolves, so too are regulations evolving and as a result of this evolution as well as possible changes in the approach of legislators, regulators and courts, we cannot exclude the possibility that our activities could be regulated in ways that could adversely affect our business.

In some jurisdictions, there is growing opposition from regulators, public interest groups and/or media towards mobile and online gaming, including social casino games or social gaming, as well as towards specific in-game features, such as loot boxes. Such opposition could lead these jurisdictions to adopt legislation or impose or enforce an existing regulatory framework to govern mobile and online gaming, broadly or more specifically, for example social gaming, or in-game features such as loot boxes. Alternatively, jurisdictions or regulators could seek to apply laws we do not believe are applicable to our games to certain types of games we offer or to games containing certain features or characteristics.

Courts may also interpret or apply laws in a manner adverse to us, notwithstanding the position taken by the relevant gambling authority, and this may compromise our ability to continue to offer our games in particular jurisdictions.

We believe that our games do not constitute gambling in the jurisdictions in which we operate, particularly due to the free access and lack of monetary rewards; however, we cannot exclude the possibility that gambling regulators, judicial or similar authorities in certain jurisdictions will interpret the applicable existing or new laws in a manner classifying our games as gambling or requiring that certain in-game features (e.g. features that are deemed to be "loot boxes") be limited or excluded. If any authority issues such an interpretation, we may face enforcement action on the basis of that interpretation. Moreover, if our games are considered to be gambling in jurisdictions that prohibit online gambling, we may be forced to cease offering our top grossing games in such jurisdictions. If our games are classified, for regulatory purposes, in a manner differing from the manner in which we view them, we may also be barred from promoting those games via third-party platforms (such as the AppStore or Facebook.)

There is a risk that further legislative or regulatory developments could curtail our offering of games in certain jurisdictions, result in a prohibition on mobile or online gaming, in the jurisdictions in which we operate, restrict our ability to advertise our games, allow our players to claim damages related to the use of our games, raise consumer protection claims, substantially increase the cost of complying with the applicable regulations, or subject us to fines or other regulatory actions, any of which could have an adverse effect on our business, operating results and financial condition. Finally, the increased public scrutiny of social casino games and loot boxes could result in reputational damage to ourselves and to the industry, deter players from participating in our games, generate negative publicity, or deter financial institutions and other third-party partners and suppliers from cooperating with us.

We could be subjected to sanctions or other penalties for data privacy and/or data security breaches

We collect, process, store, use and share personal information and other data in order to develop new games, offer products and features to players, and analyse the effectiveness of our marketing channels. Our business is therefore subject to a number of laws and regulations governing data privacy and security, including with respect to the collection, storage, use, transmission, sharing and protection of personal information and other consumer data applicable in various jurisdictions. Such laws and regulations may be inconsistent between countries or conflict with other rules.

Any failure or perceived failure by us to comply with our posted privacy policies, our privacy-related obligations to players or other third parties, or any other legal obligations or regulatory requirements relating to privacy, data protection, or information security may result in governmental investigations or enforcement actions, litigation, claims, or public statements against us by consumer advocacy groups or others and could result in significant liability, cause our players to lose trust in us, and otherwise materially and adversely affect our reputation and business.

Furthermore, the costs of compliance with, and other burdens imposed by the laws, regulations, and policies that are applicable to us may limit the adoption and use of, and reduce the overall demand for our games. Additionally, if third parties we work with violate applicable laws, regulations or agreements, such violations may put our players' data at risk, could result in governmental investigations or enforcement actions, fines, litigation, claims or public statements against us by consumer advocacy groups or others and could result in significant liability, cause our players to lose trust in us and otherwise materially and adversely affect our reputation and business. Further, public scrutiny of, or complaints about, technology companies or their data handling or data protection practices, even if unrelated to our business, industry or operations, may lead to increased scrutiny of technology companies, including us, and may cause government agencies to enact additional regulatory requirements, or to modify their enforcement or investigation activities, which may increase our costs and risks.

Operating in multiple jurisdictions and locations

Although the U.S. is our most significant market in terms of revenue, we generate revenue across multiple jurisdictions, and our users originate from a large number of jurisdictions worldwide. Our main operations, including game development operations, are located in Poland. We operate offices in different cities worldwide, including Tel Aviv, Israel; Limassol, Cyprus; Las Vegas, Nevada; Amsterdam, Netherlands; Helsinki, Finland, and London, UK.

Our operations in multiple jurisdictions could subject us to additional risks customarily associated with such operations, including: the complexity of laws and regulations in different jurisdictions and markets; ambiguity or inconsistency resulting from conflicts-of-laws, the uncertainty of enforcement of remedies in various jurisdictions; the effect of currency exchange rate fluctuations; the impact of various labour laws and disputes; the ability to attract and retain key personnel in different jurisdictions; the economic, tax and regulatory policies of local governments; compliance with applicable anti-money laundering, anti-bribery and anti-corruption laws, including the Foreign Corrupt Practices Act and other anti-corruption laws that generally prohibit U.S. persons and companies and their agents from offering, promising, authorizing or making improper payments to foreign government officials for the purpose of obtaining or retaining business; and compliance with applicable sanctions regimes regarding dealings with certain persons or countries. Moreover, foreign jurisdictions could impose tariffs, quotas, trade barriers and other similar restrictions on our international sales.

Our international business operations could be interrupted and negatively affected by terrorist activity, political unrest or other economic or political uncertainties. We operate in locations that are regularly affected by such events, including Tel Aviv.

The Russian invasion of Ukraine is likely to present obstacles to our collaboration with entities located in Ukraine with which we have commercial relationships. We are constantly reviewing the circumstances affecting our partners and taking available and appropriate measures to mitigate the potential impact on our operations, as well as assist our partners where possible. The international sanctions imposed on Russia, may also have an impact on our operations, which at the date of publication of this report we do not expect to be materially adverse. Finally, an escalation of the war in Ukraine could potentially impact the operations of our offices in Poland, and we are therefore constantly monitoring the situation with a view to taking any necessary mitigation steps to ensure the safety of our teams and the continuity of operations.

Legal proceedings may materially adversely affect our business and our results of operations, cash flows and financial condition

We have been party to, and in the future may become subject to legal proceedings including with respect to consumer protection, gambling related matters, employee matters, alleged service and system malfunctions, alleged intellectual property infringement and claims relating to our contracts, licenses and strategic investments. Legal proceedings targeting our social casino games and claiming violations of state, federal or local laws in jurisdictions where we operate could also occur based on the unique and specific laws of each jurisdiction.

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.

We cannot predict the likelihood, timing or scope of any legal proceedings to which we may be a party, any of which could have a material adverse effect on our business, operating results and financial condition.

We may incur significant expenses defending any lawsuits to which we may be a party, even if we eventually prevail in such proceedings or if they are found to be without merit, and lawsuits may result in the imposition of damages, restitution, fines or other penalties which could have a material impact on our financial results.

Our shareholders' rights under Delaware law differ from shareholder rights under Polish law

The Company is a Delaware corporation, and therefore its structure, operating procedures and the relationships between shareholders are governed by the laws of the State of Delaware and U.S. federal laws, including U.S. securities laws.

The principles underlying these laws differ from those underlying Polish law in many respects. Therefore, the rights of our shareholders are in many instances different from those of shareholders of Polish companies.

Procedures introduced by the WSE may be insufficient

The Securities and Exchange Commission (SEC) may consider procedures introduced by the WSE in relation to Regulation S Category 3 securities as insufficient for complying with the transfer restrictions. In 2018, the WSE established procedures designed to facilitate the trading of dematerialized Regulation S Category 3 securities in accordance with the transfer restrictions applicable to resales of such securities. Currently the WSE is working on amending its procedure to include Regulation S Category 3 securities subject to the Rule 144A registration exemption under the U.S. Securities Act.

To the best of our knowledge, the commissioners and staff of the SEC have thus far not expressed any view on the sufficiency of the procedures introduced by the WSE for the purpose of complying with the transfer restrictions. The SEC may determine such procedures to be insufficient for complying with the transfer restrictions.

Best practices

Since February 19, 2021, the Company has been subject to and has applied WSE Best Practices, except for the principles that cannot be adhered to or which are impracticable due to the differences between the U.S. and Polish legal system or where this contradicts the provisions of Delaware or U.S. federal law.

The WSE Best Practices are available both in English and Polish on the Warsaw Stock Exchange website at https://www.gpw.pl/dobre-praktyki2021.

1. **DISCLOSURE POLICY, INVESTOR COMMUNICATIONS**

In the interest of all market participants and their own interest, listed companies ensure quality investor communications and pursue a transparent and fair disclosure policy.

Recommendations:

1.1. Companies maintain efficient communications with capital market participants and provide fair information about matters that concern them. For that purpose, companies use diverse tools and forms of communication, including in particular the corporate website where they publish all information relevant for investors.

This principle is applied.

1.2. Companies make available their financial results compiled in periodic reports as soon as possible after the end of each reporting period; should that not be feasible for substantial reasons, companies publish at least preliminary financial estimates as soon as possible.

This principle is applied.

1.3. Companies integrate ESG factors in their business strategy, including in particular:

1.3.1. environmental factors, including measures and risks relating to climate change and sustainable development;

This principle is not applied.

The Issuer is currently working on the ESG strategy and plans to present it to the Board of Directors in 2022. Environmental factors will be included in the strategy.

1.3.2. social and employee factors, including among others actions taken and planned to ensure equal treatment of women and men, decent working conditions, respect for employees' rights, dialogue with local communities, customer relations.

This principle is not applied.

The Issuer is currently working on the ESG strategy and plans to present it to the Board of Directors in 2022. Social and employee factors will be included in the strategy.

Currently, in order to ensure the promotion of social and employee factors within the organization, the Issuer has implemented a Code of Conduct, an Anti-Harassment Policy and a Whistleblowing Policy, and has established a senior task force, led by a member of the Executive Management, to address issues of Diversity, Equity and Inclusion and, inter alia, to adopt a Diversity Policy for the Issuer.

1.4. To ensure quality communications with stakeholders, as a part of the business strategy, companies publish on their website information concerning the framework of the strategy, measurable goals, including in particular long-term goals, planned activities and their status, defined by measures, both financial and non-financial. ESG information concerning the strategy should among other things:

1.4.1. explain how the decision-making processes of the company and its group members integrate climate change, including the resulting risks;

This principle is not applied.

The Issuer is currently working on the ESG strategy and plans to present it to the Board of Directors in 2022.

1.4.2. present the equal pay index for employees, defined as the percentage difference between the average monthly pay (including bonuses, awards and other benefits) of women and men in the last year, and present information about actions taken to eliminate any pay gaps, including a presentation of related risks and the time horizon of the equality target.

This principle is not applied.

The Issuer does not publish equal pay index data. The Issuer hires and remunerates its employees on the basis of their competences, experience and knowledge, without any gender discrimination. The Issuer is establishing an internal working group to address issues of Diversity, Equity and Inclusion, including with respect to remuneration.

1.5. Companies disclose at least on an annual basis the amounts expensed by the company and its group in support of culture, sports, charities, the media, social organizations, trade unions, etc. If the company or its group pay such expenses in the reporting year, the disclosure presents a list of such expenses.

This principle is applied.

1.6. Companies participating in the WIG20, mWIG40 or sWIG80 index hold on a quarterly basis, and other companies hold at least on an annual basis, a meeting with investors to which they invite in particular shareholders, analysts, industry experts and the media. At such meetings, the management board of the company presents and comments on the strategy and its implementation, the financial results of the company and its group, and the key events impacting the business of the company and its group, their results and outlook. At such meetings, the management board of the company publicly provides answers and explanations to the questions raised.

This principle is applied.

1.7. If an investor requests any information about a company, the company replies immediately and in any event no later than within 14 days.

This principle is applied.

2. **MANAGEMENT BOARD, SUPERVISORY BOARD**

To ensure top standards of the responsibilities and effective performance of the management board and the supervisory board of a company, only persons with adequate competences, skills and experience are appointed to the management board and the supervisory board.

Management Board members act in the interest of the company and are responsible for its activity. The management board is responsible among other things for the company's leadership, engagement in setting and implementing its strategic objectives, and ensuring the company's efficiency and safety.

Supervisory board members acting in their function and to the extent of their responsibilities on the supervisory board follow their independent opinion and judgement, including in decision making, and act in the interests of the company.

The supervisory board functions in the spirit of debate and analyses the position of the company in the context of the sector and the market on the basis of information provided by the management board of the company and via the company's internal systems and functions and obtained from external sources, using the output of its committees. The supervisory board in particular issues opinions on the company's strategy, verifies the work of the management board in pursuit of defined strategic objectives, and monitors the company's performance.

2.1. Companies should have in place a diversity policy applicable to the management board and the supervisory board, approved by the supervisory board and the general meeting, respectively. The diversity policy defines diversity goals and criteria, among others including gender, education, expertise, age, professional experience, and specifies the target dates and the monitoring systems for such goals. With regard to the gender diversity of corporate bodies, the participation of the minority group in each body should be at least 30%.

This principle is not applied.

The Issuer has established a senior task force, led by a member of the Executive Management, to address issues of Diversity, Equity and Inclusion and, inter alia, to adopt a Diversity Policy for the Issuer. One of the goals of the task force is to ensure that all genders are equitably represented at all levels of the company. The Issuer exercises a policy of employing persons who are competent, creative and have the professional experience and education necessary to perform their duties, and does not base its employment decisions on gender. The Issuer employs approximately 60% men and 40% women, a distribution that is relatively consistent at different levels of seniority. However, the Issuer is aware of the fact that at present, the composition of the Issuer's Board is not balanced in terms of the participation of men and women, recognizing also that given the relatively infrequent changes to the structure of the Board, rectification of this imbalance may take longer than imbalances at other levels of the company.

2.2. Decisions to elect members of the management board or the supervisory board of companies should ensure that the composition of those bodies is diverse by appointing persons ensuring diversity, among other things in order to achieve the target minimum participation of the minority group of at least 30% according to the goals of the established diversity policy referred to in principle 2.1.

This principle is not applied.

See explanation to point 2.1. above.

2.3. At least two members of the supervisory board meet the criteria of being independent as referred to in the Act of May 11, 2017, on Auditors, Audit Firms and Public Supervision, and have no actual and material relations with any shareholder who holds at least 5% of the total votes in the company.

This principle is applied.

The Issuer has a one-tier management structure, therefore principles regarding members of the management board and supervisory board do not apply directly to the Issuer. The Issuer is incorporated in Delaware and has one governing body, the Board of Directors.

At least two members of the Board of Directors meet the criteria of being independent as referred to in the Act of May 11, 2017, on Auditors, Audit Firms and Public Supervision, and have no actual and material relations with any shareholder who holds at least 5% of the total votes in the company.

2.4. The supervisory board and the management board vote in an open ballot unless otherwise required by law.

This principle is applied.

The Issuer has a one-tier management structure, therefore principles regarding members of the management board and supervisory board do not apply directly to the Issuer. The Issuer is incorporated in Delaware and has one governing body, the Board of Directors. Voting in the Board of Directors is done by an open ballot.

2.5. Members of the supervisory board and members of the management board who vote against a resolution may have their dissenting vote recorded in the minutes.

This principle is applied.

Votes of all members of the Board of Directors are recorded in the Board's minutes.

2.6. Functions on the management board of a company are the main area of the professional activity of management board members. Management board members should not engage in additional professional activities if the time devoted to such activities prevents their proper performance in the company.

This principle is applied.

The Board of Directors in the Issuer is a one-tier management structure. This principle is applied in relation to the Issuer's President, who as a Chief Executive Officer is also an officer of the Issuer and forms its management. The remaining Directors are not officers of the Issuer and most of them have other professional activities in addition to the Issuer.

2.7. A company's management board member may sit on the corporate bodies of companies other than members of its group subject to the approval of the supervisory board.

This principle is not applied.

According to the Issuer's Certificate of Incorporation, the consent of the Board of Directors is not required for the President (or any Director) to sit on the management or supervisory board of companies other than members of the Issuer's group. The Issuer maintains a Conflict of Interests policy designed to prevent conflicts of interest at all levels.

2.8. Supervisory board members should be able to devote the time necessary to perform their duties.

This principle is applied.

The Issuer has a one-tier management structure, therefore principles regarding members of the management board and supervisory board do not apply directly to the Issuer. The Issuer is incorporated in Delaware and has one governing body, the Board of Directors. Members of the Board undertake to devote the time necessary to perform their duties in compliance with the law and the Company's statutory documents.

2.9. The chair of the supervisory board should not combine this function with that of chair of the audit committee of the supervisory board.

This principle is applied.

The Issuer is a Delaware corporation and does not presently have a chairman of the supervisory board (or Board of Directors). The Chairman of the Audit Committee meets the independence criteria established by the company and by applicable regulations.

2.10. Companies allocate the administrative and financial resources necessary to ensure the efficient functioning of the supervisory board in a manner adequate to their size and financial standing.

This principle is applied.

2.11. In addition to its responsibilities laid down in the legislation, the supervisory board prepares and presents an annual report to the annual general meeting once per year. Such report includes at least the following:

The Issuer does not have a supervisory board, operates in a one-tier management structure and presents information on the members of the Board of Directors. Relevant information listed below is included in the Annual Report of the Company prepared by the Board of Directors and presented to all shareholders and to the market.

2.11.1. information about the members of the supervisory board and its committees, including an indication of those supervisory board members who fulfil the criteria of being independent referred to in the Act of May 11, 2017 on Auditors, Audit Firms and Public Supervision and those supervisory board members who have no actual and material relations with any shareholder who holds at least 5% of the total vote in the company, and information about the members of the supervisory board in the context of diversity;

This principle is applied.

2.11.2. summary of the activity of the supervisory board and its committees;

This principle is applied.

2.11.3. assessment of the company's standing on a consolidated basis, including an assessment of the internal control, risk management and compliance systems and the internal audit function, and information about measures taken by the supervisory board to perform such assessment; such assessment should cover all significant controls, in particular reporting and operational controls;

This principle is applied.

2.11.4. assessment of the company's compliance with the corporate governance principles and the manner of compliance with the disclosure obligations concerning compliance with the corporate governance principles defined in the Exchange Rules and the regulations on current and periodic reports published by issuers of securities, and information about measures taken by the supervisory board to perform such assessment;

This principle is applied.

2.11.5. assessment of the rationality of expenses referred to in principle 1.5;

This principle is applied.

2.11.6. information regarding the degree of implementation of the diversity policy applicable to the management board and the supervisory board, including the achievement of goals referred to in principle 2.1.

This principle is not applied.

The Issuer exercises a policy of employing persons who are competent, creative and have the professional experience and education necessary to perform their duties. The Issuer does not ensure the balanced participation of men and women on the Issuer's Board of Directors. The Issuer is establishing an internal working group to address issues of Diversity, Equity and Inclusion, and to determine the diversity policy of the Issuer.

3. INTERNAL SYSTEMS AND FUNCTIONS

Efficient internal systems and functions are an indispensable tool of exercising supervision over a company.

The systems cover the company and all areas of activity of its group which have a significant impact on the position of the company.

3.1. Listed companies maintain efficient internal control, risk management and compliance systems and an efficient internal audit function adequate to the size of the company and the type and scale of its activity; the management board is responsible for their functioning.

This principle is applied.

3.2. Companies' organization includes units responsible for the tasks of individual systems and functions unless it is not reasonable due to the size of the company or the type of its activity.

This principle is applied.

3.3. Companies participating in the WIG20, mWIG40 or sWIG80 index appoint an internal auditor to head the internal audit function in compliance with generally accepted international standards for the professional practice of internal auditing. In other companies which do not appoint an internal auditor who meets such requirements, the audit committee (or the supervisory board if it performs the functions of the audit committee) assesses on an annual basis whether such a person should be appointed.

This principle is applied.

3.4. The remuneration of persons responsible for risk and compliance management and of the head of internal audit should depend on the performance of delegated tasks rather than the short-term results of the company.

This principle is applied.

3.5. Persons responsible for risk and compliance management report directly to the president or other member of the management board.

This principle is not applied.

The Issuer has a one-tier management structure, therefore the principles regarding members of the management board do not apply directly to the Issuer. The Issuer is incorporated in Delaware and has one governing body, the Board of Directors.

Person responsible for risk management reports to the EVP Product & Operations, a member of the executive management team. Person responsible for compliance management reports to the General Counsel, a member of the executive management team.

3.6. The head of internal audit reports organizationally to the president of the management board and functionally to the chair of the audit committee or the chair of the supervisory board if the supervisory board performs the functions of the audit committee.

This principle is not applied.

The Issuer has a one-tier management structure, therefore the principles regarding members of the management board do not apply directly to the Issuer. The Issuer is incorporated in Delaware and has one governing body, the Board of Directors.

The Head of Internal Audit was appointed by and reports to the Audit Committee of the Board of Directors, and administratively reports to the Treasurer and Chief Financial Officer, who is a member of the executive management team.

3.7. Principles 3.4 to 3.6 apply also to members of the company's group which are material to its activity if they appoint persons to perform such tasks.

This principle is applied.

3.8. The person responsible for internal audit or the management board if such function is not performed separately in the company reports to the supervisory board at least once per year with their assessment of the efficiency of the systems and functions referred to in principle 3.1 and tables a relevant report.

This principle is applied.

The Issuer has a one-tier management structure, therefore principles regarding members of the management board and supervisory board do not apply directly to the Issuer. The Issuer is incorporated in Delaware and has one governing body, the Board of Directors. The Head of Internal Audit reports routinely to the Audit Committee of the Board of Directors with their assessment of the efficiency of the systems and functions referred to in principle 3.1 and tables a relevant report. Since the internal audit function was implemented only in Q4 2021 and the Head of IA was engaged only on December 1, 2021, the first such report will be compiled for the year ended December 31, 2022.

3.9. The supervisory board monitors the efficiency of the systems and functions referred to in principle 3.1 among others on the basis of reports provided periodically by the persons responsible for the functions and the company's management board, and makes an annual assessment of the efficiency of such systems and functions according to principle 2.11.3. Where the company has an audit committee, the audit committee monitors the efficiency of the systems and functions referred to in principle 3.1, which however does not release the supervisory board from the annual assessment of the efficiency of such systems and functions.

This principle is applied.

The Issuer has a one-tier management structure, therefore principles regarding members of the management board and supervisory board do not apply directly to the Issuer. The Issuer is incorporated in Delaware and has one governing body, the Board of Directors.

The Board of Directors together with the President of the Company are responsible for overseeing the financial reporting process of the Group, including monitoring of the efficiency of the systems and functions referred to in principle 3.1

The Issuer has an Audit Committee that reports to the Board of Directors. The Audit Committee is responsible for supervising the adequacy of the internal control system and for monitoring its effectiveness in the preparation of the consolidated financial statements.

3.10. Companies participating in the WIG20, mWIG40 or sWIG80 index have the internal audit function reviewed at least once every five years by an independent auditor appointed with the participation of the audit committee.

This principle is applied.

4. **GENERAL MEETING, SHAREHOLDER RELATIONS**

The management board and the supervisory board of listed companies should encourage the engagement of shareholders in matters of the company, in particular through active participation in the general meeting, either in person or through a proxy.

The general meeting should proceed by respecting the rights of all shareholders and ensuring that passed resolutions do not infringe on the legitimate interests of different groups of shareholders.

Shareholders who participate in a general meeting exercise their rights in accordance with the rules of good conduct. Participants of a general meeting should come prepared to the general meeting.

4.1. Companies should enable their shareholders to participate in a general meeting by means of electronic communication (e-meeting) if justified by the expectations of shareholders notified to the company, provided that the company is in a position to provide the technical infrastructure necessary for such general meeting to proceed.

This principle is applied.

4.2. Companies set the place and date and the form of a general meeting so as to enable the participation of the highest possible number of shareholders. For that purpose, companies strive to ensure that the cancellation of a general meeting, change of its date or break in its proceedings take place only if justified and do not prevent or limit the exercising of the shareholders' rights to participate in the general meeting.

This principle is applied.

4.3. Companies provide a public real-life broadcast of the general meeting.

This principle is applied.

4.4. The presence of representatives of the media is allowed at general meetings.

This principle is applied.

4.5. If the management board becomes aware of a general meeting being convened pursuant to Article 399 § 2 – 4 of the Commercial Companies Code, the management board immediately takes steps which it is required to take in order to organize and conduct the general meeting. The foregoing applies also where a general meeting is convened under authority granted by the registration court according to Article 400 § 3 of the Commercial Companies Code.

This principle is applied.

The Issuer is a Delaware corporation and, therefore, Section 399.2 – Section 399.4 of the Commercial Companies Code does not apply to the Issuer. However, in accordance with the Bylaws, the President shall call a Special General Meeting (SGM) at the written request of the Company's shareholders owning shares of the Company representing at least 10% of the voting rights. In a situation where a shareholder or shareholders make such a request, the board will take prompt and effective action to convene the SGM. According to the Bylaws of the Company, the Board shall convene such a meeting no less than 30 days and no more than 90 days after a valid written request. If the Board fails to do so, notice of the meeting may be given by the shareholders requesting the meeting. In addition, in accordance with the Certificate of Incorporation the SGM may be called at any time by or at the direction of the Board of Directors (by resolution approved by a vote of the majority of the Directors eligible to vote) or the Chairman of the Board of Directors.

4.6. To help shareholders participating in a general meeting to vote on resolutions with adequate understanding, draft resolutions of the general meeting concerning matters and decisions other than points of order should contain a justification, unless it follows from documentation tabled to the general meeting. If a matter is put on the agenda of the general meeting at the request of a shareholder or shareholders, the management board requests a presentation of the justification for the proposed resolution, unless previously presented by such shareholder or shareholders

This principle is applied.

4.7. The supervisory board issues opinions on draft resolutions put by the management board on the agenda of the general meeting.

This principle is applied.

The Issuer has a one-tier management structure, therefore principles regarding members of the management board and supervisory board do not apply directly to the Issuer. Draft resolutions are reviewed and discussed by the Board of Directors.

4.8. Draft resolutions of the general meeting on matters put on the agenda of the general meeting should be tabled by shareholders no later than three days before the general meeting.

This principle is applied.

4.9. If the general meeting is to appoint members of the supervisory board or members of the supervisory board for a new term of office:

4.9.1. candidates for members of the supervisory board should be nominated with a notice necessary for shareholders present at the general meeting to make an informed decision and in any case no later than three days before the general meeting; the names of candidates and all related documents should be immediately published on the company's website;

This principle is applied.

4.9.2. candidates for members of the supervisory board make a declaration concerning the fulfilment of the requirements for members of the audit committee referred to in the Act of May 11, 2017, on Auditors, Audit Firms and Public Supervision and having actual and material relations with any shareholder who holds at least 5% of the total votes in the company.

This principle is applied.

4.10. Any exercise of the rights of shareholders or the way in which they exercise their rights must not hinder the proper functioning of the governing bodies of the company.

This principle is applied.

4.11. Members of the management board and members of the supervisory board participate in a general meeting, at the location of the meeting or via means of bilateral real-time electronic communication, as necessary to speak on matters discussed by the general meeting and answer questions asked at the general meeting. The management board presents to participants of an annual general meeting the financial results of the company and other relevant information, including non-financial information, contained in the financial statements to be approved by the general meeting. The management board presents key events of the last financial year, compares presented data with previous years, and presents the degree of implementation of the plans for the last year.

This principle is applied.

The Issuer is a Delaware corporation and, accordingly, the provisions of the Commercial Companies Code do not apply and therefore, the financial statements do not have to be approved by the shareholders.

4.12. Resolutions of the general meeting concerning an issue of shares with subscription rights should specify the issue price or the mechanism of setting the price or authorize the competent body to set the price prior to the subscription right record date within a timeframe necessary for investors to make decisions.

This principle is not applied.

The Issuer is a Delaware corporation and, accordingly, the provisions of the Commercial Companies Code do not apply. The shares are issued by the Board of Directors.

4.13. Resolutions concerning a new issue of shares with the exclusion of subscription rights which grant pre-emptive rights for new issue shares to selected shareholders or other entities may pass subject at least to the following three criteria:

a) the company has a rational, economically justified need to urgently raise capital or the share issue is related to rational, economically justified transactions, among other things such as a merger with or the take-over of another company, or the shares are to be taken up under an incentive scheme established by the company;

b) the persons granted the pre-emptive right are to be selected according to objective general criteria;

c) the purchase price of the shares is in a rational relation with the current share price of the company or is to be determined in book-building on the market.

This principle is applied.

The Issuer is a Delaware corporation and, accordingly, the provisions of the Commercial Companies Code do not apply. The shares are issued by the Board of Directors. The Issuer's Certificate of Incorporation provides for limited pre-emptive rights of the Company's shareholders.

4.14. Companies should strive to distribute their profits by paying out dividends. Companies may retain all their earnings subject to any of the following criteria:

a) the earnings are minimal and consequently the dividend would be immaterial in relation to the value of the shares;

b) the company reports uncovered losses from previous years and the earnings are used to reduce such losses;

c) the company can demonstrate that investment of the earnings will generate tangible benefits for the shareholders;

d) the company generates insufficient cash flows to pay out dividends;

e) a dividend payment would substantially increase the risk to covenants under the company's binding credit facilities or terms of bond issue;

f) retention of the company's earnings follows recommendations of the authority which supervises the company by virtue of its business activity.

This principle is applied.

5. **CONFLICT OF INTEREST, RELATED PARTY TRANSACTIONS**

For the purpose of this section, "related party" is defined within the meaning of the International Accounting Standards approved in Regulation No (EU) 1606/2002 of the European Parliament and of the Council of July 19, 2002, on the application of international accounting standards.

Companies and their groups should have in place transparent procedures for managing conflicts of interest and for related party transactions where a conflict of interest may occur. The procedures should provide for ways to identify and disclose such cases and the course of action in the event that they occur. Members of the management board and members of the supervisory board should refrain from professional or other activities which might cause a conflict of interest or adversely affect their reputation as members of the corporate body, and where a conflict of interest arises, they should immediately disclose it.

5.1. Members of the management board and members of the supervisory board notify the management board or the supervisory board, respectively, of any conflict of interest which has arisen or may arise, and refrain from discussions on the issue which may give rise to such a conflict of interest in their case.

This principle is applied.

5.2. Where a member of the management board or a member of the supervisory board concludes that a decision of the management board or the supervisory board, respectively, is in conflict with the interest of the company, he or she should request that the minutes of the management board or supervisory board meeting show his or her dissenting opinion.

This principle is applied.

5.3. No shareholder should have preference over other shareholders in related party transactions. The foregoing also concerns transactions concluded by the company's shareholders with members of the company's group.

This principle is applied.

5.4. Companies may buy back their own shares only in a procedure which respects the rights of all shareholders.

This principle is applied.

5.5. If a transaction concluded by a company with its related party requires the consent of the supervisory board, before giving its consent the supervisory board assesses whether to ask a prior opinion of a third party which can provide valuation of the transaction and review its economic impact.

This principle is applied.

The Issuer is a Delaware corporation and in its corporate structure there is no Supervisory Board.

The Company's Board of Directors has adopted a "Related Party Transaction Policy". According to this Policy material related party transactions are subject to approval by the Board of Directors.

The market terms of the related party transactions shall be assessed based on the information provided to the Audit Committee by an expert third party or market evidence. In order to perform the duties and obligations resulting from this Policy, the Audit Committee may also retain the services of external advisors, experts or consultants.

According to the "Related Party Transaction Policy" the Company shall disclose information on all material transactions concluded with related parties on its website. Full text of the Policy is available on the Company's website in the Governance section.

5.6. If a related party transaction requires the consent of the general meeting, the supervisory board issues an opinion on the rationale of such transaction. In that case, the supervisory board assesses whether to ask a prior opinion of a third party referred to in principle 5.5.

This principle is applied.

The Issuer's Certificate of Incorporation, which is in accordance with Delaware law as applicable to the Issuer, does not require general meeting approval for the transactions in question. The manner in which consent to related party transactions is granted is described in section 5.5.

5.7. If a decision concerning the company's significant transaction with a related party is made by the general meeting, the company should give all shareholders access to information necessary to assess the impact of the transaction on the interest of the company before the decision is made, including an opinion of the supervisory board referred to in principle 5.6.

This principle is applied.

The Issuer's Certificate of Incorporation, which is in accordance with Delaware law as applicable to the Issuer, does not require general meeting approval for the transactions in question. The manner in which consent to related party transactions is granted is described in section 5.5.

6. Remuneration

Companies and their groups protect the stability of their management teams, among others by transparent, fair, consistent and non-discriminatory terms of remuneration, including equal pay for women and men.

Companies' remuneration policy for members of corporate bodies and key managers should in particular determine the form, structure, and method of determining and payment of the remuneration.

6.1. The remuneration of members of the management board and members of the supervisory board and key managers should be sufficient to attract, retain and motivate persons with skills necessary for proper management and supervision of the company. The level of remuneration should be adequate to the tasks and responsibilities delegated to individuals and their resulting accountability.

This principle is applied.

6.2. Incentive schemes should be constructed in a way necessary among others to tie the level of remuneration of members of the company's management board and key managers to the actual long-term standing of the company measured by its financial and non-financial results as well as long-term shareholder value creation, sustainable development and the company's stability.

This principle is applied.

6.3. If companies' incentive schemes include a stock option programme for managers, the implementation of the stock option programme should depend on the beneficiaries' achievement, over a period of at least three years, of pre-defined, realistic financial and non-financial targets and sustainable development goals adequate to the company, and the share price or option exercise price for the beneficiaries cannot differ from the value of the shares at the time when such programme was approved.

This principle is not applied.

The Company has two option plans. The first option program (employee stock option plan) was established by the Board of Directors on April 3, 2015, and the second on October 19, 2019. The plans entitle employees and certain consultants of the Issuer and its subsidiaries to purchase shares of the Company's stock at a specified price upon vesting of the option and provided that the option has not expired. Each option entitles the holder to purchase one common share of the Company.

Both option plans allow stock options to be exercised (at least in part) prior to three years after grant, but both plans typically have a vesting cliff of twelve months, followed by 36 monthly vesting periods, which spans the total plan over the period of four years.

6.4. As the supervisory board performs its responsibilities on a continuous basis, the remuneration of supervisory board members cannot depend on the number of meetings held. The remuneration of members of committees, in particular the audit committee, should take into account the additional workload on the committee.

This principle is not applied.

The Issuer does not have a supervisory board. The non-executive directors are remunerated with (i) a fixed annual salary, (ii) an additional salary for holding the position of president of the Audit Committee or the Nomination and Remuneration Committee or being a member of the Audit Committee or the Nomination and Remuneration Committee and (iii) remuneration for the participation in every meeting held.

6.5. The level of remuneration of supervisory board members should not depend on the company's short-term results.

This principle is applied.

Internal control and risk management

The Company's President is responsible for the Company's and Group's internal control system and the Board of Directors is responsible for supervision over the adequacy of the internal control system and over monitoring its effectiveness. In addition, the Board of Directors and the President of the Company are responsible for supervision over the preparation of the Group's consolidated financial statements in accordance with IFRS, as well as the Company's stand-alone financial statements which will also be prepared in accordance with IFRS.

The purpose of an effective internal control system over financial reporting is to ensure the adequacy and correctness of the financial information contained in the financial statements and interim reports.
During the preparation of the Group's consolidated financial statements, the verification of the financial statements by an independent auditor is one of the main elements of the audit. The responsibilities of the auditor include, in particular, an audit of the annual consolidated financial statements. Substantially the same principles apply to the Company's stand-alone financial statements. In addition to the audit of the annual consolidated and stand-alone financial statements, the auditor's responsibilities include a review of the semi-annual stand-alone and consolidated financial statements.

The Board of Directors elects an independent auditor. Upon the auditor's completion of the audit, the consolidated financial statements are sent to the members of the Board of Directors, which assesses the Company's consolidated financial statements with regard to their compliance with the books and documents as well as with the facts. Substantially the same procedures apply to the Company's stand-alone financial statements.

The Board of Directors supervises the preparation of the Group's consolidated financial statements. The Board of Directors is required to ensure that the Group's consolidated financial statements and business statements meet the legal requirements. The President of the Company approves and signs the Group's consolidated financial statements. Substantially the same procedures apply to the Company's stand-alone financial statements.

The supervision over the preparation of the stand-alone financial statements of the Subsidiaries is conducted by their respective corporate bodies. The Company oversees such processes based on the available corporate powers and monthly reporting used by the Group. Additionally, the Issuer ensures the existence and effectiveness of such internal controls within the Group, including the Subsidiaries, as it determines necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

The Group's consolidated financial statements are prepared by the finance team and reviewed by the Board of Directors before receiving approval from the President of the Company and the issuance of an independent auditor's opinion. The financial data used in the annual and interim consolidated financial statements as well as the monthly reporting used by the Group derive from the Group's financial and accounting system and the financial systems used by external accounting teams. After all the predefined processes concerning the closing of the books have been completed at the end of each month, detailed financial and operational reports are prepared, and at the end of each quarter, additional consolidated IFRS reports. The Company applies consistent accounting principles when presenting financial data in financial statements and periodic financial reports.

The Company's stand-alone financial statements are prepared by the finance team and reviewed by the Board of Directors before their approval by the President of the Company and the issue of an independent auditor's opinion. The financial data used in the annual and interim stand-alone financial statements as well as the monthly reporting used by the Company derive from the Company's financial and accounting system.

The Company reviews the quality of its internal control and risk management systems with regard to the preparation of the consolidated financial statements. Substantially the same practice applies to the internal control and risk management systems with regard to the preparation of the Company's stand-alone financial statements.

Diversity policy

In 2021 the Company had not developed or implemented a diversity policy with respect to its governing bodies and key managers. In 2022 the Company established an internal working group to address issues of Diversity, Equity and Inclusion, including with respect to remuneration. One of the matters to be addressed by the working group is the preparation of a group-wide diversity policy.

Related parties

Transactions between the Company and its subsidiaries

Transactions between the Company and Huuuge Global Limited

The Company buys some marketing services from third-party vendors, (primarily Facebook) and later recharges them to Huuuge Global Limited. There is no value added by Huuuge, Inc. in this process but changing the billing party by Facebook to Huuuge Global Limited would require setting up new accounts and would result in the need to optimize all user acquisition campaigns once again.

In the year ended December 31, 2021, these transactions amounted to USD 28,435 thousand and interest accrued on overdue receivables amounted to USD 0. As at December 31, 2021, unpaid marketing invoices amounted to USD1,694 thousand, and unbilled revenue amounted to USD 1,216 thousand. In the year ended December 31, 2020 these transactions amounted to USD 30,486 thousand and interest accrued on overdue receivables amounted to USD 0. As at December 31, 2020, unpaid marketing invoices amounted to USD 5,174 thousand, and unbilled revenue amounted to USD 580 thousand.

At the same time, the Company provided services to Huuuge Global Limited in the area of legal services, stewardship activities and game development. The international character of the Group requires its legal department to hire people with high competences in this area. The decision to begin providing game maintenance and development services was related to the intention to establish a new office in Las Vegas.

In the year ended December 31, 2021, these transactions amounted to USD 3,824 thousand. As at December 31, 2021, the respective unpaid invoices amounted to USD 983 thousand, and unbilled revenue amounted to USD 0 thousand. In the year ended December 31, 2020, these transactions amounted to USD 9,317 thousand.

Transactions between the Company and Huuuge Games sp. z o.o. and other subsidiaries

In 2021 Huuuge Games sp. z o.o. and Coffee Break Games United Ltd. provided Huuuge, Inc. with some administrative services such as back-office services. In 2020 Huuuge Games sp. z o.o. provided Huuuge, Inc. with some administrative services such as the organization of Board of Directors meetings.

The value of such transactions in the year ended December 31, 2021, amounted to USD 878 thousand in total. As at December 31, 2021, the balance of unpaid invoices from such transactions amounted to USD 426 thousand. The value of such transactions in the year ended December 31, 2020, amounted to USD 9 thousand. As at December 31, 2020, the balance of unpaid invoices from such transactions amounted to USD 0.2 thousand.

Loan financing transactions in the Group

During the year ended December 31, 2021, there have been no loan financing transactions either from Huuuge, Inc. to any party related to Huuuge, Inc. or from Huuuge Group to any party related to the Huuuge Group.

Loan granted by Huuuge Global Ltd. to Huuuge Mobile Games Ltd.
In 2021, Huuuge Global Ltd, a subsidiary of the Company, granted Huuuge Mobile Games Ltd. with its registered office in Ireland a revolving loan totalling up to EUR 200.000,00 (two hundred thousand Euro) with an interest rate of 1.1% per annum. The purpose of the loan was to allow further growth of Huuuge Mobile Games Ltd. by accelerating business operations. The loan was intended to cover operating expenses regarding, among others: properties, HR, payrolls, business travels, game hosting, IT hardware and software, or any other expenses required to ensure business continuity and development. As of the date hereof, there are no outstanding amounts due under the loan.

Loan granted by Huuuge Global Ltd. to Cireneg Limited (formerly Fun Monkey Games Limited)
In 2021, Huuuge Global Ltd, a subsidiary of the Company, granted Cireneg Limited with its registered office in Ireland a revolving loan in a totalling up to EUR 50.000,00 (fifty thousand euro) with an interest rate of 1.1% per annum. The purpose of the loan was to allow further growth of Huuuge Mobile Games Ltd. by accelerating business operations. The loan was intended to cover operating expenses regarding, among other things: properties, HR, payrolls, business trips, game hosting, IT hardware and software, or any other expenses required for ensuring business continuity and development. The loan was repaid in full as of December 9, 2021, and later terminated as of December 16, 2021.

Loan granted by Huuuge Global Ltd. to Coffee Break Games United Ltd.
In 2021, Huuuge Global Ltd, a subsidiary of the Company, granted Coffee Break Games United Ltd. with its registered office in Ireland a revolving loan totalling up to EUR 200.000,00 (two hundred thousand euro) with an interest rate of 1.1% per annum. The purpose of the loan was to allow further growth of Coffee Break Games United Ltd. by accelerating business operations. The loan was intended to cover operating expenses regarding, among other things: properties, HR, payrolls, business trips, game hosting, IT hardware and software, or any other expenses required for ensuring business continuity and development. As of the date hereof, there are no outstanding amounts due under the loan.

Loan granted by Huuuge Global Ltd. to Emanon Limited (formerly Billionaire Games Limited)
In 2021, Huuuge Global Ltd, a subsidiary of the Company, granted Emanon Limited with its registered office in Ireland a revolving loan in totalling up to EUR 50.000,00 (fifty thousand euro) with an interest rate of 1.1% per annum. The purpose of the loan was to allow further growth of Emanon Limited. by accelerating business operations. The loan was intended to cover operating expenses regarding, among other things: properties, HR, payrolls, business trips, game hosting, IT hardware and software, or any other expenses required for ensuring business continuity and development. The loan was repaid in full as of December 9, 2021, and later terminated as of December 16, 2021.

Transactions between the Company and its shareholders

In 2021, there were no transactions between the Company and its shareholders.

Transactions between the Company and the Board of Directors

Except for the transactions mentioned above in the section "Agreements with Board of Directors", i.e., the remuneration paid by the Issuer to members of the Board of Directors and shares and share options held by members of the Board of Directors, there were no other transactions between the Issuer and the members of the Board of Directors.

The Company has not concluded any transactions with related parties of other members of the Board of Directors.

Transactions concluded between the Subsidiaries and related parties

Except for the transactions mentioned below, in the year ended December 31, 2021, the Subsidiaries did not conclude any transactions with related parties of the Company other than the Subsidiaries.

Rules for amending the issuer's Certificate of Incorporation

The Certificate of Incorporation can be amended or repealed in the manner prescribed by the laws of the State of Delaware and all rights conferred upon shareholders are granted subject to this reservation. Under the Certificate of Incorporation, the following provisions in the Certificate of Incorporation may be amended, altered, repealed or rescinded, in whole or in part, directly or indirectly, only by an affirmative vote of the holders of at least 66 and 2/3% of the voting rights of the Company's outstanding shares: Article V, Article VI, Article VII, Article VIII, Article IX, Article X and Article XI.

The Company's Board of Directors is authorized to adopt, amend or repeal the Bylaws without the assent or vote of the shareholders. The affirmative vote of the holders of at least 66 and 2/3% of the voting power of the Company's outstanding shares shall be required in order for the Company's shareholders to alter, amend, repeal or rescind, in whole or in part, any provision of the Bylaws or to adopt any provision inconsistent therewith.

As long as at least one Series A Preferred Share or one Series B Preferred Share is issued and outstanding, the Corporation shall not amend, alter, or repeal any provisions of the Certificate of Incorporation or Bylaws concerning rights of the holders of the Series A Preferred Shares or holders of the Series B Preferred Shares, without the written consent or affirmative vote of the holders of at least a majority of the then outstanding Series A Preferred Shares and Series B Preferred Shares.

Changes in the basic principles of management

The Issuer did not make any changes to the basic principles of management of the Issuer's enterprise and its Group.

Identification of significant court cases

There are no significant court cases pending.

GLOSSARY

ARPDAU	Average revenue per daily active user.
ARPPU	Average revenue per paying user.
DAU	The number of individual users who played a game on a particular day.
DPU	The number of players (active users) who made a purchase on a given day.
eCPI	Cost of one Install in a given period (including installs acquired from paid channels as well as installs not directly related to paid user acquisition channels).
Free-to-play	A games sales model where the game is downloaded by the user for free, and its creators earn money through in-app advertising or in-app purchases (players purchase in-game items, skills, experience points, etc.).
Casual games	A type of game designed for players with the following features: (i) as a general rule, not feeling the need or not being able to spend a significant amount of time playing, (ii) not needing to improve their gaming skills in a significant way, iii) preferring relatively simple and easy to learn game mechanisms.
Social casino games	The type of games in which a player can play a certain number of slot machines. The player also has the opportunity to participate in other casino games
Live events	Real-time events, promotions and special offers enabling players to win additional prizes or to improve gameplay.
Live Ops	Activities aimed at increasing the player engagement, among others, by adding new features to games, recurring and one-off virtual events in which players can participate, and active management of promotions within the game.
LTV	Life-Time Value – estimated total revenue generated from a model player.
MAU	The number of individual users who played a game during a particular month.
Monthly Conversion	The percentage of MAU that made at least one purchase in a month during the same period. In-app purchases Payments made by users after downloading a game, in connection with the purchase of additional game features.
In-app purchases	can be made through various non-cash payment instruments (e.g. payment card, transfer), various electronic channels (e.g. e-banking, mobile phone) or using payment service providers (e.g. PayPal).
Monetization	The process of generating revenue from games through, among other things, in-app purchases and in-app advertising.
MPU	MPU is defined as the number of players (active users) who made a purchase at least once in a given month.
Retention	The number of users who continued to use the game after a certain period of time after downloading the application.
User acquisition	Process of the acquisition of users through paid campaigns or promotional offers.

BOARD OF DIRECTORS' STATEMENTS

Pursuant to the requirements of the Regulation of the Minister of Finance of March 29, 2018, on current and periodic information provided by issuers of securities and on conditions under which information required by legal regulations of a non-member state may be recognized as equivalent, the Board of Directors of Huuuge, Inc. hereby represents that:

- to the best of its knowledge the annual financial statements and the comparative information were prepared in accordance with the currently effective accounting principles, and they reflect in a true, fair and clear way the financial position results of the Company and the Board of Directors' report on activities contains a true image of the Company's development, achievements and standing, including description of basic risks and threats;
- within the scope of its competences, the Board of Directors supervised the process of preparing the annual financial statements and the comparative information and the Board of Directors' report on activities for the year ended December 31, 2020;
- the selection of the audit firm conducting the audit of the annual financial statements has been made in accordance with the applicable regulations, including the selection and procedure for the selection of an audit firm;
- the audit firm and the members of the audit team met the conditions for preparing an impartial and independent audit report on the annual financial statements in accordance with applicable regulations, professional standards and professional ethics;
- it adopted a policy governing the selection of an audit firm and a policy governing the provision of additional non-audit services to the issuer by an audit firm, its related parties and members of its network, including services conditionally exempt from the prohibition on being provided by an audit firm;
- the Company complies with the applicable regulations related to the rotation of the audit firm and the key statutory auditor and mandatory grace periods;
- the Company observes regulations which govern the appointment, composition and operations of the Audit Committee, including in particular the fulfilment of independence criteria by its members and requirements concerning knowledge and skills related to the industry in which the issuer operates, as well as to accounting or the audit of financial statements;
- the audit committee performed the tasks of the audit committee provided for in the applicable regulations;
- because of the Company's monistic corporate governance system, the Company does not have a separate supervisory body within the meaning of § 70 (1) (14) and § 71 (1) (12) of the Regulation of the Minister of Finance of March 29, 2018, on current and periodic information provided by issuers of securities and on conditions under which information required by legal regulations of a non-member state may be recognized as equivalent (Journal of Laws of 2018, item 757). The Board of Directors has positively evaluated the financial statements and the consolidated statements in terms of their conformity with the books and documents as well as with the facts. The Company's Board of Directors assessed the aforementioned statements after reviewing their content, as well as information from the Company's independent auditor and the Audit Committee of the Board of Directors, which included i/ the independent auditor's report on the audit of the Company's financial statements for the fiscal year 2021, ii/ the independent auditor's report on the audit of the Company's consolidated financial statements for fiscal year 2021 and iii/ presentation of the auditor to the Audit Committee of the Board of Directors and the meetings of the Audit Committee with the representatives of the auditor, including the key registered auditor, followed by a recommendation of the Audit Committee of the Board of Directors with respect to an evaluation of the financial statements and the consolidated financial statements. In view of the above, the Board of Directors has made a positive assessment of the said financial statements. Due to the Company's monistic corporate governance system, the Board of Directors cannot make the declarations referred to in § 70 (1) (14) and § 71 (1) (12) of the Regulation of the of the Minister of Finance of March 29, 2018, on current and periodic information provided by issuers of securities and on conditions, regarding the issuer's management report and the issuer's group management report, as the Board of Directors is itself responsible for the equivalent of the aforementioned reports (Board of Directors' report on activities), which was prepared jointly for the Company and the Group;
- the Company being a Delaware-incorporated company is not subject to the obligation to prepare a statement of non-financial information designated by Section 49b (1) of the Polish Accounting Act (Journal of Laws of 2021, item 217) and § 70 paragraph 1 point 8) of the Regulation of the Minister of Finance of March 29, 2018, on current and periodic information provided by issuers of securities and on conditions under which information required by legal regulations of a non-member state may be recognized as equivalent (Journal of Laws of 2018, item 757).

On behalf of the Board of Directors of Huuuge, Inc.

____
Anton Gauffin
Chief Executive Officer & executive director

WRITTEN CONSENT OF THE BOARD OF DIRECTORS

Unanimous written consent of the Board of Directors of Huuuge, Inc.
The undersigned, being all of the members of the Board of Directors (the "Board") of HUUUGE, INC., a Delaware corporation (the "Company"), following diligent review of the facts and related documents, have not uncovered any information to indicate that the Company should not execute the measures covered by this consent and, therefore, do hereby adopt the following resolutions by unanimous written consent (the "Board Consent") in lieu of a meeting in accordance with Section 141(f) of the Delaware General Corporation Law ("DGCL") and the Bylaws of the Company, and further waive any and all notices that may be required to be given with respect to a meeting of the directors of the Company:
Whereas, the Company's President, Anton Gauffin and the Company's Treasurer, Grzegorz Kania have presented to the Board the consolidated financial statements of the Company for the full year period ended December 31, 2021 ("Consolidated Financial Statements"), the standalone financial statements of the Company for the full year period ended December 31, 2021 "Standalone Financial Statements") and the consolidated and stand-alone annual report for the full year ended December 31, 2021 (including certain representations of the Board to this report which are included therein in the document titled "Board of Directors' Statements") ("Annual Report" and together with the Consolidated Financial Statements and Standalone Financial Statements, the "Reports") as attached herein as Exhibit A to this Board Consent; and
Whereas, the Company desires to approve and publish the Reports;
Whereas, the Board is required to make certain representations within the Annual Report;
Whereas, the Board has reviewed the Reports and intends with this Board Consent to give to Anton Gauffin authorization to issue and execute the Reports on behalf of the Company.
Now, Therefore, it being in the best interest of the Corporation, it is hereby:

Resolved, that the Reports substantially in the form attached herein as Exhibit A to this Board Consent are hereby approved and Mr. Anton Gauffin is authorized to issue and execute the Reports on behalf of the Company as the Company's President and CEO;

Resolved further, that Mr. Anton Gauffin is authorized to execute on behalf of the Company the Reports substantially in the form attached herein as Exhibit A to this Board Consent, but with such changes and additions as Mr. Grzegorz Kania or Mr. Anton Gauffin may deem to be in the best interests of the Company (such determination that a change or addition is in the best interests of the Company to be conclusively evidenced by Mr. Anton Gauffin's or Mr. Grzegorz Kania's or his or their designee's execution of the modification, provided that notice is provided to the Board of any changes to the Reports that deviate from Exhibit A in a reasonable time after the Reports have been executed);
Resolved further, that Mr. Anton Gauffin, or any of his designee, as an authorized representative of the Company, is individually further authorized and directed to file the Reports, with all exhibits thereto, and other documents in connection therewith, with the Polish Financial Supervision Authority (Komisja Nadzoru Finansowego) and to take all such further actions and to execute and deliver all such instruments and documents in the name and on behalf of the Company, and under corporate seal or otherwise, as in the individual's judgment shall be necessary, proper, or advisable in order to fully carry out the intent and to accomplish the purposes of the foregoing resolutions; and

Finally resolved, that any and all actions of Mr. Anton Gauffin and any of his agents or designees pursuant to, or in furtherance of the intent and purposes of the foregoing resolutions, including prior to the date of the foregoing resolutions adopted hereby that are within the authority conferred thereby are hereby ratified, confirmed and approved as the acts and deeds of the Company.

The undersigned constituting all of the members of the Board do hereby consent to and approve the adoption of the foregoing resolutions effective as of the date first written above. This consent may be executed in any number of counterparts, each of which shall be deemed an original and all of which together shall constitute one instrument. This consent may be executed by way of either digital or electronic signatures.

BOARD OF DIRECTORS :
Anton Gauffin

John Salter
Krzysztof Kaczmarczyk
Henric Suuronen
Rod Cousens

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