



**HUUUGE**

**Play Together.**

**HUUUGE INC.**  
**Interim Condensed**  
**Financial Statements**

as at and for the six-month period ended June 30, 2021

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## Interim condensed statement of comprehensive income

	Note	Six-month period ended June 30, 2021 Unaudited	Six-month period ended June 30, 2020 Unaudited
<b>Revenue</b>	5	<b>2,046</b>	<b>928</b>
Cost of sales		-	-
<b>Gross profit/(loss)</b>		<b>2,046</b>	<b>928</b>
Research and development expenses	7	(723)	(383)
General and administrative expenses	7	(3,189)	(2,043)
Other operating income/(expense), net		26	26
<b>Operating result</b>		<b>(1,840)</b>	<b>(1,472)</b>
Finance income		23	111
Finance expense		(42,155)	(11,473)
<b>Profit/(loss) before tax</b>		<b>(43,972)</b>	<b>(12,834)</b>
Income tax		-	-
<b>Net result for the period</b>		<b>(43,972)</b>	<b>(12,834)</b>
<b>Other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income/(loss) for the period</b>		<b>(43,972)</b>	<b>(12,834)</b>



## Interim condensed statement of financial position

	Note	As of June 30, 2021 Unaudited	As of December 31, 2020 Audited
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment		71	36
Right-of-use assets		174	211
Investment in subsidiaries	8	19,703	13,633
Loans granted		617	1,487
Other non-financial assets		6	6
Deferred tax assets		-	-
<b>Total non-current assets</b>		<b>20,571</b>	<b>15,373</b>
<b>Current assets</b>			
Trade and other receivables		4,750	15,228
Corporate income tax receivable		555	583
Loans granted		892	-
Cash and cash equivalents	9	106,609	7,284
<b>Total current assets</b>		<b>112,806</b>	<b>23,095</b>
<b>Total assets</b>		<b>133,377</b>	<b>38,468</b>
<b>Equity</b>			
Share capital	10	2	2
Treasury shares	10	(43,976)	(33,994)
Supplementary capital		343,724	14,040
Employee benefit reserve	11	13,141	8,053
Retained earnings/(Accumulated losses)		(184,807)	(140,835)
<b>Total equity</b>		<b>128,084</b>	<b>(152,734)</b>
<b>Non-current liabilities</b>			
Preference shares		-	176,606
Long-term lease liabilities		104	142
Deferred tax liabilities		27	28
<b>Total non-current liabilities</b>		<b>131</b>	<b>176,776</b>
<b>Current liabilities</b>			
Trade and other payables		5,085	7,850
Short-term lease liabilities		77	76
Provisions		-	6,500
<b>Total current liabilities</b>		<b>5,162</b>	<b>14,426</b>
<b>Total equity and liabilities</b>		<b>133,377</b>	<b>38,468</b>

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



## Interim condensed statement of changes in equity

	Note	Share capital	Treasury shares	Supplementary capital	Employee benefit reserve	Retained earnings/(accumulated losses)	Equity
<b>As of January 1, 2021, audited</b>		<b>2</b>	<b>(33,994)</b>	<b>14,040</b>	<b>8,053</b>	<b>(140,835)</b>	<b>(152,734)</b>
<i>Net profit (loss)</i>		-	-	-	-	(43,972)	(43,972)
<b>Total comprehensive income for the period</b>		-	-	-	-	<b>(43,972)</b>	<b>(43,972)</b>
Shares issued/(repurchased)	10	0	(43,976)	152,929	-	-	108,953
Exercise of stock options	10, 11	-	-	3	-	-	3
Employee share schemes - value of employee services	11	-	-	-	5,055	-	5,055
Earn-out consideration – value of employee services	11	-	-	-	33	-	33
Conversion of preference shares		0	-	215,603	-	-	215,603
Redemption of treasury shares	10	-	33,994	(33,994)	-	-	-
Transaction costs of an issuance of equity instruments		-	-	(4,857)	-	-	(4,857)
<b>As of June 30, 2021, unaudited</b>		<b>2</b>	<b>(43,976)</b>	<b>343,724</b>	<b>13,141</b>	<b>(184,807)</b>	<b>128,084</b>



	Note	Share capital	Treasury shares	Supplementary capital	Employee benefit reserve	Retained earnings/(accumulated losses)	Equity
<b>As of January 1, 2020, audited</b>		2	(36,604)	14,477	4,295	(15,158)	(32,988)
<i>Net profit (loss)</i>		-	-	-	-	(12,834)	(12,834)
<b>Total comprehensive income for the period</b>		-	-	-	-	(12,834)	(12,834)
Shares issued/(repurchased)	10	0	8,234	-	-	-	8,234
Acquisition of a subsidiaries (payment in treasury shares reissued)		-	315	113	-	-	428
Exercise of stock options	10, 11	-	-	4	-	-	4
Transaction costs in anticipation of an issuance of equity instruments		-	-	-	-	-	-
Employee share schemes - value of employee services	11	-	-	-	1,081	-	1,081
Earn-out consideration - value of employee services	11	-	-	-	-	-	-
<b>As of June 30, 2020, unaudited</b>		2	(28,055)	14,594	5,376	(27,992)	(36,075)

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



## Interim condensed statement of cash flows

	Note	Six-month period ended June 30, 2021 Unaudited	Six-month period ended June 30, 2020 Unaudited
<b>Cash flows from operating activities</b>			
Profit/(loss) before tax		(43,972)	(12,834)
<b>Adjustments for:</b>			
Depreciation and amortization		46	4
Non-cash employee benefits expense – share-based payments	11	231	81
Remeasurement and other finance expenses related to preference shares liability		38,997	11,467
Finance (income)/expense, net		2,638	(100)
<i>Changes in net working capital:</i>			
Trade and other receivables		10,979	2,892
Trade and other payables		(1,211)	2,345
Provisions		(6,500)	-
Other adjustments		29	-
<b>Cash flows from operating activities</b>		<b>1,237</b>	<b>3,855</b>
Income tax paid		-	-
<b>Net cash flows from operating activities</b>		<b>1,237</b>	<b>3,855</b>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment and intangible assets		(43)	(4)
Purchase of shares in subsidiaries		(1,714)	(1,072)
Interest received		-	52
Loans granted		-	(600)
<b>Net cash from investing activities</b>		<b>(1,757)</b>	<b>(1,624)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of common shares and shares series A and B	10	-	8,234
Proceeds from issue of shares series C	10	-	1,447
Proceeds from issue of common shares for public subscription		152,929	-
Execution of stabilization option		(43,976)	-
Transaction costs of an issuance of equity instruments	12	(7,097)	-
Loss on foreign exchange forward contract		(2,662)	-
Exercise of stock options	10	688	4
Lease repayment		(37)	-
<b>Net cash from financing activities</b>		<b>99,845</b>	<b>9,685</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>99,325</b>	<b>11,916</b>
Effect of exchange rate fluctuations		-	-
<b>Cash and cash equivalents at the beginning of the period</b>		<b>7,284</b>	<b>4,650</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>106,609</b>	<b>16,566</b>

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





# Notes to the interim condensed financial statements



Huuuge, Inc. interim condensed financial statements for the six-month period ended June 30, 2021 prepared in accordance with International Financial Reporting Standards as adopted by the European Union. All amounts in tables presented in thousand USD, except where stated otherwise.



## 1. General information

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

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

The Company has an unlimited period of operation.

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

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

### Identification of consolidated financial statements

The Company is the ultimate parent of the Huuuge Inc Group. The Company has prepared interim condensed consolidated financial statements for the period ended June 30, 2021, which were approved on September 13, 2021 by the Board of Directors.

### Composition of the Company's Board of Directors as of June 30, 2021 and as of the date of signing of these financial statements

The Company's Board of Directors consists of Chief Executive Officer, who is also director, and non-executive directors.

Directors have annual terms of duty and serve until the successors are duly elected. The preference shareholders have the right to appoint certain directors.

As of June 30 , 2021 and as of the date of signing of these interim condensed financial statements, Chief Executive Officer and executive director was Mr Anton Gauffin.

On February 3, 2021, the following directors were elected, and after this change, as of June 30, 2021 and as of the date of signing of these interim condensed financial statements non-executive directors were:

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



## Investments in subsidiaries

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

Name of entity	Registered seat	Activities	Share in capital	
			As of June 30, 2021 Unaudited	As of December 31, 2020 Audited
Huuuge Games Sp. z o.o.	Szczecin, Poland	games development and operations	100%	100%
Huuuge Global Ltd	Larnaca, Cyprus	games distribution, user acquisition	100%	100%
Huuuge Labs GmbH	Berlin, Germany	games development, R&D	100%	100%
Huuuge Digital Ltd	Tel Aviv, Israel	games development, R&D	100%	100%
Huuuge Tap Tap Games Ltd	Hong Kong	games development, user acquisition	100%	100%
Huuuge Publishing Ltd*	Larnaca, Cyprus	games distribution	100%	100%
Coffee Break Games Ltd	Larnaca, Cyprus	games distribution	100%	100%
Huuuge Mobile Games Ltd	Dublin, Ireland	games distribution, user acquisition	100%**	100%**
Billionaire Games Ltd	Dublin, Ireland	games distribution, user acquisition	100%**	100%**
Coffee Break Games United Ltd	Dublin, Ireland	games distribution, user acquisition	100%**	100%**
Fun Monkey Games Ltd	Dublin, Ireland	games distribution, user acquisition	100%**	100%**
Playable Platform B.V.	Amsterdam, Netherlands	games advertisement	100%	100%
Double Star Oy	Vantaa, Finland	games development	100%	100%
Huuuge Pop GmbH	Berlin, Germany	games development	100%**	100%**

\* Formerly Fun Monkey Ltd

\*\*share in capital through ownership of Huuuge Global Ltd

As of June 30, 2021 and December 31, 2020 share in voting rights owned by the Company in its subsidiaries, is equal to Company's share in equity of those entities.

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



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

These interim condensed financial statements as of and for the six-month period ended June 30, 2021 have been prepared in accordance with the IAS 34 Interim Financial Reporting as adopted by the European Union.

These interim condensed financial statements do not include all the information and disclosure required in the annual financial statements, and should be read in conjunction with the Company's financial statements as of and for the year ended December 31, 2020, and the Group's consolidated financial statements as of and for the year ended December 31, 2020 prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS").

These interim condensed financial statements as of and for the six-month period ended June 30, 2021 were approved for issue on September 13, 2021 by the Board of Directors.

These interim condensed financial statements are prepared on the historical cost basis, except for the preferred shares C series which are measured at fair value with the gains/losses recognized in profit or loss.

### Significant events during six-month period ended June 30, 2021 affecting Huuuge Inc. interim condensed financial statements:

- Initial Public Offering, and execution of stabilization option, described in Note 10 *Share capital* to these financial statements.
- Fair value measurement, revaluation and conversion of series C preference shares described in Note 15 *Conversion of series C preference shares* to the interim condensed consolidated financial statements as at and for the six-month period ended June 30, 2021.
- Redemption of treasury shares described in Note 10 *Share capital* to these financial statements.
- Settlement of court case provision described in Note 18 *Provisions* to the interim condensed consolidated financial statements as at and for the six-month period ended June 30, 2021.

## 3. Adoption of new and revised Standards

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

In preparing these interim condensed financial statements the Company's management has analyzed new Standards which have already been adopted by the European Union and which should be applied for periods beginning on or after January 1, 2021 that those are not applicable for the Company.

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

- IFRS 14 Regulatory Deferral Accounts (issued on January 30, 2014) – The European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard – not yet endorsed by EU at the date of approval of these interim condensed financial statements for issue – effective for financial years beginning on or after January 1, 2016;
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture (issued on September 11, 2014) – the endorsement process of these Amendments has been postponed by EU - the effective date was deferred indefinitely by International Accounting Standards Board;
- IFRS 17 Insurance Contracts (issued on May 18, 2017) including Amendments to IFRS 17 (issued on June 25, 2020) – not yet endorsed by EU at the date of approval of these interim condensed financial statements for issue – effective for financial years beginning on or after January 1, 2023;



- Amendments to IAS 1: Presentation of Financial Statements: Classification of Liabilities as Current or Non-current - Deferral of Effective Date (issued on January 23, 2020 and July 15, 2020 respectively) – not yet endorsed by EU at the date of approval of these interim condensed financial statements for issue – effective for financial years beginning on or after January 1, 2023;
- Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on February 12, 2021) – not yet endorsed by EU at the date of approval of these interim condensed financial statements for issue – effective for financial years beginning on or after January 1, 2023;
- Amendments to IAS 8: Definition of Accounting Estimates (issued on February 12, 2021) – not yet endorsed by EU at the date of approval of these interim condensed financial statements for issue – effective for financial years beginning on or after January 1, 2023;
- Amendments to IFRS 16: Covid-19-Related Rent Concessions beyond 30 June 2021 (issued on March 31, 2021) – effective for financial years beginning on or after April 1, 2021;
- Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (issued on May 6, 2021) – not yet endorsed by EU at the date of approval of these interim condensed financial statements – effective for financial years beginning on or after 1 January 2023;
- Amendments to IFRS 3: Reference to the Conceptual Framework (issued on 14 May 2020) – effective for financial years beginning on or after 1 January 2022;
- Amendments to IAS 16: Property, Plant and Equipment – Proceeds before Intended Use (issued on 14 May 2020) – effective for financial years beginning on or after 1 January 2022;
- Amendments to IAS 37: Onerous Contracts – Cost of Fulfilling a Contract (issued on 14 May 2020) - effective for financial years beginning on or after 1 January 2022;
- Annual Improvements to IFRS Standards 2018–2020 (issued on 14 May 2020) – effective for financial years beginning on or after 1 January 2022.

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

## 4. Significant accounting policies, key judgments and estimates

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company's financial statements as of and for the year ended December 31, 2020, except for the adoption of new standards effective as of January 1, 2021. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments and interpretations apply for the first time in 2021, but do not have an impact on the interim condensed financial statements of the Company. In preparing these interim condensed financial statements, the significant judgments and estimates made by management in applying the Company's accounting policies have been consistently applied by the Company and are consistent across the reported periods.

## 5. Revenue

The Company's revenue is generated by services rendered to the other entities in the Group. The Company's revenue comprises revenues from advertisement services, legal services and game design development services. The Company as an agent presents revenues from advertisement services in net amounts, as described in Note 3 *Basis for preparation of the financial statements*, point (d) *Key judgements and estimates* of the Company's financial statements as at and for the year ended December 31, 2020.



In the period ended June 30, 2021 the Company's revenues amounted to USD 2,046 thousand (USD 327 thousand from legal services, and USD 1,719 thousand from game design services), and in the period ended June 30, 2020 – USD 928 thousand (USD 180 thousand from legal services and USD 748 thousand from game design services).

## 6. Segment information

The Company uses the exemption with respect to the disclosures of segment information in accordance with IFRS 8.4, therefore, the analysis of the activities of the Company's operating segments has been presented in the interim condensed consolidated financial statements as at and for the six-month period ended June 30, 2021.

## 7. Operating expenses

Research and development, and administrative expenses include:

Expenses by nature Unaudited	Six-month period ended June 30, 2021 Unaudited	Six-month period ended June 30, 2020 Unaudited
Salaries and employee-related costs including:	1,576	994
- Share-based payment expense	231	81
- Other employee-related costs	111	42
- Social security contributions	47	44
- Salaries	1,187	827
Finance & legal services	2,131	1,353
Property maintenance and external services	88	32
Other costs	117	47
<b>Total operating expenses</b>	<b>3,912</b>	<b>2,426</b>

The increase in finance and legal services expenses is attributable to the Group's growing business activity and expansion of finance and general management services.

## 8. Investments in subsidiaries

	As of June 30, 2021 Unaudited	As of December 31, 2020 Audited
<b>Investment in subsidiaries:</b>		
Huuuge Games Sp. z o.o.	2,326	2,326
Huuuge Global Ltd	6	6
Huuuge Digital Ltd	-	-
Huuuge Tap Tap Games Ltd	1	1
Playable Platform B.V.	1,826	1,588
Double Star Oy	3,118	2,143
Impairment	-	-
Options granted to employees of the Company's subsidiaries under stock option program	12,426	7,569
<b>Total investment in subsidiaries</b>	<b>19,703</b>	<b>13,633</b>

The difference between the consideration paid for the acquisition of the shares of Playable Platform B.V. presented in the statement of cash-flow for the six-months period ended June 30, 2020 in the line "Purchase of shares in subsidiaries" and the



carrying value of the investments in this subsidiary is due to the fact that payments for the transaction were partially settled in the form of equity consideration.

Increase in the investments in Playable Platform B.V. is due to the additional capital injection during six-months period ended June 30, 2021, Increase in the investments in Double Star Oy is due to the capital injection during six-months period ended June 30, 2021 and due to the deferred payment in the total amount of USD 1,000 thousand (paid in January 2021) subject to the continuing employment claw back condition for the sellers of Double Star Oy, which is recognized as an increase of the investment on a straight-line basis throughout the period of one year after the acquisition date.

This resulted in a difference between the change of trade and other receivables in the statement of financial position as of June 30, 2021 and the change of trade and other receivables in the statement of cash flows for the six-months period ended June 30, 2021.

As at June 30, 2021 and December 31, 2020 there was no impairment of the investment in subsidiaries recognized due to the lack of the impairment indicators. When reviewing the indicators of impairment, the Company's management has considered the following factors:

- external sources, such as: observable indications that the assets' value has declined significantly more than would be expected; significant changes with an adverse effect in the technological, market, economic or legal environment; market capitalization;
- internal sources, such as: evidence of obsolescence or physical damage of the assets; evidence that economic performance of the assets is or will be worse than expected; plans to discontinue or restructure the operation, plans to dispose the assets before than previously expected.

## 9. Cash and cash equivalents

	As of June 30, 2021	As of December 31, 2020
	Unaudited	Audited
Cash at banks (current accounts)	30,941	15
Money market mutual fund investments	15,668	7,269
Deposits	60,000	-
<b>Total cash and cash equivalents</b>	<b>106,609</b>	<b>7,284</b>

Money market mutual fund investments have been classified as cash equivalents. For the reasoning please refer to financial statements as of and for the year ended December 31, 2020.

As of June 30, 2021, there was a short-term cash deposit amounting to USD 60,000 thousand. Maturity of this investment is three months, it is repayable on demand, thus the investment is highly liquid, readily convertible to known amounts of cash, is subject to an insignificant risk of changes in value and meet the criteria indicated in IAS 7 Statement of Cash Flows and have been considered in substance as cash equivalents.



## 10. Share capital

Before February 5, 2021, Company's share capital comprised from common and preference shares series A and B. Starting from February 5, 2021, Company's share capital comprises from common and preferred shares series A, B and C. Below are presented movements on different components of equity divided in the categories of shares (nominal values presented in USD, not thousand USD):

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

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

\* Treasury shares include 980,286 exercised options as presented in Note 11 *Share-based payment arrangements* which were not delivered to the employees as at the date of approval of these interim financial statements.



Shares classified as equity instruments as of June 30, 2020 (i.e. excluding preference shares of series C prior to conversion):

	Common shares		Preference shares (excl series C)		Treasury shares		Treasury shares allocated for the existing share-based payment programs		Sub-total (issued)		Shares allocated for the share-based payment program(not issued)		Grand total	
	Number of shares	Nominal value	Number of shares	Nominal value	Number of shares	Nominal value	Number of shares	Nominal value	Number of shares	Nominal value	Number of shares	Nominal value	Number of shares	Nominal value
<b>As of January 1, 2020 Audited</b>	8,396,921	840	2,532,450	253	1,890,872	189	405,000	41	13,225,243	1,323	1,057,080	106	14,282,323	1,429
Shares reissued	-	-	416,902	42	(416,902)	(42)	-	-	-	-	-	-	-	-
Acquisition of subsidiary	22,998	2	-	-	(22,998)	(2)	-	-	-	-	-	-	-	-
Exercise of stock options	18,653	2	-	-	-	-	-	-	18,653	2	(18,653)	(2)	-	-
<b>As of June 30, 2020 Unaudited</b>	<b>8,438,572</b>	<b>844</b>	<b>2,949,352</b>	<b>295</b>	<b>1,450,972</b>	<b>145</b>	<b>405,000</b>	<b>41</b>	<b>13,243,896</b>	<b>1,325</b>	<b>1,038,427</b>	<b>104</b>	<b>14,282,323</b>	<b>1,429</b>

All shares managed as capital as of June 30, 2020, thus comprising the equity and liability instruments (i.e. including preference shares of series C):

	Common shares		Preference shares (incl series C)		Treasury shares		Treasury shares allocated for the existing share-based payment programs		Sub-total (issued)		Shares allocated for the share-based payment program (not issued)		Grand total	
	Number of shares	Nominal value	Number of shares	Nominal value	Number of shares	Nominal value	Number of shares	Nominal value	Number of shares	Nominal value	Number of shares	Nominal value	Number of shares	Nominal value
<b>As of January 1, 2020 Audited</b>	8,396,921	840	5,749,621	575	2,039,818	204	405,000	41	16,591,360	1,660	1,057,080	106	17,648,440	1,766
Shares reissued	-	-	490,167	49	(490,167)	(49)	-	-	-	-	-	-	-	-
Acquisition of subsidiary	22,998	2	-	-	(22,998)	(2)	-	-	-	-	-	-	-	-
Exercise of stock options	18,653	2	-	-	-	-	-	-	18,653	2	(18,653)	(2)	-	-
<b>As of June 30, 2020 Unaudited</b>	<b>8,438,572</b>	<b>844</b>	<b>6,239,788</b>	<b>624</b>	<b>1,526,653</b>	<b>153</b>	<b>405,000</b>	<b>41</b>	<b>16,610,013</b>	<b>1,662</b>	<b>1,038,427</b>	<b>104</b>	<b>17,648,440</b>	<b>1,766</b>





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

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

As of June 30, 2020 the share capital of the Company comprised common and preference shares, including shares reacquired by Huuuge Inc. and not redeemed (so-called treasury shares) with a par value of USD 0.0001 per share and the total value of USD 1,621 (not thousand). 9,458,896 common shares include: 8,438,572 common shares held by shareholders and 1,020,324 of common shares reacquired by the Company and not redeemed.

As of June 30, 2020 there were 6,239,788 preference shares with a par value of USD 0.0001 per share, out of which 506,329 were reacquired by Huuuge Inc. and not redeemed (treasury shares), including 257,103 preference shares of series A, 173,545 preference shares of series B and 75,681 preference shares of series C (preference shares of series C presented in the interim condensed financial statements for the six-month period ended June 30, 2020 within financial liabilities).

As of June 30, 2021 8,195,020 shares with a par value of USD 0.00002 per share were reserved for two stock option programs: 4,222,810 shares for the stock option programs established in 2015 and 3,972,210 shares for the stock option program established in 2019. As of June 30, 2020 1,443,427 shares with a par value of USD 0.0001 per share were reserved for a two stock option programs: 1,038,427 shares for the stock option program established in year 2015 and 405,000 shares for the stock option program established in 2019.

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

- **Redemption of treasury shares**

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

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

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

Redemption of treasury shares has been recognized as a decrease in supplementary capital in the interim condensed statement of changes in equity.

- **Share split**

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

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

- (i) 88,243,795 common shares, with a par value of USD 0.00002 per share, and
- (ii) 29,819,745 preferred shares series consisting of:
  - a) 8,714,485 series A preferred shares, with a par value of USD 0.00002 per share,
  - b) 4,911,775 series B preferred shares, with a par value of USD 0.00002 per share, and



- c) 16,193,485 series C preferred shares, with a par value of USD 0.00002 per share.

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

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

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

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

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

For more details, please refer to Note 15 *Conversion of series C preference shares* of the interim condensed consolidated financial statements.

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

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

- **Initial public offering**

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

- **Execution of stabilization option**

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

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



calculated as the number of shares repurchased, multiplied by the price per share plus the remuneration paid to Stabilization Manager representing transaction cost of this capital transaction.

- **Exercise of stock options**

In the six-month period ended June 30, 2021, before share split 6,411 share options (equivalent of 32,055 options after share split) held by the employees under the share-based payment program were exercised, resulting in the issuance of common shares with the difference between the exercise price paid by the employee and the nominal amount of shares recognized as share premium (presented within "Supplementary capital") of USD 3 thousand (USD 4 thousand in the six-month period ended June 30, 2020). The exercise price was paid by the employees in cash.

In the six-month period ended June 30, 2020 the following transaction in preference shares took place:

- Based on the share purchase agreement dated January 29, 2020, RP II HGE LLC (Raine) purchased from Huuuge Inc. 490,167 preference shares for a cash consideration of USD 9,681 thousand (USD 19.75 per share). RP II HGE LLC (Raine) purchased 248,897 Series A preference shares, 168,005 Series B preference shares and 73,265 Series C preference shares. These shares had been earlier purchased and not redeemed by Huuuge Inc. from the Korean funds in December 2019 by the same price USD 19.75 per share and presented within the line "Treasury shares".

Shareholder	Series	No. of reissue shares	Reissue price
RP II HGE LLC (Raine)	A	248,897	4,916
RP II HGE LLC (Raine)	B	168,005	3,318
RP II HGE LLC (Raine)	C	73,265	1,447
<b>Total</b>		<b>490,167</b>	<b>9,681</b>

The terms and conditions attributable to the preferred shares being the subject of the transactions described above remained unchanged.

During the six-month period ended June 30, 2021 and June 30, 2020 no dividends were paid out. As of June 30, 2021 and December 31, 2020 there were no dividends declared.

## 11. Share-based payment arrangements

Detailed description regarding Company's equity share-based payment program, i.e. ESOP, as well as fair value measurement of the employee share options, is presented in the Company's financial statements as of and for the year ended December 31, 2020.

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

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



	Six-month period ended June 30, 2020	
	Number of options	Weighted average exercise price
Balance as at January 1	919,010	6.21
Granted during the period	304,005	15.03
Forfeited during the period	(11,086)	7.99
Exercised during the period	(18,653)	0.24
Expired during the period	(839)	4.15
<b>Balance as at June 30</b>	<b>1,192,437</b>	<b>8.54</b>

As at June 30, 2021 (after share split), 2,619,213 share options were exercisable, with weighted average exercise price of USD 1.93 per share. As at June 30, 2020 (before share split), 626,103 share options were exercisable, with weighted average exercise price of USD 4.17 per share.

During the six-month period ended June 30, 2021, before share split, 6,411 common shares were issued (equivalent of 32,055 common shares after share split) from the share-based payment program and 980,286 treasury shares will be delivered after the date of these interim condensed financial statements as described in Note 15 *Subsequent events*. The Company received cash payments for the shares not yet delivered as of June 30, 2021, which were recognized as a liability to its employees. This resulted in a difference between the change of trade and other payables in the statement of financial position as of June 30, 2021 and the change of trade and other payables presented in the statement of cash flows for the six-months period ended June 30, 2021 amounting to USD 685 thousand.

During the six-month period ended June 30, 2020, i.e. before share split 18,653 common shares were issued resulting from the equity-settled stock option program.

Other than the share-based payment arrangements described above, the Company accounts for the earn-out consideration as a result of the acquisition that took place on July 16, 2020. In this arrangement, the fair value of the share price as at December 31, 2020 was estimated at USD 54.53 (before share split). As at December 31, 2020 the total number of shares to be vested during the period of 3 years after the transaction was estimated at 46,213 shares. After the share split as described in Note 10 *Share capital*, and due to the decreased fair value of share price as at June 30, 2021 (USD 9.52) the total number of shares to be vested during the period of 3 years after the transaction is estimated at 67,378 shares as at June 30, 2021.

The sensitivity of the total numbers of shares to be transferred to the sellers, during the period of 3 years after the transaction, to the change of the fair value of the share price in future or estimated amount of earn-out consideration is presented below (all other inputs remain constant):

Input	Assumptions	Rational change +10%/(-10%)
Share price	The estimated future fair value of the share price (calculated based on the Sale and Purchase Agreement and referring to the USD value of Huuuge Inc.) which will be used as a basis for calculation of the number of shares to be vested. As at June 30, 2021 share price of USD 9.52 is used as a basis for calculation of the number of shares to be vested.	+10% = (6,125) shares – decrease in number -10% = 7,486 shares – increase in number
Estimated amount of earn-out consideration	Based on the estimation as at June 30, 2021 the future earn-out consideration is estimated at amount USD 641 thousand.	+10% = 6,738 shares – increase in number -10% = (6,738) shares – decrease in number

Total expense related to share-based payment arrangements for the six-month period ended June 30, 2021 comprises ESOP in the amount of USD 231 thousand. This expense includes USD 185 thousand of Mr Anton Gauffin ESOP that explained in detail further below. Total expense related to share-based payment arrangements for the six-month period ended June 30, 2020



comprises ESOP in the amount of USD 81 thousand. These costs were included in the “General and other administrative expenses” line in statement of comprehensive income. For details on the related employee benefit expenses please refer to Note 7 *Operating expenses* and to the statement of changes in shareholders’ equity. Earn-out consideration in the amount of USD 33 thousand was recognized as an increase in the line “Investments in subsidiaries” in the statement of financial position as at June 30, 2021 and as an increase in the employee benefit reserve.

The effect of the fair value measurement of options granted to employees of the Company’s subsidiaries during the six-month period ended June 30, 2021 is reflected in the Company’s assets as investment in subsidiaries in the amount of USD 4,823 thousand (USD 1,000 thousand during the six-month period ended June 30, 2020) – for details on the increase of an investments in subsidiaries please refer to Note 8 *Investment in subsidiaries*.

In addition, on March 19, 2021 the Board of Directors adopted recommendation from the Nomination and Remuneration Committee on executive and non-executive compensation (“Proposal”). This date is the date when Mr. Gauffin started rendering the services in respect of that grant (“service commencement date”), thus relevant costs have been recognized starting from March 19, 2021.

Proposal was approved by the Board of Directors on September 9, 2021, and the contract was executed on September 10, 2021.

In accordance with the adopted Proposal, the remuneration of Mr Anton Gauffin, holding the positions of the President, Chief Executive Officer and Secretary of the Company, 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 is the following:

- (i) 50,000 options with a vesting condition to provide the service continuously for about 4 years from service commencement date. The Group’s management expects Mr Anton Gauffin to fulfill the service condition.
- (ii) 75,000 options with a vesting condition to provide the service continuously for about 4 years from service commencement date and to meet 2021 EBITDA target. The Group’s management expects Mr Anton Gauffin to fulfill the service condition and expects 2021 EBITDA target to be met.
- (iii) 375,000 options with a variable vesting period due to the market condition, i.e., condition to meet the Company’s market capitalization milestones. The Group’s management estimates that 6 years of continuous service will be required for options to vest.

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

## 12. Cash flows reconciliation

Transaction costs of an issuance of equity instruments which amounted to USD 7,097 thousand as presented in the cash flows from financing activities in the statement of cash flows for the six-months period ended June 30, 2021 comprise USD 4,857 thousand deducted from equity, and USD 2,240 thousand recognized in statements of other comprehensive income (for the year ended December 31, 2020 and for the six-months period ended June 30, 2021).

## 13. Contingencies

### Tax contingent liabilities

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



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

## 14. Related party transactions

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

	During the six-month period ended Unaudited	Sales to a related party	Other operating income	Purchase from a related party	Interest income on loans granted
Huuuge Global Ltd	June 30, 2021	19,724	-	-	-
	June 30, 2020	13,045	-	-	37
Huuuge Digital Ltd	June 30, 2021	-	-	-	22
	June 30, 2020	-	-	-	22
Huuuge Games Sp. z o.o.	June 30, 2021	-	-	308	-
	June 30, 2020	-	-	-	-
Huuuge Tap Tap Games Ltd	June 30, 2021	-	-	-	-
	June 30, 2020	-	-	-	-
Huuuge Labs GmbH	June 30, 2021	-	-	-	-
	June 30, 2020	-	-	-	-
Coffee Break Games Ltd	June 30, 2021	-	-	256	-
	June 30, 2020	-	-	-	-
<b>Total for the six-month period ended June 30, 2021 (Unaudited)</b>		<b>19,724</b>	<b>-</b>	<b>564</b>	<b>22</b>
<b>Total for the six-month period ended June 30, 2020 (Unaudited)</b>		<b>13,045</b>	<b>-</b>	<b>-</b>	<b>59</b>

Related party	As of June 30, 2021 (Unaudited) and as of December 31, 2020 (Audited)	Trade receivables from a related party	Trade liabilities to a related party	Loans granted to related parties
Huuuge Global Ltd	June 30, 2021	4,088	-	-
	December 31, 2020	15,071	-	-
Huuuge Digital Ltd	June 30, 2021	-	-	1,509
	December 31, 2020	-	-	1,487
Huuuge Games Sp. z o.o.	June 30, 2021	-	304	-
	December 31, 2020	-	-	-
Huuuge Tap Tap Games Ltd	June 30, 2021	-	-	-
	December 31, 2020	-	1	-
Huuuge Labs GmbH	June 30, 2021	-	-	-
	December 31, 2020	-	1	-
Coffee Break Games Ltd	June 30, 2021	-	256	-
	December 31, 2020	-	-	-
<b>Total as of June 30, 2021 (Unaudited)</b>		<b>4,088</b>	<b>560</b>	<b>1,509</b>
<b>Total as of December 31, 2020 (Audited)</b>		<b>15,071</b>	<b>2</b>	<b>1,487</b>



Total gross revenue during six-months period ended June 30, 2021 and June 30, 2020 amounted to USD 19,724 thousand and USD 13,045 thousand respectively. Cost of re-invoiced services during six-months period ended June 30, 2021 and June 30, 2020 amounted to USD 17,678 thousand and USD 12,117 thousand respectively, thus the net revenue presented in the interim condensed statement of comprehensive income amounts to USD 2,046 thousand during six-months period ended June 30, 2021 and USD 928 thousand during six-months period ended June 30, 2020.

In addition, related parties' transactions include transactions with the management of the Company. Compensation of key management personnel of the Company is comprised of base salaries, bonuses and compensation based on the financial result of the period, and share-based payments in the total amount of USD 5,106 thousand for the six month period ended June 30, 2021 and USD 2,483 thousand for the six month period ended June 30, 2020. For more details, please refer to Note 21 *Transactions with management of the Parent Company and their close family members* to the interim condensed consolidated financial statements.

## 15. Subsequent events

After June 30, 2021 and up to the date of approval of these interim condensed financial statements for issue no other significant events except the following have occurred.

### **Delivery of the treasury shares for options exercised during the six-months period ended June 30, 2021**

After June 30, 2021 and up to the date of approval of these condensed financial statements for issue the Company delivered 980,286 treasury shares to employees for the options exercised during six-months period ended June 30, 2021 under stock option plan as presented in Note 11 *Share-based payment arrangements*. The delivery of shares will be presented as a movement from treasury shares to common shares. The movement will result in an increase in share capital in the amount of nominal value of the shares delivered, and any difference between the value of treasury shares and the cash consideration received will be recognized in supplementary capital. At the same time, the movement will decrease the number of shares (not issued) allocated for the existing share-based payment programs.

### **The amendments of employee stock option plans**

On July 1, 2021 the Board of Directors has approved the reduction of total number of shares (not issued) allocated for the existing share-based payment programs by 847,856 shares. This is because the treasury shares will be delivered to employees for the options exercised during six-months period ended June 30, 2021, as described above.

On August 9, 2021 the Board of Directors extended the number of shares allocated (not issued) for employee stock option plan by additional 5,897,271 shares.

As a result of these changes, the amended number of shares allocated (not issued) for the share-based payment programs amounts 13,244,435 shares as at the date of approval of these interim condensed financial statements for issue.

### **Approval of grant of new options**

On August 9, 2021 the Board of Directors approved the grant of 3,523,764 options to its employees within employee stock option program with a weighted average exercise price of USD 9.55.



### **Establishment of new entity**

On July 1, 2021 new entity Huuuge UK Ltd. (incorporated in United Kingdom) was established. 100% of shares of this entity were taken up by Huuuge Inc. The entity was established with a share capital amounting to GBP 250 thousand and cash to cover issued share capital of the entity will be transferred upon completion of the procedure of opening the bank account. The new entity was established in United Kingdom for the purposes of extension of international presence of the Group.

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*Anton Gauffin*

*President of Huuuge Inc., CEO*

September 14, 2021

