



HUUUGE

Play Together.

HUUUGE, INC.
Interim Condensed Separate
Financial Statements

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

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Interim condensed separate statement of comprehensive income

	Note	Six-month period ended June 30, 2022 Unaudited	Six-month period ended June 30, 2021 Unaudited	Three-month period ended June 30, 2022 Unaudited	Three-month period ended June 30, 2021 Unaudited
Revenue	5	1,346	2,046	682	711
Cost of sales		-	-	-	-
Gross profit		1,346	2,046	682	711
Sales and marketing expenses	7	(37)	-	(11)	-
Research and development expenses	7	(1,013)	(723)	(518)	(380)
General and administrative expenses	7	(2,378)	(3,189)	(1,111)	(2,237)
Other operating income/(expense), net		(11)	26	36	-
Operating result		(2,093)	(1,840)	(922)	(1,906)
Finance income		65	23	63	-
Finance expense		(194)	(42,155)	(167)	(4)
Profit/(loss) before tax		(2,222)	(43,972)	(1,026)	(1,910)
Income tax	8	(433)	-	(433)	-
Net result for the period		(2,655)	(43,972)	(1,459)	(1,910)
Other comprehensive income		-	-	-	-
Total comprehensive income/(loss) for the period		(2,655)	(43,972)	(1,459)	(1,910)

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

Interim condensed separate statement of financial position

	Note	As of June 30, 2022 Unaudited	As of December 31, 2021 Audited
Assets			
Non-current assets			
Property, plant and equipment		81	87
Right-of-use assets		100	137
Investment in subsidiaries	9	27,490	26,856
Other non-financial assets		6	6
Deferred tax assets	8	47	48
Total non-current assets		27,724	27,134
Current assets			
Trade and other receivables		3,620	4,149
Corporate income tax receivable		-	303
Cash and cash equivalents	10	91,917	106,330
Total current assets		95,537	110,782
Total assets		123,261	137,916
Equity			
Share capital	11	2	2
Treasury shares	11	(26,739)	(19,954)
Supplementary capital	11	313,863	321,049
Employee benefit reserve	12	20,832	19,813
Retained earnings/(Accumulated losses)		(188,696)	(186,041)
Total equity		119,262	134,869
Non-current liabilities			
Long-term lease liabilities		26	66
Total non-current liabilities		26	66
Current liabilities			
Trade and other payables		3,772	2,903
Corporate income tax payable		122	-
Short-term lease liabilities		79	78
Total current liabilities		3,973	2,981
Total equity and liabilities		123,261	137,916

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

Interim condensed separate statement of changes in equity

	Note	Share capital	Treasury shares	Supplementary capital	Employee benefit reserve	Retained earnings/ (accumulated losses)	Equity
As of January 1, 2022, audited		2	(19,954)	321,049	19,813	(186,041)	134,869
<i>Net profit (loss)</i>		-	-	-	-	(2,655)	(2,655)
Total comprehensive income for the period		-	-	-	-	(2,655)	(2,655)
Shares issued/(repurchased) *	11	-	(16,133)	-	-	-	(16,133)
Exercise of stock options **	11,12	-	9,037	(6,875)	-	-	2,162
Delivery of shares to former owners of Double Star Oy	11	-	311	(311)	-	-	-
Employee share schemes - value of employee services	12	-	-	-	1,019	-	1,019
As of June 30, 2022, unaudited		2	(26,739)	313,863	20,832	(188,696)	119,262

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

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

	Note	Share capital	Treasury shares	Supplementary capital	Employee benefit reserve	Retained earnings/ (accumulated losses)	Equity
As of January 1, 2021, audited		2	(33,994)	14,040	8,053	(140,835)	(152,734)
<i>Net profit (loss)</i>		-	-	-	-	(43,972)	(43,972)
Total comprehensive income for the period		-	-	-	-	(43,972)	(43,972)
Shares issued/(repurchased)	11	-	(43,976)	152,929	-	-	108,953
Exercise of stock options	11	-	-	3	-	-	3
Employee share schemes - value of employee services	11, 12	-	-	-	5,055	-	5,055
Earn-out consideration – value of employee services	12	-	-	-	33	-	33
Conversion of preference shares	11	-	-	215,603	-	-	215,603
Redemption of treasury shares	11	-	33,994	(33,994)	-	-	-
Transaction costs of an issuance of equity instruments		-	-	(4,857)	-	-	(4,857)
As of June 30, 2021, unaudited		2	(43,976)	343,724	13,141	(184,807)	128,084

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

Interim condensed separate statement of cash flows

	Note	Six-month period ended June 30, 2022 Unaudited	Six-month period ended June 30, 2021 Unaudited
Cash flows from operating activities			
Profit/(loss) before tax		(2,222)	(43,972)
Adjustments for:			
Depreciation and amortization		52	46
Non-cash employee benefits expense – share-based payments	12	384	231
Finance (income)/expense, net		(11)	2,638
Remeasurement and other finance expenses related to preference shares liability		-	38,997
<i>Changes in net working capital:</i>			
Trade and other receivables		529	10,979
Trade and other payables		869	(1,211)
Provisions		-	(6,500)
Other adjustments		-	29
Cash flows from operating activities		(399)	1,237
Income tax received		(7)	-
Net cash flows from operating activities		(406)	1,237
Cash flows from investing activities			
Acquisition of property, plant and equipment and intangible assets		(8)	(43)
Purchase of shares in subsidiaries		-	(1,714)
Interest received		63	-
Net cash from investing activities		55	(1,757)
Cash flows from financing activities			
Shares issued/(repurchased)	11	(16,133)	-
Exercise of stock options	11	2,162	688
Lease repayment and interest paid		(39)	(37)
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		-	(7,097)
Loss on foreign exchange forward contract		-	(2,662)
Net cash from financing activities		(14,010)	99,845
Net increase/(decrease) in cash and cash equivalents		(14,413)	99,325
Effect of exchange rate fluctuations		(52)	-
Cash and cash equivalents at the beginning of the period		106,330	7,284
Cash and cash equivalents at the end of the period		91,917	106,609

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



Notes to the interim condensed separate financial statements

HUUUGE

1. General information

Huuuge Inc. (hereinafter the "Company", the "Parent Company") is a company registered in the United States of America. The Company's registered office is located in Dover, Delaware, 850 Burton Road, Suite 201, DE 19904 and the operating office is located in Las Vegas, Nevada, 2300 W. Sahara Ave., Suite 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 activity of Huuuge Inc. is holding activity for the Huuuge Inc. Group (the "Group"), for which the Company is the ultimate parent. The core business activities of the Group include:

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

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, 2022, which were approved on September 6, 2022 by the Board of Directors.

Composition of the Company's Board of Directors as of June 30, 2022, December 31, 2021, and as of the date of signing of these financial statements

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

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

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

On April 7, 2022 Mr. Rod Cousens was appointed as a co-CEO, and Mr. Tom Jacobsson was elected as a non-executive director. After this change, as of June 30, 2022, and as of the date of signing of these interim condensed separate financial statements the composition of the Company's Board of Directors was the following:

- Anton Gauffin, executive director, President and co-CEO
- Rod Cousens, executive director, co-CEO
- Henric Suuronen, non-executive director,
- Krzysztof Kaczmarczyk, non-executive director,
- John Salter, non-executive director,
- Tom Jacobsson, non-executive director.

Investments in subsidiaries

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

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

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

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

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

As of June 30, 2022 and December 31, 2021 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 separate financial statements (hereinafter “interim condensed financial statements”) as of and for the six-month period ended June 30, 2022 have been prepared in accordance with the IAS 34 Interim Financial Reporting as adopted by the European Union.

These interim condensed 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, 2021, and the Group’s consolidated financial statements as of and for the year ended December 31, 2021 prepared in accordance with International Financial Reporting Standards as adopted by the European Union (“IFRS”).

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

These interim condensed financial statements are prepared on the historical cost basis, except for the preferred shares C series which were measured at fair value with the gains/losses recognized in profit or loss until their redemption in February 2021, and derivatives, which are measured at fair value with the gains/losses recognized in profit or loss. Fair values of all other financial instruments do not differ significantly from their carrying amounts.

3. Adoption of new and revised Standards

The EU IFRS include all International Accounting Standards, International Financial Reporting Standards and Interpretations as approved by the European Union. As at the date of approving these interim condensed 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, 2022.

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

- IFRS 14 Regulatory Deferral Accounts (issued on January 30, 2014) – The European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard – not yet endorsed by EU at the date of approval of these interim condensed financial statements for issue – effective for financial years beginning on or after January 1, 2016;
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture (issued on September 11, 2014) – the endorsement process of these Amendments has been postponed by EU - the effective date was deferred indefinitely by International Accounting Standards Board;
- IFRS 17 Insurance Contracts (issued on May 18, 2017) including Amendments to IFRS 17 (issued on June 25, 2020) – effective for financial years beginning on or after January 1, 2023;
- Amendments to IAS 1: Presentation of Financial Statements: Classification of Liabilities as Current or Non-current - Deferral of Effective Date (issued on January 23, 2020 and July 15, 2020) – not yet endorsed by EU at the date of approval of these interim condensed financial statements for issue – effective for financial years beginning on or after January 1, 2023;
- Amendments to IFRS 3: Reference to the Conceptual Framework (issued on May 14, 2020) – effective for financial years beginning on or after January 1, 2022;
- Amendments to IAS 16: Property, Plant and Equipment – Proceeds before Intended Use (issued on May 14, 2020) – effective for financial years beginning on or after January 1, 2022;
- Amendments to IAS 37: Onerous Contracts – Cost of Fulfilling a Contract (issued on May 14, 2020) – effective for financial years beginning on or after January 1, 2022;
- Annual Improvements to IFRS Standards 2018–2020 (issued on May 14, 2020) – effective for financial years beginning on or after January 1, 2022;

- Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on February 12, 2021) – effective for financial years beginning on or after January 1, 2023;
- Amendments to IAS 8: Definition of Accounting Estimates (issued on February 12, 2021) – effective for financial years beginning on or after January 1, 2023;
- Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (issued on May 6, 2021) – not yet endorsed by EU at the date of approval of these interim condensed financial statements – effective for financial years beginning on or after 1 January 2023;
- Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information (issued on 9 December 2021)- not yet endorsed by EU at the date of approval of these interim condensed financial statements – effective for financial years beginning on or after 1 January 2023;

These standards and amendments are not expected to have a material impact on the 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, 2021, except for the adoption of new standards effective as of January 1, 2022. 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 judgements and estimates made by management in applying the Company's accounting policies have been consistently applied by the Company and are consistent across the reported periods.

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 facilitating the advertisement services on behalf of HUUUGE Global Ltd. and delivering game design development services, legal services and stewardship activities. The Company as an agent presents revenues from advertising services in net amounts, as described in Note 2 *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, 2021.

In the period ended June 30, 2022 the Company's revenues amounted to USD 1,346 thousand (USD 1,288 thousand from game design services and USD 58 thousand from stewardship services), and in the period ended June 30, 2021 - USD 2,046 thousand (USD 1,719 thousand from game design services and USD 327 thousand from legal 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, 2022.

7. Operating expenses

For the six-month periods ended June 30, 2022 and June 30, 2021 operating expenses include:

Expenses by nature Unaudited	Six-month period ended June 30, 2022 Unaudited	Six-month period ended June 30, 2021 Unaudited
Finance & legal services	1,550	2,131
Salaries and employee-related costs	1,274	1,345
Share-based payment expense	384	231
Property maintenance and external services	43	88
Other costs	177	117
Total operating expenses	3,428	3,912

8. Income tax

	Six-month period ended June 30, 2022 Unaudited	Six-month period ended June 30, 2021 Unaudited
Current income tax	432	-
Change in deferred income tax	1	-
Income tax for the period	433	-

Higher current income tax in the six-month period ended June 30, 2022 is due to the changes introduced to the U.S. tax treatment of research and development costs. Starting from 2022, U.S. taxpayers are required to capitalize and amortize costs related to research and development activities for the tax purposes. The changes resulted in the lower tax-deductible costs, and consequently higher global intangible low-taxed income ("GILTI").

9. Investments in subsidiaries

	As of June 30, 2022 Unaudited	As of December 31, 2021 Audited
Investment in subsidiaries:		
Huuuge Games Sp. z o.o.	2,326	2,326
Huuuge Global Ltd	3,593	3,593
Playable Platform B.V.	1,826	1,826
Huuuge UK	345	345
Huuuge Tap Tap Games Ltd	-	1
Impairment	-	-
Options granted to employees of the Company's subsidiaries under stock option program	19,400	18,765
Total investment in subsidiaries	27,490	26,856

As of June 30, 2022 and December 31, 2021 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.

10. Cash and cash equivalents

	As of June 30, 2022	As of December 31, 2021
	Unaudited	Audited
Cash at banks (current accounts)	27,139	106,085
Deposits	64,045	-
Money market mutual funds	733	245
Total cash and cash equivalents	91,917	106,330

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

As of June 30, 2022, there was a short-term cash deposit amounting to USD 64,045 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.

Money market mutual fund investments are classified as cash equivalents. For the details, please refer to Note 2 *Basis for preparation of the financial statements*, point (d) *Key judgements and estimates* in the financial statements as of and for the year ended December 31, 2021.

As of June 30, 2022 there was restricted cash of USD 15 thousand (USD 19 thousand as of December 31, 2021).

11. Share capital

As of June 30, 2022 and June 30, 2021 Company's share capital comprised of common shares and preference shares series A and B. Below are presented movements on different components of equity divided in the categories of shares (nominal values presented in USD, not thousand USD):

Shares classified as equity instruments as of June 30, 2022:

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

Shares classified as equity instruments as of June 30, 2021, i.e. including preference shares of series C after conversion (see Note 15 Conversion of series C preference shares to interim condensed consolidated financial statements for the six-month period ended June 30, 2022):

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

* Treasury shares include 980,286 exercised options as presented in Note 12 *Share-based payment arrangements* which were not delivered to the employees as at June 30, 2021.

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

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

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

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

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

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

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

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

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

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

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

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

The delivery of treasury shares was presented as a movement from treasury shares to common shares. The movement resulted in an increase in share capital in the amount of nominal value of the shares delivered, and difference between the value of treasury shares and the cash consideration received in the amount of USD 6,875 thousand was recognized in supplementary capital. At the same time, the movement decreased the number of shares (not issued) allocated for the existing share-based payment programs.

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

In the six-month period ended June 30, 2022, 23,046 shares were delivered to former owners of Double Star Oy based on the Share Sale and Purchase Agreement, corrected by the First Amendment dated October 19, 2021. For details of the earn-out consideration, please see Note 12 *Share-based payment arrangements*. The movement resulted in an increase in share capital in the amount of nominal value of the shares delivered, and a decrease in supplementary capital in the amount of USD 311 thousand (amount reflects the value of treasury shares, since the shares were delivered with no cash consideration).

Holders of the 2 preference shares series A and series B, which may be converted for a fixed number of common shares, have several rights additional to the ones of the common shareholders which may vary for series A and B). These rights are stipulated in the corporate documents of HUUUGE Inc., in particular in the Fifth Amended and Restated Certificate of Incorporation. Essentially, the rights refer to:

- protective provisions in case of liquidation, dissolution, winding up, certain mergers, consolidations and sale of assets of HUUUGE Inc. or conversion to common shares– the holders of series A or B preference shares shall be entitled to be paid out of the assets of the Company available for distribution to its shareholders before the holders of common shares,
- election of a director for every separate class of preference shares 1 per each series of preference shares (series A,B); 2 by the holders of common shares.

As of June 30, 2022 and December 31, 2021 no shareholder owned over 50% of the Company's equity or had more than 50% of voting rights. The Company's major shareholder is Mr Anton Gauffin, co-CEO and the President, who participates in the Company's ordinary shares indirectly (through shares of Big Bets OU).

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

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

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 amount of USD 33,994 thousand in the interim condensed statement of changes in equity for the period ended June 30, 2021.

- **Share split**

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

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

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

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

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

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

Split of shares required weighted average number of shares presented in Note 11 *Earnings per share* 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 the 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 recognized in correspondence with equity. At the same time, the Company recognized a prepayment (financial asset) in the same amount to reflect the fact that the stabilization 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 stabilization 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. The exercise price was paid by the employees in cash.

12. 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, 2021.

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

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

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

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

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

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

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

As of June 30, 2021, after the share split as described in Note 11 *Share capital*, the total number of shares to be vested during the period of 3 years after the transaction was estimated at 67,378 shares.

On February 21, 2022, 23,046 treasury shares were delivered to former owners of Double Star Oy as presented in Note 11 *Share capital*. As of June 30, 2022 it is not expected that additional shares, except for those delivered, would vest under earn-out consideration.

The effect of the fair value measurement of options granted to employees of the Company, i.e. total expense related to share-based payment arrangements for the six-month period ended June 30, 2022 amounted to USD 384 thousand (this expense includes Mr. Anton's Gauffin options and the options payable to a consultant under the advisory agreement in the total amount of USD 265 thousand, which both are explained in detail further below). These costs were allocated to Research and development expenses and General and administrative expenses lines in the interim condensed statement of comprehensive income.

The effect of the fair value measurement of options granted to employees of the Company, i.e., 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 related to Mr. Anton's Gauffin options which is explained in detail further below). These costs were allocated to Research and development expenses and General and administrative expenses lines in the interim condensed statement of comprehensive income.

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, 2022 is reflected in the Company's assets as investment in subsidiaries in the amount of USD 635 thousand (USD 4,823 thousand during the six-month period ended June 30, 2021).

CEO options

The remuneration of Mr. Anton Gauffin, holding the positions of the President and co-Chief Executive Officer of the Company, for the period ending at the 2022 Annual General Meeting of the Company, consisted solely of share options. All options can be exercised at a price of PLN 50, i.e., the price of the Company's shares in the initial public offering.

The vesting conditions for the options is the following:

- 50,000 options with a vesting condition to provide the service continuously for about 4 years from service commencement date. The Group's management expects Mr. Anton Gauffin to fulfil the service condition.
- 75,000 options with a vesting condition to provide the service continuously for about 4 years from service commencement date and to meet 2021 EBITDA target. These options were forfeited since the performance condition was not met.
- 375,000 options with a variable vesting period due to the market condition, i.e., condition to meet the Company's market capitalization milestones. The Group's management estimated that in total 6 years of continuous service from the service commencement date will be required for options to vest.

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

Advisory agreement

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

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.

Related party	During the six-month period ended Unaudited	Sales to a related party	Purchase from a related party	Interest income on loans granted
Huuuge Global Ltd	June 30, 2022	10,059	-	-
	June 30, 2021	19,724	-	-
Huuuge Digital Ltd	June 30, 2022	-	-	-
	June 30, 2021	-	-	22
Huuuge Games Sp. z o.o.	June 30, 2022	-	2	-
	June 30, 2021	-	308	-
Huuuge Block Limited (formerly Coffee Break Games Ltd)	June 30, 2022	-	8	-
	June 30, 2021	-	256	-
Huuuge UK	June 30, 2022	-	618	-
	June 30, 2021	-	-	-
Total for the six-month period ended June 30, 2022 (Unaudited)		10,059	628	-
Total for the six-month period ended June 30, 2021 (Unaudited)		19,724	564	22

Related party	As of June 30, 2022(Unaudited) and as of December 31,2021 (Audited)	Trade receivables from a related party	Trade liabilities to a related party
Huuuge Global Ltd	June 30, 2022	2,915	-
	December 31, 2021	3,893	-
Huuuge Digital Ltd	June 30, 2022	84	-
	December 31, 2021	-	-
Huuuge Games Sp. z o.o.	June 30, 2022	423	-
	December 31, 2021	-	458
Huuuge Tap Tap Games Ltd	June 30, 2022	-	-
	December 31, 2021	-	1
Huuuge UK	June 30, 2022	2	50
	December 31, 2021	-	100
Coffee Break Games United Ltd	June 30, 2022	-	1
	December 31, 2021	-	(31)
Huuuge Mobile Games Ltd	June 30, 2022	1	-
	December 31, 2021	-	-
Playable Platform B.V.	June 30, 2022	8	-
	December 31, 2021	-	-
Total as of June 30, 2022 (Unaudited)		3,433	51
Total as of December 31, 2021 (Audited)		3,893	528

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

Total gross revenue during six-months period ended June 30, 2022 and June 30, 2021 amounted to USD 10,059 thousand and USD 19,724 thousand respectively. Cost of re-invoiced services during six-months period ended June 30, 2022 and June 30, 2021 amounted to USD 8,713 thousand and USD 17,678 thousand respectively, thus the net revenue presented in the interim condensed statement of comprehensive income amounts to USD 1,346 thousand during six-months period ended June 30, 2022 and USD 2,046 thousand during six-months period ended June 30, 2021.

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 355 thousand for the six-month period ended June 30, 2022. For more details, please refer to Note 19 *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, 2022 and up to the date of approval of these interim condensed financial statements for issue no significant events except the following have occurred.

Delivery of treasury shares for the options exercised

After June 30, 2022 and up to the date of approval of these condensed separate financial statements for issue the Company delivered to its employees 278,998 treasury shares, out of which 109,703 treasury shares were delivered for the options exercised during six-month period ended June 30, 2022, and 169,295 treasury shares - for the options exercised after June 30, 2022. Any difference between shares delivered and options exercised is due to the cashless exercises. The delivery took place under the stock option plan presented in Note 14 *Share-based payment arrangements*.

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

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

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

Modification of the share-based payment program

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

Approval of grant of new options

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

.....
Anton Gauffin
President of HUUUGE Inc., co-CEO
September 7, 2022



HUUUGE

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