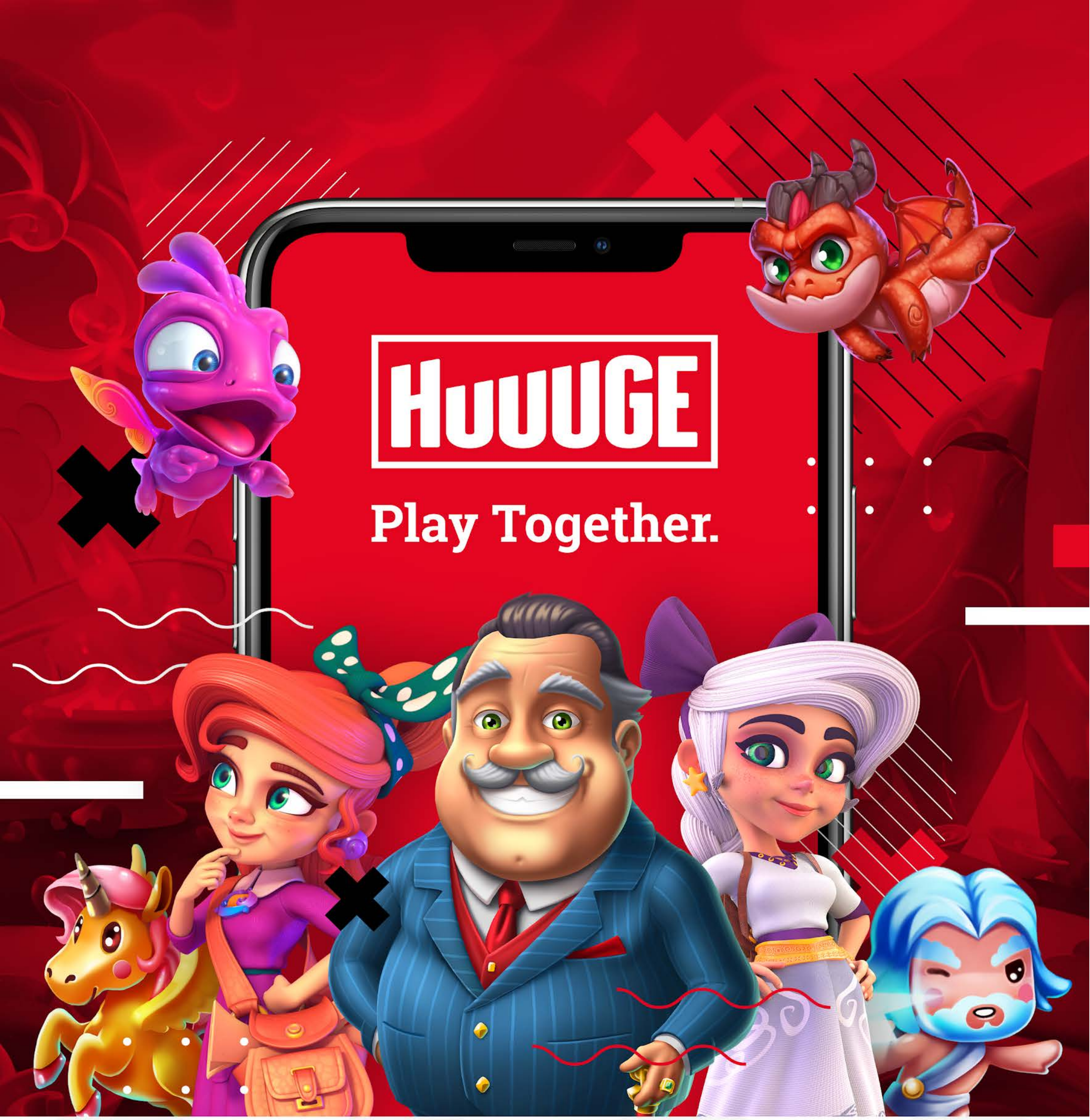

HUUUGE INC.

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

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Statement of comprehensive income

for the year ended December 31, 2020

	Note	Year ended December 31, 2020	Year ended December 31, 2019
Continuing oper ations			
Revenue		**2,817**	**1,061**
Cost of sales		-	-
Gross profit		**2,817**	**1,061**
Research and development expenses	9	(906)	(426)
General and administrative expenses	9	(5,885)	(1,179)
Other operating income/(expense), net	10	6,536	(6,511)
Operating result		**2,562**	**(7,055)**
Finance income	11	166	790
Finance expense	11	(128,309)	(3,868)
Profit/(loss) before tax		**(125,581)**	**(10,133)**
Income tax	12	(96)	(88)
Net result for the year		**(125,677)**	**(10,221)**
Other comprehensive income		-	-
Total comprehensive income/(loss) for the year		**(125,677)**	**(10,221)**

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

(all amounts in tables presented in thousand USD except where stated otherwise)

Statement of financial position

as of December 31, 2020

	Nota	As of December 31, 2020	As of December 31, 2019	As of January 1, 2019
Assets				
Non-current assets				
Property, plant and equipment		36	20	4
Right-of-use asset	23	211	-	-
Investment in subsidiaries	1, 13	13,633	6,324	4,236
Loans granted	14	1,487	2,225	2,147
Other non-financial assets		6	9	-
Deferred tax asset	12	-	68	104
Total non-current assets		**15,373**	**8,646**	**6,491**
Current assets				
Trade and other receivables	17	15,228	9,134	19,727
Corporate income tax receivable		583	583	-
Loans granted	14	-	844	811
Cash and cash equivalents	18	7,284	4,650	16,454
Total current assets		**23,095**	**15,211**	**36,992**
Total assets		**38,468**	**23,857**	**43,483**
Equity				
Share capital	19	2	2	2
Treasury shares	19	(33,994)	(36,604)	(19,865)
Supplementary capital	19	14,040	14,477	14,456
Employee benefit reserve	20	8,053	4,295	2,242
Retained earnings/(Accumulated losses)		(140,835)	(15,158)	(4,937)
Total equity		**(152,734)**	**(32,988)**	**(8,102)**
Non-current liabilities				
Preference shares	21	176,606	48,354	47,429
Long-term lease liabilities	23	142	-	-
Deferred tax liability	12	28	-	-
Total non-current liabilities		**176,776**	**48,354**	**47,429**
Current liabilities				
Trade and other payables	22	7,850	1,991	4,156
Short-term lease liabilities	23	76	-	-
Provisions	5p), 10	6,500	6,500	-
Total current liabilities		**14,426**	**8,491**	**4,156**
Total equity and liabilities		**38,468**	**23,857**	**43,483**

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

(all amounts in tables presented in thousand USD, except where stated otherwise)

Statement of changes in equity

As of December 31, 2020

	Note	Share capital	Treasury shares	Supplementary capital	Employee benefit reserve	Retained earnings/(accumulated losses)	Equity
As of January 1, 2019		**2**	**(19,865)**	**14,456**	**2,242**	**(4,937)**	**(8,102)**
Net profit (loss)		-	-	-	-	*(10,221)*	*(10,221)*
Other comprehensive income		-	-	-	-	-	-
Total comprehensive income for the period		-	-	-	-	(10,221)	(10,221)
Shares issued/(repurchased)	19	-	(16,739)	-	-	-	(16,739)
Exercise of stock options	19	-	-	21	-	-	21
Employee share schemes - value of employee services	19	-	-	-	2,053	-	2,053
As of December 31, 2019		**2**	**(36,604)**	**14,477**	**4,295**	**(15,158)**	**(32,988)**
Net profit (loss)		-	-	-	-	*(125,677)*	*(125,677)*
Other comprehensive income		-	-	-	-	-	-
Total comprehensive income for the period		-	-	-	-	(125,677)	(125,677)
Shares issued/(repurchased)	19	-	1,979	-	-	-	1,979
Acquisition of a subsidiaries (payment in treasury shares reissued)	19	-	631	226	-	-	857
Exercise of stock options	19	-	-	202	-	-	202
Transaction costs in anticipation of an issuance of equity instruments		-	-	(865)	-	-	(865)
Employee share schemes - value of employee services	19	-	-	-	3,469	-	3,469
Earn-out consideration - value of employee services	19	-	-	-	289	-	289
As of December 31, 2020		**2**	**(33,994)**	**14,040**	**8,053**	**(140,835)**	**(152,734)**

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

(all amounts in tables presented in thousand USD, except where stated otherwise)

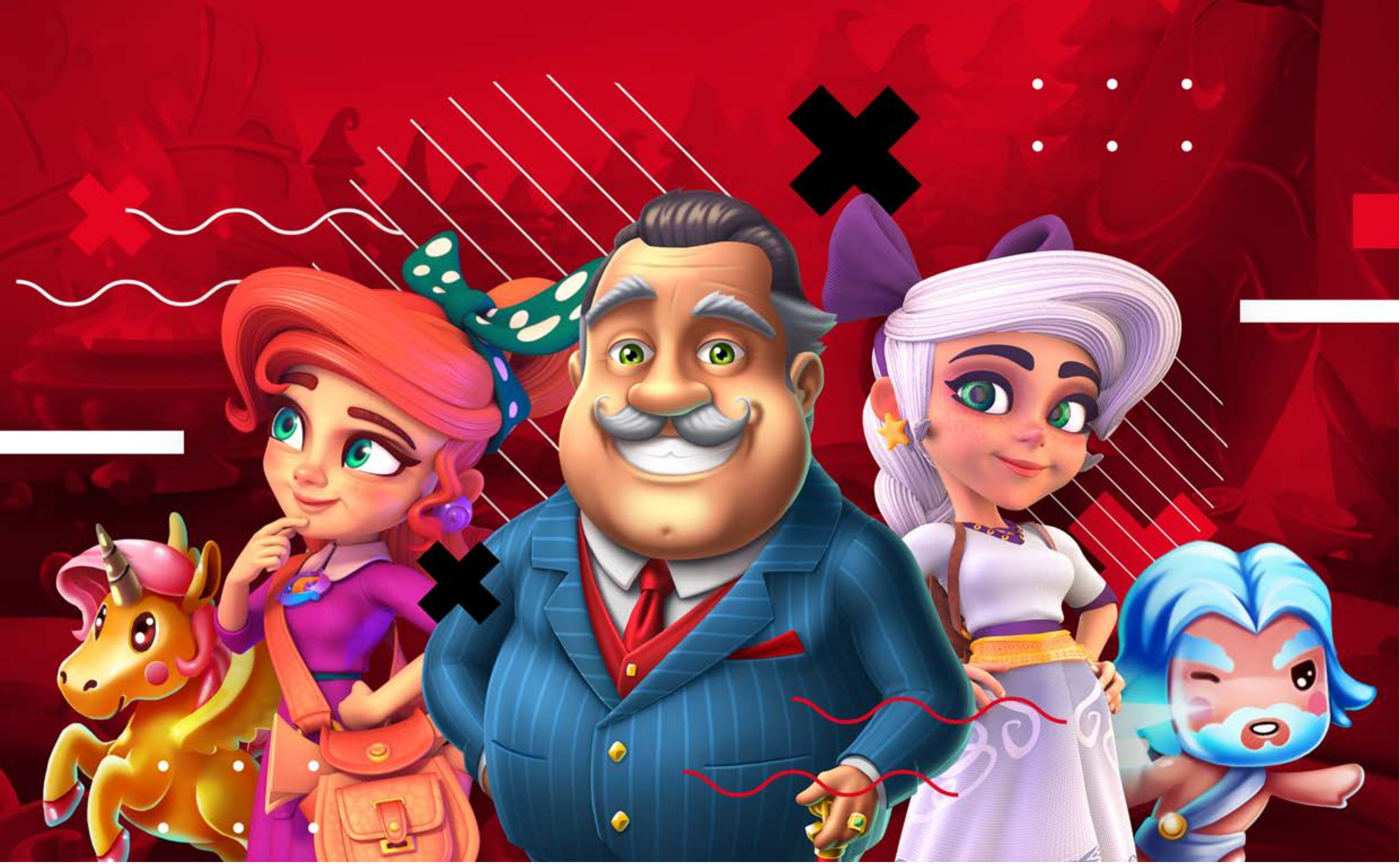
Statement of cash flows

for the year ended December 31, 2020

	Nota	Year ended December 31, 2020	Year ended December 31, 2019
Cash flows from operating activities			
Profit/(loss) before tax		**(125,581)**	**(10,133)**
Adjustments for:			
Depreciation and amortization		28	4
Non-cash employee benefits expense - share-based payments	20	180	(34)
Remeasurement and other finance expenses related to preference shares liability	21	128,249	3,867
Foreign exchange (gains)/losses, net		12	-
Interest (income)/expense, net	11	(166)	(790)
Changes in net working capital:			
Trade and other receivables	17	(6,094)	10,593
Other non-financial assets		3	(9)
Trade and other payables	22	4,713	(2,150)
Provisions	5p)	-	6,500
Cash flows from operating activities		**1,344**	**7,848**
Income tax paid		-	(651)
Net cash from operating activities		**1,344**	**7,197**
Cash flows from investing activities			
Acquisition of property, plant and equipment and intangible assets		(25)	(20)
Purchase of shares in subsidiaries	1, 13	(2,328)	-
Interest received		347	679
Repayment of loans received	14	2,000	-
Loans granted	14	(600)	-
Net cash from investing activities		**(606)**	**659**
Cash flows from financing activities			
Proceeds from issue of common shares and shares series A and B	19	8,234	-
Proceeds from issue of shares series C	19	1,447	-
Repurchase of own shares series A and B	19	(6,255)	(16,739)
Repurchase of own shares series C	19	(1,444)	(2,942)
Transaction costs in anticipation of an issuance of equity instruments		(275)	-
Exercise of stock options	19	202	21
Lease repayment	23	(13)	-
Net cash from financing activities		**1,896**	**(19,660)**
Net increase/(decrease) in cash and cash equivalents		**2,634**	**(11,804)**
Effect of exchange rate fluctuations		-	-
Cash and cash equivalents at the beginning of the period	18	**4,650**	**16,454**
Cash and cash equivalents at the end of the period		**7,284**	**4,650**

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

(all amounts in tables presented in thousand USD, except where stated otherwise)



Notes to the financial statements

1. General information

Huuuge Inc. (hereinafter the "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.

These financial statements of the Company cover year ended December 31, 2020 and includes comparative data for the year ended December 31, 2019. Due to the first time adoption of the International Financial Reporting Standards as adopted by the European Union ("IFRS"), please also refer to Note 2 *First time adoption of the International Financial Reporting Standards as adopted by European Union*, an opening statement of financial position as at the beginning of the earliest comparative period is also presented, which starts from the January 1, 2019.

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,
- 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 consolidated financial statements for the year ended December 31, 2020, which were approved on April 19, 2021 by the Board of Directors.

Composition of the Company's Board of Directors as of December 31, 2020, December 31, 2019, January 1, 2019 and as of the date of signing of this 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 December 31, 2020, December 31, 2019, January 1, 2019 and as of the date of signing of these financial statements Chief Executive Officer and director is Mr Anton Gauffin.

As of January 1, 2019 non-executive directors were:

- Henric Suuronen, director,
- Sang-Ho Park, director,

- John Salter, director,
- Jae Woong Choi, director.

Mr Jae Woong Choi, the appointed director by the series B preference shareholders, resigned on June 25, 2019 and his seat remained vacant, until Mr Rod Cousenswas appointed.

Mr Anton Gauffin and Mr Henric Suuronen were re-elected by the common shareholders of Huuuge Inc., at the annual shareholders meeting held in 2019. Mr John Salter remains the appointed director by the series C preference shareholders. Mr Sang-Ho Park remains the appointed director by the series A preference shareholders. as of December 31, 2019 non-executive directors were:

- Henric Suuronen, director,
- Sang-Ho Park, director,
- John Salter, director.

On June 2, 2020, Mr Rod Cousens was appointed by series B preference shareholders as non-executive director.

After the above changes, as of December 31, 2020 non-executive directors were:

- Henric Suuronen, director,
- Sang-Ho Park, director,
- John Salter, director,
- Rod Cousens, director.

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

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

Financial statements approval

These financial statements were approved on April 19, 2021 by the Board of Directors.

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 December 31, 2020	As of December 31, 2019	As of January 1, 2019
Huuuge Games Sp. z o.o.	Szczecin, Poland	games development and operations	100%	100%	100%
Huuuge Global Ltd	Larnaka, Cyprus	games distribution, user acquisition	100%	100%	100%
Huuuge Labs GmbH	Berlin, Germany	games development, R&D	100%	100%	100%
Huuuge Digital Ltd	Tel Awiw, Israel	games development, R&D	100%	100%	100%
Huuuge Tap Tap Games Ltd	Hong Kong	games development, user acquisition	100%	100%	100%
Huuuge Publishing Ltd*	Larnaka, Cyprus	games distribution	100%	100%	100%
Coffee Break Games Ltd	Larnaka, Cyprus	games distribution	100%	100%	100%
Huuuge Mobile Games Ltd	Dublin, Ireland	games distribution, user acquisition, in organization	100%**	-	-
Billionaire Games Ltd	Dublin, Ireland	games distribution, user acquisition, in organization	100%**	-	-
Coffee Break Games United Ltd	Dublin, Ireland	games distribution, user acquisition, in organization	100%**	-	-
Fun Monkey Games Ltd	Dublin, Ireland	games distribution, user acquisition, in organization	100%**	-	-
Playable Platform B.V.	Amsterdam, Netherlands	games advertisement	100%	-	-
Double Star Oy	Vantaa, Finland	games development	100%	-	-
Huuuge Pop GmbH	Berlin, Germany	games development	100%**	-	-

** Formerly Fun Monkey Ltd*
***share in capital through ownership of Huuuge Global Ltd*

On January 24, 2020 Huuuge Pop GmbH (incorporated in Germany) was established with Huuuge Global Ltd. as its sole shareholder. On February 4, 2020 Huuuge Pop GmbH signed the sale and purchase agreement under which it acquired material assets relating to the entire business of another German entity TreasureHunt GmbH, which operated as online and mobile games developer and distributor, with respect to which insolvency proceedings were opened on February 1, 2020. Consequently, TreasureHunt GmbH was liquidated.

On May 6, 2020 four new entities were established in Ireland: Huuuge Mobile Games Ltd, Billionaire Games Ltd, Coffee Break Games United Ltd and Fun Monkey Games Ltd. 100% of shares of these entities were taken up by Huuuge Global Ltd.

On May 29, 2020 Huuuge Inc. acquired 100% shares in a Dutch entity Playable Platform B.V. Further, on July 16, 2020 Huuuge Inc. acquired 100% of the shares of Finnish entity Double Star Oy. Payment for the transactions was partially settled in the form of equity consideration. Further information related to payments in the form of common shares are disclosed in Note 19 *Share Capital.*

(all amounts in tables presented in thousand USD except where stated otherwise)

As of December 31, 2020, December 31, 2019 and January 1, 2019 share in voting rights owned by the Company in its subsidiaries, is equal to Company's share in equity of those entities.

2. First time adoption of the International Financial Reporting Standards as adopted by European Union

These financial statements were prepared in accordance with principles regarding valuation, recognition and derecognition of assets, liabilities and equity as well as determination of the financial result described in this document in accordance with IFRS.

These financial statements are the Company's first financial statements prepared in accordance with IFRS. For the purposes of these financial statements, the date of transition to IFRS is January 1, 2019. The Company has applied respective voluntary and obligatory exemptions from IFRSs defined in IFRS 1 First-time Adoption of International Financial Reporting Standards. The exemptions applied are described below.

Prior to preparing of these financial statements the Company did not prepare and did not publish any separate financial statements prepared in accordance with IFRS nor any other generally accepted accounting principles.

As the Company previously did not report values of its equity or its total comprehensive income (or equivalent) in accordance with previously applied accounting policies, these financial statements do not include reconciliation of such information to the Company's equity and total comprehensive income in accordance with accounting policies based on IFRS, which would otherwise be required by IFRS 1.

The Company when preparing these financial statements did not recognize and did not reverse any impairment losses.

The Company has applied the following guidelines and exemptions:

- *Application of the Company's financial data previously included in the Group's consolidated financial statements*

  In accordance with this exemption, if an entity, being a parent in a group, becomes a first-time adopter for its separate financial statements earlier or later than for its consolidated financial statements, it must measure its assets and liabilities at the same amounts in both financial statements, except for consolidation adjustments.
  The Group, in which the Company is ultimate parent, has prepared a consolidated financial statements in accordance with IFRS, starting from the financial year ending on December 31, 2016.
  In accordance with above the Company has presented in these financial statements its assets and liabilities in the same amounts and applying the same accounting policies, as those assets and liabilities were included in the consolidated financial statements of the Group, except for consolidation adjustments.

For assets and liabilities such as trade receivables from subsidiaries or loans granted to subsidiaries, which through the consolidation adjustments were completely eliminated the Company applied the accounting principles applied by the Huuuge Inc. Group in the consolidated financial statements prepared in accordance with IFRS, applicable to the type of balances of receivables and liabilities with entities outside the Group.

- *Recognition of investment in subsidiaries*

In accordance with this exemption investments in subsidiaries, which are subject to elimination in the consolidated financial statements, were measured in these separate financial statements at cost in accordance with IAS 27. For investments in subsidiaries, after initial recognition, are accounted by the Company for at cost minus impairment write-offs.

3. Basis for preparation of the financial statements

(a) Statement of compliance

These financial statements have been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union.

(b) Historical cost convention

These 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.

(c) Functional and presentation currency

The functional currency of the Company and the presentation currency of these financial statements is the US dollar ("USD").

(d) Key judgements and estimates

The preparation of financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimated. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

In preparing these 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.

Model of revenue recognition

Agent vs principal consider ations – transactions between the Company and Huuuge Global Limited

The Company purchases certain advertisement services from third parties (mostly Platform providers such as Facebook), which are subsequently recharged to Huuuge Global Ltd. The Company's management has determined that in its relation to the platforms the Company acts as an agent on behalf of Huuuge Global Ltd.

In accordance with IFRS 15.B34, when another entity is involved in providing goods or services to a customer, the Company evaluates the nature of its promise to the customer, whether the nature of the Company`s performance obligation is to provide the specified goods or services to the customer itself (in this case the Company is a principal) or to arrange for them to be provided by another entity (in this case the Company is an agent). In accordance with IFRS 15.B35, the entity acts as the principal, if it obtains control of the specified good or service before it is transferred to the customer. In such circumstances, the Company recognizes revenue in the amount of gross remuneration to which it expects to be entitled in exchange for the goods or services transferred. In accordance with IFRS 15.B36 the entity acts as an agent, if its performance obligation is to arrange for the provision of the specified goods or service by another entity for the customer. In such a case, the Company recognizes revenue on a net basis corresponding to any fee or commission to which it expects to be entitled in return for the arrangement of provision of goods or services by another entity.

The Company's management assessed that, taking into account the above mentioned transactions related to the advertisement services, the nature of the Company's performance obligation is to ensure the provision of advertisement services by Platform providers such as Facebook for Huuuge Global Ltd, and that the Company itself does not obtain control over the goods or services provided prior to its transfer to the customer. The Company's management therefore assessed that the Company acts as an agent to Huuuge Global Limited. The conclusion that the Company acts as an agent is supported mainly by the following factors: Platform providers (such as Facebook) have the ultimate responsibility for providing the services to Huuuge Global Ltd; the Company does not set the prices for the advertisement services, Platform providers have right to change these prices at any time at their discretion.

The Company as an agent presents revenues from those transactions in net amounts – in the amount of fee receivable from Huuuge Global Ltd for the provision of these services.

For details on the accounting policies related to the revenue recognition please refer to Note 5 *Significant accounting policies*, point (b) *Revenue*.

Money market mutual funds

As part of its liquidity management, the Company makes overnight deposits of its daily cash surpluses in money market mutual funds. The money market fund is an open-ended mutual fund that invests in short-term debt instruments (typically one day to one year) such as treasury bills, certificates of deposit, bonds, government gilts and commercial paper with high ratings (mainly AA+, AAA). The main goals are the preservation of principal, high liquidity and a modest incremental return over short-term interest rates or a benchmark rate.

Key judgement in applying accounting policies refers to the classification of investments in money market mutual funds as Cash and cash equivalents and not as Other financial assets. The units of the funds held by the Company are short-term, highly liquid, readily convertible to known amounts of cash and are subject to an insignificant risk of future changes in value, thus they meet the critical criteria indicated in IAS 7 *Statement of Cash Flows* and have been considered in substance as cash equivalents. Investments in money market funds have a determinable market value and they are convertible into a cash and the cash amount to be received on redemption is known at the time of the investment because at the time of the initial investment, the risk of changes in value is insignificant.

In addition, the Company can dispose the investments in funds and the received cash at its discretion any time (same-day access), funds are not closed for a selected group of participants.

Due to the above, in the management's opinion, the Company's investments in money market funds have the attributes to be considered a cash equivalent. This analysis is performed at each reporting period. For details on the funds and their credit ratings please refer to Note 15 *Financial risk management*, point (b) *Credit risk*. For carrying amounts as at December 31, 2020, December 31, 2019 and January 1, 2019 please refer to Note 18 *Cash and cash equivalents*.

Preference shares

Classification and measurement

In September 2017, the Company issued series C preference shares to several investors. The series C preference shares are convertible into ordinary shares at any time at the holder's option. Details of the transactions and the rights arising from the possession of series C preference shares are presented in Note 21 *Series C preference shares.*

The management has concluded that the series C preference shares meet the definition of a financial liability because they are effectively convertible into a variable number of ordinary shares upon occurrence of an uncertain future events, such as split, combination or issuance of shares which are genuine and outside of the Company's control (IAS 32 paragraph 16(b) and 25).

Accordingly, the series C preference shares are classified as a financial liability and measured initially and subsequently at fair value through profit or loss.

This liability is presented as a non-current liability based on IAS 1 para 69(d) which states that the terms of a liability that could, at the option of the counter-party, result in settlement by the issue of equity instruments do not affect its classification. The settlement in (variable number of) ordinary shares will not result in an outflow from the entity's working capital and hence the classfication as a non-current liability under IAS 1.69(d).

The further information on the fair value measurement of this liability is provided in Note 6 *Determination of fair values,* point (a) *Preference shares measured at fair value through profit or loss*. The fair value gains/losses are presented within "Finance expense".

Estimation uncertainty

The assumptions made about the future and the major sources of estimation uncertainty refer to the following areas:

Deferred tax assets and liabilities, in par ticular the realizability of def erred tax assets

In order to determine deferred tax assets and deferred tax liabilities the management needs to make estimates and judgments, especially in the valuation of deferred tax assets and liabilities. Significant management estimate is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies. The process includes evaluation of the tax results of the Company, under consideration of local tax laws and regulations, assessment of the actual tax exposure and of temporary differences as well as assessment of the likelihood that deferred tax assets can be utilized in future periods through generation of taxable profits.

The recognition of a deferred tax asset is based on the assumption that it will be recoverable against future taxable income. The deterioration of tax results in the future could cause that this assumption could not be justified. When accounting for transactions the Company takes into account uncertainties as to whether its treatment will be accepted by the tax authorities. Estimates used for the recognition of deferred tax assets are updated annually with factors such as expected tax rates and expected future tax results of the Company.

Deferred tax liabilities and assets are not recognized for temporary differences between the carrying amount and tax bases of investments in subsidiaries as the Company is able to control the timing of the reversal of the temporary differences and in the management's assessment it is probable that the differences will not reverse in the foreseeable future.

For more details on deferred tax assets and liabilities please refer to Note 5 *Significant accounting policies*, point (c) *Income tax* and to Note 12 *Income tax*.

Provisions and contingent liabilities

Determination of provisions and contingent liabilities is based on management's assessment of the probability of the outflow of resources embodying economic benefits, according to guidelines included in IAS 37 *Provisions, Contingent*
Liabilities and Contingent Assets .

Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period and are discounted to present value where the effect is material.

4. 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 financial statements for issue, considering the pending process of introducing IFRSs in the EU and the operations conducted by the

Company, the IFRS applicable to these financial statements might differ from International Financial Reporting Standards adopted by International Accounting Standads Board.

In preparing these financial statements the Company did not early adopt any new Standards which have already been published and adopted by the European Union and which should be applied for periods beginning on or after January 1, 2021.

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 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 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-curren*t and *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 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) - not yet endorsed by EU at the date of approval of these financial statements for issue - 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) – not yet endorsed by EU at the date of approval of these financial statements for issue - 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) – not yet endorsed by EU at the date of approval of these financial statements for issue - effective for financial years beginning on or after January 1, 2022;
- *Annual Improvements to IFRS Standards 2018–2020* (issued on May 14, 2020) – not yet endorsed by EU at the date of approval of these financial statements for issue - effective for financial years beginning on or after January 1, 2022;
- Amendments to IFRS 4 *Insurance Contracts – deferral of IFRS 9* (issued on June 25, 2020) – effective for financial years beginning on or after January 1, 2021;
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: *Interest Rate Benchmark Reform – Phase 2* (issued on August 27, 2020) – effective for financial years beginning on or after January 1, 2021;

- 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 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 financial statements for issue – effective for financial years beginning on or after January 1, 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.

5. Significant accounting policies

The accounting policies applied by the Company in these financial statements have been consistently applied by the Company and are consistent across the reported periods, unless indicated otherwise.

(a) Foreign currency transactions – transactions and balances

Transactions in foreign currencies are translated to USD (which is the functional currency of the entity and the presentation currency of these financial statements) at exchange rates effective on the days of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into USD at the applicable closing exchange rates as of the balance sheet date. The foreign exchange rate differences arising on translation of transactions denominated in foreign currencies are recognized in the profit or loss in the statement of comprehensive income.

Non-monetary assets and liabilities that are measured at historical cost in foreign currency are translated using the exchange rate at the date of the transaction Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at the exchange rates at the date the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

(b) Revenue

The Company's revenue is generated by services provided to the other entities in the Group. The Company's revenue comprises revenues from advertisement services, legal services and game design development services.

Advertisement services

The Company purchases certain advertisement services from third parties (mostly Platform providers such as Facebook), which are subsequently recharged to Huuuge Global Ltd. The Company's management has determined that in its relation to the platforms the Company acts as an agent on behalf of Huuuge Global Ltd. Further information on the judgment in this respect is presented in Note 3 *Basis for preparation of the financial statements,* point (d) *Key judgements and estimates – Model for revenue recognition.*

The Company's management identified one performance obligation which is advertisement services in gaming applications. Revenue is recognized over time, in the period in which services are provided.

Legal and game design de velopment ser vices

Under each of these revenue streams, The Company's management identified one performance obligation. Revenue is recognized over time, in the period in which services are provided. For legal and game design development services, the Company has a right to consideration in an amount that corresponds directly with the value to the customer of the entity's performance completed to date.

Management assesses that the Company does not have any contracts where the period between the transfer of the promised goods or services and payment exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money. A receivable is recognized when the consideration is unconditional because only the passage of time is required before the payment is due.

(c) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items are recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is not recognized for temporary differences arising on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax liabilities and assets are not recognized for temporary differences between the carrying amount and tax bases of investments in subsidiaries where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent it is no longer probable that the related tax benefit will be realized.

(d) Shares in subsidiaries, associates and joint ventures

Shares in subsidiaries, associates and joint ventures not classified as held for sale in accordance with IFRS 5, are measured at historical cost in accordance with IAS 27 reduced by impairment losses, if any arise in accordance with IAS 36. The impairment test is carried out if there are any indications of impairment. The amount of the impairment loss is assessed by comparing the carrying amount to the higher of fair value less costs to sell and value in use. Transaction costs related to acquisition of shares in subsidiaries are recognized in statement of comprehensive income during period in which such costs were incurred.

Subsidiaries are entities controlled by the Company.

The Company controls an entity when it:

- has power to direct the relevant activities of the investees that significantly affect their returns,
- has exposure, or rights, to variable returns from its involvement with the investees,
- has the ability to use its power over the investees to affect the amount of the investor's returns.

The Company verifies if it has control over entities, if an event results in a change to one or more of the control conditions listed above.

Where the Company holds less than a majority of voting rights in a given entity, but the voting rights held are sufficient to manage unilaterally the relevant activities of that entity, which means that it exercises control over it. When assessing whether voting rights in a given entity are sufficient to exercise power, the Company analyses all relevant circumstances, including:

- the size of the voting rights package held compared to the size of the shares and the degree of dispersion of the voting rights held by other shareholders;
- potential voting rights held by the Company, other shareholders or other parties;
- rights arising from other contractual arrangements; and
- additional circumstances that may prove that the Company has or does not have the ability to direct the relevant activities at the time of the decision-making process, including voting patterns observed at previous General Meetings of Shareholders or General Meetings.

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

(e) Financial instruments

The Company recognizes the non-derivative financial instruments such as other long-term financial assets (mostly long-term deposits), trade and other receivables, cash and cash equivalents (including investments in mutual funds), loans and borrowings, and trade and other payables.

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

The Company classifies its financial assets to the measurement category: debt instruments to be measured at amortized cost. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest ("SPPI test"), are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising onderecognition is recognized directly in profit or loss.

Management assesses the Company's expected credit losses ("ECLs") associated with debt instruments measured at amortized cost, regardless of whether or not there has been any indication of impairment. Please refer to Note 5 *Significant accounting policies*, point (g) *Impairment, (i) Financial assets* below.

(f) Leases

Management assesses at the time of entering into a contract whether the contract is a lease or contains a lease. A contract is a lease or contains a lease if it conveys the right to control the usage of an identifiable asset for a given period in exchange for consideration.

The Company applies a uniform approach to the recognition and measurement of all lease agreements except for short-term leases and low value asset leases. On the commencement date of a lease, the Company recognizes a right-of-use asset and a lease liability

Right-of-use assets

The Company recognizes right-of-use assets on the date of commencing a lease i.e. at the date at which the leased assets are available for use by the Company. The right-of-use assets are presented in a separate line in the statement of financial position. The Company does not have any right-of-use assets that meet the definition of investment property which would be presented in statement of financial position in a separate line as "investment property".

Right-of-use assets are measured initially at cost comprising the following:

- the amount of the initial measurement of the lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs,

- restoration costs.

Subsequently, the right-of-use assets are measured at cost less accumulated depreciation and any accumulated impairment losses and adjusted for remeasurement of the lease liability due to reassessment or lease modifications.

The right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. The amortization periods for the right-of-use assets are as follows:

right of use for vehicles	3 years
right of use for offices	1 – 5 years

Lease liabilities

At the commencement date lease liabilities are measured at an amount equal to the present value of the following lease payments for the underlying right-of-use assets during the lease term:

- fixed payments (including in substance fixed payments), less any lease incentives receivable,
- variable lease payments that are based on an index or a rate,
- amounts expected to be payable by the entity under residual value guarantees,
- the exercise price of a purchase option if the Company's management is reasonably certain to exercise that option,
- payments of penalties for terminating the lease, if the lease term reflects the Company would exercise that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, or the Company's incremental borrowing rate.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The carrying amount of liability is remeasured to reflect any reassessment, lease modification or revised in-substance fixed payments.

The lease term includes the non-cancellable period of a lease plus periods covered by options to extend and/or terminate the lease if it is reasonably certain that the lease will be extended or terminated.

The Company applies the exemptions for short-term leases and leases of low-value assets. Payments associated with all short-term leases, i.e. with lease terms of 12 months or less, and certain leases of low-value assets, for which the underlying value is settled at USD 5 thousand or less, are recognized on a straight-line basis over the lease term as an expense in profit or loss.

(g) Impairment

(i) Financial assets

Management assesses the Company's ECLs associated with debt instruments measured at amortized cost, regardless of whether or not there has been any indication of impairment.

For trade receivables, the Company applies a simplified approach and measures a loss allowance for expected credit losses at the amount equal to the expected credit losses over the instrument's lifetime. The Company uses its historical data on credit losses, adjusted on an as-needed basis for the impact of forward-looking statements.

For other financial assets the Company applies a three-stage model for impairment, based on changes in credit quality since initial recognition. A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1. Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12 Months ECL"). If the Company identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL"). The financial assets with objective evidence of impairment are classified to Stage 3; in relation to such assets lifetime ECL is recognized.

(ii) Non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, or annual impairment testing for an asset is required, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

For other assets impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

At the end of each reporting period, management assesses whether there is any indication that any Company's assets may be impaired. Intangible assets with indefinite useful lives are tested for impairment annually as at December 31 at the cash-generating unit level, irrespective of whether there is any indication of impairment.

As at December 31, 2020, December 31, 2019 and January 1, 2019, the Company had no intangible assets with an indefinite useful life.

(h) Cash and cash equivalents

Cash and cash equivalents comprise cash balances, call deposits and highly liquid investments (including money market funds) with maturities at initial recognition of three months or less.

The judgement relating to the classification of the investments in money market funds are "cash and cash equivalents' is disclosed in Note 3 *Basis for preparation of the financial statements*, point (d) *Key judgements and estimates – Mone y market mutual funds* .

Cash on bank accounts and investments in money market mutual funds meets the SPPI test and the business model test "held to collect", therefore they are measured at amortized cost including an impairment loss determined in accordance with the expected loss model described in Note 5 *Significant accounting policies*, point (g) *Impairment*, (i) *Financial assets* .

(i) Trade and other receivables

Trade receivables are recognized initially at the fair value which is equal to the nominal amount when the contract does not contain significant financing. Subsequently, they are carried at amortized cost using the effective interest method, less loss allowance. The loss allowance is determined in accordance with the accounting policy presented in Note 5 *Significant accounting policies,* point (g) *Impairment* (i) *Financial assets*.

Other receivables include deposits made to purchase property, plant and equipment, receivables from employees and receivables from the state budget. Other non-financial receivables as at the end of the reporting period are measured at the amount due.

(j) Trade and other payables

These amounts represent liabilities for goods and services provided to the group prior to the end of the financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. Trade and other payables are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

Other non-financial payables comprise of employees related liabilities, tax other than income tax liabilities, and accrued expenses, which are measured at the amount due.

(k) Share capital and other components of the equity

Share capital is presented at the total nominal value of the registered shares of the Parent Company.

Ordinary shares and preference shares series A and B are both classified as equity. Preferences attributable to series A and B of preference shares are described in Note 19 *Share capital*.

Incremental costs directly attributable to the issue of new shares are presented as the deduction of equity, i.e. supplementary capital. Qualifying transaction costs incurred in anticipation of an issuance of equity instruments are also deducted from the equity, i.e. supplementary capital. If the equity instruments are not subsequently issued, the transaction costs are recognized as an expense.

Any excess of the fair value of consideration received over the nominal value of shares issued is recorded as share premium in equity ("Supplementary capital").

The preference shares of series C are classified as financial liability under IAS 32 – the accounting policy for those preference shares is presented in Note 5 *Significant accounting policies,* point (l) *Series C preference shares.* The judgement regarding the classification of the preference shares as debt or equity instrument is disclosed in Note 2 *Basis for preparation of the financial statements,* point (d) *Key judgement and estimates*. Preferences attributable to series C of preference shares are described in Note 21 *Series C preference shares*.

In the line "Treasury shares", the Company presents repurchased own shares, which are recognized at costs and are deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company shares. Any difference between the carrying amount and the consideration, if reissued, is recognized in the supplementary capital.

In accordance with Delaware General Corporation Law, the Company may declare and pay dividends upon the shares of its capital stock either:

1. out of its surplus, being the excess of its net assets over its capital (all or part of the consideration received by the corporation in exchange for its capital stock, as determined by the Board of Directors); or

2. In case there shall be no such surplus, out of its net profits for the fiscal year in which the dividend is declared and/or the preceding fiscal year.

If the capital, as defined above, shall have been diminished by depreciation in the value of its property, or by losses, or otherwise, to an amount less than the aggregate amount of the capital represented by the issued and outstanding stock of all classes having a preference upon the distribution of assets, the directors of such company shall not declare and pay out of such net profits any dividends upon any shares of any classes of its capital stock until the deficiency in the amount of capital represented by the issued and outstanding stock of all classes having a preference upon the distribution of assets shall have been repaired.

Employee benefits reserve results from the share-based payment arrangements and is described in details in Note 5 *Significant accounting policies*, (n) *Share-based payment arrangements* and 20 *Share-based payment arrangements*.

(l) Series C preference shares

Series C convertible preference shares represent a financial instrument, which is classified as the financial liability measured at fair value through profit or loss. The judgement regarding the classification of these preference shares as debt is disclosed in Note 3 *Basis for preparation of the financial statements,* point (d) *Key judgement and estimates.*

On issuance of the preference shares, the liability is measured at fair value. For the instrument issued in 2017, the fair value was determined to equal the proceeds from shares issuance. This amount is classified as a financial liability measured at fair value through profit or loss until it is extinguished on conversion of preference shares. On subsequent reporting dates, the liability is remeasured to fair value reflecting the fair value of underlying ordinary shares for which series C shares would be converted at a given date, based on contractual conversion factor. Remeasurement gains and losses are presented in profit or loss (finance income or finance costs). Further information on the fair value measurement of this liability is presented in Note 6 *Determination of the fair v alue.*

(m) Interest-bearing loans and borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are derecognized when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss as other income or finance costs.

Modifications of liabilities that do not result in derecognition are accounted for as a change in estimate using a cumulative catch up method, with any gain or loss recognized immediately in profit or loss, unless the economic substance of the difference in carrying values is attributed to a capital transaction with owners.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(n) Share-based payment arrangements

The Company runs an award program where the employees and contractors are receiving free options which entitle them to purchase the shares in the Company. Such program is a share-based payment program which is classified as equity settled due to the fact that the Company does not have an obligation to settle the obligation arising under the program by delivering cash to the employees or contractors.

Equity-settled share-based payments to employees of the Company and its subsidiaries and others providing similar services are measured at the fair value of the equity instruments at the grant date. The grant date fair value of the awards is determined using a share option pricing model.

Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 20 *Share-based payment arrangements*.

Options with the same grant date but with different periods during which all the specified vesting conditions of a share-based payment arrangement are to be satisfied are treated as a separate awards with a different vesting period (staged vesting).

The fair value determined at the grant date of the equity-settled share-based payments is expensed (options granted to employees of the Company) or allocated to investments in subsidiaries (options granted to employees of the Company's subsidiaries) over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each period the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss, or investment in subsidiaries, such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefit reserve.

IFRS 2 *Share-based Payment* does not address whether an increase in equity recognized in connection with a share-based payment transaction should be presented in a separate component within equity or within retained earnings. Such an increase is presented in employee benefit reserve.

The amount recognized as an expense or allocated to investment in subsidiaries is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

(o) Employee benefits

(i) Defined contribution plans – retirement benefits

The Company has under local laws obligations to pay retirement benefits, however, as the average age of employees is low, no provision has been recorded due to its immaterial amount.

(ii) Other employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(p) Provisions

A provision is recognized when the Company, as a result of a past event, has a present obligation (legal or constructive) that can be estimated reliably and it is probable that the Company will be required to settle that obligation (an outflow of economic benefits will be required). Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period and are discounted to present value where the effect is material.

As of December 31, 2019 the Company recognized provision for a potential unfavourable outcome in the court case, presented in the line "Other provisions" in the consolidated statements of financial position. On or about April 6, 2018, a putative class action complaint was filed against the Company in the U.S. District Court for the Western District of Washington by a player plaintiff. The complaint sought damages for alleged violations of Washington law associated with plaintiff's alleged in-app purchases within one or more of the Company's games. Specifically, the plaintiff alleged violations for the recovery of money lost in gambling and for violations of the Washington Consumer Protection Act. The plaintiff additionally sought damages for unjust enrichment. The Company denied the plaintiff's allegations, denied that it violated any laws or regulations, denied that the suit should be treated as a class action, denied the plaintiff's damages claims, and has been vigorously defending itself against the plaintiff's claims. The Company filed a motion to compel arbitration on July 2, 2018, which the District Court denied on November 13, 2018. The Company timely filed a notice of appeal on December 6, 2018, and filed its opening brief in the Ninth Circuit Court of Appeals on March 6, 2019. The Company also filed a motion to stay the district court proceedings pending a decision on its appeal, which was granted on March 1, 2019. The provision of USD 6,500 thousand was recognized in 2019 in the separate line item in the statement of the financial position as "Other provisions" and in the "Other operating income/(expense), net" line item in the statement of comprehensive income. The Company's management estimated that the costs would be realized within a period for which the discounting effect would not be material and accounts for the provision in an undiscounted amount. The parties mediated on June 15, 2020 and reached agreement on a term sheet on a class action basis on June 16, 2020. On August 23, 2020, a class action settlement agreement was concluded between the class representatives, including the plaintiff, and filed with the court, intending to fully, finally and forever resolve, discharge and settle the claims related to this suit. The United States District Court finally approved the Settlement Agreement on February 11, 2021.

In December 2020 Huuuge Global Ltd agreed to participate in covering costs related to conclusion of the settlement agreement by compensating of the settlement fund amount. The Company has recognized income related to the compensation received amounting USD 6,500 thousand in line "Other operating income/(expense) net" in statement of comprehensive income.

As at January 1, 2019, no provision was recognized as at this date in the management's assessment it was not probable that the outflow of cash will be required to settled the court case so it was a contingent liability.

The Company may incur significant expenses defending other similar lawsuit or any other lawsuit to which it may be a party. Due to the fact that the plaintiff obtained a settlement in this lawsuit, the revenue from users in Washington could be negatively affected, and the Company could be restricted from operating social casino games in Washington. The Company has not received notice of any investigation or complaint by the Washington Attorney General or any other official in the State of Washington. Additional legal proceedings targeting the Company's social casino games and claiming violations of state, federal or local laws in jurisdictions where it operates could occur based on the unique and specific laws of each jurisdiction.

The Company's management cannot predict the likelihood, timing or scope of the consequences of such an outcome, or the outcome of any other legal proceedings to which it may be a party, any of which could have a material adverse effect on the business, operating results and financial condition.

(q) Research and development expenses

In the position "Research and development expenses", the Company recognizes costs of maintenance of the existing games and development of the new games, as well as fees paid to external developers related to the publishing contracts.

Fees paid to external developers include expenditures incurred in relation to the right to the game (i.e. the license), the payment for the development operations and maintenance services. Due to the fact that the Company is not able to allocate the fees between particular components, total fees are recognized when incurred.

(r) Finance income and expense

Finance income comprises interest income on funds invested and loans granted.

Interest income is recognized as it accrues in profit or loss, using the effective interest method.

Finance expenses comprise interest expense on borrowings, leases and valuation of preferred shares series C classified as non-current liabilities.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position, unless material, where separate presentation is required.

6. Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities.

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, management determines whether in the Company transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.
The Company's management determines the policies and procedures for fair value measurement. External valuers are involved for valuation of significant assets and significant liabilities. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The management decides, after discussions with the Company's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Company's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

Fair values have been determined for measurement and for disclosure purposes as explained below.

(a) **Preference shares measured at fair value through profit or loss**

The fair values of the liability resulting from preference shares are measured initially and subsequently at fair value with the fair value gains/losses being recognized in profit or loss. Since the preference shares have the right to dividends and they are convertible at any time, their fair value would be determined based on the fair value of the Company's ordinary shares on a non-marketable, minority, per share basis. As of December 31, 2020, December 31, 2019 and January 1, 2019 the Company's ordinary shares and preference shares were not traded on any public market.

At the end of the reporting period, the Company analyses whether there have occurred any transactions in its shares (e.g. repurchase of ordinary shares), the prices of which could be used by the Company to determine the fair value at the end of the year. If such transactions would have taken place, the Company's management assesses, based on the definition of fair value in IFRS 13, whether the prices applied in the transactions could be considered a reasonable approximation of the fair value of the shares. The Company's management takes into account the party with which the transaction was concluded, length of the period between the transaction and year-end, terms of the transaction and all available facts and circumstances.

In other cases (e.g. when prices applied to past transactions could not be deemed appropriate for the purpose of determination of the fair value of the ordinary shares), the Company's management determines their fair value using valuation techniques, in particular, the Hybrid Method, i.e., a combination of the Probability-Weighted Expected Return Method ("PWERM") and the Option-Pricing Method ("OPM") in the year 2020, and by using solely OPM in the year 2019. The ordinary share is modelled as a call option that gives its owner the right but not the obligation to buy the underlying equity value at a predetermined or exercise price. In the model, the exercise price is based on a comparison with the enterprise value rather than, as in the case of a "regular" call option, a comparison with a per-share share price. Thus, ordinary share is considered to be a call option with a claim on the equity at an exercise price equal to the remaining value immediately after the preferred share is liquidated. PWERM is rooted in a decision-tree analysis and models potential future expected outcomes on the basis of potential probability of certain circumstances (e.g. sale or merger, IPO, dissolution, or continuation as a going concern). The option-pricing method considers the various terms of the shareholder agreements, including the level of seniority among the securities, dividend policy, conversion ratios, and cash allocations (upon liquidation of the enterprise). Additionally, the method implicitly considers the effect of the liquidation preference as of the future liquidation date, not as of the valuation date. The Option-Pricing Model applied by the Company determined the indicated market value of equity of the Company by compiling the results of the three approaches, to which a certain weighting is attributed in order to reflect the changes taking place inside and around the Company: Comparable Company Method, Comparable Transactions Method and prices used in most recent preference shares transactions. Weighted average of indicated values is further adjusted by discount for lack of marketability.

Inputs to the valuation model fall into Level 3 of the fair value hierarchy (unobservable inputs) in all presented periods.

(b) **Trade and other receivables measured at amortized cost**

For trade and other receivables and deposits, the Company's management considers their carrying amounts be the best estimates of fair values, due to the short-term nature and high liquidity of these instruments. This fair value is determined for disclosure purposes.

(c) **Non-derivative financial liabilities measured at amortized cost**

For trade accounts payable, the Company's management considers their carrying amounts to be the best estimation of their respective fair values, determined for disclosure purposes, due to the short term nature of these instruments. Fair value of non-derivative financial liabilities other than trade accounts payable, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For lease liabilities interest rate implicit in the lease is used, if that rate can be readily determined; if that rate cannot be readily determined, the lessee's incremental borrowing rate is used.

As of December 31, 2020, December 31, 2019 and January 1, 2019 the Company does not classify any assets or liabilities to be subsequently measured at fair value except for the preference shares as indicated in point (a) above.

7. 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, for further details on the judgement please refer to Note 3 *Basis for preparation of the financial statements*, point (d) *Key judgements and estimates*. In the year ended December 31, 2020 the Company's revenues amounted to USD 2,817 thousand (USD 1,144 thousand from legal services, and USD 1,673 thousand from game design services) , and in the year ended December 31, 2019, – USD 1,061 thousand (USD 51 thousand from advertisement services, USD 361 thousand from legal services, and USD 649 thousand from game design services).

8. 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 consolidated financial statements of the Group.

9. Operating expenses

Research and development and administrative expenses include:

Expenses by nature	Year ended December 31, 2020	Year ended December 31, 2019
Salaries and employee-related costs including:	2,215	1,004
- Share-based payment expense	180	(34)
- Other employee-related costs	92	143
- Social security contributions	75	43
- Salaries	1,868	852
Finance & legal services	2,407	410
Legal services related to acquisition of shares in subsidiaries	234	-
Legal services incurred in anticipation of an issuance of equity instruments	1,788	-
Property maintenance and external services	67	78
Other costs	80	113
Total operating expenses	**6,791**	**1,605**

Negative amount of shared-based payment expense during the year ended December 31, 2019 results from cancelation of the program for one of the Company's employees during that period.

10. Other operating income and expense

	Year ended December 31, 2020	Year ended December 31, 2019
Recognition of court case provision	-	(6,500)
Compensation for court case received	6,500	-
Other operating income/(expense) net	36	(11)
Total other operating income/(expense) net	**6,536**	**(6,511)**

For more information related to recognition of court case provision and compensation for court case received please refer to Note 5 *Significant accounting policies*, point (p) *Provisions*.

(all amounts in tables presented in thousand USD except where stated otherwise)

11. Finance income and finance expense

Finance income

Finance income includes solely interest earned on money market mutual fund investments and on loans granted.

	Year ended December 31, 2020	Year ended December 31, 2019
Interest earned on money market mutual fund investments	54	494
Interest earned on loans granted	112	296
Total interest income	**166**	**790**

Finance expense

Finance expenses include mainly valuation of preferred shares from series C classified as non-current liabilities (for more information please refer to Note 21 *Series C preference shares*) and net foreign exchange losses.

	Year ended December 31, 2020	Year ended December 31, 2019
Valuation of preferred shares classified as non-current liabilities	127,768	3,867
Finance expense recognized on repurchase of series C preference shares	481	-
Foreign exchange losses, net	22	1
Other	38	-
Total finance expense	**128,309**	**3,868**

12. Income tax

	As of December 31, 2020	As of December 31, 2019	As of January 1, 2019
Deferred tax assets	132	72	104
Deferred tax liabilities	160	4	-
Net deferred tax asset/(liability)	**(28)**	**68**	**104**

	Year ended December 31, 2020	Year ended December 31, 2019
Current income tax	-	52
Change in deferred income tax	96	36
Income tax for the period	**96**	**88**

(all amounts in tables presented in thousand USD except where stated otherwise)

The tax on the Company's profit before tax differs from the theoretical amount that would arise usingthe statutory tax rate applied to its profit as follows:

Effective tax rate reconciliation	**Year ended December 31, 2020**	**Year ended December 31, 2019**
Profit/(loss) before income tax	(125,581)	(10,133)
Statutory tax rate in the United States	21%	21%
Theoretical tax expense/(benefit) according to current tax rate in the United States	(26,372)	(2,128)
Tax impact of non-taxable revenues	-	-
Tax impact of non-deductible costs – ESOP	38	(7)
Tax impact of non-deductible costs – series C shares valuation	26,831	812
Tax impact of non-deductible costs – provision for Washington court case	(1,365)	1,365
Tax impact of non-deductible costs – other	370	9
Non-deductible withholding tax	2	-
Temporary differences with no deferred tax recognized	592	-
Correction of the current tax relating to previous years	-	37
Tax charge	**96**	**88**
Effective tax rate	**(0.1%)**	**(0.9%)**

Deferred tax reconciliation

Deferred tax assets	**As of December 31, 2020**	**As of December 31, 2019**	**As of January 1, 2019**
Accrued expenses	86	72	104
Lease liabilities	46	-	-
Deferred tax assets	**132**	**72**	**104**
Compensation with deferred tax liabilities	(132)	(4)	-
Deferred tax asset presented in the statement of financial position	**-**	**68**	**104**

Deferred tax assets expected to be recovered within 12 months from the reporting date amounted to USD 101 thousand as of December 31, 2020, USD 72 thousandas of December 31, 2019 and USD 104 thousand as of January 1, 2019.

Deferred tax liabilities	**As of December 31, 2020**	**As of December 31, 2019**	**As of January 1, 2019**
Tangible assets	8	4	-
Right of use assets	44	-	-
Other differences	108	-	-
Deferred tax liabilities	**160**	**4**	**-**
Compensation with deferred tax assets	(132)	(4)	-
Deferred tax liability presented in the statement of financial position	**28**	**-**	**-**

(all amounts in tables presented in thousand USD except where stated otherwise)

Deferred tax liabilities expected to be settled within 12 months from the reporting date amounted to USD 131 thousand as of December 31, 2020 and USD 4 thousandas of December 31, 2019.

	Year ended December 31, 2020	Year ended December 31, 2019
Net deferred tax assets/(liabilities) at the beginning of the period	68	104
Net deferred tax assets/(liabilities) at the end of the period	(28)	68
Deferred tax in the net profit for the period	**96**	**36**

As of December 31, 2020 the Company has incurred tax loss, unrecognized in statements of comprehensive income deferred tax related to the loss amounts USD 592 thousand. As of December 31, 2019 and January 1, 2019 there were no unused tax losses for which no deferred tax would be recognized in the statement of financial position.

13. Investment in subsidiaries

	As of December 31, 2020	As of December 31, 2019	As of January 1, 2019
Investment in subsidiaries:			
Huuuge Games Sp. z o.o.	2,326	2,326	2,326
Huuuge Global Ltd	6	6	6
Huuuge Digital Ltd	-	-	-
Huuuge Tap Tap Games Ltd	1	1	-
Playable Platform B.V.	1,588	-	-
Double Star Oy	2,143	-	-
Impairment	-	-	-
Options granted to employees of the Company's subsidiaries under stock option program	7,569	3,991	1,904
Total	**13,633**	**6,324**	**4,236**

The difference between the consideration paid for the acquisition of the shares of Playable Platform B.V. and Double Star Oy presented in the statement of cash-flow in the line "Purchase of shares in subsidiaries" and the carrying value of the investments in these subsidiaries is due to the fact that payments for the transactions were partially settled in the form of equity consideration. In addition, for the Double Star Oy the difference arises due to the deferred payment in the amount of USD 1,000 thousand 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.

As at December 31, 2020, December 31, 2019 and January 1, 2019 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:

(all amounts in tables presented in thousand USD, except where stated otherwise)

- external sources, such as: observable indications that the assets' value has declined significantly more that 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.

14. Loans granted

	As of December 31, 2020	As of December 31, 2019	As of January 1, 2019
Loans granted	1,487	3,069	2,958
Total	**1,487**	**3,069**	**2,958**
- non-current	1,487	2,225	2,147
- current	-	844	811

Loan granted to Huuuge Global Ltd.

In 2017, the Company granted a loan to Huuuge Global Ltd in total amount of USD 2,000 thousand with interest rate of 4% above EURIBOR12M. The purpose of the loan granted was to finance current operational activities of Huuuge Global Ltd. The loan was granted on market conditions with payment term until 2022. The principal of the loans and due interests in amount of USD 294 thousand, were paid back on December 14, 2020.

Loans granted to Huuuge Digital Ltd.

In 2018, the Company granted four loans to Huuuge Digital Ltd. at the total amount of USD 800 thousand with interest rate of 5%. Purpose of the loan granted was to finance current operational activities of Huuuge Digital Ltd. The loans were granted on market conditions with payment term of 270 days from date of transfer of the relevant tranche. In 2020, the Company granted Huuuge Digital Ltd a loan of USD 600 thousand with an interest rate of 2% with maturity of 5 years. On December 31, 2020 the balance of loans amounted to USD 1,487 thousand.

15. Financial risk management

(a) Introduction

Risk management performed by the Company is aimed at reducing the impact of adverse factors on the financial statements. This note presents information about the Company's exposure to specific risks arising from financial instruments as well as the Company's objectives aimed at maintaining effective process for risk management.

The Company is exposed in particular to the following risks arising from financial instruments:

- credit risk,

(all amounts in tables presented in thousand USD, except where stated otherwise)

- liquidity risk,
- market risk.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors continually identifies, evaluates and manages the risks faced by the Company, sets appropriate risk limits and controls and monitors risks.

The Company's management monitors financial risks regarding the Group as a whole for the purpose of making risk management related decisions.

(b) Credit risk

Credit risk relating to cash and cash equiv alents

The Company is exposed to credit risks mainly with regard to cash and cash equivalents, that include bank deposits and investments in money market funds, which could arise if a counterparty becomes insolvent and accordingly is unable to return the deposited funds or execute the obligations as a result of the insolvency. To mitigate this risk, wherever possible the Company's management conducts transactions and deposits funds with investment grade rated financial institutions, as well as monitors and limits the concentration of transactions with any single party. The Company's management uses Moody's credit ratings. The information about the credit risk rating grades is presented in the table below.

Moody's Rating	As of December 31, 2020	As of December 31, 2019	As of January 1, 2019
Aaa	3,635	4,635	16,438
Aa3	3,649	15	16
Total cash and cash equivalents	**7,284**	**4,650**	**16,454**

Cash and cash equivalents (investments in money market mutual funds) are kept in financial institutions with Aaa and Aa3 rating only, which are investment ratings according to Moody's.

Cash and cash equivalents are kept at a limited number of major financial institutions. The Company's management monitors the creditworthiness of the institutions and mitigates concentration risk by not limiting the exposure to a single counter party, nevertheless at each reporting date there is a significant concentration of the credit risk.

As at December 31, 2020, the largest concentration of funds in two financial institutions was respectively 49.9% and 49.9% with the remaining funds not being concentrated more than 0.2% in a single financial institution. In comparison, as at December 31, 2019, the largest concentration in two financial institutions was respectively 49.8% and 49.8%, and as at January 1, 2019, the largest concentration in two financial institutions was respectively 49.9% and 49.9%.

(all amounts in tables presented in thousand USD except where stated otherwise)

Total gross carrying amounts of cash and cash equivalents as of December 31, 2020, December 31, 2019 and January 1, 2019 were included in Stage 1, based on assessment that credit risk has not increased significantly since initial recognition. For financial assets in Stage 1, the Company recognizes 12 month ECL and recognizes interest income on a gross basis – interest will be calculated on the gross carrying amount of the financial asset before adjusting for ECL.

Management has assessed that the Company's provision for expected credit losses related to cash and cash equivalents would not be material in any of the periods presented.

The carrying amount of cash and cash equivalents balance represents the maximum credit exposure.

Credit risk with respect to trade receivables and other receivables

The carrying amount of trade receivables represents the maximum credit exposure. The maximum exposure to credit risk at the reporting dates was as follows:

Carrying amount	**As of December 31, 2020**	**As of December 31, 2019**	**As of January 1, 2019**
Trade receivables from third parties	-	-	-
Trade receivables from related parties	15,071	9,074	19,677
Total	**15,071**	**9,074**	**19,677**

The Company has trade receivables only from one related party – Huuuge Global Ltd. Transactions with related parties are described in Note 26 *Related party transactions*.

Allowance for expected credit losses

The Company's management recognizes allowance for expected credit losses according to IFRS 9 *Financial Instruments,* considering all reasonable and supportive information (e.g. customer rating, historical recoverability).

The Company has trade receivables only from its related party for each period presented therefore, the Company does not apply the portfolio approach, and instead performs the analysis on the individual basis. Taking into account that Company's trade receivables are only from one related party and there were no issues with historical recoverability, the related expected credit losses had been assessed as immaterial.

There are no trade receivables which are overdue more than 90 days or individually identified as impaired, nor any receivables from loans granted.

(all amounts in tables presented in thousand USD except where stated otherwise)

The aging of trade receivables at the reporting dates was as follows:

As of December 31, 2020	Total	not due and overdue up to 1 month	over 1 month to 3 months	over 3 months to 6 months	over 6 month to 1 year	over 1 year
Trade receivables from related parties	15,071	15,071	-	-	-	-
Loans granted to the related parties	1,487	1,487	-	-	-	-
Allowance for expected credit losses/ impairment	-	-	-	-	-	-
Receivables, net	**16,558**	**16,558**	**-**	**-**	**-**	**-**

As of December 31, 2019	Total	not due and overdue up to 1 month	over 1 month to 3 months	over 3 months to 6 months	over 6 month to 1 year	over 1 year
Trade receivables from related parties	9,074	9,074	-	-	-	-
Loans granted to the related parties	3,069	3,069				
Allowance for expected credit losses/ impairment	-	-	-	-	-	-
Receivables, net	**12,143**	**12,143**	**-**	**-**	**-**	**-**

As of January 1, 2019	Total	not due and overdue up to 1 month	over 1 month to 3 months	over 3 months to 6 months	over 6 month to 1 year	over 1 year
Trade receivables from related parties	19,677	19,677	-	-	-	-
Loans granted to the related parties	2,958	2,958				
Allowance for expected credit losses/ impairment	-	-	-	-	-	-
Receivables, net	**22,635**	**22,635**	**-**	**-**	**-**	**-**

(all amounts in tables presented in thousand USD, except where stated otherwise)

(c) Liquidity risk

Liquidity risk means the risk that the Company may encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's management approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Liquidity risk is assessed in conjunction with the Company's budgeted cash flows and by managing a proper current liabilities structure. The Company's cash flows are obtained only from its subsidiaries, therefore the risk of non-ability to draw cash is remote. In addition, as described in Note 30 *Subsequent events*, in February 2021 Huuuge Inc, has launched its initial public offering, with final listing date on the Warsaw Stock Exchange was February 19, 2021. Net proceeds from the issuance of the newly issued shares amounted to approximately USD 101 million after deduction of costs and expenses associated with the offering, and after execution of the stabilization process described in Note 30 *Subsequent events.*

Unexpected business circumstances that may lead to deteriorating liquidity position are balanced with the demand for the Company's debt. The method of measuring the liquidity risk consists of the analysis of the cover of current liabilities with available cash resources. As of December 31, 2020 Company's current assets outlay the Company's current liabilities.

There are no bank loan balances and bank loan agreements in force as at December 31, 2020, December 31, 2019 and January 1, 2019 and as at date of approval these financial statements for issue, thus also interest rate risk is remote from the Company's perspective. Moreover, it is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

The Company's operations, and thus its liquidity, have not been adversely affected by the global COVID-19 pandemic. Due to physical social distancing, online gaming attracted more players worldwide which has helped boost revenue of the Group, for which the Company is the ultimate parent.

The following are the contractual maturities of financial liabilities including estimated interest payments as of respective balance sheet dates:

As of December 31, 2020	Carrying amount	Contractual cash flows	6 months or less	6 - 12 months	1 - 2 years	2 - 5 years	over 5 years
Trade payables	2,822	2,822	2,822	-	-	-	-
Accrued expenses (except taxes and employee-related)	3,494	3,494	3,494	-	-	-	-
Lease liabilities	218	220	38	38	78	66	-
Non derivative financial liabilities	**6,534**	**6,536**	**6,354**	**38**	**78**	**66**	**-**

As of December 31, 2019	Carrying amount	Contractual cash flows	6 months or less	6 - 12 months	1 - 2 years	2 - 5 years	over 5 years
Trade payables	1,607	1,607	1,607	-	-	-	-
Accrued expenses (except taxes and employee-related)	247	247	247	-	-	-	-
Non derivative financial liabilities	**1,854**	**1,854**	**1,854**	**-**	**-**	**-**	**-**

As of January 1, 2019	Carrying amount	Contractual cash flows	6 months or less	6 - 12 months	1 - 2 years	2 - 5 years	over 5 years
Trade payables	3,621	3,621	3,621	-	-	-	-
Accrued expenses (except taxes and employee-related)	474	474	474	-	-	-	-
Non derivative financial liabilities	**4,095**	**4,095**	**4,095**	**-**	**-**	**-**	**-**

Series C preference shares are not included in the maturity analysis as they may be settled by delivery of the Company's own equity instruments, and, consequently, its settlement will not impact the overall liquidity position of the Group or settled in cash but the redemption in cash is within the Company's control. There were no derivative financial instruments in the reported periods. The changes in liabilities arising from financing activities are presented in Note 21 *Series C preference shares*.

(all amounts in tables presented in thousand USD, except where stated otherwise)

(d) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices may affect the Company's income or the value of the financial instruments held. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Company does not apply hedge accounting in order to manage volatility in profit or loss and so far neither has entered into derivatives nor incurred external financial liabilities.

(i) Currency risk

Management of the Company has analyzed currency risk related to variability of exchange rates and did not identify significant balances of accounts denominated in foreign currencies (cash and cash equivalents, trade receivables and trade payables) and transactions carried in foreign currencies which would be associated with a significant currency risk for the Company.

(ii) Interest rate risk

As the Company has not entered in bank loan agreements in all presented periods till December 31, 2020, the interest rate risk is marginal.

The Company does not have any significant interest bearing liabilities at variable rate which would exposure the Company to the cash flow risk.

The Company's interest bearing assets are cash and cash equivalents. The cash at banks is on current account at variable interest rate. The investments in money market funds are at variable interest rate. The interest bearing assets at variable rate expose the Company to cash flow risk.

Taking into account the level of the interest rates on the bank accounts and on the short term investments in money market funds (i.e. actual interest income generated in 2020 amounts to USD 166 thousand, in 2019: USD 790 thousand) the Company's profit or loss is not sensitive to reasonably possible changes in interest rates therefore the detailed sensitivity analysis is not presented.

(iii) Other price risk – liability arising from series C preference shares issuance

The carrying amount of the Company's liability resulting from series C preference shares is susceptible to market price risk arising from uncertainties about fair value of underlying ordinary shares for which series C preference shares would be converted at a given date, based on contractual conversion factor. For more details regarding series C preference shares please refer to Note 5 *Significant accounting policies*, point (l) *Series C preference shares*. As the series C preference shares are measured at fair value through profit or loss and the fair value of the underlying ordinary shares is the major input to the valuation model (additional information were presented also in Note 6 *Determination of fair values*), fluctuations in the market value of ordinary shares impact net profit and total equity.

The following table demonstrates the sensitivity as at December 31, 2020, December 31, 2019 and January 1, 2019 to a reasonably possible change in fair value of the ordinary shares and their impact on the valuation of the liability resulting from issue of series C preference shares. With all other variables held constant, the Company's profit before tax and equity would be affected, as follows:

	Increase/ decrease in %	Effect on profit before tax	Effect on equity
December 31, 2020			
Ordinary share fair value	+10%	12,777	12,777
	- 10%	(12,777)	(12,777)
December 31, 2019			
Ordinary share fair value	+10%	(302)	(302)
	- 10%	302	302
January 1, 2019			
Ordinary share fair value	+10%	(128)	(128)
	- 10%	128	128

Further details regarding the determination of the fair value of the ordinary shares and the resulting fair value of the series C preference shares liability is provided in Note 16 *Accounting classifications and fair values – Series C preference shares*.

(e) Capital management

The Company manages the Company's capital structure and makes adjustments in light of changes in economic conditions.

The Board's of Directors policy is to maintain a strong capital base so as to maintain investors' and market confidence and to sustain future development of the business. The Company's management seeks to maintain a sufficient capital base for meeting the Company's operational and strategic needs, with the objective to safeguard the ability to continue as a going concern and optimize the capital structure in order to reduce the cost of capital and maximize the return on capital to the shareholders. The amount of capital maintained in each reporting period (see table below) met management's objectives.

The capital managed by the Company's management includes equity and series C preferences shares, classified as non-current financial liabilities. As such, managed capital consists of ordinary shares, preference shares of series A and B, repurchased own shares and options, as well as preference shares of series C. For the amounts please refer to respective Note 19 *Share capital,* of these financial statements. There are no externally imposed capital management requirements (such as covenants or similar).

The Company's management monitors the return on capital on the basis of the basic and diluted earnings per share ratios. Further information on calculation of earnings per share rations is presented in the Group's consolidated financial statements. The objective of the Management is to maximize the return on capital to the shareholders.

(all amounts in tables presented in thousand USD except where stated otherwise)

No dividends were declared and paid by the Company to its shareholders in the years ending December 31, 2020 and December 31, 2019.

	As of December 31, 2020	As of December 31, 2019	As of January 1, 2019
Equity	(152,734)	(32,988)	(8,102)
Preference shares series C (non-current liability)	176,606	48,354	47,429
Total capital	**23,872**	**15,366**	**39,327**

(all amounts in tables presented in thousand USD, except where stated otherwise)

16. Accounting classifications of financial instruments and fair values

The fair values of financial assets and liabilities,together with the carrying amounts shown in the statementof financial position are as follows:

As of December 31, 2020	Financial assets measured at amortized cost	Financial liabilities measured at fair value	Financial liabilities at amortized cost	Financial liabilities out of scope of IFRS 9	Total carrying amount	Fair value
Assets	**23,842**	**-**	**-**	**-**	**23,842**	**23,842**
Trade receivables from related parties	15,071	-	-	-	15,071	15,071
Loans granted to related parties	1,487	-	-	-	1,487	1,487
Cash and cash equivalents	7,284	-	-	-	7,284	7,284
Liabilities	**-**	**176,606**	**2,822**	**218**	**179,646**	**179,646**
Preference shares	-	176,606	-	-	176,606	176,606
Lease liability	-	-	-	218	218	218
Trade payables	-	-	2,822	-	2,822	2,822
Total	**23,842**	**176,606**	**2,822**	**218**	**203,488**	**203,488**

(all amounts in tables presented in thousand USD, except where stated otherwise)

As of December 31, 2019	Financial assets measured at amortized cost	Financial liabilities measured at fair value	Financial liabilities at amortized cost	Total carrying amount	Fair value
Assets	**16,793**	**-**	**-**	**16,793**	**16,793**
Trade receivables from related parties	9,074	-	-	9,074	9,074
Loans granted to related parties	3,069	-	-	3,069	3,069
Cash and cash equivalents	4,650	-	-	4,650	4,650
Liabilities	**-**	**48,354**	**1,607**	**49,961**	**49,961**
Preference shares	-	48,354	-	48,354	48,354
Trade payables	-	-	1,607	1,607	1,607
Total	**16,793**	**48,354**	**1,607**	**66,754**	**66,754**
As of January 1, 2019	**Financial assets measured at amortized cost**	**Financial liabilities measured at fair value**	**Financial liabilities at amortized cost**	**Total carrying amount**	**Fair value**
Assets	**39,089**	**-**	**-**	**39,089**	**39,089**
Trade receivables from related parties	19,677	-	-	19,677	19,677
Loans granted to related parties	2,958	-	-	2,958	2,958
Cash and cash equivalents	16,454	-	-	16,454	16,454
Liabilities	**-**	**47,429**	**3,621**	**51,050**	**51,050**
Preference shares	-	47,429	-	47,429	47,429
Trade payables	-	-	3,621	3,621	3,621
Total	**39,089**	**47,429**	**3,621**	**90,139**	**90,139**

As at December 31, 2020, December 31, 2019 and January 1, 2019 the Company's management did not identify any financial assets measured at fair value – neither through profit or loss nor through other comprehensive income.
The Company's management believes that the fair values of financial instruments do not differ significantly from their carrying amounts.

(all amounts in tables presented in thousand USD, except where stated otherwise)

Series C preference shares

Series C preference shares liability is measured at fair value initially with gains/losses on subsequent remeasurements being recognized in profit or loss at each reporting period. The fair value measurements of series C preference shares are classified as Level 3 of the fair value hierarchy.

The following methods and assumptions were used to estimate the fair values:

- As of December 31, 2020, the fair values of the non-listed common shares of the Company which are the basis for valuation of liability resulting from issuance of series C preference shares have been estimated using the Hybrid Method, i.e. a combination of the PWERM and OPM. PWERM is rooted in a decision-tree analysis and models potential future expected outcomes on the basis of potential probability of certain circumstances (e.g. sale or merger, IPO, dissolution, or continuation as a going concern).
  Under PWERM, the Company's management estimated the probability of future IPO under three different outcome scenarios, and the probability of continuation of its business without significant changes. Under each of three outcome scenarios of IPO, the equity value was estimated accordingly. Under the scenario of continuation of the Company's business as so far, share price was estimated by applying the OPM similar to the method applied in the previous reporting period as described below.
- As of December 31, 2019 and January 1, 2019, the fair values of these shares have been estimated using solely the OPM. OPM considers the various terms of the shareholder agreements, including the level of seniority among the securities, dividend policy, conversion ratios, and cash allocations (upon liquidation of the enterprise). Additionally, the method implicitly considers the effect of the liquidation preference as of the future liquidation date, not as of the valuation date.
- It is common that OPM which permits to allocate the value for early stage companies with complex capital structures might be supported by various different methods of valuation e.g. Comparable Company Method, Comparable Transactions Method or Common Stock Transactions (In 2018 also Recent Securities Transaction Backsolve). The abovementioned methods might consider factors such as historical data of the Company and similar companies, mergers and acquisitions data or transactions on the Company's shares.
- When there are recent transactions on the company's own securities, and under certain premises, the valuation guidance allows for, and considers the indication of value coming from such transaction as a relevant input to determine the equity value Company. In assessing the market value of equity of Huuuge using a market approach, the most recent preferred stock transactions were considered.
- The valuation requires management to use unobservable inputs in the model (if observable inputs are not available), of which the significant unobservable inputs are disclosed in the table below. Management regularly assesses a range of reasonably possible alternatives for those significant unobservable inputs and determines their impact onthe total fair value.
- There is no active market for the Company's common shares and preference shares as at December 31, 2020, December 31, 2019 and January 1, 2019.

The significant unobservable inputs used in the fair value measurements categorized within Level 3 of the fair value hierarchy, together with a quantitative sensitivity analysis as at December 31, 2020, December 31, 2019 and January 1, 2019 are shown below:

Valuation technique	Significant unobservable inputs	Range	Sensitivity of the input to fair value
Option-Pricing Method (Company would stay private)	EBITDA multiple	2020: 11.3 – 15.9 2019: 13.6 – 15.0	5% (2019: 5%) increase (decrease) in the multiple would result in an increase (decrease) in fair value by USD 593 thousand (2019: USD 520 thousand)
	Discount for lack of marketability	2020: 29% 2019: 35%	5% (2019: 5%) increase (decrease) in the discount would decrease (increase) the fair value by USD 1,869 thousand (2019: USD 3,720 thousand)
	Revenue multiple	2020: 1.8 – 2.9 2019: 2.7 – 3.5	5% (2019: 5%), increase (decrease) in the multiple would result in an increase (decrease) in fair value by USD 579 thousand (2019: 737 thousand)
Probability-Weighted Expected Return Method (likelihood of IPO)	Discount rate	2020: 25% 2019: N/A	5% (2019: N/A) increase (decrease) in the discount rate applied to derive the present value of potential future values would result in a decrease (increase) in fair value by USD 898 thousand (2019: N/A)
	Discount for lack of marketability	2020: 13% 2019: N/A	5% (2019: N/A) increase (decrease) in the discount would decrease (increase) the fair value by USD 8,625 thousand (2019: N/A)
	IPO probability	2020: 80% 2019: N/A	5% (2019: N/A) increase (decrease) in the IPO probability would result in an increase (decrease) in fair value by USD 2,617 thousand (2019: N/A)

Significant increases (decreases) in EBITDA multiple as well as Revenue multiple in isolation would result in a significantly higher (lower) fair value. However, an increase in the discount for lack of marketability would lead to a decrease in fair value.

Further information regarding the gain/loss recognized in presented period on the remeasurement of the preference shares liability is presented in Note 21 *Series C preference shares*.

17. Trade and other receivables

	As of December 31, 2020	As of December 31, 2019	As of January 1, 2019
Trade receivables from related parties	15,071	9,074	19,677
Trade accounts receivable from third parties	-	-	-
Prepaid expenses	157	60	39
Other receivables	-	-	11
Total trade and other receivables	**15,228**	**9,134**	**19,727**

Allowance for expected credit losses/ impairment of trade receivables is not significant.

(all amounts in tables presented in thousand USD except where stated otherwise)

Transactions with related parties are described in Note 26 *Related party transactions*.

Prepaid expenses include advance payments for services, that will be received in the future. Main types of prepayments are: subscription of Internet services, expenses from cloud computing arrangements which do not include an intangible asset (software as a service contracts) and domain costs.

18. Cash and cash equivalents

	As of December 31, 2020	As of December 31, 2019	As of January 1, 2019
Cash at banks (current accounts)	15	15	16
Money market mutual fund investments	7,269	4,635	16,438
Total cash and cash equivalents	**7,284**	**4,650**	**16,454**

Money market mutual fund investments have been classified as cash equivalents. For the reasoning please refer to Note 3 *Basis for preparation of the financial statements*, point (d) *Key judgements and estimates*.
As of December 31, 2020 there was restricted cash of USD 15 thousand (USD 15 thousand as of December 31, 2019 and USD 16 thousand as of January 1, 2019).

(all amounts in tables presented in thousand USD, except where stated otherwise)

19. Share capital

Share capital of the Company is composed of ordinary and preference shares series A and B. Below are presented movements on different components of equity divided in the categories of shares (value of movements presented in USD, not thousand USD):

Shares classified as equity instruments (i.e. excluding preference shares of series C):

	Ordinary shares		Preference shares (excl series C)		Treasury shares		Treasury shares allocated for share-based payment program		Sub-total (issued)		Shares allocated for the share-based payment program		Grand total	
	Number of shares	Value of movements	Number of shares	Value of movements	Number of shares	Value of movements	Number of shares	Value of movements	Number of shares	Value of movements	Number of shares	Value of movements	Number of shares	Value of movements
As of January 1, 2019	**8,365,558**	**837**	**3,380,000**	**338**	**1,448,322**	**145**	**-**	**-**	**13,193,880**	**1,320**	**1,088,443**	**109**	**14,282,323**	**1,429**
Shares issued/(repurchased)	-	-	(847,550)	(85)	847,550	85	-	-	-	-	-	-	-	-
Allocation of shares to Share-based payment program	-	-	-	-	(405,000)	(41)	405,000	41	-	-	-	-	-	-
Exercise of stock options	31,363	3	-	-	-	-	-	-	31,363	3	(31,363)	(3)	-	-
As of December 31, 2019	**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/(repurchased)	-	-	192,802	19	(192,802)	(19)	-	-	-	-	-	-	-	-
Acquisition of subsidiaries	46,029	5	-	-	(46,029)	(5)	-	-	-	-	-	-	-	
Allocation of shares to Share-based payment program	-	-	-	-	(389,442)	(39)	389,442	39	-	-	-	-	-	-
Exercise of stock options	176,009	18	-	-	-	-	-	-	176,009	18	(176,009)	(18)	-	-
As of December 31, 2020	**8,618,959**	**863**	**2,725,252**	**272**	**1,262,599**	**126**	**794,442**	**80**	**13,401,252**	**1,341**	**881,071**	**88**	**14,282,323**	**1,429**

(all amounts in tables presented in thousand USD, except where stated otherwise)

All shares managed as capital (see Note 15 *Financial risk management* point (e) *Capital management*) thus comprising the equity and liability instruments (i.e. including preference shares of series C):

	Ordinary shares		Preference shares (incl series C)		Treasury shares		Treasury shares allocated for share-based payment program		Sub-total (issued)		Shares allocated for the share-based payment program		Grand total	
	Number of shares	Value of movements	Number of shares	Value of movements	Number of shares	Value of movements	Number of shares	Value of movements	Number of shares	Value of movements	Number of shares	Value of movements	Number of shares	Value of movements
As of January 1, 2019	**8,365,558**	**837**	**6,746,117**	**675**	**1,448,322**	**145**	**-**	**-**	**16,559,997**	**1,657**	**1,088,443**	**109**	**17,648,440**	**1,766**
Shares issued/(repurchased)	-	-	(996,496)	(100)	996,496	100	-	-	-	-	-	-	-	-
Allocation of shares to Share-based payment program	-	-	-	-	(405,000)	(41)	405,000	41	-	-	-	-	-	-
Exercise of stock options	31,363	3	-	-	-	-	-	-	31,363	3	(31,363)	(3)	-	-
As of December 31, 2019	**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/(repurchased)	-	-	214,328	21	(214,328)	(21)	-	-	-	-	-	-	-	-
Acquisition of subsidiaries	46,029	5	-	-	(46,029)	(5)	-	-	-	-	-	-	-	-
Allocation of shares to Share-based payment program	-	-	-	-	(389,442)	(39)	389,442	39	-	-	-	-	-	-
Exercise of stock options	176,009	18	-	-	-	-	-	-	176,009	18	(176,009)	(18)	-	-
As of December 31, 2020	**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**

(all amounts in tables presented in thousand USD, except where stated otherwise)

The Company is authorized to issue up to 24,394,876 shares with a par value of USD 0.0001 (17,648,759 of common shares and 6,746,117 of convertible preference shares).

As of December 31, 2020 there were ordinary and preference shares, including shares reacquired by Huuuge Inc. and not redeemed (so-called treasury shares) of the nominal value of USD 0.0001 per share and the total value of USD 1,598 (not thousand). 9,226,810 ordinary shares include: 8,618,959 ordinary shares held by shareholders and 607,851 of ordinary shares reacquired by the Company and not redeemed.

As of December 31, 2019 there were ordinary and preference shares, including shares reacquired by Huuuge Inc. and not redeemed (so-called treasury shares) of the nominal value of USD 0.0001 per share and the total value of USD 1,619 (not thousand). 9,440,243 ordinary shares include: 8,396,921 ordinary shares held by shareholders and 1,043,322 of ordinary shares reacquired by the Company and not redeemed.

As of January 1, 2019 there were ordinary and preference shares, including shares reacquired by Huuuge Inc. and not redeemed (so-called treasury shares) of the nominal value of USD 0.0001 per share and the total value of USD 1,657 (not thousand). 9,813,880 ordinary shares include: 8,365,558 ordinary shares held by shareholders and 1,448,322 of ordinary shares reacquired by the Company and not redeemed.

As of December 31, 2020 there were 6,746,117 preference shares, out of which 782,168 reacquired by Huuuge Inc. and not redeemed (treasury stock), including 257,103 preference shares of series A, 397,645 preference shares of series B and 127,420 shares of series C (presented in the financial statements within financial liabilities).

As of December 31, 2019 there were 6,746,117 preference shares, out of which 996,496 reacquired by Huuuge Inc. and not redeemed (treasury stock), including 847,550 preference shares of series A and series B (506,000 series A, 341,550 series B) and 148,946 shares of series C (presented in the financial statements within financial liabilities).

As of January 1, 2019 there were 6,746,117 preference shares, including 2,000,000 preference shares of series A, 1,380,000 preference shares of series B and 3,366,117 shares of series C (presented in the financial statements within financial liabilities).

Over 2020, 389,442 ordinary shares that were allocated to treasury shares in 2017 were reserved for the purpose of the Share Option Plan established in 2019, to be granted in exchange for options.

As of December 31, 2020 1,675,513 shares were reserved for two share options program: 881,071 shares under the share options program established in 2015 and 794,442 shares under the share options program established in 2019.

Over 2019, 405,000 ordinary shares that were allocated to the treasury shares in 2017 were reserved for the purpose of the Share Option Plan established in 2019, to be granted in exchange for options.

As of December 31, 2019 1,462,080 shares were reserved for two share options programs: 1,057,080 shares under the share options program established in 2015 and 405,000 shares under the share options program established in 2019.

As of January 1, 2019 1,088,443 shares were reserved for the share options program established in 2015.

In 2020 and 2019 some share options held by the employees under the share based payment program were exercised, resulting in the issue of ordinary 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 202 thousand in 2020 and USD 21 thousand in 2019. The exercise price was paid by the employee in cash. Further information on the share based program is presented in Note 20 *Share-based payment arrangements*.

In the year ended December 31, 2020, the Company made two payments in the form of common shares in respect of acquisitions that took place during this period. These transactions were recognized as decrease in the line "Treasury shares" by USD 631 thousand (carrying amount at USD 13,72 per share) and increase in the line "Supplementary capital" by USD 226 thousand (difference between fair value and carrying amount of common shares paid).

In the year ended December 31, 2020 the following transactions in preference shares took place:

On July 2, 2020 the Company entered into an agreement to repurchase shares from the Kiwoom Cultural Venture Fund 1 for the cash consideration of USD 7,699 thousand (USD 27.91 per share). Under the agreement Huuuge Inc. repurchased 224,100 series B preference shares and 51,739 series C preference shares, as presented below:

Shareholder	Series	No. of repurchased shares	Repurchase price
Kiwoom Cultural Venture Fund 1	B	224,100	6,255
Kiwoom Cultural Venture Fund 1	C	51,739	1,444
Total		**275,839**	**7,699**

- Repurchase of series B preference shares was recognized as an increase in the line "Treasury shares" by USD 6,255 thousand. Repurchase of series C preference shares was recognized as decrease of "Preference shares" by USD 963 thousand (carrying amount at USD 18.62 per share as of June 30, 2020) and finance costs in the amount of USD 481 thousand.
- Based on the share purchase agreement dated January 29, 2020, RP II HGE LLC (Raine) purchased from the Company 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".

(all amounts in tables presented in thousand USD except where stated otherwise)

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
Total		**490,167**	**9,681**

Reissue of series A and B preference shares was recognized as increase in the line "Treasury shares" by USD 8,234 thousand. Reissue of series C preference shares was recognized as increase in the line "Preference shares" by USD 1,447 thousand.

On December 17, 2019 the Company has repurchased some preference shares from certain Korean investment funds for a total amount of USD 19,681 thousand (19.75 USD per share), as per table below, out of which series A and B for the total amount of USD 16,739 and series C for the total amount of USD 2,942 (please refer also to Note 21 *Series C preference shares*). The repurchase was performed, in line with Company's investment strategy, and allowed the Company to maintain control over the ownership structure.

Shareholder	Series	No. of repurchased shares	Repurchase price
Korea Investment Global Contents Fund	A	379,500	7,496
Korea Investment Global Contents Fund	C	40,303	796
Naver KIP Cheer up! Gamers Fund	A	126,500	2,498
Naver KIP Cheer up! Gamers Fund	C	12,266	242
Woori Technology Investment CO., Ltd	B	227,700	4,497
Woori Technology Investment CO., Ltd	C	43,808	865
Kiwoom Cultural Venture Fund 1	B	75,900	1,499
Kiwoom Cultural Venture Fund 1	C	17,523	346
Seoul Investment Patent Venture Fund	B	37,950	750
Seoul IP Growth Industry Venture Fund	C	35,046	692
Total		**996,496**	**19,681**

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

Holders of the preference shares have various rights additional to the ones of the common shareholders which may vary for series A and B (series C is presented in the consolidated historical financial information within financial liabilities and described in Note 21 *Series C preference shares*). These rights are stipulated in the corporate documents of Huuuge Inc., in particular in the Third Amended and Restated Certificate of Incorporation dated September 19, 2017. Essentially the rights refer to:

(all amounts in tables presented in thousand USD, except where stated otherwise)

- 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 after any payment shall be made to the holders of series C shares and before the holders of common shares,

- priority over common shareholders in dividend distribution; in case the dividends are declared, they shall be received first or simultaneously by the holders of series A and B preference shares to dividends on shares of any other class or series of capital shares of the Company,
- 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 December 31, 2020 and December 31, 2019 there were no dividends declared. The preference shares can be converted into common shares at the following initial conversion rates: for series A at USD 2.00, for series B at USD 3.33 and for series C (classified as liability – see Note 21 *Series C preference shares*) at initial rate of USD 14.438 per share, which is subject to potential adjustments upon the occurrence of contractually specified matters, such as share split, combination or issuance of shares.

As at December 31, 2020 the Company held own shares repurchased and not redeemed in the total amount of USD 33,994 thousand (1,402,293 own ordinary shares repurchased and not redeemed by Huuuge Inc. in year 2017 at a price of USD 13.716 per share, out of which 794,442 shares were allocated to share-based program, and 430,648 preference shares series A and series B repurchased and not redeemed by Huuuge Inc. in year 2019 at a price of USD 19.75 per share, and 224,100 preference shares series B repurchased and not redeemed by Huuuge Inc. in 2020 at a price USD 27.91per share).

As at December 31, 2019 the Company held own shares repurchased and not redeemed in the total amount of USD 36,604 thousand (1,448,332 own ordinary shares repurchased and not redeemed by Huuuge Inc. in year 2017 at a price of USD 13.716 per share, out of which 405,000 shares were allocated to share-based program, and 847,550 preference shares series A and series B repurchased and not redeemed by Huuuge Inc. in year 2019 at a price of USD 19.75 per share).

As at January 1, 2019 the Company held own shares repurchased and not redeemed in the total amount of USD 19.865 thousand (1,448,332 own ordinary shares repurchased and not redeemed by Huuuge Inc. in year 2017 at a price of USD 13.716 per share).

Apart from the payments in the form of common shares in respect of acquisitions that took place in 2020 the repurchase of own shares by Huuuge Inc. in 2019, movements in common shares included exercise of employee stock option plan ("ESOP") – for further details please refer to Note 20 *Share-based payment arrangements*.

Ownership structure

Excluding preference shares of series C:

Shareholders	As of December 31, 2020		As of December 31, 2019		As of January 1, 2019	
	number of shares*	% of shares	number of shares*	% of shares	number of shares*	% of shares
RPII HGE LLC (Raine)	846,877	7.47%	429,975	3.93%	429,975	3.66%
Korea Investment Global Contents Fund	1,120,500	9.88%	1,120,500	10.25%	1,500,000	12.77%
Naver KIP Cheer up! Gamers Fund	373,500	3.29%	373,500	3.42%	500,000	4.26%
Woori Technology Investment CO., Ltd	672,300	5.93%	672,300	6.15%	900,000	7.66%
Kiwoom Cultural Venture Fund 1	-	0.00%	224,100	2.05%	300,000	2.55%
Seoul Investment Patent Venture Fund	112,050	0.99%	112,050	1.03%	150,000	1.28%
Big Bets OU	5,575,761	49.15%	5,575,761	51.02%	5,575,761	47.46%
Anton Gauffin	544,140	4.80%	544,140	4.98%	544,140	4.63%
Sebastian Szczygieł	436,835	3.85%	436,835	4.00%	436,835	3.72%
Henric Suuronen	294,582	2.60%	294,582	2.70%	294,582	2.51%
Wojciech Wronowski	152,936	1.35%	152,936	1.40%	152,936	1.30%
Adam Bonalski	114,702	1.01%	114,702	1.05%	114,702	0.98%
Grzegorz Tarczyński	114,702	1.01%	114,702	1.05%	114,702	0.98%
Marcin Moys	114,702	1.01%	114,702	1.05%	114,702	0.98%
Seppo Helava	112,500	0.99%	112,500	1.03%	112,500	0.96%
Juha Paananen	-	0.00%	-	0.00%	104,081	0.89%
Aito Ventures Pte Ltd	104,081	0.92%	104,081	0.95%	-	0.00%
Applovin Inc.	100,000	0.88%	100,000	0.91%	100,000	0.85%
Wilhelmus Wagenmans	62,474	0.55%	62,474	0.57%	62,474	0.53%
John Lindfors	30,000	0.26%	30,000	0.27%	30,000	0.26%
Others	461,569	4.06%	239,531	2.19%	208,168	1.77%
Subtotal 1	**11,344,211**	**100.00%**	**10,929,371**	**100.00%**	**11,745,558**	**100.00%**
Share options assigned, not yet exercised	1,435,584		919,010		803,692	
Unallocated shares (reserved for option holders)	239,929		543,070		284,751	
Subtotal 2	**13,019,724**		**12,391,451**		**12,834,001**	
Treasury stock	1,262,599		1,890,872		1,448,322	
Total	**14,282,323**		**14,282,323**		**14,282,323**	

* diluted, i.e. including common and preference shares

(all amounts in tables presented in thousand USD, except where stated otherwise)

Including preference shares of series C:

Shareholders	As of December 31, 2020 number of shares*	As of December 31, 2020 % of shares	As of December 31, 2019 number of shares*	As of December 31, 2019 Shareholders	As of January 1, 2019 number of shares*	As of January 1, 2019 % of shares
RPII HGE LLC (Raine)	3,690,609	22.70%	3,200,442	20.50%	3,200,442	19.76%
Korea Investment Global Contents Fund	1,239,499	7.62%	1,239,499	7.94%	1,659,302	10.24%
Naver KIP Cheer up! Gamers Fund	409,717	2.52%	409,717	2.62%	548,483	3.39%
Woori Technology Investment Co., Ltd	801,646	4.93%	801,646	5.14%	1,073,154	6.62%
Kiwoom Cultural Venture Fund 1	-	0.00%	275,839	1.77%	369,262	2.28%
Seoul Investment Patent Venture Fund	112,050	0.69%	112,050	0.72%	150,000	0.93%
Seoul IP Growth Venture Fund 1	103,477	0.64%	103,477	0.66%	138,523	0.86%
Big Bets OU	5,575,761	34.27%	5,575,761	35.72%	5,575,761	34.42%
Anton Gauffin	544,140	3.34%	544,140	3.49%	544,140	3.36%
Sebastian Szczygieł	436,835	2.69%	436,835	2.80%	436,835	2.70%
Henric Suuronen	294,582	1.81%	294,582	1.89%	294,582	1.82%
Wojciech Wronowski	152,936	0.94%	152,936	0.98%	152,936	0.94%
Adam Bonalski	114,702	0.71%	114,702	0.73%	114,702	0.71%
Grzegorz Tarczyński	114,702	0.71%	114,702	0.73%	114,702	0.71%
Marcin Moys	114,702	0.71%	114,702	0.73%	114,702	0.71%
Seppo Helava	112,500	0.69%	112,500	0.72%	112,500	0.69%
Juha Paananen	-	0.00%	-	0.00%	104,081	0.64%
Aito Ventures Pte Ltd	104,081	0.64%	104,081	0.67%	-	0.00%
Applovin Inc.	100,000	0.61%	100,000	0.64%	100,000	0.62%
Wilhelmus Wagenmans	62,474	0.38%	62,474	0.40%	62,474	0.39%
John Lindfors	36,926	0.23%	36,926	0.24%	36,926	0.23%
Others	461,569	2.84%	239,531	1.53%	208,168	1.28%
Subtotal 1	**14,582,908**	**89.69%**	**14,146,542**	**90.63%**	**15,111,675**	**93.30%**
Share options assigned, not yet exercised	1,435,584	8.83%	919,010	5.89%	803,692	4.96%
Unallocated shares (reserved for option holders)	239,929	1.48%	543,070	3.48%	284,751	1.74%
Subtotal 2	**16,258,421**	**100.00%**	**15,608,622**	**100.00%**	**16,200,118**	**100.00%**
Treasury stock	1,390,019		2,039,818		1,448,322	
Total	**17,648,440**		**17,648,440**		**17,648,440**	

* diluted, i.e. including common and preference shares

(all amounts in tables presented in thousand USD, except where stated otherwise)

Voting rights, including series C preference shares:

Shareholders	As of December 31, 2020 number of shares*	As of December 31, 2020 % of shares	As of December 31, 2019 number of shares*	As of December 31, 2019 Shareholders	As of January 1, 2019 number of shares*	As of January 1, 2019 % of shares
RPII HGE LLC (Raine)	3,690,609	25.31%	3,200,442	22.62%	3,200,442	21.18%
Korea Investment Global Contents Fund	1,239,499	8.50%	1,239,499	8.76%	1,659,302	10.98%
Naver KIP Cheer up! Gamers Fund	409,717	2.81%	409,717	2.90%	548,483	3.63%
Woori Technology Investment Co., Ltd	801,646	5.50%	801,646	5.67%	1,073,154	7.10%
Kiwoom Cultural Venture Fund 1	-	0.00%	275,839	1.95%	369,262	2.44%
Seoul Investment Patent Venture Fund	112,050	0.77%	112,050	0.79%	150,000	0.99%
Seoul IP Growth Venture Fund 1	103,477	0.71%	103,477	0.73%	138,523	0.92%
Big Bets OU	5,575,761	38.23%	5,575,761	39.41%	5,575,761	36.91%
Anton Gauffin	544,140	3.73%	544,140	3.85%	544,140	3.60%
Sebastian Szczygieł	436,835	3.00%	436,835	3.09%	436,835	2.89%
Henric Suuronen	294,582	2.02%	294,582	2.08%	294,582	1.95%
Wojciech Wronowski	152,936	1.05%	152,936	1.08%	152,936	1.01%
Adam Bonalski	114,702	0.79%	114,702	0.81%	114,702	0.76%
Grzegorz Tarczyński	114,702	0.79%	114,702	0.81%	114,702	0.76%
Marcin Moys	114,702	0.79%	114,702	0.81%	114,702	0.76%
Seppo Helava	112,500	0.77%	112,500	0.80%	112,500	0.74%
Juha Paananen	-	0.00%	-	0.00%	104,081	0.69%
Aito Ventures Pte Ltd	104,081	0.71%	104,081	0.74%	-	0.00%
Applovin Inc.	100,000	0.69%	100,000	0.71%	100,000	0.66%
Wilhelmus Wagenmans	62,474	0.43%	62,474	0.44%	62,474	0.41%
John Lindfors	36,926	0.25%	36,926	0.26%	36,926	0.24%
Others	461,569	3.15%	239,531	1.69%	208,168	1.38%
Total	**14,582,908**	**100.00%**	**14,146,542**	**100.00%**	**15,111,675**	**100.00%**

* diluted, i.e. including common and preference shares

As at December 31, 2020, December 31, 2019 and January 1, 2019 no shareholder owned over 50% of Company's equity or had more than 50% of voting rights. Company's major shareholder is Anton Gauffin, CEO and the Founder, who participates in the Company's ordinary shares both directly and indirectly (through shares of Big Bets OU).

The supplementary capital derives mainly from the share premium gained on issuance of shares.

(all amounts in tables presented in thousand USD except where stated otherwise)

20. Share-based payment arrangements

As at December 31, 2020, December 31, 2019 and as at January 1, 2019 the Company had an equity incentive plan, i.e. equity-settled stock option program ("ESOP"). The first stock option program (the employee stock option plan or "ESOP 2015") was established by the Company's Board of Directors on April 3, 2015, the second one on October 19, 2019 ("ESOP 2019"). The program entitles employees of the Company and its subsidiaries and some consultants to purchase shares in the Company. Each option stands for one common share of the Company.

The vesting condition of both programs is to provide the service continuously for at least 4 years from the grant date, whereby about 25% of the shares options vest and become exercisable on a 12-month anniversary of the vesting commencement date and then after end of each consecutive month 1/36 of the remaining shares options vest and become exercisable. For such share based payments staged vesting applies i.e. each instalment with different vesting period is treated as a separate award with a different vesting period.

As of December 31, 2020 there were 1,675,513 shares reserved for the ESOP, out of which 239,929 were not yet allocated to specific employee and 1,435,584 attributed to specific option holders. As of December 31, 2019 there were 1,462,080 shares reserved for the ESOP, out of which 543,070 were not yet allocated to specific employee and 919,010 attributed to specific option holders. As of January 1, 2019 there were 1,088,443 shares reserved for the ESOP, out of which 284,751 were not yet allocated to specific employee and 803,692 attributed to specific option holders. This is at the Company discretion whether the unallocated shares will be allocated within the share based program to the employees or unused or withdraw from the program.

In 2020 the Company's Board of Directors granted 738.024 options to the Group's employees and consultants (243,525 in 2019). Each option can be exercised at a weighted exercise price of USD 16,75 (not in thousand). Employee benefit reserve has increased in the year 2020 by USD 3,758 thousand (USD 2,053 thousand in 2019) and amounted to USD 8,053 thousand as of December 31, 2020 (USD 4,295 thousand as of December 31, 2019 and USD 2,242 thousand as of January 1, 2019).

Details of the grants are presented in the table below:

Grant date	Number of instruments granted	Expiry date
Granted in 2015	293,292	*June 1, 2025*
Granted in 2016	175,058	*June 1, 2026 – December 1, 2026*
Granted in 2017	386,310	*February 1, 2027 – December 1, 2027*
Granted in 2018	131,000	*December 1, 2024*
January 22, 2019	*14,500*	*January 22, 2025*
March 25, 2019	*20,070*	*March 25, 2025*
March 25, 2019	*179,250*	*March 25, 2025*
April 1, 2019	*9,000*	*April 1, 2025*
June 3, 2019	*5,205*	*December 1, 2024*
June 3, 2019	*500*	*December 1, 2024*
October 21, 2019	*3,000*	*October 21, 2025*
November 6, 2019	*12,000*	*November 6, 2025*
Granted in 2019	243,525	
April 1, 2020	*10,000*	*April 1, 2027*
April 7, 2020	*263,005*	*April 7, 2027*
April 9, 2020	*5,000*	*April 9, 2027*
April 17, 2020	*26,000*	*April 17, 2027*
July 22, 2020	*81,416*	*July 22, 2027*
November 11, 2020	*352,603*	*November 11, 2027*
Granted in 2020	738,024	
Total	**1,967,209**	

Movements in share options since the first grant date were as follows:

	2020		2019	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance at the beginning of the year	**919,010**		803,692	
Granted during the year	738,024	16.75	243,525	12.53
Forfeited during the year	(25,066)	9.81	(66,406)	6.66
Exercised during the year	(176,009)	1.15	(31,363)	0.62
Expired during the year	(20,375)	5.83	(30,438)	4.37
Balance at the year-end	**1,435,584**	**12.01**	**919,010**	**6.21**

The weighted average exercise prices are presented in USD, not in thousand USD

As at December 31, 2020, 565,508 share options were exercisable, with weighted average exercise price of USD 6,33 per share. As at December 31, 2019, 550,869 share options were exercisable, with weighted average exercise price of USD 3.58 per share. As at January 1, 2019, 384,161 share options were exercisable, with weighted average exercise price of USD 1.30 per share.

The below table presents a summary of share prices at the exercise dates:

Exercise date	Grant date	Exercise price	Fair Market Value on exercise date	Number of stock options exercised
Exercised in 2019	May 29, 2015 – December 1, 2018	$0.0002 – $4.1500	$14.0900 – $15.0300	31,363
Exercised in 2020	May 29, 2015 – November 6, 2019	$0.0002 – $13.500	$15.0300 – $18.6200	176,009

For share options outstanding at the end of the reporting periods, the range of exercise prices and weighted-average remaining contractual life was as follows:

As at December 31, 2020:

Exercise price in USD	Number of outstanding stock options	Weighted average remaining contractual life (in years)
0.0002	76,166	4.41
0.55	35,805	5.42
0.79	84,773	5.98
4.15	184,160	6.91
13.5	320,656	4.16
15.03	381,421	6.33
18.62	352,603	6.89
Total:	**1,435,584**	**5.91**

As at December 31, 2019:

Exercise price in USD	Number of outstanding stock options	Weighted average remaining contractual life (in years)
0.0002	195,375	4.65
0.55	56,998	5.66
0.79	99,109	6.21
4.15	220,660	7.15
13.50	346,868	4.81
Total:	**919,010**	**5.54**

As at January 1, 2019:

Exercise price in USD	Number of outstanding stock options	Weighted average remaining contractual life (in years)
0.0002	227,007	5.65
0.55	62,546	6.66
0.79	108,915	7.21
4.15	274,224	8.14
13.50	131,000	5.16
Total:	**803,692**	**6.71**

(all amounts in tables presented in thousand USD except where stated otherwise)

The fair value of the employee share options has been measured using the Black-Scholes formula by an independent appraiser, assuming no dividends and using the valuation assumptions summarized below. The underlying price of the common stock was determined using the fair value as of the option grant dates. The exercise prices of the options were determined by the Board of Directors of the Company in the contract with the employee. The risk-free rate is based on the U.S. Treasury yield curve in effect at the time of each grant date and corresponding to expiration. In assessing the appropriate time to expiration, the appraiser examined the expiration period, the vesting period and the option grant dates.

Expected volatility was based on historic volatility of a similar industry sector. Based on the analysis and the factors specific to the Company, an equity volatility of 60.0 – 80.0 was used in option pricing model.

The inputs used in the measurement of the fair values at grant date of the equity-settled share-based payment plan are as follows:

	Year ended December 31, 2020	**Year ended December 31, 2019**
Fair value at grant date	0.0001 – 31.64	0.0001 – 11.17
Share price at grant date	0.0002 – 44.26	0.0002 – 15.03
Exercise price	0.0002 – 18.62	0.0002 – 13.50
Expected volatility (weighted average)	60% – 80%	60%
Expected life (weighted average)	3.00 – 7.30	3.00 – 7.30
Risk-free interest rate	0.27% – 2.80%	1.48% – 2.80%

The effect of the fair value measurement of options granted to employees of the Company is reflected in 2020 in the profit and loss in the amount of USD 180 thousand (in 2019 the costs were decreased in the amount of USD 34 thousand). These costs were included in the line “General and other administrative expenses” line in statement of comprehensive income. For details on the related employee benefit expenses please refer to Note 9 *Operating expenses* and to the statement of changes in shareholders’ equity.

The effect of the fair value measurement of options granted to employees of the Company’s subsidiaries is reflected in 2020 in the Company’s assets as investment in subsidiaries in the amount of USD 3,289 thousand (USD 2,087 thousand in 2019) – for details on the increase of an investments in subsidiaries please refer to Note 13 *Investment in subsidiaries.*

Other than the share-based payment arrangements described above, the Company accounts 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 DoubleStar Oy.

In this arrangement, the fair value of the share price at a grant date is estimated at USD 29.74. As at a grant date, the total number of shares to be vested during the period of 3 years after the transaction was estimated at 50,330 shares. Due to the increased fair value of share price as at December 31, 2020 (USD 54.53) in comparison to the grant date (USD 29.74) the total number of shares to be vested during the period of 3 years after the transaction is estimated at 46,213 shares as at December 31, 2020.

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):

(all amounts in tables presented in thousand USD, except where stated otherwise)

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 December 31, 2020 share price of USD 54.53 is used as a basis for calculation of the number of shares to be vested.	+10% = (4,201) shares – decrease in number -10% = 5,135 shares – increase in number
Estimated amount of earn-out consideration	Based on the estimation as at December 31, 2020 the future earn-out consideration is estimated at amount USD 2,520 thousand.	+10% = 4,621 shares – increase in number -10% = (4,621) shares – decrease in number

* More information regarding methodology for calculating the total number of shares to be transferred to the former owners of Double Star and the basis for estimating the amount of compensation are provided in the Group's consolidated financial statements as of and for the year ended December 31, 2020.

Earn-out consideration in the amount of USD 289 thousand was recognized as an increase in the line "Investments in subsidiaries" in the statement of financial position and as an increase in the employee benefit reserve.

21. Series C preference shares

Changes in financial liability arising from preference shares, including both changes arising from cash flows and non-cash changes, presented as a reconciliation between the opening and closing balances in the statement of financial position:

As at January 1, 2019	**47,429**
Repurchase of series C preference shares	(2,942)
Remeasurement recognized in statement of profit or loss during the period in (finance income)/finance expense	3,867
As at December 31, 2019	**48,354**

As at January 1, 2020	**48,354**
Repurchase of series C preference shares	(1,444)
Finance expense recognized on repurchase of series C preference shares	481
Reissue of series C preference shares	1,447
Remeasurement recognized in statement of profit or loss during the period in (finance income)/finance expense	127,768
As at December 31, 2020	**176,606**

(all amounts in tables presented in thousand USD, except where stated otherwise)

The series C preference shares are classified as liability and presented in the separate line item in the Statement of financial position within non-current liabilities. Further information about the classification and the measurement of this liability is provided in Note 3 *Basis for preparation of the financial statements*, point (d) *Key judgement and estimates – pr eference shares* and Note 16 *Accounting classi fication and fair v alues.*

In 2020, the Company entered into an agreement to repurchase shares from the Kiwoom Cultural Venture Fund 1 for the total amount of USD 1,444 thousand (USD 27.91 per share). Under the agreement Huuuge Inc. repurchased 51,739 series C preference shares.

In addition, in 2020, RP II HGE LLC (Raine) purchased from Huuuge Inc. 73,265 series C preference shares for total amount of USD 1,447 thousand. 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, please refer also to Note 19 *Share capital*

In 2019, Huuuge Inc. repurchased some preference shares series C from the Korean investment funds for the total amount of USD 2,942 thousand (please refer also to Note 19 *Share capital*).

Holders of the series C preference shares classified as liability have various rights additional to the ones of the common shares and series A and B preference shares. These rights are stipulated in the corporate documents of Huuuge Inc., in particular in the Third Amended and Restated Certificate of Incorporation dated September 19, 2017.

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 C preference shares shall be entitled to be paid out of the assets of the Company available for distribution to its shareholders before any payment shall be made to the holders of series A, B preference shares and common shares.
- priority over common shareholders in dividend distribution; in case the dividends are declared, they shall be received first or simultaneously to dividends on shares of any other class or series of capital shares of the Company,
- election of 1 director by the owners of series C preference shares.

22. Trade and other payables

	As of December 31, 2020	As of December 31, 2019	As of January 1, 2019
Trade accounts payable including:	2,822	1,607	3,621
- trade accounts payable to third parties	2,820	1,601	3,565
- trade accounts payable to related parties	2	6	56
Accrued expenses	4,441	343	497
Accounts payable related to acquisition of related parties	558	-	-
Tax payables other than from corporate income taxes	28	28	32
Other accounts payable	1	13	6
Trade and other payables	**7,850**	**1,991**	**4,156**

(all amounts in tables presented in thousand USD, except where stated otherwise)

Difference between the increase of trade payables in the statement of financial position and the change of trade and other payables presented in the statement of cash flows for the year ended December 31, 2020 is due to the deferred payment related to acquisition of subsidiary. In addition, the difference includes the transaction costs incurred in anticipation of an issuance of equity instruments, but not yet paid, which amounted to USD 589 thousand and have been recognized as decrease in equity.

23. Leases

In 2020 the Company have entered into office rent agreement, according to which lease payments need to be made over 3 years period.

The table below presents the carrying amounts of recognized right-of-use assets and the movements over the year 2020. There were no lease agreements in 2019 as well as at December 31, 2019 and as at January 1, 2019.

	Year ended December 31, 2020
as at January 1, 2020	**-**
remeasurement	-
additions (new leases)	230
lease modifications	-
depreciation	(19)
as at December 31, 2020	**211**

The table below presents the book values of lease liabilities and movements over the year 2020. There were no lease agreements in 2019 as well as at December 31,2020 and as at January 1, 2019.

	Year ended December 31, 2020
as at January 1	-
additions (new leases)	230
lease modifications	-
remeasurement	-
interest expense on lease liabilities	1
lease payments	(13)
as at December 31	**218**
long-term	142
short-term	76

The Company classifies in statements of cash flows cash payments of the capital component of lease liabilities in 2020 amounting USD 12 thousand (not applicable in 2019) and cash payments of interest on a lease liability in 2020 amounting USD 1 thousand (not applicable 2019)as part of financing activities (Lease repayment).

(all amounts in tables presented in thousand USD except where stated otherwise)

The table below presents the amounts of income, costs, gains and losses resulting from leases which are recognized in the statement of comprehensive income for year 2020. There were no lease agreements in 2019.

	Year ended December 31, 2020
Depreciation expense of right-of-use assets	18
Interest expense on lease liabilities	1
Foreign exchange differences	-
Total amount recognized in the statement of comprehensive income	**19**

24. 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.

25. Pledges and collaterals

During the reporting periods and till the date of issuing these financial statements the Company did not enter in a pledge or collateral agreement on its assets.

26. Related party transactions

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

Related party		Sales to a related party	Other operating income	Purchase from a related party	Trade receivables from a related party	Trade liabilities to a related party	Loans granted to related parties	Interest income on loans granted
Subsidiaries:								
Huuuge Global Ltd	2020	33,303	6,500	-	15,071	-	-	69
	2019	41,708	-	-	9,074	-	2,225	263
	2018	37,755	-	-	19,677	-	2,147	493
Huuuge Digital Ltd	2020	-	-	-	-	-	1,487	43
	2019	-	-	-	-	-	844	33
	2018	-	-	-	-	-	811	11
Huuuge Games Sp. z o.o.	2020	-	-	1	-	-	-	-
	2019	-	-	2	-	5	-	-
	2018	-	-	2	-	56	-	-
Huuuge Tap Tap Games Ltd	2020	-	-	-	-	1	-	-
	2019	-	-	-	-	1	-	-
	2018	-	-	-	-	-	-	-
Huuuge Labs Gmbh	2020	-	-	-	-	1	-	-
	2019	-	-	-	-	-	-	-
	2018	-	-	-	-	-	-	-

The Company is the ultimate parent to its Group. Information regarding main shareholders are disclosed in Note *19 Share capital*.

Transactions between related parties took place on terms equivalent to those that apply to transactions concluded on market terms. Information regarding loans granted were disclosed in Note 14 *Loans granted*.

(all amounts in tables presented in thousand USD, except where stated otherwise)

The Company purchases certain advertisement services from third parties (mostly Facebook), which are subsequently recharged to Huuuge Global Limited. For more information please refer to Note 3 *Basis for preparation of the financial statements*, point (d) *Key judgements and estimates – Model of revenue recognition*.

Total turnover from such transactions in years ended December 31, 2020 and December 31, 2019 amounted to USD 30,486 thousand and USD 40,699 thousand respectively.

The Company is also rendering legal services to Huuuge Global Limited. Due to the international scope of the Group's activities, the Group's legal department operating in the organizational structure of the Company seeks highly qualified people with high competences in this area, and the costs of legal services provided by the Company are charged to Huuuge Global Limited. The decision to start providing services of games maintenance and development was dictated also by the plans to establish a new office in Las Vegas.

The Company recognizes revenue when goods and services are transferred to the customer, at a value that reflects the price expected by the entity in exchange for the transfer of those goods and services.

Therefore, total gross revenue in years ended December 31, 2020 and December 31, 2019 amounted to USD 33,303 thousand and USD 41,708 thousand respectively. Cost of re-invoiced services in years ended December 31, 2020 and December 31, 2019 amounted to USD 30,486 thousand and USD 40,647 thousand respectively, what results in the net revenue presented in the statement of comprehensive income in the amount of USD 2,817 thousand in the year ended December 31, 2020 and USD 1,061 thousand in the year ended December 31, 2019.

The amount of USD 6,500 thousand results from covering costs related to court case. For more information please refer to Note 5 *Significant accounting policies*, point (p) *Provisions.*

27. Transactions with management of the Company

Transactions with management of the Company for the years ended December 31, 2020 and December 31, 2019 was as follows:

	Year ended December 31, 2020	Year ended December 31, 2019
Base salaries	55	54
Bonuses and compensation based on the Group's financial result for the previous year	43	46
Total	**98**	**100**

28. Audit fees

	Year ended December 31, 2020	Year ended December 31, 2019
Audit of financial statements	184	-
Voluntary audit of financial statements	195	123
Remuneration for additional services	289	-
Total	**668**	**123**

(all amounts in tables presented in thousand USD except where stated otherwise)

The auditor of the Company is PricewaterhouseCoopers Polska Spółka z ograniczoną odpowiedzialnością Audyt Sp. k.

For the year ended December 31, 2020 audit of financial statements relates to the audit of separate financial statements of the Company and the audit of the Group's consolidated financial statements prepared in accordance with IFRS. The voluntary audit of financial statements relates to the audit of the Group's consolidated financial statements prepared in accordance with Generally Accepted Accounting Principles in the United States.

For the year ended December 31, 2019 the voluntary audit of financial statements relates to the audit of the Group's consolidated financial statements in accordance with IFRS.

29. Employment structure

Average Company's FTE for the years ended December 31, 2020 and December 31, 2019 was as follows:

	Year ended December 31, 2020	Year ended December 31, 2019
Board of directors and Company's key management	0,33	0,33
Administration	1	1
Games development	5	7
Total	**6,33**	**8,33**

30. Subsequent events

After December 31, 2020 and up to the date of approval of these financial statements for issue no signficant events except the following have occurred.

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

Total value of treasury shares as of December 31, 2020 and as of the redemption date amounted to USD 33,994 thousand.

(all amounts in tables presented in thousand USD except where stated otherwise)

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 of common shares, USD 0.00002 per share, and
  - (ii) 29,819,745 of three preferred shares series consisting of:
    - a) 8,714,485 series A preferred shares, USD 0.00002 per share,
    - b) 4,911,775 series B preferred shares, USD 0.00002 per share, and
    - c) 16,193,485 series C preferred shares, USD 0.00002 per share.
- After this amendment each one of common and preferred share, 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, USD 0.00002 per share.

Election of directors

On February 3, 2021 the following directors were elected:

- Mr Krzysztof Kaczmarczyk was elected as the series A preference shares holders' director,
- Mr Rod Cousens was elected as the series B preference shares holders' director,
- Mr John Salter was elected as the series C preference shares holders' director,
- Mr Anton Gauffin and Mr Henric Suuronen were elected as common shares holders' directors.

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

After the conversion, preference shares series C will not be recognized as a long-term financial liability, and will be presented within equity in the future reporting periods.

(all amounts in tables presented in thousand USD, except where stated otherwise)

Changes in the number of shares authorized to be issue

On February 5, 2021 the Board of Directors approved the amendments to the Certificate of Incorporation of Huuuge Inc. The total number of shares of all classes for which the Company is authorized to issue is 113,881,420 shares, and consists of:

- 113,881,418 common shares, USD 0.00002 per share,
- 1 share of series A preferred share, USD 0.00002 per share,
- 1 share of series B preferred share, USD 0.00002 per share.

Privileges and obligations for holders of series Aand B preference shares:

1. In the event of any liquidation, dissolution or winding up of the Company, holders of each preference shares are entitled to receive an amount equal to USD 0.01 per share.
2. Series A and series B preference shares are subject to mandatory conversion into common shares with conversion ratio 1:1 in the following cases:
    i. ceasing to own, together with affiliates, at least 50% or 10% for series A and series B preference shares, respectively, upon the opening of the first day of listing of common shares on the regulated marked operated by the Warsaw Stock Exchange, or
    ii. transferring all preference shares to any entity otherthan their affiliates.

    After conversion preference shares are automatically retired and not be reissued by the Company.
3. Series A and series B preference shares are exclusively entitled to elect one and two directors of the Company respectively, provided that one such seriesB holders' director shall be Mr Anton Gauffin.

Issuance of series A and series B preference shares

On February 5, 2021 the Board of Directors, in respect to the above amendments to the Certificate of Incorporation of Huuuge Inc., issued one series A preference share to RPII HGE, USD 0.00002 per share for cash consideration of

USD 50 and one series B preference share to Big Bets OU, USD 0.00002 per share, for cash consideration of USD 50.

Final approval of court case

In relation to the court case described in Note 5 *Significant accounting policies*, point (p) *Provisions*, on February 11, 2021 the Court granted final approval to the settlement. The Court finds that the settlement is fair, reasonable and adequate and it is a result of extensive, arm's-length negotiations. Subsequently the Court ordered the Company to settle final claims determinations, including payment and prospective relief. Payment was made on March 26, 2021.

Remuneration of members of the Board of Directors

On March 19, 2021 the Board of Directors approved the compensation of the members of the Board of Directors.

In accordance with the decision of the Board of Directors, the remuneration of Anton Gauffin, holding the positions of the President, Chief Executive Officer and Secretary of the Company, will consist solely of share options, including (i) 50,000 Base Options constituting compensation for the remainder of 2021 and vesting in accordance with the timetable specified in the stock option grant, (ii) 75,000 Performance Plan Options vesting in accordance with the timetable specified in the stock option grant and under the condition of meeting the 2021 EBITDA target, and (iii) 375,000 Long-Term Options vesting in accordance with the timetable specified in the stock option grant and under the condition of meeting the Company's market capitalization milestones. All the above-mentioned 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 non-executive directors are remunerated with (i) a fixed annual salary and (ii) an additional salary for holding a position of president of the Audit Committee or the Remuneration and Nomination Committee or being a member of the Audit Committee or the Remuneration and Nomination Committee.

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

Net proceeds from the issuance of the newly issued shares amounted to approximately USD 101 million after deduction costs and expenses associated with the offering, and after execution of the stabilization process as described below. Funds obtained from issuance of shares are planned to be spent on acquisition of entities and assets to expand the Group's offer and competences. Prior to the offering, Huuuge, Inc. has entered into foreign exchange forward contract contingent upon the event of initial public offering. In accordance with the agreement, upon occurrence of initial public offering event, the amount of PLN 379,000 thousand (out of net proceeds from the newly issued shares) will be converted to the USD at a fixed rate at the date of settlement of thecontract.

The final share price for offering shares was determined as PLN 50 per share (approx. USD 13.31 per share).

On February 5, 2021 the Company and IPOPEMA Securities S.A. ("Stabilization Manager") signed a stabilization agreemen ("Stabilization Agreement")t. The purpose of the Stabilization Agreement is to stabilize the price of the Huuuge Inc. shares at a level higher than the level which would otherwise have prevailed.

According to the Stabilization Agreement:

- Stabilization Manager is entitled to acquire on Warsaw Stock Exchange up to 3,331,668 Huuuge Inc. shares,
- The stabilization option would cover up to 3,331,668 Huuuge Inc. shares,
- The final amount allocated to the stabilization actions will be PLN 166,583 thousand (approx. USD 44,358 thousand).

First listing date on the Warsaw Stock Exchange was February 19, 2021.

On February 26, 2021 the Company ended the stabilization process, which started on February 19, 2021. The Company acquired indirectly by Stabilization Manager its own shares in total number of 3,331,668 in the price range PLN 38.4000 – 49.9850 (approx. USD 10.35 – USD 13.51). Reacquired Huuuge Inc. shares will be recognized as decrease in equity (treasury shares).

On April 6, 2021 current Report 11/2021 was issued about the information on the costs of the offering and stabilization actions incurred by Huuuge Inc. The total costs incurred in connection with the offering amounted to USD 7,372 thousand. The total cost of the public offering has been accounted for by:
- a charge to current period expenses of USD 1,651 thousand of which USD 1,526 thousand was recorded in the year 2020 and USD 125 thousand was recorded in the year 2021, and
- a decrease in equity of USD 5,721 thousand of which USD 864 thousand decreased equity in the year 2020, and USD 4,857 thousand decreased equity in the year 2021.

None of these, except for the share split adjusting event included in Note 15 *Financial risk management*, point (f) *Earnings per share* of Huuuge Inc. Group consolidated financial statement as of and for the year ended December 31, 2020, is expected to have a significant effect on the financial statements of the Company.

Signature Not Verified
Digitally signed by ANTON MARKUS GAUFFIN
Date: 2021.04.19 13:55:02 EEST

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Anton Gauffin

President of Huuuge Inc., CEO

April 19, 2021