



Policy for Selecting and Appointing
an Audit Firm to
Audit Financial Statements
of HUUUGE, Inc. and HUUUGE, Inc. Group

**POLICY FOR SELECTING AND APPOINTING AN AUDIT FIRM
TO AUDIT FINANCIAL STATEMENTS OF HUUUGE, INC. AND HUUUGE, INC. GROUP**

**§1
INTRODUCTION**

- (a) This policy (the "**Policy**") sets out the rules, guidelines and procedure of selecting and appointing an audit firm authorized to conduct audits and review the financial statements of HUUUGE, Inc. (the "**Company**") and the Company's subsidiaries (together with the Company, the "**Group**"), and provide additional non-audit services.
- (b) This Policy is adopted and shall be amended or replaced by the Board of Directors of the Company.

**§2
APPOINTING AN AUDIT FIRM TO AUDIT FINANCIAL STATEMENTS
OF THE COMPANY AND THE GROUP**

- 1. The selection of an audit firm to carry out the audit of the Company's and the Group's financial statements shall be made in accordance with the selection procedure set out in §3 below (the "**Selection Procedure**"), as a result of the bidding procedure containing transparent and non-discriminatory criteria for the selection of the audit firm.
- 2. The Company may invite any audit firm to submit bids for the provision of the audit service, provided that:
 - (a) this is without prejudice to the rules set out in Art. 17.3 of Regulation (EU) No 537/2014 of the European Parliament and of the Council of April 16, 2014, on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC (the "**Regulation**");
 - (b) the organization of the bidding procedure does not exclude from participation in the selection procedure companies which received less than 15% of their total remuneration for audits from public interest entities in Poland in the previous calendar year, included in the list of audit firms referred to in Art. 91 of the Act dated May 11, 2017, on Statutory Auditors, Audit Firms and Public Supervision; and
 - (c) the firm has experience in auditing the financial statements of companies listed on the regulated market run by the Warsaw Stock Exchange (*Gięlda Papierów Wartościowych w Warszawie S.A.*).
- 3. The first contract for the audit of financial statements shall be concluded with an audit firm for a period of not less than two years with the possibility of extension for further periods of at least two years.
- 4. The selection of the audit firm shall be made taking into account the principles of impartiality and independence, as well as the analysis of the services provided by the audit firm in the Company, beyond the scope of the audit of the financial statements, in order to avoid conflicts of interest.
- 5. In order to ensure the independence of the statutory auditor and the audit firm, the selection of the audit firm shall be made taking into account the following rules of rotation of the audit firm:
 - (a) the maximum duration of uninterrupted audit engagements, carried out by the same audit firm or an audit firm affiliated with that audit firm, or any member of the network

operating in the countries of the European Union to which these audit firms belong must not exceed five years;

- (b) the key statutory auditor shall not carry out an audit in the Company for more than five years;
 - (c) the key statutory auditor may again audit the Company after at least three years have elapsed from the end of the last audit.
6. The selection of the audit firm is made taking into account the Recommendation of the Company's Audit Committee, referred to in §3.10 below.
 7. In the event of a justified suspicion that the selection of an audit firm on the basis of this Policy and the Selection Procedure may lead to the selection of the auditor in violation of the principles set forth in this Policy or the Selection Procedure, in particular in violation of the principles of impartiality and independence, the Company's Audit Committee may, by way of a resolution, at any time during the bidding procedure, terminate the procedure without issuing the recommendation referred to in §2.6 above and immediately start a new bidding procedure, which will include the guidelines of the Company's Audit Committee.
 8. As part of the bidding procedure contemplated by the Selection Procedure, key criteria for the selection of an audit firm shall be determined, which may be, among others:
 - (a) knowledge of the industry and the specifics of the Company's operations, with particular emphasis on legal, tax and financial reporting issues relevant to the risk assessment of auditing the financial statements, based on the entity's previous experience in auditing the reports of entities with a similar business profile to the Company;
 - (b) experience of an auditing firm in auditing the financial statements of companies listed on the regulated market run by the Warsaw Stock Exchange S.A;
 - (c) the possibility to ensure the provision of a full range of services specified by the Company, e.g., audit of individual reports, audit of consolidated reports, and mid-year reviews;
 - (d) the price offered for the services provided;
 - (e) the number of employees dedicated to conducting the audit and their professional qualifications and experience;
 - (f) the possibility of conducting the audit within the deadlines set by the Company;
 - (g) the existing cooperation of the entity authorized to conduct the audit with the Company;
 - (h) the possibility of the audit conducted by the audit firm, or companies associated with the audit firm, covering companies within the Group which operate in various jurisdictions;
 - (i) the level of insurance of the audit firm; and
 - (j) the terms of the proposed contract for carrying out the audit.
 9. The selection of the audit firm shall be made sufficiently in advance for the agreement on the audit of the financial statement to be concluded in time to allow the audit firm to participate in the inventory of significant assets and to review the semi-annual standalone and/or consolidated financial statements of the Company and the Group.
 10. Neither the statutory auditor or audit firm carrying out the audit of the Company nor any member of the network to which the statutory auditor or audit firm belongs shall provide,

directly or indirectly, to the Company, its parent undertaking or entities controlled by it within the European Union any prohibited non-audit services or audit activities during the following periods:

- (a) during the period from the beginning of the audited period to the issuance of the audit report; and
 - (b) in the financial year immediately preceding the period referred to in (a) above with respect to the services of developing and implementing internal control procedures or risk management procedures related to the preparation or control of financial information or the development and implementation of technological systems related to financial information.
11. The Appendix to this Policy is the policy for the provision of authorized non-audit services by the audit firm carrying out the audit, by entities affiliated with that audit firm and by a member of that audit firm's network, together with a list of prohibited services.
 12. It is prohibited to introduce any contractual clauses that would require the Company's Board of Directors to select an auditor from a particular category or list of entities authorized to conduct audits.
 13. This Policy applies starting from the day on which the Third Amended and Restated Bylaws of the Company enter into force.

§3

PROCEDURE FOR SELECTION OF AN AUDIT FIRM

1. The procedure for selection of an audit firm to conduct audits and review the financial statements of the Company and the Group should be carried out in the manner set out in this §3 of the Policy.
2. The bidding procedure to select an audit firm is conducted by the Company's Chief Financial Officer or delegated persons having the knowledge and experience necessary to participate in such process (the "**Team**").
3. The Team is supervised by the Company's Audit Committee.
4. The selection of an audit firm is made as part of the bidding procedure, which consists of the following stages:
 - (a) preparing a draft request for quotes;
 - (b) beginning the collection of bids;
 - (c) preliminary evaluation of submitted bids;
 - (d) direct negotiations with the selected bidders;
 - (e) preparation of a report by the Team;
 - (f) recommendation of the Company's Audit Committee; and
 - (g) selection of an audit firm by the Company's Board of Directors.
5. The Team develops a draft request for quotes. The request for quotes should specify in particular:
 - (a) the financial statements subject to audit;
 - (b) the list of entities from the Group to be audited;

- (c) criteria for selecting the audit firm;
 - (d) the method of bid collection;
 - (e) the way to ensure that the bidders are able to learn about the Company's and the Group's operations;
 - (f) the method of communication with the bidders;
 - (g) the schedule of the bidding procedure specifying the planned dates of: submitting bids, completion of preliminary evaluation of submitted bids, and negotiations with the selected bidders; and
 - (h) the minimum formal requirements for the submission of a bid and the manner and place of their submission.
6. Offers are collected in the manner specified in the request for quotes, which may consist in particular in announcing the request on the Company's website with the possibility of submitting offers by any interested audit firm or on invitation to bid for selected audit firms.
 7. The Team makes an initial evaluation of the offers, as a result of which they invite the selected bidders to engage in direct negotiations. Wherever possible, the Team should invite a minimum number of three bidders to engage in direct negotiations.
 8. The Team shall conduct direct negotiations with the selected bidders in particular for the purpose of making preliminary arrangements regarding remuneration and contract terms and conditions, work methodology, project approach used and the persons dedicated to the bidder's research. The Team may meet with each bidder more than once.
 9. After direct negotiations with the selected bidders have been completed, the Team shall prepare a report containing conclusions from the bidding procedure and presenting them to the Audit Committee for approval. The report shall include in particular information on:
 - (a) received offers;
 - (b) the bidders selected for direct negotiations together with the justification of such choice;
 - (c) the course and final arrangements of direct negotiations with the selected bidders; and
 - (d) the Team's recommendations concerning the selection of an audit firm to carry out the audit with the justification of those recommendations.
 10. On the basis of the report referred to in §3.9 above, the Audit Committee shall prepare and submit a recommendation to the Board of Directors (the "**Recommendation**"). At the request of the Company's Audit Committee, the Team is obliged to provide or ensure the provision of any additional information necessary to prepare the Recommendation.
 11. If the Selection Procedure does not concern the extension of the contract for the audit of the Company's financial statements, the Recommendation shall contain at least two options for the selection of the audit firm together with a justification and an indication of the Company's Audit Committee's justified preference for one of them.
 12. The Company's Board of Directors selects the audit firm.
 13. If the decision of the Company's Board of Directors deviates from the Recommendation, the Company's Board of Directors shall justify why it does not comply with the Recommendations of the Audit Committee.

Appendix to the Policy

Policy for the provision of permitted non-audit services by the audit firm conducting the audit, by entities affiliated with the audit firm and by a member of the audit firm's network, together with a list of prohibited services.

1. Neither the statutory auditor or audit firm carrying out the audit of the Company nor any member of the network to which the statutory auditor or audit firm belongs shall provide, directly or indirectly, to the Company, its parent undertaking or entities controlled by it within the European Union, any prohibited services which are not audit or audit activities.
2. Prohibited non-audit services means:
 - (a) tax services relating to:
 - (i) preparation of tax forms;
 - (ii) payroll tax;
 - (iii) customs duties;
 - (iv) identification of public subsidies and tax incentives unless support from the statutory auditor or the audit firm in respect of such services is required by law;
 - (v) support regarding tax inspections by tax authorities unless support from the statutory auditor or the audit firm in respect of such inspections is required by law;
 - (vi) calculation of direct and indirect tax and deferred tax;
 - (vii) provision of tax advice;
 - (b) services that involve playing any part in the management or decision-making of the audited entity;
 - (c) bookkeeping and preparing accounting records and financial statements;
 - (d) payroll services;
 - (e) designing and implementing internal control or risk management procedures related to the preparation and/or control of financial information or designing and implementing financial information technology systems;
 - (f) valuation services, including valuations performed in connection with actuarial services or litigation support services;
 - (g) legal services, with respect to:
 - (i) the provision of general counsel;
 - (ii) negotiating on behalf of the audited entity; and
 - (iii) acting in an advocacy role in the resolution of litigation;
 - (h) services related to the audited entity's internal audit function;
 - (i) services linked to the financing, capital structure and allocation, and investment strategy of the audited entity, except providing assurance services in relation to the financial statements, such as the issuing of comfort letters in connection with prospectuses issued by the audited entity;
 - (j) promoting, dealing in, or underwriting shares in the audited entity;

- (k) human resources services with respect to:
 - (i) management in a position to exert significant influence over the preparation of the accounting records or financial statements which are the subject of the statutory audit, where such services involve:
 - searching for or seeking out candidates for such position, or
 - undertaking reference checks of candidates for such positions;
 - (ii) structuring the organization design; and
 - (iii) cost control.
3. The entities referred to in point 1 above may provide services which are not prohibited only to the extent not related to the Company's tax policy, after the Company's Audit Committee has carried out an assessment of the threats and safeguards to independence and the Company's Audit Committee has given its consent.
 4. The following services are not prohibited services:
 - (a) (i) conducting due diligence procedures (due diligence) in the scope of economic and financial condition; and
 - (ii) issuing letters of attestation,
 - performed in connection with the Company's prospectus, carried out in accordance with the national standard of related services and consisting in carrying out agreed procedures;
 - (b) attestation services in the scope of pro forma financial information, forecasts of results or estimated results, included in the prospectus of the examined entity;
 - (c) audit of historical financial information in a prospectus as referred to in Commission Regulation (EC) No 809/2004 of April 29, 2004, implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements;
 - (d) verification of consolidation packages;
 - (e) confirmation of the fulfillment of the conditions of the concluded credit agreements on the basis of an analysis of financial information derived from the financial statements audited by a given auditing firm;
 - (f) attestation services for corporate governance reporting, risk management and corporate social responsibility;
 - (g) services consisting in assessing the compliance of information disclosed by financial institutions and investment firms with the requirements for disclosure of capital adequacy information and variable remuneration components; and
 - (h) certificates concerning reports or other financial information intended for the supervisory body of the company or its owners, going beyond the scope of the audit and designed to assist those authorities in discharging their statutory duties.