CONSOLIDATED QUARTERLY REPORT

THE HUUUGE, INC. GROUP
FOR THE 1ST QUARTER OF 2021

Disclaimer

This constitutes the quarterly report for the three-month period ended March 31, 2021 (the “Quarterly Report”) prepared in accordance with the Regulation of the Minister of Finance of March 29, 2018 on current and periodic information published by issuers of securities and the conditions for recognizing information as equivalent required by the law of a non-member state. This Quarterly Report should be read in conjunction with the interim condensed consolidated financial statements for the three-month period ended March 31, 2021 prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

Unless implied otherwise in this Quarterly Report, the terms “we” or the “Group”, refer to the Company together with all of its Subsidiaries and the term the “Company”, refers to Huuuge, Inc.
Unless indicated otherwise, references to statements as to beliefs, expectations, estimates and opinions of the Company or its management refer to the beliefs, expectations, estimates and opinions of the Company’s Board of Directors.
Certain arithmetical data contained in this Quarterly Report, including financial and operating information, have been rounded. Therefore, in certain instances, the sum of the numbers in a column or a row in tables contained in this Quarterly Report may not conform exactly to the total figure given for that column or row.

Industry and Market Data

This Quarterly Report may include market share and industry data that we obtained from various third-party sources, including publicly available information concerning global social gaming industries. The information in this Quarterly Report that has been sourced from third parties has been accurately reproduced with reference to these sources in the relevant paragraphs and, as far as we are aware and able to ascertain from the information published by that third party, no facts have been omitted that would render the reproduced information provided inaccurate or misleading. Where third-party information has been sourced in this Quarterly Report, the source of such information has been identified. Industry publications, surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable. To the extent these industry publications, surveys and forecasts are accurate and complete, we believe we have correctly extracted and reproduced the information from such sources. Additionally, industry publications generally state that the information contained therein has been obtained from sources believed to be reliable but that the accuracy and completeness of such information is not guaranteed and in some instances state that they do not assume liability for such information. We cannot therefore assure you of the accuracy and completeness of such information and we have not independently verified such information.
In addition, in many cases, statements in this Quarterly Report regarding our industry and our position in the industry are based on our experience and our own investigation of market conditions. Comparisons between our reported financial or operational information and that of other companies operating in our industry using this information may not fully reflect the actual market share or position in the market, as such information may not be defined consistently or reported for all companies from our industry as we define or report such information in this Quarterly Report. While we are not aware of any misstatements regarding the industry data presented herein, our estimates involve certain assumptions, risks and uncertainties and are subject to change based on various factors.

Key Performance Indicators

Certain KPIs included in this Quarterly Report, including DAU, MAU, DPU, MPU, ARPDAU, ARPPU, Monthly Conversion, are derived from management estimates, are not part of our financial statements or financial accounting records and have not been audited or otherwise reviewed by independent auditors, consultants or experts.
Our use or computations of these KPIs may not be comparable to the use or computations of similarly titled measures reported by other companies in our industry, by research agencies or by market reports. For that reason, comparisons using this information may not be reliable. Other companies, research agencies or market reporters may include other items or factors in their calculation of similar metrics and may use certain estimates and assumptions that we do not use when calculating these metrics. These factors may cause the calculations by others of similar metrics to differ substantially from our calculations if their methodologies were used to calculate our KPIs. The KPIs are not accounting measures, but management believes that each of these measures provides useful information concerning the usage and monetization patterns of our games, as well as costs associated with attracting and retaining our players. None of the KPIs should be considered in isolation or as an alternative measure of performance under IFRS and their inclusion in this Quarterly Report does not mean that the Issuer will continue to report these KPIs in the future.

Forward-looking statements

The Quarterly Report includes forward-looking statements, which include all statements other than statements of historical facts, including, without limitation, any statements preceded by, followed by or that include the words “targets”, “believes”, “expects”, “aims”, “intends”, “will”, “may”, “anticipates”, “would”, “could” or similar expressions or the negative thereof. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond our control that could cause our actual results of operations, financial condition or prospects to materially differ from any of those expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we currently operate and will operate in the future. These forward-looking statements speak only as of the date of the Quarterly Report. We have no obligation and have made no undertaking to disseminate any updates of or revisions to any forward-looking statements contained in this Quarterly Report unless we are required to do so under the applicable laws.

Investors should be aware that several important factors and risks may cause our actual results of operations to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements.

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President's Letter

Dear Shareholders,

It is my pleasure to present our report for the first quarter of 2021 which marked another period of growth for Huuuge as well as investment in scaling.

In the first 3 months of the year, Huuuge generated revenues of USD 95.7m, 26% higher yoy.
The main driver of our growth was the continued improvement in monetization across our portfolio. In-app purchases, which accounted for 96% of revenues in the first quarter, increased by USD 16.5m (22%), while advertising revenue increased fivefold due mainly to the development, launch and scaling of our new casual games.

Continued growth in ARPPU - at 26% in core franchises and 18% overall – as well as the increasing conversion of paying users are proof of our best in class monetization metrics.

Revenue from our core franchises (Huuuge Casino and Billionaire Casino) increased by 16%, thereby confirming the evergreen nature of these titles. Huuuge Casino was launched in 2015 and Billionaire Casino in 2016 and the revenue from both games has continued to grow ever since.

One of our key focuses in 2021 is new product development and the scaling of new franchises. We are satisfied with the growth in revenue from new titles which tripled compared to Q1 2020 and was 28% more than in Q4 2020. This rapid increase was mainly attributable to the growing user base and improving monetization measured by the number of daily paying users.

Huuuge's adjusted EBITDA was USD 10.4m – USD 8m lower than last year due mainly to higher investments in user acquisition than in the previous year. In our view, building a player base in new games is an investment in future growth.

Our adjusted net result in Q1 2021 was USD 4.2m, which was lower than last year mainly due to the aforementioned higher investments in UA. The negative reported net result for Q1 2021 was related to the accounting revaluation of the preferred shares (a non-cash financial cost of USD 39m). These shares were converted into equity just before our IPO, therefore this revaluation will no longer impact our results going forward.

In the first quarter of this year we successfully conducted an IPO worth approximately USD 442m thereby raising net proceeds from the issue of new shares of more than USD 100m. As a result, we had net cash of USD 183m at the end of Q1 2021 and are thus well equipped to implement our "Build & Buy" strategy.

Expanding Huuuge's business through the acquisition of complementary entities is one of the key focuses of our strategy, so in April this year I was pleased to announce the acquisition of Traffic Puzzle, the top-grossing match-3 hit game in our publishing portfolio. This acquisition marked the first significant milestone in the Company's growth and M&A journey, as we expanded its reach into the high-growth casual games segment. The total price paid in this acquisition was USD 38.9m. Traffic Puzzle is an original puzzle game that has quickly grown to be our third-largest title. The puzzle category accounts for more than half of the USD 10.6bn casual game market, and our increased activity in this segment is important to our strategic goals.

After the first quarter we are well on track to delivering our goals for 2021.

Huuuge is a one-of-a-kind success story where technology meets gaming. It is a truly global growth business that focuses on free-to-play gaming with a mission to empower billions of people to play together and with a bold vision of transforming mobile gaming into a massively social experience.

Staying dedicated to what we believe has enabled us to become one of the fastest-growing mobile free-to-play games developers and publishers. As a listed company, we now have additional responsibility which we take very seriously – to continue to grow thanks to the implementation of our strategy and to build value for all of our shareholders.

Anton Gauffin

Anton Gauffin
President and CEO of Huuuge, Inc.

Selected financial data

	USD	USD	EUR	EUR	PLN	PLN
in thousand	**Q1 2021**	**Q1 2020**	**Q1 2021**	**Q1 2020**	**Q1 2021**	**Q1 2020**
Revenue	95,691	76,049	79,387	68,975	361,157	298,150
Operating profit/(loss)	6,503	17,489	5,395	15,862	24,544	68,566
Pre-tax profit/(loss)	(36,959)	14,556	(30,662)	13,202	(139,491)	57,067
Net profit/(loss)	(37,539)	12,802	(31,143)	11,611	(141,680)	50,190
Net cash flows from operating activities	(8,289)	16,296	(6,877)	14,780	(31,284)	63,888
Net cash flows from investing activities	(564)	(553)	(468)	(502)	(2,129)	(2,168)
Net cash flows from financing activities	98,620	9,174	81,817	8,321	372,212	35,967
Total net cash flows	89,767	24,917	74,473	22,599	338,799	97,687
Cash and cash equivalents at the end of period	183,198	51,211	155,968	46,647	726,856	212,352
Number of shares at the end of period	84,246,697	13,230,218				
Weighted average number of shares (1)	64,618,261	65,000,399				
Earnings per share (EPS) (1)	(0.54)	0.19				

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

	EUR	PLN	EUR	PLN
	Q1 2021	**Q1 2021**	**Q1 2020**	**Q1 2020**
Average exchange rate for the reported period	1.2054	0.2650	1.1026	0.2551
Exchange rate at the end of the reported period	1.1746	0.2520	1.0978	0.2412

Interim Condensed Consolidated Financial Statements

as at and for the three-month period ended March 31, 2021

Interim condensed consolidated statement of comprehensive income

	Note	Three-month period ended March 31, 2021 Unaudited	Three-month period ended March 31, 2020 Unaudited
Revenue	**5**	**95,691**	**76,049**
Cost of sales	6	(28,071)	(22,988)
Gross profit on sales		**67,620**	**53,061**
Sales and marketing expenses:	6	(43,239)	(24,030)
thereof User acquisition marketing campaigns	6	(39,098)	(21,392)
thereof General sales and marketing expenses	6	(4,141)	(2,638)
Research and development expenses	6	(7,819)	(5,901)
General and administrative expenses	6	(10,034)	(5,721)
Other operating income/(expense), net		(25)	80
Operating result		**6,503**	**17,489**
Finance income	7	120	49
Finance expense	7	(43,582)	(2,982)
Profit/(loss) before tax		**(36,959)**	**14,556**
Income tax	8	(580)	(1,754)
Net result for the period		**(37,539)**	**12,802**
Other comprehensive income			
Items that can be later reversed in profit or loss			
Exchange gains/(losses) on translation of foreign operations		(416)	(749)
Total other comprehensive income		**(416)**	**(749)**
Total comprehensive income for the period		**(37,955)**	**12,053**
Net result for the period attributable to:			
owners of the Parent		(37,539)	12,802
non-controlling interest		-	-
Total comprehensive income for the period attributable to:			
owners of the Parent		(37,955)	12,053
non-controlling interest		-	-
Earnings per share (in USD)			
basic	9	(0.54)	0.23
diluted	9	(0.54)	0.19

Huuuge, Inc. interim condensed consolidated financial statements for the three-month period ended March 31, 2021 prepared in accordance with International Financial Reporting Standards as adopted by the European Union. All amounts in tables presented in thousand USD, except where stated otherwise.

Interim condensed consolidated statement of financial position

	Note	As of March 31, 2021 Unaudited	As of December 31, 2020 Audited
Assets			
Non-current assets			
Property, plant and equipment		3,102	2,703
Right-of-use assets	14	6,697	8,646
Goodwill		2,715	2,838
Intangible assets		1,278	1,459
Deferred tax assets		2,200	899
Other long-term assets		1,067	802
Total non-current assets		**17,059**	**17,347**
Current assets			
Trade and other receivables		38,681	29,226
Corporate income tax receivable		-	1,101
Cash and cash equivalents		183,198	94,158
Total current assets		**221,879**	**124,485**
Total assets		**238,938**	**141,832**
Equity			
Share capital	11	2	2
Treasury shares	11	(43,976)	(33,994)
Supplementary capital		344,595	14,814
Employee benefit reserve	12	10,804	8,052
Foreign exchange reserve		883	1,299
Retained earnings/(accumulated losses)		(123,720)	(86,181)
Total equity		**188,588**	**(96,008)**
Equity attributable to owners of the Company		*188,588*	*(96,008)*
Non-controlling interests		-	-
Non-current liabilities			
Preference shares	13	-	176,606
Long-term lease liabilities	14	4,766	6,282
Deferred tax liabilities		-	131
Total non-current liabilities		**4,766**	**183,019**
Current liabilities			
Trade and other payables		37,337	37,797
Deferred income		2,984	3,360
Corporate income tax liabilities		2,860	3,126
Short-term lease liabilities	14	2,403	2,779
Other provisions	15	-	7,759
Total current liabilities		**45,584**	**54,821**
Total equity and liabilities		**238,938**	**141,832**

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

Huuuge, Inc. interim condensed consolidated financial statements for the three-month period ended March 31, 2021 prepared in accordance with International Financial Reporting Standards as adopted by the European Union. All amounts in tables presented in thousand USD, except where stated otherwise.

Interim condensed consolidated statement of changes in equity

	Note	Share capital	Treasury shares	Supplementary capital	Employee benefit reserve	Retained earnings	Foreign exchange reserve	Equity attributable to owners	Non-controlling interest	Equity
As of January 1, 2021, audited		**2**	**(33,994)**	**14,814**	**8,052**	**(86,181)**	**1,299**	**(96,008)**	**-**	**(96,008)**
Net profit (loss) for the period		-	-	-	-	*(37,539)*	-	*(37,539)*	-	*(37,539)*
Other comprehensive income - foreign currency exchange gains/(losses)		-	-	-	-	-	*(416)*	*(416)*	-	*(416)*
Total comprehensive income for the period		-	-	-	-	(37,539)	(416)	(37,955)	-	(37,955)
Shares issued/(repurchased)	11	0	(43,976)	152,929	-	-	-	108,953	-	108,953
Exercise of stock options	11, 12	-	-	101	-	-	-	101	-	101
Employee share schemes - value of employee services	12	-	-	-	2,505	-	-	2,505	-	2,505
Earn-out consideration – value of employee services	12	-	-	-	247	-	-	247	-	247
Conversion of preference shares	11	-	-	215,602	-	-	-	215,602	-	215,602
Redemption of treasury shares	11	-	33,994	(33,994)	-	-	-	-	-	-
Transaction costs of an issuance of equity instruments		-	-	(4,857)	-	-	-	(4,857)	-	(4,857)
As of March 31, 2021, unaudited		**2**	**(43,976)**	**344,595**	**10,804**	**(123,720)**	**883**	**188,588**	**-**	**188,588**

Huuuge, Inc. interim condensed consolidated financial statements for the three-month period ended March 31, 2021 prepared in accordance with International Financial Reporting Standards as adopted by the European Union. All amounts in tables presented in thousand USD, except where stated otherwise.

	Note	Share capital	Treasury shares	Supplementary capital	Employee benefit reserve	Retained earnings	Foreign exchange reserve	Equity attributable to owners	Non-controlling interest	Equity
As of January 1, 2020, audited		**2**	**(36,604)**	**13,725**	**4,294**	**(2,052)**	**808**	**(19,826)**	**-**	**(19,826)**
Net profit (loss) for the period		-	-	-	-	*12,802*	-	*12,802*	-	*12,802*
Other comprehensive income - foreign currency exchange gains/(losses)		-	-	-	-	-	*(749)*	*(749)*	-	*(749)*
Total comprehensive income for the period		-	-	-	-	12,802	(749)	12,053	-	12,053
Shares reissued	11	-	8,234	-	-	-	-	8,234	-	8,234
Exercise of stock options	11, 12	-	-	3	-	-	-	3	-	3
Employee share schemes - value of employee services	12	-	-	-	296	-	-	296	-	296
As of March 31, 2020, unaudited		**2**	**(28,370)**	**13,728**	**4,590**	**10,750**	**59**	**760**	**-**	**760**

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

Huuuge, Inc. interim condensed consolidated financial statements for the three-month period ended March 31, 2021 prepared in accordance with International Financial Reporting Standards as adopted by the European Union. All amounts in tables presented in thousand USD, except where stated otherwise.

Interim condensed consolidated statement of cash flows

	Note	Three-month period ended March 31, 2021 Unaudited	Three-month period ended March 31, 2020 Unaudited
Cash flows from operating activities			
Profit/(loss) before tax		**(36,959)**	**14,556**
Adjustments for:			
Depreciation and amortization	6	1,135	566
(Profit)/loss on disposal of property, plant and equipment		160	(36)
Non-cash employee benefits expense – share-based payments	12	2,752	296
Remeasurement of preference shares liability - finance expense	7	38,997	2,517
Finance (income)/cost, net		2,354	(1,035)
Changes in net working capital:			
Trade and other receivables, and other long-term assets		(9,720)	(4,984)
Trade and other payables		1,671	3,346
Deferred income		(376)	1,130
Other provisions	15	(7,759)	235
Other adjustments		113	(47)
Cash flows from operating activities		**(7,632)**	**16,544**
Income tax paid		(657)	(248)
Net cash flows from operating activities		**(8,289)**	**16,296**
Cash flows from investing activities			
Acquisition of property, plant and equipment		(564)	(620)
Interest received		-	67
Net cash from investing activities		**(564)**	**(553)**
Cash flows from financing activities			
Gross proceeds from issue of common shares for public subscription	11	152,929	-
Execution of stabilization option	11	(43,976)	-
Transaction costs of an issuance of equity instruments		(6,988)	
Loss on foreign exchange forward contract	7	(2,662)	-
Proceeds from issue of common shares and shares series A and B	11	-	8,234
Proceeds from issue of share series C	11	-	1,447
Lease repayment	14	(489)	(466)
Interest paid	14	(295)	(44)
Exercise of stock options		101	3
Net cash from financing activities		**98,620**	**9,174**
Net increase/(decrease) in cash and cash equivalents		**89,767**	**24,917**
Effect of exchange rate fluctuations		(727)	24
Cash and cash equivalents at the beginning of the period		**94,158**	**26,270**
Cash and cash equivalents at the end of the period		**183,198**	**51,211**

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

Huuuge, Inc. interim condensed consolidated financial statements for the three-month period ended March 31, 2021 prepared in accordance with International Financial Reporting Standards as adopted by the European Union. All amounts in tables presented in thousand USD, except where stated otherwise.

Notes to the interim condensed consolidated financial statements

1. General information

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

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

As of March 31, 2021 and December 31, 2020 the Huuuge Inc. Group (the Company and its subsidiaries collectively referred to as the "Group") comprised the Parent Company and its subsidiaries, as listed below.

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

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.

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

Huuuge, Inc. interim condensed consolidated financial statements for the three-month period ended March 31, 2021 prepared in accordance with International Financial Reporting Standards as adopted by the European Union. All amounts in tables presented in thousand USD, except where stated otherwise.

Composition of the Company's Board of Directors as of March 31, 2021 and as of the date of signing of these interim condensed consolidated 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 March 31, 2021 and as of the date of signing of these interim condensed consolidated financial statements, Chief Executive Officer and executive director was Mr Anton Gauffin.

On February 3, 2021, the following directors were elected, and after this change, as of March 31, 2021 and as of the date of signing of these interim condensed consolidated financial statements non-executive directors were:

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

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

These interim condensed consolidated financial statements as of and for the three-month period ended March 31, 2021 have been prepared in accordance with the IAS 34 Interim Financial Reporting as adopted by the European Union.

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

These interim condensed consolidated financial statements as of and for the three-month period ended March 31, 2021 were approved on May 24, 2021 by the Board of Directors.

These interim condensed consolidated 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.

3. Adoption of new and revised Standards

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

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

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

- IFRS 14 Regulatory Deferral Accounts (issued on January 30, 2014) – The European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard – not yet endorsed by EU at the date of approval of these interim condensed consolidated financial statements for issue – effective for financial years beginning on or after January 1, 2016;

- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture (issued on September 11, 2014) – the endorsement process of these Amendments has been postponed by EU - the effective date was deferred indefinitely by International Accounting Standards Board;

- IFRS 17 Insurance Contracts (issued on May 18, 2017) including Amendments to IFRS 17 (issued on June 25, 2020) – not yet endorsed by EU at the date of approval of these interim condensed consolidated financial statements for issue – effective for financial years beginning on or after January 1, 2023;

- Amendments to IAS 1: Presentation of Financial Statements: Classification of Liabilities as Current or Non-current 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 interim condensed consolidated 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 interim condensed consolidated 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 interim condensed consolidated 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 interim condensed consolidated 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 interim condensed consolidated financial statements for issue – effective for financial years beginning on or after January 1, 2022;

- Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on February 12, 2021) – not yet endorsed by EU at the date of approval of these interim condensed consolidated financial statements for issue – effective for financial years beginning on or after January 1, 2023;

- Amendments to IAS 8: Definition of Accounting Estimates (issued on February 12, 2021) – not yet endorsed by EU at the date of approval of these interim condensed consolidated financial statements for issue – effective for financial years beginning on or after January 1, 2023;

- Amendments to IFRS 16: Covid-19-Related Rent Concessions beyond 30 June 2021 (issued on March 31, 2021) – not yet endorsed by EU at the date of approval of these interim condensed consolidated financial statements – effective for financial years beginning on or after April 1, 2021;

- Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (issued on May 6, 2021) – not yet endorsed by EU at the date of approval of these interim condensed consolidated financial statements – effective for financial years beginning on or after 1 January 2023.

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

4. Significant accounting policies, key judgments and estimates

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

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

5. Revenue

Huuuge's business, development and sales of casual games for mobile platforms is global and both games and sales channels are the same, regardless of where the players (customers) are located. Management measures and monitors the Group's revenue in respect of each game, but does not allocate all costs, assets and liabilities by game and does not measure the operating results by game. In management's view, the operations and the Group's financial performance and position cannot be divided into different segments in such a way that it improves the ability to analyze and manage the company. The CEO is the Chief operating decision maker and for this reason, the CEO analyzes the consolidated financial position and operating results of the Group as a whole, therefore it has been determined that the Group has only one operating segment ("online mobile games").

The Group's management monitors operating results on a group-wide basis for the purpose of making decisions about resource allocation and performance assessment.

The Group's revenue from contracts with clients are comprised of revenue generated by in-app purchases (gaming applications) and in-app ads (advertising), as shown below:

	Three-month period ended March 31, 2021 Unaudited	**Three-month period ended March 31, 2020 Unaudited**
Gaming applications	91,817	75,263
Advertising	3,874	786
Total revenue	**95,691**	**76,049**

The Group's revenue is recognized over time, irrespective of the product and the geographical region.

For the gaming services, the transaction price is prepaid by the customers when the virtual coins are purchased to allow continuation of the game; the payments result in the recognition of the contract liability in the interim condensed consolidated statement of financial position. The amounts recognized as deferred income are recognized as revenue on average within 2 days.

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For the gaming service, the amount recognized as deferred income as at the balance sheet date also represents the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) as of the end of the reporting period.

For the advertising services, the Group does not disclose the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) as of the end of the reporting period using the practical expedient allowed under IFRS 15, i.e. the Group has a right to consideration from a customer in an amount that corresponds directly with the value to the customer of the entity's performance completed to date.

Below is the split of the revenue per main product groups:

	Three-month period ended March 31, 2021 Unaudited	Three-month period ended March 31, 2020 Unaudited
Huuuge Casino	55,007	46,370
Billionaire Casino	29,295	26,004
Other games	11,389	3,675
- including games developed by external developers based on publishing contracts	*7,755*	*2,265*
Total revenue	**95,691**	**76,049**

The Group distributes in-house games as well as the games developed by other companies. In most cases, the Group is the owner of the application and is fully responsible for future upgrades and future developments of this game application. In some cases, the Group publishes mobile game applications of third-party developers based on the publishing contracts entered in the period of 2019-2020. The publishing contract provides the Group with an exclusive right for a distribution, marketing and operation of the games developed by external developers and to benefit from selling the virtual coins to the end-users. The Group has the ultimate responsibility for providing the game to a customer and it is entitled to set prices for virtual coins charged to the end-user as well as authorize the upgrade and modifications of games. Therefore, in such a situation, the Group acts as a principal in its relation to the developers and players. Being a principal, the Group presents in-app revenue on a gross basis.

Revenue was generated in the following countries:

		Three-month period ended March 31, 2021 Unaudited	Three-month period ended March 31, 2020 Unaudited
United States		58,241	43,856
Germany		6,873	5,244
Canada		3,023	2,112
United Kingdom		2,943	2,217
France		2,777	2,554
Japan		2,606	1,946
Netherlands		2,234	1,756

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Australia		1,866	1,513
Poland		1,684	1,713
Switzerland		1,187	1,017
Italy		1,028	869
Taiwan		862	962
Republic of South Africa		666	853
Russia		617	776
Other		9,084	8,661
Total revenue		**95,691**	**76,049**

The above is the management's best estimate, as for some revenue sources geographical breakdown is not available. The allocation to regions is driven by the location of individual end-user customer.

No individual end-user customer with whom the Group concludes transactions had a share of 10% or more in the Group's total revenues in the three-month period ended March 31, 2021 or March 31, 2020. Revenues are generated by a number of

Platform Providers, such as Apple App Store, Google Play, Facebook and Amazon App Store.

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6. Operating expenses

For the three-month period ended March 31, 2021 operating, administrative and marketing expenses include:

Expenses by nature Unaudited	Total	Cost of sales	Sales and marketing expenses: *thereof* User acquisition marketing campaigns	Sales and marketing expenses: *thereof* General sales and marketing expenses	Research and development expenses	General and administrative expenses
Platform fees to distributors	27,718	27,718	-	-	-	-
External developers fees	470	-	-	-	470	-
Gaming servers expenses	353	353	-	-	-	-
External marketing and sales services	40,253	-	39,098	1,155	-	-
Salaries and employee-related costs	13,282	-	-	2,708	6,572	4,002
Employee stock option plan	2,752	-	-	278	458	2,016
Depreciation and amortization	1,135	-	-	-	-	1,135
Finance & legal services	1,309	-	-	-	-	1,309
Business travels & expenses	15	-	-	-	-	15
Property maintenance and external services	510	-	-	-	-	510
Other costs	1,366	-	-	-	319	1,047
Total operating expenses	**89,163**	**28,071**	**39,098**	**4,141**	**7,819**	**10,034**

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For the three-month period ended March 31, 2020 operating, administrative and marketing expenses include:

Expenses by nature **Unaudited**	**Total**	**Cost of sales**	**Sales and marketing expenses:**		**Research and development expenses**	**General and administrative expenses**
			thereof **User acquisition marketing campaigns**	***thereof*** **General sales and marketing expenses**		
Platform fees to distributors	22,745	22,731	-	-	-	14
External developers fees	1,403	-	-	-	1,403	-
Gaming servers expenses	257	257	-	-	-	-
External marketing and sales services	22,372	-	21,392	980	-	-
Salaries and employee-related costs	8,469	-	-	1,618	4,211	2,640
Employee stock option plan	296	-	-	40	112	144
Depreciation and amortization	566	-	-	-	-	566
Finance & legal services	1,247	-	-	-	-	1,247
Business travels & expenses	230	-	-	-	-	230
Property maintenance and external services	288	-	-	-	-	288
Other costs	767	-	-	-	175	592
Total operating expenses	**58,640**	**22,988**	**21,392**	**2,638**	**5,901**	**5,721**

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When selling the mobile game applications of third-party developers, the Group is obliged to pay the fees to the external developers based on the publishing contracts signed. Although the publishing contracts provide the Group with an exclusive right to use the games, the usage of these games is contingent on the future services which need to be provided by the external developers and which are the subject of the Group's authorization and consent. In accordance with the publishing contracts, the external developers are obliged to perform the on-going development of the game and improvements to increase its functionalities as well as the maintenance services. As a result, the contracts with external developers are partially executory arrangement as the future developments do not exist at the contract inception and no liability to the contractor arises until the contractor performs work under the contract, i.e. the services specified in the contracts with external developers are performed. However, the fees agreed by the Group and developers in these arrangements are set usually in relation to the whole bunch of the promises included in a contract, i.e. there is no relevant split of the consideration between the purchase price paid for the right to use a game and the future additional services (development operations and maintenance services). The Group is not able to reliably distinguish the expenditures incurred in relation to the right to the game (i.e. the license) from the payment for the development operations and maintenance services, therefore, the expenditures incurred by the Group in relation to the publishing arrangements are charged to the profit and loss as incurred with no liability recognized at the date of signing the contract. These fees are presented in line "External developers fees".

The future monthly expenditure related to the publishing contracts that were in force as at March 31, 2021 amounts to USD 70 thousand (USD 250 thousand as at March 31, 2020). The above commitments comprise the fixed fees contracted in the publishing arrangements and do not include the variable payments which are based on the future cash flows from selling the games, and the future development fees subject to the specific arrangements and agreements between parties on a scope of services.

Other costs include mainly IT services, car fleet management service and costs of recruitment services.

7. Finance income and finance expense

Finance income

	Three-month period ended March 31, 2021 Unaudited	Three-month period ended March 31, 2020 Unaudited
Interest and other finance income	120	49
Total finance income	**120**	**49**

Interest income includes mainly interest earned on money market mutual fund investments and on bank deposits.

Finance expense

	Three-month period ended March 31, 2021 Unaudited	Three-month period ended March 31, 2020 Unaudited
Valuation of preferred shares classified as non-current liabilities	38,997	2,517
Loss on foreign exchange forward contract	2,662	-
Foreign exchange losses, net	1,628	421
Interest expense	295	44
Total finance expense	**43,582**	**2,982**

Finance expenses include mainly valuation of preferred shares from the series C classified as a non-current liability in the amount of USD 38,997 thousand in the three-month period ended March 31, 2021 (USD 2,517 thousand in the three-month period ended March 31, 2020). On February 5, 2021 series C preferred shares were converted into common shares. For more information, please refer to Note 11 *Share capital*.

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Prior to the initial public offering, the Company has entered into foreign exchange forward contract contingent upon the event of initial public offering. Upon occurrence of initial public offering event, the Company has received proceeds from the newly issued shares converted to USD at a fixed PLN/USD exchange rate, as determined in the forward contract. The Group's policy choice is to present the profit or loss on forward contracts as finance income or expense accordingly. Effectively, loss of USD 2,662 thousand was incurred on forward contract settlement date, presented in the line "Finance expense" in the interim condensed statement of comprehensive income.

Interest expense includes interest expense recognized under IFRS 16 on lease liabilities, as well as interest on payables.

8. Income tax

	Three-month period ended March 31, 2021 Unaudited	Three-month period ended March 31, 2020 Unaudited
Current income tax	2,096	1,880
Change in deferred income tax	(1,516)	(126)
Income tax for the period	**580**	**1,754**

The subsidiary companies are subject to taxes for their respective businesses in the countries of their registration at the rates prevailing in those jurisdictions. Income tax expense is recognized based on management's estimate of the weighted average effective annual income tax rate expected for the full financial year, including tax effect of valuation of the series C preference shares liability. The tax rate used for the three-month period ended March 31, 2021 is (1.6)%, compared to 12.1% for the three-month period ended March 31, 2020. The tax rate was higher in 2020 due to the change of proportion of Huuuge Inc. profits in the profit of the Group and higher proportion of non-tax deductible costs, i.e. mainly the valuation of the series C preference shares and costs related to the employee stock option plan ("ESOP") to profit before tax.

9. Earnings per share

Detailed methodology of calculation of basic and diluted earnings per share is presented in the Group's consolidated financial statements as of and for the year ended December 31, 2020.

Basic EPS

		Three-month period ended March 31, 2021 Unaudited	Three-month period ended March 31, 2020 Unaudited
Net result attributable to the owners of the Parent	[A]	(37,539)	12,802
Undistributed profit (loss) attributable to holders of series A and B preference shares	[B]	(2,834)	3,215
Profit (loss) attributable to holders of common shares	**[C]=[A]-[B]**	**(34,705)**	**9,587**

		Three-month period ended March 31, 2021 Unaudited	Three-month period ended March 31, 2020 Unaudited
Weighted average number of common shares*	[D]	64,618,261	41,987,702
Basic EPS	[E] = [C] / [D]	(0.54)	0.23

Huuuge, Inc. interim condensed consolidated financial statements for the three-month period ended March 31, 2021 prepared in accordance with International Financial Reporting Standards as adopted by the European Union. All amounts in tables presented in thousand USD, except where stated otherwise.

* The weighted average number of shares was adjusted for the event of share split which took place on January 20, 2021. In accordance with IAS 33 *Earnings per share* the weighted average number of shares has to be adjusted retrospectively for all periods presented, therefore the additional shares are treated as having been in issue during the three-month period ended March 31, 2020 to give a comparable result. In the result of the share split each one of common and preferred shares was automatically reclassified as five shares of common or preferred shares accordingly, i.e. share split on a one for five basis. For more information please refer to Note 11 *Share capital*.

Diluted EPS

		Three-month period ended March 31, 2021 Unaudited	Three-month period ended March 31, 2020 Unaudited
Profit (loss) attributable to holders of common shares	**[C]**	**(34,705)**	**9,587**
Undistributed profit (loss) attributable to holders of series A and B preference shares	[E]	-	-
Valuation of series C preference shares	[F]	-	2,517
Profit (loss) attributable to ordinary equity holders of the parent adjusted for the effect of dilution	**[H]=[C]-[E] +[F]**	**(34,705)**	**12,104**

		Three-month period ended March 31, 2021 Unaudited	Three-month period ended March 31, 2020 Unaudited
Weighted average number of issued common shares used in calculating basic earnings per share*	**[D]**	**64,618,261**	**41,987,702**
Series A preference shares		-	-
Series B preference shares		-	-
Series C preference shares		-	16,335,439
Employee Stock Option Plan		-	6,677,258
Weighted average number of issued common shares and potential common shares used in calculating diluted earnings per share*	**[I]**	**64,618,261**	**65,000,399**
Diluted EPS	[J]=[H] / [I]	(0.54)	0.19

*The weighted average number of shares was adjusted for the event of share split which took place on January 20, 2021. In accordance with IAS 33 *Earnings per share* the weighted average number of shares has to be adjusted retrospectively for all periods presented, therefore the additional shares are treated as having been in issue during the three-month period ended March 31, 2020 to give a comparable result. In the result of the share split each one of common and preferred shares was automatically reclassified as five shares of common or preferred shares accordingly, i.e. share split on a one for five basis. For more information please refer to Note 11 *Share capital*.

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10. Accounting classifications of financial instruments and fair values

As of March 31, 2021 and December 31, 2020, the Group's management did not identify any financial assets measured at fair value – neither through profit or loss nor through other comprehensive income.

The Group's management believes that the fair values of financial instruments do not differ significantly from their carrying amounts.

Series C preference shares

On February 5, 2021 series C preference shares were converted into common shares. For more information, please refer to Note 11 Share capital.

Prior to conversion, series C preference shares liability was measured at fair value initially and after initial recognition with the gains/loss on subsequent remeasurements being recognized in profit or loss.

During the three-month period ended March 31, 2021, following the end of subscriptions for the retail and institutional Investors before initial public offering which took place on February 19, 2021, series C preference shares liability was transferred out of Level 3 to Level 1 of the fair value hierarchy. Since initial public offering, there is an active market for the Group's common shares.

As of December 31,2020, the fair value measurements of series C preference shares were classified in Level 3 of the fair value hierarchy.

The significant unobservable inputs used in the fair value measurements categorized within Level 3 of the fair value hierarchy as of December 31, 2020 were the following: EBITDA multiple, discount for lack of marketability, revenue multiple, discount rate, probability of the initial public offering. A quantitative sensitivity analysis of the unobservable inputs used in the fair value measurements as of December 31, 2020 were presented in the consolidated financial statements as of and for the year ended December 31, 2020.

The following valuation techniques 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 were the basis for valuation of liability resulting from issuance of series C preference shares has been estimated using the Hybrid Method, i.e., a combination of the Probability-Weighted Expected Return Method ("PWERM") and the Option-Pricing Method ("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 Group'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 Group's business as so far, share price was estimated by applying the OPM.

11. Share capital

As of March 31, 2021 share capital of the Company was 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 (nominal values presented in USD, not thousand USD).

Shares classified as equity instruments as of March 31, 2021 (i.e. including preference shares of series C after conversion):

	Common shares		Preference shares (incl series C)		Treasury shares		Treasury shares allocated for the existing share-based payment programs		Sub-total (issued)		Shares allocated for the existing share-based payment programs (not issued)		Grand total	
	Number of shares	Nominal value	Number of shares	Nominal value	Number of shares	Nominal value	Number of shares	Nominal value	Number of shares	Nominal value	Number of shares	Nominal value	Number of shares	Nominal value
As of January 1, 2021 Audited	**8,618,959**	**863**	**5,963,949**	**596**	**1,390,019**	**139**	**794,442**	**80**	**16,767,369**	**1,678**	**881,071**	**88**	**17,648,440**	**1,766**
Redemption of treasury shares	-	-	-	-	(1,390,019)	(139)	(794,442)	(80)	(2,184,461)	(219)	-	-	(2,184,461)	(219)
Exercise of stock options	6,411	1	-	-	-	-	-	-	6,411	1	(6,411)	(1)	-	-
Allocation of shares to Share-based payment program	-	-	-	-	-	-	-	-	-	-	794,442	80	794,442	80
All shares before share split	***8,625,370***	***864***	***5,963,949***	***596***	**-**	**-**	**-**	**-**	***14,589,319***	***1,460***	***1,669,102***	***167***	***16,258,421***	***1,627***
All shares after share split	***43,126,850***	***864***	***29,819,745***	***596***	**-**	**-**	**-**	**-**	***72,946,595***	***1,460***	***8,345,510***	***167***	***81,292,105***	***1,627***
Conversion of preference shares	29,819,745	596	(29,819,745)	(596)	-	-	-	-	-	-	-	-	-	-
Shares issued	11,300,100	226	-	-	-	-	-	-	11,300,100	226	-	-	11,300,100	226
Stabilization option	(3,331,668)	(67)	-	-	3,331,668	67	-	-	-	-	-	-	-	-
Preference shares issued		-	2	0	-	-	-	-	2	0	-	-	2	0
As of March 31, 2021 Unaudited	**80,915,027**	**1,619**	**2**	**0**	**3,331,668**	**67**	**-**	**-**	**84,246,697**	**1,686**	**8,345,510**	**167**	**92,592,207**	**1,853**

* Treasury shares include 94,475 exercised options as presented in Note 12 *Share-based payments* which were not allocated to the employees as at the date of these interim consolidated financial statements.

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Shares classified as equity instruments as of March 31, 2020 (i.e. excluding preference shares of series C prior to conversion):

	Common shares		Preference shares (excl series C)		Treasury shares		Treasury shares allocated for share-based payment program		Sub-total (issued)		Shares allocated for the share-based payment program		Grand total	
	Number of shares	Nominal value	Number of shares	Nominal value	Number of shares	Nominal value	Number of shares	Nominal value	Number of shares	Nominal value	Number of shares	Nominal value	Number of shares	Nominal value
As of January 1, 2020 Audited	**8,396,921**	**840**	**2,532,450**	**253**	**1,890,872**	**189**	**405,000**	**41**	**13,225,243**	**1,323**	**1,057,080**	**106**	**14,282,323**	**1,429**
Shares reissued	-	-	416,902	42	(416,902)	(42)	-	-	-	-	-	-	-	-
Exercise of stock options	4,975	-	-	-	-	-	-	-	4,975	-	(4,975)	-	-	-
As of March 31, 2020 Unaudited	**8,401,896**	**840**	**2,949,352**	**295**	**1,473,970**	**147**	**405,000**	**41**	**13,230,218**	**1,323**	**1,052,105**	**106**	**14,282,323**	**1,429**

All shares managed as capital as of March 31,2020, thus comprising the equity and liability instruments (i.e. including preference shares of series C):

	Common shares		Preference shares (incl series C)		Treasury shares		Treasury shares allocated for share-based payment program		Sub-total (issued)		Shares allocated for the share-based payment program		Grand total	
	Number of shares	Nominal value	Number of shares	Nominal value	Number of shares	Nominal value	Number of shares	Nominal value	Number of shares	Nominal value	Number of shares	Nominal value	Number of shares	Nominal value
As of January 1, 2020 Audited	**8,396,921**	**840**	**5,749,621**	**575**	**2,039,818**	**204**	**405,000**	**41**	**16,591,360**	**1,660**	**1,057,080**	**106**	**17,648,440**	**1,766**
Shares reissued	-	-	490,167	49	(490,167)	(49)	-	-	-	-	-	-	-	-
Exercise of stock options	4,975	-	-	-	-	-	-	-	4,975	-	(4,975)	-	-	-
As of March 31, 2020 Unaudited	**8,401,896**	**840**	**6,239,788**	**624**	**1,549,651**	**155**	**405,000**	**41**	**16,596,335**	**1,660**	**1,052,105**	**106**	**17,648,440**	**1,766**

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

As of March 31, 2021, the share capital of the Company comprised 84,246,697 shares with a par value of USD 0.00002 per share and the total value of USD 1,686 (not thousand), including 80,915,027 common shares held by shareholders, 2 preference shares (one preference share of series A and one preference share of series B), and 3,331,668 of common shares reacquired by the Company and not redeemed.

As of March 31, 2020 the share capital of the Company comprised ordinary and preference shares, including shares reacquired by Huuuge Inc. and not redeemed (so-called treasury shares) with a par value of USD 0.0001 per share and the total value of USD 1,619 (not thousand). 9,445,218 common shares include: 8,401,896 common shares held by shareholders and 1,043,322 of common shares reacquired by the Company and not redeemed.

As of March 31, 2020 there were 6,239,788 preference shares with a par value of USD 0.0001 per share, out of which 506,329 were reacquired by Huuuge Inc. and not redeemed (treasury stock), including 257,103 preference shares of series A, 173,545 preference shares of series B and 75,681 shares of series C (presented in the interim condensed consolidated financial statements for the three-month period ended March 31, 2020 within financial liabilities).

As of March 31, 2021 8,345,510 shares with a par value of USD 0.00002 per share were reserved for two stock option programs: 4,373,300 shares for the stock option programs established in 2015 and 3,972,210 shares for the stock option program established in 2019. As of March 31, 2020 1,457,105 shares with a par value of USD 0.0001 per share were reserved for a two stock option programs: 1,052,105 shares for the stock option program established in year 2015 and 405,000 shares for the stock option program established in 2019.

In the three-month period ended March 31, 2021 the following transactions in common and preference shares took place:

- **Redemption of treasury shares**

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

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

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

Redemption of treasury shares has been recognized as an increase in supplementary capital in the interim condensed consolidated statement of changes in equity.

- **Share split**

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

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

(i)88,243,795 common shares, with a par value of USD 0.00002 per share, and (ii)29,819,745 preferred shares series consisting of:

a) 8,714,485 series A preferred shares, with a par value of USD 0.00002 per share,

b) 4,911,775 series B preferred shares, with a par value of USD 0.00002 per share, and

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

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

Split of shares required weighted average number of shares presented in Note 9 *Earnings per share* was adjusted in the calculation of both basic and diluted earnings per share for all periods presented in accordance with IAS 33 *Earnings per share*.

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

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

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

For more details, please refer to Note 13 Conversion of *series C preference* shares.

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

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

● **Initial public offering**

On January 27, 2021 Huuuge Inc. published its prospectus and launched its initial public offering. The offering comprised a public subscription for 11,300,100 newly issued shares. The final share price for offering shares was determined as PLN 50 per share (USD 13.31 per share). Difference between the nominal amount of newly issued shares and the cash consideration was in the supplementary capital in the interim condensed consolidated statement of changes in equity.

● **Execution of stabilization option**

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

On February 26, 2021 the Company ended the stabilization process, which started upon initial public offering on February 19, 2021, and the above-mentioned liability and asset have been derecognized. The Company repurchased via Stabilization

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Manager its own shares in the total number of 3,331,668 in the price range PLN 38.4000 – 49.9850 (USD 10.35 – USD 13.51). The repurchased shares were recognized as a decrease in equity (treasury shares) in the total amount of USD 43,976 thousand, calculated as the number of shares repurchased, multiplied by the price per share plus the remuneration paid to Stabilization Manager representing transaction cost of this capital transaction.

- **Exercise of stock options**

In the three-month period ended March 31, 2021, some share options held by the employees under the share-based payment program were exercised, resulting in the issue of common shares with the difference between the exercise price paid by the employee and the nominal amount of shares recognized as share premium (presented within "Supplementary capital") of USD 101 thousand (USD 3 thousand in the three-month period ended March 31, 2020). The exercise price was paid by the employees in cash.

In the three-month period ended March 31, 2020 the following transaction in preference shares took place:

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

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

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

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

12. Share-based payment arrangements

Detailed description regarding Group's equity incentive plan, i.e. ESOP, is presented in the Group's consolidated financial statements as of and for the year ended December 31, 2020.

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

	Three-month period ended March 31, 2021	
	Number of options	Weighted average exercise price
Balance as at January 1, audited	1,435,584	
Exercised during the period	(6,411)	0.45
Forfeited during the period	(2,056)	4.15
All options before share split	***1,427,117***	
All options after share split	***7,135,585***	
Granted during the period	235,000	3.72
Forfeited during the period	(16,930)	1.93
Exercised during the period	(94,745)	0.87
Expired during the period	(4,400)	0.83
Balance as at March 31, unaudited	**7,254,510**	**2.75**

	Three-month period ended March 31, 2020	
	Number of options	Weighted average exercise price
Balance as at January 1, audited	919,010	
Granted during the period	-	-
Forfeited during the period	(2,839)	7.11
Exercised during the period	(4,975)	0.58
Expired during the period	(839)	4.15
Balance as at March 31, unaudited	**910,357**	**6.24**

As at March 31, 2021 (after share split), 3,165,190 share options were exercisable, with weighted average exercise price of USD 1.58 per share. As at March 31, 2020 (before share split), 600,878 share options were exercisable, with weighted average exercise price of USD 4.03 per share.

During the three-month period ended March 31, 2021 (after share split) 126,800 common shares were issued resulting from the equity-settled stock option program (in the three-month period ended March 31, 2020, i.e. before share split – 4,975 common shares).

Details of the grants during the three-month period ended March 31, 2021 are presented in the table below:

Grant date	Number of instruments granted	Expiry date	Fair value at grant date	Exercise price
February 2, 2021	235,000	February 2, 2028	8.66	3.72
Granted in 2021	235,000			

Other than the share-based payment arrangements described above, the Group accounts for the earn-out consideration as a result of the acquisition that took place on July 16, 2020. In this arrangement, the fair value of the share price as at December 31, 2020 was estimated at USD 54.53. As at December 31, 2020 the total number of shares to be vested during the period of 3 years after the transaction was estimated at 46,213 shares. After the share split as described in Note 11 *Share capital*, and due to the increased fair value of share price as at March 31, 2021 (USD 10.66) the total number of shares to be vested during the period of 3 years after the transaction is estimated at 236,367 shares as at March 31, 2021.

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

Input	Assumptions	Rational change +10%/(-10%)
Share price	The estimated future fair value of the share price (calculated based on the Sale and Purchase Agreement and referring to the USD value of Huuuge Inc.) which will be used as a basis for calculation of the number of shares to be vested. As at March 31, 2021 share price of USD 10.66 is used as a basis for calculation of the number of shares to be vested.	+10% = (21,488) shares – decrease in number -10% = 26,263 shares – increase in number
Estimated amount of earn-out consideration	Based on the estimation as at March 31, 2021 the future earn-out consideration is estimated at amount USD 2,642 thousand.	+10% = 23,637 shares – increase in number -10% = (23,637) shares – decrease in number

Total expense related to share-based payment arrangements for the three-month period ended March 31, 2021 comprises ESOP in the amount of USD 2,505 thousand and earn-out consideration in the amount of USD 247 thousand. Total expense related to share-based payment arrangements for the three-month period ended March 31, 2020 comprises ESOP in the amount of USD 296 thousand. These costs were allocated to Sales and marketing expenses, Research and development expenses and General and administrative expenses lines in interim condensed consolidated statement of comprehensive income.

In addition, On March 19, 2021 the Board of Directors adopted recommendation from the Nomination and Remuneration Committee on executive and non-executive compensation ("Proposal").

In accordance with the adopted Proposal, the remuneration of Mr Anton Gauffin, holding the positions of the President, Chief Executive Officer and Secretary of the Company, will consist solely of share options, 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.

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The approval process of the Proposal was not completed neither as of March 31, 2021 nor as of the date of these interim consolidated financial statements, therefore the proposed remuneration scheme is not yet legally enforceable.

13. Conversion of series C preference shares

The series C preference shares were classified as liability and presented in the separate line item in the statement of financial position within non-current liabilities. 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 interim condensed consolidated statement of financial position:

As at January 1, 2020, audited	**48,354**
Reissue of series C preference shares	1,447
Remeasurement recognized in statement of profit or loss during the period in (finance income)/finance expense	2,517
As at March 31, 2020, unaudited	**52,318**

On January 29, 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.

As at January 1, 2021, audited	**176,606**
Remeasurement recognized in statement of profit or loss during the period in (finance income)/finance expense	38,997
As at February 5, 2021 before conversion	**215,603**
Conversion of preference shares into common shares	(215,603)
As at March 31, 2021, unaudited	**-**

On February 5, 2021 all preference shares series C were converted into common shares. For more information, please refer to Note 11 *Share capital*. As a result of the conversion, financial liability arising from preference shares has been decreased with the corresponding increase in supplementary capital as presented in the interim condensed consolidated statement of changes in equity.

14. Leases

The Group is committed to make payments for leases based on car fleet agreements, office space rental agreements and short-term apartment rental agreements.

Lease agreements are usually concluded for definite periods of time, varying according to the class of the underlying asset and specific needs. Some of the contracts include extension or termination options – Group's management exercises judgement in determining whether these options are reasonably certain to be exercised.

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The table below presents the carrying amounts of recognized right-of-use assets and the movements in the three-month period ended March 31, 2021 and in the three-month period ended March 31, 2020:

	Offices	Cars	Total
as at January 1, 2021, audited	**8,501**	**145**	**8,646**
additions (new leases)	-	199	199
lease modifications	(1,230)	-	(1,230)
foreign exchange differences on translation	(54)	(7)	(61)
depreciation	(843)	(14)	(857)
as at March 31, 2021, unaudited	**6,374**	**323**	**6,697**

	Offices	Cars	Total
as at January 1, 2020, audited	**2,773**	**44**	**2,817**
remeasurement	(107)	-	(107)
additions (new leases)	2,201	-	2,201
lease modifications	(17)	-	(17)
foreign exchange differences on translation	(239)	(3)	(242)
depreciation	(365)	(20)	(385)
as at March 31, 2020, unaudited	**4,246**	**21**	**4,267**

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The table below presents the book values of lease liabilities and movements in the three-month period ended March 31, 2021 and in the three-month period ended March 31, 2020:

	Three-month period ended March 31, 2021	Three-month period ended March 31, 2020
as at January 1, audited	**9,061**	**2,869**
additions (new leases)	200	2,196
lease modifications	(1,140)	(17)
remeasurement	-	(172)
interest expense on lease liabilities	37	44
lease payments	(526)	(510)
foreign exchange differences on translation to local currency	45	38
foreign exchange differences on translation to USD	(508)	(540)
as at March 31, unaudited	**7,169**	**3,908**
long-term	4,766	2,684
short-term	2,403	1,224

In the interim condensed consolidated statements of cash flows, the Group classifies:

- cash payments of the capital component of lease liabilities in the three-month period ended March 31, 2021 amounting to USD 526 thousand (USD 510 thousand in the three-month period ended March 31, 2020) – as part of financing activities (lease repayment),
- cash interest payments on leases in the three-month period ended March 31, 2021 amounting to USD 37 thousand (USD 44 thousand in the three-month period ended March 31, 2020) – as part of financing activities (interest paid),
- leases of low-value assets and short-term leases not included in the measurement of lease liabilities in the three-month period ended March 31, 2021 amounting to USD 125 thousand (USD 13 thousand in the three-month period ended March 31, 2020) – as part of operating activities.

The Group had total cash outflows due to leases of USD 563 thousand in the three-month period ended March 31, 2021 and USD 554 thousand in the three-month period ended March 31, 2020.

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15. Provisions

Court case

As of December 31, 2019 the Group 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 Group’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. 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 Group to settle final claims determinations, including payment and prospective relief. Payment was made on March 26, 2021, with the corresponding utilization of the provision.

Consumption tax from the revenues from Japan

As of March 31, 2020 additional provision recognized related to the collected Japan Consumption Tax (“JCT”) applicable to sales to customers purchasing content on the App Store in Japan. The provision for JCT was estimated based on the applicable tax rate multiplied by the amount of sales to customers in Japan, with a further delayed payment of the tax in the following period. Starting from January 2021, prepayments of the collected JCT are made to the tax authorities on a quarterly basis, therefore no additional provision is recognized as of March 31, 2021.

16. 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, Poland and Israel, which apart from Cyprus constitute the main operating environments of the Group, have been changing recently, which may lead to lack of their clarity and integrity. Furthermore, frequent contradictions in tax interpretations in Poland, both within government bodies and between companies and government bodies create uncertainties and conflicts. These facts create tax risks that are substantially more significant than those typically found in countries with more developed tax systems.

Tax authorities may examine accounting records retrospectively: for 3 years in the United States (and up to 6 years in case of substantial errors), 5 years in Poland, 7 years in Cyprus (and up to 12 years in case of substantial errors) and 7 years in Israel. Consequently, the Parent Company and subsidiaries may be subject to additional tax liabilities, which may arise as a result of tax audits. The Board of Directors of the Parent 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 Group.

17. Related party transactions

On February 5, 2021 one series A preference share was issued to RP II HE LLC - the Group's shareholder, with a par value of USD 0.00002 per share for cash consideration of USD 50, and one series B preference share was issued to Big Bets OU - the Group's shareholder, with a par value of USD 0.00002 per share, for cash consideration of USD 50.

Based on shares purchase agreement dated January 29, 2020 RP II HGE LLC – the Group's shareholder purchased from Huuuge Inc. 490,167 preference shares for a cash consideration of USD 9,681 thousand (USD 19.75 per share) which had been previously acquired by Huuuge Inc. from the Korean funds in December 2019 (for details on the December 2019 transaction please refer to Note 18 *Share capital* of the Group's consolidated financial statements as of and for the year ended December 31, 2020). RP II HGE LLC purchased 248,897 series A preference shares, 168,005 series B preference shares and 73,265 series C preference shares. Due to the fact that the share price of treasury shares reissued was equal to their purchase price no amount was recognized in Supplementary capital on this subsequent sale of treasury shares. The cash consideration was transferred in February 2020.

There is no ultimate controlling party.

18. Transactions with management of the Parent Company and their close family members

Compensation of key management personnel of the Group is comprised of the compensation of key management personnel of the Parent Company and its subsidiaries.

Three-month period ended March 31, 2021 Unaudited	Board of Directors of Huuuge Inc.	Group Global Management	Total
Base salaries	-	729	729
Bonuses and compensation based on the Group's financial result for the period	-	444	444
Share-based payments	-	1,479	1,479
Total	**-**	**2,652**	**2,652**

Three-month period ended March 31, 2020 Unaudited	Board of Directors of Huuuge Inc.	Group Global Management	Total
Base salaries	-	519	519
Bonuses and compensation based on the Group's financial result for the period	-	435	435
Share-based payments	-	134	134
Total	**-**	**1,088**	**1,088**

The remuneration of Group Global Management presented in the tables above includes base salary and accrued bonuses of Mr Anton Gauffin, Chief Executive Officer and director, in the amount of USD 95 thousand for the three-months period ended March

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31, 2021 (USD 103 thousand for the three-months period ended March 31, 2020). For additional information about recommendation from the Nomination and Remuneration Committee on executive and non-executive compensation, please refer to Note 12 Share-based payments.

The non-executive directors are remunerated with a fixed annual salary and 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.

During the three-month period ended March 31, 2021, and March 31,2020 there was no additional compensation for the Board of Directors of Huuuge Inc. except for the remuneration of Mr Anton Gauffin as described above.

19. Impact of COVID-19

On March 11, 2020 WHO declared global COVID-19 coronavirus pandemic and recommended preventive measures such as the physical social distancing. Consequently, governments worldwide implemented unprecedented restrictions. The impacts of the COVID-19 outbreak have evolved from mid-March 2020 up to the day of issuing these interim condensed consolidated financial statements. The Group's management constantly monitors specific facts and circumstances and the financial results. Neither the video game industry as a whole, nor the Group's operations in particular, have been adversely affected by the pandemic and there is no going concern issue. The Group proved to be resilient to the lockdown, the operations have been maintained with employees working remotely and online gaming's popularity is on the rise with many people globally adhering to social distancing guidelines.

A significant increase of the Group's revenues and operating result for the three-month period ended March 31, 2021 compared to the three-month period ended March 31, 2020 indicates that COVID-19 pandemic had no negative impact on the Group's business.

Based on the analysis performed by the Group's management as of March 31, 2021, COVID-19 pandemic has no negative impact on the Group's liquidity. Due to the fact that the Group's receivables are settled by the large platform providers, such as Apple App Store, Google Play, Facebook and Amazon App Store. The Group's management assessed the risk of receivables irrecoverability as minimal. The Group's management has not identified any evidence to modify the assumptions used to assess expected credit losses.

20. Subsequent events

After March 31, 2021 and up to the date of approval of these interim condensed consolidated financial statements for issue no significant events except the following have occurred.

Acquisition of Traffic Puzzle game

On April 27, 2021, Huuuge Global Ltd. entered into the Asset Purchase Agreement ("APA") under which it acquired from PICADILLA GAMES Adziński, Porzucek, Czerenkiewicz sp. k. with its registered office in Wrocław, Poland ("Picadilla") the mobile game Traffic Puzzle together with the related rights and assets, for the amount of USD 38,900 thousand ("Purchase Price").

The Purchase Price will be paid to Picadilla in the following manner:

a) USD 9,500 thousand was paid within 10 business days from the signing of the APA;

b) USD 25,000 thousand within 15 business days from the completion of the handover of the acquired assets;

c) USD 4,400 thousand within 15 business days from the first anniversary of the completion of the handover of the acquired assets.

Together with the APA, Huuuge Global and Picadilla concluded a development agreement relating to the maintenance, support and development of Traffic Puzzle mobile game, which was concluded from the period until the completion of the handover of the acquired assets (in any case no longer than 9 months from the date of signing of the APA).

In addition, Huuuge Global and Picadilla entered into a service agreement under which Picadilla will provide support and advice and share knowledge regarding the Traffic Puzzle game for a period of 12 months commencing on the next day following the completion of the handover of acquired assets. Under the service agreement, Picadilla will receive USD 100 thousand.

The current Game Publishing Agreement between Huuuge Global and Picadilla has been terminated.

Anton Markus Gauffin ………………

Digitally signed by Anton Markus Gauffin
Date: 2021.05.25 14:48:32 +03'00'

Anton Gauffin

President of Huuuge Inc., CEO

May 25, 2021

Additional information to the quarterly report

1. Significant achievements or failures

The key event we wanted to highlight for this quarter was our IPO on the Warsaw Stock Exchange, which took place on February 19, 2021. The total value of the offering was $422m making it the largest gaming IPO in Poland and the largest mobile gaming IPO in Europe. We managed to raise proceeds of more than $100m proceeds from the issue of shares (net of costs and funds used for stabilization) and bolstered our capacity to execute our Build & Buy strategy and focus on value-accretive acquisitions.

Apart from that transformational moment in our history, it is worth mentioning that in Q1 2021 the Company broke many records for the company. We generated record high overall revenue, with our core franchises Huuuge Casino and Billionaire Casino showing record high monetization metrics and once again proving to be best in class. On top of that, we generated record high revenue from our new franchises, another major step towards growing our presence in the casual gaming space.

2. Factors affecting our results

We expect to further grow our player base with focus on new franchises and more specifically Traffic Puzzle. On April 27, 2021 we acquired the game from Picadilla Games in a transaction described in detail in our *Current Report 13/2021* and in Note 20 - Subsequent events to the Interim Condensed Consolidated Financial Statements. The acquisition of Traffic Puzzle marks the first significant milestone for our growth and M&A strategy, as we expand our reach into the high-growth casual games segment. Having Traffic Puzzle in our portfolio will also enable us to accelerate revenue diversification and that game will quickly become our third most popular game after Huuuge Casino and Billionaire Casino. In the following quarters we will first finalize the handover and integration process and then focus on further scaling of the game as well as the optimization and improvement of its KPIs.

In line with historical trends, we expect further improvements in the monetization of our core social casino games as we continue to provide new content, features and a calendar full of live events. In parallel, we are working on a number of new games, which could enter global launch in the coming quarter, if the KPIs prove to be satisfactory.

Organic growth aside, we plan to further pursue inorganic growth opportunities, both in publishing and M&A. We intend to deliver on the promise given to our shareholders in the IPO process and leverage the proceeds from the issue of shares to accelerate the “Buy” part of our “Build and Buy” strategy**.**

External factors that could affect our performance include the impact of the Covid-19 pandemic on the overall economy and specifically on the games industry and our players’ behaviour, continued secular trends in the sector (a growing number of players, more time and money spent on mobile games, competition from other games and other forms of entertainment) and the volatility of the foreign exchange rates.

In addition, we wanted to point out another external factor that could potentially impact our results in the coming quarters - the effects of the Apple iOS 14.5, as described below.

Apple iOS 14.5 update and IDFA deprecation.

Internet-connected devices and operating systems more often include features that allow the users to disable the functionality that allows displaying advertisements on their devices, including through Apple’s Identifier for Advertising, or IDFA, or Google’s Advertising ID, or AAID, for Android devices. Device and browser manufacturers can include or expand these features as part of their standard device specifications.

On April 26, 2021 Apple released the latest version of its operating system – iOS 14.5. Starting with iOS 14.5, iPadOS 14.5, and tvOS 14.5, developers need to receive the user’s permission through the AppTrackingTransparency (ATT) framework to track them or access their device’s advertising identifier. Tracking refers to the act of linking user or device data collected from the app with user or device data collected from other companies’ apps, websites, or offline properties for targeted advertising or advertising measurement purposes. Tracking also refers to sharing user or device data with data brokers.

This simplifies the process for Apple users to opt out of behavioural targeting. If players elect to utilize the opt-out mechanisms in greater numbers, our ability to deliver effective advertisements would suffer, which could adversely affect our revenues from in-game advertising. We constantly monitor and analyse the impact of these changes on our operations, however we can highlight the factors that we believe are mitigating this potential risk: (1) The majority of both our UA efforts and our revenue are generated on Android / Google Play, not on iOS. (2) The share of in-game advertising in our revenue is minimal – approximately 4% of revenue in Q1 2021. (3) The majority of our revenue comes from HC and BC players (and payers) acquired in the past and these user groups tend to be very loyal with little churn.

3. Key Performance Indicators

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

- Daily Active Users (DAU): DAU is defined as the number of individual users who played a game on a particular day. In order to more accurately reflect reality, we identify the users based on (human) ID (HID) rather than device ID. That allows us to eliminate the double counting of individuals playing games on multiple devices. The ability to identify and analyse actual players rather than accounts allows for substantially greater accuracy, including better in-game targeting of offers (right offer, to the right person, at the right time), better retargeting capabilities and better predictive models. Average DAU for a period is the average of the monthly average DAU for the period presented.

- Monthly Active Users (MAU): MAU is defined as the number of individual users who played a game during a particular month. In order to more accurately reflect reality, we identify the users based on player (human) ID rather than device ID. That allows us to eliminate the double counting of individuals playing games on multiple devices. We believe this indicator provides useful information in understanding the number of users reached across our portfolio of games on a monthly basis. The ability to identify and analyse actual players rather than accounts allows for substantially greater accuracy, including better in-game targeting of offers (right offer, to the right person, at the right time), better retargeting capabilities and better predictive models. Average MAU for a period is the mean of the MAU for the period presented.

- Daily Paying Users (DPU): DPU is defined as the number of players (active users) who made a purchase on a given day.

- Monthly Paying Users (MPU): MPU is defined as the number of players (active users) who made a purchase at least once in a given month. Average MPU for a period is the average of the MPUs for the period presented.

- Average Revenue per Daily Active User (ARPDAU): ARPDAU is defined as average revenue per daily active user. ARPDAU for a period is calculated by dividing gross revenue (i.e. before deduction of platform fees) for the period by the number of days in the period and then dividing by the average DAU for the period.

- Daily Average Revenue per Paying User (ARPPU): ARPPU is defined as average revenue per paying user on a given day. It is calculated by dividing gross revenue from in-app purchases (i.e. before deduction of platform fees) for the period by the number of days in the period and then dividing by the average DPU for the period. ARPPU for the period is calculated by dividing IAP revenue for the period by the number of days in the period and then dividing by the average DPU for the period.

- **Monthly Payer Conversion (Monthly Conversion):** Monthly Conversion is defined as the percentage of MAU that made at least one purchase in a month during the same period.

Our revenue is principally driven by DAU, ARPPU and conversion rates. We monitor our user acquisition costs using measures such as ROAS (Return on Ad Spend), but given that these metrics are commercially sensitive we do not disclose or discuss them in this report.

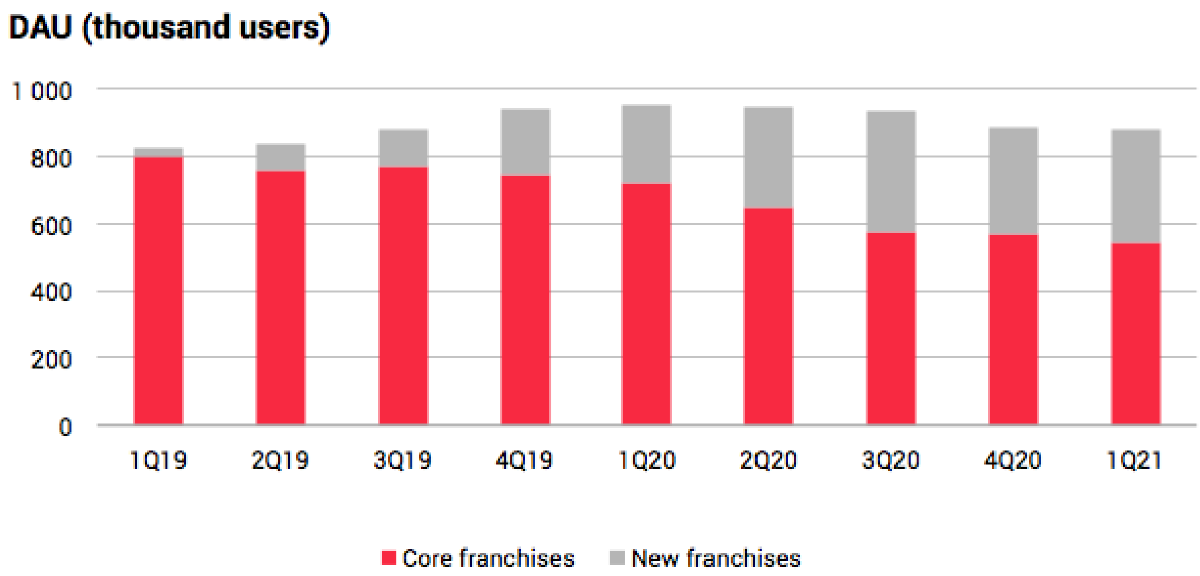
The table below presents our KPIs for Q 2021 and Q12020 for the Group and "core franchises" i.e. Huuuge Casino and Billionaire Casino.

	Three-month period ended March 31,			
	2021		2020	
KPI	Group	Core franchises	Group	Core franchises
DAU (in thousand)	888.8	545.5	980.2	721.9
MAU (in thousand)	4,380.0	1,934.1	4,575.1	2,798.7
DPU (in thousand)	28.6	23.2	27.5	25.0
MPU (in thousand)	220.6	160.7	219.6	189.9
ARPDAU (in USD)	1.20	1.72	0.85	1.10
ARPPU (in USD)	35.68	40.26	30.04	31.94
Monthly Conversion (%)	5.0%	8.3%	4.8%	6.8%

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

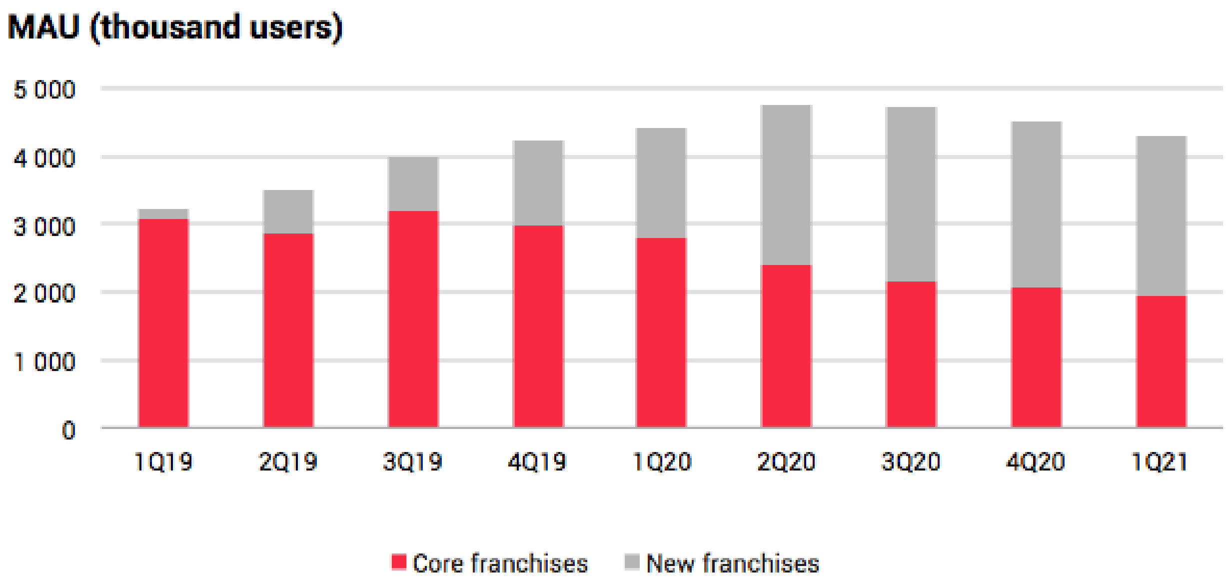
Daily Active Users

In Q1 2021 we observed a slight QoQ decline of DAU for our core franchises and a slight increase for our new franchises, which resulted in overall DAU almost flat QoQ. This was more than offset by the improvement in the monetization KPIs, such as ARPPU and conversion, both of which increased on a QoQ basis.



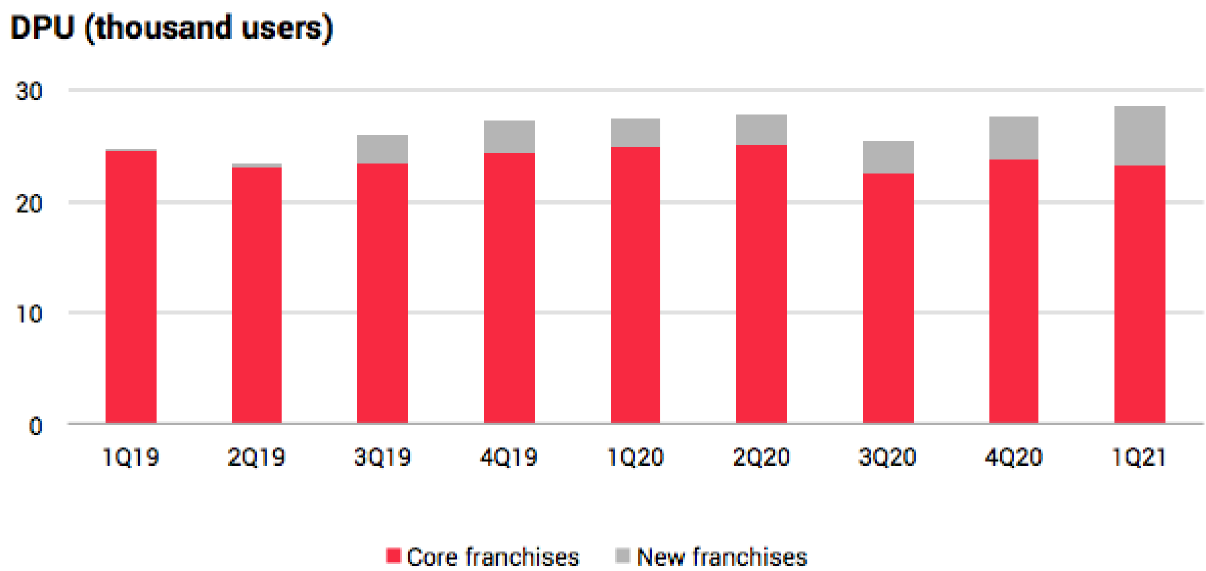
Monthly Active Users

Trends in Q1 2021 for MAU were very similar to DAU (explained above). Similarly, the impact of a decline in MAU was more than offset by the improvement in the monetization KPIs such as ARPPU and conversion, both of which increased on a QoQ basis.



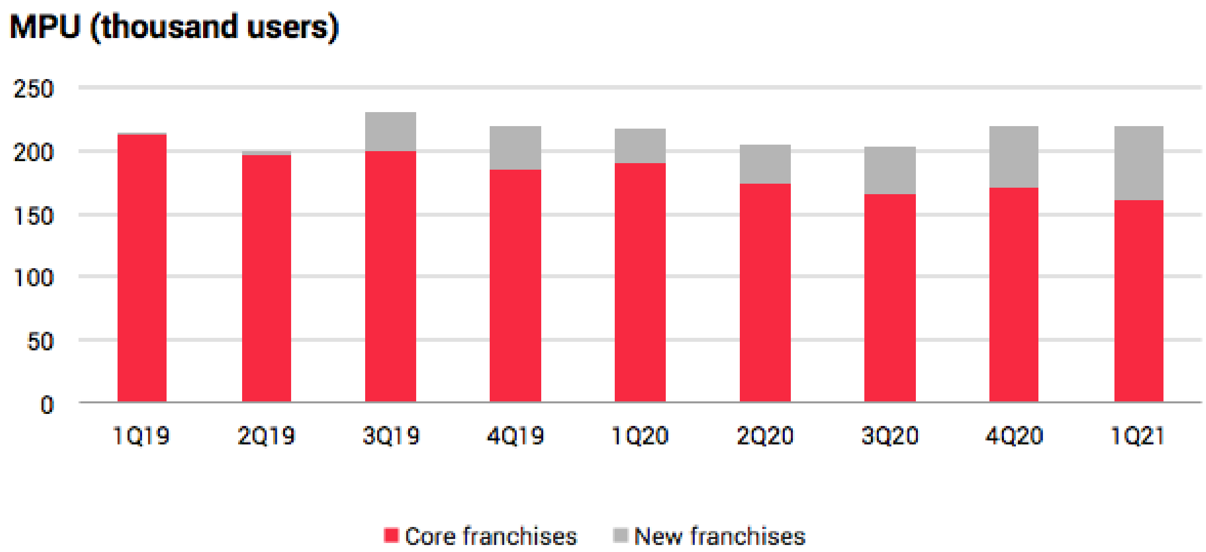
Daily Paying Users

In Q1 2021 we saw a QoQ increase in the overall number of DPU, driven mostly by the rapid growth of our paying user base in our new franchise portfolio. We were particularly pleased with the increase in DPU for Traffic Puzzle.



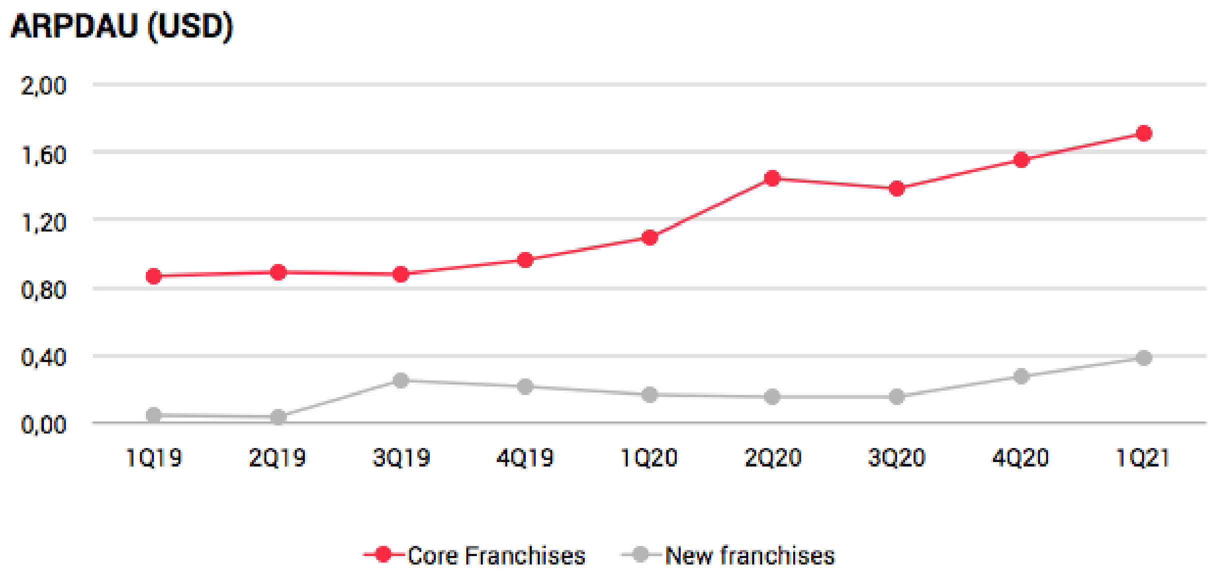
Monthly Paying Users

Our MPU remained essentially flat QoQ in Q1 2021. The growth we saw in our new franchise portfolio was driven largely by Traffic Puzzle.



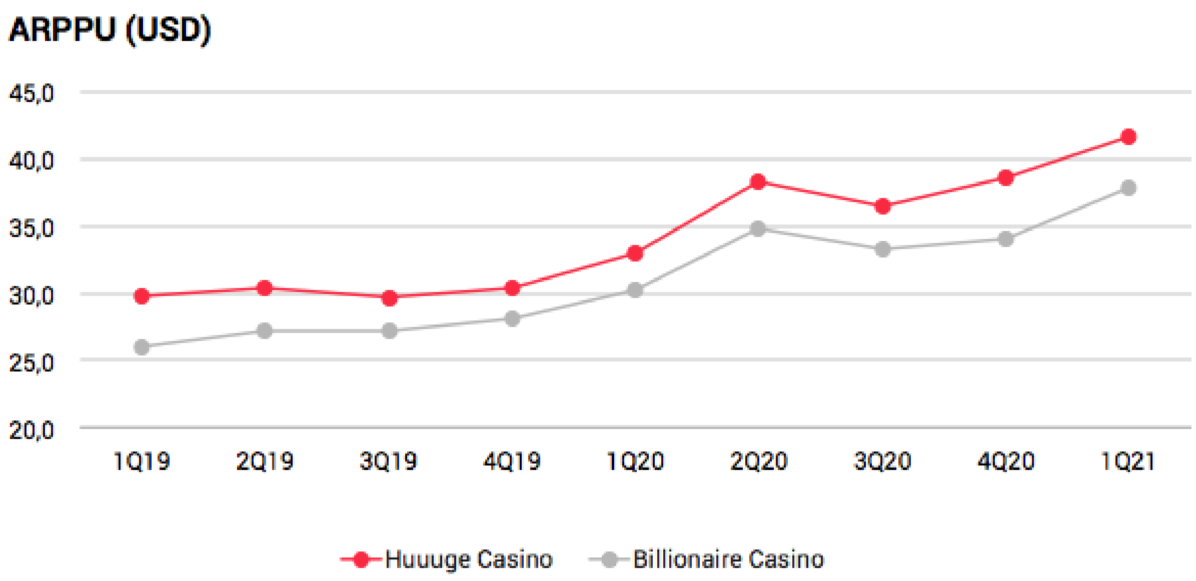
Average Revenue per Daily Active User

ARPDAU indicates how well we monetize our games taking into account our whole player base. Due to our competences in marketing, including a qualified team of specialists, as well as our technology, we achieved sustained growth in the monetization of our games, i.e. Huuuge Casino and Billionaire Casino. These two games continued to exhibit ARPDAU rates exceeding the category averages and we sawn further improvement of this KPI in Q1 2021. Moreover, we saw a rapid QoQ improvement of ARPDAU for our new franchises - driven largely by the increasing weight of Traffic Puzzle in the portfolio.



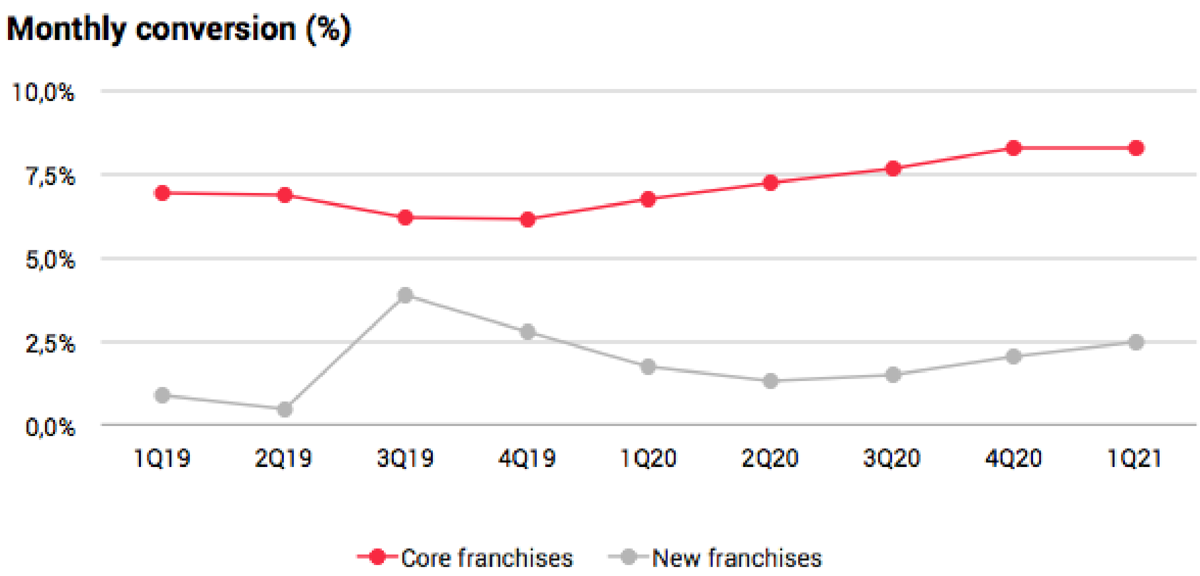
Daily Average Revenue per Paying User

In recent years, we have been able to consistently improve the ARPPU of our core franchises owing to the social features of our games as well as constant focus on live events and special offers. This trend continued in Q1 2021.



Monthly conversion

Monthly Conversion is an indicator of our ability to convert players into payers. In Q1 2021, the Monthly Conversion of our core franchises remained virtually flat on a QoQ basis. In our new franchises portfolio we saw material improvement driven by the success of Traffic Puzzle and growing weight of this game in the portfolio.



4. Results of operations

The following table presents our consolidated statement of comprehensive income for the three-months period ended March 31, 2021 and March 31, 2020

in thousand USD	Q1 2021	Q1 2020	Change
Revenue	95,691	76,049	25.8%
Cost of sales	(28,071)	(22,988)	22.1%
Gross profit/(loss) on sales	**67,620**	**53,061**	**27.4%**
Sales and marketing expenses	(43,239)	(24,030)	79.9%
including user acquisition marketing campaigns	*(39,098)*	*(21,392)*	*82.8%*
thereof general sales and marketing expenses	*(4,141)*	*(2,638)*	*57.0%*
Research and development expenses	(7,819)	(5,901)	32.5%
General and administrative expenses	(10,034)	(5,721)	75.4%
Other operating income/(expense), net	(25)	80	-131.3%
Operating result	**6,503**	**17,489**	**-62.8%**
Finance income	120	49	144.9%
Finance expense	(43,582)	(2,982)	>999.9%
Profit/(loss) before tax	**(36,959)**	**14,556**	**-353.9%**
Income tax	(580)	(1,754)	-66.9%
Net result for the period	**(37,539)**	**12,802**	**-393.2%**
Exchange gains/(losses) on translation of foreign operations	(416)	(749)	-44.5%
Total comprehensive income for the period	**(37,955)**	**12,053**	**-414.9%**

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

in thousand USD	Q1 2021	Q1 2020	Change
EBITDA	7,638	18,055	-57.7%
EBITDA *margin* (%)	8.0%	23.7%	-15.7pp
Adjusted EBITDA	10,390	18,351	-43.4%
Adjusted EBITDA *margin* (%)	10.9%	24.1%	*-13.2pp*
Sales Profit	28,522	31,669	-9.9%
Sales Profit *margin* (%)	29.8%	41.6%	-11.8pp
User acquisition marketing campaigns as % of revenue	40.9%	28.1%	12.7pp
Adjusted Net Result	4,210	15,615	-73.0%
Adjusted Net Result (%)	4.4%	20.5%	-16.1pp

EBITDA, Adjusted EBITDA, EBITDA margin, Adjusted EBITDA margin, Sales profit, Sales profit margin, User acquisition cost as % of revenue are supplemental measures of our financial and operating performance used by us that are not required by, or prepared in accordance with IFRS.These measures are prepared by us because we believe they provide a view of our recurring operating performance that is unaffected by our capital structure and allow us to readily view operating trends and identify strategies to improve operating performance as well as assist investors and analysts in comparing our performance across reporting periods on a consistent basis by excluding items that we do not believe are critical for our core operating performance. In evaluating these measures, you should be aware that in the future we may incur expenses that are the same as or similar to some of the adjustments in this presentation. Our presentation of these measures should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items. Our use of each of these measures is as follows:

- We define **EBITDA** as the net result for the year adjusted for income tax, finance costs, finance income, and depreciation and amortization. The rationale for using the **EBITDA** is that it is a measure widely used by securities analysts, investors and other interested parties to evaluate the profitability of companies. **EBITDA** eliminates potential differences in performance caused by variations in capital structures (affecting finance costs and finance income), tax positions (such as the availability of net operating losses against which offset taxable profits), the cost and age of property, plant and equipment (affecting the depreciation expense level) and the extent to which intangible assets are identifiable (affecting the amortization expense level).

- We define **Adjusted EBITDA** as **EBITDA** adjusted for events not related to the main activity of the Group and share-based payment expense. The rationale for using the **Adjusted EBITDA** is an attempt to show the **EBITDA** result after eliminating events not related to the main activity of the Group and items from the profit and loss account which are of a non-cash nature.

- We define **EBITDA margin** as the ratio of the **EBITDA** and Revenue. The rationale for using the **EBITDA margin** is that it is a measure of operational profitability widely used among securities analysts and investors, as well as the fact that **EBITDA** and **EBITDA margin** are internal measures used by us in the process of budgeting and management accounting.

- We define **Adjusted EBITDA margin** as the ratio of **Adjusted EBITDA** and Revenue. The rationale for using the **Adjusted EBITDA margin** is that it shows a measure of operating profitability after eliminating events not related to the main activity of the Group and items from the profit and loss account which are of a non-cash nature.

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

- We define **Sales profit margin** (previously "Sales margin") as the ratio of Sales profit and Revenue. The rationale for using the Sales margin % is to show the profitability of sales in the percentages manner after covering variable costs directly related to the revenue generated, mainly distribution costs (fees for owners of distribution platforms), server expenses and the user acquisition costs through paid advertising campaigns.

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

- We define **Adjusted net result** as the net result for the year adjusted for events not related to the main activity of the Group, share-based payment expense and financial expenses related to the revaluation of the liability related to Series C preferred shares.. The rationale for using the **Adjusted net result** is an attempt to show the Net result for the year after eliminating events not related to the main activity of the Group and items from the profit and loss account which are of a non-cash nature.

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

The measures presented are not comparable to similarly titled measures used by other companies. We encourage you to review our financial information in its entirety and not to rely on a single financial measure.

Sales Profit and Sales Profit Margin

in thousand USD	Q1 2021	Q1 2020	Change
Revenue	**95,691**	**76,049**	**25.8%**
Gross profit/(loss) on sales	67,620	53,061	27.4%
User acquisition marketing campaigns	39,098	21,392	82.8%
Sales margin	**28,522**	**31,669**	**-9.9%**
Sales margin %	***29.8%***	***41.6%***	**-11.8pp**

Adjusted EBITDA reconciliation

in thousand USD	Q1 2021	Q1 2020	Change
Net result for the period	**(37,539)**	**12,802**	**-393.2%**
Income tax	580	1,754	-66.9%
Finance expense	43,582	2,982	>999.9%
Finance income	(120)	(49)	144.9%
Depreciation and amortization	1,135	566	100.5%
EBITDA	**7,638**	**18,055**	**-57.7%**
EBITDA Margin	**8.0%**	**23.7%**	**-15.7pp**
Employee benefits costs – share-based plan (1)	2,752	296	829.7%
Adjusted EBITDA	**10,390**	**18,351**	**-43.4%**
Adjusted EBITDA Margin	**10.9%**	**24.1%**	**-13.2pp**

(1) "Employee benefits costs – share-based plan" is a non-cash expense related to the Company's stock option plan and recognized in accordance with IFRS 2 Share-based Payment.

Adjusted Net Result

in thousand USD	Q1 2021	Q1 2020	Change
Net result for the period	(37,539)	12,802	-393.2
Employee benefits costs – share-based plan (1)	2,752	296	829.7%
Series C revaluation	38,997	2,517	>999.9%
Adjusted Net Result	4,210	15,615	-73.0%
Adjusted Net Result %	4.4%	20.5%	-16.1pp

(1) "Employee benefits costs – share-based plan" is a non-cash expense related to the Company's stock option plans and recognized in accordance with IFRS 2 Share-based Payment.

Revenue

Our revenue consists of revenue generated by in-app purchases in gaming applications and in-app advertising as shown in the table below for the periods under review together with the percentage change over such periods.

in thousand USD	Q1 2021	Q1 2020	Change
Gaming applications	91,817	75,263	22.0%
Advertising	3,874	786	392.9%
Total revenue	**95,691**	**76,049**	**25.8%**

Revenue increased by USD 19,642 thousand, i.e. 25.8%, from USD 76,049 thousand for the quarter ended March 31, 2020, to USD 95,691 thousand for the quarter ended March 31, 2021.

The key driver for gaming applications uplift was an improvement in the monetization of our franchises, which more than offset a slight decline in DAU. The significant increase in advertising revenue resulted primarily from developing, launching and scaling of our new casual games monetized largely through in-app advertising.

Below we show the revenue analysed into main product groups:

in thousand USD	Q1 2021	Q1 2020	Change
Huuuge Casino	55,007	46,370	18.6%
Billionaire Casino	29,295	26,004	12.7%
Other	11,389	3,675	209.9%
- thereof games developed by external developers based on publishing contracts	*7,755*	2,265	*242.4%*
Total revenue	**95,691**	**76,049**	**25.8%**

The rapid growth of revenue from new franchises was attributable primarily to the growing user base and improving monetization as measured by the number of DPU. The main driver for revenue growth in core franchises, Huuuge Casino and Billionaire Casino, was an improvement in ARPDAU, driven both by improving conversion rates as well as ARPPU.

Operating expenses

The table below presents a breakdown of our operating expenses.

in thousand USD	Q1 2021	Q1 2020	Change
Cost of sales	(28,071)	(22,988)	22.1%
Sales and marketing expenses:	(43,239)	(24,030)	79.9%
thereof User acquisition marketing campaigns	*(39,098)*	*(21,392)*	*82.8%*
thereof General sales and marketing expenses	*(4,141)*	*(2,638)*	*57.0%*
Research and development expenses	(7,819)	(5,901)	32.5%
General and administrative expenses	(10,034)	(5,721)	75.4%
Total operating expenses	(89,163)	(58,640)	52.1%

Operating expenses for the quarter ended March 31, 2021, increased by USD 30,523 thousand (from USD 58,640 thousand to USD 89,163 thousand) i.e. 52.1%, compared to the quarter ended March 31, 2020. This change resulted primarily from the increase in User acquisition marketing campaigns constituting a dominant part of the Sales and marketing expenses and it reflected the marketing strategy adopted for 2021 under which most of the marketing budget was allocated to the first half of the year. The second largest item of the operating expenses, i.e. cost of sales, driven mostly by commissions to distributors (platform fees), grew proportionately to our revenue from in-app purchases. The increase in the remaining categories of operating expenses reflects the ongoing development of our operations as well as increased costs related to our new reality as a publicly listed company.

Finance expenses, net

in thousand USD	Q1 2021	Q1 2020	Change
Finance income	120	49	144.9%
Finance expense	(43,582)	(2,982)	>999.9%
Finance expense, net	**(43,462)**	**(2,933)**	**>999.9%**

Finance expenses, net for the quarter ended March 31, 2021 increased by USD 40,529 thousand (to USD 43,462 thousand from USD 2,933 thousand), mainly as a result of the remeasurement of the fair value of Series C preferred shares (financial expense of USD 38,997 thousand for the three-month period ended March 31, 2021, as compared to USD 2,517 thousand for the three-month period ended March 31, 2020), as well as a loss of USD 2,662 thousand on a foreign exchange forward contract. For more details, please refer to the Finance income and finance expense section of the Interim Condensed Consolidated Financial Statements for the quarter ended March 31, 2021.

Net Financial Debt

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

in thousand USD	As at March 31, 2021	As at December 31, 2020
Cash and cash equivalents[1]	183,198	94,158
Short-term lease liabilities	2,403	2,779
Net current financial indebtedness	**(180,795)**	**(91,379)**
Long-term lease liabilities	4,766	6,282
Preferred shares[2]	-	176,606
Non-current financial indebtedness	**4,766**	**182,888**
Net financial debt	**(176,029)**	**91,509**
Adjustment or Preferred shares financial liability[3]	-	(176,606)
Adjusted Net financial debt	**(176,029)**	**(85,097)**

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

There have been two material changes to indebtedness and liquidity of the Group between December 31, 2020 and March 31, 2021:

- conversion of Series C preferred shares into common shares as at February 5, 2021, upon which such shares are no longer recognized as a financial liability, therefore decreasing the Net Debt reported as of March 31, 2021; and
- the completion of the Initial Public Offering which provided to the Company with net proceeds of approximately USD 101 million net of costs and stabilization actions, increased liquidity and decreased the Net Debt reported as at March 31, 2021.

Statement of Financial Position

Selected Consolidated Statements of Financial Position

	As at March 31,		As at December 31,	
in thousand USD	**2021**	**Structure**	**2020**	**Structure**
ASSETS				
Total non-current assets, incl:	17,059	7.1%	17,347	12.2%
Right-of-use assets	6,697	2.8%	8,646	6.1%
Goodwill	2,715	1.1%	2,838	2.0%
Intangible assets	1,278	0.5%	1,459	1.0%
Total current assets, incl:	221,879	92.9%	124,485	87.8%
Trade and other receivables	38,681	16.2%	29,226	20.6%
Cash and cash equivalents	183,198	76.7%	94,158	66.4%

Total assets	**238,938**	**100.0%**	**141,832**	**100.0%**
EQUITY				
Total equity	**188,588**	**78.9%**	**(96,008)**	**-67.7%**
LIABILITIES				
Total non-current liabilities, incl:	4,766	2.0%	183,019	129.0%
Preferred shares	-	0.0%	176,606	124.5%
Total current liabilities, incl:	45.584	19.1%	54,821	38.7%
Trade and other payables	37,337	15.6%	37,797	26.6%
Total equity and liabilities	**238,938**	**100.0%**	**141,832**	**100.0%**

Assets

Total assets increased by USD 97,106 thousand, i.e. 68.5% from USD 141,832 thousand as at December 31, 2020, to USD 238,938 thousand as at March 31, 2021.

The structure of total assets remained unchanged, i.e., total assets mainly comprised the following items: (i) cash and cash equivalents (accounting for 76.7% and 66.4% of total assets as at March 31, 2021, and December 31, 2020, respectively); and (ii) trade and other receivables accounting for 16.2% and 20.6% of total assets as at March 31, 2021, and December 31, 2020, respectively).

The increase in total assets resulted mainly from an increase in total current assets of USD 97,394 thousand, i.e. 78.2%, from USD 124,485 thousand as at December 31, 2020, to USD 221,879 thousand as at March 31, 2021. The change resulted mainly from a significant increase in cash and cash equivalents related to the net proceeds from IPO and increase in trade receivables (resulting from changes with different calendar payments from distributors, mainly Apple).

Liabilities

Total liabilities decreased by USD 187,490 thousand, i.e. 78.8% from USD 237,840 thousand as at December 31, 2020, to USD 50,350 thousand as at March 31, 2021.

The structure of total liabilities changed due to the conversion of Series C preferred shares into common shares which are described in Note 13 Conversion of Series C preferred shares to the Interim Condensed Consolidated Financial Statements.

As at March 31, 2021 total liabilities mainly comprised trade and other payables (accounting for 74.2% of total liabilities).

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

Huuuge, Inc. interim condensed consolidated financial statements for the three-month period ended March 31, 2021 prepared in accordance with International Financial Reporting Standards as adopted by the European Union. All amounts in tables presented in thousand USD, except where stated otherwise.

Cash Flows And Liquidity

The following table summarizes selected net cash flows from operating, investing and financing activities for the three-month period ended March 31, 2021 and March 31, 2020.

in thousand USD	Q1 2021	Q1 2020	Change	% Change
Cash flows from operating activities				
Profit/(loss) before tax	(36,959)	14,556	(51,515)	-353.9%
Adjustments for:				
Total of non-cash changes in depreciation,amortization, profits or losses on disposal	1,295	530	765	144.3%
Non-cash employee benefits expense - share-based payments	2,752	296	2,456	829.7%
Non-cash remeasurement of preferred shares liability - finance expense	38,997	2,517	36,480	>999.,9%
Finance (income)/cost - net	2,354	(1,035)	3,389	-327.4%
Changes in net working capital	(16,071)	(320)	(15,751)	>999.,9%
Cash flows from operating activities	(7,632)	16,544	(24,176)	-146.1%
Income tax paid	(657)	(248)	(409)	164.9%
Net cash flows from operating activities	**(8,289)**	**16,296**	**(24,585)**	**-150.9%**
Cash flows from investing activities, including:				
Acquisition of property, plant and equipment and intangible assets	(564)	(620)	56	-9.0%
Net cash from investing activities	**(564)**	**(553)**	**(11)**	**2.0%**
Cash flows from financing activities, including:				
Proceeds from issue of common shares for public subscription	152,929	-	152,929	
Execution of stabilization option	(43,976)	-	(43,976)	
Transaction costs of the issue of equity instruments	(6,988)	-	(6,988)	
Proceeds of the issuance of shares	-	9,681	(9,681)	
Net cash from financing activities	**98,620**	**9,174**	**89,446**	**975.0%**
Net increase/(decrease) in cash and cash equivalents	**89,767**	**24,917**	**64,8507**	**260.3%**

Net cash flows from operating activities

Net cash outflows from operating activities for the three-month period ended March 31, 2021 amounted to USD 8,289 thousand and decreased by USD 24,585 thousand, from cash inflows of USD 16,296 thousand for the three-month period ended March 31, 2020.

The changes in net cash flows from operating activities are primarily attributable to an unfavorable change in net working capital of USD 16,071 thousand mainly attributable to: (i) increased revenue for the three-month period ended March 31, 2021 compared to the three-month period ended March 31, 2020, and consequently higher revenue accruals, presented in trade receivables, amounting to approx. USD 17,300 thousand as at March 31, 2021 compared to approx. USD 12,900 thousand as at March 31, 2020, which was connected with calendar of payments from distributors (mainly Apple) (ii) a minor change in trade and other payables amounting to USD 1,671 thousand (mainly repayment of transaction costs of issuance of equity instruments) during three-month period ended March 31, 2021 compared to the increase of USD 3,346 thousand during three-month period ended March 31, 2020, which was due primarily to the increase of user acquisition costs in March 2020 vs. December 2019, and (iii) the settlement of Washington court case (USD 6,500 thousand), and utilization of other provisions (USD 1,259 thousand), as explained further in Note 15 - Provisions to the Interim Condensed Consolidated Financial Statements.

Net cash flows from financing activities

Net cash inflows from financing activities for the three-month period ended March 31, 2021 amounted to USD 98,620 thousand and increased by USD 89,446 thousand, from USD 9,174 thousand for the three-month period ended March 31, 2020. The changes in net cash flows from financing activities are mainly attributable to: (i) proceeds from the subscribed common shares issued for the public offering subscription in the amount of USD 152,929 thousand offset by (ii) transaction costs incurred related to the issue of equity instruments in the amount of USD 6,988 thousand, and (iii) funds used for the execution of the stabilization option in the amount of USD 43,976 thousand.

5. Shares and shareholding structure

Effective on February 5, 2021, all Series A Preferred Shares, Series B Preferred Shares and Series C Preferred Shares were converted into Common Shares. On the February 5, 2021 the Company also adopted the Fourth Amended and Restated Certificate of Incorporation, pursuant to which the Company has the authority to issue 113,881,420 shares, which shall be divided into two classes, consisting of (i) 113,881,418 of Common Shares of USD 0.00002 par value per share and (ii) two Preferred Shares of USD 0.00002 par value per share, which shall be divided into two series, consisting of one Series A Preferred Share of USD 0.00002 par value and one Series B Preferred Share of USD 0.00002 par value. The Company issued two Preferred Shares: one Series A Preferred Share to RPII HGE LLC and one Series B Preferred Share to Big Bets OÜ (controlled by Anton Gauffin) which give RPII HGE LLC the right to appoint one director of the Company and Big Bets OÜ the right to appoint two directors of the Company, provided that one such director, to be approved, will be Anton Gauffin. The newly issued Preferred Shares carry the same voting rights as Common Shares.

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 the Warsaw Stock Exchange with a nominal value of USD 0.00002 per share. The first listing date on the Warsaw Stock Exchange was February 19, 2021

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

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

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

(1) includes one Preferred Share
(2) includes 3,331,668 treasury shares which carry no voting rights
(3) 84,246,695 shares were introduced to public trading on the Warsaw Stock Exchange. Moreover, two shares of the Company are Preferred and have not been introduced to public trading

Each holder of common shares, as such, and each holder of Preferred Shares are entitled to one vote for each Common Share or Preferred Share, respectively. Unless otherwise expressly required by law or stipulated in the Certificate of Incorporation, the holders of Common Shares and Preferred Shares vote together as a single class on all matters submitted to a shareholder vote. The Certificate of Incorporation and the Bylaws do not stipulate any restrictions on the transfer of ownership of the Company's securities.

Treasury Shares

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

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

Within the stabilization program the Company repurchased via the Stabilization Manager 3,331,668 own shares for a total price of PLN 162,302 thousand calculated as the number of shares repurchased, multiplied by the price per share plus the remuneration paid to Stabilization Manager representing transaction cost of this capital transaction. As at the date of this Annual rReport the entire repurchased volume remains classified as treasury shares.

For more detailed information regarding share capital please see Note 11 - Share Capital in the Interim Condensed Consolidated Financial Statements.

Huuuge, Inc. interim condensed consolidated financial statements for the three-month period ended March 31, 2021 prepared in accordance with International Financial Reporting Standards as adopted by the European Union. All amounts in tables presented in thousand USD, except where stated otherwise.

6. Number of shares held by the members of the Board of Directors

The table below presents, to the best of the Company's knowledge, the shares and outstanding stock options held directly or indirectly by the Company's Board of Directors as of the date of publication of this Quarterly Report.

Members of the Company's Board of Directors	Function	Common Shares	Outstanding Stock Options
Anton Gauffin (through Big Bets OÜ)[1]	Chief Executive Officer & executive director	25,849,505	-
Henric Suuronen	Non-executive director	1,472,910	200,700

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

7. Unusual events significantly affecting the financial statements

Unusual events, due to their nature, value or frequency, which significantly affected the Group's assets, liabilities, equity as of March 31, 2021, net result, and cash flows for the three-month period ended March 31,2021 were the following:

- Initial Public Offering, and execution of stabilization option, described in Note - 11 - Share Capital to the Interim Condensed Consolidated Financial Statements
- Revaluation and conversion of series C preference shares described in Note 13 - Conversion of series C preference shares to the Interim Condensed Consolidated Financial Statements
- Redemption of treasury shares described in Note 11 - Share Capital to the Interim Condensed Consolidated Financial Statements.

8. Changes in the organization of the Capital Group

There were no changes in the organization of the Capital Group in the reported period.

9. Possibility of accomplishing previously published forecasts

The Issuer does not publish financial forecasts.

10. Significant proceedings pending in the court

Neither Issuer nor any of its subsidiaries were, as at March 31, 2021, or as at the date of issue of the financial statements, a party to any significant court or arbitration proceedings or before any public authority.
The details of the one significant court case completed in the three-month period ended March 31, 2021 are further described in Note 15 - Provisions to the Interim Condensed Consolidated Financial Statements.

11. Transactions with related parties

Information regarding transactions with related entities is in Note 17 - Related Party Transactions to the Interim Condensed Consolidated Financial Statement.

Huuuge, Inc. interim condensed consolidated financial statements for the three-month period ended March 31, 2021 prepared in accordance with International Financial Reporting Standards as adopted by the European Union. All amounts in tables presented in thousand USD, except where stated otherwise.

12. Granted sureties, loans, guarantees

There are no significant granted sureties, loans or guarantees by the Issuer.

13. Significant events after the balance sheet date

Significant events that occurred after the balance sheet date are presented in the Interim Condensed Consolidated Financial Statement for the period in Note 20 - Subsequent events.

14. Other information important for the assessment of the human resources, property, financial situation, financial result and their changes and information important for the assessment of the issuer's ability to meet its obligations.

Following our IPO, we have bolstered our balance sheet with additional proceeds, adding up to the combined record high balance of $183.2m in Cash and Equivalents as at March 31, 2021. This not only secures our ability to meet our obligations but also gives us significant capacity to execute on our “Build & Buy” strategy and pursue further acquisitions. There is no other significant information of the above nature in the Issuer’s Capital Group on March 31, 2021.

Selected stand-alone financial data

Stand-alone statement of comprehensive income

	Three-month period ended March 31, 2021	Three-month period ended March 31, 2020
Revenue	**1,335**	**349**
Cost of sales	-	-
Gross profit / (loss)	1,335	349
Research and development expenses	(343)	(168)
General and administrative expenses	(952)	(1,318)
Other operating income/(expense), net	26	22
Operating result	**66**	**(1,115)**
Finance income	166	69
Finance expense	(42,294)	(2,517)
Profit/(loss) before tax	**(42,062)**	**(3,563)**
Income tax	-	-
Net result for the period	**(42,062)**	**(3,563)**
Other comprehensive income	-	-
Total other comprehensive income	**(42,062)**	**(3,563)**

Huuuge, Inc. interim condensed consolidated financial statements for the three-month period ended March 31, 2021 prepared in accordance with International Financial Reporting Standards as adopted by the European Union. All amounts in tables presented in thousand USD, except where stated otherwise.

Stand-alone statement of financial position

	As of March 31 2021	As of December 31 2020
Assets		
Non-current assets		
Property, plant and equipment	54	36
Right-of-use asset	193	211
Investment in subsidiaries	17,322	13,633
Loans granted	619	1,487
Other non-financial assets	6	6
Total non-current assets	18,194	15,373
Current assets		
Trade and other receivables	12,880	15,228
Corporate income tax receivable	555	583
Loans granted	879	-
Other non-financial assets]	45	-
Cash and cash equivalents	103,484	7,284
Total current assets	**117,843**	**23,095**
Total assets	**136,037**	**38,468**
Equity		
Share capital	2	2
Treasury shares	(43,976)	(33,994)
Supplementary capital	343,821	14,040
Employee benefit reserve	10,805	8,053
Retained earnings/(Accumulated losses)	(182,897)	(140,835)
Total equity	**127,755**	**(152,734)**
Non-current liabilities		
Preference shares	-	176,606
Long-term lease liabilities	123	142
Deferred tax liability	28	28
Total non-current liabilities	**151**	**176,776**
Current liabilities		
Trade and other payables	8,055	7,850
Short-term lease liabilities	76	76
Provisions	-	6,500
Total current liabilities	8,131	14,426
Total equity and liabilities	**136,037**	**38,468**

Huuuge, Inc. interim condensed consolidated financial statements for the three-month period ended March 31, 2021 prepared in accordance with International Financial Reporting Standards as adopted by the European Union. All amounts in tables presented in thousand USD, except where stated otherwise.

Stand-alone statement of changes in equity

	Share capital	Treasury shares	Supplementary capital	Employee benefit reserve	Retained earnings	Equity
As of January 1, 2021	**2**	**(33,994)**	**14,040**	**8,053**	**(140,835)**	**(152,734)**
Net profit / (loss)					(42,062)	(42,062)
Total comprehensive income for the period	-	-	-	-	(42,062)	(42,062)
Shares issued/(repurchased)	-	(43,976)	152,929	-	-	108,953
Exercise of stock options	-	-	101	-	-	101
Employee share schemes - value of employee services	-	-	-	2,505	-	2,505
Earn-out consideration - value of employee services	-	-	-	247	-	247
Conversion of preference shares	-	-	215,602	-	0	215,602
Redemption of treasury shares	-	33,994	(33,994)	-	-	-
Transaction costs of an issuance of equity instruments	-	-	(4,857)	-	-	(4,857)
As of March 31, 2021	**2**	**(43,976)**	**343,821**	**10,805**	**(182,897)**	**127,755**

Huuuge, Inc. interim condensed consolidated financial statements for the three-month period ended March 31, 2021 prepared in accordance with International Financial Reporting Standards as adopted by the European Union. All amounts in tables presented in thousand USD, except where stated otherwise.

	Share capital	Treasury shares	Supplementary capital	Employee benefit reserve	Retained earnings	Equity
As of December 31, 2019	**2**	**(36,604)**	**14,477**	**4,295**	**(15,158)**	**(32,988)**
Net profit / (loss)	-	-	-	-	(3,563)	(3,563)
Other comprehensive income - foreign currency exchange gains/(losses)	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	(3,563)	(3,563)
Shares issued/(repurchased)		8,234				8,234
Exercise of stock options			3			3
Employee share schemes - value of employee services				296		296
As of March 31,2020	**2**	**(28,370)**	**14,480**	**4,591**	**(18,721)**	**(28,018)**

Huuuge, Inc. interim condensed consolidated financial statements for the three-month period ended March 31, 2021 prepared in accordance with International Financial Reporting Standards as adopted by the European Union. All amounts in tables presented in thousand USD, except where stated otherwise.

Stand-alone statement of cash flow

	Three-month period ended	
	March 31, 2021	March 31, 2020
Cash flows from operating activities		
Profit/(loss) before tax	**(42,062)**	**(3,563)**
Adjustments for:		
Depreciation and amortization	22	-
Non-cash employee benefits expense - share-based payments	25	-
Remeasurement and other finance expenses related to preference shares liability	38,997	2,517
Finance (income)/expense, net	2,652	5
Changes in net working capital:		
Trade and other receivables	2,621	4,974
Trade and other payables	2,336	1,703
Provisions	(6,500)	-
Other adjustments	23	-
Cash flows from operating activities	**(1,886)**	**5,636**
Income tax paid	-	-
Net cash from operating activities	**(1,886)**	**5,636**
Cash flows from investing activities		
Acquisition of property, plant and equipment and intangible assets	(21)	(1)
Purchase of shares in subsidiaries	(1,238)	-
Loans granted	-	(629)
Net cash from investing activities	**(1,259)**	**(630)**
Cash flows from financing activities		
Proceeds from issue of common shares for public subscription	152,929	-
Execution of stabilization option	(43,976)	-
Transaction costs of an issuance of equity instruments	(6,988)	-

Loss on foreign exchange forward contract	(2,662)	
Proceeds from issue of common shares and shares Series A and Series B	-	8,234
Proceeds from issue of share Series C	-	1,447
Exercise of stock options	101	3
Lease repayment	(19)	-
Cash flow from financing activities	**99,385**	**9,684**
Net increase/(decrease) in cash and cash equivalents	96,240	14,690
Effect of exchange rate fluctuations	(40)	-
Cash and cash equivalents at the beginning of the period	**7,284**	**4,650**
Cash and cash equivalents at the end of the period	**103,484**	**19,339**

Unusual events significantly affecting Huuuge Inc. stand alone financial data

Unusual events, due to their nature, value or frequency, which significantly affected the Company's assets, liabilities, equity as of March 31, 2021, net result, and cash flows for the three-month period ended March 31,2021 were the following:

- Initial Public Offering, and execution of stabilization option, described in Note 11 - Share Capital to the Interim Condensed Consolidated Financial Statements
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- Redemption of treasury shares described in Note 11 Share Capital to the Interim Condensed Consolidated Financial Statements

Anton Markus Gauffin

Digitally signed by Anton Markus Gauffin
Date: 2021.05.25 14:47:37 +03'00'

Anton Gauffin

President of Huuuge Inc., CEO

May 25, 2021

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