

Hugo Games A/S

INTERIM REPORT 1st half year 2016

Six months ended 30 June 2016

Significant increase in active users, but forecast for the year might be challenged.

“Q2 2016 has been yet another exciting quarter launching Ronaldo: Kick’n’Run and Flower Flush globally. We went into partnership with no less than American football player, Cam Newton, and Doodle Jump creator, Lima Sky – on top of that, beginning of Q3, we secured our highly anticipated partnership agreement with one of the world best football clubs, FC Barcelona! With this in mind, we are following our original and ambitious plan with up to eight or nine games to be launched in 2016 and more to come in 2017.

Our first priority will always be to deliver the best games possible – even if it burdens the financial results in the short term as we are confident that it will pay off in the long run”.

Henrik Kølle, CEO

Operational highlights of the quarter

- Ronaldo: Kick’n’Run and Flower Flush were both launched globally in June 2016.
- Cam Newton – NFL Quarterback icon – was signed in April 2016 and marks another milestone for Hugo Games entering partnerships with celebrities.
- Hugo Games went into a strategic partnership with Lima Sky, creator of renowned mobile game, Doodle Jump, which ranks among the five most downloaded games of all time.
- Hugo Games went into a strategic partnership with leading supplier of casino games, Play’n GO, regarding a Hugo slot-machine games.

Financial highlights of the quarter

- Revenue amounted to DKKt 1.301 in Q2 2016 compared to DKKt 988 in Q2 2015 - up 32%. Gross profit of DKK 1,148. (*Gross profit is equivalent to net revenue in our guidance*).
- EBITDA before special items was a loss of DKK 2.9m in Q2 2016 compared to a loss of DKK 8.2m in Q2 2015. The lower loss is mainly due to less marketing costs in Q2 2016.
- The Group’s equity at 30 June 2016 was DKK 41.3m. compared to 67.0 at 30 June 2015. The equity ratio was 72% at 30 June 2016.

Financial guidance for 2016

- Hugo Games retains its guidance for the full year in the lower range, but foresee some challenges. Gross profit in the lower range of DKK 20-25m and EBITDA before special items in the lower range of DKK 3-7m.



Events occurring after the balance sheet date

- The decided capital increase has been successfully carried out with an oversubscription of more than 75%, increasing share capital by DKK 10m (20m new shares) and a total gross proceeds on NOK 30m.
- The company has entered into a worldwide exclusive agreement with world renowned football club, FC Barcelona, cf. company announcement no. 41 of 11 July 2016.

Any queries regarding this company announcement may be addressed to

- Henrik Kølle, CEO +45 4028 5054 or ir@hugogames.com
- Søren Kokbøl Jensen, IR manager, +45 29 44 50 01 or ir@hugogames.com



CEO-letter: Strong product portfolio and new partnerships.

In the second quarter of 2016 we launched two new games globally, Ronaldo Kick'N'Run and Flower Flush, the latter being the company first match-3 category game. We also succeeded in entering into new strategic partnerships with Lima Sky, creator of Doodle Jump, American NFL champion, Cam Newton, and Spanish football club, FC Barcelona - one of the world's best football clubs.

Strong product portfolio of mobile games fronted by big sports stars and FC Barcelona.

Following the releases of our latest, Ronaldo: Kick'N'Run, game, we are constantly on the lookout for favorable deals in the category of sports celebrities. With this in mind we were originally pleased to announce the signing of the world's no. 1 skateboarder; Nyjah Huston in Q1 2016 – and are even more pleased to follow up with announcing our partnership with Lima Sky and their successful character, Doodle Jump - and furthermore signing FC Barcelona and NFL champion, Cam Newton in Q2 2016.

By the end of Q2 we saw more than 500k in daily active users (DAU's) which is a significant increase from end Q1, but at the same time we feel that we have a bigger potential than what is reflected in these figures. We also aim to improve the revenue, not only by additional releases, but also within the already released games. Improved monetization and retention from existing titles is among our key focuses in the future. However, we will also maintain our focus on acquisitions opportunities.

The latest contracts with Lima Sky and Barcelona brings us in a promising situation, but at the same time we need to look carefully at resources and priorities in accordance with our objective to make strong results in a long term perspective. This might affect short term revenues and profitability, but we feel that this is in the interest of the company and the shareholders.

Looking forward

With the new initiatives made in Q2, we feel that we are prepared for a promising future with a product portfolio stronger than ever. Ronaldo: Kick'n'Run and Hugo Flower Flush launched globally in Q2 and an additional four to five games are expected to be launched during Q3 and Q4 2016.

We are looking very much forward to creating new games originating from Doodle Jump, Cam Newton and FC Barcelona – and of course our beloved character, Hugo the Troll.

Last, but not least – and in order to execute on our strategy and product line-up, it was essential that we increased our cash position as announced in January and April 2016 on our general meetings. With this in mind, we are truly grateful for the result of our recent Rights Issue that turned out to be an overwhelming success with an oversubscription of more than 75 percent; thank you!

A handwritten signature in black ink, appearing to read "Henrik Kølle".

Henrik Kølle, CEO



Pipeline update

Hugo Games have a total of nine new games set for release in 2016 on Apple App Store and Google Play (Provision stores), all from which we expect to succeed in reaching the expected KPIs in terms of Daily Active Users (DAU) and Average Revenue Per Daily Active User (ARPDau). For the second quarter of 2016, the quarter end DAU was more than 500.000.

Game	Release	Type	Status
Axe in Face 2	Q1	Acquired IP	Released February 2016 – ann. no 7/2016
Hugo Troll Race 2	Q1	Hugo the Troll IP	Released March 2016 – ann. no 8/2016
Ronaldo: Kick’n’Run	Q2	Celebrity IP	Released June 2016 – ann. no 25/2016
Hugo Flower Flush	Q2	Hugo the Troll IP	Released June 2016 – ann. no 30/2016
Street Soccer Ultimate	Q4	Sports game	
Nyah Huston: Super Skater	Q4	Celebrity IP	
Hugo Nordic	Q4	Hugo the Troll IP	
Fashion Fabulous (Working title)	Q4	Hugo or Celebrity	Might be postponed due to Flower Flush experiences.
Cam Newton: Football Run	Q4	Celebrity IP	
Doodle Jump2 (Working title)	2017	IP Partnership	
FC Barcelona (Working title)	2017	Sports Game	

Released:

- **Axe in Face 2** has not yet performed as assessed, however we are awaiting the results from the cooperation with Samsung Mobile in Asian as announced in May 2016 – ann. 24/2016.
- **Troll Race 2** is somewhat below expectations in terms of daily active users, however, we see a slightly better monetization per user than forecasted. New updates with focus on better retention and monetization is under development.
- **Ronaldo Kick’n’Run** is performing in line with expectation regarding daily active users, but are currently underperforming in terms of monetization. However, many new football-flavoured features are currently being implemented in order to secure a better monetization.
- **Flower Flush** had a challenging launch as we were counting on getting a product-feature from Apple and Google. Unfortunately, this did not happen due to the game-category being crowded and dominated by tier one titles from King and Big Fish Games. With this in mind we are currently in the process up building up daily active users through cost efficient and targeted marketing campaigns and user acquisitions. This takes longer and are of course costlier, why current daily active users and monetization is considerably lower than expected.

Pipeline adjustment:

- Street Soccer Ultimate have been postponed to Q4 as recent experience from Ronaldo: Kick’n’Run feature updates shows a greater Street Soccer Ultimate potential if further developed before soft-launch.

Key figures and financial performance

Revenue amounted to DKKt 1,301 in Q2 2016 compared to DKKt 988 in Q2 2015, up 32%. Gross profit DKKt amounted 1,148.

The full potential of the newly launched games has not yet fully materialised but metrics are expected to increase in the coming months.

The revenue split in Q2 2016 on advertisements and in-app purchases has been 55/45 and in relation to the geographical split, the German, Denmark, American, France and Russian market have been dominating.

DKK' 000	Q2 2016	Q2 2015	H1 2016	H1 2015	FY 2015
Revenue	1,301	988	2,093	1,897	3,198
Gross profit	1,148	863	1,822	1,620	2,697
Loss before special items (EBITDA)	-2,946	-8,248	-6,293	-9,055	-16,627
Operating profit/loss (EBIT)	-6,430	-13,550	-12,445	-17,507	-33,909
Net Financials	-245	-182	-235	-317	-3,213
Net loss for the year	-5,558	-11,255	-10,275	-14,747	-29,431
Total assets	57,397	93,362	57,397	93,362	63,240
Investments in property, plant and equipment	0	7	0	7	12
Capitalized development costs	4,747	3,662	9,706	8,321	17,459
Equity	41,313	66,941	41,313	66,941	52,055

Costs decreased concurrently due to less marketing activity with the increase in development activities and the emerging product launches.

- Other external expenses were DKK 3.0m in Q2 2016 (Q2 2015: DKK 8.3m) and the decrease is mainly due to decrease in marketing expenses.
- Staff expenses excluding capitalized developments cost were DKK 1.1m in Q2 2016 (Q2 2015: DKK 0.8m) due to the strengthening of the sales organization and the necessary enlargement of the administration as a consequence of being a listed company

EBITDA before special items ended up in a loss of DKK 2.9m in Q2 2016 (Q2 2015: loss of DKK 8.2m).

Depreciation and impairment for Q2 2016 were DKK 3.5m (Q2 2015: DKK 1.5). The increase was related to depreciation of hard launched games and the larger backend system, which is the basis for a faster, cheaper and more effective development and management of games going forward.

EBIT was a loss of DKK 6.4m in Q2 2016 against a loss of DKK 13.6m in Q2 2015.

Net financials were a loss on DKKt 245 covering financial income from exchange rate adjustments and financial expenses to interest-bearing liabilities.

Loss before tax amounted to a loss of DKK 6.7m in Q2 2016 (Q2 2015: a loss of DKK 13.7). Tax for the period was an income of DKK 1.1 leading to a **net loss** for period of DKK 5.6m (Q2 2015: a loss of DKK 11.3m).

Cash flow from operating activities still negative

Cash flow from operating activities totalled a loss of DKK 4.1m in Q2 2016 (Q2 2015: loss of DKK 2.6m) and cash flow from investing activities (mainly game development) had a negative cash impact of DKK 4.7 m (Q2 2015: DKK 3.7m). Cash flow from financing activities totalled DKK 3.3m due to Short-term loan from shareholder and repayment of loan.

Cash position at 30 June 2016 amounted to DKK 1.7m (Q2 2015: DKK 45.1m).

Total assets decreased compared to 31 December 2015

Total assets amounted to DKK 57.4m at 30 June 2016, a DKK 5.8m or 9% decrease compared to 31 December 2015. Investments in non-current assets (development) amounted to a total of DKK 4.7m in Q2 2016 (Q2 2015: DKK 3.7m).

The Group's equity at 30 June 2016 was DKK 41.3m. The equity decrease compared to Q2 2015 is due to the loss and investments in Development in the period. The equity ratio was 72% at 30 June 2016.

Events occurring after the balance sheet date

The decided capital increase has been successfully carried out with an increase of share capital by DKK 10m (20m new shares) and a total gross proceeds on NOK 30m. Board of Directors and Management (Primary Insiders) acquired a total of 2.509.250 shares in connection with the capital increase (announcement 049-2016 and 050-2016).

The forward-looking statements in this interim report reflect Management's current expectations for certain future events and financial results. Forward-looking statements are inherently subject to uncertainty, and actual results may therefore differ materially from expectations.

Factors that may cause actual results to deviate materially from expectations include, but are not limited to, changes in the mobile game market, market acceptance of new products as well as development delays.

Financial guidance for 2016

Hugo Games communicate about the future expectations in a normative way and finds that a full year estimate and supplementary CEO letter in the quarterly reports, will describe the situation in a satisfactory manner. Guidance for specific quarters are subject to too high uncertainty, which also goes for user expectations.

Hugo Games retains its guidance for the full year. In 2016, Gross profit (equivalent to the earlier communicated "Net Revenue") is expected to be in the range of DKK 20-25m (2015: 3.2) and EBITDA before special items is expected to be in the range of DKK 3-7m (2015: -16.6).

The strong growth in Gross profit is based on a total release of eight - nine new titles in 2016. Marketing efforts will differ from game to game and will be dependent of the speed of acknowledgement and this is also why the identified uncertainty in EBITDA is highly related to the uncertainty in Gross profit and marketing as most of the other cost is fixed.

Our guidance is among many factors relying on not least the user feedback and metrics on the games being in soft launch. There is always a risk of delays in a global release and as such these delays may affect the financial result in a negative way. At any stage, the company will prioritize the pipeline of games in consideration of the long-term best value and pay-off for the company.

The Guidance for the year might be challenged for the following reasons:

- If the new up-dates for our existing games does not improve monetization and/or retention.
- If Flower Flush does not get any features from Apple and/or Google.
- If planned releases are being delayed.
- Street Soccer Ultimate; based on the recent up-dates in Kick'N'run, we have decided to implement additional football-features into SSU, postponing the original Q3 launch to Q4. With the planned changes we see a greater final game with much more potential.
- It should be mentioned that the ongoing development with our "Doodle Jump" title and the upcoming soccer game with FC Barcelona might change the overall prioritization of coming releases and as such push some releases to a later point which in the short term might have a negative impact on the revenue.
- On the other hand, if just one game goes above expectations, this can have a very positive impact on revenue and EBITDA.



Hugo Games at a glance

- A Nordic, publicly traded mobile game company founded in 2011.
 - Creates, develops and publishes mobile games globally.
 - Has a consistent portfolio of games globally available across a wide range of platforms including iOS, Android, Windows, Amazon and Facebook.
 - Truly passionate about games and committed to making titles that will engage and bring genuine joy to people for years.
 - Forms strategic partnerships with high profile celebrities for increased visibility, awareness and product performance.
- For more information, go to: www.hugogames.com

Hugo Games A/S

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Investor Relations communication

Conference call (audiocast)

A conference call for investors and financial analysts will be held today, 19 August at 10.00 CET. The Conference Call will also be available as live audiocast, at www.hugogames.com or direct link: <https://player.eventcdn.net/cc7lhq>. To attend the live presentation, use the phone in order to listen and ask questions – or use the Live link (audiocast) to listen and follow the presentation on your computer or any smart-device, from anywhere in the world.

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Recent Announcements

15-08-2016	Allocation of shares to chairman I Hugo Games
12-08-2016	Shares allocated to primary insiders in the Rights Issue
11-08-2016	New share capital registered
03-08-2016	Final result of the Rights Issue
02-08-2016	Preliminary results of the rights issue
01-08-2016	Expiry of the subscription period for the Rights Issue
18-07-2016	Chairman Subscribes for shares in the Rights Issue
14-07-2016	Board Member subscribes for shares in the Rights Issue
11-07-2016	Subscriptions period in the rights issue extended until 1. August 2016
11-07-2016	Hugo Games Teams with FC Barcelona
07-07-2016	Last day of trading in subscription rights
06-07-2016	Board Member subscribes for shares in the Rights Issue
05-07-2016	Vice Chairman subscribes for shares in the Rights Issue
01-07-2016	CFO subscribes for shares in the Rights Issue
30-06-2016	Chairman Subscribes for shares in the Rights Issue
29-06-2016	COO subscribes for shares in the Rights Issue
29-06-2016	Hugo Games Extraordinary General Meeting Minutes
27-06-2016	Oslo Børs – The subscription rights in Hugo Games will be listed 27.06.2016
24-06-2016	Oslo Børs – The subscription rights in Hugo Games will be listed 27.06.2016
23-06-2016	Shares will trade exclusive of the right to receive subscription rights in the rights issue
22-06-2016	Major Shareholders Announcement
22-06-2016	Hugo Games releases “Flower Flush” globally on iOS and Android
21-06-2016	Key Information relating to the preferential rights issue to be Rights Issue to be carried out
21-06-2016	Rights Issue resolved
20-06-2016	Minutes of Extraordinary General Meeting 20 June 2016
20-06-2016	Chairman’s speech at the extra ordinary general meeting 20 June 2016
09-06-2016	Hugo Games releases “Cristiano Ronaldo: Kick’n’Run globally on iOS and Android
27-05-2016	Axe in Face2 gets pre-installed on Samsung
27-05-2016	Capital Increase – Rights Issue
27-05-2016	Notice convening an Extraordinary General Meeting.
27-05-2016	Interim Report Q1 2016

Financial Calendar 2016:

11-11-2016 Q3 2016 Financial Report

Email newsletter

On Hugo Games website, it is possible to subscribe to our email service to receive annual reports, quarterly reports and other company announcements.

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have discussed and approved the interim report for the period 1 April - 30 June 2016 of Hugo Games Group.

The interim report has been prepared in accordance with IAS 34 Interim Financial Reporting, as adopted by the EU, and additional Danish interim reporting requirements for listed companies. The interim report has been subject to review.

In our opinion, the interim report gives a true and fair view of the Hugo Games Groups' assets, liabilities and financial position at 30 June 2016, and of the results of the Hugo Games Group's operations and cash flows for the period 1 January - 30 June 2016.

We also find that the management's review provides a fair statement of developments in the activities and financial situation of the Group, financial results for the period and the financial position of the Group, and describes the significant risks and uncertainties pertaining to the Group.

Copenhagen, 19 August 2016

Executive Board



Henrik Jørgen Skouboe Kølle
CEO



Peter Ekman
CFO

Board of Directors



Bertel David Maigaard
Chairman



Caspar Rose
Deputy Chairman



Rasmus Lund



Christian Sand Kirk

Independent Auditors' review report

To the shareholders of Hugo Games A/S

We have reviewed the interim consolidated financial statements of Hugo Games A/S for the period 1 January 2016 – 30 June 2016 comprising income statement, statement of comprehensive income, balance sheet, cash flow statement and statement of changes in equity as well as selected explanatory notes, including summary of significant accounting policies (pages 12-18).

The Board of Directors' and the Management's responsibility for the interim consolidated financial statements

The Board of Directors and the Management are responsible for the preparation of interim consolidated financial statements in accordance with IAS 34, Interim Financial Reporting, as adopted by the EU and Danish disclosure requirements for interim financial reporting of listed companies, and for such internal control as management determines is necessary to enable the preparation of interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express a conclusion on the interim consolidated financial statements based on our review. We conducted our review in accordance with the International Standard on Review of Interim Financial Information Performed by the Independent Auditor of the Entity and additional requirements under Danish Auditor regulation. This requires us to conclude whether anything has come to our attention that causes us to believe that the interim consolidated financial statements, taken as a whole, are not prepared in all material respects in accordance with the applicable financial reporting framework. This also requires us to comply with ethical requirements.

A review of interim consolidated financial statements in accordance with the International Standard on Review of Interim Financial Information Performed by the Independent Auditor of the Entity is a limited assurance engagement. The auditor performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on the interim consolidated financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim consolidated financial statements for the period 1 January 2016 – 30 June 2016 are not prepared in all material respects in accordance with IAS 34, Interim Financial Reporting, as adopted by the EU and Danish disclosure requirements for interim financial reporting of listed companies.

Copenhagen, 19 August 2016

Grant Thornton

Statsautoriseret Revisionspartnerselskab



Ulrik Bloch-Sørensen



Martin Bomholtz

Consolidated statement of comprehensive income

DKK'000	Note	Q2 2016	Q2 2015	H1 2016	H1 2015	FY 2015
Revenue		1,301	988	2,093	1,897	3,198
Provisions stores		153	125	271	277	501
Net revenue		1,148	863	1,822	1,620	2,697
Other external expenses		2,973	8,307	5,836	9,473	14,811
Staff expenses		1,121	804	2,279	1,202	4,513
Loss before special items and depreciation (EBITDA)		-2,946	-8,248	-6,293	-9,055	-16,627
Special items		-	3,804	-	6,017	5,878
Depreciation, amortisation and impairment losses		3,484	1,498	6,152	2,435	11,404
Operating loss (EBIT)		-6,430	-13,550	-12,445	-17,507	-33,909
Financial income		93	-	227	-	12
Financial expenses		338	182	462	317	3,225
Loss before tax		-6,675	-13,732	-12,680	-17,824	-37,122
Tax on loss		-1,117	-2,477	-2,405	-3,077	-7,691
Nett Loss		-5,558	-11,255	-10,275	-14,747	-29,431
Other comprehensive income		-	-	-	-	-
Comprehensive income		-5,558	-11,255	-10,275	-14,747	-29,431
Distribution of comprehensive income:						
Parent company's shareholders		-5,558	-11,255	-10,275	-14,747	-29,431
Non-controlling interests		-	-	-	-	-
		-5,558	-11,255	-10,275	-14,747	-29,431
Earnings per share:						
Earnings per share (in DKK):	2	-0.220	-0.570	-0.407	-0.730	-1.302
Diluted earnings per share (in DKK)	2	-0.220	-0.570	-0.407	-0.730	-1.302

Consolidated balance sheet

DKK'000	Note	30.06 2016	30.06.2015	31.12.2015
ASSETS				
Non-current assets				
Completed development projects	3	42,323	31,874	25,563
Acquired rights	3	244	87	274
Goodwill	3	762	762	762
Development in progress	3	1,812	8,672	14,975
Plant and equipment		50	27	64
Income tax receivable		2,135	-	-
Other receivables		66	65	65
Total non-current assets		47,392	41,487	41,703
Current Assets:				
Trade receivables		819	545	234
Receivables from group companies		-	-	-
Income tax receivable		4,233	2,939	4,233
Other receivables		471	460	429
Prepayments		2,825	2,867	2,047
Cash		1,657	45,064	14,594
Total current assets		10,005	51,875	21,537
Total assets		57,397	93,362	63,240
EQUITY AND LIABILITIES				
Equity:				
Share Capital		12,637	12,500	12,500
Share premium		863	41,551	-
Retained earnings		27,813	12,890	39,555
Total equity		41,313	66,941	52,055
Non-current liabilities				
Provision for deferred tax		-	2,692	201
Payables to credit institutions		4,104	5,975	5,055
Total non-current liabilities		4,104	8,667	5,256
Current liabilities				
Payables to credit institutions		1,900	1,773	1,836
Short-term loan from shareholder		4,000	11	-
Prepayments received from customers		94	94	94
Trade payables		4,651	15,066	2,274
Income tax payable		-	23	68
Other payables		1,335	787	1,657
Total current liabilities		11,980	17,754	5,929
Total Liabilities		16,084	26,421	11,185
Total equity and liabilities		57,397	93,362	63,240

Consolidated statement of changes in equity

DKK'000	Share total	Share premium	Retained earnings	Proposed dividend	Total equity
Equity as at 01.01.2016	12,500	-	39,555	-	52,055
Net Loss	-	-	-10,275	-	-10,275
Other comprehensive income	-	-	-	-	-
Comprehensive income	-	-	-10,275	-	-10,275
Capital Increase	137	863	-	-	1,000
Costs related to capital increase (related to capital increase in August)	-	-1,467	-	-	-1,467
Transactions with owners	137	-604	-	-	-467
Equity as at 30.06.2016	12,637	-604	29,280	-	41,313
Equity as at 01.01.2015	10,000	4,986	21,888	-	36,874
Net Loss	-	-	-14,747	-	-14,747
Other comprehensive income	-	-	-	-	-
Comprehensive income	-	-	-14,747	-	-14,747
Purchase of treasury shares	-	-	-750	-	-750
with purchase of treasury shares	-	-	749	-	749
Sale of treasury shares	-	-	5,750	-	5,750
Capital increase (IPO)	2,500	44,349	-	-	46,849
Costs related to capital increase	-	-7,784	-	-	-7,784
Transactions with owners	2,500	36,565	5,749	-	44,814
Equity as at 30.06.2015	12,500	41,551	12,890	-	66,941

Consolidated cash flow statement

DKK'000	Q2 2016	Q2 2015	H1 2016	H1 2015	FY 2015
Loss before tax	-6,676	-13,732	-12,680	-17,824	-37,122
Depreciation, amortisation and impairment losses	3,485	1,498	6,153	2,435	11,404
Financial income, reserved	-93	-	-227	-	-12
Financial expenses, reserved	338	182	462	317	3,225
Change in working capital	-1,169	9,469	-519	6,173	1,063
Operating cash flow	-4,115	-2,583	-6,811	-8,899	-21,442
Financial income, received	-	-	-	-	-
Financial expenses, paid	-103	-10	-213	-10	-1,739
Income tax received	-	-	-	-	874
Cash flow generated from operations	-4,218	-2,593	-7,024	-8,909	-22,307
Purchase of property, plant and equipment	-	-	-	-	-64
Investment in intangible assets	-4,747	-3,662	-9,706	-8,321	-17,459
Investments, net	-	-7	-	-7	12
Cash flow from investing activities	-4,747	-3,669	-9,706	-8,328	-17,511
Proceeds from cash capital increase	-	41,099	1,000	46,849	46,849
Costs related to capital Increase	-248	-7,784	-298	-2,149	-7,986
Disposal of treasury, shares	-	5,750	-	5,750	5,749
Credit institutions, loan	-463	-	-915	-	-807
Short-term loan from shareholder	4,000	-1	4,000	-107	-119
Cash flow from financing activities	3,289	39,064	3,787	50,343	43,686
Total cash flow for the period	-5,676	32,802	-12,943	33,106	3,868
Cash, beginning of period	7,461	12,262	14,594	11,958	11,958
Net foreign exchange difference	-128	-	6	-	-1,232
Cash, end of period	1,657	45,064	1,657	45,064	14,594

1. Basis of preparation

The interim report has been prepared in accordance with IAS 34 Interim financial reporting, as adopted by the EU, and additional Danish interim reporting requirements for listed companies. The Company's independent auditor has not reviewed the interim report.

The interim report does not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2015.

Certain costs have been reclassified from costs of sales to other externals expenses.

Apart from the reclassification, the accounting policies adopted in the preparation of the interim report are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2015, as no new standards and interpretations have been implemented. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Significant accounting estimates and judgments

The most significant accounting estimates and judgments in the interim consolidated financial statements remain unchanged compared to those used in Annual Report 2015. The principles and key assumptions are described in the Annual Report 2015 in note 2.

2. Earnings per share

DKK'000	Q2 2016	Q2 2015	H1 2016	H1 2015	FY 2015
Net loss for the period	-5,558	-11,255	-10,275	-14,747	-29,431
Average number of shares (in thousands)	25,274	20,000	25,233	20,333	22,667
Average number of treasury shares	-	-283	-	-142	-71
Average number of shares in circulation	25,274	19,717	25,233	20,191	22,596
Diluted average number of shares in circulation	25,274	19,717	25,233	20,191	22,596
Earnings per share of DKK 0,500 each (in DKK)	-0.220	-0.571	-0.407	-0.730	-1.302
Diluted earnings per share of DKK 0,500 each (in DKK)	-0.220	-0.571	-0.407	-0.730	-1.302

3. Intangible assets

DKK'000	Completed developments projects	Acquired rights	Goodwill	Development projects in progress	Total
Costs as at 01.01.2016	42,176	300	762	14,975	58,213
Additions	1,567	-	-	8,139	9,706
Transfer	21,302	-	-	-21,302	-
Disposals	-	-	-	-	-
Costs as at 30.06.2016	65,045	300	762	1,812	67,919
Amortisation and impairment losses as at 01.01.2016	16,613	26	-	-	16,639
Impairment losses	-	-	-	-	-
Amortisation	6,109	30	-	-	6,139
Amortisation and impairment losses as at 30.06.2016	22,722	56	-	-	22,778
Carrying amount as at 30.06.2016	42,323	244	762	1,812	45,141

DKK'000	Completed developments projects	Acquired rights	Goodwill	Development projects in progress	Total
Costs as at 01.01.2015	18,818	100	762	21,074	40,754
Additions	2,190	-	-	6,131	8,321
Transfer	18,533	-	-	-18,533	-
Disposals	-	-	-	-	-
Costs as at 30.06.2015	39,541	100	762	8,672	49,075
Amortisation and impairment losses as at 01.01.2015	5,253	3	-	-	5,256
Impairment losses	-	-	-	-	-
Amortisation	2,414	10	-	-	2,424
Amortisation and impairment losses as at 30.06.2015	7,667	13	-	-	7,680
Carrying amount as at 30.06.2015	31,874	87	762	8,672	41,395

Impairment test

Cash-generating units comprising goodwill and development projects in progress are tested for impairment at least once a year and more frequently in case of indications of impairment.

The recoverable amount is determined at a calculated value in use based on budgets and prognoses for the coming three financial years approved by the Board of Directors.

The group's budgets and prognoses for the coming three years and thus the determination of the recoverable amount of the cash-generating units are substantially impacted by the management's expectations for growth in connection with the launch of new games.

It is the assessment of the management that no indications of impairment of the Group's intangible assets exist.

4. Events occurring after the balance sheet date

The decided capital increase has been successfully carried out with an increase of share capital by DKK 10m (20m new shares) and a total gross proceeds on NOK 30m.

No other important events have occurred after the balance sheet date.