

Hugo Games A/S

CVR no. DK 33 59 71 42

Interim report for the period ended 31 March 2015

Statement by the Board of Directors and the Executive Board	3
The independent auditor's review report	4
Management's review	5 - 6
Consolidated statement of comprehensive income	7
Consolidated balance sheet	8
Consolidated statement of changes in equity	9
Consolidated cash flow statement	10
Notes	11 - 15

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 January - 31 March 2015 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.

In our opinion, the interim report gives a true and fair view of the Hugo Games Groups' assets, liabilities and financial position at 31 March 2015, and of the results of the Hugo Games Group's operations and cash flows for the period 1 January - 31 March 2015.

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, 30 April 2015

Executive Board



Henrik Jørgen Skouboe Kølle
CEO



Peter Ekman
CFO

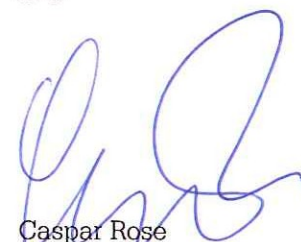
Board of Directors



Bertel David Maigaard
Chairman



Rasmus Lund



Caspar Rose
Deputy Chairman



Christian Sand Kirk

To the shareholders of Hugo Games A/S

We have reviewed the consolidated interim financial statements of the group for the period 1 January – 31 March 2015, which comprise statement of comprehensive income statement, balance sheet, statement of changes in equity, cash-flow statement and notes.

Management's responsibility for the consolidated Interim Financial Statements

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

Auditor's responsibility

Our responsibility is to express a conclusion on the consolidated interim financial statements. We conducted our review in accordance with International Standard relating to 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 financial statements, taken as a whole, are not prepared in all material respects in accordance with the applicable financial reporting framework. This requires us also to comply with relevant ethical requirements.

A review of financial statements in accordance with the International Standard relating to Review of consolidated 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 consolidated interim financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the consolidated interim financial statements do not give a true and fair view of the group's assets, liabilities and financial position as at 31 March 2015 and of its financial performance and cash flow for the period 1 January to 31 March 2015, in accordance with IAS 34 Interim Financial Reporting, as adopted by the EU, and Danish disclosure requirements for listed companies.

Søborg, 30 April 2015

INFO: REVISION
statsautoriseret revisionsaktieselskab


Thomas Barslund
State Authorised Public Accountant

Highlights

The first quarter 2015 was driven by a significantly increased activity level compared to 2014 in regards to the development and the strengthening of the Hugo Games organisation in order to pursue the development strategy. Management finds the results for Q1 2015 satisfactory and in accordance with the expectations.

Key achievements in Q1 2015 include:

- Two new Board members were on-boarded
- Start process to pursue an IPO on Oslo Stock Exchange/Axess
- Sale of treasury shares DKK 5.7 million to strengthen the capital base
- Development projects progressed as expected with costs amounting to DKK 4.6 million

Operational and financial review

Comprehensive income statement

Q1 2015 was impacted by costs of DKK 2,213 thousand related to the IPO process and the listing on Oslo Stock Exchange/Axess, which is expected to take place in June 2015. The classification of IPO costs in respectively the comprehensive income statement and equity (recognised as an asset until the IPO takes place) is in accordance with IAS32.

Hugo Games has reached a significant milestone by the signing of the global star; Cristiano Ronaldo. The implementation of Cristiano Ronaldo into the game with Hugo is planned for release end May 2015. The agreement is an exclusive agreement covering the category of the game. With Cristiano Ronaldo's reach of more than 150 million followers on social medias. It is expected that the game will see a strong marketing push as part of the agreement. The implementation and development of the game has at the same time increased the development costs in Q1.

Total revenue in Q1 2015 reached DKK 909 thousand (Q1 2014 DKK 1,934 thousand) and total other external expenses reached DKK 1,153 thousand (Q1 2014: DKK 1,769 thousand). In Q1 2014 "Hugo World" was softlaunched with a marketing expenditure of close to DKK 1 million and as such this spinned off revenue from the game. This user base has been used for analysing the game and preparing for the release later on.

In Q1 2015 all efforts and resources have been occupied with finishing the 3 first titles to be released over the next 6 month with the first game ready for release end of May 2015.

Balance sheet

Hugo Games' total assets as of 31 March 2015 were DKK 55,688 thousand and the total intangible assets amounted to DKK 39,317 thousand. The total assets have increased by DKK 4,545 thousand compared to 31 December 2014 primarily due to the increase in intangible assets of DKK 3,721 thousand. The increase in the intangible assets reflects the accelerated activity level related to game development.

As of 31 March the liabilities amounted to DKK 16,557 thousand and total equity was DKK 39,131 thousand.

Cash flow and cash position

In Q1 2015 the cash flow from operating activities totalled DKK -681 thousand, compared to DKK -278 thousand in Q1 2014, and cash flow from investing activities reached DKK -4,659. Cash position as of 31 March 2015 amounting to DKK 12,261 is sufficient to realise the forecasted activity.

In January 2015, the capital base was strengthened by DKK 5,750 thousand in connection with a sale of treasury shares contributed by the parent company by way of a group contribution.

Risks and uncertainties

Hugo Games is exposed to uncertainties and risk factors, which may affect some or all of the group's activities.

Hugo Games has financial risks, market/commercial risks, partnership risks and product development risks, of which Hugo Games' most important risk is related to the latter. However, where the conventional game development is associated with large risks due to long development periods with substantial associated costs and high risk of failure, Hugo Games' business model reduces the development time and risk of failure significantly.

There are no significant changes to the risks and uncertainty factors or the timing of product launches.

Outlook

The focus for the second half of the year will be to execute on our development program. We expect to hard launch 4 -5 games and get a positive cash flow from operations.

Consolidated statement of comprehensive income

Note	DKK '000	Q1 2015	Q1 2014
	Revenue	909	1,934
	Cost of sales	166	563
	Gross profit	743	1,371
	Other external expenses	1,153	1,769
	Staff expenses	397	101
2	Special items	2,213	0
	Loss before depreciation, amortisation and impairment losses (EBITDA)	-3,020	-499
	Depreciation and amortisation of property, plant and equipment and intangible assets	-938	-752
	Operating loss (EBIT)	-3,958	-1,251
	Financial income	0	0
	Financial expenses	134	15
	Loss before tax	-4,092	-1,266
	Tax on loss for the year	600	315
	Net loss for the period	-3,492	-951
	Other comprehensive income	0	0
	Comprehensive income	-3,492	-951
Distribution of comprehensive income			
	Parent company's shareholders	-3,492	-951
	Non-controlling interests	0	0
	Total	-3,492	-951
Earnings per share			
3	Earnings per share (in DKK)	-354	-129
3	Diluted earnings per share (in DKK)	-354	-129

Consolidated balance sheet

ASSETS

Note	DKK '000	31/03/2015	31/03/2014	31/12/2014
4	Completed development projects	13,808	11,604	13,565
4	Acquired rights	92	0	97
4	Goodwill	762	762	762
4	Development projects in progress	24,563	16,340	21,074
	Other plant, fixtures and fittings, tools and equipment	15	26	21
	Other receivables	77	96	77
	Total non-current assets	39,317	28,828	35,596
	Trade receivables	639	987	554
	Receivables from group companies	796	0	699
	Other receivables	392	210	207
	Prepayments	2,283	0	2,129
	Cash	12,261	216	11,958
	Total current assets	16,371	1,413	15,547
	Total assets	55,688	30,241	51,143

EQUITY AND LIABILITIES

	Share capital	10,000	80	10,000
	Share premium	0	0	4,986
	Retained earnings	29,131	12,554	21,888
	Total equity	39,131	12,634	36,874
	Provisions for deferred tax	3,038	1,471	3,638
	Payables to credit institutions	6,364	0	6,697
	Total non-current liabilities	9,402	1,471	10,335
	Payables to credit institutions	1,338	0	871
	Payables to group companies	0	12,454	10
	Prepayments received from customers	94	0	94
	Trade payables	4,577	1,344	1,828
	Income tax payable	23	0	23
	Other payables	1,123	2,338	1,108
	Total current liabilities	7,155	16,136	3,934
	Total liabilities	16,557	17,607	14,269
	Total equity and liabilities	55,688	30,241	51,143

Consolidated statement of changes in equity

Amounts in DKK '000	Share total	Share premium	Retained earnings	Proposed dividend	Total Equity
<i>Statement of changes in equity</i>					
<i>01/01/2015 – 31/03/2015</i>					
Equity as at 01/01/2015	10,000	4,986	21,888	0	36,874
Net loss for the period			-3,492		-3,492
Other comprehensive income			0		0
Comprehensive income			-3,492		-3,492
Purchase of treasury shares			-750		-750
Group contribution in connection with purchase of treasury shares			749		749
Sale of treasury shares			5,750		5,750
Transfer		-4,986	4,986		0
Transactions with owners		-4,986	10,735		5,749
Equity as at 31/03/2015	10,000	0	29,131	0	39,131
<i>Statement of changes in equity</i>					
<i>01/01/2014 – 31/03/2014</i>					
Equity as at 01/01/2014	80	0	13,505	0	13,585
Net loss for the period			-951		-951
Other comprehensive income			0		0
Comprehensive income			-951		-951
Transactions with owners			0		0
Equity as at 31/03/2014	80		12,554	0	12,634

Consolidated cash flow statement

DKK '000	Q1 2015	Q1 2014
Loss before tax	-4,092	-1,266
Adjustment of non-cash transactions:		
Depreciation, amortisation and impairment losses	938	752
Financial income, reversed	0	0
Financial expenses, reversed	134	15
Change in working capital:		
Receivables	-85	-26
Trade payables	2,749	-998
Other receivables	-185	622
Prepayments	-154	720
Other payables	14	-82
Cash flows from operating activities before net financials	-681	-263
Financial income received	0	0
Financial expenses paid	0	-15
Tax paid	0	0
Cash flows from operating activities	-681	-278
Purchase of property, plant and equipment	0	0
Purchase of intangible assets	-4,659	-3,270
Purchase of investments	0	-39
Sale of investments	0	0
Cash flows from investing activities	-4,659	-3,309
Proceeds from cash capital increase		
Sale of treasury shares	5,750	0
Loans from group companies	-107	3,713
Cash flows from financing activities	5,643	3,713
Total cash flows for the period	303	126
Cash, beginning of period	11,958	90
Cash, end of period	12,261	216
Cash, end of period, comprises:		
Cash	12,261	216
Short-term payables to credit institutions	0	0
Total	12,261	216

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 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 2014.

In Q1 2015 a new line item "Special items" has been introduced in the statement of comprehensive income. Special items comprise material non-recurring costs as described in note 2 of the interim report.

Apart from the new line item, 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 2014, 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 2014. The principles and key assumptions are described in the Annual Report 2014 in note 2.

2. Special items

The net loss in Q1 2015 was significantly impacted by costs related to the IPO process and the listing on Oslo Stock Exchange/Axess, which is expected to take place in June 2015.

The total costs related to the IPO process incurred as of 31 March 2015 relate jointly to stock exchange listing of existing shares and the offering of new shares. Hence, the costs are allocated to those transactions based on the expected number of new shares in proportion to the total number of shares in accordance with the provisions in IAS 32.38. Costs related to exchange listing of existing shares, DKK 2,213 thousand, are recognized in the comprehensive income statement in Q1 2015.

	Q1 2015 DKK '000	Q1 2014 DKK '000
3. Earnings per share		
Net loss for the period	-3,492	-951
Average number of shares	10,000	7,351
Average number of treasury shares	-142	0
Average number of shares in circulation	9,858	7,351
Diluted average number of shares in circulation	9,858	7,351
Earnings per share of DKK 1,000 each (in DKK)	-354	-129
Diluted earnings per share of DKK 1,000 each (in DKK)	-354	-129

Average number of shares in Q1 2014 is adjusted to reflect changes in the number of shares from share split in December 2014.

4. Intangible assets

Amounts in DKK '000	Completed development projects	Acquired rights	Goodwill	Development projects in progress	Total
Cost as at 01/01/2015	18,818	100	762	21,074	40,754
Additions	1,169	0	0	3,490	4,659
Disposals	0	0	0	0	0
Cost as at 31/03/2015	19,987	100	762	24,564	45,413
Amortisation and impairment losses as at 01/01/2015	5,253	3	0	0	5,256
Impairment losses	0	0	0	0	0
Amortisation	926	5	0	0	931
Amortisation and impairment losses as at 31/03/2015	6,179	8	0	0	6,187
Carrying amount as at 31/03/2015	13,808	92	762	24,564	39,226

4. Intangible assets – continued –

Amounts in DKK '000	Completed development projects	Acquired rights	Goodwill	Development projects in progress	Total
Cost as at 01/01/2014	14,143	0	762	13,070	27,975
Additions	0		0	3,270	3,270
Disposals	0	0	0	0	0
Cost as at 31/03/2014	14,143	0	762	16,340	31,345
Amortisation and impairment losses as at 01/01/2014	1,791	0	0	0	1,791
Impairment losses					
Amortisation	748	0	0	0	748
Amortisation and impairment losses as at 31/03/2014	2,539	0	0	0	2,539
Carrying amount as at 31/03/2014	11,604	0	762	16,340	28,706

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 3 financial years approved by the Board of Directors.

The group's budgets and prognoses for the coming 3 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.

There were no indications of impairment of the Group's intangible assets during the interim periods.

5. Contingent liabilities

The group companies are taxed jointly with the other companies in the AULA Holding ApS group, and, as from the 2013 financial year, they have joint and several and unlimited liability together with the other jointly taxed companies for the total income tax and any obligations to withhold tax at source on interest, royalties and dividends for the jointly taxed companies.

The liability includes any subsequent corrections to the calculated tax liability as a consequence of changes made to the jointly taxable income etc.

An agreement has been concluded with subsuppliers for the development of games, which include provisions on profit sharing of future income from games.

6. Security provided

As security for payables to credit institutions of DKK 7,702k, the subsidiary has provided a company charge of DKK 7,500k comprising goodwill, intellectual property rights, trade receivables, inventories, other plant, fixtures and fittings, tools and equipment. The total carrying amount of the comprised assets is DKK 41,738k.

7. Related parties

Ownership

The parent company AULA Holding ApS, Vitus Berings Allé 16, DK-2930 Klampenborg, exercises control of Hugo Games A/S, as the company holds the majority of the voting rights. CEO Henrik Kølle is the ultimate controlling party of Hugo Games A/S.

Shareholders holding more than 5% of the share capital or the voting rights:

- AULA Holding ApS, 61,175% (parent company)
- HUGO NewHold ApS, 36,325%

Transactions with parent

The Group acquired 1,275% of the shares in Hugo Games A/S (treasury shares) from the parent company in January 2015 at a price of DKK 750 thousand. At the same time a contribution of DKK 748.5 thousand was received from the parent.

Transactions with HUGO NewHold ApS

HUGO NewHold ApS acquired 9,775% of the shares in Hugo Games A/S (treasury shares) from the Group in January 2015 at a price of DKK 5,750 thousand.

The Group has in March 2015 granted CEO Henrik Kølle right to a funding bonus in case of a gross capital increase of minimum DKK 20 million in connection with an IPO.

8. Events occurring after the balance sheet date

The Group has started a process to pursue an IPO on Oslo Stock Exchange/Axess, which is expected to take place in June 2015.

Apart from the above, no important events have occurred after the end of the balance sheet date.