



Announcement no. 37/2017
Copenhagen, 26 September 2017

Hugo Games A/S

INTERIM REPORT 1st half year 2017

Six months ended 30 June 2017

Very busy half year with signing of strong IPs

“This was a very busy first half year for us with the signing of some very strong IPs, approval of our prototype for Doodle Jump and the agreement to remove a break-away clause. We’re working full speed to complete the game for soft-launch in November and while later than originally anticipated, it still marks a strong milestone for Hugo Games.

We’re also very pleased with the signing of the many tier-1 football clubs, including Juventus, Borussia Dortmund and Liverpool FC. We’re confident that bringing all these great clubs together with Real Madrid, FC Barcelona and Paris SG will make a great game. The football game is set for soft launch in late September/early October, and we expect the global release to take place in Q1 2018.

The signing of the TV-series “Vikings” was a huge accomplishment and it brings a new category to Hugo Games. We are very excited about this opportunity to develop a strategy game based on “Vikings” and with a season 6 of the series scheduled for late 2018, it will make a perfect match for our release. We’re aware that we have very little news flow at the moment. Our focus is on making and finalizing the games based on all our IP signings and we hope for our shareholders’ understanding.”

Henrik Kølle, CEO

Operational highlights of the first half year of 2017

- Hugo Games signed agreements with several top football clubs for the upcoming Football Game.
- Hugo Games and Lima Sky agreed to remove break-away - clause.
- Hugo Games teamed up with MGM for mobile game based on TV hit series “Vikings”.
- Hugo Games acquired 50.9 percent of studio Fuzzy Frog.
- Hugo Games signed a new slot game agreement with Play’n GO.
- Game with Nyjah Huston in soft release.
- Production unit in Copenhagen closed to save money and do development more effective.
- Successful rights issue with 63,897,670 new shares subscribed and raising gross proceeds of NOK 40.3m.



Financial highlights of the first half year of 2017

- Result of the activity in H1 2017 was in line with expectations with focus on development.
- Net revenue amounted to DKK 1,7m in H1 2017 compared to DKK 1,9m in H1 2016 - down 8%.
- EBITDA before special items was a loss of DKK 8.8m in H1 2017 compared to a loss of DKK 6.3m in H1 2016. The increased loss was due to development costs of DKK 5.3m that were not capitalized in H1 2017. In H1 2016, all development costs were capitalized. Marketing expenses were 3.0 m lower in H1 2017 compared to H1 2016.
- The Group's equity at 30 June 2017 was DKK 37.6m compared to DKK 41.3m at 30 June 2016. The equity ratio at 30 June 2017 was 73%.

Financial expectations

- Due to the longer-than-expected games development period than anticipated in the spring, 2017 will be a development year and a launch pad for three strong releases in 2018. We expect to reach a positive EBITDA profit by July 2018.

Events occurring after the balance sheet date

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

Any queries regarding this company announcement should be addressed to

- Henrik Kølle, CEO +45 4028 5054 or ir@hugogames.com
- Peter Ekman, IR manager, +45 29 44 50 01 or pee@hugogames.com



CEO-letter: Strong product portfolio and new partnerships

Our signing of additional tier 1 football clubs gives us a whole new perspective for our football game and we are very excited about soft launching the game later this autumn.

Bringing “Vikings” on board was a huge signing that we expect a lot from and we are really looking forward to bringing this to life as mobile gaming. The game is already in the making and we are enjoying very constructive cooperation with MGM. “Vikings” is a global brand that combined with a mobile game in the strategy category will bring Hugo Games to a whole new and important segment of the mobile gaming industry.

Holding the rights to these strong global IPs allows us to use cross promotion when marketing our games, thus giving us a strong marketing tool in addition to the access to social media provided by the IPs.

Our Skater game with the world’s best skater, Nyjah Huston, clearly took longer than expected to develop, but we feel the right thing to do is not to compromise on the important key metrics of the game. We feel confident that we will achieve our ambitions for the metrics and that the game will be ready for global launch in the fourth quarter.

Our acquisition of the game studio in Nottingham was another very important milestone in the first half of the year. We look forward to scaling the business in Nottingham as our games become ready for release.

Our release line-up is as follows:

- Doodle Jump 2 (working title) with more than 250 million downloads. We see a great potential for the sequel we are currently developing.
- Football game, with the latest signings the football clubs participating in our football game have a fan base of more than 400 million that we will address.
- “Vikings” a global television series success with an audience we are really looking forward to addressing. We feel that we are working not only with a huge IP, but also on something that is a part of our own origins. It doesn’t get more exciting than that.
- Nyjah Huston, Skatelite, the world’s best skater. Although a niche, this is a rapidly growing segment, and we look forward to launching a great skater game.

Needless to say, we are constantly working on our three-fold strategy, constantly ready to capitalize on the opportunities it may present.

The new Board member Henrik Nielsen will clearly strengthen our focus on a global scale, Henrik was instrumental in bringing Unity Technologies from a small start-up to a big global tech company.

We feel more prepared than ever.

Henrik Kølle, CEO



Pipeline update

Pipeline and expected soft-launch and global releases

Based on our resources, our ambitions in terms of quality in each game, and our in-house experience with the games, we aim for the following pipeline and release dates:

Doodle Jump 2 (working title): Soft launch in November, global release Q1 2018.

"Vikings": soft launch expected Q1 2018, global release Q2 2018

Football game: soft launch October 2017, global release Q1 2018

Nyjah Huston, Skatelite: currently in soft launch but the metrics still need to improve. Expected global release Q4 2017.

Our first priority will always be to launch games that stand a good chance of success, rather than release a game at its scheduled date, if we believe it is not yet ready for the very competitive markets.

Key figures and financial performance

DKK '000	H1 2017	H1 2016	FY 2016
Revenue	1,781	2,093	5,331
Net revenue	1,683	1,822	4,866
Loss before special items (EBITDA)	-8,816	-6,293	-16,091
Operating profit/loss (EBIT)	-12,571	-12,445	-63,959
Net Financials	-485	-235	-383
Net loss for the year	-11,448	-10,275	-58,970
Total assets	51,013	57,397	29,811
Investments other equipment	1	-	24
Capitalized costs and expenses development	6,952	9,706	17,231
Equity	37,562	41,313	14,983

Net revenue for H1 2017 amounted to DKKt 1,683, an 8% decline from DKKt 1,822 in H1 2016.

Net revenue was in line with expectations, as our focus in the first half of 2017 was on signing IPs and developing games.

Costs increased due to part of development costs no longer being capitalized.

- Development costs in H1 2017 amounted to DKK 5.2m (H1 2016: DKK 0.0m) as most development costs now are taken directly to the income statement and not capitalized. Total development costs (expensed and capitalized) amounted to DKK 7.0m in H1 2017 compared to DKK 9.7m in H1 2016. The decrease was mainly due to the fewer number of games in development and the closing of the development office in Copenhagen in H1 2017.
- Marketing expenses decreased by DKK 3.9m relative to H1 2016 due to no new games being launched in H1 2017.
- Other costs were in line with H1 2016.

EBITDA before special items was a loss of DKK 8.9m in H1 2017 (H1 2016: loss of DKK 6.3m) mainly due to development costs.

Depreciation and impairment charges for H1 2017 amounted to DKK 3.7m (H1 2016: DKK 6.2m). The decrease was related to impairment charges in the second half of 2016.

EBIT was a loss of DKK 12.6m in H1 2017 against a loss of DKK 12.4m in H1 2016.

Net financials were a loss of DKKt 485, covering financial income from exchange rate adjustments and financial expenses to interest-bearing liabilities. As most of our development costs are in GBP we hedged our costs for the coming year in connection with Britain's Brexit referendum to protect against potential significant exchange rate increase. As the referendum ended up with a 'Leave' majority, the subsequent



GBP depreciation produced a loss for Hugo Games compared to the actual DKK/GBP exchange rate at 30 June 2017.

In addition, the NOK depreciation against DKK left us with an exchange rate loss at 30 June 2017.

On the positive note, the lower USD/DKK exchange rate produced a gain due to the company's USD-denominated debt.

Loss before tax amounted to DKK 13.1m in H1 2017 (H1 2016: loss of DKK 12.7m). Tax for the period was an income of DKK 1.6m leading to a **net loss** for the period of DKK 11.4m (H1 2016: loss of DKK 10.3m).

Cash flows from operating activities remaining negative

Cash flows from operating activities was an outflow of DKK 9.1m in H1 2017 (H1 2016: outflow of DKK 6.8m) and the cash flows from investing activities (mainly game development) had a negative cash impact of DKK 1.8 m (H1 2016: DKK 9.7m). The large decrease was mainly due to fewer development costs being capitalized as most of the development costs were taken to the H1 2017 income statement.

Cash flows from financing activities was an inflow of DKK 27.8m due to the capital increase.

The **cash position** at 30 June 2017 amounted to DKK 26.3m (H1 2016: DKK 1.6m).

Total assets increased compared to 31 December 2016

Total assets amounted to DKK 51.0m at 30 June 2017, a DKK 21.2m increase compared to 31 December 2016 mainly due to the increase in the cash position and the investment in Fuzzy Frog (goodwill).

The Group's equity at 30 June 2017 was DKK 37.6m. The equity increase compared to 31 December 2016 was due to the capital increase in June 2017. The equity ratio was 73% at 30 June 2017.

Capital increases:

In April 2017, Hugo Games acquired 50.9% of the shares in game studio Fuzzy Frog Ltd. in return for issuing 4.4m shares used as consideration. (See announcements 03-2017 and 10-2017).

A successful right issue carried out in June 2017 increased the share capital by DKK 32.9m (63.9m new shares) and raised total gross proceeds of NOK 40.3m. Members of the Board of Directors and Management (primary insiders) acquired a total of 14,768,976 shares in connection with the capital increase (see announcements 32-2017 and 33-2017).

Events occurring after the balance sheet date

No important events have occurred after the balance date of 30 June 2017.



Financial guidance

The financial guidance provided in the 2016 annual report of achieving an EBITDA profit in Q4 2017 has been revised because the development of games is taking longer than anticipated in spring 2017:

2017 will be a development year and a launch pad for three strong releases in 2018, and we expect to reach a positive EBITDA profit by July 2018.

Our guidance relies on, among many other factors, the user feedback on and the metrics of the games in soft launch. There is always a risk of delays in a global release as such delays may adversely affect financial results. 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 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



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.
- Enters into strategic partnerships with high profile celebrities for increased visibility, awareness and product performance.

For more information, go to: www.hugogames.com

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Investor Relations communication

We expect to have more specific news about upcoming games, exceptions and release deadlines at a conference call to be held in November 2017.

Selected stock exchange announcements:

2017:

27-01-2017 Hugo Games signs agreement with Arsenal
 21-03-2017 Global release Nyjah Huston postponed to Q2 2017- expire of agreement with Cristiano Ronaldo
 31-03-2017 Acquisition of game studio and restructuring organization
 04-04-2017 Hugo Games announces its Annual Report 2016 and expects positive EBITDA Q4 2017
 17-04-2017 Completion of acquisition of game studio
 25-04-2017 Minutes of annual general meeting
 27-04-2017 Key Information relating to the preferential rights issue to be carried out by Hugo Games
 03-05-2017 Hugo Games Adds Juventus F.C. to Line-up of Legendary Soccer Clubs No.
 08-05-2017 Approved prospectus and start of subscription period 9 May 2017
 09-05-2017 Hugo Games Teams with MGM for Mobile Game Based on Hit TV Show "Vikings"
 10-05-2017 Hugo Games Adds FC Porto to Line-up of Legendary Soccer Clubs
 11-05-2017 Hugo Games Adds Dortmund to Line-up of Legendary Soccer Clubs
 16-05-2017 Hugo Games and Lima Sky (Doodle Jump) agrees to remove break-away-clause
 24-05-2017 Hugo Games Adds Liverpool to Line-up of Legendary Soccer Clubs
 30-05-2017 Hugo Games online company presentation
 31-05-2017 Hugo Games signs new slot game agreement
 07-06-2017 Hugo Games Adds Paris St. Germain to Line-up of Legendary Soccer Clubs
 12-06-2017 Shares allocated to primary insiders in the Rights Issue
 12-06-2017 Final result of Rights Issue in Hugo Games
 28-06-2017 Hugo Games release Nyjah Huston in selected countries
 31-08-2017 Hugo Games release update skater game with Nyjah Huston

Financial calendar 2017

26-09-2017 Half-yearly report

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 - 30 June 2017 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 2017, and of the results of the Hugo Games Group's operations and cash flows for the period 1 January - 30 June 2017.

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, 26 September 2017

Executive Board



Henrik Jørgen Skouboe Kølle
CEO



Peter Ekman
CFO

Board of Directors



Bertel David Maigaard
Chairman



Caspar Rose
Deputy Chairman



Rasmus Lund



Richard Flower



Henrik Nielsen

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 2017 – 30 June 2017 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 12-19).

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

The Board of Directors and the Executive Board 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 2017 – 30 June 2017 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, 26 September 2017

Grant Thornton

Statsautoriseret Revisionspartnerselskab



Ulrik Bloch-Sørensen

State Authorised Public Accountant



Martin Bomholtz

State Authorised Public Accountant

Consolidated statement of comprehensive income

DKK'000	Note	H1 2017	H1 2016	FY 2016
Revenue		1,781	2,093	5,331
Costs of sales		98	271	465
Net revenue		1,683	1,822	4,866
Research and development costs		5,165	-	2,968
Marketing expenses		415	3,383	8,493
Other expenses		4,919	4,732	9,496
Loss before special items and depreciation (EBITDA)		-8,816	-6,293	-16,091
Special items		-	-	5,640
Depreciation and amortisation		3,755	6,152	12,398
Impairment losses		-	-	29,830
Operating loss (EBIT)		-12,571	-12,445	-63,959
Financial income		473	227	122
Financial expenses		958	462	505
Loss before tax		-13,056	-12,680	-64,342
Tax on loss		-1,608	-2,405	-5372
Nett Loss		-11,448	-10,275	-58,970
Distribution of comprehensive income:				
Parent company's shareholders		-11,387	-10,275	-58,970
Non-controlling interests		-61	-	-
		-11,448	-10,275	-58,970
Other comprehensive income		-31	-	-
Total comprehensive income		-11,479	-10,275	-58,970
Earnings per share:				
Earnings per share (in DKK):	2	-0.241	-0.187	-1.762
Diluted earnings per share (in DKK)	2	-0.241	-0.187	-1.762

Consolidated balance sheet

DKK'000	Note	30.06 2017	30.06.2016	31.12 2016
ASSETS				
Non-current assets				
Goodwill	3	4,252	762	762
Acquired rights	3	-	244	-
Development in progress	3	2,653	1,812	866
Completed development projects	3	8,354	42,323	12,011
Plant and equipment		191	50	57
Equity investments		169	-	-
Income tax receivable		1,640	2,135	-
Other receivables		48	66	66
Total non-current assets		17,307	47,392	13,762
Current Assets:				
Trade receivables		517	819	836
Receivable from related parties		-	-	500
Income tax receivable		3,977	4,233	3,977
Other receivables		68	471	-
Prepayments		2,854	2,825	1,503
Cash		26,290	1,657	9,233
Total current assets		33,706	10,005	16,049
Total assets		51,013	57,397	29,811
EQUITY AND LIABILITIES				
Equity:				
Share Capital		56,826	12,637	22,637
Share premium and reserves		-	863	-
Retained earnings		-20,045	27,813	-7,654
Hugo Games A/S shareholder's share og equity		36,781	41,313	14,983
Non-controlling interests		781	-	-
Total Equity		37,562	41,313	14,983
Non-current liabilities				
Provision for deferred tax		44	-	-
Payables to credit institutions		2,120	4,104	3,115
Total non-current liabilities		2,164	4,104	3,115
Current liabilities				
Payables to credit institutions		2,000	1,900	1,966
Provisions		5,216	-	6,169
Short-term loan from shareholder		-	4,000	-
Prepayments received from customers		-	94	-
Trade payables		2,394	4,651	2,202
Income tax payable		128	-	-
Other payables		1,549	1,335	1,376
Total current liabilities		11,287	11,980	11,713
Total Liabilities		13,451	16,084	14,828
Total equity and liabilities		51,013	57,397	29,811

Consolidated statement of changes in equity

DKK'000	Hugo Games							Total Equity
	Share capital	Share premium	Retained earnings	Other reserves	Proposed dividend	share of Equity	Non- controlling interests	
Equity as at 01.01.2017	22,637	-	-7,654	-	-	14,983	-	14,983
Net Loss	-	-	-11,387	-	-	-11,387	-61	-11,448
Other comprehensive income	-	-	-	-31	-	-31	0	-31
Comprehensive income	-	-	-11,387	-31	-	-11,418	-61	-11,479
Capital Increase	34,189	2,153	-	-	-	36,342	-	36,342
Costs related to capital increase	-	-	-3,126	-	-	-3,126	-	-3,126
Non-controlling interests	-	-	-	-	-	-	842	842
Transfer of reserves	-	-2,153	2,153	-	-	-	-	-
Transactions with owners	34,189	-	-973	-	-	33,216	842	34,058
Equity as at 30.06.2017	56,826	-	-20,014	-31	-	36,781	781	37,562
Equity as at 01.01.2016	12,500	-	39,555	-	-	52,055	-	52,055
Net Loss	-	-	-10,275	-	-	-10,275	-	-10,275
Other comprehensive income	-	-	-	-	-	-	-	-
Comprehensive income	-	-	-10,275	-	-	-10,275	-	-10,275
Capital increase	137	863	-	-	-	1,000	-	1,000
Costs related to capital increase	-	-1,467	-	-	-	-1,467	-	-1,467
Transactions with owners	137	-604	-	-	-	-467	-	-467
Equity as at 30.06.2016	12,637	-604	29,280	-	-	41,313	-	41,313

Consolidated cash flow statement

DKK'000	Note	H1 2017	H1 2016	FY 2016
Loss before tax		-13,056	-12,680	-64,342
Depreciation, amortisation and impairment losses		3,755	6,153	42,228
Financial income, reversed		-473	-227	-122
Financial expenses, reversed		958	462	505
Change in working capital		-250	-519	5,593
Operating cash flow		-9,066	-6,811	-16,138
Financial income, received		-	-	4
Financial expenses, payed		-144	-213	-395
Income tax received		-	-	5,359
Cash flow generated from operations		-9,210	-7,024	-11,170
Purchase of equipment		-33	-	-23
Sale of equipment		34	-	-
Investment in intangible assets		-1,787	-9,706	-14,263
Cash flow from investing activities		-1,786	-9,706	-14,286
Proceeds from cash capital increase		28,824	702	21,898
Credit institutions, loan		-981	-915	-1,862
Short-term loan from shareholder		-	4,000	-
Cash flow from financing activities		27,843	3,787	20,036
Total cash flow for the period		16,847	-12,943	-5,420
Cash, beginning of period		9,233	14,594	14,594
Cash from bussines combinatons	4	769	-	-
Net foreign exchange difference		-559	6	59
Cash, end of period		26,290	1,657	9,233

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 2016.

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 2016, 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 2016. The principles and key assumptions are described in the Annual Report 2016 in note 2.

2. Earnings per share

DKK'000	H1 2017	H1 2016	FY 2016
Net loss for the period	-11,387	-10,275	-58,970
Average number of shares (in thousands)	47,219	25,233	33,475
Average number of treasury shares	-	-	-
Average number of shares in circulation	47,219	25,233	33,475
Diluted average number of shares in circulation	47,219	25,233	33,475
Earnings per share of DKK 0,500 each (in DKK)	-0.241	-0.407	-1.762
Diluted earnings per share of DKK 0,500 each (in DKK)	-0.241	-0.407	-1.762

3. Intangible assets

DKK'000	Goodwill	Acquired rights	Development projects in progress	Completed developments projects	Total
Costs as at 01.01.2017	762	300	4,520	61,089	66,671
Additions	3,490	-	1,787	-	5,277
Transfer	-	-	-	-	-
Disposals	-	-	-	-	-
Costs as at 30.06.2017	4,252	300	6,307	61,089	71,948
Amortisation and impairment losses as at 01.01.2017	-	300	3,654	49,078	53,032
Impairment losses	-	-	-	-	-
Amortisation	-	-	-	3,657	3,657
Disposals	-	-	-	-	-
Amortisation and impairment losses as at 30.06.2017	-	300	3,654	52,735	56,689
Carrying amount as at 30.06.2017	4,252	-	2,653	8,354	15,259

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

4. Business combinations

On 12 April 2016, the Group acquired 50,9% of the shares of Fuzzy Frog Ltd. A company based in Nottingham, UK that have strong development experience within the mobile games industry. The Group has acquired Fuzzy Frog Ltd. to secure a more streamlined and cost-effective development organization going forward. The acquisition has been accounted for using the acquisition method.

The fair values of the identifiable assets and liabilities of Fuzzy Frog Ltd. as at the date of acquisition were:

DKK'000	H1 2017
Property, plant and equipment	243
Cash	769
Other current assets	1,452
Current liabilities	-643
Deferred tax liability	-46
Total identifiable net assets at fair value	1,775
Non-controlling interest (proportionate share in the identifiable net assets)	-871
Goodwill arising on acquisition	3,490
Purchase consideration transferred	4,394

No cash flows on acquisition except net cash acquired with the subsidiary (included in cash flows from investing activities). Purchase consideration are in own shares.

From the date of acquisition, Fuzzy Frog Ltd. has contributed TDKK 252 of revenue and TDKK -124 to the net profit of the Group.

The goodwill recognized is primarily attributed to the expected synergies and other benefits from combining the assets and activities of Fuzzy Frog Ltd. with those of the Group. The goodwill is not deductible for income tax purposes.

Transaction costs of TDKK 298 have been expensed and are included in administrative expenses in the statement of profit or loss and are part of operating cash flows in the statement of cash flows.

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

No important events have occurred after the balance sheet date.