



Copenhagen, 30 August 2022

5th Planet Games A/S

INTERIM REPORT 1st Half year 2022

Six months ended 30 June 2022

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Company announcement No. 35-2022

Announcement no. 35
Copenhagen, Date August 30th, 2022

5th Planet Games increase H1 2022 YoY revenue with 360% and improve H1 2022 YoY performance on all core financial metrics

COPENHAGEN, August 30, 2022: 5th Planet Games A/S (OAX: FIVEPG) is pleased to announce that we can now see the positive impact of the work that has been done over the last 9 months; with all financial core metrics now heading in a positive direction. By half year's end we had a cash position of DKK 34m with a future guaranteed cash inflow of another DKK 37m to total cash position of DKK 71m, which leave us complete freedom to execute on our strategy.

Almost DKK 3m in H1 2022 revenue has arrived from Before Your Eyes royalties, and we have recently signed co-publishing agreements for Escape Academy (already released), WrestleQuest (to be released in 2023) and VICE NDRCVR (to be released in 2023).

Looking into the next half year, the most significant events are the financial performance of Before Your Eyes and Escape Academy together with expected signing of more (co-)publishing agreements; the biggest being based on "The Walking Dead" IP.

Highlights:

- Revenue H1 2022 was DKK 4.7m, which is 360% higher than DKK 1.3m in H1 2021.
- EBITDA H1 2022 was DKK -1.1m, which is an improvement of DKK 5.6m from DKK -6.7m in H1 2021.
- Cashflow positive H1 2022 by DKK 20.2m, which is an improvement of DKK 32.8m from DKK -12.6m in H1 2021

Guidance 2022:

- Revenue maintains guidance of DKK 10m to 20m (mainly from Before Your Eyes and Escape Academy) for the full year of 2022.
- EBITDA guidance is adjusted up to a level between DKK +0.1m to +2.0m for the full year of 2022 as we expect to deliver a positive EBITDA in H2 2022.



CEO-letter: H1 2022

For the first time, we can now clearly see the positive impact of the hard work that has been done over the last year in the financial performance of the company; with the core financial metrics all now heading in a positive direction.

In reviewing our financial results for H1 2022, I note the following highlights:

- Revenue H1 2022 was DKK 4.7m, which is 360% higher than DKK 1.3m in H1 2021.
- EBITDA H1 2022 was DKK -1.1m, which is an improvement of DKK 5.6m from DKK -6.7m in H1 2021.
- Cashflow positive H1 2022 by DKK 20.2m, which is an improvement of DKK 32.8m from DKK -12.6m in H1 2021.
- Net profit / loss exclusive loss from fair value of derivative financials instruments was a profit of DKK 0.1m in Q2 2022 against a loss of DKK-6.4 in Q2 2021 (on a half year basis H1 2022 was DKK -0.4m, which is an improvement of DKK 12.4m from DKK -12.8m in H1 2021).

As we have a future guaranteed cash inflow of DKK 37m, technical accounting rules dictate a change in fair value of derivative financials instruments by DKK -42.7m, which then gives a net loss Q2 2022 of DKK 42.6m. These DKK 42.7m and another DKK 17.9m from Q1 2022 will come positive back into the accounting books before the last payment in September 2023.

BUT - despite the technical accounting in Q2 2022 to reflect the hypothetical value it is very clear that from an operational perspective, the company is now quickly heading to a position of profitability, which is also our guidance for H2 2022 and for the full year of 2022

We have seen in H1 2022 a very significant revenue contribution from *Before Your Eyes*, one of the titles that was signed as part of our ongoing partnership with Skybound; the title continues to attract outstanding critical acclaim, with royalties of DKK 3m in the first 6 months of this year. On top, we announced a major new distribution agreement with Netflix to make the game available for mobile devices. The royalty income from *Before Your Eyes* now makes a significant contribution to the business, and my expectation is that it will continue to do so for many years to come.

In recognising the contribution of *Before Your Eyes*, we have similar hopes for the other titles that we have recently announced; *Escape Academy*, which has already released and *WrestleQuest* and VICE NDRCVR both of which will release in 2023. Royalty income from these new titles will start to contribute to 5th Planet Games from the end of this year, and like *Before Your Eyes*, all of these games come are being developed by outstanding teams with a proven track record.

I am also pleased to see that our back catalogue of mobile games is still viable, its managed in a pro-active way and it continues to make a net positive contribution to our finances.



Our business development teams have continued to work hard through the Spring and early Summer months, and as a result, we expect to have an even bigger pipeline of new opportunities with more games and distribution agreements to announce in H2 2022.

Yours sincerely,

Mark Stanger, Interim CEO, 5th Planet Games A/S



Guidance 2022

- Revenue maintains guidance of DKK 10m to 20m (mainly from Before Your Eyes and Escape Academy) for the full year of 2022.
- EBITDA guidance is adjusted up to a level between DKK +0.1m to +2.0m for the full year of 2022 as we expect to deliver a positive EBITDA in H2 2022.



Key figures and financial performance

DKK '000	Q2 2022	Q2 2021	H1 2022	H1 2021	FY 2021
*Revenue	1,813	601	4,727	1,314	4,809
*Gross profit	1,775	523	4,634	975	4,688
*Loss before special items (EBITDA)	-656	-3,144	-1,118	-6,656	-9,465
*Operating profit/loss (EBIT)	-925	-3,144	-1,652	-6,656	-15,066
*Net Financials exclusive change in derivative instruments	1,010	-96	1,221	-144	656
Change in derivative financials instruments, fair value	-42,652	0	-68,282	0	7,729
Loss from discontinued operations	0	-3,322	0	-6,864	-9,651
Profit / loss for the year	-42,567	-6,382	-68,713	-12,797	-16,254
Profit / loss exclusive fair value of derivative financials instruments	85	-6,382	-431	-12,797	-23,983
Total assets	51,764	16,448	51,764	16,448	28,359
Investments other equipment	0	0	0	0	0
Capitalized development costs	14,089	0	14,089	0	0
Equity	-27,328	10,674	-27,328	10,674	23,461
Equity exclusive fair value derivative financials instruments	33,226	10,674	33,226	10,674	15,732

*Figures for Q2 2021, H1 2021 and FY2021 are only for continued operations.

- **Revenue** for Q2 2022 amounted to DKK 1.8m, a 202% increase from DKK 0,6m in Q2 2021 (continued operations).
- **Gross profit** for Q2 2022 amounted to DKK 1.8m, a 239% increase from DKK 0.5m in Q2 2021 (continued operations).
- **Costs** for Q2 2022 decreased by DKK 1.2m (continued operations). Development expenses in Q2 2022 amounted to DKK 0.0m a decrease from DKK 1.1m in Q2 2021 (continued operations). Other expenses were in Q2 2022 on same level as in Q2 2021 (continued operations).
- **EBITDA** before special items was a loss of DKK 0.7m in Q2 2022 against a loss of DKK 3.1m in Q2 2021 (continued operations). The increase was mainly driven by increase in revenue.
- **Financial income** was an income of DKK 1.0m, covering financial income from exchange rate adjustments.
- **Financial expenses** were a cost of DKK 42.7m covering an interest expense of DKK 0.1 and calculated change in loss from derivative financials instruments of DKK 42.6m. The amount DKK 42.6m is the fair calculated value change of Tranche 2-4 from the investment agreement with Skybound. These DKK 42.6m and another DKK 18.0m from Q1 2022 will come positive back into the accounting books before the last payment in September 2023. For further explanation please see note 4.
- **Loss before tax** amounted to DKK 42.7m in Q2 2022 an increase from DKK -3.3m in Q2 2021 (continued operations).



- **Profit / loss exclusive change in fair value of derivative financials instruments** was a profit of DKK 0.1m (DKK -42.7m + DKK 42.6m) in Q2 2022 compared to a loss of DKK -3.3m in Q2 2021 (continued operations).
- **Cash flows from operating activities.** Cash flows from operating activities was positive with DKK 16.1 in Q2 2022 against an outflow of DKK 6.0m in Q2 2021.
- **Cash flows from investing activities.** Cash flows from investing activities was DKK 14.1 in Q2 2022 against DKK 0.0m in Q2 2021. The investment amount is development projects in progress regarding the Co-productions agreements with Skybound.
- **Cash flows from financing activities.** Cash flows from financing activities was DKK 16.6 in Q2 2022 against DKK 0.0m in Q2 2021. The amount is the net proceed regarding tranche 2 in Investment Agreement with Skybound Games Studios Inc received in April 2022.
- **Cash position** as of 30 June 2022 amounted to DKK 33.9m against DKK 11.0m as of 30 June 2021.
- **The Group's equity** as of 30 June 2022 amounted DKK -27.3m. The reason for the negative equity as of 30 June 2022 is that the calculated value of the derivative financials instruments amounts DKK -60.6m as of 30 June 2022. Without the calculated value of the derivative financials instruments the group's equity would have been positive by DKK 33.3m.



5th Planet Games at a glance

- 5th Planet Games A/S, Gothersgade 11, 1123 Copenhagen K, Denmark, CVR no.: 3359 7142.
- Interim CEO Mark Stanger, E-mail: mstanger@5thplanetgames.com, Phone: +44 7833690674.
- An international, publicly traded games development company founded in 2011.
- A company that finances and publishes games on global basis.
- Strong portfolio of titles available across all platforms.
- Truly passionate about games and committed to making and publishing titles that will engage and bring genuine joy to people for years.
- Enters into strategic partnerships with global IP holders for increased visibility, awareness and games performance.
- Focused on games of the highest quality and a publishing function managed by an experienced executive team from Europe and the USA



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 2022 of 5th Planet 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 5th Planet Games Groups' assets, liabilities and financial position on 30 June 2022, and of the results of the 5th Planet Games Group's operations and cash flows for the period 1 January – 30 June 2022.

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 August 2022

Executive Board

Mark Stanger
CEO

Board of Directors

Jon Goldman
Chairman

Henrik Nielsen

David Alpert

Søren Kokbøl Jensen



Independent Auditor's review report

To the shareholders of 5th Planet Games A/S

We have reviewed the interim consolidated financial statements of 5th Planet Games A/S for the period 1 January 2022 – 30 June 2022 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 (page 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 2022 – 30 June 2022 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, 30 August 2022

Grant Thornton

State Authorised Public Accountants
Company reg. no. 34209936

Anders Flymer-Dindler
State-Authorized Public Accountant
MNE-nr 35423

Mathias John Vintersbølle
State-Authorized Public Accountant
MNE-nr. 47837



Consolidated statement of comprehensive income

DKK'000	Note	Q2 2022	Q2 2021	H1 2022	H1 2021	FY 2021
Revenue	2	1,813	601	4,727	1,314	4,809
Costs of sales		38	78	93	339	121
Gross Profit		1,775	523	4,634	975	4,688
Research and development costs		-34	1,068	537	2,248	3,998
Marketing expenses		0	0	0	0	0
Other expenses		2,465	2,599	5,215	5,383	10,155
Loss before special items, depreciation and amortisation (EBITDA)		-656	-3,144	-1,118	-6,656	-9,465
Special items		0	0	0	0	5,262
Depreciation and amortisation		269	0	534	0	339
Operating loss (EBIT)		-925	-3,144	-1,652	-6,656	-15,066
Financial income		1,029	-120	1,264	313	8,483
Financial expenses		42,671	24	68,325	54	98
Loss before tax		-42,567	-3,288	-68,713	-6,397	-6,681
Tax on loss for the year		0	-228	0	-464	-78
Loss for the year from continuing operations		-42,567	-3,060	-68,713	-5,933	-6,603
Loss for the year from discontinued operations		0	-3,322	0	-6,864	-9,651
Loss for the year		-42,567	-6,382	-68,713	-12,797	-16,254
Other comprehensive income		0	0	0	0	0
Comprehensive income		-42,567	-6,382	-68,713	-12,797	-16,254
Distribution of comprehensive income:						
Parent company's shareholders		-42,567	-6,382	-68,713	-12,797	-16,254
Non-controlling interests			0	0	0	0
Total		-42,567	-6,382	-68,713	-12,797	-16,254
Basic earnings per share:						
From Continued operations (DKK)	3	-0.275	-0.029	-0.486	-0.056	-0.058
From discontinued operations (DKK)	3	0.000	-0.031	0.000	-0.065	-0.069
Total DKK)		-0.275	-0.060	-0.486	-0.120	-0.127
Diluted earnings per share:						
From Continued operations (DKK)	3	-0.275	-0.029	-0.486	-0.056	-0.058
From discontinued operations (DKK)	3	0.000	-0.031	0.000	-0.065	-0.069
Total DKK)		-0.275	-0.060	-0.486	-0.120	-0.127



Consolidated balance sheet

DKK'000	Note	30.06.2022	30.06.2021	31.12.2021
Non-current assets				
Acquired rights		1,280	0	1,814
Completed development projects		0	0	0
Development projects in progress		14,089	0	0
Plant and equipment		0	71	0
Right-of-use assets		0	607	0
Income tax receivables		0	1,664	0
Total non-current assets		15,369	2,342	1,814
Current Assets:				
Trade receivables		2,219	828	1,924
Income tax receivable		152	2,196	52
Other receivables		5	50	2,911
Accrual expenses		159	0	322
Derivative financials instruments	4	0	0	7,729
Cash		33,860	11,032	13,607
Total current assets		36,395	14,106	26,545
Total assets		51,764	16,448	28,359
EQUITY AND LIABILITIES				
DKK'000	Note	30.06.2022	30.06.2021	31.12.2021
Equity:				
Share capital		8,207	5,316	6,400
Reserves		0	0	0
Retained earnings		-35,535	5,358	17,061
Total Equity		-27,328	10,674	23,461
Non-current liabilities				
Lease liabilities		0	400	0
Other payables		372	930	930
Total non-current liabilities		372	1,330	930
Current liabilities				
Lease liabilities		0	260	0
Received prepayments		0	0	0
Accrual income		409	0	572
Derivative financials instruments	4	60,554	0	0
Trade payables		16,347	1,394	1,746
Other payables		1,410	2,790	1,650
Total current liabilities		78,720	4,444	3,968
Total Liabilities		79,092	5,774	4,898
Total equity and liabilities		51,764	16,448	28,359



Consolidated statement of changes in equity

DKK'000	Reserves				Total equity
	Share capital	Share premium	Other reserves	Retained earnings	
Equity as at 01.01.2022	6,400	0	0	17,061	23,461
Net Loss				-68,713	-68,713
Other comprehensive income					0
Comprehensive income	0	0	0	-68,713	-68,713
Capital increase	1,807	15,084			16,891
Costs related to capital increase		-332			-332
Share-based payments				1,365	1,365
Transfer of reserves		-14,752		14,752	0
Transactions with owners	1,807	0	0	16,117	17,924
Equity as at 30.06.2022	8,207	0	0	-35,535	-27,328
Equity as at 01.01.2021	5,316	0	0	15,573	20,889
Net Loss				-12,797	-12,797
Other comprehensive income			0	0	0
Comprehensive income	0	0	0	-12,797	-12,797
Capital increases					0
Costs related to capital increase					0
Share-based payment		0		2,582	2,582
Transfer of reserves					0
Transactions with owners	0	0	0	2,582	2,582
Equity as at 30.06.2021	5,316	0	0	5,358	10,674



Consolidated cash flow statement

DKK'000	Q2 2022	Q2 2021	H1 2022	H1 2021	FY 2021
Loss before tax	-42,567	-7,207	-68,713	-14,438	-16,332
Depreciation, amortisation and impairment losses	269	70	534	150	5,364
Share-based payments	691	1,103	1,365	2,582	4,360
Financial income, reversed	-1,026	0	-1,264	-313	-8,484
Financial expenses, reversed	42,671	157	68,325	80	135
Change in working capital	16,134	-84	17,679	-469	-4,523
Operating cash flow	16,172	-5,961	17,926	-12,408	-19,480
Financial income, received	0	0	0	0	0
Financial expenses, paid	-19	-37	-43	-80	-135
Income tax received	-100	-15	-100	-23	2,222
Cash flow generated from operations	16,053	-6,013	17,783	-12,511	-17,393
Purchase of intangible assets	-14,089	0	-14,089	0	0
Sale of right of use assets	0	0	0	0	544
Purchase of IP rights	0	0	0	0	-6,895
Cash flow from investing activities	-14,089	0	-14,089	0	-6,351
Proceeds from cash capital increase	16,559	0	16,559	0	7,573
Purchase of IP rights financed by issue of warrants	0	0	0	0	6,895
Lease liabilities, repayment	0	-62	0	-123	-783
Cash flow from financing activities	16,559	-62	16,559	-123	13,685
Total cash flow for the period	18,523	-6,075	20,253	-12,634	-10,059
Cash, beginning of period	15,337	17,107	13,607	23,666	23,666
Net foreign exchange difference	0	0	0	0	0
Cash, end of period	33,860	11,032	33,860	11,032	13,607



Notes:

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 2021.

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 2021.

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 2021. The principles and key assumptions are described in the Annual Report 2021 in note 2.

2. Revenue

DKK'000	Q2 2022	Q2 2021	H1 2022	H1 2021	FY 2021
Sales of games and advertising for mobile devices	344	204	771	446	1,205
License income	1,320	397	3,807	868	3,589
Other revenue	149	0	149	0	15
Total	1,813	601	4,727	1,314	4,809

3. Earnings per share

2. Earnings per share

DKK'000	Continued operations					Discontinued operations				
	Q2 2022	Q2 2021	H1 2022	H1 2021	FY 2021	Q2 2022	Q2 2021	H1 2022	H1 2021	FY 2021
Net loss for the period	-42,567	-3,060	-68,713	-5,933	-6,603	0	-3,322	0	-6,864	-7,797
Average number of shares (in thousands)	154,892	106,318	141,444	106,318	113,148	127,996	106,318	141,444	106,318	113,148
Average number of treasury shares	0	0	0	0	0	0	0	0	0	0
Average number of shares in circulation	154,892	106,318	141,444	106,318	113,148	127,996	106,318	141,444	106,318	113,148
Diluted average number of shares in circulation	154,892	106,318	141,444	106,318	113,148	127,996	106,318	141,444	106,318	113,148
Earnings per share of DKK 0,05 each (in DKK)	-0.275	-0.029	-0.486	-0.056	-0.058	0.000	-0.031	0.000	-0.065	-0.069
Diluted earnings per share of DKK 0,05 each (in DKK)	-0.275	-0.029	-0.486	-0.056	-0.058	0.000	-0.031	0.000	-0.065	-0.069



4. Derivative financial instruments

On 7 September 2021, the parent company of the group entered into an investment agreement with Skybound Games Studios (the investor). The investor receives right to subscribe mandatorily and investment shares and warrants (collectively “rights”) which can be exercised on different dates depending on the tranches. Each right can be exercised for one share (i.e., 1:1 conversion ratio) and the number of shares that will be issued are fixed for all these tranches. Upon settlement, the fixed exercise amount in Norwegian kroner (NOK) is settled by the investor by paying its US dollar (USD) equivalent. The functional and presentation currency of the parent company and the Group is Danish kroner (DKK). Hence, although the exercise amount is fixed in NOK, the equivalent amount in DKK is variable depending on the prevailing exchange rate between DKK and USD at settlement date. This variable amount does not qualify the definition of equity instrument and therefore, these rights are classified as derivative financial assets / liabilities.

The technical accounting liabilities amount to DKK 60.6m as per 30 June 2022 is a variable amount that incorporates the development in exchange rate between NOK and DKK together with 5th Planet Games’ share price. The amount DKK 42.6m is the fair calculated value change of Tranche 2-4 from the investment agreement with Skybound. These DKK 42.6m and another DKK 18.0m from Q1 2022 will come positive back into the accounting books before the last payment in September 2023.

Capital resources

The company will resolve the tranche 3 payment from the Skybound agreement of DKK 20m end August 2022. According to most recent budgets and plans the existing capital resources are sufficient to continue the operation.

Events occurring after the balance sheet date

Following the decrease in the share price in August 2022, the company is at the date of this report no longer in a situation with capital loss.

The capital loss as of 30 June 2022 is due to the technical accounting principles related to the fair value of the derivative financial instruments, and does not affect the groups capital recourses, cash position or future outflow of cash. This technical accounting situation is only temporary and will end when Investment Tranche 4 has been executed September 2023 as the mentioned DKK 42.6m and DKK 18.0m will come positive back into the accounting books before the last payment in September 2023.

Contingent liabilities

Based on management’s assessment the group is not involved in any lawsuits, arbitration cases or other matters which could have a material impact on the group’s financial position or results of operations.



Acquired IP rights / co-productions rights

As a part of the investment agreement with Skybound the company has entered into two co-production agreements with a total co-funding obligation for the company on USD 5.5m.

As part of the investment agreement, 5th Planet Games has provided certain representations and warranties to Skybound. Should Skybound suffer a loss due to certain specific warranties not being true, accurate and not misleading, Skybound will, at its own discretion, have the option of being indemnified from its loss by exercising up to 2,200,000 warrants (depending on the loss), each warrant entitling Skybound Games to subscribe for 1 share of nominal DKK 0.05 at par value (the “Indemnification Warrants”). The potential loss from this warranty is estimated to be insignificant.