



Copenhagen, 24 November 2022

5th Planet Games A/S

INTERIM REPORT Q1 – Q3 2022

Nine months ended 30 September 2022

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Company announcement No. 42-2022

Announcement no. 42

Copenhagen, Date November 24th, 2022

5th Planet Games is profitable in Q3 2022 and improve YoY performance on all core financial metrics

COPENHAGEN, November 24, 2022: 5th Planet Games A/S (OAX: 5PG) is pleased to declare profitability in Q3 2022 with a positive EBITDA of DKK 459.000 for the quarter.

Furthermore 5th Planet Games A/S is showing YoY improvement on all core financial metrics, both for Q3 2022 alone and also on the Q1-3 2022 combined result.

By the end of Q3 we had a cash position of DKK 41m with a future guaranteed cash inflow of another DKK 22m to reach a total cash position of DKK 63m, this puts in a position to execute on our strategy.

Out of a total revenue of DKK 6.7m in Q1-3 2022, almost DKK 4.4m in Q1-3 2022 revenue comes from Before Your Eyes royalties. On top of this, we have signed new co-financing for Escape Academy (already released), WrestleQuest (to be released in 2023), VICE NDRCVR (to be released in 2023) and the recently announced new game based on The Walking Dead IP.

Looking into the next 3 month, the most significant events are the financial performance of Before Your Eyes and Escape Academy together with expected signing of more co-financing agreements.

Highlights:

- EBITDA positive in Q3 2022 with DKK 459k, which is an improvement of DKK 2.0m from DKK -1.6m in Q3 2021.
- Revenue Q1-3 2022 was DKK 6.7m, which is 225% higher than DKK 2.1m in Q1-3 2021.
- EBITDA Q1-3 2022 was DKK -0.7m, which is an improvement of DKK 7.5m from DKK -8.2m in Q1-3 2021.
- Cashflow positive Q1-3 2022 by DKK 27.4m, which is an improvement of DKK 34.8m from DKK -7.4m in Q1-3 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 also maintained of a level between DKK +0.1m to +2.0m for the full year of 2022 as we expect to deliver a positive EBITDA in Q4 2022.



CEO-letter: Q3 2022

Once again, I am pleased to be able to share improving financial metrics for Q3 2022 that speak to our continued vigilance on costs, the impressive contribution of titles such as *Before Your Eyes* and the performance of our back catalogue. The company made a EBITDA of DKK 459k in the quarter, and I am truly delighted to be to announce that fact, I believe it represents a significant turning point for the company.

In reviewing our financial results for Q1-3 2022, I note the following highlights:

- EBITDA positive in Q3 2022 with DKK 459k, which is an improvement of DKK 2.0m from DKK -1.6m in Q3 2021.
- Revenue Q1-3 2022 was DKK 6.7m, which is 225% higher than DKK 2.1m in Q1-3 2021.
- EBITDA Q1-3 2022 was DKK -0.7m, which is an improvement of DKK 7.5m from DKK -8.2m in Q1-3 2021.
- Cashflow positive Q1-3 2022 by DKK 27.4m, which is an improvement of DKK 34.8m from DKK -7.4m in Q1-3 2021.
- Net profit / loss exclusive loss from fair value of derivative financials instruments was a profit of DKK 1.7m in Q3 2022 against a loss of DKK-4.7 in Q3 2021 (on a 9 month basis Q1-3 2022 was DKK 1.2m, which is an improvement of DKK 23.5m from DKK -22.3m in Q1-3 2021).

One of my main priorities for this year was firmly proving the value of the partnership with Skybound Entertainment and the games that have resulted from that partnership; when I now look at the contribution that a game like *Before Your Eyes* is making to our business, I am extremely excited for the future and the potential of games that we have already announced such as *Escape Academy*, *WrestleQuest* and *VICE NDRCVR*, not to mention the new game based on *The Walking Dead* IP, clearly the potential for this catalogue is huge and there are expected other, similar announcements in the coming weeks.

Our back catalogue of mobile and real-money games continues to make a meaningful contribution to the business and are performing to expectation through Q3; I expect that to continue into next year with new product launches planned.

We are happy to maintain our guidance for the full year and look forward to again reporting on a now profitable business by the end of the year.

Yours sincerely,

Mark Stanger, 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 also maintained of a level between DKK +0.1m to +2.0m for the full year of 2022 as we expect to deliver a positive EBITDA in Q4 2022.



Key figures and financial performance

DKK '000	Q3 2022	Q3 2021	Q1-3 2022	Q1-3 2021	FY 2021
*Revenue	2,020	759	6,747	2,073	4,809
*Gross profit	1,988	722	6,622	1,967	4,688
*Profit / loss before special items (EBITDA)	459	-1,556	-659	-8,212	-9,465
*Operating profit / loss (EBIT)	46	-1,627	-1,606	-13,024	-15,066
*Net Financials exclusive change in derivative instruments	1,604	159	2,825	418	656
Change in derivative financials instruments, fair value	47,972	11,762	-20,310	11,762	7,729
Loss from discontinued operations	0	-2,787	0	-9,651	-9,651
Profit / loss for the period	49,622	7,043	-19,091	-10,495	-16,254
Profit / loss exclusive fair value of derivative financials instruments	1,650	-4,719	1,219	-22,257	-23,983
Total assets	59,470	33,136	59,470	33,136	28,359
Investments other equipment	0	0	0	0	0
Capitalized development costs	12,953	0	12,953	0	0
Equity	42,844	27,402	42,844	27,402	23,461
Equity exclusive fair value derivative financials instruments	55,426	15,640	55,426	15,640	15,732

*Figures for Q3 2021, Q1-3 2021 and FY2021 are only for continued operations.

- **Revenue** for Q3 2022 amounted to DKK 2.0m, a 166% increase from DKK 0,8m in Q3 2021 (continued operations).
- **Gross profit** for Q3 2022 amounted to DKK 2.0m, a 175% increase from DKK 0.7m in Q3 2021 (continued operations).
- **Costs** for Q3 2022 decreased by DKK 0.7m (continued operations). Development expenses in Q3 2022 amounted to DKK 0.3m a decrease from DKK 0.6m in Q3 2021 (continued operations). Other expenses amounted DKK 1.3m decrease from DKK 1.7m (continued operations).
- **EBITDA** before special items was a profit of DKK 0.5m in Q3 2022 against a loss of DKK 1.6m in Q3 2021 (continued operations).
- **Financial income** was an income of DKK 49.6m, covering financial income from exchange rate adjustments on DKK 1.6m and calculated change in loss from derivative financials instruments of DKK 48.0m. The amount DKK 48.0m is the fair calculated value change of Tranche 4 from the investment agreement with Skybound. For further explanation please see note 4.
- **Financial expenses** were a cost of DKK 0.01 DKK covering an interest expense.
- **Profit before tax** amounted to DKK 49.6m in Q3 2022 an increase from DKK -20.9m in Q3 2021 (continued operations).
- **Profit exclusive change in fair value of derivative financials instruments** was amounted DKK 1.6m (DKK +49.6m - DKK 48.0m) in Q3 2022 compared to a loss of DKK -4.7m in Q3 2021 (continued operations) an increase from DKK 6.3m in Q3 2021.
- **Cash flows from operating activities.** Cash flows from operating activities was negative by DKK 12.9m in Q3 2022 against an outflow of DKK 2.2m in Q3 2021.



- **Cash flows from financing activities.** Cash flows from financing activities was DKK 20.0 in Q3 2022 against DKK 13.8m in Q3 2021. The amount is the net proceed regarding tranche 3 in Investment Agreement with Skybound Games Studios Inc received in August 2022.
- **Cash position** as of 30 September 2022 amounted to DKK 41.0m against DKK 16.3m as of 30 September 2021.
- **The Group's equity** as of 30 September 2022 amounted DKK 42.8m. Calculated value of the derivative financials instruments amounts DKK -12.6m as of 30 September 2022. Without the calculated value of the derivative financials instruments the group's equity would have been DKK 55.4m.



5th Planet Games at a glance

- 5th Planet Games A/S, Gothersgade 11, 1123 Copenhagen K, Denmark, CVR no.: 3359 7142.
- CEO Mark Stanger, E-mail: mstanger@5thplanetgames.com,
- An international, publicly traded games financing 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 September 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 September 2022, and of the results of the 5th Planet Games Group's operations and cash flows for the period 1 January – 30 September 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, 24 November 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 September 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 11-17).

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 September 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, 24 November 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	Q3 2022	Q3 2021	Q1-3 2022	Q1-3 2021	FY 2021
Revenue	2	2,020	759	6,747	2,073	4,809
Costs of sales		32	37	125	106	121
Gross Profit		1,988	722	6,622	1,967	4,688
Research and development costs		274	621	811	2,869	3,998
Marketing expenses		0	0	0	0	0
Other expenses		1,255	1,657	6,470	7,310	10,155
Profit / loss before special items, depreciation and amortisation (EBITDA)		459	-1,556	-659	-8,212	-9,465
Special items		0	0	0	4,741	5,262
Depreciation and amortisation		413	71	947	71	339
Operating profit / loss (EBIT)		46	-1,627	-1,606	-13,024	-15,066
Financial income		49,586	11,942	2,878	12,255	8,483
Financial expenses		10	21	20,363	75	98
Profit / loss before tax		49,622	10,294	-19,091	-844	-6,681
Tax on loss for the year		0	464	0	0	-78
Profit / loss for the year from continuing operations		49,622	9,830	-19,091	-844	-6,603
Loss for the year from discontinued operations		0	-2,787	0	-9,651	-9,651
Profit / loss for the year		49,622	7,043	-19,091	-10,495	-16,254
Other comprehensive income		0	0	0	0	0
Comprehensive income		49,622	7,043	-19,091	-10,495	-16,254
Distribution of comprehensive income:						
Parent company's shareholders		49,622	7,043	-19,091	-10,495	-16,254
Non-controlling interests			0	0	0	0
Total		49,622	7,043	-19,091	-10,495	-16,254
Basic earnings per share:						
From Continued operations (DKK)	3	0.277	0.093	-0.124	-0.008	-0.058
From discontinued operations (DKK)	3	0.000	-0.031	0.000	-0.065	-0.069
Total DKK)		0.277	0.061	-0.124	-0.072	-0.127
Diluted earnings per share:						
From Continued operations (DKK)	3	0.277	0.093	-0.124	-0.008	-0.058
From discontinued operations (DKK)	3	0.000	-0.031	0.000	-0.065	-0.069
Total DKK)		0.277	0.061	-0.124	-0.072	-0.127



Consolidated balance sheet

DKK'000	Note	30.09.2022	30.09.2021	31.12.2021
Non-current assets				
Acquired rights		1,009	2,083	1,814
Completed development projects		994	0	0
Development projects in progress		12,953	0	0
Plant and equipment		0	0	0
Right-of-use assets		0	0	0
Income tax receivables		0	0	0
Total non-current assets		14,956	2,083	1,814
Current Assets:				
Trade receivables		3,120	739	1,924
Income tax receivable		94	2,228	52
Expenses prepayments		105	0	0
Other receivables		5	5	2,911
Accrual expenses		159	0	322
Derivative financial instruments	4	0	11,762	7,729
Cash		41,031	16,319	13,607
Total current assets		44,514	31,053	26,545
Total assets		59,470	33,136	28,359
EQUITY AND LIABILITIES				
DKK'000	Note	30.09.2022	30.09.2021	31.12.2021
Equity:				
Share capital		10,374	6,400	6,400
Reserves		0	0	0
Retained earnings		32,470	21,002	17,061
Total Equity		42,844	27,402	23,461
Non-current liabilities				
Other payables		372	930	930
Total non-current liabilities		372	930	930
Current liabilities				
Accrual income		409	0	572
Derivative financial instruments	4	12,582	0	0
Trade payables		1,612	1,411	1,746
Other payables		1,651	3,393	1,650
Total current liabilities		16,254	4,804	3,968
Total Liabilities		16,626	5,734	4,898
Total equity and liabilities		59,470	33,136	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				-19,091	-19,091
Other comprehensive income					0
Comprehensive income	0	0	0	-19,091	-19,091
Capital increase	3,974	33,045			37,019
Costs related to capital increase		-450			-450
Share-based payments				1,905	1,905
Transfer of reserves		-32,595		32,595	0
Transactions with owners	3,974	0	0	34,500	38,474
Equity as at 30.09.2022	10,374	0	0	32,470	42,844
Equity as at 01.01.2021	5,316	0	0	15,573	20,889
Net Loss				-10,495	-10,495
Other comprehensive income			0	0	0
Comprehensive income	0	0	0	-10,495	-10,495
Capital increases		9,567			9,567
Costs related to capital increase		-1,995			-1,995
Share-based payment		0		9,436	9,436
Transfer of reserves		-7,572		7,572	0
Transactions with owners	0	0	0	17,008	17,008
Equity as at 30.09.2021	5,316	0	0	22,086	27,402



Consolidated cash flow statement

DKK'000	Q3 2022	Q3 2021	Q1-3 2022	Q1-3 2021	FY 2021
Profit / loss before tax	49,622	3,943	-19,091	-10,495	-16,332
Depreciation, amortisation and impairment losses	413	4,945	947	5,095	5,364
Share-based payments	540	-40	1,905	2,542	4,360
Financial income, reversed	-1,614	-11,942	-2,878	-12,255	-8,484
Financial expenses, reversed	-47,962	32	20,363	112	135
Change in working capital	-13,887	902	3,792	433	-4,523
Operating cash flow	-12,888	-2,160	5,038	-14,568	-19,480
Financial income, received	0	0	0	0	0
Financial expenses, paid	-9	-32	-52	-112	-135
Income tax received	58	23	-42	0	2,222
Cash flow generated from operations	-12,839	-2,169	4,944	-14,680	-17,393
Purchase of intangible assets	0	0	-14,089	0	0
Sale of right of use assets	0	544	0	544	544
Purchase of IP rights	0	-6,895	0	-6,895	-6,895
Cash flow from investing activities	0	-6,351	-14,089	-6,351	-6,351
Proceeds from cash capital increase	20,010	7,572	36,569	7,572	7,573
Purchase of IP rights financed by issue of warrants	0	6,895	0	6,895	6,895
Lease liabilities, repayment	0	-660	0	-783	-783
Cash flow from financing activities	20,010	13,807	36,569	13,684	13,685
Total cash flow for the period	7,171	5,287	27,424	-7,347	-10,059
Cash, beginning of period	33,860	11,032	13,607	23,666	23,666
Net foreign exchange difference	0	0	0	0	0
Cash, end of period	41,031	16,319	41,031	16,319	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	Q3 2022	Q3 2021	Q1-3 2022	Q1-3 2021	FY 2021
Sales of games and advertising for mobile devices	292	261	1,063	707	1,205
License income	1,728	498	5,535	1,366	3,589
Other revenue	0	0	149	0	15
Total	2,020	759	6,747	2,073	4,809

3. Earnings per share

DKK'000	Continued operations					Discontinued operations				
	Q3 2022	Q3 2021	Q1-3 2022	Q1-3 2021	FY 2021	Q3 2022	Q3 2021	Q1-3 2022	Q1-3 2021	FY 2021
Profit/loss for the period	49,622	10,351	-19,091	-844	-6,603	0	-3,322	0	-6,864	-7,797
Average number of shares (in thousands)	178,895	111,797	154,057	108,151	113,148	127,996	106,318	154,057	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	178,895	111,797	154,057	108,151	113,148	127,996	106,318	154,057	106,318	113,148
Diluted average number of shares in circulation	178,895	111,797	154,057	108,151	113,148	127,996	106,318	154,057	106,318	113,148
Earnings per share of DKK 0,05 each (in DKK)	0.277	0.093	-0.124	-0.008	-0.058	0.000	-0.031	0.000	-0.065	-0.069
Diluted earnings per share of DKK 0,05 each (in DKK)	0.277	0.093	-0.124	-0.008	-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 12.6m as per 30 September 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 -12.6m is the fair calculated value change of Tranche 4 from the investment agreement with Skybound. These DKK -12.6m will come positive back into the accounting books before the last payment in September 2023.

Capital resources

The company has resolved 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

No important events have occurred after the end of Q3 2022.

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.