

5th Planet Games A/S
Gothersgade 11, 1123 Copenhagen K
CVR no. DK 33 59 71 42

Annual report 2018

Management's review

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5TH PLANET GAMES AT-A-GLANCE

- An international, publicly-traded games development company founded in 2011.
- A company that creates, develops and publishes mobile and web-based games globally.
- Strong portfolio of games available across a wide range of platforms including iOS, Android, Facebook and Web.
- 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 global IP holders for increased visibility, awareness and games performance.

CEO LETTER

Great opportunities ahead following a strategic restructure

For 5th Planet Games, 2018 was characterized by being yet another year of considerable change. With the poor performance of Kings of Soccer (April 2018) and continuous delays on the other titles developed by our UK based development studios, we continued our efforts to cut costs in the studios with poor performance and to look for new potential studios with a proven track-record.

A direct consequence of the lack of results was that we decided to close down our studio in Leamington-Spa, focused on developing the Vikings game, in January 2019 followed by the close down of our Nottingham Studio, Fuzzy Frog Ltd., in March 2019.

The first step towards establishing a new studio was taken with the signing of Moritz Voss (Head of Studio, Berlin), the former technical lead at King.com. With Moritz onboard we had the foundation to start build our new match-3 studio in Berlin. Within a few months, Moritz managed to build a strong studio with some of the industry's best match-3 developers and we now have a dedicated team focused on developing our upcoming puzzle game based on the Adventures of Tintin scheduled for launch in Q1 2020.

With the purchase of activities conducted between 5th Planet Games Inc., Rocklin US, and Hugo Games A/S in October 2018, we managed to bring on a very dedicated and experienced studio operating within the highly monetizing genre of strategy and RPG games. The new Rocklin studio, headed by Rob Winkler (Head of Studio, Rocklin), have had several successes in the past with "Dawn of the Dragons" being their biggest title to date for which they are currently working on the sequel scheduled for launch in Q3 2019.

The successful purchase of activities of 5th Planet Games Inc. also served as the kick-off on our newly communicated acquisition strategy, whereby we seek acquire multiple successful gaming companies taking advantage of 5th Planet Games unique position as both a public traded company and an experienced gaming studio. To efficiently execute on the acquisition strategy our shareholders approved an Equity Line from Formue Nord on the extraordinary general meeting on April 3rd, 2019 along with an increased share and warrant pool.

"Hugo the Troll" continue to show strong performance in the Casino Game genre, and we have therefore decided to continue to expand our already existing partnership with Play'n GO. The 4th casino game with "Hugo the Troll" is scheduled for launch in Q3 2019.

With 1) two new studios successfully onboarded; 2) our line-up of games set to release in 2019/20; and 3) our focus on acquiring more profitable studios, we believe that 2019 will be the year where we finally will start to meet the expectations of our shareholders and show the market that 5th Planet Games is an important player in the market for mobile and web-based games.

We appreciate the dedication of our shareholders, and our strengthened team is committed to a deliver a focused effort bringing strong success to 5th Planet Games!

Henrik Nielsen
CEO, 5th Planet Games A/S

OUTLOOK

Reorganisation development resources:

Following the lack of results in both our Nottingham (UK) and Leamington-Spa (UK) studio, the decision was taken to close the studios down and focus our development resources on our two new studios in Berlin (DE) and Rocklin (US). The reorganization of the company has resulted in an increase of our operational expenses with approximately DKK 0.45 million per month net after the realization of the cost savings in Nottingham and Leamington. However, the reorganization also means that 2 new studios has been added both of which have a proven track record and a much higher degree of efficiency.

We continue to stay focused on attracting the best talent and further strengthen our studios. The new studio in Berlin has proven to be an attractive location with access to good talent allowing for further scaling when needed, and with the recently announced acquisition strategy we are constantly looking for opportunities to build other successful teams following the Berlin model.

Game Expectations:

Despite a fewer scheduled launches, 2019 is expected to become the biggest year to date for 5th Planet Games in terms of Net Revenue.

Release plan:

- | | |
|---|---------|
| • Kings of Soccer (e-sport version) | Q2/2019 |
| • Dawn of the Dragons: Ascension | Q3/2019 |
| • Hugo 4 (Casino) | Q3/2019 |
| • The Adventures of Tintin (match-3 Game) | Q1/2020 |

Business units, Resources and Know-how:

Following the closedown of the studios in Nottingham and Leamington-Spa, the 5th Planet Games Group is comprised of 3 business unit, one in Copenhagen (DK), Berlin (DE) and Rocklin (USA). The group management is located in Copenhagen and oversees the activities of the entire 5th Planet Games Group.

Copenhagen, Denmark

The Copenhagen office is focused on continuing to develop the organization and ensure operational excellence. Furthermore, the Copenhagen office is executing all publishing activities, working on identifying new growth opportunities for the existing development centres (incl. acquiring IP rights) as well as identify growth opportunities outside the organization through partnerships with industry leading companies (e.g. Play'n' Go and G-loot). The 4 people employed in the Copenhagen office have a strong set of complementary skills fulfilling all the required skills. The profiles of the 4 people employed in the Copenhagen office include but is not limited to seasoned operators, publishing experts, senior strategists and partnership managers, experienced accounting and compliance officers as well corporate finance experience.

Berlin, Germany

The Berlin Studio is a newly established studio focused on developing exciting match-3 games on mobile utilizing strong IP's such as "The adventures of Tintin". The focus for the Berlin Studio has been to find some of the industry's best talent within the Match-3 genre. As a result, the Berlin office is now fully operational with 10 very seasoned developers of which several comes from the industry leader King.com, where they worked on the match-3 game "Candy Crush Jelly Saga".

Rocklin, USA

The Rocklin Studio is a seasoned Games Development studio with a long history and proven track-record within the RPG genre on both mobile and Web. The Rocklin Studio consists of 18 very seasoned games developers of which most have been part of the studio since its first game, Dawn of the Dragons. The studio is very skilled in creating games with a captivating storyline, strong communities and deep monetization.

Financial expectations:

With the additional reorganization successfully executed in early 2019, two new studios working at full capacity and several games to be released in 2019, we are confident that 5th Planet Games will deliver on its strategy to achieve a positive EBITDA in Q4 2019 between DKK 0.1m and DKK 3.0m.

The financial expectations to 2019 is based on the risk adjusted projections for each release in 2019. The primary risk factors to achieving the financial expectations are primarily the ability for the Rocklin studio to deliver "Dawn of the Dragons: Ascension" to market as planned as well as meeting the risk adjusted KPI's for both DAU and ARPDAU.

FINANCIAL REVIEW

Continued reorganisation, two new games development studios and delayed games releases were the main themes in 2018. It has been a year with focus on achieving a much more efficient organization and build more dedicated teams with stronger track records to limit the future risk for the company. But also, 2018 has been a year with disappointing launches of new games and as a result, 5th Planet Games did not generate satisfactory financial results for 2018.

Disappointing performance

5th Planet Games only launched 1 new mobile title in 2018, but without achieving the desired performance. One online casino game was launched in the middle of 2018 with satisfactory result.

Revenue in 2018 was DKK 6.0m, up from DKK 3.6m in 2017. Revenue was primarily generated from the casino games and the acquired game "Dawn of the Dragons".

Cost base affected by reorganization and investments.

The operational cost base increased in 2018.

Operational Costs (DKK '000)	2018	2017
Costs of sales	646	161
Research and development expenses	11,761	8,197
Marketing expenses	2,316	771
Other expenses	15,840	13,323
Total	30,563	22,452

Research and development costs includes both internal and external costs related to the development of new games that are not capitalized. The DKK 3.6m y-o-y increase is driven by an increase in development costs.

Marketing expenses, which includes online marketing and royalty payments, increased by DKK 1.5m primarily driven by online marketing / user acquisition for games in soft launch.

Other external expenses, which includes administrative salaries, administrative expenses, listing-related costs, etc. accounted for DKK 15.8m in 2018 compared with DKK 13.3m in 2017. The DKK 2.5m y-o-y increase was primarily driven by the share-based payments established in 2017, as well as the acquisition of the activities in 5th Planet Games Inc. in USA.

The average number of employee's headcount in 2018 was 43 (2017: 31). As of 31 December 2018, the number of employees were 47 (2017: 33). In Copenhagen the number of employees as of 31. December were 4 (2016: 3).

The costs associated with the close down of the two UK based development studios in 2019 are not included in 2018 result. However, due to the lean setup the close down costs have been relatively small.

Special items.

Special items covered impairment losses of DKK 11.1m (2017: DKK 0.0) and onerous contract losses of DKK 7.2m. (2017: DKK -0.4m). Changes in both items were due to the disappointing performance of games launched and to our strategic focus.

Financial performance not satisfactory

EBITDA before special items was a loss of DKK 24.6m in 2018 (2017: DKK -18.8m).

Depreciation and amortisation for 2018 was DKK 4.4m (2017: DKK 7.5m).

EBIT for 2018 was a loss of DKK 47.3m (2017: loss of DKK 26.0m). The decrease in result is mainly due to impairment loss and onerous contract losses.

Net financials were an expense of DKK -0.3m (2017: DKK -0.7m).

In 2018, 5th Planet Games incurred a loss before tax of DKK 47.6m (2017: loss of DKK 26.0m). Tax on the loss for the year was an income of DKK 4.1m (2017: DKK 2.9m) of which DKK 4.0m will be returned by the Danish tax authorities under the tax credit scheme.

A net loss for the year of DKK 43.5m was recorded (2017: net loss of DKK 23.5m).

Total assets down in 2018

Total assets amounted to DKK 37.3m as of 31 December 2018, a DKK 32.9m decrease compared to 31 December 2017 due to decrease of cash position by DKK 31.3m.

Cash flow negative due to loss of the year

In 2018, the cash flow from operating activities totalled a loss of DKK 15.8m (2017: loss of DKK 16.0m) and cash flows from investing activities (mainly Acquisition of IP rights and development costs) had a negative cash impact of DKK 15.2m (2017: negative impact of DKK 3.1m). Cash flows from financing activities totalled DKK -0.3m (2017: DKK 60.3m). The cash position at 31 December 2018 amounted to DKK 18.9m (2017: DKK 50.2m).

Equity

The group's equity as of 31 December 2018 was DKK 26.6m (2017: DKK 56.0m). The decrease in equity was mainly attributable to the loss of the year. The equity ratio at year-end was 71% (2017: 80%).

New development centres

In autumn of 2018 5th Planet Games established two new development centres. One in Rocklin, California, USA and one in Berlin, Germany.

The US centre was established following the acquisition of the IP-rights and activities from the Rocklin based studio, 5th Planet Games Inc., developing "Dawn of the Dragons: Ascension".

The Berlin studio were established as a completely new studio and is working on developing the match-3 game based on "the Adventures of Tintin" in collaboration with Moulinsart.

Capital increases in 2018

In 2018 there were 2 capital increases with net proceeds of DKK 2.9 m. The capital increases were the result of the repair issue in January 2018 (DKK 1.4m net proceeds) following the private placement in November 2017 and Henrik Nielsen CEO, executing warrants with net proceeds of 1.5m also in January 2018.

Company developments in 2nd half year 2018

H2 2018 revenue amounted to DKK 3.2m (2017: DKK 1.8m), gross profit was DKK 2.7m (2017: DKK 1.8m) and EBITDA before special items was a loss of DKK 11.1m (2017: loss of DKK 10.0)

Events after the balance sheet date

The development studio in Leamington-Spa, working on the strategy game based on the Vikings series, was closed down in January 2019.

The development studio, Fuzzy Frog Ltd., in Nottingham working on the sequel to the original Doodle Jump game was closed down in March 2019.

The extraordinary cost for these closedowns has been approximately DKK 0.5m and the monthly savings are approximately DKK 1.0m

KEY FIGURES

	IFRS	IFRS	IFRS	IFRS	IFRS
DKK '000	2018	2017	2016	2015	2014
Revenue	5,964	3,618	5,331	3,198	6,344
Gross profit	5,318	3,457	4,866	2,697	4,798
Loss before special items (EBITDA)	-24,599	-18,834	-16,091	-16,627	-1,215
Operating profit/loss (EBIT)	-47,325	-25,976	-63,959	-33,909	-4,711
Net Financials	-286	-456	-383	-3,213	-317
Net loss for the year	-43,544	-23,489	-58,970	-29,431	-3,629
Total assets	37,331	70,188	29,811	63,240	51,143
Investments other equipment	426	301	24	64	16
Capitalized and expenses costs development	17,184	11,066	17,231	18,053	12,678
Equity	26,637	56,028	14,983	52,055	36,874

RISK MANAGEMENT IN PRACTICE

Risk management is a high priority at 5th Planet Games. The Board of Directors and the management monitor the company's risk factors closely to minimize risk exposure. This ensures quick reaction time if conditions change. A risk assessment is made prior to every major decision.

RISKS AND UNCERTAINTIES

The most important risks facing 5th Planet Games are related to market/commercial risk and development risk. However, where the conventional game development is associated with large risks due to long development periods with substantial associated costs and a high risk of failure, 5th Planet Games is focused on developing and utilizing modular code bases in order to reduce the development time and risk of failure significantly.

- **Financial risk**

5th Planet Games is in a development stage and does not yet generate positive cash flows. Therefore, the company relies on having credit facilities and/or on fresh capital from its owners.

- **Market/commercial risk**

For every launch of a new game there is a risk that it will not generate satisfactory downloads and revenue, which can lead to a decision to discontinue the game or stop updating it. In such case, the amount spent on development costs and other costs will be written down with a negative impact on the financial results for the period. To reduce that risk, all new games run a soft launch period in a limited market to test user response and use it to optimize the game.

- **Product development risk**

When developing new products there is a risk that the product will not be finished because of changes in market sentiment, for example. In such case, the amount spent on the project will be lost.

- **Disputes**

The company may from time to time be involved in disputes, including disputes regarding intellectual property rights, all with ensuing risks and costs, which could have a material adverse effect on 5th Planet Games' business, financial condition and results of operations.

- **Partnership risk**

5th Planet Games enters into various agreements with celebrities and IP holders about developing and launching games. If such celebrities and IP holders lose popularity with the general public, revenue may fall dramatically. To minimize that risk, we carefully evaluate the celebrity persons involved before entering into any agreement.

For further information on risk, see the section "Risk factors" on pp. 22, 26 – 30 of the prospectus dated 4 January 2018.

CORPORATE GOVERNANCE

GOOD CORPORATE GOVERNANCE IS ESSENTIAL FOR LONG TERM VALUE CREATION

The Board of Directors serves as a qualified dialogue partner for the daily management. The Board of Directors combines key industry insights, important business and financial skills as well as many years of management experience.

5th Planet Games' Board of Directors and Management continually work with corporate governance principles to ensure that the management structure and control systems are appropriate and satisfactory. 5th Planet Games 2018 statutory report on corporate governance, cf. section 107b of the Danish Financial Statements Act, is available on 5th Planet Games website at <https://www.5thplanetgames.com/investors/documents/>

The Company complies with 34 of the 45 Danish recommendations on corporate governance (www.corporate-governance.dk). The Company complies partially with three recommendations and does not comply with:

1.1.3. The Committee recommends that the company publish quarterly.

- Due to of the limited size of the company only half year reports are published, but the company will communicate to the market when necessary.

2.2.1. The Committee recommends that the board of directors adopt policies on corporate social responsibility.

- The Company aims for a sustainable development based on combining financial performance with socially responsible behavior. The Company has not yet adopted official policies on corporate social responsibilities due to the current business size and activity level, however, it is the Company's aim to adopt such official policies on Corporate Social Responsibilities in line with the growth of the business activities, as the Company is aware of the importance of social responsibility. This is also currently reflected in the Company's individual employment contracts, underlining the importance of integrity and ethics – e.g. that the employees have an obligation to ensure that they follow the norms within the area of business they're operating in.

3.4.6. The Committee recommends that the board of directors establish a nomination committee chaired by the chairman of the board of directors.

- Due to the structure and size of the Company's business, a nomination committee is not established. At least once a year the Board of Directors will assess the executive management and a self-assessment in order to evaluate the company's management competencies and performance in regard to its responsibilities. This is part of the tasks to be overseen by the chairman of the board.

3.4.7. The Committee recommends that the board of directors establish a remuneration committee.

- Due to the structure and size of the Company and its business, a remuneration committee is not established, but it is part of the tasks to be overseen by the chairman of the board to ensure adequate remuneration. However, the Company has a positive interest in establishing a remuneration committee once the Company's business grows.

4.1. Form and content of the remuneration policy

- It is the intention of the Company and the Board to adopt policies for the Company's remuneration of the Board and the Management, but for now the responsibility to propose such remuneration lies with the Chairman. The chairman of the Board of Directors shall regularly assess and propose principles for the remuneration of the Board and the Executive Management, including guidelines for incentive-based remuneration. The Company has adopted a set of guidelines for incentive remuneration of the executive board, which allows for the executive board to receive both a short term-based cash bonus.

4.1.3 The Committee recommends that remuneration of members of the board of directors does not include share options or warrants.

- Due to the current size and structure of the company, a portion of the remuneration of members of the Board of Directors has been replaced by warrants. However, the pool of warrants allocated is not considered material and therefore deemed to not cause the members of the Board of Directors to lose their independence towards the company.

4.1.4 The Committee recommends that if, in relation to long-term incentive programmes, a share-based remuneration is used, the programmes should have a vesting or maturity period of at least three years after being allocated and should be roll-over programmes, i.e. the options should be granted periodically.

- Due to the current structure and strategy of the company the warrant allocations to members of the Board of Directors has been granted on a vesting program of less than three years.

5.2.1. The Committee recommends that the board of directors establish a whistleblower scheme for expedient and confidential notification of serious wrongdoing or suspicions thereof.

- Due to the structure and size of the Company and its business, a whistleblower scheme has not been established. However, the Company intends to establish a whistleblower scheme once the Company's business grows.

Gender diversity

In 2018, the Board of Directors consisted of 3 members, of which none are women (6 members and no women in 2017). In 2017 the Board of Directors set a target to have at least one female Board member elected by the Annual General Meeting in 2021.

Internal control systems

5th Planet Games' risk management and internal control systems for financial reporting are designed to ensure that financial reporting meets current legislation and standards.

The CEO of 5th Planet Games is responsible for maintaining efficient internal controls. A management team consisting of five functional managers and specialists, who are responsible for internal controls within their respective areas of responsibility, such as development, sales and finance, reports to the CEO.

The group's control measures comprise general as well as detailed controls to prevent, identify and correct errors and irregularities. Documentation of procedures is part of the internal control system and consists descriptions of control measures.

These procedures/reports comprise i.e.:

- A review of strategic and business objectives to be performed at least once a year.

- A formalised annual budget with forecasts and estimation procedures. Furthermore, management reporting is prepared, comprising:
- Financial results and financial position, including analysis of cash flows and the group's financial structure.
- Comparison of budgeted financial results, results from previous years and actual results.
- Project management and cost control as well as current project reporting, project follow-up and review of accounting policies and estimates.

Also, the independent auditors report to the Executive Management and the Audit Committee, which assess the results of current examinations performed to determine the extent to which the Executive Management and the Audit Committee can rely on the reports/processes which are mainly prepared and performed by the finance department.

Cooperate social responsibility

It's the ambition of 5th Planet Games to have a sustainable development based on combining financial performance with socially responsible behavior. However, we have not yet adopted official policies on corporate social responsibilities due to the current size of our operations and activity level, but it is our aim to adopt such official policies on Corporate Social Responsibilities in line with the growth of the business activities, as we are aware of the importance of social responsibility. This is also currently reflected in each of the individual employment contracts, underlining the importance of integrity and ethics – e.g. that the employees have an obligation to ensure that they follow the norms within the area of business they're operating in.

Remuneration report

It is the intention of the Company and the Board to adopt policies for the Company's remuneration of the Board and the Management, but for now the responsibility to propose such remuneration lies with the Chairman. The chairman of the Board of Directors shall regularly assess and propose principles for the remuneration of the Board and the Executive Management, including guidelines for incentive-based remuneration. The Company has adopted a set of guidelines for incentive remuneration of the executive board, which allows for the executive board to receive both a short term-based cash bonus (maximum 100% of annual salary) as well as a long term-based warrant program.

Remuneration – Board of Directors

The remuneration of members of the Board of Directors is, due to the current size and structure of the company, comprised of direct payments and a small pool of warrants. The pool of warrants allocated is not considered material and therefore deemed to not cause the members of the Board of Directors to lose their independence towards the company.

Remuneration of the Board of Directors

DKK '000	Joined	Resigned	2018			2017		
			Fixed base fee	Share-based payments	Total	Fixed base fee	Share-based payments	Total
Jesper Theill Eriksen (1)	24-04-2018		15	399	414	0	0	0
Caspar Rose (2)	06-02-2015		15	385	400	45	22	67
Kevin John Terkelsen	21-12-2017		15	399	414	0	0	0
Henrik Kølle		24-04-2018	64	-49	15	117	328	445
Bertel David Maigaard		24-04-2018	5	-22	-17	60	22	82
Rasmus Lund		24-04-2018	5	-22	-17	15	22	37
Henrik Nielsen		29-09-2017	0	0	0	8	0	8
Christian Sand Kirk		25-04-2017	0	0	0	20	0	20
Total			119	1,090	1,209	265	394	659

Remuneration – Executive Management

The remuneration of the Executive Management teams is following the recommendation by the Chairman of the Board of Directors. The current remuneration program for the Executive Management team is comprised of both a monetary remuneration as well as a pool of warrants.

Remuneration of Executive Management

DKK '000	Joined	Resigned	2018			2017		
			Fixed base fee	Share-based payments	Total	Fixed base fee	Share-based payments	Total
Henrik Nielsen, CEO	29-09-2017		480	2,725	3,205	177	1,845	2,022
Anders Egholdt Søgard, CFO'	01-02-2018		690	911	1,601	0	0	0
Peter Ekman, CFO		01-02-2018	70	11	81	923	64	987
Henrik Kølle, CEO		29-09-2017	0	0	0	463	0	463
Total			1,240	3,647	4,887	1,563	1,909	3,472

MANAGEMENT

Board of Directors

**Jesper Theill Eriksen [m]
(1968)**
Chairman of the Board

Position:
CEO at Templafy

Educational background:
LL.M from the University of Copenhagen, Attorney-at-law

Competencies:
Strategy, Finance, Mergers & Acquisitions and Business Development

Member of the boards of:
CrediWire
Fibia

Shares in 5th Planet Games A/S:
0 shares

Warrants in 5th Planet Games A/S:
348,197 warrants

Independent Board Member:
Yes

Election Term:
1 year

Board member since:
March 28th, 2018

**Caspar Rose [m]
(1971)**
Vice Chairman of the Board

Position:
Advokatfuldmægtig at Magnusson

Educational background:
LL.M. from the University of Copenhagen, M.Sc. (Finance and accounting), CBS. Ph.D. from Department of Finance, CBS.

Competencies:
Corporate Governance, Financial markets, Risk management

Member of the boards of:
GF-Forsikring A/S
GF-Storkøbenhavn

Shares in 5th Planet Games A/S:
6,365 shares

Warrants in 5th Planet Games A/S:
348,197 warrants

Independent Board Member:
Yes

Election Term:
1 year

Board member since:
February 6, 2015

**Kevin Terkelsen [m]
(1966)**
Board member

Position:
Manager

Educational background:
Ph.D. in Strategic Management, Master of Business in Technology Management from the Copenhagen Business School

Competencies:
Strategy, Business Development, Management

Member of the boards of:
n/a

Shares in 5th Planet Games A/S:
2,982,200 shares

Warrants in 5th Planet Games A/S:
348,197 warrants

Independent Board Member:
Yes

Election Term:
1 year

Board member since:
December 21, 2017

Executive Management

**Henrik Nielsen [m]
(1967)
CEO**

Employed since: 2017

Educational background:
M.Sc. in Marketing and Strategy from the
Copenhagen Business School

Chairman of the board of:
HNI TRADING ApS
NIL TECHNOLOGY ApS
RED ApS
Grenåvej 425 ApS

Member of the board of:
n/a

Shares in 5th Planet Games A/S:
4,619,262 shares

**Anders Egholt Søgaard [m]
(1987)
CFO**

Employed since: 2018

Educational background:
Elite M.Sc. in International Law, Economics
and Management from the University of
Copenhagen and the Copenhagen Busi-
ness School
M.Sc. in Business Administration and
Commercial Law from the Copenhagen
Business School

Chairman of the board of:
n/a

Member of the board of:
n/a

Shares in 5th Planet Games A/S:
0

SHAREHOLDER INFORMATION

An investment in 5th Planet Games is an investment in games - a market in continuous strong growth.

5th Planet Games shares

The official share price as of 31 December 2018 was NOK 1.20 with a market capitalization of NOK 52.2m (DKK 39.1m). Total turnover of shares in 2018 was 36.9 million with a total transaction value of NOK 106.1m.

Master Data:	
Stock Exchange:	Oslo Axess
Sector:	Communication
ISIN Code:	DK0060945467
Symbol:	FIVEPG
LEI Code:	213800MC2SGVSIBN7J53
Share capital DKK:	21,762,285.50
Denomination:	DKK 0.5
No. of Shares:	43,524,571
Negotiable instruments:	Yes
Voting restrictions:	No

Share Capital

The nominal share capital of 5th Planet Games as of 31.12.2018 was DKK 21,762,285.50, consisting of 43,524,571 shares of DKK 0.50 each. 5th Planet Games has only one share class. The Board of Directors and the Executive Management regularly assess whether the share capital and share structures are aligned with the interests of the shareholders and the company.

Shareholding structure

5th Planet Games shareholders are primarily residents of Denmark and Norway. As of 31 December 2018, the largest shareholder held 10,6% of the registered share capital. Below list shows shareholders holding more than 5% of the share capital or the votes at as of Marts 2019.

Composition of shareholders at 21 March 2019			
	Shares	Capital DKK	Capital %
HNI Trading A/S controlled by CEO Henrik Nielsen	4,619,262	2,309,631	10.6%
Tigerstaden AS and Tigergutt Invest AS	4,490,745	2,245,373	10.3%
Silvercoin Industries AS	2,877,849	1,438,925	6.6%
EDP ApS Controlled by board member Kevin Terkelsen	2,982,200	1,491,100	6.9%

As of 31 December 2018, members of the Board of Directors and their related parties held 2,988,365 shares (nominal value DKK 1,494,182), corresponding to 6.9% of the share capital and a market value of 2.6m DKK. Members of management held 4,619,262 shares (nominal value DKK 2,309,631), corresponding to 10,6% of the share capital and a market value of DKK 4,150,130m.

Annual general meeting

The Annual General Meeting will be held on 30 April 2019 at 14:00 at 5th Planet Games A/S, Gothersgade 11, 1123 Copenhagen C, Denmark.

Dividend and allocation of profit

The Board of Directors recommends to the Annual General Meeting that no dividend be declared in respect of the 2018 financial year. The Board of Directors recommends to the shareholders that the Reserve for Capital Reduction of DKK 22.461k and the loss for the year of DKK 35.983k, net DKK -13.522k to be transferred to retained earnings.

Investor Queries

Any questions or comments from shareholders, analysts and other stakeholders should be addressed to CFO Anders Egholt Søgaard via the investor e-mail ir@5thplanetgames.com

INFORMATION IN ACCORDANCE WITH THE DANISH FINANCIAL STATEMENTS ACT § 107 A

Adoption of amendments to the Articles of Association, dissolution of the company, merger or demerger requires a resolution adopted by at least a two-thirds majority of the votes cast as well as of the share capital represented at the general meeting.

The Board of Directors consists of from three to seven members elected each year at the annual general meeting of the company for the period until the next annual general meeting. Board members are eligible for re-election. The Board of Directors appoints its own chairman and vice chairman.

The 5th Planet Games' Board of Directors consists of three members headed by Jesper Theill Eriksen as chairman. The members of the Board of Directors are presented on page 15.

The Board of Directors proposes that the members of the Board of Directors for the year 2019 shall receive a fixed remuneration of DKK 15,000. Furthermore, it is proposed, that the Board of Directors in the future may be granted warrants, on similar levels as previous years, exercisable at market value in the Company in combination with the above-mentioned fixed remuneration.

Until 6 February 2020, the Board of Directors is authorized to let the company obtain loans against the issue of convertible notes with the right to subscribe for shares in the company (convertible loans), and the Board of Directors is authorized to make the related capital increase by up to a total nominal amount of DKK 5,000,000.

Until 6 February 2020, the Board of Directors is authorized to increase the company's share capital in one or more issues with pre-emptive rights for the existing shareholders of the company by up to a total nominal amount of DKK 10,000,000 against cash consideration. The capital increase may take place at a discount to the market price.

Until 3 April 2024, the Board of Directors is authorized to increase the company's share capital in one or more issues without pre-emptive rights for the existing shareholders of the company by up to a total nominal amount of DKK 35,000,000 against cash or non-cash consideration or by conversion of debt. Such capital increase shall take place at market price.

The combined share capital increase, performed pursuant to the above-mentioned authorizations set out in articles 2.3, 2.4 and 2.5 of the Articles of Association, cannot exceed a nominal value of DKK 35,000,000.

Until 3 April 2024, the Board of Directors is authorized to let the company obtain loans against the issue of convertible notes with the right to subscribe for shares in the company (convertible loans) at a conversion price of up to 10% below the market value at the time of conversion, and the Board of Directors is authorized to make the related capital increase by up to a total nominal amount of DKK 15,000,000.

The current authorization amount is DKK 40,252,885.50.

The group has not entered into contracts with change of control clauses.

The Board of Directors and the Executive Management have today considered and approved the annual report of 5th Planet Games A/S for the financial year 1 January 2018 – 31 December 2018

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU. The financial statements of the parent company, 5th Planet Games A/S, are prepared in accordance with the Danish Financial Statements Act (*Årsregnskabsloven*). Furthermore, the annual report has been prepared in accordance with the additional Danish disclosure requirements for annual reports of listed companies.

In our opinion, the accounting policies applied are appropriate, thus ensuring that the consolidated financial statements and the financial statements provide a fair presentation of the group's and the parent company's assets, liabilities and financial position as of 31 December 2018 and of the results of the group's and the parent company's operations and the consolidated cash flows for the financial year 1 January 2018 - 31 December 2018.

We believe that the management review contains a true and fair review of the development and performance of the group's and the parent company's business activities and financial situation, the earnings for the year and the financial position of the parent company and the financial position as a whole of the entities comprised by the consolidated financial statements, together with a description of the principal risks and uncertainties that the group and the parent company face.

The annual report is submitted for adoption by the general meeting.

Copenhagen, 8 April 2019

Executive Management

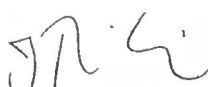


Henrik Nielsen

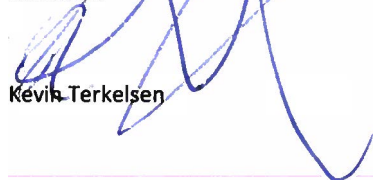


Anders Egholt Sogaard

Board of Directors:



Jesper Theil Eriksen
Chairman



Kevin Terkelsen



Caspar Rose
Deputy Chairman

Independent auditor's report

To the Shareholders of 5th Planet Games A/S

Our opinion

In our opinion, the Consolidated Financial Statements give a true and fair view of the Group's financial position at 31 December 2018 and of the results of the Group's operations and cash flows for the financial year 1 January to 31 December 2018 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and in accordance with International Financial Reporting Standards as endorsed by the EU and further requirements in the Danish Financial Statements Act.

Moreover, in our opinion, the Parent Company Financial Statements give a true and fair view of the Parent Company's financial position at 31 December 2018 and of the results of the Parent Company's operations for the financial year 1 January to 31 December 2018 in accordance with the Danish Financial Statements Act.

Our opinion is consistent with our Auditor's Long-form Report to the Audit Committee and the Board of Directors.

What we have audited

The Consolidated Financial Statements of 5th Planet Games A/S for the financial year 1 January to 31 December 2018, pp 24-53, comprise income statement and statement of comprehensive income, cash flow statement, balance sheet, equity statement and notes, including summary of significant accounting policies.

The Parent Company Financial Statements of 5th Planet Games A/S for the financial year 1 January to 31 December 2018, pp 54-59, comprise income statement, balance sheet, equity statement and notes, including summary of significant accounting policies.

Collectively referred to as the "Financial Statements".

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark. We have also fulfilled our other ethical responsibilities in accordance with the IESBA Code.

To the best of our knowledge and belief, prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 were not provided.

Appointment

We were first appointed auditors of 5th Planet Games A/S in January 2016 for the financial year 2015. We have been reappointed annually by shareholder resolution for a total period of uninterrupted engagement of 4 years including the financial year 2018.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for 2018. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment assessment

The value of 5th Planet Games A/S' intangible assets, of which the majority relates to goodwill and development projects, is supported by the value-in-use calculations, which are based on future cash flow forecasts (i.e. 'recoverable amount').

We focused on this area because the impairment assessments of these assets are dependent on complex and subjective judgements by Management. Refer to note 11 in the consolidated financial statements.

How our audit addressed the Key Audit Matter

We considered the overall impairment assessments prepared by the Management, and we tested the underlying calculations and reviewed the relevant internal procedures in place to check that the impairment assessments are prepared appropriately.

We considered the assumptions and estimates used by Management to determine the value-in-use of the intangible assets. This includes those relating to the Management's key assumptions such as operating cost forecasts, and expected number of daily users of the games and the average revenue per daily active user. We also tested these assumptions by reference to third-party produced benchmark statistics on comparable games. We performed a sensitivity analysis around the key drivers and assumptions used by management.

Statement on Management's Review

Management is responsible for Management's Review, pp 1–20.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. Moreover, we considered whether Management's Review includes the disclosures required by the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Management's responsibilities for the financial statements

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and in accordance with International Financial Reporting Standards as endorsed by the EU and further requirements in the Danish Financial Statements Act and for the preparation of the parent company financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Group or the parent company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements. As part of an audit in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Obtain an understanding of internal control relevant to the audit in order to design audit procedures

that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance (the Board of Directors) regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Copenhagen, 8 April 2019

Grant Thornton

Statsautoriseret Revisionspartnerselskab
CVR-nr. 34 20 99 36



Ulrik Bloch-Sørensen

State-Authorised Public Accountant

MNE-nr. 2913



Martin Bomholtz

State-Authorised Public Accountant

MNE-nr.34117

Consolidated income statement and statement of other comprehensive income

DKK'000	Note	2018	2017
Revenue	4	5,964	3,618
Costs of sales		646	161
Gross Profit		5,318	3,457
Research and development costs	5	11,761	8,197
Marketing expenses		2,316	771
Other expenses	5	15,840	13,323
Loss before special items, depreciation and amortisation (EBITDA)		-24,599	-18,834
Special items	6	18,293	-386
Depreciation and amortisation	11, 12	4,433	7,528
Operating loss (EBIT)		-47,325	-25,976
Financial income	7	49	675
Financial expenses	8	335	1,131
Loss before tax		-47,611	-26,432
Tax on loss for the year	9	-4,067	-2,943
Nett Loss for the year		-43,544	-23,489
Other comprehensive income		-11	-43
Comprehensive income		-43,555	-23,532
Distribution of comprehensive income:			
Parent company's shareholders		-43,518	-23,034
Non-controlling interests		-37	-498
Total		-43,555	-23,532
Earnings per share:			
Earnings per share (in DKK):	10	-1.002	-1.314
Diluted earnings per share (in DKK)	10	-1.002	-1.314

ASSETS:

DKK´000	Note	2018	2017
Non-current assets			
Completed development projects	11	586	4,641
Acquired rights	11	4,180	0
Goodwill	11	5,567	3,363
Development projects in progress	11	1,652	3,932
Plant and equipment	12	424	159
Other equity investments		0	168
Total non-current assets		12,409	12,263
Current Assets:			
Trade receivables	13	944	913
Income tax receivable	9	3,967	2,998
Other receivables		307	221
Prepayments		809	3,570
Cash		18,895	50,223
Total current assets		24,922	57,925
Total assets		37,331	70,188

EQUITY AND LIABILITIES:

DKK'000	Note	2018	2017
Equity:			
Share capital		21,761	20,628
Reserves		1,652	22,438
Retained earnings		3,280	12,976
5th Planet Games shareholder's share of equity	14	26,693	56,042
Non-controlling interests		-56	-14
Total Equity		26,637	56,028
Non-current liabilities			
Provision for deferred tax	9	0	29
Total non-current liabilities		0	29
Current liabilities			
Payables to credit institutions	15	0	3,148
Provisions	16	5,069	3,104
Put-option liability		0	4,120
Trade payables		1,797	1,833
Income tax payable		0	70
Other payables		3,828	1,856
Total current liabilities		10,694	14,131
Total Liabilities		10,694	14,160
Total equity and liabilities		37,331	70,188

Statement of changes in equity

DKK'000	Reserves					Retained earnings	5th Planet Games shareholder's share of equity	Non-controlling interests	Total equity
	Share capital	Share premium	Reserve capital reduction	Currency translation reserve	Reserve Capitalised Development costs				
Equity as at 01.01.2018	20,627	0	22,461	-22	0	12,976	56,042	-14	56,028
Net Loss						-43,507	-43,507	-37	-43,544
Other comprehensive income				-6		0	-6	-5	-11
Comprehensive income	0	0	0	-6	0	-43,507	-43,513	-42	-43,555
Capital Increase	1,134	2,146					3,280		3,280
Costs related to capital increase		-370					-370		-370
Share-based payment						7,134	7,134		7,134
Put-option liability, expired						4,120	4,120		4,120
Capitalized development costs					1,652	-1,652	0	0	0
Transfer of reserves		-1,776	-22,461	28	0	24,209	0		0
Transactions with owners	1,134	0	-22,461	28	1,652	33,811	14,164	0	14,164
Equity as at 31.12.2018	21,761	0	0	0	1,652	3,280	26,693	-56	26,637
Equity as at 01.01.2017	22,637	0	0	0	-7,654	0	14,983	0	14,983
Net Loss						-22,991	-22,991	-498	-23,489
Other comprehensive income				-22		0	-22	-21	-43
Comprehensive income	0	0	0	-22	-22,991	0	-23,013	-519	-23,532
Capital Increase	43,451	26,892					70,343		70,343
Share capital reduction	-45,461		22,461		23,000		0		0
Adjustment of acquisition balance		-1,268					-1,268		-1,268
Costs related to capital increase		-3,651					-3,651		-3,651
Share-based payment					2,952		2,952		2,952
Put-option liability					-4,304		-4,304		-4,304
Non-controlling interests							0	505	505
Transfer of reserves		-21,973			21,973		0		0
Transactions with owners	-2,010	0	22,461	0	43,621	0	64,072	505	64,577
Equity as at 31.12.2017	20,627	0	22,461	-22	12,976	0	56,042	-14	56,028

Consolidated cash flow statement

DKK'000	Note	2018	2017
Loss before tax		-47,611	-26,432
Depreciation, amortisation and impairment losses		15,499	7,528
Share-based payments		6,570	2,952
Financial income, reversed		-49	-675
Financial expenses, reversed		335	1,131
Change in working capital		6,545	-4,146
Operating cash flow		-18,711	-19,642
Financial income, received		25	5
Financial expenses, paid		-145	-271
Income tax received		2,998	3,881
Cash flow generated from operations		-15,833	-16,027
Purchase of equipment		-426	-59
Sale of equipment		0	33
Investment in intangible assets		-14,826	-3,066
Cash flow from investing activities		-15,252	-3,092
Proceeds from cash capital increase		2,893	62,299
Credit institutions, loan repayment		-3,148	-1,993
Cash flow from financing activities		-255	60,306
Total cash flow for the period		-31,340	41,187
Cash, beginning of period		50,223	9,233
Cash from business combinations		0	769
Net foreign exchange difference		12	-966
Cash, end of period		18,895	50,223

1. Accounting policies
2. Significant accounting estimates and judgments
3. Capital resources
4. Revenue
5. Staff costs
6. Special items
7. Financial income
8. Financial expenses
9. Tax
10. Earnings per share
11. Intangible assets
12. Other equipment
13. Trade receivables
14. Equity
15. Payables to credit institutions
16. Provisions
17. Contingent liabilities
18. Security provided
19. Operating lease commitments
20. Financial risks and financial instruments
21. Related parties
22. Fee to parent company auditors appointed at the Annual General Meeting
23. Events occurring after the balance sheet date
24. Adoption of the annual report for publication
25. New accounting regulations
26. Business combinations

1. Accounting policies

5th Planet Games A/S is a limited liability company domiciled in Denmark. The consolidated financial statements for 2018 have been prepared in accordance with International Financial Reporting Standards (IFRS) as approved by the EU and additional Danish disclosure requirements.

Danish kroner (DKK) is the group's presentation currency and the functional currency of the parent company. The consolidated financial statements are presented in Danish kroner (DKK) rounded off to the nearest DKK 1,000.

Implementation of new and revised standards and interpretations

The IASB has issued new standards and revisions to existing standards and new interpretations that are mandatory for accounting periods commencing on or after 1 January 2018. The implementation of these new or revised standards and interpretations has not had any significant impact on the net loss for the year or the financial statement.

The principal accounting policies set out below have been consistently applied in the preparation of the consolidated financial statements for all the years presented.

Earnings per share

Basic earnings per share are calculated as the net result for the period that accrues to the parent company's shares divided by the weighted average number of ordinary shares outstanding.

Diluted earnings per share are calculated as the net result for the period that accrues to the parent company's shares divided by the weighted average number of ordinary shares outstanding adjusted by the dilutive effect of potential shares.

Segment reporting

No separate business areas or separate business units have been identified in connection with single games or geographical markets. As a consequence, no segment reporting is made concerning business areas or geographical areas. Assets located outside Denmark amounts to less than 10% of the group assets. Due to materiality no segment reporting is made on geographical criteria's.

Consolidated financial statements

The consolidated financial statements comprise 5th Planet Games A/S (parent company) and the companies (subsidiaries) controlled by the parent company. A company is regarded as controlled by the parent company when the parent company is exposed or entitled to variable returns on its involvement in the company, and has the ability to affect those returns through its power over the company.

The consolidated financial statements are prepared based on the financial statements of 5th Planet Games A/S and its subsidiaries. The consolidated financial statements are prepared by combining items of a uniform nature calculated in accordance with the group's accounting policies, eliminating intercompany income and expenditure, intercompany balances and dividends as well as gains and losses on transactions between the consolidated companies.

1. Accounting policies – continued –

Business combinations

Newly-acquired or newly-founded companies are recognised in the consolidated financial statements as from the time of acquisition and the time of foundation, respectively. The time of acquisition is the time at which control of the company is actually obtained. Divested or discontinued companies are recognised in the consolidated statement of comprehensive income up until the time when control ceases.

When new companies are acquired and the group obtains control of an acquired company, it is recognised in accordance with the acquisition method, according to which the newly acquired company's identifiable assets, liabilities and contingent liabilities are measured at fair value at the date of acquisition.

The acquisition price of a company is the fair value of the price paid for the acquired company. Costs relating to the acquisition are recognised in the income statement when paid.

Positive differences (goodwill) between the acquisition price of the acquired company on the one hand and the fair value of the assets, liabilities and contingent liabilities acquired on the other are recognised as goodwill and tested for impairment at least once a year.

Figures pertaining to business combinations carried out before 1 January 2013 have not been restated according to the above accounting policies in connection with the transition to presentation of the consolidated financial statements in accordance with IFRS. The carrying amount of goodwill as at 1 January 2013 in connection with business combinations carried out before 1 January 2013 is regarded as the cost of goodwill under IFRS.

Foreign currency translation

On initial recognition, transactions in currencies other than the functional currency of the individual company are recognised at the exchange rate applicable at the transaction date. Receivables, payables and other monetary items denominated in foreign currency not settled at the balance sheet date are translated using the exchange rate applicable at the balance sheet date.

Exchange rate differences between the exchange rate applicable at the transaction date and the exchange rate at the date of payment and the balance sheet date, respectively, are recognised in the income statement as financial income or financial expenses. Property, plant and equipment and intangible assets, inventories and other non-monetary assets purchased in foreign currency and measured based on historical cost are translated at the exchange rate applicable at the transaction date.

Tax

Tax for the year, consisting of current tax and changes in deferred tax, is recognised in the income statement at the portion attributable to tax on the profit or loss for the year, and directly in equity or in other comprehensive income at the portion attributable to amounts recognised directly in equity or in other comprehensive income, respectively.

Current tax payables and receivables are recognised in the balance sheet as tax computed on the basis of the taxable income for the year and taxes paid or refunded.

1. Accounting policies – continued –

Current tax for the year is computed based on the tax rules and tax rates applicable at the balance sheet date.

Deferred tax is recognised using the balance sheet liability method on the basis of all temporary differences between the carrying amounts and tax bases of assets and liabilities, except for deferred tax on temporary differences due to either initial recognition of goodwill or initial recognition of a transaction that is not a business combination, and where the temporary difference ascertained at the time of initial recognition does not affect either the tax result or the taxable income. The deferred tax is calculated based on the planned use of the individual asset or settlement of the individual liability.

Deferred tax is measured by applying the tax rules and tax rates expected to be applicable when the deferred tax is expected to crystallise as current tax. Any change in deferred tax as a result of changes in tax rules or rates is recognised in the income statement, unless the deferred tax is attributable to transactions that have previously been recognised directly in equity or in other comprehensive income. In the latter case, the change is recognised directly in equity or in other comprehensive income, respectively.

Deferred tax assets, including the tax base of tax losses allowed for carryforward, are recognised in the balance sheet at the expected realisable value, either through offsetting against deferred tax liabilities or as a net tax asset for offsetting against future positive taxable incomes to the extent that there is convincing evidence that sufficient taxable profit will be available against which the unused tax losses can be utilised. An assessment is made at each balance sheet date of whether it is probable that sufficient taxable income will be generated in future to enable utilisation of the deferred tax asset.

The group is subject to joint taxation. The current Danish income tax is allocated between the jointly taxed companies in proportion to their taxable incomes.

Statement of comprehensive income

Revenue

Revenue from the sale of games and in-app purchases is recognised in the income statement if delivery has taken place and the risk has passed to the purchaser before the balance sheet date, and if the revenue can be determined reliably and is expected to be received. For sales of games and in-app purchases where delivery takes place via third parties (platform distribution partners), 5th Planet Games is the primary contractual party for the users and fixes the prices. Sales of games and in-app purchases are consequently measured as the fee paid by the user for the delivery, while costs for the third party are recognised under cost of sales.

Income from the provision of advertising services is recognised as revenue as the agreed services are provided. For sales of advertising services provided via third parties (platform distribution partners), 5th Planet Games is the primary contractual party for the users and fixes the prices. Income from advertising services is consequently measured exclusive of costs for such third parties.

Revenue is measured at the fair value of the fee received or receivable and is stated exclusive of VAT and discounts.

Cost of sales

Cost of sales comprises commission paid to stores handling app sales, such as iTunes, Google Play, etc.

1. Accounting policies – continued –

Gross profit

Gross profit comprises revenue deducted with commissions to stores, such as iTunes, Google Play, etc.

Research and development costs

Research and development costs comprise external research and development costs and internal staff costs related to research and development activities that are not capitalized in the balance sheet.

Marketing expenses

Marketing expenses comprise expenses relating to marketing expenses and royalty expenses.

Other expenses

Other external expenses comprise expenses relating to administrative staff and other administrative expenses, costs of premises, bad debts, operating leases, etc.

Special items

Special items comprise material non-recurring expenses. These items are presented separately because they are treated as one-off occurrences.

Net financials

Net financials comprise interest income and interest expenses as well as realised and unrealised gains and losses on transactions in foreign currency.

Amortisation of capital losses and borrowing costs relating to financial liabilities is recognised on an ongoing basis as part of interest expenses.

Share-based payments

Share-based payments of the Group are equity-settled warrants granted to employees, for which an option pricing model is used to estimate the fair value at grant date. That fair value is charged on a straight-line basis as an expense in the consolidated statement of profit or loss over the period that the employee becomes unconditionally entitled to the options (vesting period), with a corresponding increase in equity.

Equity is also increased by the proceeds received, as and when employees choose to exercise their options.

1. Accounting policies – continued –

Balance sheet

Fair value

Fair values are categorised into different levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Goodwill

On initial recognition, goodwill is recognised and measured as the difference between the cost of the company acquired and the fair value of the assets, liabilities and contingent liabilities acquired, see the description in the section on business combinations.

On initial recognition, goodwill is distributed on the group activities that generate independent cash flows (cash-generating units). The distribution on cash-generating units follows the management structure and the group's internal financial management. Goodwill is not amortised but is tested for impairment at least once a year.

Development projects

Development costs comprise staff costs and fees for sub-suppliers directly attributable to the development of new games. Development projects which are clearly defined and whose technical feasibility and sufficiency of resources have been demonstrated and which the company intends to complete and market are recognised as development projects in the balance sheet if the costs can be determined reliably and there is sufficient certainty that future earnings will cover the development costs. Recognised development projects are measured at cost less accumulated amortisation and impairment losses.

Other development costs are recognised in the income statement under other external expenses or staff costs when paid.

Once completed, development projects are amortised according to the straight-line method over their estimated useful lives from the time when the asset is ready for use. Development projects relating to a game are regarded as being ready for use at the time when the game is launched and made available to the users at the latest. The first launch may be either a soft launch whose main purpose is to gain experience about user preferences and behaviour in the game with a view to making improvements, or a hard launch where the main purpose is to generate commercial income. The amortisation period is usually five years from soft launch and three years from hard launch. Amortisation methods, useful lives and residual values are reviewed every year.

1. Accounting policies – continued –

Property, plant and equipment

Property, plant and equipment is measured in the balance sheet at the lower of cost less accumulated depreciation and the recoverable amount.

Cost comprises the acquisition price, costs directly related to the acquisition and costs for preparation of the asset until such time as the asset is ready for use. The depreciation period is usually three to five years. Depreciation methods, useful lives and residual values are reviewed every year.

Non-current financial assets

Other receivables recognised under non-current assets comprise deposits and are measured at the lower of accumulated cost and the recoverable amount.

Impairment of assets (impairment test)

The carrying amount of property, plant and equipment and intangible assets with determinable useful lives is tested for impairment every year. If indications of impairment are identified, the recoverable amount of the asset is calculated to determine the amount of any impairment loss.

The recoverable amount of development projects in progress and goodwill are determined every year, regardless of whether any indications of impairment exists.

If an asset does not produce inflows independently of other assets, the recoverable amount is determined for the smallest cash-generating unit of which the asset forms part.

The higher of fair value less selling costs and value in use is used as the recoverable amount of the asset. The value in use is determined as the present value of the expected net cash flows from use of the asset. If the recoverable amount of the asset is lower than the carrying amount, the carrying amount is written down to the recoverable amount.

Where cash-generating units are concerned, the impairment loss is distributed in such a way that goodwill is written down for impairment first, and subsequently any remaining impairment loss is distributed on the other assets in the unit. However, individual assets cannot be written down to a value lower than their fair value less expected selling costs. Impairment losses are recognised in the income statement.

Receivables

Receivables comprise trade receivables and other receivables. Receivables are included in the category loans and receivables, which are financial assets with fixed or determinable payments that are not listed in an active market and are not derivative financial instruments.

On initial recognition, receivables are measured at fair value and subsequently at amortised cost, which usually corresponds to the nominal value, less write-downs for bad debts.

Any write-downs for bad debts are determined on the basis of an individual assessment of the individual receivable.

Prepayments

Prepayments recognised under assets comprise costs incurred in respect of the subsequent financial year. Prepayments are measured at cost.

1. Accounting policies – continued –

Dividend

Dividend is recognised as a liability at the time of adoption by the general meeting.

Treasury shares

Acquisition costs and consideration for treasury shares and dividend from such are recognised directly in equity under retained earnings.

Liabilities

Non-current liabilities comprise other credit institutions. Payables to credit institutions are measured at cost at the time of contracting such payables (raising of loans). Subsequently, the liabilities are measured at amortised cost, meaning that the difference between the proceeds from the loan and the repayable amount is recognised in the income statement over the period of the loan as a financial expense according to the effective interest method.

Other financial liabilities comprise bank debt, trade payables, other payables to public authorities and other liabilities. On initial recognition, other financial liabilities are measured at fair value less any transaction costs. Subsequently, the liabilities are measured at amortised cost according to the effective interest method, so that the difference between the proceeds and the nominal value is recognised in the income statement as a financial expense over the period of the loan.

Provisions

Provisions are recognised when the following criteria are fulfilled:

- we have a legal or constructive obligation as a result of an earlier event
- the settlement of the obligation is expected to result in an outflow of resources
- the obligation can be measured reliably

For onerous contracts, a provision is made when the expected income to be derived from a contract is lower than the unavoidable cost of meeting our obligations under the contract.

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities as well as cash at the beginning and end of the year.

Cash flows from operating activities are presented in accordance with the indirect method and are determined as the operating profit or loss adjusted for non-cash operating items, changes in working capital and paid financial income, financial expenses and income tax.

Cash flows from investing activities comprise payments in connection with the acquisition and sale of companies and financial assets as well as the purchase, development, improvement and sale of property, plant and equipment and intangible assets.

1. Accounting policies – continued –

Cash flows from financing activities comprise changes in the parent company's share capital and associated costs as well as the raising and repayment of loans, the repayment of interest-bearing debt, the purchase and sale of treasury shares and the payment of dividends.

Cash flows in currencies other than the functional currency are recognised in the cash flow statement using average exchange rates, unless they deviate significantly from the actual exchange rates at the transaction dates.

Cash and cash equivalents comprise cash less overdraft facilities that are an integrated part of the cash management.

2. Significant accounting estimates and judgments

In connection with the preparation of the consolidated financial statements, management makes a number of accounting estimates and judgments that affect the recognised values of assets, liabilities, income, expenses and cash flows as well as their presentation.

Accounting estimates reflect management's best estimates in terms of amounts where the measurement is subject to uncertainty, typically because the estimate is based on assumptions concerning future events. The accounting estimates are based on historical experience and other assumptions deemed relevant, but the actual results may, naturally, deviate from the estimates made. The estimates are regularly reassessed, and the effect of changes is recognised in the consolidated financial statements.

Accounting judgments reflect decisions made by management as to how the accounting policies are applied in specific situations where the accounting treatment depends on qualitative assessments. Examples could be when the risk passes or how a certain transaction or item is best presented to provide reliable and relevant information.

The following accounting estimates and judgments have had significant impact on the consolidated financial statements for 2018:

Amortisation of development projects

To reflect the use of the development projects in the form of amortisation, the time when the asset is ready for use and the expected useful life must be determined. Generally, development projects are amortised from the time when the game is first made available to the users. Reference is made to the presentation in the accounting policies.

Impairment test

For use in connection with the impairment test, management has distributed property, plant and equipment and intangible assets on cash-generating units or groups of cash-generating units generating inflows which are largely independent of other assets or groups of assets.

2. Significant accounting estimates and judgments – continued –

The Groups cash-generating units are the group's profit centers as that is the focus of the management. The distribution of assets on cash-generating units is described in note 11.

Key assumptions for the determination of the recoverable amount of the cash-generating units are the expected number of daily users (Daily Active Users or DAU) and the degree of retention of such users in the individual game plus the revenue per daily active user (Average Revenue Per Daily Active User or ARPDAU). Key assumptions about DAU are stated in note 11.

Valuation of warrants

The calculated fair value and subsequent compensation expenses for share-based compensation are subject to significant assumptions and estimates. The fair value of each warrant granted during the year is calculated using the Black-Scholes pricing model. This pricing model requires the input of subjective assumptions such as:

- the expected stock price volatility: The group has estimated the fair value of its warrants by using the historic volatility of the shares
- The risk-free interest rate, which is based on the Danish government bonds having a yield with a maturity equal to the expected term of the option in effect at the time of grant.
- The expected life of warrants, which is based on vesting terms, expected rate of exercise and life terms in the current warrant program.

Total expenses for share-based compensation amounted to DKK 6,571k in 2018 (2017: DKK 2,9520k).

3. Capital resources

5th Planet Games has a number of games under development both internally and externally. Until successful launch of the new games and sufficient positive cash flows from operations are obtained, the group is dependent on additional capital contributions. To ensure adequate capital resources the shareholders approved, at the extraordinary general meeting held on April 3rd, 2019, the equity line provided by Formue Nord securing the company access to NOK 42m in financing, of which only the first 4 tranches are mandatory.

According to the most recent budgets approved by management, the existing capital resources are sufficient to continue the full operation of the group as planned for 2019.

4. Revenue

DKK'000	2018	2017
Sales of games and in-app purchases	2,583	537
Sales of Service (advertising devices)	670	1,065
License income	2,245	1,319
Work for Hire	466	697
Total	5,964	3,618

5. Staff Costs

DKK'000	2018	2017
Wages and salaries	14,900	10,980
Pensions	213	415
Other social security costs	967	727
Share-based payment	6,571	2,952
Total	22,651	15,074

Total Staff costs are recognised as follows:

Research and development costs	9,795	6,238
Research and development capitalized	4,349	1,984
Administrative expenses	8,507	6,852
Total	22,651	15,074

Average number of employees during the year	43	31
Number of employees end of year	47	33

Remuneration of board of directors and executive management:**Board of directors:**

Cash remuneration	119	265
Share-based payment	1,090	394
Total	1,209	659

Executive management

Gross Salary	1,240	2,393
Pension Contribution	0	159
Share-based payment	3,637	1,909
Total	4,877	4,461

Share-based payment

5th Planet Games has established a warrant program for executive management (CEO), board members and employees.

Warrant plans.

The Plans provides board members, executive management and employees with the option to purchase ordinary shares of 5th Planet Games A/S at a fixed price. There are no cash settlement alternatives. Warrants has been granted with monthly vesting over 24-48 months subject to continued employment. The exercise price of the share options is, in general, equal to the market price less 25% at the date of grant.

5 Staff Costs – continued –

The table below summarizes the number of options that were outstanding, their weighted average exercise price (WAEF) as at 31 December, as well as the movements during the period.

	Number	Number	Number	Number	Number	The weighted average exercise price (VEAP)
	TOTAL	CEO	Member Board	Employee	Other WAEP	(NOK)
Outstanding, beginning of the period	10,895,481	5,473,035	1,532,451	3,889,995	0	1.90
Granted	2,262,496	0	935,130	894,366	433,000	2.14
Forfeited	-1,973,726	0	-1,194,947	-778,779	0	2.40
Exercised	-1,300,000	-1,300,000	0	0	0	1.50
Expired	0	0	0	0	0	-
Outstanding, end of the period	9,884,251	4,173,035	1,272,634	4,005,583	433,000	1.91
Exercisable at end of the period	3,773,346	1,892,604	560,080	887,662	433,000	2.01
The range of exercise prices for options outstanding (nok)	min:	1.5	1.5	2.5	1.3	1.0
	max:	5.8	1.9	2.9	1.9	2.3
The weighted average remaining contractual life for the share options outstanding (year)		5.7	0.9	9.3	9.1	9.8
The weighted average share price at the date of exercise of exercised options		6.24	6.24			

The estimate of the grant date fair value of each option issued is based on a Black Scholes model, taking into account the terms and conditions on which the share options were granted. However, the performance conditions are only considered in determining the number of instruments that will ultimately vest.

Inputs to the model included the factors

Warrant Plan	November 2017	June 2018	September 2018	Oktober 2018	Oktober 2018	November 2018
Grant date	16/11 2017	1/6 2018	1/9 2018	1/10 2018	1/10 2018	17/11 2018
Weighted average share price (NOK)	2.5	2.9	2.4	2.3	2.3	1.3
Exercise price (NOK)	1.5 - 5.8	2.9	1.8	2.3	2.3	1.3
Historical and expected volatility	69.6	80	80	80	80	80
Option life (Years)	2 - 10	2 - 10	3 - 10	0 - 10	0 - 10	3 - 10
Expected dividends	0	0	0	0	0	0
Risk-free interest rate (%)	-0.62 - 0.17	0.64	0.31	0.41	0.41	0.34

Expected volatility was determined taking into consideration the volatility of the company's share price over a 12-month period.

During 2018, the total charge to profit or loss amounted to DKK 6,570k (2017: DKK 2,952k).

6. Special Items

DKK'000	2018	2017
Goodwill, impairment losses	3,363	0
Development projects in progress, impairment loss	7,703	0
Onerous contracts, adjusted prior years	0	-1,862
Onerous contracts, this year	7,227	1,476
Total	18,293	-386

Accounting items recognized under special items are items that management considers to be non-recurring and which are material to the understanding of the complete consolidated financial statements. For further explanation of the recognized losses reference is made to note 11 Intangible assets and note 16 Provisions.

7. Financial income

DKK'000	2018	2017
Interest income on assets measured at amortised cost	25	5
Foreign exchange gains, net	24	670
Total	49	675

8. Financial expenses

DKK'000	2018	2017
Interest income on liabilities measured at amortised cost	145	331
Foreign exchange loss, net	22	800
Other Financial costs	168	0
Total	335	1,131

9. Tax

DKK'000	2018	2017
Tax on loss for the year:		
Net result for the year before tax	-47,611	-26,432
Tax rate	22%	22%
Expected tax expenses	-10,474	-5,815
Adjustment for non-deductible expenses	2,402	860
Prior-year adjustments	-99	8
Change in tax assets (not recognised)	4,104	2,004
Total tax on loss for the year	-4,067	-2,943

DKK'000	2018	2017
Specification of tax on loss for the year:		
Current tax	-70	71
Change in deferred tax	-30	-16
Joint taxation contributions	0	0
Tax credit scheme/joint taxation contributions	-3,967	-2,998
Other adjustments	0	0
Total tax on loss for the year	-4,067	-2,943

Breakdown on unrecognized deferred tax assets:

Tax losses carried forward (available indefinitely)	71,379	58,683
Research and development costs	-2,238	-9,442
Other	-678	302
Basis at year end	68,463	49,543
Tax rate	22%	22%
Calculated Potential deferred tax assets	15,062	10,899
Write-down of deferred tax assets	-15,062	-10,899
Recognised deferred tax assets	0	0

10. Earnings per share

DKK'000	2018	2017
Net loss for the period	-43,544	-23,489
Average number of shares (in thousands)	43,460	17,881
Average number of treasury shares	0	0
Average number of shares in circulation	43,460	17,881
Diluted average number of shares in circulation	43,460	17,881
Earnings per share of DKK 0,500 each (in DKK)	-1.002	-1.314
Diluted earnings per share of DKK 0,500 each (in DKK)	-1.002	-1.314

11 Intangible assets

DKK'000	Completed developments projects	Acquired rights	Goodwill	Developme nt projects in progress	Total
Financial Year 2018					
Costs as at 01.01.2018	61,089	300	3,363	7,586	72,338
Additions	0	4,400	5,567	5,423	15,390
Transfer	0	0	0	0	0
Disposals	-9,568	0	0	-3,654	-13,222
Costs as at 31.12.2018	51,521	4,700	8,930	9,355	74,506
Amortisation and impairment					
losses as at 01.01.2018	56,448	300	0	3,654	60,402
Impairment losses	0	0	3,363	7,703	11,066
Amortisation	4,055	220	0	0	4,275
Disposals	-9,568	0	0	-3,654	-13,222
Amortisation and impairment					
losses as at 31.12.2018	50,935	520	3,363	7,703	62,521
Carrying amount as at 31.12.2018	586	4,180	5,567	1,652	11,985
Financial Year 2017					
Costs as at 01.01.2017	61,089	300	762	4,520	66,671
Additions	0	0	2,601	3,066	5,667
Transfer	0	0	0	0	0
Disposals	0	0	0	0	0
Costs as at 31.12.2017	61,089	300	3,363	7,586	72,338
Amortisation and impairment					
losses as at 01.01.2017	49,078	300	0	3,654	53,032
Impairment losses	0	0	0	0	0
Amortisation	7,370	0	0	0	7,370
Disposals	0	0	0	0	0
Amortisation and impairment					
losses as at 31.12.2017	56,448	300	0	3,654	60,402
Carrying amount as at 31.12.2017	4,641	0	3,363	3,932	11,936

11. Intangible assets – continued –*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 as a calculated value in use based on budgets and forecasts for the coming three financial years as approved by the Board of Directors.

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

The Groups cash-generating units have been changed from focus on game category to the group's profit centers as that is the focus of the management with the new strategy.

Distribution of intangible assets on cash-generating units after recognition of impairment losses is as follows. No remaining amortisation period exceeds 36 months:

DKK'000	Completed developments projects	Acquired rights	Goodwill	Development projects in progress	Total
Cash-generating Units 31/12 2018					
Profitcenter Nottingham	0	0	2,601	7,703	10,304
Profitcenter Leaminton	0	0	0	0	0
Profitcenter Rocklin	0	4,180	5,567	1,652	11,399
Profitcenter Berlin	0	0	0	0	0
Profitcenter Copenhagen	586	0	762	0	1,348
Costs as at 31.12.2018	586	4,180	8,930	9,355	23,051
Impairment as at 31.12.2018					
Profitcenter Nottingham	0	0	2,601	7,703	10,304
Profitcenter Leaminton	0	0	0	0	0
Profitcenter Rocklin	0	0	0	0	0
Profitcenter Berlin	0	0	0	0	0
Profitcenter Copenhagen	0	0	762	0	762
Impairment as at 31.12.2018	0	0	3,363	7,703	11,066
Total as at 31.12.2018	586	4,180	5,567	1,652	11,985
Cash-generating Units 31/12 2017					
Endless runner, shared development	2,426	0	0	3,932	6,358
5th Planet Games Group	2,024	0	3,363	0	5,387
Other Units	191	0	0	0	191
Costs as at 31.12.2017	4,641	0	3,363	3,932	11,936

11. Intangible assets – continued –

Key assumptions for the determination of the recoverable amount of the cash-generating units are the expected number of daily users (Daily Active Users or DAU) of the games and the average revenue per daily active user (Average Revenue Per Daily Active User or ARPDAU).

The expected number of DAU in the budget period (36 months) is a key assumption. Budgets for impairment test purposes are based solely on existing resources and planned game development and do not include additional cash flows from new games during the budget period. Hence, key assumptions about DAU used in budgets for impairment test purposes are significantly lower than the group's long-term goals, which include cash flows from the development of future games.

As a consequence of the expectation that most of the revenue from new games is realised within three years of game launch, neither the discount rate nor growth during the terminal period represents significant assumptions in respect of the recoverable amount. The uncertainty associated with the determination of the recoverable amount is primarily related to DAU, as ARPDAU is based on historical experience. The average ARPDAU is DKK 0.05 – 1.35 per game for the significant games for all periods. Budgets approved by management express the following expectations for the cash-generating units:

DAU after Year-end (in thousands)	6 months	12 months	24 months	36 months
<i>Cash-generating Units 31/12 2018</i>				
Profit center Nottingham	0	0	0	0
Profit center Leaminton	0	0	0	0
Profit center Rocklin	10	84	57	57
Profit center Berlin	3	3	103	103
Profit center Copenhagen	100	100	100	100
<i>Cash-generating Units 31/12 2017</i>				
Endless runner	1,250	2,262	2,262	2,262
Sports	556	445	445	445
MOBA	0	218	218	218
Others	0	0	0	0
5th Planet games group	1,806	2,925	2,925	2,925

Management has assessed that reasonably probable changes in the key assumptions will not lead to further impairment.

12 Other Equipment

DKK´000	Other equipment
<i>Financial Year 2018</i>	
Costs as at 01.01.2018	311
Additions	426
Disposals	0
Effect of exchange rate adjustment	-6
Costs as at 31.12.2018	731
Amortisation and impairment losses as at 01.01.2018	152
Amortisation	159
Disposals	0
Effect of exchange rate adjustment	-4
Amortisation and impairment losses as at 31.12.2018	307
Carrying amount as at 31.12.2018	424

Financial Year 2017

Costs as at 01.01.2017	172
Additions	301
Disposals	-151
Effect of exchange rate adjustment	-11
Costs as at 31.12.2017	311
Amortisation and impairment losses as at 01.01.2017	115
Amortisation	152
Disposals	-113
Effect of exchange rate adjustment	-2
Amortisation and impairment losses as at 31.12.2017	152
Carrying amount as at 31.12.2017	159

13. Trade Receivables

DKK´000	2018	2017
Gross receivables	944	913
Provision for losses	0	0
Total	944	913
Receivables due not written down:		
Overdue, less than 30 days	0	0
Overdue, more than 30 days	0	0
Total	0	0

The fair value does not differ significantly from the carrying amount.

14. Equity

Share capital

As of 31.12.2018 the company's share capital consists of 43,524,571 shares of DKK 0.50 each. The shares are fully paid up. The shares are not divided into classes, and no shares enjoy special rights.

Treasury shares

The group held no treasury shares at the end of the 2018 or 2017 reporting periods.

Capital management

The group aims to ensure structural and financial flexibility as well as competitive strength. For that purpose, the group regularly assesses the appropriate capital structure for the group. Reference is made to the paragraph "Capital resources" in note 3 Significant accounting estimates and judgments.

Dividend

It is proposed that no dividend be paid.

15. Payables to credit institutions

DKK'000	Currency	Term to mature	Interest	Carrying amount	Fair value
31.12.2018:					
The Danish Growth fund (vækst-fonden), floating-rate loan	DKK	n/a	CIBOR + 6.6%	0	0
Total as at 31/12/2018				0	0
The loan was paid back as at 01.04.2018.					
31.12.2017:					
The Danish Growth fund (vækst-fonden), floating-rate loan	DKK	n/a	CIBOR + 6.6%	3,148	3,148
Total as at 31/12/2017				3,148	3,148

16. Provisions

DKK'000	31/12/2018	31/12/2017
Provisions at 01/01/2017	3,104	6,169
Provisions made during the year	5,069	0
Provisions reversed during the year	-3,104	-3,065
Total	5,069	3,104
Non-current liabilities	0	0
Current liabilities	5,069	3,104
Total	5,069	3,104

As at 31 December 2018, the recognized provision comprises a contractual obligation to pay a share of the revenue earned for specific games. Based on budgets, management expects to settle the obligation in full before the end of 2019.

17. 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.

18. Security provided

As security for payables to credit institutions of DKK 0.0m (2017: DKK 3.1m), the subsidiary has provided a company charge of DKK 7.5m (2017: DKK 7.5m) comprising of 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 12.3m (2017: DKK 13.1m). The Security note has been terminated in January 2019

19. Operating lease commitments

The group has concluded operating leases in respect of office premises. The leases are based on fixed lease payment, which are index-adjusted over every year. The leases are non-terminable.

DKK'000	31/12/2018	31/12/2017
Total, future minimum lease payments are distributed as follows:		
Within one year	1,859	178
1-5 years	1,852	0
After 5 years	0	0
Total	3,711	178
Operating lease payment recognised in the income statement amount to	1,138	746
Total	1,138	746

20. Financial risks and financial instruments

Risk management policy

The group's financial risks are managed by the Executive Management. The group has not prepared particular policies for the identification and handling of risks. Managing the group's risks forms part of the Executive Management's day-to-day monitoring of the group.

Interest rate risk

The group has no interest-bearing debt. The group is not subject to material credit risks

Credit risk

The maximum credit risk relating to receivables corresponds to the carrying amount. Information about trade receivables due appears from note 13. The group is not subject to material credit risks.

Currency risk

The group's exposure to the risk of changes in foreign exchange rates relates primarily to the group's monetary assets and liabilities denominated in foreign currencies.

The following tables demonstrate the sensitivity to a reasonably possible change in NOK, GBP and USD exchange rates, with all other variables held constant. The group's exposure to foreign currency changes for all other currencies is not material.

20. Financial risks and financial instruments – Continued -

Amounts in DKK '000		Effect on loss before tax	Effect on pre- tax equity
Year end 31/12/2018			
Change in NOK rate	+ 5%	+361	+361
Change in NOK rate	- 5%	-361	-361
Change in GBP rate	+ 5%	+315	+315
Change in GBP rate	- 5%	-315	-315
Change in USD rate	+5%	-219	-219
Change in USD rate	-5%	+219	+219

Amounts in DKK '000		Effect on loss before tax	Effect on pre- tax equity
Year end 31/12/2017			
Change in NOK rate	+ 5%	+683	+683
Change in NOK rate	- 5%	-683	-683
Change in GBP rate	+ 5%	+437	-437
Change in GBP rate	- 5%	-437	+437
Change in USD rate	+5%	-157	157
Change in USD rate	-5%	+157	+157

Foreign currency risks are managed as part of the Executive Management's day-to-day monitoring of the group.

Financial assets carried at fair value through profit and loss comprises held for trading derivatives that are not designated as hedge accounting recognised at a fair value of DKK 39,000 under Other payables.

Liquidity risk

The group's liquidity risk covers the risk that the group is not able to meet its liabilities as they fall due. The maturities of financial liabilities appear from the tables below. All amounts are contractual cash flows, i.e. inclusive of interest. Reference is made to the paragraph "Capital resources" in note 2 Significant accounting estimates and judgments.

DKK'000	Within 1 year	1-2 year(s)	2-5 years	Over 5 years	Total
As at 31/12/2018:					
Other Credit institutions	0	0	0	0	0
Trade Payables	1,797	0	0	0	1,797
Provisions	5,069	0	0	0	5,069
Other payables	3,828	0	0	0	3,828
Total as at 31/12/2018	10,694	0	0	0	10,694
As at 31/12/2017:					
Other Credit institutions	3,148	376	0	0	3,524
Trade Payables	1,833	0	0	0	1,833
Provisions	3,104	0	0	0	3,104
Other payables	1,856	0	0	0	1,856
Total as at 31/12/2017	9,941	376	0	0	10,317

21. Consolidated companies

Ownership

The following shareholders are registered in 5th Planet Games' register as being the owners of 5% or more of the voting rights or 5% or more of the share capital (1 share equals 1 vote):

HNI Trading ApS, Vedbæk Strandvej 386, DK 2950 Vedbæk
 EDP APS, Dronninggårds Alle 40B, DK 2840 Holte
 Tigerstaden AS, Apalveien 6, NO 0371 Oslo
 Silvercoin, Industries AS, Tyrihjellveien 27, NO 1639 Gamle Fredrikstad
 Aula Invest ApS, Christiansholms Tværvej 10, DK-2930 Klampenborg

Transactions with key management employees

Remuneration for management is disclosed in note 5. The group has not entered into contracts with change of control clauses

Equity investments in other companies

DKK'000	Owner-ship	Municipality of registered office	Equity 31.12. 2018	Result 2018
5th Planet Games Development ApS	100.0%	København K	10,245	-31,419
Ivanoff Interactive A/S	100.0%	København K	2,162	101
Fuzzy Frog Limited	50.9%	Leicestershire	606	-1,015
Hugo Games, Inc.	100.0%	Delaware	-254	-254
Hugo Games GmbH	100.0%	Berlin	191	-44
5th Planet Games LTD	100.0%	Leicestershire	0	0

Transactions with other related parties

There have not been other transactions with related parties.

22. Fee to parent company auditors appointed at the general meeting

DKK'000	2018	2017
Grant Thornton		
Statutory audit	160	158
Other assurance engagements	90	196
Tax Consultancy	0	8
Other services	31	79
Total fees for the year	281	441

23. Events occurring after the balance sheet date

The development studio in Leamington-Spa, working on the strategy game based on the Vikings series, was closed down in January 2019.

The development studio, Fuzzy Frog Ltd., in Nottingham working on the sequel to the original Doodle Jump game was closed down in March 2019.

The total close down costs are estimated to amount to DKK 0.5m.

24. Approval of the annual report for publication

At the board meeting on 8 April 2019, the Board of Directors approved this annual report for publication. The shareholders of 5th Planet Games A/S have the power to amend the Annual Report. The annual report will be presented to the shareholders for approval at the annual general meeting on 30 April 2019.

25. New accounting regulations

The IASB has issued a number of new standards and amendments to standards, which are effective for accounting periods beginning on 1 January 2019 or later. Therefore, they are not incorporated in the consolidated financial statements. Standards and interpretations issued before 31 December 2018, of relevance for the Group, and expected to change current accounting regulation are described below.

- IFRS 16 Leases. The IASB has issued IFRS 16 "Leasing", with an effective date of 1 January 2019.

The EU has endorsed IFRS 16. The Group plans to adopt the new standard on the required effective date. The standard requires that all leases be recognized in the balance sheet with a corresponding lease liability, except for short term assets and minor assets. Leased assets are amortized over the lease term, and payments are allocated between instalments on the lease liabilities and interest expense, classified as financial items. The Group is currently evaluating the impact on the consolidated financial statements and the most significant impact will be the recognition of new assets and liabilities for its operating lease of office facilities. In addition, the nature of the expenses related to those leases will now change as IFRS 16 replaces the straight-line operating lease expense with a depreciation charge for right of use assets and interest expense on lease liabilities. Upon implementation on 1 January 2019, assuming that no new material leases are entered into and no amendments to existing leases are made, the Group is expected not to recognize significant lease assets or liabilities. However, IFRS 16 requires the Group to make more extensive disclosures than under IAS 17.

26. Business combinations

On 1 October 2018, the Group entered into a business transfer agreement regarding acquiring of the activities from 5th Planet Games Inc. The activities are based in Rocklin California USA. Through the acquisition the Group took over a game portfolio and the rights to the upcoming game "Dawn of the Dragons 2". The acquisition has been accounted for using the acquisition method.

The fair values of the identifiable assets and liabilities at the date of acquisition were:

DKK'000	2018
Acquired rights	4,400
Equipment	322
Current liabilities	-5,003
Total identifiable net assets at fair value	-281
Goodwill arising on acquisition	5,567
Purchase consideration transferred	5,286
Purchase consideration transferred this way:	
Cash	4,722
Share-based payments	564
Total	5,286

From the date of acquisition, the acquired activities have contributed DKK 1.6m of revenue and DKK -0.3m to the net profit of the Group. It is not possible to estimate reliable estimates for the profit / loss for the period before the transfer of the activities.

The goodwill recognized is primarily attributed expected synergies and other benefits from combining the assets and activities with those of the Group. The goodwill is deductible for income tax purposes.

Transaction costs of DKK 0.3m 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.

PARENT COMPANY ACCOUNTING POLICIES

The financial statements of the parent company 5th Planet Games A/S have been prepared in accordance with the provisions of the Danish Financial Statements Act on listed companies.

The financial statements are presented in Danish kroner (DKK).

The parent company's accounting policies have been applied consistently with last year.

Differences in relation to the group's accounting policies

The parent company applies the same accounting policies for recognition and measurement as the group with the exceptions and additions set out below. For a complete description of the parent company's accounting policies, see note 1 to the consolidated financial statements.

Income statement and balance sheet

Equity investments in subsidiaries

Equity investments in subsidiaries are recognised in the balance sheet at the proportionate share of the companies owned adjusted for any residual value of positive or negative goodwill as well as unrealised intercompany profits and losses.

Profits or losses in subsidiaries are recognised in the income statement in proportion to the shares equivalent to the equity investments. Newly acquired or newly founded enterprises are recognised in the financial statements as from the time of acquisition. Companies divested or discontinued are recognised until the date of divestment.

Newly-acquired companies are recognised in accordance with the acquisition method, according to which the identifiable assets and liabilities of newly-acquired companies are recognised at fair value at the date of acquisition.

The goodwill (positive difference) determined at the date of acquisition is recognised under equity investments in subsidiaries and amortised according to the straight-line method based on an individual assessment of the useful life of the asset, the maximum period, however, being 20 years.

Cash flow statement

No cash flow statement is prepared for the parent company, as the parent company is included in the consolidated cash flow statement in accordance with section 86(4) of the Danish Financial Statements Act.

Parent Company income statement

DKK'000	Note	2018	2017
Other external expenses		-686	-2,147
Staff costs	1	-1,369	-1,567
Operating loss		-2,055	-3,714
Share of loss from equity investments in group companies	2	-34,935	-18,080
Other financial income	3	949	1,553
Other financial expenses	3	-97	-817
Total net financials		-34,083	-17,344
Loss before tax		-36,138	-21,058
Tax on loss	4	-155	-462
Nett Loss		-35,983	-20,596
Proposed distribution of net loss:			
Dividend for the financial year		0	0
Special reserve		-22,461	0
Retained earnings		-13,522	-20,596
Total		-35,983	-20,596

Parent company balance sheet

ASSETS

DKK'000	Note	2018	2017
Equity investments in group companies	2	12,549	9,938
Total non-current assets		12,549	9,938
Current Assets:			
Receivables from group companies		1,215	1,978
Tax receivable		155	462
Other receivables		29	108
Total receivables		1,399	2,548
Cash		13,604	47,483
Total current assets		15,003	50,031
Total assets		27,552	59,969

EQUITY AND LIABILITIES

DKK'000	Note	2018	2017
Equity:			
Share Capital		21,762	20,626
Reserves		0	22,461
Retained earnings		4,733	15,938
Total equity		26,495	59,025
Total Equity		26,495	59,025
Current liabilities			
Trade payables		255	944
Provision for negativ equity in group companies		802	0
Total current liabilities		1,057	944
Total Liabilities		1,057	944
Total equity and liabilities		27,552	59,969

Contingent liabilities	5
Security provided	6

Statement of change in equity

DKK'000	Share capital	Reserve capital reduction	Share premium	Retained Earnings	Proposed dividend	5th Planet Games shareholder's share of EQUITY
Equity as at 01.01.2018	20,627	22,461	0	15,938	0	59,026
Purchase/sale of treasury shares						0
Capital Increase	1,135		2,146			3,281
Used to settle share options			0	564		564
Costs related to capital increase			-387			-387
Exchange rate adjustments				-6		-6
Transfer of reserves			-1,759	1,759		0
Proposed distribution of net loss		-22,461		-13,522		-35,983
Equity as at 31.12.2018	21,762	0	0	4,733	0	26,495

Equity as at 01.01.2017	22,637	0	0	-8,417	0	14,220
Purchase/sale of treasury shares						0
Capital Increase	43,451		26,892			70,343
Share capital reduction	-45,461	22,461		23,000		0
Adjustment of acquisition balance			-1,268			-1,268
Costs related to capital increase			-3,651			-3,651
Exchange rate adjustments				-22		-22
Transfer of reserves			-21,973	21,973		0
Proposed distribution of net loss				-20,596		-20,596
Equity as at 31.12.2017	20,627	22,461	0	15,938	0	59,026

History of share capital development since incorporation

Date	Type of change	Change in Share Capital DKK	Per value DKK	Total share capital DKK	Number of new shares	Total number of shares
13.04.2011	Formation	80,000	1.00	80,000	80,000	80,000
09.09.2014	Share capital increase	28,917	1.00	108,917	28,917	108,917
30.12.3025	Conversion to A/S	9,891,083	1.00	10,000,000	9,891,083	10,000,000
06.02.2016	Share split	0	0.50	10,000,000	10,000,000	20,000,000
26.06.2015	Share capital increase	2,500,000	0.50	12,500,000	5,000,000	25,000,000
27.01.2016	Share capital increase	137,074	0.50	12,637,074	274,148	25,274,148
03.08.2016	Share capital increase	10,000,000	0.50	22,637,074	20,000,000	45,274,148
12.04.2017	Share capital increase	2,239,948	0.50	24,877,022	4,479,895	49,754,043
12.06.2017	Share capital increase	31,948,835	0.50	56,825,857	63,897,670	113,651,713
31.10.2017	Share split	-22,460,686	0.50	34,365,171	-44,921,371	68,730,342
29.11.2017	Share split	-23,000,000	0.50	11,365,171	-46,000,000	22,730,342
01.12.2017	Share capital increase	9,261,680	0.50	20,626,851	18,523,361	41,253,703
01.01.2018	Share kapital increase	650,000	0.50	21,276,851	1,300,000	42,553,703
24.01.2018	Share kapital increase	485,434	0.50	21,762,285	970,868	43,524,571

PARENT COMPANY NOTES
1. Staff Costs

DKK'000	2018	2017
Wages and salaries	1,369	1,411
Pensions	0	156
Other social security costs	0	0
Total	1,369	1,567

Average number of employees during the year	2	2
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Remuneration of board of directors and executive management:
Board of directors:

Cash remuneration	119	265
Total	119	265

Executive management:

Gross Salary	1,250	1,143
Pension Contribution	0	159
Total	1,250	1,302

2. Investments in group companies

DKK'000	2018	2017
Costs at 01/01/2018	27,527	24,402
Additions during the year	187	3,125
Disposals during the year	0	0
Total tax for the year	27,714	27,527

Value adjustments as at 01/01/2018	-17,589	-79,487
Subsidy to Group company	36,564	80,000
Share of loss before amortisation of goodwill during the year	-33,348	-17,730
Foreign exchange loss investments group companies	-6	-22
Amortisation of goodwill during the year	-2,226	-375
Elimination of intercompany profit after tax	638	25
Value adjusted as at 31/12/2018	-15,967	-17,589

Carrying amount as at 31/12/2018	11,747	9,938
Group companies with negative equity	802	0
Group companies with positive equity	12,549	9,938

The group companies are:

DKK'000	Owner-ship	Municipality of registered office	Equity 31.12. 2018	Result 2018
5th Planet Games Development ApS	100.0%	København K	10,245	-31,419
Ivanoff Interactive A/S	100.0%	København K	2,162	101
Fuzzy Frog Limited	50.9%	Leicestershire	606	-1,015
Hugo Games, Inc.	100.0%	Delaware	-254	-254
Hugo Games GmbH	100.0%	Berlin	191	-44
5th Planet Games LTD	100.0%	Leicestershire	0	0

3. Financial Items

DKK'000	2018	2017
Financial income includes interest from group enterprises	750	1,548
Financial expenses include interests to group enterprises	0	0
Total	750	1,548

4. Tax

DKK'000	2018	2017
Current tax for the year	0	0
Prior year adjustments	0	0
Tax credit scheme/joint taxation contributions	-155	-462
Change in deferred tax	0	0
Total tax for the year	-155	-462

Tax comprises:

tax on loss for the year	-155	318
Tax on changes in equity	0	0
total	-155	318

5. Contingent liabilities

Based on management's assessment the Company 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.

6. Security provided

None