

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

Annual report 2020

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 and Facebook.
- Truly passionate about games and committed to making titles that will engage and bring genuine joy to people for years.
- Enters into strategic partnerships with global IP holders for increased visibility, awareness and games performance.

CEO LETTER

I took over as CEO with effect from 1 February 2021 of 5th Planet Games. As a result, I have resigned as Chairman of the Board of Directors. This reorganization change has given me a unique opportunity to bring in new energy and ideas being close to the company's business and operations. Specifically, I am conducting a 360-degree review of our current strategy and organizational setup. We expect to launch new interesting initiatives and expansion plans during 2021, which I will look forward to informing our investors about.

I fully acknowledge that 2020 was a disappointing year. Even though we realized a better Net Income than last year, our Net loss for the year is DKK 14m, compared to DKK 32m in 2019. On the other hand, we have strengthened our equity from nearly 7m to nearly 21 m and our cash position is strong.

During 2020 we have worked hard on our Viking and LEGO games. We continue to do so in 2021, but as emphasized, we will review our strategy to accelerate growth and profitability to a new level.

I look forward to 2021 as well as the coming years, where I together with the Company's employees will strive to take on new profitable adventures.

Our Vikings mobile game has now been expanding into soft launch in all the Nordic countries where we are assessing the games KPIs and its performance. We aim at global hard launch during May/June 2021 if we reach the KPI goals for the game. We will also in 2021 enter a dialogue with Quantum Shake about expanding our existing partnership.

We are progressing our cooperation with the LEGO Group having now a full developer team in place in Berlin. We expect to launch the LEGO game fall of 2022. We are very proud of being working together with LEGO as we believe that the brand value of LEGO serves as a strong leverage for developing profitable new match 3 games that address specific profitable target groups.

Our Berlin office will focus on developing our LEGO game as well as optimizing The Adventures of Tintin. As a consequence, we are hiring new staff at our Berlin office. We have an ambition to have one of the best mobile game studios in Europe, so we will constantly be looking for the most talented people to our Berlin office. This is necessary in order to succeed in the mobile game industry, where human capital is crucial.

Apart from these activities we also develop new games based on new interesting IPs. To illustrate, In January 2021 we announced that we have secured the rights to produce and distribute a new casino style game based on the most successful star within Dart in 2020 Peter "Snakebite" Wright. The iconic Scottish dart player had an outstanding 2020 winning both the World Championship and the European Championship and due to his unique dart skills and not to forget Mohican hair style and extravagant clothing he became a fan favorite within the rapidly growing TV sport. The Snakebite casino game is expected to be launched in Q3 2021.

In addition, the plan is to bring more focus on the existing Nyjah Huston casino game before the coming Olympic Games. Furthermore, we generate stable positive cash flows from our Hugo Troll Race mobile game and from our 4 existing Hugo casino games. In September 2021 a new Hugo casino game will be globally launched in partnership with our strategic partner Play n GO.

The Copenhagen office will continue to develop the strategic direction of the company and coordinate the company's business operations. We don't expect new hiring regarding for the top management team. However, we plan to make changes in the Board of Directors with new board members who can add value and provide competences relevant for the company. This includes competence within the gaming industry, business development and digital marketing. New very strong board competences are needed to excel the company's growth ambitions.

I am fully aware that our Company needs to accelerate the growth and the performance of our games. However, it is my firm impression that our teams including our Berlin team as well as project partners are working hard and devoted on improving the existing pipeline as well as to identify new profitable projects. This might include cooperation with new strong existing IPs as well as beginning to develop our own profitable IPs in 2021 and merger / acquisition of small but cashflow positive and promising gaming companies.

It is difficult with sufficient certainty to forecast our revenue and profit in 2021 as it among other things depends on new initiatives to be set in the sea.

Caspar Rose
CEO of 5th Planet Games A/S

FINANCIAL REVIEW

It has been a year with development activity and great cost focus. The company's equity base and has been reorganised with repayment of convertible loan and the successfully Right Issue conducted with a capital increase of gross 45m NOK.

The result for 2020 has been disappointing.

5th Planet Games launched 1 new mobile title in 2020, but the game has not yet reached the expected revenue and profit.

Revenue in 2020 was DKK 3,9m, up from DKK 2,2m in 2019 (continued operations). Revenue was primarily generated from the casino games, Tintin and Hugo Troll Race 2.

The operational cost base decreased in 2020 (2019 continued operations)

Operational Costs (DKK '000)	2020	2019
Costs of sales	487	136
Research and development expenses	10,006	9,222
Marketing expenses	1,669	304
Other expenses	7,054	10,332
Total	19,216	19,994

Research and development costs includes both internal and external costs related to the development of games and the cost are primary related to the develop of the Tintin game.

Marketing expenses, which includes online marketing and royalty payments, increased by DKK 1.3m primary related to marketing of the Tintin game.

Other external expenses, which includes administrative salaries, administrative expenses, listing-related costs, etc. accounted for DKK 7,1m in 2020 compared with DKK 10,3m in 2019 (continued operation). The reduction is primary due to cost reductions executed late 2019 and less calculated costs for issued warrants.

Financial performance not satisfactory

EBITDA before special items for continued operations was a loss of DKK 15,3m in 2020 (2019: DKK -17,8m for continuing operations). The decrease in EBITDA loss is primary due to less administrative expenses.

Depreciation and amortisation for 2020 was DKK 0.3m (2019: DKK 0,9m for continued operations).

EBIT for 2020 was a loss of DKK 15,6m (2019: loss of DKK 18,4m for continued operations). The decrease in result is mainly due to impairment loss and onerous contract losses expensed in 2018.

Net financials were an expense of DKK -0.8m (2019: DKK -0.1m for continued operations).

In 2020, 5th Planet Games incurred a loss before tax of DKK 16,4m (2019: loss of DKK 18,5m for continued operations).

For total operations, the loss before tax was the same DKK 16.4m (2019: DKK 32,2m including discontinued operations) was incurred of which DKK 2.1m will be returned by the Danish tax authorities under the tax credit scheme.

A net loss for total operations for the year of DKK 14.2m was recorded (2019: net loss of DKK 32.3m including discontinued operations).

Total assets increased in 2020

Total assets amounted to DKK 27.4m as of 31 December 2020, a DKK 14.1m increase compared to 31 December 2019 due to increase of cash position by DKK 17.4m and decrease of receivable tax by DKK 2.8m.

Cash flow negative due to loss of the year

In 2020, the cash flow from operating activities totalled a loss of DKK 7.5m (2019: loss of DKK 19.7m). Cash flows from financing activities totalled DKK 25.0m (2019: DKK 7.3m). The cash position as of 31 December 2020 amounted to DKK 23.7m (2019: DKK 6.3m).

Equity

The group's equity as of 31 December 2020 was DKK 20.9m (2019: DKK 7.0m). The increase in equity was mainly attributable to Right issue conducted during the of the year. The equity ratio at year-end was 76% (2019: 53%).

Capital increases / Convertible loans issued in 2020

In H1 2020 was issued convertible loans for gross DKK 1.7m and converted DKK 1.5m to shares. In connection with the Right Issue conducted in 2020 the convertible loan was repaid with DKK 4.4m.

In July 2020, a Right Issue was completed with gross proceeds of DKK 31.2m (NOK 45m) and a net proceed after costs and repayment of convertible loan of DKK 22.5m (NOK 32.5).

Costs related to Right Issue amounted DKK 3.3m

KEY FIGURES

DKK '000	IFRS 2020	IFRS 2019	IFRS 2018	IFRS 2017	IFRS 2016
*Revenue	3.919	2.180	3.855	3.618	5.331
*Gross profit	3.432	2.044	3.550	3.457	4.866
*Loss before special items (EBITDA)	-15.297	-17.814	-9.908	-18.834	-16.091
*Operating profit/loss (EBIT)	-15.606	-18.391	-22.830	-25.976	-63.959
*Net Financials	-777	-126	65	-456	-383
Loss from discontinued operations	0	-15.866	-20.779	-	-
Net loss for the year	-14.249	-32.223	-43.544	-23.489	-58.970
Total assets	27.380	13.267	37.331	70.188	29.811
Investments other equipment	34	149	426	301	24
Capitalized and expensed development costs	10.006	18.381	17.184	11.066	17.231
Equity	20.889	6.972	26.637	56.028	14.983

*Figures for 2019 and 2018 are only for continued operations.

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.
- **Coronavirus/covid-19 risk**
The consequence of the serious virus spreading worldwide is pt. unpredictable but the board does not for now expect it to have substantial influence on the company. However, derivative effects of the global crisis can have unforeseen consequences for the company.

For further information on risk, see the section "Risk factors" on pp.8 and 13 - 15 of the prospectus dated 3 July 2020.

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 2020 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 28 of the 45 Danish recommendations on corporate governance <https://corporategovernance.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 behaviour. 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.

2.3.1. The Committee recommends appointing a vice chairman of the board of directors.

- Due to the limited size of the company no vice chairman is appointed.

*2.3.2. The Committee **recommends** that, if the board of directors, in exceptional cases, asks the chairman of the board of directors or other board members to perform special activities for the company.*

- CEO and CAO both are member of the board of directors. The chairman is independent and does not perform special activities for the company. The company does not comply with the recommendation. However, the board of directors are composed of key executives i.e. CEO and CAO as their skills are important in the current situation of the company.

3.1.5. The Committee recommends that members of the company's executive board be not members of the board of directors.

- Due to the limited size of the company the company does not comply as CEO and CAO both are member of the board of directors. This is to ensure that the board of directors consists of key executives that are able to support the company's current strategy as well as who have hands on experience with the industry and leadership experience.

3.2.1. The Committee recommends that at least half of the members of the board of directors elected by the general meeting be independent persons.

- Due to the limited size of the company the company does not comply as CEO and CAO both are member of the board of directors. This is to support that the company's strategy being executed more efficiently. Having two former executives on the board of directors strengthen agility and execution power in the board of directors.

3.2.2. The Committee recommends that a majority of the members of a board committee be independent.

- Due to the the limited size of the company the company does not comply as CEO and CAO both are member of the board of directors. See also the comments as under 3.2.1.

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.

3.5.1 *The Committee recommends that the board of directors establish an evaluation procedure for an annual evaluation of the board of directors and the individual members.*

- Due to the structure and size of the Company and its business, a evaluation procedure is set on hold for a period. However, the board of directors always evaluate its work and composition after each board meeting as well as between board meetings in an informal manner.

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 2020, the Board of Directors consisted of 3 members, of which none are women (3 members and no women in 2019). 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. The aim is to have one female Board member, as we firmly believe that diversity creates better board decisions. We continuously assess possible female board candidates to achieve our diversity goal.

As the Board of Directors has not succeed in getting any female in the board of Directors the target has been postponed having at least one female Board member elected by the Annual General Meeting in 2024 at latest.

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. The management team 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 behaviour. 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	2020			2019		
			Fixed base fee	Share-based payments	Total	Fixed base fee	Share-based payments	Total
Caspar Rose (1)	06-02-2015		30	107	137	15	163	178
Henrik Nielsen	27-11-2019		0	0	0	0	0	0
Peter Ekman	27-11-2019		0	0	0	0	0	0
Jesper Theill Eriksen	24-04-2018	27-11-2019	0	0	0	15	58	73
Kevin John Terkelsen	21-12-2017	27-11-2019	0	0	0	15	58	73
Total			30	107	137	45	279	324

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	2020			2019		
			Fixed base fee	Share-based payments	Total	Fixed base fee	Share-based payments	Total
Henrik Nielsen, CEO	29-09-2017		480	2,119	2,599	482	4,220	4,702
Anders Egholdt Søgard, CFO	01-02-2018	31-12-2019	0	0	0	752	260	1,012
Total			480	2,119	2,599	1,234	4,480	5,714

MANAGEMENT

Board of Directors

Henrik Nielsen [m]
(1967)

Chairman of the Board

Position:

Resigned as CEO 5th Planet Games
1st February 2021

Educational background:

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

Competencies:

Strategy and Finance

Member of the board of:

HNI TRADING ApS
NIL TECHNOLOGY ApS

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

Warrants in 5th Planet Games A/S:
13,101,821 warrants

Independent Board Member:
Yes

Election Term:
1 year

Board member since:
November 27, 2019

Caspar Rose [m]
(1971)

Board member / CEO

Position:

CEO 5th Planet Games A/S from 1st
February 2021

Educational background:

LL.M. from the University of Copenha-
gen, M.Sc. (Finance and accounting),
CBS. Ph.D. from Department of Fi-
nance, CBS.

Competencies:

Corporate Governance, Financial
markets, Risk management

Member of the board of:

GFNordsjælland/Storkøbenhavn
Fonden LO Skolen Helsingør
Konventum A/S
Postmester A Andersens og Hustrus
fond.

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

Warrants in 5th Planet Games A/S:
2,381,628 warrants

Independent Board Member:
No

Election Term:
1 year

Board member since:
February 6, 2015

Peter Ekman [m]
(1959)

Board member / CAO

Position:

CAO 5th Planet Games A/S

Educational background:

Qualified auditor and Accountant

Competencies:

Finance and accounting

Member of the board of :

Ekman Holding ApS
Storkesig APS
KD Nordic A/S
Deca A/S

Shares in 5th Planet Games A/S:
404,643 shares

Warrants in 5th Planet Games A/S:
1,173,652 warrants

Independent Board Member:
No

Election Term:
1 year

Board member since:
November 27, 2019

Executive Management

Caspar Rose [m]
(1971)
CEO

Employed since February 2021

Educational background:

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

Chairman of the board of:

n/a

Member of the boards of:

GF Nordsjælland/Storkøbenhavn
Fonden LO Skolen Helsingør
Konventum A/S
Postmester A Andersens og Hustrus
fond.

Shares in 5th Planet Games A/S:

6,365 shares

Warrants in 5th Planet Games A/S:

2,381,628 warrants

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 2020 was NOK 1.185 with a market capitalization of NOK 126.0m (DKK 88.9m). Total turnover of shares in 2020 was 958 million with a total transaction value of NOK 1,540m.

Master Data:	
Stock Exchange:	EURONEXT EXPAND OSLO
Sector:	Communication
ISIN Code:	DK0060945467
Symbol:	5PG
LEI Code:	213800MC2SGVSIBN7J53
Share capital DKK:	5,315,911.00
Denomination:	DKK 0.05
No. of Shares:	106,318,210
Negotiable instruments:	Yes
Voting restrictions:	No

Share Capital

The nominal share capital of 5th Planet Games as of 31.12.2020 was DKK 5,315,911, consisting of 106,318,210 shares of DKK 0.05 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 2020. No shareholders hold more than 5% of the share capital or the votes of March 2021.

As of 31 December 2020, members of the Board of Directors and their related parties held 5,030,270 shares (nominal value DKK 251,514), corresponding to 4.7% of the share capital and a market value of 4.2m DKK. Members of management as per 31.12.2020 (Also member of Board of Directors) held 4,619,262 shares (nominal value DKK 230,963), corresponding to 4.3% of the share capital and a market value of DKK 3,9m.

Annual general meeting

The Annual General Meeting will be held on 25th April 2021 at 10:00 at Charlottehaven, Hjørringgade 12C 2100 Copenhagen Ø 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 2020 financial year. The Board of Directors recommends to the shareholders that the loss for the year of DKK 14,3m, to be transferred to retained earnings.

Investor Queries

Any questions or comments from shareholders, analysts and other stakeholders should be addressed to CEO Caspar Rose 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 present 5th Planet Games' Board of Directors consists of three members headed by Henrik Nielsen as chairman. The present members of the Board of Directors are presented on page 12.

It is proposed that three new members shall be elected to the board of Directors. The three present members of the Board of Directors resign but both Casper Rose CEO of the Company and Peter Ekman CAO of the company continues in their positions in the company. Going forward the Members of the Board of Directors are independent of the company. The three proposed new members are:

Søren Kokbøl Jensen:

Skills:

Søren brings more than 30 years of successful gaming industry experience, whereas the last 10 years have been within mobile gaming. Søren has substantial experience with digital business models, product development, and monetization strategies.

Other positions:

CEO at Level Up Garage ApS

Chairman at Got Skills ApS

Member of the board at Hydr eSport ApS

Bjarke Ingemann Finlov:

Skills:

Bjarke Finlov has 10+ years of business model execution and digital business models through experience from both award-winning startups and the financial sector. Currently he is in charge of strategy and business development for Danske Bank growth

Education:

Bjarke has a bachelor in Marketing and is currently studying to obtain an MBA.

Other positions

Advisory Board in Swiipe Payments

Kim Friland:

Skills:

Kim Friland has 20 years of experience as a board member, the last 10 of which have been as Chairman of the board. Kim also has 15+ years of experience within IT development, successfully overseeing development and launch of large digital platforms

Educations

Graduate Diploma in Business Administration (Accounting Control and Process Management) – Copenhagen Business School - 2009

Executive Education – Copenhagen Business School - 2019

Other Positions

Project Manager at ATP

Chairman of the board at GF-Storkøbenhavn

The Board of Directors proposes that the members of the Board of Directors for the year 2021 shall receive a fixed remuneration of DKK 50,000 for Board members and DKK 100,000 for Chairman of the board. 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 3 April 2024 (AOA 2.5), 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 3,500,000 against cash or non-cash consideration or by conversion of debt. Such capital increase shall take place at market price. The current authorization amount is DKK 2,525,288.

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 1,500,000. The current authorization amount is DKK 610,318

Until 1 June 2025 (AOA 2.9), 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. Such capital increase can take place under market price. The current authorization amount is DKK 7,750,000.

The total current authorization amount as of 31 December 2020 is DKK 10,885,606,6

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 2020 – 31 December 2020

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 2020 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 2020 - 31 December 2020.

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, 24 March 2021

Executive Management



Caspar Rose

Board of Directors:



Henrik Nielsen
Chairman



Caspar Rose



Peter Ekman

Independent auditor's report

To the Shareholders of 5th Planet Games A/S

Our opinion

We have audited the consolidated financial statements and the parent financial statements of 5th Planet Games A/S for the financial year January 1 – December 31, 2020, which comprise the income statement, statement of financial position, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the statement of comprehensive income and the cash flow statement of the Group. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act, and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements give a true and fair view of the Group's financial position at December 31, 2020 and of the results of its operations and cash flows for the financial year January 1 – December 31, 2020 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements under the Danish Financial Statements Act.

Further, in our opinion, the parent financial statements give a true and fair view of the Parent's financial position at December 31, 2020 and of the results of its operations for the financial year January 1 – December 31, 2020 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.

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 6 years including the financial year 2020.

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 2020. 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.

Capital resources and the cash flow forecast for 2021

5th Planet Games A/S has a number of games under development. Until successful launch of new games and sufficient positive cash flow from operations is obtained, the Group will continue to be cash consuming and consequently from time to time dependent on additional capital contributions.

According to the most recent budgets approved by The Board of Directors, the existing capital resources are sufficient to continue the Group's operations as planned through 2021. Reference is made to note 3 to the financial statements, which describes the Managements assessment of the Group's capital resources.

We focused on this area, as the going concern presumption is a fundamental concept in the preparation of financial statements.

How our audit addressed the Key Audit Matter

We verified the managements statement of capital resources as per 31 December 2020, also presented in note 3 of the consolidated financial statements and compared this statement with the most recent operating and cash flow budget for the Group approved by The Board of Directors. We also discussed the expected development of the Group through 2021 and the sensibility of the budgets with the management. Furthermore, we also evaluated the financial statements disclosures related to capital resources.

Statement on Management's Review

Management is responsible for Management's Review.

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 skepticism 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, 24 March 2021

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	2020	2019
Revenue	4	3,919	2,180
Costs of sales		487	136
Gross Profit		3,432	2,044
Research and development costs	5	10,006	9,222
Marketing expenses		1,669	304
Other expenses	5	7,054	10,332
Loss before special items, depreciation and amortisation (EBITDA)		-15,297	-17,814
Special items	6	0	-306
Depreciation and amortisation	11,12,13	309	883
Operating loss (EBIT)		-15,606	-18,391
Financial income	7	117	31
Financial expenses	8	894	157
Loss before tax		-16,383	-18,517
Tax on loss for the year	9	-2,134	-2,160
Loss for the year from continuing operations		-14,249	-16,357
Loss for the year from discontinued operations	25	0	-15,866
Loss for the year		-14,249	-32,223
Other comprehensive income		-12	-38
Comprehensive income		-14,261	-32,261
Distribution of comprehensive income:			
Parent company´s shareholders		-14,249	-32,317
Non-controlling interests		0	56
Total		-14,261	-32,261
Basic earnings per share:			
From Continued operations (DKK)	10	-0.186	-0.339
From discontinued operations (DKK)	10	0.000	-0.329
Total DKK)		-0.186	-0.668
Diluted earnings per share:			
From Continued operations (DKK)	10	-0.186	-0.339
From discontinued operations (DKK)	10	0.000	-0.329
Total DKK)		-0.186	-0.668

ASSETS:

DKK'000	Note	2020	2019
Non-current assets			
Completed development projects	11	0	0
Acquired rights	11	0	0
Goodwill	11	0	0
Development projects in progress	11	0	0
Plant and equipment	12	95	118
Right-of-use assets	13	733	985
Total non-current assets		828	1,103
Current Assets:			
Trade receivables	14	633	620
Income tax receivable	9	2,196	5,075
Other receivables		57	181
Prepayments		0	16
Cash		23,666	6,272
Total current assets		26,552	12,164
Total assets		27,380	13,267

EQUITY AND LIABILITIES:

DKK´000	Note	2020	2019
Equity:			
Share capital		5.316	2.687
Reserves		0	0
Retained earnings		15.573	4.285
Total Equity	15	20.889	6.972
Non-current liabilities			
Lease liabilities	13	532	783
Other payables	16	1.488	2.054
Total non-current liabilities		2.020	2.837
Current liabilities			
Lease liabilities	13	251	235
Related parties		0	47
Received prepayments		86	0
Trade payables		1.374	597
Other payables	16	2.760	2.579
Total current liabilities		4.471	3.458
Total Liabilities		6.491	6.295
Total equity and liabilities		27.380	13.267

Statement of changes in equity

DKK'000	Reserves						Planet Games shareholder's	Non-controlling interests	Total equity
	Share capital	Share premium	Convertible loan	Reserve Capitalised Development costs	Other reserves	Retained earnings			
Equity as at 01.01.2020	2,687	0	0	0	0	4,285	6,972	0	6,972
Net Loss						-14,249	-14,249	0	-14,249
Other comprehensive income					0	-12	-12		-12
Comprehensive income	0	0	0	0	0	-14,261	-14,261	0	-14,261
Capital increases by:									
Loan conversation	379		-379				0		0
Right Issue	2,250	28,962					31,212		31,212
Convertible loans issued				1,675			1,675		1,675
Convertible loans repaid				-4,405			-4,405		-4,405
Costs related to capital increase						-3,292	-3,292		-3,292
Share-based payment						2,988	2,988		2,988
Transfer of reserves		-28,962	3,109		3,292	22,561	0		0
Transactions with owners	2,629	0	0	0	0	25,549	28,178	0	28,178
Equity as at 31.12.2020	5,316	0	0	0	0	15,573	20,889	0	20,889
Equity as at 01.01.2019	21,761	0	0	1,652	0	3,280	26,693	-56	26,637
Net Loss						-32,280	-32,280	56	-32,224
Other comprehensive income					-37	0	-37		-37
Comprehensive income	0	0	0	0	-37	-32,280	-32,317	56	-32,261
Capital increases by:									
Loan conversation	3,900	1,170	-5,070				0		0
Capital reduction	-22,976					22,976	0		0
Convertible loans issued				9,930			9,930		9,930
Capital increases									
Costs related to capital increase						-2,451	-2,451		-2,451
Share-based payment						5,117	5,117		5,117
Capitalized development costs				-1,652		1,652	0		0
Transfer of reserves		-1,170	-4,860		37	5,993	0		0
Transactions with owners	-19,076	0	0	-1,652	-2,414	35,738	12,596	0	12,596
Equity as at 31.12.2019	2,685	0	0	0	-2,451	6,738	6,972	0	6,972

Consolidated cash flow statement

DKK´000	Note	2020	2019
Loss before tax		-16,383	-37,299
Depreciation, amortisation and impairment losses		309	12,706
Share-based payments		2,988	5,116
Financial income, reversed		-117	-31
Financial expenses, reversed		894	438
Change in working capital		673	-4,519
Operating cash flow		-11,636	-23,589
Financial income, received		2	31
Financial expenses, paid		-894	-94
Income tax received		5,013	3,968
Cash flow generated from operations		-7,515	-19,684
Purchase of equipment		-34	-149
Cash flow from investing activities		-34	-149
Proceeds from cash capital increase		27,920	0
Proceeds convertible loan		1,675	7,479
Repayment convertible loan		-4,405	0
Lease liabilities, repayment		-235	-215
Cash flow from financing activities		24,955	7,264
Total cash flow for the period		17,406	-12,569
Cash, beginning of period		6,272	18,895
Net foreign exchange difference		-12	-54
Cash, end of period		23,666	6,272

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. Right-of-use assets and lease liabilities
14. Trade receivables
15. Equity
16. Other payables
17. Contingent liabilities
18. Security provided
19. Financial risks and financial instruments
20. Consolidated companies and related parties
21. Fee to parent company auditors appointed at the Annual General Meeting
22. Events occurring after the balance sheet date
23. Adoption of the annual report for publication
24. Convertible loan
25. Discontinued operations

1. Accounting policies

5th Planet Games A/S is a limited liability company domiciled in Denmark. The consolidated financial statements for 2020 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 1st of January 2020. 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.

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.

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.

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.

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.

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.

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.

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.

Leases

The company assesses whether a contract is or contains a lease at inception of the contract. The company recognises right-of-use assets and corresponding lease liabilities at the lease commencement date, except for short-term leases and leases of low value. For these leases, the lease payments is recognized as an operating expense on a straight-line basis over the term of the lease.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date, plus any initial costs incurred.

The right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses. The right-of-use assets are from the commencement date depreciated over the shorter period of lease term and useful life of the underlying asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of the company's corresponding assets such as property, plants and equipment. In addition, the right-of-use assets are periodically reduced by impairment losses, if any, and adjusted in accordance with lease liabilities.

The lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate.

Lease payments included in the measurement of the lease liabilities comprise the following:

- Fixed payments.
- Variable payments, dependent on an index or rate.
- The exercise price of a purchase option if it is reasonably certain that the option will be exercised.
- Amounts expected to be payable under residual value guarantees.

The lease liabilities are subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the estimate of the amount expected to be payable under a residual value guarantee, or if management changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liabilities are remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use assets, or is recorded in profit or loss if the carrying amount of the right-of-use assets has been reduced to zero.

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.

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.

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 2020:

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 exist.

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.

Since there are no remaining intangible assets recognized, no impairment test has been performed in yearend 2020.

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 TDKK 3,086 in 2020 (2019: TDKK 5,411).

3. Capital resources

The Company's capital resources as per 31.12.2020:

DKK'000	2020	2019
Short term capital assets		
Trade receivables	633	620
Other receivables	57	121
Cash	23.666	6.272
Total short term capital assets	24.356	7.013
Short term capital liabilities:		
Trade liabilities	1.374	597
Other payables	1.588	941
Lease liabilities	251	235
Total short capital liabilities	3.213	1.773
Total net capital recourses	21.143	5.240
Other capital recourses on a longer term but within one year:		
Tax refund (November 2021)	2.183	5.075
Estimated net proceeds from rights issue less repayment convertible loan	0	16.000
Total other capital recourses on a longer term but within one year	2.183	21.075
Total net capital resources for the year	23.326	26.315

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 2021.

4. Revenue

DKK'000	2020	2019
Sales of games and in-app purchases	1.664	454
Sales of Service (advertising devices)	372	284
License income	1.360	1.442
Other revenue	523	0
Total	3.919	2.180

5. Staff costs

DKK'000	2020	2019
Wages and salaries	7,154	6,234
Pensions	169	214
Other social security costs	1,012	777
Share-based payment	3,086	5,411
Total	11,421	12,636

Total Staff costs are recognized as follows:

Research and development costs	6,794	5,515
Research and development capitalized	0	0
Administrative expenses	4,627	7,121
Total	11,421	12,636

Average number of employees during the year, continuing activities	16	14
Number of employees end of year, continuing activities	20	16
Average number of employees during the year, discontinuing activities	0	19
Number of employees end of year, discontinuing activities	0	0

Remuneration of board of directors and executive management:

Board of directors:

Cash remuneration	30	45
Share-based payment	107	279
Total	137	324

Executive management

Gross Salary	480	482
Pension Contribution	0	0
Share-based payment	2,118	4,220
Total	2,598	4,702

Share-based payment

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

Warrant plans.

The plans provide 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.

The table below summarizes the number of options that were outstanding, their weighted average exercise price (WAEP) as of 31 December 2020, as well as the movements during the period.

	Number	Number	Number	Number	Number	The weighted average exercise price (VEAP)
	TOTAL	CEO	Board Member	Employee	Other WAEP	(NOK)
Outstanding, beginning of the period	15.422.542	9.850.860	1.098.535	4.040.147	433.000	1,00
Granted	7.511.153	3.250.961	550.000	3.710.192	0	0,71
Forfeited	0	0	0	0	0	-
Exercised	0	0	0	0	0	-
Expired	0	0	0	0	0	-
Outstanding, end of the period	22.933.695	13.101.821	1.648.535	7.750.339	433.000	0,90
Exercisable at end of the period	12.934.807	7.934.054	1.038.870	3.528.883	433.000	1,05
The range of exercise prices for options outstanding (NOK)	min: 0,4 max: 2,9	0,6 0,7	0,4 2,9	0,6 1,9	1,0 2,3	

The weighted average remaining contractual life for the share options outstanding (year)

8,6 8,8 8,1 8,5 7,8

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 following factors

Warrant Plan	November 2017	June 2018	September 2018	Oktober 2018	November 2018	January 2019
Grant date	16/11 2017	1/6 2018	1/9 2018	1/10 2018	17/11 2018	1/1 2019
Weighted average share price (NOK)	2.5	2.9	2.4	1.76	1.3	0.94
Exercise price (NOK)	1.5 - 5.8	2.9	1.8	1.32	1.3	0.71
Historical and expected volatility	69.6	80	80	80	80	80
Option life (Years)	2 - 10	2 - 10	3 - 10	4 - 10	3 - 10	1 - 10
Expected dividends	0	0	0	0	0	0
Risk-free interest rate (%)	-0.62 - 0.17	0.64	0.31	0.41	0.34	0.39

Warrant Plan	May 2019	June 2019	January 2020	November 2020
Grant date	23/5 2019	3/6 2019	1/2 2020	1/2 2020
Weighted average share price (NOK)	0.76	0.9	0.41	0.88
Exercise price (NOK)	0.57	0.68	0.41	0.7
Historical and expected volatility	131	131	87	137
Option life (Years)	0 - 10	1 - 10	0 - 10	0 - 10
Expected dividends	0	0	0	0
Risk-free interest rate (%)	0.07	0.07	-0.4	-0.5

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

During 2020, the total charge to profit or loss amounted to TDKK 3,086 (2019: TDKK 5,411).

6. Special Items

DKK'000	2020	2019
Goodwill, impairment losses	0	0
Development projects in progress, impairment loss	0	0
Onerous contracts, adjusted prior years	0	-306
Onerous contracts, this year	0	0
Total	0	-306

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.

7. Financial income

DKK'000	2020	2019
Interest income on assets measured at amortized cost	2	31
Foreign exchange gains, net	115	0
Total	117	31

8. Financial expenses

DKK'000	2020	2019
Interest income on liabilities measured at amortized cost	45	14
Foreign exchange loss, net	0	63
Interest Lease liabilities	64	80
*Other financial costs	785	0
Total	894	157

*Other financial cost consists of a repayment premium of TDKK 441 and commitment fee and interest of DKK 344, both in connection with repayment of the convertible loan.

9. Tax

DKK´000	2020	2019
Tax on loss for the year:		
Net result for the year before tax	-16,383	-37,299
Tax rate	22%	22%
Expected tax expenses	-3,604	-8,206
Adjustment for non-deductible expenses	715	1,217
Prior-year adjustments	-155	110
Change in tax assets (not recognized)	910	1,803
Total tax on loss for the year	-2,134	-5,076

DKK´000	2020	2019
Specification of tax on loss for the year:		
Current tax	49	59
Tax credit scheme/joint taxation contributions	-2,183	-5,066
Other adjustments	0	-69
Total tax on loss for the year	-2,134	-5,076

Breakdown on unrecognized deferred tax assets:

Tax losses carried forward (available indefinitely)	75,100	74,393
Other	5,878	2,446
Basis at year end	80,978	76,839
Tax rate	22%	22%
Calculated Potential deferred tax assets	17,815	16,905
Write-down of deferred tax assets	-17,815	-16,905
Recognized deferred tax assets	0	0

10. Earnings per share

DKK´000	Continued operations		Discontinued operations	
	2020	2019	2020	2019
Net loss for the period	-14,249	-16,357	0	-15,866
Average number of shares (in thousands)	76,799	48,235	76,799	48,235
Average number of treasury shares	0	0	0	0
Average number of shares in circulation	76,799	48,235	76,799	48,235
Diluted average number of shares in circulation	76,799	48,235	76,799	48,235
Earnings per share of DKK 0,05 each (in DKK)	-0.186	-0.339	0.000	-0.329
Diluted earnings per share of DKK 0,05 each (in DKK)	-0.186	-0.339	0.000	-0.329

11 Intangible assets

DKK´000	Completed developments projects	Acquired rights	Goodwill	Development projects in progress	Total
Financial Year 2020					
Costs as at 01.01.2020	13,047	0	0	0	13,047
Additions	0	0	0	0	0
Transfer	0	0	0	0	0
Disposals	0	0	0	0	0
Costs as at 31.12.2020	13,047	0	0	0	13,047
Amortisation and impairment					
losses as at 01.01.2020	13,047	0	0	0	13,047
Impairment losses	0	0	0	0	0
Amortisation	0	0	0	0	0
Disposals	0	0	0	0	0
Amortisation and impairment					
losses as at 31.12.2020	13,047	0	0	0	13,047
Carrying amount as at 31.12.2020	0	0	0	0	0
Financial Year 2019					
Costs as at 01.01.2019	51,521	4,700	8,930	9,355	74,506
Additions	0	0	0	0	0
Transfer	0	0	0	0	0
Disposals	-38,474	-4,700	-8,930	-9,355	-61,459
Costs as at 31.12.2019	13,047	0	0	0	13,047
Amortisation and impairment					
losses as at 01.01.2019	50,935	520	3,363	7,703	62,521
Impairment losses	0	3,300	5,567	1,652	10,519
Amortisation	586	880	0	0	1,466
Disposals	-38,474	-4,700	-8,930	-9,355	-61,459
Amortisation and impairment					
losses as at 31.12.2019	13,047	0	0	0	13,047
Carrying amount as at 31.12.2019	0	0	0	0	0

Impairment test

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

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.

Since there are no remaining intangible assets recognized, no impairment test has been performed in yearend 2020.

12 Other Equipment

DKK'000	2020	2019
<i>Financial Year 2020</i>		
Costs as at 01.01.2020	170	731
Additions	34	149
Disposals	0	-724
Effect of exchange rate adjustment	0	14
Costs as at 31.12.2020	204	170
Amortisation and impairment losses as at 01.01.2020	52	306
Impairment losses	0	369
Amortisation	57	100
Disposals	0	-724
Effect of exchange rate adjustment	0	1
Amortisation and impairment losses as at 31.12.2020	109	52
Carrying amount as at 31.12.2020	95	118

13. Right-of-use assets and lease liabilities

Right-of-use assets - rent facilities	2020	2019
Right-of-use assets as at 1.1.2020	985	1,236
Additions	0	0
Disposals	0	0
Modifications	0	0
Depreciations	-252	-251
Right-of-use assets as at 31.12.2020	733	985
Lease liabilities	31.12.2020	31.12.2019
Non-current	532	783
Current	251	235
Lease liabilities	783	1,018
Amounts included in the income statement	2020	2019
Interest expense leases	64	80
Depreciation recognised on right-of-use assets	251	251
Lease expense on terminated lease agreements during the year	0	1,471
Amounts included in the income statement	315	1,802

14. Trade Receivables

DKK´000	2020	2019
Trade receivables (gross), beginning of year	620	944
Provision for bad debt	0	0
Change of provision in the year	0	0
Realised losses in the year	0	0
Provision for bad debt, end of year	0	0
Trade receivables (net), end of year	633	620
Trade receivables not due (due 0-3 months after the balance sheet date)	633	620
Trade receivables due from 0 to 1 month before the balance sheet date	0	0
Trade receivables due more than 1 month before the balance sheet date	0	0
Trade receivables (net), end of year	633	620

No trade receivables relates to contracts with customers.

With the implementation of IFRS 9 “Financial Instruments”, the company has applied the simplified approach to measure the expected credit loss and a lifetime expected loss allowance for all trade receivables. Historically the company hasn't recognized losses on receivables. The Group's customers are predominantly app-stores and companies like these and therefore the credit risk is very low. There are no overdue receivables as of December 31, 2020. No losses are expected on trade receivables and therefore no loss allowance for trade receivables has been recognized as of December 31, 2020. No loss allowance was recognized as of January 1, 2020 or January 1, 2020. Management continues to assess the credit risks in order to ensure the credit risk never exceeds the loss allowance on trade receivables.

15. Equity*Share capital*

As of 31.12.2020 the company's share capital consists of 106,318,210 shares of DKK 0.05 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 2020 or 2019 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 and significant accounting estimates and judgments in note 2.

Dividend

It is proposed that no dividend be paid.

Share capital development during 2019-2020

Date	Type of change	Change in Share Capital DKK	Per value DKK	Total share capital DKK	Number of new shares	Total number of shares
31.12.2018	Share capital			21,762,285		43,524,571
23.05.2019	Share capital increase	1,963,865	0.50	23,726,150	3,927,729	47,452,300
24.05.2019	Share capital increase	1,802,451	0.50	25,528,601	3,604,902	51,057,202
27.11.2019	Share size reduction	-22,975,741	0.05	2,552,860	0	51,057,202
12.12.2109	Share capital increase	133,940	0.05	2,686,800	2,678,808	53,736,010
25.05.2020	Share capital increase	379,110	0.05	3,065,910	7,582,200	61,318,210
03.08.2020	Share capital increase	2,250,000	0.05	5,315,910	45,000,000	106,318,210

16. Other Payables

DKK'000	31.12.2020	31.12.2019
Non-current:		
Payable for use of IP rights	1,488	2,054
Total non-current other payables	1,488	2,054
Current:		
Payable for use of IP rights	558	560
Holiday pay liability	1,581	1,076
Discontinued operations	0	601
Other	621	342
Total current other payables	2,760	2,579

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

None.

19. 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 14. 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.

Amounts in DKK '000		Effect on loss before tax	Effect on pre- tax equity
Year end 31/12 2020			
Change in NOK rate	+ 5%	+532	+532
Change in NOK rate	- 5%	-532	-532
Change in USD rate	+5%	-1	-1
Change in USD rate	-5%	+1	+1

Amounts in DKK '000		Effect on loss before tax	Effect on pre- tax equity
Year end 31/12 2019			
Change in NOK rate	+ 5%	+83	+83
Change in NOK rate	- 5%	-83	-83
Change in USD rate	+5%	-14	+14
Change in USD rate	-5%	+14	-14

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

19. Financial risks and financial instruments – Continued -

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 3 and significant accounting estimates and judgments in note 2.

DKK'000	Within 1 year	1-2 year(s)	2-5 years	Over 5 years	Total
As at 31/12 2020					
Lease liabilities	251	269	263	0	783
Trade payables	1,374	0	0	0	1,374
Prepayments	86	0	0	0	86
Other payables	2,760	558	930	0	4,248
Total as at 31/12 2020	4,471	827	1,193	0	6,491
As at 31/12 2019:					
Lease liabilities	235	251	532	0	1,018
Trade payables	597	0	0	0	597
Related parties	47	0	0	0	47
Other payables	2,579	561	1,493	0	4,633
Total as at 31/12 2019	3,458	812	2,025	0	6,295

20. Consolidated companies and related parties

Ownership

No 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) as of 31.12.2020.

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. 2020	Result 2020
5th Planet Games Development ApS	100.0%	København K	2,074	-9,776
Ivanoff Interactive A/S	100.0%	København K	2,455	214
*Hugo Games, Inc.	100.0%	Delaware	0	278
5th Planet Games GmbH	100.0%	Berlin	-619	-317
*5th Planet Games LTD	100.0%	Leicestershire	0	0
* Have been deregistered during 2020.				

Transactions with other related parties

There have not been transactions with related parties.

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

DKK'000	2020	2019
Grant Thornton		
Statutory audit	179	165
Other assurance engagements	44	62
Tax Consultancy	12	5
Other services	8	33
Total fees for the year	243	265

22. Events occurring after the balance sheet date

No important events have occurred after the end of the financial year

23. Adoption of the annual report for publication

At the board meeting on 24 March 2021, 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 27 April 2021.

24. Convertible loans

DKK'000	2020		2019	
Issued as at 01.01.2020		9.929		0
Issued during the period		1.675		9.929
Total issued as at 31.12.2020		11.604		9.929
Conversion of loans to shares during the period:	Shares	DKK'000	Shares	DKK'000
Conversion as at 01.01.2020	6.629.540	5.116	0	0
Conversion during the period	7.582.200	1.547	6.629.540	5.116
Repayment of loan		4.405		0
Foreign exchange adjustment		536		0
Total Conversion as at 31.12.2020	14.211.740	11.604	6.629.540	5.116
Outstanding amount as at 31.12.2020		0		4.813

According to Company announcement 33-2020 of 3rd July 2020 it was decided to repay the loan TNOK 6,352 (DKK 4,405) including a repayment premium of TNOK 635 (TDKK 440), total TNOK 6,987 (TDKK 4.846). The Repayment is a part of the agreements regarding Right Issue agreed on the same date 3rd July 2020.

25 Discontinued operations

The discontinued operations decided and measured in 2019 was:

The development studio 5th Planet games LTD 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 development studio, Hugo games INC, in Rocklin working on Dawn of The Dragons: Ascension game was closed down in November 2019. In February 2020 Dawn of the Dragons 1 was also closed down.

Revenue and expenses, gains and losses relating to the discontinuation of these subgroups have been eliminated from profit or loss from Groups continuing operations and are shown as a single line item in the statement of profit and loss.

Consolidated income statement for continued, discontinued and total operations for the year:

DKK'000	Continuing operations		Discontinuing operations		Total	
	2020	2019	2020	2019	2020	2019
Revenue	3,919	2,180	0	4,485	3,919	6,665
Costs of sales	487	136	0	1,225	487	1,361
Gross Profit	3,432	2,044	0	3,260	3,432	5,304
				0		
Research and development costs	10,006	9,222	0	9,159	10,006	18,381
Marketing expenses	1,669	304	0	21	1,669	325
Other expenses	7,054	10,332	0	5,046	7,054	15,378
EBITDA	-15,297	-17,814	0	-10,966	-15,297	-28,780
Special items	0	-306	0	6,600	0	6,294
Depreciation and amortisation	309	883	0	934	309	1,817
Operating loss (EBIT)	-15,606	-18,391	0	-18,500	-15,606	-36,891
				0		
Financial income	117	31	0	0	117	31
Financial expenses	894	157	0	282	894	439
Loss before tax	-16,383	-18,517	0	-18,782	-16,383	-37,299
Tax on loss for the year	-2,134	-2,160	0	-2,916	-2,134	-5,076
Loss for the year from operations	-14,249	-16,357	0	-15,866	-14,249	-32,223

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.

DKK´000	Note	2020	2019
Other external expenses		-949	-721
Staff costs	1	-586	-1,029
Operating loss		-1,535	-1,750
Share of loss from equity investments in group companies	2	-9,631	-25,598
Other financial income	3	293	439
Other financial expenses	3	-822	-71
Total net financials		-10,160	-25,230
Loss before tax		-11,695	-26,980
Tax on loss	4	-454	-251
Nett Loss		-11,241	-26,729
Proposed distribution of net loss:			
Dividend for the financial year		0	0
Special reserve		0	0
Retained earnings		-11,241	-26,729
Total		-11,241	-26,729

Parent company balance sheet

ASSETS

DKK´000	Note	2020	2019
Equity investments in group companies	2	4,529	2,241
Total non-current assets		4,529	2,241
Current Assets:			
Receivables from group companies		0	815
Tax receivable		454	251
Other receivables		155	45
Total receivables		609	1,111
Cash		20,916	5,222
Total current assets		21,525	6,333
Total assets		26,054	8,574

EQUITY AND LIABILITIES

DKK´000	Note	2020	2019
Equity:			
Share Capital		7,226	2,686
Reserves		0	0
Retained earnings		13,937	4,540
Total equity		21,163	7,226
Provisions:			
Other provisions	2	619	1,111
Total provisions		619	1,111
Current liabilities:			
Payable to group companies		4,075	0
Payable to shareholders and management		0	47
Trade payables		167	236
Other payables		30	0
Total current liabilities		4,272	283
Total Liabilities		4,272	283
Total equity and liabilities		26,054	8,620

Contingent liabilities	5
Security provided	6

Statement of change in equity

DKK '000	Share capital	Reserve capital reduction	Share premium	Convert- ible loan	Retained Earnings	Proposed dividend	5th Planet Games shareholder's share of EQUITY
Equity as at 01.01.2020	2,686	0	0	0	4,540	0	7,226
Capital increase by:							
Loan conversation	379		0	-379			0
Right issue	2,250		28,962				31,212
Convertible loans issued				1,675			1,675
Convertible loan repaid				-4,405			-4,405
Costs related to capital increase					-3,292		-3,292
Exchange rate adjustments					-12		-12
Transfer of reserves			-28,962	3,109	25,853		0
Proposed distribution of net loss					-11,241		-11,241
Equity as at 31.12.2020	5,315	0	0	0	15,848	0	21,163
Equity as at 01.01.2019	21,762	0	0	0	4,733	0	26,495
Capital increase by loan conversation	3,900		1,170	-5,070			0
Capital reduction	-22,976				22,976		0
Convertible loans issued				9,930			9,930
Costs related to capital increase					-2,451		-2,451
Exchange rate adjustments					-19		-19
Transfer of reserves			-1,170	-4,860	6,030		0
Proposed distribution of net loss					-26,729		-26,729
Equity as at 31.12.2019	2,686	0	0	0	4,540	0	7,226

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
30.12.2015	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 capital increase	650,000	0.50	21,276,851	1,300,000	42,553,703
24.01.2018	Share capital increase	485,434	0.50	21,762,285	970,868	43,524,571
23.05.2019	Share capital increase	1,963,865	0.50	23,726,150	3,927,729	47,452,300
24.05.2019	Share capital increase	1,802,451	0.50	25,528,601	3,604,902	51,057,202
27.11.2019	Share size reduction	-22,975,741	0.05	2,552,860	0	51,057,202
12.12.2019	Share capital increase	133,940	0.05	2,686,800	2,678,808	53,736,010
25.05.2020	Share capital increase	379,110	0.05	3,065,910	7,582,200	61,318,210
03.08.2020	Share capital increase	2,250,000	0.05	5,315,910	45,000,000	106,318,210

PARENT COMPANY NOTES

1. Staff Costs

DKK'000	2020	2019
Wages and salaries	586	1.029
Pensions	0	0
Other social security costs	0	0
Total	586	1.029

Average number of employees during the year	1	2
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Remuneration of board of directors and executive management:

Board of directors:

Cash remuneration	30	45
Total	30	45

Executive management:

Gross Salary	482	983
Pension Contribution	0	0
Total	482	983

2. Investments in group companies

DKK'000	2020	2019
Costs at 01/01 2019	76,153	64,278
Additions during the year	0	0
Subsidy to Group company	12,000	15,000
Disposals during the year	0	-3,125
Costs at 31/12 2020	88,153	76,153
Value adjustments as at 01/01 2020	-75,023	-52,531
Share of loss before amortisation of goodwill during the year	-9,631	-25,502
Foreign exchange loss investments group companies	-12	-37
Amortisation of goodwill during the year	0	-78
Disposals during the year	423	3,125
Value adjusted as at 31/12 2020	-84,243	-75,023
Carrying amount as at 31/12 2020	3,910	1,130
Group companies with negative equity	619	1,111
Group companies with positive equity	4,529	2,241

3. Financial Items

DKK´000	2020	2019
Financial income includes interest from group enterprises	230	415
Financial expenses include interests to group enterprises	0	0
Total	230	415

4. Tax

DKK´000	2020	2019
Current tax for the year	0	0
Prior year adjustments	0	0
Tax credit scheme/joint taxation contributions	-454	-251
Change in deferred tax	0	0
Total tax for the year	-454	-251

Tax comprises:

Tax on loss for the year	-454	-251
Tax on changes in equity	0	0
Total	-454	-251

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