

The logo features the number '5' inside a blue circle, with the '5' itself being a large, white, 3D-style numeral. Below the circle, the word 'GAMES' is written in a bold, white, sans-serif font. A registered trademark symbol (®) is positioned to the upper right of the circle. The entire logo is set against a vibrant, multi-colored galaxy background with a bright orange sun in the top left and a view of Earth in the bottom right.

# G5<sup>®</sup> GAMES

**G5 ENTERTAINMENT AB**  
INTERIM REPORT  
JANUARY – MARCH 2020

## INTERIM REPORT JANUARY – MARCH 2020

### JANUARY – MARCH

- Revenue for the period was SEK 312.0 M (306.1), an increase of 2 percent compared to 2019.
- EBIT for the period was SEK 38.8 M (39.9), a decrease of 3% compared to the same period in 2019. EBIT was positively impacted with SEK 10.0 M (0.5) due to re-evaluation of operational assets and liabilities in connection with the strengthening of USD.
- Net result for the period was SEK 33.5 M (35.9).
- Earnings per share for the period, before dilution, was SEK 3.72 (3.99).
- Cash flow amounted to SEK 30.1 M (-0.5).
- For the free-to-play games the average Monthly Active Users (MAU) was 6.3 million, a decrease of 8 percent compared to the same period in 2019. Average Monthly Unique Payers (MUP) was 213.3 thousand, a decrease of 14 percent and average Daily Active Users (DAU) was 1.7 million, a decrease of 8 percent compared to the same period in 2019. Average Monthly Average Gross Revenue Per Paying User (MAGRPPU) was USD 50.7, an increase of 14 percent compared to the same period last year.

### FINANCIAL KEY RATIOS

KSEK	Jan-Mar 2020	Jan-Mar 2019	Change %	Apr-Mar 19/20	2019	Change %
Revenue	311,956	306,057	2%	1,238,939	1,233,039	0%
Commission to distributors <sup>1</sup>	-92,794	-93,214	0%	-374,884	-375,304	0%
Royalty to external developers <sup>2</sup>	-42,486	-50,645	-16%	-149,581	-157,740	-5%
<b>Gross profit</b>	<b>176,676</b>	<b>162,198</b>	<b>9%</b>	<b>714,474</b>	<b>699,995</b>	<b>2%</b>
Gross margin	57%	53%		58%	57%	
Operating costs excluding costs for user acquisition	-69,471	-62,606	11%	-299,081	-292,216	2%
EBIT excluding costs for user acquisition	107,205	99,591	8%	415,393	407,779	2%
<b>EBIT margin before costs for user acquisition</b>	<b>34%</b>	<b>33%</b>		<b>34%</b>	<b>33%</b>	
Costs for user acquisition <sup>3</sup>	-68,433	-59,730	15%	-364,665	-355,962	2%
Costs for user acquisition as percentage of revenue	-22%	-20%		-29%	-29%	
<b>EBIT</b>	<b>38,772</b>	<b>39,861</b>	<b>-3%</b>	<b>50,728</b>	<b>51,817</b>	<b>-2%</b>
EBIT margin (%)	12.4%	13.0%		4.1%	4.2%	
<b>Earnings per share before dilution</b>	<b>3.72</b>	<b>3.99</b>	<b>-7%</b>	<b>4.74</b>	<b>5.01</b>	<b>-5%</b>
Cash flow before financing activities	33,062	-444		77,754	44,222	
Cash and cash equivalents	185,746	138,437		128,493	152,268	

<sup>1</sup>Variable costs paid to distributors (Apple App Store, Google Play, Amazon Appstore etc.), which is almost exclusively 30 per cent of the revenue.

<sup>2</sup>Royalties to external developers are costs to third party developers when there is a contractual obligation to pay royalty.

<sup>3</sup>User acquisition is a marketing cost for acquiring new users. The costs are fully variable and are spent on advertising campaigns that are targeted at acquiring loyal players. The campaigns can be stopped at a very short notice.

**COMMENT FROM THE CEO:**

## STRONG RESULT IN UNCERTAIN TIMES

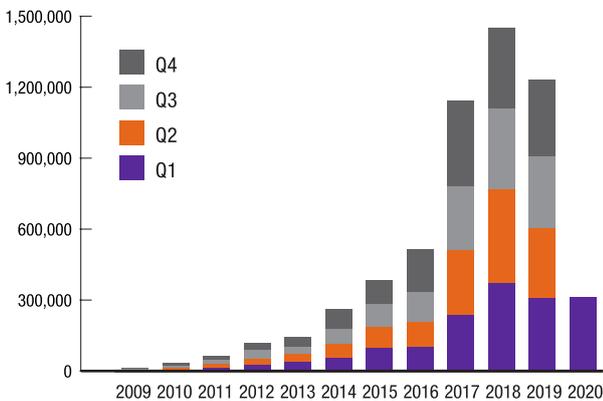


It has been a unique and challenging quarter for companies around the world with the COVID-19 virus pandemic. We are fortunate to be able to say G5 continued to deliver on its strategy during the first three months of the year, delivering sustainable and profitable growth through our active management and our diversified game portfolio. With the global economy shaken and many needing to limit how often they leave their homes, we have seen how an increasing number of users are turning to G5 to find a few extra moments of escape. Knowing our games can help people get through this tough moment is the best reward for us as game developers. G5 is in a great position thanks to the growing portfolio of games we developed and our healthy financial situation.

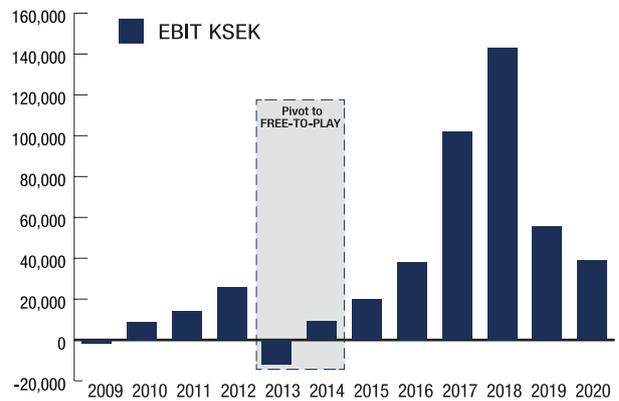
We have seen a strong development in own games during the quarter and started to see an increase in demand towards the end of the quarter after the lockdowns spread across all our major geographies. That increase is building on a trend we have seen for several months now. Users are responding well to the games we developed, and time will tell how this surge in interest benefits us going forward. We remain committed to releasing five new games during 2020. We already released two Match-3 puzzles. Jewels of the Wild West in March and Hawaii Match-3 Mania on the last day of April. We have a lot in store for the rest of the year, so I am sure we won't let players down. Jewels of the Wild West was launched globally and has demonstrated very good potential to be another big success for the company while Hawaii Match-3 Mania was soft launched in Australia and Canada.

In the first quarter, our revenue was up 2 percent compared to the same period last year, but down 5 percent sequentially. During March we saw a strong increase in overall downloads for our portfolio. As I mentioned, we believe this is connected to the introduction of the lockdown policies in numerous countries around the world where our games are available. The increase was quite substantial: we saw a jump of more than 50 percent in one week sequentially at its peak, and so far, the boost looks sustainable and bodes well for the second quarter.

**REVENUE KSEK**



**EBIT KSEK**





The inflow of new users may be players who are new to free-to-play games or might not have the means to pay because of their current personal situation but have free time on their hands. It is an opportunity for G5 to serve these players during their time of need, monetize them through advertising and hopefully convert them to paying players at some point. It could mean these additional new players dilute our average monetization temporarily while incrementally adding to our revenue. It is also unclear how long the effect of increased downloads will last, given how unprecedented the situation and its economic impact are. For now, we are thrilled they found their way to us.

Our own games continued to gain traction during the first quarter, climbing 24 percent from a year earlier and up 8 percent sequentially. *Jewels of Rome*, which we released only back in May 2019, is a big success so far. The game has shown steady, robust growth since its launch and generated more than 15 percent of the group's revenue during the first quarter. We are thrilled to see it progress so nicely. Our other games such as *Jewels of Mahjong*, *The Hidden Treasures*, and *Wordplay - Exercise your brain*, also continued to show sequential growth from month to month. It is encouraging to see the portfolio gain steady traction.

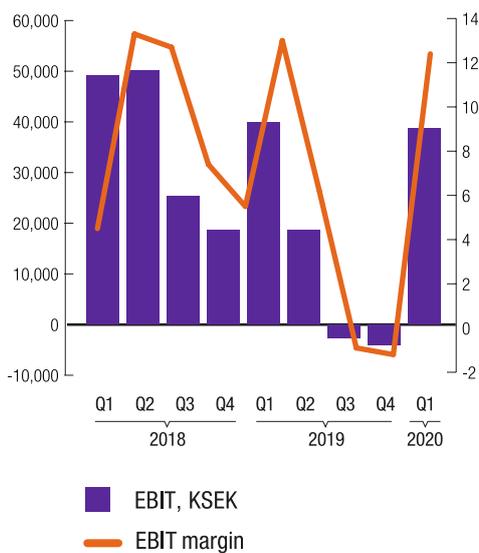
During the quarter we began adding advertising monetization to some of our smaller games, and we have now chosen our approach for our larger games. Tests

showed that we could potentially add up to three percent extra revenue by advertising to people who never pay or who have not paid for a very long time. This is a good incremental revenue opportunity for us, especially in the current economic situation. There are also no underlying costs other than a minimal, one-time cost of integration. We expect it to have a positive effect on G5's profit margin as we roll out ad monetization for most games in our portfolio during 2020.

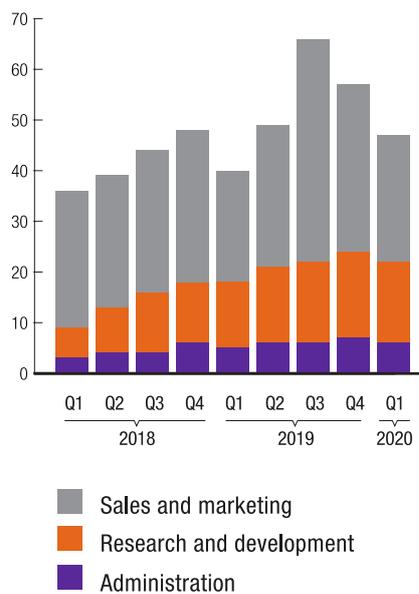
Our profit in the quarter was SEK 38.8 M, up sequentially and only down 3 percent year-on-year. Profits were impacted positively by fx changes related to the strengthening USD, but the sequential improvement to profitability was primarily due to lower user acquisition spend, no disruptions to development and rising demand. As we have communicated before, we identified specific challenges with our user acquisition processes in 2019 and made improvements at the start of 2020, which led to better efficiency. We also changed the management and strengthened the user acquisition teams in the US and Europe. As a result, we substantially reduced and optimized our user acquisition spending for the first quarter, while keeping overall revenue at the same level and boosting revenue from our new games.

The optimized user acquisition spending gave the group a nice bump in profitability. We aim to keep this effect sustainable and be our new base profitability in the

**EBIT (KSEK) | EBIT-MARGIN (%)**



**COSTS IN % OF REVENUE**



absence of strong sequential revenue growth. It could dip temporarily, as increasing the pace of growth usually means spending ahead aggressively on user acquisition. Our profitability should expand gradually over time as we grow our top line. The strength in our growing portfolio of own-developed games pushed our gross margin up to 57 percent. As we continue to increase revenue from these titles, we expect profitability to rise.

Our costs remained under control during the first quarter. The exchange rate dynamics during the period benefited us as most of our development expenses are in currencies that weakened against the USD, which makes up 55 percent of our revenue. Also, starting in January, we became eligible for reduced social security fees in Russia in connection with the government's tax relief program for IT businesses. These savings didn't immediately impact our profitability in the quarter as we capitalize our development expenses over time, but they are immediate and real for our cash flow and will boost our profitability over time.

I also want to take a moment to talk about the health crisis and how we are managing the crisis internally. We have asked all of our more than 630 employees in all of the countries in which we have offices to work from home until told otherwise. We continue to work with full efficiency both in development of new games and in sales and

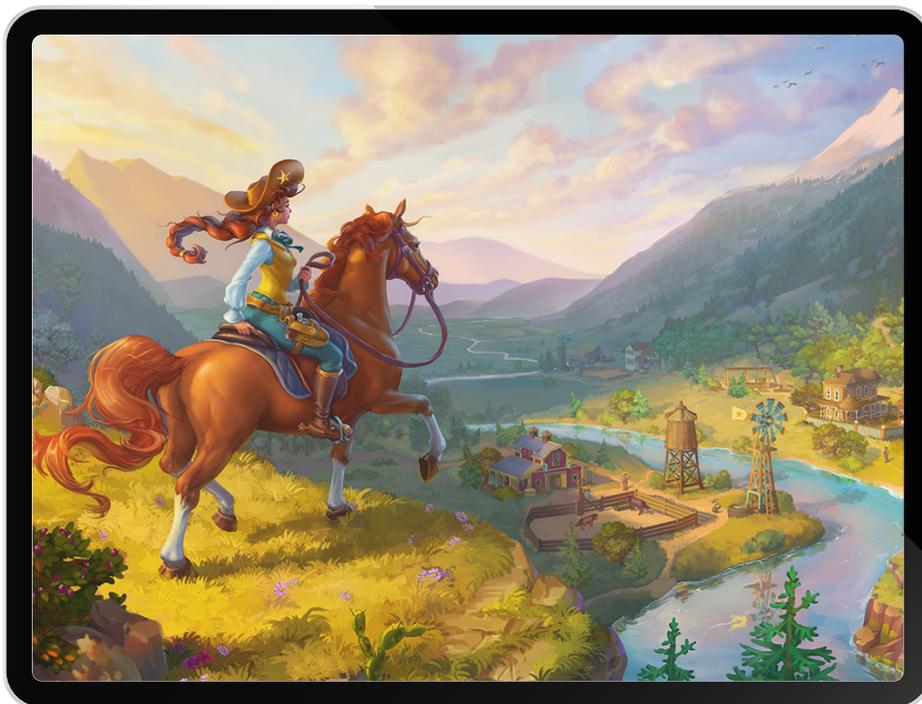
marketing of our existing portfolio. We take the health of our employees seriously as they are the heart of G5.

As we have said before, G5 is committed to sustainably developing the company and intends to manage the group profitably and with a positive cash flow. The focus for 2020 is achieving year-on-year growth and better earnings. Optimizing our marketing spend was an important first step. From here we aim to increase our spend while remaining efficient, with the goal being to grow revenue beyond 2019 levels. As the share of revenue from our own games continues to grow and improve our gross margins, it will also lead to boosting our profitability.

We are very satisfied that our strategy of sustainably and responsibly developing G5's business allows us to take care of our employees and is leading to increasing demand for our games. We are excited to see how the company is developing, and we look forward to releasing the new games our teams are working hard to complete.

San Francisco, May 4th, 2020

Vlad Suglobov  
CEO, co-founder





**JANUARY - MARCH**

**REVENUE AND GROSS PROFIT**

Revenue amounted to SEK 312.0 M (306.1). Revenue increased by 2 percent compared to the same period in 2019.

Cost of revenue decreased by 6 percent to SEK 135.3 M (143.9). Cost of revenue includes commission to the distributors (Apple App Store, Google Play, Amazon App-store, etc.). All relevant parties charge up to 30 percent of gross revenue. Cost of revenue also includes royalties payable to external developers which decreased by 16 percent compared to the same period in 2019 primarily as a higher share of revenue is coming from own games.

Gross margin for the period was 57 percent (53) and increased primarily as the share of revenue from own games has increased. Gross profit for the quarter increased by 9 percent compared to the first quarter in 2019 and was SEK 176.7 M (162.2).

**OPERATIONAL COSTS**

Costs for research and development were SEK 49.4 M (40.3) during the period. The increase in costs for research and development is primarily driven by an increase in amortizations, development on non-capitalizable projects and increased staffing. During March the rubel and hryvnia decreased significantly which impacted the R&D costs positively for the quarter.

Sales and marketing increased to SEK 79.4 M (66.1). Sales and marketing is primarily affected by the costs

for user acquisition. During the quarter the cost for user acquisition was SEK 68.4 M (59.7). Cost for user acquisition as a percentage of sales was 22 percent, compared to 20 percent in the same period in 2019. Sales and marketing, excluding user acquisition, increased to SEK 11.0 M (6.4), compared to the same quarter in 2019 the costs have been impacted by a reclassification between user acquisition and other sales & marketing.

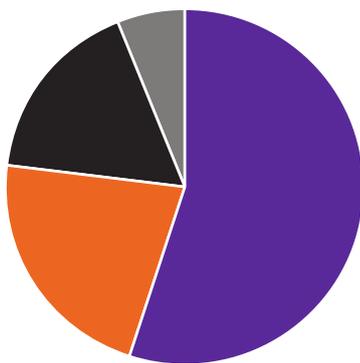
General and administrative costs amounted to SEK 19.1 M (16.5). Other operating income amounted to SEK 10.4 M (0.8) and other operating expenses amounted to SEK -0.4 M (-0.3). Together they amounted to SEK 10.0 M (0.5), primarily driven by currency effects on operational assets and liabilities.

**EBIT**

Depreciation and amortization have increased due to the increased size of the game portfolio and amounted to SEK 32.4 M (27.8). Capitalization of intangible assets amounted to SEK 30.9 M (29.2). No write-downs were made during the quarter (SEK 1.4 M). Net effect of capitalization and amortization, net capitalization, on intangible assets amounted to SEK 2.8 M (5.4).

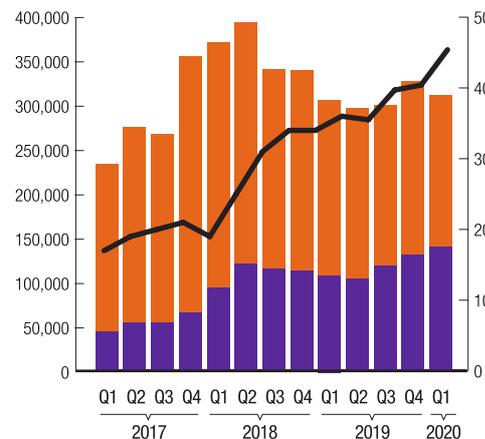
Earnings before interest and taxes (EBIT) amounted to SEK 38.8 M (39.9), corresponding to an EBIT margin of 12.4 percent (13.0). Adjusted for currency effects accounted on other operating income and expense the EBIT is SEK 28.8 M (39.3), corresponding to an EBIT margin of 9.2 (12.8) percent.

**REVENUE BREAKDOWN BY GEOGRAPHY  
FIRST QUARTER 2020**



- North America 55%
- Asia 22%
- Europe 17%
- Rest of World 6%

**OWN/LICENSED REVENUE (KSEK)  
SHARE OWN GAMES (%)**



- Own games, KSEK
- 3rd party games, KSEK
- Own games, %

## NET PROFIT

Net profit was marginally affected by financial items. Tax affected the result with SEK -5.2 M (-3.9).

Net profit amounted to SEK -33.5 M (35.9) which equals an earnings per share, before and after dilution, of SEK 3.72 (3.99).

## OPERATIONAL METRICS

In the quarter the average Monthly Active Users (MAU) decreased with 8 percent compared to 2019, also Daily Active Users (DAU) decreased 8 percent compared to 2019. Monthly Unique Users (MUU) decreased 12 percent compared to 2019.

Average Monthly Unique Payers (MUP) decreased with 14 percent compared to 2019 and their average monthly spend, Monthly Average Gross Revenue Per Paying User (MAGRPPU) increased with 14 percent compared to the same period in 2019.

F2P	Q1 '20	Q1 '19	CHANGE
Average MAU (mn)	6.3	6.9	-8%
Average MUP (thousands)	213.3	248.8	-14%
Average MUU (mn)	5.1	5.8	-12%
Average MAGRPPU (USD)	50.7	44.3	14%
Average DAU (mn)	1.7	1.8	-8%

For detailed definitions of the operational metrics see the glossary on page 15 of the report.

## CASH FLOW

During the first quarter, the group had an operating cash flow before changes in working capital of SEK 70.4 M (67.8) of which tax payments amounted to SEK -0.7 M (-1.2). Changes in working capital impacted the cash flow with SEK -5.9 M (35.0). Capitalized development expenses impacted the cash flow negatively with SEK -30.9 M (-29.2).

Cash flow before financing activities amounted to SEK 33.1 M (-0.4) and the cash flow for the period amounted to SEK 30.1 M (-0.5).

Available cash on March 31, 2020 amounted to SEK 185.7 M (138.4).

## FINANCIAL POSITION

The company's publishing strategy is based on having a certain number of different games in the portfolio, in order to maximize potential and reduce risk. Some of these games become very successful and extremely profitable, a good portion of these games do not become big breakthroughs but pay for themselves and are stable earners over a long period of time, while a few other games may fail

in the market. Capitalized development expenses for unsuccessful games will then have to be written down. Over time, the company expects such write-downs to be more than compensated for by the revenue and profits produced by successful games in the portfolio.

Capitalized development expenses amounted to SEK 231.6 M (209.1). The company separates released and not released games where not released games include games that have been active in the app stores for less than 6 months. During the initial 6 month period after launch, the company does not amortize the games.

MSEK	MAR 31 2020	MAR 31 2019
Released games	171.7	160.1
Not released games	59.9	49.0
Net value of games portfolio	231.6	209.1

Impairment need in the portfolio is tested every quarter. A thorough review of the input parameters is done on a yearly basis. During the quarter no write-downs were made.

Consolidated equity amounted to SEK 429.5 M (392.3), which equals SEK 47.6 per share (43.7) and the equity/asset ratio is 68 percent (65).

Cash on hand amounted to SEK 185.7 M (138.4).

The group has no interest bearing debt. Long-term debt and other short term debt is solely related to IFRS16 accounting of lease contracts.

## PARENT COMPANY

The parent company revenue decreased in line with the group. The parent company is the counterpart for all application stores where G5 sells its products. The costs consist mainly of payments to one of the subsidiaries in Malta, that holds the rights for the games in the portfolio and is also where the senior management overseeing the games, licensing, HR etc. is based. Over time, the transactions should generate a surplus for the parent company, but during shorter periods some imbalances may occur.

As for the group, the financial position of the parent company is solid.

## OTHER DISCLOSURES

### THE BOARD'S PROPOSED DIVIDEND

G5 Entertainment is active in a market that grows quickly, and in order to benefit from this growth, the company's main focus is to continue re-investing the majority of the profits in activities that promote organic growth, such as product development and marketing. With this taken into account the Board intends to propose a dividend of SEK 2.5 per share (2.5), corresponding to around 50 percent (17) of net profit for the year.

## OUTLOOK

G5 Entertainment does not publish forecasts.

## RISK ASSESSMENT

G5 Entertainment is, like all companies, exposed to various kinds of risks in its operations. Among the most notable are risks related to the dependency on certain strategic partners, delays in the release of new games, currency exchange risks, changes in technology, dependency on key employees, and tax as well as political risks due to the multinational nature of the group's operations. Risk management is an integral part of G5 Entertainment's management.

## COVID-19

The global pandemic causing the disease COVID-19 will have a significant impact on the world economy. The full economic implications of the virus is not known when this report is released but it is obvious that the economic consequences will be severe. Depending on the length and depth of the economic impact from the pandemic G5 can be impacted. G5 is not insulated from the global economy but the board believes that gaming in general, and gaming with electronic distribution in particular, can see increased engagement as people have more time to play games which also can be seen in the beginning of the pandemic where downloads of G5's games has increased. The effects from the pandemic, positive or negative, can not be quantified at this moment.

The risks are described in greater detail in the 2019 annual report.

The risks described for the group can also have an indirect effect on the parent company.

## RELATED-PARTY TRANSACTIONS

During the period no significant related-party transactions have taken place except the ongoing transactions highlighted in the annual report 2019.

## UPCOMING REPORT DATES

Annual General Meeting	June 8, 2020
Interim report Jan-Jun 2020	Aug 13, 2020
Interim report Jan-Sep 2020	Nov 5, 2020
Year-end report 2020	February 11, 2021

## TELECONFERENCE

On May 5th, 2020 at 08.00 CET, CEO Vlad Suglobov and CFO Stefan Wikstrand will present the interim report in a conference call.

For dial-in details please visit:

<http://www.g5e.com/corporate/calendar>

## FORWARD-LOOKING STATEMENTS

This report may contain statements concerning, among other things, G5 Entertainment's financial position and performance as well as statements on market conditions that may be forward-looking. G5 Entertainment believes that the expectations reflected in such forward-looking statements are based on reasonable assumptions. However, forward-looking statements involve inherent risks and uncertainties and actual results or outcomes may differ materially from those expressed. Forward-looking statements relate only to the date they were made and, other than as required by applicable law, G5 Entertainment undertakes no obligation to update any of them in light of new information or future events.

## INQUIRIES

Vlad Suglobov, CEO	investor@g5e.com
Stefan Wikstrand, CFO	+46 76 0011115

## ASSURANCE

The Board of Directors and the CEO declare that the interim report provides a true and fair overview of the Parent Company's and the Group's operations, financial position and results of operations as well as describing the material risks and uncertainties facing the Parent Company and other companies in the Group.

Stockholm May 4th, 2020

Petter Nylander  
Chairman of the Board

Johanna Fagrell Köhler  
Board member

Stefan Lundborg  
Board member

Jeffrey Rose  
Board member

Vlad Suglobov  
CEO, Board member

Note: G5 Entertainment AB (publ) is required to make the information in this interim report public in compliance with the Swedish Securities Market Act. The information was submitted for publication on May 5th, 2020 at 07.30.

This interim report has not been subject to review by the company's auditors. This report is published in Swedish and English. In the event of any difference between the English version and the Swedish original, the Swedish version shall prevail.

## INCOME STATEMENT – GROUP

KSEK	Jan-Mar 2020	Jan-Mar 2019	Apr-Mar 19/20	2019
Net turnover	311,956	306,057	1,238,939	1,233,039
Cost of revenue	-135,280	-143,859	-524,465	-533,044
<b>Gross profit</b>	<b>176,676</b>	<b>162,198</b>	<b>714,474</b>	<b>699,995</b>
Research and Development expenses	-49,372	-40,297	-193,222	-184,147
Sales and Marketing expenses	-79,422	-66,119	-402,774	-389,471
General and Administrative expenses	-19,083	-16,470	-76,721	-74,108
Other operating income	10,371	808	10,390	827
Other operating expenses	-398	-259	-1,419	-1,280
<b>Operating result</b>	<b>38,772</b>	<b>39,861</b>	<b>50,728</b>	<b>51,817</b>
Financial income	187	283	1,007	1,103
Financial expenses	-283	-320	-1,175	-1,212
<b>Operating result after financial items</b>	<b>38,677</b>	<b>39,824</b>	<b>50,560</b>	<b>51,707</b>
Taxes	-5,159	-3,939	-7,899	-6,679
<b>Net result for the period</b>	<b>33,518</b>	<b>35,885</b>	<b>42,661</b>	<b>45,028</b>
<b>Attributed to:</b>				
Parent company's shareholders	33,518	35,885	42,661	45,028
<b>Earnings per share</b>				
Weighted average number of shares before dilution (thousands)	9,021	8,984	9,003	8,993
Weighted average number of shares after dilution (thousands)	9,021	9,108	9,023	9,062
Earnings per share (SEK). before dilution	3.72	3.99	4.74	5.01
Earnings per share (SEK). after dilution	3.72	3.94	4.73	4.97

## STATEMENT OF COMPREHENSIVE INCOME – GROUP

KSEK	Jan-Mar 2020	Jan-Mar 2019	Apr-Mar 19/20	2019
<b>Net result for the period</b>	<b>33,518</b>	<b>35,885</b>	<b>42,661</b>	<b>45,028</b>
<b>Items that later can be reversed in profit</b>				
Foreign currency translation differences	10,869	9,319	17,101	15,551
<b>Total other comprehensive income for the period</b>	<b>10,869</b>	<b>9,319</b>	<b>17,101</b>	<b>15,551</b>
<b>Total comprehensive income for the period</b>	<b>44,387</b>	<b>45,204</b>	<b>59,762</b>	<b>60,579</b>
<b>Attributed to:</b>				
Parent company's shareholders	44,387	45,204	59,762	60,579

## BALANCE SHEET – GROUP

KSEK	Mar 31 2020	Mar 31 2019	Dec 31 2019
<b>Fixed assets</b>			
<b>Intangible fixed assets</b>			
Capitalized development expenses (Note 2)	231,606	209,066	211,419
Goodwill	-	-	-
	<b>231,606</b>	<b>209,066</b>	<b>211,419</b>
<b>Tangible fixed assets</b>			
Equipment <sup>1</sup>	28,660	31,746	31,412
	<b>28,660</b>	<b>31,746</b>	<b>31,412</b>
Deferred tax receivable	40,973	45,854	37,526
<b>Total non-current assets</b>	<b>301,238</b>	<b>286,667</b>	<b>280,357</b>
<b>Current assets (Note 3, 5)</b>			
Accounts receivable	0	32,169	1,463
Tax receivable	1,224	42,902	2,548
Other receivables	3,874	8,039	9,684
Prepaid expenses and accrued income	138,224	98,545	101,983
Cash and cash equivalents	185,746	138,437	152,268
<b>Total current assets</b>	<b>329,069</b>	<b>320,092</b>	<b>267,946</b>
<b>TOTAL ASSETS</b>	<b>630,307</b>	<b>606,759</b>	<b>548,303</b>
<b>Equity</b>	<b>429,495</b>	<b>392,334</b>	<b>385,607</b>
Deferred tax liabilities	13	0	12
Long-term liabilities <sup>1</sup>	4,135	10,286	4,150
<b>Total non-current liabilities</b>	<b>4,148</b>	<b>10,286</b>	<b>4,162</b>
<b>Current liabilities (Note 5)</b>			
Short-term liabilities <sup>1</sup>	10,470	8,100	-
Accounts payable	42,498	20,868	26,546
Other liabilities	10,007	6,238	1,026
Tax liabilities	67,220	93,047	55,524
Accrued expenses	66,469	75,885	64,947
<b>Total current liabilities</b>	<b>196,664</b>	<b>204,138</b>	<b>158,534</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>630,307</b>	<b>606,759</b>	<b>548,304</b>

<sup>1</sup> The right-of-use assets and the corresponding lease liabilities are included in the property, plant and equipment and long- and short-term borrowings respectively as of 1 January 2019. Comparative figures have not been restated.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY- GROUP

KSEK	Share capital	Other capital contribution	Other reserves	Profit/loss brought forward	Shareholders' equity
<b>Shareholders' equity 2019-01-01</b>	898	48,448	10,312	287,836	347,494
Net result for the year				35,885	35,885
Total other comprehensive income			9,785		9,785
<b>Total comprehensive income for the year</b>			<b>9,785</b>	<b>35,885</b>	<b>45,670</b>
Transitional effect IFRS16			-466		-466
Repurchase of warrant		-47			-47
IFRS2 - Employee share schemes			-317		-317
<b>Total transactions with the owners recognized directly in equity</b>		<b>-47</b>	<b>-783</b>	<b>0</b>	<b>-830</b>
<b>Shareholders' equity as of 2019-03-31</b>	<b>898</b>	<b>48,401</b>	<b>19,314</b>	<b>323,721</b>	<b>392,334</b>
<b>Shareholders' equity 2020-01-01</b>	<b>928</b>	<b>50,615</b>	<b>23,660</b>	<b>310,404</b>	<b>385,607</b>
Net result for the year				33,518	33,518
Total other comprehensive income			10,869		10,869
<b>Total comprehensive income for the year</b>			<b>10,869</b>	<b>33,518</b>	<b>44,387</b>
IFRS2 - Employee share schemes			-499		-499
<b>Total transactions with the owners recognized directly in equity</b>			<b>-499</b>		<b>-499</b>
<b>Shareholders' equity as of 2020-03-31</b>	<b>928</b>	<b>50,615</b>	<b>34,030</b>	<b>343,922</b>	<b>429,495</b>

CASH FLOW STATEMENT – GROUP

KSEK	Jan-Mar 2020	Jan-Mar 2019	Apr-Mar 19/20	2019
<b>Cash flow from operating activities</b>				
Profit after financial items	38,677	39,824	50,560	51,707
Adjusting items not included in cash flow	32,415	29,159	129,167	125,911
	<b>71,092</b>	<b>68,983</b>	<b>179,727</b>	<b>177,618</b>
Taxes received/(paid)	-683	-1,160	7,056	6,579
<b>Cash flow before changes in working capital</b>	<b>70,409</b>	<b>67,823</b>	<b>186,783</b>	<b>184,197</b>
<b>Cash flow from changes in working capital</b>				
Change in operating receivables	-30,648	-28,867	-2,176	-421
Change in operating liabilities	24,779	-6,111	15,793	-15,097
<b>Cash flow from operating activities</b>	<b>64,540</b>	<b>32,845</b>	<b>200,400</b>	<b>168,679</b>
<b>Investing activities</b>				
Investment in fixed assets	-547	-2,248	-6,709	-8,410
Investment in intangible assets	-	-1,834	-47	-1,881
Capitalized development expenses	-30,931	-29,207	-115,890	-114,166
<b>Cash flow from investing activities</b>	<b>-31,478</b>	<b>-33,289</b>	<b>-122,646</b>	<b>-124,457</b>
<b>Financing activities</b>				
Lease payments, IFRS16	-2,989	-	-13,449	-10,460
Dividend	-	-	-22,486	-22,460
Share issuance - C class	-	-	26	26
Repurchase shares - C class	-	-	-26	-26
Premiums warrant program	-	-	3,773	3,773
Repurchase of issued warrants	-	-47	-1,555	-1,602
<b>Cash flow from financing activities</b>	<b>-2,989</b>	<b>-47</b>	<b>-33,717</b>	<b>-30,749</b>
<b>CASH FLOW</b>	<b>30,073</b>	<b>-491</b>	<b>44,037</b>	<b>13,473</b>
<b>Cash at the beginning of the period</b>	<b>152,268</b>	<b>138,531</b>	<b>138,437</b>	<b>138,531</b>
Cash flow	30,073	-491	44,037	13,473
Exchange rate differences	3,405	397	3,272	264
<b>CASH AT THE END OF THE PERIOD</b>	<b>185,746</b>	<b>138,437</b>	<b>185,746</b>	<b>152,268</b>

#### NOTE 1 – ACCOUNTING PRINCIPLES

G5 Entertainment's consolidated accounts have been prepared in accordance with International Financial Reporting Standards (IFRS). This report was prepared for the group in accordance with the IAS 34 Interim Financial Reporting and the Annual Accounts Act. Accounting and calculation principles used in the report for the group are identical to those used in the Annual Report 2018. None of the new and changed standards from IASB, applicable from 1st of January 2018, has had any material effect on the Financial Statements. For detailed information on the accounting principles, see Annual Report 2019.

The interim report is on pages 1–15, and pages 1–7 are thus an integrated part of this financial report.

#### NOTE 2 – CAPITALIZED DEVELOPMENT EXPENSES

KSEK	Jan-Mar 2020	Jan-Mar 2019	Apr-Mar 19/20	2019
<b>At the beginning of the period</b>	<b>211,419</b>	<b>198,083</b>	<b>209,066</b>	<b>198,083</b>
Investments	30,931	29,207	117,771	116,047
Write-downs	0	-1,365	-6,090	-7,455
Amortization	-28,084	-23,831	-107,214	-102,962
<b>Net change during the period</b>	<b>2,847</b>	<b>4,010</b>	<b>4,467</b>	<b>5,630</b>
Currency exchange differences	17,340	6,972	18,073	7,705
<b>At the end of the period</b>	<b>231,606</b>	<b>209,066</b>	<b>231,606</b>	<b>211,419</b>

#### NOTE 3 – OTHER RECEIVABLES

Other receivables include SEK 1.0 M (1.3) for prepaid royalties to third party developers. G5 publishes both proprietary games and games licensed from third-party developers. In connection with the conclusion of agreements with third party developers, G5 sometimes pays an advance on royalties to fund game development. These advances are usually offset against the third party developer's contractual share of the revenue that each game generates.

#### NOTE 4 – PLEDGED ASSETS AND CONTINGENT LIABILITIES

G5 Entertainment does not have any pledges assets or contingent liabilities.

#### NOTE 5 – FAIR VALUE

G5 group has no financial instruments that are accounted for at fair value. The carrying amount for financial instruments correspond to fair value.

### INCOME STATEMENT – PARENT COMPANY

KSEK	Jan-Mar 2020	Jan-Mar 2019	Apr-Mar 19/20	2019
Net turnover	311,956	306,057	1,238,939	1,233,039
Cost of revenue	-221,044	-240,391	-807,639	-826,986
<b>Gross profit</b>	<b>90,912</b>	<b>65,666</b>	<b>431,300</b>	<b>406,053</b>
Research and development expenses	-29	-27	-114	-112
Sales and Marketing expenses	-8,078	-8,861	-54,013	-54,796
General and administrative expenses	-72,543	-59,827	-358,862	-346,146
Other operating income	15,697	3,692	13,015	1,010
Other operating expenses	-7,285	-3,101	-4,948	-764
<b>Operating result</b>	<b>18,674</b>	<b>-2,458</b>	<b>26,377</b>	<b>5,246</b>
Financial income	99	65,006	738	65,644
Financial expenses	0	0	0	0
<b>Operating result after financial items</b>	<b>18,773</b>	<b>62,548</b>	<b>27,116</b>	<b>70,891</b>
Taxes	-3,980	480	-5,827	-1,367
<b>Net result for the period</b>	<b>14,793</b>	<b>63,028</b>	<b>21,289</b>	<b>69,524</b>

### STATEMENT OF COMPREHENSIVE INCOME – PARENT COMPANY

KSEK	Jan-Mar 2020	Jan-Mar 2019	Apr-Mar 19/20	2019
<b>Net result for the period</b>	<b>14,793</b>	<b>63,028</b>	<b>21,289</b>	<b>69,524</b>
<b>Items that later can be reversed in profit</b>				
Foreign currency translation differences	-	-	-	-
<b>Total other comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period</b>	<b>14,793</b>	<b>63,028</b>	<b>21,289</b>	<b>69,524</b>

**BALANCE SHEET - PARENT COMPANY**

<b>KSEK</b>	<b>Mar 31 2020</b>	<b>Mar 31 2019</b>	<b>Dec 31 2019</b>
<b>Fixed assets</b>			
<b>Tangible fixed assets</b>			
Tangible fixed assets	36	-	-
<b>Financial fixed assets</b>			
Shares in group companies	70	70	70
Deferred tax assets	-	-	
Receivables from group companies	-	-	
	<b>70</b>	<b>70</b>	<b>70</b>
<b>Current assets</b>			
Account receivables	0	32,169	1,463
Receivables from group companies	60,489	76,359	76,647
Tax receivables	0	2,187	1,385
Other receivables	1,406	4,777	5,635
Prepaid expenses and accrued income	133,180	94,036	96,750
Cash and cash equivalents	127,266	123,572	98,203
<b>Total current assets</b>	<b>322,341</b>	<b>333,101</b>	<b>280,083</b>
<b>TOTAL ASSETS</b>	<b>322,447</b>	<b>333,171</b>	<b>280,153</b>
<b>Restricted equity</b>			
Share capital	928	898	928
<b>Non-restricted equity</b>			<b>0</b>
Share premium reserve	48,387	48,387	48,387
Profit/Loss carried forward	113,104	70,347	50,076
Net result for the period	21,289	63,028	69,524
<b>Total equity</b>	<b>183,708</b>	<b>182,660</b>	<b>168,915</b>
<b>Current liabilities</b>			
Accounts payable	419	84	211
Tax Liability	1,845	0	0
Liability to group companies	133,756	145,858	102,295
Other liability	282	307	300
Accrued expenses	2,437	4,262	8,432
<b>Total current liabilities</b>	<b>138,739</b>	<b>150,511</b>	<b>111,238</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>322,447</b>	<b>333,171</b>	<b>280,153</b>

## GLOSSARY

### FINANCIAL STATEMENT

**Cost of revenue** consists of direct expenses incurred in order to generate revenue from the company's games. This primarily includes commission to distributors and royalties to external developers.

**Research and Development** expenses primarily consist of salaries, bonuses and benefits for the company's developers. In addition, research and development expenses include outside services, as well as allocated facilities and other overhead costs. Costs associated with maintaining the company's computer software and associated infrastructure are expensed as incurred. Development costs that are directly attributable to the design and testing of the company's identifiable and unique games are recognized as intangible assets, and amortized within research and development expense over a 24-month period.

**Sales and Marketing** expenses primarily consist of user acquisition expenses and related software. Sales and marketing also includes salaries, bonuses, and benefits for the company's sales and marketing staff, as well as consulting fees. In addition, sales and marketing expenses include general marketing, branding, advertising and public relations costs.

**General and Administrative** expenses primarily consist of salaries, bonuses, and benefits for the company's executive, finance, legal, information technology, human resources and other administrative employees, as well as support staff. It also includes outside consulting, legal and accounting services, insurance as well as facilities and other overhead costs not allocated to other areas across the business. In addition, general and administrative expenses include all of the company's depreciation expenses.

Use of key ratios not defined in IFRS

The G5 Group's accounts are prepared in accordance with IFRS. See page 12 for more information on accounting principles. Only a few key ratios are defined in IFRS. As of the second quarter 2017, G5 is applying the Alternative Performance Measures issued by ESMA (European Securities and Markets Authority). Briefly, an alternative key ratio is a financial measurement of historical or future earnings development, financial position or cash flow, not defined or specified in IFRS. To assist Group Management and other stakeholders in their analysis of the Group's performance, G5 is reporting certain key ratios not defined by IFRS. Group Management believes that this information will facilitate an analysis of the Group's performance. This data supplements the IFRS information and does not replace the key ratios defined in IFRS. G5's definitions of measurements not defined in IFRS may differ from definitions used by other companies. All of G5' definitions are included below.

**EBIT excluding costs for user acquisition** consists of reported EBIT adjusted for costs for user acquisition.

### OPERATIONAL TERMS

**Monthly Active Users (MAU)** is the number of individuals who played a G5 game in a calendar month. An individual who plays two different games in the same month is counted as two MAUs. Numbers presented in the report are the average of the three months in any given quarter.

**Daily Active Users (MAU)** is the number of individuals who played a G5 game in a day. An individual who plays two different games in the day is counted as two DAUs. Numbers presented in the report are the average of the three months in any given quarter.

**Monthly Unique Payers (MUP)** is the number of individuals who made a payment in a G5 game at least once during a calendar month. An individual who pays in two G5 games is counted as one MUP. Numbers presented in the report are the average of the three months in any given quarter.

**Monthly Unique Users (MUU)** is the number of individuals who played a G5 game at least once during a calendar month. An individual who plays two different games during the month is counted as one MUU. Numbers presented in the report are the average of the three months in any given quarter.

**Monthly Average Gross Revenue Per Paying User (MAGRPPU)** is the average gross revenue received from a Monthly Unique Payer during a calendar month. MAGRPPU is calculated by dividing the gross revenue during the calendar month by the number of Monthly Unique Payers in the same calendar month. The numbers presented in the report are the average of the three months in any given quarter.

### ABOUT G5 ENTERTAINMENT

G5 Entertainment AB (publ) (G5) develops and publishes high quality free-to-play mobile games for both smartphones and tablets that are family-friendly, easy to learn, and targeted at the widest audience of experienced and novice players. G5's portfolio includes a number of popular games like *Jewels of Rome*®, *Hidden City*®, *Mahjong Journey*®, *Homicide Squad*®, *Survivors: The Quest*®, *The Secret Society*®, and *Pirates & Pearls*(tm). G5 Entertainment AB (publ) is listed on Nasdaq Stockholm since 2014.