



## **Update on the situation in Ukraine and phase out of distribution of games in Russia**

These weeks following the beginning of Russia's invasion of Ukraine have been difficult for the company and its teams. Many employees have left their homes in search of safety. Our focus for a while has been entirely on maintaining only critical operations and immediate revenue generation, while doing what we can to help employees find safety and settle in new places. By now, over 870 of our employees out of over 950 report having stable connection, a workplace, and being able to work. Among remaining employees, some are able to work a few hours a day and some are waiting for the equipment in order to be able to be productive. This allows us to continue working on most of our games, including new games. There may be faster phasing out of the support for unsuccessful older games, but this should not have material effect on the group's top-line performance. In this difficult situation, we see increasing engagement of our employees as they rallied around the company and the commitment to keep our business going. We would like to express our gratitude to our amazing employees, especially the ones in Ukraine, who continue to support our business and bring joy to our players worldwide. We will continue providing support to our employees in these difficult times.

Russia's invasion of Ukraine has created a great deal of uncertainty about the future among our employees, and as a result, there has been substantial movement across borders which is likely to increase if the situation continues to deteriorate. 10% of our staff in Ukraine have left their country and more will likely follow. More than 20% of our staff in Russia have already left their country at least temporarily, and are open to consider employment abroad, with many more preparing to leave soon. This is their reaction to the actions of the Russian government and quickly deteriorating prospects for IT workers and companies in the country. The G5 group is already in the process of establishing legal entities in Armenia, Georgia, Poland, and Montenegro, and is looking at the possibility to open offices in other countries as well. We expect to open vacancies in these countries shortly and start onboarding those employees who left their countries within a few weeks. We also see increased interest among group's top employees worldwide to transfer to our office in Malta, and we expect this office to grow over time. The way things are and unless there is quick and substantial change in the actions of the Russian government, we expect to see natural substantial reduction in the number of people we employ in Russia. We condemn Russia's invasion of Ukraine, and we see this as a natural consequence of reckless behavior of the Russian government.

As a European company, we cannot continue to operate in Russia as if nothing happened. This is not an easy decision because of the company's history, but there is no practical ability for us to continue to bring joy to Russian players under the circumstance, and we are going to gradually phase out the distribution and support of our games in Russia. As a first step, the game Hidden City, published by G5 and developed by AB Games, based in Cyprus and Ukraine, has already been removed from the distribution in Russia, and the support for players will be phased out in a few weeks. Other games will follow soon. We will explore the possibility of helping not only our employees but also people of Ukraine with the money that the group has earned in Russia this year.

We are only several days away from the end of the first quarter. As our operations are gradually getting back to normal, we are going to better quantify the financial impact of the last few

weeks on the group soon. In the first quarter report, we expect to allocate reserves, or charges, that will cover extraordinary expenses of the last few weeks, as well as any obligations for humanitarian help efforts we are going to facilitate now and until the end of the year, to the best of our ability. We will also aim to present our Q1 figures with and without the financial impact of the invasion on the company's operations to provide the best insight into the underlying performance of the company. We will do our best to provide some soft guidance on expenses going forward through the end of the year, but of course the degree of uncertainty regarding any such forecasts is going to be quite high.

We would like to express our gratitude to our shareholders who continue to support the company during these difficult times.

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### ***About G5 Entertainment***

*G5 Entertainment AB (Publ) (G5) develops and publishes high quality free-to-play games for smartphones, tablets and personal computers that are family friendly, easy to learn, and targeted at the widest audience of both experienced and novice players. The company distributes its games through the G5 Store, Apple App store, Google Play, Amazon Appstore and Microsoft Store. The company's portfolio includes popular games like Jewels of Rome™, Sherlock: Hidden Match-3 Cases™, Jewels of the Wild West®, Hidden City®, Mahjong Journey®, The Secret Society® and Wordplay: Search Word Puzzle™.*

*Through its head entity G5 Entertainment AB (Publ), G5 Entertainment Group is publicly listed on Nasdaq Stockholm's main market mid cap segment under trade symbol G5EN.ST. For six years in a row, G5 Entertainment was ranked in Deloitte's Top 50 Fastest Growing Tech Companies in Sweden.*

*More information about G5 Entertainment can be found at: <https://corporate.g5e.com>*