G5 ENTERTAINMENT AB

YEAR-END REPORT 2017

YEAR-END REPORT 2017

OCTOBER - DECEMBER

- Consolidated revenue for the period was SEK 356.8 M (184.8), an increase of 93 per cent compared to 2016.
- EBIT for the period was SEK 15.9 M (7.3), an increase of 117 per cent compared to 2016. EBIT was impacted by write-downs of intangible assets and goodwill amounting to SEK -4.5 M (-0.8), adjusted for the write-downs the EBIT was SEK 20.4 M (8.1) and the EBIT margin was 5.7 per cent (4.4)
- Net result for the period was SEK 13.7 M (7.8).
- Earnings per share for the period, before dilution, was SEK 1.56 (0.89).
- Cash flow before financing activities during the period was SEK -7.4 M (16.2), cash flow was significantly impacted by the purchase of The Secret Society.
- For the free-to-play games the average Monthly Active Users (MAU) was 8.9 million, an increase of 74 per cent compared to the same period in 2016. Average Monthly Unique Payers (MUP) was 331.4 thousand, an increase of 89 per cent and average Daily Active Users (DAU) was 2.0 million, an increase of 85 per cent compared to the same period in 2016. Average Monthly Average Gross Revenue Per Paying User (MAGRPPU) was USD 42.7, an increase of 14 per cent from the same period last year.
- Revenue from free-to-play games grew by 98 per cent compared to the same period in 2016 and accounted for 99 per cent (97) of the total revenue.
- The Board proposes a dividend of SEK 2.50 (0.75) per share.

FINANCIAL KEY RATIOS

KSEK	Oct-Dec 2017	Oct-Dec 2016	Change %	2017	2016	Change %
Revenue	356 808	184 767	93%	1 135 491	516 931	120%
Commission to distributors[1]	-108 136	-55 725	94%	-342 895	-154 632	122%
Royalty to external developers[2]	-69 492	-41 129	69%	-234 814	-116 438	102%
Gross profit	**179 180**	**87 913**	**104%**	**557 782**	**245 861**	**127%**
Gross margin	50%	48%		49%	48%	
Operating costs excluding costs for user acquisition	-43 443	-33 447	30%	-141 194	-101 888	39%
EBIT excluding costs for user acquisition	135 737	54 467	149%	416 588	143 973	189%
EBIT margin before costs for user acquisition	**38%**	**29%**		**37%**	**28%**	
Costs for user acquisition[3]	-119 819	-47 143	154%	-314 870	-105 865	197%
Costs for user acquisition as percentage of revenue	-34%	-26%		-28%	-20%	
EBIT	**15 917**	**7 323**	**117%**	**101 718**	**38 108**	**167%**
EBIT margin (%)	4,5%	4,0%		9,0%	7,4%	
Earnings per share before dilution	**1,56**	**0,89**	**75%**	**10,15**	**3,77**	**169%**
Cash flow before financing activities	-7 425	16 211		27 172	36 058	
Cash and cash equivalents	91 194	70 584		91 194	70 584	

[1]Variable costs paid to distributors (Apple App Store, Google Play, Amazon Appstore etc.), which is almost exclusively 30 per cent of the revenue.
[2]Royalties to external developers are costs to third party developers when there is a contractual obligation to pay royalty.
[3]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:

GAME UPDATES AND USER ACQUISITION CONTINUE TO DRIVE AUDIENCE AND REVENUE GROWTH

GETTING BIGGER AND GROWING FASTER

G5 had a very good fourth quarter. Sequentially the revenue is up 33% from Q3, one of the highest sequential jumps we've ever had. Year over year fourth quarter revenue is up 93% from an already high base last year, and operating profit has gone up by 117%.

The team and our partner studios did a great job preparing for this important quarter of the year. Our games received timely new updates with seasonal content which drove up both engagement and revenue. With the help of our excellent marketing team we have set new records for the company's audience metrics with an average of 8.9M MAU and 2.0M DAU, up 85% year over year. Average monthly revenue per paying user has set a new record of 42.7 USD.

We remained the largest publicly listed game developer in Sweden in 2017. Our growth dynamic varies from quarter

"The growth over the last 5 years was achieved organically, with zero dilution to shareholders"

to quarter but over the years we are consistently one of the fastest-growing companies in Sweden. In fact, we are the only company in Sweden that made it to "Deloitte's Fast 50 Tech companies" rank every year in the last 5 years. This outstanding growth over the last 5 years was achieved organically, with zero dilution for shareholders, and in 2017 it paid off – G5 had the highest-appreciated share among publicly-listed video game companies worldwide.

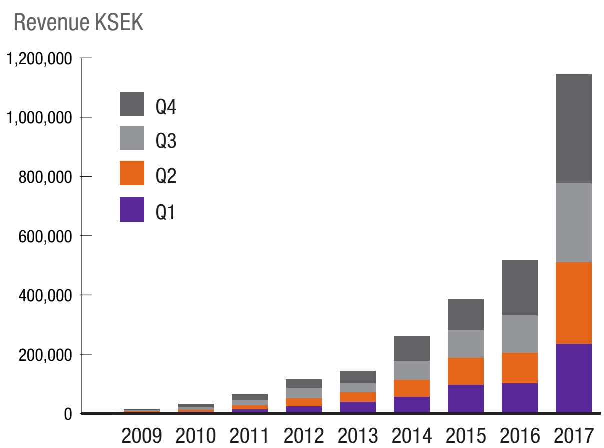
According to App Annie, in 2017 G5 was the 78th largest app publisher in the world by revenue on iOS and Google Play, up 22 positions compared to 2016. Among game app publishers, in 2017 G5 was 65th largest by revenue on iOS and Google Play, up also 22 positions compared to 2016. In

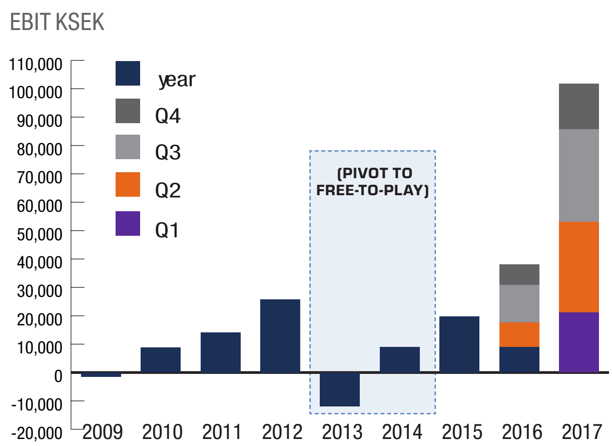
"In 2017, G5 was the 65th largest game publisher by revenue on iOS and Google, up 22 positions from 2016"

the last year, we have achieved dominance in our key market of free-to-play hidden object games: according to our own data sourced from App Annie Intelligence, we are now the largest mobile publisher in the world of this genre of games, with over 50% market share. The non-dilutive cash only acquisition of The Secret Society game and franchise that happened in Q4 further strengthens our position. According to our interpretation of the data we see in App Annie Intelligence, our game Mahjong Journey has been steadily gaining market share and has consistently been #3 by revenue in the world among all mahjong solitaire games, compared to the #4 position it held in 2016.

THE "BOOSTER" QUARTER

If you compare our performance in Q3-Q4 of 2016 and in Q3-Q4 of 2017, you will see a pattern. For the past two years, we used Q4 as the "booster" quarter when we ride the seasonal wave to increase our marketing spend and take the revenue to the next sustainable level. As we did in Q1'17 and as we expect to do in Q1'18, we can go





back to normal or even better profit margin in the next quarter, but on a larger revenue base. Would you sacrifice some short-term profitability in one quarter to take the revenue up 33% sequentially to a new sustainable level? I would, and that is why we did it again, and we look forward to getting back to higher profit margins in the following quarters.

If you are new to G5 and need a more detailed explanation of how our marketing works, I encourage you to read more in my comments in the 2016 year-end report and 2016 annual report. Briefly, in the normal course of business, we are actively acquiring new players through advertising spending (we call it "user acquisition", or UA for short), and this is a big driver of our growth. The players we acquire stay in our games for months, and as they play and monetize, they gradually repay the money we spent on marketing. After we break even, these players then make us profit. We can track their spending with good precision so we know we are getting the right kind of players, and that over time we get our money back and healthy returns on our marketing investment. Because players stay in our games for a long time and monetize gradually, whenever we decide to substantially increase our UA spend and hold it there, the profit margin suffers in the short term while revenue goes up substantially. ***As the revenue grows, the profitability returns on a larger revenue base in the following quarters***. Our profit margin also expands with our revenue because of the inherent leverage in the business model.

"In 2017 G5 had the highest-appreciated share among publicly-listed video game companies worldwide"

We have demonstrated how it works exactly one year ago. In Q4'16 we ramped up our UA spend so aggressively that the profit margin in the fourth quarter declined to 4%, however at the same time, sequentially revenue grew by an impressive 46% compared to Q3'16. The following quarter, Q1'17, the profit margin returned to a healthy level of 9% while revenue continued growing, and therefore the higher profit margin applied to a much higher revenue base. This worked last year with great results, and we did the same thing this year for the same reasons.

EXPANDING PROFIT MARGIN

Our business model has inherent leverage and profit margin expands along with revenue. In 2017 we have delivered 9.0% profit margin while we spent 28% of revenue on UA (a combined 37.0% of EBIT margin before costs for UA), compared to 7.4% profit margin and 20% UA spend (a combined 27.4% of EBIT margin before costs for UA) in 2016. This trend is very visible even when we compare the result of the "booster" fourth quarter. In Q4'17 we spent 34% of our revenue on UA while keeping our profit margin at 4.5% (a combined 38.5% of EBIT margin before costs for UA), compared to 26% we spent on UA in Q4'16 with the profit margin of 4% (a combined 30% of EBIT margin before costs for UA).

Why is looking at "EBIT margin before costs for UA" more important than just EBIT? Because every quarter we choose from this "pool" how much we want to spend on UA and how much we want to let through to EBIT, depending on how much opportunity we see for growth. It's a balance between having more growth in the future and having more profit right now. That is why we highlighted the line "EBIT margin before costs for UA" in the Key Financial Ratios table and why we believe this KPI is very important to understand our business model. The higher this margin is, the more "space" we have to spend on growing while still showing healthy profit margin. Looking at this KPI avoids the traps of specific distribution between UA and profit in a particular quarter, which is decided by operational tactics.

So how much EBIT margin can G5 show, potentially? It depends on how much we would spend in UA in a given quarter. You can see that in fast-growth quarters like Q4'17 or Q4'16 it can be 26%-34% of revenue. On the other side of the spectrum, UA spend cannot go to zero, but historically during quarters when we were struggling to find opportunities to expand the audience and we were growing just a little faster than the underlying market, it was around 17-20%. This is the level at which we believe the company can show its true profit margin while expanding just in line with the market growth. With "EBIT margin before costs for UA" of almost 40% in Q4'17, lowering UA spend to this range would produce a nice EBIT margin, but for now we always choose to grow if we see the opportunity to do so. We can consolidate on higher revenue levels and show higher EBIT when/if we (temporarily) run out of opportunities for growth.

"We now have two games that have grossed over $100M to date"

EXCITING OPPORTUNITIES AHEAD IN 2018

The opportunities this year are exciting and to maintain our growth we need to essentially do the same things we did in 2017, while continuing to improve our execution. Below are the things that can happen in 2018 depending on how well we perform as a team, along with the reflection on how well we did in 2017:

Continued investment in updates and marketing of games that are growth points in our portfolio can lead to further growth in monthly and quarterly revenue and earnings. This has happened in 2017 as we grew our revenue by 120% year-on-year to 1.14 BSEK and our earnings by 167% year-on-year to 102 MSEK. This remains a big opportunity for 2018 if we do it right. We have strengthened our studios this year to be able to maintain more games and make better and more frequent updates and we are now at almost 390 staff worldwide, up from around 300 at the end of 2016.

Achieving another success, this time with G5's own game, can have profound effect on profit margins as well as top-line growth. We had substantial increase in the revenue from wholly owned games, and the non-dilutive cash only acquisition of The Secret Society has further increased the share of revenue coming from wholly owned games as we enter 2018. It continues to be a substantial opportunity for margin expansion going forward. We have also announced that we now have two games that have grossed over $100M to date, also important given the inherent leverage in our business model.

Entering new game genre niches can open the doors for further expansion over time. We had an early success entering a new genre with our Match-3 game Pirates and Pearls. While the soft launch was good and the game is growing its audience and revenue every month, it is a very competitive market and we need more work on the game and continued improvement of our UA strategy to realize its potential. We also have more games in this Match-3 genere, and other genres coming to the market in 2018.

Further improving our positions in Asia can contribute to growth and earnings and create more balanced revenue structure. We have increased our revenue share coming from Asia from 15% in 2016 to 28% in Q4'17, and most of it comes from Japan, where we are one of the very few western mobile game developers that are successful on this scale. Further improving our position in Asia remains an opportunity for growth in 2018. Of special interest are China and South Korea where we are only starting to get some traction and which remain a very small % of our overall revenue.

Financial strength of the company and our ability to self-finance all these initiatives will mean that growth can be achieved organically and no substantial dilution will happen to the shareholders. In 2017, G5 had the highest-appreciated share among publicly-listed video game companies worldwide. Our commitment to growing organically, financing our activities from revenue and minimizing dilution can continue to provide great returns to shareholders.

We remain committed to gradually improving our profit margins and delivering higher earnings year over year, even if we choose to grow fast and spend high amounts on UA. We are looking forward to see what we can achieve in 2018 with our recent growth and improved revenue platform.

San Francisco, February 15th, 2018

Vlad Suglobov
CEO, co-founder

OCTOBER-DECEMBER

REVENUE AND GROSS PROFIT

Revenue amounted to SEK 356.8 M (184.8). Revenue increased by 93 per cent compared to the same period in 2016. The growth for free-to-play games was 98 per cent. Own games grew a bit faster than the licensed games. The growth of licensed games was driven by Hidden City.

Cost of revenue increased by 83 per cent to SEK 177.6 M (96.9). Cost of revenue includes commission to the distributors (Apple App Store, Google Play, Amazon Appstore, etc.). All relevant parties charge up to 30 per cent of gross revenue. Cost of revenue also includes royalties payable to external developers which increased by 69 per cent compared to the same period in 2016. The increase in royalty is due to the success of our licensed game Hidden City.

Gross margin for the period was 50 per cent (48). Gross profit for the quarter increased by 104 per cent and was SEK 179.2 M (87.9).

OPERATIONAL COSTS

Costs for research and development were SEK 24.3 M (18.1) during the period. The increase in costs for research and development is primarily driven by a staff increases, development on non-capitalizable projects, increased server capacity and compensation to the development staff.

Sales and marketing increased to SEK 124.6 M (50.4). Sales and marketing is primarily affected by the costs for user acquisition. During the quarter the cost for user acquisition was SEK 119.8 M (47.1). Cost for user acquisition as a percentage of sales increased from 26 per cent in the fourth quarter 2016 to 34 per cent in the same period in 2017. Sales and marketing, excluding user acquisition, increased to SEK 4.7 M (3.3).

General and administrative costs amounted to SEK 16.5 M (9.7) and was negatively impacted by the write-down of goodwill of SEK 2.3 M (0.0). Other operating income amounted to SEK -1.5 M (1.3) and other operating expenses amounted to SEK 3.6 M (-3.7). Together they amounted to SEK 2.1 M (-2.4), primarily driven by currency effects on operational assets and liabilities. The effect is in large a non cash item deriving from intra-group positions in the parent company that are nominated in USD.

EBIT

Depreciation and amortization have increased due to the increased size of the game portfolio and amounted to SEK 13.1 M (12.7). Capitalization of intangible assets amounted to SEK 23.0 M (12.3). Write-downs during the quarter amounted to SEK 2.2 M (0.8). Net capitalization on intangible assets amounted to SEK 8.4 M (-0.6). In addition the company also wrote down goodwill of SEK 2.3 M (0.0).

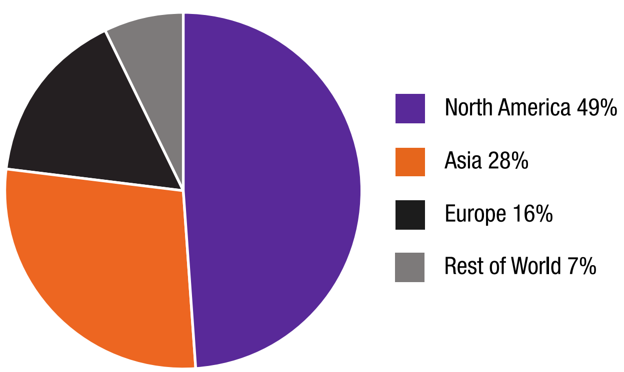
Earnings before interest and taxes (EBIT) were SEK 15.9 M (7.3), corresponding to an EBIT margin of 4.5 per cent (4.0).

NET PROFIT

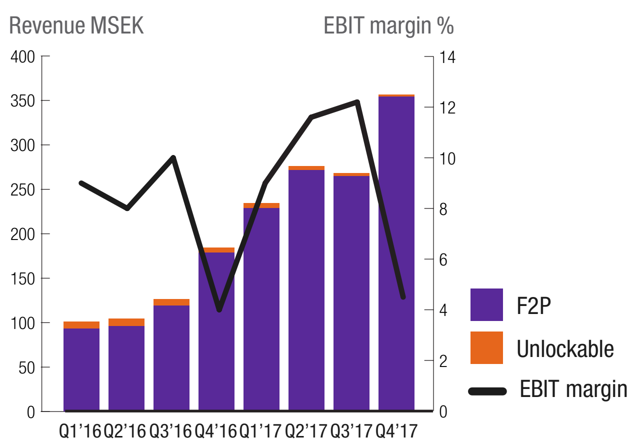
Net profit was marginally affected by financial items. Tax affected the result with SEK -2.3 M (0.5).

Net profit amounted to SEK 13.7 M (7.8) which equals an earnings per share, before dilution, of SEK 1.56 (0.89).

REVENUE BREAKDOWN BY GEOGRAPHY FOURTH QUARTER 2017



REVENUE BREAKDOWN BY GAME TYPE EBIT MARGIN



OPERATIONAL METRICS

In the quarter the average Monthly Active Users (MAU) increased with 74 per cent compared to 2016 while Daily Active Users (DAU) increased 85 per cent compared to 2016

Average Monthly Unique Payers (MUP) increased with 89 per cent compared to 2016 and their average monthly spend, Monthly Average Gross Revenue Per Paying User (MAGRPPU) increased 14% from the same period in 2016.

F2P	Q4 '17	Q4 '16	CHANGE
Average MAU (mn)	8.9	5.1	74%
Average MUP (thousands)	331.4	175.4	89%
Average MAGRPPU (USD)	42.7	37.5	14%
Average DAU (mn)	2.0	1.1	85%

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

RELEASES DURING THE QUARTER

During the quarter Mystery of the Opera was released for iOS and Android. The game is wholly owned and internally developed, it further expands the group's portfolio of Hidden Object games.

During the quarter Pirates & Pearls was also released for Windows and Facebook.

JANUARY–DECEMBER

REVENUE AND GROSS PROFIT

Revenue increased with 120 per cent compared to 2016, driven by the growth of the group's free-to-play-games. Revenue amounted to SEK 1,135.5 M (516.9). Revenue from free-to-play-games increased with 131 per cent compared to 2016.

The group's cost of revenue was SEK 577.7 M (271.1). Gross profit amounted to SEK 557.8 M (245.9), an increase of 127 per cent compared to 2016. Gross margin was 49 per cent (48).

OPERATING COSTS

Operating costs increased with 120 per cent compared to 2016. User acquisition increased to SEK 314.9 M (105.9). Excluding costs for user acquisition the operating costs amounted to SEK 141.2 M (101.9). The operational costs were impacted by depreciation and amortization of SEK 51.5 M (40.7), write-downs of intangible assets SEK 4.2 M (5.7) and write-down of goodwill SEK 2.3 M (0.0).

Other operating income and costs impacted the period with SEK 9.7 M (0.0), primarily attributed to exchange rate differences on operational assets and liabilities related to balance sheet items in the parent company.

EBIT

EBIT was SEK 101.7 M (38.1) and the EBIT-margin was 9 per cent (7) for the period.

NET PROFIT

Net profit was marginally affected by financial items. Tax affected the result with SEK -12.5 M (-4.8) corresponding to an effective tax rate of 12 per cent (13).

Net profit amounted to SEK 89.3 M (33.2) which is corresponding to earnings per share before dilution of SEK 10.15 (3.77).

CASH FLOW

During the fourth quarter, the group had an operating cash flow before changes in working capital of SEK 27.4 M (24.7), impacted by tax payments of SEK 0.5 M (-0.1). Changes in working capital impacted the cash flow with SEK -10.4 M (4.7). Capitalized development expenses impacted the cash flow negatively with SEK -23.0 M (-12.3), in addition the payments to MyTona has impacted the investing activities with SEK -23.1 M (0.0).

Total cash flow amounted to SEK -7.4 M (16.2), significantly impacted by the initial payments in the cash purchase of The Secret Society.

For the full year 2017 cash flow before changes in working capital amounted to SEK 134.7 M (85.2). Cash flow amounted to SEK 22.2 M (36.1).

Available cash on December 31, 2017 amounted to SEK 91.2 M (70.6).

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 profitable, 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 115.4 M (109.1) of which SEK 115.1 M (107.0) is related to free-to-play games and SEK 0.3 M (2.1) is related to Unlockable games. 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 as this initial period is needed for optimization of the game. During the initial 6 month period after launch, the company does not amortize the games.

MSEK	DEC 31 2017	DEC 31 2016
Released games F2P	87.9	87.4
Released games Unlockable	0.3	2.0
Not released games F2P	27.2	19.6
Not released games Unlockable	0.0	0.2
Net value of games portfolio	115.4	109.1

Impairment need in the portfolio is tested on a quarterly basis. A thorough review of the input parameters is done on a yearly basis. During the quarter, write-downs of SEK 2.2 M (0.6) were made related to a released F2P-game.

Consolidated equity amounted to SEK 230.5 M (161.2), which equals SEK 26.2 per share (18.3) and the equity/asset ratio is 54 per cent (62).

Cash on hand amounted to SEK 91.2 M (70.6).

The group has no interest bearing debt.

PARENT COMPANY

The parent company revenue increased 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. 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

SETTLEMENT WITH MYTONA

On the 21st of December G5 Entertainment and MyTona resolved their disputes that were pending in Orange County Superior Court. The parties have dismissed their claims pursuant to the terms of the settlement. G5 is acquiring all rights to the “The Secret Society”, on all platforms in exchange for a cash consideration, as well as additional contingent revenue share payments, to be paid over the course of 2018 and first part of 2019. G5 shall be taking over all support and development of the game going forward. G5 estimates that the total consideration to be paid to the MyTona parties may be worth up to US $6.5M or more, depending on the performance of the game.

ACQUISITION OF THE SECRET SOCIETY

Payments made with regard to The Secret Society prior to the year end, almost half the anticipated total, are recorded as prepaid expenses in the closing balance 2017. Going forward, the assets related to the game, now wholly owned by G5 rather than licensed from a third party, will be recorded as intangible assets and amortized over 24 months. The amortization is expected to start in the middle of the first quarter 2018. From that date, G5 Entertainment will no longer have any royalty costs related to The Secret Society in its income statement.

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 proposes a dividend of SEK 2.5 per share (0.75), corresponding to around 25 per cent (20) 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. The risks are described in greater detail in the 2016 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 2016.

UPCOMING REPORT DATES

Interim report Jan-Mar 2018	May 3, 2018
Annual General Meeting 2018	May 7, 2018
Interim report Jan-Jun 2018	July 27, 2018
Interim Report Jan-Sep 2018	November 6, 2018
Year-end report 2018	February 13, 2019

TELECONFERENCE

On February 16, 2018 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 February 15, 2018

Petter Nylander
Chairman of the Board

Chris Carvalho
Board member

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 February 16, 2018 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	Oct-Dec 2017	Oct-Dec 2016	2017	2016
Net turnover	356,808	184,767	1,135,491	516,931
Cost of revenue	-177,628	-96,854	-577,709	-271,070
Gross profit	**179,180**	**87,913**	**557,782**	**245,861**
Research and Development expenses	-24,313	-18,092	-83,619	-59,232
Sales and Marketing expenses	-124,562	-50,449	-332,364	-116,501
General and Administrative expenses	-16,504	-9,664	-49,798	-31,996
Other operating income	-1,488	1,343	14,319	320
Other operating expenses	3,604	-3,728	-4,602	-344
Operating result	**15,917**	**7,323**	**101,718**	**38,108**
Financial income	124	33	143	39
Financial expenses	-1	-55	-7	-109
Operating result after financial items	**16,041**	**7,301**	**101,853**	**38,038**
Taxes	-2,306	541	-12,553	-4,833
Net result for the period	**13,736**	**7,842**	**89,300**	**33,205**
Attributed to:				
Parent company´s shareholders	13,736	7,842	89,300	33,205
Earnings per share				
Weighted average number of shares before dilution (thousands)	8,800	8,800	8,800	8,800
Weighted average number of shares after dilution (thousands)	9,183	8,800	9,183	8,825
Earnings per share (SEK). before dilution	1.56	0.89	10.15	3.77
Earnings per share (SEK). after dilution	1.50	0.88	9.73	3.76

STATEMENT OF COMPREHENSIVE INCOME - GROUP

KSEK	Oct-Dec 2017	Oct-Dec 2016	2017	2016
Net result for the period	**13,736**	**7,842**	**89,300**	**33,205**
Items that later can be reversed in profit				
Hedging of net investments, net after tax	0	3,477	-3,108	5,854
Foreign currency translation differences	-1,327	1,470	-11,926	-1,348
Total other comprehensive income for the period	**-1,327**	**4,947**	**-15,034**	**4,506**
Total comprehensive income for the period	**12,409**	**9,312**	**74,266**	**37,711**
Attributed to:				
Parent company´s shareholders	12,409	9,312	74,266	37,711

BALANCE SHEET - GROUP

KSEK	Dec 31, 2017	Dec 31, 2016
Fixed assets		
Intangible fixed assets		
Capitalized development expenses (Note 2)	115,432	109,104
Goodwill	0	2,292
	115,432	**111,396**
Tangible fixed assets		
Equipment	8,176	6,275
	8,176	**6,275**
Deferred tax receivable	25,993	8,565
Total non-current assets	**149,601**	**126,236**
Current assets (Note 3, 5)		
Accounts receivable	39,970	0
Tax receivable	9,439	474
Other receivables	10,654	5,909
Prepaid expenses and accrued income	122,911	57,030
Cash and cash equivalents	91,194	70,584
Total current assets	**274,169**	**133,997**
TOTAL ASSETS	**423,770**	**260,234**
Equity	**230,478**	**161,169**
Deffered tax liabilities	7,641	2,465
Total non-current liabilities	**7,641**	**2,465**
Current liabilities (Note 5)		
Accounts payable	9,289	30,828
Other liabilities	9,221	2,843
Tax liabilities	32,818	13,276
Accrued expenses	134,322	49,653
Total current liabilities	**185,650**	**96,600**
TOTAL EQUITY AND LIABILITIES	**423,770**	**260,234**

STATEMENT OF CHANGES IN SHAREHOLDER EQUITY - GROUP

KSEK	Share capital	Other capital contribu-tion	Other reserves	Profit/ loss brought forward	Share-holders' equity
Shareholders' equity as of 2016-01-01	**880**	**54,203**	**12,060**	**56,202**	**123,345**
Premium for warrant program		113			113
Net result for the period				33,205	33,205
Total other comprehensive income			4,506		4,506
Total comprehensive income for the period			**4,506**	**33,205**	**37,824**
Shareholders' equity as of 2016-12-31	**880**	**54,316**	**16,566**	**89,407**	**161,169**
Shareholders' equity as of 2017-01-01	**880**	**54,316**	**16,566**	**89,407**	**161,169**
Dividend				-6,600	-6,600
Premium for warrant program		1,643			1,643
Net result for the period				89,300	75,564
Total other comprehensive income			-15,034		-15,034
Total comprehensive income for the period			**-15,034**	**-89,300**	**74,266**
Shareholders' equity as of 2017-12-31	**880**	**55,959**	**1,532**	**172 107**	**230 478**

CASH FLOW STATEMENT - GROUP

KSEK	Oct-Dec 2017	Oct-Dec 2016	2017	2016
Cash flow from operating activities				
Profit after financial items	16,041	7,301	101,853	38,038
Adjusting items not included in cash flow	10,891	17,538	44,272	50,879
Taxes paid	478	-141	-11,447	-3,724
Cash flow before changes in working capital	**27,410**	**24,698**	**134,678**	**85,193**
Cash flow from changes in working capital				
Change in operating receivables	-37,374	-24,290	-89,110	-28,728
Change in operating liabilities	50,075	29,010	79,954	33,137
Cash flow from operating activities	**40,111**	**29,418**	**125,522**	**89,602**
Investing activities				
Investment in fixed assets	-1,441	-930	-4,921	-3,331
Investment in intangible assets	-23,100		-23,100	0
Capitalized development expenses	-22,995	-12,278	-70,329	-50,212
Cash flow from investing activities	**-47,536**	**-13,208**	**-98,350**	**-53,544**
Financing activities				
Dividend	-	-	-6,600	-
Premium for issued warrants	-	-	1,643	113
Cash flow from financing activities	**0**	**0**	**-4,957**	**113**
CASH FLOW	**-7,425**	**16,211**	**22,215**	**36,171**
Cash at the beginning of the period	**98,712**	**54,069**	**70,584**	**33,870**
Cash flow	-7,425	16,211	22,215	36,171
Exchange rate differences	-93	304	-1,605	543
CASH AT THE END OF THE PERIOD	**91,194**	**70,584**	**91,194**	**70,584**

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 2016. None of the new and changed standards from IASB, applicable from 1st of January 2017, has had any material effect on the Financial Statements. The group is currently evaluating IFRS 15 and its impact on the financial statements. Any effect is sitll not quantified. For detailed information on the accounting principles, see Annual Report 2016.

The interim report is on pages 1–16, and pages 1–8 are thus an integrated part of this financial report.

IFRS 15, 'Revenue from contracts with customers', establishes a comprehensive framework for determining whether, how much and when revenue is recognized. This standard replaces IAS 18 covering contracts for goods and services, IAS 11 covering construction contracts and IFRIC 13 covering Customer Loyalty Programmes. The new standard is based on the principle that revenue is recognized when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption. The standard is mandatory for financial years commencing on or after 1 January 2018, with early adoption permitted.

G5 Entertainment has evaluated the effect of the standard and identified two areas that are relevant to the Group's financial statements, principal / agent and timing of revenue recognition. G5 has come to the conclusion that the Group continues to be the principal in all relevant transactions, thereby continuing to report gross revenues from the application stores. Regarding the in-game purchases within G5's games and whether or not the revenue should be taken at the point of the sale or if they are to be accrued G5 has concluded that sales are made through casual games, downloaded to the user's mobile device, purchases can be used locally on the device and is not dependent on G5's servers or other services provided by G5 and that what is normally purchased is used within a shorter period of time. However, it cannot be ruled out that the final assessment is that revenues are to be accrued in accordance with the new standard. The final analysis will be presented in the 2017 annual report.

IFRS 9, 'Financial Instruments', published in July 2014, replaces the existing guidance in IAS 39 Financial Instruments, Recognition and Measurement. IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets, including accounts receivables. The standard must be applied for financial years commencing on or after 1 January 2018, with early adoption permitted.

G5 Entertainment has reviewed its financial assets and liabilities and assessed the potential impact on its consolidated financial statements resulting from the application of IFRS 9. G5 assesses that the changes does not have an impact on the company's balance sheet or income statement.

NOTE 2 – CAPITALIZED DEVELOPMENT EXPENSES

KSEK	Oct-Dec 2017	Oct-Dec 2016	2017	2016
At the beginning of the period	**105,528**	**103,919**	**109,104**	**94,269**
Investments	22,995	12,278	70,329	50,212
Write-downs	-2,184	-793	-4,181	-5,700
Amortization	-12,435	-12,076	-48,998	-38,702
Net change during the period	*8,377*	*-591*	*17,150*	*5,810*
Currency exchange differences	1,528	5,776	-10,822	9,025
At the end of the period	**115,432**	**109,104**	**115,432**	**109,104**

NOTE 4 – OTHER RECEIVABLES

Other receivables include SEK 1.1 M (0.9) 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 5 – PLEDGED ASSETS AND CONTINGENT LIABILITIES

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

NOTE 6 – 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	Oct-Dec 2017	Oct-Dec 2016	2017	2016
Net turnover	356,808	187,095	1,135,445	519,241
Cost of revenue	-233,743	-122,974	-781,082	-383,712
Gross profit	**123,065**	**64,121**	**354,363**	**135,528**
Research and development expenses	-61	-5	-143	-66
Sales and Marketing expenses	-34,127	-2,988	-75,066	-6,352
General and administrative expenses	-96,758	-50,836	-276,743	-122,199
Other operating income	1,935	1,406	9,948	2,304
Other operating expenses	0	960	0	-2,094
Operating result	**-5,946**	**12,658**	**12,358**	**7,122**
Financial income	23,930	-937	18,661	5,399
Financial expenses	-1	-55	-7	-109
Operating result after financial items	**17,984**	**11,665**	**31,012**	**12,412**
Taxes	1,277	-2,565	-1,589	-2,729
Net result for the period	**19,261**	**9,100**	**29,422**	**9,682**

STATEMENT OF COMPREHENSIVE INCOME - PARENT COMPANY

KSEK	Oct-Dec 2017	Oct-Dec 2016	2017	2016
Net result for the period	**19,261**	**9,100**	**29,422**	**9,682**
Items that later can be reversed in profit				
Foreign currency translation differences	-	-	-	-
Total other comprehensive income for the period	**-**	**-**	**-**	**-**
Total comprehensive income for the period	**19,261**	**9,100**	**29,422**	**9,682**

BALANCE SHEET - PARENT COMPANY

KSEK	Dec 31, 2017	Dec 31, 2016
Fixed assets		
Financial fixed assets		
Shares in group companies	70	70
Deferred tax assets	-	-
Receivables from group companies	-	79,211
	70	**79,281**
Current assets		
Account receivables	39,970	0
Receivables from group companies	8,428	186
Tax receivables	1,477	-
Other receivables	8,572	2,341
Prepaid expenses and accrued income	98,540	56,208
Cash and cash equivalents	64,650	56,665
Total current assets	**221,637**	**115,399**
TOTAL ASSETS	**221,707**	**194,680**
Restricted equity		
Share capital	880	880
Non-restricted equity		
Share premium reserve	55,916	54,273
Profit/Loss carried forward	57,151	54,081
Net result for the period	29,422	9,682
Total equity	**143,369**	**118,916**
Current liabilities		
Accounts payable	1,336	573
Liability to group companies	50,491	71,956
Other liability	10,471	392
Accrued expenses	16,039	2,842
Total current liabilities	**78,338**	**75,763**
TOTAL EQUITY AND LIABILITIES	**221,707**	**194,680**

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 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) is a developer and publisher of high quality free-to-play mobile games for iOS, Android, Kindle Fire, and Windows-powered devices. G5 develops and publishes games 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 Mahjong Journey®, Survivors: the Quest®, Hidden City®, Twin Moons Society®, Supermarket Mania® and The Secret Society®. G5 Entertainment AB (publ) is listed on Nasdaq Stockholm since 2014.

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