

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

G5[®] GAMES

G5 ENTERTAINMENT AB

INTERIM REPORT

JANUARY - SEPTEMBER 2018

INTERIM REPORT JANUARY – SEPTEMBER 2018

JULY – SEPTEMBER

- Revenue for the period was SEK 341.9 M (268.3), an increase of 27 per cent compared to 2017.
- EBIT for the period was SEK 25.3 M (32.6), a decrease of 23 per cent compared to 2017.
- Net result for the period was SEK 22.7 M (27.9).
- Earnings per share for the period, before dilution, was SEK 2.54 (3.17).
- Cash flow before financing activities during the period was SEK -14.3 M (29.9). Cash flow was impacted by settlement of warrant program amounting to SEK 4.4 M (1.6). Cash flow amounted to SEK -9.9 (31.5).
- For the free-to-play games the average Monthly Active Users (MAU) was 8.0 million, an increase of 10 per cent compared to the same period in 2017. Average Monthly Unique Payers (MUP) was 286.1 thousand, an increase of 5 per cent and average Daily Active Users (DAU) was 2.0 million, an increase of 13 per cent compared to the same period in 2017. Average Monthly Average Gross Revenue Per Paying User (MAGRPPU) was USD 44.2, an increase of 10 per cent from the same period last year.

FINANCIAL KEY RATIOS

| KSEK | Jul-Sep 2018 | Jul-Sep 2017 | Change % | Jan-Sep 2018 | Jan-Sep 2017 | Change % | Oct-Sep -17/-18 | 2017 | Change % |
|--|-----------------|-----------------|-------------|-----------------|-----------------|-------------|--------------------|----------------|-------------|
| Revenue | 341,867 | 268,267 | 27% | 1,109,335 | 778,683 | 42% | 1,466,143 | 1,135,491 | 29% |
| Commission to distributors ¹ | -103,806 | -81,278 | 28% | -336,388 | -234,759 | 43% | -444,524 | -342,895 | 30% |
| Royalty to external developers ² | -60,493 | -54,999 | 10% | -205,225 | -165,322 | 24% | -274,717 | -234,814 | 17% |
| Gross profit | 177,568 | 131,990 | 35% | 567,721 | 378,602 | 50% | 746,901 | 557,782 | 34% |
| Gross margin | 52% | 49% | | 51% | 49% | | 51% | 49% | |
| Operating costs excluding costs for user acquisition | -61,959 | -34,543 | 79% | -161,523 | -97,750 | 65% | -204,966 | -141,194 | 45% |
| EBIT excluding costs for user acquisition | 115,608 | 97,447 | 19% | 406,198 | 280,851 | 45% | 541,935 | 416,588 | 30% |
| EBIT margin before costs for user acquisition | 34% | 36% | | 37% | 36% | | 37% | 37% | |
| Costs for user acquisition ³ | -90,346 | -64,820 | 39% | -281,380 | -195,051 | 44% | -401,199 | -314,870 | 27% |
| Costs for user acquisition as percentage of revenue | -26% | -24% | | -25% | -25% | | -27% | -28% | |
| EBIT | 25,262 | 32,627 | -23% | 124,818 | 85,800 | 45% | 140,736 | 101,718 | 38% |
| EBIT margin (%) | 7.4% | 12.2% | | 11.3% | 11.0% | | 9.6% | 9.0% | |
| Earnings per share before dilution | 2.54 | 3.17 | -20% | 12.70 | 8.59 | 48% | 14.11 | 10.15 | 39% |
| Cash flow before financing activities | -14,288 | 29,877 | | 33,985 | 34,597 | | 4,663 | 27,172 | |
| Cash and cash equivalents | 97,486 | 98,712 | | 97,486 | 98,712 | | 97,486 | 91,194 | |

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

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

³User 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:

GETTING READY FOR THE FOURTH QUARTER



THIRD QUARTER

The third quarter has demonstrated seasonal weakness in line with our experience in previous years. Year after year we see that summer brings a temporary decline in both the activity of players and in the number of new “organic” downloads, with the strongest negative effect on revenue usually occurring towards the end of the summer as monetization in our games lags new downloads by weeks or months. Seasonality does not affect all games equally: new up-and-coming games with positive dynamic that were not yet discovered by large audiences tend to perform much better than more mature games with established larger audiences. Our newer games Homicide Squad and Pirates & Pearls and even older Mahjong Journey have grown every month (most months in the case of Mahjong Journey) of the summer. Hidden City, now a more mature game that has been exposed to large audi-

ences and has peaked thus far in revenue during the first half of 2018, had a more pronounced seasonal effect.

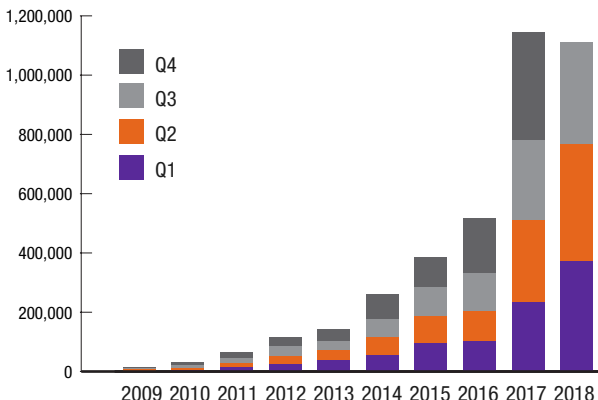
Most importantly, once again our own games have shown higher growth dynamic year-over-year than licensed games, which again led to the improvement of our gross margin in the quarter.

Looking at the market we are active on, the seasonality pattern for more mature games seems to be common: the overall hidden object games market contracted sequentially Q2 to Q3, same with the Mahjong Solitaire market, while the much larger Match-3 games market has slowed down considerably. The seasonality pattern is also confirmed in private conversations with the platform managers who highlight lower new user levels during summer which reflect negatively on revenues across the board among more mature games. Going forward this seasonal trend is unlikely to change as this is a fundamental behavior pattern among casual game players, who during the summer shift their activities (and spending) away from games and towards activities enabled by warm weather and vacation season. The lack of signature holiday events that resonate with larger audience globally during the summer is another contributing factor to lower levels of engagement. There is potential in exploring how we could mitigate the effects of the summer season and maintain the engagement of the players in the future.

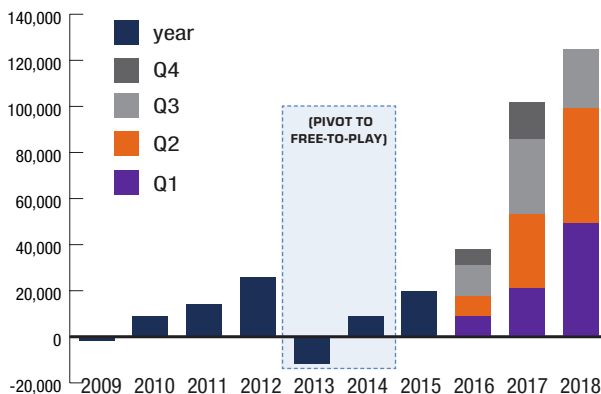
SEASONAL PATTERNS

While in the third quarter, the seasonality once again caused our revenue to decline quarter to quarter similar to 2017), the seasonality also means that the vacation season and warmer weather is going to pass once again

REVENUE KSEK



EBIT KSEK



and we will enter what we call the “high season”, the fourth quarter followed by the first quarter of the next year, both of which usually bring increased engagement of the players that are spending more time indoors. The holiday season also comes with major holidays that resonate globally with large audiences, and usually dramatically increase the engagement of players and their willingness to spend in games. This period is also when manufacturers of smartphones and tablets bring new models to the market, which leads to an upgrade cycle among players, who obtain better devices with enhanced and larger displays and are more actively looking to use them to download new games. G5 benefits from increased engagement, spending, newer and better devices and especially larger screens, as in our experience average revenue per user strongly correlates to the dimensions of their screen: the larger the screen, the more enjoyable our hidden object games are, and the more users spend, on average. We will do our best to use the opportunity presented by the Q4-Q1 period of the year to continue the growth. You can expect that we will try to boost growth during this period and make some great seasonal updates to our games.

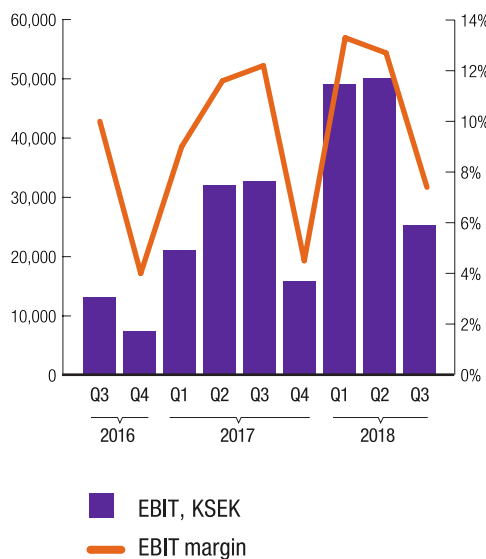
Seasonality is a great short-term distraction of our business and it is important to look at more long-term factors, in which you can find solace during seasonally weak quarter. The price we were going to pay over time for the acquisition of The Secret Society was substantially reduced during the third quarter, and to date we have paid it in full. The final amount paid was lower than the amount we have indicated and put on the balance sheet when announcing the deal and accordingly the amount of capitalized costs on the balance sheet in connection with

the purchase was reduced, without affecting the income statement. With this reduction of the price paid, we are already halfway through the break-even on our investment, just by the royalty saved. It takes time to assemble a productive team and update the game to the best standards of the market, but we are continuously working and remain confident we can improve the game’s revenue or at least maintain it for a long time, which in any case will make this deal financially very positive for G5.

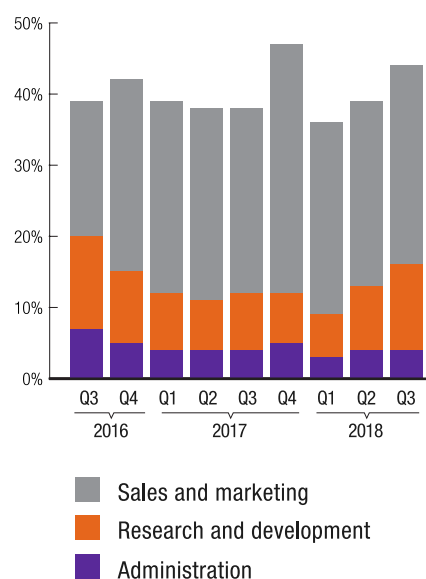
LIFETIME OF THE GAMES

The Secret Society, which was originally launched in November 2012, six years ago, is an example of how long the life of a successful free-to-play game can be. The game had its highest revenue month in 2015 and in that month, it generated revenue of more than five times what our previous best F2P game Virtual City Playground ever generated in one month. Exactly three years after, Hidden City had its highest month to date, bringing in 4 times more revenue than The Secret Society’s peak month. This is an amazing progression that we have seen between our best games. These dramatic increases in peak revenue in combination with the longevity that we are seeing substantially boosted the expected lifetime revenue for our best performing F2P games. Comparing the dynamic of Hidden City to The Secret Society we can estimate that Hidden City may only be 1/3 through its lifetime revenue. The outcome will of course depend on the efforts of the developer and G5. We remain focused on both extending the lifetime of our existing games as well as developing new gems that can achieve and exceed the potential of our best games.

EBIT (KSEK) | EBIT-MARGIN (%)



COSTS IN % OF REVENUE



INVESTING FOR THE FUTURE

In order to achieve the lifetime and revenue levels desired we continued to strengthen and expand our development teams during the third quarter, in line with the company's strategy. We have taken the development efforts on our largest own games: Mahjong Journey, Pirates & Pearls, and Homicide Squad to new levels to maintain the positive dynamic in their audience and revenue development. Our full-time staff count increased to 520 at the end of the third quarter, compared to 356 one year ago, with most of new hires contributing to the Development teams and the Platform team. We have added new employees in all of our locations in Ukraine and Russia. We have 5 new games in development with 3 scheduled to come out during Q4'18 and Q1'19 in our core genres. The goal is to continue making bets that can generate new successes and extend the sales of our existing games.

The fast development of our studios and increase in staff levels has put some pressure on our profit margins, but it is strategically an important thing to do. Nothing is going to secure G5's long-term future better than its ability to produce successful own games and having the capacity to be able to do it. The success of our own games is also driving up our gross margin which has been consistently increasing. As we have faced a slower dynamic on Hidden City in the third quarter, we have tried certain initiatives with UA, which did not produce expected results and unfortunately led to higher growth of UA expenses than revenue on year-over-year basis, which further depressed our margin in this quarter. We will of course adapt our UA strategy going forward and our goal remains to continue to grow and deliver improvement in the company's earnings year-over-year. Going back to the short-term perspective for a moment, you can expect us to use the same strategy we used a year ago for marketing during the fourth quarter, when our margin is usually lower than in other quarters of the year. In October, the average daily revenue started increasing again compared to the later Q3 months, and our goal is to try and maintain the positive trend through the fourth quarter to arrive at a higher revenue platform, like we did last year.

GAMING INDUSTRY

The games industry is inherently cyclical. All video game or mobile game companies have cycles. This is true for any company operating in video games or mobile games, be it G5 or any other company you can think of. We all make games, we launch them to the market, they all go through their main sales life cycle (be it a year, or ten, as we see is possible in free-to-play, or anywhere in between), and we have to think of new games and make new games in order to keep our players entertained. We also have to figure out how do we attract the players to our existing games and how do we bring them back when we launch new games. The performance of individual games and their sales trajectory can create short-term distortion in the quarterly results. Strong seasonality creates further distractions. A successful video game company is one that is capable to go through this game and seasonal cycles over and over again, coming out stronger each time. A smart video game industry investor would be one who understands how the industry and the demand for games works, sees beyond the cyclicity and seasonality, and accepts the mood swings of the market caused by these. The distinguishing factor of a successful video game company is therefore consistency in producing outstanding games within its market niche, and consistency in achieving growth over a long time.

San Francisco, November 6th, 2018

Vlad Suglobov
CEO, co-founder

JULY - SEPTEMBER

REVENUE AND GROSS PROFIT

Revenue amounted to SEK 341.9 M (268.3). Revenue increased by 27 per cent compared to the same period in 2017.

Cost of revenue increased by 21 per cent to SEK 164.3 M (136.3). Cost of revenue includes commission to the distributors (Apple App Store, Google Play, Amazon App-store, 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 10 per cent compared to the same period in 2017. Royalties grew slower than revenue, the main factor being that The Secret Society was purchased. From the middle of the first quarter no royalty is paid on the game.

Gross margin for the period was 52 per cent (49). Gross profit for the quarter increased by 35 per cent and was SEK 177.6 M (132.0).

OPERATIONAL COSTS

Costs for research and development were SEK 41.1 M (21.4) 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 95.9 M (69.4). Sales and marketing is primarily affected by the costs

for user acquisition. During the quarter the cost for user acquisition was SEK 90.3 M (64.8). Cost for user acquisition as a percentage of sales was 26 per cent, compared to 24 per cent in the same period in 2017. Sales and marketing, excluding user acquisition, increased to SEK 5.6 M (4.6).

General and administrative costs amounted to SEK 14.3 M (12.0) Other operating income amounted to SEK -0.8 M (-8.2) and other operating expenses amounted to SEK -0.2 M (-4.8). Together they amounted to SEK -1.0 M (-3.4), 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 26.3 M (12.6). Capitalization of intangible assets amounted to SEK 30.4 M (17.0). Write-downs during the quarter amounted to SEK 2.8 M (1.8). Net capitalization on intangible assets amounted to SEK 5.1 M (5.1).

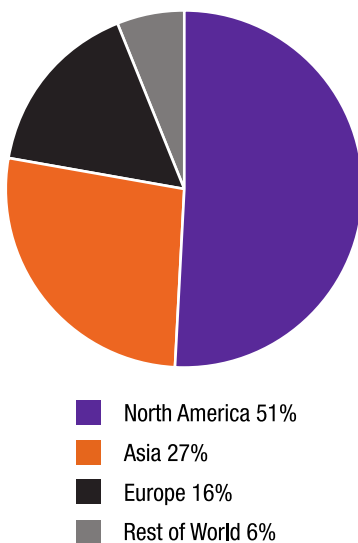
Earnings before interest and taxes (EBIT) were SEK 25.3 M (32.6), corresponding to an EBIT margin of 7.4 per cent (12.2).

NET PROFIT

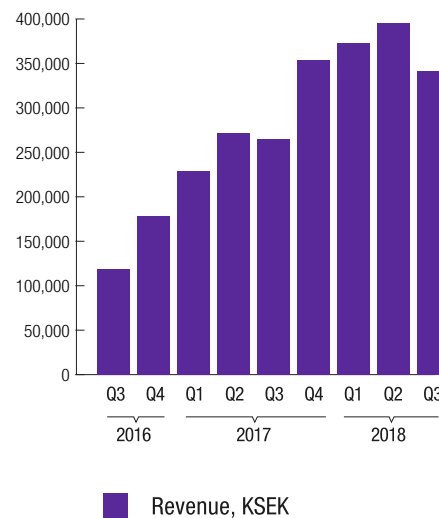
Net profit was marginally affected by financial items. Tax affected the result with SEK -2.5 M (-4.8).

Net profit amounted to SEK 22.7 M (27.9) which equals an earnings per share, before dilution, of SEK 2.54 (3.17).

**REVENUE BREAKDOWN BY GEOGRAPHY
THIRD QUARTER 2018**



QUARTERLY REVENUE



OPERATIONAL METRICS

In the quarter the average Monthly Active Users (MAU) increased with 10 per cent compared to 2017 while Daily Active Users (DAU) increased 13 per cent compared to 2017. Monthly Unique Users increased 10 per cent compared to 2017.

Average Monthly Unique Payers (MUP) increased with 5 per cent compared to 2017 and their average monthly spend, Monthly Average Gross Revenue Per Paying User (MAGRPPU) increased 10 per cent from the same period in 2017.

| F2P | Q3 '18 | Q3 '17 | CHANGE |
|-------------------------|--------|--------|--------|
| Average MAU (mn) | 8.0 | 7.3 | 10% |
| Average MUP (thousands) | 286.1 | 273.1 | 5% |
| Average MUU (mn) | 6.9 | 6.3 | 10% |
| Average MAGRPPU (USD) | 44.2 | 40.1 | 10% |
| Average DAU (mn) | 2.0 | 1.7 | 13% |

For detailed definitions of the operational metrics see the glossary on page 16 of the report.

RELEASES DURING THE QUARTER

There were no significant releases during the quarter

JANUARY-SEPTEMBER

REVENUE AND GROSS PROFIT

Revenue increased with 42 per cent compared to the same period in 2017, driven by the growth of the group's free-to-play-games. Revenue amounted to SEK 1,109.3 M [778.7].

The group's cost of revenue was SEK 541.6 M (400.1). Gross profit amounted to SEK 567.7 M (378.6), an increase of 50 per cent compared to the same period in 2016. Gross margin was 51 per cent (49).

OPERATING COSTS

Operating costs increased with 51 per cent compared to the same period in 2017. User acquisition increased to SEK 281.4 M (195.1). Excluding costs for user acquisition the operating costs amounted to SEK 161.5 M (97.8).

The operational costs were impacted by depreciation and amortization of SEK 67.8 M (38.3) and write-downs of SEK 3.2 M (2.0).

Other operating income and costs impacted the period negatively with SEK -1.4 M (7.6), primarily attributed to exchange rate differences on operational assets and liabilities related to balance sheet items in the parent company.

EBIT

EBIT was SEK 124.8 M (85.8) and the EBIT-margin was 11 per cent (11) for the period.

NET PROFIT

Net profit was marginally affected by financial items. Tax affected the result with SEK -13.1 M (-10.2) corresponding to an effective tax rate of 10 per cent (12).

Net profit amounted to SEK 111.8 M (75.6) which is corresponding to earnings per share of SEK 12.58 (8.59).

CASH FLOW

During the third quarter, the group had an operating cash flow before changes in working capital of SEK 46.0 M (44.5) of which tax payments amounted to SEK -8.3 M (2.2), primarily related to Malta. Changes in working capital impacted the cash flow with SEK -23.2 M (3.0), of which SEK -7.3 M (0.0) is related to VAT payments in Japan from the years 2015/2016. Capitalized development expenses impacted the cash flow negatively with SEK -30.4 M (-17.0) and payments for purchased games amounted to SEK -5.6 M (0.0).

Cash flow before financing activities amounted to SEK -14.3 M (29.9). Premium paid and repurchase of issued warrants impacted with SEK 4.4 M (1.6). Cash flow for the quarter amounted to SEK -9.9 M (31.5)

For the interim period cash flow before changes in working capital amounted to SEK 185.4 (107.3). Cash flow amounted to SEK 4,3 (29.6).

Available cash on September 30, 2018 amounted to SEK 97.5 M (98.7).

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 186.2 M (105.5). A part of the increase is related to the purchase of The Secret Societ. 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 | SEP 30 2018 | SEP 30 2017 |
|------------------------------|-------------|-------------|
| Released games | 156.0 | 87.3 |
| Not released games | 30.1 | 18.2 |
| Net value of games portfolio | 186.2 | 105.5 |

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 2.8 M (1.8) were made.

Consolidated equity amounted to SEK 322.1 M (218.1), which equals SEK 36.6 per share (24.8) and the equity/asset ratio is 64 per cent (61).

Cash on hand amounted to SEK 97.5 M (98.7)

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

OUTLOOK

G5 Entertainment does not publish forecasts.

WARRANTS

During the third quarter a total of 64,150 new shares were issued as a result of the subscription of warrants issued under an employee stock option plans adopted at the Annual General Meeting on 20 May 2015. The total number of shares in G5 Entertainment AB (publ) as of September 30, 2018 amounts to 8,983,850 shares.

As one share entitles one (1) vote, the total number of votes in the company after the issue amounts to 8,983,850 votes.

EXTRAORDINARY GENERAL MEETING

G5 Entertainment will hold an extraordinary general meeting on Wednesday the 7th of November, 2018 at 7A Conference centre, Strandvägen 7, Stockholm.

NOMINATION COMMITTEE

In accordance with the resolution of the Annual General Meeting 2018, a Nomination Committee has been appointed consisting of representatives of the five largest-shareholders at the end of August. The nomination committee consists of the following members:

- Marianne Flink, Chairman (representing Swedbank Robur Fonder)
- Jeffrey Rose (representing Wide Development Limited)
- Petter Nylander, Chairman of the Board (representing Purple Wolf Limited)
- Sergey Shults (representing Proxima Limited)
- Tommy Svensk (representing Tommy Svensk)

Shareholders wishing to submit proposals to G5 Entertainment's nomination committee may do so by mail to G5 Entertainment AB (publ), Birger Jarlsgatan 18, 114 34 Stockholm, Sweden or by e-mail to nomination@g5e.com.

Please note that proposals must be received by the nomination committee by February 1, 2019.

THE SECRET SOCIETY

The total purchase price paid for TSS was adjusted downward during the period to the final sum of SEK 37.5 M. Such adjustment was made consistent with the terms of the confidential settlement agreement between the parties. The settlement is now complete and the balance sheet was adjusted accordingly. The impact on net income statement was not material.

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 2017 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 2017.

UPCOMING REPORT DATES

| | |
|-----------------------------|-------------------|
| Year-end report 2018 | February 13, 2019 |
| Interim report Jan-Mar 2019 | May 3, 2019 |
| Annual General Meeting | May 8, 2019 |
| Interim report Jan-Jun 2019 | July 30, 2019 |
| Interim report Jan-Sep 2019 | Nov 5, 2019 |
| Year-end report 2019 | February 12, 2020 |

TELECONFERENCE

On November 6th, 2018 at 08.00 CET, CEO Vlad Suglov 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 Suglovov, 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 November 5th, 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 Suglovov
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 November 06, 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.

REVIEW REPORT

(Translation from Swedish original)

G5 Entertainment AB corp. reg. no. 556680-8878

Auditor's review report for interim financial information in summary (interim report) prepared in accordance with IAS 34 and Chapter 9 of the Swedish Annual Accounts Act.

INTRODUCTION

We have reviewed the condensed interim financial information (interim report) of G5 Entertainment AB as of 30 September 2018 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

SCOPE OF REVIEW

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. The conclusion expressed based on a review does not have the same level of certainty as a review based on an audit.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Stockholm, November 5, 2018

Pricewaterhouse Coopers AB

Aleksander Lyckow
Authorized Public Accountant

INCOME STATEMENT – GROUP

| KSEK | Jul-Sep 2018 | Jul-Sep 2017 | Jan-Sep 2018 | Jan-Sep 2017 | Oct-Sep -17/-18 | 2017 |
|---|-----------------|-----------------|-----------------|-----------------|--------------------|----------------|
| Net turnover | 341,867 | 268,267 | 1,109,335 | 778,683 | 1,466,143 | 1,135,491 |
| Cost of revenue | -164,300 | -136,277 | -541,614 | -400,081 | -719,241 | -577,709 |
| Gross profit | 177,568 | 131,990 | 567,721 | 378,602 | 746,901 | 557,782 |
| Research and Development expenses | -41,102 | -21,358 | -100,120 | -59,307 | -124,433 | -83,619 |
| Sales and Marketing expenses | -95,920 | -69,379 | -297,202 | -207,803 | -421,764 | -332,364 |
| General and Administrative expenses | -14,293 | -12,009 | -44,182 | -33,294 | -60,687 | -49,798 |
| Other operating income | -830 | 8,160 | -713 | 15,531 | -1,648 | 14,319 |
| Other operating expenses | -161 | -4,778 | -685 | -7,929 | 2,366 | -4,602 |
| Operating result | 25,262 | 32,627 | 124,818 | 85,800 | 140,736 | 101,718 |
| Financial income | 0 | 10 | 0 | 18 | 124 | 143 |
| Financial expenses | 0 | -7 | -2 | -7 | -2 | -7 |
| Operating result after financial items | 25,262 | 32,631 | 124,817 | 85,812 | 140,858 | 101,853 |
| Taxes | -2,540 | -4,771 | -13,063 | -10,248 | -15,369 | -12,553 |
| Net result for the period | 22,722 | 27,859 | 111,753 | 75,564 | 125,489 | 89,300 |
| Attributed to: | | | | | | |
| Parent company's shareholders | 22,722 | 27,859 | 111,753 | 75,564 | 125,489 | 89,300 |
| Earnings per share | | | | | | |
| Weighted average number of shares before dilution (thousands) | 8,956 | 8,800 | 8,884 | 8,800 | 8,893 | 8,800 |
| Weighted average number of shares after dilution (thousands) | 9,086 | 9,183 | 9,014 | 9,183 | 9,023 | 9,183 |
| Earnings per share (SEK), before dilution | 2.54 | 3.17 | 12.58 | 8.59 | 14.11 | 10.15 |
| Earnings per share (SEK), after dilution | 2.50 | 3.03 | 12.40 | 8.23 | 13.91 | 9.73 |

STATEMENT OF COMPREHENSIVE INCOME – GROUP

| KSEK | Jul-Sep 2018 | Jul-Sep 2017 | Jan-Sep 2018 | Jan-Sep 2017 | Oct-Sep -17/-18 | 2017 |
|--|-----------------|-----------------|-----------------|-----------------|--------------------|----------------|
| Net result for the period | 22,722 | 27,859 | 111,753 | 75,564 | 125,489 | 89,300 |
| Items that later can be reversed in profit | | | | | | |
| Hedging of net investments, net after tax | - | -1,529 | - | -3,108 | -1,529 | -3,108 |
| Foreign currency translation differences | 1,746 | -3,998 | 9,577 | -10,599 | 2,506 | -11,926 |
| Total other comprehensive income for the period | 1,746 | -5,527 | 9,577 | -13,707 | 977 | -15,034 |
| Total comprehensive income for the period | 24,468 | 22,332 | 121,330 | 61,857 | 126,466 | 74,266 |
| Attributed to: | | | | | | |
| Parent company's shareholders | 24,468 | 22,332 | 121,330 | 61,857 | 126,466 | 74,266 |

BALANCE SHEET – GROUP

| KSEK | Sep 30 2018 | Sep 30 2017 | Dec 31 2017 |
|---|------------------------|------------------------|------------------------|
| Fixed assets | | | |
| Intangible fixed assets | | | |
| Capitalized development expenses (Note 2) | 186,188 | 105,528 | 115,432 |
| Goodwill | - | 2,290 | - |
| | 186,188 | 107,818 | 115,432 |
| Tangible fixed assets | | | |
| Equipment | 10,161 | 7,588 | 8,176 |
| | 10,161 | 7,588 | 8,176 |
| Deferred tax receivable | 54,509 | 25,396 | 25,993 |
| Total non-current assets | 250,858 | 140,802 | 149,601 |
| Current assets (Note 3, 5) | | | |
| Accounts receivable | 40,901 | 0 | 39,970 |
| Tax receivable | 9,032 | 480 | 9,439 |
| Other receivables | 2,824 | 10,815 | 10,654 |
| Prepaid expenses and accrued income | 98,964 | 103,835 | 122,911 |
| Cash and cash equivalents | 97,486 | 98,712 | 91,194 |
| Total current assets | 249,207 | 213,842 | 274,169 |
| TOTAL ASSETS | 500,065 | 354,644 | 423,770 |
| Equity | 322,128 | 218,069 | 230,478 |
| Deferred tax liabilities | 4,829 | 4,591 | 7,641 |
| Total non-current liabilities | 4,829 | 4,591 | 7,641 |
| Current liabilities (Note 5) | | | |
| Accounts payable | 17,314 | 18,391 | 9,289 |
| Other liabilities | 3,941 | 10,237 | 9,221 |
| Tax liabilities | 65,931 | 21,902 | 32,818 |
| Accrued expenses | 85,923 | 81,454 | 134,322 |
| Total current liabilities | 173,109 | 131,984 | 185,650 |
| TOTAL EQUITY AND LIABILITIES | 500,065 | 354,644 | 423,770 |

STATEMENT OF CHANGES IN SHAREHOLDER EQUITY – GROUP

| KSEK | Share capital | Other capital contribution | Other reserves | Profit/loss brought forward | Shareholders' equity |
|--|---------------|----------------------------|----------------|-----------------------------|----------------------|
| Shareholders' equity as of 2017-01-01 | 880 | 54,316 | 16,566 | 89,407 | 161,169 |
| Dividend | | | | -6,600 | -6,600 |
| Premiums warrant program | | 1,643 | | | 1,643 |
| Net result for the period | | | | 75,564 | 75,564 |
| Total other comprehensive income | | | -13,707 | | -13,707 |
| Total comprehensive income for the period | | | -13,707 | 75,564 | 61,857 |
| Shareholders' equity as of 2017-09-30 | 880 | 55,959 | 2,859 | 158,371 | 218,069 |
| Shareholders' equity as of 2018-01-01 | 880 | 55,959 | 1,532 | 172,107 | 230,478 |
| Dividend | | | | -22,224 | -22,224 |
| Repurchase and premium for warrant programs | 18 | -7,474 | | | -7,456 |
| Net result for the period | | | | 111,753 | 111,753 |
| Total other comprehensive income | | | 9,577 | | 9,577 |
| Total comprehensive income for the period | | | 9,577 | 111,753 | 121,330 |
| Shareholders' equity as of 2018-09-30 | 898 | 48,485 | 11,109 | 261,636 | 322,128 |

CASH FLOW STATEMENT – GROUP

| KSEK | Jul-Sep 2018 | Jul-Sep 2017 | Jan-Sep 2018 | Jan-Sep 2017 | Oct-Sep -17/-18 | 2017 |
|--|-----------------|-----------------|-----------------|-----------------|--------------------|----------------|
| Cash flow from operating activities | | | | | | |
| Profit after financial items | 25,262 | 32,630 | 124,817 | 85,812 | 140,858 | 101,853 |
| Adjusting items not included in cash flow | 29,065 | 14,014 | 71,008 | 33,381 | 81,899 | 44,272 |
| | 54,327 | 46,644 | 195,825 | 119,193 | 179,234 | 146,125 |
| Taxes paid | -8,316 | -2,159 | -10,458 | -11,925 | -9,980 | -11,447 |
| Cash flow before changes in working capital | 46,011 | 44,485 | 185,367 | 107,268 | 167,978 | 134,678 |
| Cash flow from changes in working capital | | | | | | |
| Change in operating receivables | 18,032 | 2,438 | 9,223 | -51,736 | -28,151 | -89,110 |
| Change in operating liabilities | -41,202 | 606 | -49,851 | 29,879 | 224 | 79,954 |
| Cash flow from operating activities | 22,841 | 47,529 | 144,739 | 85,411 | 154,489 | 125,522 |
| Investing activities | | | | | | |
| Investment in fixed assets | -1,149 | -616 | -5,567 | -3,480 | -7,008 | -4,921 |
| Investment in intangible assets | -5,589 | - | -17,385 | - | -40,485 | -23,100 |
| Capitalized development expenses | -30,391 | -17,036 | -87,802 | -47,334 | -110,797 | -70,329 |
| Cash flow from investing activities | -37,129 | -17,652 | -110,754 | -50,814 | -158,290 | -98,350 |
| Financing activities | | | | | | |
| Dividend | - | - | -22,224 | -6,600 | -22,224 | -6,600 |
| Premium/repurchase of issued warrants | 4,429 | 1,643 | -7,456 | 1,643 | -7,456 | 1,643 |
| Cash flow from financing activities | 4,429 | 1,643 | -29,680 | -4,957 | -7,783 | -4,957 |
| CASH FLOW | -9,859 | 31,520 | 4,305 | 29,640 | -3,120 | 22,215 |
| Cash at the beginning of the period | 107,611 | 67,366 | 91,194 | 70,584 | 98,712 | 70,584 |
| Cash flow | -9,859 | 31,520 | 4,305 | 29,640 | -3,120 | 22,215 |
| Exchange rate differences | -266 | -174 | 1,987 | -1,512 | 1,894 | -1,605 |
| CASH AT THE END OF THE PERIOD | 97,486 | 98,712 | 97,486 | 98,712 | 97,486 | 91,194 |

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 2017. 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 2017.

The interim report is on pages 1–14, and pages 1–6 are thus an integrated part of this financial report.

CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

G5 Entertainment has initially adopted IFRS 15 as from 1 January 2018. A number of other new standards are effective from 1 January 2018 but they do not have a material effect on the Group's financial statements.

G5 Entertainment adopted IFRS 15 with a date of initial application of 1 January 2018 and applied this standard using the full retrospective approach. This means that any cumulative impact of the adoption is to be recognized in the retained earnings as of 1 January 2017 and that the comparable information is to be restated if impacted. In this context it should be noted that there is no impact of the adoption on the balance sheet and profit and loss account.

NOTE 2 – CAPITALIZED DEVELOPMENT EXPENSES

| KSEK | Jul-Sep 2018 | Jul-Sep 2017 | Jan-Sep 2018 | Jan-Sep 2017 | Oct-Sep -17/-18 | 2017 |
|---------------------------------------|-----------------|-----------------|-----------------|-----------------|--------------------|----------------|
| At the beginning of the period | 202,345 | 106,762 | 115,432 | 109,104 | 105,528 | 109,104 |
| Investments ¹ | 14,262 | 17,036 | 125,336 | 47,334 | 148,332 | 70,329 |
| Write-downs | -2,795 | -1,840 | -3,235 | -1,998 | -5,418 | -4,181 |
| Amortization | -25,286 | -11,914 | -65,085 | -36,563 | -77,520 | -48,998 |
| Net change during the period | -13,819 | 3,282 | 57,017 | 8,773 | 65,393 | 17,150 |
| Currency exchange differences | -2,338 | -4,516 | 13,739 | -12,350 | 15,267 | -10,822 |
| At the end of the period | 186,188 | 105,528 | 186,188 | 105,528 | 186,188 | 115,432 |

¹Investments for Jan-Sep 2018 include the capitalization of The Secret Society amounting to SEK 37.5 M. In the period Jul-Sep a reduction of the investment in The Secret Society was made, impacting investments negatively with SEK 16.1 M. Adjusting for this effect the investments would have been SEK 30.4 M.

NOTE 3 – OTHER RECEIVABLES

Other receivables include SEK 1,1 M (0.3) 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.

The Group has made a thorough review of the contracts that are signed with each application store, the potential impact on the revenue recognition through the new standard and assessed further performance obligations deriving from the in-app purchases made in the Groups free-to-play games. The Group has come to the conclusion that the virtual goods purchased in the games are consumables and that no further performance obligation is present after the good as been delivered to the customer. The implementation has therefore not impacted the Groups revenue recognition.

IFRS 16, 'Leases' supersedes IAS 17 Leases. It will result in almost all leases being recognized on the balance sheet for G5 Entertainment as lessee, as the distinction between operating and finance leases has been removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are to be recognized. The only exceptions are short-term and low-value leases. The standard is mandatory for financial years commencing on or after 1 January 2019.

The standard will affect the accounting for the Group's operating leases, which, for G5 Entertainment, almost exclusively is related to rent of offices. Use Asset will equal the lease liability per the transition date. For the calculation of the lease liability the discount rates as at 1 January 2019 will be used.

At this stage, the Group is not able to quantify the impact of the new rules on the Group's financial statements.

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 | Jul-Sep 2018 | Jul-Sep 2017 | Jan-Sep 2018 | Jan-Sep 2017 | Oct-Sep -17/-18 | 2017 |
|---|-----------------|-----------------|-----------------|-----------------|--------------------|----------------|
| Net turnover | 341,867 | 268,267 | 1,109,335 | 778,637 | 1,466,143 | 1,135,445 |
| Cost of revenue | -247,815 | -182,635 | -781,183 | -547,339 | -1,014,926 | -781,082 |
| Gross profit | 94,053 | 85,632 | 328,152 | 231,298 | 451,216 | 354,363 |
| Research and development expenses | -60 | -2 | -111 | -82 | -172 | -143 |
| Sales and Marketing expenses | -15,082 | -23,669 | -56,959 | -40,939 | -91,086 | -75,066 |
| General and administrative expenses | -86,429 | -50,851 | -255,861 | -179,985 | -352,619 | -276,743 |
| Other operating income | -1,679 | 817 | 5,544 | 817 | 4,728 | 9,948 |
| Other operating expenses | 498 | 2,600 | -6,725 | 7,196 | -3,973 | 0 |
| Operating result | -8,700 | 14,526 | 14,040 | 18,304 | 8,094 | 12,358 |
| Financial income | 0 | -3,054 | -7,311 | -5,269 | 20,380 | 18,661 |
| Financial expenses | 0 | -7 | -2 | -7 | -2 | -7 |
| Operating result after financial items | -8,700 | 11,465 | 6,727 | 13,028 | 28,471 | 31,012 |
| Taxes | 1,783 | -2,523 | -1,613 | -2,866 | -1,163 | -1,589 |
| Net result for the period | -6,917 | 8,942 | 5,114 | 10,162 | 27,308 | 29,422 |

STATEMENT OF COMPREHENSIVE INCOME – PARENT COMPANY

| KSEK | Jul-Sep 2018 | Jul-Sep 2017 | Jan-Sep 2018 | Jan-Sep 2017 | Oct-Sep -17/-18 | 2017 |
|--|-----------------|-----------------|-----------------|-----------------|--------------------|---------------|
| Net result for the period | -6,917 | 8,942 | 5,114 | 10,162 | 27,308 | 29,422 |
| 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 | -6,917 | 8,942 | 5,114 | 10,162 | 27,308 | 29,422 |

BALANCE SHEET - PARENT COMPANY

| KSEK | Sep 30 2018 | Sep 30 2017 | Dec 31 2017 |
|-------------------------------------|------------------------|------------------------|------------------------|
| Fixed assets | | | |
| Financial fixed assets | | | |
| Shares in group companies | 70 | 70 | 70 |
| Deferred tax assets | - | - | - |
| Receivables from group companies | - | - | - |
| | 70 | 70 | 70 |
| Current assets | | | |
| Account receivables | 40,901 | 0 | 39,970 |
| Receivables from group companies | 9,062 | 1,432 | 8,428 |
| Tax receivables | 1,984 | - | 1,477 |
| Other receivables | 276 | 8,891 | 8,572 |
| Prepaid expenses and accrued income | 92,126 | 103,081 | 98,540 |
| Cash and cash equivalents | 79,371 | 88,285 | 64,650 |
| Total current assets | 223,720 | 201,689 | 221,637 |
| TOTAL ASSETS | 223,790 | 201,759 | 221,707 |
| Restricted equity | | | |
| Share capital | 880 | 880 | 880 |
| Non-restricted equity | | | |
| Share premium reserve | 55 916 | 55 916 | 55 916 |
| Profit/Loss carried forward | 62 303 | 57 164 | 57 151 |
| Net result for the period | 5 114 | 10 162 | 29 422 |
| Total equity | 124 213 | 124 121 | 143 369 |
| Current liabilities | | | |
| Accounts payable | 915 | 515 | 1,336 |
| Tax Liability | - | 0 | - |
| Liability to group companies | 94,982 | 64,350 | 50,491 |
| Other liability | 346 | 6,446 | 10,471 |
| Accrued expenses | 3,333 | 6,327 | 16,039 |
| Total current liabilities | 99,576 | 77,638 | 78,338 |
| TOTAL EQUITY AND LIABILITIES | 223,790 | 201,759 | 221,707 |

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 (DAU) 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) 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.