

The logo features the number '5' inside a blue circle, with the word 'GAMES' written in white capital letters below it. The entire logo is set against a vibrant, multi-colored galaxy background. A large, glowing orange planet is visible in the top left corner, and the blue and white horizon of the Earth is seen in the bottom right corner.

G5[®] GAMES

G5 ENTERTAINMENT AB
YEAR-END REPORT 2018

YEAR-END REPORT 2018

OCTOBER – DECEMBER

- Revenue for the period was SEK 340.7 M (356.8), a decrease of 5 per cent compared to 2017.
- EBIT for the period was SEK 18.6 M (15.9), an increase of 17 per cent compared to 2017.
- Net result for the period was SEK 17.1 M (13.7).
- Earnings per share for the period, before dilution, was SEK 1.90 (1.56).
- Cash flow amounted to SEK 40.7 M (-7.4).
- For the free-to-play games the average Monthly Active Users (MAU) was 8.1 million, a decrease of 10 per cent compared to the same period in 2017. Average Monthly Unique Payers (MUP) was 275.4 thousand, a decrease of 17 per cent and average Daily Active Users (DAU) was 2.0 million, a decrease of 3 per cent compared to the same period in 2017. Average Monthly Average Gross Revenue Per Paying User (MAGRPPU) was USD 44.7, an increase of 5 per cent from the same period last year.
- The Board proposes a dividend of SEK 2.5 (2.5) per share.

FINANCIAL KEY RATIOS

KSEK	Oct-Dec 2018	Oct-Dec 2017	Change %	2018	2017	Change %
Revenue	340,690	356,808	-5%	1,450,025	1,135,491	28%
Commission to distributors ¹	-103,990	-108,136	-4%	-440,378	-342,895	28%
Royalty to external developers ²	-57,446	-69,492	-17%	-262,671	-234,814	12%
Gross profit	179,255	179,180	0%	746,976	557,782	34%
Gross margin	53%	50%		52%	49%	
Operating costs excluding costs for user acquisition	-64,429	-43,443	48%	-225,952	-141,194	60%
EBIT excluding costs for user acquisition	114,826	135,737	-15%	521,024	416,588	25%
EBIT margin before costs for user acquisition	34%	38%		36%	37%	
Costs for user acquisition ³	-96,196	-119,819	-20%	-377,576	-314,870	20%
Costs for user acquisition as percentage of revenue	-28%	-34%		-26%	-28%	
EBIT	18,630	15,917	17%	143,448	101,718	41%
EBIT margin (%)	5.5%	4.5%		9.9%	9.0%	
Earnings per share before dilution	1.90	1.56	22%	14.45	10.15	42%
Cash flow before financing activities	40,718	-7,425		74,703	27,172	
Cash and cash equivalents	138,531	91,194		138,531	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:

RECORD YEAR



2018 was a record-setting year for G5. Players have spent 700 Million hours playing G5 games in 2018. The group had record revenue of 1.5 BSEK and record earnings of 143 MSEK, and free cash flow was also record at 45 MSEK. The Board is going to recommend to the general meeting to pay the dividend of 2.5 SEK per share this year, and the group is well positioned to continue to deliver shareholder value: G5 has no debt, it is consistently profitable and cash flow positive and we are committed to managing the company this way.

While revenue grew by 28% year-over-year, which is above the market growth rate, earnings have increased at the rate of 42%, due to the leverage of our business model. This happened even as we have dramatically increased our R&D team size during the year. The earnings margin has also expanded, as expected, from 9% in 2017 to 10% in 2018.

With the revenue CAGR (compound average growth rate) of 59% over the last 5 years, G5 is one of Sweden's fastest and most consistently growing technology companies and is the only one that is continuously rated in Deloitte's Fast 50 Technology companies for 6 years in a row.

G5 is a global business that is competitive on the world scale. The group has offices in five countries and sells its games worldwide. About half of all sales in 2018 came from North America, almost one third came from Asia (mostly Japan), and 16% from Europe.

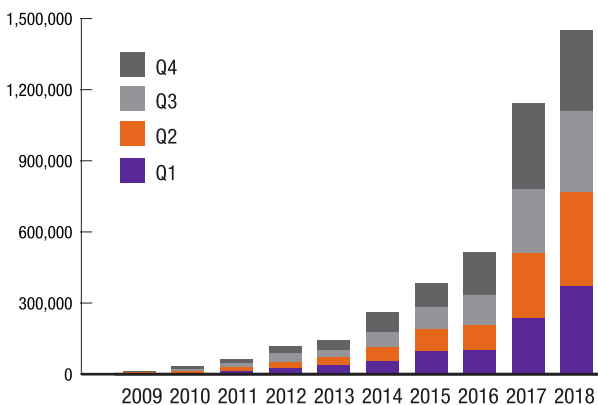
FUNDAMENTALLY STRONG

The management is committed to developing G5 in a sustainable way. The group has zero debt, it is profitable, has positive cash flow and returns capital to shareholders through dividends, while funding the evolution of its existing game portfolio and the development of new games. G5 has strong return on equity and total assets compared to our mobile gaming peers: 27% and 37%, respectively.

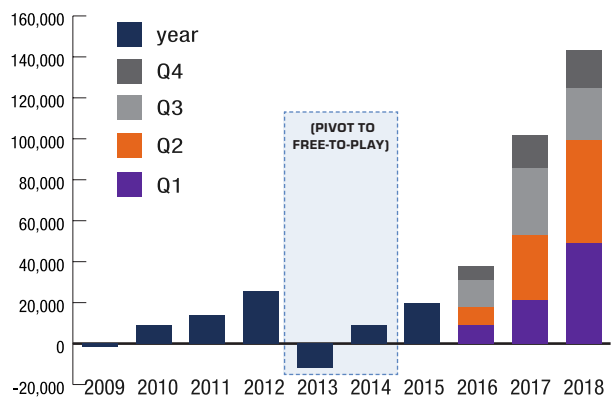
The market of mobile games, on which the company operates, is more mature now than when G5 has started its mobile game publishing business, but it is still growing strong and is considered the fastest-growing area of the overall videogames market. The market for mobile games is forecast to grow on average by 13% every year in the next 3 years.

Looking at the charts that show our financial results over the last 10 years one may get the impression that it was a non-stop smooth growth situation. Although on average we grew by 60% every year during these 10 years,

REVENUE KSEK



EBIT KSEK



growth rates have fluctuated between -9% (in Q3'13) and 470% (in Q4 '10) year-over-year in a given quarter. There were accelerations and there were slowdowns along the way while we implemented our strategy of managing a portfolio of games and running as far as we can with the best performing games in the portfolio. The strategy remains the same, and the situation we are facing now is not new, and our focus remains on managing our portfolio and creating new growth drivers and financial successes that will take G5 to the next level.

On a side note, there are since recently ongoing discussions around the idea that electronic game store fees on PC and also mobile should be reduced in the future. There is increasing pressure and competition to do so, and some electronic stores started lowering their "standard" fees of 30% for games that have achieved certain sales results, and some stores drop their fees halfway for subscriptions if a user has been subscribed for over one year. These are encouraging signs, and if this trend develops on mobile platforms, all mobile game publishers including G5 will benefit from improved profit margins. Store fees is the single largest item of our expenses which currently stands at 30% of the company's revenue, while our EBIT-margin in 2018 was 10%.

WORKING ON GROWTH DRIVERS FOR 2019 AND BEYOND

The group's revenue concentration has slightly improved in 2018 compared to 2017, and the revenue from internally-developed games has achieved record levels with Mahjong Journey, Homicide Squad, and Pirates & Pearls being the highlights of the portfolio. Hidden City currently

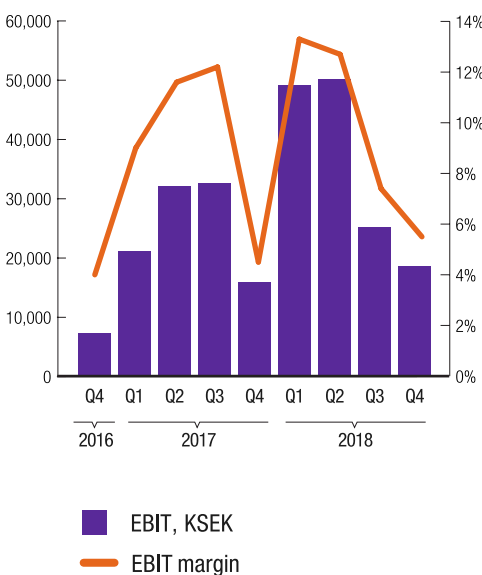
remains the largest game in the portfolio by monthly revenue, and in the short term G5's top-line dynamic remains more dependent on this game's performance than on the performance of other games. Although no longer a fast-growing game, Hidden City is going strong and has a loyal audience of players looking to continue the adventure. The developer of the game and G5 will continue to take great care of the game and bring the best hidden object game experience to the players. The game is a big hit and an amazing financial success. It is going to have a long tail of sales that will generate profits for G5 for many years to come.

As we enter 2019, we do not expect to set new revenue records in the first half of the year. We will focus on earnings, however the increase in our R&D costs year-over-year will not allow us to set any records in earnings in the first half of the year, too. Our goal during this time is to continue evolving existing games in our portfolio and bringing new games to the market, with the aim to improve the group's performance in the second half of 2019.

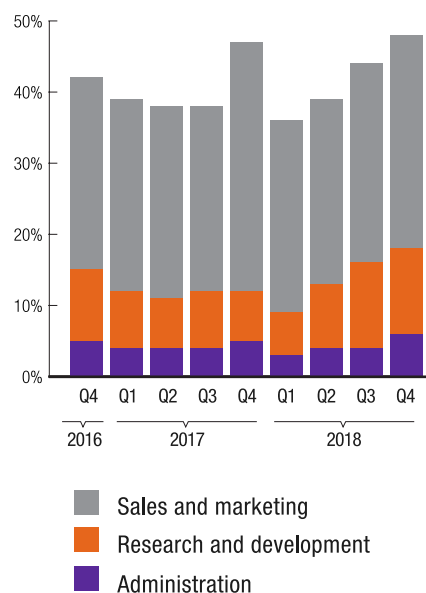
We will critically review all games we have on the market and in development. Our development teams are stronger than ever as we have attracted many bright and talented engineers, artists, and designers in the last two years as our staff increased from 300 to 559.

We will focus our teams and their efforts on those existing and new games that have the best potential to make an impact on our top-line and earnings. We want to learn to "fail faster" in order to try new game ideas more often without increasing our R&D spend and resources. We

EBIT (KSEK) | EBIT-MARGIN (%)



COSTS IN % OF REVENUE



will also start new game projects this year for release in 2020.

The continued growth of Homicide Squad over many months and strong sales of Mahjong Journey make these games stand out in our existing portfolio. We will continue to evolve these games and expect them to perform well in 2019. We also have some good shots at achieving financial success in our development pipeline. These new games in development for release in 2019 build upon the technology and game play foundation we have created earlier and have special emphasis on an engaging story line and immersive meta-mechanics, not unlike the best games on the market in the corresponding genres. We develop these games internally, and should any of these games become the next big hit, it will have a profound effect on the group's revenue and earnings.

We are entering 2019 as much larger, fundamentally strong, financially sustainable and well-managed global business that returns capital to shareholders. As game developer and publisher, G5 has a track record of creating hit games with long tail of sales as a result of its portfolio approach to game development. We will continue to pursue this strategy by evolving our existing game portfolio for growth and releasing new games, aiming to create hits that will dramatically improve the company's results.

San Francisco, February 12th, 2019

Vlad Suglobov
CEO, co-founder

OCTOBER-DECEMBER

REVENUE AND GROSS PROFIT

Revenue amounted to SEK 340.7 M (356.8). Revenue decreased by 5 per cent compared to the same period in 2017.

Cost of revenue decreased by 9 per cent to SEK 161.4 M (177.6). 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 decreased by 17 per cent compared to the same period in 2017. Royalties grew slower than revenue, the main factor being that The Secret Society was purchased as well as higher share of revenue coming from own games.

Gross margin for the period was 53 per cent (50). Gross profit for the quarter was flat compared to 2017 and was SEK 179.3 M (179.2).

OPERATIONAL COSTS

Costs for research and development were SEK 40.4 M (24.3) during the period. The increase in costs for research and development is primarily driven by an increase in amortization and development on non-capitalizable projects.

Sales and marketing decreased to SEK 102.6 M (124.6). Sales and marketing is primarily affected by the costs for user acquisition. During the quarter the cost for user

acquisition was SEK 96.2 M (119.8). Cost for user acquisition as a percentage of sales was 28 per cent, compared to 34 per cent in the same period in 2017. Sales and marketing, excluding user acquisition, increased to SEK 6.4 M (4.7).

General and administrative costs amounted to SEK 19.3 M (16.5), during the quarter a settlement of SEK 2,3 M was paid. Other operating income amounted to SEK 1.9 M (-1.5) and other operating expenses amounted to SEK -0.2 M (3.6). Together they amounted to SEK 1.7 M (2.1), 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 23.9 M (13.1). Capitalization of intangible assets amounted to SEK 28.2 M (23.0). Write-downs during the quarter amounted to SEK 1.3 M (2.2). Net capitalization on intangible assets amounted to SEK 5.4 M (10.6).

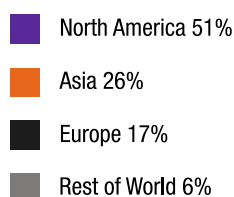
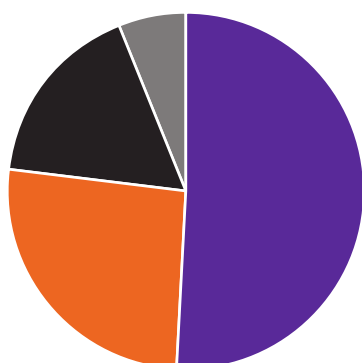
Earnings before interest and taxes (EBIT) were SEK 18.6 M (15.9), corresponding to an EBIT margin of 5.5 per cent (4.5).

NET PROFIT

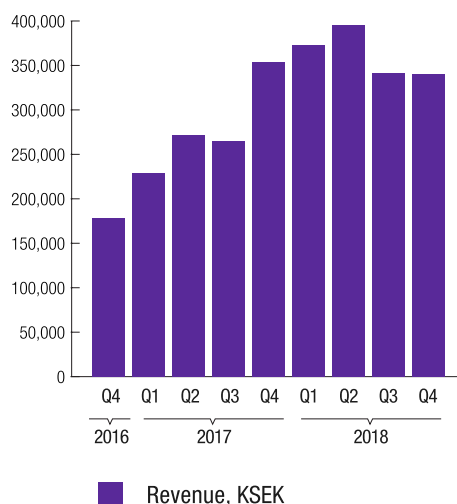
Net profit was marginally affected by financial items. Tax affected the result with SEK -1.7 M (-2.3).

Net profit amounted to SEK 17.1 M (13.7) which equals an earnings per share, before dilution, of SEK 1.90 (1.56).

REVENUE BREAKDOWN BY GEOGRAPHY FOURTH QUARTER 2018



QUARTERLY REVENUE



■ Revenue, KSEK

OPERATIONAL METRICS

In the quarter the average Monthly Active Users (MAU) decreased with 10 per cent compared to 2017 while Daily Active Users (DAU) decreased 3 per cent compared to 2017. Monthly Unique Users decreased 10 per cent compared to 2017.

Average Monthly Unique Payers (MUP) decreased with 17 per cent compared to 2017 and their average monthly spend, Monthly Average Gross Revenue Per Paying User (MAGRPPU) increased 5 per cent from the same period in 2017.

F2P	Q4 '18	Q4 '17	CHANGE
Average MAU (mn)	8.1	8.9	-10%
Average MUP (thousands)	275.4	331.4	-17%
Average MUU (mn)	6.9	7.7	-10%
Average MAGRPPU (USD)	44.7	42.7	5%
Average DAU (mn)	2.0	2.0	-3%

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

RELEASES DURING THE QUARTER

Solitaire Magical Tour was released in December. The game is available worldwide in the Apple, Google and Amazon app stores.

JANUARY-DECEMBER

REVENUE AND GROSS PROFIT

Revenue increased with 28 per cent compared to 2017, driven by the growth of the group's free-to-play-games. Revenue amounted to SEK 1,450.0 M (1,135.5).

The group's cost of revenue was SEK 703.0 M (577.8). Gross profit amounted to SEK 747.0 M (557.8), an increase of 34 per cent compared to 2017. Gross margin was 52 per cent (49).

OPERATING COSTS

Operating costs increased with 32 per cent compared to 2017. User acquisition increased to SEK 377.6 M (314.9). Excluding costs for user acquisition the operating costs amounted to SEK 226.0 M (141.2). The operational costs were impacted by depreciation and amortization of SEK 91.7 M (51.5) and write-downs of SEK 4.5 M (4.2).

Other operating income and costs impacted the year with SEK 0.3 M (9.7), primarily attributed to exchange rate differences on operational assets and liabilities related to balance sheet items in the parent company.

EBIT

EBIT was SEK 143.4 M (101.7) and the EBIT-margin was 10 per cent (9) for the year.

NET PROFIT

Net profit was marginally affected by financial items. Tax affected the result with SEK -14.8 M (-12.6) corresponding to an effective tax rate of 10 per cent (12).

Net profit amounted to SEK 128.8 M (89.3) which is corresponding to earnings per share of SEK 14.45 (10.15).

CASH FLOW

During the third quarter, the group had an operating cash flow before changes in working capital of SEK 41.8 M (27.4) of which tax payments amounted to SEK -2.1 M (0.5). Changes in working capital impacted the cash flow with SEK 30.9 M (12.7). Capitalized development expenses impacted the cash flow negatively with SEK -28.2 M (-23.0) and payments for purchased games amounted to SEK -1.9 M (-23.1).

Cash flow for the quarter amounted to SEK 40.7 M (-7.4)

For the full year 2018 cash flow before changes in working capital amounted to SEK 227.2 (134.7). Cash flow amounted to SEK 45.0 M (22.2).

Available cash on December 31, 2018 amounted to SEK 138.5 M (91.2).

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 198.1 M (115.4). 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. During the initial 6 month period after launch, the company does not amortize the games

MSEK	DEC 31 2018	DEC 31 2017
Released games	160.1	88.2
Not released games	38.0	27.2
Net value of games portfolio	198.1	115.4

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 1.3 M (2.2) were made.

Consolidated equity amounted to SEK 347.5 M (230.5), which equals SEK 39.5 per share (26.2) and the equity/asset ratio is 65 per cent (54).

Cash on hand amounted to SEK 138.5 M (91.2)

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

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 (2.5), corresponding to around 17 per cent (25) of net profit for the year.

OUTLOOK

G5 Entertainment does not publish forecasts.

EXTRAORDINARY GENERAL MEETING

G5 Entertainment held an extraordinary general meeting on Wednesday the 7th of November, 2018. The meeting resolved, with required majority and in accordance with the Board of Directors' proposal, on the following matter: Performance based long-term share program for the CEO, executive management and key employees.

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

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 February 13th, 2019 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 12th, 2019

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 13, 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 2018	Oct-Dec 2017	2018	2017
Net turnover	340,690	356,808	1,450,025	1,135,491
Cost of revenue	-161,436	-177,628	-703,049	-577,709
Gross profit	179,255	179,180	746,976	557,782
Research and Development expenses	-40,394	-24,313	-140,514	-83,619
Sales and Marketing expenses	-102,577	-124,562	-399,780	-332,364
General and Administrative expenses	-19,334	-16,504	-63,516	-49,798
Other operating income	1,923	-1,488	1,210	14,319
Other operating expenses	-243	3,604	-928	-4,602
Operating result	18,630	15,917	143,448	101,718
Financial income	311	124	312	143
Financial expenses	-151	-1	-152	-7
Operating result after financial items	18,791	16,041	143,607	101,853
Taxes	-1,734	-2,306	-14,797	-12,553
Net result for the period	17,057	13,736	128,811	89,300
Attributed to:				
Parent company's shareholders	17,057	13,736	128,811	89,300
Earnings per share				
Weighted average number of shares before dilution (thousands)	8,984	8,800	8,914	8,800
Weighted average number of shares after dilution (thousands)	9,114	9,183	9,044	9,183
Earnings per share (SEK), before dilution	1.90	1.56	14.45	10.15
Earnings per share (SEK), after dilution	1.87	1.50	14.24	9.73

STATEMENT OF COMPREHENSIVE INCOME – GROUP

KSEK	Oct-Dec 2018	Oct-Dec 2017	2018	2017
Net result for the period	17,057	13,736	128,811	89,300
Items that later can be reversed in profit				
Hedging of net investments, net after tax	-	-	-	-3,108
Foreign currency translation differences	-797	-1,327	8,780	-11,926
Total other comprehensive income for the period	-797	-1,327	8,780	-15,034
Total comprehensive income for the period	16,260	12,409	137,591	74,266
Attributed to:				
Parent company's shareholders	16,260	12,409	137,591	74,266

BALANCE SHEET – GROUP

KSEK	Dec 31 2018	Dec 31 2017
Fixed assets		
Intangible fixed assets		
Capitalized development expenses (Note 2)	198,083	115,432
Goodwill	-	-
	198,083	115,432
Tangible fixed assets		
Equipment	11,268	8,176
	11,268	8,176
Deferred tax receivable	64,389	25,993
Total non-current assets	273,741	149,601
Current assets (Note 3, 5)		
Accounts receivable	3,713	39,970
Tax receivable	9,928	9,439
Other receivables	4,427	10,654
Prepaid expenses and accrued income	103,079	122,911
Cash and cash equivalents	138,531	91,194
Total current assets	259,677	274,169
TOTAL ASSETS	533,418	423,770
Equity	347,494	230,478
Deferred tax liabilities	-	7,641
Total non-current liabilities	-	7,641
Current liabilities (Note 5)		
Accounts payable	25,818	9,289
Other liabilities	5	9,221
Tax liabilities	76,822	32,818
Accrued expenses	83,279	134,322
Total current liabilities	185,924	185,650
TOTAL EQUITY AND LIABILITIES	533,418	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				89,300	89,300
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
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	-7,511			-7,493
Net result for the period				128,811	128,811
Correction from previous periods ¹				9,142	9,142
Total other comprehensive income			8,780		8,780
Total comprehensive income for the period			8,780	137,953	146,733
Shareholders' equity as of 2018-12-31	898	48,448	10,312	287,836	347,494

¹Correction relates to deferred tax from previous periods in the groups subsidiary in Malta.

CASH FLOW STATEMENT – GROUP

KSEK	Oct-Dec 2018	Oct-Dec 2017	2018	2017
Cash flow from operating activities				
Profit after financial items	18,790	16,041	143,607	101,853
Adjusting items not included in cash flow	25,153	10,891	96,161	44,272
	43,943	26,932	239,768	146,125
Taxes paid	-2,098	478	-12,556	-11,447
Cash flow before changes in working capital	41,845	27,410	227,212	134,678
Cash flow from changes in working capital				
Change in operating receivables	27,793	-37,374	37,016	-89,110
Change in operating liabilities	3,129	50,075	-46,722	79,954
Cash flow from operating activities	72,767	40,111	217,506	125,522
Investing activities				
Investment in fixed assets	-1,920	-1,441	-7,487	-4,921
Investment in intangible assets	-1,940	-23,100	-19,325	-23,100
Capitalized development expenses	-28,189	-22,995	-115,991	-70,329
Cash flow from investing activities	-32,049	-47,536	-142,803	-98,350
Financing activities				
Dividend	-	-	-22,224	-6,600
Premiums paid on exercised/issued warrants	-	-	16,657	1,643
Repurchase of issued warrants	-55	-	-24,168	-
Cash flow from financing activities	-55	-	-29,735	-4,957
CASH FLOW	40,663	-7,425	44,968	22,215
Cash at the beginning of the period	97,486	98,712	91,194	70,584
Cash flow	40,663	-7,425	44,968	22,215
Exchange rate differences	382	-93	2,369	-1,605
CASH AT THE END OF THE PERIOD	138,531	91,194	138,531	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.

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.

According to the preliminary calculations the group has performed it expects the changed standard will increase the fixed assets with approx. SEK 19 M and financial liabilities with SEK 19 M, equity will be marginally impacted. In the Income statement the company assesses that costs for rent will be reduced with approx. SEK 10 M while amortization will increase with SEK 9 M and financial expenses SEK 1 M.

NOTE 2 – CAPITALIZED DEVELOPMENT EXPENSES

KSEK	Oct-Dec 2018	Oct-Dec 2017	2018	2017
At the beginning of the period	186,188	105,528	115,432	109,104
Investments ¹	28,190	22,995	153,527	70,329
Write-downs	-1,265	-2,184	-4,499	-4,181
Amortization	-22,770	-12,435	-87,855	-48,998
Net change during the period	4,155	8,377	61,172	17,150
Currency exchange differences	7,740	1,528	21,479	-10,822
At the end of the period	198,083	115,432	198,083	115,432

¹Investments for 2018 include the capitalization of The Secret Society amounting to SEK 37.5 M.

NOTE 3 – OTHER RECEIVABLES

Other receivables include SEK 1.6 M (1.1) for prepaid royalties to third party developers. G5 publishes both proprietary games and games licensed from third-party developers. In connection with the conclusion of agreements with third party developers, G5 sometimes pays an advance on royalties to fund game development. These advances are usually offset against the third party developer's contractual share of the revenue that each game generates.

NOTE 4 – PLEDGED ASSETS AND CONTINGENT LIABILITIES

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

NOTE 5 – FAIR VALUE

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

INCOME STATEMENT – PARENT COMPANY

KSEK	Oct-Dec 2018	Oct-Dec 2017	2018	2017
Net turnover	340,690	356,808	1,450,025	1,135,445
Cost of revenue	-242,209	-233,743	-1,023,392	-781,082
Gross profit	98,481	123,065	426,633	354,363
Research and development expenses	-260	-61	-371	-143
Sales and Marketing expenses	-22,993	-34,127	-79,952	-75,066
General and administrative expenses	-83,139	-96,758	-339,000	-276,743
Other operating income	1,476	1,935	7,020	9,948
Other operating expenses	356	0	-6,369	0
Operating result	-6,079	-5,946	7,961	12,358
Financial income	308	23,930	308	18,661
Financial expenses	-151	-1	-152	-7
Operating result after financial items	-5,921	17,984	8,117	31,012
Taxes	1,112	1,277	-2,109	-1,589
Net result for the period	-4,809	19,261	6,008	29,422

STATEMENT OF COMPREHENSIVE INCOME – PARENT COMPANY

KSEK	Oct-Dec 2018	Oct-Dec 2017	2018	2017
Net result for the period	-4,809	19,261	6,008	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	-4,809	19,261	6,008	29,422

BALANCE SHEET - PARENT COMPANY

KSEK	Dec 31 2018	Dec 31 2017
Fixed assets		
Financial fixed assets		
Shares in group companies	70	70
Deferred tax assets	-	-
Receivables from group companies	-	-
	70	70
Current assets		
Account receivables	3,713	39,970
Receivables from group companies	9,175	8,428
Tax receivables	2,434	1,477
Other receivables	-1,257	8,572
Prepaid expenses and accrued income	99,796	98,540
Cash and cash equivalents	128,311	64,650
Total current assets	242,172	221,637
TOTAL ASSETS	242,242	221,707
Restricted equity		
Share capital	898	880
Non-restricted equity		
Share premium reserve	55,916	55,916
Profit/Loss carried forward	56,858	57,151
Net result for the period	6,008	29,422
Total equity	119,679	143,369
Current liabilities		
Accounts payable	6,366	1,336
Tax Liability	-	-
Liability to group companies	107,865	50,491
Other liability	1,328	10,471
Accrued expenses	7,004	16,039
Total current liabilities	122,563	78,338
TOTAL EQUITY AND LIABILITIES	242,242	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.