



G5 Entertainment AB

Interim Report Q3 2023

JANUARY – SEPTEMBER 2023



INTERIM REPORT JANUARY - SEPTEMBER 2023

July - September 2023

- Revenue for the period was SEK 326.6 M (359.9), a decrease of 9 percent compared to the same period in 2022 in SEK terms. In USD terms revenue decreased 10 percent year-over-year.
- Gross margin increased to 68.1 percent (67.6 percent), as larger share of revenue is coming from G5's direct-to-consumer platform.
- EBIT for the period was SEK 22.3 M (-22.8). EBIT was impacted negatively by a write-down of advances amounting to SEK 10.7 M, adjusted for the write-down the EBIT margin was 10.1%. EBIT for 2022 was impacted by write-downs related to the changes in the development funnel.
- Net result for the period was SEK 30.8 M (-26.1), positively impacted by the finance net of SEK 8.9 M (-2.1).
- Earnings per share for the period, before dilution, was SEK 3.83 (-3.11).
- Cash flow amounted to SEK 9.7 M (-50.9), affected by share repurchases of own shares of SEK -15.7 M (-28.2).
- Average Monthly Active Users (MAU) was 4.9 million, a decrease of 27 percent compared to the same period in 2022. Average Daily Active Users (DAU) was 1.5 million, a decrease of 17 percent compared to the same period in 2022. Average Monthly Unique Payers (MUP) was 154.4 thousand, a decrease of 15 percent while Average Monthly Average Gross Revenue Per Paying User (MAGRPPU) was USD 63.2, an increase of 3 percent compared to the same period last year. Audience metrics for 2022 were heavily inflated by increased user acquisition.

FINANCIAL KEY RATIOS

KSEK	Jul-Sep 2023	Jul-Sep 2022	Change %	Jan-Sep 2023	Jan-Sep 2022	Change %	Oct-Sept 22/23	2022	Change %
Revenue	326,635	359,906	-9%	1,003,247	1,036,473	-3%	1,366,890	1,400,117	-2%
Commission to distributors ¹	-72,356	-82,640	-12%	-224,386	-237,094	-5%	-308,010	-320,718	-4%
Royalty to external developers ²	-31,967	-34,098	-6%	-100,421	-106,973	-6%	-136,426	-142,978	-5%
Gross profit	222,312	243,169	-9%	678,440	692,406	-2%	922,454	936,420	-1%
Gross margin	68.1%	67.6%		68%	67%		67%	67%	
Operating costs excluding costs for user acquisition	-137,123	-185,979	-26%	-391,763	-393,535	0%	-519,818	-521,590	0%
EBIT excluding costs for user acquisition	85,189	57,190	49%	286,677	298,871	-4%	402,636	414,830	-3%
EBIT margin before costs for user acquisition	26%	16%		29%	29%		29%	30%	
Costs for user acquisition ³	-62,875	-79,991	-21%	-185,693	-267,039	-30%	-254,034	-335,380	-24%
Costs for user acquisition as percentage of revenue	-19%	-22%		-19%	-26%		-19%	-24%	
EBIT	22,314	-22,801	n/a	100,984	31,832	217%	148,602	79,451	87%
EBIT margin (%)	6.8%	-6.3%		10.1%	3.1%		10.9%	5.7%	
Earnings per share before dilution	3.83	-3.11	n/a	14.66	2.52	483%	20.23	8.00	153%
Cash flow before financing activities	28,390	-22,536		114,472	107,050		135,513	128,091	
Cash and cash equivalents	184,380	182,253		184,380	182,253		184,380	177,469	

¹ Variable costs paid to distributors. Main stores have the following fees: Apple App Store, Google Play, Amazon Appstore etc. have a fee of 30 percent, Microsoft Store has 12 percent, G5 Store has single digit percent.

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: G5 Store growth continues



During the third quarter, G5's financial performance continued to generate significant cash flow from our stable portfolio of games while we prepared for the global launch of a new game before the end of the year. Financially, we delivered another strong quarter as the G5 Store continued to grow, helping boost our gross margin.

G5 Store over 12 percent of net revenue

Revenue for the period was a good SEK 327 M considering a tough market climate. Year-over-year, third quarter revenue slipped 9% in SEK and decreased 10% in USD terms in absence of new game releases. At the same time the G5 Store continues to accelerate with an increasing number of players using our own store to access games. We distribute games to consumers primarily through other platforms such as the Apple App Store, Google Play and Microsoft Store but we are seeing more and more players come directly to us. The G5 Store grew 20% sequentially and jumped 126% from the same period last year in USD terms. This increase in revenue derived from the G5 Store is a powerful boost to our gross margins since we don't

have to pay the hefty store fees, up to 30% depending on the platform, on other distribution channels.

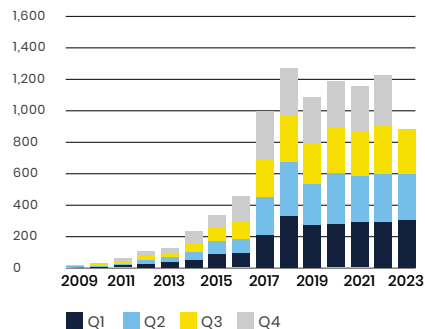
The success of the G5 Store continues to gain steam as we have seen strong sequential growth into October. These gains helped drive the Q3 gross margin to 68.1%, compared to 67.6% a year earlier. The G5 Store revenue accounted for more than 12% of net revenue in USD, up from 4.9% last year. As we said before, some peers report up to 25% of revenue from direct-to-consumer channels. We believe the G5 Store can continue growing for a long time.

EBIT increased to SEK 22.3 M (-22.8) as we maintained our commitment to keeping UA spending in the range of 17-22%. EBIT was impacted negatively by a write-down of advances related to the licensed game Hidden Epee, which unfortunately did not meet our expectations and was put into the harvest mode during the quarter. EBIT during the same period last year was low due to a temporary substantial increase in UA spending and the updated approach to how we develop games. Spending on UA was 19% during Q3, in line with the previous quarters and our expectations of stable performance.

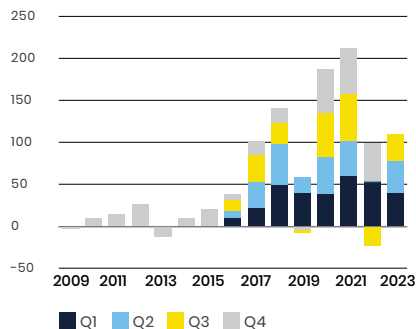
Cash flow before financing activities was strong SEK 28.4 M in the quarter. We ended the quarter with a strong cash position of SEK 184 M, higher than last year, after buying back 91,472 shares for SEK 15.7 M. The total number of shares in the market (not counting those held by the company) was reduced to 7,971,591. The EPS in the quarter was SEK 3.83 (-3.11).

In the third quarter, the G5 Store grew 20% sequentially and jumped 126% compared to the same period last year

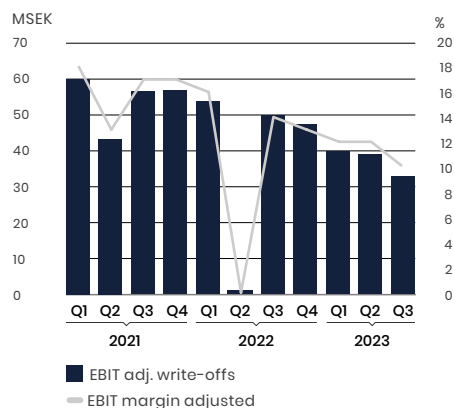
Revenue (MSEK)



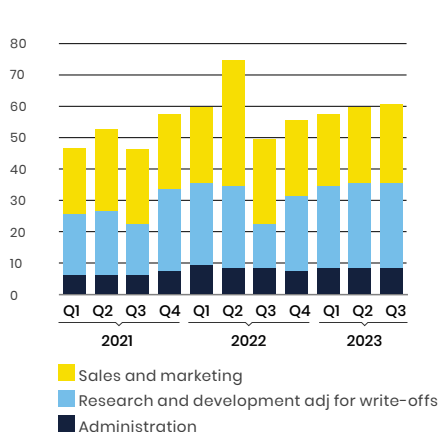
EBIT (MSEK)



EBIT (MSEK) | EBIT-margin (%)



Costs in % of revenue



Global launch in November

We continue to work on new game ideas and titles in pre and after soft launch stage. Our pipeline now has 37 game ideas in evaluation and testing of which 8 ideas in soft launch development and iterations. As we said before, we expect to soft launch 5 to 6 games each year and launch 1 to 2 globally. So far this year, we have soft launched 5 games and intend to globally launch a new game before the end of the year. Any potential financial benefits of this global launch will however likely not boost performance until next year.

There were no significant changes in the number of employees during the quarter. G5 remains in a strong financial position with zero debt. Our existing game portfolio continues to perform and generate income which funds both marketing efforts and investment in new games, while also providing returns for our shareholders. Management has a board mandate to continue share repurchases, confirmed by the general meeting held in June, which considered G5's stable

We continue to work on new game ideas and titles. We have 8 games in soft launch and intend to release a new game to global launch before year-end

performance and high cash conversion.

The third quarter was a continuation of the "new normal" mentioned at the end of 2022. We are in a strong position and our games and our direct-to-consumer business continue to gain traction. We expect continued stability in the fourth quarter of 2023, with an opportunity for positive seasonal development as the company enters the historically stronger winter season. G5 is in a strong

position, and our development team is working hard on new games for release in 2024.

Thank you for following G5,

November 8, 2023

Vlad Suglobov, CEO, co-founder

July – September

Revenue and gross profit

Revenue amounted to SEK 326.6 M (359.9). Revenue decreased by 9 percent compared to the same period in 2022, in USD the revenue decreased by 10%.

Cost of revenue decreased to SEK 104.3 M (116.7). Cost of revenue includes commission to the distributors. Most parties still charge up to 30 percent of gross revenue, except for Microsoft Store with commission fees of 12 percent and G5 Store with commission fees in single digit percent for third-party payment processing. Cost of revenue also includes royalties payable to external developers which decreased 6 percent compared to the same period in 2022.

Gross margin for the period was 68.1 percent (67.6). Gross profit for the quarter decreased by 9 percent compared to the third quarter in 2022 and was SEK 222.3 M (243.2).

Operational Costs

Costs for research and development were SEK 99.1 M (151.4) during the period. The main drivers for the change is the revised development funnel which was communicated with the interim report for Jan-Sep 2022. In the third quarter the company capitalized SEK 21.5 M less than the same period last year whilst last year was significantly impacted by write-downs of SEK 72.5 M. Amortizations increased at the same time with SEK 3.2 M. R&D was also impacted by the write-down of advances related to the game Hidden Epee amounting to SEK 10.7 M.

Sales and marketing decreased to SEK 80.1 M (97.3). Sales and marketing is primarily affected by the costs for user acquisition. During the quarter the cost for user acquisition was SEK 62.9 M (80.0).

Cost for user acquisition as a percentage of sales was 19 percent, compared to 22 percent in the same period in 2022. Sales and marketing, excluding user acquisition, decreased to SEK 17.2 M (17.3).

General and administrative costs amounted to SEK 24.7 M (27.5). Other operating income and other operating expenses together amounted to SEK 3.9 M (10.2), primarily driven by currency effects on operational assets and liabilities.

EBIT

Depreciation and amortization amounted to SEK 39.6 M (39.7). Capitalization of intangible assets amounted to SEK 24.9 M (45.2). During the quarter no write-downs were made (72.5) on the intangible assets. Net effect of capitalization and amortization on intangible assets amounted to SEK -13.1 M (7.7). Write-downs of advances were made with SEK 10.7 M.

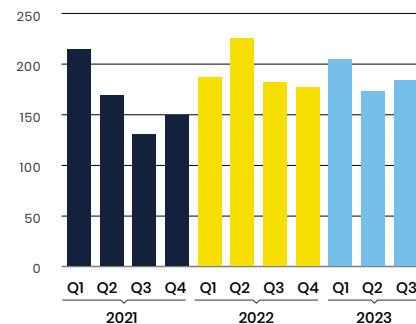
Earnings before interest and taxes (EBIT) amounted to SEK 22.3 M (-22.8), corresponding to an EBIT margin of 6.8 percent (-6.3), adjusted for the write-down of advances in the period the EBIT margin would be 10.1 percent.

Net profit

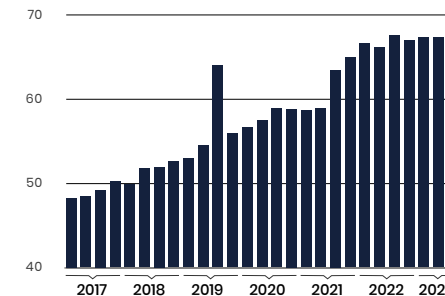
Net profit was affected by financial items with SEK 8.9 M (-1.7). Finance net was impacted by revaluation of short term investments amounting to SEK 7.7 M (-2.2) and interest income of SEK 1.8 M (0.2). Tax affected the result with SEK -0.5 M (-1.2).

Net profit amounted to SEK 30.8 M (-26.1) which equals an earnings per share, before and after dilution SEK 3.83 (-3.11).

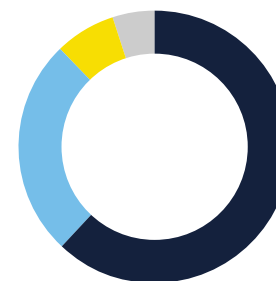
Cash Position (MSEK)



Gross Margin (%)

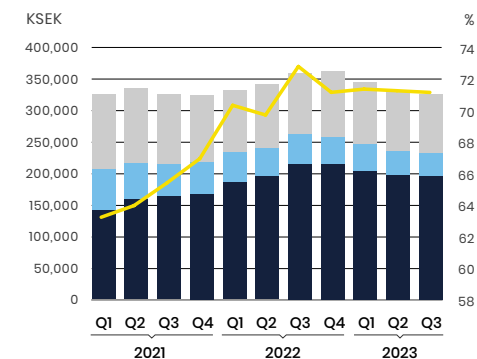


Revenue breakdown by geography Third Quarter 2023



- North America 62%
- Europe 26%
- Asia 7%
- ROW 5%

Own/licensed revenue (KSEK) share own games (%)



- 3rd party games, KSEK
- G5 Games old, KSEK
- G5 Games new, KSEK
- Own games, %

Operational metrics

F2P	Q3 '23	Q3 '22	Change
Average DAU (mn)	1.5	1.8	-17%
Average MAU (mn)	4.9	6.6	-27%
Average MUU (mn)	3.5	5.0	-29%
Average MUP (thousands)	154.4	181.8	-15%
Average MAGRPPU (USD)	63.2	61.2	3%

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

January – September

Revenue and gross profit

Revenue declined 3% compared to the same period last year, impacted strongly by the SEK/USD exchange rate. Growth in USD for the interim period was -9%. Revenue amounted to SEK 1003.2 M (1036.5).

The group's cost of revenue was SEK 324.8 M (344.1). Gross profit amounted to SEK 678.4 M (692.4), a decrease of 2 percent compared to the same period in 2022. Gross margin was 68 percent (67).

Operating Costs

Operating costs decreased 13 per cent compared to the same period in 2022. User acquisition decreased to SEK 185.7 M (267.0). Excluding costs for user acquisition the operating costs amounted to SEK 391.8 M (393.5). The operational costs were impacted by capitalization of SEK 78.1 M (134.8) depreciation and amortization of SEK -117.9 M (-111.9) and write-downs of SEK 10.7 M (72.5).

Other operating income and costs impacted the period positively with SEK 12.5 M (20.7), primarily attributed to exchange rate differences on operational assets and liabilities related to balance sheet items in the parent company.

EBIT

EBIT was SEK 101.0 M (31.8) and the EBIT-margin was 10.1 percent (3.1) for the period.

Net profit

Net profit was affected by financial items with SEK 25.4 M (-3.8). Financial items were impacted by revaluation of short term investments of SEK 22.3 M (-4.4) and interest income of SEK 3.7 M (0.2). Tax affected the result with SEK -7.8 M (-6.8) corresponding to an effective tax rate of 6 percent (24).

Net profit amounted to SEK 118.6 M (21.2) which is corresponding to earnings per share before dilution of SEK 14.66 (2.52).

Cash flow

During the third quarter, the group had an operating cash flow before changes in working capital of SEK 73.4 M (94.2). In the quarter taxes impacted the cash flow negatively with SEK -14.0 M (0.1).

Changes in working capital impacted the cash flow with SEK -17.5 M (-71.3). Capitalized development expenses and investments in intangible assets impacted the cash flow negatively with SEK -27.5 M (-45.2).

Cash flow before financing activities amounted to SEK 25.6 M (-22.5). Financing activities were impacted by buybacks of own shares amounting to SEK -15.7 M (28.2) and IFRS16 bookings related to lease of premises SEK -0.2 M (-0.2).

For the interim period Jan - Sep cash flow before changes in working capital amounted to SEK 224.7 (198.6). The cash flow for the period amounted to SEK 4.1 (18.5).

Available cash on September 30, 2023 amounted to SEK 184.4 M (182.3).

Financial position

During the third quarter 2022 the group changed its publishing strategy by making changes to how it is vetting new games. The foundation is still to have a portfolio of different games in the portfolio in order to maximize potential and reduce risk. Multiple games are developed at any given point in time, some of these games become very successful and extremely profitable, some of these games do not become big breakthroughs but pay for themselves and are stable earners over a long period of time, while the majority of games that go into production will be cancelled at an early stage as the market potential is not significant enough.

As the majority of games that are produced will be cancelled during soft launch, the company will not capitalize development expenses on games until they reach global launch. Capitalizing after global launch will reduce the risk for write-offs in the portfolio.

As before, capitalized development expenses for unsuccessful games will be written down. Development for games only released in soft launch will be expensed as they are incurred. Over time, the company expects such write-offs and expenses to be more than compensated for by the revenue and profits produced by successful games in the portfolio.

Capitalized development expenses amounted to SEK 251.0 M (296.3).

Impairment need in the portfolio is tested every quarter. A thorough review of the input parameters is done on a yearly basis. During the quarter, no write-offs were made (72.5).

Consolidated equity amounted to SEK 523.1 M (492.0), which equals SEK 65.6 per share (59.4) and the equity/asset ratio is 80 percent (72).

Cash on hand amounted to SEK 184.4 M (182.3).

Other long-term debt and other short term debt are solely related to IFRS16 accounting of lease contracts.

Parent company

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

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

Other disclosures

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.

Related-party transactions

During the period no significant related-party transactions have taken place except the ongoing transactions highlighted in the annual report 2022.

Upcoming report dates

Year-end report 2023	February 8, 2024
Interim report Jan-March 2024	May 8, 2024
Annual General Meeting 2024	June 13, 2024
Interim report Jan-Jun 2024	August 8, 2024
Interim report Jan-Sep 2024	November 6, 2024

Teleconference

On November 8th, 2023 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: <https://corporate.g5e.com/investors/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, November 8th, 2023

Petter Nylander
Chairman of the Board

Johanna Fagrell Köhler
Board member

Jeffrey Rose
Board member

Sara Börsvik
Board member

Marcus Segal
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 November 8th, 2023 at 07.00. This interim report has 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 2023 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. 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 8th, 2023
PricewaterhouseCoopers AB

Aleksander Lyckow
Authorized Public Accountant

INCOME STATEMENT - GROUP

KSEK	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Oct-Sep 22/23	2022
Net turnover	326,635	359,906	1,003,247	1,036,473	1,366,890	1,400,117
Cost of revenue	-104,324	-116,738	-324,807	-344,067	-444,436	-463,696
Gross profit	222,312	243,169	678,440	692,406	922,454	936,420
Research and Development expenses	-99,072	-151,356	-275,696	-279,068	-360,678	-364,050
Sales and Marketing expenses	-80,088	-97,265	-237,471	-315,162	-323,153	-400,844
General and administrative expenses	-24,717	-27,509	-76,743	-87,010	-103,350	-113,618
Other operating income	3,879	10,161	12,453	20,667	13,329	21,544
Other operating expenses	0	0	0	0	0	0
Operating result	22,314	-22,801	100,984	31,832	148,602	79,451
Financial income	9,596	168	26,176	819	27,020	1,663
Financial expenses	-674	-2,245	-750	-4,653	-1,604	-5,506
Operating result after financial items	31,236	-24,879	126,411	27,999	174,019	75,607
Taxes	-456	-1,209	-7,764	-6,811	-9,613	-8,661
Net result for the year	30,780	-26,088	118,647	21,187	164,406	66,947
Attributed to:						
Parent company's shareholders	30,780	-26,088	118,647	21,187	164,406	66,947

KSEK	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Oct-Sep 22/23	2022
Earnings per share						
Weighted average number of shares (thousands)	8,038	8,377	8,093	8,419	8,127	8,370
Weighted average number of shares after dilution, (thousands)	8,038	8,377	8,093	8,419	8,127	8,416
Earnings per share (SEK) before dilution	3.83	-3.11	14.66	2.52	20.23	8.00
Earnings per share (SEK) after dilution	3.83	-3.11	14.66	2.52	20.23	7.96

STATEMENT OF COMPREHENSIVE INCOME - GROUP

KSEK	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Oct-Sep 22/23	2022
Net result for the period	30,780	-26,088	118,647	21,187	164,406	66,947
Items that later can be reversed in profit						
Revaluation long-term investments	-	-	-4,503	-	-6,002	-1,499
Foreign currency translation differences	11,883	22,923	20,489	69,350	-6,626	38,083
Total other comprehensive income for the period	11,883	22,923	15,986	69,350	-12,628	36,584
Total comprehensive income for the period	42,663	-3,165	134,633	90,537	151,778	103,531
Attributed to:						
Parent company's shareholders	42,663	-3,165	134,633	90,537	151,778	103,531

BALANCE SHEET – GROUP

KSEK	Sep 30 2023	Sep 30 2022, as adjusted	Dec 31 2022, as adjusted
Fixed assets			
Intangible fixed assets			
Capitalized development expenses (Note 2)	251,039	296,337	273,073
Intangible assets	2,613	0	0
	253,652	296,337	273,073
Tangible fixed assets			
Equipment	13,705	17,297	16,718
	13,705	17,297	16,718
Long term Investments	12,086	18,088	16,589
Deferred tax receivable	20	0	63
Total non-current assets	279,463	331,722	306,443
Current assets			
Accounts receivable	0	0	5
Tax receivable	2,612	3,052	1,664
Other receivables (Note 3,4)	3,637	13,244	13,656
Prepaid expenses and accrued income	152,788	145,858	150,621
Short term investments	32,763	8,827	8,017
Cash and cash equivalents	184,380	182,253	177,469
Total current assets	376,179	353,234	351,433
Total assets	655,642	684,956	657,876

KSEK	Sep 30 2023	Sep 30 2022, as adjusted	Dec 31 2022, as adjusted
Equity			
Total shareholders' equity as adjusted (note 6)	523,064	492,048	488,749
Long-term liabilities			
Deferred tax liabilities	3,595	772	1,467
Long-term liabilities	1,850	1,614	1,578
Total long-term liabilities	5,445	2,386	3,045
Current liabilities (Note 5)			
Short-term liabilities	583	1,344	1,281
Accounts payable	27,972	56,639	61,123
Other liabilities as adjusted (note 6)	12,419	37,661	19,480
Tax liabilities	6,679	19,935	23,371
Accrued expenses	79,479	74,944	60,827
Total current liabilities	127,133	190,522	166,082
Total equity and liabilities	655,642	684,956	657,876

CHANGES IN SHAREHOLDERS' EQUITY – GROUP

KSEK	Share capital	Other capital contribution	Other reserves	Profit/loss brought forward	Shareholders' equity
Shareholders' equity 2022-01-01	928	-141,638	33,207	599,913	492,410
Net result for the year				21,187	21,187
Total other comprehensive income as adjusted (note 6)			58,370		58,370
Total comprehensive income for the year			58,370	21,187	79,557
Dividend				-59,080	-59,080
Repurchase of shares		-28,201			-28,201
IFRS2 – Employee share schemes			7,362		7,362
Total transactions with the owners recognized directly in equity		-28,201	7,362	-59,080	-79,919
Shareholders' equity as of 2022-09-30 as adjusted (Note 6)	928	-169,839	98,939	562,020	492,048
Shareholders' equity 2023-01-01 as adjusted (note 6)	928	-189,704	69,746	607,780	488,749
Net result for the year				118,647	118,647
Total other comprehensive income			20,489		20,489
Total comprehensive income for the year			20,489	118,647	139,136
Dividend				-64,505	-64,505
Repurchase of shares		-45,454			-45,454
Revaluation long-term investments			-4,503		-4,503
IFRS2 – Employee share schemes			9,641		9,641
Total transactions with the owners recognized directly in equity		-45,454	5,138	-64,505	-104,821
Shareholders' equity as of 2023-09-30	928	-235,158	95,373	661,922	523,064

CASH FLOW STATEMENT – GROUP

KSEK	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Oct-Sep 22/23	2022
Cash flow from operating activities						
Profit after financial items	31,236	-24,879	126,411	27,999	174,019	75,607
Adjusting items not included in cash flow	56,161	119,052	115,744	183,698	164,078	232,032
	87,397	94,173	242,155	211,697	338,097	307,639
Taxes paid	-14,010	74	-17,420	-13,062	-18,648	-14,290
Cash flow before changes in working capital	73,387	94,247	224,735	198,635	319,449	293,349
Cash flow from changes in working capital						
Change in operating receivables	15,292	-15,443	-4,017	-18,507	-8,454	-22,944
Change in operating liabilities	-32,826	-55,827	-22,992	66,179	-54,820	34,351
Cash flow from operating activities	55,853	22,977	197,726	246,307	256,175	304,756
Investing activities						
Investment in fixed assets	-305	-319	-2,927	-3,354	-8,012	-8,439
Capitalized development expenses	-27,539	-45,194	-80,708	-134,840	-113,031	-167,163
Short term investments	-2,398	0	-2,398	-1,063	-2,398	-1,063
Cash flow from investing activities	-30,242	-45,513	-86,033	-139,257	-123,441	-176,665

KSEK	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Oct-Sep 22/23	2022
Financing activities						
Lease financing	-210	-167	-383	-1,306	-552	-1,475
Dividend	-	-	-64,505	-59,080	-64,505	-59,080
Repurchase shares	-15,689	-28,201	-42,675	-28,201	-62,540	-48,066
Cash flow from financing activities	-15,899	-28,368	-107,563	-88,587	-127,597	-108,621
Cash flow	9,712	-50,904	4,130	18,463	5,137	19,470
Cash at the beginning of the period	173,120	226,317	177,469	149,964	182,253	149,964
Cash flow	9,712	-50,904	4,130	18,463	5,137	19,470
Exchange rate differences	1,548	6,840	2,781	13,826	-3,010	8,035
Cash at the end of the period	184,380	182,253	184,380	182,253	184,380	177,469

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.

The accounting and calculation principles used in the report for the group are identical to those used in the Annual Report 2022.

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

Note 3**Other receivables**

Other receivables include SEK 0.8 M (5.8) 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 2**Capitalized development expenses**

KSEK	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Oct-Sep 22/23	2022
At the beginning of the period	262,304	333,384	273,073	274 757	296,337	274,757
Investments	24,926	45,194	78,095	134 840	110,419	167,163
Write-offs	0	-72,530	0	-72 530	0	-72,530
Amortization	-38,021	-37,518	-112,606	-105 676	-150,080	-143,149
Net change during the period	-13,095	-64,853	-34,511	-43 366	-39,661	-48,516
Currency exchange differences	1,830	27,806	12,477	64 945	-5,637	46,832
At the end of the period	251,039	296,337	251,039	296 337	251,039	273,073

Note 4**Pledged assets and contingent liabilities**

G5 Entertainment has no pledged assets. G5 Entertainment does not have any contingent liabilities.

Note 5**Fair value**

G5 group has long and short term financial instruments that are accounted for at fair value. The carrying amount for financial instruments correspond to fair value.

Note 6**Adjustment to previous year**

KSEK	Dec 31, 2022	Sep 30, 2022
Shareholders' equity as reported	-499,730	-503,028
Reclassification	10,980	10,980
Shareholders' equity adjusted	-488,750	-492,048
Other liabilities as reported	-8,500	-26,681
Reclassification	-10,980	-10,980
Other liabilities as adjusted	-19,480	-37,661

INCOME STATEMENT – PARENT COMPANY

KSEK	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Oct-Sep 22/23	2022
Net turnover	326,635	359,900	1,003,247	1,036,467	1,366,823	1,400,043
Cost of revenue	-257,816	-267,148	-798,881	-740,178	-1,084,282	-1,025,579
Gross profit	68,819	92,752	204,365	296,289	282,540	374,464
Research and development expenses	-11	-28	-67	-79	-2,674	-109
Sales and Marketing expenses	-65,255	-82,875	-192,824	-274,905	-265,046	-347,126
General and administrative expenses	-5,132	-7,660	-15,992	-24,887	-26,556	-32,126
Other operating income	-112	8,143	7,337	23,103	8,280	21,371
Other operating expenses	0	0	0	0	-2,675	0
Operating result	-1,690	10,332	2,819	19,521	-6,130	16,474
Financial income	9,647	35	24,993	43	211,265	195,891
Financial expenses	0	-2,204	0	-4,430	8,766	-5,241
Operating result after financial items	7,957	8,163	27,812	15,133	213,901	207,124
Taxes	-51	-2,135	-1,140	-2,452	-677	-1,989
Net result for the period	7,906	6,027	26,673	12,681	213,224	205,135

STATEMENT OF COMPREHENSIVE INCOME – PARENT COMPANY

KSEK	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Oct-Sep 22/23	2022
Net result for the period	7,906	6,027	26,673	12,681	213,224	205,135
Items that later can be reversed in profit						
Revaluation long-term investments	-	-	-4,503	-	-6,002	-1,499
Other comprehensive income	-	-	-4503	-	-6,002	-1,499
Total other comprehensive income for the period	7,906	6,027	22,170	12,681	207,222	203,636

BALANCE SHEET – PARENT COMPANY

KSEK	Sep 30 2023	Sep 30 2022	Dec 31 2022
Fixed assets			
Intangible fixed assets	2,613	-	-
Intangible fixed assets	2,613	-	-
Tangible fixed assets	0	9	5
Tangible fixed assets	0	9	5
Financial fixed assets			
Shares in group companies	105	82	105
Financial assets	12,086	18,088	16,589
Total fixed assets	14,803	18,180	16,699
Current assets			
Account receivables	0	0	0
Receivables from group companies	2,495	209,109	392,909
Tax receivables	1,874	2,550	762
Other receivables	342	1,794	714
Prepaid expenses and accrued income	145,457	134,340	131,174
Financial assets	32,763	8,827	8,017
Cash and cash equivalents	128,938	120,776	129,196
Total current assets	311,868	477,396	662,772
Total assets	326,671	495,576	679,471

KSEK	Sep 30 2023	Sep 30 2022	Dec 31 2022
Restricted equity			
Share capital	928	928	928
Non-restricted equity			
Share premium reserve	11,276	51,434	52,401
Profit/Loss carried forward	221,694	102,326	80,294
Net result for the period	18,767	12,681	205,135
Total equity	252,665	167,369	338,758
Current liabilities			
Accounts payable	20,907	52,271	44,606
Liability to group companies	42,074	269,288	289,699
Other liability	5,689	2,625	2,664
Accrued expenses	5,336	4,023	3,743
Total current liabilities	74,006	328,207	340,713
Total equity and liabilities	326,671	495,576	679,471

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 13 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's 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) develops and publishes high quality free-to-play games for G5 Store, Apple App Store, Google Play, Microsoft Store, Amazon Appstore etc. The games are easy to learn and targeted at the widest audience of experienced and novice players. G5's portfolio includes a number of popular games like Jewels of Rome®, Sherlock Hidden Match-3 cases, Hidden City, Mahjong Journey®, Homicide Squad®, The Secret Society® and Jewels of the Wild West™. G5 Entertainment AB (publ) is listed on Nasdaq Stockholm since 2014.

G5 Entertainment AB (publ)

NYBROGATAN 6, 5TH FLOOR
114 34 STOCKHOLM | SWEDEN

PHONE: +46 84 1111 5

E-MAIL: CONTACT@G5E.COM

Org.nr. 556680-8878

WWW.G5E.COM

