



G5 Entertainment AB

Year-end Report 2023



G5

YEAR-END REPORT 2023

October – December 2023

- Revenue for the period was SEK 316.7 M (363.6), a decrease of 13 percent compared to the same period in 2022 in SEK terms. In USD terms revenue decreased 12 percent year-over-year.
- Gross margin increased to 67.6 percent (67.1 percent), as larger share of revenue is coming from G5's direct-to-consumer platform.
- EBIT for the period was SEK 10.5 M (47.6), a decrease of 78%. EBIT was negatively impacted by revaluations related to the weakening USD recorded in other income and expense amounting to SEK -14.1 M (0.9). In previous quarters during the year the effect was positive. Adjusting for the negative impact from other income and expense the EBIT margin would be 7.8 percent.
- Net result for the period was SEK 8.9 M (45.8).
- Earnings per share for the period, before dilution, was SEK 1.12 (5.56).
- Cash flow amounted to SEK 4.3 M (1.0), affected by share repurchases of own shares of SEK -11.4 M (-19.9).
- Average Monthly Active Users (MAU) was 4.8 million, a decrease of 19 percent compared to the same period in 2022. Average Daily Active Users (DAU) was 1.5 million, a decrease of 13 percent compared to the same period in 2022. Average Monthly Unique Payers (MUP) was 152.4 thousand, a decrease of 13 percent while Average Monthly Average Gross Revenue Per Paying User (MAGRPPU) was USD 63.2, an increase of 2 percent compared to the same period last year. Audience metrics for 2022 were heavily inflated by increased user acquisition.

Full year 2023

- Revenue for the year was SEK 1,319.9 M (1,400.1), a decrease of 6 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 67.6 percent (66.9 percent), as larger share of revenue is coming from G5's direct-to-consumer platform.
- EBIT for the period was SEK 111.4 M (79.5), an increase of 40%.
- Earnings per share for the year was 15.84 SEK (8.00), an increase of 98%.
- The Board proposes a dividend of 8.0 SEK /share (8.0) equal to approximately SEK 63.2 M (65.4).

FINANCIAL KEY RATIOS

KSEK	Oct-Dec 2023	Oct-Dec 2022	Change %	2023	2022	Change %
Revenue	316,675	363,643	-13%	1,319,921	1,400,117	-6%
Commission to distributors ¹	-70,464	-83,624	-16%	-294,850	-320,718	-8%
Royalty to external developers ²	-32,279	-36,005	-10%	-132,700	-142,978	-7%
Gross profit	213,932	244,014	-12%	892,372	936,420	-5%
Gross margin	67.6%	67.1%		67.6%	66.9%	
Operating costs excluding costs for user acquisition	-143,122	-128,055	12%	-534,885	-521,590	3%
EBIT excluding costs for user acquisition	70,810	115,959	-39%	357,487	414,830	-14%
EBIT margin before costs for user acquisition	22%	32%		27%	30%	
Costs for user acquisition ³	-60,342	-68,341	-12%	-246,035	-335,380	-27%
Costs for user acquisition as percentage of revenue	-19%	-19%		-19%	-24%	
EBIT	10,468	47,618	-78%	111,452	79,451	40%
EBIT margin (%)	3.3%	13.1%		8.4%	5.7%	
Earnings per share before dilution	1.12	5.56	-80%	15.84	8.00	98%
Cash flow before financing activities	16,226	21,041		127,919	128,091	
Cash and cash equivalents	182,332	177,469		182,332	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: Wrapping up a financially strong year



The fourth quarter was weaker than we had hoped for, but it was another financially strong quarter for G5 despite the turbulent times facing the industry. The company continued to generate stable cash flow during the period, while our G5 Store gained additional traction and the new game release got off to a good early start.

Revenue for the quarter slipped 13% to SEK 317 M. In USD terms the performance was -12%% compared to a year earlier and -2% sequentially from the previous quarter.

We are proud of the strong growth from G5 Store as more and more players choose to access our games through our own store. Most of our installs are still distributed through 3rd party stores such as the Apple App Store, Google Play, and Microsoft Store, but each quarter we see increasing appetite from players to use the G5 Store. This steady shift gives the company an amazing margin boost. In USD terms the G5 Store revenue jumped 88% from last year and 6% from the

third quarter. Our direct-to-customer revenue made up 13.2% of the total revenue compared to 6.3% one year ago.

Overall, we saw a stable performance from our actively managed game portfolio during the quarter, as several games rebounded during the holiday period. Older games we are no longer supporting slid back. Hidden City performed very well toward the end of the year thanks to the developer's efforts. The game continues to show solid performance after many years on the market, which speaks of the longevity of G5's portfolio. It also had a negative effect on the gross margin, but we are still happy to see revenue growth in the game.

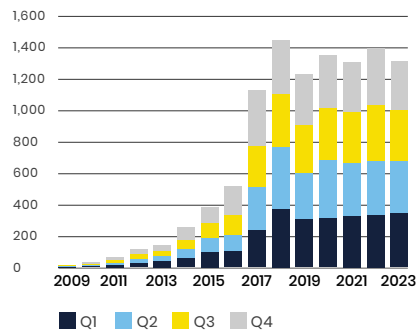
It was encouraging to see both Sherlock and the Jewels family of games show a boost in revenue toward the end of the year, while the new game release Twilight Land had a good start and has yet to show its full potential. We're eager to see how this develops over the next few quarters.

UA stayed in the middle of the communicated range and in-line with previous periods during the year at 19% of gross revenue. OPEX excluding UA declined slightly sequentially whilst other operating income and expense impacted the period negatively with SEK 14.1 M due to revaluations of USD nominated items on the balance sheet. Adjusted for the revaluations EBIT was SEK 24.6 M corresponding to an EBIT-margin of 7.8%.

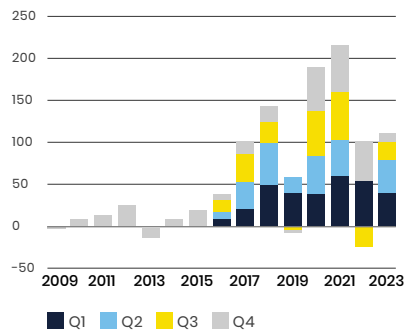
During the fourth quarter the company optimized its staffing level. The reductions made possible due to generative AI usage and improved focus. We ended

In the fourth quarter, the G5 Store grew 6% sequentially and jumped 88% compared to the same period last year

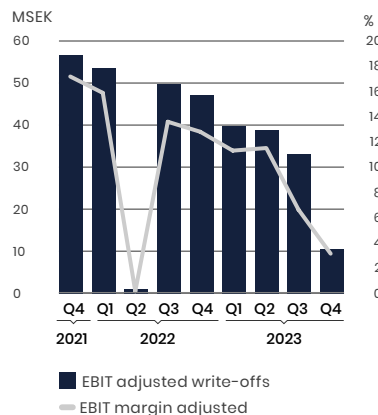
Revenue (MSEK)



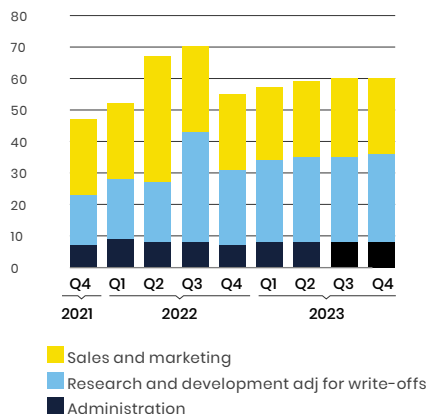
EBIT (MSEK)



EBIT (MSEK) | EBIT-margin (%)



Costs in % of revenue



the year with almost 60 fewer full-time equivalents than at the end of the third quarter, a reduction of approximately 7%.

G5 is starting 2024 after optimizing its staffing and outsourcing costs. The amortization is set to gradually come down over the course of 2024, which, combined with the growth in G5 Store and reduced costs, is a positive factor set to drive the group's profitability this year.

Our teams are working hard on improving our existing major games, as well as on developing new games for soft launch this year. We remain committed to releasing 1 or 2 games globally in 2024.

Thanks to our stable cash flow during the quarter and zero debt, we repurchased 73,624 shares from the market for SEK 11.4 million. For the full year 2024, we repurchased 299,096 shares for SEK 54.0 M and paid a dividend of SEK 64.5 M, a total of SEK 118.5 M (107.1). The Board supports continued repurchases of shares considering the group's strong financial position. The Board also proposes to pay a dividend of SEK 8 for 2023, which will be considered at the June 12 AGM.

G5 remains in a strong financial position, we continue to actively market our best games and the development teams are working on new exciting games for 2024 and beyond.

Many thanks for following us at G5.

February 8, 2024
Vlad Suglobov, CEO, co-founder

For the full year 2024, we repurchased 299,096 shares for SEK 54 M and paid a dividend of SEK 64 M, a total of SEK 118 M (107)

October – December

Revenue and gross profit

Revenue amounted to SEK 316.7 M (363.6). Revenue decreased by 13 percent compared to the same period in 2022, in USD the revenue decreased by 12%.

Cost of revenue decreased to SEK 102.7 M (119.6). 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 16 percent compared to the same period in 2022.

Gross margin for the period was 67.6 percent (67.1). Gross profit for the quarter decreased by 12 percent compared to the fourth quarter in 2022 and was SEK 213.9 M (244.0).

Operational Costs

Costs for research and development were SEK 88.0 M (85.0) during the period. In the fourth quarter the company capitalized SEK 6.7 M less than the same period last year. At the same time amortizations were unchanged compared to last year.

Sales and marketing decreased to SEK 76.0 M (85.7). Sales and marketing is primarily affected by the costs for user acquisition. During the quarter the cost for user acquisition was SEK 60.3 M (68.3).

Cost for user acquisition as a percentage of sales was 19 percent, compared to 19 percent in the same period in 2022. Sales and marketing, excluding user acquisition, decreased to SEK 15.6 M (17.3).

General and administrative costs amounted to SEK 25.4 M (26.6). Other operating income and other operating expenses together amounted to SEK -14.1 M (0.9), primarily driven by currency effects on operational assets and liabilities as the USD has weakened towards to the reporting currency SEK. For the first three quarters the effect was positive as the USD strengthened which then was reversed in the fourth quarter, the full year effect was SEK -1.7 M (21.5).

EBIT

Depreciation and amortization amounted to SEK 38.9 M (39.4). Capitalization of intangible assets amounted to SEK 25.6 M (32.3). During the quarter no write-downs were made (0) on the intangible assets. Net effect of capitalization and amortization on intangible assets amounted to SEK -11.9 M (-5.1).

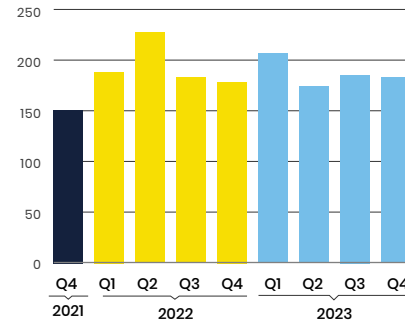
Earnings before interest and taxes (EBIT) amounted to SEK 10.5 M (47.6), corresponding to an EBIT margin of 3.3 percent (13.1), adjusted for the revaluations in other operating income/expense in the period the EBIT margin would be 7.8 percent.

Net profit

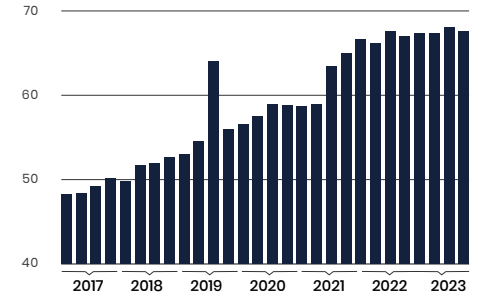
Net profit was affected by financial items with SEK -0.2 M (0.0). Finance net was impacted by revaluation of short term investments amounting to SEK -1.7 M (-2.2) and interest income of SEK 1.9 M (0.2). Tax affected the result with SEK -1.4 M (-1.8).

Net profit amounted to SEK 8.9 M (45.8) which equals an earnings per share, before and after dilution SEK 1.12 (5.56).

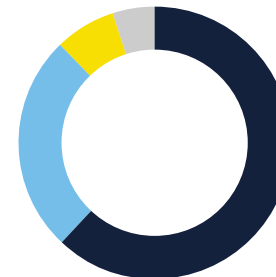
Cash Position (MSEK)



Gross Margin (%)

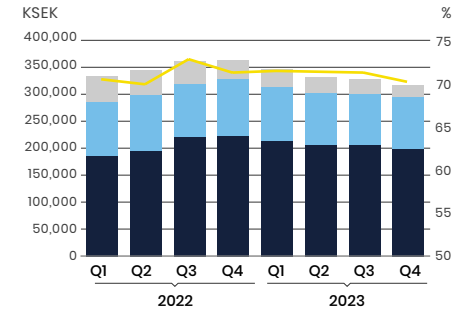


Revenue breakdown by geography Fourth Quarter 2023



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

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



- Harvest, MSEK
- Licensed, MSEK
- Active, MSEK
- Own games, %

Operational metrics

F2P	Q4 '23	Q4 '22	Change
Average DAU (mn)	1.5	1.7	-13%
Average MAU (mn)	4.8	6.0	-19%
Average MUU (mn)	3.5	4.4	-21%
Average MUP (thousands)	152.4	177.2	-13%
Average MAGRPPU (USD)	63.2	61.7	2%

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

January - December

Revenue and gross profit

Revenue declined 6% compared to last year, impacted positively by the SEK/USD exchange rate. Growth in USD for the year was -10%. Revenue amounted to SEK 1319.9 M (1400.1).

The group's cost of revenue was SEK 427.5 M (463.7). Gross profit amounted to SEK 892.4 M (936.4), a decrease of 5 percent compared to 2022. Gross margin was 68 percent (67).

Operating Costs

Operating costs decreased 9 per cent compared to 2022. User acquisition decreased to SEK 246.0 M (335.4). Excluding costs for user acquisition the operating costs amounted to SEK 534.9 M (521.6). The operational costs were impacted by capitalization of SEK 103.7 M (167.2) depreciation and amortization of SEK -156.7 M (-151.3) and write-downs of SEK 10.7 M (72.5).

Other operating income and costs impacted the period negatively with SEK -1.7 M (21.5), primarily attributed to exchange rate differences on operational assets and liabilities related to balance sheet items in the parent company.

EBIT

EBIT was SEK 111.5 M (79.5) and the EBIT-margin was 8.4 percent (5.7) for the period.

Net profit

Net profit was affected by financial items with SEK 25.2 M (-3.8). Financial items were impacted by revaluation of short term investments of SEK 20.7 M (-4.4) and interest income of SEK 3.7 M (0.2). Tax affected the result with SEK -9.1 M (-8.7) corresponding to a tax rate of 6.7 percent (11.5).

Net profit amounted to SEK 127.6 M (66.9) which is corresponding to earnings per share before dilution of SEK 15.84 (8.00).

Cash flow

During the fourth quarter, the group had an operating cash flow before changes in working capital of SEK 53.0 M (94.7). In the quarter taxes impacted the cash flow negatively with SEK -0.3 M (1.2).

Changes in working capital impacted the cash flow with SEK -9.5 M (-36.3). Capitalized development expenses impacted the cash flow negatively with SEK -25.6 M (-32.3).

Cash flow before financing activities amounted to SEK 16.2 M (21.0). Financing activities were impacted by buybacks of own shares amounting to SEK -11.4 M (19.9) and IFRS16 bookings related to lease of premises SEK -0.6 M (-0.2).

For the full year cash flow before changes in working capital amounted to SEK 277.7 (293.3). Repurchases impacted the cash flow for the year negatively of SEK 54.0 M (48.1).

The cash flow for the year amounted to SEK 8.4 (19.5).

Available cash on December 31, 2023 amounted to SEK 182.3 M (177.5).

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 is not capitalizing 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 220.4 M (273.1).

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 (0).

Consolidated equity amounted to SEK 491.4 M (499.7), which equals SEK 62.2 per share (61.1) and the equity/asset ratio is 81 percent (76).

Cash on hand amounted to SEK 182.3 M (177.5).

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

The Board's proposed dividend

G5 Entertainment is active in a fast-moving growing market. In order to benefit from this growth, the company intends 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 8.0 per share (8.0) corresponding to 50 percent (98) of net profit for the year.

Outlook

G5 Entertainment does not publish forecasts.

Risk assessment

G5 Entertainment is, like all companies, exposed to various kinds of risks in its operations. Among the most notable are risks related to the dependency on certain strategic partners, delays in the release of new games, currency exchange risks, changes in technology, dependency on key employees, and tax as well as political risks due to the multinational nature of the group's operations. Risk management is an integral part of G5 Entertainment's management.

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

Interim report Jan-March 2024	May 8, 2024
Annual General Meeting 2024	June 12, 2024
Interim report Jan-Jun 2024	August 8, 2024
Interim report Jan-Sep 2024	November 6, 2024

Teleconference

On February 8th, 2024 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.g5.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@g5.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 8th, 2024

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 February 8th, 2024 at 07.00. 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 2023	Oct-Dec 2022	2023	2022
Net turnover	316,675	363,643	1,319,921	1,400,117
Cost of revenue	-102,743	-119,629	-427,549	-463,696
Gross profit	213,932	244,014	892,372	936,420
Research and Development expenses	-88,006	-84,982	-352,973	-364,050
Sales and Marketing expenses	-75,979	-85,682	-313,450	-400,844
General and administrative expenses	-25,372	-26,608	-102,115	-113,618
Other operating income	-12,453	876	0	21,544
Other operating expenses	-1,654	0	-1,654	0
Operating result	10,468	47,618	122,180	79,451
Financial income	246	844	26,423	1,663
Financial expenses	-428	-854	-11,907	-5,506
Operating result after financial items	10,286	47,608	136,696	75,607
Taxes	-1,359	-1,849	-9,122	-8,661
Net result for the year	8,927	45,759	127,574	66,947
Attributed to:				
Parent company's shareholders	8,927	45,759	127,574	66,947

KSEK	Oct-Dec 2023	Oct-Dec 2022	2023	2022
Earnings per share				
Weighted average number of shares (thousands)	7,937	8,226	8,052	8,370
Weighted average number of shares after dilution, (thousands)	7,937	8,272	8,052	8,416
Earnings per share (SEK) before dilution	1.12	5.56	15.84	8.00
Earnings per share (SEK) after dilution	1.12	5.53	15.84	7.96

STATEMENT OF COMPREHENSIVE INCOME – GROUP

KSEK	Oct-Dec 2023	Oct-Dec 2022	2023	2022
Net result for the period	8,927	45,759	127,574	66,947
Items that later can be reversed in profit				
Revaluation long-term investments	-8,177	-1,499	-12,680	-1,499
Foreign currency translation differences	-13,844	-31,267	6,645	38,083
Total other comprehensive income for the period	-22,021	-32,766	-6,035	36,584
Total comprehensive income for the period	-13,094	12,993	121,539	103,531
Attributed to:				
Parent company's shareholders	-13,094	12,993	121,539	103,531

BALANCE SHEET – GROUP

KSEK	Dec 31 2023	Dec 31 2022
Fixed assets		
Intangible fixed assets		
Capitalized development expenses (Note 2)	220,411	273,073
Intangible assets	2,613	0
	223,024	273,073
Tangible fixed assets		
Equipment	12,883	16,718
	12,883	16,718
Long term Investments	34,134	16,589
Deferred tax receivable	25	63
Total non-current assets	270,066	306,443
Current assets		
Accounts receivable	25,936	5
Tax receivable	3,773	1,664
Other receivables (Note 3,4)	2,846	13,656
Prepaid expenses and accrued income	125,196	150,621
Short term investments	0	8,017
Cash and cash equivalents	182,332	177,469
Total current assets	340,083	351,433
Total assets	610,149	657,876

KSEK	Dec 31 2023	Dec 31 2022
Equity		
Total shareholders' equity as adjusted (note 6)	491,401	488,750
Long-term liabilities		
Deferred tax liabilities	3,618	1,467
Long-term liabilities	1,261	1,578
Total long-term liabilities	4,879	3,045
Current liabilities (Note 5)		
Short-term liabilities	612	1,281
Accounts payable	39,441	61,123
Other liabilities as adjusted (note 6)	11,291	19,480
Tax liabilities	7,789	23,371
Accrued expenses	54,736	60,826
Total current liabilities	113,869	166,081
Total equity and liabilities	610,149	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				66,947	66,947
Total other comprehensive income as adjusted (note 6)			27,103		27,103
Total comprehensive income for the year			27,103	66,947	94,050
Dividend				-59,080	-59,080
Repurchase of shares		-48,066			-48,066
Revaluation long-term investments			-1,499		
IFRS2 – Employee share schemes			10,935		10,935
Total transactions with the owners recognized directly in equity		-48,066	9,436	-59,080	-97,710
Shareholders' equity as of 2022-12-31 as adjusted (Note 6)	928	-189,704	69,746	607,780	488,750
Shareholders' equity 2023-01-01 as adjusted (note 6)	928	-189,704	69,746	607,780	488,750
Net result for the year				127,574	127,574
Total other comprehensive income			-4,004		-4,004
Total comprehensive income for the year			-4,004	127,574	123,570
Dividend				-64,505	-64,505
Repurchase of shares		-54,029			-54,029
Revaluation long-term investments			-14,086		-14,086
IFRS2 – Employee share schemes			11,702		11,702
Total transactions with the owners recognized directly in equity		-54,029	-2,384	-64,505	-120,918
Shareholders' equity as of 2023-12-31	928	-243,733	63,358	670,848	491,401

CASH FLOW STATEMENT – GROUP

KSEK	Oct-Dec 2023	Oct-Dec 2022	2023	2022
Cash flow from operating activities				
Profit after financial items	10,285	47,608	136,696	75,607
Adjusting items not included in cash flow	42,932	48,334	158,676	232,032
	53,217	95,942	295,372	307,639
Taxes paid	-261	-1,228	-17,681	-14,290
Cash flow before changes in working capital	52,956	94,714	277,691	293,349
Cash flow from changes in working capital				
Change in operating receivables	7,379	-4,437	3,362	-22,944
Change in operating liabilities	-16,897	-31,828	-39,889	34,351
Cash flow from operating activities	43,438	58,449	241,164	304,756
Investing activities				
Investment in fixed assets	-1,102	-5,085	-4,029	-8,439
Capitalized development expenses	-25,575	-32,323	-106,283	-167,163
Short term investments	-535	0	-2,933	-1,063
Cash flow from investing activities	-27,212	-37,408	-113,245	-176,665

KSEK	Oct-Dec 2023	Oct-Dec 2022	2023	2022
Financing activities				
Lease financing	-561	-169	-944	-1,475
Dividend	-	-	-64,505	-59,080
Repurchase shares	-11,354	-19,865	-54,029	-48,066
Cash flow from financing activities	-11,915	-20,034	-119,478	-108,621
Cash flow	4,311	1,007	8,441	19,470
Cash at the beginning of the period	184,380	182,253	177,469	149,964
Cash flow	4,311	1,007	8,441	19,470
Exchange rate differences	-6,359	-5,791	-3,578	8,035
Cash at the end of the period	182,332	177,469	182,332	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 0.0 M (9.2) 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	Oct-Dec 2023	Oct-Dec 2022	2023	2022
At the beginning of the period	251,039	296,337	273,073	274,757
Investments	25,575	32,323	103,670	167,163
Write-offs	-	-	-	-72,530
Amortization	-37,502	-37,473	-150,108	-143,149
Net change during the period	-11,928	-5,150	-46,438	-48,516
Currency exchange differences	-18,700	-18,114	-6,224	46,832
At the end of the period	220,411	273,073	220,411	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	Oct-Dec 2023	Oct-Dec 2022	2023	2022
Net turnover	316,675	363,576	1,319,921	1,400,043
Cost of revenue	-240,037	-285,401	-1,038,919	-1,025,579
Gross profit	76,638	78,175	281,003	374,464
Research and development expenses	-8	-30	-75	-109
Sales and Marketing expenses	-71,688	-72,221	-264,513	-347,126
General and administrative expenses	-6,091	-7,239	-22,083	-32,126
Other operating income	0	0	0	21,371
Other operating expenses	-11,791	-1,732	-4,455	0
Operating result	-12,942	-3,047	-10,123	16,474
Financial income	-562	195,848	24,432	195,891
Financial expenses	0	-810	0	-5,241
Operating result after financial items	-13,504	191,991	14,309	207,124
Taxes	1,140	463	0	-1,989
Net result for the period	-12,364	192,454	14,309	205,135

STATEMENT OF COMPREHENSIVE INCOME – PARENT COMPANY

KSEK	Oct-Dec 2023	Oct-Dec 2022	2023	2022
Net result for the period	-12,364	192,454	14,309	205,135
Items that later can be reversed in profit				
Revaluation long-term investments	-9,583	-1,499	-14,086	-1,499
Other comprehensive income	-9,583	-1,499	-14,086	-1,499
Total other comprehensive income for the period	-21,947	190,955	223	203,636

BALANCE SHEET – PARENT COMPANY

KSEK	Dec 30 2023	Dec 31 2022
Fixed assets		
Intangible fixed assets	2,613	-
Intangible fixed assets	2,613	-
Tangible fixed assets	0	5
Tangible fixed assets	0	5
Financial fixed assets		
Shares in group companies	105	105
Financial assets	34,134	16,589
Total fixed assets	36,852	16,699
Current assets		
Account receivables	25,936	-
Receivables from group companies	87,381	392,909
Tax receivables	2,751	762
Other receivables	410	714
Prepaid expenses and accrued income	112,284	131,174
Financial assets	-	8,017
Cash and cash equivalents	53,722	129,196
Total current assets	282,484	662,772
Total assets	319,336	679,471

KSEK	Dec 30 2023	Dec 31 2022
Restricted equity		
Share capital	928	928
Non-restricted equity		
Share premium reserve	53,578	52,401
Profit/Loss carried forward	152,810	80,294
Net result for the period	14,309	205,135
Total equity	221,625	338,758
Current liabilities		
Accounts payable	36,357	44,606
Liability to group companies	54,226	289,699
Other liability	5,130	2,664
Accrued expenses	1,999	3,743
Total current liabilities	97,711	340,713
Total equity and liabilities	319,336	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 plays 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.

Portfolio definitions

Active Games are the games G5 owns and is actively supporting through its development and marketing capacity.

Licensed Games are games that G5 license from 3rd party developers and thereby act as a publisher. Licensed games are not split into active and harvest games.

Harvest Games are games that G5 owns but are not profitable to run as active games. The games are technically supported by a central team.

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@G5.COM

Org.nr. 556680-8878

WWW.G5.COM

