

G5 Entertainment AB

Interim Report Q1 2023

JANUARY – MARCH 2023



INTERIM REPORT JANUARY – MARCH 2023

January – March 2023

- Revenue for the period was SEK 345.4 M (333.1), an increase of 4 percent compared to the same period in 2022 in SEK terms. In USD terms revenue decreased 7 percent year-over-year.
- Gross margin increased to 67.4 percent (66.7 percent), as larger share of revenue is coming from own games and platforms.
- EBIT for the period was SEK 39.8 M (53.6), a decrease of 26%. With the change in publishing strategy communicated in the third quarter 2022 a lower part of the research and development expenses are capitalised which is the main driver of the difference between the years.
- Net result for the period was SEK 47.8 M (49.9), positively impacted by the finance net of SEK 10.1 M (0.0).
- Earnings per share for the period, before dilution, was SEK 5.85 (5.91).
- Cash flow amounted to SEK 26.3 M (35.5), negatively impacted by repurchases of own shares of SEK 13.9 M (0.0).
- Average Monthly Active Users (MAU) was 5.7 million, a decrease of 11 percent compared to the same period in 2022. Average Daily Active Users (DAU) was 1.7 million, a decrease of 8 percent compared to the same period in 2022. Average Monthly Unique Payers (MUP) was 177.6 thousand, a decrease of 6 percent while Average Monthly Average Gross Revenue Per Paying User (MAGRPPU) was USD 61.8, unchanged compared to the same period last year.

FINANCIAL KEY RATIOS

KSEK	Jan-Mar 2023	Jan-Mar 2022	Change %	Apr-Mar 22/23	2022	Change %
Revenue	345,370	333,065	4%	1,412,422	1,400,117	1%
Commission to distributors ¹	-77,173	-75,443	2%	-322,447	-320,718	1%
Royalty to external developers ²	-35,449	-35,620	0%	-142,807	-142,978	0%
Gross profit	232,749	222,002	5%	947,167	936,420	1%
Gross margin	67%	67%		67%	67%	
Operating costs excluding costs for user acquisition	-131,778	-102,186	29%	-551,181	-521,590	6%
EBIT excluding costs for user acquisition	100,971	119,815	-16%	395,986	414,830	-5%
EBIT margin before costs for user acquisition	29%	36%		28%	30%	
Costs for user acquisition ³	-61,167	-66,178	-8%	-330,368	-335,380	-1%
Costs for user acquisition as percentage of revenue	-18%	-20%		-23%	-24%	
EBIT	39,804	53,637	-26%	65,618	79,451	-17%
EBIT margin (%)	11.5%	16.1%		4.6%	5.7%	
Earnings per share before dilution	5.85	5.91	-1%	7.82	8.00	-2%
Cash flow before financing activities	40,337	36,488		131,940	128,091	
Cash and cash equivalents	205,058	187,260		205,058	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: Stable performance along the established trends



G5 has seen stable performance of established trends across the board during the first quarter of 2023, in line with the sustainable “new normal” scenario we talked about at the end of last year. Our New Generation games, led by Sherlock, combined with the fast growth from our G5 Store, continued to spur our performance and give us the flexibility to continue developing new games in our production pipeline.

First quarter revenue increased 4% in SEK and slipped 7% in USD and in-line with the overall market performance. Sequentially, revenue shrank 2% in USD, which is flat when taking the calendar effect into account. Sherlock was up 27% year-over-year and declined 1% sequentially. The Jewels family of games remained a stable money maker in the quarter, and Hidden City was performing on the same level as in Q4’22 adjusting for the shorter quarter.

G5’s gross margin was 67.4%, compared with 66.7% a year earlier. This Gross Margin improvement happened partly due to the G5 Store direct-to-consumer revenue now making up 8% of net revenue, up from only 3.6% a year earlier. In the first quarter, G5 Store revenue growth accelerated again to over 130% year-over-year (120% in Q4’22). Growth in G5 Store improves our gross margins as processing fees in G5

In the first quarter our direct-to-consumer offering, G5 Store, earned us more than 8 percent of net revenue

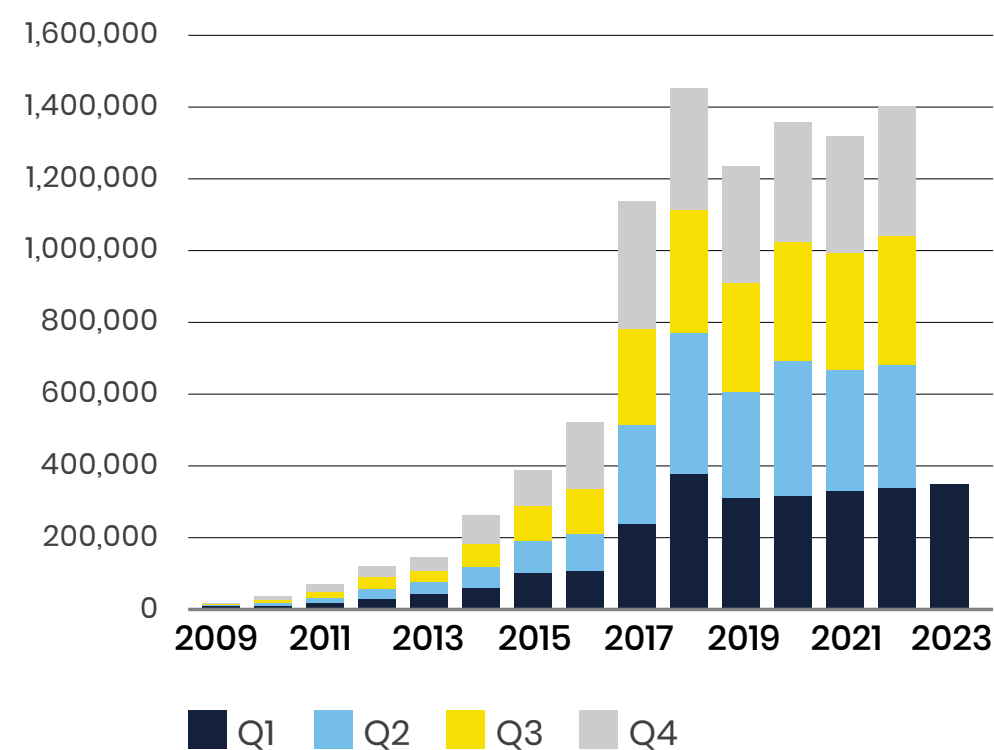
Store are way lower (single percentage points) compared to third party application stores which charge 12-30%. We are excited that G5 Store revenue is quickly growing. Some peers are reporting that their direct-to-consumer revenue is as high as 25% of total revenue, and with G5 Store adoption speed continuing to impress us, this shows us what can be possible in time.

EBIT was SEK 39.8 M (53.6), a decline 26%, but the decline is largely due to the change we announced in Q3’22 in terms of how we now book new game expenses. Capitalised development decreased from SEK 43.2 M to 28.3, if the capitalisation ratio would have been the same we would have capitalised an additional SEK 19.6 M in 2023. It is best to look at cash flow instead to compare apples to apples. Q1 cash flow before financing activities was a strong SEK 40.3 M (36.5), an increase of 11% compared to last year. We also ended the quarter with better cash position than last year. Despite the change of how we book new games expenses which happened in Q3’22, earnings per share 5.85 SEK were almost unchanged compared to last year thanks to a positive development in the financial net.

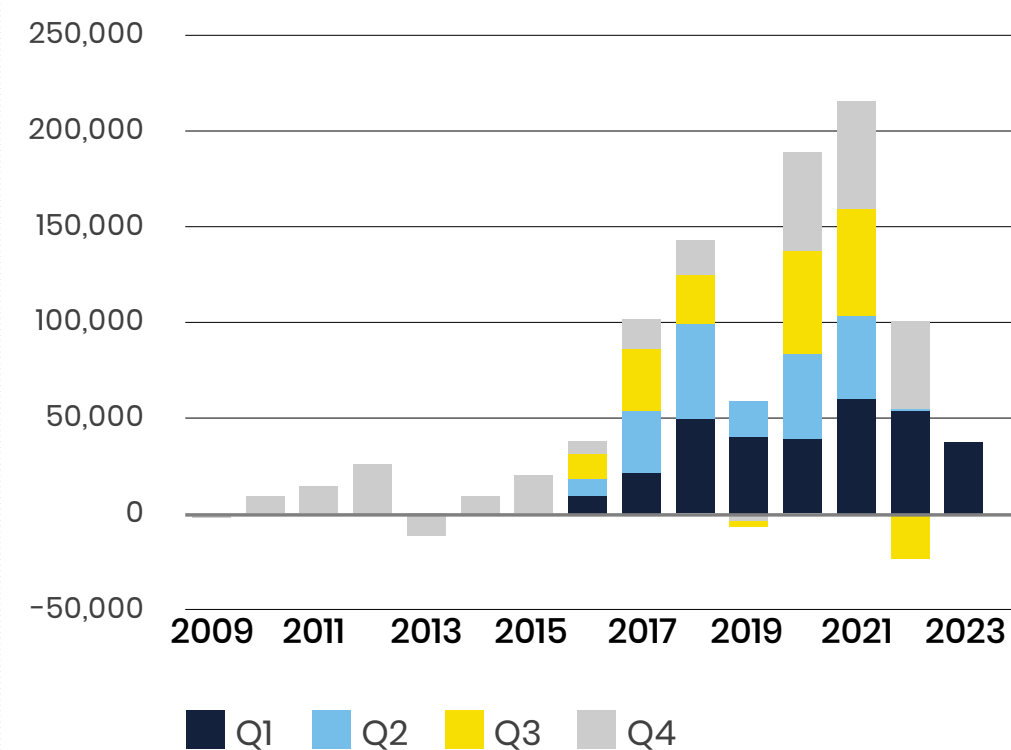
We continued to work on new game ideas and titles in both before and after soft launch stage. Our pipeline now has 26 game ideas in evaluation and testing, and 7 ideas in soft launch development and iterations. As we have said before, we expect to soft launch 5 to 6 games each year and launch 1 to 2 globally.

As part of the new game pipeline changes made in Q3 last year and mentioned in the Q4’22 report, G5 made some staff optimizations, ultimately reducing total headcount to 931 at

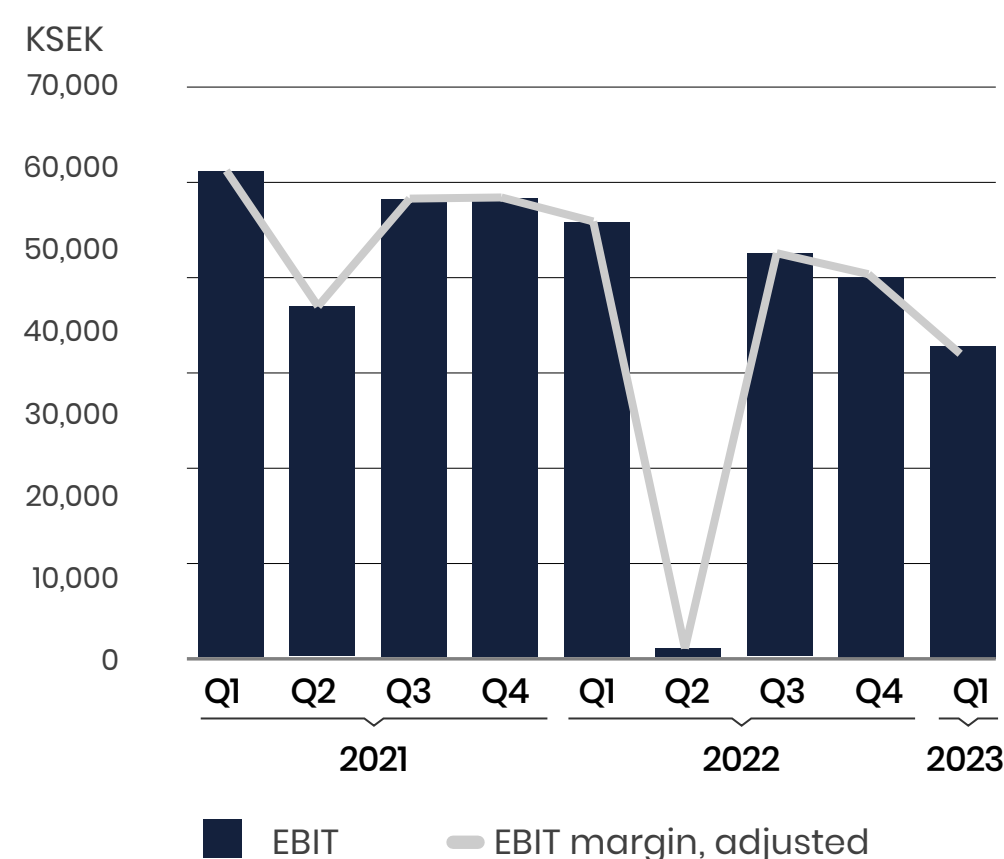
Revenue (KSEK)



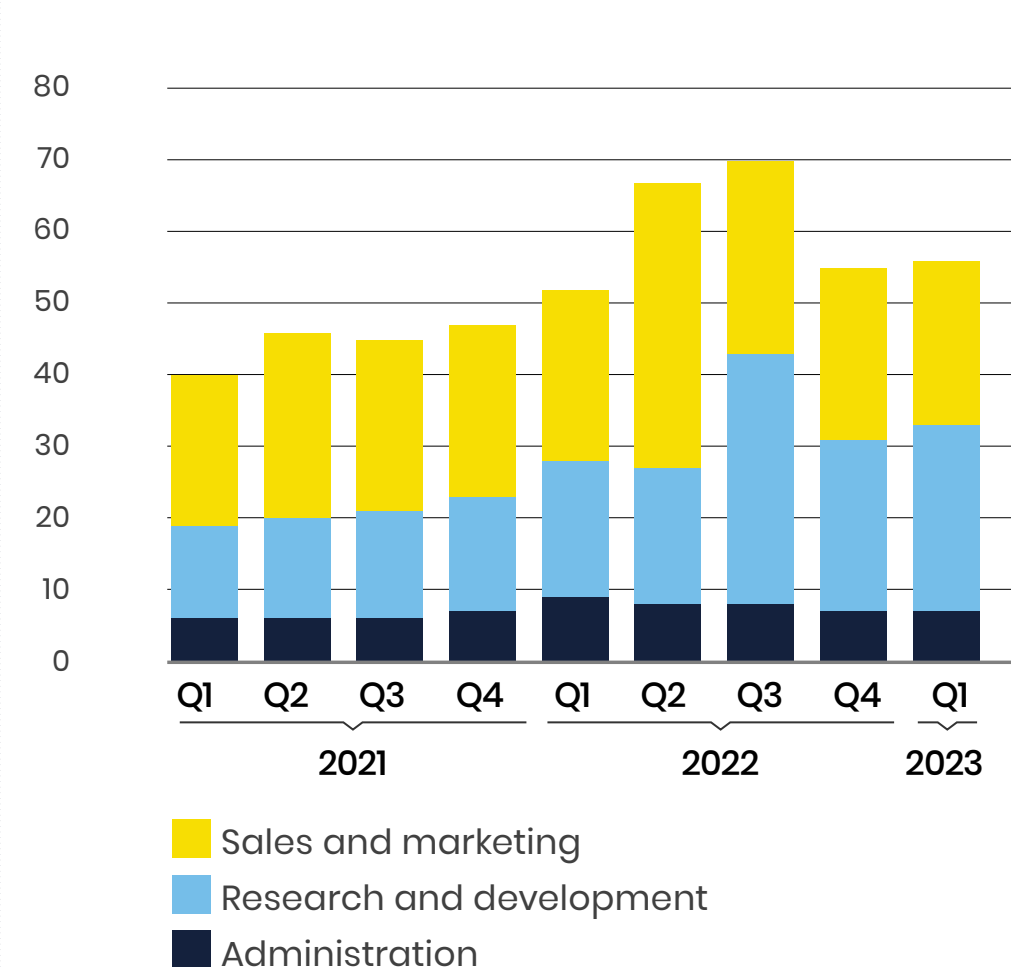
EBIT (KSEK)



EBIT (KSEK) | EBIT-margin (%)



Costs in % of revenue



the end of Q1 vs 961 at the end of 2022.

On the topic of efficiency, we have also spent time exploring the opportunities offered by the generative AI tools. We have already identified certain areas of production where these tools are beneficial, and we are actively using them to save time. We have also identified areas where we are going to incorporate the use of such tools for additional efficiency improvements and savings. This will gradually happen over the course of the year.

G5 also continued to relocate employees during the quarter. Our employees which are physically located in EU, Montenegro, Armenia, Georgia, and Kazakhstan, now stand for 41% of our staff. In Ukraine, we still have our largest office where physically there are 329 employees, including over 100 in quality assurance, about 35% of our total workforce. We now have less than a quarter of the total workforce remaining in Russia. The headcount there has more than halved since the beginning of the conflict. When we relocate employees, we aim to maintain the cost structure in the long run, but relocations do incur one-time costs, which amounted to approx. SEK 1.5 M in the quarter. While we expect relocations to continue gradually for the foreseeable future, at this point we consider our footprint quite sufficiently diversified from the ongoing conflict and its risks, and we also have a number of contingency plans in place to ensure uninterrupted work.

The company continues to have a strong financial position with zero debt. This allowed us to repurchase 69,000 shares from the market in Q1 for 13.9 MSEK

Total headcount went down to 931 of which 41 percent are now based in EU, Armenia, Georgia and Kazakhstan

at the average price of 202 SEK per share. We brought the total number of shares in the market (not counting those held by the company) down to 8,105,000. Management has a board mandate to continue share repurchases during 2023, of course subject to approval from the AGM, considering G5’s stable performance, high cash conversion and free cash flow. Ahead of the

AGM on June 14, the board has also proposed a dividend of 8 SEK (7) per share for 2022.

G5’s Q1 results are in line with the “new normal” mentioned in the Q4 report. We are in a strong position and our games and direct-to-consumer business continue to gain traction, which we expect will deliver stability in our results for the rest of 2023, with an opportunity for additional positive development thanks to our new game pipeline.

Thank you for following G5.

May 4th, 2023
Vlad Suglovov, CEO, co-founder

January – March

Revenue and gross profit

Revenue amounted to SEK 345.4 M (333.1). Revenue increased by 4 percent compared to the same period in 2022, in USD the revenue decreased by 7%.

Cost of revenue increased to SEK 112.6 M (111.1). 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 was unchanged compared to the same period in 2022.

Gross margin for the period was 67.4 percent (66.7). Gross profit for the quarter increased by 5 percent compared to the first quarter in 2022 and was SEK 232.7 M (222.0).

Operational Costs

Costs for research and development were SEK 88.3 M (61.8) during the period. The main driver for the increase was the change made to the development funnel which was communicated with the interim report for Jan-Sep 2022. In the first quarter the company capitalized SEK 14.9 M less than the same period last year. Amortizations also increased with SEK 3.7 M.

Sales and marketing decreased to SEK 79.4 M (80.4). Sales and marketing is primarily affected by the costs for user acquisition. During the quarter the cost for user acquisition was SEK 61.2 M (66.2).

Cost for user acquisition as a percentage of sales was 18 percent, compared to 20 percent in the same period in 2022. Sales and marketing, excluding user acquisition, increased to SEK 18.2 M (14.2).

General and administrative costs amounted to SEK 26.4 M (31.5). Other operating income other operating expenses together amounted to SEK 1.1 M (5.3), primarily driven by currency effects on operational assets and liabilities.

EBIT

Depreciation and amortization have increased with the larger portfolio of games, and amounted to SEK 38.9 M (35.7). Capitalization of intangible assets amounted to SEK 28.3 M (43.2). During the quarter no write-downs were made. Net effect of capitalization and amortization on intangible assets amounted to SEK -8.8 M (9.9).

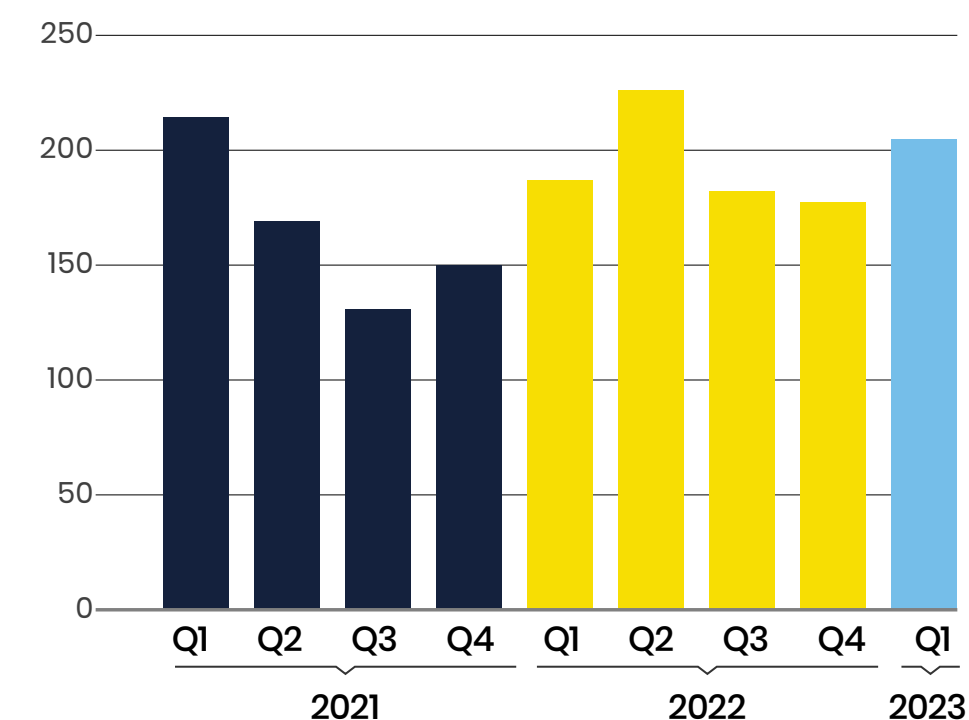
Earnings before interest and taxes (EBIT) amounted to SEK 39.8 M (53.6), corresponding to an EBIT margin of 11.5 percent (16.1).

Net profit

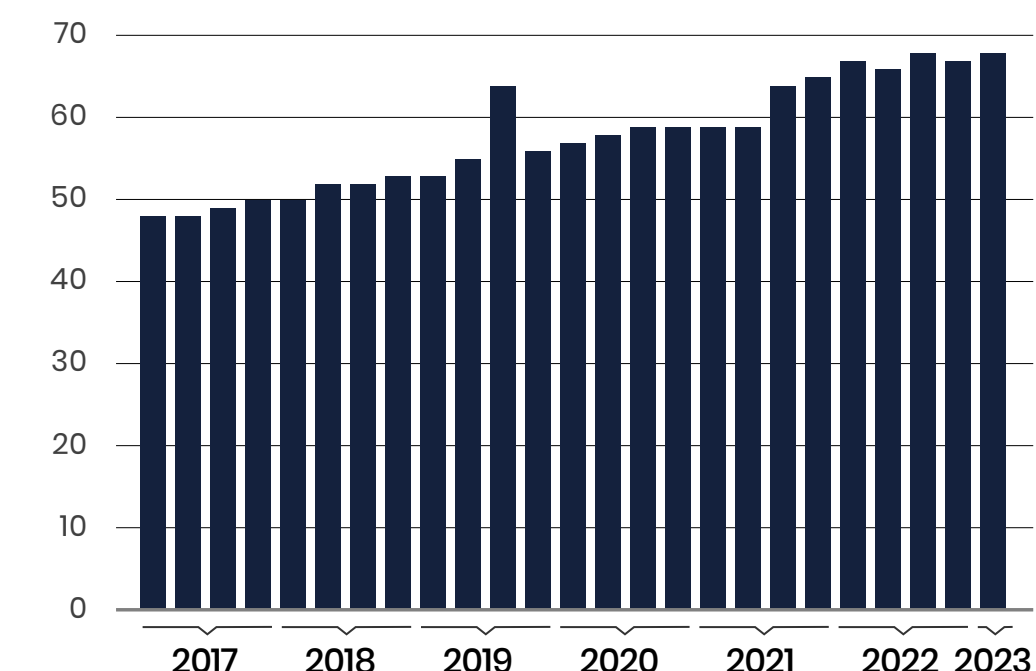
Net profit was affected by financial items with SEK 10.1 M (0.0). Finance net was impacted by revaluation of short term investments amounting to SEK 9.6 M (0.0) and interest income of SEK 0.6 M (0.2). Tax affected the result with SEK -2.1 M (-3.7).

Net profit amounted to SEK 47.8 M (49.9) which equals an earnings per share, before and after dilution SEK 5.85 (5.91).

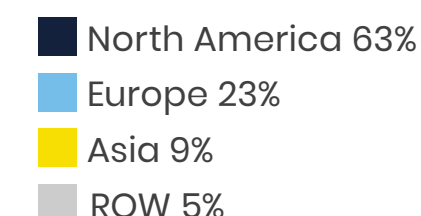
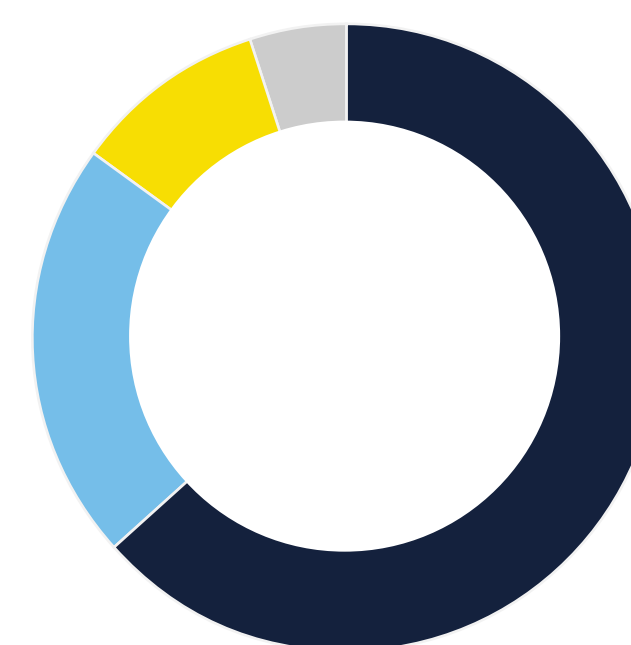
Cash Position (MSEK)



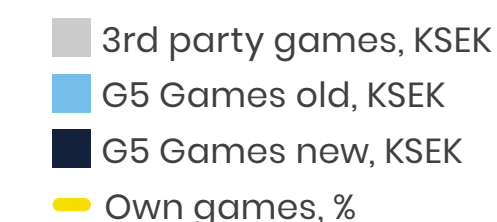
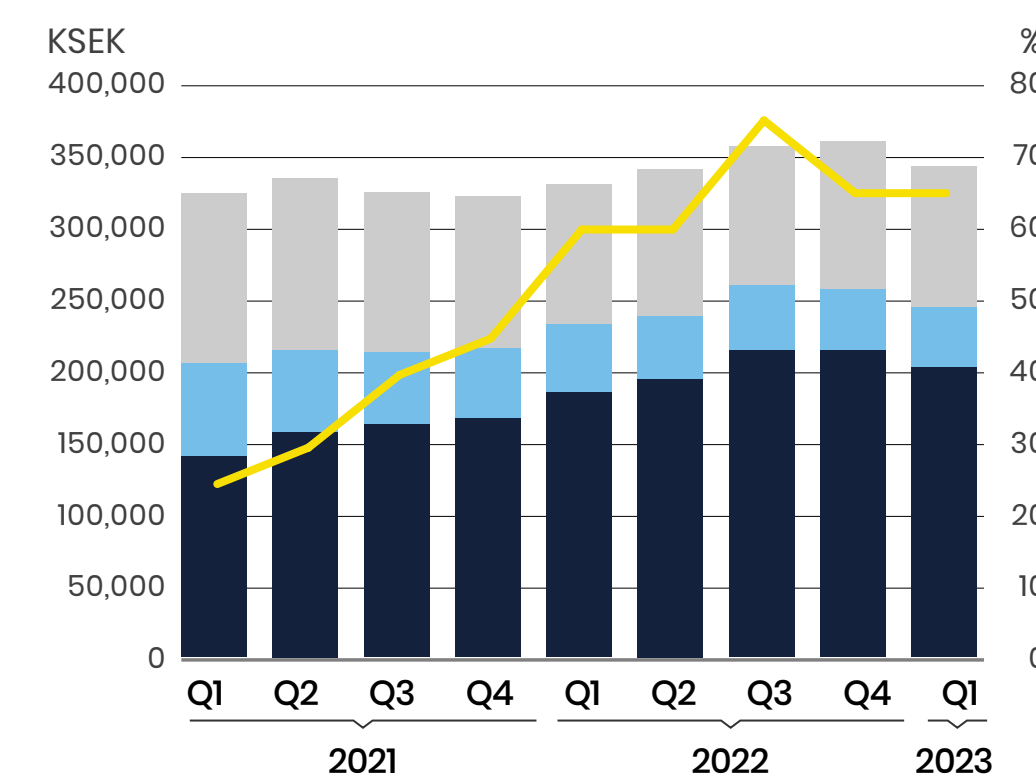
Gross Margin (%)



Revenue breakdown by geography First Quarter 2023



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



Operational metrics

F2P	Q1'23	Q1'22	Change
Average MAU (mn)	5.7	6.4	-11%
Average MUP (thousands)	177.6	188.5	-6%
Average MUU (mn)	4.2	4.7	-11%
Average MAGRPPU (USD)	61.8	62.1	0%
Average DAU (mn)	1.7	1.8	-8%

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

Cash flow

During the first quarter, the group had an operating cash flow before changes in working capital of SEK 81.8 M (74.9). In the quarter taxes impacted the cash flow negatively with SEK 1.0 M (-11.2).

Changes in working capital impacted the cash flow with SEK -11.7 M (6.6). Capitalized development expenses impacted the cash flow negatively with SEK 28.3 M (43.2).

Cash flow before financing activities amounted to SEK 40.1 M (36.5). Financing activities were impacted by buybacks of own shares amounting to SEK -13.9 M (0.0) and IFRS16 bookings related to lease of premises SEK -0.2 M (-1.0).

Available cash on March 31, 2023 amounted to SEK 205.1 M (187.3).

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 262.6 M (291.4).

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 (0.0) were made.

Consolidated equity amounted to SEK 547.9 M (544.6), which equals SEK 67.6 per share (64.5) and the equity/asset ratio is 77 percent (80).

Cash on hand amounted to SEK 205.1 M (187.3).

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

Annual General Meeting 2023	June 14, 2023
Interim report Jan-Jun 2023	August 10, 2023
Interim report Jan-Sep 2023	November 8, 2023

Teleconference

On May 4th, 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

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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 May 3rd, 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 May 4th, 2023 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	Jan-Mar 2023	Jan-Mar 2022	Apr-Mar 22/23	2022
Net turnover	345,370	333,065	1,412,422	1,400,117
Cost of revenue	-112,622	-111,063	-465,255	-463,696
Gross profit	232,749	222,002	947,167	936,420
Research and Development expenses	-88,256	-61,775	-390,531	-364,050
Sales and Marketing expenses	-79,389	-80,386	-399,848	-400,844
General and administrative expenses	-26,424	-31,482	-108,561	-113,618
Other operating income	1,125	5,278	17,391	21,544
Other operating expenses	0	0	0	0
Operating result	39,804	53,637	65,618	79,451
Financial income	10,293	9,576	11,804	1,663
Financial expenses	-229	-197	-5,538	-5,506
Operating result after financial items	49,868	53,592	71,883	75,607
Taxes	-2,104	-3,731	-7,034	-8,661
Net result for the year	47,764	49,861	64,850	66,947
Attributed to:				
Parent company's shareholders	47,764	49,861	64,850	66,947

KSEK	Jan-Mar 2023	Jan-Mar 2022	Apr-Mar 22/23	2022
Earnings per share				
Weighted average number of shares (thousands)	8,159	8,440	8,297	8,370
Weighted average number of shares after dilution, (thousands)	8,209	8,440	8,247	8,416
Earnings per share (SEK) before dilution	5.85	5.91	7.82	8.00
Earnings per share (SEK) after dilution	5.82	5.91	7.86	7.96

STATEMENT OF COMPREHENSIVE INCOME – GROUP

KSEK	Jan-Mar 2023	Jan-Mar 2022	Apr-Mar 22/23	2022
Net result for the period	47,764	49,861	64,850	66,947
Items that later can be reversed in profit				
Revaluation long-term investments			-1,499	-1,499
Foreign currency translation differences	10,682	204	48,561	38,083
Total other comprehensive income for the period	10,682	204	47,062	36,584
Total comprehensive income for the period	58,446	50,065	111,912	103,531
Attributed to:				
Parent company's shareholders	58,446	50,065	111,912	103,531

BALANCE SHEET – GROUP

KSEK	Mar 31 2023	Mar 31 2022	Dec 31 2022
Fixed assets			
Intangible fixed assets			
Capitalized development expenses (Note 2)	262,639	291,351	273,073
	262,639	291,351	273,073
Tangible fixed assets			
Equipment	15,899	14,759	16,718
	15,899	14,759	16,718
Long term Investments	16,589	18,088	16,589
Deferred tax receivable	63	0	63
Total non-current assets	295,190	324,198	306,443
Current assets			
Accounts receivable	32	0	5
Tax receivable	1,648	4,241	1,664
Other receivables (Note 3,4)	13,818	14,294	13,656
Prepaid expenses and accrued income	174,463	134,108	150,621
Short term investments	17,593	13,200	8,017
Cash and cash equivalents	205,058	187,260	177,469
Total current assets	412,612	353,103	351,433
Total assets	707,802	677,301	657,876

KSEK	Mar 31 2023	Mar 31 2022	Dec 31 2022
Equity			
Total shareholders' equity	547,873	544,560	499,729
Long-term liabilities			
Deferred tax liabilities	1,513	589	1,467
Long-term liabilities	2,225	1,881	1,578
Total long-term liabilities	3,738	2,470	3,045
Current liabilities (Note 5)			
Short-term liabilities	457	806	1,281
Accounts payable	21,723	25,437	61,123
Other liabilities	67,166	17,935	8,500
Tax liabilities	20,873	17,860	23,371
Accrued expenses	45,972	68,234	60,827
Total current liabilities	156,191	130,271	155,102
Total equity and liabilities	707,802	677,301	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				49,861	49,861
Total other comprehensive income			204		204
Total comprehensive income for the year			204	49,861	50,065
IFRS2 - Employee share schemes			2,085		2,085
Total transactions with the owners recognized directly in equity			2,085		2,085
Shareholders' equity as of 2022-03-31	928	-141,638	35,496	649,774	544,560
Shareholders' equity 2023-01-01	928	-189,704	80,726	607,780	499,730
Net result for the year				47,764	47,764
Total other comprehensive income			10,682		10,682
Total comprehensive income for the year			10,682	47,764	58,446
Repurchase of shares		-13,935			-13,935
IFRS2 - Employee share schemes			3,633		3,633
Total transactions with the owners recognized directly in equity		-13,935	3,633	0	-10,302
Shareholders' equity as of 2023-03-31	928	-203,639	95,041	655,544	547,874

CASH FLOW STATEMENT – GROUP

KSEK	Jan-Mar 2023	Jan-Mar 2022	Apr-Mar 22/23	2022
Cash flow from operating activities				
Profit after financial items	49,868	53,592	71,883	75,607
Adjusting items not included in cash flow	32,938	32,512	232,458	232,032
	82,806	86,104	304,341	307,639
Taxes paid	-997	-11,165	-4,122	-14,290
Cash flow before changes in working capital	81,809	74,939	300,219	293,349
Cash flow from changes in working capital				
Change in operating receivables	-20,072	-11,158	-31,858	-22,944
Change in operating liabilities	8,327	17,725	24,953	34,351
Cash flow from operating activities	70,064	81,506	293,314	304,756
Investing activities				
Investment in fixed assets	-1,445	-1,808	-8,076	-8,439
Capitalized development expenses	-28,282	-43,210	-152,235	-167,163
Short term investments	0	0	-1,063	-1,063
Cash flow from investing activities	-29,727	-45,018	-161,374	-176,665

KSEK	Jan-Mar 2023	Jan-Mar 2022	Apr-Mar 22/23	2022
Financing activities				
Lease financing	-135	-978	-632	-1,475
Dividend	0	0	-59,080	-59,080
Repurchase shares	-13,935	0	-62,001	-48,066
Cash flow from financing activities	-14,070	-978	-121,713	-108,621
Cash flow	26,267	35,510	10,227	19,470
Cash at the beginning of the period	177,469	149,964	187,260	149,964
Cash flow	26,267	35,510	10,227	19,470
Exchange rate differences	1,322	1,786	7,571	8,035
Cash at the end of the period	205,058	187,260	205,058	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 2**Capitalized development expenses**

KSEK	Jan-Mar 2023	Jan-Mar 2022	Apr-Mar 22/23	2022
At the beginning of the period	273,073	274,757	291,351	274,757
Investments	28,282	43,210	152,236	167,163
Write-offs	0	0	-72,530	-72,530
Amortization	-37,089	-33,349	-146,889	-143,149
Net change during the period	-8,807	9,860	-67,183	-48,516
Currency exchange differences	-1,628	6,734	38,470	46,832
At the end of the period	262,639	291,351	262,639	273,073

Note 3**Other receivables**

Other receivables include SEK 10.1 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 4**Pledged assets and contingent liabilities**

G5 Entertainment has no (3) pledged assets to. 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.

INCOME STATEMENT – PARENT COMPANY

KSEK	Jan-Mar 2023	Jan-Mar 2022	Apr-Mar 22/23	2022
Net turnover	345,370	333,065	1,412,348	1,400,043
Cost of revenue	-277,336	-261,283	-1,041,632	-1,025,579
Gross profit	68,034	71,782	370,716	374,464
Research and development expenses	-2,577	-26	-2,660	-109
Sales and Marketing expenses	-63,537	-68,438	-342,225	-347,126
General and administrative expenses	-9,076	-7,664	-33,538	-32,126
Other operating income	0	2,503	20,600	21,371
Other operating expenses	-943	0	-2,675	0
Operating result	-8,099	-1,843	10,218	16,474
Financial income	536	8	196,418	195,891
Financial expenses	9,576	-57	4,393	-5,241
Operating result after financial items	2,013	-1,893	211,030	207,124
Taxes	0	0	-1,989	-1,989
Net result for the period	2,013	-1,893	209,041	205,135

STATEMENT OF COMPREHENSIVE INCOME – PARENT COMPANY

KSEK	Jan-Mar 2023	Jan-Mar 2022	Apr-Mar 22/23	2022
Net result for the period	2,013	-1,893	209,041	205,135
Items that later can be reversed in profit				
Revaluation long-term investments			-1,499	-1,499
Other comprehensive income			-1,499	-1,499
Total other comprehensive income for the period	2,013	-1,893	209,041	205,135

BALANCE SHEET – PARENT COMPANY

KSEK	Mar 31 2023	Mar 31 2022	Dec 31 2022
Fixed assets			
Tangible fixed assets			
Tangible fixed assets	2	18	5
Financial fixed assets			
Shares in group companies	105	71	105
Financial assets	16,589	18,088	16,589
Total fixed assets	16,695	18,176	16,699
Current assets			
Account receivables	0	0	0
Receivables from group companies	40,477	174,624	392,909
Tax receivables	1,513	3,502	762
Other receivables	576	4,398	714
Prepaid expenses and accrued income	146,051	123,982	131,174
Financial assets	17,593	13,200	8,017
Cash and cash equivalents	145,571	141,592	129,196
Total current assets	351,781	461,299	662,772
Total assets	368,477	479,475	679,471

KSEK	Mar 31 2023	Mar 31 2022	Dec 31 2022
Restricted equity			
Share capital	928	928	928
Non-restricted equity			0
Share premium reserve	52,745	51,434	52,401
Profit/Loss carried forward	274,783	189,141	80,294
Net result for the period	2,013	-1,893	205,135
Total equity	330,470	239,610	338,758
Current liabilities			
Accounts payable	21,074	21,504	44,606
Tax Liability	0	0	0
Liability to group companies	5,831	211,517	289,699
Other liability	9,046	3,712	2,664
Accrued expenses	2,055	3,132	3,743
Total current liabilities	38,007	239,865	340,713
Total equity and liabilities	368,477	479,475	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 tech-

nology, 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® Wordplay: Search Word Puzzle™ and Jewels of the Wild West™. G5 Entertainment AB (publ) is listed on Nasdaq Stockholm since 2014.

G5 Entertainment AB (publ)

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