

G5 Entertainment AB

Year-end Report

JANUARY – DECEMBER 2020



Year-End Report 2020

October – December 2020

- Revenue for the period was SEK 335.3 M (328.1), an increase of 2 percent compared to the same period in 2019. In USD terms the growth was 16%.
- Gross margin increased to 59 percent (56 percent), as a larger share of revenue is coming from own games.
- EBIT for the period was SEK 52.3 M (-4.1).
- Net result for the period was SEK 47.6 M (-4.4).
- Earnings per share for the period, before dilution, was SEK 5.30 (-0.48).
- Cash flow amounted to SEK 30.9 M (25.5), impacted negatively by repurchase of own shares of MSEK -12.4 (0.0).
- Average Monthly Active Users (MAU) was 7.4 million, an increase of 27 percent year-over-year.
- Average Monthly Unique Payers (MUP) was 217.8 thousand, an increase of 1 percent year-over-year.
- Daily Active Users (DAU) was 1.8 million, a increase of 12 percent year-over-year.
- Average Monthly Average Gross Revenue Per Paying User (MAGRPPU) was USD 60.3, an increase of 15 percent year-over-year.
- The Board proposes a dividend of SEK 6.25 (2.5) per share, equal to approximately SEK 53.6 M (21.9).

Full year 2020

- Revenue for the period was SEK 1,356.0 M (1,233.0), an increase of 10 percent compared 2019. In USD terms the growth was 15%.
- Gross margin increased to 58 percent (57 percent), as a larger share of revenue is coming from own games.
- EBIT for the period was SEK 189.5 M (51.8), an increase of 266% compared to 2019.
- Earnings per share for the period, before dilution, was SEK 19.11 (5.01).
- Downloads during the year amounted to 31.0 million (22.1), an increase of 41% compared to 2019.

Financial key ratios

| KSEK | Oct-Dec 2020 | Oct-Dec 2019 | Change % | 2020 | 2019 | Change % |
|--|-----------------|-----------------|-------------|----------------|----------------|-------------|
| Revenue | 335,331 | 328,093 | 2% | 1,356,048 | 1,233,039 | 10% |
| Commission to distributors ¹ | -96,766 | -99,148 | -2% | -395,875 | -375,304 | 5% |
| Royalty to external developers ² | -41,156 | -45,288 | -9% | -173,853 | -157,740 | 10% |
| Gross profit | 197,410 | 183,657 | 7% | 786,320 | 699,995 | 12% |
| Gross margin | 59% | 56% | | 58% | 57% | |
| Operating costs excluding costs for user acquisition | -72,175 | -92,315 | -22% | -303,157 | -292,216 | 4% |
| EBIT excluding costs for user acquisition | 125,235 | 91,342 | 37% | 483,163 | 407,779 | 18% |
| EBIT margin before costs for user acquisition | 37% | 28% | | 36% | 33% | |
| Costs for user acquisition ³ | -72,912 | -95,411 | -24% | -293,619 | -355,962 | -18% |
| Costs for user acquisition as percentage of revenue | -22% | -29% | | -22% | -29% | |
| EBIT | 52,323 | -4,069 | n/a | 189,544 | 51,817 | 266% |
| EBIT margin (%) | 15.6% | -1.2% | | 14.0% | 4.2% | |
| Earnings per share before dilution | 5.30 | -0.48 | n/a | 19.11 | 5.01 | 282% |
| Cash flow before financing activities | 44,998 | 26,272 | | 140,090 | 44,222 | |
| Cash and cash equivalents | 188,411 | 152,268 | | 188,411 | 152,268 | |

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

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

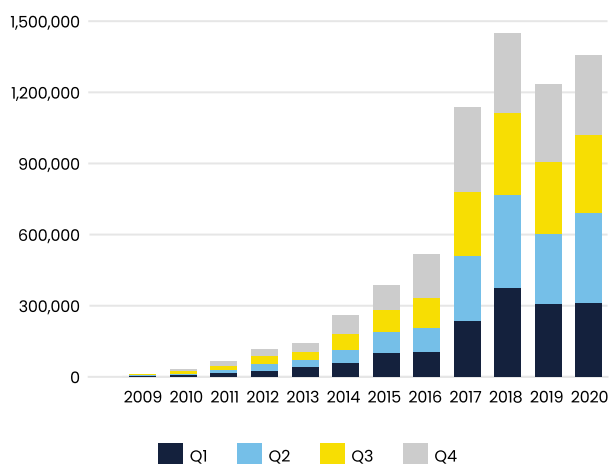
Record earnings and strong growth momentum

In many aspects this year has been different than expected, but we felt strongly already at the beginning of the year that we were building a competitive portfolio of attractive games and improving the effectiveness of our user acquisition (UA). At that point we communicated we don't expect to set new records in the first half of 2020 but that we should be able to reach record earnings in the second half as the share of revenue from our own games grows. The ongoing improvements in our UA efforts went faster than anticipated and already in the first half of the year we have achieved solid profitability, and in the second half we have delivered the two most profitable quarters in the history of the company, making 2020 a record year. This was possible due to fundamental factors: fast growth of the new generation of games and improvements in UA efficiency.

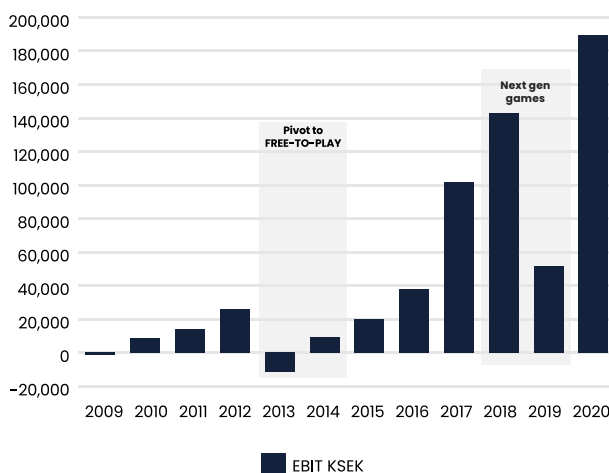
In the second half we have delivered the two most profitable quarters in the history of the company.

During the first quarter the COVID-19 virus evolved into a global pandemic, which in combination with lockdowns sent many people home for a while where they spent more time and money on mobile games than they probably would have otherwise. The intensity of the surge, however, was temporary, and the effect receded by the summer. The lockdowns in

Revenue KSEK



EBIT KSEK



the fall and winter were not distinguishable from the regular seasonal effect. While the pandemic has undoubtedly had a positive effect on our business during 2020, it only accelerated the inevitable, pushing the market and G5 along the fundamental growth curve a bit faster than anticipated.

Since the virus surged in March, the employees at G5 have mainly worked from home. The success we have had is due to their dedication in these difficult times and I want to express my gratitude to them for their great accomplishments.

The strong development during the year is coming from our portfolio of new generation games, those created from scratch inside the company in the past year and a half. We started the year with Jewels of Rome driving growth in own games and during the year we added eight new games to our portfolio. The new generation of games is now counting 13 games. These games generated revenue of only 1 MSEK in Q2 2019 and grew organically to 133 MSEK in Q4 2020. This new growing business was created organically from scratch in only 1.5 years based on the investments we have made in expanding our development teams. The total size of our portfolio is now 30 games.

The growth of our new generation of games drove the expansion of own games revenue share from 40 percent a year ago to 61 percent in the fourth quarter. Because of the inherent leverage of our business model, this development coupled with the new management in marketing and the subsequent work to improve our processes in user acquisition, resulted in continued expansion of our gross margin and drove our

EBIT margin to 16 percent (-1) in the fourth quarter, the second-best ever, only topped by the third quarter this year.

Strong growth momentum for our new generation of games continued in the fourth quarter, as their revenue grew 250 percent year-over-year. This was achieved as we have

only spent slightly more on user acquisition as % of revenue in Q4 compared to Q3 (22% vs 21%).

When analyzing our results, it is important to remember that over 99% of our revenue is derived from outside of Sweden (US: 58%, EU: 22%, Japan: 10%), but we are obliged to report in SEK, which can be distorted by currency movements. In USD terms our revenue in Q4 grew 16 percent year over year. For the full year, the growth was 15 percent year over year. In USD terms,

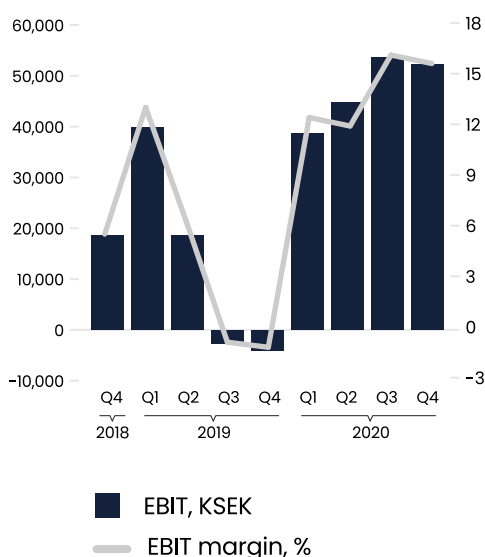
in the fourth quarter we had two highest revenue months in more than two years, and there were only eight months in our history that delivered greater revenue than December.

The size of our monthly audience and the monetization metrics of the audience are important fundamental indicators helping track our success. We clearly see that these numbers have advanced over the past quarters, confirming our strategy and giving us confidence that G5 has shifted to a higher gear with a firm foundation for 2021. In the quarter, we both increased the audience of players and the monetization – monthly active users (MAU) grew 27 percent year-over-year, and monthly average gross revenue per paying user (MAGRP-PU) rose 15 percent compared to a year earlier.

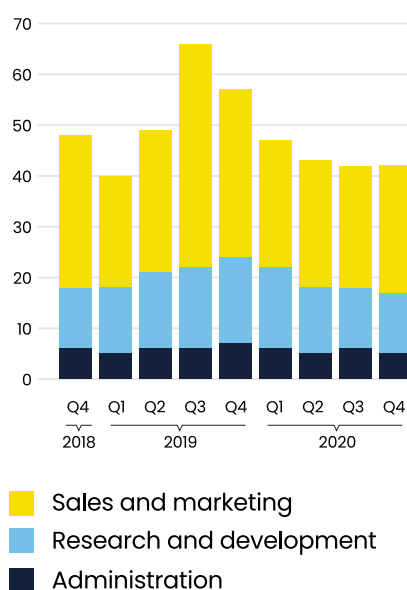
Our games were downloaded 31.0 million times in 2020, up by 41 percent compared to 2019 when only 22.1 million down-

These games generated revenue of only 1 MSEK in Q2 2019 and grew organically to 133 MSEK in Q4 2020.

EBIT (KSEK) | EBIT-margin (%)



Costs in % of revenue



loads of our games were made, while we spent 18% less on UA this year. The growth from 2019 to 2020 is dramatic and shows the massive improvements in our marketing as well as the stronger interest towards mobile games during the year. Still, the absolute number of downloads is not very high compared to the size of the market and in relation to the revenue we have made in 2020. The increase highlights improved retention and monetization of our games and the strong effect driving more downloads can have on the company's revenue and earnings.

Our EBIT and EBIT-margin for the full year 2020 both set new records. Furthermore, G5 delivered industry-leading return on total assets (ROTA) of 33 percent and return on equity (ROE) of 41 percent.

We remain cash flow positive with high cash conversion and we have a strong balance sheet with zero debt. Accordingly, during 2020, we distributed 22 MSEK to shareholders in the form of dividends and spent 66 MSEK on share repurchases, reducing the number of shares in the market by 4.2 percent, while still achieving record cash position at the end of the year. Thanks to our outstanding ability to generate cash, we have already repurchased shares for 27 MSEK in 2021. Based on the record 2020 results, the board has also proposed a dividend of 6.25 SEK per share for 2020, a 150% increase from 2.5 SEK in 2019.

Everything points to a record-breaking 2021

The year has started well with January showing a 24% growth in USD terms with an EBIT margin around 20 percent. Most of the seasonally strong first quarter is still ahead of us.

With so much recent success in our products and marketing,

we have confidence in our strategy and will continue to develop a competitive portfolio of attractive games based on G5 Talisman platform, connected with G5 Friends network, and

promoted with our M.A.R.S user acquisition suite, serving the audience of so-called casual players. We will release at least six new games in 2021, in our existing and new genres. The first game was already launched in January. We expect continued growth in revenue from the new generation of our games, which will drive further gross margin expansion and EBIT margin expansion.

While we are showing great organic growth as we enter the new year, we are also actively searching for acquisition opportunities that can further our strategy or expand our reach into new genres. Due to our outstanding ability to create new popular games internally, our threshold for the quality of a deal is high and we are applying certain rigorous criteria to the screening of potential targets.

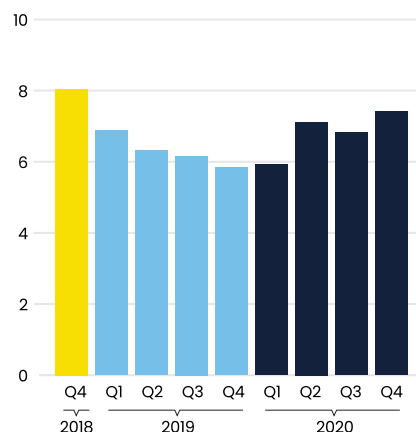
We enter 2021 with strong top-line growth momentum and proven cost control, trends that I expect to continue during the year. Our game portfolio is well-balanced and more diversified than ever. I expect us to continue beating records in 2021, both in terms of revenue and profitability. We know from history that growth is not always a straight line, but the fundamentals are there for these trends to continue.

Thanks for following us at G5.

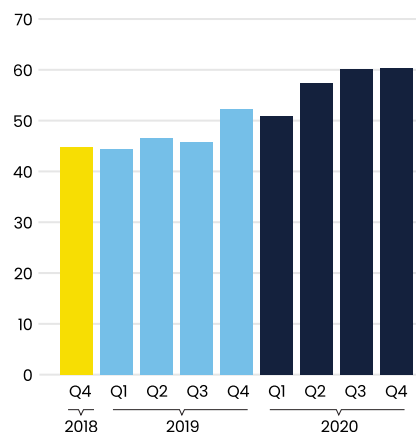
February 11th, 2021

Vlad Suglobov
CEO, co-founder

MAU, mn



MAGRPPU, USD



October–December

Revenue and gross profit

Revenue amounted to SEK 335.3 M (328.1). Revenue increased by 2 percent compared to the same period in 2019.

Cost of revenue decreased by 5 percent to SEK 137.9 M (144.4). Cost of revenue includes commission to the distributors (Apple App Store, Google Play, Amazon Appstore, etc.). All relevant parties charge up to 30 percent of gross revenue. Cost of revenue also includes royalties payable to external developers which decreased by 9 percent compared to the same period in 2019.

Gross margin for the period was 59 percent (56). Gross profit for the quarter increased by 7 percent compared to the fourth quarter in 2019 and was SEK 197.4 M (183.7).

Operational Costs

Costs for research and development were SEK 39.5 M (54.4) during the period. The decrease in costs for research and development is primarily driven by a decrease in write-downs and amortizations, increase in capitalizable costs and a continued decrease of the rubel and hryvnia.

Sales and marketing decreased to SEK 85.1 M (107.5). Sales and marketing is primarily affected by the costs for user acquisition. During the quarter the cost for user acquisition was SEK 72.9 M (95.4). Cost for user acquisition as a percentage of sales was 22 percent, compared to 29 percent in the same period in 2019. Compared to last year the company has made changes to both the team responsible for user acquisition as well as the tools and frameworks used, which has significantly improved the efficiency of the marketing spend. Sales and marketing, excluding user acquisition, increased slightly to SEK 12.2 M (12.1).

General and administrative costs amounted to SEK 17.8 M (21.7). Other operating income amounted to SEK 19.2 M (-4.0) and other operating expenses amounted to SEK -21.9 M (-0.1). Together they amounted to SEK -2.7 M (-4.1), primarily driven by currency effects on operational assets and liabilities.

EBIT

Depreciation and amortization have decreased, primarily due to the weakening USD and amounted to SEK 29.7 M (27.4). Capitalization of intangible assets amounted to SEK 33.4 M (31.6). During the quarter no write-downs were made (SEK -5.7 M). Net effect of capitalization and amortization, net capitalization, on intangible assets amounted to SEK 7.3 M (4.2).

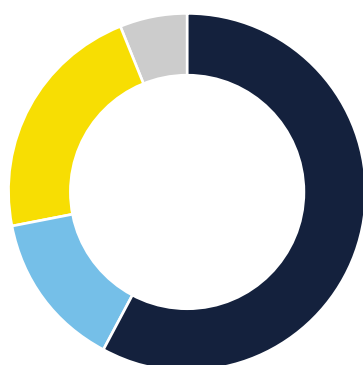
Earnings before interest and taxes (EBIT) amounted to SEK 52.3 M (-4.1), corresponding to an EBIT margin of 15.6 percent (-1.2).

Net profit

Net profit was marginally affected by financial items. Tax affected the result with SEK -6.2 M (-0.2).

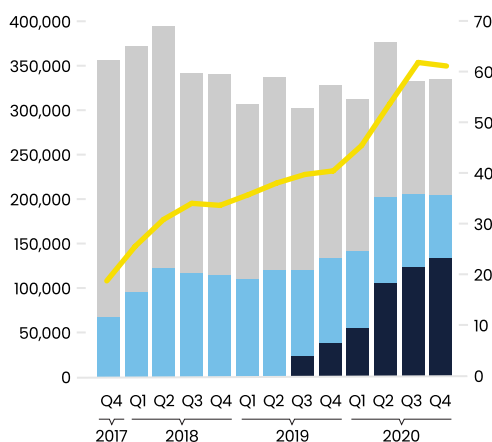
Net profit amounted to SEK 46.0 M (-4.4) which equals an earnings per share, before and after dilution, of SEK 5.30 (-0.48).

Revenue breakdown by geography fourth Quarter 2020



- North America 58%
- Asia 14%
- Europe 22%
- Rest of World 6%

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



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

Operational metrics

In the quarter the average Monthly Active Users (MAU) increased by 27 percent compared to 2019, also Daily Active Users (DAU) increased 12 percent compared to 2019. Monthly Unique Users (MUU) increased with 16 percent. Average Monthly Unique Payers (MUP) increased with 1 percent compared to 2019 and their average monthly spend, Monthly Average Gross Revenue Per Paying User (MAGRPPU) increased with 15 percent compared to the same period in 2019.

| F2P | Q4 '20 | Q4 '19 | Change |
|-------------------------|--------|--------|--------|
| Average MAU (mn) | 7.4 | 5.8 | 27% |
| Average MUP (thousands) | 217.8 | 215.7 | 1% |
| Average MUU (mn) | 5.5 | 4.8 | 16% |
| Average MAGRPPU (USD) | 60.3 | 52.3 | 15% |
| Average DAU (mn) | 1.8 | 1.6 | 12% |

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

Releases during the quarter

The company released Mayor Match during the quarter.

Jan-Dec

Revenue and gross profit

Revenue increased with 10 per cent compared to the same period in 2019. Revenue amounted to SEK 1,356.0 M (1,233.0).

The group's cost of revenue was SEK -569.7 M (-533.0). Gross profit amounted to SEK 786.3 M (700.0), an increase of 12 percent compared to the same period in 2019. Gross margin was 58 percent (57).

Operating Costs

Operating costs decreased with 18 per cent compared to the same period in 2019. User acquisition decreased to SEK 293.6 M (356.0). Excluding costs for user acquisition the operating costs amounted to SEK 303.2 M (292.2). The operational costs were impacted by depreciation and amortization of SEK 121.5 M (118.5) and write-downs of SEK 0.4 M (7.5).

Other operating income and costs impacted the period negatively with SEK -4.2 M (-0.5), primarily attributed to exchange rate differences on operational assets and liabilities related to balance sheet items in the parent company.

EBIT

EBIT was SEK 189.5 M (51.8) and the EBIT-margin was 14.0 percent (4.2) for the period.

Net profit

Net profit was marginally affected by financial items. Tax affected the result with SEK -21.0 M (-6.7) corresponding to an effective tax rate of 11 percent (13).

Net profit amounted to SEK 167.3 M (45.0) which is corresponding to earnings per share before dilution of SEK 19.11 (5.01).

Cash flow

During the fourth quarter, the group had an operating cash flow before changes in working capital of SEK 81.3 M (62.8). In the quarter taxes impacted the cash flow negatively, taxes impacted the quarter with SEK -0.6 M (29.8). Changes in working capital impacted the cash flow with SEK -2.5 M (-3.2). Capitalized development expenses impacted the cash flow negatively with SEK -33.4 M (-31.6).

Cash flow before financing activities amounted to SEK 45.0 M (26.3). Financing activities were impacted by buy-backs of SEK -12.4 M (0.0) and IFRS16 bookings related to lease of premises SEK -1.7 M (-3.0). The cash flow for the period amounted to SEK 30.9 M (25.5).

For the full year the cashflow before changes in working capital working capital amounted to SEK 297.6 M (184.2). Cash flow amounted to SEK 42.5 M (13.5).

Available cash on December 31, 2020 amounted to SEK 188.4 M (152.3).

Financial position

The company's publishing strategy is based on having a certain number of different games in the portfolio, in order to maximize potential and reduce risk. Some of these games become very successful and extremely profitable, a good portion of these games do not become big breakthroughs but pay for themselves and are stable earners over a long period of time, while a few other games may fail in the market. Capitalized development expenses for unsuccessful games will then have to be written down. Over time, the company expects such write-downs to be more than compensated for by the revenue and profits produced by successful games in the portfolio.

Capitalized development expenses amounted to SEK 204.6 M (211.4). The company separates released and not released games where not released games include games that have been active in the app stores for less than 6 months. During the initial 6 month period after launch, the company does not amortize the games.

| MSEK | Dec 31 2020 | Dec 31 2019 |
|-------------------------------|-------------|-------------|
| Released games | 156.1 | 134.1 |
| Not released games | 48.5 | 77.3 |
| Book value of games portfolio | 204.6 | 211.4 |

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-downs were made (0.4).

Consolidated equity amounted to SEK 431.8 M (385.6), which equals SEK 49.8 per share (42.7) and the equity/asset ratio is 73 percent (70).

Cash on hand amounted to SEK 188.4 M (152.3).

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

Parent company

The parent company revenue increased in line with the group. The parent company is the counterpart for all application stores where G5 sells its products. The costs consist mainly of payments to one of the subsidiaries in Malta, that holds the rights for the games in the portfolio and is also where the senior management overseeing the games, licensing, 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 market that grows quickly, and in order to benefit from this growth, the company's main focus is to continue re-investing the majority of the profits in activities that promote organic growth, such as product development and marketing. With this taken into account the Board proposes a dividend of SEK 6.25 per share (2.5), corresponding to around 33 per cent (50) 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 2019.

Upcoming report dates

| | |
|-----------------------------|------------------|
| Interim report Jan-Mar 2021 | May 5, 2021 |
| Annual General Meeting 2021 | June 15, 2021 |
| Interim report Jan-Jun 2021 | August 11, 2021 |
| Interim report Jan-Sep 2021 | November 5, 2021 |

Teleconference

On February 11th, 2021 at 08.00 CET, CEO Vlad Suglobov and CFO Stefan Wikstrand will present the interim report in a conference call.

For dial-in details please visit:

<http://www.g5e.com/corporate/calendar>

Forward-looking statements

This report may contain statements concerning, among other things, G5 Entertainment's financial position and performance as well as statements on market conditions that may be forward-looking. G5 Entertainment believes that the expectations reflected in such forward-looking statements are based on reasonable assumptions. However, forward-looking statements involve inherent risks and uncertainties and actual results or outcomes may differ materially from those expressed. Forward-looking statements relate only to the date they were made and, other than as required by applicable law, G5 Entertainment undertakes no obligation to update any of them in light of new information or future events.

Inquiries

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Stefan Wikstrand, CFO

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+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 11th, 2021

Petter Nylander
Chairman of the Board

Johanna Fagrell Köhler
Board member

Jeffrey Rose
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 11th, 2021 at 07:30. This interim report has not been subject to review by the company's auditors. This report is published in Swedish and English. In the event of any difference between the English version and the Swedish original, the Swedish version shall prevail.

Income statement – Group

| KSEK | Oct-Dec 2020 | Oct-Dec 2019 | 2020 | 2019 |
|---|-----------------|-----------------|----------------|----------------|
| Net turnover | 335,331 | 328,093 | 1,356,048 | 1,233,039 |
| Cost of revenue | -137,921 | -144,436 | -569,728 | -533,044 |
| Gross profit | 197,410 | 183,657 | 786,320 | 699,995 |
| Research and Development expenses | -39,541 | -54,393 | -178,866 | -184,147 |
| Sales and Marketing expenses | -85,093 | -107,548 | -338,970 | -389,471 |
| General and Administrative expenses | -17,802 | -21,674 | -74,724 | -74,108 |
| Other operating income | 19,220 | -4,020 | 23,925 | 827 |
| Other operating expenses | -21,872 | -91 | -28,142 | -1,280 |
| Operating result | 52,323 | -4,069 | 189,544 | 51,817 |
| Financial income | 21 | 226 | 280 | 1,103 |
| Financial expenses | -155 | -296 | -1,005 | -1,212 |
| Operating result after financial items | 52,189 | -4,139 | 188,819 | 51,707 |
| Taxes | -6,232 | -221 | -21,552 | -6,679 |
| NET RESULT FOR THE PERIOD | 45,957 | -4,360 | 167,267 | 45,028 |
| Attributed to: | | | | |
| Parent company's shareholders | 45,957 | -4,360 | 167,267 | 45,028 |
| Earnings per share | | | | |
| Weighted average number of shares before dilution (thousands) | 8,670 | 9,021 | 8,751 | 8,993 |
| Weighted average number of shares after dilution (thousands) | 8,670 | 9,021 | 8,751 | 9,062 |
| Earnings per share (SEK). before dilution | 5.30 | -0.48 | 19.11 | 5.01 |
| Earnings per share (SEK). after dilution | 5.30 | -0.48 | 19.11 | 4.97 |

Statement of comprehensive income – Group

| KSEK | Oct-Dec 2020 | Oct-Dec 2019 | 2020 | 2019 |
|--|-----------------|-----------------|----------------|---------------|
| Net result for the period | 45,957 | -4,360 | 167,267 | 45,028 |
| Items that later can be reversed in profit | | | | |
| Foreign currency translation differences | -23,991 | -7,320 | -29,919 | 15,551 |
| Total other comprehensive income for the period | -23,991 | -7,320 | -29,919 | 15,551 |
| Total comprehensive income for the period | 21,966 | -11,680 | 137,348 | 60,579 |
| Attributed to: | | | | |
| Parent company's shareholders | 21,966 | -11,680 | 137,348 | 60,579 |

Balance sheet – Group

| KSEK | Dec 31 2020 | Dec 31 2019 |
|--|----------------|----------------|
| Fixed assets | | |
| Intangible fixed assets | | |
| Capitalized development expenses (Note 2) | 204,649 | 211,419 |
| | 204,649 | 211,419 |
| Tangible fixed assets | | |
| Equipment ¹ | 15,506 | 31,412 |
| | 15,506 | 31,412 |
| Deferred tax receivable | 57,672 | 37,526 |
| Total non-current assets | 277,827 | 280,357 |
| Current assets (Note 3, 5) | | |
| Accounts receivable | 558 | 1,463 |
| Tax receivable | 3,799 | 2,548 |
| Other receivables | 7,770 | 9,684 |
| Prepaid expenses and accrued income | 114,827 | 101,983 |
| Cash and cash equivalents | 188,411 | 152,268 |
| Total current assets | 315,366 | 267,946 |
| TOTAL ASSETS | 593,192 | 548,304 |
| Equity | 431,807 | 385,607 |
| Deferred tax liabilities | 627 | 12 |
| Long-term liabilities ¹ | 1,776 | 4,150 |
| Total non-current liabilities | 2,403 | 4,162 |
| Current liabilities (Note 5) | | |
| Short-term liabilities ¹ (Note 4) | 4,605 | 10,490 |
| Accounts payable | 12,540 | 26,546 |
| Other liabilities | 4,673 | 1,026 |
| Tax liabilities | 70,616 | 55,524 |
| Accrued expenses | 66,548 | 64,947 |
| Total current liabilities | 158,983 | 158,534 |
| Total equity and liabilities | 593,192 | 548,304 |

¹ The right-of-use assets and the corresponding lease liabilities are included in the property, plant and equipment and long- and short-term borrowings respectively as of 1 January 2019.

Changes in shareholders' equity – Group

| KSEK | Share capital | Other capital contribution | Other reserves | Profit/loss brought forward | Shareholders' equity |
|---|---------------|----------------------------|----------------|-----------------------------|----------------------|
| Shareholders' equity 2019-01-01 | 898 | 48,448 | 10,312 | 287,836 | 347,494 |
| Net result for the year | | | | 45,028 | 45,028 |
| Total other comprehensive income | | | 15,533 | | 15,533 |
| Total comprehensive income for the year | | | 15,533 | 45,028 | 60,561 |
| Transitional effect IFRS16 | | | -466 | | -466 |
| Dividend | | | | -22,460 | -22,460 |
| Share issue – Class C | 26 | | | | 26 |
| Share repurchase – Class C | | | -26 | | -26 |
| Premiums paid on exercised/issued warrants | 4 | 3,769 | | | 3,773 |
| Repurchase of warrant | | -1,602 | | | -1,602 |
| IFRS2 – Employee share schemes | | | -1,693 | | -1,693 |
| Total transactions with the owners recognized directly in equity | 30 | 2,167 | -2,185 | -22,460 | -22,448 |
| Shareholders' equity as of 2019-12-31 | 928 | 50,615 | 23,660 | 310,404 | 385,607 |
| Shareholders' equity 2020-01-01 | 928 | 50,615 | 23,660 | 310,404 | 385,607 |
| Net result for the year | | | | 167,267 | 167,267 |
| Total other comprehensive income | | | -29,919 | | -29,919 |
| Total comprehensive income for the year | | | -29,919 | 167,267 | 137,348 |
| Dividend | | | | -21,869 | -21,869 |
| Premiums paid on exercised/issued warrants | | 252 | | | 252 |
| Repurchase of shares | | -66,483 | | | -66,483 |
| IFRS2 – Employee share schemes | | | -3,048 | | -3,048 |
| Total transactions with the owners recognized directly in equity | | -66,231 | -3,048 | -21,869 | -91,148 |
| Shareholders' equity as of 2020-12-31 | 928 | -15,616 | -9,307 | 455,802 | 431,807 |

Cash flow statement – Group

| KSEK | Oct-Dec 2020 | Oct-Dec 2019 | 2020 | 2019 |
|--|-----------------|-----------------|-----------------|-----------------|
| Cash flow from operating activities | | | | |
| Profit after financial items | 52,189 | -4,140 | 188,819 | 51,707 |
| Adjusting items not included in cash flow | 29,737 | 37,131 | 121,897 | 125,911 |
| | 81,926 | 32,991 | 310,716 | 177,618 |
| Taxes paid | -604 | 29,768 | -13,091 | 6,579 |
| Cash flow before changes in working capital | 81,322 | 62,759 | 297,625 | 184,197 |
| Cash flow from changes in working capital | | | | |
| Change in operating receivables | 19,888 | 30,420 | -14,959 | -421 |
| Change in operating liabilities | -22,368 | -33,597 | -13,577 | -15,097 |
| Cash flow from operating activities | 78,842 | 59,582 | 269,089 | 168,679 |
| Investing activities | | | | |
| Investment in fixed assets | -450 | -1,715 | -2,335 | -8,410 |
| Investment in intangible assets | - | - | - | -1,881 |
| Capitalized development expenses | -33,394 | -31,595 | -126,664 | -114,166 |
| Cash flow from investing activities | -33,844 | -33,310 | -128,999 | -124,457 |
| Financing activities | | | | |
| Lease payments, IFRS16 | -1,711 | -3,040 | -9,528 | -10,460 |
| Dividend | 0 | 0 | -21,869 | -22,460 |
| Share issuance - C class | 0 | 0 | | 26 |
| Repurchase shares - C class | -12,429 | 0 | -66,483 | -26 |
| Premiums warrant program | 0 | 3,773 | 252 | 3,773 |
| Repurchase of issued warrants | 0 | -1,555 | | -1,602 |
| Cash flow from financing activities | -14,140 | -822 | -97,628 | -30,749 |
| CASH FLOW | 30,858 | 25,450 | 42,462 | 13,473 |
| Cash at the beginning of the period | 160,830 | 128,493 | 152,268 | 138,531 |
| Cash flow | 30,858 | 25,450 | 42,462 | 13,473 |
| Exchange rate differences | -3,277 | -1,675 | -6,319 | 264 |
| CASH AT THE END OF THE PERIOD | 188,411 | 152,268 | 188,411 | 152,268 |

NOTE 1

Accounting principles

G5 Entertainment's consolidated accounts have been prepared in accordance with International Financial Reporting Standards (IFRS). This report was prepared for the group in accordance with the IAS 34 Interim Financial Reporting and the Annual Accounts Act. Accounting and calculation principles used in the report for the group are identical to those

used in the Annual Report 2019. For detailed information on the accounting principles, see Annual Report 2019.

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 | Oct-Dec 2020 | Oct-Dec 2019 | 2020 | 2019 |
|---------------------------------------|-----------------|-----------------|----------------|----------------|
| At the beginning of the period | 217,010 | 224,051 | 211,419 | 198,083 |
| Investments | 33,393 | 31,595 | 126,664 | 116,047 |
| Write-downs | - | -5,666 | -409 | -7,455 |
| Amortization | -26,095 | -27,391 | -105,664 | -102,962 |
| Net change during the period | 7,298 | -1,462 | 20,590 | 5,630 |
| Currency exchange differences | -19,659 | -11,170 | -27,361 | 7,705 |
| At the end of the period | 204,649 | 211,419 | 204,649 | 211,419 |

NOTE 3

Other receivables

Other receivables include SEK 2.4 M (0.5) 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 pledged assets amounting to SEK 3 M. G5 Entertainment does not have any contingent liabilities.

NOTE 5

Fair value

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

Income statement – Parent company

| KSEK | Oct-Dec 2020 | Oct-Dec 2019 | 2020 | 2019 |
|---|-----------------|-----------------|----------------|----------------|
| Net turnover | 335,331 | 328,093 | 1,356,048 | 1,233,039 |
| Cost of revenue | -238,798 | -219,460 | -1,003,800 | -826,986 |
| Gross profit | 96,533 | 108,633 | 352,248 | 406,053 |
| Research and development expenses | -25 | -29 | -112 | -112 |
| Sales and Marketing expenses | -35,955 | -17,046 | -56,756 | -54,796 |
| General and administrative expenses | -51,859 | -86,894 | -289,286 | -346,146 |
| Other operating income | 0 | -11,792 | 0 | 1,010 |
| Other operating expenses | -2,379 | 7,529 | -5,223 | -764 |
| Operating result | 6,315 | 400 | 871 | 5,246 |
| Financial income | 11 | 93 | 5,004 | 65,644 |
| Financial expenses | 0 | 0 | -140 | 0 |
| Operating result after financial items | 6,326 | 493 | 5,736 | 70,891 |
| Taxes | -1,355 | -116 | -399 | -1,367 |
| NET RESULT FOR THE PERIOD | 4,972 | 378 | 5,337 | 69,524 |

Statement of comprehensive income – Parent company

| KSEK | Oct-Dec 2020 | Oct-Dec 2019 | 2020 | 2019 |
|--|-----------------|-----------------|--------------|---------------|
| Net result for the period | 4,972 | 378 | 5,337 | 69,524 |
| Items that later can be reversed in profit | | | | |
| Foreign currency translation differences | - | - | - | - |
| Total other comprehensive income for the period | 4,972 | 378 | 5,337 | 69,524 |

Balance sheet – Parent company

| KSEK | Dec 31 2020 | Dec 31 2019 |
|-------------------------------------|------------------------|------------------------|
| Fixed assets | | |
| Tangible fixed assets | | |
| Tangible fixed assets | 39 | - |
| Financial fixed assets | | |
| Shares in group companies | 70 | 70 |
| Receivables from group companies | - | - |
| Total fixed assets | 108 | 70 |
| Current assets | | |
| Account receivables | 558 | 1,463 |
| Receivables from group companies | 1 | 76,647 |
| Tax receivables | 2,425 | 1,385 |
| Other receivables | 321 | 5,635 |
| Prepaid expenses and accrued income | 110,468 | 96,750 |
| Cash and cash equivalents | 171,054 | 98,203 |
| Total current assets | 284,826 | 280,083 |
| TOTAL ASSETS | 284,934 | 280,153 |
| Restricted equity | | |
| Share capital | 928 | 928 |
| Non-restricted equity | | |
| Share premium reserve | 50,996 | 50,554 |
| Profit/Loss carried forward | 29,080 | 47,909 |
| Net result for the period | 5,337 | 69,524 |
| Total equity | 86,341 | 168,915 |
| Current liabilities | | |
| Accounts payable | 617 | 211 |
| Tax Liability | 0 | 0 |
| Liability to group companies | 184,408 | 102,295 |
| Other liability | 2,218 | 300 |
| Accrued expenses | 11,485 | 8,432 |
| Total current liabilities | 198,727 | 111,238 |
| TOTAL EQUITY AND LIABILITIES | 285,069 | 280,153 |

Glossary

Financial statement

Cost of revenue consists of direct expenses incurred in order to generate revenue from the company's games. This primarily includes commission to distributors and royalties to external developers.

Research and Development expenses primarily consist of salaries, bonuses and benefits for the company's developers. In addition, research and development expenses include outside services, as well as allocated facilities and other overhead costs. Costs associated with maintaining the company's computer software and associated infrastructure are expensed as incurred. Development costs that are directly attributable to the design and testing of the company's identifiable and unique games are recognized as intangible assets, and amortized within research and development expense over a 24-month period.

Sales and Marketing expenses primarily consist of user acquisition expenses and related software. Sales and marketing also includes salaries, bonuses, and benefits for the company's sales and marketing staff, as well as consulting fees. In addition, sales and marketing expenses include general marketing, branding, advertising and public relations costs.

General and Administrative expenses primarily consist of salaries, bonuses, and benefits for the company's executive, finance, legal, information technology, human resources and other administrative employees, as well as support staff. It also includes outside consulting, legal and accounting services, insurance as well as facilities and other overhead costs not allocated to other areas across the business. In addition, general and administrative expenses include all of the company's depreciation expenses.

Use of key ratios not defined in IFRS

The G5 Group's accounts are prepared in accordance with IFRS. See page 12 for more information on accounting principles. Only a few key ratios are defined in IFRS. As of the second quarter 2017, G5 is applying the Alternative Performance Measures issued by ESMA (European Securities and Markets Authority). Briefly, an alternative key ratio is a financial measurement of historical or future earnings development, financial position or cash flow, not defined or specified in IFRS. To assist Group Management and other stakeholders in their analysis of the Group's performance, G5 is reporting certain key ratios not defined by IFRS. Group Management believes that this information will facilitate an analysis of the Group's

performance. This data supplements the IFRS information and does not replace the key ratios defined in IFRS. G5's definitions of measurements not defined in IFRS may differ from definitions used by other companies. All of G5'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 (MAU) 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 mobile games for both smartphones and tablets that are family-friendly, easy to learn, and targeted at the widest audience of experienced and novice players. G5's portfolio includes a number of popular games like m Jewels of Rome™, Hidden City®, Mahjong Journey®, Homicide Squad®, The Secret Society® Wordplay: Exercise your brain™ och Jewels of the Wild West™. G5 Entertainment AB (publ) is listed on Nasdaq Stockholm since 2014.