



G5 Entertainment AB

Interim Report Q3 2024

JANUARY – SEPTEMBER 2024



INTERIM REPORT JANUARY – SEPTEMBER 2024

July – September 2024

- Revenue for the period was SEK 269.9 M (326.6), a decrease of 17 percent compared to the same period in 2023 in SEK terms. In USD terms revenue decreased 14 percent year-over-year.
- Gross margin increased to 68.8 percent (68.1 percent), as a larger share of revenue is coming from G5's direct to consumer channel.
- EBIT for the period was SEK 22.9 M (22.3), an increase of 3%, corresponding to an EBIT-margin of 8.5% (6.8). EBIT was negatively impacted by revaluations related to fx, primarily the USD, recorded in other income and expense amounting to SEK -0.4 M (3.9). Adjusting for the negative impact from other income and expense the EBIT margin would be 8.6 (5.6) percent.
- Net result for the period was SEK 24.5 M (30.8), positively impacted by the finance net of SEK 2.2 M (8.9).
- Earnings per share for the period, before dilution, was SEK 3.14 (3.83).
- Cash flow amounted to SEK 53.3 M (9.7).
- Average Monthly Active Users (MAU) was 4.5 million, a decrease of 8 percent compared to the same period in 2023. Average Daily Active Users (DAU) was 1.3 million, a decrease of 9 percent compared to the same period in 2023. Average Monthly Unique Payers (MUP) was 129.5 thousand, a decrease of 16 percent while Average Monthly Average Gross Revenue Per Paying User (MAGRPPU) was USD 64.9, an increase of 3 percent compared to the same period last year.

FINANCIAL KEY RATIOS

KSEK	Jul-Sep 2024	Jul-Sep 2023	Change %	Jan-Sep 2024	Jan-Sep 2023	Change %	Oct-Sept 23/24	2023	Change %
Revenue	269,917	326,635	-17%	855,192	1,003,247	-15%	1,171,866	1,319,921	-11%
Commission to distributors ¹	-58,585	-72,356	-19%	-186,825	-224,386	-17%	-257,289	-294,850	-13%
Royalty to external developers ²	-25,752	-31,967	-19%	-85,246	-100,421	-15%	-117,525	-132,700	-11%
Gross profit	185,580	222,312	-17%	583,120	678,440	-14%	797,052	892,372	-11%
Gross margin	68.8%	68.1%		68.2%	67.6%		68.0%	67.6%	
Operating costs excluding costs for user acquisition	-111,935	-137,123	-18%	-347,973	-391,763	-11%	-491,095	-534,885	-8%
EBIT excluding costs for user acquisition	73,645	85,189	-14%	235,147	286,677	-18%	305,957	357,487	-14%
EBIT margin before costs for user acquisition	27%	26%		27%	29%		26%	27%	
Costs for user acquisition ³	-50,752	-62,875	-19%	-151,219	-185,693	-19%	-211,561	-246,035	-14%
Costs for user acquisition as percentage of revenue	-19%	-19%		-18%	-19%		-18%	-19%	
EBIT	22,893	22,314	3%	83,929	100,984	-17%	94,397	111,452	-15%
EBIT margin (%)	8.5%	6.8%		9.8%	10.1%		8.1%	8.4%	
Earnings per share before dilution	3.14	3.83	-18%	10.89	14.66	-26%	11.96	15.84	-24%
Cash flow before financing activities	52,056	25,611		143,165	111,693		159,391	127,919	
Cash and cash equivalents	245,552	184,380		245,552	184,380		245,552	182,332	

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: Positioning for growth



The challenges we face with a mature portfolio continue as we balance our top-line and profitability. At the same time, we continue to develop the potential in our new games pipeline and are optimistic about our future prospects. The internal steps the company has taken to boost revenue coming from our own G5 Store, combined with our ability to operate efficiently helped lift profitability in the quarter. The team continues to focus its game development efforts using our new funnel, and we are confident this will lead to stronger titles making it to our dedicated players around the world.

Financial Overview

Revenue for the quarter was SEK 269.9 M, a 17 percent decline in SEK terms and a 14 percent decline in USD terms year-over-year. At the same time our gross margin rose to an all-time high of 68.8 percent from 68.1 thanks to an increasing amount of revenue coming from our direct-to-consumer channel, the G5 Store. Revenue through this channel grew 27 percent in USD terms over the past year and made-up 17 percent of our sales during the third quarter.

G5 Store grew 27 percent year-over-year in USD terms and made up 17 percent of our net sales in the quarter

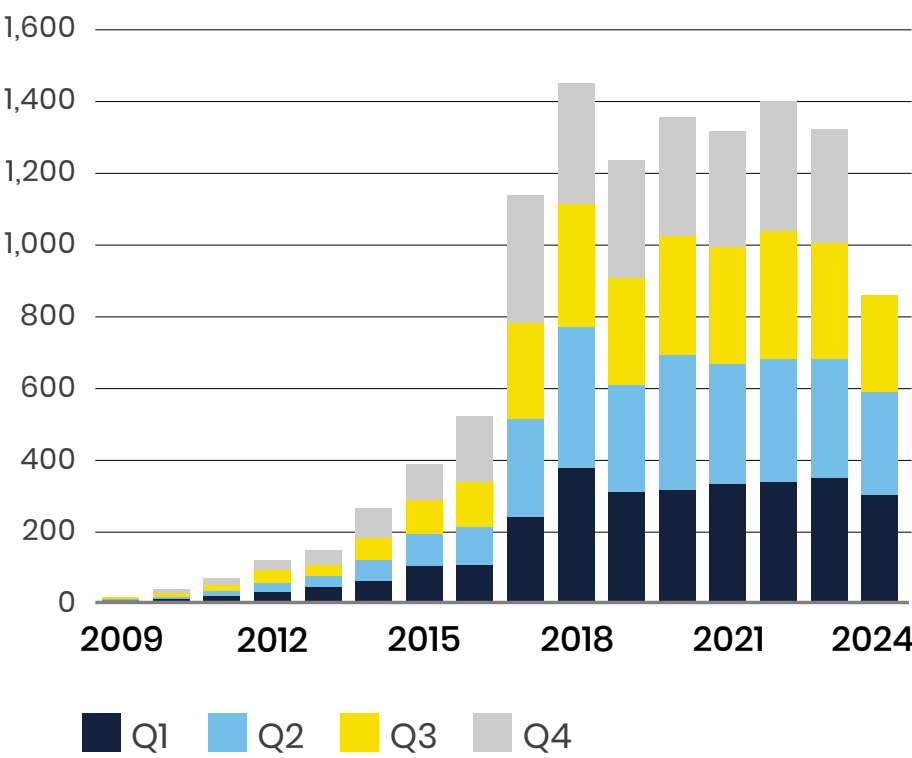
EBIT for the quarter was solid SEK 23 M, giving us an EBIT margin of 8.5 percent. EBIT was slightly impacted negatively by revaluations related to FX, mainly the USD, recorded in other income and expenses . Adjusting for the negative impact from other income and expenses, the EBIT margin would be 8.6 (5.6) percent.

At the end of the third quarter, G5 had a record high cash position of SEK 245.7 M, ensuring a solid foundation for future growth.

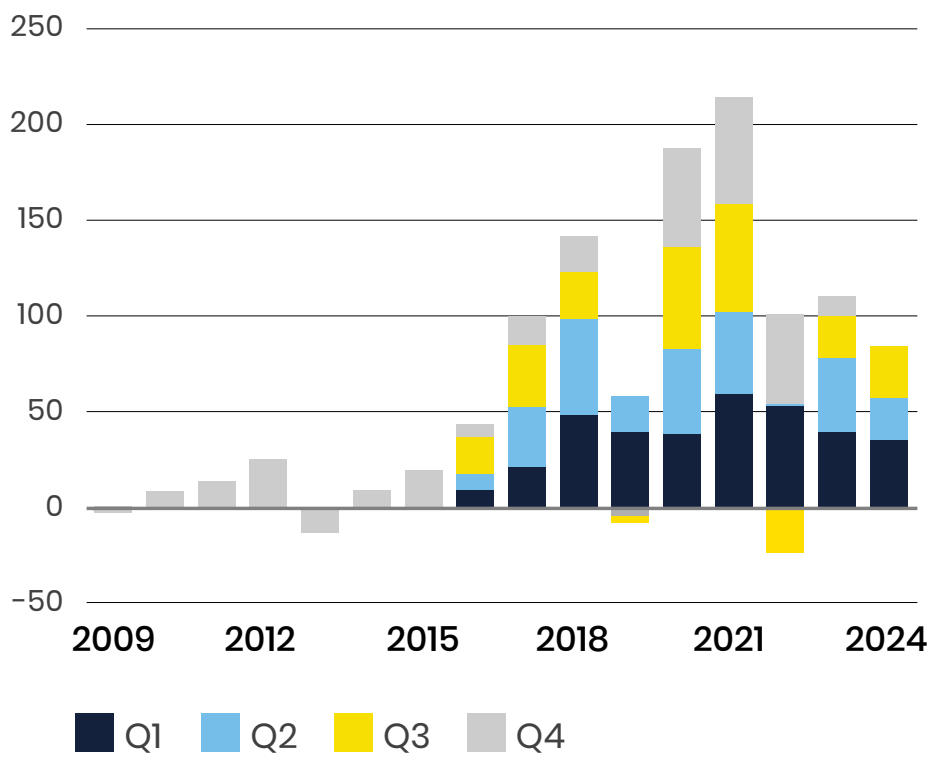
Development Funnel

In our second quarter report we shared additional insight into how we develop games from early ideas and pre-production work all the way to the global launch. Our ambition was to share more information about the rigorous process we use to select and support the best games through development. This process is more efficient and will help ensure only the best games make it to the broader market, ultimately saving time and increasing the chances of us releasing future hits.

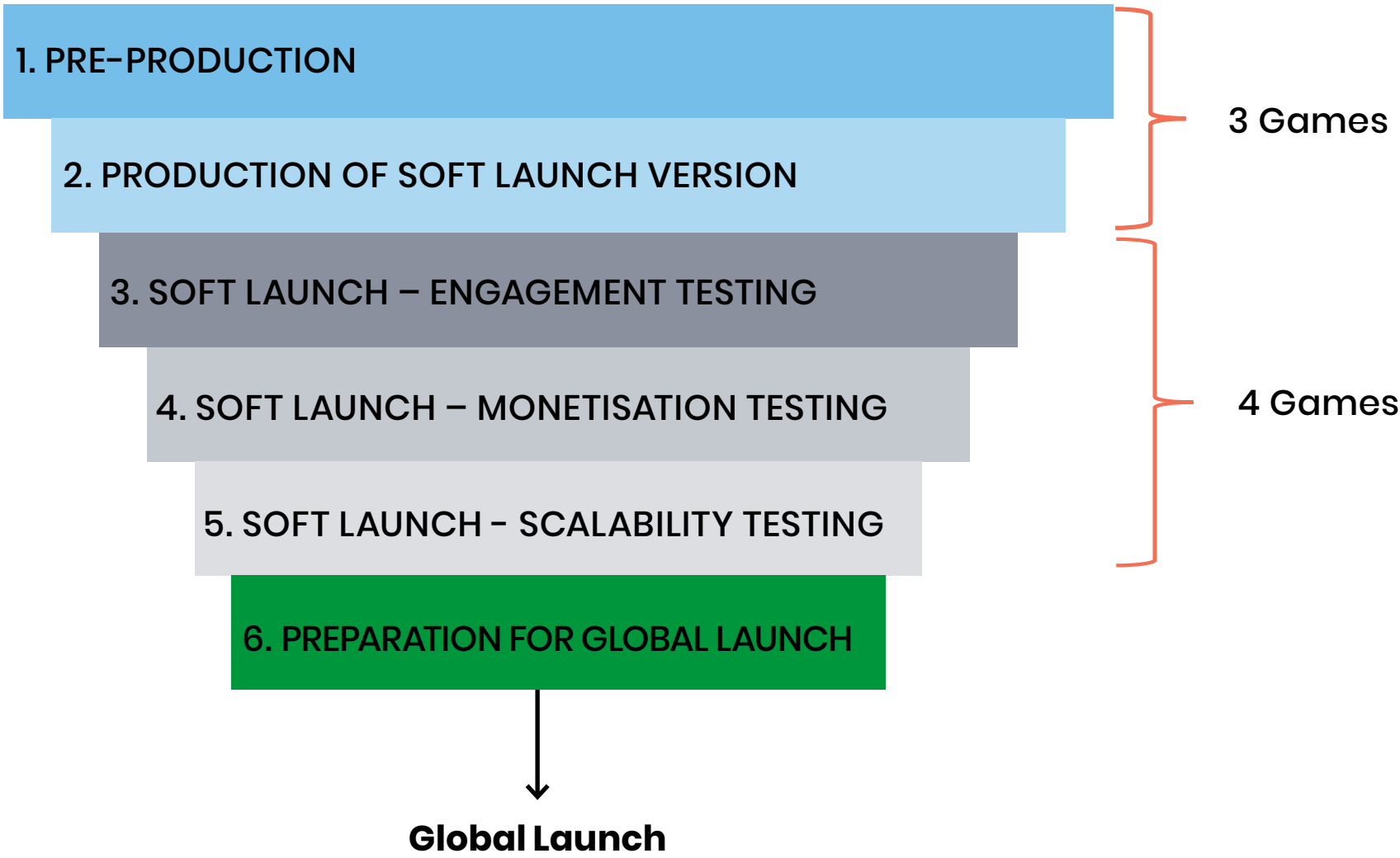
Revenue (MSEK)



EBIT (MSEK)



Development funnel



During the year, we plan to work on about 30 game ideas, ultimately soft-launching 5-6 games. Out of these we expect to see at least one showing enough scalability to make it into Global Release stage. During the third quarter, we closed one game whilst we filled up the pipeline with another new one. We also made 14 iterations on different new games in the quarter, some moved along in the funnel and some were refined further in order to improve the metrics. We are progressing with our goal of launching a game globally and will let the market know when that happens. We are confident this structure will give us successful games and increased growth in the future.

Our priorities are the same. We want sustainable growth by delivering exceptional games to our loyal customers around the world. We have a strong balance sheet and are cash flow positive, which is certainly an advantage as the global market for casual games remains under pressure. We are confident this strategy will bring success over the coming quarters.

Outlook

For the first time since 2020, we see substantial increase in revenue month-to-month from September to October, which is a welcome development that sets a positive tone to the beginning of the fourth quarter. Our teams are not only working on new game ideas, but also work hard to evolve and improve our existing portfolio of games, and provide engaging seasonal content to our players.

For the first time since 2020, we see substantial increase in revenue month-to-month from September to October.

Looking ahead, our priorities are consistent. We aim to achieve sustainable growth by delivering engaging and high-quality games to our loyal global community. With a strong balance sheet and positive cash flow, we are confident in navigating the challenges of a global market of casual games that remain under pressure.

I would like to end by thanking all employees at G5 for their contributions. They are all working hard to take G5 forward and I want to extend my gratitude for this strong commitment.

Thank you for following G5 Entertainment.

November 6th, 2024
Vlad Suglobov, CEO, co-founder

July – September

Revenue and gross profit

Revenue amounted to SEK 269.9 M (326.6). Revenue decreased by 17 percent compared to the same period in 2023, in USD the revenue decreased by 14 percent.

Cost of revenue decreased to SEK 84.3 M (104.3). 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 by 11 percent compared to the same period in 2023.

Gross margin for the period was 68.8 percent (68.1). Gross profit for the quarter decreased by 17 percent compared to the third quarter in 2023 and was SEK 185.6 M (222.3).

Operational Costs

Costs for research and development were SEK 73.1 M (99.1) during the period. Net capitalization was SEK -5.4 M. Adjusting for net capitalization the costs decreased by 21 procent compared to the same period in 2023.

Sales and marketing decreased to SEK 65.7 M (80.1). Sales and marketing is primarily affected by the costs for user acquisition. During the quarter the cost for user acquisition was SEK 50.8 M (62.9).

Cost for user acquisition as a percentage of sales was 19 percent, compared to 19 percent in the same period in 2023. Sales and marketing, excluding user

acquisition, decreased to SEK 15.0 M (17.2).

General and administrative costs amounted to SEK 23.5 M (24.7). Other operating income and other operating expenses together amounted to SEK -0.4 M (3.9), primarily driven by currency effects on operational assets and liabilities.

EBIT

Depreciation and amortization have decreased as the company no longer capitalizes on unreleased games which has reduced the amortisation on capitalized development expenses. Depreciation and amortization amounted to SEK 31.8 M (39.6). Capitalization of intangible assets amounted to SEK 25.5 M (24.9). During the quarter no write-downs were made. Net effect of capitalization and amortization on intangible assets amounted to SEK -5.4 M (-13.1).

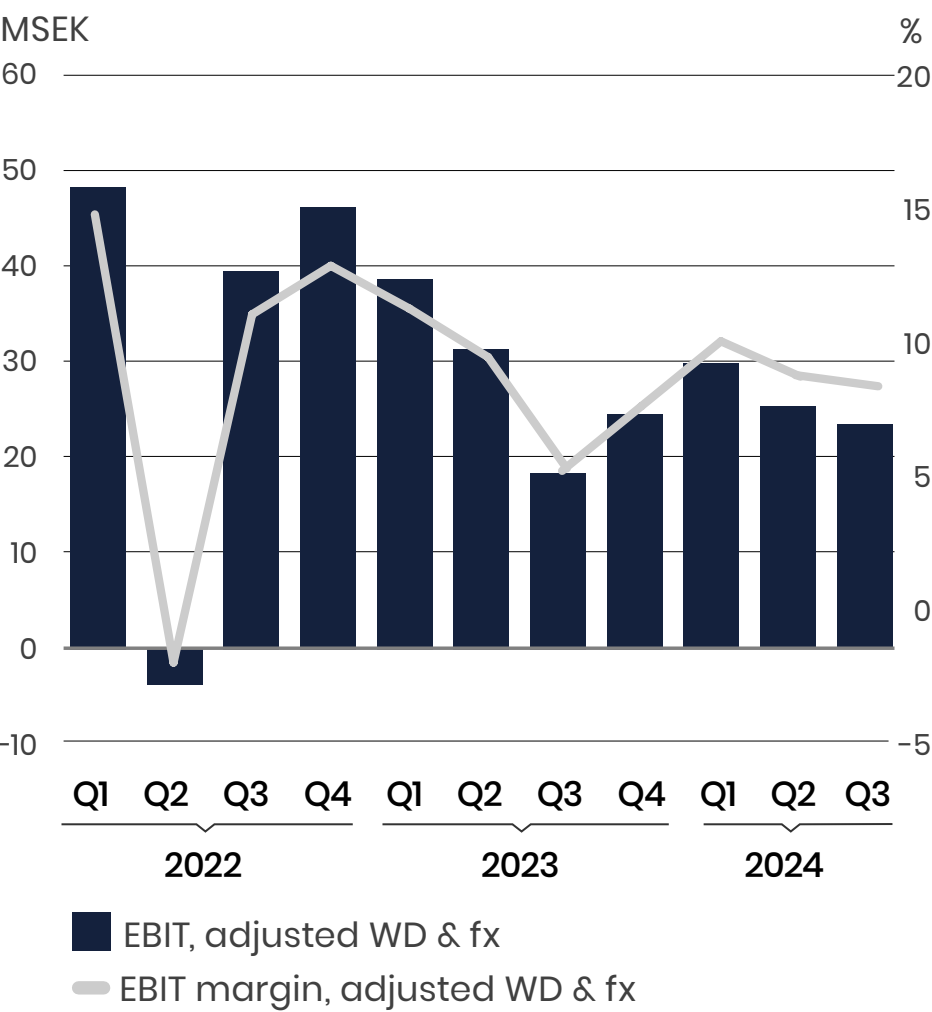
Earnings before interest and taxes (EBIT) amounted to SEK 22.9 M (22.3), corresponding to an EBIT margin of 8.5 percent (6.8).

Net profit

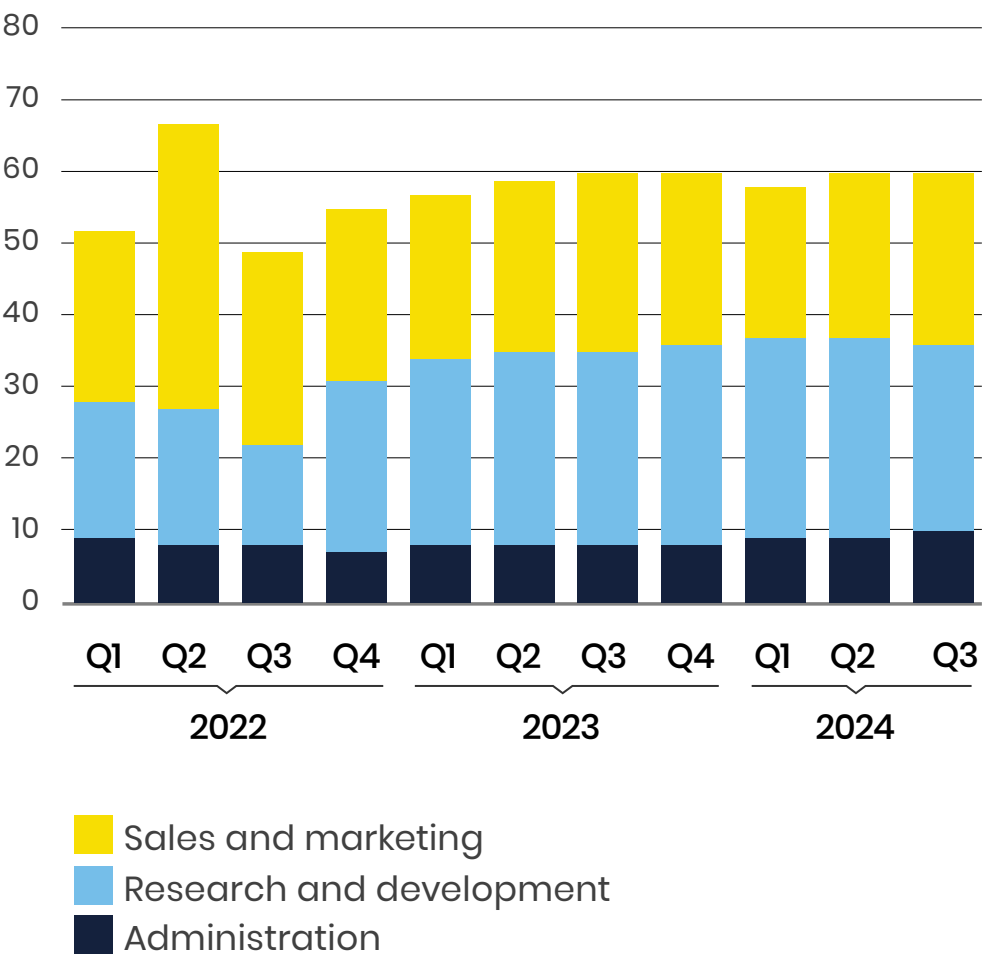
Net profit was affected by financial items with SEK 2.2 M (8.9). Finance net was impacted by interest income amounting to SEK 2.3 M (1.8), last year was impacted by revaluation of short term investments amounting to SEK 7.7 M. Tax affected the result with SEK -0.6 M (-0.5).

Net profit amounted to SEK 24.5 M (30.8) which equals an earnings per share before dilution of SEK 3.14 (3.83).

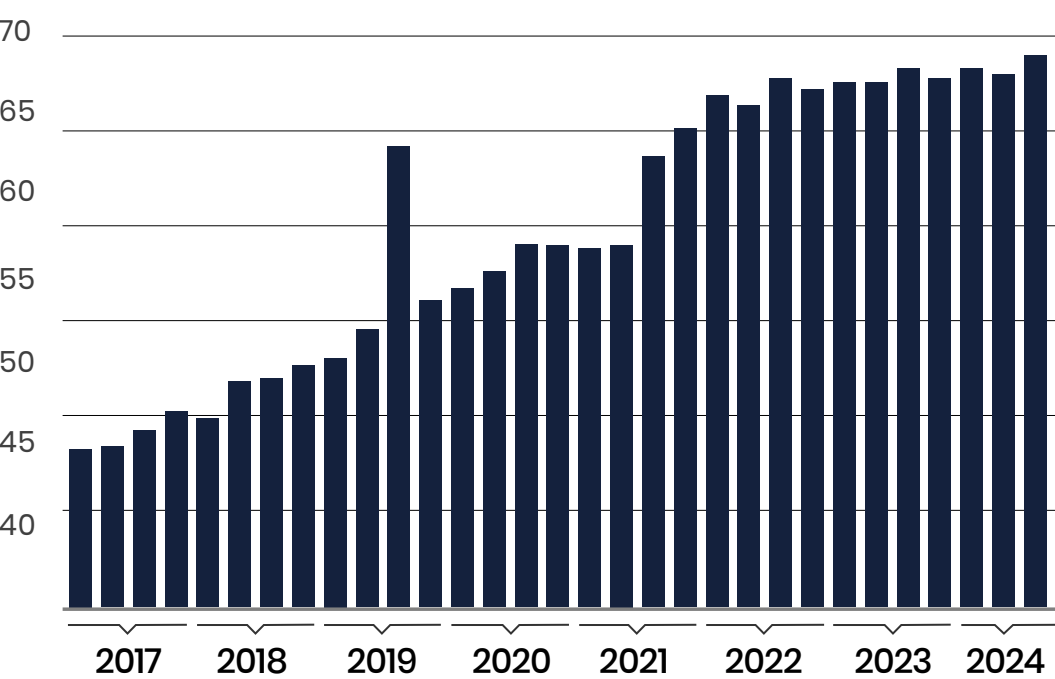
EBIT (MSEK) | EBIT-margin (%)



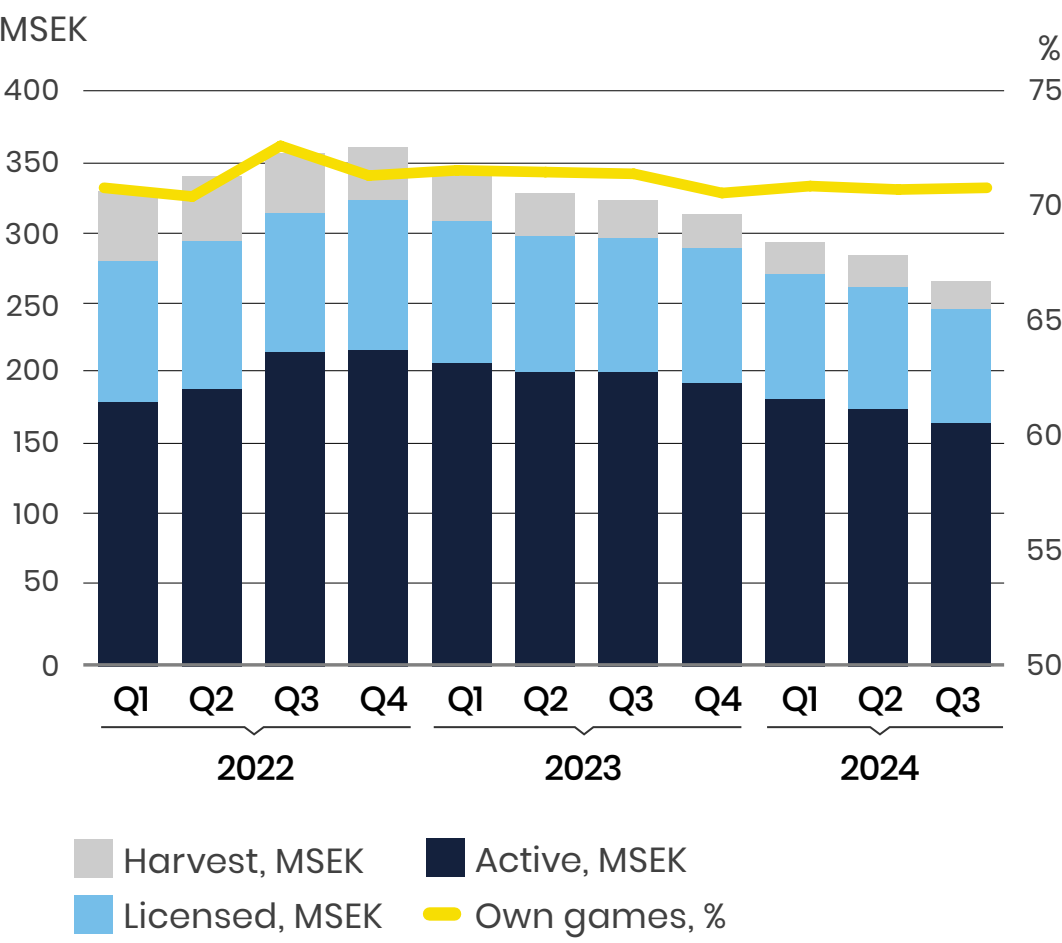
Costs in % of revenue



Gross Margin (%)



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



Operational metrics

F2P	Q3 '24	Q3 '23	Change
Average DAU (mn)	1.3	1.5	-9%
Average MAU (mn)	4.5	4.9	-8%
Average MUU (mn)	3.3	3.5	-8%
Average MUP (thousands)	129.5	154.4	-16%
Average MAGRPPU (USD)	64.9	63.2	3%

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

January – September

Revenue and gross profit

Revenue declined 15 percent compared to the same period in 2023. Growth in USD for the interim period was -14%. Revenue amounted to SEK 855.2 M (1003.2).

The group’s cost of revenue was SEK 272.1 M (324.8). Gross profit amounted to SEK 583.1 M (678.4), a decrease of 14 percent compared to the same period in 2023. Gross margin was 68.2 percent (67.6).

Operating Costs

Operating costs decreased 14 per cent compared to the same period in 2023. User acquisition expenses decreased to SEK 151.2 M (185.7). Excluding costs for user acquisition the operating costs amounted to SEK 358.7 M (391.8). The operational costs were impacted by capitalization of SEK 78.3 M (78.1) depreciation and amortization of SEK -105.7 M (-117.9) and write-downs of SEK 0.0 M (10.7).

Other operating income and costs impacted the period positively with SEK 5.7 M (12.5), primarily attributed to exchange rate differences on operational assets and liabilities related to balance sheet items in the parent company.

EBIT

EBIT was SEK 73.2 M (101.0) and the EBIT-margin was 8.6 percent (10.1) for the period.

Net profit

Net profit was affected by financial items of SEK 7.1 M (25.4). Finance net was impacted by interest income of SEK 7.4 M (3.7). In the previous year the financial items were impacted by revaluation of short term receiveables of SEK 22.3 M. Tax affected the result with SEK -5.6 M (-7.8) corresponding to an effective tax rate of 6 percent (6).

Net profit amounted to SEK 85.5 M (118.6) which corresponds to earnings per share before dilution of SEK 10.89 (14.66).

Cash flow

During the third quarter, the group had an operating cash flow before changes in working capital of SEK 54.9 M (73.4). In the quarter taxes impacted the cash flow negatively with SEK -4.0 M (-14.0).

Changes in working capital impacted the cash flow by SEK 27.2 M (-17.5). Capitalized development expenses impacted the cash flow negatively by SEK 25.5 M (-27.5).

Cash flow before financing activities amounted to SEK 52.1 M (25.6). Financing activities were impacted by IFRS16 bookings related to lease of premises of SEK 0.0 M (-0.2).

For the interim period Jan - Sep cash flow before changes in working capital amounted to SEK 197.4 (224.7). The cashflow for the period amounted to SEK 53.2 (4.1).

Available cash on September 30, 2024 amounted to SEK 245.6 M (184.4).

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 order to maximize the 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 the 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 197.9 M (251.0).

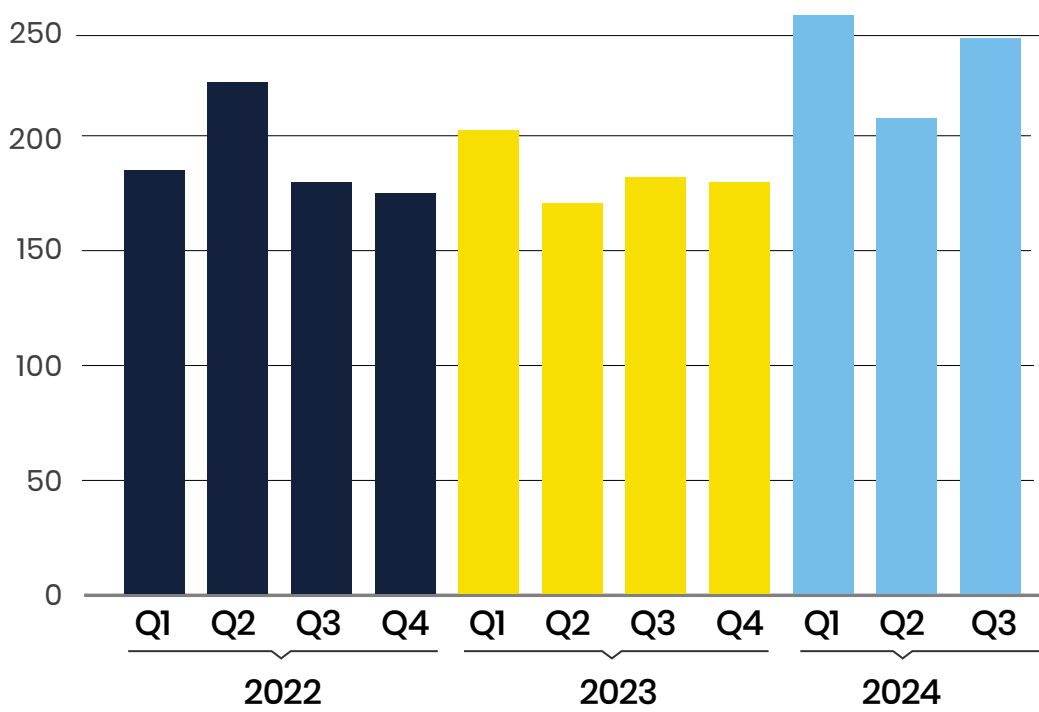
Impairment need in the portfolio is tested every quarter. A thorough review of the input parameters is done on a yearly basis. During the quarter, no write-offs (0.0) were made.

Consolidated equity amounted to SEK 513.2 M (523.1), which equals SEK 65.8 per share (65.6) and the equity/asset ratio is 81 percent (80).

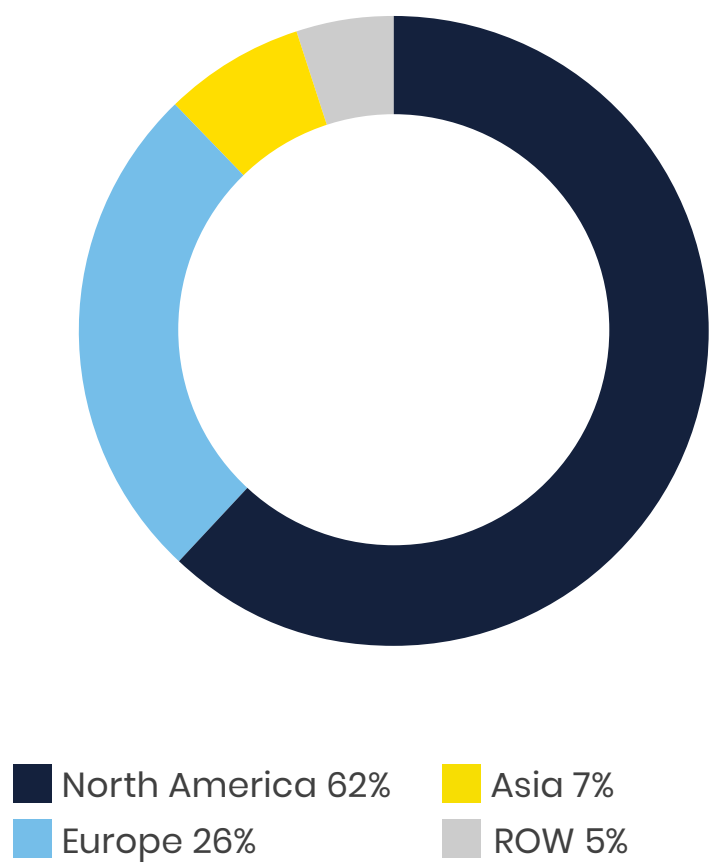
Cash on hand amounted to SEK 245.6 M (184.4).

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

Cash Position (MSEK)



Revenue breakdown by geography
Third Quarter 2024



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, which holds the rights to the games in the portfolio and is also where the senior management overseeing the games and studios 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 2023.

Upcoming report dates

Year-end report 2024	February 13, 2025
Annual Report 2024	April 28, 2025
Interim report Jan-March 2025	May 7, 2025
Annual General Meeting 2025	June 17, 2025
Interim report Jan-Jun 2025	August 7, 2025
Interim report Jan-Sep 2025	November 5, 2025

Teleconference

On November 6th, 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

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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 November 6th, 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 November 6th, 2024 at 07.00. This interim report has been subject to review by the company’s auditors. This report is published in Swedish and English. In the event of any difference between the English version and the Swedish original, the Swedish version shall prevail.

Review Report

(Translation from Swedish original)

G5 Entertainment AB corp. reg. no. 556680-8878
Auditor’s review report for interim financial information in summary (interim report) prepared in accordance with IAS 34 and Chapter 9 of the Swedish Annual Accounts Act.

Introduction

We have reviewed the condensed interim financial information (interim report) of G5 Entertainment AB as of 30 September 2024 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant

matters that might be identified in an audit. The conclusion expressed based on a review does not have the same level of certainty as a review based on an audit. The conclusion expressed based on a review does not have the same level of certainty as a review based on an audit.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Stockholm, November 6th, 2024
Öhrlings PricewaterhouseCoopers AB

Niklas Renström
Authorized Public Accountant

INCOME STATEMENT – GROUP

KSEK	Jul-Sep 2024	Jul-Sep 2023	Jan-Sep 2024	Jan-Sep 2023	Oct-Sep 23/24	2023
Net turnover	269,917	326,635	855,192	1,003,247	1,171,866	1,319,921
Cost of revenue	-84,337	-104,324	-272,071	-324,807	-374,814	-427,549
Gross profit	185,580	222,312	583,120	678,440	797,052	892,372
Research and Development expenses	-73,143	-99,072	-236,078	-275,696	-324,040	-363,702
Sales and Marketing expenses	-65,708	-80,088	-194,546	-237,471	-270,524	-313,450
General and administrative expenses	-23,463	-24,717	-74,230	-76,743	-99,646	-102,115
Other operating income	-374	3,879	5,662	12,453	-6,791	0
Other operating expenses	0	0	0	0	-1,654	-1,654
Operating result	22,893	22,314	83,929	100,984	94,397	111,452
Financial income	2,284	9,596	7,350	26,176	7,597	26,423
Financial expenses	-67	-674	-204	-750	-632	-1,178
Operating result after financial items	25,111	31,236	91,075	126,411	101,361	136,696
Taxes	-610	-456	-5,569	-7,764	-6,928	-9,122
Net result for the year	24,501	30,780	85,506	118,647	94,433	127,574
Attributed to:						
Parent company's shareholders	24,501	30,780	85,506	118,647	94,433	127,574

KSEK	Jul-Sep 2024	Jul-Sep 2023	Jan-Sep 2024	Jan-Sep 2023	Oct-Sep 23/24	2023
Earnings per share						
Weighted average number of shares (thou- sands)	7,799	8,038	7,855	8,093	7,893	8,052
Weighted average number of shares after dilution, (thousands)	7,799	8,038	7,855	8,093	7,893	8,052
Earnings per share (SEK) before dilution	3.14	3.83	10.89	14.66	11.96	15.84
Earnings per share (SEK) after dilution	3.14	3.83	10.89	14.66	11.96	15.84

STATEMENT OF COMPREHENSIVE INCOME – GROUP

KSEK	Jul-Sep 2024	Jul-Sep 2023	Jan-Sep 2024	Jan-Sep 2023	Oct-Sep 23/24	2023
Net result for the period	24,501	30,780	85,506	118,647	94,433	127,574
Items that later can be reversed in profit						
Revaluation long-term investments	812	-	9,823	-4,503	240	-14,086
Foreign currency translation differences	-20,493	11,883	-5,435	20,489	-34,080	-4,004
Total other comprehensive income for the period	-19,681	11,883	4,388	15,986	-33,840	-18,090
Total comprehensive income for the period	4,820	42,663	89,894	134,633	60,593	109,484
Attributed to:						
Parent company's shareholders	4,820	42,663	89,894	134,633	60,593	109,484

BALANCE SHEET – GROUP

KSEK	Sep 30 2024	Sep 30 2023	Dec 31 2023
Fixed assets			
Intangible fixed assets			
Capitalized development expenses (Note 2)	197,896	251,039	220,411
Intangible assets	2,613	2,613	2,613
	200,509	253,652	223,024
Tangible fixed assets			
Equipment	9,400	13,705	12,883
	9,400	13,705	12,883
Long term Investments	58,122	12,086	34,134
Deferred tax receivable	52	20	25
Total non-current assets	268,082	279,463	270,066
Current assets			
Accounts receivable	23,284	-	25,936
Tax receivable	2,470	2,612	3,773
Other receivables (Note 3, 4)	1,332	3,637	2,846
Prepaid expenses and accrued income	96,719	152,788	125,196
Short term investments	-	32,763	-
Cash and cash equivalents	245,552	184,380	182,332
Total current assets	369,357	376,179	340,083
Total assets	637,439	655,642	610,149

KSEK	Sep 30 2024	Sep 30 2023	Dec 31 2023
Equity			
Total shareholders' equity	513,226	523,064	491,401
Long-term liabilities			
Deferred tax liabilities	680	3,595	3,618
Long-term liabilities	507	1,850	1,261
Total long-term liabilities	1,187	5,445	4,879
Current liabilities (Note 5)			
Short-term liabilities	1,696	583	612
Accounts payable	52,957	27,972	39,441
Other liabilities	6,882	12,419	11,291
Tax liabilities	8,307	6,679	7,789
Accrued expenses	53,184	79,479	54,736
Total current liabilities	123,026	127,133	113,869
Total equity and liabilities	637,439	655,642	610,149

CHANGES IN SHAREHOLDERS’ EQUITY – GROUP

KSEK	Share capital	Other capital contribution	Other reserves	Profit/loss brought forward	Shareholders’ equity
Shareholders’ equity 2023-01-01	928	-189,704	69,746	607,780	488,750
Net result for the year				118,647	118,647
Revaluation long-term investments			-4,503		-4,503
Total other comprehensive income			20,489		20,489
Total comprehensive income for the year			15,986	118 647	134,633
Dividend				-64,505	-64,505
Repurchase of shares		-45 454			-45,454
IFRS2 – Employee share schemes			9,641		9,641
Total transactions with the owners recognized directly in equity		-45,454	9,641	-64,505	-100,318
Shareholders’ equity as of 2023-06-30	928	-235,158	95,373	661,922	523,065
Shareholders’ equity 2024-01-01	928	-243,733	63,358	670,849	491,402
Net result for the year				85,506	85,506
Revaluation long-term investments			9,854		9,854
Total other comprehensive income			-5,435		-5,445
Total comprehensive income for the year			4,419	85,506	89,925
Dividend				-62,392	-62,392
Repurchase of shares		-12,941			-12,941
IFRS2 – Employee share schemes			7,233		7,233
Total transactions with the owners recognized directly in equity		-12,941	7,233	-62,392	-68,100
Shareholders’ equity as of 2024-09-30	928	-256,674	75,010	693,962	513,226

CASH FLOW STATEMENT – GROUP

KSEK	Jul-Sep 2024	Jul-Sep 2023	Jan-Sep 2024	Jan-Sep 2023	Oct-Sep 23/24	2023
Cash flow from operating activities						
Profit after financial items	25,110	31,236	91,075	126,411	101,360	136,696
Adjusting items not included in cash flow	33,734	56,161	112,922	115,744	155,854	158,676
	58,844	87,397	203,997	242,155	257,214	295,372
Taxes paid	-3,953	-14,010	-6,615	-17,420	-6,876	-17,681
Cash flow before changes in working capital	54,892	73,387	197,383	224,735	250,339	277,691
Cash flow from changes in working capital						
Change in operating receivables	10,548	15,292	32,643	-4,017	40,022	3,362
Change in operating liabilities	16,687	-32,826	7,555	-22,992	-9,342	-39,889
Cash flow from operating activities	82,127	55,853	237,581	197,726	281,019	241,164
Investing activities						
Investment in fixed assets	-120	-305	-769	-2,927	-1,871	-4,029
Capitalized development expenses	-25,480	-27,539	-78,259	-80,708	-103,834	-106,283
Short term investments	-	-2,398	-	-2,398	-535	-2,933
Long term investments	-3,217	-	-14,134	-	-14,134	-
Cash flow from investing activities	-28,817	-30,242	-93,162	-86,033	-120,374	-113,245

KSEK	Jul-Sep 2024	Jul-Sep 2023	Jan-Sep 2024	Jan-Sep 2023	Oct-Sep 23/24	2023
Financing activities						
Lease financing	-12	-210	-710	-383	-1,271	-944
Dividend	-	-	-62,392	-64,505	-62,392	-64,505
Repurchase shares	-	-15,689	-12,941	-42,675	-24,295	-54,029
Cash flow from financing activities	-12	-15,899	-76,043	-107,563	-87,958	-119,478
Cash flow	53,298	9,712	68,376	4,130	72,687	8,441
Cash at the beginning of the period	196,280	173,120	182,332	177,469	184,380	177,469
Cash flow	53,298	9,712	68,376	4,130	72,687	8,441
Exchange rate differences	-4,026	1,548	-5,156	2,781	-11,515	-3,578
Cash at the end of the period	245,552	184,380	245,552	184,380	245,552	182,332

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 2023.

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	Jul-Sep 2024	Jul-Sep 2023	Jan-Sep 2024	Jan-Sep 2023	Oct-Sep 23/24	2023
At the beginning of the period	213,528	262,304	220,411	273,073	251,039	273,073
Investments	25,480	24,926	78,259	78,095	103,834	103,670
Amortization	-30,859	-38,021	-102,837	-112,606	-140,339	-150,108
Net change during the period	-5,379	-13,095	-24,578	-34,511	-36,505	-46,438
Currency exchange differences	-10,253	1,830	2,063	12,477	-16,638	-6,224
At the end of the period	197,896	251,039	197,896	251,039	197,896	220,411

Note 3

Other receivables

Other receivables include SEK 0.0 M (0.8) 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 (0) 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.

INCOME STATEMENT – PARENT COMPANY

KSEK	Jul-Sep 2024	Jul-Sep 2023	Jan-Sep 2024	Jan-Sep 2023	Oct-Sep 23/24	2023
Net turnover	269,917	326,635	855,192	1,003,247	1,153,918	1,319,921
Cost of revenue	-213,648	-257,816	-687,620	-798,881	-909,553	-1,038,919
Gross profit	56,269	68,819	167,572	204,365	244,365	281,003
Research and development expenses	-95	-11	-427	-67	-239	-75
Sales and Marketing expenses	-52,398	-65,255	-154,785	-192,824	-227,181	-264,513
General and administrative expenses	-5,385	-5,132	-17,166	-15,992	-22,918	-22,083
Other operating income	0	-112	2,447	7,337	6,700	0
Other operating expenses	-3,843	0	0	0	-17,150	-4,455
Operating result	-5,452	-1,690	-2,359	2,819	-16,423	-10,123
Financial income	3,905	9,647	7,696	2,646	26,358	24,432
Financial expenses	0	0	-2	0	-19,901	0
Operating result after financial items	-1,547	7,957	5,334	5,465	-9,966	14,309
Taxes	508	-51	-923	-1,140	517	0
Net result for the period	-1,039	7,906	4,411	4,325	-9,449	14,309

STATEMENT OF COMPREHENSIVE INCOME – PARENT COMPANY

KSEK	Jul-Sep 2024	Jul-Sep 2023	Jan-Sep 2024	Jan-Sep 2023	Oct-Sep 23/24	2023
Net result for the period	-1,039	7,906	4,411	4,325	-9,449	14,309
Items that later can be reversed in profit						
Revaluation long-term investments	812	0	9,823	-4,503	-572	-14,086
Other comprehensive income	812	0	9823	-4503	-572	-14,086
Total other comprehensive income for the period	-227	7,906	14,234	-178	-10,021	223

BALANCE SHEET – PARENT COMPANY

KSEK	Sep 30 2024	Sep 30 2023	Dec 31 2023
Fixed assets			
Intangible fixed assets			
Intangible fixed assets	2,613	2,613	2,613
Tangible fixed assets			
Tangible fixed assets	0	0	0
Financial fixed assets			
Shares in group companies	130	105	105
Financial assets	58,122	12,086	34,134
Total fixed assets	60,864	14,803	36,852
Current assets			
Account receivables	23,284	0	25,936
Receivables from group companies	172,287	2,495	87,381
Tax receivables	1,078	1,874	2,751
Other receivables	325	342	410
Prepaid expenses and accrued income	87,333	145,457	112,284
Financial assets	0	32,763	0
Cash and cash equivalents	47,755	128,938	53,722
Total current assets	332,063	311,868	282,484
Total assets	392,928	326,671	319,336

KSEK	Sep 30 2024	Sep 30 2023	Dec 31 2023
Restricted equity			
Share capital	928	928	928
Non-restricted equity			
Share premium reserve	54,357	11,276	53,578
Profit/Loss carried forward	99,525	239,148	152,810
Net result for the period	4,411	1,313	14,309
Total equity	159,221	252,665	221,625
Current liabilities			
Accounts payable	35,457	20,907	36,357
Tax Liability	0	0	0
Liability to group companies	194,129	42,074	54,226
Other liability	1,237	5,689	5,130
Accrued expenses	2,884	5,336	1,999
Total current liabilities	233,706	74,006	97,711
Total equity and liabilities	392,928	326,671	319,336

Glossary

Financial statement

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

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

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

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

Use of key ratios not defined in IFRS

The G5 Group’s accounts are prepared in accordance with IFRS. See page 13 for more information on accounting principles. Only a few key ratios are defined in IFRS. As of the second quarter 2017, G5 is applying the Alternative Performance Measures issued by ESMA (European Securities and Markets Authority). Briefly, an alternative key ratio is a financial measurement of historical or future earnings development, financial position or cash flow, not defined or specified in IFRS. To assist Group Management and other stakeholders in their analysis of the Group’s performance, G5 is reporting certain key ratios not defined by IFRS. Group Management believes that this information will facilitate an analysis of the Group’s performance. This data supplements the IFRS information and does not replace the key ratios defined in IFRS. G5’s definitions of measurements not defined in IFRS may differ from definitions used by other companies. All of G5’s definitions are included below.

EBIT excluding costs for user acquisition consists of reported EBIT adjusted for costs for user acquisition.

Operational terms

Monthly Active Users (MAU) is the number of individuals who played a G5 game in a calendar month. An individual who plays two different games in the same month is counted as two MAUs. Numbers presented in the report are the average of the three months in any given quarter.

Daily Active Users (DAU) is the number of individuals who played a G5 game in a day. An individual who plays two different games in the day is counted as two DAUs. Numbers presented in the report are the average of the three months in any given quarter.

Monthly Unique Payers (MUP) is the number of individuals who made a payment in a G5 game at least once during a calendar month. An individual who pays in two G5 games is counted as one MUP. Numbers presented in the report are the average of the three months in any given quarter.

Monthly Unique Users (MUU) is the number of individuals who played a G5 game at least once during a calendar month. An individual who plays two different games during the month is counted as one MUU. Numbers presented in the report are the average of the three months in any given quarter.

Monthly Average Gross Revenue Per Paying User (MAGRPPU) is the average gross revenue received from a Monthly Unique Payer during a calendar month. MAGRPPU is calculated by dividing the gross revenue during the calendar month by the number of Monthly Unique Payers in the same calendar month. The numbers presented in the report are the average of the three months in any given quarter.

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® 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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