

G5 Entertainment

Investor presentation

NASDAQ OMX: [G5EN.ST](https://www.nasdaq.com/quote/G5EN)



G5 Entertainment in brief

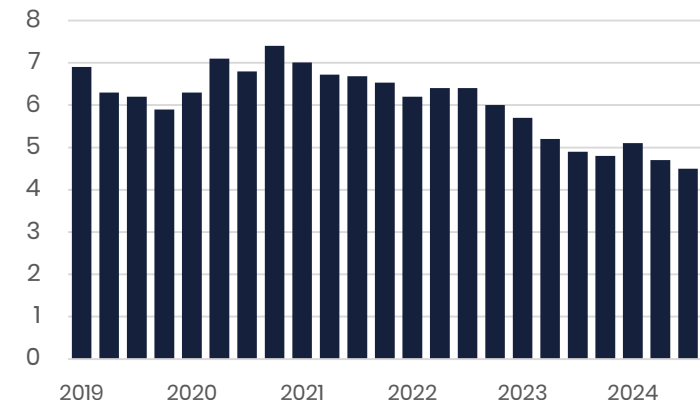
- **Game Developer and publisher**
Casual free-to-play (F2P) games
for tablets, smartphones and PCs
- **Puzzle and adventure game genres**,
such as Hidden Object, Match-3 and Mahjong
Solitaire
- Serving **\$90+ billion global market**
- **Female audience 35+**
- **North America** accounted for 63% of group
revenue in 2023

Strong history in sales and downloads

Secret Society: USD 100 M sales
27 M downloads

Hidden City: USD 400 M sales
54 M downloads

MAU (monthly average users)
average over quarter, million

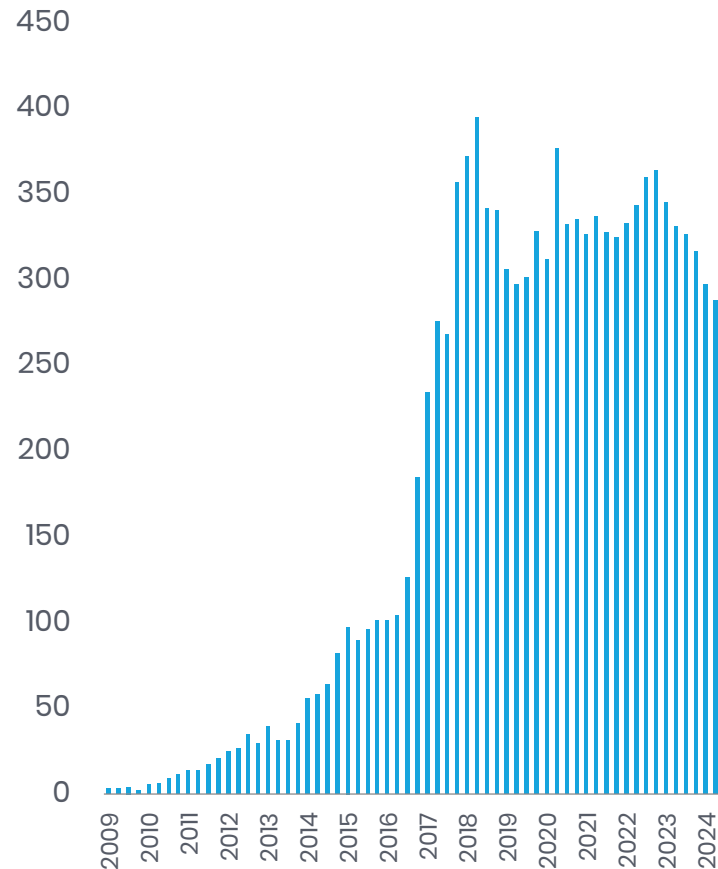


G5 Entertainment in brief (2)

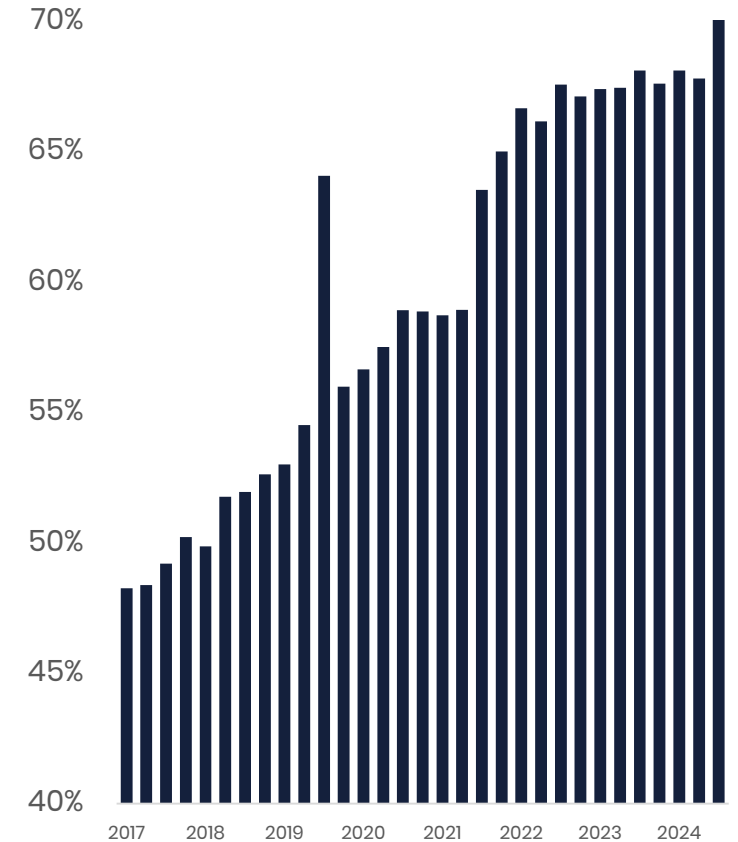
Stable performance in 2023

- **1.3 billion SEK** revenue
- **111 million SEK** EBIT
- **G5 Store** boosted gross margin and contributed to stable performance
- **15.84 SEK** EPS
+98%, compared to last year
- **8.00 SEK** dividend

Revenue (MSEK)



Gross Margin (%)



G5 Store

- **G5 Store**

G5 Store is G5's direct-to-consumer (DTC) channel. The Store was launched in 2020 on the Windows platform but is now available for Windows, Mac and Android. The G5 Store allows users to browse and download games directly from G5's website www.g5.com. All G5 Games can be played from any device: third-party, tablet or computer, while the game progress and purchases are synchronized across all devices.

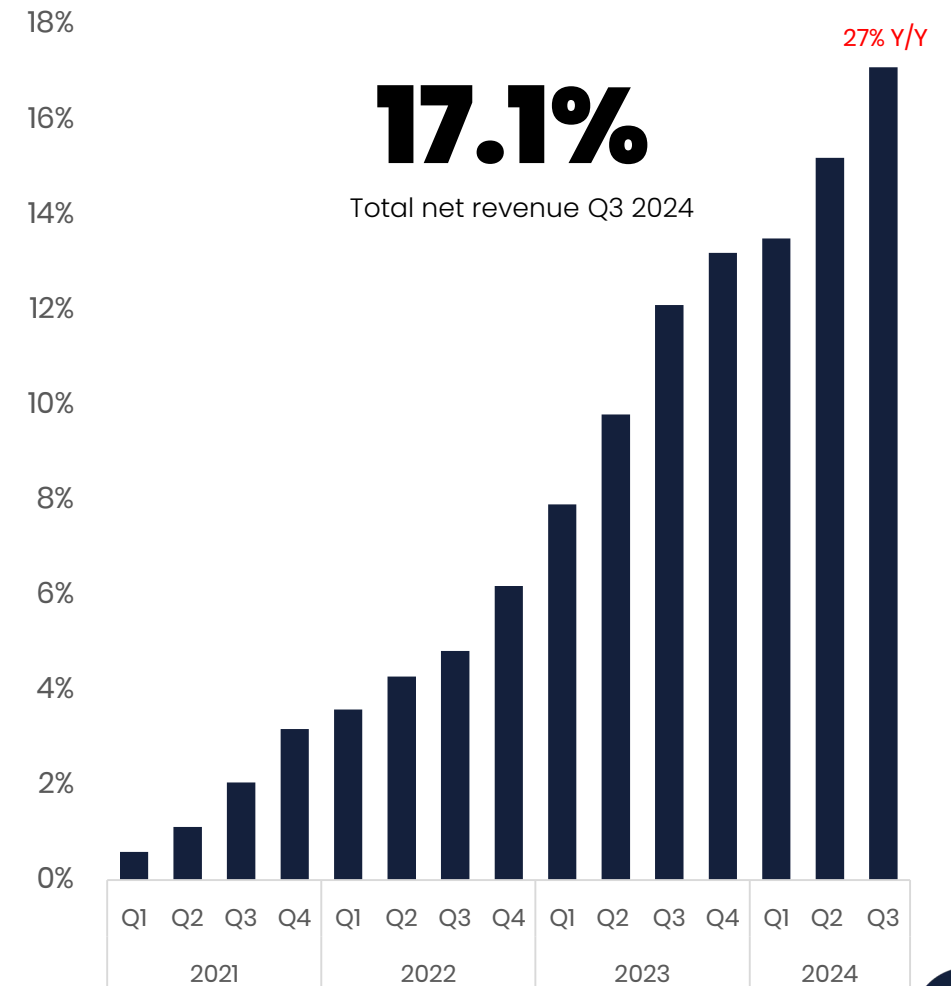
- **Fee structure**

Fees on the major third-party platforms, Apple and Google are 30% of the revenue generated, for the Windows-platform the fees are 12%. In the G5 Store, G5 is paying single digit percentages for payment processing and related services. G5 Store incorporates various payment options for the ease of the player.

- **Performance**

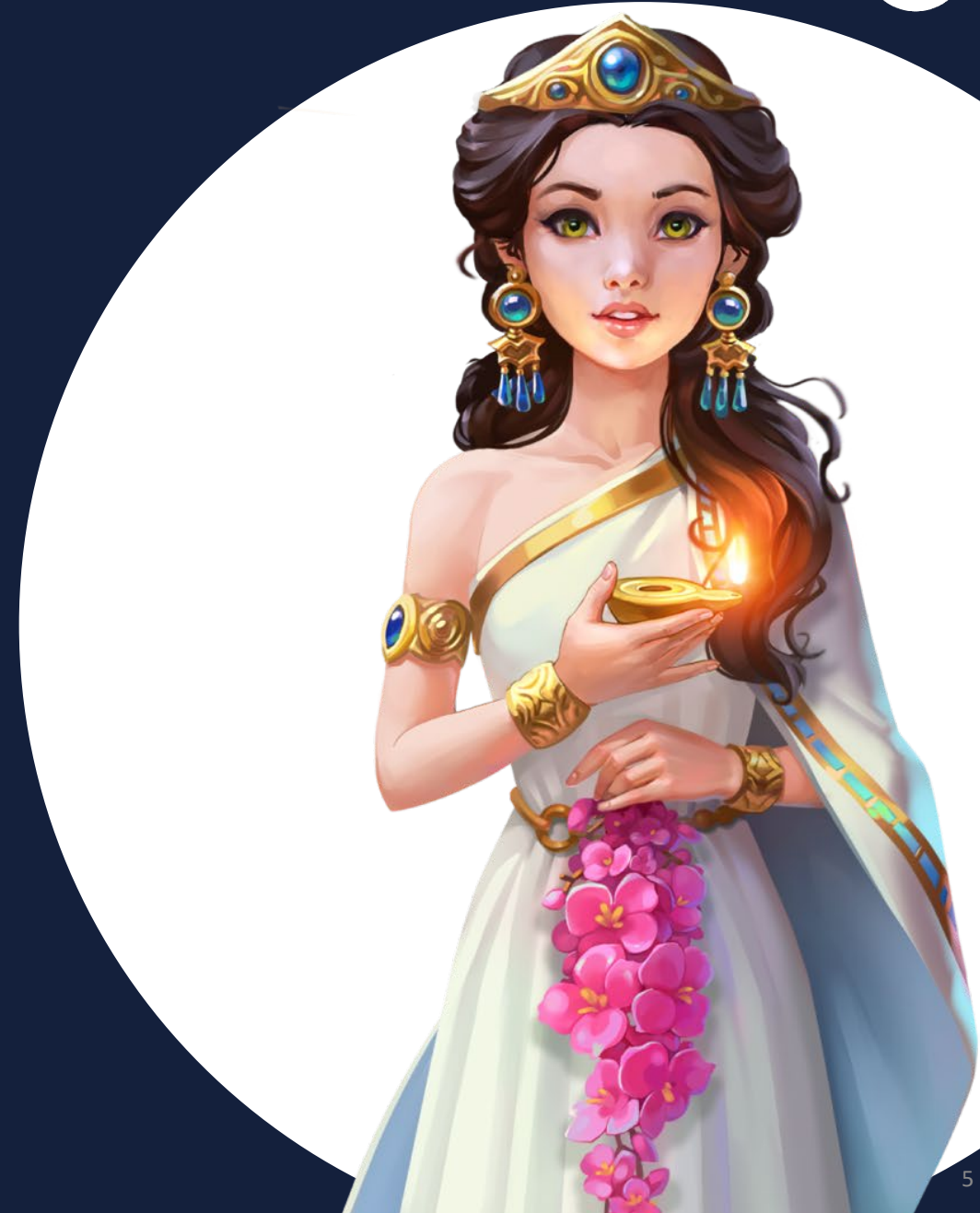
Since its launch, the G5 Store has grown sequentially every month with a couple of exceptions and surpassed 1M USD in monthly net revenue during the fourth quarter of 2023. The G5 Store is expected to continue to grow and through the lower fees, improve both the gross margin as well as the EBIT margin potential of the group going forward.

G5 Store - % of Net Revenue (MSEK)



Mobile Gaming Industry

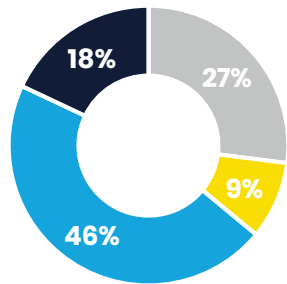
Mobile gaming is the best-performing segment of the overall gaming market.



Global Mobile Gaming: A Growth Market

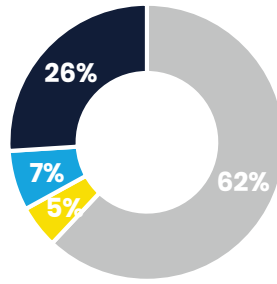
- Mobile gaming is the best-performing segment of the overall gaming market, with global revenues expected to reach **\$101 Bn USD** by 2026
- **48% of 2024 global game revenue** will come from mobile gaming
- With almost **3.4 billion gamers worldwide today** (+5% Y/Y), and 3.8 billion gamers projected by 2027, mobile gaming has more players than any other gaming segment
- Asia is the biggest market, accounting for almost **46%** of total revenues for the industry in 2024, followed by the US
- G5's main market is North America, followed by EU and Japan

2024 Global Games Market per region



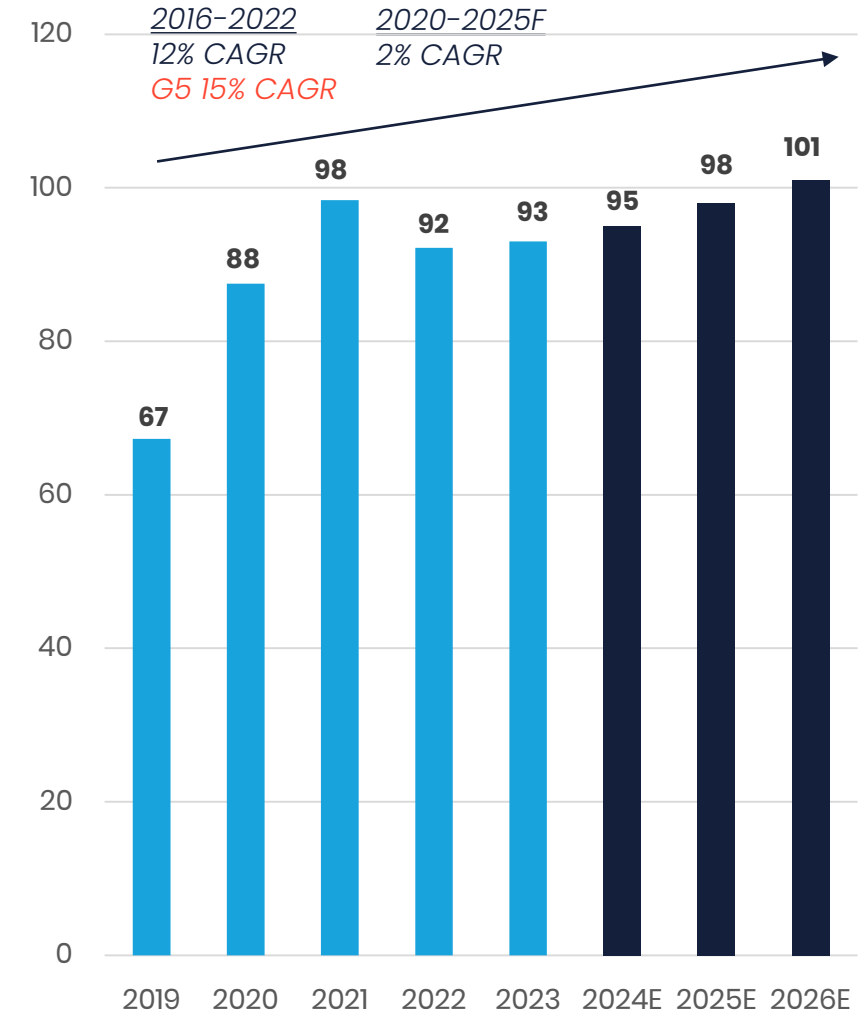
■ North America ■ ROW ■ Asia ■ Europe

G5 Revenue breakdown by geography Q3 2024



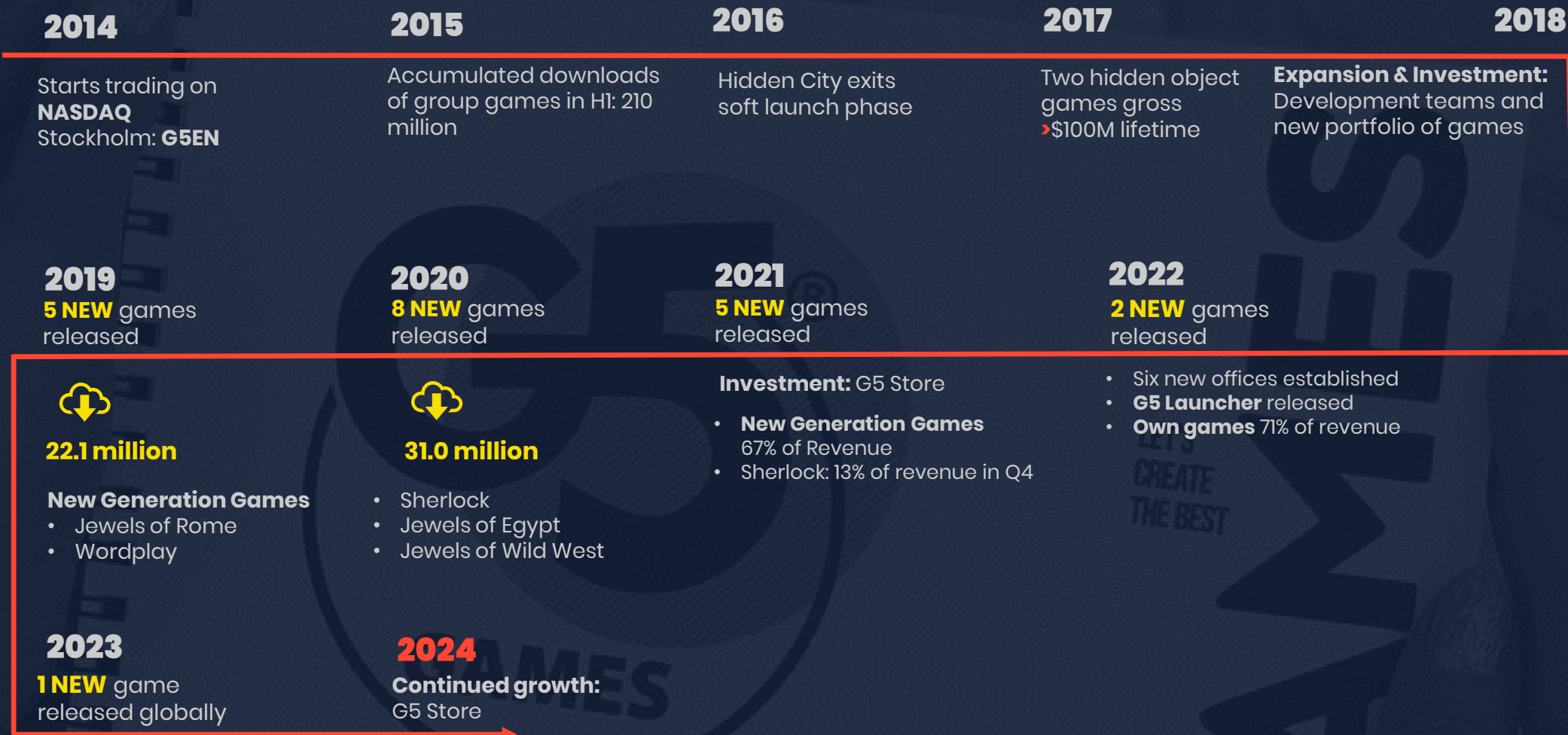
■ North America ■ ROW ■ Asia ■ Europe

Global Mobile Games Market Revenues, Bn USD



*NEWZOO market data

G5 Development: 2014–2023



G5's Portfolio & Development funnel

“G5 has a range of games in the genres that are all liked by the company's target audience.”



Target Audience and Game Genre

A Unique Market:

Women Age 35+

Growing demographic
Underserved market
Very loyal audience
Strong paying audience \$

Hidden Object



Match-3



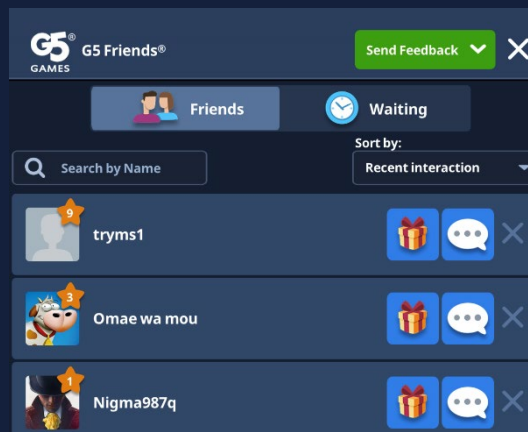
Mahjong / Solitaire



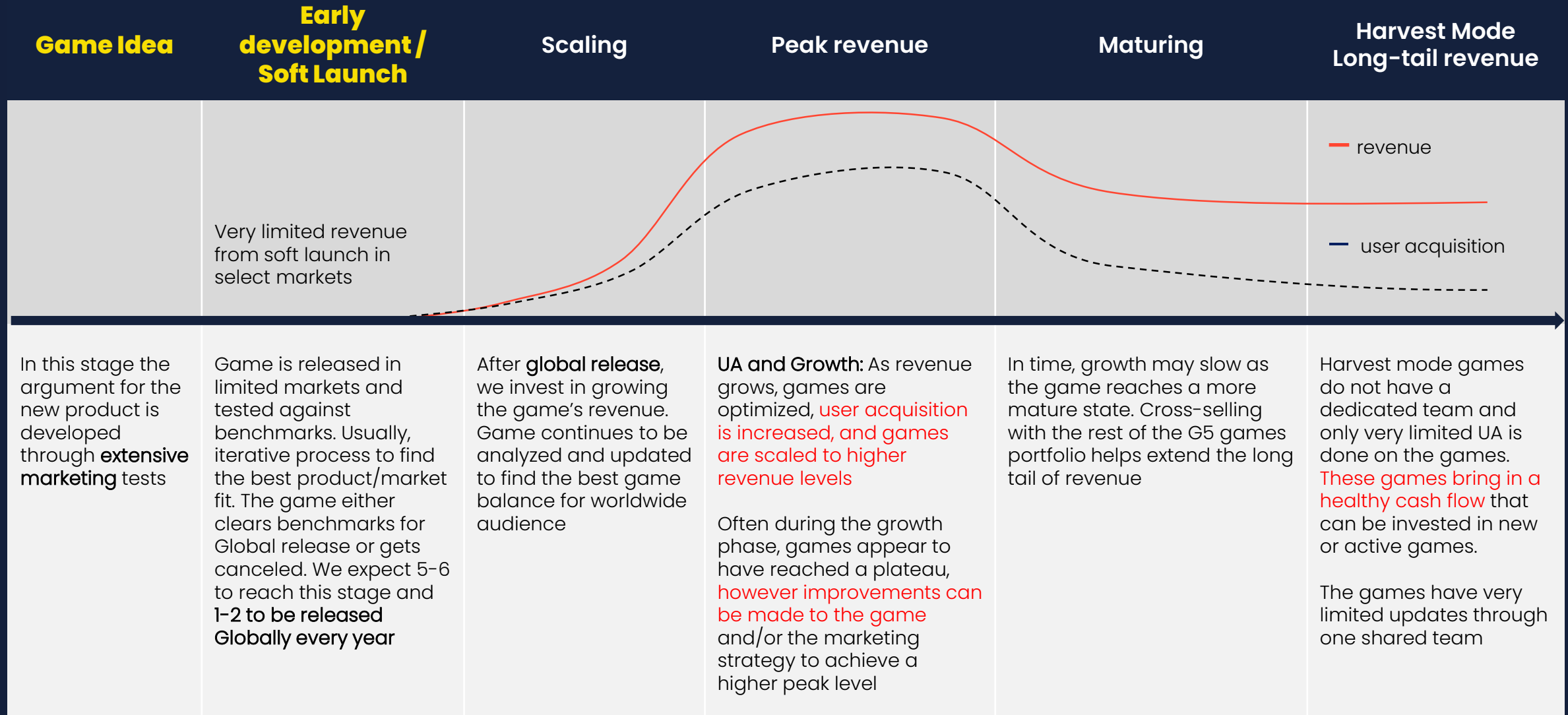
New Genres



G5 Friends Network



New Games Development Funnel



Development funnel stages

1. PRE-PRODUCTION

**2. PRODUCTION OF SOFT
LAUNCH VERSION**

**3. SOFT LAUNCH –
ENGAGEMENT TESTING**

**4. SOFT LAUNCH –
MONETIZATION TESTING**

**5. SOFT LAUNCH –
SCALABILITY TESTING**

**6. PREPARATION FOR
GLOBAL LAUNCH**

3 GAMES

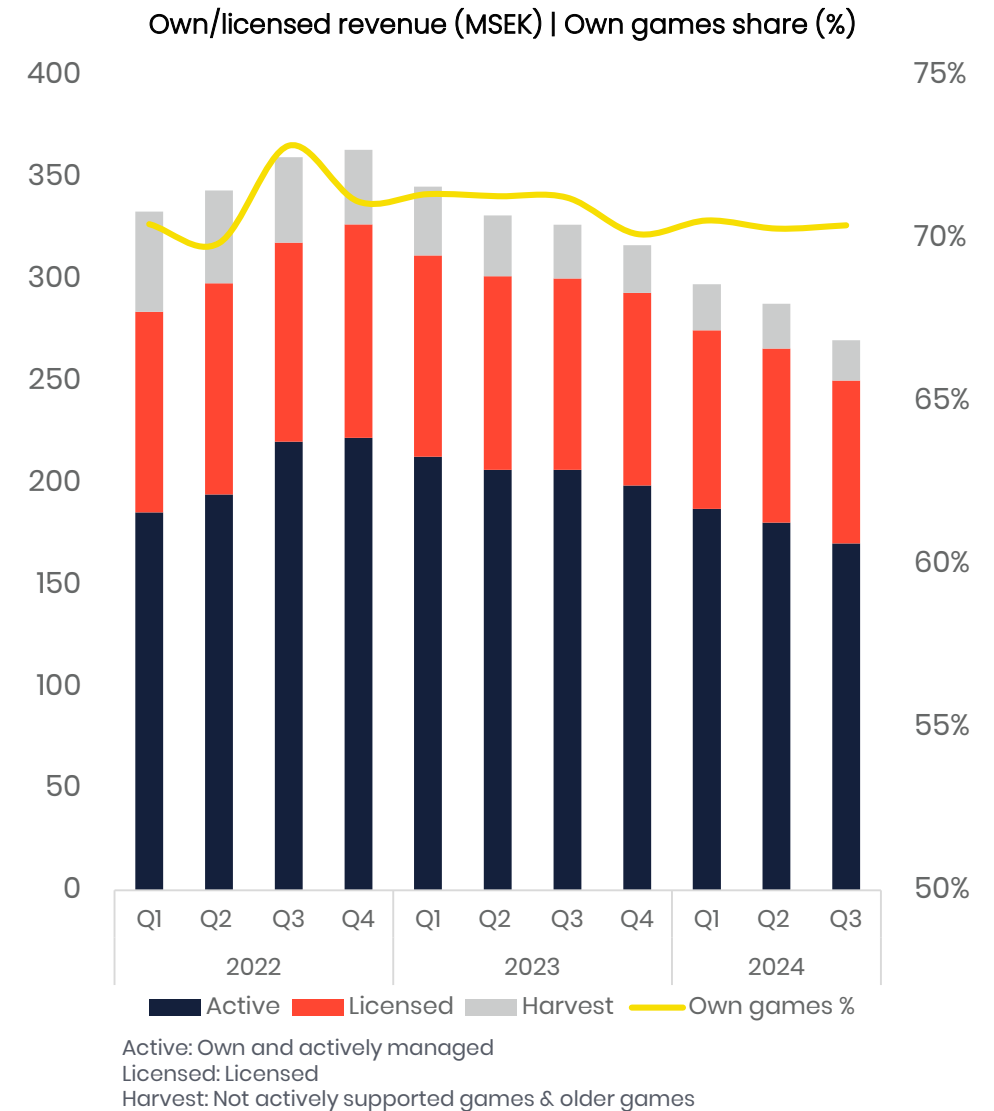
4 GAMES

GLOBAL LAUNCH



Our Portfolio Approach

- **Strengthened development teams** giving the company full control over game development and quality combined with tougher approach to underperforming games
- Revenue from Own games have consistently grown and is now **>70%** of the total net revenue
- We plan to work on 30 game ideas, soft-launching 5-6 games. We expect to release **one game globally**. Building on previous technology and game play foundation with an emphasis on engaging storylines and immersive meta-mechanics
- **Balanced and diversified portfolio** with games in different stages in their lifecycle creates a balance between profitability and growth



Financials

“We are confident that our strategic initiatives will bear fruit in the coming quarters, reinforcing our position in the market.”

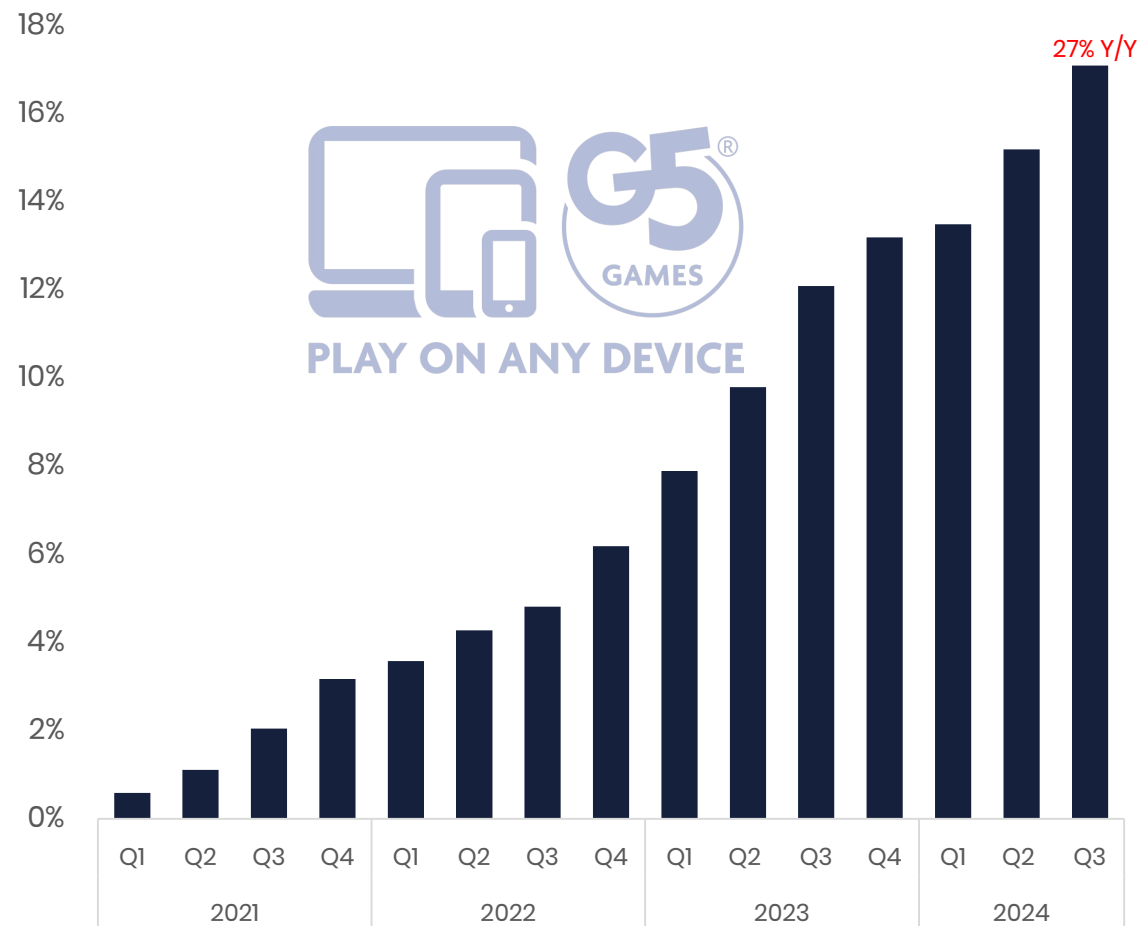


Q3 2024 Results

- **Revenue was SEK 270 M, -17% Y/Y in SEK | -14% Y/Y in USD**
 - Active games*: -14% Y/Y in USD
 - MAGRPPU strong at 64.9 USD
- **G5 Store 17.1% of total net revenue (12.1)**
 - Low single digits processing fees compared to the 12-30% third party application store fees
 - +22% Y/Y, +6% Q/Q in SEK | +27% Y/Y, +8% Q/Q in USD
- **UA was 19% of revenue (19)**
- **Gross Margin** remains strong 68.8% (68.1)
- **EPS** 3.14 SEK for the quarter (3.83)
- **Strong cash position** SEK 246 M (184)
Zero debt, solid cash flow

*Active games: Own and actively managed

G5 Store – % of G5's Net Revenue (USD)



Financial Summary: Q3 2024

Strong performance

- Own games >70% of net revenue (71)
- Active own games: 63% (63) of net revenue
- Gross Margin 68.8% (68.1) primarily driven by fast growth of the G5 Store
- Strong MAGRPPU \$64.9 (63.2)

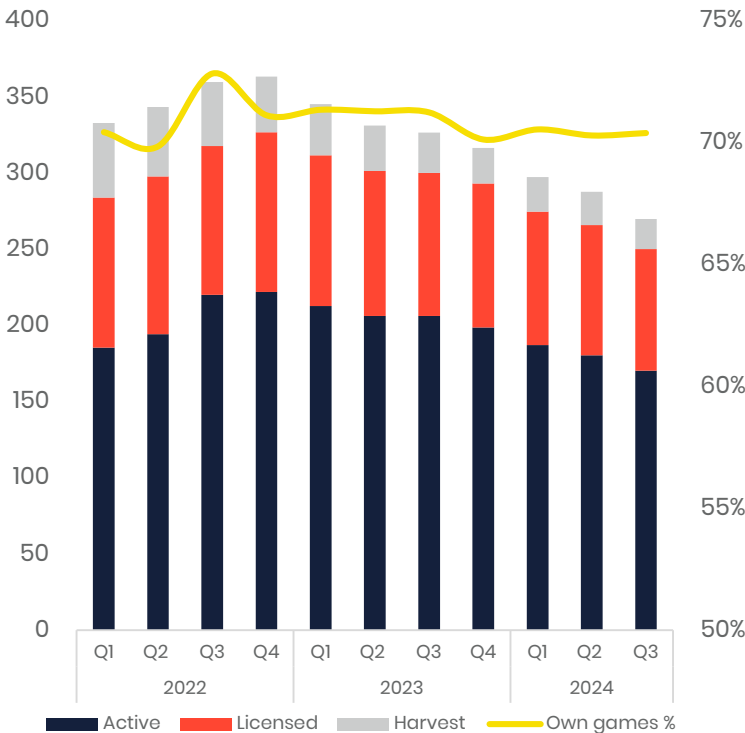
Operating Profit (EBIT) SEK 22.9 M (22.3) EBIT margin 8.5%

- EBIT was negatively impacted by revaluations related to fx SEK/USD revaluations (-0.4)
- Adjusted for the negative impact from other income and expense EBIT margin would be 8.6% (5.6)
- Net capitalization impact on earnings was SEK -5.4 M (-13.1)

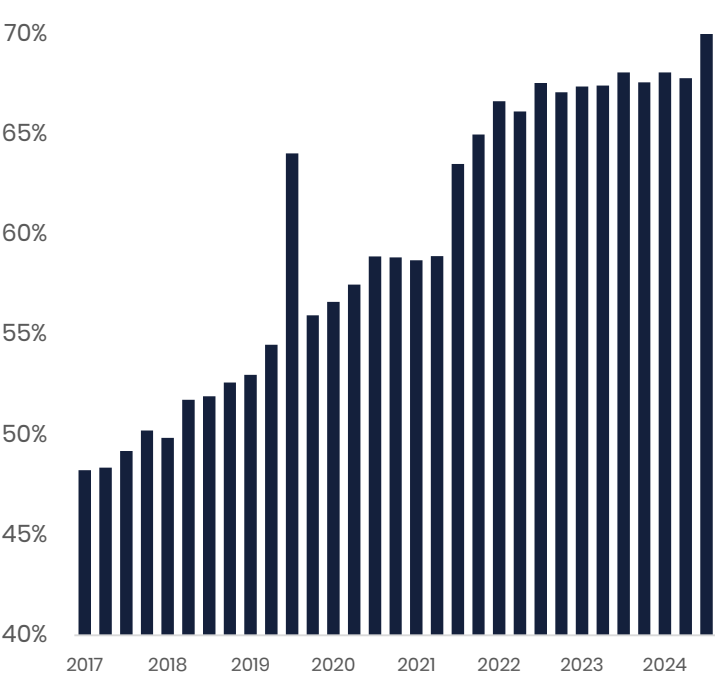
Strong balance sheet

- Capitalization impact on cash flow SEK -25.5 M (-27.5)
- Movement of working capital SEK 27 M (-17.5), positive in the quarter compared to last year
- Total cash flow for the period SEK 53.3 M (9.7)
- Total cash at end of period SEK 245.6 M (184.4)

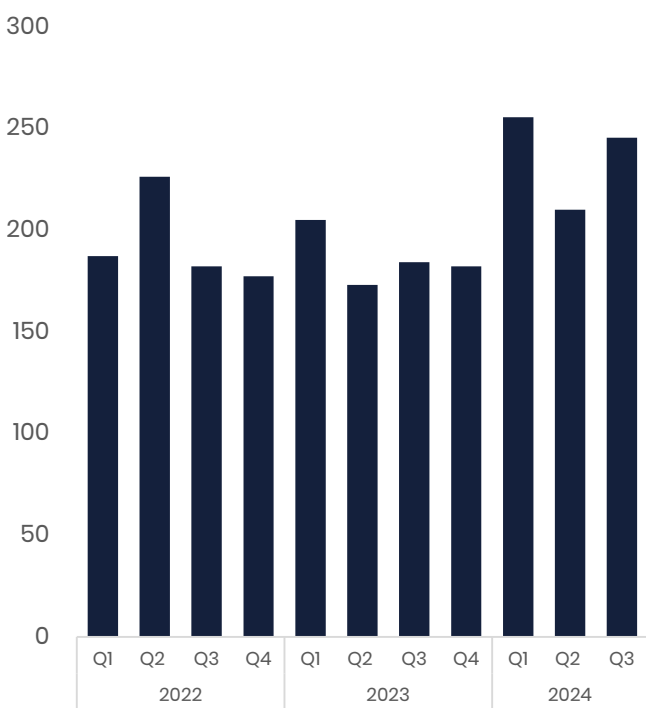
Own/Licensed revenue (MSEK) | Own games share (%)



Gross Margin (%)



Cash & Cash Equivalents (MSEK)



Outlook for 2024/25



- We continue to focus on the development of new games, and active portfolio
- During the quarter we made 14 iterations on different new games, and we are progressing with our goal of launching a game globally
- We are optimistic that our operational efficiency and strategic adjustments will continue to drive profitability
- G5 Store is growing fast and continues to drive higher margins
- Maintaining sustainable UA spend within 17-22% range
- Strong cash position. Profitable, cash flow positive, zero debt
- Strongest October-September revenue since 2020. We continue to implement our strategy and see positive momentum going into the seasonally strong Q4 and Q1





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