

The logo features the number '5' inside a blue circle, with the word 'GAMES' written in white capital letters below it. A registered trademark symbol (®) is located to the right of the '5'. The logo is set against a vibrant, colorful galaxy background with a large orange planet in the top left and a blue planet in the bottom right.

G5[®] GAMES

G5 ENTERTAINMENT AB
YEAR-END REPORT 2019

YEAR-END REPORT 2019

OCTOBER – DECEMBER

- Revenue for the period was SEK 328.1 M [340.7], a decrease of 4 per cent compared to 2018.
- Gross margin increased to 56% [53%], as a larger share of revenue is coming from own games.
- EBIT for the period was SEK -4.1 M [18.6], the quarter was negatively impacted by write-downs of SEK -5.7 M and currency translation difference of operational assets and liabilities of SEK -4.1 M.
- Net result for the period was SEK -4.4 M [17.1].
- Earnings per share for the period, before and after dilution, was SEK -0.48 [1.90].
- Cash flow amounted to SEK 23.8 M [40.7].
- For the free-to-play games the average Monthly Active Users (MAU) was 5.8 million, a decrease of 28 per cent compared to the same period in 2018. Average Monthly Unique Payers (MUP) was 215.7 thousand, a decrease of 22 per cent and average Daily Active Users (DAU) was 1.6 million, a decrease of 18 per cent compared to the same period in 2018. Average Monthly Average Gross Revenue Per Paying User (MAGRPPU) was USD 52.3, an increase of 17 percent compared to the same period last year.
- The Board intends to propose a dividend of SEK 2.5 (2.5) per share, equal to approximately SEK 22.6 M (22.5).

FINANCIAL KEY RATIOS

KSEK	Oct-Dec 2019	Oct-Dec 2018	Change %	2019	2018	Change %
Revenue	328,093	340,690	-4%	1,233,039	1,450,025	-15%
Commission to distributors ¹	-99,148	-103,990	-5%	-375,304	-440,378	-15%
Royalty to external developers ²	-45,288	-57,446	-21%	-157,740	-262,671	-40%
Gross profit	183,657	179,255	2%	699,995	746,976	-6%
Gross margin	56%	53%		57%	52%	
Operating costs excluding costs for user acquisition	-92,315	-64,429	43%	-292,216	-225,952	29%
EBIT excluding costs for user acquisition	91,342	114,826	-20%	407,779	521,024	-22%
EBIT margin before costs for user acquisition	28%	34%		33%	36%	
Costs for user acquisition ³	-95,411	-96,196	-1%	-355,962	-377,576	-6%
Costs for user acquisition as percentage of revenue	-29%	-28%		-29%	-26%	
EBIT	-4,069	18,630	-122%	51,817	143,448	-64%
EBIT margin (%)	-1.2%	5.5%		4.2%	9.9%	
Earnings per share before dilution	-0.48	1.90	-125%	5.01	14.45	-65%
Cash flow before financing activities	26,267	40,718		44,243	74,703	
Cash and cash equivalents	152,268	138,531		152,268	138,531	

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

²Royalties to external developers are costs to third party developers when there is a contractual obligation to pay royalty.

³User 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:

PRIMED FOR GROWTH



2019 was an important year for G5 as we continued to deliver on our strategy of a sustainable, healthy, and self-funded development of the company. We achieved it by being profitable and cash flow positive, a base that gives us the ability to take managed risks in the business. This approach has produced the outstanding growth we have seen in the last 10 years. We are a growth company at heart, and our investments in past quarters to develop a range of new exciting games put us in a solid position to thrive in the long term. We released five new games in 2019 and we plan to release five new games in 2020. Our investments and hard work are paying off, making us optimistic for the year ahead.

In the fourth quarter we returned to profitability adjusting for the SEK -5.7 M write-down on our Solitaire Tour game. The currency translation difference, related to the strengthening SEK, also weighed on profits in the period.

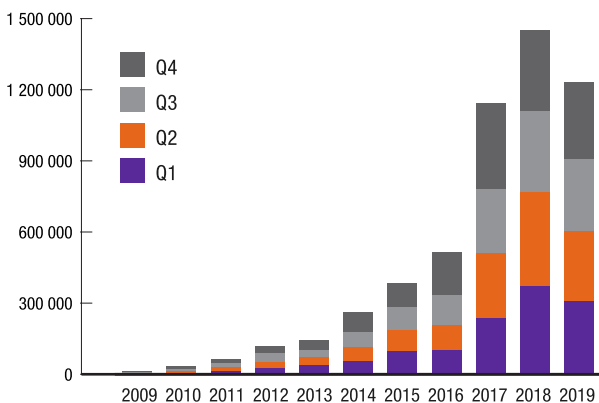
We achieved sequential growth of nine percent and the share of own games continued to increase. With more of our own games on the way to the market, G5 is in a strong position as we start 2020.

We made the decision to start expanding our development team in 2017 with the goal to invest in our own portfolio of new games and raise the bar of quality. We were fully aware of the investment and effort it would take. We knew we could afford it and that strategically it was the right move. In 2019, we started to see the results of this investment with our own games growing 8 percent year-over-year in the fourth quarter and now almost 30 percent year-over-year in January, powered by Jewels of Rome, which we launched in June 2019.

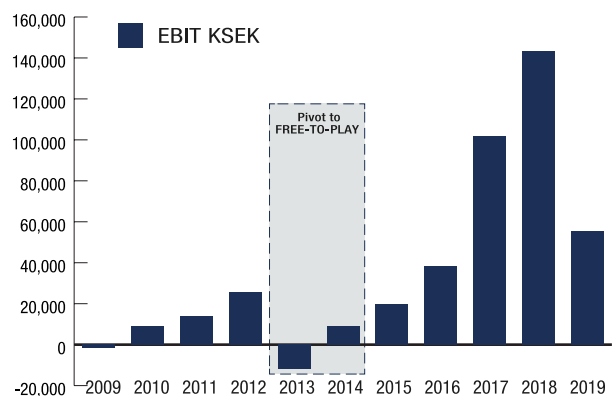
Since launch, Jewels of Rome has delivered double-digit sequential growth every month. In the fourth quarter, it was responsible for well over 10 percent of the group's revenue. In January 2020, its contribution to the group's revenue was already above 15 percent, and it has already achieved higher monthly revenue than Mahjong Journey – our previous most successful internally developed game – ever delivered. On monthly basis, Jewels of Rome is now the highest grossing internally developed game we have ever had.

Hidden City, a licensed game on which we pay royalties, is still our top game by monthly revenue and remains stable and strong. The developers are doing a great job and are focused on evolving the game to keep players engaged.

REVENUE KSEK



EBIT KSEK



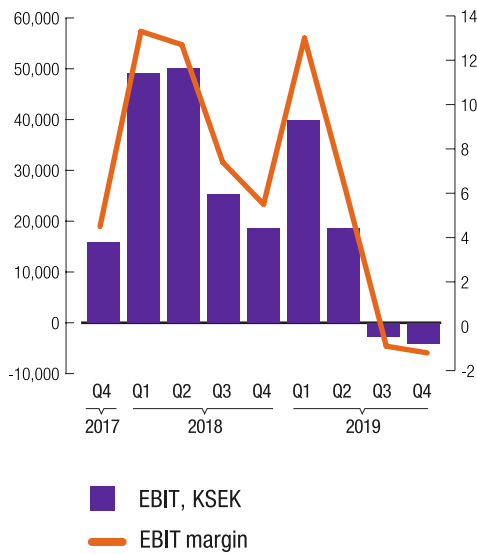
DELIVERING ON THE PIPELINE

G5 launched five new games in 2019: Match Town Makeover, Jewels of Rome, Hidden Treasures, Wordplay: Exercise Your Brain, and Jewels of Mahjong. The soft launch has shown that Match Town Makeover requires more work, but eventually the game is going to be released globally in 2020. Hidden Treasures is showing good results so far and is demonstrating the potential to be a profitable product. Jewels of Mahjong was initially released in soft launch over the holidays and showed positive results, so the game is going to be launched globally very soon. It is a game in the evergreen mahjong solitaire genre where we also have Mahjong Journey, one of our top-sellers and one of the top-grossing games in this genre in the world. Wordplay: Exercise Your Brain is our latest game launched on pre-order in December and available for download worldwide since January. Wordplay takes us into a popular new genre and early results look promising. Most of these games were released late in 2019. The initial traction for these games looks favorable and we expect to see their contribution to the top-line go up during 2020.

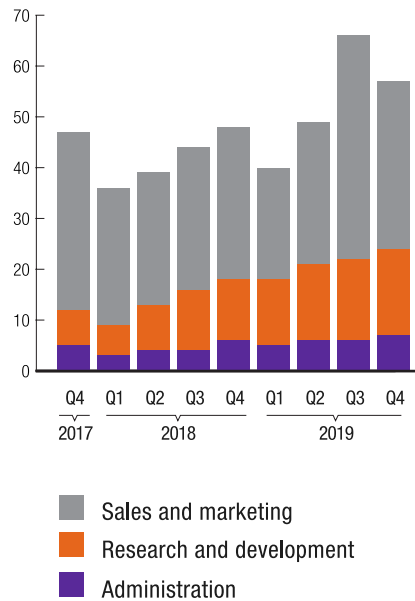
Jewels of Rome stands out among our releases due to a combination of a strong development team, outstanding player lifetime value, effective marketing strategy and a robust pace of growth to date. It makes us optimistic that monthly revenue of the game can continue growing during 2020 and potentially achieve significantly higher levels. The market for Match-3 genre games to which Jewels of Rome belongs is very large, much larger than that of hidden object games, and therefore the potential positive impact for the company can be outstanding.

Everything points to continued success for our own games, but we understand growing needs to be done responsibly. We are conscious of how we spend our money both in user acquisition and development and are increasingly tougher on underperforming games. We will even halt investment in a game if we feel the money and - more importantly - time and focus, would be more wisely spent on other opportunities. An example of this tougher approach is our Solitaire Tour game. We stopped investing in the game and put it into harvest mode in the fourth quarter. We'll continue to prune our portfolio going forward and put the money to work where we think we can get the best return.

EBIT (KSEK) | EBIT-MARGIN (%)



COSTS IN % OF REVENUE



OUTLOOK FOR 2020

Our goal in 2020 is to return to year-over-year growth, while maintaining profitability and a positive cash flow. Stating the obvious, the comparables are getting easier as we established a new base during 2019. Thanks to the launch of our new games last year and the five new releases planned this year we are well positioned for future growth.

Our investments in the workforce are putting pressure on short-term margins due to increased fixed costs. This pressure is going to ease with the growth in revenue generated by the games released late last year and those that we will release in the coming months. We are also committed to responsible, reasonable, and efficient marketing in 2020 to deliver growth and a positive profit margin. Our margins will improve as our new games, which are more profitable for us since we don't have to pay royalties, continue to gain traction with customers, and the percentage of revenue from own games continues to grow, improving our gross margins. We do not expect outstanding profit margin in the first half of the year, most likely at the lower end of historic range before Q3 and Q4 2019. However, in the second half of the year, we hope that with own games taking off even more, profit margin

expansion is possible. The result depends on how well own games are going to perform in 2020, as they allow for higher gross margins than before and through that for higher EBIT margin than before.

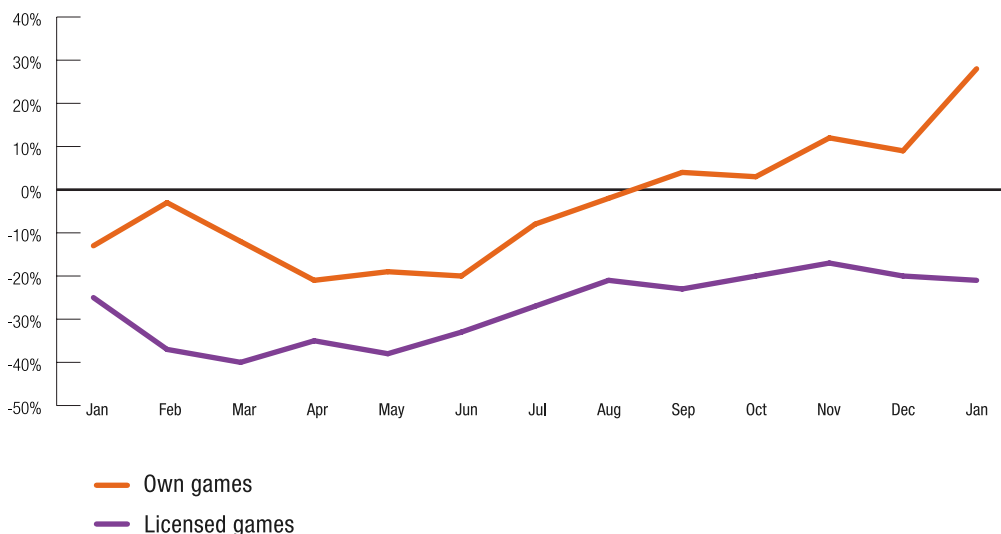
We continue to be financially strong and the board plans to propose a dividend of SEK 2.5 per share, in line with last year.

2020 will be an exciting year for us with so many new games recently released and others set to hit the market soon. 2019 was about optimizing our larger development teams and in 2020 we will start to benefit from the hard work. We will continue to execute on our strategy. I hope you follow us and watch our progress.

San Francisco, February 12th, 2020

Vlad Suglobov
CEO, co-founder

YEAR OVER YEAR GROWTH 2019, USD





OCTOBER - DECEMBER

REVENUE AND GROSS PROFIT

Revenue amounted to SEK 328.1 M (340.7). Revenue decreased by 4 per cent compared to the same period in 2018. The main reason for the decline is that the company's game Hidden City has matured while the portfolio of own games has grown compared to last year.

Cost of revenue decreased by 11 per cent to SEK 144.4 M (161.4). Cost of revenue includes commission to the distributors (Apple App Store, Google Play, Amazon App-store, etc.). All relevant parties charge up to 30 per cent of gross revenue. Cost of revenue also includes royalties payable to external developers which decreased by 21 per cent compared to the same period in 2018 partly as a higher share of revenue is coming from own games.

Gross margin for the period was 56 per cent (53) and increased primarily as the share of revenue from own games has increased. Gross profit for the quarter increased by 2 per cent compared to the fourth quarter in 2018 and was SEK 183.7 M (179.3).

OPERATIONAL COSTS

Costs for research and development were SEK 54.4 M (40.4) during the period. The increase in costs for research and development is primarily driven by an increase in amortizations and a larger workforce. The quarter was also impacted by write-downs of SEK 5.7 M compared to SEK 1.3 M in the fourth quarter of 2018.

Sales and marketing increased to SEK 107.5 M (102.6). Sales and marketing is primarily affected by the costs for user acquisition. During the quarter the cost for user acquisition was SEK 95.4 M (96.2). Cost for user acquisition

as a percentage of sales was 29 per cent, compared to 28 per cent in the same period in 2018. Sales and marketing, excluding user acquisition, increased to SEK 12.1 M (6.4), in the fourth quarter a reclassification was made between user acquisition and other sales & marketing, that increased the cost of approx. SEK 2.3 M.

General and administrative costs amounted to SEK 21.7 M (19.3). Other operating income amounted to SEK -4.0 M (1.9) and other operating expenses amounted to SEK -0.1 M (-0.2). Together they amounted to SEK -4.1 M (1.7), primarily driven by currency effects on operational assets and liabilities.

EBIT

Depreciation and amortization have increased due to the increased size of the game portfolio and amounted to SEK 31.5 M (23.9). Capitalization of intangible assets amounted to SEK 31.6 M (28.2). Write-downs during the quarter amounted to SEK 5.7 M (1.3). Net effect of capitalization and amortization, net capitalization, on intangible assets amounted to SEK 4.2 M (5.4).

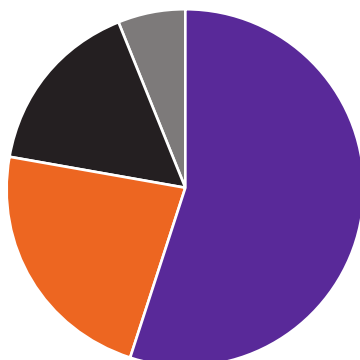
Earnings before interest and taxes (EBIT) amounted to SEK -4.1 M (18.6), corresponding to an EBIT margin of -1.2 per cent (5.5). Adjusting for the write-downs in the quarter EBIT was SEK 1.6 M (19.9) corresponding to an EBIT margin of 0.5 per cent (5.8).

NET PROFIT

Net profit was marginally affected by financial items. Tax affected the result with SEK -0.2 M (-1.7).

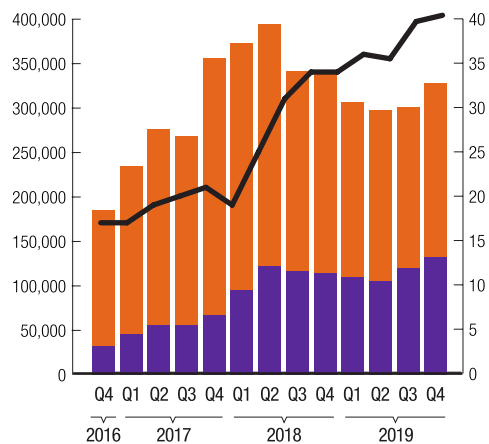
Net profit amounted to SEK -4.4 M (17.1) which equals an earnings per share, before and after dilution, of SEK -0.48 (1.90).

**REVENUE BREAKDOWN BY GEOGRAPHY
FOURTH QUARTER 2019**



- North America 55%
- Asia 23%
- Europe 16%
- Rest of World 6%

**OWN/LICENSED REVENUE (KSEK)
SHARE OWN GAMES (%)**



- Own games, KSEK
- 3rd party games, KSEK
- Own games, %

OPERATIONAL METRICS

In the quarter the average Monthly Active Users (MAU) decreased with 28 per cent compared to 2018 while Daily Active Users (DAU) decreased 18 per cent compared to 2018. Monthly Unique Users (MUU) decreased 31 per cent compared to 2018.

Average Monthly Unique Payers (MUP) decreased with 22 per cent compared to 2018 and their average monthly spend, Monthly Average Gross Revenue Per Paying User (MAGRPPU) increased with 17 percent compared to the same period in 2018.

F2P	Q4 '19	Q4 '18	CHANGE
Average MAU (mn)	5.8	8.1	-28%
Average MUP (thousands)	215.7	275.4	-22%
Average MUU (mn)	4.8	6.9	-31%
Average MAGRPPU (USD)	52.3	44.7	17%
Average DAU (mn)	1.6	2.0	-18%

For detailed definitions of the operational metrics see the glossary on page 15 of the report.

JANUARY - DECEMBER

REVENUE AND GROSS PROFIT

Revenue decreased with 15 per cent compared to 2018. Revenue amounted to SEK 1,233.0 M (1,450.0).

The group's cost of revenue was SEK 533.0 M (703.0). Gross profit amounted to SEK 700.0 M (747.0), a decrease of 6 per cent compared to 2018. Gross margin was 57 per cent (52).

OPERATING COSTS

Operating costs increased with 7 per cent compared to 2018. User acquisition decreased to SEK 356.0 M (377.6). Excluding costs for user acquisition the operating costs amounted to SEK 292.2 M (226.0). The operational costs were impacted by depreciation and amortization of SEK 118.5 M (91.7) and write-downs of SEK 7.5 M (4.5).

Other operating income and costs impacted the period negatively with SEK -0.5 M (0.3), primarily attributed to exchange rate differences on operational assets and liabilities related to balance sheet items in the parent company.

EBIT

EBIT was SEK 51.8 M (143.4) and the EBIT-margin was 4.2 per cent (9.9) for the period.

NET PROFIT

Net profit was marginally affected by financial items. Tax affected the result with SEK -6.7 M (-14.8) corresponding to an effective tax rate of 13 per cent (10).

Net profit amounted to SEK 45.0 M (128.8) which is corresponding to earnings per share of SEK 5.01 (14.45).

CASH FLOW

During the fourth quarter, the group had an operating cash flow before changes in working capital of SEK 62.8 M (41.8). Taxes impacted the period positively with SEK 29.8 M (-2.1) as the company received a tax refund of SEK 31.5 M in Malta based on the payments made in the second quarter. Changes in working capital impacted the cash flow with SEK -3.2 M (30.9). Capitalized development expenses impacted the cash flow negatively with SEK -31.6 M (-28.2).

Cash flow before financing activities amounted to SEK 26.3 M (40.7) and the cash flow for the period amounted to SEK 25.5 M (40.7).

For the full year the cash flow before changes in working capital amounted to SEK 184.2 M (227.2). Cash flow amounted to SEK 13.5 M (45.0).

Available cash on December 31, 2019 amounted to SEK 152.3 M (138.5).

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 211.4 M (198.1). 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 2019	DEC 31 2018
Released games	134.1	160.1
Not released games	77.3	38.0
Net value of games portfolio	211.4	198.1

Impairment need in the portfolio is tested every quarter. A thorough review of the input parameters is done on a yearly basis. During the quarter, write-downs of SEK -5.7 M (-1.3) were made.

Consolidated equity amounted to SEK 385.6 M (347.5), which equals SEK 42.7 per share (39.5) and the equity/asset ratio is 70 per cent (65).

Cash on hand amounted to SEK 152.3 M (138.5).

The group has no interest bearing debt. Long-term debt and other short term debt is solely related to IFRS16 accounting of lease contracts.

PARENT COMPANY

The parent company revenue decreased 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 intends to propose a dividend of SEK 2.5 per share (2.5), corresponding to around 50 per cent (17) 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. The risks are described in greater detail in the 2018 annual report.

The risks described for the group can also have an indirect effect on the parent company.

RELATED-PARTY TRANSACTIONS

During the period no significant related-party transactions have taken place except the ongoing transactions highlighted in the annual report 2018.

UPCOMING REPORT DATES

Interim report Jan-Mar 2020	May 5, 2020
Annual General Meeting	June 8, 2020
Interim report Jan-Jun 2020	Aug 13, 2020
Interim report Jan-Sep 2020	Nov 5, 2020
Year-end report 2020	February 11, 2021

TELECONFERENCE

On February 12th, 2020 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

Vlad Suglobov, CEO

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Stefan Wikstrand, CFO

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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 12th, 2020

Petter Nylander
Chairman of the Board

Johanna Fagrell Köhler
Board member

Stefan Lundborg
Board member

Jeffrey Rose
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 12th, 2020 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 2019	Oct-Dec 2018	2019	2018
Net turnover	328,093	340,690	1,233,039	1,450,025
Cost of revenue	-144,436	-161,436	-533,044	-703,049
Gross profit	183,657	179,255	699,995	746,976
Research and Development expenses	-54,393	-40,394	-184,147	-140,514
Sales and Marketing expenses	-107,548	-102,577	-389,471	-399,780
General and Administrative expenses	-21,674	-19,334	-74,108	-63,516
Other operating income	-4,020	1,923	827	1,210
Other operating expenses	-91	-243	-1,280	-928
Operating result	-4,069	18,630	51,817	143,448
Financial income	226	311	1,103	312
Financial expenses	-296	-151	-1,212	-152
Operating result after financial items	-4,139	18,791	51,707	143,607
Taxes	-221	-1,734	-6,679	-14,797
Net result for the period	-4,360	17,057	45,028	128,811
Attributed to:				
Parent company's shareholders	-4,360	17,057	45,028	128,811
Earnings per share				
Weighted average number of shares before dilution (thousands)	9,021	8,984	8,993	8,914
Weighted average number of shares after dilution (thousands)	9,021	9,114	9,062	9,044
Earnings per share (SEK). before dilution	-0.48	1.90	5.01	14.45
Earnings per share (SEK). after dilution	-0.48	1.87	4.97	14.24

STATEMENT OF COMPREHENSIVE INCOME – GROUP

KSEK	Oct-Dec 2019	Oct-Dec 2018	2019	2018
Net result for the period	-4,360	17,057	45,028	128,811
Items that later can be reversed in profit				
Foreign currency translation differences	-7,320	-797	15,551	8,780
Total other comprehensive income for the period	-7,320	-797	15,551	8,780
Total comprehensive income for the period	-11,680	16,260	60,579	137,591
Attributed to:				
Parent company's shareholders	-11,680	16,260	60,579	137,591

BALANCE SHEET – GROUP

KSEK	Dec 31 2019	Dec 31 2018
Fixed assets		
Intangible fixed assets		
Capitalized development expenses (Note 2)	211,419	198,083
Goodwill	-	-
	211,419	198,083
Tangible fixed assets		
Equipment ¹	31,412	11,268
	31,412	11,268
Deferred tax receivable	37,526	64,389
Total non-current assets	280,357	273,741
Current assets (Note 3, 5)		
Accounts receivable	1,463	3,713
Tax receivable	2,548	9,928
Other receivables	9,684	4,427
Prepaid expenses and accrued income	101,983	103,079
Cash and cash equivalents	152,268	138,531
Total current assets	267,946	259,677
TOTAL ASSETS	548,303	533,418
Equity	385,607	347,494
Deferred tax liabilities	12	-
Long-term liabilities ¹	4,150	-
Total non-current liabilities	4,162	-
Current liabilities (Note 5)		
Short-term liabilities ¹	10,490	-
Accounts payable	26,546	25,818
Other liabilities	1,026	5
Tax liabilities	55,524	76,822
Accrued expenses	64,947	83,279
Total current liabilities	158,534	185,924
TOTAL EQUITY AND LIABILITIES	548,303	533,418

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. Comparative figures have not been restated.

CHANGES IN SHAREHOLDERS' EQUITY – GROUP

KSEK	Share capital	Other capital contribution	Other reserves	Profit/loss brought forward	Shareholders' equity
Shareholders' equity 2018-01-01	880	55,959	1,532	172,107	230,478
Net result for the year				128,811	128,811
Correction from previous periods ¹				9,142	9,142
Total other comprehensive income			8,780		8,780
Total comprehensive income for the year			8,780	137,953	146,733
Dividend				-22,224	-22,224
Premiums paid on exercised/issued warrants	18	16,657			16,675
Repurchase of warrant		-24,168			-24,168
Total transactions with the owners recognized directly in equity	18	-7,511		-22,224	-29,917
Shareholders' equity as of 2018-12-31	898	48,448	10,312	287,836	347,494
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			3,726
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

¹Correction relates to deferred tax from previous periods in the groups subsidiary in Malta.

CASH FLOW STATEMENT – GROUP

KSEK	Oct-Dec 2019	Oct-Dec 2018	2019	2018
Cash flow from operating activities				
Profit after financial items	-4,140	18,790	51,707	143,607
Adjusting items not included in cash flow	37,131	25,153	125,911	96,161
	32,991	43,943	177,618	239,768
Taxes received/(paid)	29,768	-2,098	6,579	-12,556
Cash flow before changes in working capital	62,759	41,845	184,197	227,212
Cash flow from changes in working capital				
Change in operating receivables	30,420	27,793	-421	37,016
Change in operating liabilities	-33,597	3,129	-15,097	-46,722
Cash flow from operating activities	59,582	72,767	168,679	217,506
Investing activities				
Investment in fixed assets	-1,715	-1,920	-8,410	-7,487
Investment in intangible assets	-	-1,940	-1,881	-19,325
Capitalized development expenses	-31,595	-28,189	-114,166	-115,991
Cash flow from investing activities	-33,310	-32,049	-124,457	-142,803
Financing activities				
Lease payments, IFRS16	-3,040	-	-10,460	-
Dividend	-	-	-22,460	-22,224
Share issuance - C class	-	-	26	-
Repurchase shares - C class	-	-	-26	-
Premiums warrant program	3,773	-55	3,773	16,657
Repurchase of issued warrants	-1,555	-	-1,602	-24,168
Cash flow from financing activities	-822	-55	-30,749	-29,735
CASH FLOW	25,450	40,663	13,473	44,968
Cash at the beginning of the period	128,493	97,486	138,531	91,194
Cash flow	25,450	40,663	13,473	44,968
Exchange rate differences	-1,675	382	264	2,369
CASH AT THE END OF THE PERIOD	152,268	138,531	152,268	138,531

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 2018. None of the new and changed standards from IASB, applicable from 1st of January 2018, has had any material effect on the Financial Statements. For detailed information on the accounting principles, see Annual Report 2018.

The interim report is on pages 1–14, and pages 1–6 are thus an integrated part of this financial report.

CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

G5 Entertainment has implemented IFRS 16, 'Leases' that supersedes IAS 17 Leases. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are to be recognized. The only exceptions are short-term and low-value leases. The standard is mandatory for financial years commencing on or after 1 January 2019.

NOTE 2 – CAPITALIZED DEVELOPMENT EXPENSES

KSEK	Oct-Dec 2019	Oct-Dec 2018	2019	2018
At the beginning of the period	224,051	186,188	198,083	115,432
Investments ¹	31,595	28,190	116,047	153,527
Write-downs	-5,666	-1,265	-7,455	-4,499
Amortization	-27,391	-22,770	-102,962	-87,855
Net change during the period	-1,462	4,155	5,630	61,172
Currency exchange differences	-11,170	7,740	7,705	21,479
At the end of the period	211,419	198,083	211,419	198,083

¹Investments for 2018 include a capitalization of The Secret Society amounting to SEK 37.5 M.

NOTE 3 – OTHER RECEIVABLES

Other receivables include SEK 0.5 M (1.6) 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 does not have any pledges assets or 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 2019	Oct-Dec 2018	2019	2018
Net turnover	328,093	340,690	1,233,039	1,450,025
Cost of revenue	-219,460	-242,209	-826,986	-1,023,392
Gross profit	108,633	98,481	406,053	426,633
Research and development expenses	-29	-260	-112	-371
Sales and Marketing expenses	-17,046	-22,993	-54,796	-79,952
General and administrative expenses	-86,894	-83,139	-346,146	-339,000
Other operating income	-11,792	1,476	1,010	7,020
Other operating expenses	7,529	356	-764	-6,369
Operating result	400	-6,079	5,246	7,961
Financial income	93	308	65,644	308
Financial expenses	0	-151	0	-152
Operating result after financial items	493	-5,921	70,891	8,117
Taxes	-116	1,112	-1,367	-2,109
Net result for the period	378	-4,809	69,524	6,008

STATEMENT OF COMPREHENSIVE INCOME – PARENT COMPANY

KSEK	Oct-Dec 2019	Oct-Dec 2018	2019	2018
Net result for the period	378	-4,809	69,524	6,008
Items that later can be reversed in profit				
Foreign currency translation differences	-	-	-	-
Total other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	378	-4,809	69,524	6,008

BALANCE SHEET - PARENT COMPANY

KSEK	Dec 31 2019	Dec 31 2018
Fixed assets		
Financial fixed assets		
Shares in group companies	70	70
Deferred tax assets	-	-
Receivables from group companies	-	-
	70	70
Current assets		
Account receivables	1,463	3,713
Receivables from group companies	76,647	9,175
Tax receivables	1,385	2,434
Other receivables	5,635	-1,257
Prepaid expenses and accrued income	96,750	99,796
Cash and cash equivalents	98,203	128,311
Total current assets	280,083	242,172
TOTAL ASSETS	280,153	242,242
Restricted equity		
Share capital	928	898
Non-restricted equity		
Share premium reserve	48,387	48,387
Profit/Loss carried forward	50,076	64,387
Net result for the period	69,524	6,008
Total equity	168,915	119,679
Current liabilities		
Accounts payable	211	6,366
Tax Liability	-	-
Liability to group companies	102,295	107,865
Other liability	300	1,328
Accrued expenses	8,432	7,004
Total current liabilities	111,238	122,563
TOTAL EQUITY AND LIABILITIES	280,153	242,242

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' 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 Hidden City®, Jewels of Rome®, Mahjong Journey®, Homicide Squad®, Survivors: The Quest®, The Secret Society®, and Pirates & Pearls(tm). G5 Entertainment AB (publ) is listed on Nasdaq Stockholm since 2014.