



G5 ENTERTAINMENT AB

INTERIM REPORT
JANUARY - JUNE 2017

INTERIM REPORT JANUARY - JUNE 2017

APRIL - JUNE

- Consolidated revenue for the period was SEK 275.9 M (104.5), an increase of 164 per cent compared to 2016.
- EBIT for the period was SEK 32.1 M (8.7), an increase of 268 per cent compared to 2016.
- Net result for the period was SEK 29.0 M (7.8).
- Earnings per share for the period, before dilution, was SEK 3.30 (0.89).
- Cash flow before financing activities during the period was SEK 7.0 M (-4.5). Dividend impacted cash flow with -6.6 (0.0) MSEK and cash flow amounted to 0.4 (-4,5) MSEK.
- For the free-to-play games the average Monthly Active Users (MAU) was 7.4 million, an increase of 120 per cent compared to the same period in 2016. Average Monthly Unique Payers (MUP) was 273 thousand, an increase of 140 per cent. Average Monthly Average Gross Revenue Per Paying User (MAGRPPU) was USD 38.1, an increase of 12 per cent and average Daily Active Users (DAU) was 1.7 million and increased by 116 per cent compared to the same period in 2016.
- Revenue from free-to-play games grew by 182 per cent compared to the same period in 2016 and accounted for 98 per cent (92) of the total revenue.

FINANCIAL KEY RATIOS

KSEK	Apr-Jun 2017	Apr-Jun 2016	Change %	Jan-Jun 2017	Jan-Jun 2016	Change %	Jul-Jun -16/-17	2016	Change %
Revenue	275,918	104,469	164%	510,416	205,713	148%	821,634	516,931	59%
Commission to distributors ¹	-83,140	-30,997	168%	-153,481	-61,133	151%	-246,980	-154,632	60%
Royalty to external developers ²	-59,301	-23,920	148%	-110,324	-44,144	150%	-182,618	-116,438	57%
Gross profit	133,477	49,551	169%	246,612	100,437	146%	392,036	245,861	59%
Gross margin	48%	47%		48%	49%		48%	48%	
Operating costs excluding costs for user acquisition	-30,923	-23,547	31%	-63,207	-45,703	38%	-119,392	-101,888	17%
EBIT excluding costs for user acquisition	102,554	26,004	294%	183,404	54,734	235%	272,643	143,973	89%
EBIT margin before costs for user acquisition	37%	25%		36%	27%		33%	28%	
Costs for user acquisition ³	-70,490	-17,293	308%	-130,231	-37,078	251%	-199,018	-105,865	88%
Costs for user acquisition as percentage of revenue	-26%	-17%		-26%	-18%		-24%	-20%	
EBIT	32,064	8,712	268%	53,173	17,656	201%	73,625	38,108	93%
EBIT margin (%)	11.6%	8.3%		10.4%	8.6%		9.0%	7.4%	
Earnings per share before dilution	3.30	0.89	272%	5.42	1.64	230%	7.55	3.77	100%
Cash flow before financing activities	7,035	-4,472		4,720	-1,008		41,786	36,058	
Cash and cash equivalents	67 366	32 997		67 366	32 997		67 366	70 584	

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, but can be stopped at a very short notice.

COMMENT FROM THE CEO:

GAME UPDATES CONTINUE TO DRIVE REVENUE AND AUDIENCE GROWTH

The team at G5 and the teams of our licensing and development partners have provided important updates to the mobile games portfolio during the course of the second quarter. New content and events, as well as focused efforts of our user acquisition team, have propelled sales of our games portfolio to new heights. Our marketing office in San Francisco, which provides access to the latest and greatest in the dynamic ecosystem of mobile marketing, was strengthened with two new hires, which enables us to further increase the marketing budget in key territories going forward.

Hidden City continued to be our #1 game by monthly revenue and also led in terms of growth. The portfolio of G5's wholly owned games has also shown fast growth. The positive dynamic of sequential growth continued into July. Sales in Asia continued its growth and the share of G5's revenue coming from Asia in Q2 was at 23% compared to 22% in Q1. Sales in other regions continued to grow in absolute terms.

Revenue and earnings grew sequentially by 18% and 52%, correspondingly, compared to the first quarter. Historically Q2 isn't our seasonally strong quarter in terms of growth, so we consider this a good result.

Audience metrics have demonstrated continued growth. Average MAU (monthly active users) increased by 13%, and average MUP (monthly unique payers) increased by 16%, compared to the first quarter. MAGRPPU (Monthly Average Gross Revenue per Paying User) went up by 6% compared to the first quarter. We consider this a good result and it corresponds well with seasonal "organic" download dynamic of Q2, which is usually lower than two

previous quarters, and the fact we have been increasingly paying more attention to high-ARPU (average revenue per user) countries in our user acquisition efforts during the quarter.

It remains that virtually all of our sales come from four mobile application stores: Apple App Store, Google Play, Windows Store, and Amazon Appstore. 98% of our revenue is generated by 16 free-to-play games in our portfolio. We still have zero advertising revenue.

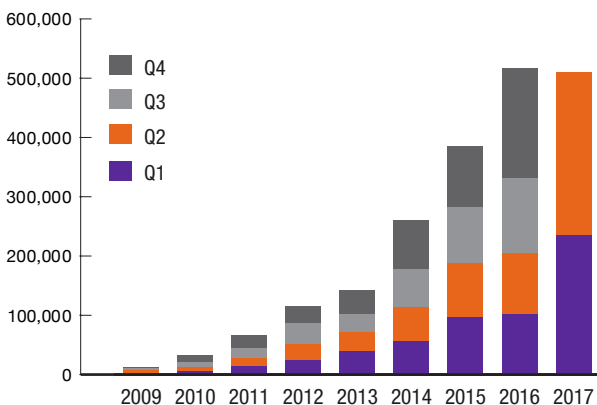
EARNINGS UP 268% DESPITE RECORD MARKETING

Earnings have grown 268% year on year, while we have spent a record of 70.5 MSEK, or 26% of our revenue, on user acquisition. We had a positive free cash flow of 0.4 MSEK despite paying out a dividend of 6.6 MSEK and paying taxes of 8.3 MSEK, some of which will be refunded later in the year. A seasonal expense for our company-wide gathering in Malta we call #G5TeamUp, usually held twice a year during Q2 and Q4, negatively affected the result somewhat, however the positive effects of bringing together teams from different offices for two days of meetings and one day of social activities is hard to underestimate. This is money well spent on improving morale and connections between company's offices. Another not-so-regular expense item is connected to the opening of a new development office in Lvov, Ukraine.

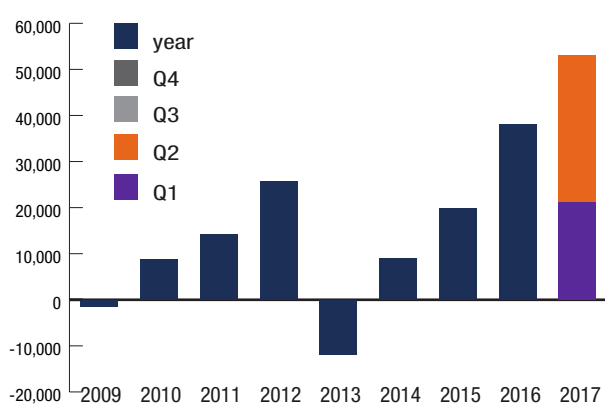
PREPARING NEW GAMES FOR LAUNCH

We have been saying for a while now that we plan to release several new games this year, and we are excited that we now have two games that we're getting ready for release. The first is a new wholly owned hidden object game that will be released shortly. The second, also an

Revenue KSEK



EBIT KSEK



own game, is our first attempt to launch a pure Match-3 game. As always, we are conservative in our initial expectations, but the Match-3 games market is very large, perhaps the largest genre niche in casual games. Should we establish moderate success in this genre, it can have a substantial effect on the company's results. In addition to these two games, there are more new own games in our pipeline that are being prepared for release this year.

EXPANSION OF THE WARRANT PROGRAM

The annual general meeting on 12th May has approved the expansion of the warrant program to a maximum of 95 employees of the company, that now include not only top and middle level management, but also core game project teams. This is a substantial expansion compared to previous issues that covered only 20 people. The idea of the expansion of the program is to provide better incentive to the very people working on games every day, and to align their financial interests with the financial interests of the shareholders, who are best served by games that perform exceptionally well in the marketplace. The new warrant issue has been fully subscribed.

INCREASING DEVELOPMENT CAPACITY

Successful games require regular updates in order to keep the momentum, therefore with every new game that we launch and maintain we need to expand our development capacity. When we decide a game no longer justifies making new updates, it frees up resources, but the need to increase the number of development teams remains if success ratio is high enough, as is in our case. That said, we don't need to increase our development staff in proportion to the user base or the revenue that our games generate, it's about the number of games: we need to have as many teams as the number of games we are actively developing and updating, no matter how big or small the game is, and whether it's released or not.

In order to expand our development capacity and tap into a wider development talent pool, we have been looking to add more development offices to the group's structure. This resulted in the opening of our Kaliningrad office in early 2016, which now has over 40 employees, and the opening of Lvov office during Q2, with the initial team of 10 employees.

Most of our development staff is based in Russia and Ukraine, with their reasonable costs and exceptional game development talent. Together, the population of these countries is over 180 million and provides ample opportunities for further expansion. We are not intentionally limiting ourselves to a specific region, but we prefer teams in places with reasonable costs and knowledge of Russian and English, for easy integration into the company's existing operations.

Our strategy is to look for established creative teams that are ready to join G5 for the stability and the opportunities that the company offers. It is not about a particular city or country, but about whether we like the team's potential, wherever they happen to be.

We believe that our approach to growing development capacity organically through geographic expansion is more beneficial to the shareholders compared to buying game development studios purely for the development capacity sake. Acquiring what essentially is a liability unless proven otherwise makes it a problem of the company to make the acquired studio work and be productive. The way we do it, both the new team and the company are interested in the successful outcome. While we will do everything reasonable to make our new office a success, our financial risk is very limited if it fails to deliver.

THE LARGEST GAME PUBLISHER IN SWEDEN

Based on revenues during twelve trailing months, G5 became the largest publicly listed game publisher in Sweden during Q2. We take pride in this accomplishment, and our aim remains to continue growing organically. The second half of the year is ahead of us, and it provides a higher year-on-year comparison base, especially in the fourth quarter. Our internal focus is not on year-on-year comparisons, but on providing sequential growth month-to-month and quarter-to-quarter through the growth of the audience and the competitiveness of our games. If we are successful in maintaining the growth momentum, it will provide a great foundation for 2018 results.

San Francisco, July 26, 2017

Vlad Suglobov
CEO, co-founder

APRIL - JUNE

REVENUE AND GROSS PROFIT

Revenue amounted to SEK 275.9 M (104.5). Revenue increased by 164 per cent compared to the same period in 2016. The growth for free-to-play games was 182 per cent where Hidden City was the main driver of the growth in the quarter but G5's wholly owned games also grew substantially. The portfolio of unlockable games is still providing a small contribution to the group, but its absolute and relative size is shrinking.

Cost of revenue increased by 159 per cent to SEK 142.4 M (54.9). Cost of revenue includes commission to the distributors (Apple App Store, Google Play, Amazon Appstore, etc.). All relevant parties charge up to 30 per cent of gross revenue. Cost of revenue also includes royalties payable to external developers which increased by 148 per cent compared to the same period in 2016. The increase in royalty is due to the success of our licensed game Hidden City.

Gross margin for the period was 48 per cent (47). Gross profit for the quarter increased by 169 per cent and was SEK 133.5 M (49.6).

OPERATIONAL COSTS

Costs for research and development were SEK 20.0 M (12.0) during the period. The increase in costs for research and development is primarily driven by higher amortization and write-downs. Excluding amortization and write-downs the costs increased with 85 per cent which is mainly explained by development on non-capitalizable projects, increased server capacity and bonuses to the development staff.

Sales and marketing increased to SEK 75.0 M (20.2). Sales and marketing is primarily affected by the costs for user acquisition. During the quarter the cost for user acquisition was SEK 70.5 M (17.3). Cost for user acquisition as a percentage of sales increased from 17 per cent in the second quarter 2016 to 26 per cent in the same period in 2017. Sales and marketing, excluding user acquisition, increased to SEK 4.5 M (2.9).

General and administrative costs amounted to SEK 11.4 M (6.9). Other operating income amounted to SEK 7.0 M (-2.4) and other operating expenses amounted to SEK -2.2 M (0.6). Together they amounted to SEK 4.9 M (-1.8), primarily driven by currency effects on operational assets and liabilities. The effect is in large a non cash item deriving from intra-group positions in the parent company that are nominated in USD.

EBIT

Depreciation and amortization have increased due to the increased size of the game portfolio and amounted to SEK 13.1 M (8.5). Capitalization of intangible assets amounted to SEK 17.1 M (14.0). Write-downs during the quarter amounted to SEK 0.0. Net capitalization on intangible assets amounted to SEK 4.6 M (6.1).

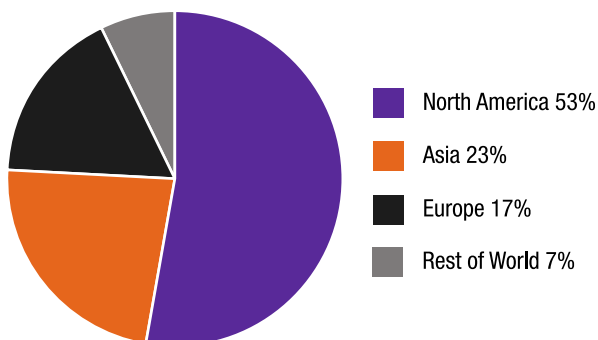
Earnings before interest and taxes (EBIT) were SEK 32.1 M (8.7), corresponding to an EBIT margin of 11.6 per cent (8.3).

NET PROFIT

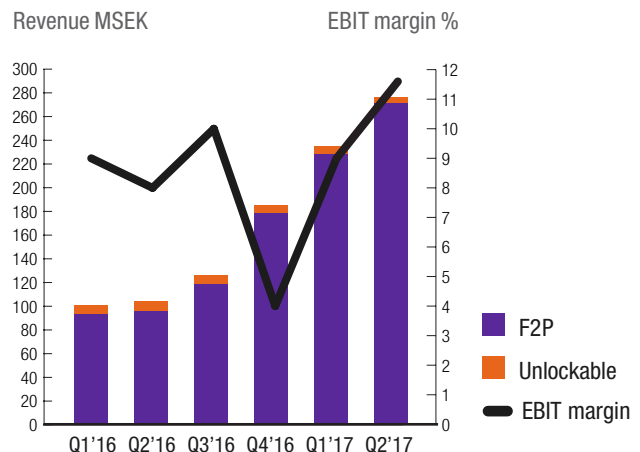
Net profit was marginally affected by financial items. Tax affected the result with SEK -3.1 M (-0.9).

Net profit amounted to SEK 29.0 M (7.8) which equals an earnings per share, before dilution, of SEK 3.30 (0.89).

**REVENUE BREAKDOWN BY GEOGRAPHY
SECOND QUARTER 2017**



**REVENUE BREAKDOWN BY GAME TYPE
EBIT MARGIN**



OPERATIONAL METRICS

In the quarter the average Monthly Active Users (MAU) increased with 120 per cent compared to 2016.

Average Monthly Unique Payers (MUP) increased with 139 per cent compared to 2016 and their average monthly spend, Monthly Average Gross Revenue Per Paying User (MAGRPPU) increased with 11 per cent.

F2P	Q2 '17	Q2 '16	CHANGE
Average MAU (mn)	7.4	3.4	120%
Average MUP (thousands)	273.0	113.8	140%
Average MAGRPPU (USD)	38.1	34.0	12%
Average DAU (mn)	1.7	0.8	116%

DAILY ACTIVE USERS

The group has now included Daily Active Users (DAU) as an operational metric. This number increased 116% compared to 2016 and is another supporting metric of G5's strong audience growth.

F2P DAU (MN)	Q1	Q2	Q3	Q4
2017	1.5	1.7		
2016	0.8	0.8	0.9	1.1
2015	0.7	0.7	0.7	0.7

For detailed definitions of the operational metrics see the glossary on page 17 of the report.

RELEASES DURING THE QUARTER

No new games were released during the quarter.

JANUARY-JUNE

REVENUE AND GROSS PROFIT

Revenue increased with 148 per cent compared to the same period in 2016, driven by the growth of the group's free-to-play-games. Revenue amounted to SEK 510.4 M (205.7). Revenue from free-to-play-games increased with 167 per cent compared to 2016.

The group's cost of revenue was SEK 263.8 M (105.3). Gross profit amounted to SEK 246.6 M (100.4), an increase of 146 per cent compared to the same period in 2016. Gross margin was 48 per cent (49).

OPERATING COSTS

Operating costs increased with 145 per cent compared to the same period in 2016. User acquisition increased to SEK 130.2 M (37.1). Excluding costs for user acquisition the operating costs amounted to SEK 67.4 M (43.5). The operational costs were impacted by depreciation and amortization of SEK 25.8 M (16.8) and write-downs of SEK 0.2 M (2.2).

Other operating income and costs impacted the period negatively with SEK 4.2 M (-2.2), primarily attributed to exchange rate differences on operational assets and liabilities related to balance sheet items in the parent company.

EBIT

EBIT was SEK 53.2 M (17.7) and the EBIT-margin was 10 per cent (9) for the period.

NET PROFIT

Net profit was marginally affected by financial items. Tax affected the result with SEK -5.5 M (-3.2) corresponding to an effective tax rate of 10 per cent (18).

Net profit amounted to SEK 47.7 M (14.5) which is corresponding to earnings per share of SEK 5.42 (1.64).

CASH FLOW

During the second quarter, the group had an operating cash flow before changes in working capital of SEK 30.3 M (21.6), impacted by tax payments of SEK -8.3 M (-0.8). Parts of the tax payment will be repaid from the Maltese tax authorities. Changes in working capital impacted the cash flow negatively with SEK -4.9 M (-12.2). Capitalized development expenses impacted the cash flow negatively with SEK -17.1 M (-12.9).

Cash flow before financing activities amounted to SEK 7.0 M (-4.5). Dividend impacted the quarter with SEK -6.6 M (0.0) and cash flow amounted to SEK 0.4 M (-4.5).

For the interim period cash flow before changes in working capital amounted to SEK 62.8 M (36.9). Cash flow amounted to SEK -1.9 M (-1.0).

Available cash on June 30, 2017 amounted to SEK 67.4 M (33.0).

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 profitable, 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 106.7 M (102.8) of which SEK 105.9 M (98.0) is related to free-to-play games and SEK 0.7 M (4.7) is related to Unlockable games. 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 as this initial period is needed for optimization of the game. During the initial 6 month period after launch, the company does not amortize the games.

MSEK	JUN 30 2017	JUN 30 2016
Released games F2P	88.7	47.7
Released games Unlockable	0.7	4.5
Not released games F2P	17.2	50.3
Not released games Unlockable	0.0	0.2
Net value of games portfolio	106.7	102.8

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

Consolidated equity amounted to SEK 192.4 M (139.6), which equals SEK 21.9 per share (15.9) and the equity/asset ratio is 61 per cent (72).

Cash on hand amounted to SEK 67.4 M (33.0).

The group has no interest bearing debt.

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. 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. The risks are described in greater detail in the 2016 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.

LITIGATION PENDING WITH MYTONA

G5 has filed a complaint against MyTona LLC stating claims for breach of contract. MyTona has in turn handed in a cross-complaint against G5. The events are described in the interim report for January-March.

Since the release of the quarterly report for the first quarter no significant events have occurred.

The matter is pending in the Orange County Superior Court in Santa Ana, California.

UPCOMING REPORT DATES

Interim report Jan-Sep 2017	November 7, 2017
Year-end report 2017	February 16, 2018

TELECONFERENCE

On July 27, 2017 at 09.00 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
Stefan Wikstrand, CFO

investor@g5e.com
+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 July 26th, 2017

Petter Nylander
Chairman of the Board

Chris Carvalho
Board member

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 July 27, 2017 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	Apr-Jun 2017	Apr-Jun 2016	Jan-Jun 2017	Jan-Jun 2016	Jul-Jun 2016/-17	2016
Net turnover	275,918	104,469	510,416	205,713	821,634	516,931
Cost of revenue	-142,441	-54,917	-263,804	-105,277	-429,598	-271,070
Gross profit	133,477	49,551	246,612	100,437	392,036	245,861
Research and Development expenses	-19,958	-12,007	-37,949	-24,948	-72,233	-59,232
Sales and Marketing expenses	-74,963	-20,178	-138,424	-41,961	-212,964	-116,501
General and Administrative expenses	-11,374	-6,900	-21,284	-13,682	-39,598	-31,996
Other operating income	7 049	605	7,094	395	9,383	320
Other operating expenses	-2 168	-2,359	-2,875	-2,585	-2,999	-344
Operating result	32,064	8,712	53,173	17,656	73,625	38,108
Financial income	8	2	8	4	43	39
Financial expenses	0	-3	0	-54	-55	-109
Operating result after financial items	32,073	8,711	53,182	17,606	73,614	38,038
Taxes (Note 3)	-3,062	-916	-5,476	-3,152	-7,158	-4,833
Net result for the period	29,011	7,795	47,705	14,455	66,456	33,205
Attributed to:						
Parent company's shareholders	29,011	7,795	47,705	14,455	66,456	33,205
Non-controlling interest						
Earnings per share						
Weighted average number of shares before dilution (thousands)	8,800	8,800	8,800	8,800	8,800	8,800
Weighted average number of shares after dilution (thousands)	9,182	8,800	9,182	8,800	9,010	8,824
Earnings per share (SEK), before dilution	3.30	0.89	5.42	1.64	7.55	3.77
Earnings per share (SEK), after dilution	3.16	0.89	5.20	1.64	7.38	3.76

STATEMENT OF COMPREHENSIVE INCOME - GROUP

KSEK	Apr-Jun 2017	Apr-Jun 2016	Jan-Jun 2017	Jan-Jun 2016	Jul-Jun 2016/-17	2016
Net result for the period	29,011	7,795	47,705	14,455	66,456	33,205
Items that later can be reversed in profit						
Foreign currency translation differences	-14,780	4,431	-16,494	1,809	-25,034	4,506
Total other comprehensive income for the period	-14,780	4 431	-16,494	1,809	-25,034	4,506
Total comprehensive income for the period	14,231	12,226	31,211	16,264	41,422	37,711
Attributed to:						
Parent company's shareholders	14,231	12,226	31,211	16,264	41,422	37,711
Non-controlling interest	-	-	-	-	-	-

BALANCE SHEET - GROUP

KSEK	Jun 30, 2017	Jun 30, 2016	Dec 31, 2016
Fixed assets			
Intangible fixed assets			
Capitalized development expenses (Note 2)	106,762	102,803	109,104
Goodwill	2,291	2,292	2,292
	109,053	105,095	111,396
Tangible fixed assets			
Equipment	7,085	5,706	6,275
	7,085	5,706	6,275
Deferred tax receivable (Note 3)	20,760	5,321	8,565
Total non-current assets	136,898	116,121	123,771
Current assets (Note 4, 6)			
Accounts receivable	30,199	11,323	0
Tax receivable	233	212	474
Other receivables	6,874	6,132	5,906
Prepaid expenses and accrued income	78,705	27,717	57,030
Cash and cash equivalents	67,366	32,997	70,584
Total current assets	183,376	78,381	133,994
TOTAL ASSETS	320,274	194,502	260,231
Equity	192,380	139,608	161,169
Deffered tax liabilities	2,725	-	2,465
Total non-current liabilities	2,725	-	2,465
Current liabilities (Note 6)			
Accounts payable	18,673	14,970	30,828
Other liabilities	8,747	2,846	2,840
Tax liabilities	18,631	11,926	13,276
Accrued expenses	79,119	25,151	49,653
Total current liabilities	125,169	54,894	96,597
TOTAL EQUITY AND LIABILITIES	320,274	194,502	260,231

STATEMENT OF CHANGES IN SHAREHOLDER EQUITY - GROUP

KSEK	Share capital	Other capital contribution	Other reserves	Profit/ loss brought forward	Share- holders' equity
Shareholders' equity as of 2016-01-01	880	54,203	12,060	56,202	123,345
Net result for the period				14,455	14,273
Total other comprehensive income			1,809		1,809
Total comprehensive income for the period					
Shareholders' equity as of 2016-06-30	880	54,203	13,869	70,656	139,608
Shareholders' equity as of 2017-01-01	880	54,203	14,965	108,102	178,150
Net result for the period				29,011	29,011
Total other comprehensive income			-14,780		-14,780
Total comprehensive income for the period					
Shareholders' equity as of 2017-06-30	880	54,203	185	137,112	192,380

CASH FLOW STATEMENT - GROUP

KSEK	Apr-Jun 2017	Apr-Jun 2016	Jan-Jun 2017	Jan-Jun 2016	Jul-Jun 2016/-17	2016
Cash flow from operating activities						
Profit after financial items	32,073	8,511	53,182	17,606	73,614	38,038
Adjusting items not included in cash flow	6,582	13,826	19,367	21,758	48,488	50,879
Taxes paid	-8,345	-755	-9,766	-2,435	-11,055	-3,724
Cash flow before changes in working capital	30,310	21,582	62,783	36,929	111,047	85,193
Cash flow from changes in working capital						
Change in operating receivables	-22,137	-7,764	-54,174	-6,732	-76,170	-28,728
Change in operating liabilities	18,093	-4,396	29,273	-4,338	66,748	33,137
Cash flow from operating activities	26,266	9,422	37,882	25,858	101,625	89,602
Investing activities						
Investment in fixed assets	-2,146	-973	-2,864	-1,757	-4,439	-3,331
Capitalized development expenses	-17,085	-12,921	-30,298	-25,110	-55,401	-50,212
Cash flow from investing activities	-19,231	-13,893	-33,162	-26,866	-59,839	-53,544
Financing activities						
Dividend	-6,600	-	-6,600	-	-6,600	-
Premium for issued warrants	-	-	-	-	113	113
Cash flow from financing activities	-6,600	-	-6,600	-	-6,487	113
CASH FLOW	435	-4,472	-1,880	-1,008	35,299	36,171
Cash at the beginning of the period	67,522	37,103	70,584	33,870	32,997	33,870
Cash flow	435	-4,472	-1,880	-1,008	35,299	36,171
Exchange rate differences	-591	365	-1,338	135	-930	543
CASH AT THE END OF THE PERIOD	67,366	32,997	67,366	32,997	67,366	70,584

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 2016. None of the new and changed standards from IASB, applicable from 1st of January 2017, has had any material effect on the Financial Statements. For detailed information on the accounting principles, see Annual Report 2016.

NOTE 2 – CAPITALIZED DEVELOPMENT EXPENSES

KSEK	Apr-Jun 2017	Apr-Jun 2016	Jan-Jun 2017	Jan-Jun 2016	Jul-Jun 2016/-17	2016
At the beginning of the period	108,061	92,087	109,104	94,269	102,803	94,269
Investments	17,085	13,995	30,298	25,110	55,401	50,212
Write-downs	0	0	-158	-2,190	-3,669	-5,700
Amortization	-12,534	-7,922	-24,649	-15,938	-47,413	-38,702
<i>Net change during the period</i>	<i>4,550</i>	<i>6,072</i>	<i>5,491</i>	<i>6,982</i>	<i>4,319</i>	<i>5,809</i>
Currency exchange differences	-5,692	4,644	-7,675	1,552	-202	9,026
At the end of the period	106,920	102,803	106,920	102,803	106,920	109,104

NOTE 3 – TAX

G5 Entertainment is active in a number of different jurisdictions, with different tax rates. The group's effective tax rate consequently varies between periods depending on the distribution of revenues and costs, and the group's profit level.

NOTE 4 – OTHER RECEIVABLES

Other receivables include SEK 0.3 M (1.9) 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 5 – PLEDGED ASSETS AND CONTINGENT LIABILITIES

Floating charge SEK 3.0 M (3.0), pledged for cheque account with overdraft facility USD 0.4 M (0.4). The overdraft facility was unused as of June 30, 2017.

Bank account 50 (50) KSEK, pledged for bank guarantee.

NOTE 6 – 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	Apr-Jun 2017	Apr-Jun 2016	Jan-Jun 2017	Jan-Jun 2016	Jul-Jun 2016/-17	2016
Net turnover	275,918	104,453	510,370	205,696	823,916	519,241
Cost of revenue	-188,716	-82,496	-364,704	-159,898	-588,519	-383,712
Gross profit	87,202	21,957	145,666	45,798	235,396	135,528
Research and development expenses	-22	-38	-80	-57	-88	-66
Sales and Marketing expenses	-10,525	-813	-17,270	-2,749	-20,873	-6,352
General and administrative expenses	-69,209	-22,578	-129,134	-45,245	-206,088	-122,199
Other operating income	0	0	0	0	2,304	2,304
Other operating expenses	5,293	-1,548	4,596	-2,204	-324	-7,124
Operating result	12,739	-3,019	3,778	-4,457	10,326	2,092
Financial income	-1,902	5,516	-2,215	3,868	4,347	10,429
Financial expenses	0	-3	0	-54	-55	-109
Operating result after financial items	10,838	2,494	1,563	-644	14,618	12,412
Taxes (Note 3)	-2,384	-549	-344	141	-3,215	-2,729
Net result for the period	8,453	1,945	1,219	-502	11,404	9,682

STATEMENT OF COMPREHENSIVE INCOME - PARENT COMPANY

KSEK	Apr-Jun 2017	Apr-Jun 2016	Jan-Jun 2017	Jan-Jun 2016	Jul-Jun 2016/-17	2016
Net result for the period	8,453	1,945	1,219	-502	11,404	9,682
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	8,453	1,945	1 219	-502	11,404	9,682

BALANCE SHEET - PARENT COMPANY

KSEK	Jun 30, 2017	Jun 30 2016	Dec 31, 2016
Fixed assets			
Financial fixed assets			
Shares in group companies	70	70	70
Deferred tax assets	-	141	-
Receivables from group companies	75,451	102,295	79,211
	75,521	102,506	79,281
Current assets			
Account receivables	30,199	11,323	0
Receivables from group companies	210	161	186
Other receivables	6,091	3,927	2,341
Prepaid expenses and accrued income	77,429	26,829	56,208
Cash and cash equivalents	57,883	25,699	56,665
Total current assets	171,812	67,940	115,399
TOTAL ASSETS	247,332	170,446	194,680
Restricted equity			
Share capital	880	880	880
Non-restricted equity			
Share premium reserve	54,283	54,160	54,283
Profit/Loss carried forward	57,162	54,081	54,081
Net result for the period	1,219	-502	9,682
Total equity	113,544	108,618	118,926
Current liabilities			
Accounts payable	277	29	573
Liability to group companies	126,747	59,847	71,956
Other liability	2,245	379	392
Accrued expenses	4,519	1,573	2,832
Total current liabilities	133,788	61,828	75,753
TOTAL EQUITY AND LIABILITIES	247,332	170,446	194,680

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.

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 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) is a developer and publisher of high quality free-to-play mobile games for iOS, Android, Kindle Fire, and Windows-powered devices. G5 develops and publishes games 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 Mahjong Journey®, Survivors: the Quest®, Hidden City®, Twin Moons Society®, Supermarket Mania® and The Secret Society®. G5 Entertainment AB (publ) is listed on Nasdaq Stockholm since 2014.

G5 ENTERTAINMENT AB (PUBL)
BIRGER JARLSGATAN 18, 114 34 STOCKHOLM, SWEDEN
PHONE: +46 84 11111 5
E-MAIL: CONTACT@G5E.SE
ORG.NR. 556680-8878
HTTP://WWW.G5E.SE