

The logo features the number '5' inside a blue circle, with the number 'G' positioned to its left. Below this graphic, the word 'GAMES' is written in a bold, white, sans-serif font. A registered trademark symbol (®) is located to the upper right of the '5'.

G5[®] GAMES

G5 ENTERTAINMENT AB

INTERIM REPORT

JANUARY - JUNE 2019

INTERIM REPORT JANUARY – JUNE 2019

APRIL – JUNE

- Revenue for the period was SEK 297.3 M (394.8), a decrease of 25 per cent compared to 2018.
- Gross margin increased to 55% (52%), primarily due to an increasing share of revenue from own games.
- EBIT for the period was SEK 18.5 M (50.1). The year over year decline was primarily due to lower turnover and increased investments in development and user acquisition.
- Net result for the period was SEK 16.9 M (45.0).
- Earnings per share for the period, before dilution, was SEK 1.88 (5.07).
- Cash flow amounted to SEK -15.4 M (8.0), impacted by dividend of SEK -22.5 M and payment of taxes in Malta of SEK -28.4 M.
- For the free-to-play games the average Monthly Active Users (MAU) was 6.3 million, a decrease of 23 per cent compared to the same period in 2018. Average Monthly Unique Payers (MUP) was 221.7 thousand, a decrease of 31 per cent and average Daily Active Users (DAU) was 1.7 million, a decrease of 21 per cent compared to the same period in 2018. Average Monthly Average Gross Revenue Per Paying User (MAGRPPU) was USD 46.5, an increase of 1 percent compared to the same period last year.

FINANCIAL KEY RATIOS

KSEK	Apr-Jun 2019	Apr-Jun 2018	Change %	Jan-Jun 2019	Jan-Jun 2018	Change %	Jul-Jun 18/19	2018	Change %
Revenue	297,347	394,847	-25%	603,404	767,467	-21%	1,285,961	1,450,025	-11%
Commission to distributors ¹	-90,772	-119,715	-24%	-183,986	-232,582	-21%	-391,782	-440,378	-11%
Royalty to external developers ²	-44,505	-70,777	-37%	-96,250	-144,732	-33%	-214,189	-262,671	-18%
Gross profit	162,070	204,356	-21%	323,168	390,154	-17%	679,990	746,976	-9%
Gross margin	55%	52%		54%	51%		53%	52%	
Operating costs excluding costs for user acquisition	-68,109	-57,709	18%	-129,771	-99,564	30%	-256,160	-225,952	13%
EBIT excluding costs for user acquisition	93,961	146,647	-36%	193,396	290,590	-33%	423,830	521,024	-19%
EBIT margin before costs for user acquisition	32%	37%		32%	38%		33%	36%	
Costs for user acquisition ³	-75,425	-96,501	-22%	-135,155	-191,034	-29%	-321,697	-377,576	-15%
Costs for user acquisition as percentage of revenue	-25%	-24%		-22%	-25%		-25%	-26%	
EBIT	18,536	50,146	-63%	58,241	99,556	-41%	102,133	143,448	-29%
EBIT margin (%)	6.2%	12.7%		9.7%	13.0%		7.9%	9.9%	
Earnings per share before dilution	1.88	5.07	-63%	5.87	10.12	-42%	10.31	14.34	-28%
Cash flow before financing activities	7,107	39,242		6,663	48,273		33,093	74,703	
Cash and cash equivalents	125,030	107,611		125,030	107,611		125,030	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:

LAUNCHED TWO NEW GAMES AND MORE ARE ON THE WAY



During the second quarter we released the first new Match-3 game since August 2017, called Jewels of Rome. The game was launched globally, simultaneously across all countries, and was received very favorably by the players.

Jewels of Rome became our best game launch in the company's history as the game became number four by daily revenue in our portfolio just a couple weeks after it was released on all major platforms. This makes us cautiously optimistic about the future potential of this game and the team is working hard to turn this game into a big hit. With our experience in scaling successful games, once we see the potential for outstanding performance, we will be ready to move forward swiftly and aim to achieve faster revenue development than previously in the

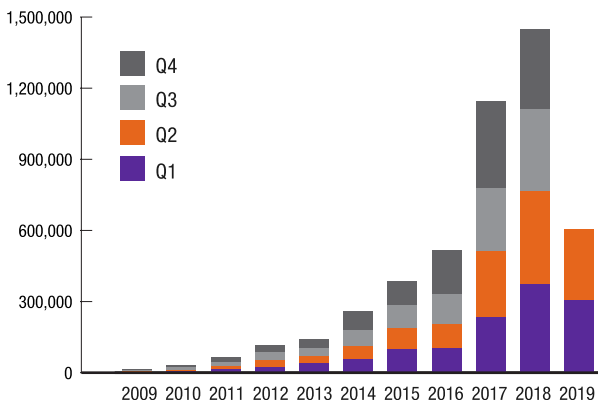
same situation. Given fast initial revenue development of Jewels of Rome and otherwise stable performance of the portfolio, the game can contribute to the top line dynamic of the company already in the third quarter.

Just a few of weeks after Jewels of Rome was launched, we released an early version of yet another new Match-3 game called Match Town Makeover in New Zealand and Australia. This game has a different structure than all of our other games which may take some time to get right, and we think it makes sense to do a limited soft launch to learn more about this new structure and better prepare for the global launch that will follow.

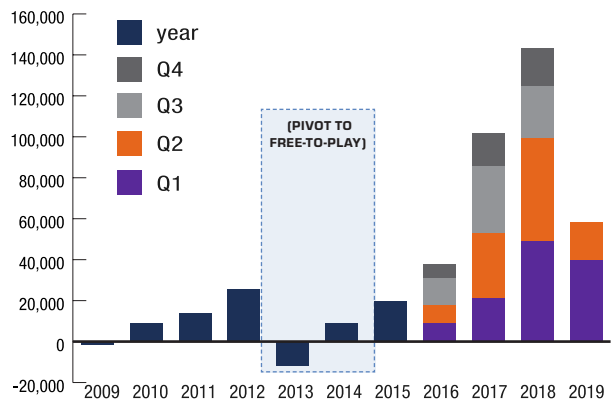
There are two more games in development that we aim to release before the end of the year, and in addition to that we aim to re-launch a previously released and now unavailable game after substantial rework. As you can see, we are on track to release four new games in 2019 as promised. We also have many ideas for new games and in the second half of the year we plan to launch the development of more games to be released in 2020 and 2021. Some of these titles will be in new genres for the company.

In addition to this and regular monthly updates for all actively evolved games in our portfolio, we plan major changes to two games that can have substantial effect on their performance before the end of the year. Our goal is to always focus our teams where we see the growth and potential for improvement.

REVENUE KSEK



EBIT KSEK





All of the above-mentioned games are developed internally by the company's own studios. This unprecedented activity is possible because of G5's effort in the last two years to grow its development capacity by expanding the offices and attracting the top talent in the cities where we have development studios. This increased development capacity is key to our future plans. If any of the internally developed games becomes a truly big hit, it will have a substantial effect on the group's top line and earnings.

RESULTS OF THE QUARTER

Revenue in the quarter was sequentially more or less flat, down only 3 percent from the first quarter, a welcome stabilization of the top line in the seasonally weaker second quarter. Sales of Hidden City were stabilized during the quarter, but Mahjong Journey slipped as a result of several experiments and the game team is working hard to fix the issues as we aim to restore the game's position in the second half of the year. If not for Mahjong Journey, we would have had flat performance in the second quarter. Homicide Squad continued gaining revenue and has grown just shy of 160 percent year over year. Other games continued evolving but without significant changes in revenue development.

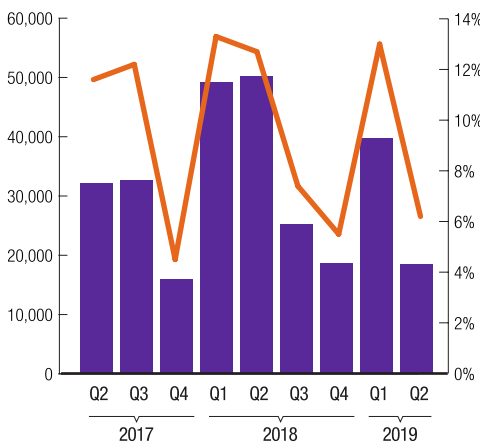
During the quarter, along with the evolution of the games in the portfolio, we tried certain changes in our user acquisition strategy and experimented with higher levels of user acquisition spend to test new strategies. These experiments confirmed our models but have put some extra pressure on the profit margin in the quarter which came in at 6 percent. We will use these findings as we strive to achieve better sequential performance in the following quarters.

The company remains in a good financial position. We are debt free and ended the quarter with a better cash position than a year ago despite paying dividend and taxes during the quarter. The group is capable of financing further marketing and evolution of existing games, as well as development of new games. We will continue to manage the company this way while looking to create new growth drivers.

Moscow, July 29th, 2019

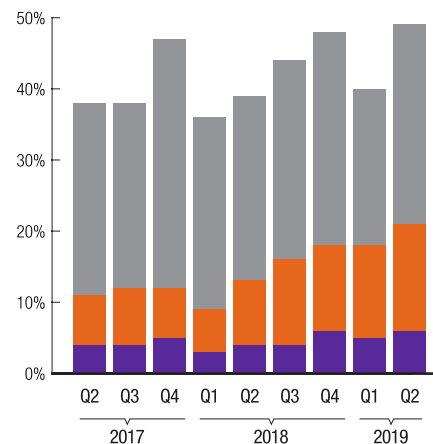
Vlad Suglobov
CEO, co-founder

EBIT (KSEK) | EBIT-MARGIN (%)



■ EBIT, KSEK
— EBIT margin

COSTS IN % OF REVENUE



■ Sales and marketing
■ Research and development
■ Administration

APRIL - JUNE

REVENUE AND GROSS PROFIT

Revenue amounted to SEK 297.3 M (394.8). Revenue decreased by 25 per cent compared to the same period in 2018.

Cost of revenue decreased by 29 per cent to SEK 135.3 M (190.5). 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 37 per cent compared to the same period in 2018 as a higher share of revenue is coming from own games.

Gross margin for the period was 55 per cent (52) and increased primarily as the share of revenue from own games has increased. Gross profit for the quarter decreased by 21 per cent compared to the second quarter in 2018 and was SEK 162.1 M (204.4).

OPERATIONAL COSTS

Costs for research and development were SEK 43.6 M (34.9) during the period. The increase in costs for research and development is primarily driven by an increase in development on non-capitalizable projects and hosting. The quarter was also impacted by SEK 1.1 M in write-downs for prepayment on development as contracts were terminated and development taken in-house. Also amortization increased.

Sales and marketing decreased to SEK 82.3 M (102.1). Sales and marketing is primarily affected by the costs for user acquisition. During the quarter the cost for user acquisition was SEK 75.4 M (96.5). Cost for user acquisition as a percentage of sales was 25 per cent, compared to 24 per cent in the same period in 2018. Sales and marketing, excluding user acquisition, increased to SEK 6.8 M (5.6).

General and administrative costs amounted to SEK 18.2 M (16.9). Other operating income amounted to SEK 0.9 M (-0.1) and other operating expenses amounted to SEK -0.4 M (-0.2). Together they amounted to SEK 0.5 M (-0.3), 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 24.6 M (23.8). Capitalization of intangible assets amounted to SEK 27.8 M (32.4). Write-downs during the quarter amounted to SEK 0.4 M (0.4). Net capitalization on intangible assets amounted to SEK 2.8 M (8.2).

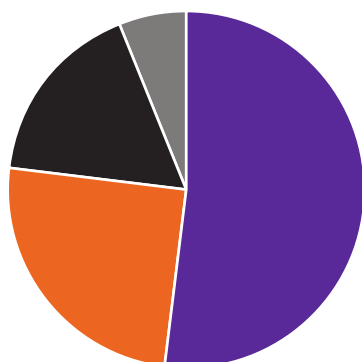
Earnings before interest and taxes (EBIT) were SEK 18.5 M (50.1), corresponding to an EBIT margin of 6.2 per cent (12.7).

NET PROFIT

Net profit was marginally affected by financial items. Tax affected the result with SEK -1.9 M (-5.1).

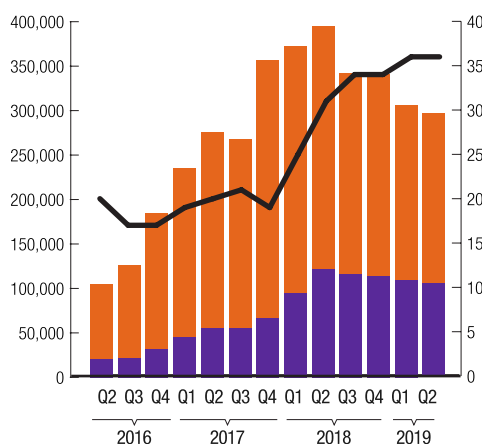
Net profit amounted to SEK 16.9 M (45.0) which equals an earnings per share, before dilution, of SEK 1.88 (5.07).

REVENUE BREAKDOWN BY GEOGRAPHY SECOND QUARTER 2019



- North America 52%
- Asia 25%
- Europe 17%
- 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 23 per cent compared to 2018 while Daily Active Users (DAU) decreased 21 per cent compared to 2018. Monthly Unique Users decreased 23 per cent compared to 2018.

Average Monthly Unique Payers (MUP) decreased with 31 per cent compared to 2018 and their average monthly spend, Monthly Average Gross Revenue Per Paying User (MAGRPPU) increased with 1 per cent compared to the same period in 2018.

F2P	Q2 '19	Q2 '18	CHANGE
Average MAU (mn)	6.3	8.2	-23%
Average MUP (thousands)	221.7	321.5	-31%
Average MUU (mn)	5.4	7.0	-23%
Average MAGRPPU (USD)	46.5	46.2	1%
Average DAU (mn)	1.7	2.1	-21%

For detailed definitions of the operational metrics see the glossary on page 14 of the report.

JANUARY - JUNE

REVENUE AND GROSS PROFIT

Revenue decreased with 21 per cent compared to the same period in 2018. Revenue amounted to SEK 603.4 M [767.5].

The group's cost of revenue was SEK 279.1 M [377.3]. Gross profit amounted to SEK 324.3 M [390.2], a decrease of 17 per cent compared to the same period in 2018. Gross margin was 54 per cent [51].

OPERATING COSTS

Operating costs decreased with 8 per cent compared to the same period in 2018. User acquisition decreased to SEK 135.2 M [191.0]. Excluding costs for user acquisition the operating costs amounted to SEK 130.9 M [99.6]. The operational costs were impacted by depreciation and amortization of SEK 50.7 M [41.5] and write-downs of SEK 1.8 M [0.4].

Other operating income and costs impacted the period negatively with SEK 0.9 M [-0.4], primarily attributed to exchange rate differences on operational assets and liabilities related to balance sheet items in the parent company.

EBIT

EBIT was SEK 58.2 M [99.6] and the EBIT-margin was 10 per cent [13] for the period.

NET PROFIT

Net profit was marginally affected by financial items. Tax affected the result with SEK -5.8 M [-10.5] corresponding to an effective tax rate of 10 per cent [11].

Net profit amounted to SEK 54.8 M [89.0] which is corresponding to earnings per share of SEK 5.87 [10.06].

CASH FLOW

During the second quarter, the group had an operating cash flow before changes in working capital of SEK 15.1 M [73.6] of which tax payments amounted to SEK -29.2 M [-0.9]. Taxes paid in Malta amounted to SEK -28.4 M in the quarter, the majority of which will be repaid during 2020. Changes in working capital impacted the cash flow with SEK 21.2 M [7.7]. Capitalized development expenses impacted the cash flow negatively with SEK -25.9 M [-32.4].

Cash flow before financing activities amounted to SEK 7.1 M [39.3]. Dividend impacted the quarter with SEK -22.5 M [-22.3].

For the interim period cash flow before changes in working capital amounted to SEK 82.9 M [139.4]. Cash flow amounted to SEK -15.9 M [14.2].

Available cash on June 30, 2019 amounted to SEK 125.0 M [107.6].

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 great 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 211.6 M [202.3]. 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	JUN 30 2019	JUN 30 2018
Released games	152.8	179.0
Not released games	58.8	23.3
Net value of games portfolio	211.6	202.3

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, write-downs of SEK 0.4 M [0.4] were made.

Consolidated equity amounted to SEK 387.2 M [293.2], which equals SEK 43.1 per share [33.3] and the equity/asset ratio is 66 per cent [55].

Cash on hand amounted to SEK 125.0 M (107.6)

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

PARENT COMPANY

The parent company revenue increased in line with the group. The parent company is the counterpart for all application stores where G5 sells its products. The costs consist mainly of payments to one of the subsidiaries in Malta, that holds the rights for the games in the portfolio. 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 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-Sep 2019	Nov 5, 2019
Year-end report 2019	February 12, 2020

TELECONFERENCE

On July 30th, 2019 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	investor@g5e.com
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 July 29th, 2019

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 30th, 2019 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 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	Jul-Jun 18/19	2018
Net turnover	297,347	394,847	603,404	767,467	1,285,961	1,450,025
Cost of revenue	-135,277	-190,492	-279,136	-377,314	-605,971	-703,049
Gross profit	162,070	204,356	324,268	390,154	679,990	746,976
Research and Development expenses	-43,553	-34,942	-83,850	-59,018	-164,246	-140,514
Sales and Marketing expenses	-82,272	-102,067	-148,391	-201,283	-346,888	-399,780
General and Administrative expenses	-18,200	-16,893	-34,669	-29,890	-68,296	-63,516
Other operating income	876	-66	1,684	117	3,053	1,210
Other operating expenses	-385	-241	-801	-524	-1,481	-928
Operating result	18,536	50,146	58,241	99,556	102,133	143,448
Financial income	349	0	632	0	943	312
Financial expenses	-148	-2	-311	-2	-462	-152
Operating result after financial items	18,737	50,145	58,562	99,555	102,614	143,607
Taxes	-1,855	-5,149	-5,794	-10,524	-10,068	-14,797
Net result for the period	16,882	44,996	52,767	89,031	92,547	128,811
Attributed to:						
Parent company's shareholders	16,882	44,996	52,767	89,031	92,547	128,811
Earnings per share						
Weighted average number of shares before dilution (thousands)	8,984	8,881	8,800	8,800	8,979	8,984
Weighted average number of shares after dilution (thousands)	9,019	9,075	8,800	8,800	9,085	9,044
Earnings per share (SEK), before dilution	1.88	5.07	5.87	10.06	10.31	14.34
Earnings per share (SEK), after dilution	1.87	4.96	5.82	9.84	10.19	14.24

STATEMENT OF COMPREHENSIVE INCOME – GROUP

KSEK	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	Jul-Jun 18/19	2018
Net result for the period	16,882	44,996	52,767	89,031	92,547	128,811
Items that later can be reversed in profit						
Foreign currency translation differences	1,435	6,700	10,754	7,831	11,703	8,780
Total other comprehensive income for the period	1,435	6,700	10,754	7,831	11,703	8,780
Total comprehensive income for the period	18,317	51,696	63,521	96,862	104,250	137,591
Attributed to:						
Parent company's shareholders	18,317	51,696	63,521	96,862	104,250	137,591

BALANCE SHEET – GROUP

KSEK	Jun 30 2019	Jun 30 2018	Dec 31 2018
Fixed assets			
Intangible fixed assets			
Capitalized development expenses (Note 2)	211,579	202,345	198,083
Goodwill	-	-	-
	211,579	202,345	198,083
Tangible fixed assets			
Equipment ¹	32,124	10,890	11,268
	32,124	10,890	11,268
Deferred tax receivable	48,026	44,545	64,389
Total non-current assets	291,729	257,780	273,741
Current assets (Note 3, 5)			
Accounts receivable	0	41,462	3,713
Tax receivable	44,443	8,568	9,928
Other receivables	8,704	1,640	4,427
Prepaid expenses and accrued income	118,027	113,804	103,079
Cash and cash equivalents	125,030	107,611	138,531
Total current assets	296,204	273,083	259,677
TOTAL ASSETS	587,934	530,864	533,418
Equity	387,195	293,229	347,494
Deferred tax liabilities	12	5,351	-
Long-term liabilities ¹	8,202	-	-
Total non-current liabilities	8,214	5,351	-
Current liabilities (Note 5)			
Short-term liabilities ¹	8,195	-	-
Accounts payable	39,990	28,234	25,818
Other liabilities	6,598	34,845	5
Tax liabilities	69,423	64,069	76,822
Accrued expenses	68,320	105,135	83,279
Total current liabilities	192,525	232,284	185,924
TOTAL EQUITY AND LIABILITIES	587,934	530,864	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.

STATEMENT OF CHANGES IN SHAREHOLDER EQUITY - GROUP

KSEK	Share capital	Other capital contribution	Other reserves	Profit/loss brought forward	Shareholders' equity
Shareholders' equity as of 2018-01-01	880	55,959	1,532	172,107	230,478
Dividend				-22,224	-22,224
Premium for exercised warrants	12	12,505			12,517
Repurchased warrants		-24,402			-24,402
Net result for the period				89,031	89,031
Total other comprehensive income			7,830		7,830
Total comprehensive income for the period			7,830	89,031	96,861
Shareholders' equity as of 2018-06-30	892	44,062	9,362	238,914	293,230
Shareholders' equity as of 2019-01-01	898	48,448	10,312	287,836	347,494
Transitional effect IFRS16			-466		
Dividend				-22,486	-22,486
Share issue - Class C	26				
Share repurchase - Class C			-26		
Repurchase of warrants		-47			-47
IFRS2			-795		-795
Net result for the period				52,767	52,767
Total other comprehensive income			10,754		10,754
Total comprehensive income for the period		-	9,959	52,767	62,726
Shareholders' equity as of 2019-06-30	924	48,401	20,271	318,117	410,220

CASH FLOW STATEMENT – GROUP

KSEK	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	Jul-Jun 18/19	2018
Cash flow from operating activities						
Profit after financial items	18,738	50,145	58,562	99,555	102,614	143,607
Adjusting items not included in cash flow	25,621	24,350	54,780	41,943	108,998	96,161
	44,359	74,495	113,342	141,498	211,612	239,768
Taxes paid	-29,236	-912	-30,396	-2,142	-40,810	-12,556
Cash flow before changes in working capital	15,123	73,583	82,946	139,356	170,802	227,212
Cash flow from changes in working capital						
Change in operating receivables	11,358	6,366	-17,509	-8,809	28,316	37,016
Change in operating liabilities	9,857	1,366	3,746	-8,649	-34,327	-46,722
Cash flow from operating activities	36,338	81,315	69,183	121,898	164,791	217,506
Investing activities						
Investment in fixed assets	-3,268	-2,044	-5,516	-4,418	-8,585	-7,487
Investment in intangible assets	-27	-7,616	-1,861	-11,796	-9,390	-19,325
Capitalized development expenses	-25,936	-32,413	-55,143	-57,411	-113,723	-115,991
Cash flow from investing activities	-29,231	-42,073	-62,520	-73,625	-131,698	-142,803
Financing activities						
Dividend	-22,486	-22,224	-22,486	-22,224	-22,486	-22,224
Share issuance - C class	26	-	26	-	26	-
Repurchase shares - C class	-26	-	-26	-	-26	-
Premiums warrant program	-	5,042	-	12,517	-12,517	-
Repurchase of issued warrants	-	-14,101	-47	-24,402	16,844	-7,511
Cash flow from financing activities	-22,486	-31,283	-22,533	-34,109	-18,159	-29,735
CASH FLOW	-15,379	7,959	-15,870	14,164	14,934	44,968
Cash at the beginning of the period	138,437	97,737	138,531	91,194	107,611	91,194
Cash flow	-15,379	7,959	-15,870	14,164	14,934	44,968
Exchange rate differences	1,972	1,915	2,369	2,253	2,485	2,369
CASH AT THE END OF THE PERIOD	125,030	107,611	125,030	107,611	125,030	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	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	Jul-Jun 18/19	2018
At the beginning of the period	209,066	180,840	198,083	115,432	202,345	115,432
Investments ¹	27,797	32,412	57,004	111,075	99,456	153,527
Write-downs	-423	-440	-1,789	-440	-5,848	-4,499
Amortization	-24,550	-23,795	-48,381	-39,799	-96,438	-87,855
Net change during the period	2,824	8,177	6,834	70,836	-2,830	61,172
Currency exchange differences	-311	13,328	6,661	16,077	12,063	21,479
At the end of the period	211,579	202,345	211,579	202,345	211,579	198,083

¹Investments for 2018 and Apr-Mar 18/19 include a capitalization of The Secret Society amounting to SEK 37.5 M. For Jan-Mar 2018 the capitalization of The Secret Society was SEK 53.7 M.

NOTE 3 – OTHER RECEIVABLES

Other receivables include SEK 0 M (1.2) 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	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	Jul-Jun 18/19	2018
Net turnover	297,347	394,847	603,404	767,467	1,285,961	1,450,025
Cost of revenue	-217,057	-281,284	-457,448	-533,369	-947,471	-1,023,392
Gross profit	80,290	113,563	145,956	234,099	338,490	426,633
Research and development expenses	-28	-25	-55	-51	-375	-371
Sales and Marketing expenses	-11,253	-20,751	-20,114	-41,877	-58,190	-79,952
General and administrative expenses	-76,207	-86,526	-136,035	-169,432	-305,603	-339,000
Other operating income	-769	5,871	2,922,860	7,223,248	2,720	7,020
Other operating expenses	1,595	-5,942	-1,506	-7,223	-652	-6,369
Operating result	-6,373	6,191	-8,831	22,740	-23,610	7,961
Financial income	332	0	65,338	0	65,646	308
Financial expenses	0	-2	0	-2	-151	-152
Operating result after financial items	-6,042	6,189	56,507	22,738	41,885	8,117
Taxes	1,325	-1,363	1,805	-5,004	4,700	-2,109
Net result for the period	-4,717	4,826	58,311	17,734	46,585	6,008

STATEMENT OF COMPREHENSIVE INCOME – PARENT COMPANY

KSEK	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	Jul-Jun 18/19	2018
Net result for the period	-4,717	4,826	58,311	17,734	46,585	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	-4,717	4,826	58,311	17,734	46,585	6,008

BALANCE SHEET - PARENT COMPANY

KSEK	Jun 30 2019	Jun 30 2018	Dec 31 2018
Fixed assets			
Financial fixed assets			
Shares in group companies	70	70	70
Deferred tax assets	-	-	-
Receivables from group companies	-	-	-
	70	70	70
Current assets			
Account receivables	0	41,462	3,713
Receivables from group companies	76,274	9,167	9,175
Tax receivables	4,263	1,477	2,434
Other receivables	6,389	-1,039	-1,257
Prepaid expenses and accrued income	115,003	110,361	99,796
Cash and cash equivalents	102,472	83,076	128,311
Total current assets	304,400	244,504	242,172
TOTAL ASSETS	304,470	244,574	242,242
Restricted equity			
Share capital	924	880	898
Non-restricted equity			0
Share premium reserve	55,916	55,916	55,916
Profit/Loss carried forward	40,328	52,464	56,858
Net result for the period	58,311	17,734	6,008
Total equity	155,479	126,994	119,679
Current liabilities			
Accounts payable	144	823	6,366
Tax Liability	-	2,027	-
Liability to group companies	143,296	99,547	107,865
Other liability	323	6,835	1,328
Accrued expenses	5,227	8,349	7,004
Total current liabilities	148,991	117,580	122,563
TOTAL EQUITY AND LIABILITIES	304,470	244,574	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 (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.

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.