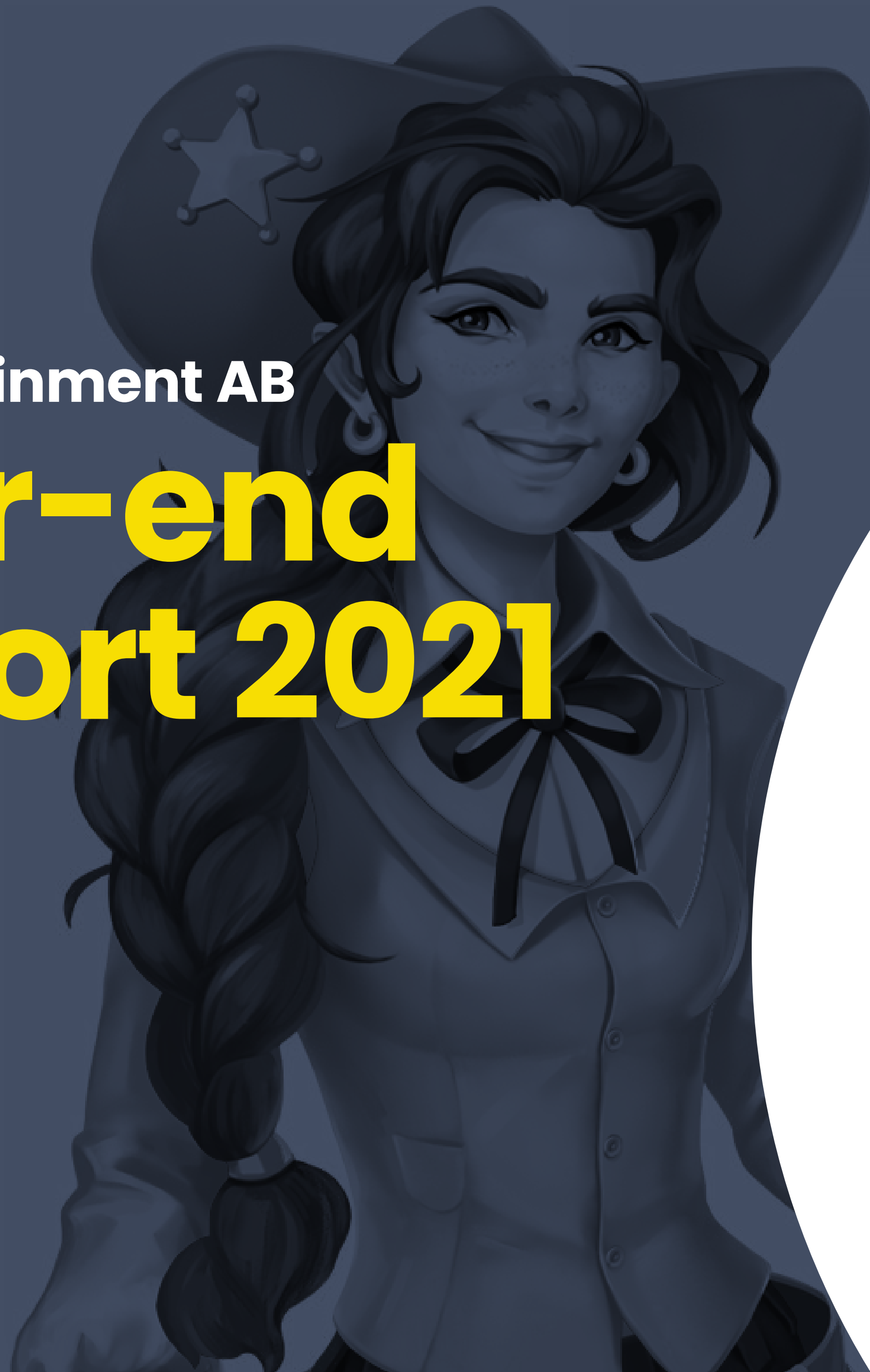


G5 Entertainment AB

Year-end Report 2021



YEAR-END REPORT 2021

October – December 2021

- Revenue for the period was SEK 324.6 M (335.3), a decrease of 3 percent compared to the same period in 2020 in SEK terms. In USD terms revenue declined 6 percent year-over-year.
- Gross margin increased to 65 percent (59 percent), as larger share of revenue is coming from own games, and lower 12% store fees is applied on the Microsoft platform that went from 30% on August 1, 2021.
- EBIT for the period was SEK 56.6 M (52.3), an increase of 8%.
- Net result for the period was SEK 54.2 M (46.0), an increase of 18%.
- Earnings per share for the period, before dilution, was SEK 6.42 (5.30), an increase of 21%.
- Cash flow amounted to SEK 19.0 M (30.9), affected by SEK -20.5 M (0.0) from short- and long term financial investments.
- Average Monthly Active Users (MAU) was 6.5 million, a decrease of 12 percent compared to the same period in 2020. Average Daily Active Users (DAU) was 1.8 million, a decrease of 1 percent compared to the same period in 2020. Average Monthly Unique Payers (MUP) was 189.7 thousand, a decrease of 13 percent while Average Monthly Average Gross Revenue Per Paying User (MAGRPPU) was USD 63.3, an increase of 5 percent compared to the same period last year.
- An error has been discovered in the system for analytics that generates the KPIs disclosed. The error was related to the calculation of MAGRPPU and the group therefore has posted updated numbers for each quarter of the year 2021 on page 7 in the report.

Full year 2021

- Revenue for the year was SEK 1,315.7 M (1,356.0), a decrease of 3 percent compared to 2020 in SEK terms. In USD terms revenue grew 4 percent year-over-year.
- Gross margin increased to 62 percent (58 percent), as larger share of revenue is coming from own games and lower fees are applied on the Microsoft platform from Aug 1, 2021.
- EBIT for the period was SEK 216.1 M (189.5), an increase of 14%.
- Earnings per share for the period, before dilution was SEK 23.3 (19.11), an increase of 22%.
- The Board proposes a dividend of 7.0 SEK / share (6.25) equal to approximately SEK 59.1 M (54.1).

FINANCIAL KEY RATIOS

KSEK	Oct-Dec 2021	Oct-Dec 2020	Change %	2021	2020	Change %
Revenue	324,576	335,331	-3%	1,315,703	1,356,048	-3%
Commission to distributors ¹	-75,061	-96,766	-22%	-349,183	-395,875	-12%
Royalty to external developers ²	-37,497	-41,156	-9%	-156,073	-173,853	-10%
Gross profit	212,019	197,410	7%	810,447	786,320	3%
Gross margin	65%	59%		62%	58%	
Operating costs excluding costs for user acquisition	-90,418	-72,175	25%	-329,755	-303,157	9%
EBIT excluding costs for user acquisition	121,601	125,235	-3%	480,691	483,163	-1%
EBIT margin before costs for user acquisition	37%	37%		37%	36%	
Costs for user acquisition ³	-65,004	-72,912	-11%	-264,571	-293,619	-10%
Costs for user acquisition as percentage of revenue	-20%	-22%		-20%	-22%	
EBIT	56,596	52,323	8%	216,121	189,544	14%
EBIT margin (%)	17.4%	15.6%		16.4%	14.0%	
Earnings per share before dilution	6.42	5.30	21%	23.32	19.11	22%
Cash flow before financing activities	25,236	44,998		152,106	140,090	
Cash and cash equivalents	149,964	188,411		149,964	188,411	

¹ Variable costs paid to distributors. Main stores have the following fees: Apple App Store, Google Play, Amazon Appstore etc. has a fee of 30 percent, Microsoft Store: 12 percent, G5 Store has single digit percent.

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

³ User acquisition is a marketing cost for acquiring new users. The costs are fully variable and are spent on advertising campaigns that are targeted at acquiring loyal players. The campaigns can be stopped at a very short notice.

Comment from the CEO: RECORD EARNINGS AND FUNDAMENTAL STRENGTH



In 2021 we celebrated the 20th anniversary since the formation of what was to become the G5 Entertainment group of companies. I am very happy to report that during the year the team continued to deliver on the strategy, resulting in record earnings, record earnings per share, and the best earnings margin in the group's history. All of this underlines the progress we have made and puts us on the path for continued success.

A few years ago, G5 doubled down on making its own games, a move that had a profound effect on how the group generated its revenue and ultimately its financial performance. Jewels of Rome and the subsequent Jewels family of games launched since 2019 represented 30% of the group's total revenue in Q4'21. The most recent success coming from our own studios is a game called Sherlock. It was released a year ago and already made up 13% of the group's Q4 revenue.

The fast growth and high profitability of these internally developed titles have powered the change in the revenue mix between those games we own and those that are licensed and also helped expand margins. This trend was obvious in 2021 with G5's own games responsible for 67% of revenue in Q4

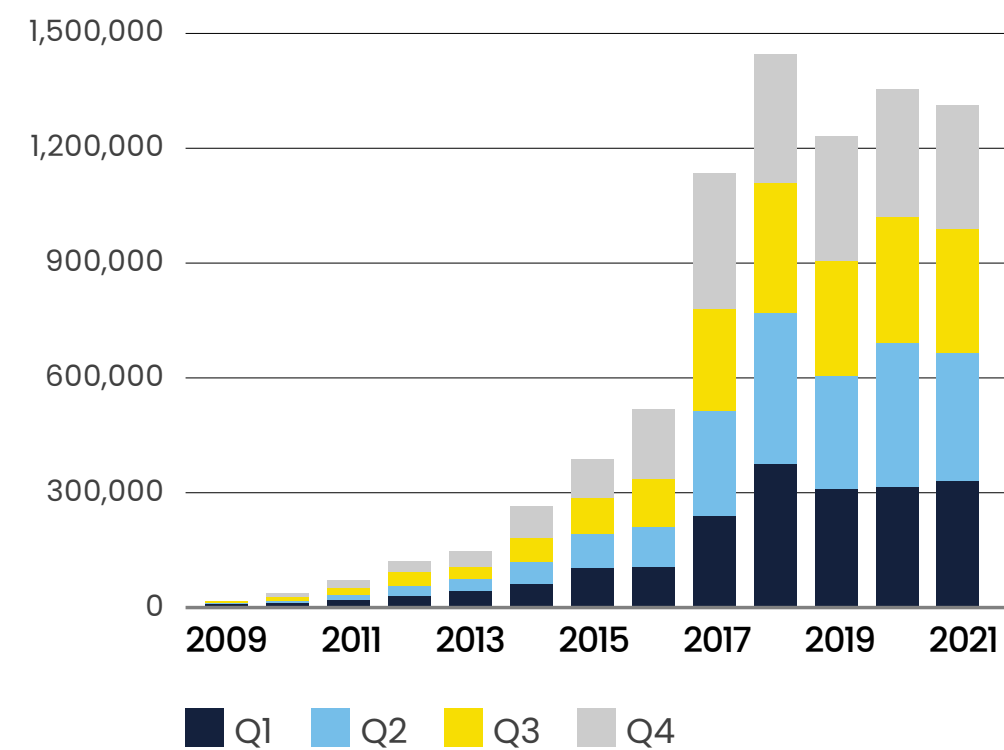
More than 3% of our net revenue came from the G5 Store, another 1% came from advertising revenue

compared to 61% a year earlier, and our New Generation of games (those released since 2019) making up 52% of Q4 '21 revenue compared to 40% last year – a jump of 23% YoY in USD terms. Most importantly, the success of the Jewels game series and Sherlock prove that our internal game development studios are capable of consistently producing outstanding and highly profitable games.

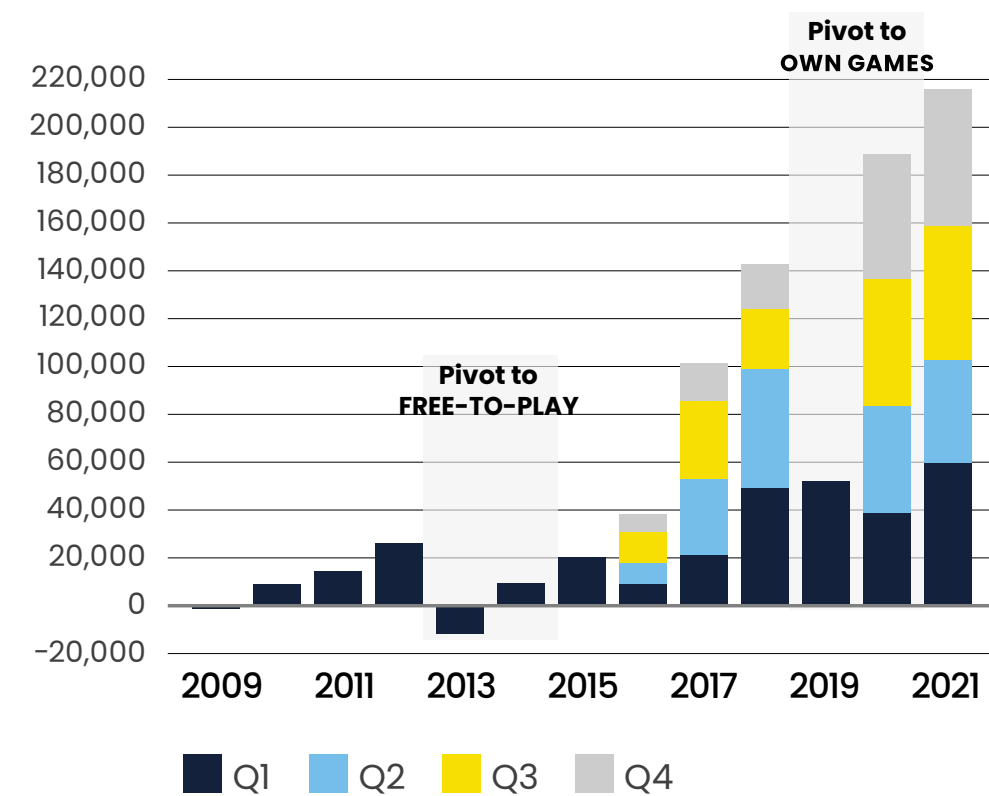
During the fourth quarter we saw a temporary but pronounced dip of active daily players around the holidays, the opposite of what we have experienced in years past. Games with slower overall dynamics, such as Hidden City and games with stable revenue development, such as most of the Jewels games, performed below expectations for a short time. The active audience has recovered and is back to normal levels. Our conclusion is that this was an anomaly as more people chose to spend holidays with their families. Despite this, we saw strong positive revenue growth for newer more dynamic games such as Sherlock. The overall revenue mix continued to develop favorably toward G5's own games.

I want to take a moment and talk about store diversification. In recent years G5 has made important steps to diversify the company's revenue across several distribution channels. During Q4, more than 50% of net revenue came from stores not run by Apple and Google, a different story than just a few years ago when most of our revenue came through these two giants. In December 2021, more than 3% of our net revenue came from our own G5 Store. Another 1% came from advertising revenue. Diversifying where our revenue originates led to reduced effective store fees, which fell to 23% in Q4'21

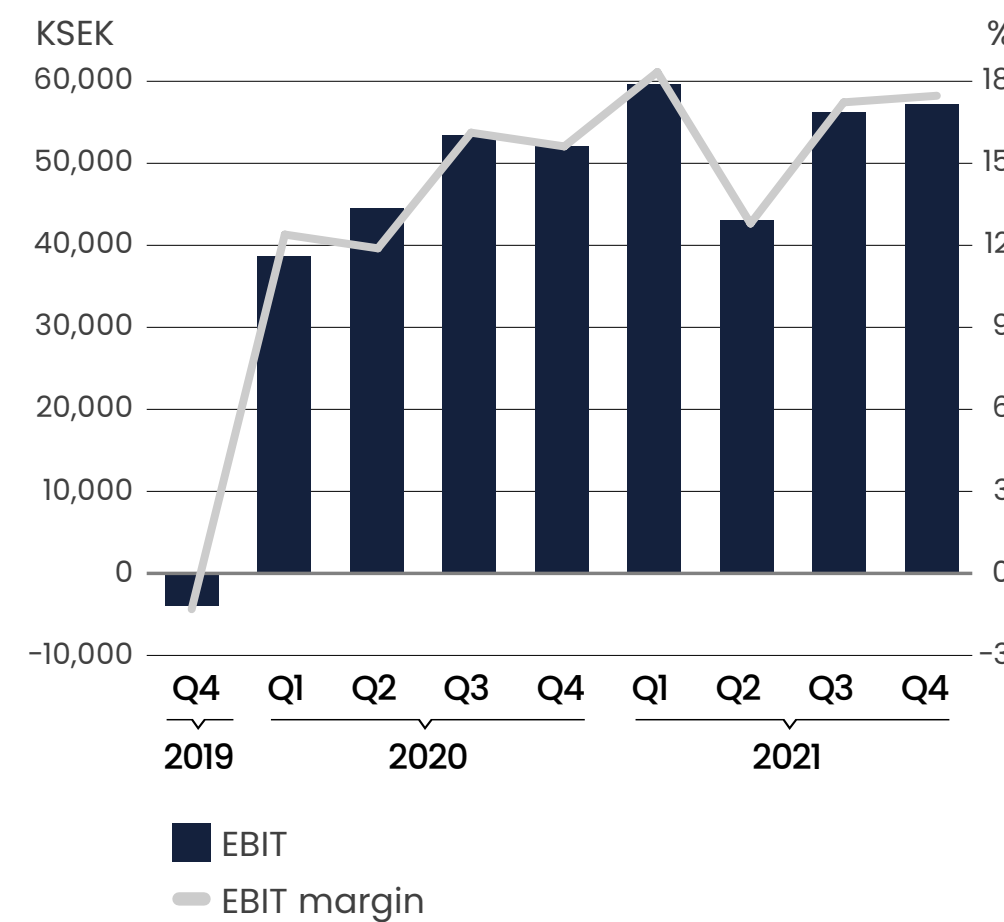
Revenue KSEK



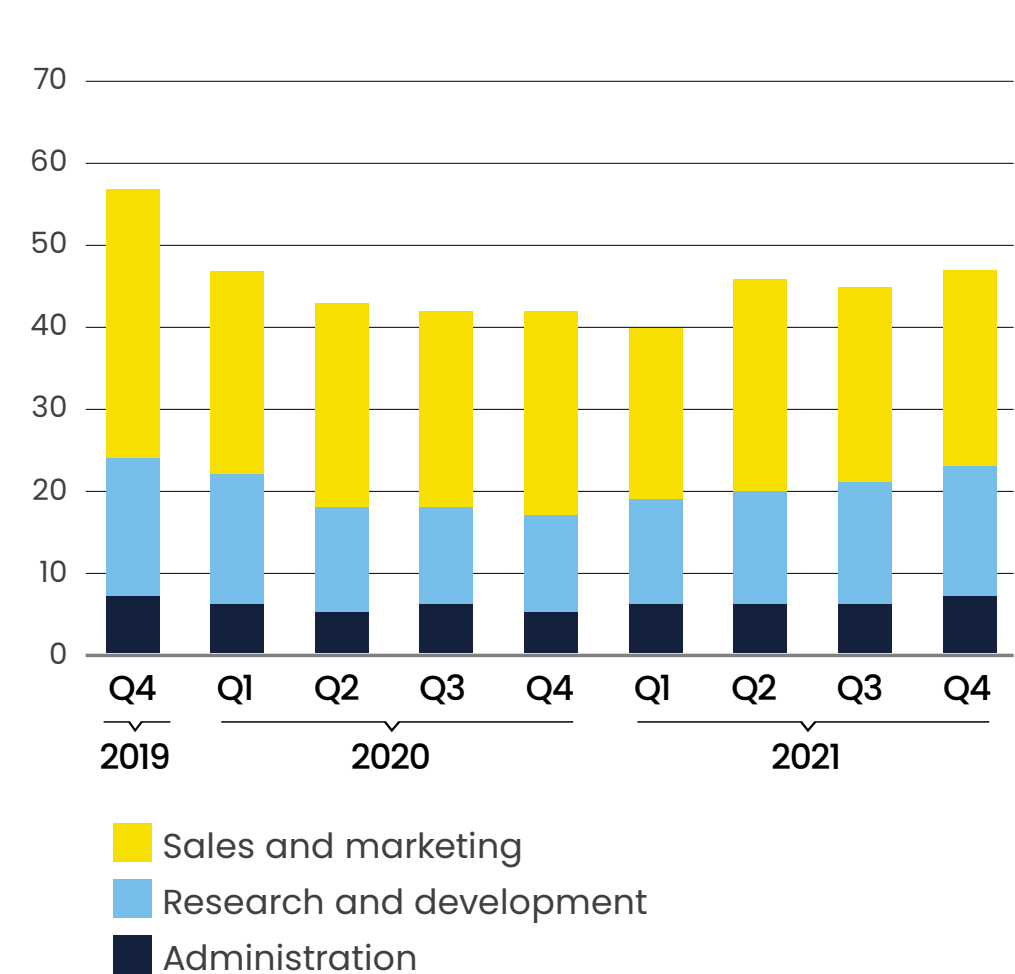
EBIT KSEK



EBIT (KSEK) | EBIT-margin (%)



Costs in % of revenue



from 29% in the comparison period.

This is an important part of our strategy, and we expect this trend to continue through further diversification and likely store fee reduction due to rising competition between application stores, regulatory pressure and an increased willingness of players to download games directly from developers.

G5 continues to have high profitability and cash conversion which, combined with zero debt, allows us to use our capital toward dividends and share buybacks. G5's share buybacks last year reduced the number of shares by 2.4%. Adding the 54 MSEK in dividend that was distributed to shareholders for the full year 2020, G5 distributed 180 MSEK to shareholders in 2021. For the full year 2021, the Board of Directors recommends a dividend of 7.0 SEK per share, an increase of 12% from last year.

G5 is constantly investing in the development of its own game portfolio, the publishing platform and sharpening marketing tools and efforts. We are also looking to acquire companies that make a strategic fit in areas of expertise adjacent to G5's.

Outside of G5's current areas of expertise we are open to acquire a minority stake to expand the company's knowledge and network. Based on these principles, G5 acquired 0.7 percent of shares in Upland, Inc. for about USD 2 million (18.1 SEK M) and acquired 4.8 percent of shares in Artifex Mundi SA for about 2 million USD (18.2 SEK M) during 2021. With the Upland investment, we

In 2021 G5 distributed SEK 180 M to shareholders through dividend and buybacks

were impressed by the pioneering vision, innovative approach and fast growth. In Artifex, we liked the turnaround that the new management has achieved and its new free-to-play products. We intend to continue making small investments into other promising companies from time to time with the goal to constantly improve and expand the company's knowledge and network and help promising new companies achieve their goals.

2022 outlook

G5's outlook for 2022 reflects a continued belief in the strength of our strategy. We expect the percentage of revenue from our own games to continue to increase. G5 Store revenue and advertising revenue will also continue to increase as a percentage of sales, while the effective store fees should gradually go down. We also expect to be increasingly efficient with our advertising spend. These trends will further improve our profitability and combined with the effect of possible share buybacks should boost the earnings per share even further.

Top line development will be driven by the stable performance of the Jewels family of games with the expected gradual expansion of revenue, stable gradual growth of Sherlock revenue with potential upside from the new game releases from 2021 and 2022 towards the second half of the year.

Performance of the licensed game Hidden City, which accounted for 33% of the group's revenue in Q4'21, is likely to be a drag on the top line development for a few more

quarters, but on the other hand, considering the performance Sherlock has demonstrated to date, we see it as the next big game in the group's portfolio and the next crown jewel that may eventually reach the sales levels of our biggest hidden object hits.

Our user acquisition spend is to generally remain within the earlier communicated range of 17-22%.

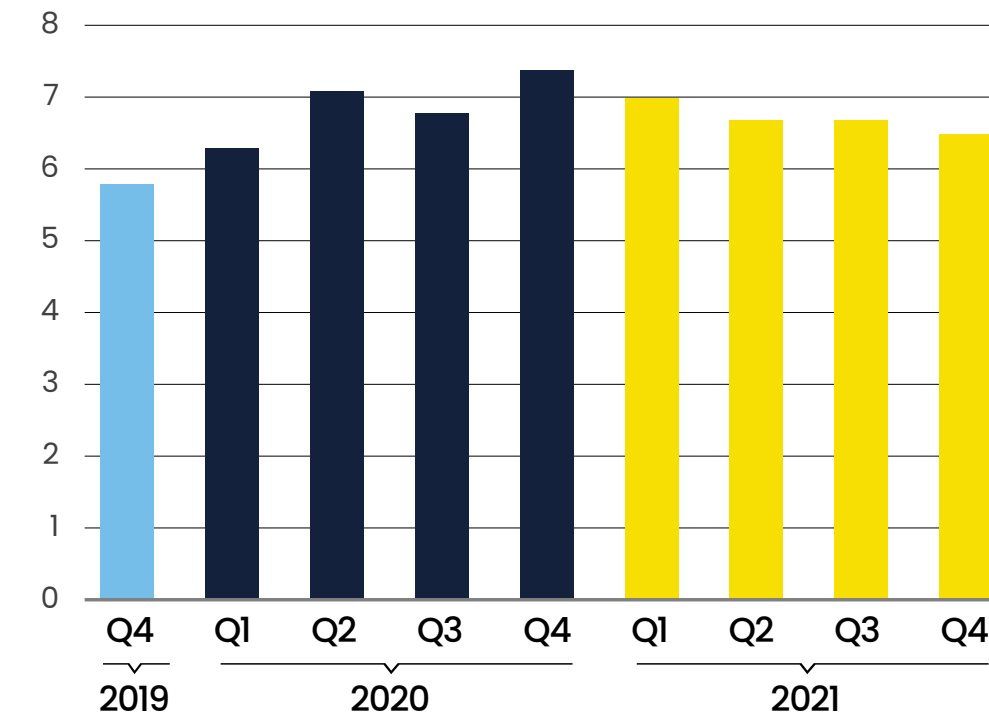
We have exciting new products in the pipeline for 2022. The G5 Store will soon get an upgrade with a standalone launcher and a website login for G5 Friends with direct purchases for players across any platform. The company is also continuing its ongoing work to finetune the user acquisition tools across all platforms, including Web, which is powering G5 Store growth. We remain committed to our goal of releasing 6 new games in 2022.

The company is in the best shape ever and we look forward to another great year.

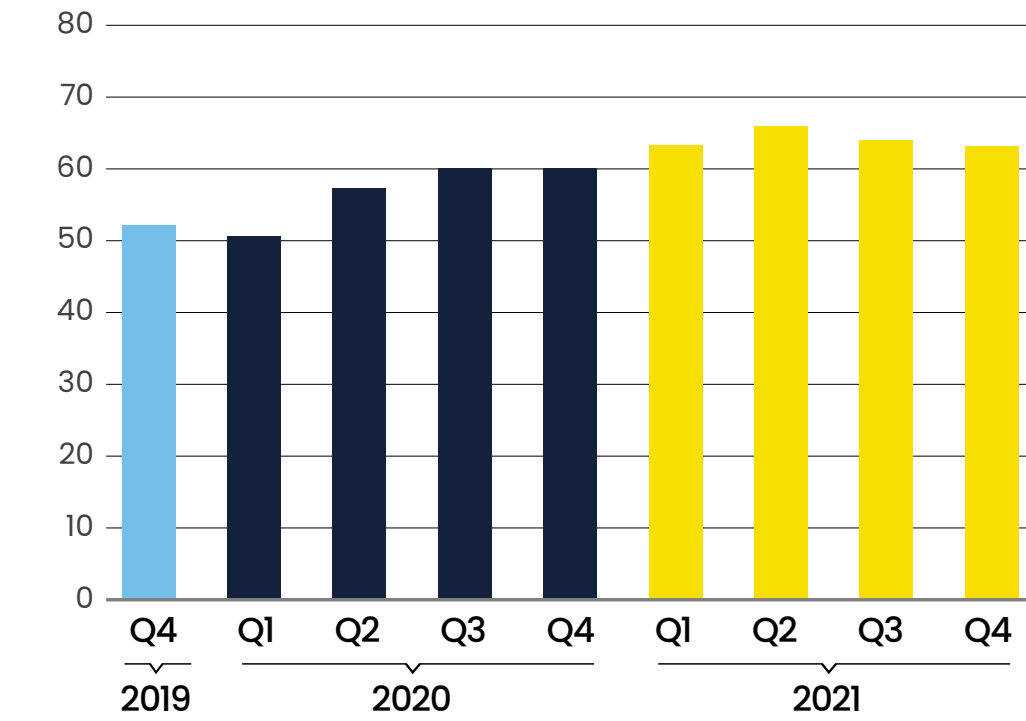
Thanks for following us at G5.

San Francisco, February 10th, 2022
Vlad Suglobov, CEO, co-founder

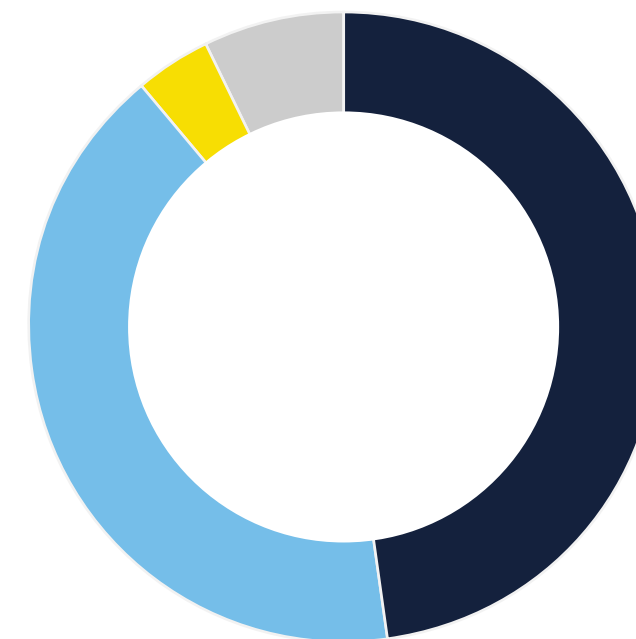
MAU, mn



MAGRPPU, USD

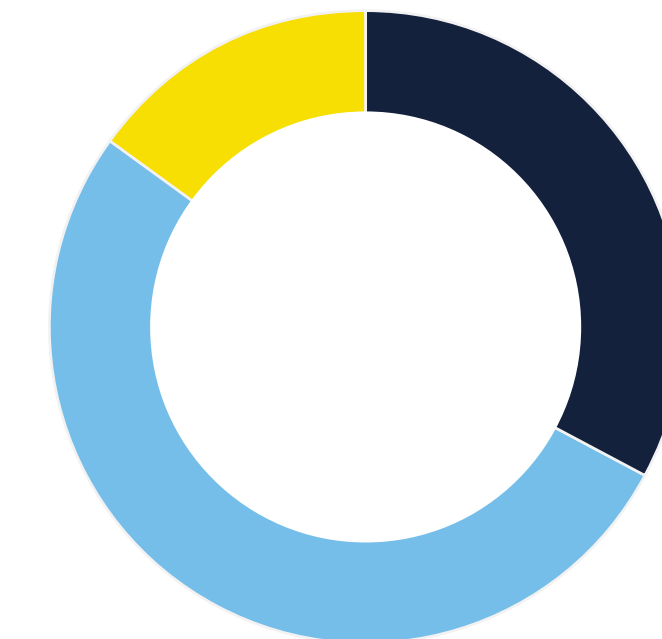


Q4 Net revenue by platform



- iOS & Apple 48%
- MS Store 41%
- G5 Store & Adv 4%
- Other 7%

Q4 Revenue by category



- Licensed 33%
- Own games New 52%
- Own games Old 15%

October–December

Revenue and gross profit

Revenue amounted to SEK 324.6 M (335.3). Revenue decreased by 3 percent compared to the same period in 2020, in USD the revenue decreased by 6%.

Cost of revenue decreased to SEK 112.6 M (137.9), a decrease of 18% compared to the same period in 2020. Cost of revenue includes commission to the distributors (Apple App Store, Google Play, Amazon Appstore, etc.). Most parties still charge up to 30 percent of gross revenue, except for Microsoft Store with commission fees of 12 percent since 1st August and G5 Store with commission fees in single digit percent for third-party payment processing. Cost of revenue also includes royalties payable to external developers which decreased by 9 percent compared to the same period in 2020.

Gross margin for the period was 65 percent (59). Gross profit for the quarter increased by 7 percent compared to the fourth quarter in 2020 and was SEK 212.0 M (197.4).

Operational Costs

Costs for research and development were SEK 50.9 M (39.5) during the period. The increase in costs for research and development is primarily driven by higher amortization, team bonuses and increase in staff driven by investments in new products as well as Platform.

Sales and marketing decreased to SEK 79.2 M (85.1). Sales and marketing is primarily affected by the costs for user acquisition. During the quarter the cost for user acquisition was SEK 65.0 M (72.9).

Cost for user acquisition as a percentage of sales was 20 percent, compared to 22 percent in the same period in 2020. Sales and marketing, excluding user acquisition, increased to SEK 14.2 M (12.2).

General and administrative costs amounted to SEK 23.6 M (17.8). Other operating income amounted to SEK -1.2 M (19.2) and other operating expenses amounted to SEK -0.5 M (-21.9). Together they amounted to SEK -1.7 M (-2.7), primarily driven by currency effects on operational assets and liabilities.

EBIT

Depreciation and amortization have increased with the larger portfolio of games, and amounted to SEK 34.0 M (29.7). Capitalization of intangible assets amounted to SEK 47.1 M (33.4). During the quarter no write-downs were made. Net effect of capitalization and amortization, net capitalization, on intangible assets amounted to SEK 17.3 M (7.3).

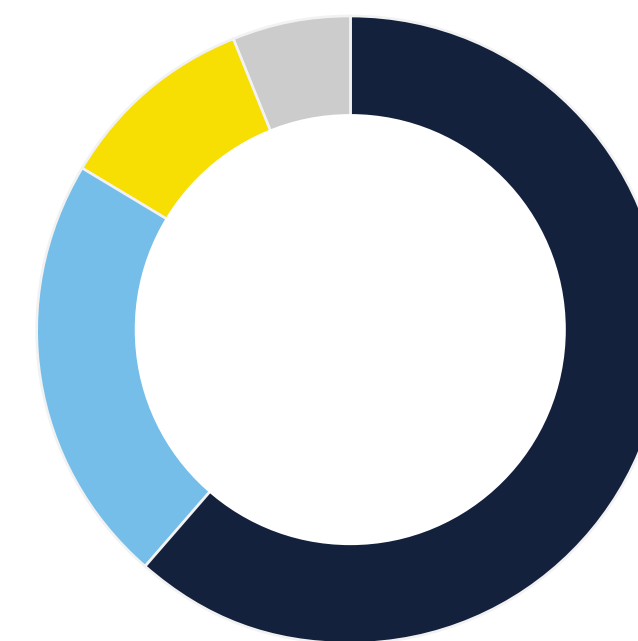
Earnings before interest and taxes (EBIT) amounted to SEK 56.6 M (52.3), corresponding to an EBIT margin of 17.4 percent (15.6).

Net profit

Net profit was affected by financial items with SEK -4.4 M (-0.1) related to revaluation of short term investments. Tax affected the result with SEK 2.0 M (-6.2).

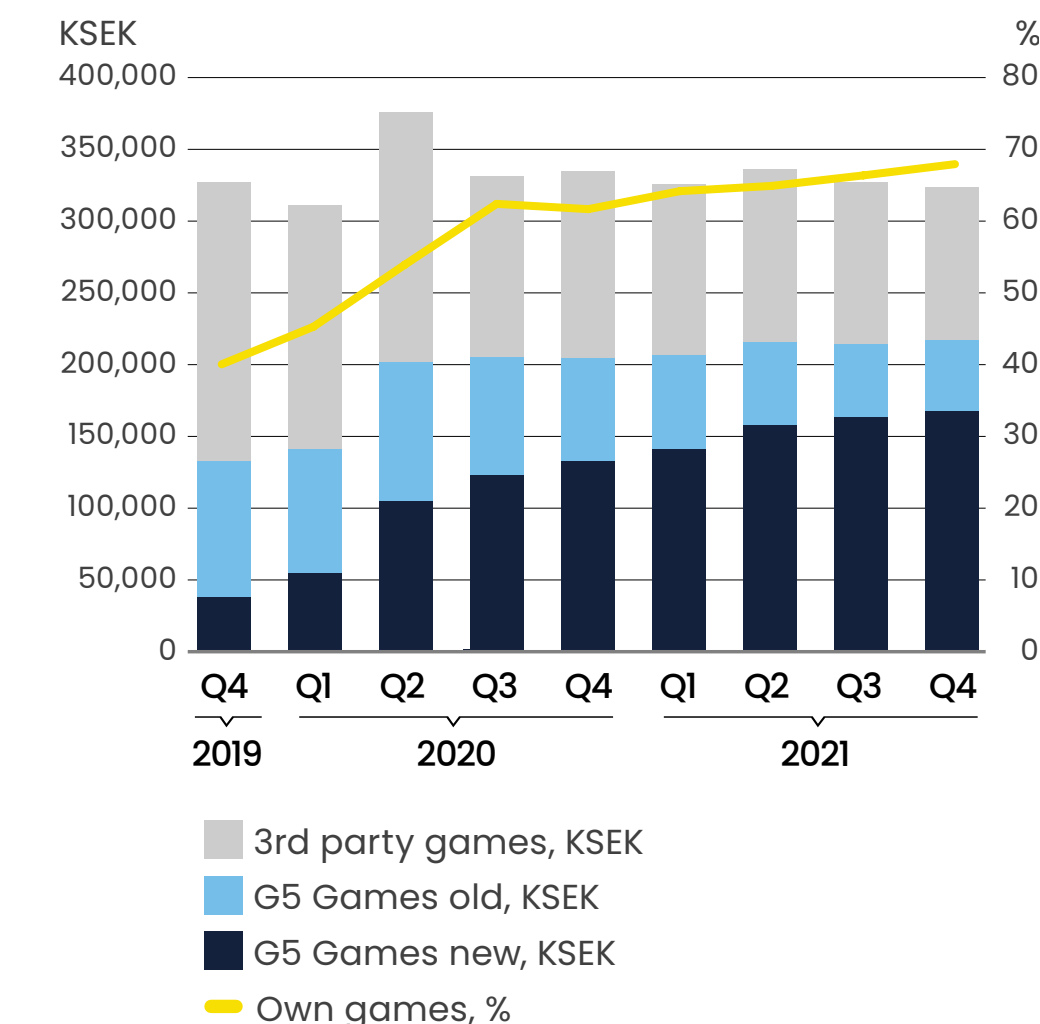
Net profit amounted to SEK 54.2 M (46.0) which equals an earnings per share, before and after dilution, of SEK 6.42 (5.30).

Revenue breakdown by geography Fourth Quarter 2021



■ North America 61%
 ■ Europe 22%
 ■ Asia 10%
 ■ ROW 6%

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



Operational metrics

F2P	Q4 '21	Q4 '20	Change
Average MAU (mn)	6.5	7.4	-12%
Average MUP (thousands)	189.7	217.8	-13%
Average MUU (mn)	4.8	5.5	-14%
Average MAGRPPU (USD)	63.3	60.3	5%
Average DAU (mn)	1.8	1.8	-1%

Corrected MAGRPPU	\$
Q1 2021	63.4
Q2 2021	66.1
Q3 2021	64.2
Q4 2021	63.3

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

Releases during the quarter

The company released Unexposed, Jewels of Orient and Mary's Mahjong during the quarter.

January–December

Revenue and gross profit

Revenue decreased with 3 per cent compared to last year, impacted strongly by the SEK/USD exchange rate. Growth in USD for the year was 4%. Revenue amounted to SEK 1,315.7 M (1,356.0).

The group's cost of revenue was SEK -505.3 M (-569.7). Gross profit

amounted to SEK 810.4 M (786.3), an increase of 3 percent compared to 2020. Gross margin was 62 percent (58).

Operating Costs

Operating costs were unchanged compared to 2020. User acquisition decreased to SEK 264.6 M (293.6). Excluding costs for user acquisition the operating costs amounted to SEK 329.8 M (303.2). The operational costs were impacted by depreciation and amortization of SEK 133.2 M (121.5) and write-downs of SEK 0.0 M (0.4).

Other operating income and costs impacted the period negatively with SEK -5.0 M (-4.2), primarily attributed to exchange rate differences on operational assets and liabilities related to balance sheet items in the parent company.

EBIT

EBIT was SEK 216.1 M (189.5) and the EBIT-margin was 16.4 percent (14.0) for the year.

Net profit

Financial items amounted to SEK -7.0 M (0.7). Tax affected the result with SEK -10.9 M (-21.6) corresponding to an effective tax rate of 5 percent (11). Net profit amounted to SEK 198.2 M (167.3) which is corresponding to earnings per share before dilution of SEK 23.32 (19.11).

Cash flow

During the fourth quarter, the group had an operating cash flow before changes in working capital of SEK 100.2 M (81.3). In the quarter taxes impacted the cash flow positively with SEK 8.0 M (-0.6). Changes in working capital impacted the cash flow with SEK -5.2 M (-2.5). Capitalized development expenses impacted the cash flow negatively with SEK -47.1 M (-33.4), also financial investments impacted negatively with SEK 20.5 M (0.0).

Cash flow before financing activities amounted to SEK 25.2 M (45.0). Financing activities were impacted by buybacks of SEK -4.1 M (-12.4), and IFRS16 bookings related to lease of premises SEK -2.2 M (-1.7).

For the full year cash flow before changes in working capital amounted to SEK 346.2 M (297.6). Cash flow amounted to SEK -40.2 M (42.5).

Available cash on December 31, 2021 amounted to SEK 150.0 M (188.4).

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 274.8 M (204.6). 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 2021	Dec 31 2020
Released games	247.5	156.1
Not released games	27.3	48.5
Book value of games portfolio	274.8	204.6

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

Consolidated equity amounted to SEK 492.4 M (431.8), which equals SEK 58.3 per share (49.8) and the equity/asset ratio is 79 percent (73).

Cash on hand amounted to SEK 150.0 M (188.4).

Other long-term debt and other short term debt are 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, 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 proposes a dividend of SEK 7.0 per share (6.25) corresponding to around 30 percent (33) 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.

Related-party transactions

During the period no significant related-party transactions have taken place except the ongoing transactions highlighted in the annual report 2020.

Upcoming report dates

Interim report Jan-March 2022	May 5, 2022
Annual General Meeting 2022	June 15, 2022
Interim report Jan-Jun 2022	August 11, 2022
Interim report Jan-Sep 2022	November 9, 2022

Teleconference

On February 10th, 2022 at 08.00 CET, CEO Vlad Suglobov and CFO Stefan Wikstrand will present the interim report in a conference call.

For dial-in details please visit: <https://corporate.g5e.com/investors/calendar>

Forward-looking statements

This report may contain statements concerning, among other things, G5 Entertainment's financial position and performance as well as statements on market conditions that may be forward-looking.

G5 Entertainment believes that the expectations reflected in such forward-looking statements are based on reasonable assumptions. However, forward-looking statements involve inherent risks and uncertainties and actual results or outcomes may differ materially from those expressed. Forward-looking statements relate only to the date they were made and, other than as required by applicable law, G5 Entertainment undertakes no obligation to update any of them in light of new information or future events.

Inquiries

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 February 10th, 2022

Petter Nylander
Chairman of the Board

Johanna Fagrell Köhler
Board member

Jeffrey Rose
Board member

Marcus Segal
Board member

Vlad Suglobov
CEO, Board member

Note:
G5 Entertainment AB (publ) is required to make the information in this interim report public in compliance with the Swedish Securities Market Act. The information was submitted for publication on February 10th, 2022 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 2021	Oct-Dec 2020	2021	2020
Net turnover	324,576	335,331	1,315,703	1,356,048
Cost of revenue	-112,557	-137,921	-505,256	-569,728
Gross profit	212,019	197,410	810,447	786,320
Research and Development expenses	-50,908	-39,541	-189,180	-178,866
Sales and Marketing expenses	-79,200	-85,093	-315,343	-338,970
General and administrative expenses	-23,578	-17,802	-84,800	-74,724
Other operating income	-1,244	19,220	-3,358	23,925
Other operating expenses	-493	-21,872	-1,646	-28,142
Operating result	56,596	52,323	216,121	189,544
Financial income	95	21	175	280
Financial expenses	-4,480	-155	-7,209	-1,005
Operating result after financial items	52,212	52,189	209,086	188,819
Taxes	2,035	-6,232	-10,878	-21,552
Net result for the year	54,246	45,957	198,208	167,267
Attributed to:				
Parent company's shareholders	54,246	45,957	198,208	167,267

KSEK	Oct-Dec 2021	Oct-Dec 2020	2021	2020
Earnings per share				
Weighted average number of shares (thousands)	8,444	8,670	8,498	8,751
Weighted average number of shares after dilution, (thousands)	8,444	8,670	8,498	8,751
Earnings per share (SEK) before dilution	6.42	5.30	23.32	19.11
Earnings per share (SEK) after dilution	6.42	5.30	23.32	19.11

STATEMENT OF COMPREHENSIVE INCOME – GROUP

KSEK	Oct-Dec 2021	Oct-Dec 2020	2021	2020
Net result for the period	54,246	45,957	198,208	167,267
Items that later can be reversed in profit				
Foreign currency translation differences	14,728	-27,879	37,343	-36,015
Total other comprehensive income for the period	14,728	-27,879	37,343	-36,015
Total comprehensive income for the period	68,974	18,078	235,551	131,252
Attributed to:				
Parent company's shareholders	68,974	18,078	235,551	131,252

BALANCE SHEET - GROUP

KSEK	Dec 31 2021	Dec 31 2020
Fixed assets		
Intangible fixed assets		
Capitalized development expenses (Note 2)	274,757	204,649
	274,757	204,649
Tangible fixed assets		
Equipment	26,013	15,506
	26,013	15,506
Long term Investments	18,088	-
Deferred tax receivable	-	57,672
Total non-current assets	318,858	277,827
Current assets		
Accounts receivable	3	558
Tax receivable	3,880	3,799
Other receivables (Note 3,4)	11,575	7,770
Prepaid expenses and accrued income	129,316	114,827
Short term investments	12,195	0
Cash and cash equivalents	149,964	188,411
Total current assets	306,933	315,366
Total assets	625,791	593,192

KSEK	Dec 31 2021	Dec 31 2020
Equity		
Total shareholders' equity	492,410	431,807
Long-term liabilities		
Deferred tax liabilities	466	627
Long-term liabilities	4,841	1,776
Total long-term liabilities	5,307	2,403
Current liabilities (Note 5)		
Short-term liabilities	7,450	4,605
Accounts payable	24,253	12,540
Other liabilities	6,965	4,673
Tax liabilities	24,040	70,616
Accrued expenses	65,367	66,548
Total current liabilities	128,075	158,983
Total equity and liabilities	625,791	593,192

CHANGES IN SHAREHOLDERS' EQUITY - GROUP

KSEK	Share capital	Other capital contribution	Other reserves	Profit/loss brought forward	Shareholders' equity
Shareholders' equity 2020-01-01	928	50,615	23,660	310,404	385,607
Net result for the year				167,267	167,267
Total other comprehensive income			-36,015		-36,015
Total comprehensive income for the year			-36,015	167,267	131,252
Dividend				-21,869	-21,869
Premiums paid on exercised/issued warrants		252			252
Repurchase of shares		-66,483			-66,483
IFRS2 - Employee share schemes			3,048		3,048
Total transactions with the owners recognized directly in equity		-66,231	3,048	-21,869	-85,052
Shareholders' equity as of 2020-12-31	928	-15 616	-9,307	455,802	431,807
Shareholders' equity 2021-01-01	928	-15,616	-9,307	455,802	431,807
Net result for the year				198,208	198,208
Total other comprehensive income			37,343		37,343
Total comprehensive income for the year			37,343	198,208	235,551
Dividend				-54,097	-54,097
Repurchase of shares		-126,022			-126,022
IFRS2 - Employee share schemes			5,171		5,171
Total transactions with the owners recognized directly in equity		-126,022	5,171	-54,097	-174,948
Shareholders' equity as of 2021-12-31	928	-141,638	33,207	599,913	492,410

CASH FLOW STATEMENT - GROUP

KSEK	Oct-Dec 2021	Oct-Dec 2020	2021	2020
Cash flow from operating activities				
Profit after financial items	52,211	52,189	209,086	188,819
Adjusting items not included in cash flow	39,997	29,737	144,393	121,897
	92,208	81,926	353,479	310,716
Taxes paid	7,993	-604	-7,241	-13,091
Cash flow before changes in working capital	100,201	81,322	346,238	297,625
Cash flow from changes in working capital				
Change in operating receivables	413	19,888	-8,084	-14,959
Change in operating liabilities	-5,599	-22,368	22,477	-13,577
Cash flow from operating activities	95,015	78,842	360,631	269,089
Investing activities				
Investment in fixed assets	-2,143	-450	-9,701	-2,335
Capitalized development expenses	-47,124	-33,394	-162,523	-126,664
Short term investments	-2,424	-	-18,213	-
Long term investments	-18,088	-	-18,088	-
Cash flow from investing activities	-69,779	-33,844	-208,525	-128,999

KSEK	Oct-Dec 2021	Oct-Dec 2020	2021	2020
Financing activities				
Lease financing	-2,158	-1,711	-12,219	-9,528
Dividend	-	-	-54,097	-21,869
Repurchase shares	-4,122	-12,429	-126,022	-66,483
Premiums warrant program	-	-	-	252
Cash flow from financing activities	-6,280	-14,140	-192,338	-97,628
Cash flow	18,956	30,858	-40,232	42,462
Cash at the beginning of the period	130,880	160,830	188,411	152,268
Cash flow	18,956	30,858	-40,232	42,462
Exchange rate differences	128	-3,277	1,785	-6,319
Cash at the end of the period	149,964	188,411	149,964	188,411

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 2020, except for the stated below.

Investments and other financial assets

(i) Classification

The group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date, being the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in the income statement.

Equity instruments

The group subsequently measures all equity investments at fair value. Where the group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the group's right to receive payments is established.

Note 2

Capitalized development expenses

KSEK	Oct-Dec 2021	Oct-Dec 2020	2021	2020
At the beginning of the period	249,939	217,010	204,649	211,419
Investments	47,124	33 393	162,523	126,664
Write-downs	-	-	-	-409
Amortization	-29,838	-26 095	-116,031	-105,664
Net change during the period	17,286	7,298	46,492	20,590
Currency exchange differences	7,533	-19,659	23,617	-27,361
At the end of the period	274,757	204,649	274,757	204,649

Note 3

Other receivables

Other receivables include SEK 5.3 M (2.4) 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.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

The interim report is on pages 1–16, and pages 1–8 are thus an integrated part of this financial report.

Note 4

Pledged assets and contingent liabilities

G5 Entertainment has pledged assets amounting to SEK 3 M. G5 Entertainment does not have any contingent liabilities.

Note 5

Fair value

G5 group has financial instruments under long- and short term investments that are accounted for at fair value. The carrying amount for financial instruments correspond to fair value.

INCOME STATEMENT – PARENT COMPANY

KSEK	Oct-Dec 2021	Oct-Dec 2020	2021	2020
Net turnover	324,576	335,331	1,315,703	1,356,048
Cost of revenue	-241,748	-238,798	-1,012,047	-1,003,800
Gross profit	82,828	96,533	303,656	352,248
Research and development expenses	-26	-25	-107	-112
Sales and Marketing expenses	-67,648	-35,955	-236,178	-56,756
General and administrative expenses	-7,314	-51,859	-71,316	-289,286
Other operating income	2,413	0	13,915	0
Other operating expenses	-3,896	-2,379	-17,705	-5,223
Operating result	6,357	6,315	-7,734	871
Financial income	170,931	11	348,393	5,004
Financial expenses	-4,219	0	-6,028	-140
Operating result after financial items	173,069	6,326	334,631	5,736
Taxes	-2,895	-1,355	0	-399
Net result for the period	170,174	4,972	334,631	5,337

STATEMENT OF COMPREHENSIVE INCOME – PARENT COMPANY

KSEK	Oct-Dec 2021	Oct-Dec 2020	2021	2020
Net result for the period	170,174	4,972	334,631	5,337
Items that later can be reversed in profit				
Foreign currency translation differences				
Total other comprehensive income for the period	170,174	4,972	334,631	5,337

BALANCE SHEET – PARENT COMPANY

KSEK	Dec 31 2021	Dec 31 2020
Fixed assets		
Tangible fixed assets		
Tangible fixed assets	22	39
Financial fixed assets		
Shares in group companies	70	70
Long term investments	18,088	-
Total fixed assets	18,179	108
Current assets		
Account receivables	3	558
Receivables from group companies	170,023	1
Tax receivables	2,751	2,559
Other receivables	3,847	321
Prepaid expenses and accrued income	122,901	110,468
Short term investments	12,195	-
Cash and cash equivalents	127,096	171,054
Total current assets	438,816	284,960
Total assets	456,995	285,069

KSEK	Dec 31 2021	Dec 31 2020
Restricted equity		
Share capital	928	928
Non-restricted equity		
Share premium reserve	51,415	50,996
Profit/Loss carried forward	-145,673	29,080
Net result for the period	334,631	5,337
Total equity	241,302	86,341
Current liabilities		
Accounts payable	21,487	617
Tax Liability	-	-
Liability to group companies	189,566	184,408
Other liability	1,575	2,218
Accrued expenses	3,065	11,485
Total current liabilities	215,694	198,727
Total equity and liabilities	456,995	285,069

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 tech-

nology, 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's definitions are included below.

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

Operational terms

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

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

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

Monthly Unique Users (MUU) is the number of individuals who played a G5 game at least once during a calendar month. An individual who plays two different games during the month is counted as one MUU.

Numbers presented in the report are the average of the three months in any given quarter.

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

About G5 Entertainment

G5 Entertainment AB (publ) (G5) develops and publishes high quality free-to-play games for G5 Store, Apple App Store, Google Play, Microsoft Store, Amazon Appstore etc. The games are easy to learn and targeted at the widest audience of experienced and novice players. G5's portfolio includes a number of popular games like Jewels of Rome™, Sherlock Hidden Match-3 cases, Hidden City®, Mahjong Journey®, Homicide Squad®, The Secret Society® Word-play: Search Word Puzzle™ and Jewels of the Wild West™. 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 1111 5
E-MAIL: CONTACT@G5E.COM
Org.nr. 556680-8878
WWW.G5E.COM

