



**G5 Entertainment AB**

**Interim  
Report  
Q2 2022**

**JANUARY – JUNE 2022**



# INTERIM REPORT JANUARY – JUNE 2022

## April – June 2022

- Revenue for the period was SEK 343.5 M (337.0), an increase of 2 percent compared to the same period in 2021. In USD terms revenue declined 13 percent year-over-year.
- Gross margin increased to 66 percent (59 percent), as larger share of revenue is coming from own games and lower store fees, primarily from Microsoft.
- EBIT for the period was SEK 1.0 M (43.2). EBIT was significantly impacted by the increased user acquisition (UA) investments on Sherlock as was communicated in the Jan-Mar 2022 interim report. UA expenses in percent of revenue temporarily rose to 35% compared to 20% in the previous quarter.
- Net result for the period was SEK -2.6 M (40.2).
- Earnings per share for the period, before dilution, was SEK -0.31 (4.67).
- Cash flow amounted to SEK 33.9 M (-45.1).
- Average Monthly Active Users (MAU) was 6.4 million, a decrease of 5 percent compared to the same period in 2021. Average Daily Active Users (DAU) was 1.8 million, an increase of 1 percent compared to the same period in 2021. Average Monthly Unique Payers (MUP) was 183.9 thousand, a decrease of 9 percent while Average Monthly Average Gross Revenue Per Paying User (MAGRPPU) was USD 64.1, a decrease of 3 percent.

## FINANCIAL KEY RATIOS

KSEK	Apr-Jun 2022	Apr-Jun 2021	Change %	Jan-Jun 2022	Jan-Jun 2021	Change %	Jul-Jun 21/22	2021	Change %
Revenue	343,502	336,998	2%	676,567	663,570	2%	1,328,700	1,315,703	1%
Commission to distributors <sup>1</sup>	-79,011	-98,137	-19%	-154,454	-193,256	-20%	-310,382	-349,183	-11%
Royalty to external developers <sup>2</sup>	-37,255	-40,270	-7%	-72,875	-79,967	-9%	-148,981	-156,073	-5%
<b>Gross profit</b>	<b>227,236</b>	<b>198,590</b>	<b>14%</b>	<b>449,238</b>	<b>390,347</b>	<b>15%</b>	<b>869,338</b>	<b>810,447</b>	<b>7%</b>
Gross margin	66%	59%		66%	59%		65%	62%	
Operating costs excluding costs for user acquisition	-105,370	-78,964	33%	-207,556	-154,495	34%	-382,816	-329,755	16%
EBIT excluding costs for user acquisition	121,866	119,626	2%	241,681	235,851	2%	486,521	480,691	1%
<b>EBIT margin before costs for user acquisition</b>	<b>35%</b>	<b>35%</b>		<b>36%</b>	<b>36%</b>		<b>37%</b>	<b>37%</b>	
Costs for user acquisition <sup>3</sup>	-120,869	-76,453	58%	-187,048	-132,782	41%	-318,836	-264,571	21%
Costs for user acquisition as percentage of revenue	-35%	-23%		-28%	-20%		-24%	-20%	
<b>EBIT</b>	<b>996</b>	<b>43,173</b>	<b>-98%</b>	<b>54,633</b>	<b>103,069</b>	<b>-47%</b>	<b>167,685</b>	<b>216,121</b>	<b>-22%</b>
EBIT margin (%)	0.3%	12.8%		8.1%	15.5%		12.6%	16.4%	
<b>Earnings per share before dilution</b>	<b>-0.31</b>	<b>4.67</b>	<b>-107%</b>	<b>5.50</b>	<b>10.93</b>	<b>-50%</b>	<b>17.60</b>	<b>23.32</b>	<b>-25%</b>
Cash flow before financing activities	92,937	12,173		129,425	74,337		207,194	152,106	
Cash and cash equivalents	226,317	169,379		226,317	169,379		226,317	149,964	

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

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

<sup>3</sup> 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: Adapting to a difficult environment



The second quarter remained busy as the company and its employees continued to adapt to the war in Ukraine and the difficult global economic environment.

The period was also challenging for mobile games in our core genres. Figures that we have compiled from market intelligence company SensorTower, showed match-3 games declining 10% and hidden object games slightly down compared to last year. The audience trends we are seeing suggest the mobile gaming market is returning to a pre-pandemic quarterly pattern, where historically Q2 and Q3 are weaker “summer” quarters and Q1 and Q4 are stronger as people spend more time playing indoors. The pattern was disturbed by the Covid pandemic, but now seems to have returned. Accordingly, we expect player activity to ramp up toward the end of the year.

In USD terms revenue was down 13 percent y-o-y and 2 percent q-o-q, a number that is accentuated by the strengthening USD compared to all our major markets such as EUR and JPY. We also have an impact from the removal of the games from Russian application stores.

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**Sherlock became our top game by revenue on Apple and Google, and now is 19.5 percent of net revenue**

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G5 is an agile mobile games developer, and as we flagged previously, we boosted our investment in user acquisition (UA) to stimulate faster revenue growth of Sherlock. The company’s UA expenses as a percent of revenue rose to 35 percent as we targeted growth in Sherlock’s audience. The boost for Sherlock helped lift the game’s MAU, MPU, organic downloads and conversions (see the accompanying charts). As a result of this strategy, Sherlock became our top game by revenue on Apple and Google, and the game is now representing 19.5 percent of the net revenue compared to 7.4 percent in the second quarter last year. In total the new generation games, those released in summer 2019 and later, grew 24 percent y-o-y, and 5 percent sequentially. In USD terms, the new generation games grew 6 percent y-o-y and were unchanged compared to the first quarter, a strong result given the seasonality and fx development in the quarter.

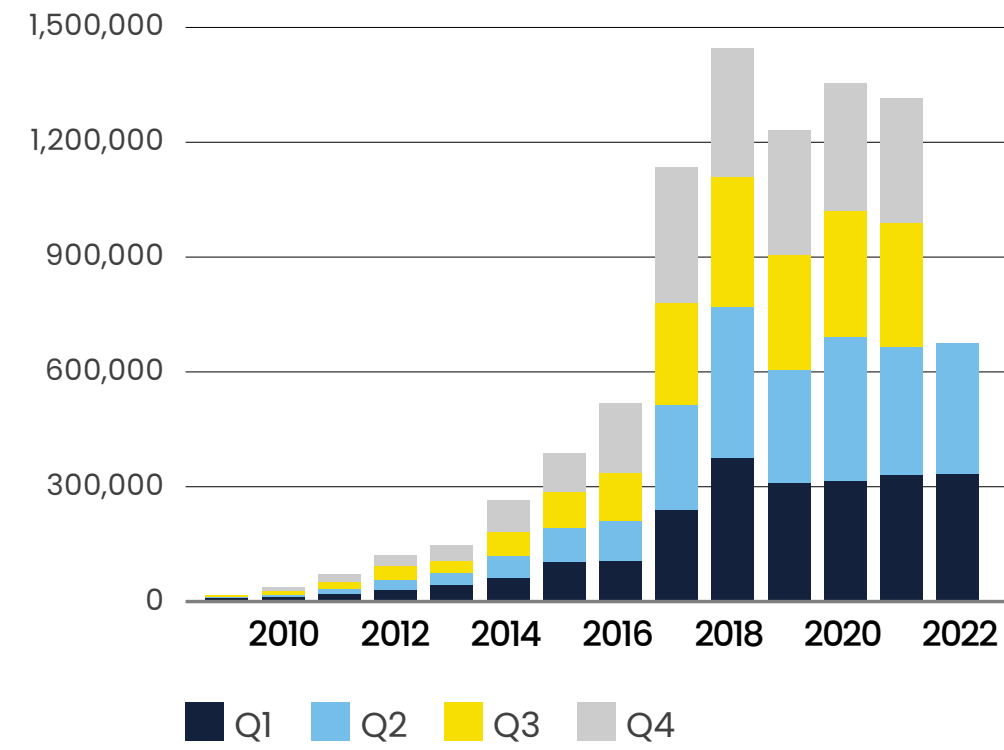
In SEK terms, the Licensed games shrank 14 percent y-o-y and older own games declined 24 percent, sequentially the numbers were +5 percent and -13 percent respectively.

While we consider Sherlock boost a success, unfortunately, G5 didn’t reach its most optimistic expectations. Despite strong growth in Sherlock, due to the headwinds mentioned there was a reduction of active users across most of the rest of the portfolio.

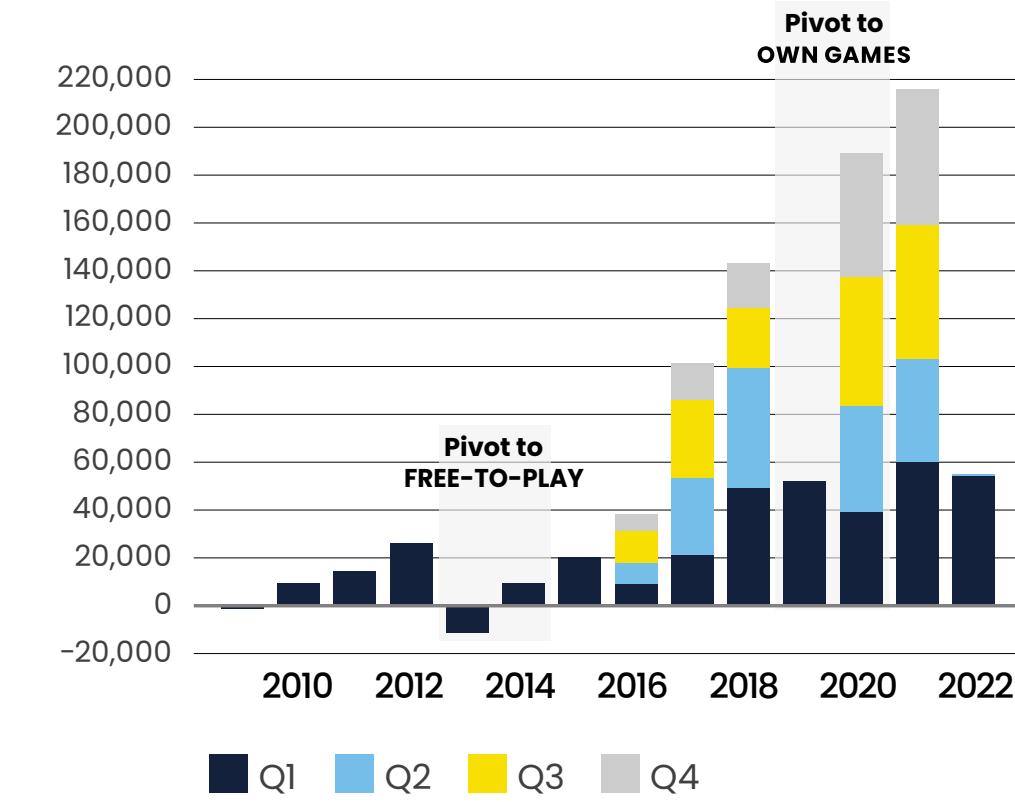
The Sherlock UA boost continued in Q3 for the month of July after which we brought UA expenses back to a normal level. We are confident that before the end of the year Sherlock is going to be G5’s biggest revenue generator across all platforms. August and onwards, UA expenses will remain



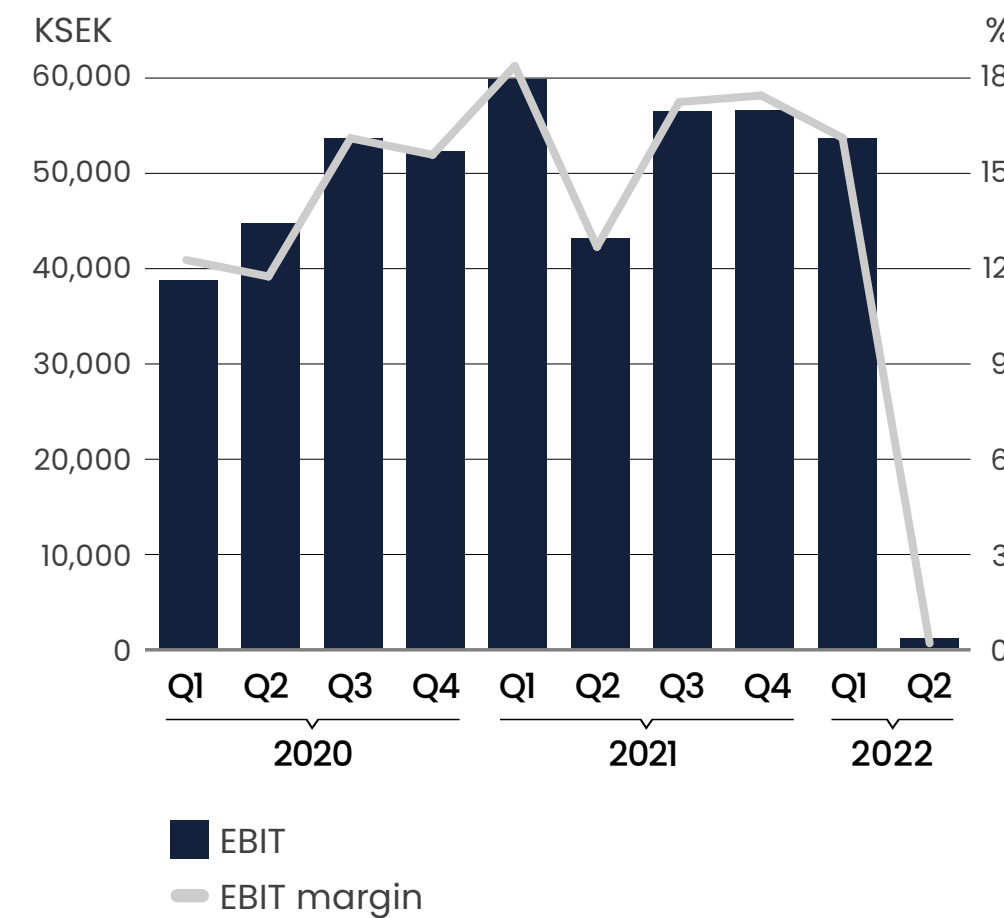
Revenue KSEK



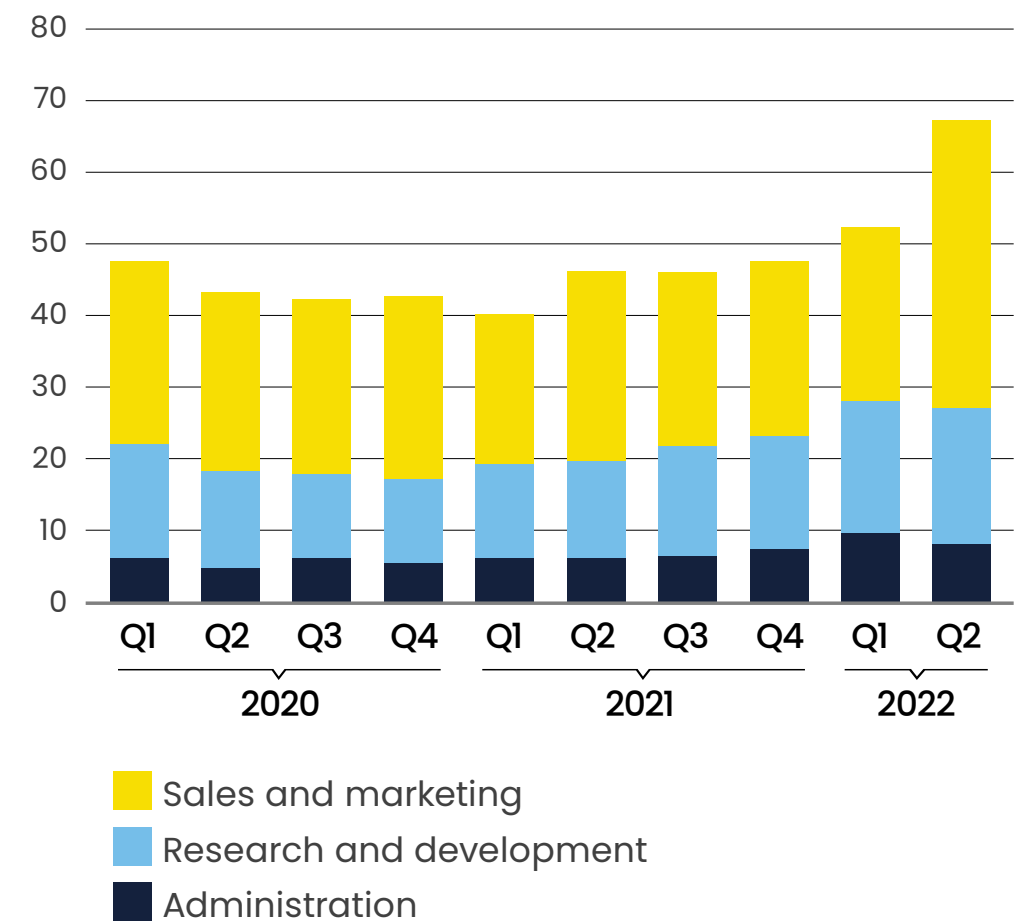
EBIT KSEK



EBIT (KSEK) | EBIT-margin (%)



Costs in % of revenue



in our earlier communicated range of 17-22% of revenue.

Reported EBIT was only 1 MSEK, due in large part to the increased UA spend, but also due to some pressure from increasing costs as some of our major expense currencies have been very strong during the quarter. If G5's UA spend would have been around the usual level of around 20%, the EBIT margin would have been at a healthy 15% level.

During the past quarter we continued to work on new updates and new games. We released two games during the quarter, and we are on track to release the six new games we communicated when entering the year.

It is important to touch on the status of our employees and how G5 is adapting to the war in Ukraine. Most of our employees are in the areas of Ukraine where situation is more stable and they can work productively. Our Ukrainian office is still the largest. At the same time, we have made great progress in the relocation of employees and the pace of relocation has increased month by month in the second quarter. By now we are getting close to having 125 people, or about 13% of the workforce, across our new entities in Poland, Armenia, Georgia, Montenegro and Bulgaria, with a smaller number of employees in several other countries. We are gradually but surely moving toward a workforce that is more distributed across a number of countries across Europe.

**We are getting close to having 125 people, or about 13% of the workforce, in our new entities**

G5 finished the second quarter with a strong cash position after paying out the highest dividend in the company's history, even though we have some timing effects in accounts payable improving the cash position. The company remains profitable, cash flow positive and has zero debt. For the rest of the year, UA spend will return to a normal range, and we expect FX pressure to ease. We also expect profitability to

rebound to normal levels and the mobile games market to pick up in Q4 and Q1 2023.

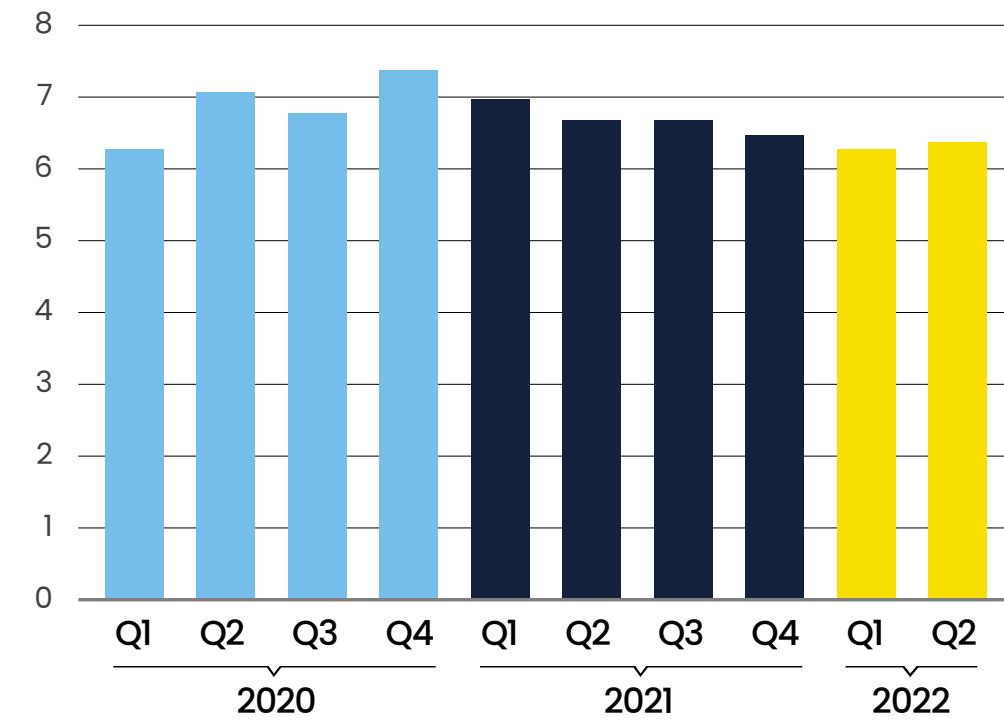
G5 remains in a strong position. I'm thankful to have such a strong team working to drive the company forward.

Thanks for following us at G5.

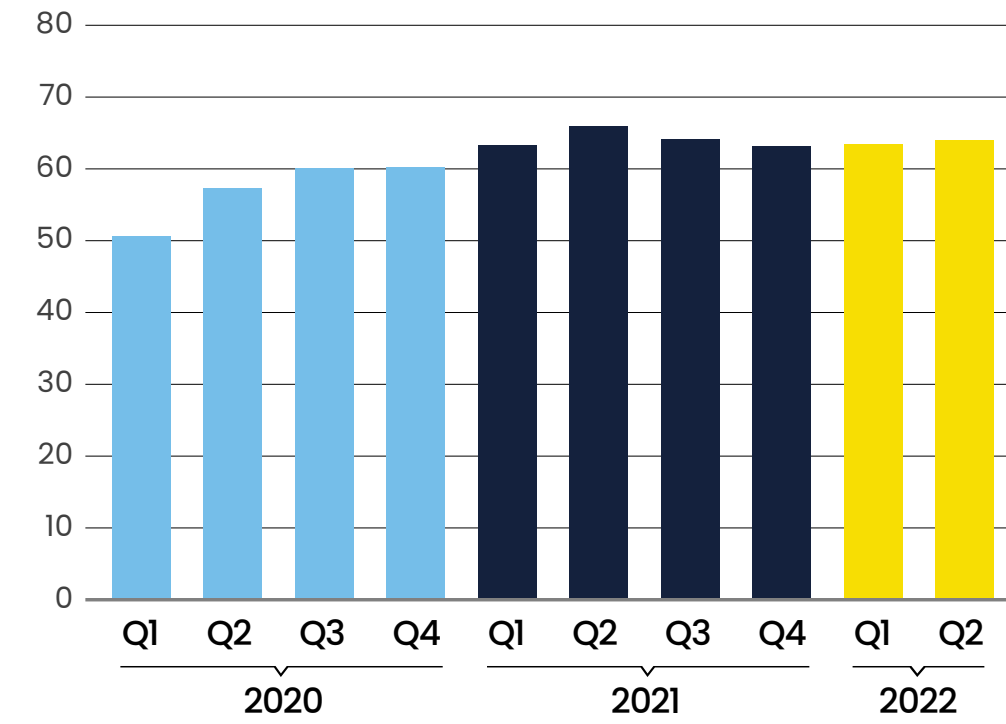
August 11th, 2022

Vlad Suglovov, CEO, co-founder

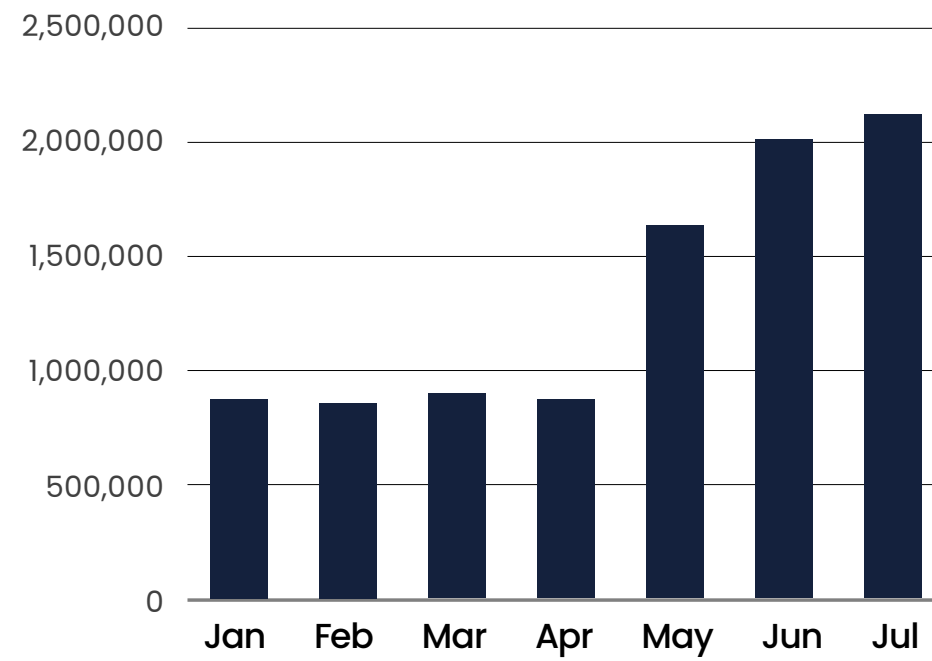
MAU, mn



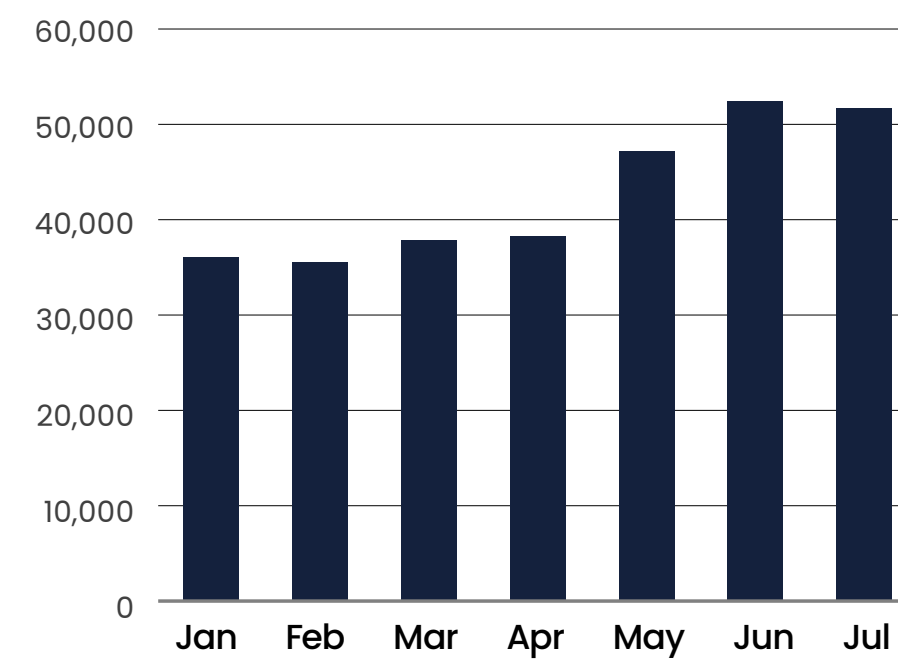
MAGRPPU, USD



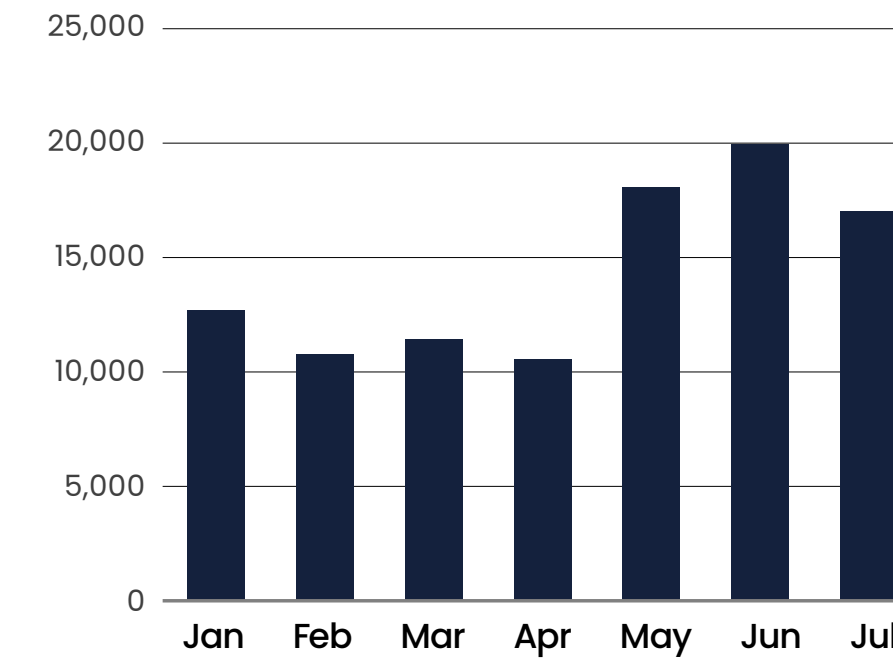
Sherlock - MAU by month 2022



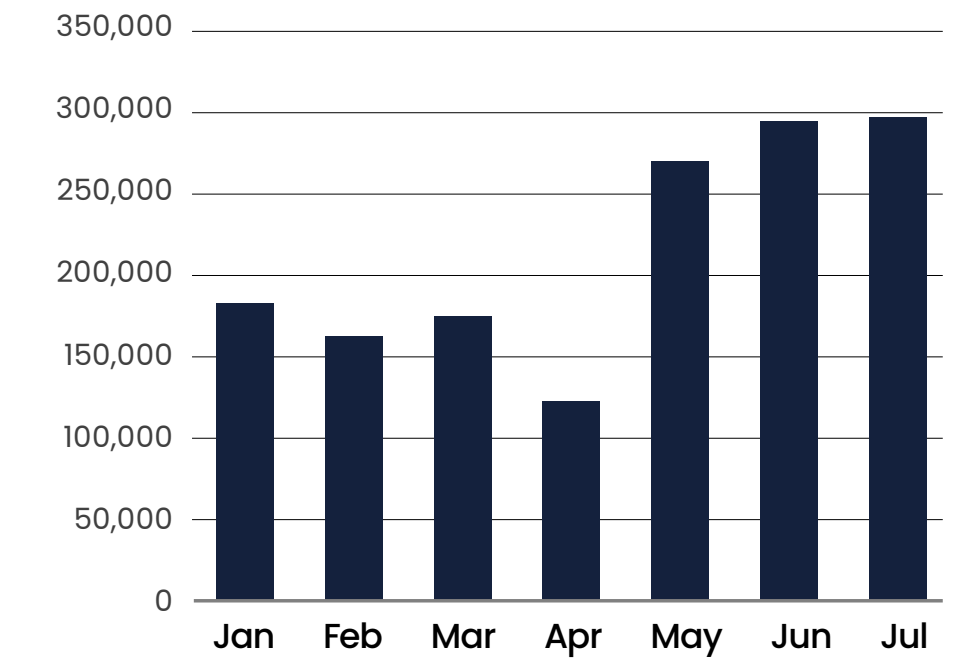
Sherlock - Monthly paying audience 2022



Sherlock - New paying audience 2022



Sherlock - Organic downloads 2022



## April – June

### Revenue and gross profit

Revenue amounted to SEK 343.5 M (337.0). Revenue increased by 2 percent compared to the same period in 2021, in USD the revenue declined by 13%.

Cost of revenue decreased to SEK 116.3 M (138.4). Cost of revenue includes commission to the distributors. Most parties still charge up to 30 percent of gross revenue, except for Microsoft Store with commission fees of 12 percent since August 2021 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 7 percent compared to the same period in 2021.

Gross margin for the period was 66 percent (59). Gross profit for the quarter increased by 14 percent compared to the second quarter in 2021 and was SEK 227.2 M (198.6).

### Operational Costs

Costs for research and development were SEK 65.9 M (45.6) during the period. The increase in costs is primarily driven by a lower capitalization factor and higher amortization, the increase is also related to a strong RUB/SEK exchange rate for the second quarter.

Sales and marketing increased to SEK 137.5 M (88.9). Sales and marketing is primarily affected by the costs for user acquisition. During the quarter the cost for user acquisition was SEK 120.9 M (76.5). Cost for user acquisition as a percentage of sales was 35 percent, compared to 23 percent in the same

period in 2021. Sales and marketing, excluding user acquisition, increased to SEK 16.6 M (12.4).

General and administrative costs amounted to SEK 28.0 M (20.6). Other operating income amounted to SEK 5.2 M (0.0) and other operating expenses amounted to SEK 0 M (-0.3). Together they amounted to SEK 5.2 M (-0.3), 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 36.5 M (33.9). Capitalization of intangible assets amounted to SEK 46.4 M (39.1). During the quarter no write-downs were made. Net effect of capitalization and amortization, net capitalization, on intangible assets amounted to SEK 11.6 M (9.8).

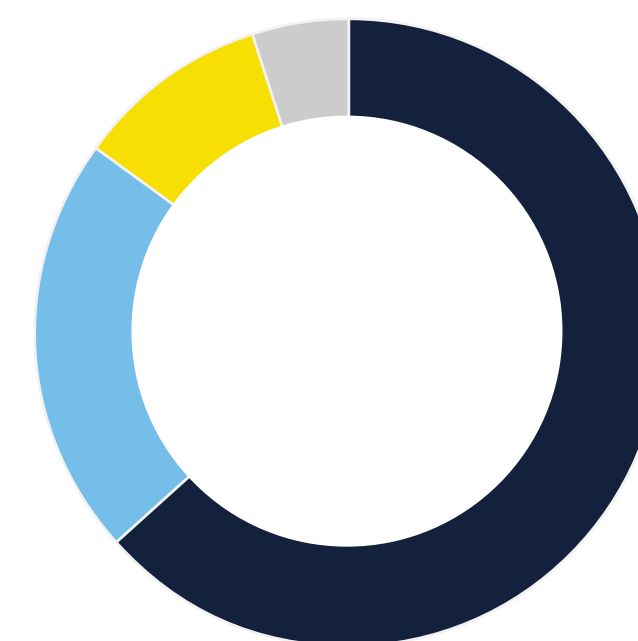
Earnings before interest and taxes (EBIT) amounted to SEK 1.0 M (43.2), corresponding to an EBIT margin of 0.3 percent (12.8).

### Net profit

Financial items were impacted negatively by the write-down of short-term investments. Tax affected the result with SEK -1.9 M (-2.7).

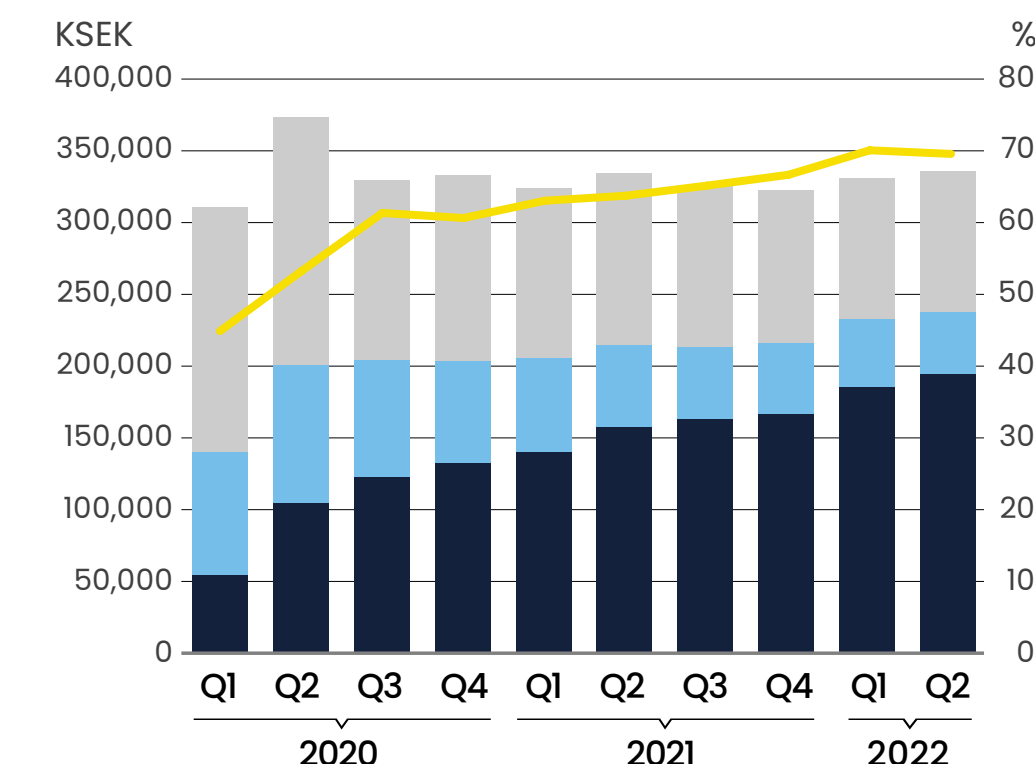
Net profit amounted to SEK -2.6 M (40.2) which equals an earnings per share, before and after dilution, of SEK -0.31 (4.67).

### Revenue breakdown by geography Second Quarter 2022



■ North America 64%  
■ Europe 22%  
■ Asia 10%  
■ ROW 5%

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



■ 3rd party games, KSEK  
■ G5 Games old, KSEK  
■ G5 Games new, KSEK  
■ Own games, %



## Operational metrics

F2P	Q2 '22	Q2 '21	Change
Average MAU (mn)	6.4	6.7	-5%
Average MUP (thousands)	183.9	203.2	-9%
Average MUU (mn)	4.8	5.0	-4%
Average MAGRPPU (USD)	64.1	66.1	-3%
Average DAU (mn)	1.8	1.7	1%

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

### Releases during the quarter

The company released Martha's Mystery and Mystery Estate, both in soft launch, during the quarter.

## January–June

### Revenue and gross profit

Revenue increased with 2 per cent compared to the same period last year, impacted strongly by the SEK/USD exchange rate. Growth in USD for the interim period was -11%. Revenue amounted to SEK 676.6 M (663.6).

The group's cost of revenue was SEK 227.3 M (273.2). Gross profit amounted to SEK 449.2 M (390.3), an increase of 15 percent compared to the same period in 2021. Gross margin was 66 percent (59).

### Operating Costs

Operating costs increased 42 per cent compared to the same period in 2021. User acquisition increased to SEK 187.0 M (132.8). Excluding costs for user acquisition the operating costs amounted to SEK 207.6 M (154.5). The operational costs were impacted by depreciation and

amortization of SEK 72.2 M (65.9) and write-downs of SEK 0.0 M (0.0).

Other operating income and costs impacted the period positively with SEK 10.5 M (-1.8), primarily attributed to exchange rate differences on operational assets and liabilities related to balance sheet items in the parent company.

### EBIT

EBIT was SEK 54.6 M (103.1) and the EBIT-margin was 8.1 percent (15.5) for the period.

### Net profit

Net profit was marginally affected by financial items. Tax affected the result with SEK -5.6 M (-8.5) corresponding to an effective tax rate of 11 percent (8). Net profit amounted to SEK 47.3 M (94.0) which is corresponding to earnings per share before dilution of SEK 5.50 (10.93).

## Cash flow

During the second quarter, the group had an operating cash flow before changes in working capital of SEK 47.2 M (72.2). In the quarter taxes impacted the cash flow negatively with SEK -2.0 M (-4.5). Changes in working capital impacted the cash flow with SEK 119.2 M (-7.4). Capitalized development expenses impacted the cash flow negatively with SEK -72.2 M (-39.1).

Cash flow before financing activities amounted to SEK 92.9 M (12.2). Financing activities were impacted by dividends SEK 59.1 M (-54.1) and IFRS16 bookings related to lease of premises SEK 1.1 M (-7.1).

For the interim period Jan - Jun cash flow before changes in working capital amounted to SEK 122.1 M (162.8). The cashflow for the period amounted to SEK 69.4 (-20.0).

Available cash on June 30, 2022 amounted to SEK 226.3 M (169.4).

## 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 333.4 M (230.6). 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	Jun 30 2022	Jun 30 2021
Released games	276.4	214.1
Not released games	57.0	16.5
Book value of games portfolio	333.4	230.6

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 530.5 M (452.8), which equals SEK 62.9 per share (52.6) and the equity/asset ratio is 70 percent (67).

Cash on hand amounted to SEK 226.3 M (169.4).

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

#### 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 2021.

### Upcoming report dates

Interim report Jan-Sep 2022

November 9, 2022

Year-end report 2022

February 9, 2022

### Teleconference

On August 11th, 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

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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 August 11th, 2022

Petter Nylander  
Chairman of the Board

Johanna Fagrell Köhler  
Board member

Jeffrey Rose  
Board member

Sara Börsvik  
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 August 11th, 2022 at 07.00. 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 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Jul-Jun 21/22	2021
Net turnover	343,502	336,998	676,567	663,570	1,328,700	1,315,703
Cost of revenue	-116,266	-138,408	-227,329	-273,223	-459,362	-505,256
<b>Gross profit</b>	<b>227,236</b>	<b>198,590</b>	<b>449,238</b>	<b>390,347</b>	<b>869,338</b>	<b>810,447</b>
Research and Development expenses	-65,937	-45,596	-127,712	-88,596	-228,296	-189,180
Sales and Marketing expenses	-137,512	-88,897	-217,897	-156,684	-376,556	-315,343
General and administrative expenses	-28,019	-20,625	-59,501	-40,182	-104,118	-84,800
Other operating income	5,228	196	26,250	-1,055	23,946	-3,358
Other operating expenses	0	-495	-15,743	-761	-16,628	-1,646
<b>Operating result</b>	<b>996</b>	<b>43,173</b>	<b>54,633</b>	<b>103,069</b>	<b>167,685</b>	<b>216,121</b>
Financial income	499	31	651	53	774	175
Financial expenses	-2,210	-306	-2,407	-650	-8,967	-7,209
<b>Operating result after financial items</b>	<b>-714</b>	<b>42,898</b>	<b>52,877</b>	<b>102,472</b>	<b>159,492</b>	<b>209,086</b>
Taxes	-1,871	-2,688	-5,602	-8,490	-7,990	-10,878
<b>Net result for the year</b>	<b>-2,585</b>	<b>40,211</b>	<b>47,276</b>	<b>93,982</b>	<b>151,501</b>	<b>198,208</b>
<b>Attributed to:</b>						
Parent company's shareholders	-2,585	40,211	47,276	93,982	151,501	198,208

KSEK	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Jul-Jun 21/22	2021
<b>Earnings per share</b>						
Weighted average number of shares (thousands)	8,440	8,607	8,596	8,596	8,610	8,498
Weighted average number of shares after dilution, (thousands)	8,440	8,607	8,596	8,596	8,610	8,498
Earnings per share (SEK) before dilution	-0.31	4.67	5.50	10.93	17.60	23.32
Earnings per share (SEK) after dilution	-0.31	4.67	5.50	10.93	17.60	23.32

**STATEMENT OF COMPREHENSIVE INCOME - GROUP**

KSEK	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Jul-Jun 21/22	2021
<b>Net result for the period</b>	<b>-2,585</b>	<b>40,211</b>	<b>47,276</b>	<b>93,982</b>	<b>151,501</b>	<b>198,208</b>
<b>Items that later can be reversed in profit</b>						
Foreign currency translation differences	46,223	-9,459	46,427	12,680	15,408	37,343
<b>Total other comprehensive income for the period</b>	<b>46,223</b>	<b>-9,459</b>	<b>46,427</b>	<b>12,680</b>	<b>15,408</b>	<b>37,343</b>
<b>Total comprehensive income for the period</b>	<b>43,638</b>	<b>30,752</b>	<b>93,703</b>	<b>106,662</b>	<b>166,909</b>	<b>235,551</b>
<b>Attributed to:</b>						
Parent company's shareholders	43,638	30,752	93,703	106,662	166,909	235,551



**BALANCE SHEET - GROUP**

KSEK	Jun 30 2022	Jun 30 2021	Dec 31 2021
<b>Fixed assets</b>			
<b>Intangible fixed assets</b>			
Capitalized development expenses (Note 2)	333,384	230,608	274,757
Goodwill	0	0	0
	333,384	230,608	274,757
<b>Tangible fixed assets</b>			
Equipment	19,057	31,789	26,013
	<b>19,057</b>	<b>31,789</b>	<b>26,013</b>
Financial assets	18,088	-	18,088
Deferred tax receivable	434	77,322	-
<b>Total non-current assets</b>	<b>370,963</b>	<b>339,718</b>	<b>318,858</b>
<b>Current assets</b>			
Accounts receivable	32	0	3
Tax receivable	5,477	4,096	3,880
Other receivables (Note 4,6)	13,247	10,195	11,575
Prepaid expenses and accrued income	135,803	138,164	129,316
Financial assets	11,031	11,951	12,195
Cash and cash equivalents	226,317	169,379	149,964
<b>Total current assets</b>	<b>391,907</b>	<b>333,786</b>	<b>306,933</b>
<b>Total assets</b>	<b>762,871</b>	<b>673,504</b>	<b>625,791</b>

KSEK	Jun 30 2022	Jun 30 2021	Dec 31 2021
<b>Equity</b>			
<b>Total shareholders' equity</b>	<b>530,467</b>	<b>452,786</b>	<b>492,410</b>
<b>Long-term liabilities</b>			
Deferred tax liabilities	599	651	466
Long-term liabilities	1,810	14,783	4,841
<b>Total long-term liabilities</b>	<b>2,409</b>	<b>15,435</b>	<b>5,307</b>
<b>Current liabilities (Note 5)</b>			
Short-term liabilities	1,028	4,652	7,450
Accounts payable	105,988	3,090	24,253
Other liabilities	24,992	14,100	6,965
Tax liabilities	20,790	100,031	24,040
Accrued expenses	77,196	83,412	65,367
<b>Total current liabilities</b>	<b>229,994</b>	<b>205,284</b>	<b>128,075</b>
<b>Total equity and liabilities</b>	<b>762,871</b>	<b>673,504</b>	<b>625,791</b>

**CHANGES IN SHAREHOLDERS' EQUITY - GROUP**

<b>KSEK</b>	<b>Share capital</b>	<b>Other capital contribution</b>	<b>Other reserves</b>	<b>Profit/loss brought forward</b>	<b>Shareholders' equity</b>
<b>Shareholders' equity 2021-01-01</b>	<b>928</b>	<b>-15,616</b>	<b>-9,307</b>	<b>455,802</b>	<b>431,807</b>
Net result for the year				53,771	53,771
Total other comprehensive income			27,752		27,752
<b>Total comprehensive income for the year</b>			<b>27,752</b>	<b>53,771</b>	<b>81,523</b>
Repurchase of shares		-34,313			-34,313
IFRS2 - Employee share schemes			855		855
<b>Total transactions with the owners recognized directly in equity</b>	<b>-</b>	<b>-34,313</b>	<b>855</b>	<b>-</b>	<b>-33,458</b>
<b>Shareholders' equity as of 2021-06-30</b>	<b>928</b>	<b>-49,929</b>	<b>19,300</b>	<b>509,573</b>	<b>479,872</b>
<b>Shareholders' equity 2022-01-01</b>	<b>928</b>	<b>-141,638</b>	<b>33,207</b>	<b>599,913</b>	<b>492,410</b>
Net result for the year				47,276	47,276
Total other comprehensive income			46 427		46 427
<b>Total comprehensive income for the year</b>			<b>46 427</b>	<b>47 276</b>	<b>93 703</b>
Dividend			-59 080		-59 080
IFRS2 - Employee share schemes			3 435		3 435
<b>Total transactions with the owners recognized directly in equity</b>		<b>0</b>	<b>-55 645</b>	<b>0</b>	<b>-55 645</b>
<b>Shareholders' equity as of 2022-06-30</b>	<b>928</b>	<b>-141,638</b>	<b>23 989</b>	<b>647 189</b>	<b>530 468</b>



**CASH FLOW STATEMENT - GROUP**

KSEK	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Jul-Jun 21/22	2021
<b>Cash flow from operating activities</b>						
Profit after financial items	-714	42,899	52,878	102,472	159,493	209,086
Adjusting items not included in cash flow	49,856	33,866	82,368	65,923	160,837	144,393
	<b>49,142</b>	<b>76,765</b>	<b>135,246</b>	<b>168,395</b>	<b>320,330</b>	<b>353,479</b>
Taxes paid	-1,971	-4,530	-13,136	-5,594	-14,783	-7,241
<b>Cash flow before changes in working capital</b>	<b>47,171</b>	<b>72,235</b>	<b>122,110</b>	<b>162,801</b>	<b>305,547</b>	<b>346,238</b>
<b>Cash flow from changes in working capital</b>						
Change in operating receivables	12,907	5,721	1,749	-19,418	13,083	-8,084
Change in operating liabilities	110,157	-13,092	127,882	22,692	127,667	22,477
<b>Cash flow from operating activities</b>	<b>170,235</b>	<b>64,864</b>	<b>251,741</b>	<b>166,075</b>	<b>446,297</b>	<b>360,631</b>
<b>Investing activities</b>						
Investment in fixed assets	-1,227	-1,704	-3,035	-5,715	-7,021	-9,701
Capitalized development expenses	-72,189	-39,055	-115,399	-74,091	-203,831	-162,523
Short term investments	-	-11,932	-	-11,932	-6,281	-18,213
Long term investments	-	-	-	-	-18,088	-18,088
<b>Cash flow from investing activities</b>	<b>-73,416</b>	<b>-52,691</b>	<b>-118,434</b>	<b>-91,738</b>	<b>-235,221</b>	<b>-208,525</b>

KSEK	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Jul-Jun 21/22	2021
<b>Financing activities</b>						
Lease financing	-161	-4,260	-1,139	-7,143	-6,215	-12,219
Dividend	-59,080	-54,097	-59,080	-54,097	-59,080	-54,097
Repurchase shares	0	1,050	0	-33,089	-92,933	-126,022
<b>Cash flow from financing activities</b>	<b>-59,241</b>	<b>-57,307</b>	<b>-60,219</b>	<b>-94,329</b>	<b>-158,228</b>	<b>-192,338</b>
<b>Cash flow</b>	<b>33,857</b>	<b>-45,134</b>	<b>69,367</b>	<b>-19,992</b>	<b>49,127</b>	<b>-40,232</b>
<b>Cash at the beginning of the period</b>	<b>187,260</b>	<b>214,732</b>	<b>149,964</b>	<b>188,411</b>	<b>169,379</b>	<b>188,411</b>
Cash flow	33,857	-45,134	69,367	-19,992	49,127	-40,232
Exchange rate differences	5,200	-219	6,986	960	7,811	1,785
<b>Cash at the end of the period</b>	<b>226,317</b>	<b>169,379</b>	<b>226,317</b>	<b>169,379</b>	<b>226,317</b>	<b>149,964</b>

**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 2021, except for the stated below.

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

**Note 2****Capitalized development expenses**

KSEK	Apr–Jun 2022	Apr–Jun 2021	Jan–Jun 2022	Jan–Jun 2021	Jul–Jun 21/22	2021
<b>At the beginning of the period</b>	<b>291,351</b>	<b>226,257</b>	<b>274,757</b>	<b>204,649</b>	<b>230,608</b>	<b>204,649</b>
Investments	46,436	39,055	115,399	74,091	178,078	162,523
Write-downs	0	0	0	0	0	0
Amortization	-34,809	-29,286	-86,193	-56,417	-127,772	-116,031
<b>Net change during the period</b>	<b>11,627</b>	<b>9,769</b>	<b>29,206</b>	<b>17,674</b>	<b>50,305</b>	<b>46,492</b>
Currency exchange differences	30,406	-5,418	-54,024	8,285	52,471	23,617
<b>At the end of the period</b>	<b>333,384</b>	<b>230,608</b>	<b>249,939</b>	<b>230,608</b>	<b>333,384</b>	<b>274,757</b>

**Note 3****Other receivables**

Other receivables include SEK 7.1 M (2.3) 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 has pledged assets amounting to SEK 3 M. G5 Entertainment does not have any 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 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Jul-Jun 21/22	2021
Net turnover	343,502	336,998	676,567	663,570	1,328,700	1,315,703
Cost of revenue	-211,747	-253,810	-473,030	-515,458	-969,619	-1,012,047
<b>Gross profit</b>	<b>131,755</b>	<b>83,188</b>	<b>203,537</b>	<b>148,112</b>	<b>359,081</b>	<b>303,656</b>
Research and development expenses	-25	-27	-51	-54	-104	-107
Sales and Marketing expenses	-123,592	-66,221	-192,030	-98,984	-329,223	-236,178
General and administrative expenses	-9,562	-22,513	-17,226	-57,280	-31,262	-71,316
Other operating income	6,224	-5,595	8,086	6,981	15,021	13,915
Other operating expenses	6,232	5,715	6,873	-8,140	-2,692	-17,705
<b>Operating result</b>	<b>11,032</b>	<b>-5,453</b>	<b>9,189</b>	<b>-9,366</b>	<b>10,821</b>	<b>-7,734</b>
Financial income	0	60,013	8	60,025	288,376	348,393
Financial expenses	-2,169	0	-2,227	0	-8,254	-6,028
<b>Operating result after financial items</b>	<b>8,863</b>	<b>54,560</b>	<b>6,971</b>	<b>50,659</b>	<b>290,942</b>	<b>334,631</b>
Taxes	-317	1,120	-317	1,924	-2,240	0
<b>Net result for the period</b>	<b>8,546</b>	<b>55,680</b>	<b>6,654</b>	<b>52,583</b>	<b>288,702</b>	<b>334,631</b>

**STATEMENT OF COMPREHENSIVE INCOME – PARENT COMPANY**

KSEK	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Jul-Jun 21/22	2021
<b>Net result for the period</b>	<b>8,546</b>	<b>55,680</b>	<b>6,654</b>	<b>52,583</b>	<b>288,702</b>	<b>334,631</b>
Items that later can be reversed in profit						
Foreign currency translation differences						
<b>Total other comprehensive income for the period</b>	<b>8,546</b>	<b>55,680</b>	<b>6,654</b>	<b>52,583</b>	<b>288,702</b>	<b>334,631</b>

**BALANCE SHEET – PARENT COMPANY**

<b>KSEK</b>	<b>Jun 30 2022</b>	<b>Jun 30 2021</b>	<b>Dec 31 2021</b>
<b>Fixed assets</b>			
<b>Tangible fixed assets</b>	13	30	22
Tangible fixed assets	13	30	22
<b>Financial fixed assets (Not 7)</b>			
Shares in group companies	82	70	70
Financial assets	18,088	-	18,088
<b>Total fixed assets</b>	<b>18,184</b>	<b>100</b>	<b>18,179</b>
<b>Current assets</b>			
Account receivables	0	0	3
Receivables from group companies	192,127	473	170,023
Tax receivables	3,935	2,973	2,751
Other receivables	2,725	65,983	3,847
Prepaid expenses and accrued income	127,828	133,807	122,901
Financial assets	11,031		12,195
Cash and cash equivalents	161,855	138,226	127,096
<b>Total current assets</b>	<b>499,501</b>	<b>341,462</b>	<b>438,816</b>
<b>Total assets</b>	<b>517,685</b>	<b>341,562</b>	<b>456,995</b>

<b>KSEK</b>	<b>Jun 30 2022</b>	<b>Jun 30 2021</b>	<b>Dec 31 2021</b>
<b>Restricted equity</b>			
Share capital	928	928	928
<b>Non-restricted equity</b>			
Share premium reserve	51,415	50,996	51,415
Profit/Loss carried forward	130,263	-52,653	-145,673
Net result for the period	6,654	52,583	334,631
<b>Total equity</b>	<b>189,260</b>	<b>51,854</b>	<b>241,302</b>
<b>Current liabilities</b>			
Accounts payable	103,025	325	21,487
Tax Liability	0	0	0
Liability to group companies	218,799	275,407	189,566
Other liability	2,830	3,454	1,575
Accrued expenses	3,770	22,474	3,065
<b>Total current liabilities</b>	<b>328,425</b>	<b>301,659</b>	<b>215,694</b>
<b>Total equity and liabilities</b>	<b>517,685</b>	<b>353,514</b>	<b>456,995</b>

# 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® Wordplay: Search Word Puzzle™ and Jewels of the Wild West™. G5 Entertainment AB (publ) is listed on Nasdaq Stockholm since 2014.



# G5 Entertainment AB (publ)

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