



G5 Entertainment AB

Interim Report Q2 2024

JANUARY – JUNE 2024



INTERIM REPORT JANUARY – JUNE 2024

April – June 2024

- Revenue for the period was SEK 287.9 M (331.2), a decrease of 13 percent compared to the same period in 2023 in SEK terms. In USD terms revenue decreased 14 percent year-over-year.
- Gross margin increased to 67.8 percent (67.4 percent), as a larger share of revenue is coming from G5's direct to consumer channel.
- EBIT for the period was SEK 21.8 M (38.9), a decrease of 44%, corresponding to an EBIT-margin of 7.6% (11.7). EBIT was negatively impacted by revaluations related to fx, primarily the USD, recorded in other income and expense amounting to SEK -3.4 M (7.4). Adjusting for the negative impact from other income and expense the EBIT margin would be 8.8 (9.5) percent.
- Net result for the period was SEK 23.5 M (40.1), positively impacted by the finance net of SEK 2.6 M (6.4).
- Earnings per share for the period, before dilution, was SEK 3.02 (4.96).
- Cash flow amounted to SEK -43.3 M (-31.8), negatively impacted by dividend amounting to SEK 62.4 M (64.5).
- Average Monthly Active Users (MAU) was 4.7 million, a decrease of 9 percent compared to the same period in 2023. Average Daily Active Users (DAU) was 1.4 million, a decrease of 9 percent compared to the same period in 2023. Average Monthly Unique Payers (MUP) was 137.2 thousand, a decrease of 18 percent while Average Monthly Average Gross Revenue Per Paying User (MAGRPPU) was USD 63.7, an increase of 3 percent compared to the same period last year.

FINANCIAL KEY RATIOS

KSEK	Apr-Jun 2024	Apr-Jun 2023	Change %	Jan-Jun 2024	Jan-Jun 2023	Change %	Jul-Jun 23/24	2023	Change %
Revenue	287,866	331,241	-13%	585,275	676,612	-13%	1,228,585	1,319,921	-7%
Commission to distributors ¹	-63,494	-74,857	-15%	-128,240	-152,030	-16%	-271,060	-294,850	-8%
Royalty to external developers ²	-29,313	-33,005	-11%	-59,494	-68,453	-13%	-123,741	-132,700	-7%
Gross profit	195,059	223,380	-13%	397,540	456,129	-13%	833,784	892,372	-7%
Gross margin	67.8%	67.4%		67.9%	67.4%		67.9%	67.6%	
Operating costs excluding costs for user acquisition	-123,029	-122,862	0%	-236,038	-254,640	-7%	-454,632	-534,885	-15%
EBIT excluding costs for user acquisition	72,030	100,518	-28%	161,502	201,489	-20%	379,152	357,487	6%
EBIT margin before costs for user acquisition	25%	30%		28%	30%		31%	27%	
Costs for user acquisition ³	-50,199	-61,651	-19%	-100,467	-122,818	-18%	-285,335	-246,035	16%
Costs for user acquisition as percentage of revenue	-17%	-19%		-17%	-18%		-23%	-19%	
EBIT	21,831	38,866	-44%	61,036	78,670	-22%	93,817	111,452	-16%
EBIT margin (%)	7.6%	11.7%		10.4%	11.6%		7.6%	8.4%	
Earnings per share before dilution	3.02	4.96	-39%	7.79	10.82	-28%	12.74	15.84	-20%
Cash flow before financing activities	19,058	45,745		103,708	86,082		145,545	127,919	
Cash and cash equivalents	196,280	173,120		196,280	173,120		196,280	173,120	

¹ 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.

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: Increasing speed of iterations



As we conclude the second quarter of 2024, we observe both challenges and opportunities in our financial performance. Despite a decline in revenue compared to the same period last year, our strategic initiatives and robust operational efficiency continue to strengthen the foundation for future growth. Beginning in June, our focus has been on improving the pace of iterations on new and existing live games to more quickly cycle through new game ideas in search for the ones with the most potential and to faster evolve our existing games towards better operational metrics.

Financial Overview

Revenue for the quarter amounted to SEK 287.9 M, representing a 13 percent decrease in SEK terms and a 14 percent decrease in USD terms year-over-year. We achieved a gross margin increase to 67.8 percent from 67.4 percent, driven by a greater share of revenue coming from our direct-to-consumer channel, the G5 Store.

G5 Store remains a bright spot and continues to grow. Its revenue grew 42 percent year-over-year and 9 percent sequentially from the first quarter and represented 15 percent of the revenue of the group in the quarter, up from 9% one year ago. Looking at the portfolio of games, our Active games

As we conclude the second quarter we observe both challenges and opportunities in our financial performance.

declined 13 percent from the previous year while Harvested games declined 27 percent, and Licensed games declined 11 percent in SEK terms.

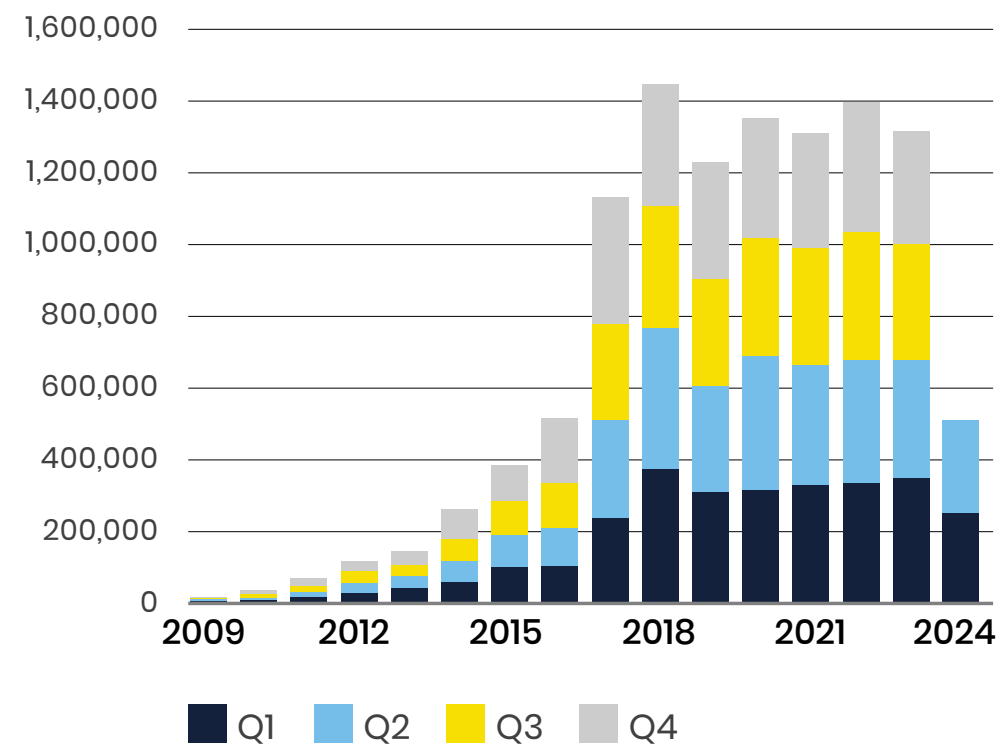
EBIT for the period was SEK 21.8 M, down 44 percent from the previous year, translating to an EBIT margin of 7.6 percent. EBIT was impacted by revaluations related to foreign exchange, particularly the USD, which impacted other income and expenses by SEK -3.4 M. Adjusting for these revaluations, the EBIT margin would be 8.8 percent, slightly lower than the previous year's 9.5 percent but indicative of underlying operational resilience.

We ended the quarter with a continuously strong cash position of SEK 196.3 M after paying out the dividend of SEK 62.4 M in the quarter.

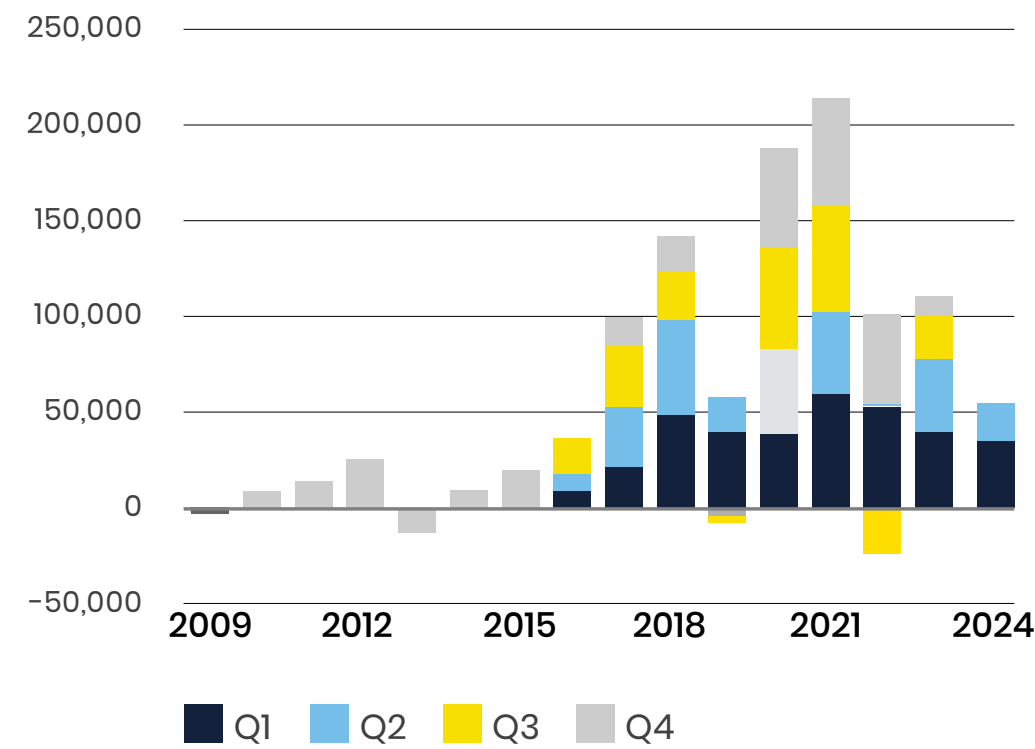
Development Funnel

We've added a new element to this report to give some more visibility of our development funnel and how new games move through it. We have used and evolved the new development funnel since Q3 2022. There are several stages that all new games are going through. After the thorough process of testing and selecting new game ideas they await the beginning of work in the Shortlist for Launch. Once the resources are available to start the work on a new idea, the idea with the most potential is selected from the short list, and the Pre-Production begins, during which major game design decisions are made. Once Pre-Production is complete, the development of the Soft Launch Build begins from which we iterate in several stages until the benchmarks for each stage are met. The final Soft Launch stage is the Scalability Test. We only move into this stage when previous stages have

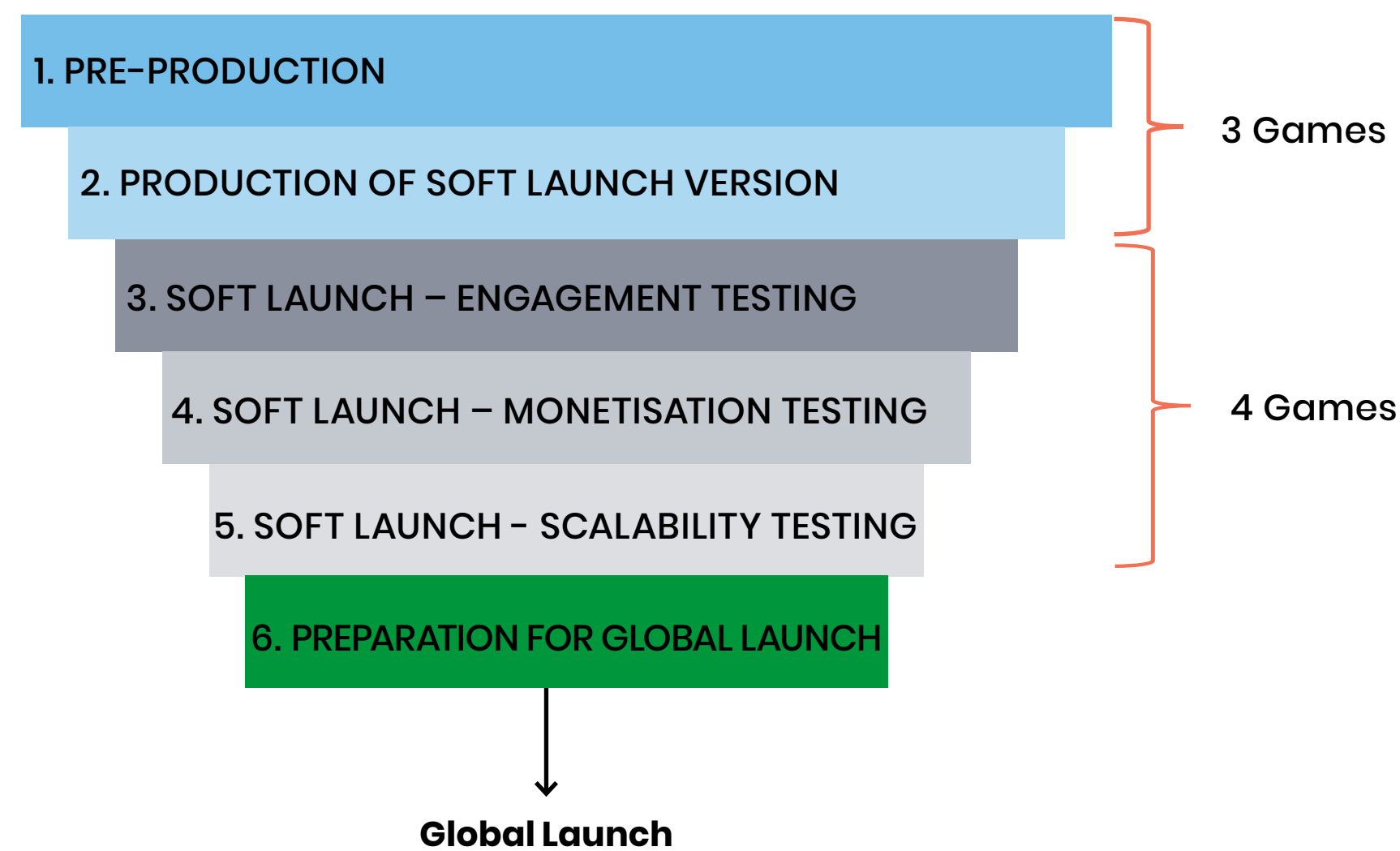
Revenue (MSEK)



EBIT (MSEK)



Development funnel



shown the potential for the game to scale. In this stage, we normally launch the game in a single country and scale the game’s revenue with user acquisition. There may be iterations in this stage as well. In any of these stages a game can be discarded if we fail to achieve the benchmarks we believe are necessary for scalability in a current market situation. If the game proves its scalability, it is greenlighted for Global Launch and the preparation for Global Launch begins.

Beginning in June, our focus has been on improving the pace of iterations on new and existing live games to more quickly cycle through new game ideas in search for the ones with the most potential and to faster evolve our existing games towards better operational metrics. During the course of a year, we expect to work on around 30 game ideas, and as communicated before, we remain committed to soft launch 5-6 new games, and proceed to Global Release with at least one. The goal of the improved pace of iterations is to increase our efficiency and our chances of finding scalable games and improving the parameters of our Live games.

As of the end of the second quarter, we had three game ideas in pre-production and early development stages, four games in various stages of soft launch testing, in addition we also have many ideas that are waiting to go into pre-production.

Looking Ahead

While the second quarter showed similar performance as in the last quarters, we remain optimistic about our strategic direction and operational initiatives. The increased gross margin and the growing share of G5 Store in our revenue, despite an overall reduction in revenue, showcases the effectiveness of our direct-to-consumer strategy. Our focus on optimizing our development process and user engagement

We have three games in the early development stages, four that are in various stages of soft launch testing and many ideas waiting to go into pre-production

metrics continues to be paramount. We anticipate that our refined development funnel will yield successful game launches, providing a robust pipeline for future growth.

As we move forward, our priorities remain clear: to drive sustainable growth, enhance operational efficiency, and deliver exceptional gaming experiences to our global audience. We are committed to our strong balance sheet, being profitable, and cash flow positive. We are confident that our strategic initiatives will bear fruit in the coming quarters, reinforcing our position in the market.

Thank you for your continued support and trust in G5 Entertainment.

August 8th, 2024

Vlad Suglovov, CEO, co-founder

April – June

Revenue and gross profit

Revenue amounted to SEK 287.9 M (331.2). Revenue decreased by -13 percent compared to the same period in 2023, in USD the revenue decreased by 14 percent.

Cost of revenue decreased to SEK 92.8 M (107.9). 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 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 with 11 percent compared to the same period in 2023.

Gross margin for the period was 67.8 percent (67.4). Gross profit for the quarter decreased by 13 percent compared to the second quarter in 2023 and was SEK 195.1 M (223.4).

Operational Costs

Costs for research and development were SEK 79.3 M (88.4) during the period. Net capitalization was SEK -8.1 M less than in the same period in the previous year. Adjusting for net capitalization the costs decreased with 12 percent compared to the same period in 2023.

Sales and marketing decreased to SEK 65.3 M (78.0). Sales and marketing is primarily affected by the costs for user acquisition. During the quarter the cost for user acquisition was SEK 50.2 M (61.7).

Cost for user acquisition as a percentage of sales was 17 percent, compared to 19 percent in the same

period in 2023. Sales and marketing, excluding user acquisition, decreased to SEK 15.1 M (16.3).

General and administrative costs amounted to SEK 25.3 M (25.6). Other operating income other operating expenses together amounted to SEK -3.4 M (7.4), primarily driven by currency effects on operational assets and liabilities.

EBIT

Depreciation and amortization have decreased as the company no longer capitalize on unreleased games which has reduced the amortisation on capitalized development expenses. Depreciation and amortization amounted to SEK 36.1 M (39.4). Capitalization of intangible assets amounted to SEK 27.1 M (24.9). During the quarter no write-downs were made. Net effect of capitalization and amortization on intangible assets amounted to SEK -8.1 M (-12.6).

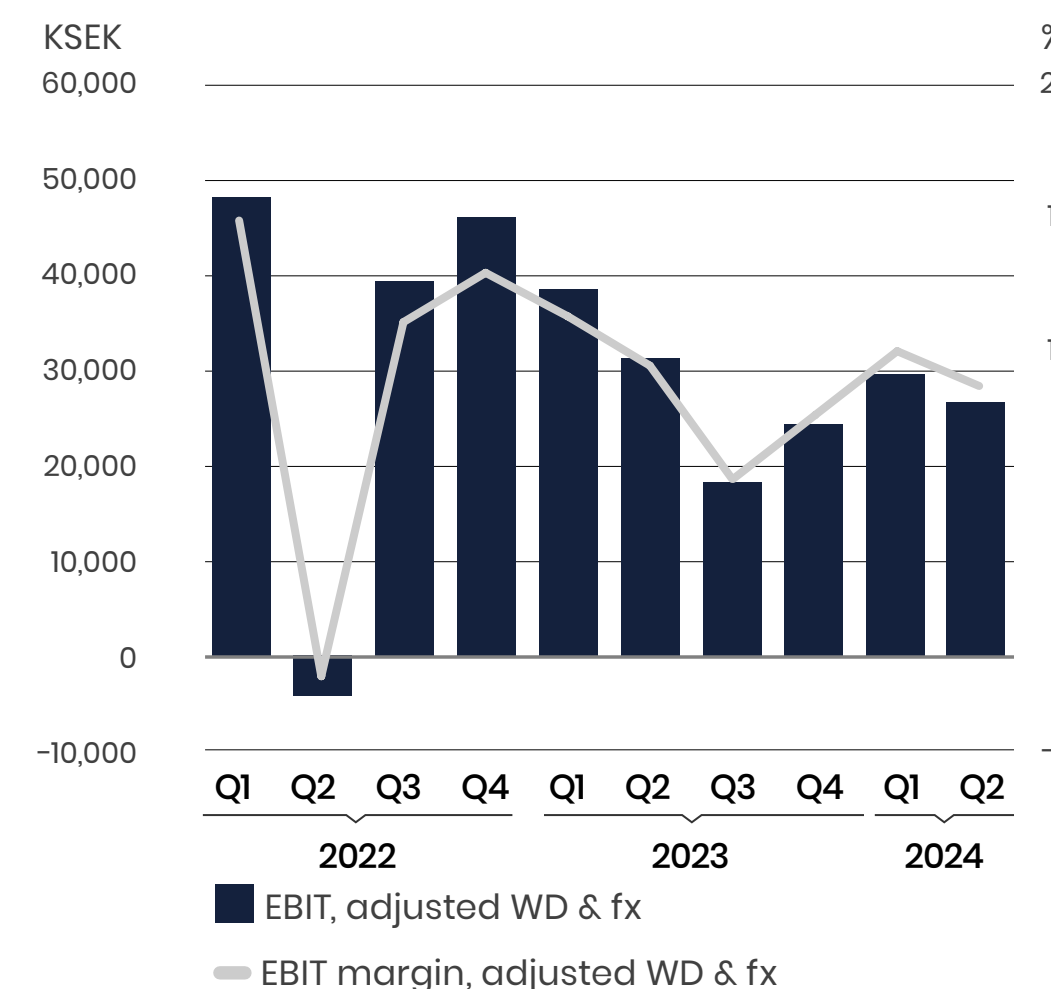
Earnings before interest and taxes (EBIT) amounted to SEK 21.8 M (38.9), corresponding to an EBIT margin of 7.6 percent (11.7).

Net profit

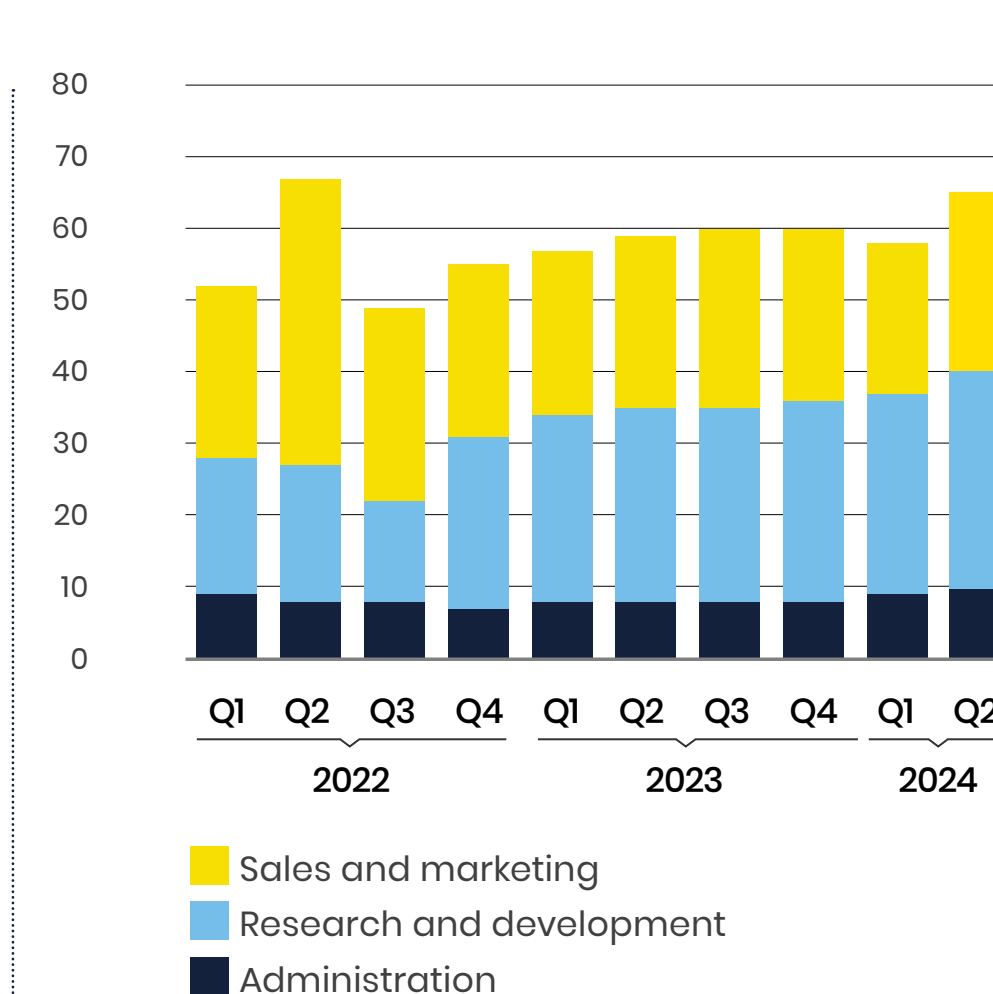
Net profit was affected by financial items with SEK 2.6 M (6.4). Finance net was impacted by interest income amounting to SEK 2.5 M (1.2), last year was impacted by revaluation of short term investments amounting to SEK 5.1 M. Tax affected the result with SEK -0.9 M (-5.2).

Net profit amounted to SEK 23.5 M (40.1) which equals an earnings per share before dilution of SEK 3.02 (4.96).

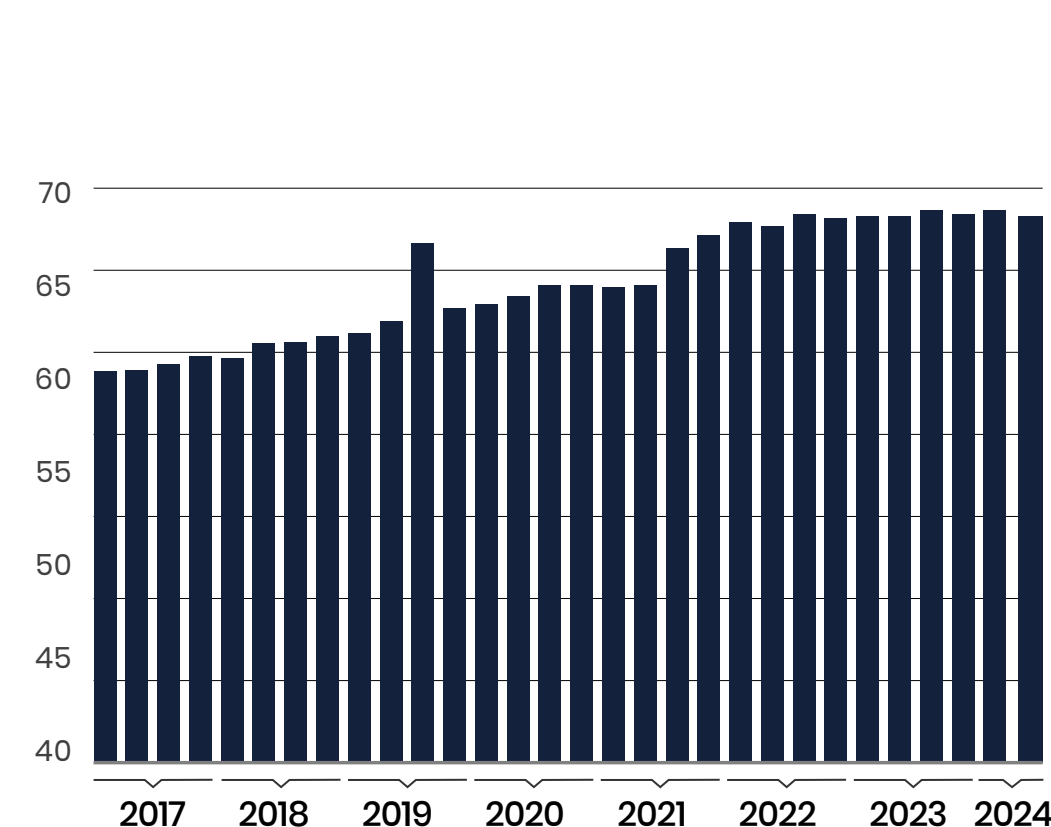
EBIT (MSEK) | EBIT-margin (%)



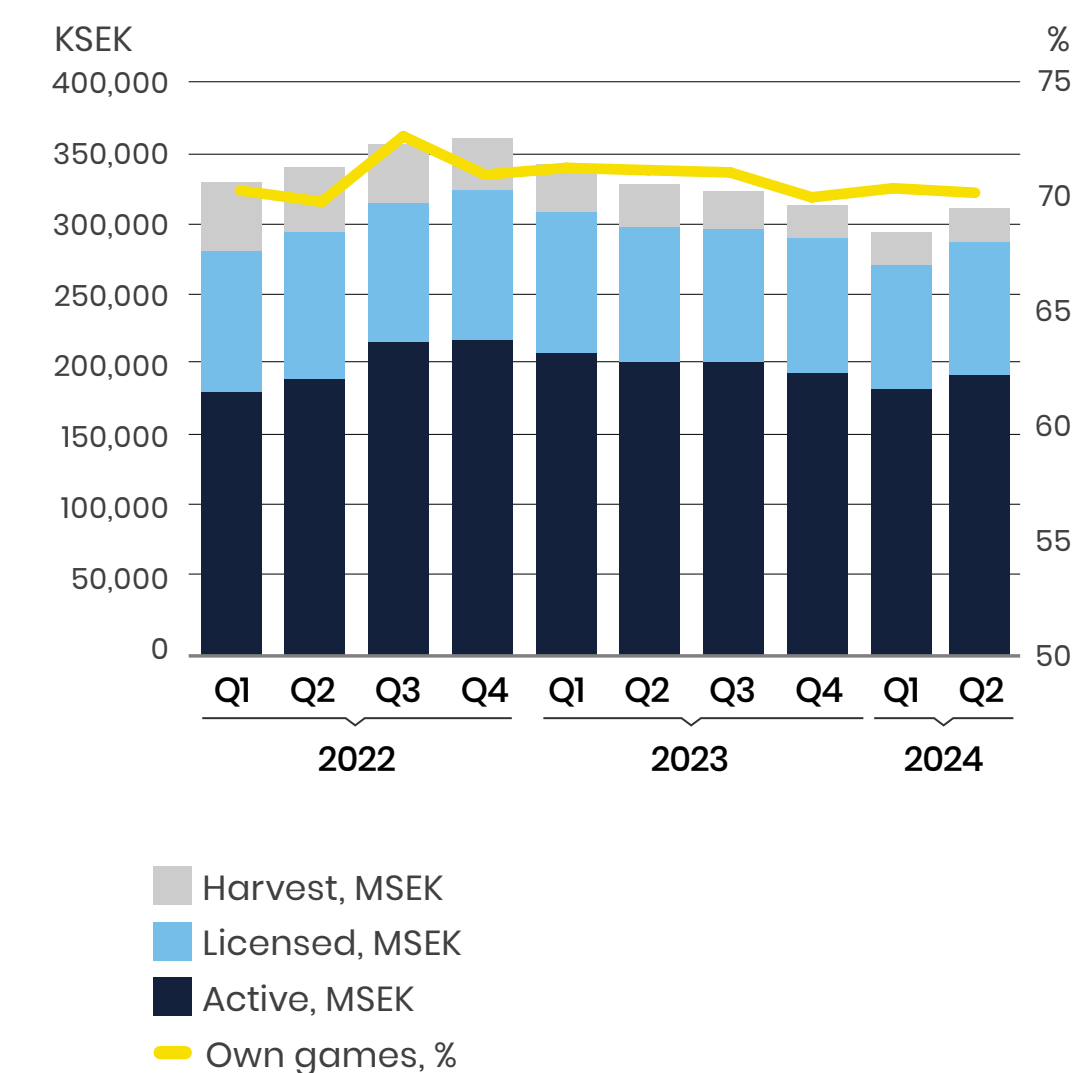
Costs in % of revenue



Gross Margin (%)



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



Operational metrics

F2P	Q2 '24	Q2 '23	Change
Average DAU (mn)	1.4	1.5	-9%
Average MAU (mn)	4.7	5.2	-9%
Average MUU (mn)	3.5	3.8	-12%
Average MUP (thousands)	137.2	168.0	-18%
Average MAGRPPU (USD)	63.7	62.0	3%

For detailed definitions of the operational metrics see the glossary on page 16 of the report.

January – June

Revenue and gross profit

Revenue declined 13 percent compared to the same period in 2023. Growth in USD for the interim period was -14%. Revenue amounted to SEK 585.3 M (676.6).

The group's cost of revenue was SEK 187.7 M (220.5). Gross profit amounted to SEK 397.5 M (456.1), a decrease of 13 percent compared to the same period in 2023. Gross margin was 67.9 percent (67.4).

Operating Costs

Operating costs decreased 11 per cent compared to the same period in 2023. User acquisition decreased to SEK 100.5 M (122.8). Excluding costs for user acquisition the operating costs amounted to SEK 236.0 M (254.6). The operational costs were impacted by capitalization of SEK 52.8 M (53.2) depreciation and amortization of SEK -73.9 M (-78.3) and write-downs of SEK 0.0 M (0.0).

Other operating income and costs impacted the period positively with SEK 6.0 M (8.6), primarily attributed to exchange rate differences on operational assets and liabilities related to balance sheet items in the parent company.

EBIT

EBIT was SEK 61.0 M (78.7) and the EBIT-margin was 10.4 percent (11.6) for the period.

Net profit

Net profit was affected by financial items with SEK 4.9 M (16.5). Finance net was impacted by interest income of SEK 5.1 M (1.8). In the previous year the financial items were impacted by revaluation of short term receivables of SEK 14.6 M. Tax affected the result with SEK -5.0 M (-7.3) corresponding to an effective tax rate of 8 percent (8).

Net profit amounted to SEK 61.0 M (87.9) which is corresponding to earnings per share before dilution of SEK 7.79 (10.82).

Cash flow

During the second quarter, the group had an operating cash flow before changes in working capital of SEK 61.7 M (69.5). In the quarter taxes impacted the cash flow positively with SEK -1.4 M (-2.4).

Changes in working capital impacted the cash flow with SEK -17.0 M (2.3). Capitalized development expenses impacted the cash flow negatively with SEK 27.1 M (-24.9).

Cash flow before financing activities amounted to SEK 6.5 M (45.7). Financing activities were impacted by dividends amounting to SEK -62.4 M (-64.5) and IFRS16 bookings related to lease of premises SEK -0.3 M (-1.2).

For the interim period Jan - Jun cash flow before changes in working capital amounted to SEK 142.5 (151.3). The cashflow for the period amounted to SEK 15.1 (-5.6).

Available cash on June 30, 2024 amounted to SEK 196.3 M (173.1).

Financial position

During the third quarter 2022 the group changed its publishing strategy by making changes to how it is vetting new games. The foundation is still to have a portfolio of different games in the portfolio in order to maximize potential and reduce risk. Multiple games are developed at any given point in time, some of these games become very successful and extremely profitable, some of these games do not become big breakthroughs but pay for themselves and are stable earners over a long period of time, while the majority of games that go into production will be cancelled at an early stage as the market potential is not significant enough.

As the majority of games that are produced will be cancelled during soft launch, the company will not capitalize development expenses on games until they reach global launch. Capitalizing after global launch will reduce the risk for write-offs in the portfolio.

As before, capitalized development expenses for unsuccessful games will be written down. Development for games only released in soft launch will be expensed as they are incurred. Over time, the company expects such write-offs and expenses to be more than compensated for by the revenue and profits produced by successful games in the portfolio.

Capitalized development expenses amounted to SEK 213.5 M (262.3).

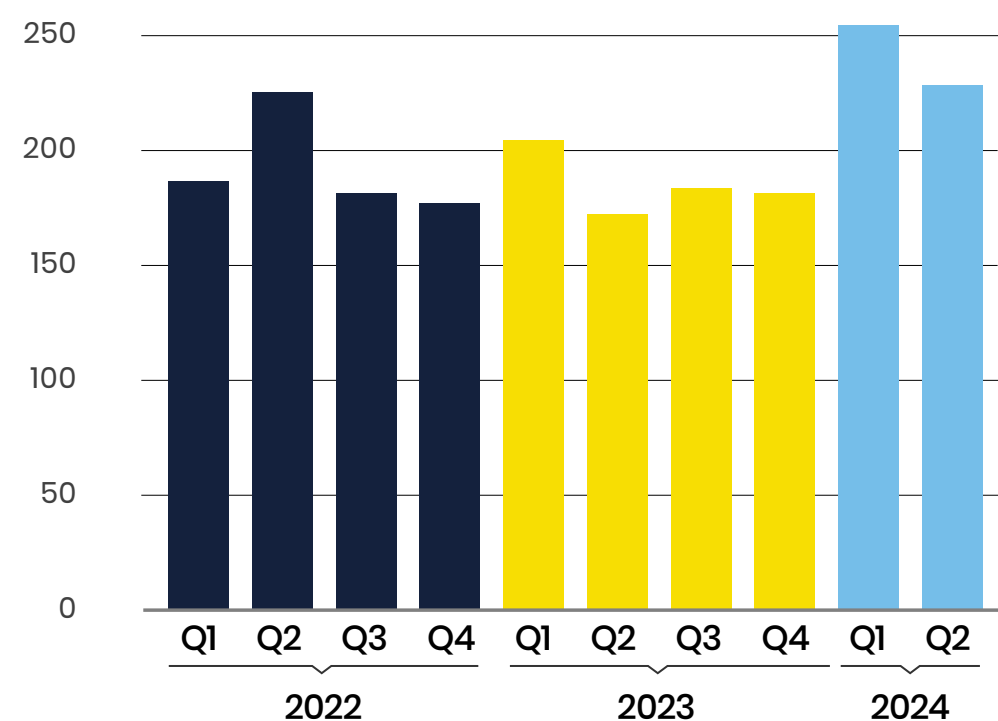
Impairment need in the portfolio is tested every quarter. A thorough review of the input parameters is done on a yearly basis. During the quarter, no write-offs (0.0) were made.

Consolidated equity amounted to SEK 506.4 M (496.1), which equals SEK 64.9 per share (61.5) and the equity/asset ratio is 83 percent (74).

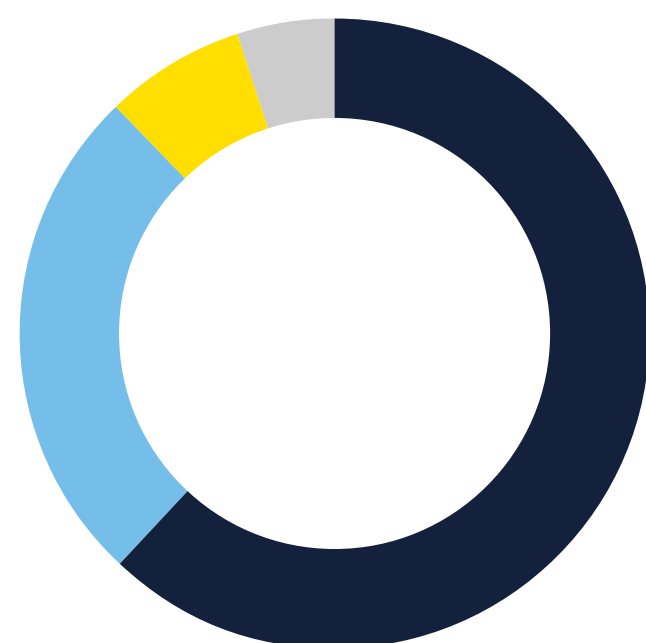
Cash on hand amounted to SEK 196.3 M (173.1).

Other long-term debt and other short term debt are solely related to IFRS16 accounting of lease contracts.

Cash Position (MSEK)



Revenue breakdown by geography Second Quarter 2024



- North America 62%
- Europe 26%
- Asia 7%
- ROW 5%

Parent company

The parent company revenue has performed 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 2023.

Upcoming report dates

Interim report Jan-Sep 2024
Year-end report 2024

November 6, 2024
February 13, 2025

Teleconference

On August 8th, 2024 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.g5.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@g5.com
+46 76 001115

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 8th, 2024

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 8th, 2024 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 2024	Apr-Jun 2023	Jan-Jun 2024	Jan-Jun 2023	Jul-Jun 23/24	2023
Net turnover	287,866	331,241	585,275	676,612	1,228,585	1,319,921
Cost of revenue	-92,807	-107,862	-187,734	-220,483	-394,801	-427,549
Gross profit	195,059	223,380	397,540	456,129	833,784	892,372
Research and Development expenses	-79,254	-88,367	-162,891	-176,623	-349,970	-363,702
Sales and Marketing expenses	-65,250	-77,994	-128,838	-157,383	-284,904	-313,450
General and administrative expenses	-25,332	-25,601	-50,811	-52,026	-100,900	-102,115
Other operating income	-3,393	7,449	6,036	8,575	-2,539	0
Other operating expenses	0	0	0	0	-1,654	-1,654
Operating result	21,831	38,866	61,036	78,670	93,817	111,452
Financial income	2,616	6,287	5,066	16,580	14,908	26,423
Financial expenses	-59	154	-137	-76	-1,239	-1,178
Operating result after financial items	24,388	45,307	65,965	95,175	107,486	136,696
Taxes	-863	-5,204	-4,959	-7,308	-6,774	-9,122
Net result for the year	23,525	40,103	61,005	87,867	100,712	127,574
Attributed to:						
Parent company's shareholders	23,525	40,103	61,005	87,867	100,712	127,574

KSEK	Apr-Jun 2024	Apr-Jun 2023	Jan-Jun 2024	Jan-Jun 2023	Jul-Jun 23/24	2023
Earnings per share						
Weighted average number of shares (thousands)	7,799	8,082	7,832	8,120	7,906	8,052
Weighted average number of shares after dilution, (thousands)	7,799	8,082	7,832	8,120	7,906	8,052
Earnings per share (SEK) before dilution	3.02	4.96	7.79	10.82	12.74	15.84
Earnings per share (SEK) after dilution	3.02	4.96	7.79	10.82	12.74	15.84

STATEMENT OF COMPREHENSIVE INCOME – GROUP

KSEK	Apr-Jun 2024	Apr-Jun 2023	Jan-Jun 2024	Jan-Jun 2023	Jul-Jun 23/24	2023
Net result for the period	23,525	40,103	61,005	87,867	100,712	127,574
Items that later can be reversed in profit						
Revaluation long-term investments	-9,662	-4,503	9,011	-4,503	4,587	-14,086
Foreign currency translation differences	9,318	2,076	15,058	8,606	-8,946	-4,004
Total other comprehensive income for the period	-344	-2,427	24,069	4,103	-4,359	-18,090
Total comprehensive income for the period	23,181	37,676	85,074	91,970	96,353	109,484
Attributed to:						
Parent company's shareholders	23,181	37,676	85,074	91,970	96,353	109,484

BALANCE SHEET – GROUP

KSEK	Jun 30 2024	Jun 30 2023	Dec 31 2023
Fixed assets			
Intangible fixed assets			
Capitalized development expenses (Note 2)	213,528	262,304	220,411
Intangible assets	2,613	0	2,613
	216,141	262,304	223,024
Tangible fixed assets			
Equipment	11,017	15,320	12,883
	11,017	15,320	12,883
Long term Investments	54,092	12,086	34,134
Deferred tax receivable	53	18	25
Total non-current assets	281,303	289,727	270,066
Current assets			
Accounts receivable	25,727	17	25,936
Tax receivable	2,613	1,383	3,773
Other receivables (Note 3,4)	1,566	3,622	2,846
Prepaid expenses and accrued income	104,590	175,908	125,196
Short term investments	0	22,649	0
Cash and cash equivalents	196,280	173,120	182,332
Total current assets	330,776	376,700	340,083
Total assets	612,079	666,427	610,149

KSEK	Jun 30 2024	Jun 30 2023	Dec 31 2023
Equity			
Total shareholders' equity	506,400	496,093	491,401
Long-term liabilities			
Deferred tax liabilities	312	2,693	3,618
Long-term liabilities	691	2,049	1,261
Total long-term liabilities	1,002	4,742	4,879
Current liabilities (Note 5)			
Short-term liabilities	1,806	594	612
Accounts payable	25,345	25,287	39,441
Other liabilities	7,420	45,856	11,291
Tax liabilities	6,535	20,625	7,789
Accrued expenses	63,572	73,228	54,736
Total current liabilities	104,677	165,591	113,869
Total equity and liabilities	612,079	666,427	610,149

CHANGES IN SHAREHOLDERS' EQUITY – GROUP

KSEK	Share capital	Other capital contribution	Other reserves	Profit/loss brought forward	Shareholders' equity
Shareholders' equity 2023-01-01	928	-189,704	69,746	607,780	488,750
Net result for the year				87,230	87,230
Revaluation long-term investments			-4,503		-4,503
Total other comprehensive income			8,606		8,606
Total comprehensive income for the year			4,103	87,230	91,333
Dividend			-64,505		-64,505
Repurchase of shares		-26,986			-26,986
IFRS2 - Employee share schemes			6,865		6,865
Total transactions with the owners recognized directly in equity	928	-26,986	-57,640	0	-84,626
Shareholders' equity as of 2023-06-30	928	-216,690	16,209	695,010	495,457
Shareholders' equity 2024-01-01	928	-243,733	63,358	670,849	491,402
Net result for the year				61,005	61,005
Revaluation long-term investments			9,011		9,011
Total other comprehensive income			15,058		15,058
Total comprehensive income for the year			24,069	61,005	85,074
Dividend			-62,392		-62,392
Repurchase of shares		-12,941			-12,941
IFRS2 - Employee share schemes			5,257		5,257
Total transactions with the owners recognized directly in equity		-12,941	-57,135	0	-70,076
Shareholders' equity as of 2024-06-30	928	-256,674	30,292	731,854	506,400

CASH FLOW STATEMENT – GROUP

KSEK	Apr-Jun 2024	Apr-Jun 2023	Jan-Jun 2024	Jan-Jun 2023	Jul-Jun 23/24	2023
Cash flow from operating activities						
Profit after financial items	24,388	45,307	65,965	95,175	107,486	136,696
Adjusting items not included in cash flow	38,700	26,645	79,188	59,583	178,281	158,676
	63,088	71,952	145,153	154,758	285,767	295,372
Taxes paid	-1,382	-2,413	-2,662	-3,410	-16,933	-17,681
Cash flow before changes in working capital	61,706	69,539	142,491	151,348	268,834	277,691
Cash flow from changes in working capital						
Change in operating receivables	12,489	763	22,095	-19,309	44,766	3,362
Change in operating liabilities	-29,466	1,507	-9,132	9,834	-58,855	-39,889
Cash flow from operating activities	44,729	71,809	155,454	141,873	254,745	241,164
Investing activities						
Investment in fixed assets	-300	-1,177	-649	-2,622	-2,056	-4,029
Capitalized development expenses	-27,053	-24,887	-52,779	-53,169	-105,893	-106,283
Short term investments	-	-	-	-	-2,933	-2,933
Long term investments	-10,917	-	-10,917	-	-10,917	-
Cash flow from investing activities	-38,270	-26,064	-64,345	-55,791	-121,799	-113,245

KSEK	Apr-Jun 2024	Apr-Jun 2023	Jan-Jun 2024	Jan-Jun 2023	Jul-Jun 23/24	2023
Financing activities						
Lease financing	-350	-38	-698	-173	-1,469	-944
Dividend	-62,392	-64,505	-62,392	-64,505	-62,392	-64,505
Repurchase shares	-	-13,051	-12,941	-26,986	-39,984	-54,029
Cash flow from financing activities	-62,742	-77,594	-76,031	-91,664	-103,845	-119,478
Cash flow	-56,283	-31,849	15,078	-5,582	29,101	8,441
Cash at the beginning of the period	255,768	205,058	182,332	177,469	173,120	177,469
Cash flow	-56,283	-31,849	15,078	-5,582	29,101	8,441
Exchange rate differences	-3,205	-89	-1,130	1,233	-5,941	-3,578
Cash at the end of the period	196,280	173,120	196,280	173,120	196,280	182,332

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.

The accounting and calculation principles used in the report for the group are identical to those used in the Annual Report 2023.

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 2024	Apr–Jun 2023	Jan–Jun 2024	Jan–Jun 2023	Jul–Jun 22/23	2023
At the beginning of the period	222,652	262,639	220,411	273,073	262,304	273,073
Investments	27,054	24,887	52,779	53,169	103,280	103,670
Amortization	-35,199	-37,496	-71,978	-74,585	-147,502	-150,108
Net change during the period	-8,146	-12,609	-19,199	-21,415	-44,222	-46,438
Currency exchange differences	-978	12,274	12,315	10,646	-4,555	-6,224
At the end of the period	213,528	262,304	213,528	262,304	213,528	220,411

Note 3

Other receivables

Other receivables include SEK 0.0 M (11.1) 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 no (0) pledged assets to. G5 Entertainment does not have any contingent liabilities.

Note 5

Fair value

G5 group has long and short term 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 2024	Apr-Jun 2023	Jan-Jun 2024	Jan-Jun 2023	Jul-Jun 22/23	2023
Net turnover	287,866	331,241	585,275	676,612	1,228,585	1,319,921
Cost of revenue	-231,753	-263,729	-473,972	-541,065	-971,825	-1,038,919
Gross profit	56,113	67,512	111,303	135,546	256,760	281,003
Research and development expenses	-291	-56	-332	-56	-351	-75
Sales and Marketing expenses	-51,690	-64,033	-102,388	-127,570	-239,330	-264,513
General and administrative expenses	-5,724	-5,108	-11,780	-10,859	-23,004	-22,083
Other operating income	0	8,392	6,290	7,449	0	0
Other operating expenses	-1,515	0	0	0	-5,613	-4,455
Operating result	-3,108	6,706	3,093	4,509	-11,539	-10,123
Financial income	17,675	5,234	36,784	15,346	45,870	24,432
Financial expenses	-17,233	0	-37,133	0	-37,133	0
Operating result after financial items	-2,665	11,940	2,744	19,855	-2,802	14,309
Taxes	208	-1,088	-1,431	-1,088	-343	0
Net result for the period	-2,457	10,851	1,313	18,767	-3,145	14,309

STATEMENT OF COMPREHENSIVE INCOME – PARENT COMPANY

KSEK	Apr-Jun 2024	Apr-Jun 2023	Jan-Mar 2024	Jan-Mar 2023	Apr-Mar 23/24	2023
Net result for the period	-2,457	10,851	1,313	18,767	-3,145	14,309
Items that later can be reversed in profit						
Revaluation long-term investments	-9,662	-4,503	9,011	-4,503	-572	-14,086
Other comprehensive income	-9,662	-4,503	9,011	-4,503	-572	-14,086
Total other comprehensive income for the period	-12,119	6,348	1,313	18,767	-3,717	223

BALANCE SHEET – PARENT COMPANY

KSEK	Jun 30 2024	Jun 30 2023	Dec 31 2023
Fixed assets			
Intangible fixed assets			
Intangible fixed assets	2,613	0	2,613
Tangible fixed assets			
Tangible fixed assets	0	0	0
Financial fixed assets			
Shares in group companies	130	105	105
Financial assets	54,092	12,086	34,134
Total fixed assets	56,835	12,191	36,852
Current assets			
Account receivables	25,727	0	25,936
Receivables from group companies	137,479	12,013	87,381
Tax receivables	2,821	1,175	2,751
Other receivables	469	1,089	410
Prepaid expenses and accrued income	101,918	144,949	112,284
Financial assets	0	22,649	0
Cash and cash equivalents	21,321	101,723	53,722
Total current assets	289,735	283,597	282,484
Total assets	346,570	295,788	319,336

KSEK	Jun 30 2024	Jun 30 2023	Dec 31 2023
Restricted equity			
Share capital	928	928	928
Non-restricted equity			
Share premium reserve	40,637	53,032	53,578
Profit/Loss carried forward	113,036	187,622	152,810
Net result for the period	1,313	18,767	14,309
Total equity	155,915	260,349	221,625
Current liabilities			
Accounts payable	16,343	24,172	36,357
Tax Liability	0	0	0
Liability to group companies	161,474	0	54,226
Other liability	5,063	9,805	5,130
Accrued expenses	2,325	1,462	1,999
Total current liabilities	185,205	35,439	97,711
Total equity and liabilities	341,120	295,788	319,336

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 13 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.

Portfolio definitions

Active Games are the games G5 owns and is actively supporting through its development and marketing capacity.

Licensed Games are games that G5 license from 3rd party developers and thereby act as a publisher. Licensed games are not split into active and harvest games.

Harvest Games are games that G5 owns but are not profitable to run as active games. The games are technically supported by a central team.

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)

NYBROGATAN 6, 5TH FLOOR
114 34 STOCKHOLM | SWEDEN

PHONE: +46 84 1111 5

E-MAIL: CONTACT@G5.COM

Org.nr. 556680-8878

WWW.G5.COM

