



G5 ENTERTAINMENT AB

INTERIM REPORT

JANUARY - JUNE 2016

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APRIL–JUNE

- Consolidated revenue for the period was SEK 104.5 M (89.5), an increase of 17 per cent compared to the same period in 2015
- EBIT for the period was SEK 8.7 M (2.1), an increase of 313 per cent compared to the same period in 2015.
- Net result for the period was SEK 7.8 M (0.5)
- Earnings per share for the period before and after dilution was SEK 0.89 (0.05)
- Cash flow before financing activities during the period was SEK -4.5 M (-7.1)
- For the free-to-play games the average Monthly Active Users (MAU) was 3.4 million, an increase of 15 per cent compared to the same period in 2015. Average Monthly Unique Payers (MUP) was 113.8 thousands, an increase of 7 per cent and average Monthly Average Gross Revenue Per Paying User (MAGRPPU) was USD 34.0, an increase of 17 per cent compared to the same period in 2015
- Revenue from free-to-play games grew by 23 per cent compared to the same period in 2015 and accounted for 92 per cent (87) of the total revenue

FINANCIAL KEY RATIOS

KSEK	Apr–Jun 2016	Apr–Jun 2015	Change %	Jan-Jun 2016	Jan-Jun 2015	Change %	Jul-Jun -15/-16	2015	Change %
Revenue	104,469	89,465	17%	205,713	187,017	10%	403,065	384,369	5%
Commission to distributors ¹	-30,997	-27,182	14%	-61,133	-55,808	10%	-120,794	-115,469	5%
Royalty to external developers ²	-23,920	-19,826	21%	-44,144	-42,038	5%	-87,731	-85,625	2%
Gross profit	49,551	42,457	17%	100,437	89,171	13%	194,540	183,274	6%
Gross margin	47%	47%		49%	48%		48%	48%	
Operating costs excluding costs for user acquisition	-23,547	-18,419	28%	-45,703	-39,842	15%	-94,777	-88,917	7%
EBIT excluding costs for user acquisition	26,004	24,038	8%	54,734	49,329	11%	99,763	94,358	6%
EBIT margin before costs for user acquisition	25%	27%		27%	26%		25%	25%	
Costs for User acquisition ³	-17,293	-21,929	-21%	-37,078	-42,694	-13%	-68,954	-74,570	-8%
EBIT	8,712	2,108	313%	17,656	6,635	166%	30,809	19,788	56%
EBIT-margin (%)	8%	2%		9%	4%		8%	5%	
Earnings per share	0.89	0.05	1590%	1.64	0.30	455%	3.09	1.74	77%
Cash Flow before financing activities	-4,472	-7,051		-1,008	-2,101		1,782	689	
Cash and cash equivalents	32,997	30,979		32,997	30,979		32,997	33,870	

¹Variable costs paid to distributors (Apple App Store, Google Play, Amazon Appstore etc.), which is almost exclusively 30 per cent of the revenue.

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

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

COMMENT FROM THE CEO:

CONTINUED STRONG PERFORMANCE



HIGHER GROWTH AND BETTER MARGIN

G5 delivered quarter-to-quarter revenue growth in Q2, historically the weakest quarter of the year, underlying the stability of the company's business. Year-on-year earnings have quadrupled on 17% growth in revenue. Our growth in the quarter also gives an idea of the future potential of earnings as it occurred despite lower marketing spend compared to a year ago. Free-to-play games continued with solid growth, while overall growth was affected somewhat negatively by continued and expected slide in legacy unlockable games revenue (now only 8% of total revenue). The result was a continued steady and positive performance.

STRONGER AND MORE DIVERSIFIED GAME PORTFOLIO

Revenue from the company's own F2P games has increased compared to a year ago, and with Hidden City showing outstanding performance in recent months, the company's games portfolio is more diversified and stronger than a year ago. The work has continued on the company's new and upcoming games, while some of the older games have been put into so called "Harvest Mode". This means that investment in game maintenance will be reduced and profit will be maximized for the sake of better focus on new and more promising games.

CONTINUED FOCUS ON EARNINGS AND GROWTH

There are several more games scheduled for release before the end of the year, and the work is also ongoing on G5's recently released games in order to realize their full potential. The management remains focused on profitability and growth, with the goal to continue increasing the top line and provide gradual improvement of earnings year-on-year and, ideally, quarter-to-quarter.

Stockholm, July 26, 2016

Vlad Suglobov,
CEO, co-founder

APRIL-JUNE

REVENUE AND GROSS PROFIT

Revenue amounted to SEK 104.5 M (89.5). Revenue increase with 17 per cent compared to the same period in 2015. The growth for free-to-play games was 23 per cent where Hidden City was the main driver of the growth in the quarter. The portfolio of unlockable games is still giving a contribution to the group but its absolute and relative size is shrinking.

Cost of revenue increased with 17 per cent to SEK 54.9 M (47.0). Cost of revenue consists of commission to the distributors (Apple App Store, Google Play, Amazon Appstore, etc.). All relevant parties charge up to 30 per cent of gross revenue. Cost of revenue also includes royalties payable to external developers which increased with 21 per cent compared to 2015. The increase is attributed to the relative growth of licensed games, compared to games owned by G5.

Gross margin for the period was 47 per cent (47). Gross profit for the quarter increased with 17 per cent and was SEK 49.6 M (42.5).

OPERATIONAL COSTS

Costs for research & development were SEK 12.0 M (11.2) during the period. The increase in costs for research and development is driven by higher amortization and write-downs. Excluding amortization and write-downs the costs decreased with 1 per cent.

Sales and marketing decreased to SEK 20.2 M (23.9). Sales and marketing is primarily affected by the costs for user acquisition. During the quarter the cost for user acquisition was SEK 17.3 M (21.9). Cost for user acquisition

as a percentage of sales decreased from 25 per cent in the second quarter 2015 to 17 per cent in the same period in 2016. Sales and marketing, excluding user acquisition, increased to SEK 2.9 M (2.0) due to one-off costs in the quarter.

General and administrative costs amounted to SEK 6.9 M (5.6). Other operating income amounted to SEK 0.6 M (1.4) and other operating expenses amounted to SEK -2.4 M (-1.0). Together they amounted to SEK -1.8 M (0.4), primarily driven by currency effects on operational assets and liabilities, primarily due to the strengthening of the USD. The effect is in large a non cash temporary variance due to difference in classification of intra-group positions in the parent company.

EBIT

Depreciation and amortization have increased due to the increased size of the game portfolio and amounted to SEK 8.0 M (6.1). Write-downs during the quarter amounted to SEK 0.0 M (1.0).

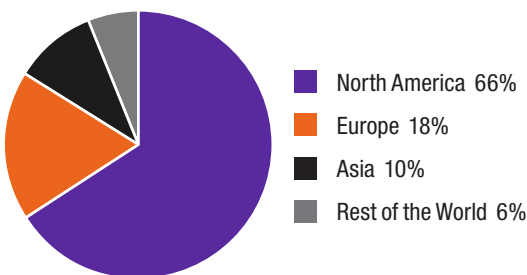
Earnings before interest and taxes (EBIT) were SEK 8.7 M (2.1), corresponding to an EBIT-margin of 8 per cent (2).

NET PROFIT

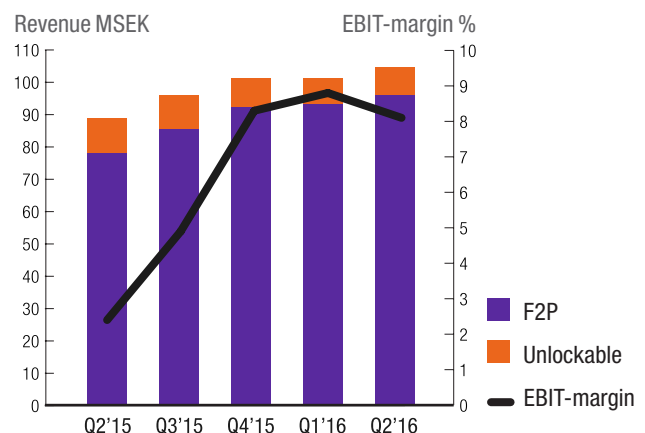
Net profit was marginally affected by financial items. Tax affected the result with SEK -0.9 M (-1.7).

Net profit amounted to SEK 7.8 M (0.5) which is corresponding to earnings per share of SEK 0.89 (0.05).

**REVENUE BREAKDOWN BY GEOGRAPHY
 CURRENT QUARTER**



**REVENUE BREAKDOWN BY GAME TYPE |
 EBIT-MARGIN**



OPERATIONAL METRICS

In the quarter the average Monthly Active Users (MAU) increased with 15 per cent compared to the same period last year.

Average Monthly Unique Payers (MUP) increased with 7 per cent compared to the same period last year and their average monthly spend, Monthly Average Gross Revenue Per Paying User (MAGRPPU) increased with 17 per cent.

F2P	Q2 '16	Q2 '15	CHANGE
Average MAU (mn)	3.4	2.9	15%
Average MUP (thousands)	113.8	106.6	7%
Average MAGRPPU (USD)	34.0	29.1	17%

For detailed definitions of the operational metrics see the glossary on page 13 of the report.

RELEASES DURING THE QUARTER

In April, the company released a new game The Paranormal Society, developed and owned by G5 Entertainment, on Apple App Store. The game is a hidden object puzzle adventure like other successful games in the company's portfolio. The Paranormal Society is currently in the "soft launch" mode and the team is working on optimizing the parameters and bringing more content into the game.

G5 has also continued rolling out previously released games on more platforms: Survivors: The Quest was released on Mac and Special Enquiry Detail was released on Google Play and Amazon Appstore. Both games are developed and owned by G5.

JANUARY-JUNE

REVENUE AND GROSS PROFIT

Revenue increased with 10 per cent compared to the same period in 2015, driven by the growth of the group's free-to-play-games. Revenue amounted to SEK 205.7 M (187.0). Revenue from free-to-play-games increased with 16 per cent compared to 2015.

The group's cost of revenue was SEK 105.3 M (97.8). Gross profit amounted to SEK 100.4 M (89.2), an increase of 13 per cent compared to the same period in 2015. Gross margin increased to 49 per cent (48), due to a relative increase in sales from games owned by G5.

OPERATING COSTS

Operating costs increased with 1 per cent compared to the same period in 2015. User acquisition decreased to SEK 37.1 M (42.7). Excluding costs for user acquisition the operating costs amounted to SEK 43.5 M (37.6). The operational costs were impacted by depreciation and amortization of SEK 15.9 M (11.5) and write-downs of SEK 2.2 M (1.0).

Other operating income and costs impacted the period negatively with SEK -2.2 M (-2.3), primarily attributed to exchange rate differences on operational assets and liabilities.

EBIT

EBIT was SEK 17.7 M (6.6) and the EBIT-margin was 9 per cent (4) for the period.

NET PROFIT

Net profit was marginally affected by financial items. Tax affected the result with SEK -3.2 M (-4.0) corresponding to an effective tax rate of 18 per cent (61). With the group's increased focus on profitability the effective tax rate stabilizes between periods due to more evenly distributed earnings within the group.

Net profit amounted to SEK 14.5 M (2.6) which is corresponding to earnings per share of SEK 1.64 (0.30).

CASH FLOW

During the quarter, the group had an operating cash flow before changes in working capital of SEK 21.6 M (8.1). Changes in working capital impacted the cash flow negatively with SEK -12.2 M (2.0). During the quarter large payments for royalty was made. Capitalized development expenses impacted the cash flow negatively with SEK -12.9 M (-15.9).

Cash flow for the second quarter amounted to SEK -4.5 M (-7.1).

For the interim period cash flow before changes in working capital amounted to SEK 36.9 M (19.2). Cash flow amounted to SEK -1.0 M (-2.1).

Available cash on June 30, 2016 amounted to SEK 33.0 M (31.0).

FINANCIAL POSITION

The company's publishing strategy is based on having a certain number of different games in the portfolio, in order to maximize potential and reduce risk. Some of these games become very successful and profitable, while a few other games may fail in the market. Capitalized development expenses for unsuccessful games will then have to be written down. Over time, the company expects such write-downs to be more than compensated for by the revenue and profits produced by very successful games in the portfolio.

Capitalized development expenses amounted to SEK 102.8 M (88.9) of which SEK 98.1 M (77.3) is related to free-to-play games and SEK 4.7 M (11.6) is related to Unlockable games. The company separates released and not released games where not released games include games that have been active in the app stores for less than 6 months as this initial period is needed for optimization of the game. During the initial 6 month period after launch the company does not amortize the games.

MSEK	JUN 30, 2016	JUN 30, 2015
Released games F2P	47.7	32.7
Released games Unlockable	4.5	6.5
Not released games F2P	50.4	44.6
Not released games Unlockable	0.2	5.1
Net value of games portfolio	102.8	88.9

Impairment need in the portfolio is tested on a quarterly basis. A thorough review of the input parameters is done on a yearly basis. During the quarter, no write-downs of the portfolio was made (SEK 1.0 M.).

Consolidated equity amounted to SEK 139.6 M (108.1), which equals SEK 15.9 per share (12.3) and the equity/asset ratio is 72 per cent (66).

Cash on hand amounted to SEK 33.0 M (31.0).

The group has no interest bearing debt.

PARENT COMPANY

The parent company revenue increased in line with the group. The parent company is the counterpart for almost all revenue from the application stores where G5 sells its products. The costs consist mainly of payments to one of the subsidiaries in Malta, that holds the rights for the games in the portfolio. Over time, the transactions should generate a surplus for the parent company, but during shorter periods some imbalances may occur.

As for the group, the financial position of the parent company is solid.

OTHER DISCLOSURES

PARENT COMPANY ACCOUNTING PRINCIPLES

Changes in RFR 2, with effect from the financial year 2016, impacts the financial statements and the comparative period for the parent company. Translation differences which are attributable to receivables from subsidiaries, which are not scheduled to be settled in the foreseeable future are recognized in the income statement from January 1, 2016. These translation differences have so far been recognized in other comprehensive income / fair value reserves. The change is implemented with retroactive effect, which means that the translation effect arising during the financial year 2015, 3,099 KSEK, will be transferred from fair value reserve to the income statement and the accumulated effect as of January 1, 2015, 8,420 KSEK, will be transferred from fair value reserve to retained earnings. The change does not affect the consolidated financial report where the effect will continue to be recognized through other comprehensive income to other reserves in equity.

OUTLOOK

G5 Entertainment does not publish forecasts.

RISK ASSESSMENT

G5 Entertainment is, like all companies, exposed to various kinds of risks in its operations. Among the most notable are risks related to the dependency on certain strategic partners, delays in the release of new games, currency exchange risks, changes in technology, dependency on key employees, and tax as well as political risks due to the multinational nature of the group's operations. Risk management is an integral part of G5 Entertainment's management. The risks are described in greater detail in the 2015 annual report.

The risks described for the group can also have an indirect effect on the parent company.

RELATED-PARTY TRANSACTIONS

During the period no significant related-party transactions have taken place.

UPCOMING REPORT DATES

Interim report Jan-Sep 2016 November 3, 2016
Year-End report 2016 February 23, 2017

EXTRAORDINARY GENERAL MEETING 2016

An extraordinary general meeting will be held on Thursday August 11, 2016 at 7A Conference Centre, Strandvägen 7, Stockholm.

FORWARD-LOOKING STATEMENTS

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

INQUIRIES

Vlad Suglobov, CEO investor@g5e.com
Stefan Wikstrand, CFO +46 76 0011115

ASSURANCE

The Board of Directors and the CEO declare that the interim report provides a true and fair overview of the Parent Company's and the Group's operations, financial position and results of operations as well as describing the material risks and uncertainties facing the Parent Company and other companies in the Group.

Stockholm July 26, 2016

Petter Nylander
Chairman of the Board

Annika Andersson
Board member

Jeffrey Rose
Board member

Vlad Suglobov
CEO & Board member

Pär Sundberg
Board member

Note: G5 Entertainment AB (publ) is required to make the information in this interim report public in compliance with the Swedish Securities Market Act. The information was submitted for publication on July 27, 2016 at 08.35.

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 2016	Apr-Jun 2015	Jan-Jun 2016	Jan-Jun 2015	Jul-Jun 2015/-16	2015
Net turnover	104,469	89,465	205,713	187,017	403,065	384,369
Cost of revenue	-54,917	-47,009	-105,277	-97,846	-208,525	-201,094
Gross profit	49,551	42,457	100,437	89,171	194,540	183,274
Research & Development expenses	-12,007	-11,178	-24,948	-19,518	-55,271	-49,840
Sales & Marketing expenses	-20,178	-23,935	-41,961	-46,884	-77,815	-82,737
General and Administrative expenses	-6,900	-5,594	-13,682	-13,879	-27,915	-28,113
Other operating income	605	1,397	395	1,511	956	2,549
Other operating expenses	-2,359	-1,038	-2,585	-3,767	-3,686	-5,346
Operating result	8,712	2,108	17,656	6,635	30,809	19,788
Financial income	2	6	4	8	34	38
Financial expenses	-3	47	-54	0	-102	-48
Operating result after financial items	8,711	2,161	17,606	6,643	30,741	19,778
Taxes (Note 3)	-916	-1,700	-3,152	-4,039	-3,561	-4,448
Net result for the period	7,795	461	14,455	2,604	27,181	15,330
Attributed to:						
Parent company's shareholders	7,795	461	14,455	2,604	27,181	15,330
Non-controlling interest	-	-	-	-	-	-
Earnings per share						
Weighted average number of shares (thousands)	8,800	8,800	8,800	8,800	8,800	8,800
Earnings per share (SEK), before and after dilution	0.89	0.05	1.64	0.30	3.09	1.74

STATEMENT OF COMPREHENSIVE INCOME - GROUP

KSEK	Apr-Jun 2016	Apr-Jun 2015	Jan-Jun 2016	Jan-Jun 2015	Jul-Jun 2015/-16	2015
Net result for the period	7,795	461	14,455	2,604	27,181	15,330
Items that later can be reversed in profit						
Foreign currency translation differences	4,431	-5,045	1,809	1,128	4,166	3,486
Total other comprehensive income for the period	4,431	-5,045	1,809	1,128	4,166	3,486
Total comprehensive income for the period	12,226	-4,583	16,263	3,732	31,347	18,816
Attributed to:						
Parent company's shareholders	12,226	-4,583	16,263	3,732	31,347	18,816
Non-controlling interest	-	-	-	-	-	-

BALANCE SHEET - GROUP

KSEK	Jun 30, 2016	Jun 30, 2015	Dec 31, 2015
Fixed assets			
Intangible fixed assets			
Capitalized development expenses (Note 2)	102,803	88,943	94,269
Goodwill	2,292	2,295	2,293
	105,095	91,239	96,562
Tangible fixed assets			
Equipment	5,706	4,170	4,634
	5,706	4,170	4,634
Deferred tax receivable (Note 3)	5,321	1,362	2,310
Total non-current assets	116,121	96,771	103,506
Current assets (Note 4, 6)			
Accounts receivable	11,323	8,443	9,881
Tax receivable	212	148	175
Other receivables	6,132	7,464	3,952
Prepaid expenses and accrued income	27,717	20,878	25,198
Cash and cash equivalents	32,997	30,979	33,870
Total current assets	78,381	67,911	73,076
TOTAL ASSETS	194,502	164,682	176,583
Equity	139,608	108,090	123,345
Current liabilities (Note 6)			
Accounts payable	14,970	17,149	12,320
Other liabilities	2,846	5,820	1,227
Tax liabilities	11,926	6,550	6,438
Accrued expenses	25,151	27,074	33,253
Total current liabilities	54,894	56,592	53,238
TOTAL EQUITY AND LIABILITIES	194,502	164,682	176,583

STATEMENT OF CHANGES IN SHAREHOLDER EQUITY - GROUP

KSEK	Share capital	Other capital contribution	Other reserves	Profit/ loss brought forward	Share- holders' equity
Shareholders' equity as of 2015-01-01	880	54,032	8,575	40,872	104,359
Net result for the period				2,604	2,604
Total other comprehensive income			1,128		1,128
Total comprehensive income for the period			1,128	2,604	108,090
Shareholders' equity as of 2015-06-30	880	54,032	9,703	43,475	108,090
Shareholders' equity as of 2016-01-01	880	54,203	12,060	56,202	123,345
Net result for the period				14,455	14,455
Total other comprehensive income			1,809		1,809
Total comprehensive income for the period			1,809	14,455	16,264
Shareholders' equity as of 2016-06-30	880	54,203	13,869	70,656	139,608

CASH FLOW STATEMENT - GROUP

KSEK	Apr-Jun 2016	Apr-Jun 2015	Jan-Jun 2016	Jan-Jun 2015	Jul-Jun 2015/-16	2015
Cash flow from operating activities						
Profit after financial items	8,511	2,162	17,606	6,643	30,541	19,778
Adjusting items not included in cash flow	13,826	7,953	21,758	14,664	45,804	38,710
	22,337	10,115	39,364	21,307	76,345	58,488
Taxes paid	-755	-1,989	-2,435	-2,107	-2,601	-2,273
Cash flow before changes in working capital	21,582	8,126	36,929	19,200	73,744	56,215
Cash flow from changes in working capital						
Change in operating receivables	-7,764	3,734	-6,732	-60	-12,736	-6,064
Change in operating liabilities	-4,396	-1,772	-4,338	6,836	-6,348	4,627
Cash flow from operating activities	9,422	10,088	25,858	25,976	54,659	54,778
Investing activities						
Investment in fixed assets	-973	-1,205	-1,757	-2,263	-3,347	-3,854
Capitalized development costs	-12,921	-15,934	-25,110	-25,814	-49,531	-50,235
Cash flow from investing activities	-13,893	-17,139	-26,866	-28,077	-52,878	-54,089
Financing activities						
Premium for issued warrants	-	-	-	-	171	171
Cash flow from financing activities	-	-	-	-	171	171
CASH FLOW	-4,472	-7,051	-1,008	-2,101	1,953	860
Cash at the beginning of the period	37,103	38,325	33,870	32,864	30,978	32,864
Cash flow	-4,472	-7,051	-1,008	-2,101	1,952	860
Exchange rate differences	365	-295	135	215	67	146
CASH AT THE END OF THE PERIOD	32,997	30,978	32,997	30,978	32,997	33,870

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 2015. None of the new and changed standards from IASB, applicable from 1st of January 2016, has had any material effect on the Financial Statements. For detailed information on the accounting principles, see Annual Report 2015.

Changes in RFR 2, with effect from the financial year 2016, impacts the financial statements and the comparative period for the parent company. Translation differences which are attributable to receivables from

subsidiaries, which are not scheduled to be settled in the foreseeable future are recognized in the income statement from January 1, 2016. These translation differences have so far been recognized in other comprehensive income / fair value reserves. The change is implemented with retroactive effect, which means that the translation effect arising during the financial year 2015, 3,099 KSEK, will be transferred from fair value reserve to the income statement and the accumulated effect as of January 1, 2015, 8,420 KSEK, will be transferred from fair value reserve to retained earnings. The change does not affect the consolidated financial report where the effect will continue to be recognized through other comprehensive income to other reserves in equity.

NOTE 2 – CAPITALIZED DEVELOPMENT EXPENSES

KSEK	Apr-Jun 2016	Apr-Jun 2015	Jan-Jun 2016	Jan-Jun 2015	Jul-Jun 2015/-16	2015
At the beginning of the period	92,087	84,015	94,269	71,680	88,943	71,680
Investments	13,995	15,934	25,110	25,814	49,531	50,235
Write-downs	0	-1,013	-2,190	-1,013	-9,353	-8,177
Amortization	-7,922	-6,095	-15,938	-11,518	-32,465	-28,045
Currency exchange differences	4,644	-3,897	1,552	3,981	6,146	8,575
At the end of the period	102,803	88,943	102,803	88,943	102,803	94,269

NOTE 3 – TAX

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

NOTE 4 – OTHER RECEIVABLES

Other receivables include SEK 1.8 M (7.9) for prepaid royalties to third party developers. G5 publishes both proprietary games and games licensed from third-party developers. In connection with the conclusion of agreements with third party developers, G5 sometimes pays an advance on royalties to fund game development. These advances are usually offset against the third party developer's contractual share of the revenue that each game generates.

NOTE 5 – PLEDGED ASSETS AND CONTINGENT LIABILITIES

Floating charge SEK 3 M (3), pledged for cheque account with overdraft facility USD 0.4 M (0.4). The overdraft facility was unused as of June 30, 2016.

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

NOTE 6 – FAIR VALUE

G5 group has no financial instruments that are accounted for at fair value. The carrying amount for financial instruments correspond to fair value.

INCOME STATEMENT - PARENT COMPANY

KSEK	Apr-Jun 2016	Apr-Jun 2015	Jan-Jun 2016	Jan-Jun 2015	Jul-Jun 2015/-16	2015
Net turnover	104,453	89,515	205,696	187,061	402,131	383,496
Cost of revenue	-82,496	-66,133	-159,898	-141,875	-304,714	-286,691
Gross profit	21,957	23,382	45,798	45,186	97,417	96,805
Research & development expenses	-38	-142	-57	-188	-221	-351
Sales & Marketing expenses	-813	3	-2,749	0	-4,849	-2,100
General and administrative expenses	-22,578	-26,632	-45,245	-53,201	-84,713	-92,670
Other operating income	0	0	0	0	0	0
Other operating expenses	-1,548	445	-2,204	-2,373	-2,687	-2,856
Operating result	-3,019	-2,944	-4,457	-10,576	4,947	-1,172
Financial income	5,516	-1,114	3,868	4,318	9,138	9,588
Financial expenses	-3	47	-54	0	-102	-48
Operating result after financial items	2,494	-4,011	-644	-6,259	13,983	8,367
Taxes (Note 3)	-549	838	141	1,694	-3,079	-1,526
Net result for the period	1,945	-3,173	-502	-4,565	10,904	6,841

STATEMENT OF COMPREHENSIVE INCOME - PARENT COMPANY

KSEK	Apr-Jun 2016	Apr-Jun 2015	Jan-Jun 2016	Jan-Jun 2015	Jul-Jun 2015/-16	2015
Net result for the period	1,945	-3,173	-502	-4,565	10,904	6,841
Items that later can be reversed in profit						
Foreign currency translation differences	-	-	-	-	-	-
Total other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	1,945	-3,173	-502	-4,565	10,904	6,841

BALANCE SHEET - PARENT COMPANY

KSEK	Jun 30, 2016	Jun 30, 2015	Dec 31, 2015
Fixed assets			
Financial fixed assets			
Shares in group companies	70	70	70
Deferred tax assets	141	0	0
Receivables from group companies	102,295	97,137	100,084
	102,506	97,207	100,154
Current assets			
Account receivables	11,323	8,431	9,874
Receivables from group companies	161	139	137
Other receivables	3,927	298	521
Prepaid expenses and accrued income	26,829	20,624	24,856
Cash and cash equivalents	25,699	16,353	25,605
	67,940	45,844	60,993
TOTAL ASSETS	170,446	143,051	161,147
Restricted equity			
Share capital	880	880	880
Non-restricted equity			
Share premium reserve	54,160	53,990	54,160
Profit/Loss carried forward	54,081	47,241	47,239
Net result for the period	-502	-4,565	6,841
Total equity	108,618	97,545	109,120
Current liabilities			
Accounts payable	29	664	131
Liability to group companies	59,847	43,864	49,338
Other liability	379	84	150
Accrued expenses	1,573	894	2,408
Total current liabilities	61,828	45,506	52,026
TOTAL EQUITY AND LIABILITIES	170,446	143,051	161,147

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 & 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 up to soft release of the company's games 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 & 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 & Administrative expenses primarily consist of salaries, bonuses, and benefits for the company's executive, finance, legal, information technology, human resources and other administrative employees, as well as support staff. It also includes outside consulting, legal and accounting services, insurance as well as facilities and other overhead costs not allocated to other areas across the business. In addition, general and administrative expenses include all of the company's depreciation expenses.

OPERATIONAL TERMS

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

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

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

ABOUT G5 ENTERTAINMENT

G5 Entertainment AB (publ) (G5) is a developer and publisher of high quality free-to-play mobile games for iOS, Android, Kindle Fire, and Windows-powered devices. G5 develops and publishes games that are family-friendly, easy to learn, and targeted at the widest audience of experienced and novice players. G5's portfolio includes a number of popular games like Mahjong Journey®, Supermarket Mania® Journey, Farm Life, Virtual City®, Special Enquiry Detail®, Hidden City®, and The Secret Society®. G5 Entertainment AB (publ) is listed on Nasdaq Stockholm since 2014.

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