G5 ENTERTAINMENT AB

INTERIM REPORT

JANUARY – SEPTEMBER 2015

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JULY–SEPTEMBER

- Consolidated revenue for the period was SEK 96.1 M (63.8), an increase of 51 per cent compared to the same period in 2014.
- EBIT for the period was SEK 4.7 M (-0.8). EBIT was affected by write-downs of SEK 4.5 M (1.5), EBIT adjusted for write-downs amounted to SEK 9.2 M (0.7).
- Net result for the period was SEK 3.2 M (-2.2).
- Earnings per share for the period before and after dilution was SEK 0.36 (-0.25).
- Cash flow before financing activities during the period was SEK -0.1 M (7.5).
- For the free-to-play games the average Monthly Active Users (MAU) was 2.7 million, an increase of 55 per cent compared to the same period in 2014. Average Monthly Unique Payers (MUP) was 105.2 thousands, an increase of 37 per cent and average Monthly Average Gross Revenue Per Paying User (MAGRPPU) was USD 30.3, an increase of 1 per cent compared to the same period in 2014.
- Revenue from free-to-play games grew by 79 per cent compared to the same period in 2014 and accounted for 89 per cent (75) of the total revenue.

FINANCIAL KEY RATIOS

KSEK	Jul–Sep 2015	Jul–Sep 2014	Change %	Jan–Sep 2015	Jan–Sep 2014	Change %	2014
Revenue	96,075	63,790	51 %	283,092	177,684	59 %	259,836
Commission to distributors[1]	-28,823	-19,137	51 %	-84,928	-53,305	59 %	-77,720
Royalty to external developers[2]	-22,390	-17,380	29 %	-64,130	-47,978	34 %	-65,968
Gross profit	**44,863**	**27,273**	**64 %**	**134,034**	**76,401**	**75 %**	**116,148**
Gross margin	47 %	43 %		47 %	43 %		45 %
Operating costs excluding costs for user acquisition	-24,989	-18,884	32 %	-64,784	-47,244	37 %	-69,410
EBIT excluding costs for user aquisition	**19,874**	**8,389**	**137 %**	**69,250**	**29,157**	**138 %**	**46,739**
EBIT margin before costs for user acquisition	21 %	13 %		24 %	16 %		18 %
Costs for User acquisition[3]	-15,133	-9,235	64 %	-57,827	-22,494	157 %	-37,724
EBIT	**4,741**	**-846**		**11,423**	**6,663**	**71 %**	**9,015**
EBIT-margin (%)	5 %	-1 %		4 %	4 %		3 %
Cash Flow before financing activities	-91	7,527		-2,192	5,349		5,090
Cash on account	30,999	33,162		30,999	33,162		32,864

[1]Variable costs paid to distributors (Apple App Store, Google Play, Amazon Appstore etc.), which is almost exclusively 30 per cent of the revenue.
[2]Royalties to external developers are costs to third party developers when there is a contractual obligation to pay royalty.
[3]User aquisition is a marketing cost for acquiring new users. The costs are fully variable and spent on short term campaigns that can be stopped at a very short notice.

COMMENT FROM THE CEO:

INCREASED FOCUS ON PROFITABILITY

G5 DELIVERS PROFITABLE GROWTH IN THE THIRD QUARTER

G5 has changed the mode of operations during the third quarter and started focusing more on earnings, as we have indicated in the Q2 report. Before Q3, we were reinvesting all company profits into user acquisition (UA) expenses. The plan for Q3, as we announced it in Q2 report, was to reduce UA expenses to improve earnings, while maintaining the growth. The results of the third quarter prove that our strategy was right: we spent less on UA than in the second quarter, yet the company has shown higher revenue, higher operational metrics, and significantly higher earnings than in the second quarter. Reduced UA expenses allowed more of our "EBIT before UA" to flow through to the bottom line. Adjusted for write-downs, EBIT in Q3 was SEK 9.2 M and margin was at 10%. The results of the third quarter are not representative of the maximum earnings potential of the company, which in our opinion is much higher, but are only the results of the first step forward in this direction.

MORE FOCUS ON EARNINGS GOING FORWARD

Going forward, we will continue to work in the new mode of operation where we take a balanced approach to UA spending, and aim to gradually improve earnings and profitability over time. This is possible because in addition to paid user acquisition efforts, G5 acquires many users organically, and retains them well. G5's Analytics platform allows us to precisely track return on investment in user acquisition and make sure we acquire valuable users who stay long and pay back significantly more than we spent on acquiring them. However, even with this new balanced approach to UA spending in place, the management reserves the right to support a successful new game launch with temporary aggressive UA spending, when this is needed to realize the game's full potential in the interest of the company's long-term growth and earnings.

G5'S OWN FREE-TO-PLAY GAMES ARE INCREASING PROFITABILITY

G5's own F2P games were the fastest growing part of the company's game portfolio during the third quarter, and contributed substantially to the boost in gross margins and improved profitability. The management will continue to focus on improving the performance of G5's own games with regular updates, as well as expanding the portfolio of the company's own games. The work is currently ongoing to provide the players with holiday content during the fourth quarter, which is traditionally one of the strongest in the year for G5.

NEW GAMES IN THE PIPELINE

G5's approach to succeeding in this very competitive market is building a portfolio of games rather than relying on one or two "hit" games. While we are not doing anything to prevent a "hit game" from happening, and some of our games achieve outstanding financial success, we don't believe one can repeatedly predict, plan and release hit games. Also, it is not uncommon in this industry that a game fails in the market, and we know this will definitely happen to our games, sometimes. This is why we build a balanced portfolio of games, where a part of the portfolio is allocated to experimenting with ideas and genres that are new to G5. Some of these experimental free-to-play games may fail in the market, which is when we take a write-down, as it happened in the third quarter. However, most of our games become successful, and some experimental games become very successful, and the rewards more than compensate for the write-downs on unsuccessful ones.

Given the significant contribution of G5's own games to the quarter's results, it only makes sense that most of the free-to-play games that we are working on and aim to release before the end of the year are G5's own games. Our team is working hard to get the new games through the final stages of development.

CONTINUOUS EXECUTION

As developers and publishers of games for tablets and smart phones, we are committed to providing our players with the highest quality casual free-to-play games. We believe that our games appeal to a large audience and therefore our user base can continue to grow further, while maintaining or even improving monetization metrics. We will continue to strengthen our product development, publishing platform, analytics and marketing teams and tools in order to achieve our goals.

Stockholm, November 5, 2015

Vlad Suglobov,
CEO, co-founder

JULY–SEPTEMBER:

REVENUE AND GROSS PROFIT

Revenue amounted to SEK 96.1 M (63.8). Revenue grew by 51 per cent compared to the same period in 2014. The growth is continuously driven by the strong performance of the group's free-to-play-games, which grew by 79 per cent during the period compared to 2014. The portfolio of unlockable games is still giving a contribution to the group but their absolute and relative size is shrinking.

Cost of revenue increased by 40 per cent to SEK 51.2 M (36.5). Cost of revenue consists of the commission to the distributors (Apple App Store, Google Play, Amazon App-store, etc.). All relevant parties charge up to 30 per cent of gross revenue. Cost of revenue also includes royalties payable to external developers which increased by 29 per cent compared to 2014, a lower rate of increase than the revenue due to a larger share of revenue coming from games that are fully owned by G5.

Gross margin for the period increased to 47 per cent (43). Gross profit for the quarter increased by 64 per cent and was SEK 44.8 M (27.3).

OPERATIONAL COSTS

Costs for research & development were SEK 15.8 M (9.8) during the period. The increase in costs for research and development is driven by higher amortization and write-downs. The company has also made a general increase in costs in line with the strategy of strengthening the Product development, Platform, Analytics and Marketing teams. As a large part of the spending for research & development is capitalized, this has not increased the costs during the quarter.

Sales and marketing increased significantly to SEK 17.3 M (9.4). Sales and marketing is primarily affected by the costs for user acquisition. During the quarter the costs for user acquisition were SEK 15.1 M (9.2). The Analytics platform used and developed by G5 makes it possible to accurately measure the return on investment for the spend on user acquisition. As a step to focus more on profitability the company scaled down the user acquisition spend compared to the second quarter 2015. Sales and marketing excluding user acquisition increased to SEK 2.2 M (0.2). The largest part of the increase is due to a reclassification of costs from general and administrative costs. A smaller part is related to the general increase from strengthening the marketing team.

General and administrative costs amounted to SEK 6.3 M (7.3). Other operating income amounted to SEK 1.1 M (0.6) and other operating expenses amounted to SEK -1.8 M (-2.2). Together they amounted to SEK -0.7 M (-1.6), primarily driven by currency effects on operational assets and liabilities.

EBIT

Depreciation and amortization have increased significantly compared to 2014 due to the increased size of the game portfolio and amounted to SEK 8.9 M (4.7). The quarter saw large write-downs, both relating to older games in the portfolio of unlockable games but also the write-down of an experimental free-to-play game, write downs amounted to SEK 4.5 M (1.5).

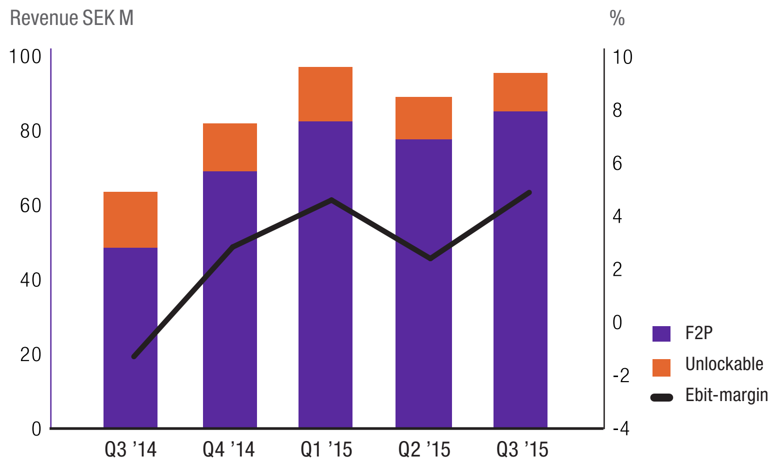
Earnings before interest and taxes (EBIT) were SEK 4.7 M (-0.8). Adjusted for write-downs, EBIT was SEK 9.2 M (0.7) and adjusted EBIT-margin was 10 per cent (1).

NET PROFIT

Net profit was marginally affected by financial items. Tax affected the result with SEK -1.6 M (-0.8).

Net profit amounted to SEK 3.2 M (-2.2) which is corresponding to earnings per share of SEK 0.36 (-0.25).

REVENUE BREAKDOWN BY GAME TYPE | EBIT-MARGIN



OPERATIONAL METRICS

The third quarter saw a strong development in average Monthly Active Users (MAU) with an increase of 55 per cent compared to the same period last year.

Average Monthly Unique Payers (MUP) increased by 37 per cent compared to the same period last year and their average monthly spend, Monthly Average Gross Revenue Per Paying User (MAGRPPU) was slightly higher than last year.

	2015		
F2P	Q1	Q2	Q3
Average MAU (mn)	2.4	2.6	2.7
Average MUP (thousands)	98.1	102.7	105.2
Average MAGRPPU (USD)	32.9	29.9	30.3

	2014			
F2P	Q1	Q2	Q3	Q4
Average MAU (mn)	1.8	1.6	1.7	2.0
Average MUP (thousands)	64.9	66.2	76.8	84.1
Average MAGRPPU (USD)	28.4	31.2	29.9	36.1

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

JANUARY–SEPTEMBER:

REVENUE AND GROSS PROFIT

Year-on-year revenues grew by 59 per cent during the interim period, driven by the strong growth of the group's free-to-play-games. Revenues amounted to SEK 283.1 M (177.7). Revenue from free-to-play-games grew by 82 per cent during the period compared to 2014.

The group's cost of revenue was SEK 149.1 M (101.3) during the period. Gross profit amounted to SEK 134.0 M (76.4), an increase of 75 per cent compared to the same period in 2014. Gross margin increased to 47 per cent (43), due to a relative increase in sales from games owned by G5.

OPERATING COSTS

Operating costs increased compared to the same period last year. The increase is primarily driven by the costs for user acquisition, which amounted to SEK 57.8 M (22.5). Excluding costs for user acquisition the operating costs amounted to SEK 64.8 M (47.2). The operational costs were also impacted by write-downs of SEK 5.5 (1.5). The remaining increase in costs is in accordance with the strategy of strengthening Product development, Platform, Analytics and Marketing teams to manage the current and future portfolio of free-to-play games. In addition, exchange rate differences on operational assets and liabilities have impacted the period negatively compared to the same period last year.

EBIT

Depreciation and amortization amounted to SEK 21.1 M (13.8) for the interim period and write-downs affected the period with SEK 5.5 M (1.5).

EBIT was SEK 11.4 M (6.7) and the EBIT-margin was 4 per cent (4) for the period. Adjusted for write-downs EBIT amounted to SEK 16.9 M (8.2) corresponding to an EBIT-margin of 6 per cent (5).

CASH FLOW

During the third quarter, the group had an operating cash flow before changes in working capital of SEK 17.4 M (12.4). Changes in working capital impacted the cash flow negatively with SEK -8.3 M (3.1) while capitalized development costs impacted the cash flow negatively with SEK -8.7 M (-7.1).

Cash flow for the third quarter amounted to SEK -0.1 M (7.5).

For the period January-September cash flow before changes in working capital amounted to SEK 36.6 M (25.0). Cash flow amounted to SEK -2.2 M (5.3).

Available cash on September 30, 2015 amounted to SEK 31.0 M (33.2).

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 however expects such write-downs to be more than compensated for by the revenue and profits produced by very successful games in the portfolio.

Intangible assets, which primarily are constituted of capitalized expenses on the games portfolio, amounted to SEK 92.1 M (64.8). Impairment need in the portfolio is tested on a quarterly basis. A thorough review of the input parameters is done on a yearly basis.

Consolidated equity amounted to SEK 114.6 M (96.6), which equals SEK 13.02 per share (11.0) and the equity/asset ratio is 66 per cent (75).

Cash on hand amounted to SEK 31.0 M (33.2).

The group has no interest bearing debt.

PARENT COMPANY

The parent company revenues increased in line with the group. The parent company is the counterpart for almost all revenue from the application stores where G5 sells their 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.

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

OTHER DISCLOSURES

NEW REPORTING FORMAT

From the first quarter 2015, G5 Entertainment AB (publ) started reporting revenues including commission to distributors and is subsequently reporting commission to distributors as cost of revenue. The change in revenue recognition is in line with how most other public companies in this industry report.

In addition, G5 Entertainment started reporting its income statement in a functional income statement format. Operational costs are classified as Cost of revenue, Research & Development, Sales & Marketing, and General & Administrative expenses. This change was made as a functionally divided lineup is expected to provide a more transparent picture of G5's profit developments, and to get a better comparability with other public companies in the industry in which the company operates. A number of such companies are using functional income statements.

Comparison figures for 2014 have been adjusted to reflect the changes. More information regarding the changes in reporting format can be found in the Interim report January-March 2015.

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 2014 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.

NOMINATION COMMITTEE

In accordance with the resolution of the Annual General Meeting 2015, a Nomination Committee has been appointed consisting of representatives of the five largest shareholders at the end of September. The nomination committee consists of the following members:

- Christoffer Häggblom, Chairman (representing Rite Internet Ventures)
- Jeffrey Rose (representing Wide Development Limited)
- Petter Nylander, Chairman of the Board (representing Proxima Limited)
- Marianne Flink (representing Swedbank Robur Fonder)
- Magnus Uppsäll (representing Purple Wolf Limited)

Shareholders wishing to submit proposals to G5 Entertainment's nomination committee may do so by mail to G5 Entertainment AB (publ), Riddargatan 18, 114 51 Stockholm, Sweden or by e-mail to nomination@g5e.com. Please note that proposals must be received by the nomination committee by February 1, 2016.

UPCOMING REPORT DATES

Year-end report 2015	February 23, 2016

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 00 11 115

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 November 5, 2015

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 November 6, 2015 at 08.35.

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.

REVIEW REPORT

INTRODUCTION

We have reviewed the interim report for G5 Entertainment AB (publ) for the period January 1 - September 30, 2015. The Board of Directors and the CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

SCOPE OF REVIEW

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and is substantially less in scope than an audit conducted in accordance with ISA and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not, in all material respects, prepared for the Group in accordance with IAS 34 and the Annual Accounts Act, and for the Parent Company in accordance with the Annual Accounts Act.

Stockholm, November 5, 2015

Mazars SET Revisionsbyrå AB

Bengt Ekenberg
Auktoriserad revisor

INCOME STATEMENT - GROUP

KSEK	Jul–Sep 2015	Jul–Sep 2014	Jan–Sep 2015	Jan–Sep 2014	Oct–Sep 2014/15	2014
Net turnover	96,075	63,790	283,092	177,684	365,244	259,836
Cost of revenue	-51,212	-36,517	-149,058	-101,283	-191,462	-143,688
Gross profit	**44,863**	**27,273**	**134,034**	**76,401**	**173,781**	**116,148**
Research & Development expenses	-15,788	-9,827	-35,305	-24,960	-45,315	-34,971
Sales & Marketing expenses	-17,323	-9,388	-64,207	-22,879	-79,861	-38,533
General and Administrative expenses	-6,285	-7,297	-20,164	-21,082	-31,284	-32,202
Other operating income	1,098	556	2,099	1,610	2,291	1,803
Other operating expenses	-1,824	-2,163	-5,034	-2,427	-5,838	-3,231
Operating result	**4,741**	**-846**	**11,423**	**6,663**	**13,774**	**9,015**
Financial income	9	0	17	0	60	42
Financial expenses	-1	-601	-48	-439	-48	-439
Operating result after financial items	**4,749**	**-1,447**	**11,392**	**6,224**	**13,785**	**8,618**
Taxes (Note 3)	-1,583	-762	-5,621	-2,665	-4,760	-1,804
Net result for the period	**3,166**	**-2,209**	**5,770**	**3,559**	**9,025**	**6,814**
Attributed to:						
Parent company´s shareholders	3,166	-2,209	5,770	3,559	9,025	6,814
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	0.36	-0.25	0.66	0.40	1.03	0.77

STATEMENT OF COMPREHENSIVE INCOME - GROUP

KSEK	Jul–Sep 2015	Jul–Sep 2014	Jan–Sep 2015	Jan–Sep 2014	Oct–Sep 2015	2014
Net result for the period	**3,166**	**-2,209**	**5,770**	**3,559**	**9,025**	**6,814**
Items that later can be reversed in profit						
Foreign currency translation differences	3,186	2,846	4,314	4,005	8,862	8,553
Total other comprehensive income for the period	**3,186**	**2,846**	**4,314**	**4,005**	**8,862**	**8,553**
Total comprehensive income for the period	**6,353**	**637**	**10,085**	**7,564**	**17,887**	**15,367**
Attributed to:						
Parent company´s shareholders	6,353	637	10,085	7,564	17,887	15,367
Non-controlling interest	-	-	-	-	-	-

BALANCE SHEET - GROUP

KSEK	Sep 30 2015,	Sep 30, 2014	Dec 31, 2014
Fixed assets			
Intangible fixed assets			
Capitalized development costs (Note 2)	89,820	62,537	71,680
Goodwill	2,295	2,305	2,302
	92,115	**64,842**	**73,982**
Tangible fixed assets			
Equipment	4,442	2,641	2,892
	4,442	**2,641**	**2,892**
Deferred tax receivable (Note 3)	5,797	67	1,025
Total non-current assets	**102,354**	**67,550**	**77,899**
Current assets (Note 4, 6)			
Accounts receivable	9,730	6,920	7,569
Tax receivable	143	-	-
Other receivables	5,882	5,519	7,327
Prepaid expenses and accrued income	23,379	16,058	21,536
Cash at bank	30,999	33,162	32,864
Total current assets	**70,133**	**61,659**	**69,297**
TOTAL ASSETS	**172,487**	**129,209**	**147,195**
Equity	**114,614**	**96,556**	**104,359**
Current liabilities (Note 6)			
Accounts payable	16,328	13,410	12,893
Other liabilities	3,705	1,760	1,593
Tax liabilities	10,652	1,279	2,326
Accrued expenses	27,188	16,203	26,025
Total current liabilities	**57,873**	**32,651**	**42,837**
TOTAL EQUITY AND LIABILITIES	**172,487**	**129,209**	**147,195**

STATEMENT OF CHANGES IN SHAREHOLDER EQUITY - GROUP

KSEK	Share capital	Other capital contribu-tion	Other reserves	Profit/ loss brought forward	Share-holders' equity
Shareholders' equity as of 2014-01-01	**880**	**54,032**	**22**	**34,058**	**88,992**
Net result for the period				3,559	3,559
Total other comprehensive income			4,005		4,005
Total comprehensive income for the period			**4,027**	**3,559**	**7,564**
Shareholders' equity as of 2014-09-30	**880**	**54,032**	**4,027**	**37,617**	**96,556**
Shareholders' equity as of 2015-01-01	**880**	**54,032**	**8,575**	**40,872**	**104,359**
Premium for warrant program		171			171
Net result for the period				5,770	5,770
Total other comprehensive income			4,314		4,314
Total comprehensive income for the period	**880**	**54,203**	**12,889**	**46,642**	**114,614**
Shareholders' equity as of 2015-09-30	**880**	**54,203**	**12,889**	**46,642**	**114,614**

CASH FLOW STATEMENT - GROUP

KSEK	Jul–Sep 2015	Jul–Sep 2014	Jan–Sep 2015	Jan–Sep 2014	Oct–Sep 2014/15	2014
Cash flow from operating activities						
Profit after financial items	4,749	-1,447	11,392	6,224	13,786	8,618
Adjusting items not included in cash flow	13,163	10,266	27,828	20,974	38,140	31,286
	17,912	8,819	39,220	27,198	51,926	39,904
Taxes paid	-474	3,607	-2,581	-2,216	-1,710	-1345
Cash flow before changes in working capital	**17,438**	**12,426**	**36,639**	**24,982**	**50,216**	**38,559**
Cash flow from changes in working capital						
Change in operating receivables	-6,073	-2,748	-6,133	-9,134	-16,215	-19,216
Change in operating liabilities	-2,225	5,799	4,611	14,606	10,483	20,478
Cash flow from operating activities	**9,140**	**15,477**	**35,117**	**30,454**	**44,484**	**39,821**
Investing activities						
Investment in fixed assets	-672	-863	-2,935	-1,619	-3,688	-2,373
Capitalized development costs	-8,730	-7,086	-34,544	-23,485	-43,417	-32,358
Cash flow from investing activities	**-9,402**	**-7,949**	**-37,479**	**-25,104**	**-47,105**	**-34,731**
Financing activities						
Premium for issued warrants	171		171		171	
Cash flow from financing activities	**171**		**171**		**171**	
CASH FLOW	**-91**	**7,527**	**-2,191**	**5,349**	**-2,451**	**5,090**
Cash at the beginning of the period	**30,978**	**25,148**	**32,864**	**27,433**	**33,162**	**27,433**
Cash flow	-91	7,527	-2,191	5,349	-2,451	5,090
Exchange rate differences	112	486	326	379	288	342
CASH AT THE END OF THE PERIOD	**30,999**	**33,162**	**30,999**	**33,162**	**30,999**	**32,864**

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 2014. None of the new and changed standards from IASB, applicable from 1st of January 2015, has had any material effect on the Financial Statements. For detailed information on the accounting principles, see Annual report 2014.

NOTE 2 – CAPITALIZED DEVELOPMENT COSTS

KSEK	Jul–Sep 2015	Jul–Sep 2014	Jan–Sep 2015	Jan–Sep 2014	Oct–Sep 2014/15	2014
At the beginning of the period	**88,943**	**57,683**	**71,680**	**48,299**	**62,537**	**48,299**
Investments	8,730	7,086	34,544	23,485	43,416	32,358
Write-downs	-4,463	-1,549	-5,476	-1,549	-5,518	-1,591
Amortization	-8,452	-4,436	-19,970	-13,024	-24,836	-17,890
Currency exchange differences	5,061	3,752	9,042	5,325	14,221	10,504
At the end of the period	**89,820**	**62,537**	**89,820**	**62,537**	**89,820**	**71,680**

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. In the first half of the year the effective tax rate was higher than usual due to specific combination of profit distribution among subsidiaries and temporary differences between the carrying amount and the tax base of some of the group's intangible assets.

In 2014 the effective tax rate was influenced by a revaluation of deferred tax assets related to temporary differences.

NOTE 4 – OTHER RECEIVABLES

Other receivables include SEK 5.4 M (4.6) 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). The overdraft facility was unused as of September 30, 2015.

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

Different advisors consulted by the company have different views on a tax matter relating to payment of compensation to developers during previous years. The issue includes among others the interpretation of the applicable tax laws in countries where G5 operates. G5 considers the risk of additional tax to be small, but a certain risk exposure exists, with a maximum amount estimated to SEK 3.5 M.

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	Jul–Sep 2015	Jul–Sep 2014	Jan–Sep 2015	Jan–Sep 2014	Oct–Sep 2014/15	2014
Net turnover	96,072	63,572	283,133	177,351	365,509	259,728
Cost of revenue	-76,546	-44,897	-218,422	-127,112	-284,044	-192,735
Gross profit	**19,525**	**18,675**	**64,711**	**50,239**	**81,466**	**66,994**
Research & development expenses	-261	-505	-261	-2,465	1,489	-715
Sales & Marketing expenses	-394	0	-394	-14	-473	-94
General and administrative expenses	-20,038	-15,199	-73,426	-39,074	-92,568	-58,216
Other operating income	1,328	2,279	4,913	2,614	6,422	4,123
Other operating expenses	-998	-1,292	-3,414	-1,327	-5,285	-3,198
Operating result	**-838**	**3,958**	**-7,871**	**9,972**	**-8,949**	**8,894**
Financial income	-	77	-	1,114	1,381	2,495
Financial expenses	-1	-2	-48	-47	-268	-267
Operating result after financial items	**-839**	**4,033**	**-7,920**	**11,039**	**-7,837**	**11,122**
Taxes (Note 3)	182	-935	2,057	-2,483	2,194	-2,346
Net result for the period	**-657**	**3,098**	**-5,863**	**8,556**	**-5,643**	**8,776**

STATEMENT OF COMPREHENSIVE INCOME - PARENT COMPANY

KSEK	Jul–Sep 2015	Jul–Sep 2014	Jan–Sep 2015	Jan–Sep 2014	Oct–Sep 2014/15	2014
Net result for the period	**-657**	**3,098**	**-5,863**	**8,556**	**-5,643**	**8,776**
Items that later can be reversed in profit						
Foreign currency translation differences	3,402	1,270	4,043	3,244	8,570	7,771
Total other comprehensive income for the period	**3,402**	**1270**	**4,043**	**3,244**	**2,927**	**7,771**
Total comprehensive income for the period	**2,745**	**4,368**	**-1,820**	**11,800**	**2,927**	**16,547**

BALANCE SHEET - PARENT COMPANY

KSEK	Sep 30 2015,	Sep 30, 2014	Dec 31, 2014
Fixed assets			
Intangible fixed assets			
Capitalized development costs (Note 2)	-	-	-
Financial fixed assets			
Shares in group companies	70	570	570
Deferred tax assets	2,056	-	-
Receivables from group companies	99,999	79,727	91,845
	102,125	**80,297**	**92,415**
Current assets			
Account receivables	9,862	6,845	8,015
Receivables from group companies	-	441	-
Other receivables	195	2,015	285
Prepaid expenses and accrued income	23,104	16,002	21,295
Cash at bank	19,796	24,586	27,817
	52,957	**49,890**	**57,412**
TOTAL ASSETS	**155,082**	**130,187**	**149,826**
Restricted equity			
Share capital	880	880	880
Non-restricted equity			
Share premium reserve	54,160	53,990	53,989
Fair value reserve	12,463	3,892	8,420
Profit/Loss carried forward	38,821	30,043	30,045
Net result for the period	-5,863	8,556	8,776
Total equity	**100,461**	**97,361**	**102,109**
Current liabilities			
Accounts payable	285	6,794	4,064
Tax liabilities	-	-	-
Liability to group companies	52,813	12,619	39,543
Other liability	140	118	1,265
Accrued expenses	1,383	13,295	2,843
Total current liabilities	**54,621**	**32,826**	**47,716**
TOTAL EQUITY AND LIABILITIES	**155,082**	**130,187**	**149,826**
Memorandum items (Note 5)			
Pledged assets	3,050	3,050	3,050
Contingent liabilities	3,500	3,500	3,500

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 downloadable games for iOS, Android, Kindle Fire, Mac, and Windows 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 Farm Clan™, Survivors: The Quest™, Mahjong Journey™, The Secret Society®, Virtual City®, Special Enquiry Detail® and Supermarket Mania®. G5 Entertainment AB (publ) is listed on Nasdaq Stockholm since 2014.

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