

G5 Entertainment

Investor Presentation

August 2023

NASDAQ OMX: [G5EN.ST](#)

OTCQX: [GENTE](#)



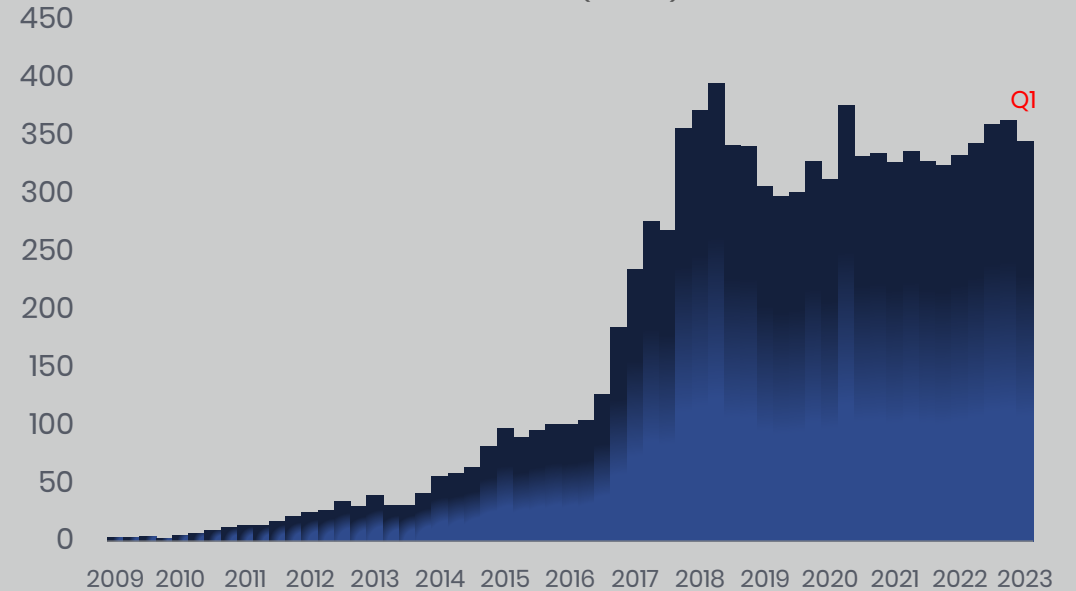
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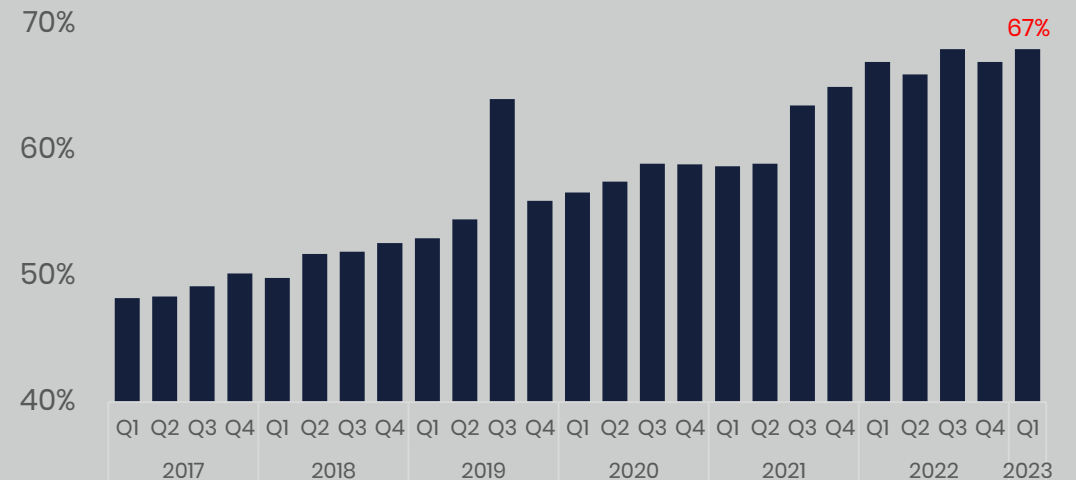
G5 Entertainment in brief

- **Developer and publisher of casual free-to-play (F2P) games** for tablets, smartphones and PCs
- Serving the **\$90+ billion market** for global market for mobile games
- **11 offices worldwide** each serving a strategic purpose and providing a competitive advantage
- **Strong history** in creating and publishing games:
 - *The Secret Society* ➤ USD 147 million in sales
➤ 27 million downloads
 - *Hidden City* ➤ USD 452 million in sales
➤ 54 million downloads
- Focused on games for a **female audience age 35+**
- Founded 20 years ago and listed on Nasdaq Stockholm since June 2014 and public since October 2006

Revenue (MSEK)



Gross Margin (%)



Deloitte.
Technology Fast50
2013 - 2018

FT 1000
FINANCIAL
TIMES Europe's Fastest
Growing Companies
2017 - 2020



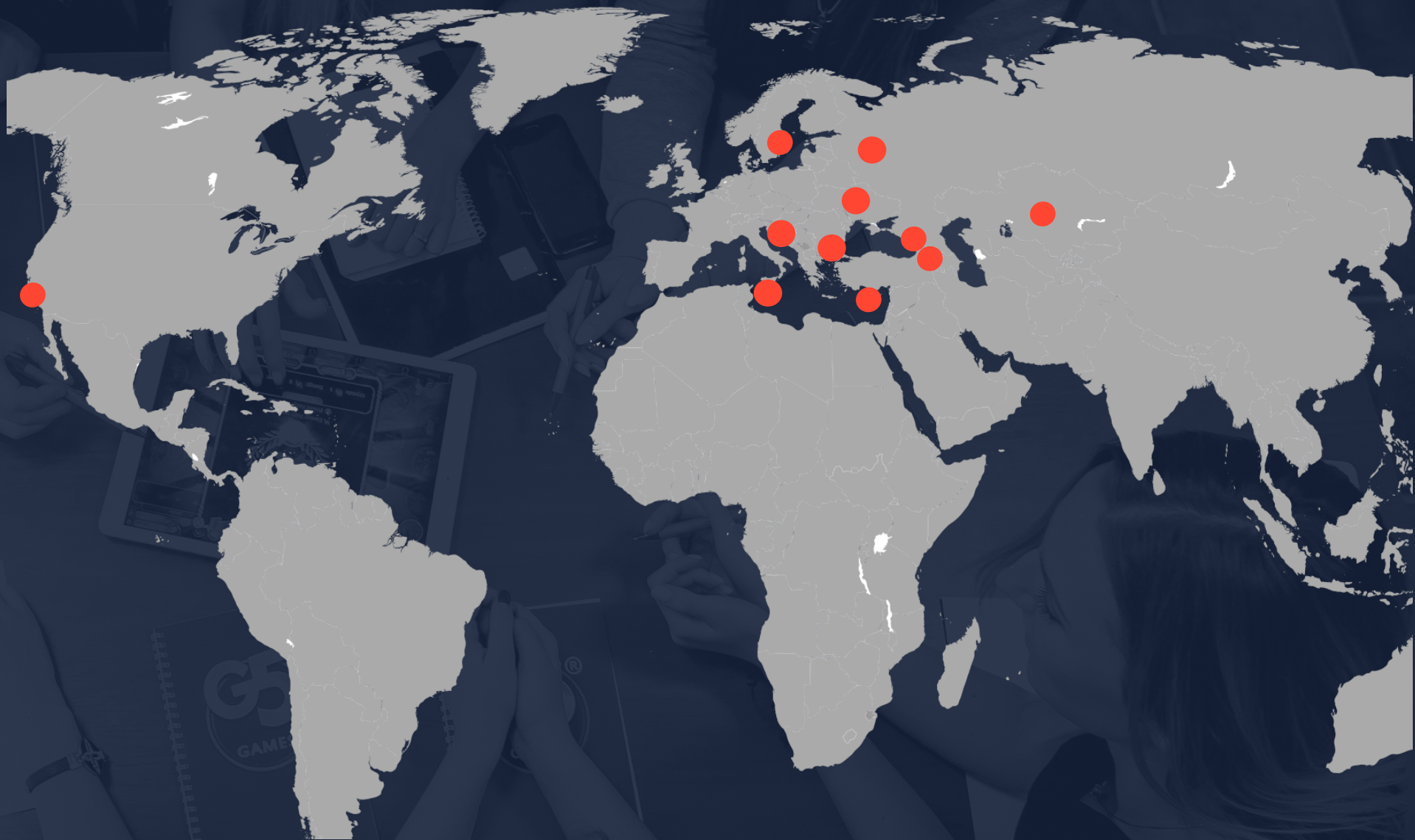
P
2nd best share of
the decade

Operating Locations



Employees
+900

11
Countries



Mobile Gaming Industry

Global Gaming: Historical Growth 1970-2020

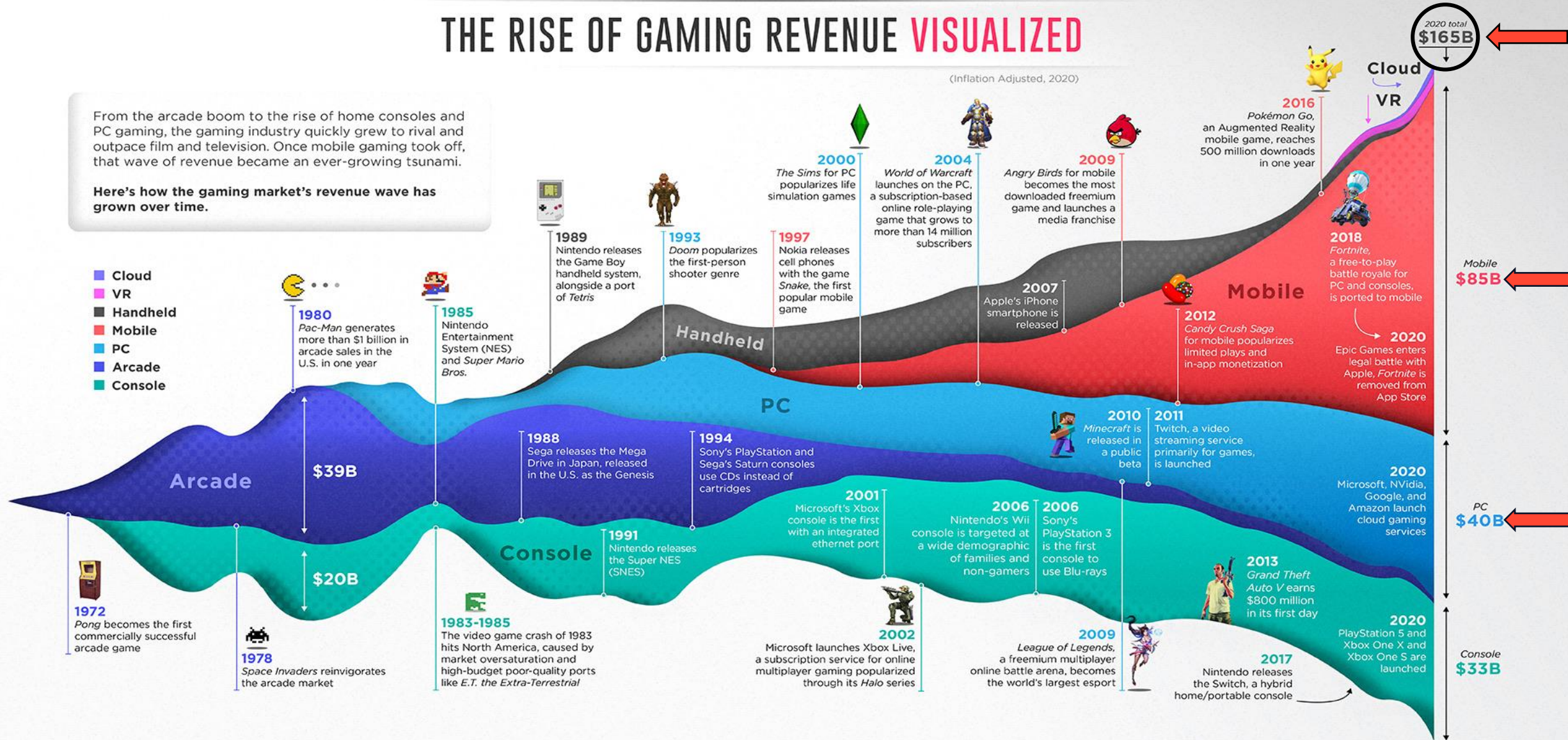


THE RISE OF GAMING REVENUE VISUALIZED

(Inflation Adjusted, 2020)

From the arcade boom to the rise of home consoles and PC gaming, the gaming industry quickly grew to rival and outpace film and television. Once mobile gaming took off, that wave of revenue became an ever-growing tsunami.

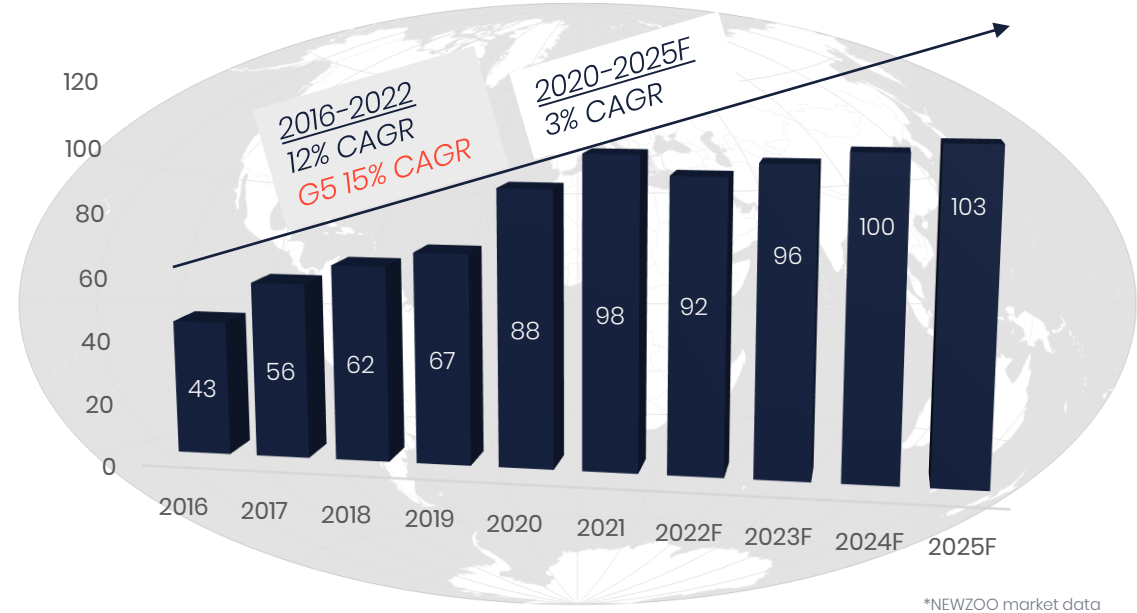
Here's how the gaming market's revenue wave has grown over time.



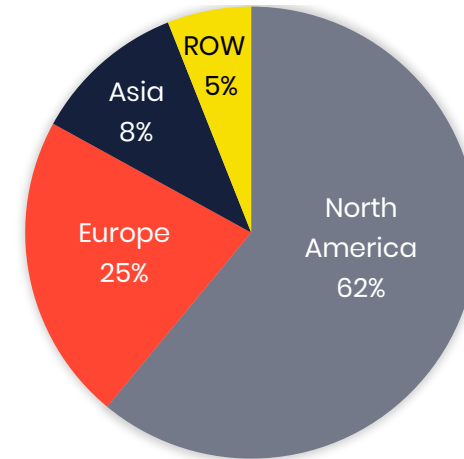
Global Mobile Gaming: A Growth Market

- The market is currently experiencing a post-pandemic recoil, but is expected to recover to 2021 levels already in 2024
- Mobile gaming is the best-performing segment of the overall gaming market, with global revenues expected to reach **\$103 Bn** USD by 2025
- **53% of 2023 global game revenue** will come from mobile gaming
- With almost **2.8 billion gamers worldwide today**, and 3.0 billion gamers projected by 2025, mobile gaming has more players than any other gaming segment
- Asia is the biggest market, accounting for almost **48%** of total revenues for the industry in 2022, followed by the US
- Mobile gamers are spending more money than ever before, with Japanese gamers spending the most per player
- G5's main market is North America, followed by EU and Japan

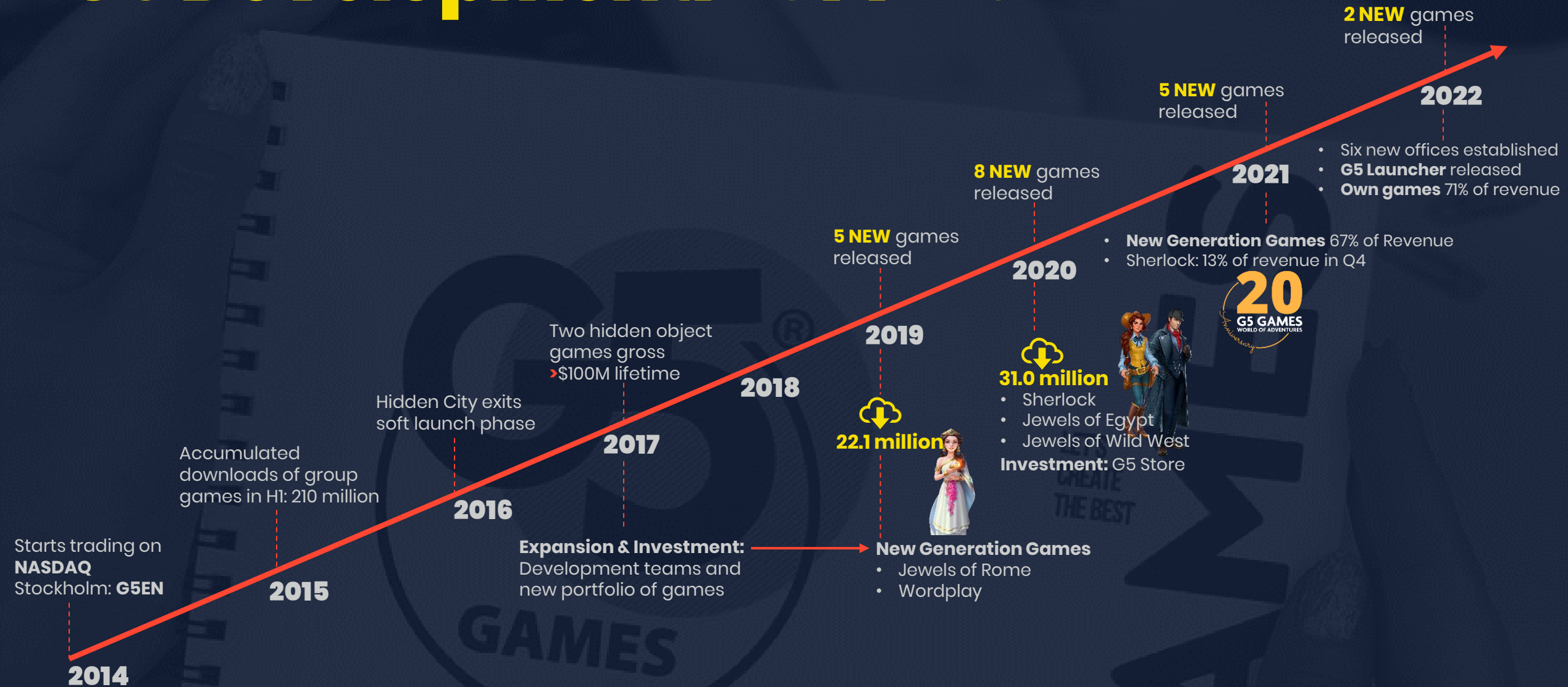
2016 – 2025 Global Mobile Games Market Revenues Bn USD



G5 Revenue breakdown by geography Q2 2023



G5 Development: 2014–2022





G5's Portfolio & Lifecycle

Target Audience and Game Genre

A Unique Market:

Women Age 35+

Growing demographic

Underserved market

Very loyal audience

Strong paying
audience \$

Hidden Object



Match-3



Mahjong / Solitaire



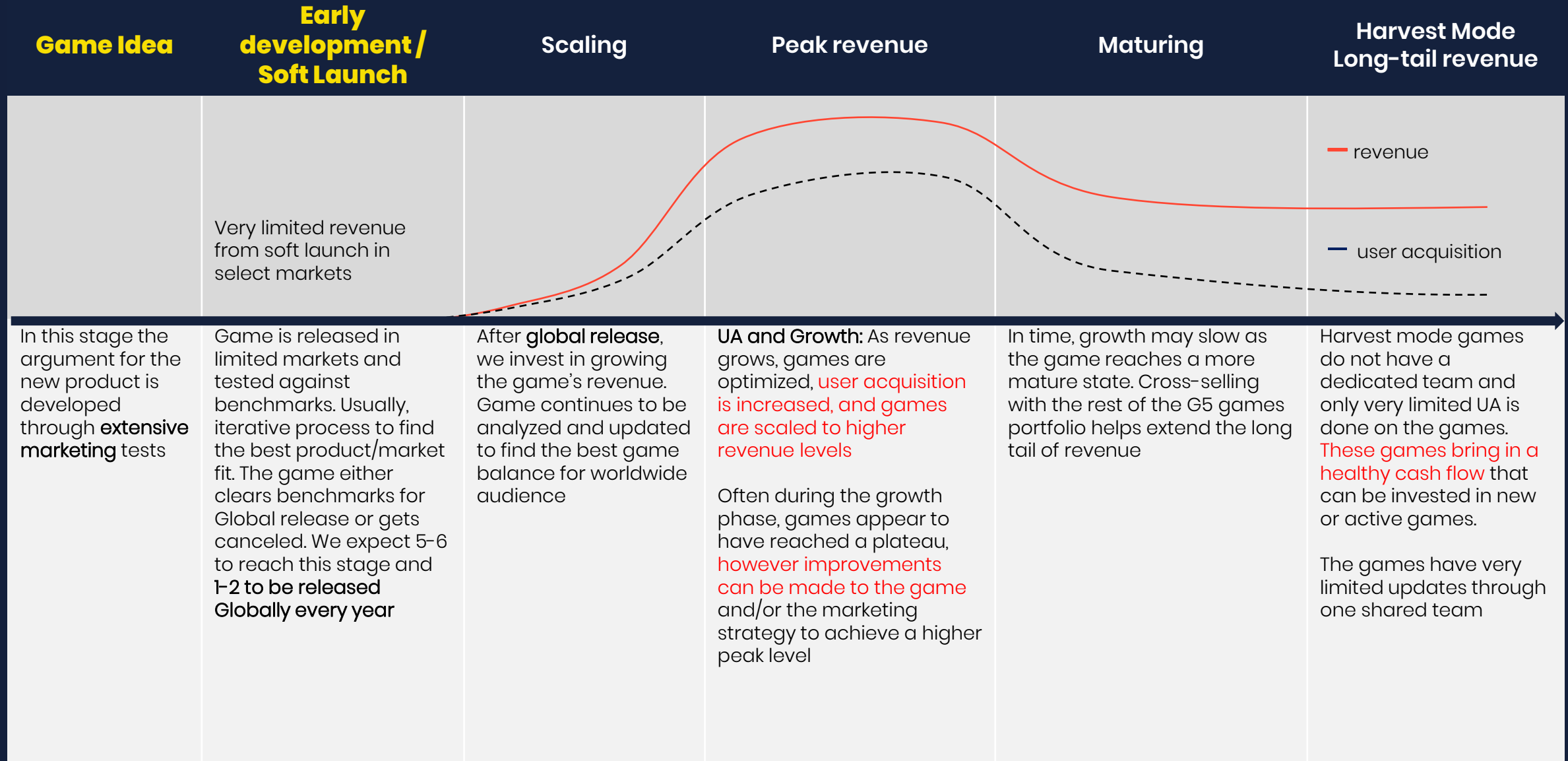
New Genres



G5 Friends Network



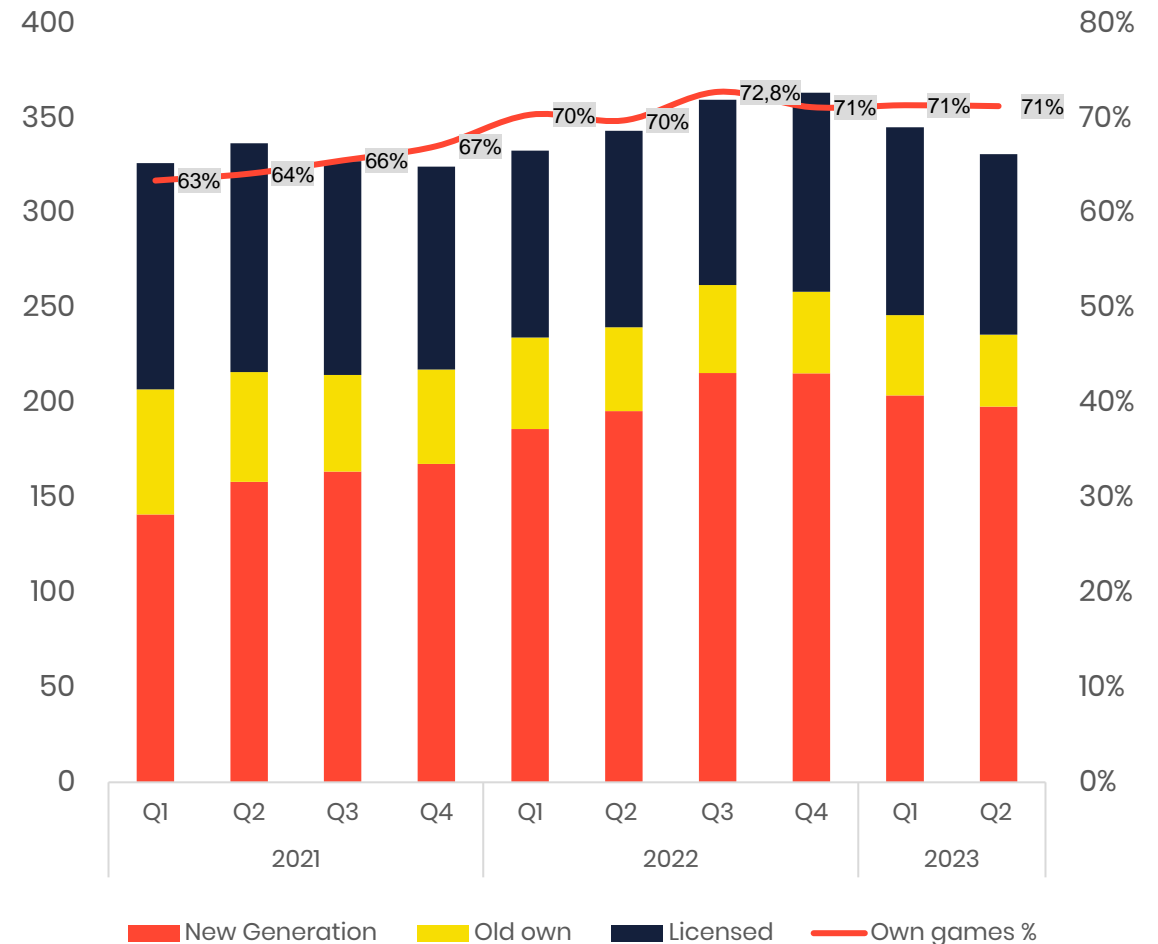
New Games Development Funnel



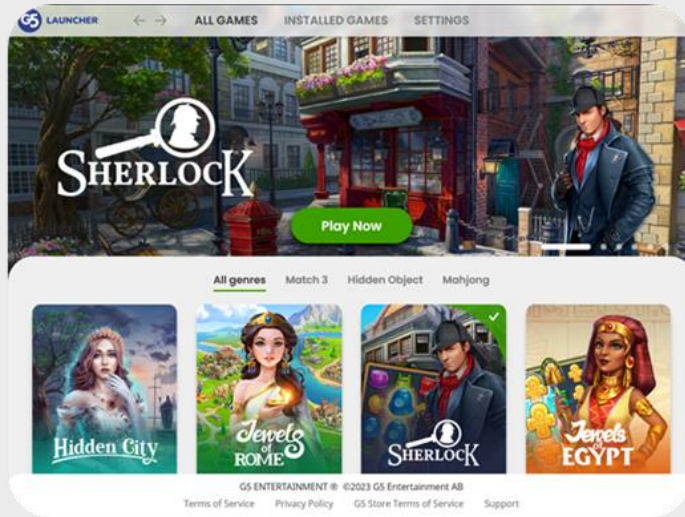
Our Portfolio Approach

- **Strengthened the development** teams giving the company full control over game development and quality combined with tougher approach to underperforming games
- Own games have consistently grown and is now **>71%** of the total net revenue
 - New Generation games **>60%** of total net revenue
 - ✓ *Sherlock*: 24% of total net revenue
 - ✓ *Jewels* family: 31% of total net revenue
- Eight games released in 2020, five games in 2021, five currently in soft launch and **two released globally in 2022**. Building on previous technology and game play foundation with an emphasis on engaging storylines and immersive meta-mechanics
- **Balanced and diversified portfolio** with games in different stages in their lifecycle creates a balance between profitability and growth
- UA efficiency and M.A.R.S UA suite tools accelerated growth of earnings
- Building a foundation for long-term future growth

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



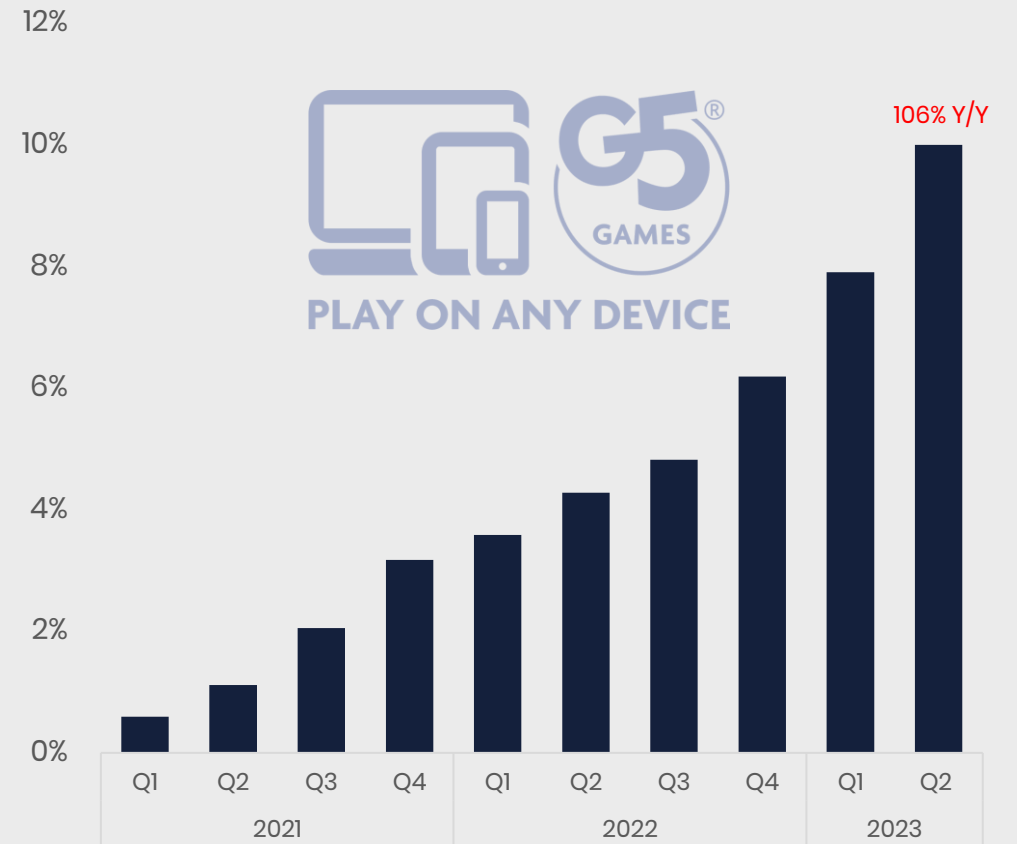
G5 Store



Continues to gain momentum

- G5 Store accounts for **9.8% of total net revenue** up from 4.3% last year, +106% Y/Y and +17% Q/Q in USD
Another all-time high in monthly revenue in Q2
- **Room to grow** Some peers report 25% of revenue from direct-to-consumer (D2C)
- **Lower processing fees** G5 Store are low single digits compared to the 12-30% third party application store fees
- ➤ Continued potential for growth and increased margins

G5 Store - % of G5's Net Revenue (USD)



Financials

Financial Summary: Q2 2023

Revenue SEK 331 M (344), -4% Y/Y

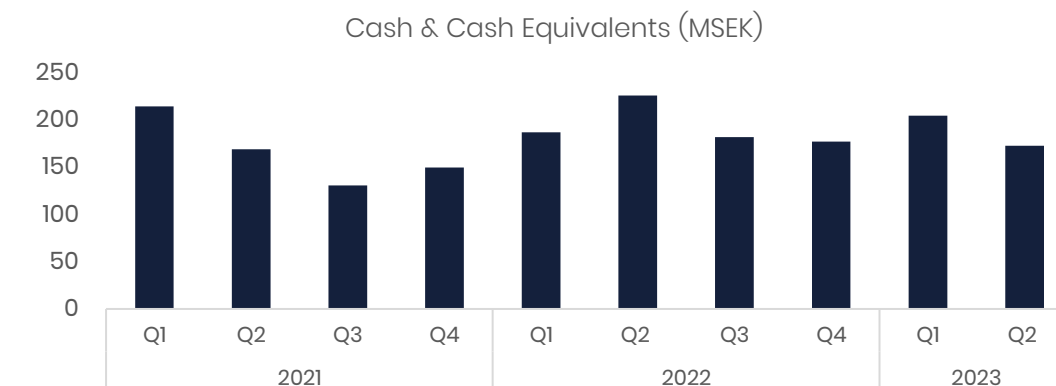
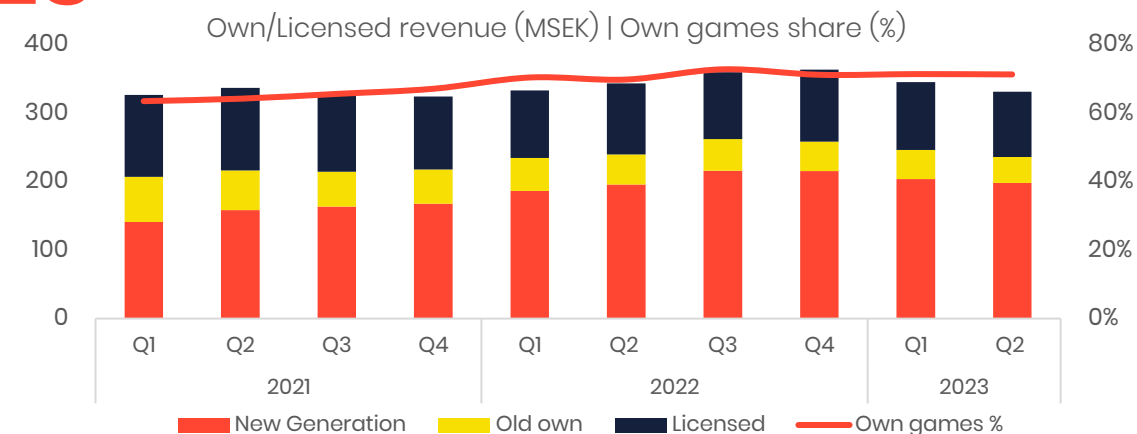
- Own games ➤71% of net revenue (69)
- New Generation games: 60% of net revenue, the biggest segment of the portfolio up from 57% in Q2 last year
- *Sherlock* +20% Y/Y in SEK ➤24% of net revenue (19.5)
- Stable MAGRPPU \$62.0 (64.1)

Operating Profit (EBIT) SEK 38.9 M (1.0), EBIT margin 12%

- Gross Margin 67.4% (66.7) strong due to fast growth of G5 Store
- Net capitalization impact on earnings was SEK -12.6 M (+11.6)
- EBIT in Q2 '22 was negatively impacted by UA boost
- UA costs 19% of revenue (decrease from 35% last year)

Strong balance sheet

- Dividend SEK 64.5 M (59.1) highest dividend in company's history and buybacks SEK 13.1 M
- Total cash flow SEK -31.8 M (33.9)
- Total cash at end of period **SEK 173.1 M** (226.3)



Outlook for 2023



- Expect continued stability in the second half of 2023
- We aim to release 1-2 new games globally in the second half of the year. The potential impact will be not be seen before 2024
- We are working on 7 games in soft launch development and iterations and 36 new game ideas
- G5 Store continues to be a catalyst of growth improving the Gross Margin and profitability
- Continued discipline in cost structure coupled with decreased expenses due to integration of generative AI tools in the development process
- Maintain sustainable UA spend within 17-22% range
- Continue to strengthen balance sheet through strong cash generation
- Committed to dividend payments and buyback
- Thank you for following G5



G5 Store

Upcoming Global launches before end of 2023



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