

G5 Entertainment

Pareto Gaming Seminar
Stockholm, Sweden
3rd March, 2020

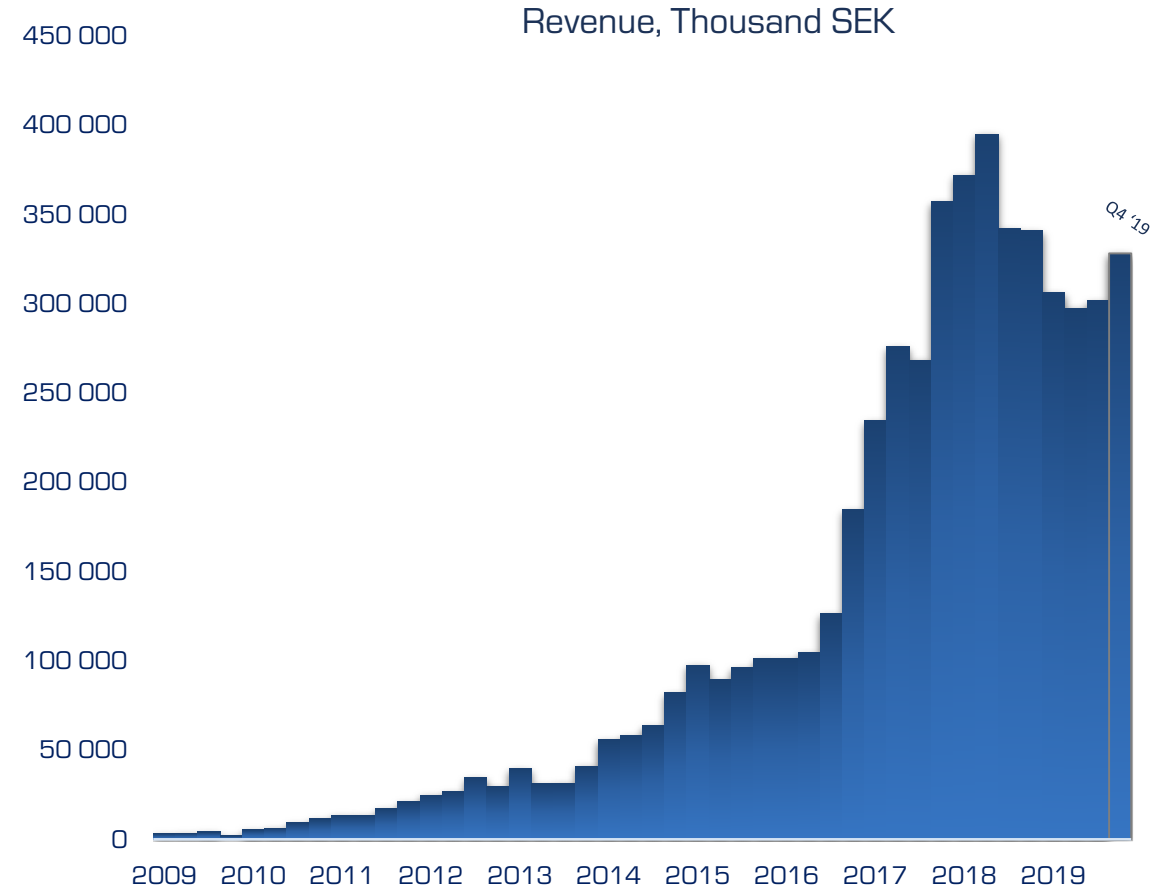


Vlad Suglobov, CEO



G5 Entertainment in brief

- Developer and publisher of casual free-to-play (F2P) games for tablets and smartphones
- Global company operating in the global market of mobile games, a **\$70+ billion** market
- **7 offices** worldwide, each serving a strategic purpose and providing a competitive advantage
- Focused on games for a **female audience age 35+**
- **Five new games** in the pipeline for release in 2020
- **New marketing approaches** and continued focus on growth strategies to maximize games' potential and keeping company financially healthy
- Listed on Nasdaq Stockholm since June 2014 (34 SEK), public since October 2006 (3 SEK IPO price)



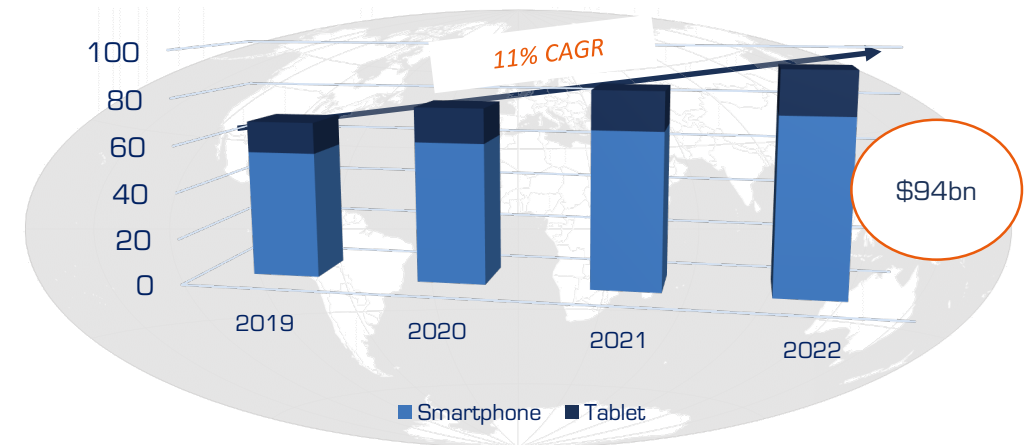
Mobile Games Market & G5 Development



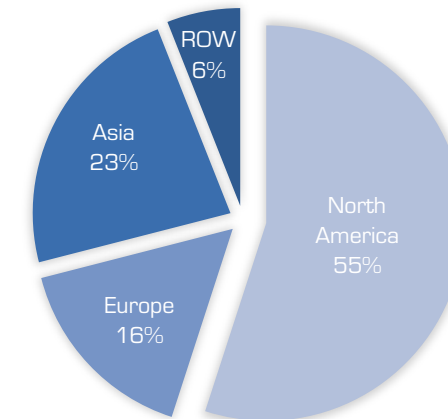
Global Gaming Market is a Growing Market

- Mobile gaming is a fast-growing segment of the overall gaming market, with global revenues expected to reach **\$94 Bn USD** by 2022, a CAGR of **11%**
- With over **2.3 billion** gamers worldwide today, and **2.7 billion** gamers projected by 2020, mobile gaming has more players than any other gaming segment
- Asia is the biggest market, accounting for almost **50%** of total revenues for the industry followed by the US
- Mobile gamers account for 18.6% of mobile users and it expected to rise to **22.5% by 2024**
- Mobile gamers are spending more money than ever before, with Japanese gamers spending the most per player

2019 - 2022 Global Mobile Games Market Revenues Bn USD

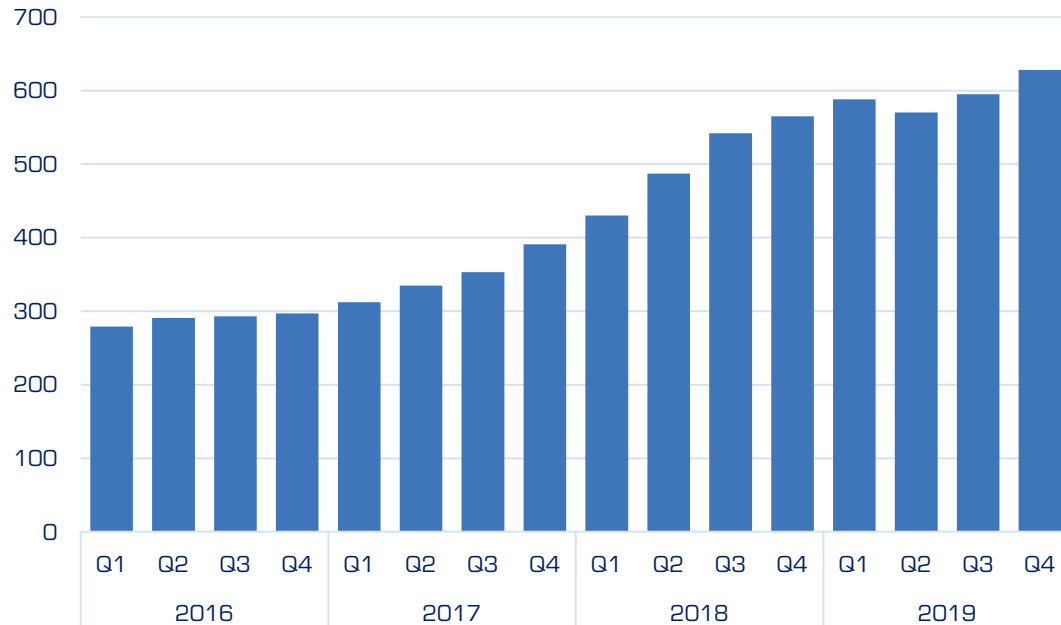


Revenue breakdown by geography Q4 2019



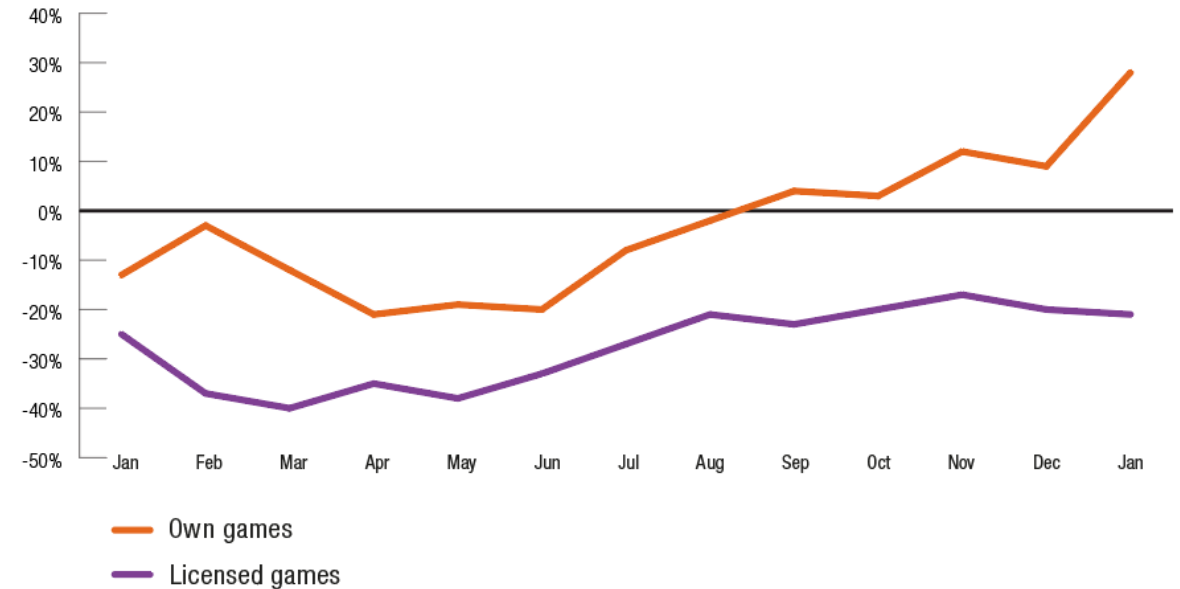
Investing for Next Phase of Growth | Development and Growth

Full-Time Employees



- 2017- 2019 Investment in the development capacity leading to full control over game development and quality
- 2019 -> continued investments in the workforce through extensive internal training, team development (G5 "Team UP") etc.

Year-over-year growth of own games (USD)



- Through the increased size of the company the potential investments in growth have increased over time
- Current ambition is to grow "out" of the reduced earnings and expand margins over time

Games Lifecycle and Portfolio



F2P Games & Game Revenue Development

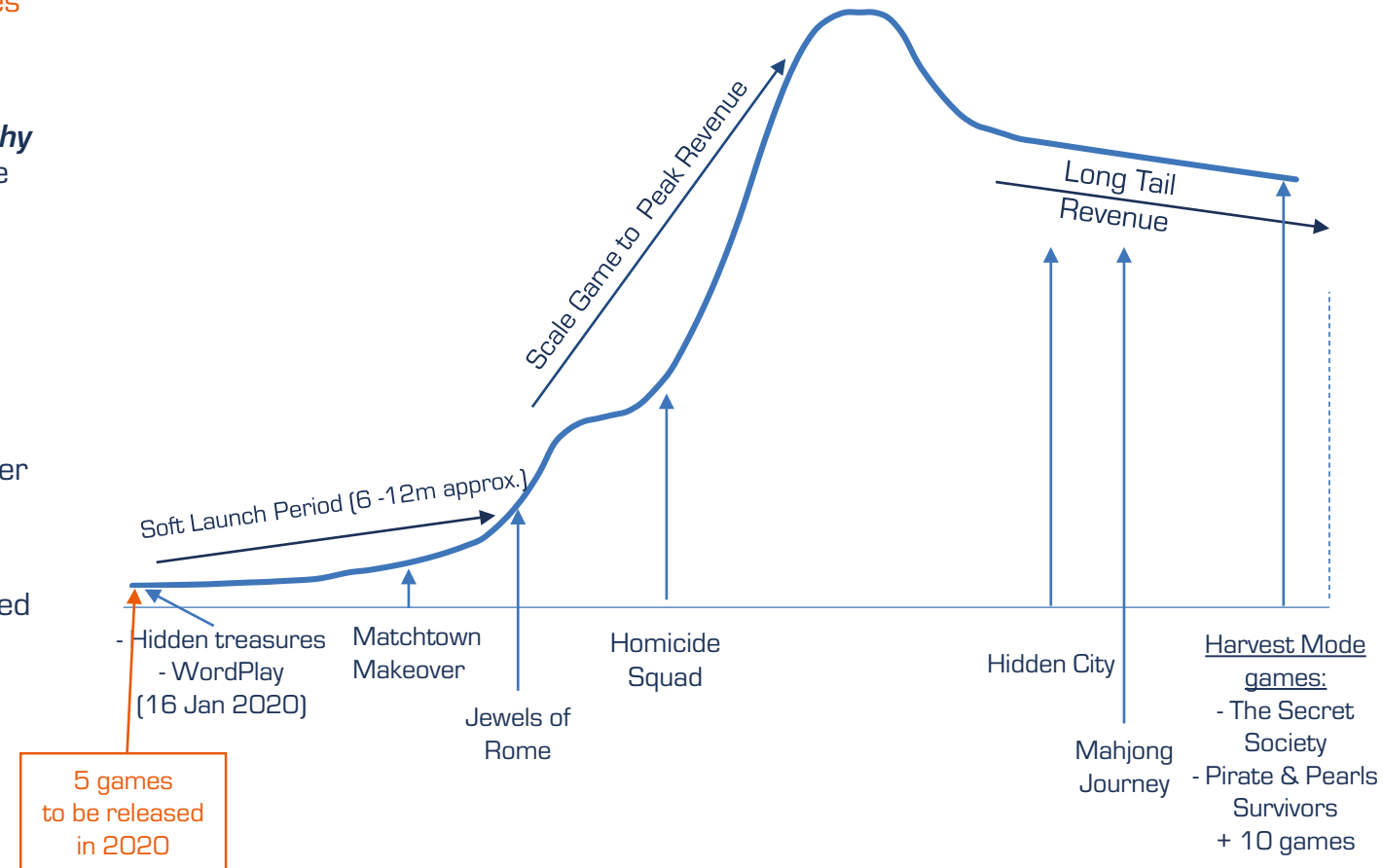
Games are free to download and play, users are enticed to spend money in the game via in app purchases that will enhance game play (time, energy, cheats, collectibles)

- To increase development capacity, G5 has hired 69 employees thus far in 2019. The group now has over 300 development staff members
- G5 aims to release 2-3 new games per year, creating a **healthy portfolio** of games that are in different phases of the revenue development cycle

Life Cycle of a F2P game

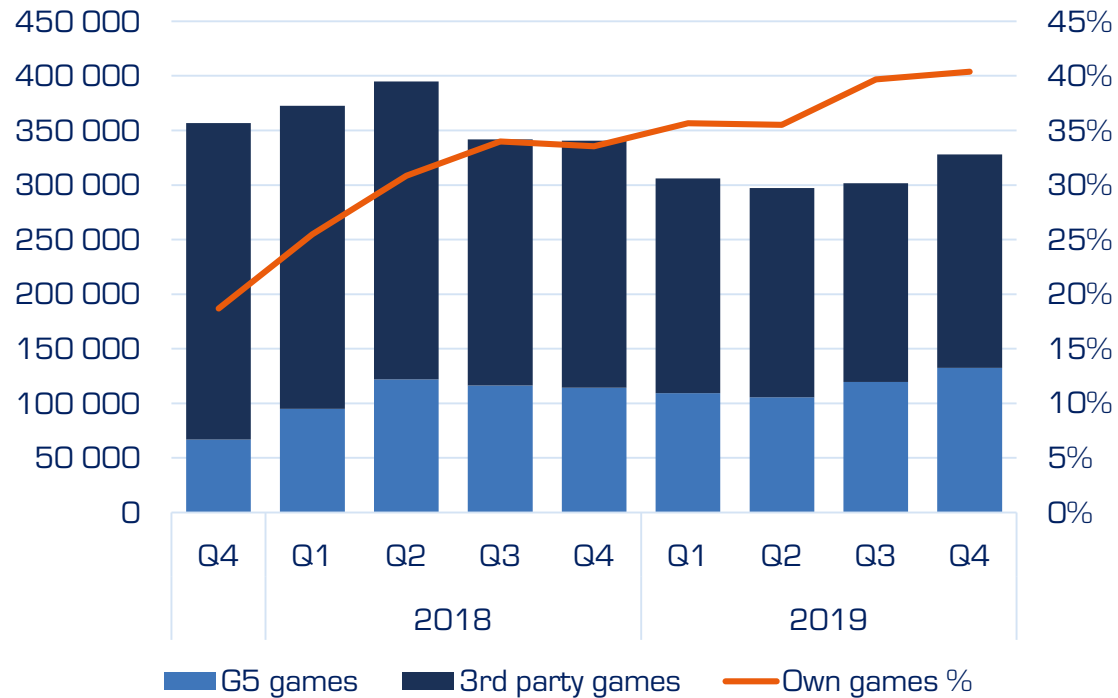
- Soft launch:** 6-12 months after release, the games are carefully analyzed and updated to find the correct game balance
- UA and Growth:** As revenue grows, games are optimized, user acquisition is added and games are scaled to higher revenue levels
- Often during the growth phase, games appear to have reached a plateau, however improvements can be made to the game and/or the marketing strategy to achieve a higher peak level
- Long Tail Revenue:** In time, growth may slow as the game reaches a more mature state. Cross-selling with the rest of the G5 games portfolio helps extend the long tail of revenue

Highest revenue month followed by Initial churn

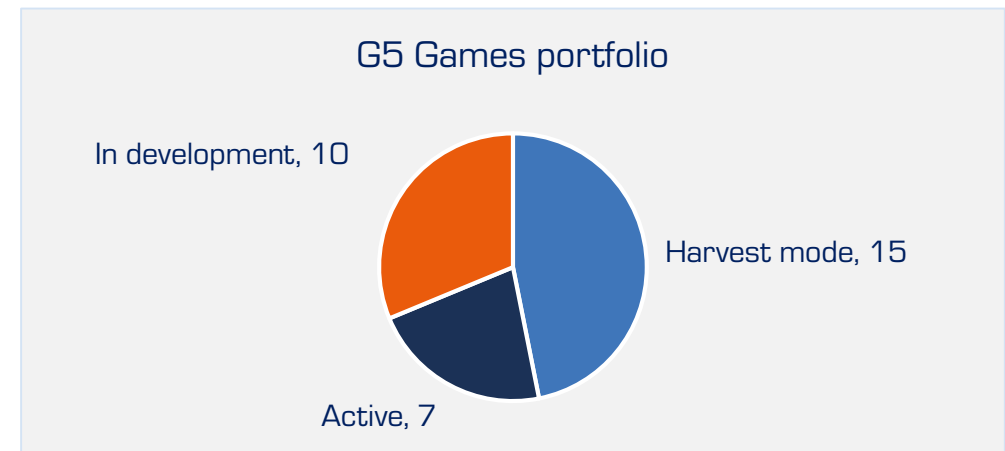


A Portfolio Approach

Own vs Licensed Games as % of Revenue



- **Strengthened the development teams** giving the company full control over game development and quality and tougher approach to underperforming games i.e. Solitaire Tour
- Revenue from own games increased to 40% of the total revenue.
- Jewels of Rome quickly became the 2nd largest game in the portfolio over 10 percent of group revenue. Continued positive development with wholly owned game Homicide Squad and Mahjong Journey stabilized in the quarter
- **5 games** were released in 2019 and **5 new games in development for 2020**. Building on previous technology and game play foundation with an emphasis on engaging storylines and immersive meta-mechanics



Target Audience & Game Genres

Hidden Object



A Unique Market:
Women Age 35+

- Growing demographic
- Underserved market
- Very loyal audience
- Strong paying audience \$

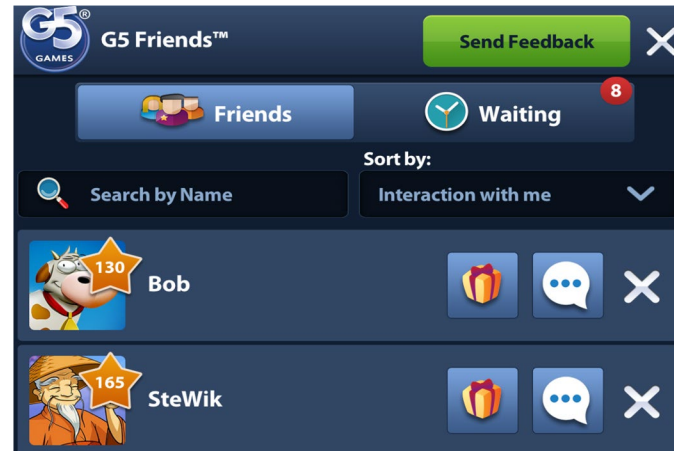
Match-3



Mahjong / Solitaire



G5 Friend's Network



Wordplay: Exercise your brain



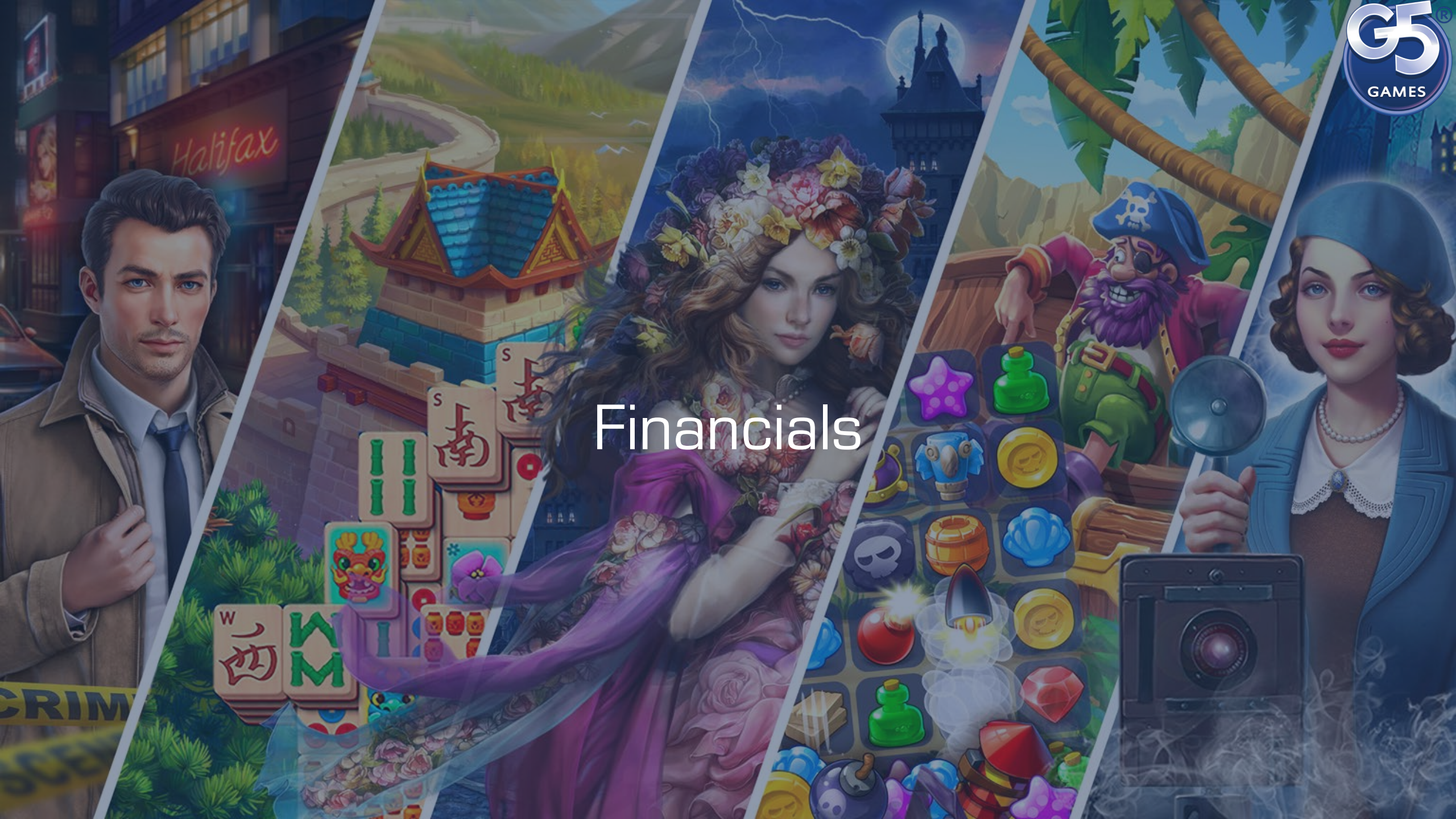
Expecting Growth in 2020 After 2019 Consolidation

2019

- On a rolling 12M basis **8.5 X growth of revenue** in 6 years from SEK 142 M in 2013 to SEK 1,233 M
- Started to launch games on the back of the investments in the development teams with two new games released
- **Increased marketing investment** and re-allocation of game development in new games: Jewels of Rome (now 2nd biggest game)
- Revenues from internally developed games achieved **record levels** as the company's own games continue to outgrow the licensed games
- Continued positive development with wholly owned, three games released in Q4 Wordplay, Hidden Treasures and Mahjong Journey, early signs positive

2020

- New games released in 2019 looks favorable and we expect to see contribution to the top-line go up in 2020
 - **Five new games** in the pipeline for release in 2020
 - Goal in 2020 is to return to year-over-year growth, while maintaining profitability and positive cashflow
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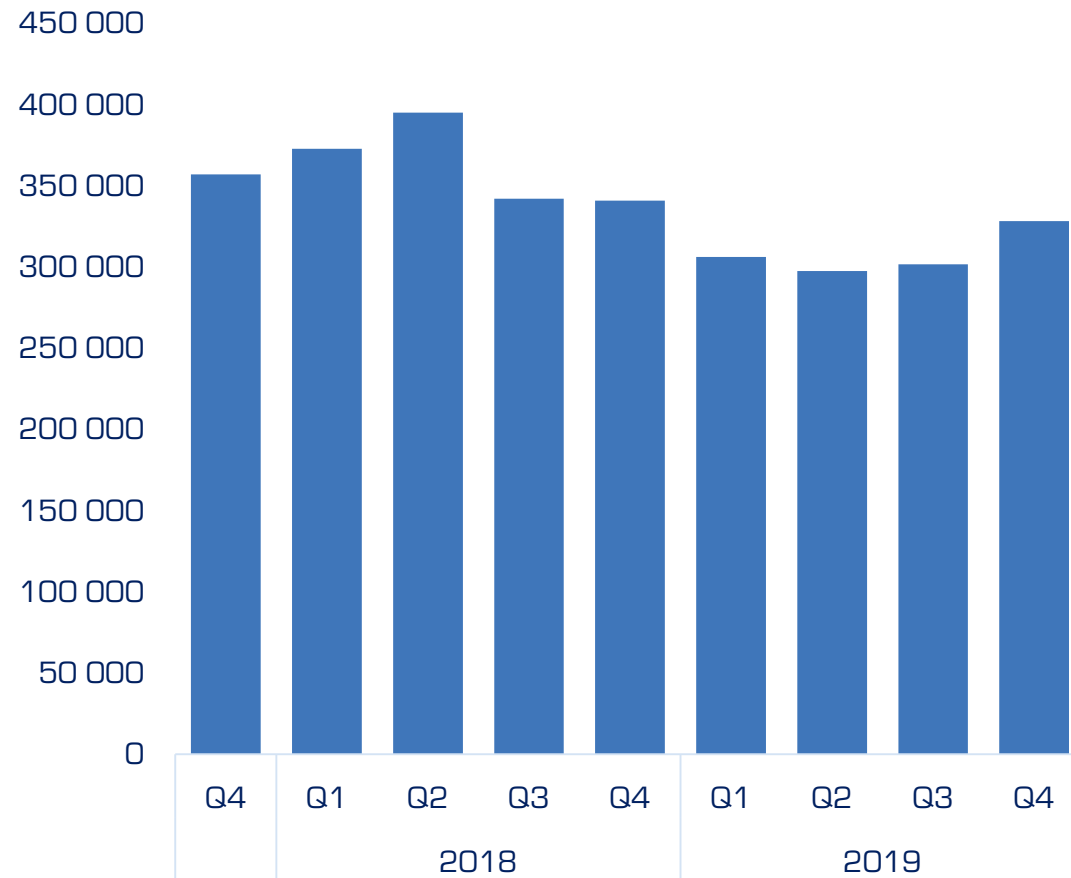


Financials

CRIM

Q4 2019 Revenue

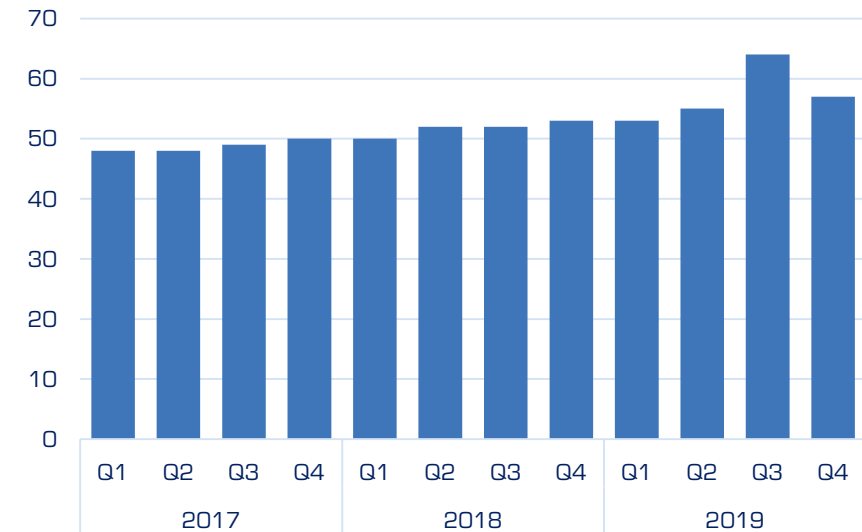
Gross Revenue, SEK K



Revenue SEK 328.1 M, -4% YoY (340.7 M)

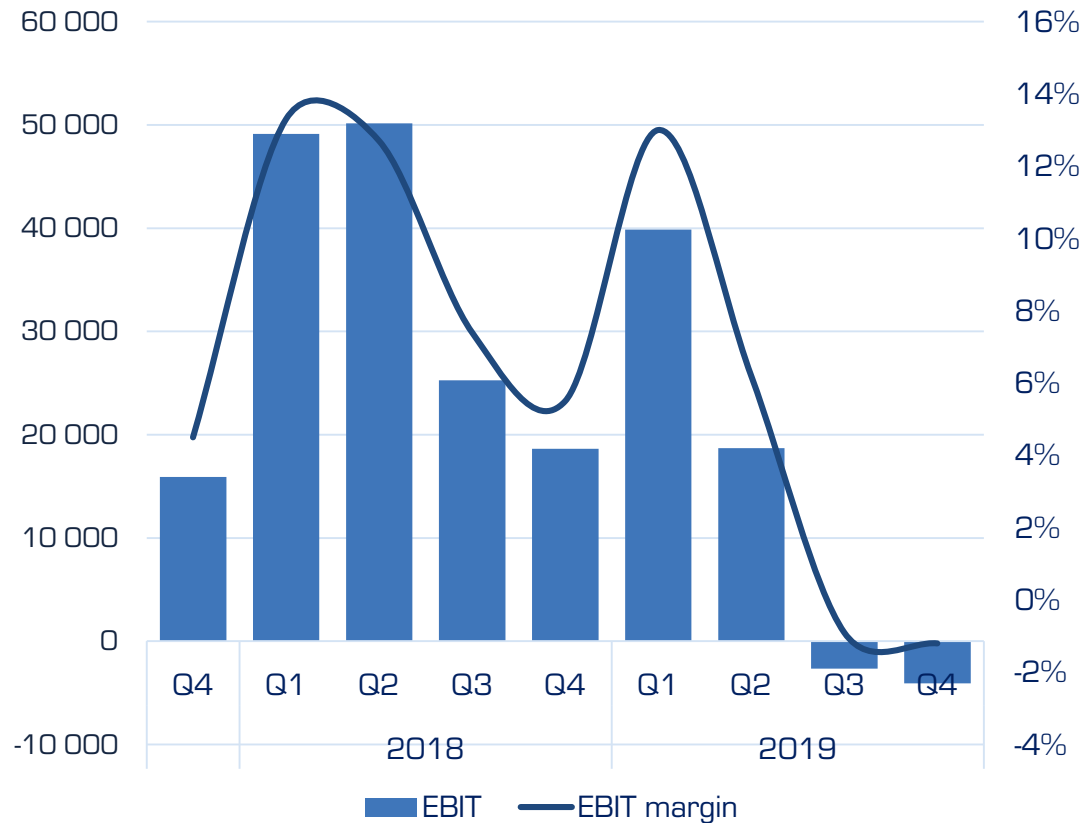
- Revenue SEK 328.1 M. Decrease by 4% but sequential growth of 9%
- Own games continue to grow, licensed portfolio shrinking.
- **Jewels of Rome 10 % of Q4 revenue** and >15% in January.
- Own games increased to 40% of total revenues
- Gross margin was 57 percent and Gross Profit amounted to SEK 700.0 M (747.0)

Gross Margin (%)



Q4 2019 EBIT

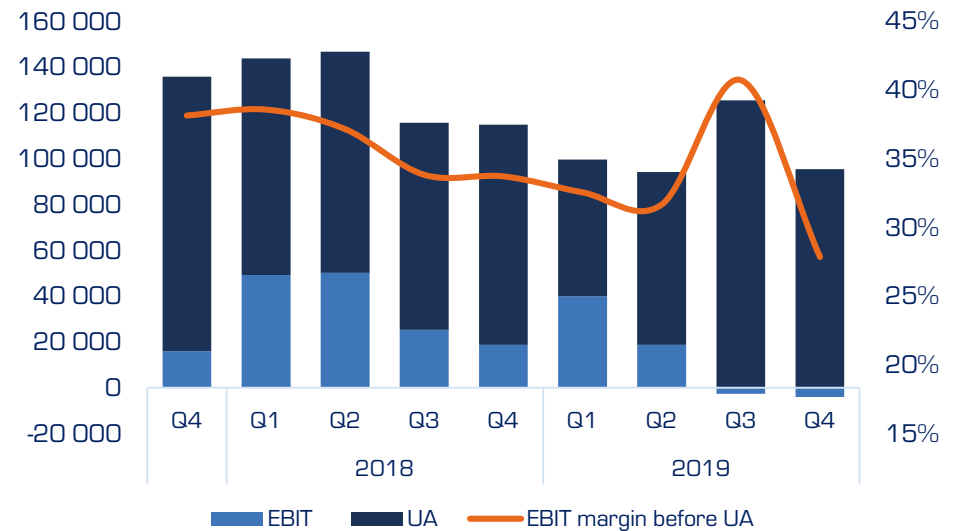
EBIT, SEK K



Adjusted operating profit (EBIT) SEK 1.6 M, adjusted EBIT margin 0.5%

- Solitaire Journey written down with SEK -5.7 M
- Translation difference from strengthening SEK: SEK -4.1 M
- EBIT SEK -4.1 M, EBIT-margin -1.2%
- Board intends to propose a dividend of 2.50 per share
- Increased fixed cost put pressure on margin

EBIT margin before cost for UA, SEK M



G5 Entertainment 2020 Outlook

G5 is financially healthy and fundamentally strong

- Debt free, cash flow positive, profitable and returning capital to shareholders via dividend

Wholly Owned Games are promising

- The market for Match-3 genre is large, and there is potential positive impact for the company to be outstanding following the success of Jewels of Rome
- Jewels of Rome has quickly grown to the second largest game in the portfolio and newly launched games are showing good signs, although on a smaller base
- With experience in scaling successful games we will be ready to move forward swiftly and aim to achieve faster revenue development
- 4 games still in soft-launch
- Five games in the pipeline for 2020 in existing and new genres

Hidden City remains very popular

- Very loyal following of players who continue to play and will for a long time

Development teams, New Games to be released

- Financial stability and strong portfolio performance has allowed us to strengthen our development capacity to work on creating more successful titles
- New games build on previous technology and game play foundation with an emphasis on engaging storylines and immersive meta-mechanics





Contact G5 Entertainment

Stockholm Headquarters

G5 Entertainment AB

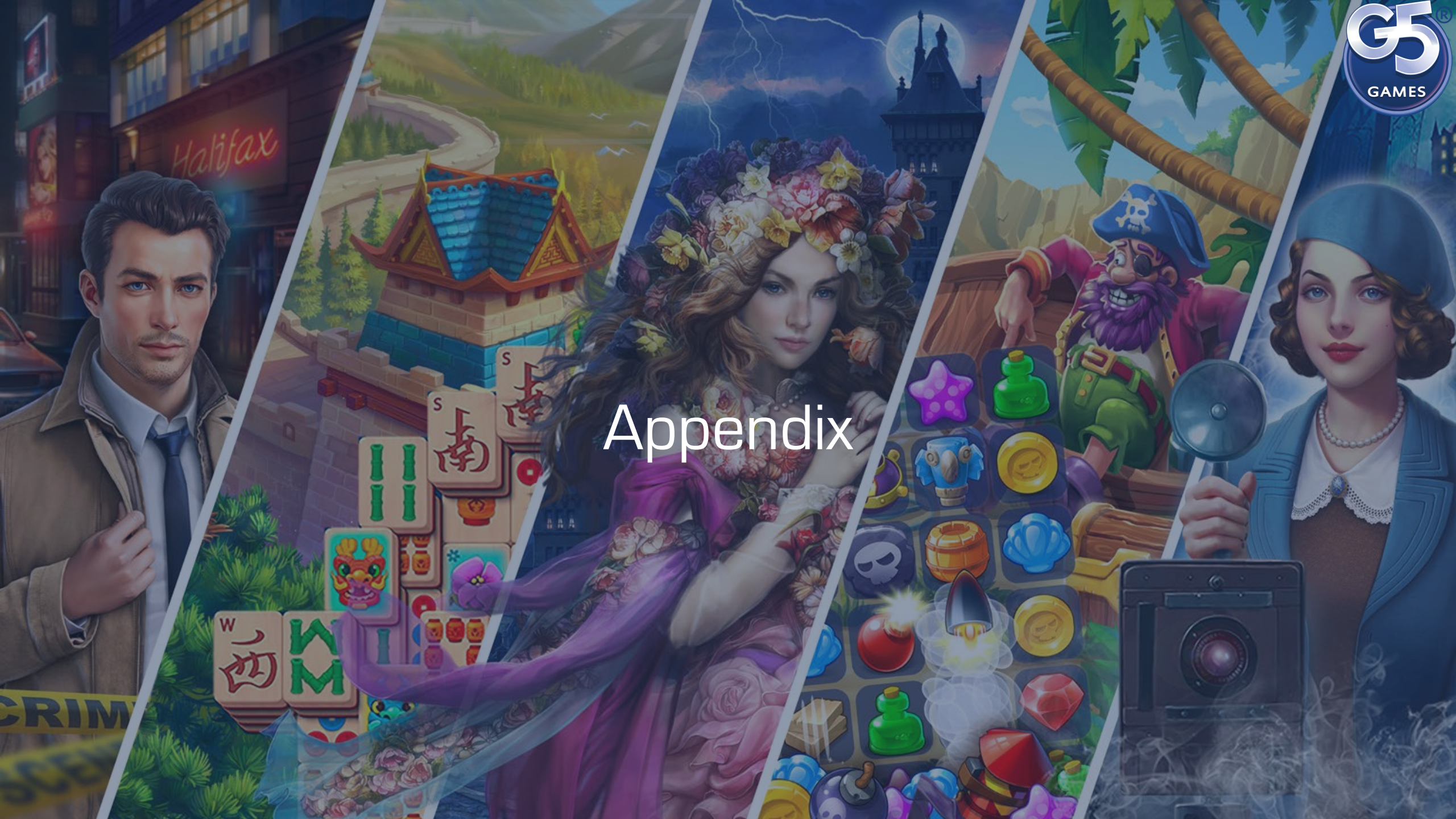
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Appendix



The Share - (G5EN.ST, GENTF: OTCQX)

IPO: October 2006 (3 SEK)

Listed: Nasdaq Main Market - June 10TH 2014 (34.50 SEK)

Outstanding Shares: 8.983.850

CEO: Vlad Suglobov

CFO: Stefan Wikstrand

Chairman of Board: Petter Nylander








Valuation as per 200224 10:00

p/e	18
p/s	0.7
EV/EBIT	12.8
EV/Sales	0.5
EV/EBITDA	3.7

Top 10 Ownership as of 24 Feb 2020

	# of Shares	% Ownership
Wide Development LTD	625,000	6.7%
Swedbank Robur Funds	585,000	6.3%
Purple Wolf	532,000	5.7%
Avanza Pension	498,893	5.4%
Proxima LTD	451,000	4.9%
Aktia Asset Management	413,000	4.4%
Tommy Svensk	403,290	3.4%
Nordnet Pension Insurance	316,309	2.0%
Consensus Asset Management	180,757	1.5%
Daniel Eriksson	140,085	1.1%

The G5 Games Portfolio by Revenue – Windows last 7D

1		Hidden City	Licensed	February 2014
2		Jewels of Rome	Wholly Owned	May 2019
3		Homicide Squad	Wholly Owned	January 2017
4		The Secret Society	Wholly Owned	November 2012
5		Pirates & Pearls	Wholly Owned	August 2017
6		Mahjong Journey	Wholly Owned	January 2015
7		Survivors	Wholly Owned	January 2015
8		The Paranormal Society	Wholly Owned	April 2016