



G5 Entertainment AB (GENTF)

Maintain \$86 Price Target And Moderate Risk Rating; Expect Marketing Efficiency And Lower App Store Fees To Drive Profit Expansion In 3Q:21

	2019		2020		2021E		2022E	
		OLD		OLD	NEW	OLD	NEW	
Mar.	\$0.47	\$0.44		\$0.74A		\$0.93		
June	0.22	0.52		0.55A		0.91		
Sep.	(0.04)	0.66		0.78		0.91		
Dec.	<u>0.05</u>	<u>0.63</u>		<u>0.88</u>		<u>1.00</u>		
EPS	\$0.69	\$2.24		\$2.95		\$3.75		
P/E				17.1x		13.5x		

Note: NR = Not Rated. Risk Ratings: H = Highly risky; M = Moderately risky. We translate G5's financials from Swedish krona to US dollar at 8.46 krona per dollar. Shares are listed on OTC QX and NASDAQ Nordic. Price per share information is sourced from OTC QX. We cite the trading volume on the Nordic listing due to the significant difference in liquidity. NC=Not covered by Sidoti & Company LLC.

Year	2013	2014	2015	2016	2017	2018	2019	2020	2021E	2022E
Rev.(Mil.)	\$11.4	\$20.8	\$43.9	\$59.1	\$129.8	\$171.4	\$145.7	\$160.3	\$165.3	\$188.4
GAAP EPS	(\$0.15)	\$0.09	\$0.20	\$0.43	\$1.11	\$1.68	\$0.69	\$2.24	\$2.95	\$3.75

Description: G5 Entertainment (www.g5e.com) is a mobile game publisher and developer with revenue generated primarily from in-app purchases. It distributes globally through the major mobile app stores and generates most of its revenue from the U.S., Europe and Japan. Headquarters are in Stockholm, Sweden. Shares trade on NASDAQ Nordic and are listed on OTC QX.

Release Date	Conference Call	Time (Eastern)	Contact	Co. Guidance	Consensus
November 5 th	November 5 th	2:00 AM	301.715.8592; 96913152033	Not provided	N/A

- We estimate GENTF will report 3Q:21 EPS of \$0.78 on revenue of \$42.2 million, with EPS improving from \$0.66 year over year, helped by lower Microsoft platform fees, which was lowered to 12% from 30% on August 1st.
- We note that Apple's advertisement-tracking changes should not really affect G5 as only about 1% of revenue is driven from advertisements, as we see it.
- GENTF reports in Swedish Krona which we translate to USD. We have not made any changes to our FX assumption as the exchange rate is consistent with the one in our last published note.
- With a solid pipeline of new games, lower store fees (where we think other counterparties will follow Microsoft's initiative), refined customer acquisition strategy and a favorable revenue mix shift, we view 5G as well positioned to drive growth and expand margins in coming quarters.
- We also like GENTF's debt free balance sheet with \$31.4 million in net cash at the end of 2Q:21 as well as consistent history of generating free cash flow.
- Our \$86 price target is based on 23x our 2022 EPS estimate of \$3.75.
- Given the company's stable profits and strong cash flow generation, we maintain a Moderately Risky rating on GENTF shares.

We expect to see that G5's 3Q:21 results were helped by lower Microsoft fees and more efficient spending. We model revenue increased 7.4% year over year, driven by new generation games, which are accelerating. Sherlock, a game released in 3Q20, grew 45% sequentially in 2Q:21 and accounted for 7% of total revenue; we believe the strong momentum for the game has continued into 3Q:21. We also think gross profit was helped by a lower platform fee to Microsoft and project 9.4% year over year increase in gross profit for 3Q:21. In addition, G5 has released its own game store on its website, which has been

NR

Price Target: \$86

Price: \$50.52

Risk Rating: M

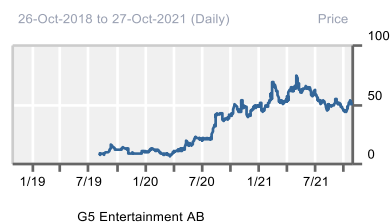
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Key Statistics

Analysts Covering	2
Market Cap (Mil)	\$440
Enterprise Value	\$414
52-Week Range (US OTC)	78-37
5-Year EPS CAGR	15%
Avg. Daily Trading Volume	0
Shares Out (Mil)	8.735
Float Shares (Mil)	6.792
Insider Ownership	27%
Institutional Holdings	15%
Annualized Dividend	\$0.27
Dividend Yield	0.5%
FCF Per Share (2022E)	\$3.06
FCF Yield (2022E)	6.1%
Net Cash Per Share (2022E)	\$7.38
Price to Book Value	8.7x
Return on Equity (2022E)	32.7%
Total Debt to Capital	1%
Interest Coverage Ratio	142.1x
Short Interest %	N/A%
Short Interest Days To Cover	N/A
Russell 2000	2,252
Russell 2000 – Last 12 Months	41.6%
GENTF – Last 12 Months	7.9%



growing double digit monthly and should have a positive effect on margins, as they don't pay any store fees for this revenue. We also model sales and marketing expenses declined to as a percentage of revenue to 24.0% (from 24.3%) year over year, contributing to operating income growing to \$7.4 million (from \$6.3 million), net income to \$6.7 million (from \$5.7 million), and EPS to \$0.78 (from \$0.66) year over year. CEO and Co-Founder, Vlad Suglobov, recently noted that while engagement saw a dip in June, it has increased since then and are at pre-pandemic levels. We believe the company's investment in its platform in terms of user acquisition technologies and strategies, payment solutions and its own gaming store and development team will be reflected in 3Q:21 results.

Exhibit 1: G5 Entertainment Preview Table

(\$ in millions, except per share data)	3Q:20A	3Q:21E	Δ	%
Revenue	39.3	42.2	2.9	7.4%
Gross profit	23.2	25.3	2.2	9.4%
Gross margin	58.9%	60.0%		
Total operating expenses	17.5	17.9	0.4	2.4%
Operating margin	16.1%	17.6%		
Net income	5.7	6.7	1.0	16.6%
EPS	\$0.66	\$0.78	0.12	17.6%

Source: Company results, Sidoti & Company, LLC estimates

Apple's advertisement-tracking changes should not have any material effect on G5. Advertisement revenue makes up roughly 1% of overall revenue so we don't expect Apple's changes to its advertising tracking will have any material effect on G5. We think G5 should continue to benefit from a refined customer acquisition strategy, revenue mix shift towards own developed games, and lower store fees- we think other players will follow suit after Microsoft in cutting their fees. Google has said in a blog post they will cut their store fee to 15% starting January 1st. Further, the recent ruling by the courts that Apple has to allow app developers to offer alternative payments methods outside of its app should benefit gaming companies such as G5, as it may make in-game purchases less expensive for its users. It may also assist in directing gamers to G5's own website where it derives higher margins since it does not need to pay the current 30% fee to platforms such as Apple.

A debt free balance sheet and strong capital position supports our valuation. G5 held about \$31.4 million (\$3.65 per share) in net cash and investments at the end of 2Q:21, and generated \$1.4 million (\$0.17 per share) in 2Q:21 free cash flow, 2Q cash flow tends to be lighter due to payment of dividends and taxes. We expect FCF to rise driven by revenue growth, gross margin expansion and stabilization of sales and marketing expenses. We project \$26.3 million (\$3.06 per share) in FCF for 2023, up from a projected \$23.1 million (\$2.69 per share) in 2022. We project net cash per share of \$7.38 by the end of 2022. GENTF pays a dividend that currently yields 0.5% and participate in share buy backs. The strong balance sheet also allows G5 flexibility on M&A opportunities. However, in our opinion, management will be very prudent regarding any acquisition.

Valuation	We maintain a \$86 price target on GENTF shares. Trading at only 14.4x our 2022 EPS estimate of \$3.75, we view GENTF shares as attractively valued. We derive a \$86 price target by applying a 23x multiple to our 2022 EPS estimate of \$3.75. We favor the company's consistent execution, evolving revenue mix and strong cash flow generation and believe a premium to the peer median P/E of 21x is warranted. We maintain a Moderately Risky rating on GENTF shares.		
Key Risks	Traction in new games	Rising customer acquisition cost	Customer behavior

G5 ENTERTAINMENT AB

Table 1: G5 Entertainment Income Statement
(\$ in millions, except per share data)

	2018	Mar	June	Sept	Dec	2019	Mar	June	Sept	Dec	2020	MarA	JuneA	SeptE	DecE	2021E	MarE	JuneE	SeptE	DecE	2022E
Total revenue	171.4	36.2	35.1	35.6	38.8	145.7	36.9	44.5	39.3	39.6	160.3	38.6	39.8	42.2	44.7	165.3	46.8	44.6	47.9	49.2	188.4
Total cost of revenue	83.1	17.0	16.0	12.8	17.1	62.9	16.0	18.9	16.1	16.3	67.3	15.9	16.4	16.9	17.4	66.6	18.0	17.2	18.4	18.9	72.6
Commission to distributors	52.1	11.0	10.7	10.9	11.7	44.4	11.0	13.1	11.3	11.4	46.8	11.2	11.6	11.8	12.3	46.9	12.6	12.0	12.9	13.3	50.9
Royalty to external developers	31.0	6.0	5.3	1.9	5.4	18.5	5.0	5.8	4.9	4.9	20.6	4.7	4.8	5.1	5.1	19.7	5.4	5.1	5.5	5.7	21.7
Gross profit	88.3	19.2	19.2	22.8	21.7	82.9	20.9	25.6	23.2	23.3	92.9	22.7	23.5	25.3	27.3	98.7	28.8	27.4	29.4	30.3	115.9
Research and development	16.6	4.8	5.1	5.6	6.4	21.9	5.8	6.0	4.6	4.7	21.1	5.1	5.4	5.5	5.4	21.3	6.1	5.8	6.2	5.9	24.0
R&D (Expensed + Capitalized)	30.3	8.2	8.2	8.8	10.2	35.4	9.5	12.3	8.5	8.6	38.9	9.2	10.0	10.2	10.1	39.5	11.2	10.9	11.3	11.0	44.3
Sales and marketing	47.3	7.8	9.7	15.8	12.7	46.0	9.4	11.1	9.5	10.1	40.1	8.0	10.5	10.1	11.2	39.8	11.2	10.7	12.0	12.3	46.2
General and administrative	7.5	1.9	2.2	2.1	2.6	8.8	2.3	2.1	2.4	2.1	8.8	2.3	2.4	2.2	2.2	9.2	2.5	2.2	2.5	2.5	9.8
Other operating income	0.1	0.1	0.1	0.4	0.5	1.0	1.2	(1.0)	0.3	2.3	2.8	0.1	0.0	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.0
Other operating expenses	0.1	0.0	0.0	0.1	0.0	0.2	0.0	0.1	0.6	(2.6)	(1.8)	0.0	0.1	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.1
Total operating expenses	71.6	14.7	17.2	23.9	22.2	77.9	18.8	18.3	17.5	16.5	71.0	15.6	18.4	17.9	18.8	70.7	19.9	18.7	20.8	20.7	80.1
Income from operations	17.0	4.7	2.2	(0.3)	0.5	7.1	4.6	5.3	6.3	6.2	22.4	7.1	5.1	7.4	8.5	28.1	8.9	8.7	8.7	9.6	35.8
Interest income	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.1
Interest expense	(0.2)	(0.0)	(0.0)	(0.0)	(0.0)	(0.1)	(0.0)	(0.0)	(0.0)	(0.0)	(0.1)	(0.0)	(0.0)	(0.0)	(0.0)	(0.1)	(0.0)	(0.0)	(0.0)	(0.0)	(0.1)
Earnings before taxes	17.0	4.7	2.2	(0.3)	0.5	7.1	4.6	5.3	6.3	6.2	22.3	7.0	5.1	7.4	8.5	28.0	8.9	8.7	8.7	9.6	35.8
Taxes	(1.7)	(0.5)	(0.2)	(0.1)	(0.0)	(0.8)	(0.6)	(0.6)	(0.6)	(0.7)	(2.5)	(0.7)	(0.3)	(0.7)	(0.8)	(2.6)	(0.9)	(0.9)	(0.9)	(1.0)	(3.6)
Net income	15.2	4.2	2.0	(0.4)	0.4	6.3	4.0	4.6	5.7	5.4	19.8	6.4	4.8	6.7	7.6	25.4	8.0	7.8	7.8	8.6	32.2
EPS Diluted	\$1.68	\$0.47	\$0.22	(\$0.04)	\$0.05	\$0.69	\$0.44	\$0.52	\$0.66	\$0.63	\$2.24	\$0.74	\$0.55	\$0.78	\$0.88	\$2.95	\$0.93	\$0.91	\$0.91	\$1.00	\$3.75
Basic shares outstanding	8.9	9.0	9.0	9.0	9.0	9.0	9.0	8.9	8.7	8.7	8.8	8.6	8.6	8.6	8.6	8.6	8.6	8.6	8.6	8.6	8.6
Diluted shares outstanding	9.0	9.1	9.0	9.0	9.0	9.1	9.0	8.9	8.7	8.7	8.8	8.6	8.6	8.6	8.6	8.6	8.6	8.6	8.6	8.6	8.6
<i>% Change Year Over Year</i>																					
Revenue	27.7%	-17.9%	-24.7%	-11.8%	-3.7%	-15.0%	1.9%	26.6%	10.2%	2.2%	10.0%	4.7%	-10.5%	7.4%	12.7%	3.1%	21.3%	11.9%	13.4%	10.1%	14.0%
Cost of revenue	21.7%	-23.0%	-29.0%	-34.0%	-10.5%	-24.3%	-6.0%	18.2%	26.0%	-4.5%	7.1%	-0.3%	-13.5%	4.6%	6.9%	-1.1%	13.1%	4.9%	9.2%	8.7%	8.9%
Gross profit	33.9%	-12.7%	-20.7%	8.8%	2.5%	-6.1%	8.9%	33.5%	1.4%	7.5%	12.2%	8.5%	-8.2%	9.4%	16.8%	6.2%	27.0%	16.8%	16.3%	11.0%	17.4%
Research and development expensed	68.0%	67.4%	24.6%	14.4%	34.7%	31.8%	22.5%	16.4%	-16.5%	-27.3%	-3.4%	-12.9%	-10.1%	18.3%	14.7%	0.8%	19.7%	7.5%	13.4%	10.1%	12.6%
Research and development (total)	66.6%	41.6%	3.2%	4.1%	25.4%	16.7%	15.5%	50.0%	-3.9%	-15.2%	9.9%	-2.8%	-18.8%	20.8%	17.0%	1.7%	21.1%	8.7%	10.7%	8.9%	12.1%
Sales and marketing	20.3%	-33.4%	-19.4%	39.2%	4.8%	-2.6%	20.1%	14.0%	-39.6%	-20.9%	-13.0%	-14.6%	-5.2%	6.2%	11.1%	-0.6%	40.2%	1.8%	18.2%	10.1%	16.0%
Total operating expenses	25.3%	-9.4%	-5.7%	34.2%	14.1%	8.8%	28.0%	6.5%	-26.9%	-25.5%	-8.8%	-16.9%	0.7%	2.4%	13.7%	-0.5%	27.5%	1.8%	16.1%	10.1%	13.3%
EBIT	41.0%	-19.3%	-63.0%	-110.6%	-78.7%	-58.4%	-2.7%	141.5%	NM	NM	217.5%	54.5%	-3.6%	17.3%	36.9%	25.4%	25.9%	69.8%	16.7%	13.1%	27.6%
Net income	44.2%	-18.5%	-62.5%	-114.9%	-78.4%	-58.8%	-6.6%	132.6%	NM	NM	215.2%	60.4%	2.4%	16.6%	40.1%	28.5%	26.1%	63.9%	16.7%	13.1%	26.8%
<i>Margins And Ratios</i>																					
Gross margin	51.5%	53.0%	54.5%	64.1%	56.0%	56.9%	56.6%	57.5%	58.9%	58.9%	58.0%	58.7%	58.9%	60.0%	61.0%	59.7%	61.5%	61.5%	61.5%	61.5%	61.5%
Research and development (expensed)	9.7%	13.2%	14.6%	15.6%	16.6%	15.0%	15.8%	13.5%	11.8%	11.8%	13.2%	13.2%	13.5%	13.0%	12.0%	12.9%	13.0%	13.0%	13.0%	12.0%	12.7%
Research and development (capitalized)	8.0%	9.5%	8.7%	9.1%	9.6%	9.3%	9.9%	14.2%	9.7%	10.0%	11.1%	10.7%	11.6%	11.2%	10.6%	11.0%	10.9%	11.4%	10.6%	10.3%	10.8%
Research and development (total)	17.7%	22.7%	23.4%	24.7%	26.2%	24.3%	25.7%	27.7%	21.5%	21.8%	24.3%	23.9%	25.1%	24.2%	22.6%	23.9%	23.9%	24.4%	23.6%	22.3%	23.5%
R&D (Expensed to Capitalized)	14.3%	16.3%	19.8%	20.3%	20.3%	19.2%	18.9%	11.2%	14.4%	14.0%	14.1%	14.5%	13.8%	13.7%	13.4%	13.8%	14.2%	13.5%	14.5%	13.7%	14.0%
Sales and marketing	27.6%	21.6%	27.7%	44.3%	32.8%	31.6%	25.5%	24.9%	24.3%	25.4%	25.0%	20.8%	26.4%	24.0%	25.0%	24.1%	24.0%	24.0%	25.0%	25.0%	24.5%
Customer acquisition	26.0%	19.5%	25.4%	41.6%	29.1%	28.9%	21.9%	21.9%	21.1%	21.7%	21.7%	17.2%	22.7%	22.0%	22.0%	21.1%	22.0%	22.0%	22.0%	22.0%	22.0%
General and administrative	4.4%	5.4%	6.1%	5.9%	6.6%	6.0%	6.1%	4.7%	6.0%	5.3%	5.5%	6.0%	6.1%	5.3%	5.0%	5.6%	5.4%	5.0%	5.3%	5.0%	5.2%
Income from operations (EBIT)	9.9%	13.0%	6.2%	-0.9%	1.2%	4.8%	12.4%	11.9%	16.1%	15.6%	14.0%	18.3%	12.8%	17.6%	18.9%	17.0%	19.0%	19.4%	18.2%	19.5%	19.0%
Net margin	8.9%	11.7%	5.7%	-1.1%	1.1%	4.3%	10.7%	10.4%	14.6%	13.7%	12.3%	16.5%	11.9%	15.9%	17.0%	15.4%	17.1%	17.5%	16.3%	17.5%	17.1%

Sources: Company reports and Sidoti & Company, LLC estimates

Notes: 1. G5 reports under IFRS standards and in the Swedish Krona.

2. We translate results to US Dollars at a rate of 0.12 USD per Swedish Krona across historical and projected periods.

3. We will update the exchange rate across all periods if there is a material change in the exchange rate from our last published report.

G5 ENTERTAINMENT AB

Table 2: G5 Entertainment Cash Flow Statement
(\$ in millions, except per share data)

	2018	Mar	June	Sept	Dec	2019	Mar	June	Sept	Dec	2020	MarA	JuneA	SeptE	DecE	2021E	MarE	JuneE	SeptE	DecE	2022E
Profit after financial items	17.0	4.7	2.2	(0.3)	(0.5)	6.1	4.6	5.3	6.3	6.2	22.3	7.0	5.1	7.4	8.5	28.0	8.9	8.7	8.7	9.6	35.8
Adjusting items not included in cash flow	11.4	3.4	3.0	3.4	4.4	14.3	3.8	6.3	3.3	3.5	17.0	3.8	4.0	4.0	4.0	15.8	4.0	4.0	4.0	4.0	16.0
Taxes received	(1.5)	(0.1)	(3.5)	0.9	3.5	0.8	(0.1)	(6.2)	4.8	(0.1)	(1.5)	(0.1)	(0.5)	0.0	0.0	(0.7)	0.0	0.0	0.0	0.0	0.0
Change in operating receivables	4.4	(3.4)	1.3	(1.6)	3.6	(0.0)	(3.6)	(1.2)	0.9	2.4	(1.7)	(3.0)	(0.7)	0.0	0.0	(3.7)	(4.9)	0.0	0.0	0.0	(4.9)
Change in operating liabilities	(5.5)	(0.7)	1.2	1.7	(4.0)	(1.8)	2.9	0.1	(1.8)	(2.6)	(1.5)	4.2	(1.5)	0.0	0.0	2.7	0.0	0.0	0.0	0.0	0.0
Cash flow from operating activities	25.7	3.9	4.3	4.1	7.0	19.3	7.6	4.2	13.4	9.3	34.6	12.0	6.3	11.4	12.5	42.1	8.0	12.7	12.7	13.6	46.9
Investment in fixed assets	(0.9)	(0.3)	(0.4)	(0.1)	(0.2)	(1.0)	(0.1)	(0.1)	(0.1)	(0.1)	(0.3)	(0.5)	(0.2)	(0.1)	(0.1)	(0.8)	(0.1)	(0.1)	(0.1)	(0.1)	(0.2)
Investment in intangible assets	(2.3)	(0.2)	(0.0)	(0.0)	0.0	(0.2)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capitalized development expenses	(13.7)	(3.5)	(3.1)	(3.2)	(3.7)	(13.5)	(3.7)	(6.3)	(3.8)	(3.9)	(17.7)	(4.1)	(4.6)	(4.7)	(4.7)	(18.2)	(5.1)	(5.1)	(5.1)	(5.1)	(20.3)
Cash flow from investing activities	(16.9)	(3.9)	(3.5)	(3.4)	(3.9)	(14.7)	(3.7)	(6.4)	(3.9)	(4.0)	(18.0)	(4.6)	(4.8)	(4.8)	(4.8)	(19.0)	(5.1)	(5.1)	(5.1)	(5.1)	(20.6)
Lease payments, IFRS16	0.0	0.0	0.0	(0.3)	(0.4)	(0.6)	(0.4)	(0.4)	(0.2)	(0.2)	(1.1)	(0.3)	(0.5)	(0.4)	(0.4)	(1.6)	(0.4)	(0.4)	(0.4)	(0.4)	(1.4)
Short term loan	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4.9	(4.9)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Dividend	(2.6)	0.0	(2.7)	0.0	0.0	(2.7)	0.0	(2.6)	0.0	0.0	(2.6)	0.0	(6.4)	0.0	0.0	(6.4)	0.0	(6.4)	0.0	0.0	(6.4)
Share issuance - C Class	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Repurchase shares - C Class	0.0	0.0	(0.0)	0.0	0.0	(0.0)	0.0	0.0	0.0	0.0	0.0	(4.0)	0.1	0.0	0.0	(3.9)	0.0	0.0	0.0	0.0	0.0
Repurchase ordinary shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(5.8)	(0.5)	(1.5)	(7.9)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Premiums warrant program	1.1	0.0	0.0	0.0	0.4	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Repurchase of issued warrants	(2.0)	(0.0)	0.0	0.0	(0.2)	(0.2)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cash flow from financing activities	(3.5)	(0.0)	(2.7)	(0.3)	(0.1)	(3.0)	(0.4)	(3.8)	(5.7)	(1.7)	(11.5)	(4.4)	(6.8)	(0.4)	(0.4)	(11.9)	(0.4)	(6.7)	(0.4)	(0.4)	(7.8)
Cash at beginning of period	10.8	16.4	16.4	14.8	15.2	16.4	18.0	22.0	15.5	19.0	18.0	22.3	25.4	20.0	26.3	22.3	33.6	36.1	36.9	44.0	33.6
Cash flow	5.3	(0.1)	(1.8)	0.5	3.0	1.6	3.6	(6.0)	3.8	3.6	5.0	3.0	(5.3)	6.3	7.3	11.2	2.5	0.8	7.2	8.1	18.5
Exchange rate differences	0.3	0.0	0.2	(0.1)	(0.2)	0.0	0.4	(0.5)	(0.3)	(0.4)	(0.7)	0.1	(0.0)	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0
Cash at end of period	16.4	16.4	14.8	15.2	18.0	18.0	22.0	15.5	19.0	22.3	22.3	25.4	20.0	26.3	33.6	33.6	36.1	36.9	44.0	52.1	52.1
FCF (Outflow)	11.1	0.2	0.8	0.7	3.1	4.8	3.9	(2.2)	9.5	5.3	16.6	7.3	1.4	6.6	7.7	23.1	2.8	7.5	7.5	8.4	26.3
FCF (Outflow) per share	\$1.23	\$0.02	\$0.09	\$0.08	\$0.34	\$0.53	\$0.43	(\$0.24)	\$1.09	\$0.61	\$1.88	\$0.86	\$0.17	\$0.77	\$0.89	\$2.69	\$0.33	\$0.87	\$0.88	\$0.98	\$3.06

Sources: Company reports and Sidoti & Company, LLC estimates

Notes: 1. G5 reports under IFRS standards and in the Swedish Krona.

2. We translate results to US Dollars at a rate of 0.12 USD per Swedish Krona across historical and projected periods.

3. We will update all periods if there is a material change in the exchange rate from our last published report.

G5 ENTERTAINMENT AB

Table 3: G5 Entertainment Balance Sheet
(\$ in millions, except per share data)

	2018	Mar	June	Sept	2019	Mar	June	Sept	2020	MarA	JuneA	SeptE	2021E	Mar	June	Sept	2022E
Cash and cash equivalents	16.4	16.4	14.8	15.2	18.0	22.0	15.5	19.0	22.3	25.4	20.0	26.3	33.6	36.1	36.9	44.0	52.1
Short term investments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.7	12.0	12.0	12.0	12.0	12.0	12.0	12.0
Accounts receivable	0.4	3.8	0.0	0.0	0.2	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Tax receivable	1.2	5.1	5.3	4.1	0.3	0.1	0.5	0.7	0.4	0.7	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Other receivables	0.5	1.0	1.0	1.2	1.1	0.5	0.5	0.7	0.9	0.9	1.2	1.2	1.2	1.2	1.2	1.2	1.2
Prepaid expenses and accrued income	12.2	11.6	14.0	15.6	12.1	16.3	17.8	16.7	13.6	17.0	16.3	16.3	16.3	21.3	21.3	21.3	21.3
Total current assets	30.7	37.8	35.0	36.0	31.7	38.9	34.3	37.2	37.3	44.2	39.5	45.7	53.1	60.5	61.2	68.4	76.5
Capitalized development expenses	23.4	24.7	25.0	26.5	25.0	27.4	25.7	25.7	24.2	26.7	27.3	32.0	36.7	41.8	46.9	52.0	57.0
Equipment	1.3	3.8	3.8	4.1	3.7	3.4	2.9	2.3	1.8	3.8	3.8	3.8	3.9	3.9	4.0	4.1	4.1
Deferred tax receivable	7.6	5.4	5.7	4.8	4.4	4.8	6.4	6.1	6.8	8.8	9.1	9.1	9.1	9.1	9.1	9.1	9.1
Total non-current assets	32.4	33.9	34.5	35.3	33.1	35.6	35.0	34.1	32.8	39.4	40.2	44.9	49.7	54.9	60.0	65.2	70.3
Total assets	63.1	71.7	69.5	71.4	64.8	74.5	69.4	71.2	70.1	83.6	79.6	90.7	102.8	115.3	121.3	133.6	146.8
Short-term liabilities	0.0	1.0	1.0	1.2	0.0	1.2	6.2	0.7	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Accounts payable	3.1	2.5	4.7	8.7	3.1	5.0	4.0	2.0	1.5	1.7	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Accrued expenses	9.8	9.0	8.1	5.4	7.7	7.9	8.0	8.4	7.9	9.1	9.9	9.9	9.9	9.9	9.9	9.9	9.9
Tax liabilities	9.1	11.0	8.2	7.4	6.6	7.9	3.7	8.0	8.3	11.8	11.8	11.8	11.8	11.8	11.8	11.8	11.8
Other liabilities	0.0	0.7	0.8	1.1	0.1	1.2	1.8	1.6	0.6	1.9	1.7	1.7	1.7	1.7	1.7	1.7	1.7
Total current liabilities	22.0	24.1	22.8	23.8	18.7	23.2	23.8	20.7	18.8	25.0	24.3	24.3	24.3	24.3	24.3	24.3	24.3
Deferred tax liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Long-term liabilities	0.0	1.2	1.0	0.8	0.5	0.5	0.2	0.4	0.2	1.8	1.7	1.7	1.7	1.7	1.7	1.7	1.7
Total non-current liabilities	0.0	1.2	1.0	0.9	0.5	0.5	0.2	0.4	0.3	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8
Equity	41.1	46.4	45.8	46.8	45.6	50.8	45.4	50.1	51.0	56.7	53.5	64.6	76.6	89.1	95.1	107.3	120.5
Total equity and liabilities	63.1	71.7	69.5	71.4	64.8	74.5	69.4	71.2	70.1	83.6	79.6	90.7	102.7	115.2	121.1	133.4	146.6
Metrics																	
Cash and equivalents	\$16.4	\$16.4	\$14.8	\$15.2	\$18.0	\$22.0	\$15.5	\$19.0	\$22.3	\$27.1	\$32.0	\$38.3	\$45.6	\$48.0	\$48.8	\$56.0	\$64.1
Cash and equivalents (per share)	\$1.80	\$1.80	\$1.64	\$1.68	\$2.00	\$2.43	\$1.75	\$2.19	\$2.57	\$2.96	\$2.33	\$3.06	\$3.91	\$4.20	\$4.29	\$5.12	\$7.45
Net cash (of short-term liabilities)	\$16.4	\$15.4	\$13.8	\$13.9	\$18.0	\$20.7	\$9.3	\$18.3	\$21.7	\$26.6	\$31.4	\$37.7	\$45.0	\$47.5	\$48.3	\$55.4	\$63.5
Net cash (per share)	\$1.80	\$1.69	\$1.53	\$1.54	\$2.00	\$2.30	\$1.05	\$2.11	\$2.51	\$3.10	\$3.65	\$4.38	\$5.23	\$5.52	\$5.61	\$6.45	\$7.38
Return on assets (ttm)	26.9%	21.9%	16.5%	12.0%	9.8%	8.2%	12.4%	20.7%	29.3%	28.0%	29.9%	28.7%	29.4%	27.2%	30.0%	27.8%	25.8%
Return on equity (ttm)	44.6%	36.3%	27.2%	18.5%	14.5%	12.3%	18.9%	30.5%	40.9%	41.2%	45.0%	40.5%	39.8%	37.1%	40.5%	36.3%	32.7%

Sources: Company reports and Sidoti & Company, LLC estimates

Notes: 1. G5 reports under IFRS standards and in the Swedish Krona.

2. We translate results to US Dollars at a rate of 0.12 USD per Swedish Krona across historical and projected periods.

3. We will update all periods if there is a material change in the exchange rate from our last published report.

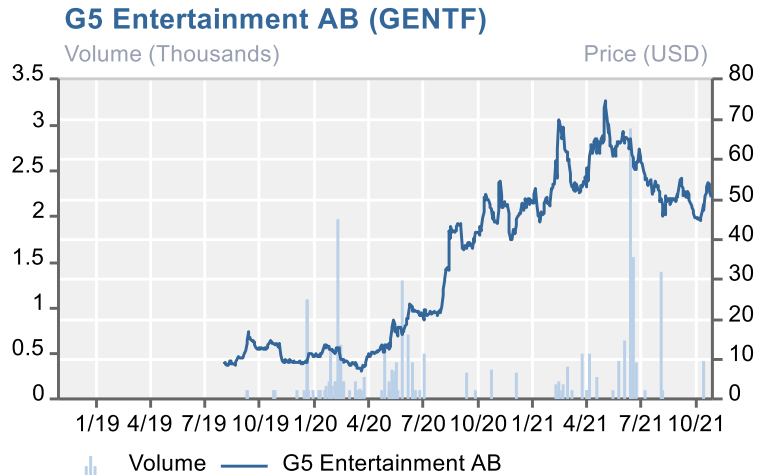
Appendix
Required Disclosures

Required Disclosures

G5 Entertainment AB (GENTF-\$50.52) NR Price Target: \$86 Risk Rating: M

Rating and Price Target History Table

Action	Date	Px	Rating	PT	Risk Rating
Initiation	9/8/20	37.7	NR	54	M
PT	11/5/20	47.3		64	
PT	1/6/21	52.6		60	
PT	2/11/21	55.3		72	
PT	4/7/21	60.9		69	
PT	5/5/21	73.3		77	
PT	7/15/21	54.4		77	
Rating	8/3/21	37.7	Suspended	77	
ACHG	9/14/21	50.7	NR	77	
PT	9/15/21	50.7		86	



Source: FactSet Prices

Valuation	We maintain a \$86 price target on GENTF shares. Trading at only 14.4x our 2022 EPS estimate of \$3.75, we view GENTF shares as attractively valued. We derive a \$86 price target by applying a 23x multiple to our 2022 EPS estimate of \$3.75. We favor the company's consistent execution, evolving revenue mix and strong cash flow generation and believe a premium to the peer median P/E of 21x is warranted. We maintain a Moderately Risky rating on GENTF shares.		
Key Risks	Traction in new games	Rising customer acquisition cost	Customer behavior

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