



G5 Entertainment AB (GENTF)

Increase Price Target to \$90 (From \$86) As We Introduce 2023 Estimates; Adjust 2021-2022 Estimates; Highlight Debt Free Balance Sheet; Maintain Moderate Risk Rating

	2020	2021E		2022E		2023E	
		OLD	NEW	OLD	NEW	OLD	NEW
Mar.	\$0.44	\$0.74A		\$0.93	\$1.01	\$1.20	
June	0.52	0.55A		0.91	0.93	1.06	
Sep.	0.66	0.78	0.69A	0.91	0.93	1.07	
Dec.	<u>0.63</u>	<u>0.88</u>	<u>0.94</u>	<u>1.00</u>	<u>1.07</u>	<u>1.26</u>	
EPS	\$2.24	\$2.95	\$2.92	\$3.75	\$3.94	\$4.58	
P/E				11.9x	10.3x		

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. We will update all periods if there is a material change in the exchange rate from our last published report. 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	2014	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E
Rev.(Mil.)	\$20.8	\$43.9	\$59.1	\$129.8	\$171.4	\$145.7	\$160.3	\$159.3	\$182.1	\$202.0
GAAP EPS	\$0.09	\$0.20	\$0.43	\$1.11	\$1.68	\$0.69	\$2.24	\$2.92	\$3.94	\$4.58

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.

- **GENTF reported 3Q:21 EPS of \$0.69 on revenue of \$38.7 million, which compared to our estimates for \$0.78 on revenue of \$42.2 million. At a constant US dollar, revenue grew 22%.**
- **The mix of internally developed games increased to a new high of 66% in 3Q:21 which helped aid margin expansion.**
- **The lower store fee from Microsoft did also have a positive impact on margins which should further help margins in 4Q:21 when the full quarter will benefit from the lower fee.**
- **Engagement on G5's own store continues to grow, further aiding margin expansion.**
- **We adjust our 2021 EPS estimate to \$2.92 (from \$2.95) and our 2022 estimate to \$3.94 (from \$3.75). While we scale back on our revenue projection we increase our margin assumptions. We are also introducing our 2023 EPS forecast of \$4.58 on revenue of \$202 million.**
- **GENTF held about \$29.5 million (\$3.44 per share) in net cash at the end of 3Q:21, supported by about \$6.7 million (\$0.78 per share) of free cash flow generated in the quarter. G5 spent about \$10.5 million on share repurchases.**
- **We raise our price target to \$90 (from \$86), based on about 20x our new 2023 EPS estimate of \$4.58 (our previous target was based on 23x our prior 2022 EPS estimate of \$3.75).**

While revenue and profitability came in lower than expected, we are encouraged by the strong performance of new generation games. The company reported 3Q:21 revenue of \$38.7 million, which was split between 66% from internally developed and 34% from licensed games, and declined about 1.5% year over year against a tough compare in 3Q:20, which was helped by the pandemic (we use a FX rate of \$8.46). On a constant dollar basis, revenue increased 1% year over year. We note the third quarter is usually seasonally soft with the fourth and first quarters being stronger periods. While revenue was short of our and the consensus expectations, we are encouraged by the strong performance in new generation

NR

Price Target: \$90

Price: \$47.06

Risk Rating: M

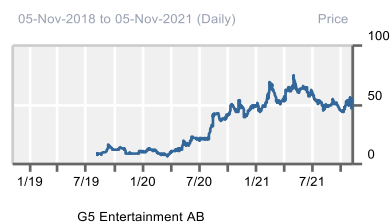
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Key Statistics

Analysts Covering	2
Market Cap (Mil)	\$410
Enterprise Value	\$375
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	0.6%
FCF Per Share (2023E)	\$4.43
FCF Yield (2023E)	9.4%
Net Cash Per Share (2023E)	\$11.06
Price to Book Value	8.1x
Return on Equity (2023E)	29.4%
Total Debt to Capital	1%
Interest Coverage Ratio	142.1x
Short Interest %	N/A%
Short Interest Days To Cover	N/A
Russell 2000	2,437
Russell 2000 – Last 12 Months	46.8%
GENTF – Last 12 Months	-13.1%



Source: FactSet Prices

games which increased 37% year over year and now accounts for 50% of revenue. Operating margin increased 17.2%, from 16.1% in 3Q:20, which is mainly attributed to the lower store fees to Microsoft (lowered to 12% from 30% as of August 1st) but also helped by strong traffic to G5's own store which continues to increase and should aid margin and user acquisition cost, in our view. The company's preferred monetization metric, monthly average revenue per paying user, was about \$68.1 in 13Q:21, up from \$52.0 sequentially and \$60.2 year over year, which is likely attributable to G5's shift to Match 3 style games. User acquisition cost of \$7.7 million (20.4% of revenue) was down from \$8.1 million (21.1% of revenue) a year ago and \$8.8 million (22.7% of revenue) in 2Q:21. Sherlock Holmes, which was released in late 2020, has exhibited steady growth and accounted for more than 10% of 3Q:21 revenue.

Exhibit 1: G5 Entertainment Earnings Table

<i>\$ in millions, except per share data</i>	3Q:21E	3Q:21A	Δ	3Q:20A	% yoy
Revenue	42.2	38.7	(3.5)	39.3	-1.5%
Gross profit	25.3	24.6	(0.7)	23.2	6.2%
Gross margin	60.0%	63.5%		58.9%	
Total operating expenses	17.9	17.9	0.0	17.5	2.7%
Operating margin	17.6%	17.2%		16.1%	
Net income	6.7	5.9	(0.8)	5.7	3.0%
EPS	\$0.78	\$0.69	(0.09)	\$0.66	4.2%

Source: Company results, Sidoti & Company, LLC estimates

We think margin improvement will continue in 4Q:21 and beyond. We think margin expansion will continue in 4Q:21, helped by a full quarter effect from the lower Microsoft fee (3Q:21 only benefitted from two months of lower fees), and anticipated continued growth in G5's own store, and a larger contribution from owned games which have higher margins. However, given the softer than expected revenue in 3Q:21, we are adjusting our projection for 4Q:21 and 2022. While we are lowering our revenue projections, we are increasing our margin estimates for a net positive effect on bottom-line. We are also introducing 2023 estimates. We now project 2021 revenue and EBIT of \$159.3 million and \$27.8 million, respectively (vs. \$165.3 million and \$28.1 million previously). For 2022 we adjust our estimates and now project revenue of \$182.1 million and EBIT of \$37.6 million (vs. \$188.4 million and \$35.8 million prior) and are introducing 2023 revenue and EBIT projections of \$202.0 million and \$43.8 million, respectively. Management noted it has nine new games in the pipeline and expects three to be released by the end of the year.

A debt free balance sheet and strong capital position supports our valuation. G5 held about \$29.5 million (\$3.44 per share) in net cash and investments at the end of 3Q:21 and generated \$6.7 million (\$0.78 per share) in 3Q:21 free cash flow. We expect FCF to rise, driven by revenue growth, gross margin expansion and stabilization of sales and marketing expenses. We project \$38.1 million (\$4.43 per share) in FCF and net cash per share of \$11.06 by the end of 2023. GENTF pays a dividend that currently yields 0.6% and participate in share buy backs. \$10 million was spent on share repurchases in 3Q:21. 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 raise our price target to \$90 (from \$86) on GENTF shares. We apply about a 20x multiple to our new 2023 EPS estimate of \$4.58 (We previously applied a 23x multiple to our prior 2022 EPS estimate of \$3.75.) Given the longer time frame to our 2023 estimates we believe it is prudent to scale back on our valuation multiple. As the company continues to drive revenue growth and margin expansion, we see an opportunity to expand the valuation multiple. We have a Moderately Risky rating on GENTF shares.		
Key Risks	Traction in new games	Rising customer acquisition cost	Customer behavior

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

	120.7					-2.8%					13%					14%	
	2019	Mar	June	Sept	Dec	2020	MarA	JuneA	SeptA	DecE	2021E	MarE	JuneE	SeptE	DecE	2022E	2023E
Total revenue	145.7	36.9	44.5	39.3	39.6	160.3	38.6	39.8	38.7	42.1	159.3	45.5	43.9	44.2	48.5	182.1	202.0
Total cost of revenue	62.9	16.0	18.9	16.1	16.3	67.3	15.9	16.4	14.1	14.7	61.2	15.9	15.4	15.5	17.0	63.7	69.7
Commission to distributors	44.4	11.0	13.1	11.3	11.4	46.8	11.2	11.6	9.6	9.7	42.1	10.5	10.1	10.2	11.2	41.9	46.5
Royalty to external developers	18.5	5.0	5.8	4.9	4.9	20.6	4.7	4.8	4.6	5.1	19.1	5.5	5.3	5.3	5.8	21.9	23.2
Gross profit	82.9	20.9	25.6	23.2	23.3	92.9	22.7	23.5	24.6	27.4	98.1	29.6	28.5	28.7	31.5	118.4	132.3
Research and development	21.9	5.8	6.0	4.6	4.7	21.1	5.1	5.4	5.9	5.9	22.2	6.5	6.3	6.3	6.9	26.0	28.9
R&D (Expensed + Capitalized)	35.4	9.5	12.3	8.5	8.6	38.9	9.2	10.0	10.8	10.6	40.6	11.6	11.4	11.4	12.0	46.4	51.6
Sales and marketing	46.0	9.4	11.1	9.5	10.1	40.1	8.0	10.5	9.4	10.2	38.1	10.9	10.8	10.8	11.6	44.1	48.5
General and administrative	8.8	2.3	2.1	2.4	2.1	8.8	2.3	2.4	2.5	2.3	9.6	2.5	2.6	2.7	2.7	10.5	11.1
Other operating income	1.0	1.2	(1.0)	0.3	2.3	2.8	0.1	0.0	0.1	0.0	0.3	0.0	0.0	0.0	0.0	0.0	0.0
Other operating expenses	0.2	0.0	0.1	0.6	(2.6)	(1.8)	0.0	0.1	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.1	0.1
Total operating expenses	77.9	18.8	18.3	17.5	16.5	71.0	15.6	18.4	17.9	18.4	70.4	20.0	19.7	19.8	21.3	80.7	88.5
Income from operations	7.1	4.6	5.3	6.3	6.2	22.4	7.1	5.1	6.7	8.9	27.8	9.6	8.8	8.9	10.3	37.6	43.8
Interest income	0.1	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	0.1	0.1
Interest expense	(0.1)	(0.0)	(0.0)	(0.0)	(0.0)	(0.1)	(0.0)	(0.0)	(0.2)	(0.0)	(0.4)	(0.0)	(0.0)	(0.0)	(0.0)	(0.1)	(0.1)
Earnings before taxes	7.1	4.6	5.3	6.3	6.2	22.3	7.0	5.1	6.4	8.9	27.5	9.6	8.8	8.9	10.2	37.6	43.7
Taxes	(0.8)	(0.6)	(0.6)	(0.6)	(0.7)	(2.5)	(0.7)	(0.3)	(0.5)	(0.9)	(2.4)	(1.0)	(0.9)	(0.9)	(1.0)	(3.8)	(4.4)
Net income	6.3	4.0	4.6	5.7	5.4	19.8	6.4	4.8	5.9	8.0	25.1	8.6	8.0	8.0	9.2	33.8	39.4
EPS Diluted	\$0.69	\$0.44	\$0.52	\$0.66	\$0.63	\$2.24	\$0.74	\$0.55	\$0.69	\$0.94	\$2.92	\$1.01	\$0.93	\$0.93	\$1.07	\$3.94	\$4.58
Basic shares outstanding	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	8.6
Diluted shares outstanding	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	8.6
<i>% Change Year Over Year</i>																	
Revenue	-15%	2%	27%	10%	2%	10%	5%	-10%	-1%	6%	-1%	18%	10%	14%	15%	14%	11%
Cost of revenue	-24%	-6%	18%	26%	-5%	7%	0%	-13%	-13%	-10%	-9%	0%	-6%	9%	15%	4%	9%
Gross profit	-6%	9%	34%	1%	7%	12%	9%	-8%	6%	17%	6%	30%	22%	17%	15%	21%	12%
Research and development expensed	32%	23%	16%	-17%	-27%	-3%	-13%	-10%	27%	26%	5%	28%	17%	8%	18%	17%	11%
Research and development (total)	17%	16%	50%	-4%	-15%	10%	-3%	-19%	27%	23%	4%	26%	14%	6%	13%	14%	11%
Sales and marketing	-3%	20%	14%	-40%	-21%	-13%	-15%	-5%	-2%	1%	-5%	36%	2%	15%	14%	16%	10%
Total operating expenses	9%	28%	7%	-27%	-26%	-9%	-17%	1%	3%	12%	-1%	28%	7%	11%	15%	15%	10%
EBIT	-58%	-3%	141%	NM	NM	217%	54%	-4%	5%	45%	24%	36%	73%	33%	15%	35%	16%
Net income	-59%	-7%	133%	NM	NM	215%	60%	2%	3%	48%	27%	36%	67%	35%	15%	35%	16%
<i>Margins And Ratios</i>																	
Gross margin	57%	57%	57%	59%	59%	58%	59%	59%	63.5%	65.0%	62%	65.0%	65.0%	65.0%	65.0%	65.0%	65.5%
Research and development (expensed)	15%	16%	13%	12%	12%	13%	13%	14%	15%	14%	14%	14%	14%	14%	14%	14%	14%
Research and development (capitalized)	9%	10%	14%	10%	10%	11%	11%	12%	13%	11%	12%	11%	12%	12%	10%	11%	11%
Research and development (total)	24%	26%	28%	22%	22%	24%	24%	25%	28%	25%	25%	25%	26%	26%	25%	25%	26%
R&D (Expensed to Capitalized)	19%	19%	11%	14%	14%	14%	15%	14%	14%	15%	14%	15%	15%	15%	16%	15%	15%
Sales and marketing	32%	25%	25%	24%	25%	25%	21%	26%	24%	24%	24%	24%	25%	25%	24%	24%	24%
Customer acquisition	29%	22%	22%	21%	22%	22%	17%	23%	20%	21%	20%	21%	21%	21%	21%	21%	21%
General and administrative	6%	6%	5%	6%	5%	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%	5%
Income from operations (EBIT)	5%	12%	12%	16%	16%	14%	18%	13%	17%	21%	17%	21%	20%	20%	21%	21%	22%
Net margin	4%	11%	10%	15%	14%	12%	16%	12%	15%	19%	16%	19%	18%	18%	19%	19%	19%

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.

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

	2019	2020	MarA	JuneA	SeptA	DecE	2021E	MarE	JuneE	SeptE	DecE	2022E	2023E
Profit after financial items	6.1	22.3	7.0	5.1	6.4	8.9	27.5	9.6	8.8	8.9	10.2	37.6	43.7
Adjusting items not included in cash flow	14.3	17.0	3.8	4.0	4.5	4.5	16.9	4.5	4.5	4.5	4.5	18.2	18.2
Taxes received	0.8	(1.5)	(0.1)	(0.5)	(1.1)	0.0	(1.8)	0.0	0.0	0.0	0.0	0.0	0.0
Change in operating receivables	(0.0)	(1.7)	(3.0)	(0.7)	1.3	0.0	(2.4)	(0.2)	0.0	0.0	0.0	(0.2)	(0.2)
Change in operating liabilities	(1.8)	(1.5)	4.2	(1.5)	0.6	0.0	3.3	0.0	0.0	0.0	0.0	0.0	0.0
Cash flow from operating activities	19.3	34.6	12.0	6.3	11.8	13.5	43.5	13.9	13.4	13.4	14.8	55.5	61.7
Investment in fixed assets	(1.0)	(0.3)	(0.5)	(0.2)	(0.2)	(0.1)	(1.0)	(0.1)	(0.1)	(0.1)	(0.1)	(0.5)	(0.9)
Investment in intangible assets	(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
Capitalized development expenses	(13.5)	(17.7)	(4.1)	(4.6)	(4.9)	(4.7)	(18.4)	(5.1)	(5.1)	(5.1)	(5.1)	(20.3)	(22.7)
Cash flow from investing activities	(14.7)	(18.0)	(4.6)	(4.8)	(5.1)	(4.8)	(19.3)	(5.2)	(5.2)	(5.2)	(5.2)	(20.8)	(23.6)
Lease payments, IFRS16	(0.6)	(1.1)	(0.3)	(0.5)	(0.3)	(0.4)	(1.5)	(0.4)	(0.4)	(0.4)	(0.4)	(1.4)	(1.4)
Short term loan/investments	0.0	0.0	0.0	0.0	(0.5)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Dividend	(2.7)	(2.6)	0.0	(6.4)	0.0	0.0	(6.4)	0.0	(6.4)	0.0	0.0	(6.4)	(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
Repurchase shares - C Class	(0.0)	0.0	(4.0)	0.1	0.0	0.0	(3.9)	0.0	0.0	0.0	0.0	0.0	0.0
Repurchase ordinary shares	0.0	(7.9)	0.0	0.0	(10.5)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Premiums warrant program	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
Repurchase of issued warrants	(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
Cash flow from financing activities	(3.0)	(11.5)	(4.4)	(6.8)	(11.3)	(0.4)	(22.8)	(0.4)	(6.7)	(0.4)	(0.4)	(7.8)	(7.8)
Cash at beginning of period	16.4	18.0	22.3	25.4	20.0	15.5	22.3	23.8	32.2	33.6	41.5	23.8	50.7
Cash flow	1.6	5.0	3.0	(5.3)	(4.6)	8.3	1.3	8.4	1.4	7.9	9.2	26.9	30.2
Exchange rate differences	0.0	(0.7)	0.1	(0.0)	0.1	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0
Cash at end of period	18.0	22.3	25.4	20.0	15.5	23.8	23.8	32.2	33.6	41.5	50.7	50.7	81.0
FCF (Outflow)	4.8	16.6	7.3	1.4	6.7	8.7	24.2	8.7	8.2	8.2	9.6	34.7	38.1
FCF (Outflow) per share	\$0.53	\$1.88	\$0.86	\$0.17	\$0.78	\$1.01	\$2.81	\$1.02	\$0.95	\$0.96	\$1.12	\$4.04	\$4.43

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.

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

	2018	2019	Mar	June	Sept	2020	MarA	JuneA	SeptA	2021E	2022E	2023E
Cash and cash equivalents	16.4	18.0	22.0	15.5	19.0	22.3	25.4	20.0	15.5	23.8	50.7	81.0
Short term investments	0.0	0.0	0.0	0.0	0.0	0.0	1.7	12.0	14.0	14.0	14.0	14.0
Accounts receivable	0.4	0.2	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Tax receivable	1.2	0.3	0.1	0.5	0.7	0.4	0.7	0.5	1.0	1.0	1.0	1.0
Other receivables	0.5	1.1	0.5	0.5	0.7	0.9	0.9	1.2	1.1	1.1	1.4	1.6
Prepaid expenses and accrued income	12.2	12.1	16.3	17.8	16.7	13.6	17.0	16.3	15.2	15.2	15.2	15.2
Total current assets	30.7	31.7	38.9	34.3	37.2	37.3	44.2	39.5	34.4	42.8	69.9	100.4
Capitalized development expenses	23.4	25.0	27.4	25.7	25.7	24.2	26.7	27.3	29.5	34.3	54.6	77.3
Equipment	1.3	3.7	3.4	2.9	2.3	1.8	3.8	3.8	3.3	3.3	3.8	4.8
Deferred tax receivable	7.6	4.4	4.8	6.4	6.1	6.8	8.8	9.1	0.2	0.2	0.2	0.2
Total non-current assets	32.4	33.1	35.6	35.0	34.1	32.8	39.4	40.2	33.0	37.8	58.6	82.2
Total assets	63.1	64.8	74.5	69.4	71.2	70.1	83.6	79.6	67.4	80.6	128.5	182.6
Short-term liabilities	0.0	0.0	1.2	6.2	0.7	0.5	0.5	0.5	0.9	0.9	0.9	0.9
Accounts payable	3.1	3.1	5.0	4.0	2.0	1.5	1.7	0.4	3.1	3.1	3.1	3.1
Accrued expenses	9.8	7.7	7.9	8.0	8.4	7.9	9.1	9.9	7.5	7.5	7.5	7.5
Tax liabilities	9.1	6.6	7.9	3.7	8.0	8.3	11.8	11.8	2.9	2.9	2.9	2.9
Other liabilities	0.0	0.1	1.2	1.8	1.6	0.6	1.9	1.7	1.9	1.9	1.9	1.9
Total current liabilities	22.0	18.7	23.2	23.8	20.7	18.8	25.0	24.3	16.2	16.2	16.2	16.2
Deferred tax liabilities	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Long-term liabilities	0.0	0.5	0.5	0.2	0.4	0.2	1.8	1.7	0.8	0.8	0.8	0.8
Total non-current liabilities	0.0	0.5	0.5	0.2	0.4	0.3	1.8	1.8	0.9	0.9	0.9	0.9
Equity	41.1	45.6	50.8	45.4	50.1	51.0	56.7	53.5	50.3	62.8	108.3	159.3
Total equity and liabilities	63.1	64.8	74.5	69.4	71.2	70.1	83.6	79.6	67.4	79.9	125.4	176.4
Metrics												
Cash and equivalents (incl. short-term investments)	\$16.4	\$18.0	\$22.0	\$15.5	\$19.0	\$22.3	\$27.1	\$32.0	\$29.5	\$37.8	\$64.7	\$95.0
Cash and equivalents (per share)	\$1.80	\$2.00	\$2.43	\$1.75	\$2.19	\$2.57	\$3.16	\$3.71	\$3.44	\$4.41	\$7.54	\$11.06
Net cash (of short-term liabilities)	\$16.4	\$18.0	\$20.7	\$9.3	\$18.3	\$21.7	\$26.6	\$31.4	\$28.6	\$36.9	\$63.9	\$94.1
Net cash (per share)	\$1.80	\$2.00	\$2.30	\$1.05	\$2.11	\$2.51	\$3.10	\$3.65	\$3.33	\$4.31	\$7.44	\$10.96
Return on assets (ttm)	26.9%	9.8%	8.2%	12.4%	20.7%	29.3%	28.0%	29.9%	32.4%	33.3%	32.4%	25.3%
Return on equity (ttm)	44.6%	14.5%	12.3%	18.9%	30.5%	40.9%	41.2%	45.0%	44.7%	44.0%	39.5%	29.4%

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.

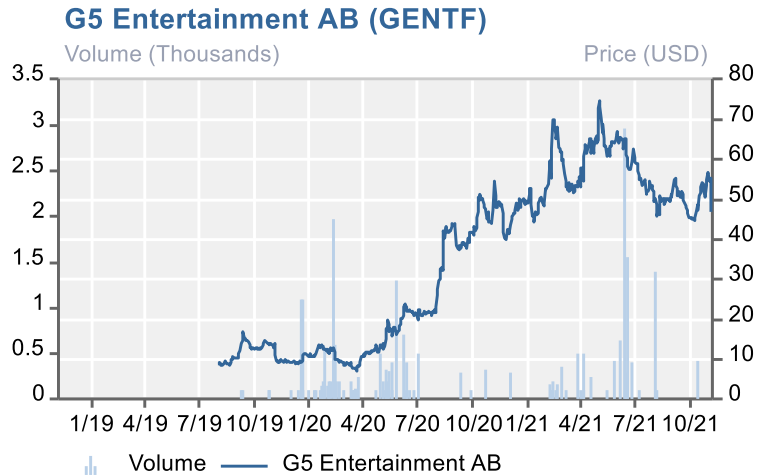
Appendix
Required Disclosures

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G5 Entertainment AB (GENTF-\$47.06) NR Price Target: \$90 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	
PT	10/28/21	50.5		86	



Source: FactSet Prices

Valuation	We raise our price target to \$90 (from \$86) on GENTF shares. We apply about a 20x multiple to our new 2023 EPS estimate of \$4.58 (We previously applied a 23x multiple to our prior 2022 EPS estimate of \$3.75.) Given the longer time frame to our 2023 estimates we believe it is prudent to scale back on our valuation multiple. As the company continues to drive revenue growth and margin expansion, we see an opportunity to expand the valuation multiple. We have a Moderately Risky rating on GENTF shares.		
Key Risks	Traction in new games	Rising customer acquisition cost	Customer behavior

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