



Interim report for January-September 2009

2009-11-13 PRESS RELEASE

- Group's consolidated revenue and operating result is growing for the third consecutive quarter, driven by the management's focus on own products. Group's consolidated revenue for Q3'09 grew 13% compared to Q2'09, and 20% compared to Q1'09. Group's operating result in Q3'09 grew 98% compared to Q2'09, while Q1'09 had negative operating result. Compared to Q3 2008 operating result, group's operating result in Q3 2009 grew 87%.
- Consolidated revenue for the period January-September is 7 596 KSEK (2 271 KSEK in Q1, 2 413 KSEK in Q2, 2 912 KSEK in Q3), down 28% compared to 10 482 KSEK for the same period of 2008. The year-on-year decline in revenue for the period improved compared to Q1 and first half of the year periods, reflecting quarterly revenue growth since the beginning of 2009.
- Operating result for the period January-September is 858 KSEK (loss of 545 KSEK in Q1, positive result of 455 KSEK in Q2, positive result of 948 KSEK in Q3), down 39% compared to operating result of 1 413 KSEK for the same period of 2008. Compared to Q3 2008 operating result, group's operating result in Q3 2009 grew 87%.
- Earnings per share for the period January-September is 0,12 SEK.
- Revenue structure for the period: licensing revenue from G5's game products (royalties and revenue share): 61%, contract game development: 37%, business solutions: 2%.
- Licensing revenue from G5's game products is up 138% compared to the same period of 2008, contract game development revenue for the period is down 68% compared to the same period of 2008, business solutions (mobile products not connected to gaming) - down 95% compared to the same period of 2008. The shift in the revenue structure is in line with management's strategy to focus on the development and distribution of group's own games.
- G5 has returned to solid profitability and used positive cash flow generated in Q2 to invest in the development of more own game products.
- *Success Story*, *Yumsters! 2*, and *Mahjongg Artifacts* iPhone games were completed during Q3 and subsequently released on iPhone. The portfolio of G5's iPhone games has shown continued and stable sales performance during Q3.
- G5 has completed the development of *Mahjongg Artifacts* PSP mini game - group's first game for portable consoles.
- G5 is currently working on 3 unannounced PC casual games and 4 unannounced iPhone games. The goal is that by the end of the year the total number of games for different platforms in G5's publishing portfolio should be over 20.
- There was no progress on the revenue share-based project with a leading mobile publisher announced on October 28th 2008, due to the dedication of all G5's development capacity to



G5 ENTERTAINMENT AB

the development of own games. Considering the group's success with increasing revenue from its own games for iPhone, PSP, and PC Casual platforms, the management is currently reviewing the project in order to evaluate how the cost of finishing the game relates to the revenue it will generate, and how it compares to the profitability of group's own games. The evaluation and the decision on how to proceed with the project further will be made during Q4.

- G5 continues to support MIDS solution licensed to Vimpel Communications under the contract covering 2009 period.
- G5 increased ownership in Shape Games Inc. to 76%.
- This interim report has not been reviewed by company's auditor.

Important events after the end of the period

- *Mahjongg Artifacts 2* PSP mini game was released worldwide as digital download on PlayStation Store. G5 has received preliminary sales information from some territories, and the management is fully satisfied with the numbers, although cannot disclose the exact figures because of nondisclosure obligations.
- *Stand O'Food* PSP mini game was completed and submitted to Sony QA. The game is expected to be commercially available during November.
- G5 has performed focus tests and received feedback from portals on the work-in-progress version of G5's nearest upcoming PC casual game, and is working towards completing the development in the coming weeks, taking into the account the feedback received.
- A new game for iPhone - *Judgment Day War* - published by G5 Entertainment and developed by Gaijin Entertainment, was submitted to Apple review and is expected to be released on the App Store during November.
- G5 increased ownership in Shape Games Inc. to 100%. G5's plans include further developing Shape Games' franchises by bringing existing games to new platforms and releasing new games in the series. Owning 100% of the company makes it easier, simplifies group's structure and opens possibilities for reducing group's costs.
- Projects Nicole and Danielle were completed and delivered to publishers. G5 is receiving RFPs (requests for proposals) from publishers to develop mobile and iPhone games on contract basis, and is looking to maintain certain amount of contract work going forward.

More information about the company can be found at: www.g5e.se

For additional information please contact:

Vlad Suglobov
CEO, G5 Entertainment AB
investor@g5e.se



About G5 Entertainment AB (publ)

G5 Entertainment AB is a developer and publisher of high quality downloadable games for mobile, PC, home and portable consoles. G5 started as the world's leading mobile game development studio, developing games based on popular licenses for Electronic Arts, Disney, and THQ. G5 is now developing and publishing its own games that are family-friendly, easy to learn, and targeted at the widest audience of experienced and novice players. G5 owns a number of popular PC and iPhone game franchises like Supermarket Mania, Stand O' Food and Mahjongg Artifacts, and invests in creating new games and bringing company's established franchises to new game platforms. G5's portfolio of own games is set to grow to over 20 before the end of 2009. G5's games target the growing audience of over 200 million casual game players on PC, over 40 million Apple iPhone devices sold to date, and over 52 million Sony PSP devices sold to date, and will expand further as G5 brings its franchises to new platforms.

G5 also develops and licenses user interface design solution for wireless operators and handset manufacturers – MIDS. MIDS is licensed by Russia's leading wireless operator Vimpel Communications (Beeline).