ABG SUNDAL COLLIER

G5 Entertainment

Fast comment

Larger cost savings offsetting sales miss

- Adj. EBIT 0.1m, vs ABGSC 0.1m and FactSet cons -0.2m
- Larger sales decline offset by higher cost savings and GM uplift
- Estimates largely unchanged, but weaker sales trend to weigh

Q2 results

Sales were USD 20.1m (-8% vs ABGSCe 21.8m and -4% vs cons 21.0m), down 16% y-o-y and 7% q-o-q. EBIT was -0.2m (vs ABGSC -0.6m, cons -0.2m). Adj. EBIT was 0.1m (vs ABGSC 0.1m, cons -0.2m) vs 1.6m last year, relatively in line with expectations due to higher than expected cost savings and gross margin. Adjustments include 0.8m severance payments and 0.5m positive FX revaluations. Net profit was 0.6m (vs ABGSC -0.4m, cons -0.8m). FCF 0.4m (2.8m last year).

Outlook and preliminary estimate changes

Of the two new games in soft launch, one was terminated, but the other is continuing to scale and management is cautiously optimistic, saying it is showing strong early metrics. A new successful game will be key to stabilise the sales trend in our view, as both Sherlock and Hidden City is declining right now. The 'Jewels of' series of games continues to decline at a rapid pace, and management therefore decided to put it in harvest mode. This also led to a second wave of layoffs and management to raise the guidance for total run-rate cost savings from 6m to 11m. Factoring in the weaker sales trend and the higher cost savings, we expect that consensus EBIT estimates for 2027-2028 will be relatively unchanged.

Final thoughts

The share has performed well into numbers, +9% L1M, +37% L3M. Even though adjusted earnings were relatively in line, and estimates changes should be relatively neutral, we think the weaker sales trend is incrementally negative for the story. The buybacks increased slightly in Q2, to 1.0m (0.4m in Q1) and was 2.6m LTM - we expect continued buybacks. The balance sheet remains strong with 24.4m net cash.

Commissioned research

Not rated

IT

G5EN-SE/G5EN SS

Share price (SEK)	11/8/2026	68.80
MCap (SEKm)		577
MCap (EURm)		53
No. of shares (m)		8.4
Free float (%)		66.1
Av. daily volume (k)		143

Next event Q2 report 12 August 2026

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Deviations

Deviations	LY	Actual		ABGSCe		Cons	
USDm	**Q2'25**	**Q2'26**	**y-o-y**	**Q2'26e**	**Dev**	**Q2'26e**	**Dev**
Sales	**24.0**	**20.1**	**-16%**	**21.8**	**-8%**	**21.0**	**-4%**
Cost of goods sold	-7.2	-5.4		-5.8			
Gross profit	**16.8**	**14.7**	**-12%**	**16.0**	**-8%**	**15.3**	**-4%**
User acquisition cost	-4.4	-3.9		-4.5			
Opex	-10.8	-10.7		-11.4			
Adj. EBIT	**1.6**	**0.1**	**-94%**	**0.1**	**-26%**	**-0.2**	**-150%**
IAC	-1.0	-0.3		-0.7			
EBIT	**0.6**	**-0.2**	**-138%**	**-0.6**	**-60%**	**-0.2**	**14%**
Net financials	0.2	0.8		0.2			
PTP	**0.8**	**0.6**	**-25%**	**-0.4**	**-248%**	**-0.4**	**-254%**
Taxes	-0.1	0.0		0.0			
Net profit	**0.7**	**0.6**	**-20%**	**-0.4**	**-252%**	**-0.8**	**-171%**
EPS	0.1	0.1		0.0			
Growth and margins	**Q2'25**	**Q2'26**	**y-o-y**	**Q2'26e**	**Dev**	**Q2'26e**	**Dev**
Sales growth	**-11%**	**-16%**		**-9%**		**-12%**	
Gross margin	70%	73%		74%		73%	
Gross profit growth	-8%	-12%		-4%		-9%	
UAC / sales	18%	19%		21%			
Adj. EBIT growth	**-31%**	**-94%**		**-92%**		**-112%**	
Adj. EBIT margin	**7%**	**0%**		**1%**		**0.0**	
EBIT growth	-71%	-138%		-195%		-134%	
EBIT margin	2%	-1%		-3%		0.0	
EPS growth	-68%	-13%		-153%			

Source: ABG Sundal Collier, company data, FactSet

USDm	2024	2025	2026e	2027e	2028e
Sales	107	96	88	87	85
Sales growth (%)	*-13.8*	*-10.8*	*-7.8*	*-2.0*	*-2.0*
EBITDA	24	12	13	18	18
EBITDA margin (%)	*22.3*	*12.9*	*14.9*	*20.4*	*20.8*
EBIT adj.	10	6	3	8	8
EBIT adj. margin (%)	*9.5*	*5.9*	*3.0*	*8.8*	*9.0*
Pretax profit	12	3	4	8	8
EPS	1.44	0.39	0.42	0.97	0.98
EPS growth (%)	*-3.3*	*-73.2*	*8.7*	*nm*	*0.5*
EPS adj.	1.33	0.86	0.37	0.97	0.98
DPS	0.76	0.20	0.33	0.43	0.43
EV/EBITDA (x)	1.3	2.6	2.4	1.5	1.2
EV/EBIT adj. (x)	3.1	5.6	11.6	3.4	2.8
P/E (x)	5.0	18.7	17.2	7.4	7.4
P/E adj. (x)	5.4	8.5	19.4	7.4	7.4
EV/sales (x)	0.30	0.33	0.35	0.30	0.26
FCF yield (%)	30.1	13.9	3.3	13.8	14.0
Le. adj. FCF yld. (%)	29.9	13.7	3.1	13.7	13.9
Dividend yield (%)	10.5	2.8	4.5	6.0	6.0
Net IB debt/EBITDA (x)	-1.0	-2.0	-1.8	-1.7	-1.9
Le. adj. ND/EBITDA (x)	-1.1	-1.6	-1.9	-1.7	-1.9

Source: ABG Sundal Collier, Company Data

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