

# G5 Entertainment

## Weaker sales and margins

- Adj. EBIT -29% vs FactSet consensus; FX adj sales -11% y-o-y
- Estimates to come down 8-10% on slower growth
- Share has underperformed into numbers, trade at 5-4x EBIT '25e-'27e

### Q2 results

Sales SEK 232m (-5% vs ABGSCe 245m and -8% vs cons 252m), where currency adjusted growth was -11% y-o-y (vs ABGSCe -5%) and -2% q-o-q. Adj. EBIT was 16m (-28% vs ABGSCe 22m and -29% vs cons 22m) for 6.8% margin (8.8%), and net profit 7m (-67% vs ABGSCe 21m and -67% vs cons 21m). LTM FCF has held up better than EBIT and was 136m (vs 95m adj. EBIT). Gross margin continued to improve to 70% (68%), driven by G5 Store, but is still not enough to offset the top-line trend. However, efforts ongoing to bring third-party games for distribution in G5 Store, which could contribute to accelerating top-line growth.

### Preliminary estimate changes

We expect that FactSet consensus will cut its adj. EBIT estimates by 8-10% on '25e-'27e on the back of slower sales growth in Q2. That being said, we still believe organic growth could turn positive from Q4'25 if the global launch of Twilight Land or third-party games on G5 Store are successful.

### Final thoughts

The report was weaker than expected, primarily driven by weaker sales. The growth trend remains negative, but improved somewhat q-o-q adjusted for FX. And with new game releases finally expected to arrive near-term, we could see further acceleration in H2. Moreover, management will hopefully talk more about buybacks on the call at 8.45 CET ([link](#)), given its strong cash position and FCF. Lastly, the share has been weak into numbers (-14% L3M vs OMXSGI +4%) and trade at 5-4x EV/adj. EBIT on our un-updated '25e-'27e.

## Fast comment

## Commissioned research

## Not rated

## IT

### G5EN-SE/G5EN SS

Share price (SEK)	6/8/2025	106.60
MCap (SEKm)		894
MCap (EURm)		80
No. of shares (m)		8.4
Free float (%)		68.7
Av. daily volume (k)		143

**Next event** Q2 Report 7 August 2025

### Analyst(s):

simon.jonsson@abgsc.se, +46 8 566 286 89  
oscar.ronnkvist@abgsc.se, +46 8 566 286 41

## Deviation table

Deviation to estimates (SEKm)	2024	2025	ABGSC	Deviation		Consensus	Deviation	
	Q2	Q2		Q2e	SEKm		Q2e	SEKm
Net sales	288	232	245	-13	-5.3%	252	-20	-8.1%
COGS	-93	-69	-72	3	-3.8%			
of which Direct costs	-63	-46	-48	2	-4.2%			
of which Royalties	-29	-23	-24	1	-3.0%			
Gross Profit	195	162	173	-10	-6.0%			
Operational costs	-173	-157	-151	-6	3.7%			
of which User Acquisition	-50	-42	-39	-3	7.9%			
EBITDA	58	29	49	-20	-40.4%			
Depreciation & amortization	-36	-24	-27	4	-			
Adj. EBIT	25	16	22	-6	-27.3%	22	-6	-28.8%
EO items	-3	-10	0	-10	n.a.			
Net financials	3	2	2	0	n.a.			
EBT	24	8	24	-16	-66.6%	24	-16	-67.3%
Taxes	-1	-1	-2	1	-			
Net profit	24	7	21	-14	-67.6%	21	-14	-67.3%
EPS Basic (SEK)	3.02	0.88	2.72	-1.8	-67.6%			
EPS Diluted (SEK)	3.02	0.88	2.72	-1.8	-67.6%			
Assumptions	Q2	Q2	Q2	Percentage point		Q2e	Percentage point	
Net sales growth y-o-y	-13.1%	-19.5%	-15.0%		-4.5 pp	-12.5%		-7.1 pp
Commissions/Sales	-22.1%	-20.0%	-19.8%		-0.2 pp			
Royalties/Sales	-10.2%	-9.9%	-9.7%		-0.2 pp			
Gross margin	67.8%	70.0%	70.5%		-0.5 pp			
UA/Sales	-17.4%	-18.2%	-16.0%		-2.2 pp			
Adj. EBITDA margin	20.1%	12.6%	20.0%		-7.4 pp			
Adj. EBIT margin	8.8%	6.8%	8.8%		-2.0 pp	8.7%		-2.0 pp
Tax rate	-3.5%	-12.7%	-10.0%		-2.7 pp			
Net margin	8.2%	3.0%	8.7%		-5.7 pp			

Source: ABG Sundal Collier, company data, FactSet

## G5 Entertainment

SEKm	2023	2024	2025e	2026e	2027e
Sales	1,320	1,135	1,010	993	997
Sales growth (%)	-5.7	-14.0	-10.9	-1.7	0.4
EBITDA	268	253	191	211	214
EBITDA margin (%)	20.3	22.3	18.9	21.2	21.5
EBIT adj.	124	107	96	101	105
EBIT adj. margin (%)	9.4	9.5	9.5	10.2	10.5
Pretax profit	137	126	88	110	115
EPS	16.07	15.25	10.19	12.73	13.23
EPS growth (%)	99.7	-5.1	-33.2	24.8	4.0
EPS adj.	16.07	15.25	10.19	12.73	13.23
DPS	7.86	8.00	8.00	8.33	8.33
EV/EBITDA (x)	2.4	2.1	2.6	2.1	1.9
EV/EBIT adj. (x)	5.1	4.8	5.1	4.4	3.8
P/E (x)	6.6	7.0	10.5	8.4	8.1
P/E adj. (x)	6.6	7.0	10.5	8.4	8.1
EV/sales (x)	0.48	0.46	0.48	0.45	0.40
FCF yield (%)	15.5	21.4	11.3	13.1	13.6
Le. adj. FCF yld. (%)	15.4	21.3	11.1	12.9	13.5
Dividend yield (%)	7.4	7.5	7.5	7.8	7.8
Net IB debt/EBITDA (x)	-0.8	-1.2	-1.8	-1.8	-2.0
Le. adj. ND/EBITDA (x)	-0.8	-1.4	-1.8	-1.9	-2.1

Source: ABG Sundal Collier, Company Data

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**Norway**

Ruseløkkveien 26, 8th floor  
0251 Oslo  
Norway  
Tel: +47 22 01 60 00  
Fax: +47 22 01 60 60

**Denmark**

Forbindelsesvej 12,  
2100 Copenhagen  
Denmark  
Tel: +45 35 46 61 00  
Fax: +45 35 46 61 10

**Sweden**

Regeringsgatan 25, 8th floor  
111 53 Stockholm  
Sweden  
Tel: +46 8 566 286 00  
Fax: +46 8 566 286 01

**United Kingdom**

10 Paternoster Row, 5th floor  
London EC4M 7EJ  
UK  
Tel: +44 20 7905 5600  
Fax: +44 20 7905 5601

**USA**

140 Broadway, Suite 4604  
New York, NY 10005  
USA  
Tel. +1 212 605 3800  
Fax. +1 212 605 3801

**Singapore**

10 Collyer Quay  
Ocean Financial Center  
#40-07, Singapore 049315  
Tel +65 6808 6082

**Germany**

Schillerstrasse 2, 5. OG  
60313 Frankfurt  
Germany  
Tel +49 69 96 86 96 0  
Fax +49 69 96 86 96 99

**Switzerland**

ABG Sundal Collier AG  
Representative Office  
Schwanenplatz 4  
6004 Lucerne  
Switzerland  
Tel +41 79 502 33 39