

G5 Entertainment

Guides for accelerated growth investments

- Sales in line but adj. EBIT 31% below consensus...
- ...driven by higher user acquisition to drive accelerated growth in Q4
- We expect estimates down on higher cost, but growth to accelerate

Sherlock showing promising signs again

Sales were SEK 229m (0% vs ABGSCe 229m and -2% vs cons 233m), -15% y-o-y, whereof -7% organic/USD-terms (vs ABGSCe -7%). EBIT adjusted for FX effects was 13m (-34% vs ABGSCe 20m and -31% vs cons 19m), -44% y-o-y. The reason for the margin contraction was higher user acquisition cost, which increased from 19% of sales last year to 21%. The main reason for this was higher investments in Sherlock which has shown better metrics since the company made some changes to the game in H1. As a result, Sherlock grew 8% y-o-y organically, and could accelerate further in Q4. Net profit was 13m (-33% vs ABGSCe 20m and -26% vs cons 18m). FCF was 19m (144% conversion). Net cash on the balance sheet remain solid at 247m.

Outlook and preliminary estimate changes

Higher user acquisition cost and the corresponding growth acceleration for Sherlock was the main event in Q3. Moreover, management guided for further increases in user acquisition spending in Q4 to drive further growth acceleration, both for Sherlock but also for other parts of the existing portfolio: mainly Hidden City, where management expect to roll our similar changes to the game as it did with Sherlock in H1. This will put further pressure on margins near-term, and we expect the EBIT margin to contract further in Q4. But it also has the potential to significantly improve the medium term growth in the portfolio. Meanwhile, G5 Store continues to grow and now account for 25% of group sales, which means that it should start to have a positive impact on group growth. On estimate changes, we expect that consensus will raise both cost and sales growth, but that the effect on 2026 EBIT still will be slightly negative (5-10%), at least until we know how the investments in Q4 translates into growth.

Final thoughts

The share is -13% over the last three months vs OMXSGI +5%, and the share currently trade at 5-3x EV/EBIT on our unrevised estimates for 2025-2027.

Fast comment

Commissioned research

Not rated

IT

G5EN-SE/G5EN SS

Share price (SEK)	4/11/2025	91.90
MCap (SEKm)		770
MCap (EURm)		70
No. of shares (m)		8.4
Free float (%)		68.7
Av. daily volume (k)		143

Next event Q3 Report 5 November 2025

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Deviation table

Deviation to estimates (SEKm)	2024	2025	ABGSC	Deviation		Consensus	Deviation	
	Q3	Q3		Q3e	SEKm		Q3e	SEKm
Net sales	270	229	229	-1	0%	233	-4	-2%
COGS	-84	-66	-67	2	-3%			
of which Direct costs	-59	-45	-45	0	0%			
of which Royalties	-26	-21	-22	2	-7%			
Gross Profit	186	163	162	1	1%			
Operational costs	-163	-150	-142	-8	6%			
of which User Acquisition	-51	-47	-41	-6	16%			
EBITDA	55	36	44	-8	-18%			
Depreciation & amortization	-32	-23	-24	1	-			
Adj. EBIT	23	13	20	-7	-34%	19	-6	-31%
EO items	0	0	0	0	n.a.			
Net financials	2	2	3	-1	n.a.			
EBT	25	14	22	-8	-36%	22	-8	-35%
Taxes	-1	-1	-2	1	-			
Net profit	24	13	20	-7	-33%	18	-5	-25%
EPS Basic (SEK)	3.14	1.73	2.57	-0.8	-32%			
EPS Diluted (SEK)	3.14	1.73	2.57	-0.8	-32%			
Assumptions	Q3	Q3	Q3	Percentage point		Q3e	Percentage point	
Net sales growth y-o-y	-17.4%	-15.3%	-15.0%	-0.3 pp		-13.7%	-1.6 pp	
Commissions/Sales	-21.7%	-19.7%	-19.7%	0.0 pp				
Royalties/Sales	-9.5%	-9.1%	-9.7%	0.6 pp				
Gross margin	68.8%	71.2%	70.6%	0.6 pp				
UA/Sales	-18.8%	-20.6%	-17.8%	-2.8 pp				
Adj. EBITDA margin	20.3%	15.7%	19.1%	-3.4 pp				
Adj. EBIT margin	8.6%	5.7%	8.6%	-2.9 pp		8.2%	-2.4 pp	
Tax rate	-2.4%	-6.2%	-10.0%	3.8 pp				
Net margin	9.1%	5.9%	8.7%	-2.9 pp				

Source: ABG Sundal Collier, company data, FactSet

G5 Entertainment

SEKm	2023	2024	2025e	2026e	2027e
Sales	1,320	1,135	962	944	947
Sales growth (%)	-5.7	-14.0	-15.2	-1.9	0.3
EBITDA	268	253	158	193	196
EBITDA margin (%)	20.3	22.3	16.4	20.4	20.7
EBIT adj.	124	107	84	93	97
EBIT adj. margin (%)	9.4	9.5	8.8	9.9	10.2
Pretax profit	137	126	68	102	107
EPS	16.07	15.25	7.84	11.82	12.30
EPS growth (%)	99.7	-5.1	-48.6	50.7	4.0
EPS adj.	16.07	15.25	7.84	11.82	12.30
DPS	7.86	8.00	8.00	8.33	8.33
EV/EBITDA (x)	1.9	1.6	2.5	1.9	1.6
EV/EBIT adj. (x)	4.2	3.8	4.6	3.8	3.3
P/E (x)	5.7	6.0	11.7	7.8	7.5
P/E adj. (x)	5.7	6.0	11.7	7.8	7.5
EV/sales (x)	0.39	0.36	0.40	0.38	0.34
FCF yield (%)	17.9	24.9	11.8	13.4	14.0
Le. adj. FCF yld. (%)	17.8	24.7	11.6	13.3	13.9
Dividend yield (%)	8.6	8.7	8.7	9.1	9.1
Net IB debt/EBITDA (x)	-0.8	-1.2	-2.1	-1.9	-2.0
Le. adj. ND/EBITDA (x)	-0.8	-1.4	-1.9	-2.0	-2.2

Source: ABG Sundal Collier, Company Data

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