

G5 Entertainment

Weak Q1 but layoffs should lift estimates

- Adjusted EBIT turned negative on sales miss
- But a major layoffs could lift cons '27e-'28e EBIT (~5-10%)
- FCF positive and significant net cash position

Q1 results

First, G5 has changed reporting currency from SEK to USD. Sales were USD 21.7m, -11% y-o-y and 6% below ABGSC and FactSet consensus. Reported earnings were better than expected, but boosted by FX revaluations. Adjusted EBIT was USD -0.2m (2.9m), vs ABGSC 0.8m and cons 0.8m. Net profit was relatively in line due to the boost from FX revaluations, 0.8m vs ABGSC 0.7m and cons 0.8m. Despite negative underlying EBIT, FCF remained strong at 3.7m. Adjusted for working capital swings, FCF was 0.3m in Q1.

Preliminary estimate changes

We expect consensus to cut underlying 2027-2028 estimates by 20% based on the weaker Q1 numbers. However, G5 also announced a cost savings programme, with planned savings of USD 6.2m (SEK 57m) on an annualised basis. Part of these savings will be reinvested in higher user acquisition to stabilise and grow its existing games and potentially new releases. We still expect the net effect of this to be positive, while also offset the negative underlying revisions from the Q1 miss. Our base case is that consensus EBIT for 2027-2028 will be raised slightly, by ~5-10%. But we could also see estimates revised up by ~20% if the higher user acquisition helps stabilise sales. Management also sounded open to further right-sizing if the growth trend of some of its titles (mainly the Jewel series) does not improve coming quarters.

Final thoughts

The share has underperformed both the market and mobile peers like MTG and Stillfront YTD. While the growth trend remains challenging, we think it is positive that management is acting by right-sizing the organisation, which should lift earnings from the current levels. On the conference call today, management also sounded positive on continued use of dividend and buybacks. The FCF remains positive, while G5 sits on a net cash position of ~SEK 240m in Q1 compared to its market cap of ~SEK 410m and potential for SEK 70-80m EBIT in 2027-2028 supported by the layoffs.

Deviations

USDm	LY	Actual	ABGSC			Cons	
	Q1	Q1	y-o-y	Q1e	%	Q1e	%
Sales	24.4	21.7	-11%	23.0	-6%	23.0	-6%
Adj. EBIT	2.9	-0.2	n.m.	0.8	n.m.	0.8	n.m.
EBIT	1.0	0.9	-12%	0.5	62%	0.5	75%
PTP	1.2	1.0	-14%	0.8	26%	0.8	28%
Net profit	1.1	0.8	-29%	0.7	8%	0.8	-1%
FCF	3.2	3.7	14%				

Source: ABG Sundal Collier, company data, FactSet

Fast comment

Commissioned research

Not rated

IT

G5EN-SE/G5EN SS

Share price (SEK)	5/5/2026	53.30
MCap (SEKm)		447
MCap (EURm)		41
No. of shares (m)		8.4
Free float (%)		66.1
Av. daily volume (k)		143

Next event Q1 Report 6 May 2026

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G5 Entertainment

SEKm	2024	2025	2026e	2027e	2028e
Sales	1,135	942	834	842	851
Sales growth (%)	-14.0	-17.0	-11.4	1.0	1.0
EBITDA	253	120	128	156	161
EBITDA margin (%)	22.3	12.8	15.4	18.5	18.9
EBIT adj.	107	57	41	69	73
EBIT adj. margin (%)	9.5	6.1	4.9	8.2	8.6
Pretax profit	126	28	49	79	83
EPS	15.25	3.87	5.67	9.18	9.66
EPS growth (%)	-5.1	-74.6	46.4	62.0	5.2
EPS adj.	15.25	3.87	5.67	9.18	9.66
DPS	7.98	8.03	2.00	3.00	4.00
EV/EBITDA (x)	0.4	1.4	1.1	0.6	0.3
EV/EBIT adj. (x)	1.0	3.0	3.5	1.4	0.7
P/E (x)	3.5	13.8	9.4	5.8	5.5
P/E adj. (x)	3.5	13.8	9.4	5.8	5.5
EV/sales (x)	0.09	0.18	0.17	0.11	0.06
FCF yield (%)	42.9	11.8	11.4	17.0	18.3
Le. adj. FCF yld. (%)	42.5	11.6	11.2	16.8	18.1
Dividend yield (%)	15.0	15.1	3.8	5.6	7.5
Net IB debt/EBITDA (x)	-1.2	-2.0	-2.1	-2.0	-2.2
Le. adj. ND/EBITDA (x)	-1.4	-1.7	-2.3	-2.2	-2.4

Source: ABG Sundal Collier, Company Data

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