



MAG INTERACTIVE

MAG INTERACTIVE AB [PUBL]
INTERIM REPORT
SEP-NOV 2021/22

2021/22

INTERIM REPORT SEP—NOV 2021/22

ABOUT

MAG INTERACTIVE AB [PUBL]

MAG INTERACTIVE IS A LEADING MOBILE GAME DEVELOPER FOCUSED ON CASUAL SOCIAL GAMES. WITH PASSIONATE, CREATIVE TEAMS AND A DATA-DRIVEN BUSINESS MODEL, MAG DELIVERS WORLD-CLASS GAMING EXPERIENCES TO MILLIONS OF PLAYERS WORLDWIDE. MAG SPECIALIZES IN WORD GAMES AND TRIVIA, WITH A PORTFOLIO OF TITLES INCLUDING NEW QUIZDUEL, WORDZEE, PRIMETIME, WORD BUBBLES, RUZZLE, WORD DOMINATION AND WORDBRAIN, THAT HAVE BEEN DOWNLOADED OVER 350 MILLION TIMES. MAG HAS STUDIOS IN STOCKHOLM AND BRIGHTON AND WAS LISTED IN 2017 ON THE NASDAQ FIRST NORTH PREMIER GROWTH MARKET WITH THE TICKER MAGI. FOR MORE INFORMATION VISIT WWW.MAGINTERACTIVE.COM.

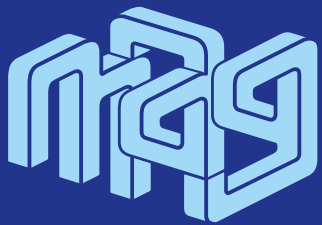


SUMMARY OF THE PERIOD SEP UNTIL NOV 2021

- The Group's net sales for the period were 69,838 KSEK (62,950 KSEK), an increase of 11% compared to the same period the previous year
- EBITDA for the period was 17,133 KSEK (9,290 KSEK)
- Adjusted EBITDA for the period was 16,343 KSEK (9,349 KSEK) (adjustments for EBITDA relate to effects from acquisition costs and social contribution costs from revaluation of option programs)
- The Group's game contribution for the period was 47,819 KSEK (38,466 KSEK), an increase of 24% compared to the same period the previous year
- Average revenue per daily active user (ARPDau) for the period was 5.67 US cents (4.11 US cents), an increase of 38% compared to the same period the previous year
- The result per share during the quarter was 0.14 SEK/share (-0.01 SEK/share)
- The cost of user acquisition for the period was 14,541 KSEK (16,419 KSEK)
- Daily and monthly active users (DAU and MAU) were 1.53 million and 5.05 million respectively during the quarter, a decrease of 20% and 18% compared to the same period the previous year

SIGNIFICANT EVENTS DURING AND AFTER THE PERIOD SEP UNTIL NOV 2021

- No significant events were registered during the period



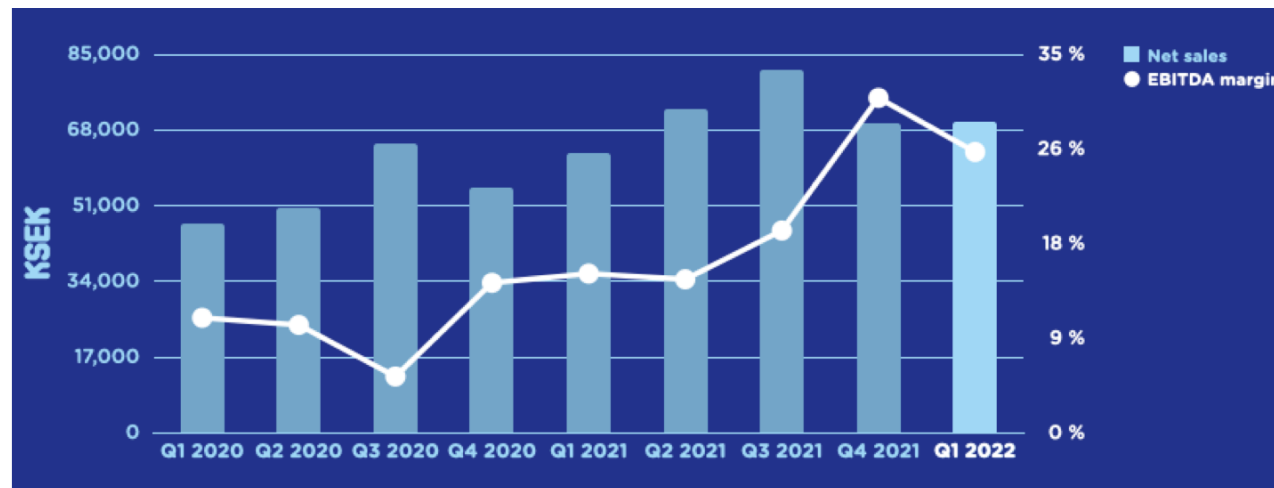
MAG INTERACTIVE

FROM THE CEO CONTINUED PROFITABLE GROWTH

2021/22

A good start to the financial year

We conclude the first quarter of the financial year with a revenue growth of 11% compared to the same period last year and operate at an EBITDA margin of 25%. This is our ninth consecutive quarter with double digit growth. We continue to show profitability and generate a positive cash flow. The foundation of our consistent growth is a portfolio of evergreen games with a loyal player base, a group we continue to engage with new events that keep improving in monetization performance. Our average revenue per daily active user (ARPDau) improved by 38% compared to Q1 last year.



Net sales and EBITDA margin development

New QuizDuel shows its potential

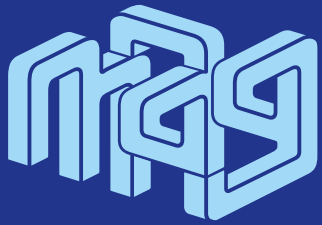
The strong results in Q1 are primarily thanks to a continued development of our live games.

Both Wordzee and Word Mansion launched multiple updates with new content and updated balancing of difficulty and in-game economy during the quarter.

One game that really stands out this quarter is New QuizDuel which got a significant boost in ARPDau with the introduction of the second Solo event in Germany, as well as an improved in-game economy for the *Arena* mode. Important to note is that the ARPDau increase comes both from increased ad revenues connected to the increased player engagement as well as additional in-app purchases (IAP) driven by the boosted use of in-app currency in the game.

In the beginning of Q2, we released a third iteration of Solo in New QuizDuel, this time made available in all major markets, which further improved upon the performance of the previous versions.





MAG INTERACTIVE

FROM THE CEO CONTINUED PROFITABLE GROWTH

2021/22

Evergreen games perform well

Some of our biggest revenue drivers are run by our Live Operations (Live Ops) team. Their focus on optimizing in-game content, events and overall performance is what keeps our evergreen games performing so well year after year. WordBrain had its best Q1 in several years in terms of revenues - a game that was launched almost ten years ago. Our strategy for the future relies heavily on creating more of these evergreen titles that guarantee business stability and enable new games to add to the overall growth of the company.

A competitive market puts pressure on user acquisition

At the end of Q1, we saw CPM (cost-per-thousand impressions) levels in the advertising market rise quickly. This benefits our business on the ad monetization side but hampers the scale of our user acquisition efforts. As in Q4, we experienced during Q1 that Facebook was being the most impacted network in terms of performance related to Apple's privacy regulations whereas other parts of the ecosystem were working more as expected.

Our focus lies on building the strongest products possible from a lifetime value standpoint while in parallel creating appealing advertising creatives to optimize the appetite for interacting with our marketing messages. We continue to strive for increased investments in user acquisition while being disciplined in terms of return on investment.

More new games in testing during the quarter

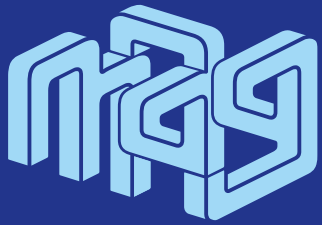
We had a total of six games in testing during Q1. Some were continued tests from Q4, and some were early stage testing of entirely new games. In Q4 there were four games in testing, so the impact of having more people working on new games clearly shows in our expanding pipeline.

Our ambition for this financial year is to launch at least one new game that can have a significant impact on our business. While developing games is a creative process, this will always be done with a laser focus on making sure the products we continue to develop deserve our time and focus and have the potential to become evergreen games for MAG over time.

Adapting to a hybrid working environment

As the pandemic situation continues to have an impact on our society, we are adapting according to guidelines from state authorities as they change over time. At the beginning of Q2, we returned to a mainly remote-based working environment after having had a couple of months with the majority of everyone's time spent in the office. MAG has proven to be able to adapt well to the changing conditions of the pandemic, and we are well prepared if remote work needs to be extended into 2022.





MAG INTERACTIVE

FROM THE CEO CONTINUED PROFITABLE GROWTH

2021/22

MAG attracts great talent

We continue to see world class talent join MAG. We now have people from over 20 countries, many with backgrounds from some of the best games companies in the world. MAG continues to be a place where ambitious and talented people get to do their best work in an environment that is humble, open-minded and free from office politics and other distractions. Together we want to build positive experiences for our players that will reach millions of people and be played for years to come.

A handwritten signature in blue ink, appearing to read 'D. Hasselberg'.

DANIEL HASSELBERG, CEO



SUMMARY OF THE BUSINESS' KEY PERFORMANCE INDICATORS

2021/22

		Sep 21-nov 21	Sep 20-nov 20	Y/Y change	FY 20/21
Net sales	KSEK	69,838	62,950	11%	286,584
Currency (USD)	SEK/USD	8.82	8.77	1%	8.51
Net sales USD	KUSD	7,916	7,175	10%	33,656
In-app purchases	KSEK	25,239	26,978	-6%	111,602
Advertising sales	KSEK	44,598	35,971	24%	174,259
User acquisition	KSEK	-14,541	-16,419	-11%	-76,718
Game contribution	KSEK	47,819	38,466	24%	177,350
EBITDA	KSEK	17,133	9,290	84%	56,617
EBITDA margin ¹	%	25%	15%	10	20%
Adjusted EBITDA	KSEK	16,343	9,349	75%	57,675
Adjusted EBITDA margin ¹	%	23%	15%	9	20%
Operating profit	KSEK	3,999	-2,190		7,358
Operating profit margin ¹	%	6%	-3%	9	3%
Profit	KSEK	3,699	-185	2,099%	7,027
Earnings per share	KSEK	0.14	-0.01	2,099%	0.27
Free cashflow	KSEK	1,375	-25,978		-50,377
Average employees		111	103	8%	105
Daily active users (DAU)	Millions	1.53	1.92	-20%	1.87
Monthly active users (MAU)	Millions	5.05	6.15	-18%	6.02
Monthly unique payers (MUP)	Thousands	47	54	-12%	53
ARPPDAU	US \$ cent	5.67	4.11	38%	4.93

¹Y/Y change in percentage points

Important growth product with high daily revenue

Wordzee is MAG's unique word game where players challenge each other to form words from letter tiles that are placed on a special game board. The player who fills the entire board takes home "Wordzee" and extra bonus points. The game was released globally in November 2019 and has shown strong key figures since launch. Since its inception Wordzee has shown a high average revenue per daily active user (ARPDau), and it remains at a stable high level compared to Q1 the previous year.

Ongoing optimizations of the game

During Q1 the first-time user experience has continued to be optimized, and a guest mode, where the player does not have to log in, has been added. A new design of Wordzee's mascot character Kevin has also been introduced, which provides the opportunity to create new appealing ads.

Several thematic events were also released during Q1, and Wordzee has now rolled out themed seasonal events such as Christmas, Easter, summer and Thanksgiving to fill the calendar year. Events have a positive impact on player engagement and monetization, which MAG has seen in games such as WordBrain and Word Domination. The Wordzee team, with inspiration from Live Operations, therefore plans to expand the event system to make it easier to release more varied events.

In the previous quarter Q4 20/21, a new strategy for video ads was launched, aimed at non-paying players. Through so-called rewarded videos, users can watch video ads instead of paying to get bonuses in the game. This advertising strategy continued to be further tested and optimized during Q1 to achieve a good balance in the in-game economy between paying and non-paying players.

Focus on long-term player engagement

In the future a type of mini-season event similar to the collection events in Word Domination is planned to be released in Wordzee. Players must play a collection of events over the course of ten days to receive special bonuses in the game. New game boards and bonuses for win streaks are also planned for release in the coming quarters with the goal of increasing long-term player engagement.

Wordzee remains an important part of MAG's gaming portfolio in which the company continues to invest. MAG continues to believe in further growth and increased revenue for the game in 2022.



Increased ARPDAU thanks to Solo in Germany

The trivia success New QuizDuel was released globally in May 2020. It is the successor to the classic quiz game QuizDuel where players challenge friends and other users around the world in trivia. New QuizDuel includes several new game modes: the multiplayer mode *Arena*, where the player competes against four other people to climb leaderboards, and the live trivia mode *QuizDuel Live*. The latter was introduced on the German market in March 2021.

During Q4 20/21 the first solo event in New QuizDuel was also released on the German market. Solo is a temporary single player mode where the player must complete quizzes on several levels with the purpose of offering them more variety, content and new challenges. Solo showed positive results on revenues, and in Q1 a new and optimized solo event was released in Germany. This solo event showed even better results than the previous event; it increased both the number of paying players and the average revenue per daily active user (ARPDAU). A third version of Solo with a winter theme was released after the end of the quarter - this time globally. As a result of the positive effects the solo events have had on monetization the team plans to launch Solo as a permanent global feature in the future. New QuizDuel also increased advertising revenues significantly during Q1 which, together with Solo, contributed to strong monetization throughout the quarter.

Development of *QuizDuel Live*

QuizDuel Live is a live game mode in New QuizDuel on the German market that was designed together with the live quiz app Primetime and is moderated by a German-speaking host. These live shows that are about ten minutes long invite players to participate for free and compete by answering up to 12 questions live and in real time. A lifesaver is available for players to use up to question number seven if they answer incorrectly and wish to continue playing. Since the end of the summer of 2021, players can win - or donate - cash prizes in addition to lifesavers and tickets to the *Arena*. *QuizDuel Live* has steadily increased in number of participants per show since prize money was introduced. Most of the QuizDuel players in Germany, however, have not played the live mode yet, but the game team is continuously working to increase player engagement to continue to gradually scale up the game mode. MAG continues to have a positive view of the development of *QuizDuel Live*.

Focus on new features and design

New QuizDuel continues to focus on improving monetization and plans to release new game modes and features in the future. At the same time, constant work is underway to increase player engagement. A new design for the game will also be launched to improve user experience. MAG looks forward to the continued advancement of New QuizDuel in 2022.



Increased advertising revenue for Ruzzle

Released in 2012, Ruzzle is MAG's first word game success and is still one of MAG's most important evergreens with predictable and stable revenues. During the first quarter of the financial year, Ruzzle continued to show positive numbers. In Q1 the game's advertising revenue increased, and Ruzzle also noted a higher average revenue per daily active user (ARPPDAU) compared to the same quarter last year.

Ruzzle continues to be a stable pillar in MAG's portfolio, both in terms of player engagement and long-term predictable revenue, and is a benchmark for how MAG wants to build future evergreens.

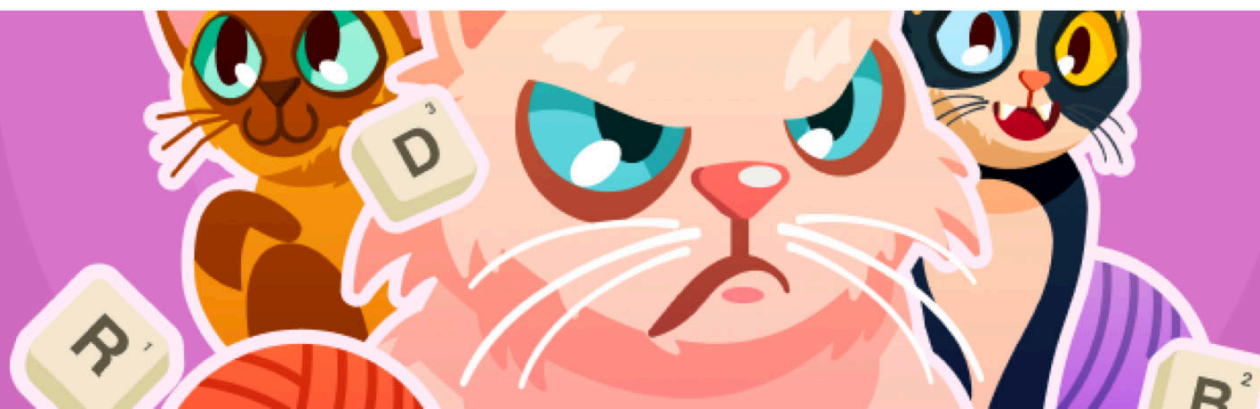
New event system increases revenue for WordBrain

The word game WordBrain has been live for more than eight years and has grown into a strong evergreen for MAG with a stable revenue stream. The new event system introduced during Q4 20/21 was further developed during Q1 21/22. The new system means increased control for the Live Operations (Live Ops) team to create more varied events, which resulted in significant positive effects on revenues during Q4. In the first quarter of 21/22, the event system was further optimized by making the events unlockable in several steps. This attracted both the most dedicated players as well as the wider game audience. WordBrain managed to improve all parameters of its in-game economy. The new event system demonstrates the power of the user base which, after many years, continues to be very engaged with the game.

VIP players remain important for Word Domination

Since Q4 20/21, the tactical word game Word Domination has been run by the Live Ops team. The game, released globally in 2018, has since reached over 10 million downloads and grown into one of the company's finest evergreens. Word Domination has very engaged VIP players - who pay a subscription fee every month to receive in-game bonuses. These players account for an increasing degree of all the game's in-app purchases (IAP); they accounted for 41% of IAP in Q1 compared to 38% in Q4 20/21.

The focus during Q1 has mainly been to integrate Word Domination into Live Ops but in the future, new events, boosters and other new content are planned to improve long-term monetization and maintain players' long-term engagement. MAG looks forward to continued positive results from Live Ops in the future.



Game studio with an audience of millions

Apprope is a Swedish mobile game studio that was started in 2012 and mainly develops games in the word category. The studio was acquired by MAG in early January 2021. Apprope's games have reached over 55 million users and several of their games have ranked high on several U.S. leaderboards. Their most famous word game, WordBubbles, has been downloaded over ten million times, had sales of around SEK 100 million and reached first place in the word game category in more than 50 countries.

Apprope's latest game release is Word Mansion, a word puzzle adventure framed by a story that revolves around renovation and decoration. It has a high average revenue per daily active user (ARPDau) and has passed over one million downloads.

Development of the Word Mansion engine results in new game tests

In order to be able to reuse the infrastructure for new games in the same engine, Apprope has continued to expand the game engine in which Word Mansion is operated. This means that instead of always having to build game prototypes from the ground up, Apprope can begin development using Word Mansion's game engine.

Apprope was therefore able to quickly develop several games during the quarter in different categories and mechanics in the casual segment and release them on the market for testing. The purpose of releasing these games early is to draw conclusions about which game categories work best on the market - games that both could have long-term player engagement and high ARPDau. The goal being that lessons learned from these market tests can more quickly contribute to a new game's success.

Continued synergies with Live Operations

During the quarter, Apprope continued its collaboration with the Live Operations (Live Ops) team to find new synergies. Apprope has followed Live Ops' recipe of releasing longer and more varied events to its catalog of older games. Thanks to this, WordBubbles noted a significant increase in both advertising revenue and in-app purchases. The new events will be developed further and added to all of Apprope's live games in the future.



Leading in live trivia in the Nordics

Primetime is a popular live quiz app acquired by MAG on September 1, 2020. In Primetime, quizzes are broadcast live with a presenter seven days a week, and players compete to win a sum of money by correctly answering up to 11 questions live. Primetime was released in Sweden in 2018, has since also released localized versions in Norway, Denmark, Finland and is now the leading player in live trivia in the Nordics.

The app is monetized through sponsorship campaigns, a business model that differs from other games in MAG's portfolio and has worked well for Primetime. The app has a stable user base with a high average revenue per daily active user (ARPDau). Further monetization of Primetime is planned with in-app purchases of lifesavers, aides players can use up to the seventh question if they have answered incorrectly but still wish to continue playing.

Quiz Marathon attracts new players to *QuizDuel Live*

New QuizDuel's live trivia mode *QuizDuel Live* was designed jointly by the QuizDuel team and Primetime and released to the German audience in March 2021. The game mode's concept is based on Primetime's live quiz, live shows that are broadcast from Primetime's studio in Stockholm. During Q1 the team conducted a quiz marathon in *QuizDuel Live* which included five live shows in one day and attracted more players who had not previously tested the game mode. *QuizDuel Live* showed a growth trend in Q1 with more players playing more often.

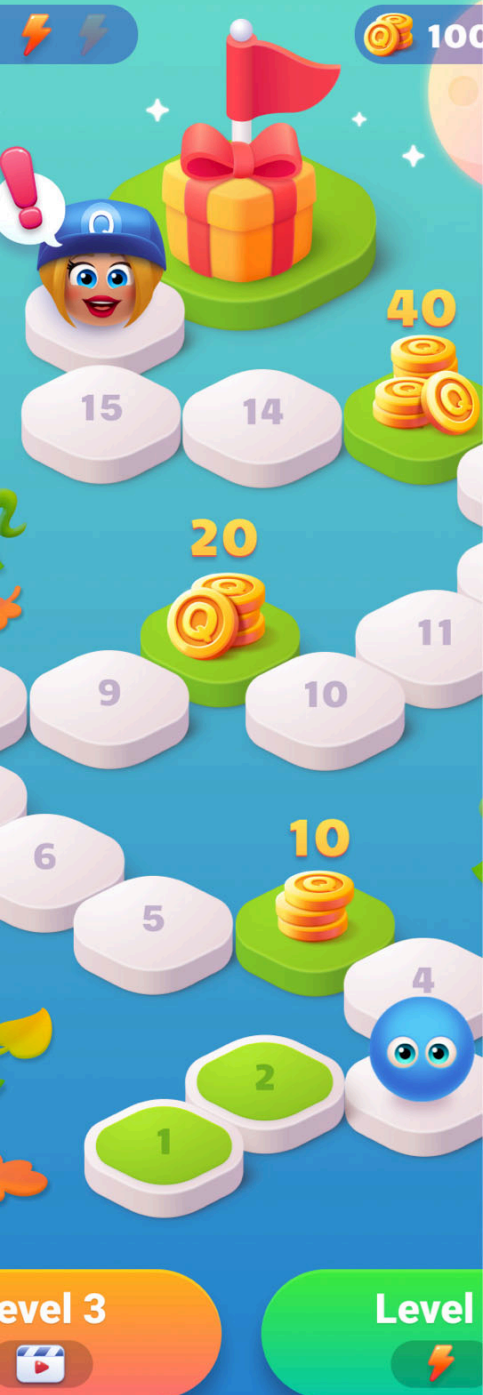
Increased number of sponsorship agreements for *QuizDuel Live*

QuizDuel Live is primarily monetized by sponsorship campaigns that function similarly to Primetime's: A sponsor partner buys an ad placement in the live mode and the host informs the audience about the sponsorship. Primetime is responsible for operating the sponsorship campaigns in *QuizDuel Live*. These campaigns have increased in scope during the quarter. Primetime looks forward to continuing opportunities for increased sponsorship agreements for *QuizDuel Live*.

The collaboration between MAG and Primetime continues to build on the synergies that exist between New QuizDuel and Primetime.

Testa dina kunskaper i Sveriges största quiz!





CONSOLIDATED PROFIT/LOSS AND CASH FLOW FOR THE PERIOD SEP UNTIL NOV 2021

2021/22

OPERATING INCOME

The Group's net sales for the period totalled 69,838 KSEK (62,950 KSEK), an increase of 11%.

Own work capitalised totalled 9,612 KSEK (10,140 KSEK). See below for further details of capitalized expenses as well as depreciation of the same.

The group's net sales was primarily attributable to the games New QuizDuel, Wordzee, Word Mansion, Ruzzle, WordBrain, Word Domination and Primetime.

OPERATING EXPENSES, EBITDA AND OPERATING PROFIT/LOSS

Operating expenses totalled 63,729 KSEK (64,640 KSEK). Of these, 14,817 KSEK (15,349 KSEK) were sales related costs, primarily originating from fees to Apple App Store and Google Play, as well as server costs. In addition to this 14,541 KSEK (16,419 KSEK) were costs of user acquisition and 8,475 KSEK (8,482 KSEK) were other external operating expenses.

User acquisition costs in the first quarter are mainly attributable to the games Word Mansion and Wordzee.

Personnel expenses totalled 25,896 KSEK (24,391 KSEK), an increase of 6%.

EBITDA for the period was 17,133 KSEK (9,290 KSEK).

Depreciation of tangible and intangible assets totalled 13,134 KSEK (11,480 KSEK), of which 7,346 KSEK (6,337 KSEK) was depreciation of capitalized development expenses.

The Group's operating profit was 3,999 KSEK (-2,190 KSEK) and profit before tax 5,845 KSEK (-2,482 KSEK).

PROFIT/LOSS AFTER TAX

Profit after tax totalled 3,699 KSEK (-185 KSEK).

The profit after tax per share was 0.14 SEK/share (-0.01 SEK/share) and the profit after tax per share fully diluted was 0.13 SEK/share (-0.01 SEK/share).

The average number of shares during the period was 26,494,653 (26,494,653) and the average number of shares fully diluted was 27,994,868 (27,473,366).

CASH FLOW FOR THE PERIOD

The Group's cash flow from operating activities during the quarter was 11,181 KSEK (4,642 KSEK). Cash flow from investing activities was -9,806 KSEK (-30,620 KSEK). Cash flow from financing activities was -2,458 KSEK (-5,147 KSEK).

PARENT COMPANY PROFIT/LOSS FOR THE PERIOD SEP UNTIL NOV 2021

2021/22

OPERATING INCOME

The parent company's net sales for the period were 56,590 KSEK (59,149 KSEK), a decrease of 4% compared with the same period the previous year.

OPERATING EXPENSES AND OPERATING PROFIT/LOSS

Operating expenses totalled 56,299 KSEK (63,528 KSEK).

Of these 12,524 KSEK (14,070 KSEK) were sales related costs originating primarily from fees to Apple App Store and Google Play, costs of user acquisition were 10,274 KSEK (16,419 KSEK) and 14,215 KSEK (14,231 KSEK) was other external operating expenses.

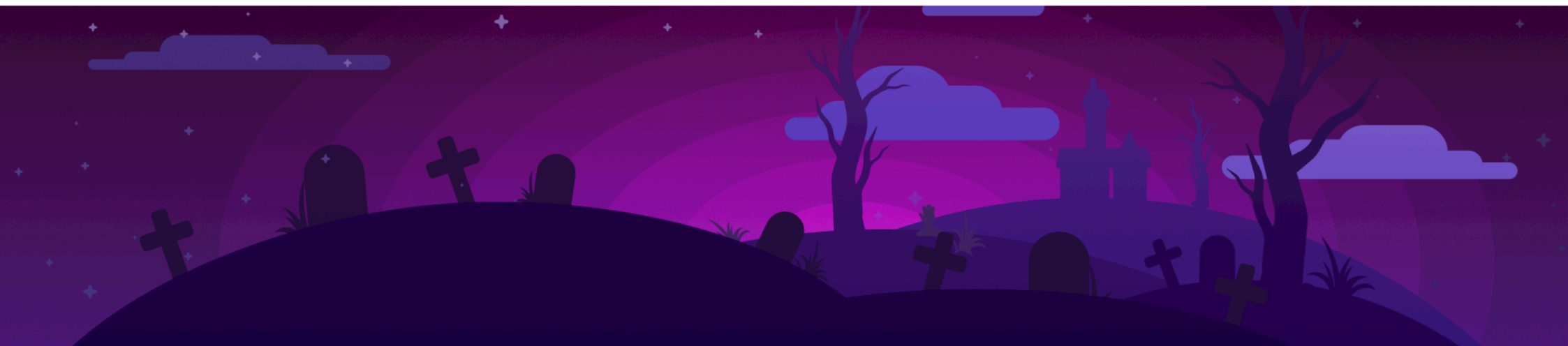
Personnel expenses totalled 19,286 KSEK (18,808 KSEK) an increase of 3%.

Depreciation of tangible and intangible assets totalled 4,862 KSEK (4,868 KSEK).

The parent company's operating profit for the period was -3,025 KSEK (-8,302 KSEK).

PROFIT AFTER TAX

Profit after tax totalled to -2,590 KSEK (-7,117 KSEK).



THE GROUP'S FINANCIAL POSITION AT THE END OF THE PERIOD

2021/22

Intangible non-current assets at the end of the period totalled 268,964 KSEK (199,322 KSEK), of which 160,887 KSEK (112,769 KSEK) relates to goodwill and 108,076 KSEK (86,553 KSEK) to other intangible assets. The latter consists primarily of capitalized development expenses on own account and acquired intellectual property.

Cash and cash equivalents at the end of the period totalled 96,563 KSEK (128,723 KSEK).

Equity at the end of the period totalled 327,779 KSEK (313,180 KSEK), corresponding to 12.4 SEK/share (11.8 SEK/share).

The equity/assets ratio at the same time was 68.8% (70.3%).

The group has interest bearing debt of 43,347 KSEK (83,127 KSEK) of which 0 KSEK is attributable to loan from financial institutes and the rest refers to financial lease.

THE PARENT COMPANY'S FINANCIAL POSITION AT THE END OF THE PERIOD

Cash and cash equivalents at the end of the period totalled 74,711 KSEK (121,267 KSEK).

Equity at the end of the period totalled 265,263 KSEK (272,287 KSEK).



KEY INDICATORS FOR THE BUSINESS PERIOD SEP UNTIL NOV 2021

2021/22

DISTRIBUTION OF REVENUES BY BUSINESS MODEL

The Group's net sales are distributed primarily between in-app purchases (purchases made inside games via the Apple App Store or Google Play) and in-app advertising.

The Group's net sales from in-app purchases for the period were 25,239 KSEK (26,978 KSEK), a decrease of 6% compared to the same period the previous year.

The Group's net sales from in-app advertising were 44,598 KSEK (35,971 KSEK), an increase of 24% compared with the same period the previous year.

GAME CONTRIBUTION

Cost levels of games marketed by MAG Interactive differ from game to game, both in their distribution costs (sales related costs) and marketing costs (performance based marketing). Additionally, these cost differences can be affected by the particular phase each game is in. The Group therefore reports the total contribution from games activities according to the following model: net sales minus platform fees and performance-based marketing. Performance based marketing includes digital advertising and other advertising associated directly with the company's products, as well as services and charges directly attributable to performance-based marketing. General marketing of the company and brand is not included in the cost of direct marketing.

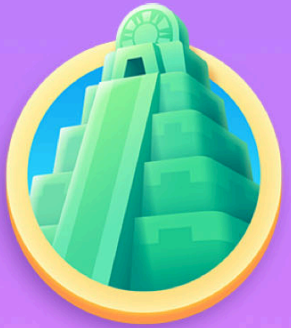
The Group's contribution from sales activities for the period was 47,819 KSEK (38,466 TSEK), an increase of 24% compared to the same period the previous year.

COMMENTS ON THE DISTRIBUTION OF INCOME AND CONTRIBUTIONS FROM SALES ACTIVITIES

Net sales is up from higher ARPDau cross the portfolio, primarily ad revenues grow. Game contribution grow as a result of higher net sales, with a higher share of ads, in combination with lower costs for user acquisition.

KEY INDICATORS FOR THE BUSINESS CONTO.

2021/22



OTHER KEY INDICATORS

The company monitors its operations according to a number of key performance indicators that reflect how the games industry in general measures its business activities. These indicators are defined as follows;

DAU and MAU are defined as the number of unique daily and monthly users respectively that use one of the company's products, presented as an average over the period, adjusted for the number of days in the months in the period. Each individual game's unique users are summed up to present the company's total unique users.

MUP is the number of unique users who made a purchase in one of the company's products. A purchase is defined as a purchase in accordance with the above definition of in-app purchases and to a value greater than zero. The value is reported as an average value over the three months in the period.

ARPDau is calculated as the company's daily average of net sales during the period divided by DAU. Riksbanken's average exchange rate per month is used for translation into USD.

THE BUSINESS'S KEY INDICATORS DURING THE PERIOD

DAU for the period 1.53 million (1.92 million), a decrease of 20% compared with the same period the previous year.

MAU for the period 5.05 million (6.15 million), a decrease of 18% compared with the same period the previous year.

MUP for the period 47.3 thousand (54.0 thousand), a decrease of 12% compared with the same period the previous year.

ARPDau for the period 5.67 US \$ cent (4.11 US \$ cent), an increase of 38% compared with the same period the previous year.

COMMENTS TO THE KPIs

DAU and MAU declines primarily as an effect of lower marketing spending, and ARPDau is up significantly based on portfolio-wide improvements that see all key games individually improving their ARPDau. New QuizDuel shows particularly strong development and, considering its large user base, contributes strongly to the ARPDau average. Wordzee continues to contribute with its higher than average ARPDau.

PARENT COMPANY

The parent company MAG Interactive AB (publ), corporate ID number 556804-3524, has its registered office in Stockholm with 72 employees. A big part of the Group's business activity is in the parent company, with employees, agreements, intangible assets (incl. IP) and revenues. There are ten subsidiaries in the group. MAG Games Ltd, with its registered office in Brighton and 22 employees, has only Group internal invoicing and carries out development and other functions in the company's operations. MAG United AB, with its registered office in Stockholm, has no employees. Sventertainment AB, with its registered office in Stockholm, is a subsidiary group consisting of six companies and was acquired during the first quarter 2020/21. Sventertainment is the developer and publisher of the trivia app Primetime and has 16 employees. Apprope AB, is the developer being mobile casual games like Word Mansion. Apprope AB was acquired during the second quarter of 2020/21 and has 2 employees.

ACCOUNTING PRINCIPLES

The consolidated accounts for the MAG Interactive AB Group ("MAG Interactive") have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU as well as RFR 1 Complementary Accounting Rules for Groups and the Swedish Annual Accounts Act. This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting, the Swedish Annual Accounts Act and RFR 1 Complementary Accounting Rules for Groups. The parent company's financial statements have been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Annual Reporting Board's recommendation RFR 2 Accounting for Legal Entities. The application of RFR 2 means that the parent company, in the interim report for the legal entity, applies all of the EU-adopted IFRS and statements as far as is possible within the framework of the Swedish Annual Accounts Act, the Swedish Act on Safeguarding Pension Commitments and with due reference to the relationship between accounting and taxation. For a more detailed description of the accounting policies applied for the Group and the parent company in this interim report, see Note 2 in the annual report for 2020/2021.



RISKS AND UNCERTAINTIES

Like all other companies, MAG Interactive is exposed to risks in its business activities. To name some of these risks: dependence on key persons, exchange rate fluctuations, delays in launches, unsuccessful launches, changes in external sales partners when such changes are entirely beyond the company's control. The company's Board of Directors and management work on an ongoing basis on risk management in order to minimize these effects. For more information regarding the risks and uncertainties, please refer to the annual report of 2020/2021.

CURRENCY EFFECTS

MAG Interactive is exposed to a large number of currencies based on the way that Google Play and Apple App Store operate. The most important market for the company is USA. In addition most of the advertising income is realized in USD, and the majority of the direct marketing is purchased in USD. The most important currency is thus USD.

CERTIFIED ADVISER

FNCA Sweden AB is appointed as the Company's Certified Adviser and ensures that the Company complies with the Nasdaq First North rules. FNCA does not hold any shares in MAG Interactive.

PERSONNEL

The average number of employees during the quarter was 111, compared to 103 the same period the previous year.

CONTACT

Further information is available on the company's website: maginteractive.se/investor-relations

Or contact

Daniel Hasselberg, CEO, at daniel@maginteractive.se

Magnus Wiklander, CFO, at magnus.wiklander@maginteractive.se

MAG INTERACTIVE AB [PUBL]

Drottninggatan 95A

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Sweden





OTHER DISCLOSURES CONTO.

2021/22

FURTHER REPORTING DATES

Interim Report Q2 September 2021 – February 2022
Interim Report Q3 September 2021 – May 2022
Interim and Year-End Report Q4 September 2021 – Aug 2022

April 6, 2022
June 29, 2022
Oct 19, 2022

AUDIT

This report has not been reviewed by auditors.

VIDEO PRESENTATION

On January 19, 2022 at 10:00 CET, a recording of CEO Daniel Hasselberg and CFO Magnus Wiklander's presentation of the Interim Report will be published on MAG's Vimeo channel <https://vimeo.com/maginteractive>. The presentation will be held in English. Daniel Hasselberg will take questions on Twitter during the course of the day, write to @d_hasselberg or @maginteractive. For more information and to read the full report please visit <https://www.maginteractive.com/investors/investor-relations/reports/>.

STATEMENTS ABOUT THE FUTURE

Certain formulations can be, or interpreted to be, forecasts about the future. In cases where such statements are made, MAG Interactive's management and Board of Directors have assessed the assumptions behind these statements as being reasonable. There are, however, risks in all statements about the future, and the actual outcome with regard to the external environment and the company may deviate significantly from what has been stated. What is stated with reference to the future is made in the light of the information that the company has at the time of the statement, and the company assumes no obligation to update such statements if new information arrives at a later date that in any way changes the conditions relating to the statement.

ASSURANCE BY THE BOARD OF DIRECTORS

Stockholm January 19, 2022

DANIEL HASSELBERG
CEO, Board member

JONAS ERIKSSON
Chairman of the Board

TAINA MALÉN
Board member

ANDRAS VAJLOK
Board member

ASBJOERN SOENDERGAARD
Board member

TEEMU HUUHTANEN
Board member

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**2021/22**

Amounts in KSEK	Note	Sep 21-nov 21	Sep 20-nov 20	FY 20/21
Operating income				
Net sales	1	69,838	62,950	286,584
Own work capitalised		9,612	10,140	35,026
Other operating income		1,412	840	3,373
Total		80,862	73,931	324,983
Operating expenses				
Sales related costs	2	-14,817	-15,349	-61,674
User acquisition		-14,541	-16,419	-76,718
Other external expenses		-8,475	-8,482	-34,171
Personnel costs		-25,896	-24,391	-95,803
Total operating expenses		-63,729	-64,640	-268,367
EBITDA		17,133	9,290	56,617
Depreciation and write downs of tangible and intangible non-current assets	3	-13,134	-11,480	-49,258
Operating profit/loss (EBIT)		3,999	-2,190	7,358
Financial items				
Interest income and similar		-2,472	6	495
Interest expense and similar		4,319	-297	-1,589
Total financial items		1,846	-292	-1,094
Profit/loss after financial items		5,845	-2,482	6,264
Taxes		-2,146	2,297	764
Profit/loss for the period		3,699	-185	7,027
Other comprehensive result				
Exchange rate differences		383	-575	429
Total comprehensive income for the period		4,082	-760	7,457

The profit/loss and total comprehensive income for the year are attributable in full to the parent company's shareholders.

Earnings per share (based on average number of shares)	0.14	-0.01	0.27
Earnings per share fully diluted (based on average number of shares)	0.13	-0.01	0.25
Average number of shares during the period	26,494,653	26,494,653	26,494,653
Average number of shares during the period fully diluted	27,994,868	27,473,366	27,994,868
Number of shares at the end of the period	26,494,653	26,494,653	26,494,653
Number of shares at the end of the period fully diluted	27,994,868	27,473,366	27,994,868

**CONSOLIDATED BALANCE SHEET
ASSETS****2021/22**

Amounts in KSEK	Note	30/11 2021	30/11 2020	31/8 2021
ASSETS				
Goodwill		160,887	112,769	160,696
Other intangible assets		108,076	86,553	108,376
Total intangible assets		268,964	199,322	269,071
Right-of-use assets		41,059	50,249	43,341
Equipment, tools, fixtures and fittings		7,560	10,081	8,157
Total tangible assets		48,619	60,329	51,498
Other long-term receivables		4,113	4,072	4,107
Deferred tax assets		6,106	8,522	7,615
Total financial non-current assets		10,219	12,594	11,722
Total non-current assets		327,802	272,244	332,291
Current assets				
Trade and other receivables		35,236	28,531	33,153
Current tax assets		9,322	1,275	8,744
Other current receivables		1,192	1,068	1,156
Prepaid expenses and accrued income		6,482	13,581	5,707
Cash and cash equivalents		96,563	128,723	95,515
Total current assets		148,795	173,178	144,277
TOTAL ASSETS		476,597	445,422	476,568

**CONSOLIDATED BALANCE SHEET
LIABILITIES AND EQUITY****2021/22**

Amounts in KSEK	Note	30/11 2021	30/11 2020	31/8 2021
EQUITY AND LIABILITIES				
Equity				
Share capital		688	688	688
Other contributed capital		284,520	282,276	284,295
Reserves*		-1,373	-2,817	-1,756
Retained earnings incl. comprehensive income for the period		43,944	33,033	40,245
Total equity		327,779	313,180	323,472
Long-term liabilities				
Deferred tax liabilities		22,991	17,830	22,325
Long-term lease liabilities		33,873	42,848	36,127
Other long-term liabilities		43,739	30,744	43,739
Total long-term liabilities		100,603	91,422	102,191
Current liabilities				
Trade and other payables		12,671	12,809	12,528
Current tax liability		18	81	392
Short-term bank loans		0	493	137
Accrued expenses and prepaid income		13,842	10,515	16,587
Short-term lease liabilities		9,474	9,161	9,391
Other current liabilities*		12,209	7,761	11,869
Total current liabilities		48,214	40,820	50,904
TOTAL EQUITY AND LIABILITIES		476,597	445,422	476,568

* An adjustment of the previous year's balance sheet has been made due to a balance sheet post belonging to Other current liabilities (56 KSEK) was incorrectly reported under the post Reserves. This has been corrected for the comparative year in this report.

CONSOLIDATED CASH FLOW STATEMENT**2021/22**

Amounts in KSEK	Note	Sep 21-nov 21	Sep 20-nov 20	FY 20/21
Operating activities				
Profit/loss before financial items		3,999	-2,190	7,358
Adjustments for items not part of cash flow				
LTIP		225	101	652
Depreciations and write-downs	3	13,134	11,378	49,259
Interest received		0	5	5
Interest paid		-284	-339	-1,277
Income tax paid		-710	3,919	394
Cash flow from operating activities before change in working capital		16,364	12,874	56,390
Change in current operating receivables		-2,921	-3,813	6,427
Change in current operating liabilities		-2,262	-4,419	-12,797
Change in working capital		-5,183	-8,232	-6,370
Cash flow from operating activities		11,181	4,642	50,020
Investing activities				
Capitalized work		-9,612	-10,140	-35,026
Investments in and merged tangible non-current assets		-194	-1,828	-2,231
Payment for acquisition of subsidiary, net of cash acquired		0	-18,652	-63,091
Change in financial investments		0	0	-48
Cash flow from investing activities		-9,806	-30,620	-100,397
Fritt kassaflöde		1,375	-25,978	-50,377
Financing activities				
Warrants		0	0	1,468
Amortization		-2,458	-5,147	-16,385
Cash flow from financing activities		-2,458	-5,147	-14,917
Increase/decrease in cash and cash equivalents				
Cash flow for the period		-1,083	-31,125	-65,293
Effects of exchange rate changes		2,131	-782	178
Opening cash and cash equivalents		95,515	160,630	160,630
Closing cash and cash equivalents		96,563	128,723	95,515

**CONSOLIDATED STATEMENT OF
CHANGES IN EQUITY****2021/22**

KSEK	Share capital	Other external capital	Reserves	Retained earnings	Total equity
Opening balance 1/9 2021	688	284,295	-1,756	40,245	323,472
Profit/loss for the period				3,699	3,699
Exchange rate differences			383		383
Total comprehensive income			383	3,699	4,082
LTIP		225			225
Closing balance 30/11 2021	688	284,520	-1,373	43,944	327,779

KSEK	Share capital	Other external capital	Reserves	Retained earnings	Total equity
Opening balance 1/9 2020	687	282,176	-2,241	33,218	313,840
Profit/loss for the period				-185	-185
Exchange rate differences			-575		-575
Total comprehensive income			-575	-185	-760
LTIP	1	100			101
Closing balance 30/11 2020	688	282,276	-2,817	33,033	313,180

PARENT COMPANY'S INCOME STATEMENT**2021/22**

Amounts in KSEK	Note	Sep 21-nov 21	Sep 20-nov 20	FY 20/21
Operating income				
Net sales		56,590	59,149	234,101
Other operating income		1,546	945	3,661
Total operating income		58,136	60,094	237,762
Operating expenses				
Sales related costs		-12,524	-14,070	-53,016
User acquisition		-10,274	-16,419	-51,245
Other external expenses		-14,215	-14,231	-59,173
Personnel costs		-19,286	-18,808	-69,664
Total operating expenses		-56,299	-63,528	-233,099
EBITDA		1,837	-3,434	4,663
Depreciation of tangible and intangible non-current assets	3	-4,862	-4,868	-19,494
Operating profit/loss		-3,025	-8,302	-14,831
Financial items				
Financial income		-269	5	275
Financial expenses		2,106	41	-6
Total financial items		1,837	46	269
Profit/loss after financial items		-1,188	-8,256	-14,562
Taxes		-1,402	1,139	766
Profit/loss for the period		-2,590	-7,117	-13,796

The parent company has no items recorded as other comprehensive income, and total comprehensive income therefore corresponds with the profit/loss for the period.

PARENT COMPANY'S BALANCE SHEET ASSETS

2021/22

Amounts in KSEK	Note	30/11 2021	30/11 2020	31/8 2021
ASSETS				
Goodwill		13,647	27,295	17,059
Other intangible assets		22,560	26,320	23,500
Total intangible assets		36,207	53,615	40,559
Equipment, tools, fixtures and fittings		5,242	7,095	5,648
Total tangible non-current assets		5,242	7,095	5,648
Participation in Group companies		176,151	104,424	176,151
Other long-term receivables		8,003	10,552	9,599
Long-term receivables from Group companies		223	154	166
Total financial non-current assets		184,377	115,130	185,915
Total non-current assets		225,827	175,840	232,122
Current assets				
Trade and other receivables		29,549	25,851	24,795
Short-term receivable from Group companies		0	0	32
Other receivables		9,981	2,199	9,451
Prepaid expenses and accrued income		5,381	12,401	4,694
Total current assets		44,912	40,451	38,972
Cash and cash equivalents		74,711	121,267	80,306
TOTAL ASSETS		345,450	337,559	351,400

PARENT COMPANY'S BALANCE SHEET LIABILITIES AND EQUITY

2021/22

Amounts in KSEK	Note	30/11 2021	30/11 2020	31/8 2021
EQUITY AND LIABILITIES				
Restricted equity				
Share capital		688	688	688
Non-restricted equity				
Other contributed capital		315,909	313,665	315,684
Retained earnings incl. comprehensive income for the period		-51,334	-42,066	-48,745
Total equity		265,263	272,287	267,628
Provisions				
Deferred tax liabilities		4,647	5,422	4,841
Other provisions		43,739	32,250	43,739
Total provisions		48,386	37,672	48,580
Current liabilities				
Trade and other payables		10,225	12,488	9,001
Liabilities to Group companies		1,693	1,862	3,997
Other liabilities		9,720	4,705	9,335
Accrued expenses and prepaid income		10,162	8,546	12,858
Total current liabilities		31,800	27,600	35,192
TOTAL EQUITY AND LIABILITIES		345,450	337,559	351,400

Term	Description
Net sales	Total game revenue, drawn from In-app purchases and advertising sales. MAG records the full value of items sold as In-app purchases and reports the platform share as Sales related costs. The Platform fee is normally 30% of the item price (Apple and Google).
In-app purchases	The value of purchases made in an app through Google Play or Apple App Store or other such store.
Advertising sales	Net sales from ads in the games.
Activated costs for own account	Development work activated to the balance sheet. The company activates personnel costs, including social fees and other related costs such as office space, for games in soft launch and live games. Soft launch is the last development phase prior to global launch and the probability of a global launch is high.
Platform fee	30% of the In-app purchases are costs to the platform, primarily Google Play and Apple App Store. Subscriptions have a reduced fee of 15% after a user has been a subscriber for 12 months.
User acquisition	Marketing costs with direct connection to one of the games and with measurable effect and demands on ROI (return on investment). A common ROI requirement is to have the investment paid back as net revenues within six or nine months, and longer periods can be relevant in situations with strong retention and long term monetization.
Game contribution	Net sales minus platform fees (primarily to Google and Apple) minus direct marketing.
EBITDA	Profit/loss before financial items, taxes and depreciation.
Equity/asset ratio	Equity as a percentage of total assets.
DAU	Average number of Daily Active Users for the days during the period. Calculated as the sum of DAU for the individual games in such a way so that a player that plays more than one game in one day is counted once per game.
MAU	Average number of Monthly Active Users over the months during the period. Calculated as the sum of MAU for the individual games in such a way so that a player that plays more than one game in one month is counted once per game. An average over the months in the period is calculated.
MUP	Average Monthly Unique during the period is the total number of unique users that makes an In-app purchase in a game. Counted in such a way that a user that makes purchases in more than one game during the month is counted once per game. An average over the months in the period is calculated.
ARPPDAU	Daily average Net sales per daily active user (DAU). If nothing else is stated this is measured in US cents.

NOTES TO THE INTERIM REPORT**2021/22**

	Sep 21-nov 21	Sep 20-nov 20	Sep 21-nov 21
Amounts in KSEK			
NOTE 1: DISTRIBUTION OF NET SALES			
In-app purchases	25,239	26,978	111,602
Advertising income	44,598	35,971	174,259
Other	1	1	723
Total	69,838	62,950	286,584
NOTE 2: SALES RELATED COSTS			
Platform fee	-7,478	-8,065	-32,516
Server costs	-4,174	-4,867	-17,688
Other sales related costs	-3,165	-2,417	-11,470
Total sales related costs	-14,817	-15,349	-61,674

NOTES TO THE INTERIM REPORT

2021/22

	Sep 21-nov 21	Sep 20-nov 20	Sep 21-nov 21
Amounts in KSEK			
NOTE 3: DEPRECIATIONS AND DISPOSALS			
Group			
Right-of-use assets	-2,432	-2,422	-9,705
Equipment, tools, fixtures and fittings	-791	-781	-3,212
Intellectual properties	-2,565	-1,940	-9,427
Own work capitalized	-7,346	-6,337	-26,914
Total	-13,134	-11,480	-49,259
Parent			
Goodwill	-3,412	-3,412	-13,647
Equipment, tools, fixtures and fittings	-510	-516	-1,076
Intellectual properties	-940	-940	-3,759
Intercompany related depreciations	0	0	0
Total	-4,862	-4,868	-19,494
NOTE 4: ADJUSTED EBITDA AND EBIT			
Acquisition cost	0	0	525
Social contribution from re-evaluation of option programs	-790	59	533
Total adjustments	-790	59	1,058
EBITDA	17,133	9,290	56,617
Adjusted EBITDA	16,343	9,349	57,675
EBIT	3,999	-2,190	7,358
Adjusted EBIT	3,209	-2,131	8,416

GOOD TIMES