

# ANNUAL REPORT 2021/2022

MAG INTERACTIVE AB (PUBL)



MAG INTERACTIVE

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# ABOUT MAG

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 QuizDuel, Wordzee, Primetime, Word Mansion, Tile Mansion, 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.



 **350 M+**  
DOWNLOADS

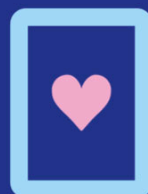
 **308**  
MILLION HOURS  
PLAYED DURING 2021/2022

**107** **20+**  
EMPLOYEES NATIONALITIES  
EMPLOYED

**39** % WOMEN  
**61** % MEN

MAG'S GAMES  
PLAYED IN  
**195**  
COUNTRIES

**198 M**  
GAME CONTRIBUTION  
2021/2022



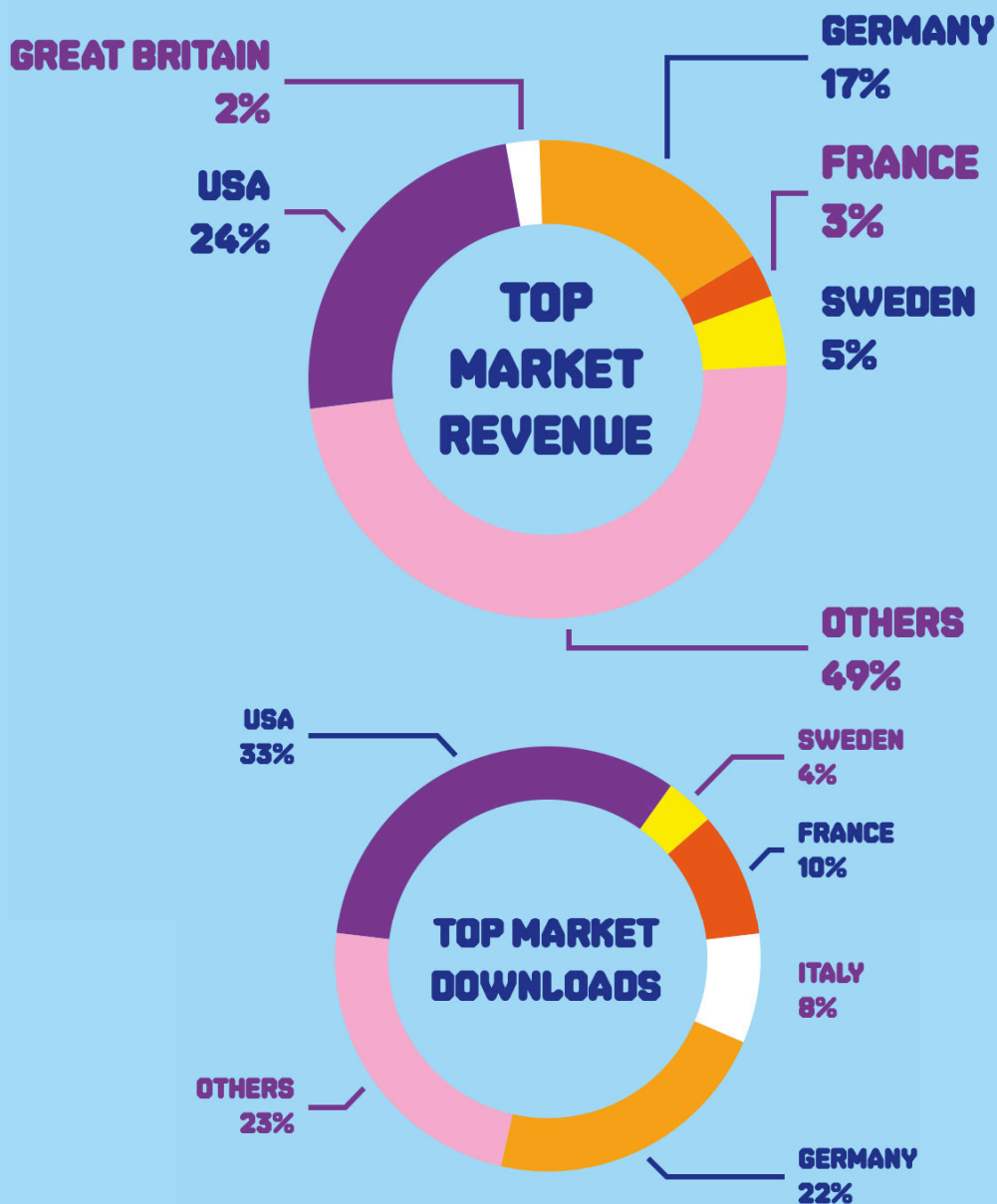
**328M**  
NET SALES  
2021/2022

# MAG IN NUMBERS

DURING THE YEAR

10 M DOWNLOADS

17 M UNIQUE PLAYERS





# A YEAR IN BRIEF

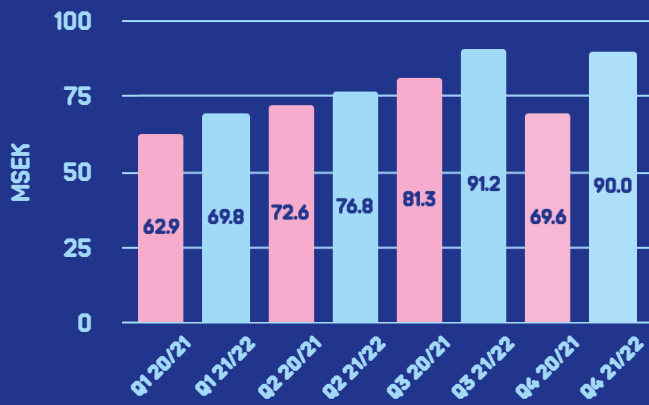
- Net sales grew 14% compared to 2020/21 to SEK 328M, making 2021/22 the best year in the company's history in terms of revenue
- A strong driver behind revenue growth is the increase in average revenue per daily active player, ARPDAU, which increased from 4.9 cent in 2020/21 to 6.1 cent in 2021/22
- Tile Mansion was released to English-speaking markets and is planned to continue to be scaled up globally in the coming years
- Ruzzle celebrated 10 years since launch. The game continues to be an important component of the game portfolio with stable monetization
- QuizDuel had its strongest year since its acquisition in 2017. This is due, among other things, to the game being rebuilt in a new version, with new features, a better gaming experience and improved monetization
- Wordzee continued to grow as a result of effective marketing. By the end of the year, it was MAG's top-grossing game
- A number of new games in various phases of development were tested on the market
- The development of a new game engine and a new framework, a "wrapper", began with the aim of building a foundation for the company's future games and growth
- The company has strengthened its position as an acquirer of companies and a buyer of marketing. It is a result of a strengthened cash position that have grown through continuous cash flows from the gaming portfolio



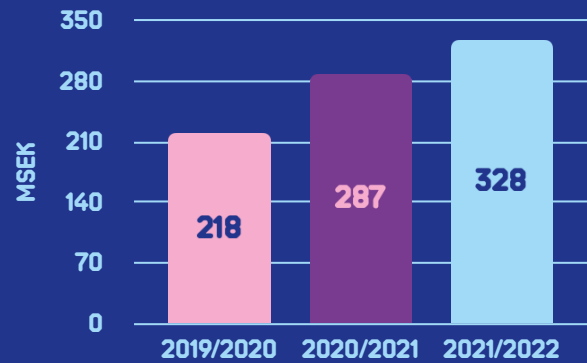
# KEY NUMBERS

## NET SALES

PER QUARTER 2020/21 - 2021/22

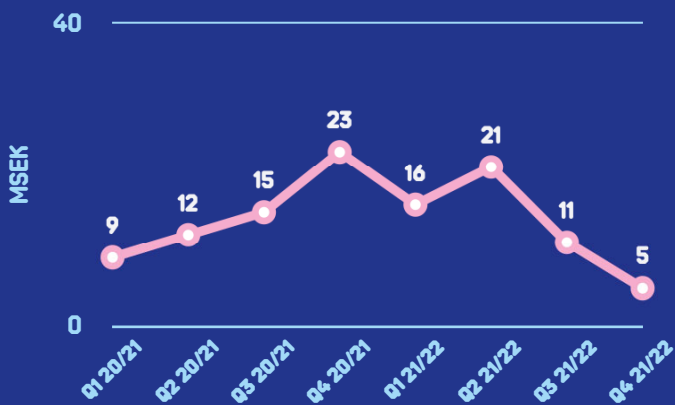


YEAR ON YEAR

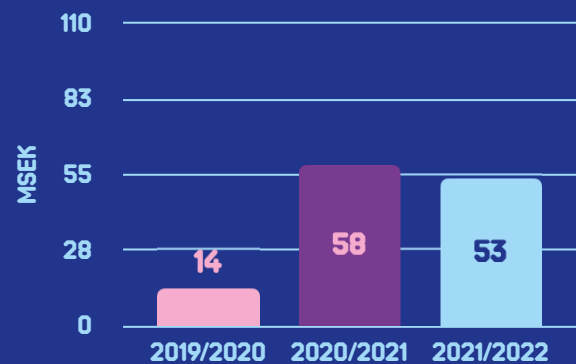


## ADJUSTED EBITDA

PER QUARTER 2020/21 - 2021/22



YEAR ON YEAR



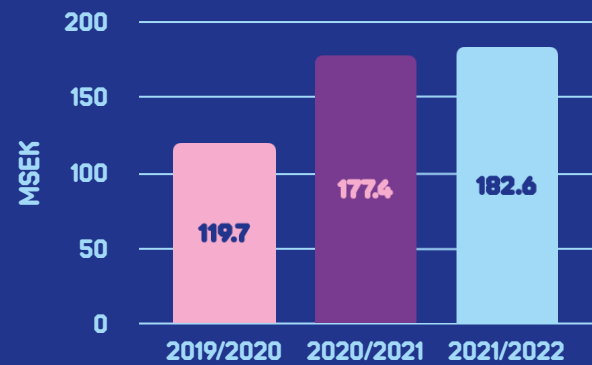
# KEY NUMBERS

## GAME CONTRIBUTION

### PER QUARTER 2020/21 - 2021/22

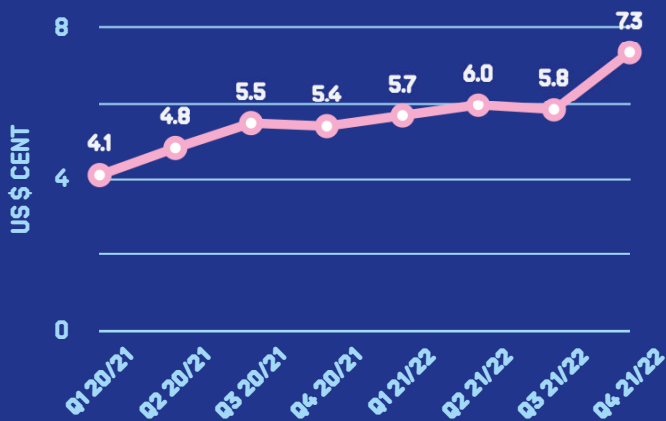


### YEAR ON YEAR

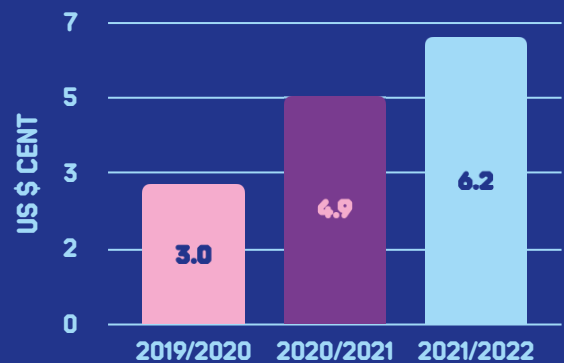


## ARPPDAU

### PER QUARTER 2020/21 - 2021/22



### YEAR ON YEAR



# WORD FROM THE CEO

## ANOTHER RECORD YEAR FOR MAG

Our early revenues of 328 MSEK made this yet another record year for the company. Revenues grew by 14% compared to the previous year while we continued to run a profitable operation. Our financial goals are to grow significantly faster than the mobile games business as a whole and over time reach an EBIT margin of at least 20%. This year's outcome takes us one step closer to achieving our goals.

We have an ambition to launch new games every year, and we were pleased to release Tile Mansion to English-speaking markets during the fourth quarter. The game showed positive development during the first quarter of the new financial year.

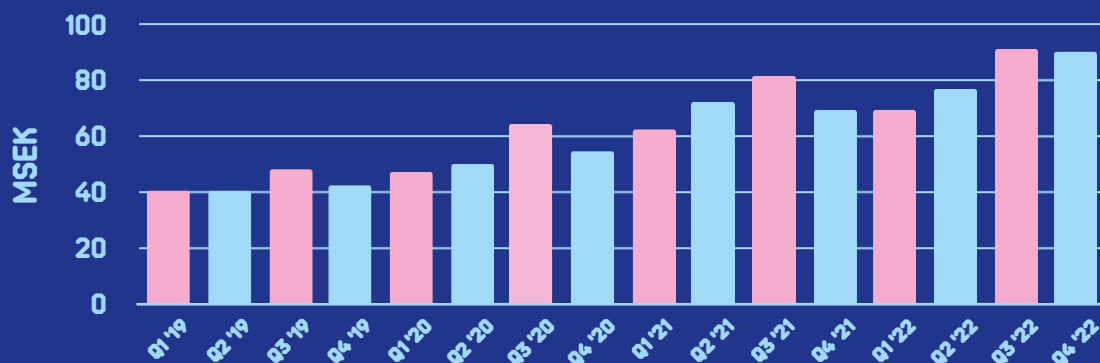
During the year the strong USD has provided our revenues with a boost. Even though this boost is partly offset by the fact that our User Acquisition (UA) costs are in USD, the exchange rate dynamic is positive overall as most of our fixed costs are in SEK and GBP.

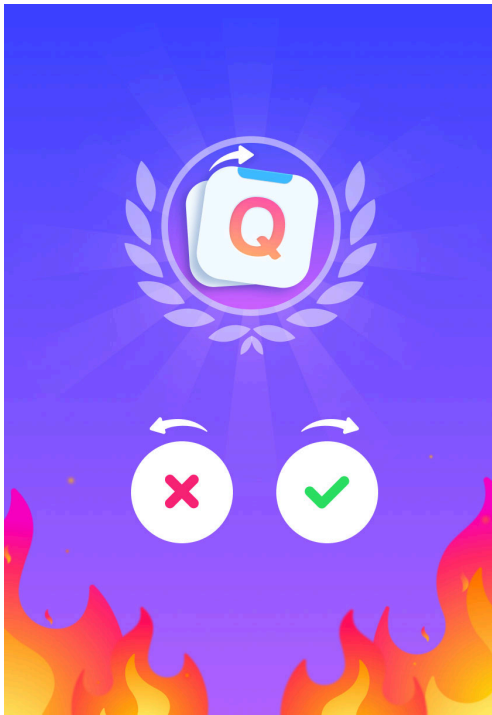
An important part in our growth journey over the last few years has been the continuous improvement of the average revenue per daily active user (ARPDau). We measure this KPI in USD to avoid currency effects while evaluating the product and observe a 25% improvement in ARPDau compared to the previous year.

Thanks to both our focus on improving this KPI in existing games and our high bar for ARPDau in new games, we have managed over the past four years to create a nice growth journey.



## TURNOVER LAST 16 QUARTERS





## OUR BROAD PORTFOLIO CONTINUES TO GROW

The majority of our game production is focused on continuous investments in the games we categorize as growth games. QuizDuel and Wordzee are our most ambitious initiatives; these games also generate the highest revenues in our portfolio. As during previous years, teams have launched tons of new content in their games. QuizDuel has even managed to launch brand new game modes and events such as *Star Streak*, *Question Streak* and *Quinder*. These new game modes have, in addition to making the game feel new and fresh, improved the game's ARPDAU in a meaningful way.

Our Live Operations team (Live Ops) delivered yet another strong year that focused mainly on WordBrain, Ruzzle and Word Domination. Around 100 MSEK of yearly turnover comes from the part of the game portfolio handled by Live Ops, a team

made up of only eight people. Our focus on common infrastructure, which enables the sharing of knowledge and tools between games, is what makes it possible for a small team to keep players happy and engaged across a number of games.

## AN EXCITING DEVELOPMENT OF OUR PIPELINE

During the year we built a number of games that were tested on an external audience at an early development stage. Several of those games showed positive results in terms of player engagement, which prompted us to build a common framework for efficient testing of these games in a more complete version. We have chosen to call this framework a “wrapper”, as it serves as a packaging around the core mechanics of the game. This packaging includes a renovation meta game, theme and storytelling. The wrapper is built in a modular way, making it fast and efficient to switch between different core mechanics without having to build a new game from scratch.

The investment in the wrapper started during the spring of 2022, and we expect to reap the fruits of this labor during the coming year. We believe in the power of small teams and want to create as powerful tools as possible to be able to build big games with small teams.

In addition to the wrapper, there are a number of promising game projects under development that have significant potential to become part of our game portfolio in the future.



## INCREASED INVESTMENTS IN USER ACQUISITION THROUGHOUT THE YEAR

Since the spring of 2022, we have found ourselves in a position to be able to increase our investments in UA. We always strive to maximize such investments as long as the performance of the marketing reaches the return of investment requirements we have within a target of 180 days for full payback. We allow for extension of payback time if it can enable significant increases in volume, but having a solid profit margin over the lifetime of a player is always an absolute requirement. Investments in UA in the fourth quarter were more than doubled those of the first quarter.

When we are able to accelerate our investments, we are moving faster towards our financial targets. The reason for our fast increase in UA is a combination of stronger products, more efficient advertising and likely also a decrease in direct competition from other advertisers. When competition for players' attention is reduced, further opportunities open up for us where we can rely on thoroughly tested prediction models for UA, a strong cash position and continuous stable cash flows from our live games.



## THE DYNAMIC BETWEEN UA AND NUMBER OF ACTIVE PLAYERS

UA quality has been high throughout the year, which has resulted in the acquisition of players with a high lifetime value (LTV) at a relatively high average acquisition cost (CPI).

Our systems are agnostic to CPI and are always optimizing for maximizing financial returns, rather than specific volumes of players or average CPIs. When the quality and price is high, fewer new players per invested dollar come to our games, a dynamic that negatively impacts our daily active users (DAU). This is merely a side effect of high UA quality; it does not have a real impact on future revenue or profit margins.

**“REVENUES GREW BY 14% COMPARED TO THE PREVIOUS YEAR WHILE WE CONTINUED TO RUN A PROFITABLE OPERATION.”**



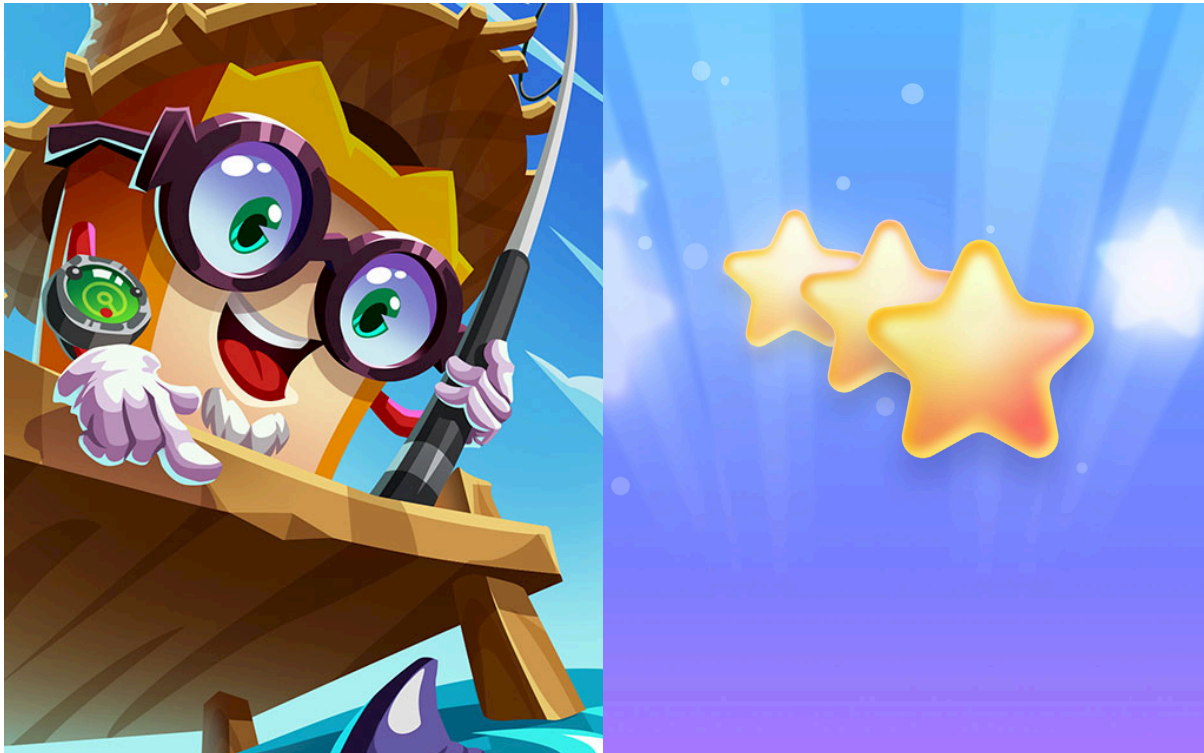
### **NO NEGATIVE IMPACT FROM EXTERNAL EVENTS**

There are some current headwinds in the mobile games industry related to Apple's changes regarding IDFA which decrease the effectiveness of many ad networks on iOS. There are also other challenges related to the ongoing or coming recession in the world economy. At MAG we have not observed any direct negative effects as a result of either of these, even though we carefully follow the development of KPIs for both product and marketing performance. Particularly in marketing, success is something that happens in relation to other actors in the market. In this regard, we seem to have managed the current headwinds relatively better than many others in the industry.

### **A POSITIVE OUTLOOK**

We have a very positive general outlook for 2023. The UA investments are at a significantly higher level than previous years, our biggest games are breaking revenue records and we have an efficient way to test our new games ideas that decreases time to market. We have been able to continue recruiting amazing talent in a market that is slightly less competitive than previous years. And finally we have never had a better team in place to be able to compete with the very best companies and teams in the world.

# MAG'S BUSINESS MODEL



## CASUAL GAMES FOR A WIDE AUDIENCE

MAG develops accessible games for a large audience worldwide, with a focus on the casual segment of players, the broadest target audience for mobile games. MAG has made a name for itself as an expert in word, puzzle and trivia game categories, but the company also develops games outside of these categories.

The company's goal is to engage these players for many years into the future. The games are managed as living products; MAG continuously updates content and features and improves performance to keep the games relevant to players long-term. New content helps products and their game communities to be kept active for a long time. This is called offering "games as a service". Games that are continuously kept active become more profitable in the long run.

## FREE TO PLAY AS REVENUE MODEL

MAG's games use the "free-to-play" business model, meaning the games are free to download and play. It is the most common revenue model in the mobile market. The games generate revenue through advertising as well as by offering users opportunities for in-game purchases, known as in-app purchases (IAP). The free-to-play model lowers the barrier for players because no payment is required and thus makes the games available to a wide audience.

## A PORTFOLIO OF PROFITABLE EVERGREENS AND GROWTH GAMES

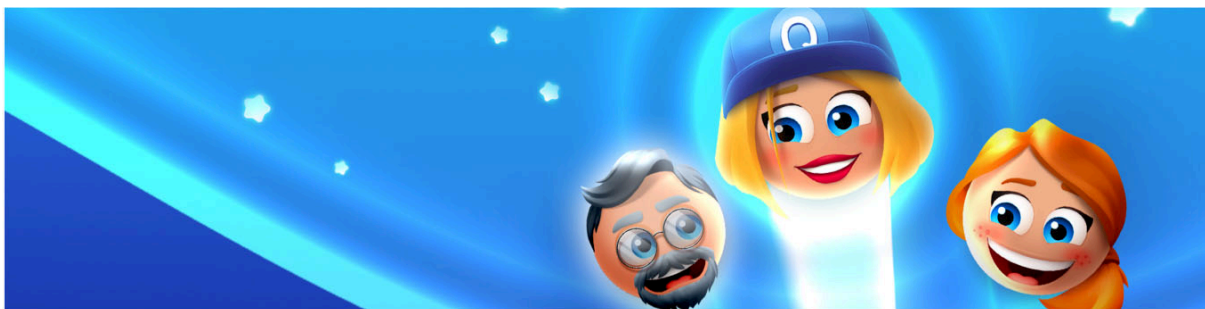
The strength of MAG's game portfolio is its range. Part of the portfolio consists of evergreens, games that have loyal user base, low or non-existent marketing costs and high profitability. The company's goal is that all games released should have the potential to become an evergreen in the future.

Another part is growth games, games that MAG expects will contribute to increased growth and in which the company actively invests user acquisition (UA). The third part is new game development. MAG is constantly investing in the development of new games that in the future could become the next hit and growth game. The company continuously has several games in various stages of development on which market tests are carried out. These games are not included in the balance sheet. By having several games in different development phases, the company spreads out its financial risks.

MAG sets high requirements for new games to be released, to have the potential to reach tens of millions of players during their lifetime.

## A SUCCESSFUL BUSINESS MODEL

MAG's business model has proven to be successful. All games MAG has launched have reached over one million downloads and across the entire portfolio, the company has reached over 350 million players. MAG continues to develop and market new and existing free-to-play games to a casual audience with the goal of achieving an EBIT margin of at least 20% over time.



# ACQUISITIONS

## MAG'S STRATEGY FOR ACQUISITIONS

Acquisitions are not part of MAG's primary business model, but they function as a value-creating complement to internal game development.

Over the years, MAG has made several acquisitions of both studios and individual games. It is important for MAG that the companies it acquires fit into its corporate culture and that the games it acquires can complement its existing game portfolio.

Several games in MAG's portfolio are directly or indirectly the result of acquisitions. WordBrain and QuizDuel were directly acquired, and Wordzee was developed by the company's studio in Brighton, which was acquired in 2015.



The company Sventertainment, developer of the trivia app Primetime, was acquired in 2020 with the primary aim of integrating live broadcasted quiz shows into QuizDuel. The game mode launched in 2021 and gained a loyal following. However, interest from the broad QuizDuel audience did not materialize, and the live shows were paused at the end of the financial year 21/22. Sventertainment acts as an independent company and retains the same management it had prior to the acquisition, and runs Primetime as an independent product.

The word puzzle game Word Mansion was developed by Apprope, a Swedish mobile studio that MAG acquired at the end of 2020. MAG saw possible synergies with Apprope, with MAG contributing with experience and technology in game analysis and user acquisition. As a result of that synergy, Tile Mansion was launched in the summer of 2022. Apprope remains an independent company within the MAG Group but has access to the services MAG offers which it employs to create maximum growth and profitability.

The acquisitions the company has made over the years have paid off well financially, and its games have been successfully integrated into MAG's portfolio. The structure for acquisitions always aims to reflect how future value is expected to arise and, in this way, to capture both potential and risk in a balanced way. The acquisition process, which is thorough in identifying both people and products that fit the business, has the potential to create more value for MAG in the future. The company holds discussions with different game studios about acquisitions.



## GROWTH GAMES

# WORDZEE

Wordzee is MAG's unique word game where players challenge each other to form words from letter tiles placed on a special game board. The player who fills the entire board takes home "Wordzee" and extra bonus points. The game was developed by MAG's studio in Brighton and is one of the company's main growth products. Wordzee was released globally in November 2019 and has shown a high average revenue per daily active user (ARPDau) since then.

In 2022, several new event formats were introduced to the game that have shown positive results on monetization and also contributed to an increase in daily play in general. Wordzee broke revenue records in the financial year's fourth quarter and reached the top ten best-selling games in the word game category in the U.S.

ARPDau increased significantly during the year thanks to an improved product combined with successful User Acquisition (UA) directed towards high-quality players. The game has a strong position for continued growth in the next financial year.



## GROWTH GAMES

# QUIZDUEL

QuizDuel is a social trivia game where players challenge friends and other players worldwide in quizzes. The game was released in 2012 and has reached over 100 million downloads in total. QuizDuel is a strong brand in both Sweden as well as in Germany, which is the game's largest market, where a quiz show with the same name is also broadcast on TV.

The game was launched in a new version in 2019 and, alongside classic quiz duels of six rounds with three knowledge questions, has introduced new game modes and events, including; *Solo*, *Question Streak*, *Arena* and *Quinder*. The game is MAG's largest product in terms of daily active users and also the largest mobile trivia game in Europe.

Like many other games in MAG's portfolio, QuizDuel has seen positive impact from events on its in-game economy, increased revenue and more paying players. The game reached a new record for in-app purchases thanks to, among other things, the true-or-false event *Quinder*. The game's average revenue per daily active user (ARPDau) has also grown compared to the previous financial year.

Thanks to many improvements within the game, QuizDuel is still increasing its revenue after ten years. MAG sees continued growth potential in the product.



## GROWTH GAMES

# WORD MANSION

Word Mansion is a word puzzle adventure framed by a story that revolves around renovation and decoration. It was developed by MAG's game studio Approe, was launched in the fall of 2020 and has passed over one million downloads. It has a high average revenue per daily active user (ARPDau) that's comparable to Wordzee.

Word Mansion's game engine has been built out to be reusable for developing new games within the same infrastructure, instead of building new game prototypes from scratch. It resulted in the launch of Tile Mansion, which is developed using the same framework as Word Mansion but with different game mechanics.

Word Mansion belongs to a category of puzzle games that has grown in popularity within the casual segment in recent years, and MAG looks forward to further development of the game and its engine in 2023.



## GROWTH GAMES

# TILE MANSION

Tile Mansion is a puzzle adventure with mahjong-inspired game mechanics and a renovation and decoration theme. The game was launched to English-speaking markets in the financial year's fourth quarter.

The game is developed by MAG's game studio Apprope and built on Word Mansion's game engine, where different parts of the engine can be replaced in modules - for example with a different basic mechanic or theme.

Tile Mansion showed early strong KPIs with high average revenue per daily active user (ARPDau). The game already engages thousands of players and at the end of Q4 generated around 4% of MAG's daily revenue. Tile Mansion is in an early stage of development, but MAG sees great potential for continued growth of the game in 2023.





## EVERGREENS

# WORD DOMINATION

Word Domination is a tactical word game where players compete against each other in real-time in exciting word battles. The game was released globally in 2018 and has reached over 10 million downloads. In Word Domination, the opponents challenge each other over five rounds and collect points by spelling words on a common board. With “booster cards”, players can tactically deploy time-limited advantages.

The player base is highly engaged, and the proportion of VIP players, who pay a monthly subscription fee to receive in-game bonuses, has increased every quarter since the subscription model was introduced.

Word Domination was also the first among MAG's products to launch events, which had positive results on player engagement and increased in-app purchases. During the end of the financial year, several in-game events were updated resulting in the highest average revenue per daily active player (ARPDau) the game has had in over a year.





## EVERGREENS

# RUZZLE

Ruzzle is MAG's first word game success; it was launched globally in 2012 and has been downloaded over 60 million times. In Ruzzle, the player is challenged to find as many words as possible from a given set of letters within two minutes. The game is one of MAG's most important evergreens with a very loyal player base and generates long-term predictable revenue.

Throughout 2022 the game has been technically optimizing and updates to the in-game economy have been being technically implemented to increase ad revenue and in-app purchases. In March 2022, the game celebrated 10 years since its global launch, and the game continues to be stable in terms of both the number of players and revenue.

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



## EVERGREENS

# WORDBRAIN

The word puzzle game WordBrain has been live for over eight years and has grown into a strong evergreen for MAG with a stable revenue stream. In WordBrain, the player searches for secret words based on specific letter combinations on specific boards. The game has been downloaded over 40 million times in total and reached number one in 118 countries in the word game category on Apple's App Store.

Thanks to continuous optimizations of the event system introduced in 2021, the in-game economy has been further improved. Average revenue per daily active user (ARPPDAU) also increased during 2022 compared to 2021.

WordBrain has a stable and dedicated player base and is an important evergreen for the company. MAG continues to deliver new content in the form of new puzzles and events to the game.

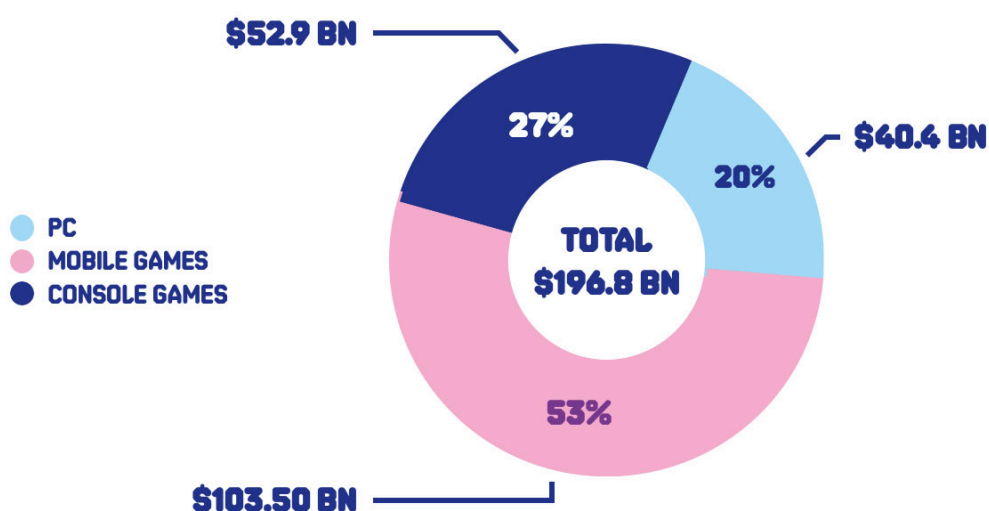


# THE MARKET

## MACRO MOBILE TRENDS

The last few years have shown how smartphones and mobile innovation have altered behaviors in the physical world and disrupted not only gaming but also music, film, news, shopping, food, finance and business. According to Data.ai in *The State of Mobile 2022 Report*, in 2021 the average American watched 3.1 hours of TV per day, whereas they spent 4.1 hours on their mobile device. With 3.2 billion players, the mobile gaming industry is now bigger and more diverse than ever.

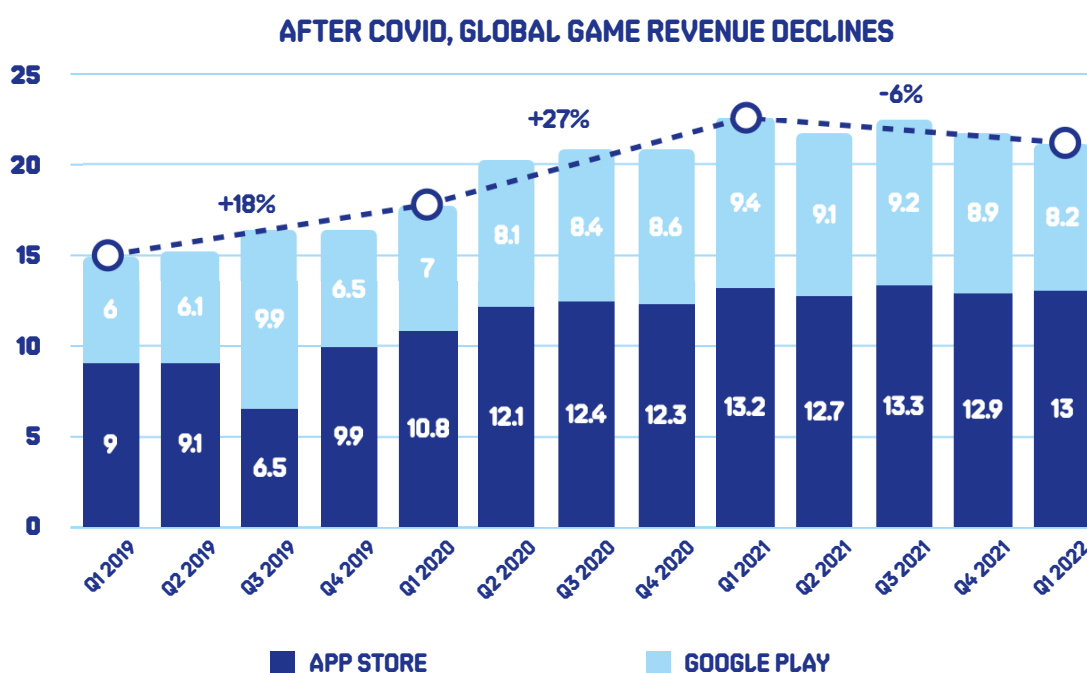
## 2022 GLOBAL GAMES MARKET



Newzoo's *Games Market Report 2022*

During 2022 as the world reopened, the impact of the pandemic surge in gaming leveled off, although it remained significantly higher than where mobile gaming started off prior to the pandemic. In their *November Games Market Update*, Newzoo expects mobile games to account for 53% of the total games market globally and to decrease around 6% in revenue during 2022. Despite this market correction in the industry, mobile gaming dominated the App Store revenue share (66%) and although market data show that growth has slowed in 2022, Sensor Tower's five-year market forecast still projects that

global mobile game spending on App Store and Google Play will grow 5.6% yearly to reach USD 117 billion in 2026. According to Liffort's *The 2022 Liffort Casual Gaming Apps Report*, mobile gaming is the biggest category in the app market, and mobile gaming is now 3.3 times larger than console gaming, its closest competitor.



Sensor Tower's *The State of Mobile Gaming 2022*

## REMOVAL OF IDFA AFFECTING MARKETING SPEND

Apple changed the mobile ecosystem in April 2021 when it rolled out its App Tracking Transparency (ATT) framework, limiting the collection of user data on the iOS platform. Google followed suit with similar, but less impactful, features of its own. While the changes led to improved privacy for app users, they also had an impact on the user acquisition of mobile gaming publishers, making it more difficult to target high-value players.

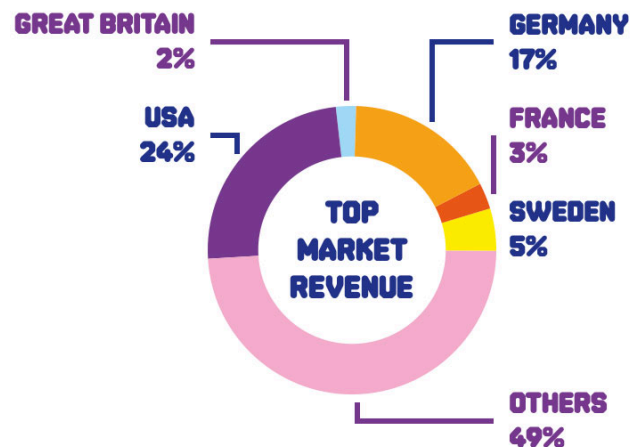
## EMERGING PLAYER NEEDS

According to GameRefinery's *Casual Gaming Trends Snapshot Report*, casual puzzle games are maturing due to deepening game design and maturing casual player preferences. Mobile game developers are tapping into mini-games and meta elements, like renovation, and experimenting with new gameplay features to increase player retention and broaden appeal and possibilities to scale user acquisition post-IDFA, all while opening up new monetization options. Social features and building communities are also becoming more popular in traditionally single-player genres.



## MARKET OUTLOOK

MAG is focused on the mobile casual game space in the Western European markets and the U.S, where the highest value players are found. Thanks to the size of these markets, the company sees big opportunities for continued growth in those markets. MAG is continuously adapting to changing market conditions and player preferences by identifying trends in game design and player behaviors through market- and competitive research. Employing this strategy, MAG's marketing and games can stay competitive in communicating and offering engaging long-term experiences.



Sources:

Newzoo - [Global Games Market Report 2022 & November Games Market Update](#)  
 Sensor Tower - [The State of Mobile Gaming 2022 & Mobile Gaming Market Outlook 2022](#)  
 Data.ai - [The State of Mobile 2022 Report](#)  
 Lifftoff - [Casual Gaming Apps Report 2022](#)  
 GameRefinery - [Casual Gaming Trends Snapshot Report March 2022](#)



# SUSTAINABILITY REPORT

Sustainability for MAG means working long-term both internally and externally to create the best possible conditions for future-proofing the company and minimizing our climate impact. This means, for example, that MAG continuously works with diversity, inclusion matters and climate impact.

## DIVERSITY AND INCLUSION

MAG believes that an inclusive, equal and diverse culture is an important part of the company's success. Therefore, we strive for our internal and external efforts to reflect this vision throughout the organization. The diversity and inclusion work at MAG involves:

- Management taking responsibility for and prioritizing diversity work
- Working to attract and retain women
- Increasing the number of women in senior roles and in leadership roles
- Recruiting from various backgrounds
- Creating work methods and initiatives that promote a culture characterized by diversity and inclusion
- Making parental leave policy and benefits clear to encourage employees to take parental leave
- Sharing diversity goals internally and externally

Diversity work is not only about recruiting more women to the company; MAG sees it as an important element of the company as a whole. At the end of the financial year 2020/2021, 28% of MAG employees were women, and we are pleased to have increased that to 39% by the end of the 2021/2022 financial year within the whole MAG Group, surpassing the average women employment rate in Sweden's gaming industry of 18%, according to the Swedish Game Trade Association's Game Developer Index Report 2022. This is something the company aims to continue to improve further in the coming years. MAG has adopted the following action plan to work continuously with diversity and inclusion:

**AWARENESS DAYS:** a yearly event that specifically highlights diversity and inclusion matters for proactive and educational purposes; all employees participate in workshops on diversity and inclusion, facilitated by an external partner.

**TEAM TALKS:** MAG has been conducting continuous surveys since 2019 to examine how its employees feel in general; results are discussed within individual teams, with the HR department, or in both settings.

**REDUCING LANGUAGE BARRIERS:** MAG has English as the official language in its offices but also offers three levels of Swedish lessons to all employees at the Stockholm office.

**PARENTAL LEAVE:** MAG encourages all employees to take time off and spend time with their child(ren) and to that end offers a generous parental leave package.

**ONBOARDING:** MAG adapts the introduction of all employees to their specific needs to give them the best possible start at MAG; the goal is for all employees to have the same conditions when they start.

**DIVERSITY & INCLUSION GROUP:** MAG has a dedicated group that works to address diversity and inclusion issues and meets regularly to follow up on the overall goals and upcoming initiatives to promote them. The group is open to all employees to participate.

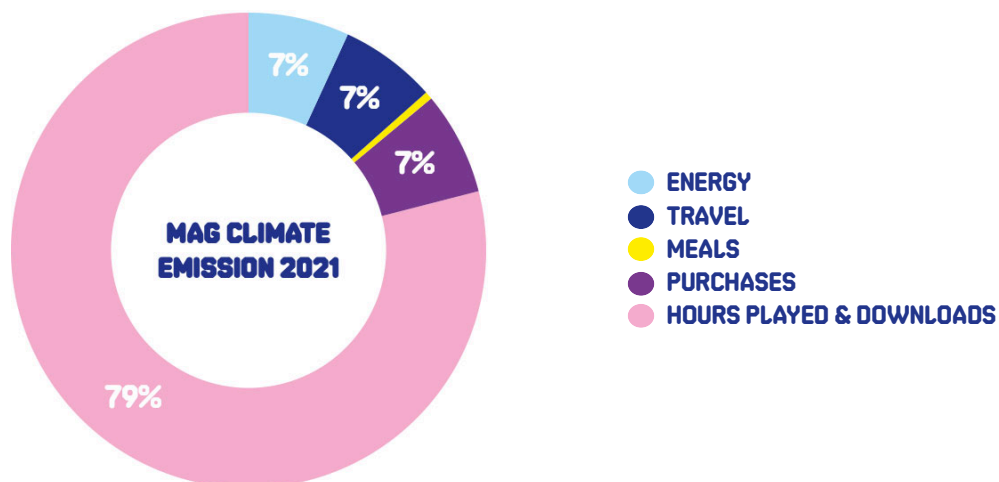
The diversity goal for 2022/2023 is to continue to increase the number of women in game production roles.

## MAG'S CLIMATE IMPACT 2021

Since 2019, MAG has striven to be climate neutral and to compensate for all our carbon emissions. With the help of the company Go Climate, MAG creates a climate report that details how much CO<sup>2</sup> - carbon dioxide - MAG generates through, for example, server operation, flights, electricity use and hardware purchases.

Through Go Climate, MAG compensates for its carbon emissions by donating costs in two parts: one part specifically for flights and the other part to cover remaining emissions. To ensure that they have the best effect, we give our donations directly to the Go Climate Gold Standard Initiatives, special climate initiatives that support three of the UN's global sustainability goals.

MAG's primary sources of emissions have historically been energy, flights and purchases. The majority of the electricity use comes from renewable energy sources. The Stockholm



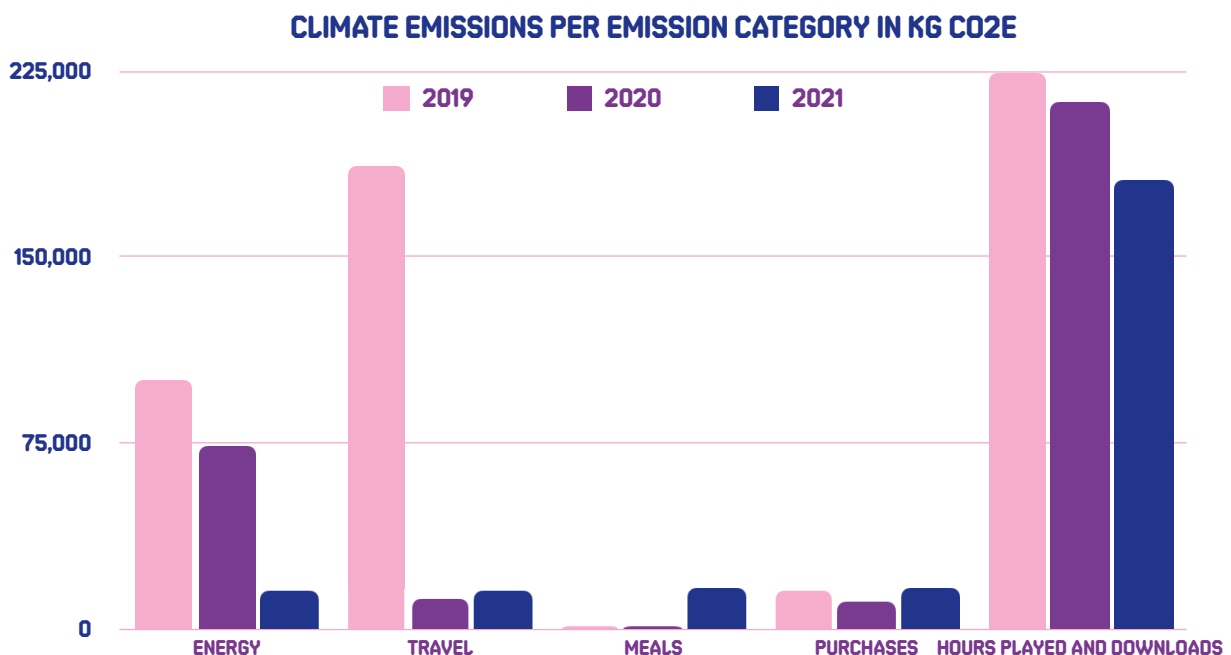
office is powered by green electricity, and the servers in Google Cloud are also carbon neutral and use green electricity.

As of 2020, MAG has also been compensating for our players' impact on climate. These CO<sub>2</sub> emissions are calculated from the number of hours played and number of downloads of our games from the internet. MAG Interactive's climate footprint for the period 2021 is 229.8 tons of carbon dioxide equivalents. This corresponds to 2.2 tons per employee, which is lower than 2020's footprint that saw 2.9 tons per employee from a total of 310.2 tons of carbon dioxide equivalents.

The reduction of commercial air travel during the global COVID-19 pandemic had the effect of reducing MAG's carbon emissions from flights in 2020. The company anticipated that this category would increase again in the financial year 2021/2022 as travel between MAG's offices in Stockholm and Brighton approached pre-pandemic frequency; indeed it did increase from 12 tons to 15 tons. To reduce the company's impact on the climate, MAG has reviewed its travel policy, clarified the goal of reducing air travel and now only flies when necessary to the business.

Beginning in 2021, MAG ended its policy of compensating for carbon emissions from its servers, a break from MAG's policy in 2019 and 2020. MAG stopped compensating for server emissions in 2021 because the servers are located in the Google Cloud and are already climate compensated by Google. This resulted in MAG's total energy emissions being reduced from 73 tons in 2020 to 16 tons in 2021.

## PLAYING FOR THE PLANET





In early 2020, MAG joined the Playing for the Planet Alliance, an initiative under the UN Environment Program that brings together gaming companies around the world with the common goal of improving the world's climate and environment through play. As part of this alliance, MAG has promised to:

- Create inspiring and educational content about the environment in the company's games
- Work on issues through play that can drive action on specific agendas, such as reforestation
- Strive to have a zero-carbon footprint as a company through climate-compensatory measures and be aware of how resources are used within the business

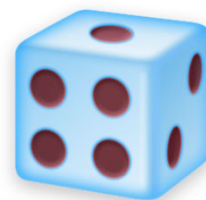
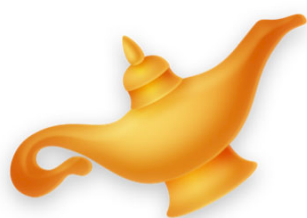
During the financial year 2021/2022, MAG carried out a special project aimed at reforestation, where all MAG's live games participated with events and a special quiz. The initiative resulted in 15,257 trees planted.

# DEFINITIONS

Term	Description
<b><i>Net sales</i></b>	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%, but sometimes 15%, of the item price (Apple and Google).
<b><i>In-app purchases</i></b>	The value of purchases made in an app through Google Play or Apple App Store or other such store.
<b><i>Advertising sales</i></b>	Net sales from ads in the games.
<b><i>Activated costs for own account</i></b>	Development work activated to the balance sheet. The company activates personnel costs, including social fees and other related costs such as office space, for infrastructure to the games, 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. MAG has not had any write-downs of activated costs for own account since the company went public.
<b><i>Platform fee</i></b>	30% of the In-app purchases are costs to the platform, primarily Google Play and Apple App Store. Certain platforms offer a 15% discount for subscriptions, and currently also a discount of 15% for the first million USD of revenue for the year.
<b><i>User acquisition</i></b>	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.
<b><i>Game contribution</i></b>	Net sales minus platform fees (primarily to Google and Apple) minus user acquisition.



<b><i>EBITDA</i></b>	Profit/loss before financial items, taxes, depreciations and write-downs.
<b><i>Equity/asset ratio</i></b>	Equity as a percentage of total assets.
<b><i>DAU</i></b>	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.
<b><i>MAU</i></b>	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.
<b><i>MUP</i></b>	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.
<b><i>ARPDau</i></b>	Daily average Net sales per daily active user (DAU). If nothing else is stated this is measured in US cents.



# BOARD OF DIRECTORS, EXECUTIVE MANAGEMENT AND AUDITORS



## THE BOARD OF DIRECTOR'S OF MAG INTERACTIVE (from the upper left row)

**JONAS ERIKSSON, DANIEL HASSELBERG, ANDRAS VAJLOK, TEEMU HUUHTANEN, TAINA MALÉN,  
ASBJØRN SØNDERGAARD**

## BOARD OF DIRECTORS

According to MAG Interactive's articles of association, the board of directors shall consist of five to ten members appointed by the general meeting, without deputy members. MAG Interactive's board of directors currently consists of six members appointed by the annual general meeting (AGM) 2022 until the AGM to be held in 2023 for the financial year 2021/2022. The Company's financial year is between 1 September - 31 August.

Share holdings are valid per 30 September 2022.

## JONAS ERIKSSON, CHAIRMAN OF THE BOARD

Jonas Eriksson, born in 1967, is a member and Chairman of the board of directors of MAG Interactive since 2021.

Other assignments: Jonas Eriksson is also Chairman of the board of Pepins Group and of G-loot respectively.

Previous assignments: Jonas Eriksson has been, but is no longer, CEO and Editor-in-Chief of News agency TT, CEO of Canal Plus (now C More), CEO of Bonnier Tidskrifter, CEO of LNK TV Litauen, chairman of Retriver, chairman of SF Bio, chairman of Bonnier Home Entertainment, a member of the board of directors of TV4 and MTV Media Finland.

Education: Holds a Degree of Master of Science in Business and Economics from Mittuniversitet in Sundsvall.

Shares: Jonas Eriksson owns 30,000 shares in the company.

Jonas Eriksson is independent to large shareholders and to the company and the executive management.



## DANIEL HASSELBERG, CEO AND BOARD MEMBER



Daniel Hasselberg, born in 1973, is a board member since 2014 and CEO of MAG Interactive since 2013. Daniel Hasselberg was also Chairman between the years 2010 and 2013.

Other assignments: Daniel Hasselberg is also a member of the board of directors of MAG Games Limited, MAG United AB and Sonetel AB (publ), NMO Invest AB, Sventertainment AB and Apprope AB.

Previous assignments: Deputy member of the board of directors of Gaming on the Tail AB.

Education: Holds a M.Sc. in Engineering Physics from Uppsala University.

Shares: Daniel Hasselberg owns 3,206,666 shares in the company.

Daniel Hasselberg is neither independent to the large shareholders or to the company and the executive management team.

## ANDRAS VAJLOK, BOARD MEMBER

Andras Vajlok, born in 1971, is a member of the board of directors of MAG Interactive since 2018.

Other assignments: Andras Vajlok is also a board member of Unibap AB, Paradox Interactive, The Gifted Company and Besedo.



Previous assignments: Andras Vajlok has previously been, inter alia, CFO of Paradox Interactive, board member at Small Giant Games and United Spaces.

Education: Holds a MSc in Business and Economics from Handelshögskolan Göteborg.

Shares: Andras Vajlok owns 500,000 shares in MAG Interactive, privately and through other companies. Andras Vajlok is independent to large shareholders and to the company and the executive management.



### **TEEMU HUUHTANEN, BOARD MEMBER**

Teemu HUUHTANEN, born in 1971, is a member of the board of directors of MAG Interactive since 2013.

Other assignments: Teemu HUUHTANEN is also the CEO of Next Games Oyj, Chairman of the board of Vaah Holdings Oy as well as a deputy member of the board of directors of Dark May Oy.

Previous assignments: In the past five years, Teemu HUUHTANEN has been, but is no longer, Vice President Mergers & Acquisitions for Rovio Entertainment Oyj, as well as Executive Vice President Marketing and Business Development for Sulake Corporation Oy.

Education: Holds a BBA from Preston University.

Shares: Teemu HUUHTANEN does not own any shares or other financial instruments in the company. Teemu HUUHTANEN is independent to large shareholders and to the company and the executive management.

### **TAINA MALÉN, BOARD MEMBER**

Taina Malén, born in 1967, is a member of the board of directors of MAG Interactive since 2018.

Other assignments: Taina Malén is also the CMO, global marketing director and vice president of Star Stable Entertainment AB.

Previous assignments: Taina Malén has previously held a number of positions in the music and record industry, and has among others worked as Nordic Marketing Director at CANAL+ and Executive Vice President at MSL PR. Taina Malén is co-founder and investor in Esportal AB, where she also sits on the board. Taina Malén has previously been a board member of among others WIMP (now TIDAL) and Telegram Records.

Education: Has an education in Business Economy from Handelshögskolan Stockholm.

Shares: Taina Malén does not own any shares or other financial instruments in the company. Taina Malén is independent to large shareholders and to the company and the executive management.



## ASBJØRN SØNDERGAARD, BOARD MEMBER

Asbjørn Søndergaard, born in 1980, is a member of the board of directors of MAG Interactive since 2020.



**Other assignments:** Asbjørn Søndergaard is the CEO and chairman of the board of directors of Tactile Games ApS.

**Previous assignments:** Asbjørn Søndergaard has no previous or completed assignments.

**Education:** Holds a degree in business development, media technology and games.

**Shares:** Asbjørn Søndergaard owns 55,000 shares in MAG Interactive, privately and through other companies.

Asbjørn Søndergaard is independent to large shareholders and to the company and the executive management.

## EXECUTIVE MANAGEMENT IN MAG INTERACTIVE



(from the left)

**MARIE LUNDGREN, MAGNUS WIKLANDER, MAGNUS HOLMSTRÖM, DANIEL HASSELBERG, KAJ NYGREN AND PATRIC BLIXT.**



**DANIEL HASSELBERG, CEO**

Daniel Hasselberg is the Chief Executive Officer of MAG Interactive since 2013 and member of the board of directors since 2014. For more information, read “The board of director’s of MAG Interactive”.

**MAGNUS WIKLANDER, CFO**

Magnus Wiklander, born in 1973, is the Chief Financial Officer of MAG Interactive since 2017.

Other assignments: Magnus Wiklander is also a board member of Liphax AB and substitute in the boards of Sventertainment AB and Approe AB.

Previous assignments: In the past five years, Magnus Wiklander has been, but is no longer, a member of the board of directors of M Wiklander AB, as well as Chief Financial Officer of Widespace AB.

Education: Holds a M.Sc. in Engineering Physics from Chalmers Institute of Technology, as well as a M.Sc. in Advanced Communication from Imperial College.

Warrants: Magnus Wiklander holds 70,000 employee stock options (ESOP program, 2019), 103,213 warrants (warrant option program, 2020) and 80,000 warrants (warrant option program, 2021) in the company.

Shares: Magnus Wiklander owns 77,231 shares in the company.

**KAJ NYGREN, CTO**

Kaj Nygren, born in 1970, is the Chief Technology Officer of MAG Interactive since 2010.

Other assignments: Kaj Nygren is also a member of the board of directors of MAG Games Limited and Playful Days AB.

Previous assignments: In the past five years, Kaj Nygren has been, but is no longer, a member of the board of directors of MAG Interactive.

Education: Holds a M.Sc. in Computer Science from the Royal Institute of Technology (KTH).

Shares: Kaj Nygren owns 3,100,439 shares in the company.

**PATRIC BLIXT, CMO**

Patric Blixt is the Chief Marketing Officer, born in 1969, of MAG Interactive since 2018.

Other assignments: Patric Blixt is also a member of the board of directors of Kitab Sawti AB, Påmind AB, In-Grid AB, Swedish Hasbeens AB, Oscorp AB, Paper Street Soap Company AB, Fulgur AB, HugBen AB and A Spawn Point AB.



Previous assignments: In the past five years, Patric Blixt has been, but is no longer, a member of the board of directors of Byggvarulistan AB. Education: Holds a Degree of Master of Science in Business and Economics from Uppsala University and a Marketing Degree from RMI Berghs.

Warrants: Patric Blixt holds 130,000 employee stock options (ESOP program, 2019), 130,000 warrants (warrant option program, 2020) and 143,949 warrants (warrant option program, 2021) in the company.

Shares: Patric Blixt owns 130,000 shares in the company.

## MARIE LUNDGREN, HEAD OF PEOPLE AND CULTURE

Marie Lundgren, born in 1986, is the Head of People and Culture of MAG Interactive since 2022.

Other assignments: Marie Lundgren has no ongoing or completed assignments.

Education: Marie Lundgren holds a Bachelor's Degree in Human Resources from Stockholm University.

Warrants: Marie Lundgren holds 25,000 warrants (warrant option program, 2022) in the company.

Shares: Marie Lundgren owns no shares in the company.



## MAGNUS HOLMSTRÖM, HEAD OF PRODUCTION

Magnus Holmström, born in 1977, is the Head of Production of MAG Interactive since 2019.

Other assignments: Magnus Holmström has no ongoing or completed assignments.

Education: Magnus Holmström has studied the Masters program of Media Technology at Mid Sweden University.

Shares: Magnus Holmström owns no shares in the company.

## AUDITORS

Öhrlings PricewaterhouseCoopers AB, with the address Torsgatan 21, 113 97 Stockholm, is the auditor of the Company since the annual general meeting held on 11 December 2013. The authorised public accountant Niklas Renström, who is a member of FAR (professional institute for authorised public accountants) is the auditor-in-charge.

# OWNERSHIP STRUCTURE

MAG Interactive AB (publ) is the parent company of the Group, which consists of MAG Interactive AB (publ) and one wholly owned subsidiary in the United Kingdom, with the company name MAG Games Limited. In the beginning of December 2017 MAG Interactive was listed on NASDAQ First North Premier Growth Market with first day of trading on 8 December 2017. In conjunction with the listing the company all previous preference shares were converted to common shares. The total number of shares is 26,494,653.

As listed on the company website as of September 30, 2022, the major owners are:

<b>OWNERS</b>	<b>NUMBER OF SHARES</b>	<b>%</b>
<b>DANIEL HASSELBERG</b>	<b>3,206,666</b>	<b>12.1</b>
<b>KAJ NYGREN</b>	<b>3,100,439</b>	<b>11.7</b>
<b>AVANZA PENSION</b>	<b>2,885,919</b>	<b>11.0</b>
<b>DIDNER &amp; GERGE</b>	<b>2,310,000</b>	<b>8.7</b>
<b>SWEDBANK ROBUR</b>	<b>2,200,000</b>	<b>8.3</b>
<b>ANDERS LARSSON</b>	<b>1,444,560</b>	<b>5.5</b>
<b>FREDRIK STENH</b>	<b>1,353,256</b>	<b>5.1</b>
<b>JOHAN PERSSON</b>	<b>1,192,560</b>	<b>4.5</b>
<b>NORDNET PENSIONS FÖRSÄKRING AB</b>	<b>1,126,260</b>	<b>4.3</b>
<b>CHALEX</b>	<b>952.841</b>	<b>3.6</b>

# CORPORATE GOVERNANCE

MAG Interactive is a Swedish public limited liability company. As a Company listed on Nasdaq First North Premier Growth Market, the Company applies Swedish laws (e.g. the Swedish Companies Act (2005:551) and the Swedish Annual Accounts Act (1995:1554)) and regulations, the Company's articles of association, internal rules and instructions, and the Nasdaq First North - Rulebook, as well as other Swedish and foreign laws and regulations, as applicable. The Company also applies the Swedish Corporate Governance Code (the "Code").

The Code defines a norm for good corporate governance on a higher level of ambition than the Swedish Companies Act and other regulations' minimum requirements. The Code is based on the principle "comply or explain". This means that the Company is not required to apply every rule of the Code at all occasions, but may choose alternative solutions deemed to better respond to particular circumstances, provided that the Company openly discloses all such deviations, describes the alternative solution and states the reason for the deviation.

The Company does comply with the Code, with the exception of one point. This relates to the Nomination committee where Kaj Nygren is chairman while also being a member of the company management.

## REASONS FOR DEVIATING FROM THE CODE

A large share of the ownership of the company is within the founding team, who are also still part of the company management. As one of the larger shareholders Kaj Nygren were appointed member of the nomination committee representing NMO Invest, Playful days as well as the other founders. No review of the company's half-year or nine-month report has been done.

# THE ANNUAL GENERAL MEETING

According to the Swedish Companies Act, the general meeting is a company's highest decision-making body. The general meeting may resolve upon every issue for the company, which is not specifically reserved for another company body's exclusive competence. At the annual general meeting, which shall be held within six months from the end of the financial year, shareholders exercise their voting rights on issues, such as adoption of income statements and balance sheets, appropriation of the company's profits or losses, discharge of liability for the board of directors and the CEO for the financial year, the appointment of members of the board of directors and auditor, and remuneration for the board of directors and the auditor.

Besides the annual general meeting, extraordinary general meetings may be convened. In accordance with the Company's articles of association, all general meetings shall be convened through announcements in the Swedish Official Gazette (Sw. Post- och Inrikes Tidningar) and by posting the notice to the meeting on the Company's website. An announcement shall simultaneously be placed in Svenska Dagbladet with information that the meeting has been convened.

The annual general meeting 2023 will be held on Wednesday 18 January 2023 in Stockholm at the company headquarter at Drottninggatan 95A.



## **RIGHT TO ATTEND GENERAL MEETINGS**

All shareholders who are directly registered in the share register kept by Euroclear Sweden AB (“Euroclear”), six bank days prior to the general meeting, and who has notified the Company of their intention to attend the general meeting at the latest by the date specified in the notice convening the meeting, shall be entitled to attend the general meeting and vote according to the number of shares they hold. Shareholders may attend general meetings in person or through a proxy, and may also be accompanied by not more than two assistants. One share on company gives right to one vote at the general meeting given that notice was given according the process described above.

## **SHAREHOLDER INITIATIVES**

Shareholders who wish to have a matter discussed at the general meeting must submit a written request in that regard to the board of directors. Requests must normally be received by the board of directors at least seven weeks prior to the general meeting.

## **NOMINATION COMMITTEE**

The annual general meeting held on 15 November 2017 resolved to adopt an instruction for the nomination committee. According to the instruction for the nomination committee, the main rule is that the nomination committee shall consist of five members, whereof four members are appointed by the four largest shareholders in the Company as of the last banking day in April the financial year before the annual general meeting, and one is the chairman of the board of directors. The instruction for the nomination committee complies with the Code with respect to the appointment of committee members. The members of the nomination committee shall be announced not later than six months prior to the annual general meeting.

## **NOMINATION COMMITTEE FOR THE MAG INTERACTIVE AB [PUBL] ANNUAL GENERAL MEETING 2023:**

- Joachim Spetz - representing Swedbank Robur Fonder
- Henrik Sandell - representing Didner & Gerge Fonder
- Kaj Nygren - representing NMO Invest AB and Playful Days AB
- Johan Persson - representing himself, RSUV AB, Fredrik Stenh and Anders Larsson
- Adjunct: Jonas Eriksson, Chairman of the board at MAG Interactive AB

# THE BOARD OF DIRECTORS

The board of directors is the highest decision-making body after the general meeting, and is also the highest executive body. The board of directors' responsibility is regulated on various levels. The board of directors' responsibility is mainly regulated in the Swedish Companies Act. Pursuant to the Swedish Companies Act, the board of directors is responsible for the company's organisation and the administration of the company's affairs. Furthermore, the board of directors shall continuously assess the company's financial position, as well as ensure that the company's organisation is formed in a way that the accounting, asset management and the company's financial conditions are otherwise controlled in a secure manner.

The board of directors' responsibility is further regulated in the Company's articles of association, directions given by the general meeting and rules of procedure for the board of directors of the Company adopted by the board of directors.

The assignments of the board of directors include, inter alia, to set objectives and strategies, ensure that there are effective systems for follow-up and control of the Company's operations, and ensure that there is satisfactory control of the Company's compliance with legislation and other regulations applicable to the Company's operations. The board of directors decides on the Company's business direction, strategy, business plan, resources and capital structure, organisation, acquisitions, major investments, divestments, annual and interim reports and other general issues of a strategic nature. In addition, the board of directors addresses issues and makes decisions regarding other matters considered to be outside the scope of the CEO's authority.

The board of directors shall also define appropriate guidelines to govern the Company's conduct in society, with the aim of ensuring the Company's long-term value creation capability, as well as ensure that the Company's disclosure of information is characterized by transparency and is accurate, reliable and relevant. In addition, the assignments of the board of directors include appointing, evaluating and if necessary removing the CEO. Members of the board of directors are appointed annually by the annual general meeting for the period until the end of the next annual general meeting.

According to the Company's articles of association, the members of the board of directors to be elected by the general meeting shall consist of a minimum of five members and a maximum of ten members, with no deputy board members. At the date of the Prospectus, the Company's board of directors consists of six members elected by the general meeting. The board members are presented in detail in the section "Board of directors, executive management and auditors". MAG Interactive's board of directors follows a written procedure, which has been adopted by the board of directors and is reviewed annually.

Among other things, the procedure for the board of directors regulates the board of directors' role and responsibility, the board of directors' way of working and how the work is divided within the board of directors. The board of directors also adopts instructions for the CEO of the Company, including instructions for financial reporting.

## **BOARD MEETINGS DURING THE YEAR**

The board of directors held a total of twelve (12) meetings during the financial year, where and five (5) of the meetings were by correspondence. In five of the seven meetings all members of the board were present, while in two meetings all but one member were present.

## **REMUNERATION TO MEMBERS OF THE BOARD OF DIRECTORS**

Fees and other remuneration for members of the board of directors, including the chairman of the board, are resolved upon by the general meeting. The annual general meeting held on January 19, 2022 resolved that the total amount of fees to the board members, until the next annual general meeting, will be SEK 1,330,000. SEK 450,000 to the chairman and SEK 220,000 to each of the other members. The CEO of MAG will not be remunerated for the board work.

## **EVALUATION OF THE BOARD**

As part of the board year calendar an evaluation of the board work is conducted. It is scheduled to be presented at the ordinary meeting in August/September each year. The evaluation is led by the chairman and consists of a survey completed by each one of the members of the board. The survey that covers areas such as effectiveness of the preparatory work, communication with the CEO, communication with and by the management team, the effectiveness of the financial reporting.

## **COMMITTEES**

### **REMUNERATION COMMITTEE**

The board of directors has internally established a remuneration committee. The remuneration committee consists of four members: Jonas Eriksson is Chairman of the remuneration committee. All of the members are independent of the Company and its management.

The CEO of the company, also member of the board, is not part of the remuneration committee. The remuneration committee's main tasks are to prepare the board of directors' decisions on issues concerning, among other things, terms of employment and

remuneration to the executive management. Furthermore, the remuneration committee shall monitor and evaluate, both ongoing and finalized, programs for variable remuneration to the executive management and also follow and evaluate the application of the current principles for remuneration to MAG Interactive's executive management. The remuneration committee shall also support and advise the board on matters related to the appointment of the CEO and other members of the executive management, as well as matters related to performance evaluation and succession planning for members of the executive management.

## **AUDIT COMMITTEE**

The board of directors of the Company has established an audit committee consisting of the board members which are independent of the Company. The audit committee and its instruction were established at the regular board meeting in January 19, 2022.

The audit committee's remit is to prepare the board of directors' work to assure the quality of the company's financial reporting. The committee is also tasked with delivering its evaluation of the audit process to the nominating committee in connection with drafting the nominating committee's proposals to the AGM regarding the appointment of auditors and the amount of audit fees. Since the AGM in January 2022, the members of the audit committee are: Jonas Eriksson and Andras Vajlok (chair). The audit committee met six (6) times during the fiscal year 2021/2022, the period September 2021 to August 2022. All of the members were present at all meetings.

# CEO AND EXECUTIVE MANAGEMENT

The CEO's responsibilities are regulated at various levels. By legislation the CEO's responsibilities are mainly regulated in the Swedish Companies Act. According to the Swedish Companies Act, the CEO shall attend to the day-to-day management according to the guidelines and instructions set out by the board. In addition, the CEO shall take all measures necessary in order to maintain the Company's accounting according to applicable laws and regulations and to have an adequate asset management. The CEO shall comply with the Code and Nasdaq First North - Rulebook, as well as other Swedish and international laws and regulations, as applicable.

The CEO must also adhere to the Company's articles of association, directions given by the general meeting, the instructions for the CEO, including instructions for financial reporting, and other internal directions and guidelines established by the board of directors. The division of work between the board of directors and the CEO is described in the instructions for the CEO, including instructions for financial reporting. The CEO reports to the board of directors and is responsible for the operational management of the Company and to execute the resolutions passed by the board of directors. The CEO shall control and monitor that the matters to be dealt with by the board of directors according to applicable legislation, the articles of association or internal instructions are presented to the board of directors, and shall continuously keep the chairman of the board of directors informed about the performance of the Company's operations, its earnings and financial position, as well as any other events, circumstances or conditions that cannot be assumed to be irrelevant to the board of directors or to the shareholders.

The CEO shall ensure that the Company has issued policies and/or instructions in all main areas of the Company's operations and that the policies and instructions are communicated and applied within the organisation.

The CEO shall also ensure that the Company has a current authorization manual that is properly observed and that the Company's accounting is performed in a way that is compliant with applicable legislation.

The CEO and the other members of the executive management are presented in greater detail in the section "Board of directors, executive management and auditors".



## RENUMERATION FOR THE CEO AND EXECUTIVE MANAGEMENT

Salaries and other employment conditions are to be sufficient for MAG Interactive's ability to recruit and maintain highly competent members of the executive management. Remunerations within the Company shall be based on the employee's position, responsibilities and performance. Remuneration for the executive management constitutes a fixed salary, long term incentives and other benefits such as pensions and insurances. Such other benefits can be offered in accordance with the levels and practice which is applied in the country where the member of the executive management is employed and shall not constitute a material part of the total remuneration.

In addition to fixed salary, the members of the executive management team are entitled to variable salary. The variable salary is determined by the board of directors and must be linked to predetermined and measurable criteria and designed with the aim of promoting the Company's value creation and business strategy both in the short term and the long term. Targets for variable salary shall be linked partly to the outcome of specific financial targets for the Company and partly to individual targets attributable to each executive's role and function at the Company. The size of the variable salary shall not exceed SEK 750,000 per executive and financial year.

Furthermore, the annual general meeting may decide to offer long term incentive programmes such as share and share price related incentive programmes. These incentive programmes shall be intended to contribute to long term valuable growth and provide a common interest for value creation for shareholders and employees.

Neither the CEO, nor any of the members of the executive management team, are entitled to any severance pays in the event of termination of the employment.

## LONG TERM INCENTIVE PROGRAMS

A total of 1,347,384 warrants and employee stock options have been issued to employees of the company. This represents a total potential dilution of 5.1%. The outstanding options and warrants are described below.

### ESOP AND WARRANTS 2020

The annual general meeting held on January 14, 2020 resolved to issue up to 293,213 personnel stock options. 255,500 options were issued on March 1, 2020 and subscribed for by 73 employees. Each option entitles the holder to one share, and the exercise price is SEK 20,50 per share. The run time period for the options is March 1, 2020 to March 1, 2023. All options are subject to a three year vesting scheme, meaning that for each 12 months period one third of the programs options are vested.

The AGM January 14, 2020 resolved to issue 233,213 warrants to members of the management team. All of the warrants were subscribed to in February 2020. One warrant

entitles subscription to one shares and the strike price is SEK 20,50. The number of shares that each warrant entitles to can under certain circumstances be recalculated. The run time period for the warrants is March 1, 2020 to March 1, 2023.

## **ESOP AND WARRANTS 2021**

The annual general meeting 2021 resolved to issue up to 264,947 personnel stock options. 256,555 options were issued on March 1, 2021 and subscribed for by 86 employees. Each option entitles the holder to one share, and the exercise price is SEK 50.1 per share. The run time period for the options is March 1, 2021 to March 1, 2024. All options are subject to a three year vesting scheme, meaning that for each 12 months period one third of the programs options are vested.

The annual general meeting 2021 resolved to issue 264,947 warrants to members of the management teams members within the group. All of the warrants were subscribed to in February 2021. One warrant entitles subscription to one shares and the strike price is SEK 50.1. The number of shares that each warrant entitles to can under certain circumstances be recalculated. The run time period for the warrants is March 1, 2021 to March 1, 2024.

## **ESOP AND WARRANTS 2022**

The annual general meeting 2022 resolved to issue up to 264,946 personnel stock options. 262,169 options were issued on March 1, 2022 and subscribed for by 91 employees. Each option entitles the holder to one share, and the exercise price is SEK 31.4 per share. The run time period for the options is March 1, 2022 to March 1, 2025. All options are subject to a three year vesting scheme, meaning that for each 12 months period one third of the programs options are vested.

The annual general meeting 2022 resolved to issue 264,946 warrants to members of the management teams members within the group. 75,000 of the warrants were subscribed to in February 2022. One warrant entitles subscription to one shares and the strike price is SEK 31.4. The number of shares that each warrant entitles to can under certain circumstances be recalculated. The run time period for the warrants is March 1, 2022 to March 1, 2025.

# INTERNAL CONTROL

The board of directors' and the CEO's responsibilities for internal control is governed by the Swedish Companies Act and the Code.

According to the Swedish Companies Act, the board of directors is responsible for the company's organisation and management of the company's affairs and shall ensure that the company's organisation is structured in such a way that accounting, asset management and the company's financial conditions are controlled in a satisfactory manner.

The CEO shall, according to the Swedish Companies Act, manage the day-to-day business according to the guidelines and instructions issued by the board of directors. Furthermore, the CEO shall take necessary measures to ensure that the Company's bookkeeping is done in accordance with the law and that the asset management is handled in a satisfactory manner.

According to the Code, it is the responsibility of the board of directors to ensure that there are effective systems for follow-up and control of the company's operations.

Internal control is by practice defined as a process affected by the board of directors, the CEO, other members of the executive management and other employees and which is intended to provide a reasonable assurance that a company's goals are met, with respect to: appropriate and efficient operations, reliable reporting and compliance with applicable laws and regulations. The process for the Company's internal control is based on the control environment which provides the discipline and structure for the other four components of the process: risk assessment, control activities, information and communication, and monitoring.

Internal control over financial reporting is intended to provide reasonable assurances regarding the reliability of the external financial reporting in the form of quarterly and annual reports and financial statements as well as that the external financial reporting is prepared in accordance with applicable legislation and accounting standards and other requirements for listed companies. Ultimately, the responsibility for the internal control rests with the board of directors, which continuously evaluates the Company's risk management and internal control.

## **INTERNAL CONTROL FOR THE COMPANY**

### **RISK ASSESSMENT**

As a part of the assignment and of the yearly calendar, the board and executive team work to evaluate risk including all areas, including but not limited to financial risks and key business risks. Risks have been regularly reported to the board. The board and the audit committee have regularly discussed a the audit committee is integrated in the risk evaluation work. As a part of the yearly routine the risk map is updated by the executive management team and the updated risk policy is adopted by the board as part of the Board calendar.

### **CONTROL ACTIVITIES**

Control activities are implemented at all levels, both in group functions and in local companies as well in the relation between the two. The internal control starts with the division of work between the board and the CEO and management team as described in the CEO work instruction. The responsibilities are further divided within the management team and documented to the board.

The group and local routines for control are implemented in policies and work instructions for the financial and accounting team as well as other functions and relates to such areas as four eye verifications, approval policies and routines.

### **INFORMATION AND COMMUNICATION**

All policies and instruction are available to all relevant sta in the company and are introduced to employees both as part of the onboarding process and training periods as well as on a regular basis when evaluating work and routines on the teams.

### **MONITORING**

The board and management team regularly evaluates the control policies that are adopted for the respective areas.

# AUDIT

The Company's statutory auditor is appointed by the annual general meeting. The auditor shall audit the Company's annual report and accounts, the consolidated accounts and the significant subsidiaries, as well as the management by the board of directors and the CEO. Following each financial year, the auditor shall submit an audit report to the annual general meeting.

According to the Company's articles of association, the Company shall have one to two auditors, with or without any deputy auditor(s), or a registered auditing company. MAG Interactive's auditor is Öhrlings PricewaterhouseCoopers AB, with Niklas Renström as auditor-in-charge. The Company's auditor is presented in more detail in the section "Board of directors, executive management and auditors - Auditors".

The total fee for the Company's auditor in the financial year 2021/2022 amounted to SEK 691,000. In addition, the Company paid SEK 86,000 to Öhrlings PricewaterhouseCoopers AB for services rendered in the financial year 2021/2022.

# EXPECTED FUTURE DEVELOPMENT, NOTABLE RISKS AND UNCERTAINTIES

## **THE COMPANY IS EXPOSED TO COMPETITION FROM COMPANIES ENGAGED IN THE PROVISION OF OTHER FORMS OF ENTERTAINMENT AND LEISURE THAN MOBILE GAMING**

The Company is exposed to competition both from other mobile gaming companies as well as from companies engaged in the provision of other forms of entertainment and leisure. Competition within the broader entertainment industry is intense and the Company's existing and potential customers may be attracted to competing forms of entertainment, such as other forms of online games, social media applications, music and video streaming services, as well as offline activities such as traditional board games, reading, watching television, and shopping. These other forms of entertainment compete for the discretionary time and income of the Company's customers. If the Company is unable to sustain sufficient interest in the Company's mobile games in comparison with other forms of entertainment, including new forms of entertainment, it could have a material adverse effect on the Company's business, financial position and results of operation.

## **THE COMPANY RELIES ON DIGITAL APP STORES TO DISTRIBUTE THE COMPANY'S GAMES**

The Company relies on distributing the Company's games through digital app stores, with the dominant app stores being Google's Google Play for Android and Apple's App Store for iOS. The Company is subject to the distributors' standard terms and conditions for application developers, which govern the promotion, distribution and operation of games on the relevant appstore. The Company's business could be harmed if a distributor discontinues or limits the access to its respective platform, modifies its terms of service or other policies, including the provisions on share of net sales. The distributors have broad discretion to unilaterally change its standard terms and conditions and any such changes may be unfavorable for the Company, and have a material adverse effect on the Company's business, financial position and results of operation. The Company's business could also be harmed should the digital app stores be unavailable for players or should players experience issues with these platforms or their in-app purchasing functionality.



## **THE COMPANY IS LARGELY DEPENDENT ON ATTRACTING AND RETAINING KEY EMPLOYEES**

The Company's success largely depends on the Company's key employees, including the Chief Executive Officer and other members of the executive management, and on the continued ability to identify, attract, hire, train and retain qualified executives, game designers, product managers, engineers and other key employees. The Company's ability to attract, hire and retain qualified employees depends on a number of factors, some of which are beyond the Company's control, including the competitive environment on the local employment markets in which the Company operates. The loss of a key employee due to, for example, such employee quitting in order to work for a competitor, may result in loss of important knowhow and may significantly delay or prevent the achievement of development objectives or the implementation of the Company's business strategy. If the Company is unable to attract, hire and retain key employees, it could have a material adverse effect on the Company's business, financial position and results of operation.

## **BUSINESS ACQUISITIONS AND INTEGRATING ACQUIRING OPERATIONS MAY INVOLVE UNCERTAINTIES AND HIDDEN OBLIGATIONS AND COULD DIVERT THE ATTENTION OF THE COMPANY'S MANAGEMENT AND OTHERWISE DISRUPT THE COMPANY'S OPERATIONS**

As a part of the Company's strategy, the Company may in the future explore, and have in the past carried out, acquisitions to target new intellectual property, strengthen the Company's market position in selected game genres, and grow the Company's game development talent. There is a risk that the Company fails to generate the expected benefits. There is also a risk connected to tax liabilities or other hidden obligations related to effected or any future business acquisitions, or that the Company will otherwise face disputes related to its acquisitions. In addition, the acquired companies may have engaged in unfavorable practices that were unknown to the Company before the business acquisition was effected, and which may make it more difficult to integrate the operations, create liabilities or cause other problems. Furthermore, the Company's estimates and assumptions of effected and planned business acquisitions and their benefits may not prove to be correct. The Company could fail to integrate the operations, systems, technologies, products and personnel of each acquired company. The inefficiencies, lack of control and potential delay that may result if such integration is not implemented, as well as unforeseen difficulties and expenditures that may arise in connection with integration, could have an adverse effect on the Company's business. Such acquisitions and integration processes could divert the Company's management's attention from other business concerns and also lead to the use of resources that are needed in other parts of the Company's business. Any of the above could have a material adverse effect on the Company's business, financial position and results of operation.

## **THE COMPANY IS DEPENDENT ON ITS INTELLECTUAL PROPERTY RIGHTS AND THE COMPANY COULD BE SUBJECT TO ALLEGATIONS OF INTELLECTUAL PROPERTY RIGHTS INFRINGEMENTS**

Intellectual property rights are an essential element in the Company's business. The Company relies on a combination of different intellectual property rights such as trademarks, copyright, design rights, protection for compilations, and trade secrets. Despite the Company's efforts to protect its intellectual property rights, unauthorized parties may attempt to copy or otherwise attempt to obtain and use the Company's technology, games or brands. There is a risk that the actions taken by the Company will not be sufficient to protect its intellectual property rights. Should the Company fail to protect and retain its intellectual property rights, it could have a material adverse effect on the Company's business, financial position and results of operation. There is a risk that the Company may be regarded as infringing intellectual property rights of other parties. Intellectual property litigation may be protracted and expensive and the results are difficult to predict. As a result of any court judgment or settlement the Company may be obligated to cancel the launch of a new game, stop offering certain features, pay royalties or settlement costs, purchase licenses or modify its games and features. Should the Company be regarded as infringing intellectual property rights of other parties, it could have a material adverse effect on the Company's business, financial position and results of operation.

## **INABILITY TO PAY DIVIDENDS**

The Company's dividend policy is subject to e.g. the Company's performance and financial condition, possible future acquisitions, expected future results of operation, investments, cash flows, terms of the Company's indebtedness, other means of distribution, and other factors. In addition, Swedish law limits the Company's ability to propose and declare dividends to certain funds legally available for that purpose. As the amount of future dividend payments the Company may make, if any, will depend upon the Company's future earnings, financial condition, cash flows, working capital requirements, the terms of the Company's outstanding indebtedness and other factors, there can be no certainty whether a dividend will be proposed or declared for any given year, or whether a dividend made a certain year will be maintained the following year.

## **RESEARCH AND DEVELOPMENT**

A number of games are in early phase of development, but with a high uncertainty of being released as they need to pass through a number of toll gates on the way to a green light for global launch.

# FINANCIAL REPORTS

## BOARD OF DIRECTORS REPORT

The Board of directors and the CEO of MAG Interactive AB (publ), 556804-3524, hereby present the annual report for the financial year 2021/2022 (ending August 31, 2022).

### OPERATIONS

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 Quizkampen, Wordzee, Primetime, Word Bubbles, Word Mansion, Tile Mansion, Ruzzle, Word Domination and WordBrain, that have been downloaded over 350 million times. Revenue is mainly derived from in-app purchases and advertisements.

### THE GROUP

The MAG Interactive AB (publ) group consists of, in addition to the parent company, MAG Interactive AB (publ) (incorporated in Sweden with registration number 556804-3524 and with its site in Stockholm), MAG Games Ltd (incorporated in United Kingdom and with its site in Brighton), MAG United AB (incorporated in Sweden with registration number 559182-8230 and with its site in Stockholm), Sventertainment AB (incorporated in Sweden with registration number 559155-8464 and with its site in Stockholm) that is a subsidiary group consisting of six companies and Apprope AB (incorporated in Sweden with registration number 556899-3967 and with its site in Stockholm).

Sventertainment is the developer and publisher of the trivia app Primetime. Apprope AB is the developer of mobile casual games like Word Mansion and Tile Mansion. All other major games in the portfolio are published by MAG Interactive AB.

The group has 107 employees as of the end of the financial year, of which MAG Interactive AB (publ) has 77, MAG Games Ltd has 18, MAG United AB has 0, the Sventertainment group has 10 and Apprope AB has 2 employees.

## GROUP PERFORMANCE 2021/2022

### OPERATING INCOME

The Group's net sales for the period totalled 327,774 KSEK (286,584 KSEK), an increase of 14%. The group's net sales was primarily attributable to the games Quizduel, Wordzee, Ruzzle, WordBrain, Word Mansion Word Domination and Primetime a transfer bonus from Applovin as a one time payment in the third quarter. Own work capitalized totalled 30,486 KSEK (35,026 KSEK). Other operating income 37,811 KSEK (3,373 KSEK) includes a write-down of the earn-out 32,250 KSEK (0 KSEK) for the Sventertainment group.

### OPERATING EXPENSES, EBITDA AND OPERATING PROFIT/LOSS

Operating expenses totalled 384,676 KSEK (317,626 KSEK). Of these, 160,130 KSEK (138,392 KSEK) were sales related costs. Of which cost for user acquisition were 93,410 KSEK (76,718 TSEK). During the year, user acquisition costs are mainly attributable to the games Wordzee, Word Mansion, Tile Mansion and Quizduel.

Personnel expenses totalled 102,245 KSEK (95,803 KSEK) an increase of 7%. The average number of employees during the period was 112 (105) an increase of 7%. EBITDA for the period was 101,360 KSEK (56,617 KSEK). Adjusted EBITDA for the period was 53,232 KSEK (57,675 KSEK), see note 11.

Depreciation and impairments of tangible and intangible assets totalled 89,966 KSEK (49,259 KSEK), of which 30,665 KSEK (26,914 KSEK) was depreciation of capitalized development expenses and 35,782 KSEK (0 KSEK) write down of goodwill.

The Group's operating profit was 11,395 KSEK (7,358 KSEK) and profit before tax 17,381 KSEK (6,264 KSEK). Profit after tax totalled 11,303 KSEK (7,027 KSEK). The profit after tax per share was 0.43 SEK/share (0.27 SEK/share) and the profit after tax per share fully diluted was 0.41 SEK/share (0.25 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 27,918,453 (27,734,117).

### THE GROUP'S FINANCIAL POSITION AT THE END OF THE YEAR

Intangible non-current assets at the end of the period totalled 223,314 KSEK (269,071 KSEK), of which 125,377 KSEK (160,696 KSEK) relates to goodwill and 97,937 KSEK (108,376 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 125,940 KSEK (95,515 KSEK). Total assets at the end of the year were 460,776 KSEK (476,568 KSEK). Equity at the end of the period totalled 335,988 KSEK (323,472 KSEK), corresponding to 12.7 SEK/share (12.2 SEK/ share). The equity/assets ratio at the same time was 72.9% (67.9%). Other long-term liabilities consist of long term earn-out from the acquisitions of Apprope AB and amount to 11,200 KSEK (43,739 KSEK). Last year also included the earn-out for Sventertainment which has been written down by 32,250 KSEK. The group has interest bearing debt of 40,620 KSEK (45,655 KSEK) of which 0 KSEK (137 KSEK) is attributable to loan from financial institutes and the rest refers to financial lease.

## PARENT COMPANY PERFORMANCE 2021/2022

### OPERATING INCOME

The parent company's net sales for the period were 266,450 KSEK (234,101 KSEK), an increase of 14% compared with the same period the previous year. The period's net sales include a transfer bonus from Applovin during the third quarter.

### OPERATING EXPENSES AND OPERATING PROFIT/LOSS

Operating expenses totalled 276,955 KSEK (252,593 KSEK). Of these costs 125,187 KSEK (104,262 KSEK) were sales related costs. Of which costs of user acquisition were 68,285 KSEK (51,245 KSEK).

Depreciation and impairments of tangible and intangible assets totalled 19,170 KSEK (19,494 KSEK). The parent company's operating profit for the period was 5,171 KSEK (-14,831 KSEK). The financial net were -7,818 KSEK (269 KSEK) and includes a write-down of shares in the Sventertainment group with 12,922 KSEK (0 KSEK). Profit after tax totalled to -16,954 KSEK (-13,796 KSEK).

### FINANCIAL POSITION AT THE END OF THE YEAR

The parent company's intangible non-current assets at the end of the financial year totalled 23,152 KSEK (40,559 KSEK). Cash and cash equivalents at the end of the period totalled 94,657 KSEK (80,306 KSEK). Total assets at the end of the year were 308,519 KSEK (351,400 KSEK). Equity at the end of the period totalled 251,017 KSEK (267,628 KSEK). Other long-term liabilities consist of long term earn-out from the acquisitions of Apprope AB and the Sventertainment Group (last year) and totalled to 11,200 KSEK (43,739 KSEK), earn-out for Sventertainment has been written down by 32,250 KSEK during the year.

## KEY INDICATORS

### DISTRIBUTION OF REVENUES BY BUSINESS MODEL

The Group's net sales are distributed primarily between in-app purchases (purchases made inside games via for example the Apple App Store or Google Play) and in-app advertising. The Group's net sales from in-app purchases for the period were 125,667 KSEK (111,602 KSEK), an increase of 13% compared to the same period the previous year. The Group's net sales from in-app advertising were 187,379 KSEK (174,259 KSEK), an increase of 8% compared with the same period the previous year.

### GAME CONTRIBUTION

Games that are marketed by MAG Interactive have different cost levels in their distribution cost (Sales-related costs) and marketing cost (user acquisition), not least relating to which phase the games are in. The Group therefore reports the total contribution from games activities according to the following model: Net income minus platform fees (primarily originating from fees to Apple App Store and Google Play) and user acquisition. User acquisition includes digital advertising and other advertising associated directly with the company's products, as well as services and charges directly attributable to user acquisition. General marketing of the company and brand is not included in the cost of user acquisition. The Group's game contribution was 182,627 KSEK (177,350 KSEK), an increase of 3% compared to previous year.

## 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;

DAU and MAU, 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.

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

DAU for the financial year was 1.46 million (1.87 million), a decrease of 22% compared with the previous year. MAU for the financial year was 4.54 million (6.02 million), a decrease of 25% compared to the previous year. MUP for the period was 49 thousand (53 thousand), a decrease of 8% compared with the previous year. ARPDau for the financial year was 6.15 dollar cent (4.93 dollar cent), an increase of 25% compared with the previous year.

## CORPORATE GOVERNANCE

For details about MAG Interactive AB (publ) corporate governance please refer to the section Corporate governance in this report.

## SIGNIFICANT EVENTS DURING THE YEAR

- On March 1 2022 the warrant program 2022/2025:3 which was approved by the AGM on January 19 2022, was initiated
- A new long term incentive program for employees started on March 1 2022, which was determined on the annual general meeting on January 19 2022
- The Appope game Tile Mansion was launched in several English-speaking marketings during Q4
- Values for goodwill and earn-out for the acquisition of the Sventertainment group were written down during the period.

## SIGNIFICANT EVENTS AFTER THE END OF THE YEAR

- No notable events have occurred after the end of the financial year



## PROPOSED DISTRIBUTION OF EARNINGS

(SEK)

The Annual General Meeting has at its disposal:

Retained earnings	48,744,411
Profit/loss for the year	16,953,874
<b>Total</b>	<b>65,698,285</b>

The Board of Directors and the Chief Executive Officer proposes appropriation of retained earnings as follows:

Carried forward	65,698,285
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## DIVIDEND

The board of directors propose to the annual general meeting on January 18, 2023 that no dividend will be paid out for the financial year 2021/22.

## THE GROUPS' FIVE-YEAR OVERVIEW

(KSEK)

	8/31/2022	8/31/2021	8/31/2020	8/31/2019	8/31/2018
Net sales	327,774	286,584	217,566	172,953	216,870
Result after financial	17,381	6,264	-22,636	-17,216	-65,231
Balance sheet total	460,776	476,568	411,985	377,343	417,741
Equity / asset ratio %	72.92%	67.86%	76.18%	87.69%	82.39%

## ANNUAL GENERAL MEETING

The annual general meeting for MAG Interactive AB (publ) will be held on Wednesday January 18, 2023 in Stockholm. For more details see the section Annual general meeting in Corporate governance.

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## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in KSEK

	Note	Financial year	
		2021/2022	2020/2021
Net sales	<u>5</u>	327,774	286,584
Own work capitalized	<u>15</u>	30,486	35,026
Other operating income	<u>6</u>	37,811	3,373
<b>Total income</b>		<b>396,070</b>	<b>324,983</b>
<b>Operating expenses</b>			
Sales-related costs	<u>7</u>	-160,130	-138,392
Other external expenses	<u>8</u>	-32,335	-34,171
Personnel costs	<u>9</u>	-102,245	-95,803
Depreciation and impairment of tangible and intangible non-current assets	<u>10</u>	-89,966	-49,259
<b>Total operating expenses</b>		<b>-384,676</b>	<b>-317,626</b>
<b>Operating profit/loss</b>	<u>11</u>	<b>11,395</b>	<b>7,358</b>
<b>Financial items</b>			
Financial income		7,129	495
Financial expenses		-1,143	-1,589
<b>Net financial items</b>	<u>12</u>	<b>5,986</b>	<b>-1,094</b>
<b>Profit/loss before tax</b>		<b>17,381</b>	<b>6,264</b>
Tax expenses	<u>13</u>	-6,077	764
<b>Profit/loss for the year</b>	<u>14</u>	<b>11,303</b>	<b>7,027</b>
<b>Other comprehensive income</b>		<b>2021/2022</b>	<b>2020/2021</b>
<b>Items that can be transferred to profit/loss for the year</b>			
Exchange rate differences		870	429
<b>Total other comprehensive income for the year, after tax</b>		<b>870</b>	<b>429</b>
<b>Total comprehensive income for the year</b>		<b>12,173</b>	<b>7,457</b>

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

	2021/2022	2020/2021
Earnings per share calculated on basis of profit/loss attributable to the parent company's shareholders (expressed as SEK per share).	0.43	0.27
Earnings per share fully diluted calculated on basis of profit/loss attributable to the parent company's shareholders (expressed as SEK per share).	0.41	0.25

## CONSOLIDATED BALANCE SHEET

Amounts in KSEK

	Note	8/31/2022	8/31/2021
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Intangible assets</b>			
Goodwill		125,377	160,696
Other intangible assets		97,937	108,376
<b>Total intangible assets</b>	<u>15</u>	<b>223,314</b>	<b>269,071</b>
<b>Tangible assets</b>			
Right-of-use assets	<u>16</u>	38,622	43,341
Equipment, tools, fixtures and fittings	<u>17</u>	5,981	8,157
<b>Total tangible assets</b>		<b>44,603</b>	<b>51,498</b>
<b>Financial non-current assets</b>			
Other long-term receivables	<u>18</u>		
	<u>19</u>	4,124	4,107
Deferred tax asset	<u>20</u>	2,920	7,615
<b>Total financial non-current assets</b>		<b>7,044</b>	<b>11,722</b>
<b>Total non-current assets</b>		<b>274,961</b>	<b>332,291</b>
<b>Current assets</b>			
<b>Current receivables</b>			
	<u>18</u>		
Trade and other receivables	<u>21</u>	42,009	33,153
Tax assets	<u>22</u>	9,905	8,744
Other current receivables	<u>23</u>	1,565	1,156
Prepaid expenses and accrued income	<u>24</u>	6,396	5,707
<b>Total short-term receivables</b>		<b>59,875</b>	<b>48,762</b>
Cash and cash equivalents	<u>18, 25</u>	125,940	95,515
<b>Total current assets</b>		<b>185,815</b>	<b>144,277</b>
<b>TOTAL ASSETS</b>		<b>460,776</b>	<b>476,568</b>

## CONSOLIDATED BALANCE SHEET

Amounts in KSEK

	Note	8/31/2022	8/31/2021
<b>Equity and liabilities</b>			
<b>Equity that can be attributed to the parent company's shareholders</b>			
Share capital	<u>26</u>	688	688
Other external capital		284,638	284,295
Reserves*		-886	-1,756
Retained earnings incl. comprehensive income for the year		51,548	40,245
<b>Total equity</b>		<b>335,988</b>	<b>323,472</b>
<b>LIABILITIES</b>			
<b>Long-term liabilities</b>			
Other long-term liabilities	<u>27</u>	11,200	43,739
Deferred tax liabilities	<u>28</u>	20,175	22,325
Long-term lease liabilities	<u>16</u>	29,623	36,127
<b>Total long-term liabilities</b>		<b>60,998</b>	<b>102,192</b>
<b>Current liabilities</b>			
	<u>18</u>		
Trade and other payables		24,157	12,528
Current tax liability		1,530	392
Short-term lease liabilities	<u>16</u>	10,997	9,391
Other current liabilities*	<u>29</u>	12,607	12,006
Accrued expenses and prepaid income	<u>30</u>	14,499	16,587
<b>Total current liabilities</b>		<b>63,790</b>	<b>50,904</b>
<b>Total liabilities</b>		<b>124,788</b>	<b>153,096</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>460,776</b>	<b>476,568</b>

\*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 STATEMENT OF CHANGES IN EQUITY

Amounts in KSEK

	Note	Share capital	Other external capital	Reserves	Retained earnings and profit/loss for the	Total equity
<b>Opening balance as of 9/1/2020</b>		687	282,176	-2,241	33,217	313,840
Profit/loss for the year					7,027	7,027
Exchange rate*				485		485
<b>Total comprehensive income</b>		687	282,176	-1,756	40,245	321,352
LTIP	31	1	2,119			2,120
<b>Closing balance 8/31/2021</b>		688	284,295	-1,756	40,245	323,472
<b>Opening balance as of 9/1/2021</b>		688	284,295	-1,756	40,245	323,472
Profit/loss for the year					11,303	11,303
Exchange rate				870		870
<b>Total comprehensive income</b>		688	284,295	-886	51,548	335,645
LTIP	31	0	343			343
<b>Closing balance 8/31/2022</b>		688	284,638	-886	51,548	335,988

\* Due to a correction of the reserves the opening balance this year differs from the closing balance last year and therefore previous years's exchange rate difference has been updated.



## CONSOLIDATED CASH FLOW STATEMENT

Amounts in KSEK

	Note	8/31/2022	8/31/2021
<b>Cash flow from operating activities</b>			
Operating profit/loss		11,395	7,358
Adjustment for items not included in cash flow	<u>32</u>	57,794	49,911
Interest received		183	5
Interest paid		-26	-19
Interest leasing	<u>16</u>	-1,117	-1,259
Tax paid		-3,888	394
<b>Cash flow from operating activities before change in working capital</b>		<b>64,341</b>	<b>56,390</b>
Change in current operating receivables		-9,398	6,427
Change in current operating liabilities		13,058	-12,797
<b>Total change in working capital</b>		<b>3,660</b>	<b>-6,370</b>
<b>Cash flow from operating activities</b>		<b>68,001</b>	<b>50,020</b>
<b>Cash flow from investing activities</b>			
Investment in and acquisition of tangible non-current assets	<u>17</u>	-666	-2,231
Capitalized work	<u>15</u>	-30,486	-35,026
Payment for acquisition of subsidiary, net of cash acquired		-3,308	-63,091
Change in financial investments		-2	-48
<b>Cash flow from financing activities</b>		<b>-34,462</b>	<b>-100,397</b>
<b>Free cashflow</b>		<b>33,539</b>	<b>-50,377</b>
<b>Cash flow from financing activities</b>			
	<u>33</u>		
Option scheme	<u>31</u>	265	1,468
Amortized short-term loan		-137	-71
Amortized long-term loan		0	-7,190
Amortized leasing liabilities	<u>16</u>	-10,506	-9,123
<b>Cash flow from financing activities</b>		<b>-10,378</b>	<b>-14,917</b>
<b>Change in Cash and cash equivalents</b>			
Cash flow for the year		23,161	-65,293
Exchange rate difference in cash and cash equipvalents		7,264	178
Opening cash and cash equivalents		95,515	160,630
<b>Closing cash and cash equivalents</b>	<u>25</u>	<b>125,940</b>	<b>95,515</b>

## PARENT COMPANY'S INCOME STATEMENT

Amounts in KSEK

	Note	Financial year	
		2021/2022	2020/2021
<b>Operating income</b>			
Net sales	<u>5</u>	266,450	234,101
Other operating income	6	5,335	3,661
<b>Total operating income</b>		<b>271,784</b>	<b>237,762</b>
<b>Operating expenses</b>			
Sales-related costs	<u>7</u>	-125,187	-104,262
Other external expenses	<u>8</u>	-57,472	-59,173
Personnel costs	<u>9</u>	-75,126	-69,664
Depreciation and impairments of tangible and intangible non-current assets	<u>10</u>	-19,170	-19,494
<b>Total operating expenses</b>		<b>-276,955</b>	<b>-252,593</b>
<b>Operating profit/loss</b>		<b>-5,171</b>	<b>-14,831</b>
<b>Financial items</b>			
Write-down of shares in subsidiaries		-12,922	0
Financial income		5,108	275
Financial expenses		-4	-6
<b>Net financial items</b>	<u>12</u>	<b>-7,818</b>	<b>269</b>
<b>Profit/loss after financial items</b>		<b>-12,988</b>	<b>-14,562</b>
<b>Profit/loss before tax</b>		<b>-12,988</b>	<b>-14,562</b>
Tax	<u>13</u>	-3,966	766
<b>Profit/loss for the year</b>		<b>-16,954</b>	<b>-13,796</b>

The parent company has no items as other comprehensive income. Therefore the total comprehensive income corresponds with the profit/loss for the year.

# PARENT COMPANY'S BALANCE SHEET

Amounts in KSEK

	Note	8/31/2022	8/31/2021
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Intangible assets</b>			
Goodwill		3,412	17,059
Other intangible assets		19,740	23,500
<b>Total intangible assets</b>	<b>15</b>	<b>23,152</b>	<b>40,559</b>
<b>Tangible assets</b>			
Equipment, tools, fixtures and fittings	17	4,205	5,648
<b>Total tangible assets</b>		<b>4,205</b>	<b>5,648</b>
<b>Financial non-current assets</b>			
Participation in Group companies	34	130,979	176,151
Deferred tax assets	20	1,093	5,833
Long-term receivables from Group companies	35	318	166
Other long-term receivables	19	3,766	3,766
<b>Total financial non-current assets</b>		<b>136,155</b>	<b>185,915</b>
<b>Total non-current assets</b>		<b>163,512</b>	<b>232,122</b>
<b>Current assets</b>			
<b>Current receivables</b>			
Trade and other receivables	18	33,847	24,795
Trade and other receivables Group	35	0	32
Tax assets	22	9,630	8,402
Other current receivables	23	1,211	921
Other current receivables Group	35	75	128
Prepaid expenses and accrued income	24	5,587	4,694
<b>Total current receivables</b>		<b>50,350</b>	<b>38,972</b>
<b>Cash and cash equivalents</b>	<b>18, 25</b>	<b>94,657</b>	<b>80,306</b>
<b>Total current assets</b>		<b>145,007</b>	<b>119,278</b>
<b>TOTAL ASSETS</b>		<b>308,519</b>	<b>351,400</b>

## PARENT COMPANY'S BALANCE SHEET

Amounts in KSEK

	Note	8/31/2022	8/31/2021
<b>EQUITY</b>			
<b>Restricted equity</b>			
Share capital (26,494,653 shares 8/31/2022) (26,494,653 shares 8/31/2021)	<u>26</u>	688	688
<b>Non-restricted equity</b>			
Other external capital		316,027	315,684
Retained earnings		-48,744	-34,949
Profit/loss for the year		-16,954	-13,796
<b>Total non-restricted equity</b>		<b>250,329</b>	<b>266,940</b>
<b>TOTAL EQUITY</b>		<b>251,017</b>	<b>267,628</b>
<b>LIABILITIES</b>			
<b>Long-term liabilities</b>			
Other long-term liabilities	<u>27</u>	11,200	43,739
Deferred tax liabilities	<u>28</u>	4,066	4,841
<b>Total long-term liabilities</b>		<b>15,266</b>	<b>48,580</b>
<b>Current liabilities</b>			
Trade and other payables	<u>18</u>	19,543	9,001
Trade and other payables Group companies	<u>35</u>	3,462	3,997
Other liabilities	<u>29</u>	8,120	9,335
Accrued expenses and prepaid income	<u>30</u>	11,112	12,858
<b>Total current liabilities</b>		<b>42,236</b>	<b>35,192</b>
<b>TOTAL LIABILITIES</b>		<b>57,502</b>	<b>83,722</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>308,519</b>	<b>351,400</b>

## CHANGE IN EQUITY IN THE PARENT COMPANY

Amounts in KSEK	Note	Share capital	Other external capital	Retained earnings and profit/loss for the year	Total equity
<b>Opening balance as of 9/1/2020</b>		687	313,565	-34,949	279,304
Profit/loss of the year				-13,796	-13,796
LTIP	<u>31</u>	1	2,119		2,120
<b>Closing balance 8/31/2021</b>		688	315,684	-48,745	267,628
<b>Opening balance as of 9/1/2021</b>		688	315,684	-48,745	267,628
Profit/loss of the year				-16,954	-16,954
LTIP	<u>31</u>	0	343		343
<b>Closing balance 8/31/2022</b>		688	316,027	-65,699	251,017

## PARENT COMPANY'S CASH FLOW STATEMENT

Amounts in KSEK

	Note	8/31/2022	8/31/2021
<b>Cash flow from operating activities</b>			
Profit/loss before financial items		-5,171	-14,831
Adjustment for items not included in cash flow	<u>32</u>	19,249	20,146
Interest received	<u>12</u>	183	5
Interest paid	<u>12</u>	-4	-6
Tax paid		-1,367	-7,608
<b>Cash flow from operating activities before change in working capital</b>		<b>12,890</b>	<b>-2,294</b>
Change in current operating receivables		-10,106	7,275
Change in current operating liabilities		10,139	48,003
<b>Total change in working capital</b>		<b>33</b>	<b>55,278</b>
<b>Cash flow from operating activities</b>		<b>12,923</b>	<b>52,983</b>
<b>Cash flow from investing activities</b>			
Investments in tangible non-current assets	<u>17</u>	-320	-2,155
Change in long-term receivables		-152	-30
Change in financial investments		0	-128,898
Pay out of earn-out		-3,290	0
<b>Cash flow from investing activities</b>		<b>-3,762</b>	<b>-131,084</b>
<b>Free cashflow</b>		<b>9,161</b>	<b>-78,101</b>
<b>Cash flow from financing activities</b>			
Option scheme	<u>31</u>	265	1,468
<b>Cash flow from financing activities</b>		<b>265</b>	<b>1,468</b>
<b>Decrease/increase in cash and cash equivalents</b>			
Cash flow for the year		9,426	-76,633
Exchange rate difference in cash and cash equivalents		4,925	271
Opening balance cash and cash equivalents		80,306	156,668
<b>Closing balance cash and cash equivalents</b>	25	<b>94,657</b>	<b>80,306</b>



# NOTES

## NOTE 1 - GENERAL INFORMATION

The consolidated accounts cover the parent company MAG Interactive AB (publ) (parent company), corp. ID no. 556804-3524 and its subsidiary (the Group). The parent company is a public limited liability company with its registered office in Stockholm. The address of the head office is Drottninggatan 95A, SE-113 60 Stockholm, Sweden. The parent company is listed on NASDAQ Stockholm First North Premier Growth Market since December 8, 2017. MAG Interactive AB (publ) is a company that operates in the field of games for mobile platforms.

If nothing else is stated amounts are in thousands of Swedish krona (KSEK). Information in parentheses refers to the comparative year.

## NOTE 2 - SUMMARY OF IMPORTANT ACCOUNTING POLICIES

The most important accounting policies applied in producing these consolidated accounts are described below. Unless otherwise specified, these policies have been applied consistently for all years presented.

### 2.1 BASIS ON WHICH THE STATEMENTS HAVE BEEN PREPARED

These annual accounts contain MAG Interactive AB (publ)'s published consolidated accounts, and the accounting policies chosen to prepare these are the IFRS (International Financial Reporting Standards). The consolidated accounts have been prepared in accordance with the Swedish Annual Accounts Act, RFR 1 Complementary Accounting Rules for Groups as well as IFRS and interpretations issued by the IFRS Interpretations Committee (IFRS IC) as adopted by the EU. They have been prepared in accordance with the acquisition value method.

The preparation of financial statements in accordance with IFRS requires the use of a number of important estimates for accounting purposes. Management is also required to make certain judgements when applying the Group's accounting policies. The areas that involve a high degree of assessment, that are complex and areas in which assumptions and estimates are of significant importance to the consolidated accounts are described in note 4.

#### **New and changes to accounting policies applied by the Group**

There are no new or amended accounting standards that required the group to change its accounting policies for the 2021/2022 financial year.

**New standards and interpretations which have not yet been applied by the Group**

Certain new accounting standards and/or interpretations have been published by IASB that are not mandatory for 31 December 2022 reporting periods and have not been early adopted by the group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

**2.2 CONSOLIDATED ACCOUNTS**

Subsidiaries are all companies over which the Group has a controlling influence. The Group controls a company when it is exposed to or has the right to a variable return on its holding in the company and is able to affect its return through its influence in the company. Subsidiaries are included in the consolidated accounts as from the date on which the controlling influence was transferred to the Group. They are excluded from the consolidated accounts as from the date on which the controlling influence ceases.

The acquisition method is used when recording the Group's business combinations. The purchase price of an acquisition of a subsidiary consists of the fair value of assets and liabilities transferred that the Group incurs to the former owners of the acquired company. The purchase price also includes the fair value of all liabilities that are the consequence of a contingent consideration agreement. Identifiable acquired assets and debts taken over in a business combination are initially valued at their fair value on the acquisition date.

Acquisition related costs are recorded as expenses when they arise.

Any contingent consideration to be transferred by the Group is recorded at the fair value on the acquisition date. Subsequent changes in the fair value of a contingent consideration that have been classified as a liability are recorded in accordance with IFRS 9 in the income statement.

Goodwill is valued initially as the amount by which the total purchase price and any fair value of a holding without a controlling influence on the date of acquisition exceeds the fair value of identifiable acquired net assets. If the purchase price is lower than the fair value of the acquired company's net assets, the difference is recorded directly in the income statement.

Intercompany transactions, balance sheet items, income and expenses between Group companies are eliminated. Profits and losses resulting from intercompany transactions and recorded under assets are also eliminated. The accounting policies for subsidiaries have been changed as necessary in order to guarantee the consistent application of the Group's policies.

**2.3 TRANSLATION OF FOREIGN CURRENCY****(a) Functional currency and reporting currency**

Items included in the financial statements for the various entities in the Group are valued in the currency used in the financial environment of which each company is primarily operational (functional currency). The consolidated accounts use Swedish kronor (SEK), which is the Group's reporting currency.

**(b) Transactions and balance sheet items**

Transactions in foreign currencies are translated into the functional currency at the exchange rates prevailing on the transaction date or on the date when the items are revalued. Exchange rate gains and losses that arise when paying for such transactions and when translating monetary assets and liabilities in foreign currency at the exchange rate on the balance sheet date are recorded in the income statement.

Exchange rate gains and losses attributable to cash and cash equivalents are recorded in the income statement as financial income or expenses. All other exchange rate gains or losses are recorded in the item "Other operating income/Other operating expenses" in the income statement.

**(c) Group companies**

The profit/loss and financial position of all Group companies with a functional currency that is different from the reporting currency are translated into the Group's reporting currency as follows:

- (a) assets and liabilities for each of the balance sheets are translated at the exchange rate on the balance sheet date;
- (b) income and expenses for each of the income statements are translated at the average exchange rate (unless this average exchange rate is not a reasonable approximation of the accumulated effect of the exchange rates in force on the transaction date, in which case income and expenses are translated at the exchange rate on the transaction date), and
- (c) all exchange rate differences that arise are recorded in other comprehensive income.

Accumulated profits and losses in equity are recorded in the income statement when the foreign business is disposed of, either fully or partly.

Goodwill and adjustments to fair value that arise from the acquisition of a foreign business are treated as assets and liabilities in that business and are translated at the exchange rate on the balance sheet date. Exchange rate differences are recorded in other comprehensive income.

**2.4 TANGIBLE ASSETS**

All tangible non-current assets are recorded at the cost of acquisition less deductions for depreciation. The cost of acquisition includes expenses that can be attributed directly to the acquisition of the asset.

Additional expenses are added to an asset's carrying amount or are recorded as a separate asset, depending on which is appropriate, only if it is likely that the future financial benefits associated with the asset will benefit the Group and the asset's cost of acquisition can be measured in a reliable way. The carrying amount of the part replaced is removed from the balance sheet. All other forms of repairs and maintenance are recorded as expenses in the income statement in the period when they arise.

Depreciation of assets in order to allocate their cost of acquisition down to the calculated residual value over the estimated useful life is performed on a straight-line basis as follows:

Equipment - 5 years

The residual values and useful life of assets are reviewed at the end of each reporting period and adjusted as required. An asset's carrying amount is written down immediately to its recoverable value if the asset's carrying amount exceeds its estimated recoverable value.

Profits and losses upon disposal are defined by means of a comparison between sales income and carrying amount, and are recorded net in the income statement under Other operating income/Other operating expenses.

## **2.5 INTANGIBLE ASSETS**

### **(a) Goodwill**

Goodwill arises in connection with the acquisition of a subsidiary and refers to the amount by which the purchase price, any holding without a controlling influence in the acquired company and the fair value as of the date of acquisition of the previous equity share in the acquired company exceeds the fair value of identifiable acquired net assets.

In order to test the impairment requirement, goodwill acquired in a business combination is allocated to cash generating units or groups of cash generating units that are expected to benefit from synergies in the acquisition.

The impairment of goodwill is tested annually or more often if events or changes in conditions indicate a possible reduction in value. The carrying amount of the cash generating unit to which goodwill has been assigned is compared with the recoverable amount, which is the higher of the value in use and the fair value minus sales-related costs. Any impairment is recorded immediately as an expense and is not cancelled.

### **(b) Acquired intellectual rights to games for platforms**

Intellectual rights to games for platforms that have been acquired separately are recorded at the cost of acquisition. Intellectual rights to games for platforms that have been acquired through a business combination are recorded at fair value on the acquisition date. Intellectual rights have a definable useful life and are recorded at the cost of acquisition minus accumulated depreciation. Depreciation is performed on a straight-line basis in order to allocate the cost of intellectual rights over their estimated useful life of 3–10 years.

**(c) Capitalized expenditure for development works in respect of games for platforms**

Costs of maintenance of games for platforms are recorded as expenses as they arise. Development expenses that are directly attributable to the development and testing of identifiable and unique games, and infrastructure for games, for platforms that are controlled by the Group are recorded as intangible assets when the following criteria are met:

- it is technically possible to produce the game for platforms so that it can be used,
- MAG Interactive's intention is to produce the game for platforms and to use or sell it,
- the conditions exist to use or sell the game on platforms,
- it can be shown how the game for platforms generates probable future financial benefits,
- adequate technical, financial and other resources to complete development and to use or sell, the game on platforms are available, and
- the expenses attributable to the game for platforms during its development can be calculated in a reliable way.

Directly attributable expenses that are capitalized as a part of a game for platforms include expenses for employees and a reasonable proportion of indirect expenses. Other development expenses that do not meet these criteria are recorded as expenses when they arise. Development expenses that have previously been recorded as an expense are not recorded as an asset in the subsequent period. Development expenses for games for platforms that are recorded as an asset are depreciated during their estimated useful life, which does not exceed three years.

**2.6 IMPAIRMENT OF INTANGIBLE ASSETS**

Intangible assets that have an indeterminate useful life or intangible assets that are not ready for use are not depreciated, but are tested annually in respect of a possible impairment requirement. Assets that are depreciated are assessed with regard to any value reduction whenever events or changes in conditions indicate that the carrying amount may perhaps not be recoverable. An impairment is performed to the amount by which the asset's carrying amount exceeds its recoverable value.

The recoverable value is the higher of an asset's fair value minus sales-related costs and the value in use. When assessing an impairment requirement, assets are grouped at the lowest levels where there are essentially identifiable cash flows (cash-generating units).

**2.7 FINANCIAL INSTRUMENTS****Initial recognition**

Financial assets and financial liabilities are recognized when the Group becomes a party to the financial instrument's contractual conditions. Purchases and sales of financial assets and liabilities are recognized on the trade date, i.e. the date on which the Group undertakes to purchase or sell the asset.

Financial instruments are initially measured at fair value plus, for a financial asset or liability that is not measured at fair value in profit or loss, transaction costs that are directly attributable to acquisitions, or issues of a financial asset or liability (i.e. fees and commissions). Transaction costs for financial assets and liabilities measured at fair value through profit or loss are expensed in the profit or loss.

**Financial assets - Classification and valuation**

The Group classifies and measures initially its financial assets at amortized cost (debt financial instruments). The classification of investments in debt financial instruments is dependent on the Group's business model of managing financial assets and the contractual terms for the assets cash flows.

*Financial assets measured at amortized cost*

Assets held for the purpose of collecting contractual cash flows, where these cash flows only consists of capital amounts and interest, are valued at amortized cost. The recorded amount of these assets are adjusted for expected reported credit losses. Interest income from these financial assets is recorded with the effective interest rate method and is included in the financial income. The Group's financial assets that are measured at amortized cost consist of other non-current receivables, accounts receivable, other current receivables, accrued income and cash and cash equivalents.

*Derecognition of financial assets*

Financial assets, fully or partially, are derecognized in the balance sheet when the contractual rights to obtain the cash flow from the assets have been expired or transferred and either (i) the Group transfers all significant risks and benefits that are related to its ownership or (ii) the Group does not transfer or keep in all significant risks and benefits related to the ownership and the Group has not kept the control over the asset.

**Financial liabilities - Classification and valuation***Financial liabilities measured at amortized cost*

The financial liabilities are measured after its initial recognition to amortized cost with the apply of the effective interest rate method. The financial liabilities consists of other longterm liabilities, accounts payable, other current liabilities and accrued expenses.

*Derecognition of financial liabilities*

Financial liabilities are derecognized when the obligations specified in the contract have adjusted, been discharged or expires. The difference between the recognized value for a financial liability, fully or partially, that has been extinguished or transferred to another party and the reimbursement that has been paid including the transferred assets that is not cash or assumed liabilities, are recognized in the profit or loss.

When the terms of a financial liability are renegotiated, and not derecognized from the balance sheet, the gain or loss is recognized in the profit or loss. The gain or loss is occurs from the difference between the original contractual cash flows and the modified cash flows discounted with the original effective interest rate.

**Impairment of financial assets - Assets that are recognized at amortized cost**

The Group estimates future expected credit losses that are connected to assets recognized to amortized cost. The Group reports a credit reserve for these expected credit losses at each reporting date. As for accounts receivables, the Group applies simplified approach to credit provisions. The reserve will correspond to the expected loss over the entire life of the account receivable. To identify whether there is a need for impairment of financial asset, an assessment is made of the future expected credit losses based on both historical and forward-looking variables. These variables are based on the type of the financial asset's distribution of credit risk characteristics and due dates. The expected credit losses are reported as a credit reserve at each reporting date in the consolidated income statement in operating expenses.

**2.8 TRADE AND OTHER RECEIVABLES**

Trade and other receivables are amounts that are to be paid by customers for games for platforms and advertisements in operating activities. Trade and other receivables are recorded initially at fair value and then at accrued cost of acquisition applying the effective interest method minus any reserve for value reduction.

**2.9 CASH AND CASH EQUIVALENTS**

Cash and cash equivalents, in both the balance sheet and the cash flow statement, include cash, bank balances and other short-term investments with due dates within three months of the acquisition date.

**2.10 SHARE CAPITAL**

Ordinary shares are classified as equity. Transaction costs that can be attributed directly to the issue of new ordinary shares or options are recorded, net after tax, in equity as a deduction from the share issue fund. As of the end of the financial year 2021/2022 only common stock exist in MAG Interactive AB (publ).

**2.11 TRADE AND OTHER PAYABLES**

Trade and other payables are obligations to pay for goods or services that have been acquired from suppliers in operating activities. Trade and other payables are classified as current liabilities if they fall due within one year. If not, they are classified as long-term liabilities. Trade and other payables are recorded at amortized cost.



## 2.12 CURRENT AND DEFERRED INCOME TAX

The tax expense for the period includes current tax and deferred tax. Tax is recorded in the income statement, except when the tax relates to items recorded in other comprehensive income or directly in equity. In such cases, the tax is also recorded in other comprehensive income or equity.

The current tax expense is calculated on the basis of the tax rules adopted on the balance sheet date or adopted in practice in the country where the parent company and its subsidiaries operate and generate taxable income.

Deferred tax is recorded for all temporary differences that arise between the tax value of assets and liabilities and their carrying amounts in the consolidated accounts. A deferred tax liability is not recorded if it arises as a consequence of the initial recording of goodwill. Nor is deferred tax recorded if it arises as a consequence of a transaction that constitutes the first recording of an asset or liability that is not a business combination and that, at the time of the transaction, affects neither the recorded profit/loss nor the profit/loss for tax purposes. Deferred income tax is calculated by applying the tax rates (and laws) that have been adopted or announced as of the balance sheet date and that are expected to apply when the relevant deferred tax asset is realized or the deferred tax liability is settled.

Deferred tax assets are recorded to the extent that it is likely that future tax surpluses will be available against which the temporary differences can be utilised.

A deferred tax liability is calculated on taxable temporary differences that arise from participations in subsidiaries, except when the date of cancellation of the temporary difference can be controlled by the Group and that it is likely that the temporary difference will not be cancelled within the foreseeable future. A deferred tax asset that is attributable to deductible temporary differences in respect of holdings in subsidiaries is only recorded to the extent that it is likely that the temporary difference will be cancelled in future and there will be a taxable surplus against which the deduction can be utilized.

Deferred tax assets and liabilities are settled when there is a legal right to settle for the relevant tax receivables and tax liabilities, and when the deferred tax receivables and tax liabilities are attributable to taxed charged by one single tax authority and relate to either the same tax subject or different tax subjects where there is an intention to settle the balances by means of net payments.

## 2.13 EMPLOYEE BENEFITS

### Pension obligation

The Group has defined contribution pension plans. A defined contribution pension plan is a pension plan under which the Group pays fixed contributions to a separate legal entity. The Group has no legal or informal obligations to pay additional contributions if this legal entity does not have sufficient assets to pay all compensation to employees associated with the employees' service during the current or earlier periods. The contributions are recorded as personnel costs when they fall due for payment. Prepaid contributions are recorded as an asset to the extent that cash repayment or a reduction of future payments may be credited to the Group.

### Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as other current liabilities in the balance sheet.

### Leave obligations

The leave obligations cover the group's liabilities for annual leave which are classified short-term benefits

### Share-based payments

Share-based compensation benefits are provided to employees via the groups Employee Option Plan, an employee share scheme, the executive short-term incentive scheme and share appreciation rights. Information relating to these schemes is set out in note 31.

### Employee options

The options granted under the groups Employee Option Plan is recognised as an employee benefits expense, with a corresponding increase in equity. The options value is based on a subscription price corresponding to the market value, calculated in accordance with the Black & Scholes valuation formula by an independent valuation firm appointed by the company, immediately after the expiration of the measurement period.

The total expense is recognised over the vesting period. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

The employee contributions that arise on the allotment of share options are considered an integral part of the allotment. At the end of each reporting period, the Group reassesses its assessments of the value of the options according to the Black & Scholes valuation formula and then re-evaluates the employee contributions.

### Bonus plans

The group recognises a liability and an expense for bonuses. The group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

## 2.14 RECORDING INCOME

### Sales of mobile games

The Group's income comes from in-app purchases on platforms, advertising income attributable to these games and a smaller revenue stream from royalties. The Group has since acquiring Sventertainment AB also sponsorship and advertising income.

Sales in games take place in various mobile device platforms and revenue is recognized when these are delivered to the customer, which is when control passes to the customer. A receivable is recognized when the goods are delivered since this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

In connection with in-app purchases, the gross payment flows pass from the end user in all cases to the platform, which deducts its charge, which normally is 30% of the price paid by the end user, before the money reaches MAG Interactive. Some mobile platforms offers a reduced fee of 15% for subscriptions. At the moment a deduction of 15% is also given for revenue up to the first million USD by one of the platforms. The assessment is that MAG Interactive shall record the full income gross and the platform's share of incomes shall be reported as an outgoing expense item, which represents the same net result as with income recorded net.

The Group also receives income from advertisements that are displayed in the company's games. This income is recorded as the advertisements are displayed and the company receives compensation for these. Ad and sponsorship revenue from the Sventertainment Group is treated in the same way.

The Group also has some royalty revenue associated with the granting of rights to use the company's games in other contexts. MAG Interactive then receives a proportion of income from this, which is recorded as it arises.

No substantial element of financing is deemed present as the sales are made with a credit term of 30–60 days. Furthermore, all contracts with customers have an original expected period of at most one year. As permitted under IFRS 15, the transaction price allocated to these unsatisfied obligations is not disclosed. Normally, the Group's customers pay with payment terms of 30–60 days.

The Group does not expect to have any contracts where the period between the transfer of the promised goods to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust the transaction price for the effects of a significant financing component.

## 2.15 LEASES

The standard IFRS 16 demands that assets and liabilities attributable to all leasing agreements, with certain exceptions, are accounted for in the balance sheet. This way of accounting is based on the view that the lessee has the right to use an asset for a certain time period and at the same time has an obligation to pay for this right. The Group has applied the standard for office rental agreements and car leases.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Liabilities arising from a lease are initially measured on a present value basis.

Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date,
- amounts expected to be payable by the Group under residual value guarantees,
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is the case for leases in the Group, the lessee's incremental borrowing rate is used, which is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security, and conditions.

To determine the incremental borrowing rate, the Group:

- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk
- makes adjustments specific to the lease, e.g. term, country, currency and security.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset. Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

## **2.16 DIVIDENDS**

A dividend to the parent company's shareholders is recorded as a liability in the consolidated financial statements in the period when the dividend is approved by the parent company's shareholders.

## **2.17 EBITDA**

EBITDA, profit/loss before financial items, taxes, depreciation and write-down.

## **2.18 USER ACQUISITION**

User acquisition (direct marketing/performance-based marketing) includes digital advertising, TV advertising and other advertising associated directly with the company's products, as well as services and charges directly attributable to direct marketing as well as the production of advertising material. General marketing of the company and brand is not included in the cost of user acquisition.

## 2.19 SUMMARY OF THE PARENT COMPANY'S SIGNIFICANT ACCOUNTING POLICIES

MAG Interactive AB (publ)'s (the parent company's) set of accounts is prepared in accordance with RFR 2 Accounting for Legal Entities and the Swedish Annual Accounts Act. In cases where the parent company applies other accounting policies than the Group's accounting policies in the consolidated accounts, this is specified below.

### Financial risks

The parent company is exposed to a number of different financial risks in its activities: market risk (currency risk, interest rate risk), credit risk and liquidity risk. The parent company's general risk management policy focuses on the unpredictability of the financial markets and attempts to minimize potential unfavourable effects on the Group's financial results. For more information about financial risks, please refer to note 3.

### Estimates and judgements

The preparation of financial statements in accordance with RFR 2 requires the use of a number of important estimates for accounting purposes. Management is also required to make certain judgements when applying the parent company's accounting policies. The areas that involve a high degree of judgement, that are complex or areas in which assumptions and estimates are of significant importance for the annual report are described in note 4.

### Formats

The income statement and balance sheet follow the format of the Swedish Annual Accounts Act. The statement of changes in equity follows the Group's format, but must contain the components specified in the Swedish Annual Accounts Act. It also means there is a difference in designations compared with the consolidated accounts, primarily in respect of financial income and expenses and equity.

### Participation in subsidiaries

Participations in subsidiaries are recorded at the cost of acquisition after a deduction for any impairments. The cost of acquisition includes acquisition-related expenses. When there is an indication that participations in subsidiaries have decreased in value, a calculation of the recoverable value is performed. If this is lower than the carrying amount, an impairment is performed. Impairments are recorded in the item "Profit/loss from participations in Group companies".

### Capitalized development expenses

Development expenses that are directly attributable to the development and testing of identifiable and unique games, and infrastructure for games, for platforms that are controlled by the Group are recorded as intangible assets in the Group when the criteria for capitalization in IAS 38 are met. No development expenses are capitalized in the parent company.

### Financial instruments

IFRS 9 is not applied in the parent company and financial instruments are valued at the cost of acquisition. In subsequent periods, financial assets that are acquired with the intention of being held in the short term will be recorded in accordance with the lowest value principle at the lower of the cost of acquisition and the market value.

The parent company must apply the impairment rules in IFRS 9 and assess whether there is any indication of impairment in any of the financial fixed assets. An impairment is performed if the declined value of the asset is assessed as permanent. Impairment for interest-bearing financial assets recorded at amortized cost is calculated as the difference between the asset's recorded amount and the present value of the management's estimate of future cash flows discounted with the asset's original effective interest rate. Impairment for other financial fixed assets is determined as the difference between the recorded amount and the highest of the fair value deducted for acquisition cost and the present value future cashflow based on the management's estimation.

**Leasing**

The parent has chosen not to apply IFRS 16 Leasing. Instead the parent applies RFR2 IFRS Leasing p 2-12. This means that the right of use asset and leasing liability are recorded as an expense on a straight line basis over the leasing period and not in the balance sheet.

**Depreciation of goodwill**

Goodwill from the merger of FEO media AB is depreciated on a straight-line basis over the estimated useful life, which is estimated to amount to five years. Depreciation of merger goodwill is reported in the income statement in the item "Depreciation and impairments of tangible and intangible non-current assets".



## NOTE 3 - FINANCIAL RISK MANAGEMENT

### 3.1 FINANCIAL RISK FACTORS

The Group is exposed to a number of different financial risks in its activities: market risk (currency risk), credit risk, liquidity risk and interest risk. The Group's general risk management policy focuses on the unpredictability of the financial markets and attempts to minimize potential unfavourable effects on the Group's financial results. The Group does not use derivative instruments to hedge its risk exposure.

Risk management is performed by Group Finance in accordance with policies adopted by the Board. The Board draws up written policies for general risk management and for specific areas such as currency risk, interest risk, credit risk, the use of derivative instruments and financial instruments that are not derivatives, as well as the investing of excess liquidity.

#### (a) Currency risk

Currency risk (transaction risk)

The Group operates on an international level and is exposed to currency risks arising from various currency exposures, in particular in respect of the US dollar (USD). Currency risks also arise when future business transactions are expressed in a currency that is not the entity's functional currency. The Group's product purchases takes place mainly in USD, then in order of SEK, EUR and GBP. In order to manage the currency risk of outflows in USD, the Group has USD bank accounts but also SEK, EUR and GBP accounts. The Group's revenues are mainly in USD and SEK, and a small part of the revenues are received in EUR. The Group does not currently hedge any foreign currencies.

#### Exposure

The Group's primary exposure to foreign currency risk at the end of the reporting period, expressed in thousands of SEK was as follows:

As at August 31	2021/2022			2020/2021		
	SEK/USD	SEK/EUR	SEK/GBP	SEK/USD	SEK/EUR	SEK/GBP
Trade receivables	32,471	716	3,388	34,382	103	0
Trade payables	-16,419	-563	-4,121	-6,594	-606	-3,831
<b>Total</b>	<b>16,052</b>	<b>153</b>	<b>-733</b>	<b>27,788</b>	<b>-503</b>	<b>-3,831</b>

## Sensitivity

The Group is primarily exposed to changes in USD/SEK, EUR/SEK and GBP/SEK exchange rates. The Group's risk exposure in foreign currencies:

For the year ending August 31	Impact on profit/loss before tax	Impact on profit/loss before tax
	2021/2022	2020/2021
USD/SEK exchange rate—increase/ decrease 10 %	+/- 1605	+/- 2 779
EUR/SEK exchange rate—increase/ decrease 10 %	+/- 15	+/- 50
GBP/SEK exchange rate—increase/ decrease 10 %	+/- 73	+/- 383

The Group has a holding in a foreign business in the United Kingdom, the net assets of which are exposed to currency risks. The Group's policy is not to hedge the translation exposure related to net foreign assets to reduce translation risk in the consolidated financial statements.

### (b) Credit risk

Credit risk is managed on a Group basis. Credit risk arises through cash and cash equivalents, bank balances and credit exposure with customers, including receivables.

Only banks and financial institutions that have a minimum rating of "A" from independent agencies are accepted. The Group's customers consist primarily of private individuals to whom sales are made through payment with major credit cards to reduce credit risk. There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

The Group's accounts receivable and debt instruments recognized at amortized cost are within the field of application of the model for expected credit losses: The Group applies the simplified approach to measuring expected credit losses, which entails using the expected credit losses over the entire period of the receivable as the starting point. The expected credit losses are based on the customers' payment profiles together with the credit losses for the same period. They are then adjusted to reflect current and forward-looking information on macroeconomic factors affecting the customers' ability to settle the receivables. The Group has historically had low customer losses, and believes that this also reflects the situation going forward since the Group's customers are well-established companies with high credit ratings.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

**(c) Liquidity risk and interest**

Cash flow forecasts are drawn up by the Group's operational companies and are aggregated by Group Finance. Group Finance monitors rolling forecasts of the Group's liquidity reserve closely in order to make sure that the Group has sufficient cash funds to meet the need of operating activities. The table below analyses the Group's non-derivative financial liabilities broken down according to the time remaining on the balance sheet date until the contractual due date. The amounts quoted in the table are the contractual, non-discounted cash flows.

<b>As of August 31, 2021</b>	<b>Less than 3 months</b>	<b>Between 3 months and 1 year</b>	<b>Between 1 and 2 years</b>	<b>Between 2 and 5 years</b>	<b>More than 5 years</b>	<b>Total</b>
Other long term liabilities	-	-	0	43,739	0	<b>43,739</b>
Trade and other payables	11,850	678	0	0	0	<b>12,528</b>
Leasing liabilities	2,324	7,067	9,291	24,534	2,303	<b>45,519</b>
Other current liabilities	12,062	0	-	-	-	<b>12,062</b>
Accrued expenses and prepaid income	16,155	0	0	0	432	<b>16,587</b>

<b>As of August 31, 2022</b>	<b>Less than 3 months</b>	<b>Between 3 months and 1 year</b>	<b>Between 1 and 2 years</b>	<b>Between 2 and 5 years</b>	<b>More than 5 years</b>	<b>Total</b>
Other long term liabilities	-	-	11,200	0	0	<b>11,200</b>
Trade and other payables	24,008	149	0	0	0	<b>24,157</b>
Leasing liabilities	2,036	9,839	11,742	16,502	2,482	<b>42,601</b>
Other current liabilities	9,713	2,894	-	-	-	<b>12,607</b>
Accrued expenses and prepaid income	13,959	149	0	391	0	<b>14,499</b>

**3.2 MANAGING CAPITAL**

The Group's objective with regard to the capital structure is to secure the Group's ability to continue its activities so that it can continue to generate a return for shareholders and value for other stakeholders, and to maintain an optimal capital structure in order to keep down the costs of capital.

To maintain or adjust the capital structure, the Group can change the dividend paid to shareholders, repay capital to shareholders, issue new shares or sell assets in order to reduce liabilities.

**3.3 CALCULATION OF FAIR VALUE**

Fair value of the Group's short- and long-term borrowing is deemed to essentially correspond to the carrying amount, since the loans mature with variable market interest rates for long-term borrowing and the discount effect for short-term borrowing is immaterial.

## **NOTE 4 - IMPORTANT ESTIMATES AND JUDGEMENTS FOR ACCOUNTING PURPOSES**

Estimates and judgements are reviewed periodically and are based on historical experience and other factors, including expectations of future events considered reasonable under the prevailing circumstances.

### **4.1 IMPORTANT ESTIMATES AND JUDGEMENTS FOR ACCOUNTING PURPOSES**

The Group makes estimates and assumptions about the future. The estimates for accounting purposes that result from these will, by definition, seldom correspond with the actual outcome. The estimates and assumptions that involve a risk of significant adjustments to carrying values of assets and liabilities during the next financial year are set out in general terms below.

#### **Impairment testing of Goodwill**

Every year the Group investigates whether there is an impairment requirement for goodwill, in accordance with the accounting policy described in note 2.6. The recoverable values of cash-generating units have been defined by means of calculating the value in use. Certain estimates must be made for these calculations. The carrying amount of goodwill totals KSEK 125,377 as of August 31, 2022 (KSEK 160,696 as of 31 August 2021) The changes in goodwill includes a write-down of 35,785 KSEK related to Sventertainment AB.

#### **Valuation of tax loss carry forwards**

Deferred tax assets are only recorded for tax loss carry forwards for which it is likely that they can be utilized against future taxable surpluses and against taxable temporary differences. Every year the Group investigates whether it is appropriate to capitalize new deferred tax receivables in respect of the year's or previous years' tax loss carry forwards.

#### **Retained expenses for development expenses**

The Group has retained expenses for development expenses in respect of mobile games that are recorded as intangible assets. After the initial recording, the impairment requirement is tested as soon as there are indications that the asset has reduced in value. The Group performs estimates of the useful life in connection with the initial recording. The useful life is tested every year and adjusted as required. The Group's retained expenses for development expenses are depreciated over three years. As of August 31 2022, retained expenses for development expenses totaled KSEK 45,363 (KSEK 45,542 as of August 31, 2021).

## NOTE 5 - DISTRIBUTION OF NET SALES

The Group reports the operations into one segment according to IFRS' definition. To give a better understanding of the business the main sources of Net sales are split in two revenue streams; In-app purchases and Advertising sales.

	Group		Parent	
	2021/2022	2020/2021	2021/2022	2020/2021
In-app purchases	125,667	111,602	114,822	104,288
Advertising sales	187,379	174,259	136,900	129,090
Transfer bonus from Applovin	14,706	0	14,706	0
Other	22	723	22	723
<b>Total</b>	<b>327,774</b>	<b>286,584</b>	<b>266,450</b>	<b>234,101</b>

The Group's distribution by country	2021/2022	2020/2021
Sweden	325,127	281,556
Denmark	2,148	3,568
Norway	85	959
Finland	414	502
<b>Total</b>	<b>327,774</b>	<b>286,585</b>

The Group's income distributed by registered office and company. Sventertainment is the developer and publisher of the trivia app Primetime and Apprope AB publish the games Word Mansion, Tile Mansion, Word Bubbles, WordWizzle Search och Word Wizzle Themes. All other games in the portfolio are published by MAG Interactive AB, with its office registered in Sweden.

## NOTE 6 - OTHER OPERATING INCOME

	Group		Parent	
	2021/2022	2020/2021	2021/2022	2020/2021
Intercompany revenue	-	-	965	814
Exchange rate gains	5,419	3,396	4,239	2,781
Write down earn-out	32,250	-	-	-
Other	142	-22	131	66
<b>Total other operating income</b>	<b>37,811</b>	<b>3,373</b>	<b>5,335</b>	<b>3,661</b>

## NOTE 7 - SALES-RELATED COSTS

	Group		Parent	
	2021/2022	2020/2021	2021/2022	2020/2021
Platform fee	37,031	32,516	33,866	30,382
User acquisition	93,410	76,718	68,285	51,245
Other sales charges	29,689	29,158	23,036	22,634
<b>Total sales-related costs</b>	<b>160,130</b>	<b>138,392</b>	<b>125,187</b>	<b>104,262</b>

## NOTE 8 - REMUNERATION PAID TO AUDITORS

	Group		Parent	
	2021/2022	2020/2021	2021/2022	2020/2021
<b>Remuneration paid to auditors</b>				
<b>PwC</b>				
The audit assignment	605	575	505	575
Other services	86	0	86	0
<b>Sum PWC</b>	<b>691</b>	<b>575</b>	<b>591</b>	<b>575</b>
<b>Other auditors</b>				
The audit assignment	100	178	0	0
Tax consultancy	37	0	0	0
Other services	69	398	43	380
<b>Sum other auditors</b>	<b>206</b>	<b>576</b>	<b>43</b>	<b>380</b>
<b>Total</b>	<b>897</b>	<b>1151</b>	<b>634</b>	<b>955</b>

## NOTE 9 - PERSONNEL COSTS

	Group		Parent	
	2021/2022	2020/2021	2021/2022	2020/2021
<b>Costs of employee benefits</b>				
Salaries and remuneration	63,888	57,095	46,399	39,139
Social security contributions	11,674	10,466	9,190	7,940
Pension costs	4,671	3,772	3,800	3,266
Employee stock options	494	574	357	416
<b>Total</b>	<b>80,727</b>	<b>71,907</b>	<b>59,746</b>	<b>50,761</b>

	Group		Parent	
	2021/2022	2020/2021	2021/2022	2020/2021
<b>Chief Executive Officer</b>				
Salaries and remunerations	1,770	1,705	1,770	1,705
Variable remuneration	222	333	222	333
Social security contributions	626	640	626	640
Pension costs	408	399	408	399
<b>Total</b>	<b>3,026</b>	<b>3,077</b>	<b>3,026</b>	<b>3,077</b>
<b>Other Senior Executives</b>				
Salaries and remunerations	8,978	8,342	5,882	5,850
Variable remuneration	962	1,445	962	1,445
Social security contributions	3,150	3,180	2,150	2,292
Pension costs	1,674	1,565	1,295	1,316
Employee stock options	-416	78	-378	78
<b>Total</b>	<b>14,348</b>	<b>14,610</b>	<b>9,911</b>	<b>10,981</b>
<b>Sum salaries and remuneration</b>	<b>98,101</b>	<b>89,594</b>	<b>72,683</b>	<b>64,819</b>



Fee to Board members	Group		Parent	
	2021/2022	2020/2021	2021/2022	2020/2021
Chairman of the Board, Jonas Eriksson	425	400	425	400
Board member, Taina Malén	210	200	210	200
Board member, Andras Vajlok	210	200	210	200
Board member, Teemu Huuhtanen	210	200	210	200
Board member, Asbjørn Søndergaard	210	200	210	200
Board member, Daniel Hasselberg	-	-	-	-
<b>Total</b>	<b>1,265</b>	<b>1,200</b>	<b>1,265</b>	<b>1,200</b>

#### Average no of employees

	Group				Parent			
	2021/2022		2020/2021		2021/2022		2020/2021	
	Average number of employees	Of which male	Average number of employees	Of which male	Average number of employees	Of which male	Average number of employees	Of which male
Sweden	81	61	81	61	74	47	68	49
UK	22	15	22	15	-	-	-	-
Germany	1	1	1	1	1	1	1	1
Denmark	1	1	1	1	0	0	0	0
<b>Total</b>	<b>105</b>	<b>78</b>	<b>105</b>	<b>78</b>	<b>75</b>	<b>48</b>	<b>69</b>	<b>50</b>

#### Gender distribution in the Group (incl. subsidiaries) for Board members and other senior executives

	2021/2022		2020/2021	
	Number on balance sheet date	Of which male	Number on balance sheet date	Of which male
Board members	6	5	6	5
CEO and other senior executives	6	5	6	5

There is a mutual period of notice of six months in force between the company and the CEO.

## NOTE 10 - DEPRECIATION AND IMPAIRMENT OF TANGIBLE AND INTANGIBLE NON-CURRENT ASSETS

	Group		Parent	
	2021/2022	2020/2021	2021/2022	2020/2021
Goodwill	35,782	0	13,647	13,647
Intangible assets	40,925	36,341	3,760	3,760
Right-of-use assets	10,317	9,706	-	-
Equipment, tools, fixtures and fittings	2,942	3,212	1,763	2087
<b>Total Depreciation and impairment of tangible and intangible non-current assets</b>	<b>89,966</b>	<b>49,259</b>	<b>19,170</b>	<b>19,494</b>

## NOTE 11 - ADJUSTED EBITDA

	Group	
	8/31/2022	8/31/2021
<b>Operating profit/loss</b>	<b>11,395</b>	<b>7,358</b>
Depreciation and impairments of tangible and intangible non-current assets	89,966	49,259
<b>EBITDA</b>	<b>101,361</b>	<b>56,617</b>
Transfer bonus from Applovin	-14,706	0
Write-down of earn-out	-32,250	0
Acquisition costs	0	525
Social contribution from re-evaluation of option programs	-1,172	533
<b>Total adjustment on EBITDA</b>	<b>-48,128</b>	<b>1,058</b>
<b>Adjusted EBITDA</b>	<b>53,233</b>	<b>57,675</b>

## NOTE 12 - FINANCIAL ITEMS

	Group		Parent	
	2021/2022	2020/2021	2021/2022	2020/2021
Profit/loss from shares in subsidiaries	-	-	-12,922	0
<b>Profit/loss from shares in subsidiaries</b>	<b>-</b>	<b>-</b>	<b>-12,922</b>	<b>0</b>
Interest income	183	5	183	5
Exchange rate gains on cash and cash equivalents	6,946	490	4,925	271
<b>Financial income</b>	<b>7,129</b>	<b>495</b>	<b>5,108</b>	<b>275</b>
Interest expenses	-8	-7	-4	-6
Exchange rate loss on cash and cash equivalents	0	-312	0	0
Interest bank loan	-1	-10	-	-
Interest leasing	-1,117	-1,259	-	-
Other financial liabilities	-17	-2	0	0
<b>Financial expenses</b>	<b>-1,143</b>	<b>-1,589</b>	<b>-4</b>	<b>-6</b>
<b>Net financial items</b>	<b>5,986</b>	<b>-1,094</b>	<b>-7,818</b>	<b>269</b>

## NOTE 13 - TAX

	Group		Parent	
	2021/2022	2020/2021	2021/2022	2020/2021
<b>Current tax:</b>				
Current tax on profit/loss for the year	-3,494	-1,474	0	0
Other taxes	0	202	0	0
<b>Deferred tax:</b>				
Deferred tax	-2,583	2,035	-3,966	766
<b>Total tax in Group's PnL</b>	<b>-6,077</b>	<b>764</b>	<b>-3,966</b>	<b>766</b>

Income tax on the profit before taxation differs from the theoretical amount that would have arisen from the use of the Swedish tax rate:

	2021/2022	2020/2021	2021/2022	2020/2021
Profit/loss before tax	17,381	6,264	-12,988	-14,562
Tax calculated according to the tax rate in Sweden (20,6%)	-3,580	-1,340	2,675	3,116
Effect of foreign tax rate	203	223	-	-
<b>Tax effects of:</b>				
Non-deductible expenses	-1,417	-218	-5,738	-3,008
Tax effect due to changed tax rate	-	-52	-	-117
Deferred tax on deficit	0	1,757	0	0
Leasing	39	-124	-	-
Other	-418	516	0	774
Adjustment in previous year's tax	-904	0	-904	0
<b>Tax expense</b>	<b>-6,077</b>	<b>764</b>	<b>-3,966</b>	<b>766</b>

## NOTE 14 - EARNINGS PER SHARE

Earnings per share are calculated by dividing the profit/loss attributable to the parent company's shareholders by the number of shares as of August 31, 2022 (26,494,653). See note 26 for the number of shares.

	2021/2022	2020/2021
Earnings per share calculated on basis of profit/loss attributable to the parent company's shareholders (expressed as SEK per share).	0.43	0.27
Earnings per share fully diluted* calculated on basis of profit/loss attributable to the parent company's shareholders (expressed as SEK per share).	0.41	0.25

\* Dilution consist of a total of six stock option programmes with a total of 1,347,384 options (1,500,215).

## NOTE 15 - INTANGIBLE ASSETS

### Intellectual property rights to games on platforms

	Group		Parent	
	2021/2022	2020/2021	2021/2022	2020/2021
<b>Opening balance, purchase value</b>	<b>82,600</b>	<b>37,600</b>	<b>37,600</b>	<b>37,600</b>
Acquired intellectual property rights to games for platforms	0	45,000	0	0
<b>Closing balance, purchase value</b>	<b>82,600</b>	<b>82,600</b>	<b>37,600</b>	<b>37,600</b>
<b>Opening balance, depreciation</b>	<b>-19,767</b>	<b>-10,340</b>	<b>-14,100</b>	<b>-10,340</b>
Depreciation	-10,260	-9,427	-3,760	-3,760
<b>Closing balance, depreciation</b>	<b>-30,027</b>	<b>-19,767</b>	<b>-17,860</b>	<b>-14,100</b>
<b>Closing balance</b>	<b>52,573</b>	<b>62,833</b>	<b>19,740</b>	<b>23,500</b>

**Capitalized expenditure for development works on mobile platforms**

	Group	
	2021/2022	2020/2021
<b>Opening balance</b>	<b>156,523</b>	<b>121,497</b>
Capitalized development costs	30,486	35,026
<b>Closing balance</b>	<b>187,009</b>	<b>156,523</b>
<b>Opening balance, depreciation</b>	<b>-110,981</b>	<b>-84,067</b>
Depreciation	-30,665	-26,914
<b>Closing balance, depreciation</b>	<b>-141,646</b>	<b>-110,981</b>
<b>Closing balance</b>	<b>45,363</b>	<b>45,542</b>

Goodwill	Group		Parent	
	2021/2022	2020/2021	2021/2022	2020/2021
<b>Opening balance</b>	<b>160,696</b>	<b>77,153</b>	<b>68,237</b>	<b>68,237</b>
Acquisitions	0	83,276	0	0
Exchange rate differences	464	267	0	0
<b>Closing balance</b>	<b>161,160</b>	<b>160,696</b>	<b>68,237</b>	<b>68,237</b>
<b>Opening balance, depreciation</b>	<b>0</b>	<b>0</b>	<b>-51,177</b>	<b>-37,530</b>
Depreciation	0	0	-13,647	-13,647
<b>Closing balance, depreciation</b>	<b>0</b>	<b>0</b>	<b>-64,824</b>	<b>-51,177</b>
<b>Opening balance, write-down</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Write-down	-35,782	0	0	0
<b>Closing balance, write-down</b>	<b>-35,782</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Closing balance</b>	<b>125,378</b>	<b>160,696</b>	<b>3,412</b>	<b>17,059</b>

**Impairment testing of goodwill for the Group**

The value of goodwill is tested annually against the estimated recoverable value, which is either the value in use or the fair value minus sales-related costs. Goodwill has been tested against the value in use as of 8/31/2022 and as of 8/31/2021. The value in use is based on estimated assessments of future cash flows before tax, which are based on reasonable and verifiable assumptions that represent the best estimates of the economic conditions that are expected to prevail.

The group's goodwill consists of goodwill from the acquisitions of MAG Games Ltd, the Sventertainment group and Approe AB. The goodwill for the Sventertainment group is fully written down during the year.

MAG Games is fully integrated in MAG Interactive AB (publ), but Wordzee and Live Ops games Ruzzle, Wordbrain, Wordbrain 2, Word Domination and Wordalot are developed and managed by MAG Games and together they are therefore seen as the smallest cash-generating unit whereby the valuation of goodwill from MAG Games can be performed on. Regarding MAG Games, the assessment of future cash flows is based on the budget for the coming year. Cash flows after the forecast period (1 year) are calculated with an assumption of a growth rate after the forecast period of 10 percent per annum for five years and thereafter 0 percent per annum.

Approe AB and the Sventertainment Group are seen as individual smallest cash-generating units.

Regarding Approe, the assessment of future cash flows is based on the budget for the coming year. Cash flows after the forecast period (1 year) are calculated with an assumption of a growth rate after the forecast period of 10 percent per annum for five years and thereafter 0 percent per annum.

Regarding Sventertainment, the goodwill value is written-down with 35,782 KSEK. This is due to the decision to discontinue Primetime's daily live shows within the QuizDuel game, resulting in less synergistic effects between Primetime and QuizDuel and thus less cash flows than expected. Goodwill for Sventertainment is now fully written-down.

Important assumptions in this estimate include the discount rate, sales growth and EBITDA margins. The discount rate before tax is 15 percent for August 31, 2022 (August 31, 2021: 13 percent). No reasonable possible change in important assumptions would cause the carrying amount to exceed the recoverable value



## NOTE 16 - RIGHT-OF-USE ASSETS AND LEASES

Effect on IFRS 16 in the income statement	Offices		Lease cars		Total	
	2021/2022	2020/2021	2021/2022	2020/2021	2021/2022	2020/2021
Depreciation	-9,833	-9,272	-484	-484	-10,317	-9,756
Interest	-1,106	-1,239	-11	-23	-1,117	-1,262
<b>Total</b>	<b>-10,939</b>	<b>-10,511</b>	<b>-495</b>	<b>-507</b>	<b>-11,434</b>	<b>-11,018</b>

Costs for short-term lease agreements and leasing agreements for which the underlying asset has smaller value are recorded as external operating costs in the income statement. The totalled amount for short-term leasing agreements for the financial year is 539 KSEK (264 KSEK). The total cash flow for leasing agreements was 10,506 KSEK (8,828 KSEK).

The maturity analysis for leasing debts is presented in note 3.

Right of use asset	Offices		Lease cars		Total	
	2021/2022	2020/2021	2021/2022	2020/2021	2021/2022	2020/2021
<b>Opening balance</b>	<b>60,109</b>	<b>59,763</b>	<b>1,452</b>	<b>1,452</b>	<b>61,561</b>	<b>61,215</b>
Extension of current lease contract	5,240	0	0	0	5,240	0
Currency effect	480	346	0	0	480	346
<b>Closing balance</b>	<b>65,829</b>	<b>60,109</b>	<b>1,452</b>	<b>1,452</b>	<b>67,281</b>	<b>61,561</b>
<b>Opening balance, depreciation</b>	<b>-17,403</b>	<b>-8,131</b>	<b>-817</b>	<b>-333</b>	<b>-18,220</b>	<b>-8,464</b>
Depreciation	-9,833	-9,272	-484	-484	-10,317	-9,756
Currency effect	-122	0	0	0	-122	0
<b>Closing balance, depreciation</b>	<b>-27,358</b>	<b>-17,403</b>	<b>-1,301</b>	<b>-817</b>	<b>-28,659</b>	<b>-18,220</b>
<b>Closing balance</b>	<b>38,471</b>	<b>42,706</b>	<b>151</b>	<b>635</b>	<b>38,622</b>	<b>43,341</b>

The leasing agreements run for a period of 3 years with options to extend or terminate the agreement. The terms are for maximising the flexibility in handling the agreements. Options to extend or terminate agreements are included in the asset and liability if it is reasonably certain that they will be exercised.

### Obligations in respect of operational leasing

The parent company rents office space and cars according to non-retractable operational leasing agreements. The leasing periods are 3 years and most of the leasing agreements can be extended at the end of the lease period in exchange for a fee that corresponds with a competitive fee.

Future minimum lease charges for non-retractable operational lease agreements are as following:

	Group		Parent	
	2021/2022	2020/2021	2021/2022	2020/2021
Within 0-1 year	-	-	3,443	9,241
Within 1-5 years	-	-	22	3,062
After more than 5 years	-	-	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>3,465</b>	<b>12,303</b>

## NOTE 17 - EQUIPMENT, TOOLS, FIXTURES AND FITTINGS

	Group		Parent	
	2021/2022	2020/2021	2021/2022	2020/2021
<b>Opening cost of acquisition</b>	<b>16,733</b>	<b>13,403</b>	<b>10,712</b>	<b>8,557</b>
From acquisitions	0	343	-	-
Purchases	666	2,857	321	2,155
Sales/retirements	0	-15	0	0
Exchange rate differences	267	145	-	-
<b>Closing accumulated cost of acquisition</b>	<b>17,666</b>	<b>16,733</b>	<b>11,033</b>	<b>10,712</b>
<b>Opening depreciation</b>	<b>-8,576</b>	<b>-4,965</b>	<b>-5,065</b>	<b>-2,978</b>
Depreciation for the year	-2,942	-3,527	-1,763	-2,087
Exchange rate differences	-167	-85	-	-
<b>Closing accumulated depreciation</b>	<b>-11,685</b>	<b>-8,576</b>	<b>-6,828</b>	<b>-5,065</b>
<b>Closing carrying amount</b>	<b>5,981</b>	<b>8,157</b>	<b>4,205</b>	<b>5,648</b>

## NOTE 18 - FINANCIAL INSTRUMENTS BY CATEGORY

Financial assets measured at amortized cost	Group		Parent	
	8/31/2022	8/31/2021	8/31/2022	8/31/2021
Other long-term receivables	4,124	4,107	4,858	9,599
Receivables from Group companies	-	-	393	326
Trade and other receivables	42,009	33,153	33,847	24,795
Other current receivables	11,470	1,156	10,841	9,323
Prepaid expenses and accrued income	6,396	5,707	5,587	4,694
Cash and cash equivalents	125,940	95,515	94,657	80,306
<b>Total</b>	<b>189,939</b>	<b>139,638</b>	<b>150,183</b>	<b>129,043</b>
<b>Financial liabilities measured at amortized cost</b>	<b>8/31/2022</b>	<b>8/31/2021</b>	<b>8/31/2022</b>	<b>8/31/2021</b>
Liabilities from Group companies	-	-	3,462	3,997
Trade and other payables	24,157	12,528	19,543	9,001
Other current liabilities (loan Almi)	0	137	-	-
Other current liabilities	9,713	6,013	5,226	3,423
Accrued expenses	14,499	16,587	11,112	12,858
<b>Total</b>	<b>48,369</b>	<b>35,265</b>	<b>39,343</b>	<b>29,279</b>
<b>Financial liabilities measured at real value</b>	<b>8/31/2022</b>	<b>8/31/2021</b>	<b>8/31/2022</b>	<b>8/31/2021</b>
Level 1	-	-	-	-
Level 2	-	-	-	-
Level 3 Earn-out short term	2,894	5,913	2,894	5,913
Level 3 Earn-out long term	11,200	43,739	11,200	43,739
<b>Total</b>	<b>14,094</b>	<b>49,652</b>	<b>14,094</b>	<b>49,652</b>

**Level 1:** The fair value of financial instruments traded in active markets (such as publicly traded derivatives and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

**Level 2:** The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques, which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

In addition to the financial instruments listed in the tables (above), the Group has financial liabilities in form of leasing liabilities, which are reported and valued in accordance to IFRS 16. See note 16.

There were no transfers between the levels during the year. The changes in level 3 consists of the payment of the additional contingent consideration from the acquisition of Apprope AB and the write-down of the additional contingent consideration from the acquisition of Sventeratinment AB during the year. It depends upon a prognosis of the EBIT for the respective company. See table below.

Financial liabilities measured at real value	Group		Parent	
	2021/2022	2020/2021	2021/2022	2020/2021
<b>Opening value earn-out</b>	<b>49,652</b>	<b>0</b>	<b>49,652</b>	<b>0</b>
Aquisitions	0	49,652	0	49,652
Pay-out	-3,308	0	-3,308	0
Write-down	-32,250	0	-32,250	0
<b>Closing value earn-out</b>	<b>14,094</b>	<b>49,652</b>	<b>14,094</b>	<b>49,652</b>

## NOTE 19 - OTHER LONG-TERM RECEIVABLES

Other long-term receivables relate to deposits for office premises.

	Group		Parent	
	8/31/2022	8/31/2021	8/31/2022	8/31/2021
<b>Opening value</b>	<b>4,107</b>	<b>4,052</b>	<b>3,766</b>	<b>3,766</b>
From acquisition	0	197	-	-
Deposits	0	24	0	0
Withdrawal	0	-175	0	0
Currency effect	17	9	-	-
<b>Closing value</b>	<b>4,124</b>	<b>4,107</b>	<b>3,766</b>	<b>3,766</b>

## NOTE 20 - DEFERRED TAX ASSET

The Group has recorded deferred tax assets in respect of the tax loss carryforwards in MAG Interactive AB and the Sventertainment group. The tax loss carryforwards have been capitalized as the Group considers it likely that it will be possible to set off the remaining deficit against future taxable profits. There are no non-capitalized deficits in the Group.

	Group		Parent	
	8/31/2022	8/31/2021	8/31/2022	8/31/2021
<b>Deferred tax in the balance sheet</b>	<b>2,920</b>	<b>7,615</b>	<b>1,093</b>	<b>5,833</b>
<b>Opening balance</b>	<b>7,615</b>	<b>5,841</b>	<b>5,833</b>	<b>5,841</b>
Tax effect, tax loss carry forwards utilized	45	0	0	0
Deferred tax on used loss carryforward	-4,740	1774	-4,740	-8
<b>Closing balance</b>	<b>2,920</b>	<b>7,615</b>	<b>1,093</b>	<b>5,833</b>

## NOTE 21 - TRADE AND OTHER RECEIVABLES

	8/31/2022	8/31/2021
Trade and other receivables	42,009	33,153
<b>Total</b>	<b>42,009</b>	<b>33,153</b>

Amounts recorded for each currency for the Group's trade and other receivables are as follows:

	8/31/2022	8/31/2021
SEK	5,434	3,260
EUR	716	136
GBP	3,388	3,830
USD	32,471	25,599
NOK	0	76
DKK	0	252
PLN	0	2
<b>Total</b>	<b>42,009</b>	<b>33,153</b>

The maximum exposure to credit risk as of the balance sheet date is the carrying amount of trade and other receivables stated above. The fair value of trade and other receivables corresponds to their carrying amount, as there is no significant discount effect.

No trade or other receivables have been pledged as collateral for any debt.

As of August 31, 2022, trade and other receivables totalling KSEK 132 were due, without it being considered that an impairment requirement existed for the Group. The receivables due relate to a number of customers who have not previously experienced any payment difficulties.

An age analysis of these trade and other receivables is shown below:

	8/31/2022	8/31/2021
1-30 days	84	4,257
31 - 60 days	0	1,345
More than 61 days	47	270
<b>Total trade and other receivables due</b>	<b>132</b>	<b>5,872</b>

The Group has no mortgage as security.

## NOTE 22 - TAX ASSETS

	Group		Parent	
	8/31/2022	8/31/2021	8/31/2022	8/31/2021
Retroactive R&D tax-deductions	7,621	7,621	7,621	7,621
Other Tax Assets	2,284	1,123	2,009	781
<b>Total</b>	<b>9,905</b>	<b>8,744</b>	<b>9,630</b>	<b>8,402</b>

"Retroactive R&D tax-deductions" refers to the application of a deduction from the employer contributions for people who work in research or development. The application concerns the years 2015-2020 and a decision from the Swedish Tax Agency in the matter has not yet been received.

## NOTE 23 - OTHER CURRENT RECEIVABLES

	Group		Parent	
	8/31/2022	8/31/2021	8/31/2022	8/31/2021
Current receivables, employees	48	-11	48	-11
Tax receivables	586	253	284	145
VAT receivables	867	877	827	753
Other items	64	38	53	34
<b>Total</b>	<b>1,565</b>	<b>1,156</b>	<b>1,211</b>	<b>921</b>

## NOTE 24 - PREPAID EXPENSES AND ACCRUED INCOME

	Group		Parent	
	8/31/2022	8/31/2021	8/31/2022	8/31/2021
Prepaid expenses	6,396	5,707	5,587	4,694
<b>Total</b>	<b>6,396</b>	<b>5,707</b>	<b>5,587</b>	<b>4,694</b>

## NOTE 25 - CASH AND CASH EQUIVALENTS

	Group		Parent	
	8/31/2022	8/31/2021	8/31/2022	8/31/2021
Bank balances	125,940	95,515	94,657	80,306
<b>Total</b>	<b>125,940</b>	<b>95,515</b>	<b>94,657</b>	<b>80,306</b>

## NOTE 26 - EQUITY

	Number of ordinary shares	Share capital
As of August 31, 2021	26,494,653	688,173
As of August 31, 2022	26,494,653	688,173

Share capital as of August 31, 2022 consists of 26,494,653 shares, consisting of ordinary shares with a quota value of SEK 0.026. The shares have a voting value of 1 vote/share. All shares issued by the parent company are fully paid. As of the closing date of August 31, 2022, the company has six outstanding option schemes. See note 31.

## NOTE 27 - OTHER LONG-TERM LIABILITIES

	Group		Parent	
	8/31/2022	8/31/2021	8/31/2022	8/31/2021
Long term earn-out Sventertainment	0	29,250	0	29,250
Long term earn-out Apprope	11,200	14,489	11,200	14,489
<b>Total</b>	<b>11,200</b>	<b>43,739</b>	<b>11,200</b>	<b>43,739</b>



## NOTE 28 - DEFERRED TAX LIABILITY

The change in deferred tax liabilities during the year, not taking into account any off sets performed within the same tax jurisdiction, is described below:

	Acquired intellectual rights to games for platforms Group	Capitalized expenditure for development works in respect of games for platforms Group	Total Group	Acquired intellectual rights to games for platforms Parent
<b>Opening balance as of 9/1/2021</b>	5,615	7,711	13,326	5,616
From merger	9,270	-	9,270	-
Recorded in the income statement	-1,942	1,671	-271	-775
<b>Closing balance 8/31/2021</b>	<b>12,943</b>	<b>9,382</b>	<b>22,325</b>	<b>4,841</b>
<b>Opening balance as of 9/1/2021</b>	<b>12,943</b>	<b>9,382</b>	<b>22,325</b>	<b>4,841</b>
Recorded in the income statement	-2,114	-37	-2,151	-775
<b>Closing balance 8/31/2022</b>	<b>10,829</b>	<b>9,345</b>	<b>20,175</b>	<b>4,066</b>

The parent company's deferred tax liability is attributable to the merger of FEO Media AB June 23 2020.

## NOTE 29 - OTHER CURRENT LIABILITIES

	Group		Parent	
	8/31/2022	8/31/2021	8/31/2022	8/31/2021
Personnel related liabilities	144	1,882	14	72
VAT	185	703	-	-
Taxes and social security contributions	5,703	2,434	4,913	3,307
Short-term liability for earn-out	2,894	5,913	2,894	5,913
Short-term bank loan (Almi)	0	137	-	-
Other*	3,681	938	299	44
<b>Total</b>	<b>12,607</b>	<b>12,006</b>	<b>8,120</b>	<b>9,335</b>

\*An adjustment of the previous year's balance sheet in group 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.

## NOTE 30 - ACCRUED EXPENSES AND PREPAID INCOME

	Group		Parent	
	8/31/2022	8/31/2021	8/31/2022	8/31/2021
Accrued expenses	3,761	4,639	834	1,152
Accrued salaries, employers contribution, holiday pay and bonuses	10,738	11,948	10,278	11,706
<b>Total</b>	<b>14,499</b>	<b>16,587</b>	<b>11,112</b>	<b>12,858</b>

## NOTE 31 - LONG-TERM INCENTIVE PROGRAMS

### ABOUT THE LONG-TERM INCENTIVE PROGRAM 2019/2022

During the financial year, the warrant program 2019/2022 ended and as the stock price was below the exercise price no shares were subscribed.

### ABOUT THE LONG-TERM INCENTIVE PROGRAM 2020/2023

LTIP 2020/2023 consists of two long-term incentive programs; (1) employee stock option program and (2) warrants for the management.

#### Employee stock option program 2020/2023 (ESOP 2020/2023)

In total, the ESOP 2020/2023 consist of no more than 293,213 employee stock options, entitling to subscription for an equal number of shares. Each employee stock option entitles the holder to acquire one (1) new share against cash consideration at an exercise price of SEK 20.5. The long-term incentive program includes an issue of options and transfer of shares and/or options. As of the closing date, 157,500 options were active out of the original 255,500. The difference is due to employees who have left.

The allotted employee stock options will be vested over a three-year period in accordance with the following:

- a) 1/3 of the allotted employee stock options will be vested on March 1, 2021;
- b) 1/3 of the allotted employee stock options will be vested on March 1, 2022; and
- c) 1/3 of the allotted employee stock options will be vested on March 1, 2023.

The employee stock options shall be allotted without consideration. The holders can exercise allotted and vested employee stock options during the period from and including March 2, 2023 up to and including April 2, 2023.

MAG Interactive's stock option program for employees was approved by the shareholders at the Annual General Meeting held on January 14, 2020. The reasons for the long-term incentive program is that it should contribute to the possibilities to retain and attract qualified personnel and to increase motivation for the employees by being involved in and working for a positive value increase of the shares during the period covered by the ESOP 2020/2023.

In order to enable delivery of shares under the ESOP 2020/2023, an issue of not more than 293,213 warrants, free of charge, has been made to MAG United AB. Each option entitles to subscription for one (1) share in MAG Interactive AB (publ) during the period from January 11, 2020, or later date on which the warrants are registered, up to and including July 15, 2023 at an exercise price of SEK 20.5 and 293,213 to an exercise price of SEK 0. If the options are exercised in full the share capital will increase by SEK 4,091. Subscription of employee stock option must take place on April 2, 2023. The board has the right to extend the subscription period. There can be no over-subscription.

MAG United AB has been granted permission to transfer shares to the participants in the ESOP 2020/2023 program in connection with exercise of the employee stock options in accordance with a number of terms.

Program	Number of stock options	Exercise price	Exercise time	Price
ESOP 2020/2023	157,500	20.5	March 2, 2023-April 2, 2023	SEK 0
<b>Total/Average</b>	<b>157,500</b>	<b>20.5</b>	<b>March 2, 2023-April 2, 2023</b>	<b>SEK 0</b>

#### Current value of ongoing program

The employee stock options do not have a market value since they are not transferable. The value of the options at the allotted date was 0 SEK.

#### Costs for share related incentive programs

The total cost for developing and executing on the ESOP 2020/2023 program was KSEK 200.

### WARRANT PROGRAM 2020/2023:3

In total, the warrant program 2020/2023:3 consist of no more than 233,213 warrants, entitling to subscription for an equal number of shares. Each warrant of series 2020/2023:3 entitles to subscription for one (1) share in MAG Interactive AB (publ) during the period from March 2, 2023 up to and including June 2, 2023. Subscription for new shares by way of exercising warrants of series 2020/2023:3 shall be made at a price per share corresponding to 150 % of the volume-weighted average trading price of MAG Interactive AB (publ)'s share on Nasdaq First North during the period from January 13, 2020 up to and including January 21, 2020. The subscription price may not be less than the quota value of the shares.

If the warrants of series 2020/2023:3 are exercised in full the share capital will increase by SEK 6,057. There can be no over-subscription.

The warrants of series 2020/2023:3 shall be issued at a subscription price corresponding to the market value, calculated in accordance with the Black & Scholes valuation formula by an independent valuation firm appointed by the company, immediately after the expiration of the measurement period on January 21, 2020.

The issuance of warrants entails a dilution effect corresponding to a maximum of approximately 0.88 % of the shares and votes in the company if the proposed warrants are exercised in full.

Program	Number of warrants	Exercise price	Exercise time	Price
2020/2023:3	233,213	20.5	March 2 2023 - April 2 2023	SEK 1.53
<b>Total/Average</b>	<b>233,213</b>	<b>20.5</b>	<b>March 2 2023 - April 2 2023</b>	<b>1.53 kr</b>

The total costs for administration are estimated to amount to approximately KSEK 200.

## **ABOUT THE LONG-TERM INCENTIVE PROGRAM 2021/2024**

LTIP 2021/2024 consists of two long-term incentive programs; (1) employee stock option program and (2) warrants for the management.

### **Employee stock option program 2021/2024 (ESOP 2021/2024)**

In total, the ESOP 2021/2024 consist of no more than 264,947 employee stock options, entitling to subscription for an equal number of shares. Each employee stock option entitles the holder to acquire one (1) new share against cash consideration at an exercise price of SEK 50.1. The long-term incentive program includes an issue of options and transfer of shares and/or options. As of the closing date, 195,329 options were active out of the original 256,555. The difference is due to employees who have left.

The allotted employee stock options will be vested over a three-year period in accordance with the following:

- a) 1/3 of the allotted employee stock options will be vested on March 1, 2022;
- b) 1/3 of the allotted employee stock options will be vested on March 1, 2023; and
- c) 1/3 of the allotted employee stock options will be vested on March 1, 2024.

The employee stock options shall be allotted without consideration. The holders can exercise allotted and vested employee stock options during the period from and including April 1, 2024 up to and including May 1, 2024.

MAG Interactive's stock option program for employees was approved by the shareholders at the Annual General Meeting held on January 20, 2021. The reasons for the long-term incentive program is that it should contribute to the possibilities to retain and attract qualified personnel and to increase motivation for the employees by being involved in and working for a positive value increase of the shares during the period covered by the ESOP 2021/2024.

In order to enable delivery of shares under the ESOP 2021/2024, an issue of not more than 264,947 warrants, free of charge, has been made to MAG United AB. Each option entitles to subscription for one (1) share in MAG Interactive AB (publ) during the period from February 1, 2021, or later date on which the warrants are registered, up to and including July 22, 2024 at an exercise price of SEK 50.1 and 264,947 to an exercise price of SEK 0. If the options are exercised in full the share capital will increase by SEK 5,073. Subscription of employee stock option must take place on May 1, 2024. The board has the right to extend the subscription period. There can be no over-subscription.

MAG United AB has been granted permission to transfer shares to the participants in the ESOP 2021/2024 program in connection with exercise of the employee stock options in accordance with a number of terms.

Program	Number of stock options	Exercise price	Exercise time	Price
ESOP 2021/2024	195,329	50.1	April 1, 2024-May 1, 2024	SEK 0
<b>Total/Average</b>	<b>195,329</b>	<b>50.1</b>	<b>April 1, 2024-May 1, 2024</b>	<b>SEK 0</b>

#### Current value of ongoing program

The employee stock options do not have a market value since they are not transferable. The value of the options at the allotted date was 0 SEK.

#### Costs for share related incentive programs

The total cost for developing and executing on the ESOP 2021/2024 program was KSEK 200.

### WARRANT PROGRAM 2021/2024:3

In total, the warrant program 2021/2024:3 consist of no more than 264,947 warrants, entitling to subscription for an equal number of shares. Each warrant of series 2021/2024:3 entitles to subscription for one (1) share in MAG Interactive AB (publ) during the period from April 1, 2024 up to and including June 3, 2024. Subscription for new shares by way of exercising warrants of series 2021/2024:3 shall be made at a price per share corresponding to 150 % of the volume-weighted average trading price of MAG Interactive AB (publ)'s share on Nasdaq First North during the period from January 21, 2021 up to and including January 29, 2021. The subscription price may not be less than the quota value of the shares.

If the warrants of series 2021/2024:3 are exercised in full the share capital will increase by SEK 6,882. There can be no over-subscription.

The warrants of series 2021/2024:3 shall be issued at a subscription price corresponding to the market value, calculated in accordance with the Black & Scholes valuation formula by an independent valuation firm appointed by the company, immediately after the expiration of the measurement period on January 29, 2021.

The issuance of warrants entails a dilution effect corresponding to a maximum of approximately 1% of the shares and votes in the company if the proposed warrants are exercised in full.

Program	Number of warrants	Exercise price	Exercise time	Price
2021/2024:3	264,947	50.1	April 1, 2024 - June 3, 2024	SEK 5.54
<b>Total/Average</b>	<b>264,947</b>	<b>50.1</b>	<b>April 1, 2024 - June 3, 2024</b>	<b>SEK 5.54</b>

The total costs for administration are estimated to amount to approximately KSEK 200.

## ABOUT THE LONG-TERM INCENTIVE PROGRAM 2022/2025

LTIP 2022/2025 consists of two long-term incentive programs; (1) employee stock option program and (2) warrants for the management.

### Employee stock option program 2022/2025 (ESOP 2022/2025)

In total, the ESOP 2022/2025 consist of no more than 264,946 employee stock options, entitling to subscription for an equal number of shares. Each employee stock option entitles the holder to acquire one (1) new share against cash consideration at an exercise price of SEK 31.4. The long-term incentive program includes an issue of options and transfer of shares and/or options. As of the closing date, 234,959 options were active out of the original 262,169. The difference is due to employees who have left.

The allotted employee stock options will be vested over a three-year period in accordance with the following:

- a) 1/3 of the allotted employee stock options will be vested on March 1, 2023;
- b) 1/3 of the allotted employee stock options will be vested on March 1, 2024; and
- c) 1/3 of the allotted employee stock options will be vested on March 1, 2025.

The employee stock options shall be allotted without consideration. The holders can exercise allotted and vested employee stock options during the period from and including April 1, 2025 up to and including May 1, 2025.

MAG Interactive's stock option program for employees was approved by the shareholders at the Annual General Meeting held on January 19, 2022. The reasons for the long-term incentive program is that it should contribute to the possibilities to retain and attract qualified personnel and to increase motivation for the employees by being involved in and working for a positive value increase of the shares during the period covered by the ESOP 2022/2025.

In order to enable delivery of shares under the ESOP 2022/2025, an issue of not more than 264,946 warrants, free of charge, has been made to MAG United AB. Each option entitles to subscription for one (1) share in MAG Interactive AB (publ) during the period from February 1, 2022, or later date on which the warrants are registered, up to and including July 25, 2025 at an exercise price of SEK 31.4 and 264,946 to an exercise price of SEK 0. If the options are exercised in full the share capital will increase by SEK 6,103. Subscription of employee stock option must take place on May 1, 2025. The board has the right to extend the subscription period. There can be no over-subscription.

MAG United AB has been granted permission to transfer shares to the participants in the ESOP 2022/2025 program in connection with exercise of the employee stock options in accordance with a number of terms.

Program	Number of stock options	Exercise price	Exercise time	Price
ESOP 2022/2025	234,959	31.4	April 1, 2025-May 1, 2025	SEK 0
<b>Total/Average</b>	<b>234,959</b>	<b>31.4</b>	<b>April 1, 2025-May 1, 2025</b>	<b>SEK 0</b>

#### Current value of ongoing program

The employee stock options do not have a market value since they are not transferable. The value of the options at the allotted date was 0 SEK.

#### Costs for share related incentive programs

The total cost for developing and executing on the ESOP 2022/2025 program was KSEK 200.

### WARRANT PROGRAM 2022/2025:3

In total, the warrant program 2022/2025:3 consist of no more than 264,946 warrants, entitling to subscription for an equal number of shares. Each warrant of series 2022/2025:3 entitles to subscription for one (1) share in MAG Interactive AB (publ) during the period from April 1, 2025 up to and including June 2, 2025. Subscription for new shares by way of exercising warrants of series 2022/2025:3 shall be made at a price per share corresponding to 150 % of the volume-weighted average trading price of MAG Interactive AB (publ)'s share on Nasdaq First North during the period from January 20, 2022 up to and including January 28, 2022. The subscription price may not be less than the quota value of the shares.

If the warrants of series 2022/2025:3 are exercised in full the share capital will increase by SEK 1,948. There can be no over-subscription.

The warrants of series 2022/2025:3 shall be issued at a subscription price corresponding to the market value, calculated in accordance with the Black & Scholes valuation formula by an independent valuation firm appointed by the company, immediately after the expiration of the measurement period on January 28, 2022.

The issuance of warrants entails a dilution effect corresponding to a maximum of approximately 0,28% of the shares and votes in the company if the proposed warrants are exercised in full.

Program	Number of warrants	Exercise price	Exercise time	Price
2022/2025:3	75,000	31.4	April 1, 2025 - June 2, 2025	SEK 3.53
<b>Total/Average</b>	<b>75,000</b>	<b>31.4</b>	<b>April 1, 2025 - June 2, 2025</b>	<b>SEK 3.53</b>

The total costs for administration are estimated to amount to approximately KSEK 200.



## Employee stock options and warrants

	2021/2022		2020/2021	
	Number of employee stock options	Number of warrants	Number of employee stock options	Number of warrants
<b>Active options, opening balance</b>	<b>871,822</b>	<b>498,160</b>	<b>668,833</b>	<b>233,213</b>
Issued	234,959	75,000	250,989	264,947
Non vested options	-111,660	0	-48,000	0
Expired options	-407,333	0	0	0
<b>Active options, closing balance</b>	<b>587,788</b>	<b>573,160</b>	<b>871,822</b>	<b>498,160</b>

Employee stock options due dates	Number signed	Exercise price (weighted sum)	Active as per Aug 31, 2022	Exercise price (weighted sum)	Vested as per Aug 31, 2022
March 1, 2023	255,500	20.5	157,500	20.5	105,100
March 1, 2024	256,555	50.1	195,329	50.1	65,110
March 1, 2025	262,169	31.4	234,959	31.4	0
<b>Total</b>	<b>774,224</b>	<b>34.0</b>	<b>587,788</b>	<b>34.7</b>	<b>170,210</b>

## Warrants due date

March 1, 2023	233,213	20.5	233,213	20.5	155,475
March 1, 2024	264,947	50.1	264,947	50.1	88,316
March 1, 2025	75,000	31.4	75,000	31.4	0
<b>Total</b>	<b>573,160</b>	<b>34.7</b>	<b>573,160</b>	<b>35.6</b>	<b>243,791</b>

## Total number of options and warrants

1,347,384

1,160,948

414,001

Share of total numbers of shares

5,09%

4,38%

1,56%

## NOTE 32 - ADJUSTMENT FOR ITEMS NOT INCLUDED IN THE CASH FLOW

	Group		Parent	
	8/31/2022	8/31/2021	8/31/2022	8/31/2021
Depreciation of tangible assets	2,942	3,197	1,763	2,087
Retirements of tangible assets	0	15	0	0
Depreciation of intangible assets	40,982	36,341	17,407	17,407
Depreciation of right of use assets	10,260	9,705	-	-
Write-down of goodwill	35,782	0	-	-
Write-down of earn-out	-32,250	0	-	-
LTIP	78	652	78	652
<b>Total</b>	<b>57,794</b>	<b>49,911</b>	<b>19,248</b>	<b>20,146</b>

## NOTE 33 - CHANGES IN LIABILITIES FROM FINANCING ACTIVITIES

	Liabilities to credit institutions	Liabilities to previous owner of Appropo AB	Leases
	Group	Group	Group
<b>As of September 1, 2020</b>	<b>0</b>	<b>0</b>	<b>54,346</b>
Cash flows	-71	-7,190	-9,123
Items not part of cash flow:			
Additional bank loan from acquisition	208	-	-
Additional liability to previous owner from acquisition	-	7,190	-
Exchange rate differences	-	-	295
<b>As of August 31, 2021</b>	<b>137</b>	<b>0</b>	<b>45,518</b>
<b>As of September 1, 2021</b>	<b>137</b>	<b>0</b>	<b>45,518</b>
Cash flows	-137	0	-10,506
Items not part of cash flow:			
Exchange rate differences	0	0	368
<b>As of August 31, 2022</b>	<b>0</b>	<b>0</b>	<b>35,380</b>

The parent has no liabilities that are reported in financing activities during the financial year.

## NOTE 34 - HOLDINGS AND INVESTMENTS IN SUBSIDIARIES

The Group's holdings and investments in subsidiaries

Name	Country of registration and operation	Business activity	Proportion of ordinary shares owned directly by the parent company (%)
MAG Games Ltd	UK	Development	100
MAG United AB	Sweden	Warrants	100
Sventertainment AB	Sweden	Development	100
Apprope AB	Sweden	Development	100

MAG Games Ltd and MAG United AB, Sventertainment AB and Apprope AB are consolidated into the Group. The proportion of voting rights in subsidiaries which is owned directly by the parent company, does not differ from the proportion of ordinary shares owned.

The Parent company's shares in Group companies	8/31/2022	8/31/2021
Opening balance cost of acquisition	176,151	47,252
Acquisition	0	128,898
Adjustment of earn-out	-32,250	0
Write-down	-12,922	0
<b>Closing balance</b>	<b>130,979</b>	<b>176,151</b>

Name	Country of registration and operation	Business activity	Proportion of ordinary shares owned directly by the Parent (%)	Carrying amount 8/31/2021	Carrying amount 8/31/2020
MAG Games Ltd	UK	Development	100	47,202	47,202
MAG United AB	Sweden	Warrants	100	50	50
Sventertainment AB	Sweden	Development	100	12,000	57,172
Apprope AB	Sweden	Development	100	71,727	71,727
<b>Total</b>				<b>130,979</b>	<b>176,151</b>

## NOTE 35 - INTERCOMPANY RECEIVABLES AND LIABILITIES

	Parent	
	8/31/2022	8/31/2021
<b>Intercompany receivables</b>		
Trade and other receivables	0	32
Long-term receivables (LTIP)	318	166
Inter company receivables	75	128
<b>Total</b>	<b>393</b>	<b>325</b>
<b>Intercompany liabilities</b>		
Trade and other payables	3,462	3,997
<b>Total</b>	<b>3,462</b>	<b>3,997</b>
<b>Group net</b>	<b>-3,069</b>	<b>-3,672</b>

## NOTE 36 - ASSOCIATED PARTIES

### Dividend

No dividend has been paid to related parties within the past financial year 2021/2022 or during the comparative year 2020/2021.

### Remuneration to senior executives

For information regarding remuneration to senior executives, see note 9.

### Redemption of shares

No associated parties have redeemed shares during the past financial year 2021/2022 or during the comparative year 2020/2021.

### Associated company

No transactions were made between associated companies during the past financial year 2021/2022 or during the comparative year 2020/2021.

## NOTE 37 - PLEDGED ASSETS

	Group		Parent	
	8/31/2022	8/31/2021	8/31/2022	8/31/2021
Rental deposit	4,124	4,107	3,766	3,766
<b>Total</b>	<b>4,124</b>	<b>4,107</b>	<b>3,766</b>	<b>3,766</b>

## NOTE 38 - SIGNIFICANT EVENTS AFTER THE END OF THE YEAR

No notable events have occurred after the end of the financial year.

## APPROVAL OF THE FINANCIAL STATEMENT

The Board of Directors and the CEO confirms that the consolidated accounts have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and give a true and fair view of the Group's financial position and profits. The annual accounts have been prepared in accordance with accepted accounting practice and provide a fair view of the parent company's financial position and profits.

The Statutory Administration Report for the Group and the parent company provides a fair summary of developments in the Group's and the parent company's business activities, financial position and profits, and describes the significant risks and uncertainty factors faced by the parent company and the companies that are part of the Group.

Stockholm, as per digital signature.

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**Jonas Eriksson**  
Chairman of the Board

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**Taina Malén**  
Board Member

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**Andras Vajlok**  
Board Member

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**Asbjørn Søndergaard**  
Board Member

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**Teemu Huuhtanen**  
Board Member

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**Daniel Hasselberg**  
CEO and Board Member

Our audit report has been submitted December 13, 2022  
Öhrlings PricewaterhouseCoopers AB

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**Niklas Renström**  
Authorized Public Accountant

# AUDITOR'S REPORT

To the general meeting of the shareholders of MAG Interactive AB (publ), corporate identity number 556804-3524

## REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

### Opinions

We have audited the annual accounts and consolidated accounts of MAG Interactive AB (publ) for the financial year 1 September 2021 to 31 August 2022. The annual accounts and consolidated accounts of the company are included on pages 53-119 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company and the group as of 31 August 2022 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 August 2022 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

### Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

### Responsibilities of the Board of Director's and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.



In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

### **Auditor's responsibility**

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website: [www.revisorsinspektionen.se/revisornsansvar](http://www.revisorsinspektionen.se/revisornsansvar). This description is part of the auditor's report.

## **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

### **Opinions**

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Director's and the Managing Director of MAG Interactive AB (publ) for the financial year 1 September 2021 to 31 August 2022 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit dealt with in accordance with the proposal in the statutory administration report and that the members of the Board of Director's and the Managing Director be discharged from liability for the financial year.

### **Basis for Opinions**

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

## Responsibilities of the Board of Director's and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group' equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

## Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: [www.revisorsinspektionen.se/revisornsansvar](http://www.revisorsinspektionen.se/revisornsansvar). This description is part of the auditor's report.

Stockholm the date indicated by the electronic signature.  
Öhrlings PricewaterhouseCoopers AB

**Niklas Renström**  
Authorized Public Accountant