

MAG INTERACTIVE

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**MAG INTERACTIVE AB [PUBL]**  
**INTERIM REPORT AND YEAR END REPORT**  
**SEP-AUG 2021/22**

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**2021/22**

# **INTERIM AND YEAR END REPORT**

## **SEP—AUG 2021/22**

### **ABOUT**

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#### **MAG INTERACTIVE AB [PUBL]**

**MAG INTERACTIVE IS A LEADING MOBILE GAME DEVELOPER FOCUSED ON CASUAL SOCIAL GAMES. WITH PASSIONATE, CREATIVE TEAMS AND A DATA-DRIVEN BUSINESS MODEL, MAG DELIVERS WORLD-CLASS GAMING EXPERIENCES TO MILLIONS OF PLAYERS WORLDWIDE. MAG SPECIALIZES IN WORD GAMES AND TRIVIA, WITH A PORTFOLIO OF TITLES INCLUDING QUIZDUEL, WORDZEE, PRIMETIME, WORD BUBBLES, 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. FOR MORE INFORMATION VISIT [WWW.MAGINTERACTIVE.COM](http://WWW.MAGINTERACTIVE.COM).**

## SUMMARY OF THE PERIOD JUNE UNTIL AUG 2022

- The Group's net sales for the period were 90,001 KSEK (69,647 KSEK), an increase of 29% compared to the same period the previous year
- The Group's other operating income was 34,120 KSEK (734 KSEK) and includes a write-down of the earn-out to Sventertainment AB (Primetime) of 32,250 KSEK
- EBITDA for the period was 37,055 KSEK (21,743 KSEK)
- Adjusted EBITDA for the period was 4,719 KSEK (22,987 KSEK). Adjustments are primarily related to the amortization of earn-out in conjunction with the acquisition of Sventertainment AB (Primetime), see note 4
- The Group's game contribution for the period was 34,894 KSEK (47,923 KSEK), a decrease of 27% compared to the same period the previous year, see note 5
- Average revenue per daily active user (ARPDau) for the period was 7.3 US cents (5.4 US cents), an increase of 36% compared to the same period the previous year
- The result per share during the quarter was -0.38 SEK/share (0.30 SEK/share)
- The cost of user acquisition for the period was 43,298 KSEK (15,026 KSEK)
- Daily and monthly active users (DAU and MAU) were 1.3 million and 3.8 million respectively during the quarter, a decrease of 21% and 30% compared to the same period the previous year

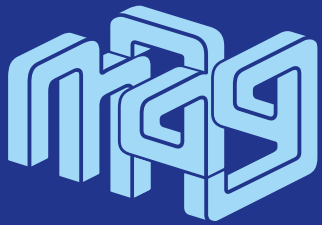
## SUMMARY OF THE PERIOD SEP 2021 UNTIL AUG 2022

- The Group's net sales for the period were 327,774 KSEK (286,584 KSEK), an increase of 14% compared to the same period the previous year. The period's net sales include 14,706 KSEK relating to a transfer bonus from Applovin. Adjusted net sales are 313,068 KSEK, see note 4
- The Group's other operating income was 37,811 KSEK (3,373 KSEK) and includes a write-down of the earn-out to Sventertainment of 32,250 KSEK
- EBITDA for the period was 101,360 KSEK (56,617 KSEK)
- Adjusted EBITDA for the period was 53,232 KSEK (57,675 KSEK) (adjustments relate to effects from transfer bonus revenue, write down of earn-out, acquisition costs and social contribution costs from revaluation of option programs), see note 4
- The Group's game contribution for the period was 182,627 KSEK (177,350 KSEK), an increase of 3% compared to the same period the previous year, see note 5
- The result per share during the period was 0.43 SEK/share (0.27 SEK/share)

## SIGNIFICANT EVENTS DURING AND AFTER THE PERIOD SEP 2021 UNTIL AUG 2022

- The Apprope game Tile Mansion was launched in several English-speaking marketings during Q4.





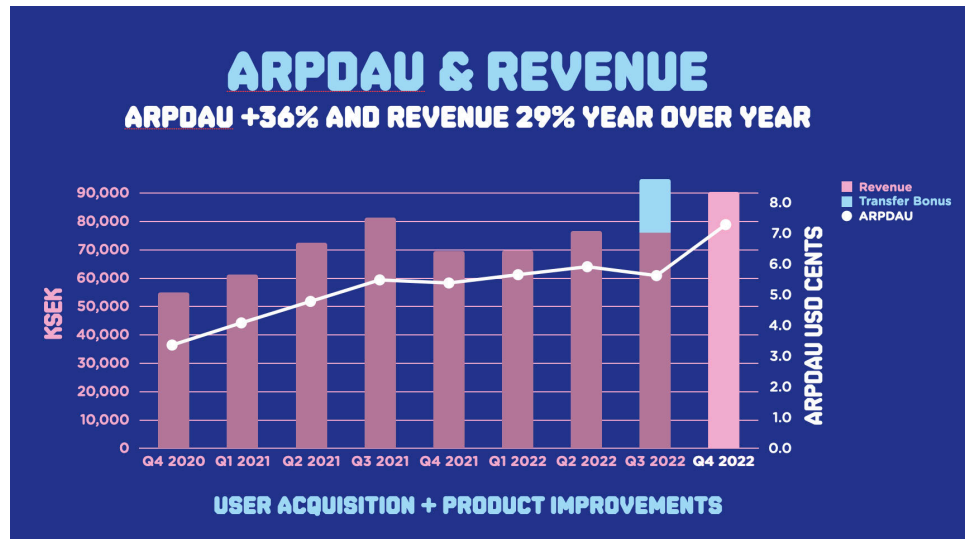
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# FROM THE CEO MAG CONTINUES ON GROWTH PATH

2021/22

## Strong organic growth

We are finishing off a financial year that saw us reach record revenues of 328 MSEK while also being profitable on a yearly basis. Our financial goals are to grow faster than the industry average and to work towards an EBIT margin of at least 20%. This financial year was another step in that direction with a 14% revenue growth and a full year of profitability.

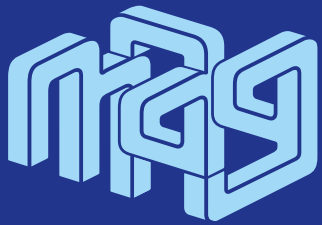


Revenue and ARPDau - last nine quarters

During Q4 we generated an organic revenue growth of 29% on the back of high-performing User Acquisition (UA) combined with a favorable exchange rate to the USD compared to last year. The UA investment grew to 43 MSEK, reaching its highest level in several years. An accelerated UA always impacts the short term profitability negatively, which we clearly see this quarter. However, as we have stated basically every quarter for the last five years, our goal is always to maximize UA investments as long as they are meeting our performance requirements.

We are pleased with the outcome of this quarter and our increased investments showing clearly in immediate revenue growth. Our long term profitability goals will be achieved faster when we are able to accelerate UA, and we are thrilled to see the window for growth opening this way.





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## FROM THE CEO MAG CONTINUES ON GROWTH PATH

2021/22

### DAU and ARPDAU dynamics

The dynamics of acquiring relatively fewer but higher quality players result in a stronger average revenue per daily active user (ARPDAU) but a weaker development of the overall number of active users. Relative to the same quarter last year, ARPDAU is up 36% whereas the daily active users are down 21%. As our UA is focused on return on investment (ROI) measured in USD, rather than users, this is merely a consequence of a high average user quality.

If we would see more of our UA coming in from regions outside the U.S., where the average cost and quality of players are lower, we would see a shift in this trend; DAU might increase while we would have slower growth in ARPDAU. It is important to point out that we are continuously improving our products to improve both ARPDAU and retention. The discussion above is based on acquiring traffic to a static product line, which is not the case for MAGs portfolio.

Another dynamic we can see in our DAU is that cohorts of players stabilize over time. More than 70% of our daily active users have been active in the game they are currently playing for over a year. The fluctuations in DAU we see between quarters are mainly correlated with the relatively recent installs of new players, while the majority of our DAU is made up of players that have joined our games over a number of years.

### Tailwind from macro trends

We have not seen any negative impact from the weakening global economy. Neither in-app spending nor ad-monetization KPIs have shown any negative trends during the quarter compared to the same period last year. On the contrary the current macro environment opens further opportunities for us as the competition seemingly is weaker on the UA side, and MAG as a business benefits from a stronger USD and weaker SEK and GBP. We generate a big part of our revenues in USD and most of our fixed costs are related to running our studios in Sweden and the UK.

### The growth games segment developed well

Wordzee beat even our own high expectations in Q4. It saw record quarterly revenues as well as entered top ten grossing word games in the U.S. for the first time. The coming year will likely be the best since launch given the start of Q1. We have a great team working on the game, and we continue to see UA at a high pace going into Q1.

For QuizDuel, Q4 is a seasonally weak quarter but the game performed significantly better than the same quarter last year. We continue to have high ambitions regarding the future of QuizDuel and look forward to running an even higher event frequency during the coming year. The investments in a stronger game with more varied gameplay and content are paying off, and we are going to continue to double down on what we have seen working so well during 2021/22.





MAG INTERACTIVE

## FROM THE CEO MAG CONTINUES ON GROWTH PATH

2021/22

We have made the decision to discontinue the daily live shows for the German players. This game mode definitely found a loyal audience, but it was too small to make the advertising model work well enough to justify daily shows. We might turn this into more of an event type to switch on when we have exciting content combined with a strong sponsor.

Regarding Tile Mansion, we are off to a good start in terms of game KPIs and are able to slowly but surely ramp up UA as we see more data come in. During Q4 it launched in several English-speaking markets, and we expect the game to continue to grow into Q1. We expect to see the game grow long into the future. For reference Wordzee is still growing almost three years after launch, and we are only at the beginning of scaling up Tile Mansion. The game is currently generating just above 5% of our total game revenue, and we expect that to grow significantly during the next couple of quarters.

### **New games: an exciting investment opportunity**

The ROI for a game that goes through our strict evaluation process is high, and we are convinced that discipline and focus is the right way to think about game making. We don't settle for games that cannot become scalable evergreen games - games that will be significant value drivers many years into the future. Our approach leads to fewer game launches, but we have a track record of evergreens that speaks for itself. Reinvesting parts of the surplus from our live games into building the potential of the next hit game for MAG is a great opportunity to create future shareholder value.

To give an example: The expected profitability over a lifetime from a game like Wordzee would finance at least 10 years of new game development costs at our current pace.

We are continuing to develop the game wrapper mentioned in the last quarterly report. The wrapper contains everything in a game that is outside of the core mechanic, such as meta and story. This will give us an even better opportunity to compete for the top spots in the casual games category in the U.S. We plan to use the game wrapper with multiple different core mechanics, including but not limited to word games. A streamlined approach to creating games will help us increase the frequency of new games coming to market.

In addition to working on the wrapper, we are evaluating the ongoing tests of the stand alone game experiences we have tested this year as well as spinning up new concepts for tests in the coming months.





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## FROM THE CEO MAG CONTINUES ON GROWTH PATH

2021/22

### Re-adjustments related to the acquisition of Primetime (Sventertainment)

As we have decided to discontinue the daily shows in QuizDuel, we will adjust the future debt in the balance sheet corresponding to the initially projected earn-out while at the same time adjusting the goodwill value. This pretty much nets out and does not have a significant impact on our result in the quarter. We maintain an opinion that uncertainty and risk as well as future potential in acquisition are best handled through earn-outs, and that structuring acquisitions this way provides protection against surprises in terms of write downs, which this showcases. The Primetime team is now focused on making the stand alone Primetime services as profitable as possible while continuing to build on its already highly regarded brand and customer experience in the Swedish market.

### Going into a new financial year with good momentum

We are happy with the returns we see from our UA investments in Q4 and will continue to double down on the opportunities we see in the market. The combination of continued product development wins for Wordzee and Tile Mansion with possibly weakening competition due to the current financial cool down appears to be a favorable combination for us. We will use this to our advantage and invest in UA at a continued high level as long as our ROI models support that. The window for growth based on UA seems more open for us than it has been in a very long time, and we are ready to take advantage of that.

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

DANIEL HASSELBERG, CEO



# SUMMARY OF THE BUSINESS' KEY PERFORMANCE INDICATORS

## 2021/22

|                                      |            | June 22-aug 22 | June 21-aug 21 | Y/Y change | Sep 21-aug 22 | Sep 20-aug 21 | Y/Y change |
|--------------------------------------|------------|----------------|----------------|------------|---------------|---------------|------------|
| Net sales                            | KSEK       | 90,001         | 69,647         | 29%        | 327,774       | 286,584       | 14%        |
| Adjusted Net sales                   | KSEK       | 90,001         | 69,647         | 29%        | 313,068       | 286,584       | 9%         |
| Currency (USD)                       | SEK/USD    | 10.340         | 8.570          | 21%        | 9.540         | 8.510         | 12%        |
| Net sales USD (In-app + advertising) | KUSD       | 8,706          | 8,126          | 7%         | 32,819        | 33,656        | -2%        |
| In-app purchases                     | KSEK       | 40,086         | 25,139         | 59%        | 125,667       | 111,602       | 13%        |
| Advertising sales                    | KSEK       | 49,915         | 44,239         | 13%        | 187,379       | 174,259       | 8%         |
| Other net sales <sup>2</sup>         | KSEK       | 0              | 269            |            | 14,728        | 723           |            |
| User acquisition                     | KSEK       | -43,298        | -15,026        | 188%       | -93,410       | -76,718       | 22%        |
| Game contribution                    | KSEK       | 34,894         | 47,923         | -27%       | 182,627       | 177,350       | 3%         |
| EBITDA                               | KSEK       | 37,055         | 21,743         | 70%        | 101,360       | 56,617        | 79%        |
| EBITDA margin <sup>1</sup>           | %          | 41%            | 31%            | 10         | 31%           | 20%           | 11         |
| Adjusted EBITDA                      | KSEK       | 4,719          | 22,987         | -79%       | 53,232        | 57,675        | -8%        |
| Adjusted EBITDA margin <sup>1</sup>  | %          | 5%             | 33%            | -28        | 17%           | 20%           | -3         |
| EBIT                                 | KSEK       | -12,448        | 8,804          | -241%      | 11,395        | 7,358         | 55%        |
| Operating profit margin <sup>1</sup> | %          | -14%           | 13%            | -26        | 3%            | 3%            | 1          |
| Adjusted EBIT                        | KSEK       | -9,002         | 10,048         | -190%      | -951          | 8,416         | -111%      |
| Profit                               | KSEK       | -10,182        | 7,880          | -229%      | 11,303        | 7,027         | 61%        |
| Earnings per share                   | KSEK       | -0.38          | 0.30           |            | 0.43          | 0.27          | 61%        |
| Free cashflow                        | KSEK       | -4,815         | 15,415         | -131%      | 33,539        | -50,377       |            |
| Average employees                    |            | 108            | 110            | -2%        | 112           | 105           | 7%         |
| Daily active users (DAU)             | Millions   | 1.3            | 1.6            | -21%       | 1.5           | 1.9           | -22%       |
| Monthly active users (MAU)           | Millions   | 3.8            | 5.5            | -30%       | 4.5           | 6.0           | -25%       |
| Monthly unique payers (MUP)          | Thousands  | 52             | 47             | 10%        | 49            | 53            | -8%        |
| ARPPDAU                              | US \$ cent | 7.3            | 5.4            | 36%        | 6.2           | 4.9           | 25%        |

<sup>1</sup>Y/Y change in percentage points

<sup>2</sup> Transfer bonus from Applovin and other

**Revenue record for MAG's unique word game**

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 released globally in November 2019 and has shown a high average revenue per daily active user (ARPDau) since then.

Wordzee broke a new revenue record in August, reaching the top ten best-selling games in the word game category in the U.S. It is a result of effectively scaling up User Acquisition (UA) during the quarter, mainly on iOS. ARPDau increased significantly in Q4 compared to the same quarter last year as a result of an improved product combined with successful marketing towards high-quality players.

**New events and functions are launched**

In Q4, two mini-seasonal events were released - a forest event in conjunction with the UN initiative Playing for the Planet and also a new music festival event, which was launched for the first time in Q3. Mini-season events are an event format where, over the course of seven days, players receive special rewards when playing against others. They have more generic themes than *Journeys*, which are released around holidays such as Christmas or Easter, and can therefore be reused more often. In mini-season events, players can also collect unique letter tiles, something that has positive effects on long-term player engagement. In the future other items will also be added in the game to increase engagement. The events have shown positive results on in-game monetization and also generally contribute to an increase in daily play.

**Focus on events in Q1**

The game team is working on more new event types, the first tests of which are planned during Q1. The goal is to improve long-term player retention as well as to improve engagement and monetization. More *Journeys* will also be launched for Halloween and Thanksgiving with accompanying unique letter tiles.

Wordzee has seen significant growth over the past two quarters, increasing the number of paying players thanks to the influx of high-quality players through UA. The game has a strong starting point for further growth in the new financial year.



# WORDZEE!





### The biggest trivia game on mobile in Europe

In the social trivia game QuizDuel, players challenge friends and other players around the world in quizzes. In addition to classic quiz duels of six rounds with three knowledge questions, there are many other game modes and events, including *Solo*, *Question Streak* and *Arena*. The game is MAG's largest product in terms of daily active users and also the largest mobile trivia game in Europe.

### New records for in-app purchases

The fourth quarter produced three new launches: a *Solo* event with a summer theme, a new variant of *Question Streak*, and the true-or-false event *Quinder*. All events during the summer showed positive results, and *Quinder* set a new record for in-app purchases (IAP) during the period. Also, a new permanent game mode, *Star Streak* - a daily quiz that gives players the opportunity to collect stars - was introduced in Q4. The game mode has initially given positive indications and will continue to be optimized during the fall.

The events have had a positive impact on the in-game economy with an increase in the number of paying players. ARPDAU also increased as a result of the events compared to the same period last year.

### QuizDuel Live paused

At the end of the quarter, the decision was made to discontinue the daily shows of the live game mode *QuizDuel Live* - the game mode developed by the QuizDuel team together with Primetime for QuizDuel in Germany. The live show had an engaged audience in Germany, but total interest from the German QuizDuel audience as a whole was lower than MAG and Primetime had targeted. However, there are still opportunities for *QuizDuel Live* to be reactivated in the same way as other time-limited events in the game.

### Potential for increased revenue through reactivation

In Q1, work continues to increase player engagement and improve the long-term retention of players with additional events. During the fall, new versions of *Quinder*, *Question Streak* and *Solo* will be launched, among other things.

QuizDuel is a strong brand, and as the game has been live for over ten years there is great potential to reactivate former QuizDuel players. The game team will also investigate the possibility of strengthening QuizDuel in other, mainly English-speaking, markets such as the U.S. and the UK.



**New events in Word Domination increase ARPDAU**

The tactical word game Word Domination was released globally in 2018. Since then it has reached over 10 million downloads and has developed into one of the company's evergreens. The player base is highly engaged. The proportion of the player base who are VIP players - those who pay a subscription fee every month to receive in-game bonuses - grows larger every quarter. In Q4 these players accounted for just over 51% of all in-app purchases (IAP) in Word Domination, compared to 44% in Q3.

The fourth quarter saw the launch of a new summer collection event and new chapters in the *Stories* game mode, leading to a significant increase in in-app purchases. These updates to the game resulted in Word Domination reaching the highest average revenue per daily active player (ARPDAU) the game has had in over a year. Going forward the Live Operations team (Live Ops) will increase the pace of launching events and new content additions to continue to increase player engagement and IAP.

**Ruzzle - evergreen with loyal player base**

Ruzzle, MAG's first word game success, was launched globally in 2012. With its very loyal player base, the game is one of MAG's most important evergreens, generating long-term predictable revenue.

New boosters which, for example, can give players extra time during a game round, were launched in Q4 with the aim of increasing IAP. These boosters will continue to be optimized in the coming quarters. During Q4, Ruzzle also saw an increase in ad revenue compared to the same quarter last year. Live Ops will continue to focus on improving the in-game economy together with the monetization team at MAG.

**WordBrain increases ARPDAU**

The word game WordBrain has been live for over eight years and, with its stable revenue stream, has grown into a strong evergreen for MAG. 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.

A new event system was introduced in WordBrain during the summer of 2021 and has since been continuously updated. Thanks to these improvements, both revenue and ARPDAU increased compared to the same quarter last year.



**MAG's studio with expertise in story and decoration**

Apprope is a Swedish mobile game studio that was started in 2012 and acquired by MAG in January 2021. Apprope mainly develops games in the word category, has reached over 55 million users and has several games that have ranked high on top charts in the U.S.

In 2020, Apprope released the word puzzle adventure Word Mansion, a game framed by a story that revolves around renovation and decoration. The game has a high average revenue per daily active user (ARPDau) and has passed over one million downloads.

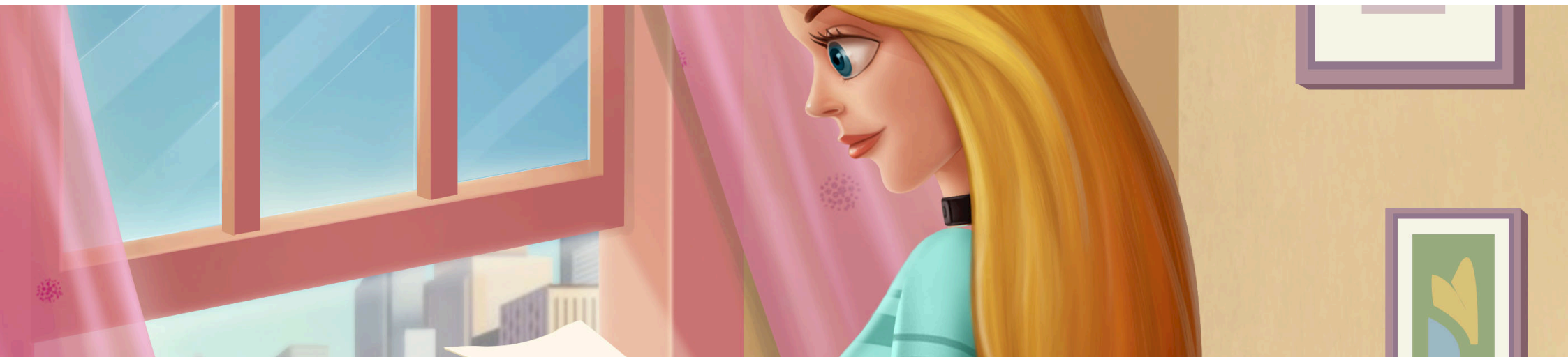
In conjunction with the Q3 Interim Report, MAG announced that the new game Tile Mansion is preparing to be globally released in Q4. During the past quarter, the game has been released in several English-speaking markets, including the U.S., UK, Canada, Australia and New Zealand.

**Optimization of in-game economy in Tile Mansion**

Tile Mansion is a puzzle adventure with core mechanics inspired by mahjong, which combines Word Mansion's renovation and decoration theme. The game is developed based 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.

During the quarter and in close collaboration with MAG, Apprope has mainly focused on improving the game's monetization and increasing in-app purchases (IAP). Several tests of changes in difficulty levels of daily puzzles have been conducted, and Apprope is updating the game based on the results of these tests. The level design continues to be optimized; a new daily puzzle system has been added, as well as new rooms and story chapters. These story elements have also been added in Word Mansion as the games share the same engine. New gameplay features like weekly challenges have also been added, but most of the work in Q4 has been polishing the core game and optimizing the balance of the in-game economy.

Tile Mansion shows strong key figures and high ARPDau; MAG sees potential to scale the game with User Acquisition (UA) in the coming quarters.



### Live broadcasted trivia in the Nordics

Primetime is a popular live quiz app that was acquired by MAG on September 1, 2020. The app broadcasts live quizzes with a presenter seven days a week, and players compete to win a sum of money by answering up to 11 questions correctly. Primetime is currently active in Sweden and Norway.

The app is monetized through sponsorship campaigns during the broadcasts: A sponsor partner buys advertising space in the live broadcast, and the presenter informs the players about the sponsorship.

### Restructuring during Q4

During Q4 a radio cooperation test was carried out with Bauer Media in Norway with positive results. Primetime is reviewing the possibilities of doing a new radio collaboration again in the future.

*QuizDuel Live*, the live trivia mode in the German version of QuizDuel, ceased its daily shows at the beginning of Q1. The broadcasts were managed by Primetime from their studio in Stockholm with support from the QuizDuel team. Primetime and MAG are, however, open to running special *QuizDuel Live* shows in QuizDuel in the future.

Going forward, Primetime will focus on improving the quality of its Swedish production with the aim of generating stable revenue and profitability in the app's main market, Sweden. One step towards that goal is the launch of new features whose goal is to increase long-term player retention. Primetime are currently working on a so-called trophy hunt, where, in various missions, players can win a trophy that can later be exchanged for a lifesaver - an aid that players can use up to the seventh question to continue playing if they have answered incorrectly.

Primetime is positive about achieving profitability on a smaller scale with a focus on the core product, while also keeping the door open to future collaborations in other markets.



# CONSOLIDATED PROFIT/LOSS AND CASH FLOW FOR THE PERIOD JUNE UNTIL AUG 2022

2021/22

## OPERATING INCOME

The Group's net sales for the period totalled 90,001 KSEK (69,647 KSEK), an increase of 29%.

Own work capitalised totalled 5,285 KSEK (7,581 KSEK). See below for further details of capitalized expenses as well as depreciation of the same.

The Group's other operating income was 34,120 KSEK (734 KSEK) and includes a write-down of the earn-out to Sventertainment of 32,250 KSEK.

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

## OPERATING EXPENSES, EBITDA AND OPERATING PROFIT/LOSS

Operating expenses totalled 92,351 KSEK (56,218 KSEK). Of these, 18,958 KSEK (14,060 KSEK) were sales related costs, primarily originating from fees to Apple App Store and Google Play, as well as server costs. In addition to this 43,298 KSEK (15,026 KSEK) were costs of user acquisition and 8,420 KSEK (7,812 KSEK) were other external operating expenses.

User acquisition costs in the fourth quarter is mainly attributable to the games Wordzee, Word Mansion and Tile Mansion.

Personnel expenses totalled 21,675 KSEK (19,321 KSEK), an increase of 12%

EBITDA for the period was 37,055 KSEK (21,743 KSEK).

Depreciation of tangible and intangible assets totalled 49,503 KSEK (12,938 KSEK), of which 7,786 KSEK (7,125 KSEK) was depreciation of capitalized development expenses and 35,782 KSEK (0 KSEK) write down of goodwill.

The Group's operating profit was -12,448 KSEK (8,804 KSEK) and profit before tax -11,078 KSEK (9,335 KSEK).

## FINANCIAL ITEMS

Financial income totalled 5,998 KSEK (249 KSEK) and financial expenses totalled -4,628 (282 KSEK). The financial income referred to exchange rate gains from cash and cash equivalents, and the financial expenses to exchange rate losses from cash and cash equivalents and to financial leasing.

## PROFIT/LOSS AFTER TAX

Profit after tax totalled -10,182 KSEK (7,880 KSEK).

The profit after tax per share was -0.38 SEK/share (0.30 SEK/share).

The average number of shares during the period was 26,495 (26,495).

## CASH FLOW FOR THE PERIOD

The Group's cash flow from operating activities during the quarter was 573 KSEK (23,038 KSEK). Cash flow from investing activities was -5,388 KSEK (-7,623 KSEK). Cash flow from financing activities was -2,790 KSEK (-2,326 KSEK).



# CONSOLIDATED PROFIT/LOSS FOR THE PERIOD SEP 2021 UNTIL AUG 2022

2021/22

## OPERATING INCOME

The Group's net sales for the period totalled 327,774 KSEK (286,584 KSEK), an increase of 14%.

Own work capitalised totalled 30,486 KSEK (35,026 KSEK). See below for further details of capitalised expenses as well as impairments and depreciation of the same.

The Group's other operating income was 37,811 KSEK (3,373 KSEK) and includes a write-down of the earn-out to Sventertainment of 32,250 KSEK.

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 Aplovin as a one time payment in the third quarter.

## OPERATING EXPENSES, EBITDA AND OPERATING PROFIT/LOSS

Operating expenses totalled 294,710 KSEK (268,367 KSEK). Of these, 66,720 KSEK (61,674 KSEK) were sales related costs, primarily originating from fees to Apple App Store and Google Play, as well as server costs. In addition to this 93,410 KSEK (76,718 KSEK) were costs of user acquisition and 32,335 KSEK (34,171 KSEK) were other external operating expenses.

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).

Depreciation and impairments of tangible and intangible assets totalled 89,966 KSEK (49,258 KSEK), of which 30,665 KSEK (26,914 KSEK) was depreciation of capitalised development expenses and 35,782 TSEK (0 TSEK) 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).

## FINANCIAL ITEMS

Financial income totalled 7,129 KSEK (495 KSEK) and financial expenses totalled -1,143 KSEK (-1,589 KSEK). The financial income referred to exchange rate gains from cash and cash equivalents and the financial expenses were mainly attributable to financial leasing.

## ADJUSTED EBITDA [NOTE 4]

Adjusted EBITDA for the period was 53,232 KSEK (57,675 KSEK).

## PROFIT/LOSS AFTER TAX

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).

The average number of share during the period was 26,495 (26,495).



# PARENT COMPANY PROFIT/LOSS FOR THE PERIOD JUNE UNTIL AUG 2022

**2021/22**

## OPERATING INCOME

The parent company's net sales for the period were 71,474 KSEK (51,566 KSEK), an increase of 39% compared with the same period the previous year.

## OPERATING EXPENSES AND OPERATING PROFIT/LOSS

Operating expenses totalled 79,347 KSEK (44,656 KSEK).

Of these 16,328 KSEK (11,526 KSEK) were sales related costs originating primarily from fees to Apple App Store and Google Play, costs of user acquisition were 33,170 KSEK (5,754 KSEK) and 15,401 KSEK (15,663 KSEK) was other external operating expenses.

Personnel expenses totalled 14,449 KSEK (11,712 KSEK) an increase of 23%.

Depreciation of tangible and intangible assets totalled 17,682 KSEK (4,878 KSEK). Including a write down-down of shares in subsidiaries 12,922 KSEK (0 KSEK).

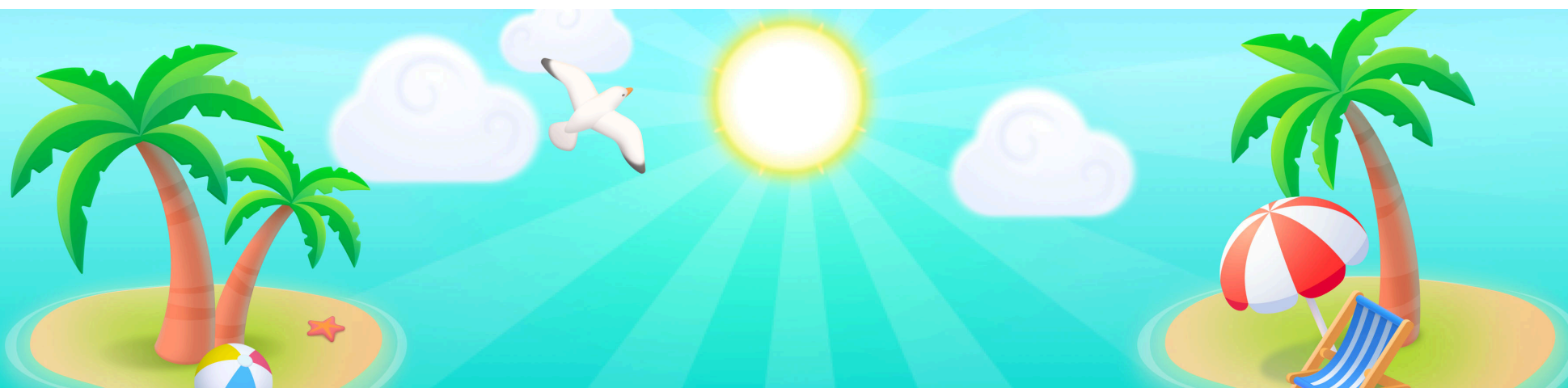
The parent company's operating profit for the period was -23,933 KSEK (2,839 KSEK).

## FINANCIAL ITEMS

Financial income totalled 2,505 KSEK (271 KSEK) and financial expenses totalled -2,108 KSEK (590 KSEK). The financial income and expenses referred to exchange rate gains and losses from cash and cash equivalents.

## PROFIT AFTER TAX

Profit after tax totalled to -22,132 KSEK (2,414 KSEK).



# PARENT COMPANY PROFIT/LOSS FOR THE PERIOD SEP 2021 UNTIL AUG 2022

2021/22

## 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.

## OPERATING EXPENSES AND OPERATING PROFIT/LOSS

Operating expenses totalled 257,785 KSEK (233,099 KSEK)

Of these costs 56,902 KSEK (53,016 KSEK) were sales related costs originating primarily from fees to Apple App Store and Google Play. Costs of user acquisition were 68,285 KSEK (51,245 KSEK) and 57,472 KSEK (59,173 KSEK) was other external operating expenses.

Personnel expenses totalled 75,126 KSEK (69,664 KSEK) an increase of 8%.

Depreciation and impairments of tangible and intangible assets totalled 32,092 KSEK (19,494 KSEK). Including a write down of shares in subsidiaries 12,922 KSEK (0 KSEK).

The parent company's operating profit for the period was -18,093 KSEK (-14,831 KSEK).

## FINANCIAL ITEMS

Financial income totalled 5,108 KSEK (275 KSEK) and financial expenses totalled -4 KSEK (-6 KSEK). The financial income referred to exchange rate gains from cash and cash equivalents.

## PROFIT AFTER TAX

Profit after tax totalled to -16,954 KSEK (-13,796 KSEK).





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

2021/22

Intangible non-current assets at the end of the period totalled 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 change in Goodwill includes a write-down of 35,785 KSEK related to Sventertainment AB. Other intangible assets 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).

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 a long-term part of the earn-out for the acquisitions of the Sventertainment Group and Apprope AB and amount to 11,200 KSEK (43,739 KSEK). The earn-out for Apprope AB and Sventertainment AB are both structured as profit sharing, and are based on the EBIT for each respective company over three years after the acquisition. The amount in the balance is an estimated amount based of projections, it may be updated in future reports. An earn-out of 3,308 KSEK was paid for Apprope AB during the period. The long-term liabilities regarding earn-out for Sventertainment AB has been written down by 32,250 KSEK.

The group has interest bearing debt of 40,620 KSEK (45,655 KSEK) which refers to financial lease.

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

Cash and cash equivalents at the end of the period totalled 94,657 KSEK (80,306 KSEK).

Equity at the end of the period totalled 251,017 KSEK (267,628 KSEK).



# KEY INDICATORS FOR THE BUSINESS PERIOD JUNE UNTIL AUG 2022

2021/22

## DISTRIBUTION OF REVENUES BY BUSINESS MODEL

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

The Group's net sales from in-app purchases for the period were 40,086 KSEK (25,139 KSEK), an increase of 59% compared to the same period the previous year.

The Group's net sales from in-app advertising were 49,915 KSEK (44,239 KSEK), an increase of 13% compared with the same period the previous year.

## GAME CONTRIBUTION

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

The Group's contribution from sales activities for the period was 34,894 KSEK (47,923 KSEK), a decrease of 27% compared to the same period the previous year.

## COMMENTS ON THE DISTRIBUTION OF INCOME AND CONTRIBUTIONS FROM SALES ACTIVITIES

Increase in in-app purchases reflects the growth in Wordzee combined with its relatively strong in-app economy. The game contribution comes in at a lower level as a result from short term effects from the increase in marketing spend.



## KEY INDICATORS FOR THE BUSINESS CONTO.

2021/22

### OTHER KEY INDICATORS

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

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

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

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

### THE BUSINESS'S KEY INDICATORS DURING THE PERIOD

DAU for the period 1.3 million (1.6 million), a decrease of 21% compared with the same period the previous year.

MAU for the period 3.8 million (5.5 million), a decrease of 30% compared with the same period the previous year.

MUP for the period 52 thousand (47 thousand), an increase of 10% compared with the same period the previous year.

ARPDau for the period 7.3 US \$ cent (5.4 US \$ cent), an increase of 36% compared with the same period the previous year.

### COMMENTS TO THE KPIs

DAU is down due to seasonal effects as well as the fact that marketing targets high value users, at lower volumes. For the same reason ARPDau is showing a strong improvement compared to previous quarters.

### PARENT COMPANY

The parent company MAG Interactive AB (publ), corporate ID number 556804-3524, has its registered office in Stockholm with 72 employees. A big part of the Group's business activity is in the parent company, with employees, agreements, intangible assets (incl. IP) and revenues. There are ten subsidiaries in the group. MAG Games Ltd, with its registered office in Brighton and 20 employees, has only Group internal invoicing and carries out development and other functions in the company's operations. MAG United AB, with its registered office in Stockholm, has no employees. Sventertainment AB, with its registered office in Stockholm, is a subsidiary group consisting of six companies and was acquired during the first quarter 2020/21. Sventertainment is the developer and publisher of the trivia app Primetime and has 11 employees. Apprope AB, is the developer being mobile casual games like Word Mansion. Apprope AB was acquired during the second quarter of 2020/21 and has 2 employees.

### ACCOUNTING PRINCIPLES

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



### ANNUAL REPORT AND RESOLUTION REGARDING PROPOSAL OF DIVIDEND

The board of MAG Interactive AB (publ) has decided to propose to the annual general meeting to adopt a resolution to not pay out dividends. The annual report will be published on the company website in week 51.

### RISKS AND UNCERTAINTIES

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

MAG Interactive does not have any significant exposure to the Russian market.

### CURRENCY EFFECTS

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

### CERTIFIED ADVISER

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

### PERSONNEL

The average number of employees during the quarter was 108 compared to 110 the same period the previous year.

### CONTACT

Further information is available on the company's website: [maginteractive.se/investor-relations](https://maginteractive.se/investor-relations)

Or contact

Daniel Hasselberg, CEO, at [daniel@maginteractive.se](mailto:daniel@maginteractive.se)

Magnus Wiklander, CFO, at [magnus.wiklander@maginteractive.se](mailto:magnus.wiklander@maginteractive.se)

### MAG INTERACTIVE AB [PUBL]

Drottninggatan 95A

113 60 Stockholm

Sweden





## FURTHER REPORTING DATES

Annual General Meeting 2021/2022

January 18, 2023

Interim Report Q1 September 2022 – November 2022

January 18, 2023

Interim Report Q2 December 2022 – February 2023

March 29, 2023

Interim Report Q3 March 2023 – May 2023

June 28, 2023

## AUDIT

This report has not been reviewed by auditors.

## TWITCH STREAM

On October 19, 2022 at 10:00 CET, CEO Daniel Hasselberg and CFO Magnus Wiklander will present the Interim Report live on Twitch. The presentation will be held in English. Link to the Twitch feed [www.twitch.com/maginteractive](http://www.twitch.com/maginteractive)

Daniel Hasselberg will also take questions on Twitter during the course of the day, write to [@d\\_hasselberg](https://twitter.com/d_hasselberg) or [@maginteractive](https://twitter.com/maginteractive).

More information is available at [maginteractive.se/investors](http://maginteractive.se/investors)

## STATEMENTS ABOUT THE FUTURE

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



**ASSURANCE BY THE BOARD OF DIRECTORS**

*Stockholm October 19, 2022*

**DANIEL HASSELBERG**  
CEO, Board member

**JONAS ERIKSSON**  
Chairman of the Board

**TAINA MALÉN**  
Board member

**ANDRAS VAJLOK**  
Board member

**ASBJOERN SOENDERGAARD**  
Board member

**TEEMU HUUHTANEN**  
Board member

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

| Amounts in KSEK  | Note | June 22-aug 22 | June 21-aug 21 | Sep 21-aug 22   | Sep 20-aug 21   |
|--|------|----------------|----------------|-----------------|-----------------|
| <b>Operating income</b>  |      |                |                |                 |                 |
| Net sales  | 1, 4 | 90,001         | 69,647         | 327,774         | 286,584         |
| Own work capitalised   |      | 5,285          | 7,581          | 30,486          | 35,026          |
| Other operating income   |      | 34,120         | 734            | 37,811          | 3,373           |
| <b>Total operating income</b>  |      | <b>129,406</b> | <b>77,961</b>  | <b>396,070</b>  | <b>324,983</b>  |
| <b>Operating expenses</b>  |      |                |                |                 |                 |
| Sales related costs  | 2    | -18,958        | -14,060        | -66,720         | -61,674         |
| User acquisition   |      | -43,298        | -15,026        | -93,410         | -76,718         |
| Other external expenses  |      | -8,420         | -7,812         | -32,335         | -34,171         |
| Personnel costs  |      | -21,675        | -19,321        | -102,245        | -95,803         |
| <b>Total operating expenses</b>  |      | <b>-92,351</b> | <b>-56,218</b> | <b>-294,710</b> | <b>-268,367</b> |
| <b>EBITDA</b>  | 4    | <b>37,055</b>  | <b>21,743</b>  | <b>101,360</b>  | <b>56,617</b>   |
| Depreciation and write downs of tangible and intangible non-current assets | 3    | -49,503        | -12,938        | -89,966         | -49,258         |
| <b>Operating profit/loss (EBIT)</b>  | 4    | <b>-12,448</b> | <b>8,804</b>   | <b>11,395</b>   | <b>7,358</b>    |
| <b>Financial items</b>   |      |                |                |                 |                 |
| Interest income  |      | 5,998          | 249            | 5,484           | 495             |
| Interest expense   |      | -4,628         | 282            | -868            | -1,589          |
| <b>Total financial items</b>   |      | <b>1,370</b>   | <b>531</b>     | <b>5,986</b>    | <b>-1,094</b>   |
| <b>Profit/loss after financial items</b>                                   |      | <b>-11,078</b> | <b>9,335</b>   | <b>17,381</b>   | <b>6,264</b>    |
| Taxes  |      | 897            | -1,455         | -6,077          | 764             |
| <b>Profit/loss for the period</b>  |      | <b>-10,182</b> | <b>7,880</b>   | <b>11,303</b>   | <b>7,027</b>    |
| <b>Other comprehensive result</b>  |      |                |                |                 |                 |
| Exchange rate differences  |      | 106            | 122            | 870             | 429             |
| <b>Total comprehensive income for the period</b>                           |      | <b>-10,076</b> | <b>8,003</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.

|  |        |        |        |        |
|--|--------|--------|--------|--------|
| Earnings per share (based on average number of shares) | -0.38  | 0.30   | 0.43   | 0.27   |
| Average number of shares during the period ('000)      | 26,495 | 26,495 | 26,495 | 26,495 |
| Number of shares at the end of the period ('000)       | 26,495 | 26,495 | 26,495 | 26,495 |



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

| Amounts in KSEK                           | Note     | 31/8 2022      | 31/8 2021      |
|---|----------|----------------|----------------|
| <b>ASSETS</b>                             |          |                |                |
| Goodwill                                  |          | 125,377        | 160,696        |
| Other intangible assets                   |          | 97,937         | 108,376        |
| <b>Total intangible assets</b>            | <b>3</b> | <b>223,314</b> | <b>269,071</b> |
| Right-of-use assets                       |          | 38,622         | 43,341         |
| Equipment, tools, fixtures and fittings   |          | 5,981          | 8,157          |
| <b>Total tangible assets</b>              | <b>3</b> | <b>44,603</b>  | <b>51,498</b>  |
| Other long-term receivables               |          | 4,124          | 4,107          |
| Deferred tax assets                       |          | 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>                     |          |                |                |
| Trade and other receivables               |          | 42,009         | 33,153         |
| Current tax assets                        |          | 9,905          | 8,744          |
| Other current receivables                 |          | 1,565          | 1,156          |
| Prepaid expenses and accrued income       |          | 6,396          | 5,707          |
| Cash and cash equivalents                 |          | 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  
LIABILITIES AND EQUITY****2021/22**

| Amounts in KSEK   | Note | 31/8 2022      | 31/8 2021      |
|---|------|----------------|----------------|
| <b>EQUITY AND LIABILITIES</b>                               |      |                |                |
| <b>Equity</b>   |      |                |                |
| Share capital   |      | 688            | 688            |
| Other contributed capital                                   |      | 284,638        | 284,295        |
| Reserves*   |      | -886           | -1,756         |
| Retained earnings incl. comprehensive income for the period |      | 51,548         | 40,245         |
| <b>Total equity</b>   |      | <b>335,988</b> | <b>323,472</b> |
| <b>Long-term liabilities</b>                                |      |                |                |
| Deferred tax liabilities                                    |      | 20,175         | 22,325         |
| Long-term lease liabilities                                 |      | 29,623         | 36,127         |
| Other long-term liabilities                                 |      | 11,200         | 43,739         |
| <b>Total long-term liabilities</b>                          |      | <b>60,998</b>  | <b>102,191</b> |
| <b>Current liabilities</b>                                  |      |                |                |
| Trade and other payables                                    |      | 24,157         | 12,528         |
| Current tax liability                                       |      | 1,530          | 392            |
| Short-term bank loans                                       |      | 0              | 137            |
| Accrued expenses and prepaid income                         |      | 14,499         | 16,587         |
| Short-term lease liabilities                                |      | 10,997         | 9,391          |
| Other current liabilities*                                  |      | 12,607         | 11,869         |
| <b>Total current liabilities</b>                            |      | <b>63,790</b>  | <b>50,904</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 CASH FLOW STATEMENT****2021/22**

| Amounts in KSEK   | Note | June 22-aug 22 | June 21-aug 21 | Sep 21-aug 22  | Sep 20-aug 21   |
|---|------|----------------|----------------|----------------|-----------------|
| <b>Operating activities</b>   |      |                |                |                |                 |
| Profit/loss before financial items  |      | -12,448        | 8,804          | 11,395         | 7,358           |
| Adjustments for items not part of cash flow                                 |      |                |                |                |                 |
| LTIP  |      | 207            | 225            | 78             | 652             |
| Write-down of Earn-out  |      | -32,250        | 0              | -32,250        | 0               |
| Depreciations and write-downs   | 3    | 49,503         | 12,938         | 89,966         | 49,259          |
| Interest received   |      | 145            | 0              | 183            | 5               |
| Interest paid   |      | -275           | -298           | -1,143         | -1,277          |
| Income tax paid   |      | -1,479         | -211           | -3,888         | 394             |
| <b>Cash flow from operating activities before change in working capital</b> |      | <b>3,403</b>   | <b>21,458</b>  | <b>64,341</b>  | <b>56,390</b>   |
| Change in current operating receivables                                     |      | -6,791         | 6,918          | -9,398         | 6,427           |
| Change in current operating liabilities                                     |      | 3,961          | -5,338         | 13,058         | -12,797         |
| <b>Change in working capital</b>  |      | <b>-2,830</b>  | <b>1,580</b>   | <b>3,660</b>   | <b>-6,370</b>   |
| <b>Cash flow from operating activities</b>                                  |      | <b>573</b>     | <b>23,038</b>  | <b>68,001</b>  | <b>50,020</b>   |
| <b>Investing activities</b>   |      |                |                |                |                 |
| Capitalized work  |      | -5,285         | -7,581         | -30,486        | -35,026         |
| Investments in and merged tangible non-current assets                       |      | -102           | -42            | -666           | -2,231          |
| Payment for acquisition of subsidiary, net of cash acquired                 |      | 0              | 0              | -3,308         | -63,091         |
| Change in financial investments   |      | -1             | 0              | -2             | -48             |
| <b>Cash flow from investing activities</b>                                  |      | <b>-5,388</b>  | <b>-7,623</b>  | <b>-34,462</b> | <b>-100,397</b> |
| <b>Free cashflow</b>  |      | <b>-4,815</b>  | <b>15,415</b>  | <b>33,539</b>  | <b>-50,377</b>  |
| <b>Financing activities</b>   |      |                |                |                |                 |
| Warrants  |      | 0              | 0              | 265            | 1,468           |
| Amortization  |      | -2,790         | -2,326         | -10,643        | -16,385         |
| <b>Cash flow from financing activities</b>                                  |      | <b>-2,790</b>  | <b>-2,326</b>  | <b>-10,378</b> | <b>-14,917</b>  |
| <b>Increase/decrease in cash and cash equivalents</b>                       |      |                |                |                |                 |
| Cash flow for the period  |      | -7,605         | 13,089         | 23,161         | -65,293         |
| Effects of exchange rate changes  |      | 1,551          | 829            | 7,264          | 178             |
| Opening cash and cash equivalents   |      | 131,994        | 81,598         | 95,515         | 160,630         |
| <b>Closing cash and cash equivalents</b>                                    |      | <b>125,940</b> | <b>95,515</b>  | <b>125,940</b> | <b>95,515</b>   |

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

| KSEK                              | Share capital | Other external capital | Reserves*     | Retained earnings | Total equity   |
|-----------------------------------|---------------|------------------------|---------------|-------------------|----------------|
| <b>Opening balance 1/9 2021</b>   | <b>688</b>    | <b>284,295</b>         | <b>-1,756</b> | <b>40,245</b>     | <b>323,472</b> |
| Profit/loss for the period        |               |                        |               | 11,303            | 11,303         |
| Exchange rate differences         |               |                        | 870           |                   | 870            |
| <b>Total comprehensive income</b> |               |                        | <b>-886</b>   | <b>51,548</b>     | <b>50,662</b>  |
| LTIP                              |               | 343                    |               |                   | -162           |
| <b>Closing balance 31/8 2022</b>  | <b>688</b>    | <b>284,638</b>         | <b>-886</b>   | <b>51,548</b>     | <b>335,988</b> |

| KSEK                              | Share capital | Other external capital | Reserves*     | Retained earnings | Total equity   |
|-----------------------------------|---------------|------------------------|---------------|-------------------|----------------|
| <b>Opening balance 1/9 2020</b>   | <b>687</b>    | <b>282,176</b>         | <b>-2,241</b> | <b>33,218</b>     | <b>313,840</b> |
| Profit/loss for the period        |               |                        |               | 7,027             | 7,027          |
| Exchange rate differences         |               |                        | 485           |                   | 485            |
| <b>Total comprehensive income</b> |               |                        | <b>-1,756</b> | <b>40,245</b>     | <b>321,352</b> |
| LTIP                              | 1             | 2,119                  |               |                   | 1,750          |
| <b>Closing balance 31/8 2021</b>  | <b>688</b>    | <b>284,295</b>         | <b>-1,756</b> | <b>40,245</b>     | <b>323,472</b> |

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

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

| Amounts in KSEK  | Note | June 22-aug 22 | June 21-aug 21 | Sep 21-aug 22   | Sep 20-aug 21   |
|--|------|----------------|----------------|-----------------|-----------------|
| <b>Operating income</b>                                    |      |                |                |                 |                 |
| Net sales  |      | 71,474         | 51,566         | 266,450         | 234,101         |
| Other operating income                                     |      | 1,622          | 806            | 5,335           | 3,661           |
| <b>Total operating income</b>                              |      | <b>73,096</b>  | <b>52,372</b>  | <b>271,784</b>  | <b>237,762</b>  |
| <b>Operating expenses</b>                                  |      |                |                |                 |                 |
| Sales related costs  |      | -16,328        | -11,526        | -56,902         | -53,016         |
| User acquisition   |      | -33,170        | -5,754         | -68,285         | -51,245         |
| Other external expenses                                    |      | -15,401        | -15,663        | -57,472         | -59,173         |
| Personnel costs  |      | -14,449        | -11,712        | -75,126         | -69,664         |
| <b>Total operating expenses</b>                            |      | <b>-79,347</b> | <b>-44,656</b> | <b>-257,785</b> | <b>-233,099</b> |
| <b>EBITDA</b>  |      | <b>-6,252</b>  | <b>7,716</b>   | <b>13,999</b>   | <b>4,663</b>    |
| Depreciation of tangible and intangible non-current assets | 3    | -17,682        | -4,878         | -32,092         | -19,494         |
| <b>Operating profit/loss</b>                               |      | <b>-23,933</b> | <b>2,839</b>   | <b>-18,093</b>  | <b>-14,831</b>  |
| <b>Financial items</b>                                     |      |                |                |                 |                 |
| Financial income   |      | 2,505          | 271            | 5,108           | 275             |
| Financial expenses   |      | -2,108         | 590            | -4              | -6              |
| <b>Total financial items</b>                               |      | <b>398</b>     | <b>860</b>     | <b>5,104</b>    | <b>269</b>      |
| <b>Profit/loss after financial items</b>                   |      | <b>-23,535</b> | <b>3,699</b>   | <b>-12,988</b>  | <b>-14,562</b>  |
| <b>Taxes</b>   |      | <b>1,403</b>   | <b>-1,285</b>  | <b>-3,966</b>   | <b>766</b>      |
| <b>Profit/loss for the period</b>                          |      | <b>-22,132</b> | <b>2,414</b>   | <b>-16,954</b>  | <b>-13,796</b>  |

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

# PARENT COMPANY'S BALANCE SHEET

## ASSETS

2021/22

| Amounts in KSEK                             | Note | 31/8 2022      | 31/8 2021      |
|---|------|----------------|----------------|
| <b>ASSETS</b>                               |      |                |                |
| Goodwill                                    |      | 3,412          | 17,059         |
| Other intangible assets                     |      | 19,740         | 23,500         |
| <b>Total intangible assets</b>              | 3    | <b>23,152</b>  | <b>40,559</b>  |
| Equipment, tools, fixtures and fittings     |      | 4,205          | 5,648          |
| <b>Total tangible non-current assets</b>    | 3    | <b>4,205</b>   | <b>5,648</b>   |
| Participation in Group companies            | 3    | 130,979        | 176,151        |
| Other long-term receivables                 |      | 4,858          | 9,599          |
| Long-term receivables from Group companies  |      | 318            | 166            |
| <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>                       |      |                |                |
| Trade and other receivables                 |      | 33,847         | 24,795         |
| Short-term receivable from Group companies* |      | 75             | 160            |
| Other receivables*                          |      | 10,841         | 9,323          |
| Prepaid expenses and accrued income         |      | 5,587          | 4,694          |
| <b>Total current assets</b>                 |      | <b>50,350</b>  | <b>38,972</b>  |
| <b>Cash and cash equivalents</b>            |      | <b>94,657</b>  | <b>80,306</b>  |
| <b>TOTAL ASSETS</b>                         |      | <b>308,519</b> | <b>351,400</b> |

\* An adjustment of the previous year's balance sheet has been made due to a balance sheet post belonging to Short-term receivable from Group companies (128 KSEK) was incorrectly reported under Other receivables. This has been corrected for the comparative year in this report.

# PARENT COMPANY'S BALANCE SHEET LIABILITIES AND EQUITY

2021/22

| Amounts in KSEK   | Note | 31/8 2022      | 31/8 2021      |
|---|------|----------------|----------------|
| <b>EQUITY AND LIABILITIES</b>                               |      |                |                |
| <b>Restricted equity</b>                                    |      |                |                |
| Share capital   |      | 688            | 688            |
| <b>Non-restricted equity</b>                                |      |                |                |
| Other contributed capital                                   |      | 316,027        | 315,684        |
| Retained earnings incl. comprehensive income for the period |      | -65,698        | -48,745        |
| <b>Total equity</b>   |      | <b>251,017</b> | <b>267,628</b> |
| <b>Provisions</b>   |      |                |                |
| Deferred tax liabilities                                    |      | 4,066          | 4,841          |
| Other provisions  |      | 11,200         | 43,739         |
| <b>Total provisions</b>                                     |      | <b>15,266</b>  | <b>48,580</b>  |
| <b>Current liabilities</b>                                  |      |                |                |
| Trade and other payables                                    |      | 19,543         | 9,001          |
| Liabilities to Group companies                              |      | 3,462          | 3,997          |
| Other liabilities   |      | 8,120          | 9,335          |
| Accrued expenses and prepaid income                         |      | 11,112         | 12,858         |
| <b>Total current liabilities</b>                            |      | <b>42,236</b>  | <b>35,192</b>  |
| <b>TOTAL EQUITY AND LIABILITIES</b>                         |      | <b>308,519</b> | <b>351,400</b> |

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



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

|  | June 22-aug 22 | June 21-aug 21 | Sep 21-aug 22 | Sep 20-aug 21 |
|--|----------------|----------------|---------------|---------------|
|--|----------------|----------------|---------------|---------------|

Amounts in KSEK

**NOTE 1: DISTRIBUTION OF NET SALES**

|                    |               |               |                |                |
|--------------------|---------------|---------------|----------------|----------------|
| In-app purchases   | 40,086        | 25,139        | 125,667        | 111,602        |
| Advertising income | 49,915        | 44,239        | 187,379        | 174,259        |
| Other              | 0             | 269           | 14,728         | 723            |
| <b>Total</b>       | <b>90,001</b> | <b>69,647</b> | <b>327,774</b> | <b>286,584</b> |

**NOTE 2: SALES RELATED COSTS**

|                                  |                |                |                |                |
|----------------------------------|----------------|----------------|----------------|----------------|
| Platform fee                     | -11,809        | -6,698         | -37,031        | -32,516        |
| Server costs                     | -4,786         | -4,147         | -18,156        | -17,688        |
| Other sales related costs        | -2,363         | -3,215         | -11,533        | -11,470        |
| <b>Total sales related costs</b> | <b>-18,958</b> | <b>-14,060</b> | <b>-66,720</b> | <b>-61,674</b> |

June 22-aug 22      June 21-aug 21      Sep 21-aug 22      Sep 20-aug 21

Amounts in KSEK

### NOTE 3: DEPRECIATION AND WRITE DOWNS OF TANGIBLE AND INTANGIBLE NON-CURRENT ASSETS

#### Group

|   |                |                |                |                |
|---|----------------|----------------|----------------|----------------|
| Goodwill                                | -35,782        | 0              | -35,782        | 0              |
| Right-of-use assets                     | -2,652         | -2,431         | -10,317        | -9,705         |
| Equipment, tools, fixtures and fittings | -718           | -817           | -2,942         | -3,212         |
| Intellectual properties                 | -2,565         | -2,565         | -10,260        | -9,427         |
| Own work capitalized                    | -7,786         | -7,125         | -30,665        | -26,914        |
| <b>Total</b>                            | <b>-49,503</b> | <b>-12,938</b> | <b>-89,966</b> | <b>-49,258</b> |

#### Parent

|   |                |               |                |                |
|---|----------------|---------------|----------------|----------------|
| Goodwill                                | -3,412         | -3,412        | -13,647        | -13,647        |
| Equipment, tools, fixtures and fittings | -408           | -526          | -1,763         | -2,087         |
| Intellectual properties                 | -940           | -940          | -3,760         | -3,760         |
| Write-down of shares in subsidiaries    | -12,922        | 0             | -12,922        | 0              |
| <b>Total</b>                            | <b>-17,682</b> | <b>-4,878</b> | <b>-32,092</b> | <b>-19,494</b> |

## NOTES TO THE INTERIM REPORT

2021/22

June 22-aug 22    June 21-aug 21    Sep 21-aug 22    Sep 20-aug 21    FY 20/21

Amounts in KSEK

**NOTE 4: ADJUSTED NET SALES, EBITDA AND EBIT**

|   |               |               |                |                |
|---|---------------|---------------|----------------|----------------|
| Net sales   | 90,001        | 69,647        | 327,774        | 286,584        |
| Transfer bonus from Applovin                              | 0             | 0             | -14,706        | 0              |
| <b>Adjusted Net sales</b>                                 | <b>90,001</b> | <b>69,647</b> | <b>313,068</b> | <b>286,584</b> |
| EBITDA  | 37,055        | 21,743        | 101,360        | 56,617         |
| Transfer bonus from Applovin                              | 0             | 0             | -14,706        | 0              |
| Write-down of Earn-out                                    | -32,250       | 0             | -32,250        | 0              |
| Acquisition cost  | 0             | 0             | 0              | 525            |
| Social contribution from re-evaluation of option programs | -86           | 1,244         | -1,172         | 533            |
| Total adjustments of EBITDA                               | -32,336       | 1,244         | -48,128        | 1,058          |
| <b>Adjusted EBITDA</b>                                    | <b>4,719</b>  | <b>22,987</b> | <b>53,232</b>  | <b>57,675</b>  |
| EBIT  | -12,448       | 8,804         | 11,395         | 7,358          |
| Transfer bonus from Applovin                              | 0             | 0             | -14,706        | 0              |
| Write-down of Earn-out                                    | -32,250       | 0             | -32,250        | 0              |
| Acquisition cost  | 0             | 0             | 0              | 525            |
| Social contribution from re-evaluation of option programs | -86           | 1,244         | -1,172         | 533            |
| Write-down of Goodwill                                    | 35,782        | 0             | 35,782         | 0              |
| Total adjustments of EBIT                                 | 3,446         | 1,244         | -12,346        | 1,058          |
| <b>Adjusted EBIT</b>                                      | <b>-9,002</b> | <b>10,048</b> | <b>-951</b>    | <b>8,416</b>   |

## NOTES TO THE INTERIM REPORT

2021/22

|   | June 22-aug 22 | June 21-aug 21 | Sep 21-aug 22  | Sep 20-aug 21  |
|---|----------------|----------------|----------------|----------------|
| Amounts in KSEK                         |                |                |                |                |
| <b>NOTE 5: GAME CONTRIBUTION</b>        |                |                |                |                |
| <b>Group</b>                            |                |                |                |                |
| In-app purchases                        | 40,086         | 25,139         | 125,667        | 111,602        |
| Advertising income                      | 49,915         | 44,239         | 187,379        | 174,259        |
| Other                                   | 0              | 269            | 14,728         | 723            |
| <b>Net sales</b>                        | <b>90,001</b>  | <b>69,647</b>  | <b>327,774</b> | <b>286,584</b> |
| Transfer bonus from Applovin            | 0              | 0              | 14,706         | 0              |
| <b>Net sales without Transfer bonus</b> | <b>90,001</b>  | <b>69,647</b>  | <b>313,068</b> | <b>286,584</b> |
| Platform fee                            | -11,809        | -6,698         | -37,031        | -32,516        |
| User acquisition                        | -43,298        | -15,026        | -93,410        | -76,718        |
| <b>Game contribution</b>                | <b>34,894</b>  | <b>47,923</b>  | <b>182,627</b> | <b>177,350</b> |

**GOOD TIMES**