



MAG INTERACTIVE

MAG INTERACTIVE AB [PUBL]
INTERIM REPORT SEP-NOV 2022/23

2022/23

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ABOUT

MAG INTERACTIVE AB [PUBL]

MAG INTERACTIVE IS A LEADING MOBILE GAME DEVELOPER FOCUSED ON CASUAL SOCIAL GAMES. WITH PASSIONATE, CREATIVE TEAMS AND A DATA-DRIVEN BUSINESS MODEL, MAG DELIVERS WORLD-CLASS GAMING EXPERIENCES TO MILLIONS OF PLAYERS WORLDWIDE. MAG SPECIALIZES IN WORD GAMES AND TRIVIA, WITH A PORTFOLIO OF TITLES INCLUDING 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

SUMMARY OF THE PERIOD SEP UNTIL NOV 2022

- The Group's net sales for the period were 97,327 KSEK (69,838 KSEK), an increase of 39% compared to the same period the previous year
- EBITDA for the period was 3 KSEK (17,133 KSEK)
- Adjusted EBITDA for the period was 209 KSEK (16,343 KSEK) (adjustment of EBITDA for the period relates to social contribution costs from revaluation of option programs), see note 4
- The Group's game contribution for the period was 33,136 KSEK (47,819 KSEK), a decrease of 31% compared to the same period the previous year, see note 5
- Average revenue per daily active user (ARPDau) for the period was 7.8 US cents (5.7 US cents), an increase of 38% compared to the same period the previous year
- The result per share during the quarter was -0.42 SEK/share (0.14 SEK/share)
- The cost of user acquisition for the period was 51,154 KSEK (14,541 KSEK)
- Daily and monthly active users (DAU and MAU) were 1.2 million and 3.5 million respectively during the quarter, a decrease of 19% and 30% compared to the same period the previous year

SIGNIFICANT EVENTS DURING AND AFTER THE PERIOD SEP 2022 UNTIL NOV 2022

- No significant events were registered during the period





MAG INTERACTIVE

FROM THE CEO SIGNIFICANT INVESTMENTS IN UA CONTINUE

2022/23

Another high growth quarter leading to record revenues

We are starting off our new financial year with a 39% year-over-year revenue growth, reaching 97 MSEK in the first quarter. This is the highest quarterly revenue in company history, and we attribute that to a combination of stable operations of live games and successful investments in User Acquisition (UA). We also see a positive impact of the strengthened USD relative to the Swedish Krona compared to last year. Our average revenue per daily active user (ARPDau) increased by 38% compared to the previous year and reached 7.8 US cents.

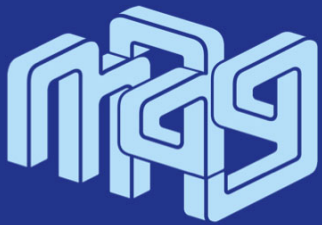
Our quarterly profitability is impacted negatively (EBITDA was just above zero) by significant investments in UA. The UA investment in Q1 grew to 51 MSEK, reaching its highest level ever in a single quarter, the majority of which was targeted to Wordzee.

In order to maximize opportunities to scale up UA we have allowed for 75% payback of UA campaigns within 180 days, instead of our standard 100%. We can do this comfortably as we have over three years worth of data on player behavior in Wordzee and can be quite precise in our longer term prediction models. We make this call based on maximizing the absolute return potential over time and are pleased with the outcome during the quarter. As always we are diligent in our monitoring of payback times and never compromise on the ultimate profitability of our UA campaigns.

Our financial targets are to grow revenues significantly faster than the industry average and to steer towards an EBIT margin of 20%. Our ability to achieve those targets is dependent on investments in UA and optimization of our game portfolio performance. We are delivering on both those parameters during Q1, and I am very proud of the work our teams are doing on both product and marketing sides.

We have been growing our revenues fairly consistently during the last four years, and during each of the last 13 reported quarters we have been able to show year-over-year growth.

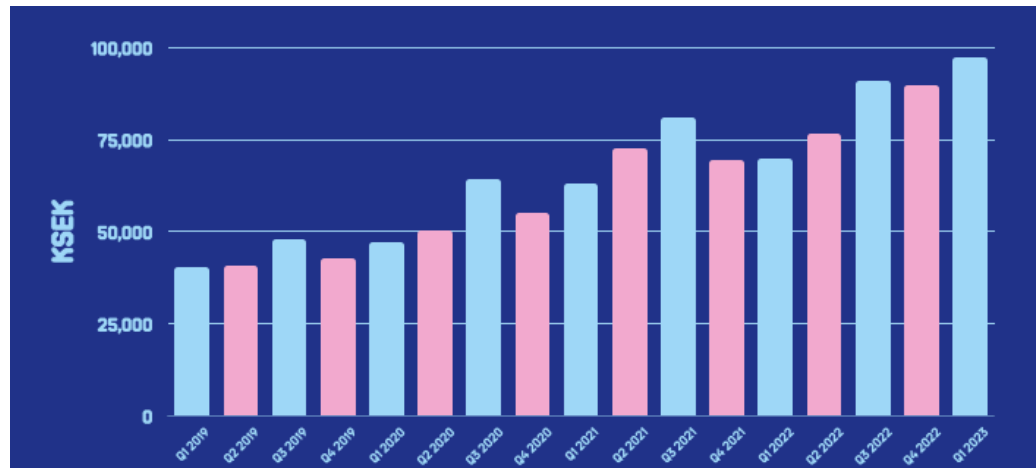




MAG INTERACTIVE

FROM THE CEO SIGNIFICANT INVESTMENTS IN UA CONTINUE

2022/23



Revenue last 17 quarters

The growth games segment continues to develop well

Wordzee continues to beat our expectations, delivering another record quarter in terms of revenues. Continued product improvements combined with successful investments in UA is the key to this quarter’s revenue record and to Wordzee’s continued growth.

QuizDuel grew revenues in Q1 compared to Q4 and also beat last year’s Q1 revenues. During the quarter we ran experiments in several markets in QuizDuel with a reduced frequency of advertising in-between rounds (often referred to as interstitial ads) and found a significant positive impact on the game’s player retention. We are expanding the tests in Q2 with the ambition to generate an even stronger long term lifetime value (LTV) of the game. The boost we get in the number of play days in a lifetime of a player combined with extracting more value from the strong event framework the team has built during the last couple of years enables this change, despite reduced ad views per game round.

Tile Mansion has increased its daily active user base (DAU) and revenues in Q1, compared to its launch quarter in Q4. In Q2 we are opening up more markets to the game as the results from early iterations in English-speaking markets in Q1 look positive. We are still in the early stages of Tile Mansion’s development, and we expect the game to be able to continue to grow in the coming quarters. Most notable additional markets in Q2 are France and Germany.





MAG INTERACTIVE

FROM THE CEO SIGNIFICANT INVESTMENTS IN UA CONTINUE

2022/23

Several new games in market testing

We are continuing to develop the game “wrapper” mentioned in the last quarterly reports. The wrapper contains everything in a game that is outside of the core mechanic, such as meta and story. This approach to building games with a richer metagame that have a modular approach to adding different core game mechanics is an important step for us in becoming an even more efficient game developer. We have started to market test games in the early phase, during Q1 and will continue in Q2, using the game wrapper with multiple different core mechanics, including but not limited to word games. This will give us an even better opportunity to compete for the top spots in the casual games category in the U.S. In addition to the games built using the wrapper, we tested a new multiplayer word game in the early part of Q2 with some promising results.

Growing into higher profit margins

One of the attractive attributes of the mobile games business is that the costs for running the organization can quickly diminish compared to gross profit if UA volumes can increase and deliver good returns. We want to continue our ambitious growth pace to get to a place where the gross margins start showing on the overall profit margins of the company.

Our DAU decreased by 19% while the ARPDAU increased by 38% compared to Q1 of last year. This continues the long-term trend of a relatively smaller but higher monetizing user base - mainly driven by high value UA with fewer but more valuable users entering our games. As our UA efforts focus on achieving the highest possible return on investment rather than optimizing for the number of users, we do not see this trend as alarming but, on the contrary, as a consequence of high quality UA campaigns. Relative to the previous quarter, the DAU remained fairly stable (-5%). An effect of higher quality users entering our games can also be seen in the increase of in-app purchase (IAP) revenue relative to the same period last year. The IAP revenue increased by 75% showing that our players’ propensity to spend has grown quite significantly compared to the previous year.

Great teams build great products

During 2022 we have been able to recruit great people to join us in the ambition of building an even better company and stronger products. The ongoing shift in the macro economic environment is likely to decrease competition further and, as such, facilitate the search to find the very best talent. We have worked on our recruitment and onboarding processes for years, and it is rewarding to see how it contributes to our mission to build world class teams.

A big thanks to the teams at MAG for delivering another strong quarter and also thanks for the continued support from our shareholders in our mission to build an even better and stronger company for the future.

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

DANIEL HASSELBERG, CEO



SUMMARY OF THE BUSINESS' KEY PERFORMANCE INDICATORS

2022/23

		Sep-Nov 22	Sep-Nov 21	Y/Y change	FY 21/22
Net sales	KSEK	97,327	69,838	39%	327,774
Adjusted Net sales	KSEK	97,327	69,838	39%	313,068
Currency (USD)	SEK/USD	11.040	8.820	25%	9.540
Net sales USD (In-app + advertising)	KUSD	8,817	7,916	11%	32,819
In-app purchases	KSEK	44,180	25,239	75%	125,667
Advertising sales	KSEK	53,147	44,598	19%	187,379
Other net sales ²	KSEK	0	1	-100%	14,728
User acquisition	KSEK	-51,154	-14,541	252%	-93,410
Game contribution	KSEK	33,136	47,819	-31%	212,039
EBITDA	KSEK	3	17,133	-100%	101,360
EBITDA margin ¹	%	0%	25%	-25	31%
Adjusted EBITDA	KSEK	209	16,343	-99%	53,232
Adjusted EBITDA margin ¹	%	0%	23%	-23	17%
EBIT	KSEK	-13,827	3,999	-446%	11,395
Operating profit margin ¹	%	-14%	6%	-20	3%
Adjusted EBIT	KSEK	-13,621	3,209	-524%	-951
Profit	KSEK	-11,228	3,699	-404%	11,303
Earnings per share	KSEK	-0.42	0.14	-404%	0.43
Free cashflow	KSEK	-20,940	1,375	-1,623%	33,539
Average employees		104	111	-6%	112
Daily active users (DAU)	Millions	1.2	1.5	-19%	1.5
Monthly active users (MAU)	Millions	3.5	5.0	-30%	4.5
Monthly unique payers (MUP)	Thousands	52	47	9%	49
ARPPDAU	US \$ cent	7.8	5.7	38%	6.2

¹Y/Y change in percentage points

² Transfer bonus from Applovin and other



MAG's unique word game is growing

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 revenue records and effectively scaled User Acquisition (UA) in Q4 21/22, especially on iOS. Wordzee reached even higher revenue in Q1, a result of a continued scaling of UA during the quarter with thousands of new high-quality players being acquired. Both advertising revenue and in-app purchases (IAP) increased, and ARPDau grew close to 50% compared to the same period last year. This is due in part to both an improved product and to successful marketing.

New events and an improved game experience

In Q1, two *Journeys* were released at Halloween and Thanksgiving. *Journeys* are themed events released around holidays where players can collect specific letter tiles. Wordzee also launched a new mini-golf themed seasonal event, which is a collection event first introduced in Q4 21/22, where for seven days players receive special rewards for competing against each other. Wordzee generally sees positive effects on engagement and revenue as a result of events, and the mini-golf event was particularly successful in increasing player engagement during the event period.

Wordzee a strengthened product for 2023

In the coming quarters, the Wordzee team plans to continue to optimize in-game monetization by, for example, providing more visible IAP offers and optimizing ad placement. New content is continuously developed with the goal of strengthening long-term player retention.

The Wordzee team has developed a more polished game experience, with new features, better animations and graphics. The game has also delivered growth above MAG's expectations. It is the most profitable product in the portfolio, and the company is looking forward to what Wordzee can achieve in 2023.



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*, *Quinder* and *Arena*. The game is MAG's largest product in terms of daily active users and also the largest mobile trivia game in Europe.

Revenue record for Solo

During Q1 a *Solo event* was released with an autumn theme of 10 chapters that players got to take part in over four successive weeks. The events differed from previous *Solos* in that they had more chapters available for a shorter period of time. The autumn version of *Solo* performed well throughout the event period; it resulted in the most successful *Solo event* ever in terms of revenue, with increased average revenue per daily active user (ARPDau). This is a result of the changed event format, as well as an optimized advertising strategy.

In addition to *Solo*, a new version of *Question Streak* was also launched, an event where players have to answer questions correctly in a row. Additionally, two *Quinder events*, a true-or-false event, were launched and the daily quiz *Star Streak* was also further optimized. Events are a successful concept for QuizDuel; they drive ARPDau and player engagement and have now become an essential part of the game experience. QuizDuel's events continue to be tested in different formats and optimized according to the impact on the game's KPIs.

More events and improvements to the game experience

With lessons learned from the autumn version of *Solo*, a *Winter Solo event* was launched at the beginning of December. In addition to continued development of the events, the QuizDuel team is also working on optimizing the game experience as a whole, with a focus on the user interface and technical updates.

The opportunities to strengthen QuizDuel in English-speaking markets, specifically the U.S, as well as the work to reactivate former QuizDuel players continues and has been ongoing since the previous quarter.

QuizDuel is a strong brand and an important part of MAG's portfolio. The game has improved significantly, and the company sees continued potential for growth and increased revenue.



Puzzle adventure with story and decoration

Tile Mansion is a puzzle adventure that combines core mechanics inspired by mahjong with a renovation and decoration theme. The game is developed by MAG's game studio Approe and was built based on the game engine of the word puzzle game Word Mansion. Tile Mansion was released last quarter in several English-language markets, including the U.S, UK, Canada, Australia and New Zealand.

Tile Mansion shows strong metrics and high average revenue per daily active user (ARPDau) comparable to Wordzee. User Acquisition (UA) was able to scale up significantly during Q1 with high-quality users, which resulted in strengthened KPIs.

Further development and optimization

During the first quarter of the year, the difficulty level has been balanced and the in-game economy has been optimized to increase in-app purchases (IAP). A weekly challenge has also been introduced, which is a new game mode with a leaderboard. The weekly challenge also fulfills the function of providing new content to the most dedicated players with the goal of increasing player engagement over time. New chapters in Tile Mansion's story and new levels are also continuously added to expand the game experience.

Test launch in new markets in 2023

The game team is working to optimize Tile Mansion's KPIs, where the focus is primarily on optimizing long-term player engagement. Approe also works on the development of new features in the game and reviews how the user interface can be improved. Localization of the game's content has also begun, and after the end of the quarter, Tile Mansion was released to the French and German markets. At the beginning of 2023, test launches are planned in several international markets.

Tile Mansion is still in an early growth phase, and MAG sees great opportunities for development in 2023.



Positive trend of increased revenue in Ruzzle

Ruzzle, launched globally in 2012, is MAG's first successful word game. It is one of MAG's most important evergreens, has a very loyal player base and generates long-term predictable revenue.

During Q4 21/22, Ruzzle introduced a new type of “booster” into the game, a feature players are able to purchase that gives them an advantage in game play - extra time during a game round, for example. The pricing for this booster, which was introduced to increase in-app purchases (IAP), was optimized during Q1. It's too early to draw conclusions on this booster's long-term effects; however, Ruzzle showed an upward trend in IAP and ad revenue in Q1 compared to the previous quarter.

The Live Operations team (Live Ops) continues to optimize in-game economy and to technically optimize the game. Ruzzle continues to show the strength of its loyal player base that continues to engage with the game for a long time and generates stable revenue.

Engaged player base in Word Domination

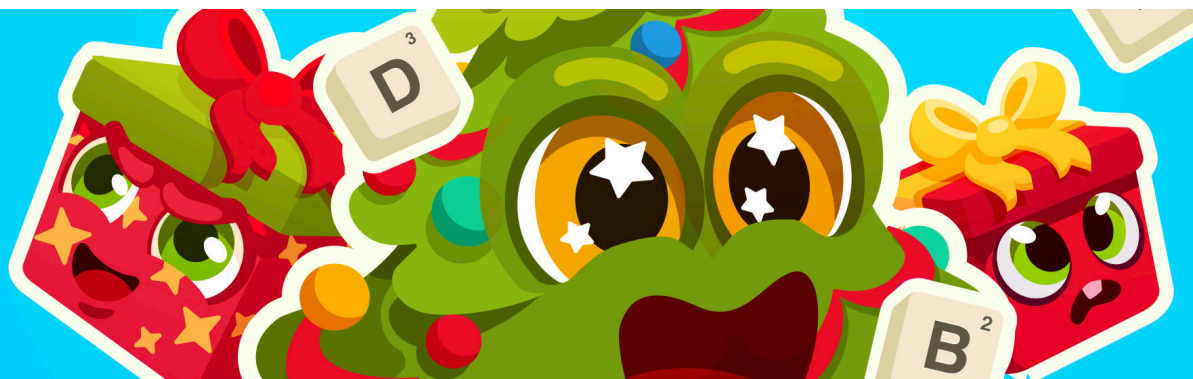
The tactical word game Word Domination was released globally in 2018 and has reached over 10 million downloads. In Word Domination, opponents meet in five rounds where they collect points by spelling words on a game board. With “booster cards” players can tactically play out time-limited advantages.

The game has a dedicated user base where the majority of revenue is driven by players who have been playing Word Domination for over a year. These players are very engaged in the game's events; Live Ops continues to develop new chapters to the Stories game mode and more collector events. In the coming quarters, new booster cards are planned to be launched with the aim of improving the monetization of the game.

WordBrain – evergreen with stable revenue stream

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

Wordbrain has been experimenting with different event formats since its events were remade, which increased revenue significantly in the summer of 2021. Live Ops has balanced the difficulty level of the events to further improve the in-game economy.



CONSOLIDATED PROFIT/LOSS AND CASH FLOW FOR THE PERIOD SEP UNTIL NOV 2022

2022/23

OPERATING INCOME

The Group's net sales for the period totalled 97,327 KSEK (69,838 KSEK), an increase of 39%.

Own work capitalised totalled 11,140 KSEK (9,612 KSEK).

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

OPERATING EXPENSES, EBITDA AND OPERATING PROFIT/LOSS

Operating expenses totalled 109,521 KSEK (63,729 KSEK). Of these, 21,335 KSEK (14,817 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 51,154 KSEK (14,541 KSEK) were costs of user acquisition and 10,119 KSEK (8,475 KSEK) were other external operating expenses.

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

Personnel expenses totalled 26,914 KSEK (25,896 KSEK), an increase of 4%

EBITDA for the period was 3 KSEK (17,133 KSEK).

Depreciation of tangible and intangible assets totalled 13,830 KSEK (13,134 KSEK), of which 7,932 KSEK (7,346 KSEK) was depreciation of capitalized development expenses.

The Group's operating profit was -13,827 KSEK (3,999 KSEK) and profit before tax -14,641 KSEK (5,845 KSEK).

FINANCIAL ITEMS

Financial income totalled 729 KSEK (-2,472 KSEK) and financial expenses totalled -1,544 (4,319 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

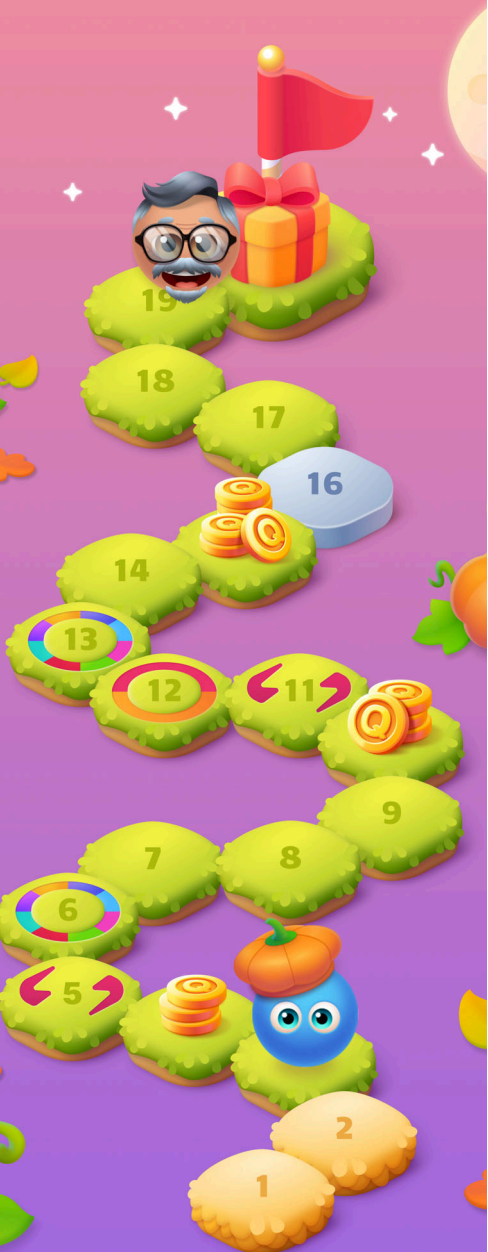
Profit after tax totalled -11,228 KSEK (3,699 KSEK).

The profit after tax per share was -0.42 SEK/share (0.14 SEK/share).

The average number of shares during the period was 26,494,653 (26,494,653).

CASH FLOW FOR THE PERIOD

The Group's cash flow from operating activities during the quarter was -9,670 KSEK (11,181 KSEK). Cash flow from investing activities was -11,270 KSEK (-9,806 KSEK). Cash flow from financing activities was -2,795 KSEK (-2,458 KSEK).



PARENT COMPANY PROFIT/LOSS FOR THE PERIOD SEP UNTIL NOV 2022

2022/23

OPERATING INCOME

The parent company's net sales for the period were 79,849 KSEK (56,590 KSEK), an increase of 41% compared with the same period the previous year.

OPERATING EXPENSES AND OPERATING PROFIT/LOSS

Operating expenses totalled 93,922 KSEK (56,299 KSEK).

Of these 18,736 KSEK (12,524 KSEK) were sales related costs originating primarily from fees to Apple App Store and Google Play, costs of user acquisition were 38,023 KSEK (10,274 KSEK) and 15,934 KSEK (14,215 KSEK) was other external operating expenses.

Personnel expenses totalled 21,229 KSEK (19,286 KSEK) an increase of 10%.

Depreciation of tangible and intangible assets totalled 4,752 KSEK (4,862 KSEK).

The parent company's operating profit for the period was -17,763 KSEK (-3,025 KSEK).

FINANCIAL ITEMS

Financial income totalled 272 KSEK (-269 KSEK) and financial expenses totalled -825 KSEK (2,106 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 -15,286 KSEK (-2,590 KSEK).



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

2022/23

Intangible non-current assets at the end of the period totalled 224,120 KSEK (268,964 KSEK), of which 125,541 KSEK (160,887 KSEK) relates to goodwill and 98,579 KSEK (108,076 KSEK) to other intangible assets. 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 101,530 KSEK (96,563 KSEK).

Equity at the end of the period totalled 325,300 KSEK (327,779 KSEK), corresponding to 12.3 SEK/share (12.4 SEK/share).

The equity/assets ratio at the same time was 73.1% (68.8%).

Other long-term liabilities consist of a long-term part of the earn-out for the acquisition of Apprope AB and amount to 11,200 KSEK (43,739 KSEK). The previous year also contains the long-term part of the earn-out for the acquisition of the Sventertainment Group. 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 Q2 the previous year. The long-term liabilities regarding earn-out for Sventertainment AB has been written down by 32,250 KSEK during the previous year

The group has interest bearing debt of 36,167 KSEK (43,347 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 66,605 KSEK (74,711 KSEK).

Equity at the end of the period totalled 235,937 KSEK (265,263 KSEK).



KEY INDICATORS FOR THE BUSINESS PERIOD SEP UNTIL NOV 2022

2022/23

DISTRIBUTION OF REVENUES BY BUSINESS MODEL

The Group's net sales are distributed primarily between in-app purchases (purchases made inside games) and in-app advertising.

The Group's net sales from in-app purchases for the period were 44,180 KSEK (25,239 KSEK), an increase of 75% compared to the same period the previous year.

The Group's net sales from in-app advertising were 53,147 KSEK (44,598 KSEK), an increase of 19% 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 (mainly to fees for Apple AppStore and Google Play) 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 33,136 KSEK (47,819 KSEK), a decrease of 31% 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.



KEY INDICATORS FOR THE BUSINESS CONTO.

2022/23



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. Xignite average exchange rate per month is used for translation into USD.

THE BUSINESS'S KEY INDICATORS DURING THE PERIOD

DAU for the period 1.2 million (1.5 million), a decrease of 19% compared with the same period the previous year.

MAU for the period 3.5 million (5.0 million), a decrease of 30% compared with the same period the previous year.

MUP for the period 52 thousand (47 thousand), an increase of 9% compared with the same period the previous year.

ARPDau for the period 7.8 US \$ cent (5.7 US \$ cent), an increase of 38% compared with the same period the previous year.

COMMENTS TO THE KPIs

DAU is declining due to our focus on marketing targeting higher monetizing users. This is also the main driver behind the increase in ARPDau compared to the same quarter last year. Compared to the previous quarter DAU is relatively stable with a decline of 5%.

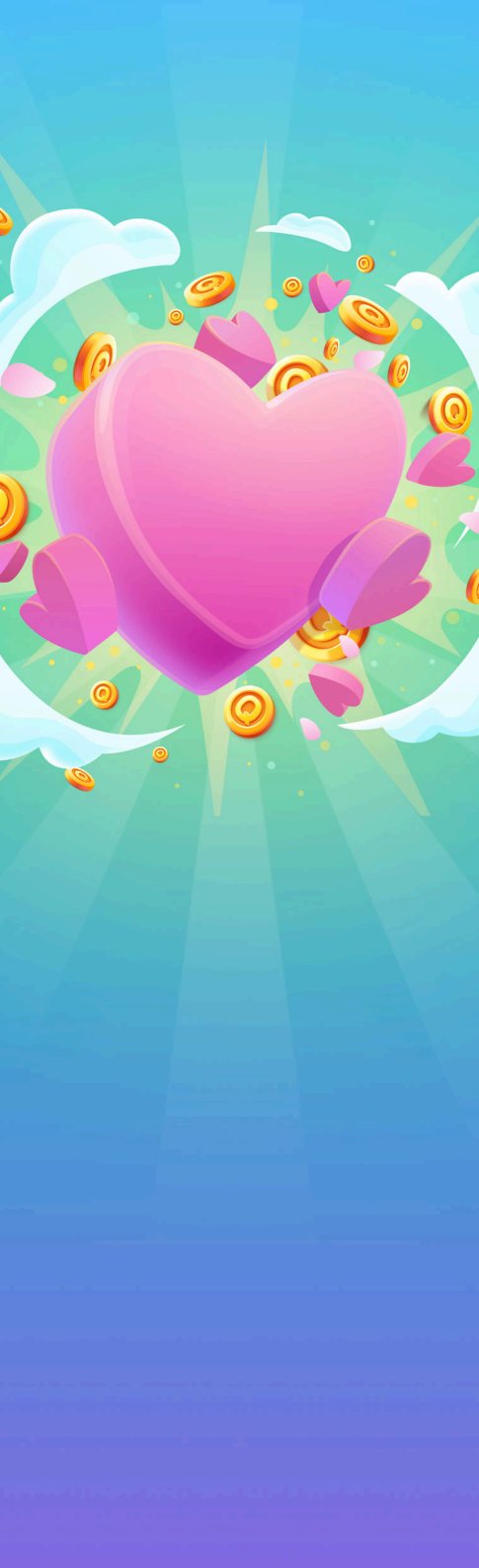


PARENT COMPANY

The parent company MAG Interactive AB (publ), corporate ID number 556804-3524, has its registered office in Stockholm with 79 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 18 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 the developer and publisher of the trivia app Primetime. Sventertainment is a subsidiary group consisting of six companies and was acquired during the first quarter 2020/21 and has 9 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 2021/2022.



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 2021/2022.

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 104 compared to 111 the same period the previous year.

CONTACT

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

Or contact

Daniel Hasselberg, CEO, at daniel@maginteractive.se

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

MAG INTERACTIVE AB [PUBL]

Drottninggatan 95A
113 60 Stockholm
Sweden



OTHER DISCLOSURES CONTO.

2022/23

FURTHER REPORTING DATES

Interim Report Q2 September 2022 – February 2023

March 29, 2023

Interim Report Q3 September 2022 – May 2023

June 28, 2023

Interim and Year-End Report Q4 September 2022 – August 2023

October 18, 2023

AUDIT

This report has not been reviewed by auditors.

TWITCH STREAM

On January 18, 2023 at 10:00 CET, CEO Daniel Hasselberg and CFO Magnus Wiklander will present the report live on Twitch. The presentation will be held in English. Link to the Twitch feed 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

STATEMENTS ABOUT THE FUTURE

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



ASSURANCE BY THE BOARD OF DIRECTORS

Stockholm January 18, 2023

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**2022/23**

Amounts in KSEK	Note	Sep-Nov 22	Sep-Nov 21	FY 21/22
Operating income				
Net sales	1, 4	97,327	69,838	327,774
Own work capitalised		11,140	9,612	30,486
Other operating income		1,058	1,412	37,811
Total operating income		109,524	80,862	396,070
Operating expenses				
Sales related costs	2	-21,335	-14,817	-66,720
User acquisition		-51,154	-14,541	-93,410
Other external expenses		-10,119	-8,475	-32,335
Personnel costs		-26,914	-25,896	-102,245
Total operating expenses		-109,521	-63,729	-294,710
EBITDA	4	3	17,133	101,360
Depreciation and write downs of tangible and intangible non-current assets	3	-13,830	-13,134	-89,966
Operating profit/loss (EBIT)	4	-13,827	3,999	11,395
Financial items				
Interest income		729	-2,472	7,129
Interest expense		-1,544	4,319	-1,143
Total financial items		-814	1,846	5,986
Profit/loss after financial items		-14,641	5,845	17,381
Taxes		3,413	-2,146	-6,077
Profit/loss for the period		-11,228	3,699	11,303
Other comprehensive result				
Exchange rate differences		333	383	870
Total comprehensive income for the period		-10,895	4,082	12,173

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)	-0.42	0.14	0.43
Average number of shares during the period ('000)	26,495	26,495	26,495
Number of shares at the end of the period ('000)	26,495	26,495	26,495

**CONSOLIDATED BALANCE SHEET
ASSETS****2022/23**

Amounts in KSEK	Note	30/11 2022	30/11 2021	31/8 2022
ASSETS				
Goodwill		125,541	160,887	125,377
Other intangible assets		98,579	108,076	97,937
Total intangible assets		224,120	268,964	223,314
Right-of-use assets		34,344	41,059	38,622
Equipment, tools, fixtures and fittings		5,461	7,560	5,981
Total tangible assets		39,805	48,619	44,603
Other long-term receivables		4,099	4,113	4,124
Deferred tax assets		13,546	6,106	2,920
Total financial non-current assets		17,645	10,219	7,044
Total non-current assets		281,570	327,802	274,961
Current assets				
Trade and other receivables		47,055	35,236	42,009
Current tax assets		9,278	9,322	9,905
Other current receivables		535	1,192	1,565
Prepaid expenses and accrued income		4,993	6,482	6,396
Cash and cash equivalents		101,530	96,563	125,940
Total current assets		163,391	148,795	185,815
TOTAL ASSETS		444,961	476,597	460,776

**CONSOLIDATED BALANCE SHEET
LIABILITIES AND EQUITY****2022/23**

Amounts in KSEK	Note	30/11 2022	30/11 2021	31/8 2022
EQUITY AND LIABILITIES				
Equity				
Share capital		688	688	688
Other external capital		284,845	284,520	284,638
Reserves		-553	-1,373	-886
Retained earnings incl. profit/loss for the period		40,320	43,944	51,548
Total equity		325,300	327,779	335,988
Long-term liabilities				
Deferred tax liabilities		27,388	22,991	20,175
Long-term lease liabilities		26,052	33,873	29,623
Other long-term liabilities		11,200	43,739	11,200
Total long-term liabilities		64,640	100,603	60,998
Current liabilities				
Trade and other payables		22,374	12,671	24,157
Current tax liability		750	18	1,530
Accrued expenses and prepaid income		11,355	13,842	14,499
Short-term lease liabilities		10,115	9,474	10,997
Other current liabilities		10,427	12,209	12,607
Total current liabilities		55,021	48,214	63,790
TOTAL EQUITY AND LIABILITIES		444,961	476,597	460,776

CONSOLIDATED CASH FLOW STATEMENT**2022/23**

Amounts in KSEK	Note	Sep-Nov 22	Sep-Nov 21	FY 21/22
Operating activities				
Operating profit/loss (EBIT)		-13,827	3,999	11,395
Adjustments for items not part of cash flow				
LTIP		207	225	78
Write-down of Earn-out		0	0	-32,250
Depreciations and write-downs	3	13,830	13,134	89,966
Interest received		272	0	183
Interest paid		-264	-284	-1,143
Tax paid		-153	-710	-3,888
Cash flow from operating activities before change in working capital		64	16,364	64,341
Change in current operating receivables				
		-2,556	-2,921	-9,398
Change in current operating liabilities				
		-7,178	-2,262	13,058
Change in working capital		-9,734	-5,183	3,660
Cash flow from operating activities		-9,670	11,181	68,001
Investing activities				
Capitalized work		-11,140	-9,612	-30,486
Investments in and merged tangible non-current assets		-160	-194	-666
Payment for acquisition of subsidiary, net of cash acquired		0	0	-3,308
Change in financial investments		30	0	-2
Cash flow from investing activities		-11,270	-9,806	-34,462
Free cashflow		-20,940	1,375	33,539
Financing activities				
Warrants		0	0	265
Amortized short-term loan		0	-137	-137
Amortized leasing liabilities		-2,795	-2,321	-10,506
Cash flow from financing activities		-2,795	-2,458	-10,378
Increase/decrease in cash and cash equivalents				
Cash flow for the period		-23,735	-1,083	23,161
Effects of exchange rate changes		-675	2,131	7,264
Opening cash and cash equivalents		125,940	95,515	95,515
Closing cash and cash equivalents		101,530	96,563	125,940

**CONSOLIDATED STATEMENT OF
CHANGES IN EQUITY****2022/23**

KSEK	Share capital	Other external capital	Reserves	Retained earnings	Total equity
Opening balance 1/9 2022	688	284,638	-886	51,548	335,988
Profit/loss for the period				-11,228	-11,228
Exchange rate differences			333		333
Total comprehensive income			333	-11,228	-10,895
LTIP		207			86
Closing balance 30/11 2022	688	284,845	-553	40,320	325,300
KSEK	Share capital	Other external capital	Reserves	Retained earnings	Total equity
Opening balance 1/9 2021	688	284,295	-1,756	40,245	323,472
Profit/loss for the period				3,699	3,699
Exchange rate differences			383		383
Total comprehensive income			383	3,699	4,082
LTIP		225			225
Closing balance 30/11 2021	688	284,520	-1,373	43,944	327,779

PARENT COMPANY'S INCOME STATEMENT**2022/23**

Amounts in KSEK	Note	Sep-Nov 22	Sep-Nov 21	FY 21/22
Operating income				
Net sales		79,849	56,590	266,450
Other operating income		1,062	1,546	5,335
Total operating income		80,910	58,136	271,784
Operating expenses				
Sales related costs		-18,736	-12,524	-56,902
User acquisition		-38,023	-10,274	-68,285
Other external expenses		-15,934	-14,215	-57,472
Personnel costs		-21,229	-19,286	-75,126
Total operating expenses		-93,922	-56,299	-257,785
EBITDA		-13,011	1,837	13,999
Depreciation of tangible and intangible non-current assets	3	-4,752	-4,862	-19,170
Operating profit/loss		-17,763	-3,025	-5,171
Financial items				
Financial income		272	-269	5,108
Financial expenses		-825	2,106	-12,926
Total financial items		-553	1,837	-7,818
Profit/loss after financial items		-18,316	-1,188	-12,988
Taxes		3,030	-1,402	-3,966
Profit/loss for the period		-15,286	-2,590	-16,954

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

2022/23

Amounts in KSEK	Note	30/11 2022	30/11 2021	31/8 2022
ASSETS				
Goodwill		0	13,647	3,412
Other intangible assets		18,800	22,560	19,740
Total intangible assets		18,800	36,207	23,152
Equipment, tools, fixtures and fittings		3,872	5,242	4,205
Total tangible non-current assets		3,872	5,242	4,205
Participation in Group companies		134,679	176,151	130,979
Other long-term receivables		7,695	8,003	4,858
Long-term receivables from Group companies		372	223	318
Total financial non-current assets		142,746	184,377	136,155
Total non-current assets		165,418	225,827	163,512
Current assets				
Trade and other receivables		38,779	29,549	33,847
Short-term receivable from Group companies		3,550	131	75
Other receivables		9,840	9,850	10,841
Prepaid expenses and accrued income		3,869	5,381	5,587
Total current assets		56,038	44,912	50,350
Cash and cash equivalents		66,605	74,711	94,657
TOTAL ASSETS		288,061	345,450	308,519

PARENT COMPANY'S BALANCE SHEET LIABILITIES AND EQUITY

2022/23

Amounts in KSEK	Note	30/11 2022	30/11 2021	31/8 2022
EQUITY AND LIABILITIES				
Restricted equity				
Share capital		688	688	688
Non-restricted equity				
Other external capital		316,234	315,909	316,027
Retained earnings incl. profit/loss for the period		-80,984	-51,334	-65,698
Total equity		235,937	265,263	251,017
Long-term liabilities				
Deferred tax liabilities		3,873	4,647	4,066
Other provisions		11,200	43,739	11,200
Total long-term liabilities		15,073	48,386	15,266
Current liabilities				
Trade and other payables		17,520	10,225	19,543
Liabilities to Group companies		3,093	1,693	3,462
Other liabilities		6,750	9,720	8,120
Accrued expenses and prepaid income		9,688	10,162	11,112
Total current liabilities		37,051	31,800	42,236
TOTAL EQUITY AND LIABILITIES		288,061	345,450	308,519

Term	Description
Net sales	Total game revenue, drawn from In-app purchases and advertising sales. MAG records the full value of items sold as In-app purchases (mainly Apple and Google) and reports the platform share as Sales related costs. The Platform fee is normally 30% of the sales value.
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 personell 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.
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, depreciation and write-downs.
Equity/asset ratio	Equity end of period as a percentage of balance sheet total.
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.
ARPDau	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**2022/23**

	Sep-Nov 22	Sep-Nov 21	FY 21/22
Amounts in KSEK			
NOTE 1: DISTRIBUTION OF NET SALES			
In-app purchases	44,180	25,239	125,667
Advertising income	53,147	44,598	187,379
Other	0	1	14,728
Total	97,327	69,838	327,774
NOTE 2: SALES RELATED COSTS			
Platform fee	-13,037	-7,478	-37,031
Server costs	-4,981	-4,174	-18,156
Other sales related costs	-3,317	-3,165	-11,533
Total sales related costs	-21,335	-14,817	-66,720

	Sep-nov 22	Sep-nov 21	Helår 21/22
Amounts in KSEK			
NOTE 3: DEPRECIATION AND WRITE DOWNS OF TANGIBLE AND INTANGIBLE NON-CURRENT ASSETS			
Group			
Goodwill	0	0	-35,782
Right-of-use assets	-2,626	-2,432	-10,317
Equipment, tools, fixtures and fittings	-707	-791	-2,942
Intellectual properties	-2,565	-2,565	-10,260
Own work capitalized	-7,932	-7,346	-30,665
Total	-13,830	-13,134	-89,966
Parent			
Goodwill	-3,412	-3,412	-13,647
Equipment, tools, fixtures and fittings	-400	-510	-1,763
Intellectual properties	-940	-940	-3,760
Total	-4,752	-4,862	-19,170

NOTES TO THE INTERIM REPORT

2022/23

	Sep-Nov 22	Sep-Nov 21	FY 21/22
Amounts in KSEK			
NOTE 4: ADJUSTED NET SALES, EBITDA AND EBIT			
Net sales	97,327	69,838	327,774
Transfer bonus from Applovin	0	0	-14,706
Adjusted Net sales	97,327	69,838	313,068
EBITDA	3	17,133	101,360
Transfer bonus from Applovin	0	0	-14,706
Write-down of Earn-out	0	0	-32,250
Social contribution from re-evaluation of option programs	206	-790	-1,172
Total adjustments of EBITDA	206	-790	-48,128
Adjusted EBITDA	209	16,343	53,232
EBIT	-13,827	3,999	11,395
Transfer bonus from Applovin	0	0	-14,706
Write-down of Earn-out	0	0	-32,250
Social contribution from re-evaluation of option programs	206	-790	-1,172
Write-down of Goodwill	0	0	35,782
Total adjustments of EBIT	206	-790	-12,346
Adjusted EBIT	-13,621	3,209	-951

NOTES TO THE INTERIM REPORT

2022/23

	Sep-Nov 22	Sep-Nov 21	FY 21/22
Amounts in KSEK			
NOTE 5: GAME CONTRIBUTION			
Group			
In-app purchases	44,180	25,239	125,667
Advertising income	53,147	44,598	187,379
Other	0	1	14,728
Net sales	97,327	69,838	327,774
Transfer bonus from Applovin	0	0	-14,706
Net sales without Transfer bonus	97,327	69,838	342,480
Platform fee	-13,037	-7,478	-37,031
User acquisition	-51,154	-14,541	-93,410
Game contribution	33,136	47,819	212,039

GOOD TIMES