

MAG INTERACTIVE

MAG INTERACTIVE AB [PUBL]
INTERIM REPORT SEP-NOV 2018/19

2018/19

INTERIM REPORT

SEP—NOV 2018/19

ABOUT

MAG INTERACTIVE AB [PUBL]

MAG INTERACTIVE IS A LEADING DEVELOPER AND PUBLISHER OF CASUAL MOBILE GAMES FOR A GLOBAL AUDIENCE. MAG INTERACTIVE REACHES OVER 10 MILLION ACTIVE PLAYERS EVERY MONTH AND THE GAME PORTFOLIO CONSISTS OF TEN SUCCESSFUL GAMES WITH OVER 250 MILLION DOWNLOADS, INCLUDING SUCCESSFUL TITLES RUZZLE, WORD DOMINATION AND WORDBRAIN, ALL OF WHICH HAVE REACHED #1 SPOTS ON THE APP STORE AND GOOGLE PLAY. WITH OFFICES LOCATED IN STOCKHOLM AND BRIGHTON, MAG INTERACTIVE'S GAMES ARE DISTRIBUTED THROUGH VIRTUAL APP STORES ALLOWING FOR GLOBAL REACH WITH MINIMUM EFFORT. MAG INTERACTIVE IS LISTED ON NASDAQ FIRST NORTH PREMIER WITH TICKER MAGI. FOR MORE INFORMATION VISIT WWW.MAGINTERACTIVE.COM

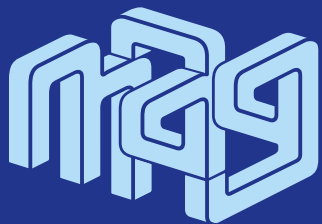


SUMMARY OF THE PERIOD SEP UNTIL NOV 2018

- The Group's Net sales for the period were 40,367 KSEK (52,990 KSEK), a decrease of 24% compared to the same period previous year. Net sales adjusted for currency effects are 37,871 KSEK
- The Group's game contribution for the period was 25,850 KSEK (23,236 KSEK), an increase of 11% compared to the same period the previous year
- Adjusted EBITDA for the period was 1,230 KSEK (2,454 KSEK)
- The costs for performance marketing in the period was 9,893 KSEK (17,748 KSEK)
- Daily and monthly active users (DAU and MAU) were 2.3 million and 9.9 million respectively during the quarter, an increase of 23% and 31% respectively compared to the same period last year. ARPDau was 2.2 US \$ cents (3.8 US \$ cents)
- EBITDA for the period was 1,230 KSEK (-32,557 KSEK)

SIGNIFICANT EVENTS DURING THE PERIOD SEP TO NOV 2018

- On November 1 the company announced that the game PaintHit had reached 20 million downloads
- On November 22 the company announced that the game Quiz Duel is available on Amazon's platform Echo on the German market



MAG INTERACTIVE

FROM THE CEO FOCUS ON MULTIPLAYER AND INVESTING IN FUTURE GROWTH

2018/19

Streamlining our strategy towards multiplayer

Analysis of our portfolio performance as well as the overall industry's, has lead to a shift in strategy for the company towards a streamlined focus on social multiplayer games. Historically we have seen the best long term development with this type of game, and in the game market there is an increasing demand for games where you can create relationships with other players within the context of the game. In addition to a streamlined focus on social multiplayer games, our new strategy has resulted in a decreased focus on single player games like Paint Hit, WordBrain and Backpacker. As has been previously communicated, the publishing agreement for Backpacker has been terminated in-line with this new strategy.

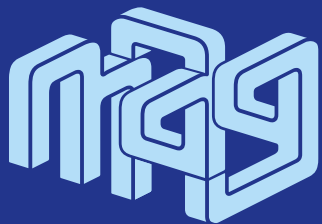
Our goal is to be a leading studio within multiplayer games for the casual player audience we've developed a deep understanding of over the last seven years. Our game titles Ruzzle, Quiz Duel and Word Domination are good examples of the kind of game that entertains an audience for years by creating long-term relationships between the players, and thus the type of game we want to develop more of. Social games are at the core of our product portfolio and we are now investing in building new functions and optimized content for these existing games as well as doubling down on new games with similar components.

We are expanding the teams working on the core products Quiz Duel, Ruzzle and Word Domination in order to speed up the pace of production of new exciting content and through that increasing engagement in the player base while offering them more possibilities to spend money on their favorite entertainment. We are also investing in a stronger marketing team with focus on a deeper understanding of the motivations of the players in order to further optimize the advertising efficiency as well as in-game monetization.

Increasing game contribution in an otherwise weak quarter

Compared to the previous quarters we've seen a decrease in revenues mainly stemming from the fact that Paint Hit generated substantial revenues during the summer months while holding top chart positions in the US but has since fallen back to very low revenue levels. The core game portfolio has at the same time developed in a stable way with a strong contribution margin and the overall game contribution is increasing both sequentially and on a yearly basis. The market in general has seen an increase in advertising as share of overall revenues which is reflected in our own game portfolio. This combined with a reduction of investment in performance based marketing has lead to a decrease in monthly unique payers. A strengthened ads business partly compensates for this decrease, but our long term ambition is to reverse this trend as we are able to increase our marketing efforts.





MAG INTERACTIVE

FROM THE CEO FOCUS ON MULTIPLAYER AND INVESTING IN FUTURE GROWTH

2018/19

Investing in long term growth

Given a game contribution of about 25 MSEK we could generate higher profits if short term profitability was our focus. Instead our focus is long term growth, and thus we see tremendous value in having multiple new development projects running concurrently with active development of the core live games. This is why we have continuously chosen to invest in the company and further build up the organization by recruiting top talent within development, design and marketing in order to reach our longer term goals of a substantially larger business. Following the acquisition of Quiz Duel we communicated that our focus would be on technical integration and general improvement in the game's performance during the year. We are now at a point in time where we can start benefitting from those efforts. The first major feature update of Quiz Duel was globally available as of December and has enjoyed a positive reception. We have also been able to significantly reduce the cost per player thanks to investing in an improved technical platform. During the last few years we have continuously invested in the infrastructure needed for optimizing product performance in a data driven way as well as verifying and scaling up performance marketing based on data models with predetermined ROI requirements. This platform is incredibly valuable in order to scale up the new games we release as well as handle the existing portfolio of games in a profitable way and it is a core asset of the company.

The way forward

A large part of our staff here at MAG are working on finding the next big hit game. Their work is done using a well defined process for the evaluation of ideas, prototypes and marketing efficiency so as to determine as early as possible, if a project should be canceled or continued. This methodology enables us to focus resources where they will have the best chance of creating value for the business. Over the years, this approach has resulted in every game launched reaching a multi-million player base and a good return. This process is also an integral part of supporting our staff so that they can repeatedly develop games that produce a large global impact, as seen with our current game portfolio that has generated more than a quarter of a billion downloads. Our latest multiplayer game, Word Domination, grows steadily and our other core multiplayer games Ruzzle and Quiz Duel continue to develop with strong product updates during or shortly after the reporting period. This continued development further affirms our view that a streamlined focus around multiplayer is the right way to go for MAG and I feel confident that the investments we make today take us closer to our goal of being a leading studio in casual multiplayer games and showing strong and profitable growth.

DANIEL HASSELBERG, CEO



Word Domination is growing

Word Domination is MAG Interactive's first real time PVP-game. No more waiting for your opponent to make a move, see tiles being played on the board while you plan your next move. Players can play Word Domination with friends or challenge other players online. Word Domination has 45 collectable boosters that you can use to get an edge on your opponent. The addition of this tactical element in combination with the real-time component makes the game unique and it has received much appreciation from players worldwide.

Word Domination has the highest daily player engagement of any game MAG has ever released. Word Domination is based on MAG's core strategy of multiplayer games that create a higher degree of loyalty and creates a more sustainable economy. The game now continues its strong growth with hundreds of thousands of active players and over 1,500,000 games played per day. MAG's strategy is to create multiplayer games with the potential of becoming evergreens products with exceptionally strong long-term loyalty. With over three million downloads and more than 750,000 monthly active players, Word Domination has established itself in MAG's gaming portfolio with strong potential of becoming a new evergreen.

New launches and sustainable marketing

Word Domination generates an ever-stronger daily revenue per player, which enables MAG to activate a broader and deeper marketing than for other games. New features and content are now being launched continuously to further improve the gaming experience and increase the daily revenue per player. As an example in October 2018, the solo mode campaign was launched, which increased the engagement and daily revenue per player.



Quiz Duel maintains leading position

With more than 1 million players daily, Quiz Duel maintains its position as the largest Trivia app in the EU. Quiz Duel is an intelligent and entertaining social quiz game where you can challenge your friends and other random quizzers to exciting head-to-head games of trivia. Quiz Duel has also been developed as a German TV-show on one of Germany's largest TV-channels through a licensing agreement. According to the analyst company AppAnnie's report for 2018 Quiz Duel was the most played game in Germany overall.

New Game Mode - BlitzQuiz

A new permanent game mode called BlitzQuiz was test launched in Quiz Duel in Sweden during November and after positive reception it was rolled out globally and as of the last days of December it is globally available. Players answer nine rapid-fire questions from different daily categories as quickly as they can. By watching ads players are rewarded with tickets, which are required to play the game. BlitzQuiz now has hundreds of thousands of daily players and is an example of the type of new features aimed at increasing game experience and the daily revenue per user from Quiz Duel.

Quiz Duel for Amazon Echo

November 2018 MAG launched another game mode for Quiz Duel together with global e-commerce leader Amazon and its smart speaker Echo, offering multi channel access to the MAG brand and content. Voice control will become an increasingly important interface for games in the future and 2 million answers have already been uploaded on the Alexa platform in Germany by close to 50.000 unique users. Smart speaker sales are growing at a compound annual growth rate of almost 50%. That's faster than any tech product since the smartphone.



CONSOLIDATED PROFIT/LOSS AND CASHFLOW FOR THE PERIOD 2018/19 SEP UNTIL NOV 2018

OPERATING INCOME

The Group's operating income for the period was 46,034 KSEK (57,068 KSEK), a decrease of 19% compared to the same period the previous year. The Group's Net sales for the period totalled 40,367 KSEK (52,990 KSEK), a decrease of 24%.

Own work capitalised totalled 5,504 KSEK (3,763 KSEK). See below for further details of capitalised expenses as well as depreciation of the same.

The group's Net sales was primarily attributable to the games Quiz Duel, WordBrain, Ruzzle, Word Domination, Wordalot, WordBrain2 and PaintHit.

OPERATING EXPENSES, EBITDA AND OPERATING PROFIT/LOSS

Operating expenses totalled 44,804 KSEK (89,625 KSEK). Of these, 10,076 KSEK (15,889 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 9,893 KSEK (17,748 KSEK) were costs of Direct marketing and 8,766 KSEK (41,354 KSEK) were Other external operating expenses.

Costs for Direct marketing are lower compared to the same period previous year due to lower volumes for Wordbrain 1 and 2 and Wordalot. Compared to the previous period volumes are lower due to the discontinued publishing of Backpacker and lower volumes for PaintHit.

Personnel expenses totalled 16,069 KSEK (14,634 KSEK) an increase of 10%.

EBITDA for the period was 1,230 KSEK (-32,557 KSEK).

Depreciation of tangible and intangible assets totalled 5,865 KSEK (6,117 KSEK), of which 4,686 KSEK (4,257 KSEK) was depreciation of capitalised development expenses. No amortizations were made in the period or the comparison period.

The Group's operating profit was -4,635 KSEK (-38,674 KSEK) and profit before tax -4,860 KSEK (-38,356 KSEK).

ADJUSTED RESULT (NOTE 3)

Adjusted EBITDA for the period was 1,230 KSEK (2,454 KSEK)

Adjusted operating result for the period was -4,860 KSEK (-3,345 KSEK)

PROFIT/LOSS AFTER TAX

Profit after tax totalled -3,653 KSEK (-38,340 KSEK)

The profit after tax per share was -0.14 SEK/share (-1.94 SEK/share) och the profit after tax per share fully diluted was -0.14 SEK/share (-1.90 SEK/share)

The average number of share during the period was 26,321,393 (19,811,101) and the average number of shares fully diluted was 26,790,639 (20,161,357)

CASH FLOW FOR THE PERIOD – PERIODEN SEP 2018 TILL NOV 2018

The Group's cash flow from operating activities during the quarter was -4,172 KSEK (-5,923 KSEK). Cash flow from investing activities was -5,310 KSEK (-74,877 KSEK), of which 0 KSEK (6,000 KSEK) was change in securities. Cashflow from financing activities was -3,889 TSEK (115,018 TSEK)



PARENT COMPANY PROFIT/LOSS FOR THE PERIOD SEP UNTIL NOV 2018

2018/19**OPERATING INCOME**

The parent company's Net sales for the period were 28,517 KSEK (47,442 KSEK), a decrease of 40% compared with the same period the previous year.

OPERATING EXPENSES AND OPERATING PROFIT/LOSS

Operating expenses totalled 41,609 KSEK (53,600 KSEK).

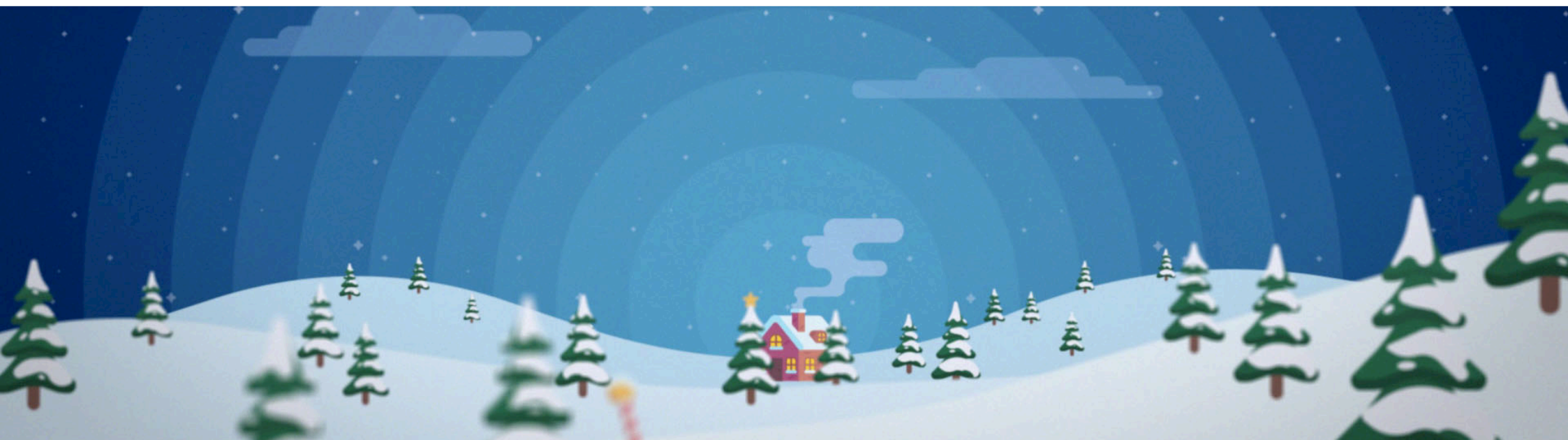
Of these 8,905 KSEK (15,105 KSEK) were Sales-related costs originating primarily from fees to Apple App Store and Google Play, costs of Performance based marketing were 9,638 KSEK (17,620 KSEK) and 8,351 KSEK (8,690 KSEK) was other external operating expenses.

Depreciation of tangible and intangible assets totalled 221 KSEK (1,860 KSEK), of which 0 KSEK (1,686 KSEK) was depreciation of intangible assets.

The parent company's operating profit for the period was -10,706 KSEK (-7,724 KSEK).

PROFIT AFTER TAX

Profit after tax totalled to -8,488 KSEK (-7,667 KSEK).



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

2018/19

Intangible non-current assets at the end of the period totalled 139,966 KSEK (127,246 KSEK), of which 77,216 KSEK (60,850 KSEK) relates to intellectual property and 62,750 KSEK (66,396 KSEK) to other intangible assets. The latter consists primarily of capitalised development expenses on own account and acquired IP.

Cash and cash equivalents at the end of the period totalled 214,713 KSEK (74,848 KSEK)

Equity at the end of the period totalled 340,801 KSEK (173,245 KSEK), corresponding to 12.9 SEK/share (8.7 SEK/share)

The equity/assets ratio at the same time was 84.3% (62.4%)

The group has interest bearing debt of 27,223 KSEK (35,000 KSEK)

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

The parent company's intangible non-current assets at the end of the period totalled 0 KSEK (2,810 KSEK)

Cash and cash equivalents at the end of the period totalled 174,275 KSEK (48,251 KSEK)

Equity at the end of the period totalled 341,338 KSEK (122,251 KSEK)



PLAY FREE!





KEY INDICATORS FOR THE BUSINESS PERIOD SEP UNTIL NOV 2018

2018/19

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 15,443 KSEK (40,027 KSEK), a decrease of 61% compared to the same period the previous year.

The Group's Net sales from In app advertising were 24,843 KSEK (12,921 KSEK), an increase of 92% compared with the same period the previous year.

GAME CONTRIBUTION

Games that are marketed by MAG Interactive have different cost levels in their distribution cost (Sales-related costs) and marketing cost (Performance-based marketing), not least relating to which phase the games are in. The Group therefore reports the total contribution from games activities according to the following model: Net income minus platform-fees 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 25,850 KSEK (23,236 TSEK), an increase of 11% compared to the same period the previous year.

COMMENTS ON THE DISTRIBUTION OF INCOME AND CONTRIBUTIONS FROM SALES ACTIVITIES

The split in Net sales between In app purchases and In app advertising is changing due to lower sales in the games mostly monetized by In app purchases and the high share of advertising sales in Quiz Duel. Since a couple of months the share of ad revenue is above 50%. The increased game contribution is due to the high contribution in Quiz Duel.

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 2.3 million (1.8 million), an increase of 23% compared with the same period the previous year.

MAU for the period 9.9 million (7.5 million), an increase of 31% compared with the same period the previous year.

MUP for the period 59 thousand (129 thousand), a decrease of 54% compared with the same period the previous year.

ARPDau for the period 2.2 US \$ cent (3.8 US \$ cent), a decrease of 43% compared with the same period the previous year.

COMMENTS TO THE KPIs

During the quarter the total DAU was 2.3 million and corresponding for MAU was 9.9 million. This is equivalent to an increase of 23% and 31% respectively compared to MAG Interactive same period previous year.

MUP was 59 thousand. MAG Interactive games had a lower conversion compared to previous year due to a the higher share of organic users, and relates also to the fact that the business model is relying more on ads than in app purchases in the quarter.

The average sales per user (ARPDau) decreases compared to the same period last year due to the lower average sales per user in QuizDuel relative to other games in the portfolio. In the comparison period Quiz Duel was included in the numbers during one month.

SUMMARY OF THE BUSINESS' KEY PERFORMANCE INDICATORS

2018/19

Period	Unit	Sep-Nov 18/19	Sep-Nov 17/18
In-app purchases	KSEK	15,443	40,027
Advertising	KSEK	24,843	12,921
Other	KSEK	81	42
Net sales	KSEK	40,367	52,990
Average SEK/USD		9.017	8.199
<i>Share of Net sales</i>			
<i>In-app purchases</i>		38%	76%
<i>Advertising</i>		62%	24%
Platform fee	KSEK	4,624	12,006
Direct marketing	KSEK	9,893	17,748
Game contribution	KSEK	25,850	23,236
<i>Share of Net sales</i>			
<i>Platform fee</i>		11%	23%
<i>Direct marketing</i>		25%	33%
Game contribution		64%	44%
<i>EBITDA</i>	KSEK	1,230	-32,557
<i>Adjusted EBITDA (note 3)</i>	KSEK	1,230	2,454
DAU	Millions	2.3	1.8
MAU	Millions	9.9	7.5
MUP	Thousands	59	129
ARPDau	US \$ cent	2.2	3.8

PARENT COMPANY

The parent company MAG Interactive AB (publ), corporate ID number 556804-3524, has its registered office in Stockholm. A large part of the Group's business activity is in the parent company, with employees, agreements, intangible assets (incl. IP) and revenues. There are two fully owned subsidiaries in the group. MAG Games Ltd with its 21 employees has only Group internal invoicing and carries out development and other functions in the company's operations. FEO Media AB with its base in Stockholm and 7 employees operates the game Quiz Duel.

ACCOUNTING PRINCIPLES

The consolidated accounts for the MAG Interactive AB Group ("MAG Interactive") have been drawn up 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 for the Group and Note 2 for the parent company respectively in the annual accounts for 2015/2016.

IFRS 15 "Revenue from contracts with customers" entered into force on 1 January 2018. For the Group this means application since the financial year that began on 1 September 2018. MAG has quantified the affects of IFRS 15 and the analysis shows that the affect from IFRS 15 is not material. Future changes in type of games and type of items sold will be evaluated when appropriate.

IFRS 9, "Financial instruments" enters into force on 1 January 2018. For the Group this means application in the financial year that begins on 1 September 2018. The work of analyzing the affects of IFRS 9 has been completed. IFRS 9 will does have any material impact on the Groups financial statements.

Starting 2019 IFRS 16 enters into force; demanding that assets and liabilities attributable to all leasing agreements, with certain exceptions, are accounted for in the balance sheet. This way of accounting is based on the view that the lessee has the right to use an asset for a certain time period and at the same time has an obligation to pay for this right. The new standard is applicable for financial years starting January 1 2019 or later, the company will not apply this standard prior to the start of the financial year 2019/20, starting September 1 2019. The standard is adopted by the the EU. The standard will primarily effect the group's accounting of operational leasing agreements. Leasing commitments will be accounted for to current value and will be reported as fixed asset with the corresponding interest bearing debt in the balance sheet. In the profs and loss the leasing cost will be replaced by depreciation and interest cost. The change will cause the assets and the operating result to increase which will effect some KPIs.

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 minimise these effects.

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 realised in USD, and the majority of the direct marketing is purchased in USD. The most important currency is thus USD and the average rate to SEK, wighted by the company's months Net sales. A Net sales adjusted for currency effects is presented in the report and is based on movements in the fifteen most important currencies, representing 99% of Net sales.

CERTIFIED ADVISER

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

PERSONNEL

The average number of employees during the period was 72, compared to 73 the same period 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 eller,
Magnus Wiklander, CFO, at magnus.wiklander@maginteractive.se

MAG INTERACTIVE AB (PUBL)

Drottninggatan 95A
113 60 Stockholm
Sweden

FURTHER REPORTING DATES

Interim report September-February 2018/2019	10 April 2019
Interim report September-May 2018/2019	26 June 2019
Interim report September-August 2018/2019	23 October 2019

TWITCH VIDEO CAST

The 23 January at 10:00 CET, CEO Daniel Hasselberg and CFO Magnus Wiklander will hold a Twitch video cast call to present the interim report. Link to the Twitch feed www.twitch.com/maginteractive
More information is available at maginteractive.se/investors



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 23 January 2019

BIRGITTA STYMNE GÖRANSSON
Chairman of the Board

DANIEL HASSELBERG
CEO, Board member

TAINA MALÉN
Board member

ANDRAS VAJLOK
Board member

TEEMU HUUHTANEN
Board member

CONSOLIDATED INCOME STATEMENT**2018/19**

Amounts in KSEK	Note	Sep-Nov 18/19	Sep-Nov 17/18	FY 17/18
Operating income				
Net sales	1	40,367	52,990	216,870
Own work capitalised		5,504	3,763	19,954
Other operating income		163	316	3,389
Total operating income		46,034	57,068	240,213
Operating expenses				
Sales related costs	2	-10,076	-15,889	-61,744
Performance based marketing		-9,893	-17,748	-72,390
Other external expenses	5, 6	-8,766	-41,354	-77,046
Personnel costs	5	-16,069	-14,634	-69,377
Total operating expenses		-44,804	-89,625	-280,556
EBITDA		1,230	-32,557	-40,343
Depreciation		-5,865	-6,117	-26,539
Operating profit/loss (EBIT)		-4,635	-38,674	-66,883
Financial income and expenses				
Income from securities		0	264	407
Interest income and similar		-1	81	2,832
Interest expense and similar		-224	-27	-1,587
Total financial income and expenses		-225	318	1,652
Profit/loss after financial items		-4,860	-38,356	-65,231
Taxes		1,207	16	5,434
Profit/loss for the period		-3,653	-38,340	-59,797
Earnings per share (based on average number of shares)		-0.14	-1.94	-2.43
Earnings per share fully diluted (based on average number of shares)		-0.14	-1.90	-2.39
Currency effects		-392	1,255	1,897
Total comprehensive income for the period		-4,045	-37,085	-57,900
Average number of shares during the period		26,321,393	19,811,101	24,598,653
Average number of shares during the period fully diluted		26,790,639	20,161,357	25,038,233
Number of shares at the end of the period		26,321,393	21,775,939	26,321,393
Number of shares at the end of the period fully diluted		26,790,639	22,245,185	26,790,639

CONSOLIDATED BALANCE SHEET

ASSETS

2018/19

Amounts in KSEK	Note	30/11 2018	30/11 2017	31/8 2018
ASSETS				
Goodwill	4	77,216	60,850	77,415
Other intangible assets		62,750	66,396	62,872
Total intangible assets		139,966	127,246	140,287
Equipment, tools, fixtures and fittings		2,687	2,870	2,823
Total tangible assets		2,687	2,870	2,823
Other long-term receivables		4,305	4,291	4,300
Deffered tax assets		4,120	1,382	1,699
Total financial non-current assets		8,426	5,674	6,000
Total non-current assets		151,078	135,790	149,109
Current receivables				
Trade and other receivables		21,495	13,560	10,063
Current tax assets		5,996	11,844	5,990
Other current receivables		3,792	2,567	4,009
Prepaid expenses and accrued income		7,126	25,530	20,488
Other short-term securities	7	0	13,282	0
Cash and cash equivalent		214,713	74,848	228,083
Total current receivables		253,122	141,632	268,632
TOTAL ASSETS		404,201	277,422	417,741

CONSOLIDATED BALANCE SHEET

LIABILITIES AND EQUITY

2018/19

Amounts in KSEK	Not	30/11 2018	30/11 2017	31/8 2018
EQUITY AND LIABILITIES				
Equity				
Share capital		684	547	684
Other contributed capital		281,042	81,187	281,041
Reserves		-2,020	-2,586	-1,883
Profit/loss for the period		-3,893	-38,340	-240
Retained earnings incl, comprehensive income for the year		64,988	132,436	64,578
Total equity		340,801	173,245	344,179
Deferred tax liabilities		17,767	17,971	17,925
Other long-term liabilities		11,667	35,000	15,556
Total long-term liabilities		29,434	52,971	33,481
Current liabilities				
Trade and other payables		10,010	9,547	5,047
Current tax liability		-2,631	84	1,041
Short term bank loans		15,556	25,385	15,556
Accrued expenses and prepaid income	5	7,970	11,674	15,483
Other current liabilities		3,060	4,515	2,954
Total current liabilities		33,965	51,205	40,081
TOTAL EQUITY AND LIABILITIES		404,201	277,422	417,741

CONSOLIDATED CASH FLOW**2018/19**

Amounts in KSEK	Notes	Sep-Nov 18/19	Sep-Nov 17/18	FY 17/18
Cash flow from operating activities				
Profit/loss before financial items		-4,635	-7,268	-66,883
Depreciations		5,865	6,117	26,539
Interest received		0	275	3,239
Interest paid		-157	-27	-1,587
Income tax paid		0	-1,576	-5,916
Other adjustments for items not effecting cashflow		0	-561	31,405
Cash flow from operating activities before change in working capital		1,073	-3,040	-13,202
Change in current operating receivables		6,493	-2,151	6,122
Change in current operating liabilities		-11,737	-732	4,547
Total change in working capital		-5,244	-2,883	10,668
Cash flow from operating activities		-4,172	-5,923	-2,534
Cash flow from investing activities				
Investments in tangible non-current assets		0	-48	-1,005
Capitalized work		-5,504	-3,763	-19,954
Investment intangible assets		199	0	0
Aquisition of subsidiary, after deduction of cash and cash equivalents	4	0	-77,066	-110,821
Change in securities		0	6,000	19,018
Change in long-term receivables		-5	0	0
Cash flow from investing activities		-5,310	-74,877	-112,761
Cash flow from financing activities				
New share issue		0	80,018	271,707
Short-term loans		0	15,556	15,556
Long-term loans		-3,889	19,444	15,556
Cash flow from financing activities		-3,889	115,018	302,818
Reduction/increase in cash and cash equivalent				
Cash flow for the period		-13,370	34,218	187,523
Exchange rate differences in cash and cash equivalents		0	70	0
Opening cash and cash equivalents		228,083	40,561	40,561
Closing cash and cash equivalents		214,713	74,849	228,083

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

2018/19

TSEK	Share capital	Other external capital	Reservs	Retained earnings	Total equity
Starting balance 1/9 2018	684	281,041	-1,883	64,337	344,179
Profit/loss for the period				-3,894	-3,894
Exchange rate differences		1	-136	650	515
Total comprehensive income		1	-136	-3,244	-3,378
Other	0	0	0	0	0
Ending balance 30/11 2018	684	281,042	-2,019	61,093	340,801

PARENT COMPANY'S INCOME STATEMENT**2018/19**

Amounts in KSEK	Sep-Nov 18/19	Sep-Nov 17/18	FY 17/18
Operating income			
Net sales	28,517	47,442	166,666
Other operating income	2,607	295	6,786
Total operating income	31,124	47,736	173,452
Operating expenses			
Raw materials and consumables	-8,905	-15,105	-51,863
Performance based marketing	-9,638	-17,620	-71,617
Other external expenses	-8,351	-8,690	-35,832
Personnel costs	-14,714	-12,184	-53,869
Total operating expenses	-41,609	-53,600	-213,181
EBITDA	-10,485	-5,863	-39,729
Depreciation	-221	-1,860	-813
Operating profit/loss	-10,706	-7,724	-45,038
Financial income and expenses			
Profit/loss from securities	0	0	421
Other interest income and similar	0	68	224
Other interest expenses and similar	-203	-11	-613
Total financial income and expenses	-203	56	33
Profit/loss after financial items	-10,909	-7,667	-45,005
Tax allocation reserve	0	0	40,120
Taxes	2,421	0	1,699
Profit/loss for the period	-8,488	-7,667	-3,186

PARENT COMPANY'S BALANCE SHEET

ASSETS

2018/19

Amounts in KSEK	30/11 2018	30/11 2017	31/8 2018
Intellectual property rights	0	2,810	0
Total intangible assets	0	2,810	0
Equipment, tools, fixtures and fittings	2,184	2,416	2,358
Total tangible non-current assets	2,184	2,416	2,358
Participation in Group companies	181,933	142,158	181,933
Other long-term receivables	5,903	1,782	3,482
Total financial non-current assets	187,836	143,940	185,415
Total non-current assets	190,019	149,166	187,773
Current receivables			
Trade and other receivables	15,473	9,992	18,332
Other receivables	1,722	2,766	1,224
Prepaid expenses and accrued income	3,966	18,571	15,343
Other long-term securities	0	13,004	0
Total current receivables	21,161	44,332	34,899
Cash at bank	174,275	48,251	181,305
TOTAL ASSETS	385,455	241,750	403,977

PARENT COMPANY'S BALANCE SHEET

LIABILITIES AND EQUITY

2018/19

Amounts in KSEK	30/11 2018	30/11 2017	31/8 2018
EQUITY AND LIABILITIES			
Restricted equity			
Share capital	684	547	684
Non-restricted equity			
Övrigt externt kapital	312,430	81,171	312,430
Profit/loss for the year	0	0	-3,186
Profit/loss for the period	-8,488	-7,667	0
Retained earnings	36,712	48,200	39,898
Total equity	341,338	122,251	349,826
Deferred tax liabilities	0	40,120	0
Untaxed reserves	0	40,120	0
Other long-term liabilities	11,667	35,000	15,556
Total long-term liabilities	11,667	35,000	15,556
Current liabilities			
Trade and other payables	8,818	8,412	8,310
Liabilities to Group companies	1,125	1,203	2,589
Other liabilities	17,688	26,373	17,866
Accrued expenses and prepaid income	4,820	8,391	9,831
Total current liabilities	32,451	44,379	38,595
TOTAL EQUITY AND LIABILITIES	385,455	241,750	403,977

Term	Description
Net sales	Total game revenue, drawn from In-app purchases and advertising sales. MAG records the full value of items sold as In-app purchases and reports the platform share as Sales related costs. The Platform fee is normally 30% of the item price (Apple and Google)
In-app purchases	The value of purchases made in an app through Google Play or Apple App Store or other such store.
Advertising sales	Net sales from ads in the games.
Activated costs for own account	Development work activated to the balance sheet. The company activates personnel costs, including social fees and other related costs such as office space, for games in soft launch and until the game moves into live ops. Soft launch is the last development phase prior to global launch and the probability of a global launch is high. Live ops is when a central team takes responsibility of the game and works with content and events mainly, no costs are activated in this phase. MAG has not had any amortizations of activated development costs since the company was public.
Platform fee	30% of the In-app purchases are costs to the platform, primarily Google Play and Apple App Store.
Performance marketing	Marketing costs with direct connection to one of the games and with measurable effect and demands on ROI (return on investment). Ett vanligt avkastningskrav är att investeringen skall vara betald inom 6 eller 9 månader, men även längre tider kan förekomma för spel med stark retention
Contribution	Net sales minus platform fees (primarily to Google and Apple) minus direct marketing.
EBITDA	Profit/loss before financial items, taxes and depreciation.
Equity/asset ratio	Equity as a percentage of total assets.
DAU	Average number of Daily Active Users for the days during the period. Calculated as the sum of DAU for the individual games in such a way so that a player that plays more than one game in one day is counted once per game.
MAU	Average number of Monthly Active Users over the months during the period. Calculated as the sum of MAU for the individual games in such a way so that a player that plays more than one game in one month is counted once per game. An average over the months in the period is calculated.
MUP	Average Monthly Unique during the period is the total number of unique users that makes an In-app purchase in a game. Counted in such a way that a user that makes purchases in more than one game during the month is counted once per game. An average over the months in the period is calculated.
ARPPDAU	Average Net sales per daily active user (DAU). If nothing else is stated this is measured in US cents.

NOTE 1: DISTRIBUTION OF NET SALES

Amounts in KSEK	Sep-Nov 18/19	Sep-Nov 17/18	FY 17/18
In-app purchases	15,443	40,027	129,434
Advertising income	24,843	12,921	86,824
Other	81	42	612
Total	40,367	52,990	216,870

NOTE 2: SALES RELATED COSTS

Platform fee	-4,624	-12,006	-38,832
Server costs	-3,708	-2,585	-16,833
Other sales related costs	-1,744	-1,299	-6,078
Total sales related costs	-10,076	-15,890	-61,743

NOTE 3: ADJUSTED EBITDA AND PROFIT BEFORE TAX

EBITDA	1,230	-32,557	-40,343
Acquisition cost Delinquent (note 6,8)	0	31,405	31,405
IPO cost	0	2,630	7,239
Acquisition cost Feo media AB	0	976	976
Restructuring cost	0	0	9,406
Adjusted EBITDA	1,230	2,454	8,683
Profit/loss before tax	-4,860	-38,356	-65,231
Acquisition cost Delinquent (note 6,8)	0	31,405	31,405
IPO cost	0	2,630	7,239
Acquisition cost Feo media AB	0	976	976
Restructuring cost	0	0	9,406
Adjusted profit/loss before tax	-4,860	-3,345	-16,205

NOT 4: FEO MEDIA AB ACQUISITION

On 7 November 2017 100% of the shares in FEO Media AB were acquired and since the quarter the company is a fully owned subsidiary of the group. FEO Media is the creator of the hugely successful game Quiz Duel which is published on Google Play and Apple App Store and has its main audience in Germany.

The acquisition was made with cash of 85,000 KSEK on 7 November 2017 and an additional payment, preliminary valued at 33,755 KSEK is expected to be made during the first half of 2018. The additional payment was determined in a closing balance sheet. The final payment of 15,000 KSEK was made in June 2018 from escrow funds.

A acquisition analysis is presented below.

Amounts in KSEK	Final acquisition analysis
Paid as of 31 August 2018 (final)	
Cash consideration	133,755
Total paid cash	133,755
Reported amounts on acquired assets and debt	
Share capital	50
Result from acquisition	23,460
Acquired owners equity	12,154
Intangible fixed assets	37,600
Deferred tax	-7,746
Total	65,518
Goodwill	68,237

FEO Media has contributed 51,298 KSEK to the Net sales and 10,267 KSEK to EBITDA since acquisition date. If FEO Media would have been included from the start of the year, from September 1 2017, the contribution to Net sales would have been 60,643 KSEK and the contribution to EBITDA would have been 12,628 KSEK. Transaction cost have contributed to the consolidated profit and loss during the period with 976 KSEK. Goodwill corresponding to 68,237 KSEK that arose in the transaction was the result of factors that are attributed to the synergies that the company expects to realise.

NOTE 5: RESTRUCTURING COST

Amounts in KSEK	Sep-Nov 18/19	Sep-Nov 17/18	FY 17/18
Rent	0	0	-5,659
Personnel costs	0	0	-3,747
Total Restructuring cost	0	0	-9,406

The personnel part of the restructuring costs are salaries mostly paid out during the third quarter, March to May 2018. The Rent part is related to rents that will be paid out until June 2019

NOTE 6: OTHER EXTERNAL EXPENSES

KSEK	Sep-Nov 18/19	Sep-Nov 17/18	FY 17/18
Cost related to the acquisition of MAG Games Ltd	0	-31,405	-31,405
IPO costs	0	-2,630	-7,239
Cost related to the acquisition of FEO Media AB	0	-976	-976
Restructuring costs FEO Media AB	0	0	-5,659
Other external expenses	-8,766	-6,343	-31,767
Total other external expenses	-8,766	-41,354	-77,046

NOTE 7: CALCULATION OF FAIR VALUE

The table below shows financial instruments valued at fair value, based on how the classification in the fair value hierarchy has been carried out. The different levels are defined as follows:

- Listed prices (unadjusted) on active markets for identical assets or liabilities (level 1)
- Other observable data for the asset or liability than listed prices included in level 1, either direct (i.e. as price recordings) or indirectly (i.e. derived from price recordings) (level 2).
- Data for the asset or liability that is not based on observable market data (i.e. non-observable data) (level 3).

The table below shows the Group's financial assets and liabilities at fair value on each balance sheet date:

Financial assets valued at fair value through the income statement	30/11 2018	30/11 2017	31/8 2018
Other securities (level 1) KSEK	0	13,282	0
Total assets	0	13,282	0

NOT 8: TRANSACTIONS WITH CLOSELY RELATED

As final payment in the acquisition of MAG Games Ltd (formerly Delinquent Interactive Ltd), MAG issued 714 175 shares during November 2017. The new issue of shares was conducted at ratio value and the effect on the group result is accounted for in the profit and loss and the details are in note 6. One of the former owners of MAG Games Ltd, David Amor, is now part of the management team of MAG Interactive

	Emission	SEK
Issued shares	714,175	
Ratio value	0.025974	<i>18,550</i>
Market value	44	<i>31,423,700</i>
Share premium	18.55	
Not yet registered share capital	18,550	
Effect on profit and loss	31,405,131.45	SEK

GOOD TIMES