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MAG INTERACTIVE

Press release, Stockholm, 20 November 2017

MAG Interactive intends to list its shares on Nasdaq First North Premier

MAG Interactive AB (publ) ("MAG Interactive" or the "Company"), a leading developer and publisher of casual mobile games, is today announcing its intention to proceed with an initial public offering of the Company's shares on Nasdaq First North Premier ("the Offering"). The listing is, subject to market conditions, expected to occur before the end of the fourth quarter 2017.

Didner & Gerge Fonder AB, Handelsbanken Fonder AB on behalf of managed funds, RAM ONE AB on behalf of managed funds, Chalex through Chalex i Göteborg AB and Swedbank Robur Fonder AB on behalf of managed funds (together the "Cornerstone investors"), have committed to subscribe to a number of shares such that their joint investment amounts to SEK 230 million based on the IPO price ("Offering Price"), which amounts to SEK 44 per share, pending certain customary conditions.

Daniel Hasselberg, CEO and co-founder of MAG Interactive:

"It has been an exhilarating journey since the launch of Ruzzle in 2012. We are fortunate to have some astonishing, ambitious, hard-working and driven people in this Company. Together we have come far, but we are nowhere near done. We are still at the beginning of our journey with the listing being an important milestone, and an important step for us as a company. In addition to diversifying the ownership structure, the listing will contribute to awareness about MAG Interactive, something we are convinced will be beneficial for our growth journey ahead."

Walter Masalin, Chairman of the Board of MAG Interactive:

"These are exciting times. It is with significant pride the board looks at what the Company has achieved. MAG Interactive has established a strong position within casual mobile games, and has proven to be able to expand its focus from the word game category to the broader and larger casual category, not least through the acquisition of FEO Media AB ("FEO Media"). With a clear strategy for continued profitable growth, we are excited to broaden the ownership base and offer the opportunity for an enlarged group of shareholders to follow us into the exciting future of the Company."

About MAG Interactive

MAG Interactive is a leading developer and publisher of casual mobile games for a global audience. The Company's game portfolio consists of ten¹ successful games, nine of which have been downloaded in excess of one million times. The tenth game Backpacker, was launched in October 2017 and has

¹ Games that are published by MAG Interactive

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subsequently not reached one million downloads yet. Combined, the Company's ten games have been downloaded in excess of 200 million, a milestone reached in conjunction with the acquisition of FEO Media in November 2017. MAG Interactive attracts a global audience with net sales spread out across the globe. As of 31 August 2017, the Company had 1.6 million Daily Active Users and 7.4 million Monthly Active Users playing MAG Interactive's games. If FEO Media's players for the corresponding period were to be included, Daily Active Users would increase to 3.2 million and Monthly Active Users would increase to 12.8 million.

While the Company started out within the word game niche with the game Ruzzle, the current focus is the broader casual mobile gaming space. The current portfolio contains ten games, of which five are word games, one is a puzzle game and four are trivia games. Over the years, MAG Interactive has developed a scalable and repeatable game development process, based on a scientific approach to ensure quality and frequency of all productions.

MAG Interactive's games are distributed through virtual app stores allowing for global reach with minimum effort, of which the largest are Google Play and App Store, for operating systems Android and iOS respectively. Partly due to the high quality and rankings of its games, the Company enjoys strong relationships with distributors such as Apple and Google, which facilitates and improves the Company's publishing and marketing activities.

The Company recorded net sales of SEK 335 million and EBITDA of SEK 58 million during 2016/2017 on a pro forma basis². Net sales has grown significantly since 2014/2015 at a CAGR of 48 per cent. Headquartered in Stockholm, MAG Interactive has been running current operations since 2011 and had 57 employees as of 31 August 2017. The acquisition of FEO Media adds some 50 additional employees.

Background to the Offering

MAG Interactive was founded in Stockholm in 2010. Ruzzle, the Company's first game was launched in 2012. Since then nine additional games have been added to the portfolio through in-house development, publishing of games developed by third parties, as well as acquisitions.

The board of directors and the management of MAG Interactive believe that now is an appropriate time to broaden the shareholder base and to apply for a listing of the shares on Nasdaq First North Premier. The Offering and the listing is expected to support future growth, provide the Company with access to capital markets and establish a diversified base of new shareholders. MAG Interactive also expects that the listing will promote broader awareness among gamers and potential employees worldwide.

MAG Interactive's strengths and competitive advantages

- Present in an attractive and fast-growing segment of the market
- Proven game development process
- Competent employees and a positive business culture
- Proven ability to complement the current business with acquisitions
- Strong game portfolio with a well-invested pipeline
- Significant distribution capacity and an efficient go-to-market strategy
- Data driven approach to user acquisition, engagement and retention
- Scalable and stable technical infrastructure
- Track record of profitable growth

² MAG Interactive acquired FEO Media in November 2017, and therefore pro forma accounts have been established for the fiscal year 2016/2017

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Present in an attractive and fast-growing segment of the market

The global mobile games market is expected to be worth USD 46 billion in 2017³, with an expected annual growth rate of twelve per cent from 2017 to 2020. MAG Interactive primarily focuses on Europe, North America and Oceania together making up 35 per cent of the global market. The Company develops and publishes games in the casual gaming space. Casual games have accessible core mechanics that makes them playable by everyone throughout all ages.

Proven game development process

The game development process rests on two main phases being the innovative phase and the analytical phase. The innovative phase focuses on creative aspects and performance verification early and at low cost. The analytical phase aims at limiting the down-side risk remaining at launch through extensive testing of games ahead of launch. MAG Interactive believes that the development process will continue to provide the Company with a continuous stream of new games, making it central to the Company's future growth and profitability. MAG Interactive develops its games in the Company's development studios, located in Stockholm, Sweden and Brighton, United Kingdom.

Competent employees and a positive business culture

Since inception, MAG Interactive has focused both time and resources to build a competent team and a positive, stimulating business culture. The Company employed 57 persons as of 31 August 2017, a number which increased by some 50 persons as a result of the acquisition of FEO Media. The culture is based on trust, with a clear focus on value creating activities. A positive and stimulating culture is positive from the perspective of an employer while at the same time, employees has an option to grow within the Company.

Proven ability to complement the current business with acquisitions

The three acquisitions completed by the Company have all had significant impact on the Company's development and MAG Interactive expects acquisitions to be an important component in the growth journey ahead. One example to show the way in which the Company works with acquired assets is WordBrain. When acquired, the game had been downloaded one million time and since then, MAG Interactive has actively worked with marketing of the game as well as to improve the game which has led to WordBrain now having been downloaded 40 million times.

Strong game portfolio with a well-invested pipeline

The Company has a strong game portfolio consisting of ten titles with the following strengths. Nine out of the ten games in MAG Interactive's portfolio have been downloaded in excess of one million times each. The tenth game Backpacker, was launched in October 2017 and has subsequently not reached one million downloads yet. MAG Interactive has a globally leading game portfolio in the word game niche with 740 number one positions at various top-lists across the globe. As a result of the acquisition of FEO Media, the Company has positioned themselves as a leader within the trivia category.

Significant distribution capacity and an efficient go-to-market strategy

MAG Interactive has developed close relationships with the key distributors in the mobile gaming space, Apple and Google. MAG Interactive's games have on three occasions been on Apple's and Google's annual "Best-of" lists. The Company believes that there are several benefits associated with having

³ Newzoo

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close relationships with these distributors such as highlighted exposure in app stores, early access to new platform features as well as a bilateral exchange of knowledge.

The Company has an efficient marketing strategy driving downloads and installs in many ways. During the financial year 2016/2017 66 per cent of all downloads were organic while 34 per cent were associated to user acquisition.

Data driven approach to user acquisition, engagement and retention

MAG Interactive utilises an analytics and data driven approach to optimise user acquisition, engagement and retention. The large amount of data available to the Company provides MAG Interactive with a potent tool-set that allows the Company to both accurately allocate marketing budget in order to generate sufficient ROI on marketing spend as well as to develop and tweak the games and in-game experience following launch to stimulate user engagement and retention.

Scalable and stable technical infrastructure

The Company relies on a cloud based technical infrastructure that utilises a selection of well-known cloud systems. The set-up enables MAG Interactive to scale operations and resources in an efficient way allowing the Company to increase capacity without having to invest in physical hardware. The technical infrastructure has had two hours of downtime over the last five years, corresponding to 99.995 per cent of server uptime. When Ruzzle went viral in the United States and Italy in December 2012, MAG Interactive went from having to manage approximately 30,000 downloads per day to almost one million downloads per day within a few weeks. The technical infrastructure scaled more or less seamlessly, meaning that the Company could fully capitalise on the opportunity, something that was integral to the strong development of the Company during the early years.

Track record of profitable growth

MAG Interactive has managed to be profitable⁴ every year since inception. During the last three years, the Company has grown sales from SEK 153 million in 2014/2015 to SEK 335 million in 2016/2017 on a pro forma basis⁵, corresponding to a compound annual growth rate of 48 per cent.

Financial targets and dividend policy

Growth

MAG Interactive's goal is to on average achieve annual growth significantly above the growth of the global gaming market over a business cycle. MAG Interactive's top-line development is a function of two main aspects, being:

- Pipeline of new games
- Development of existing games

MAG Interactive has decided not to communicate a growth target expressed as a percentage or in absolute figures as a consequence of a number of factors, among others being; it is difficult to predict future net sales from new games, it is difficult to predict development costs and launch dates, the rate of development and innovation in the mobile gaming industry is high.

⁴ The Company has had an EBITDA margin above 0 per cent every year since inception.

⁵ MAG Interactive acquired FEO Media in November 2017, and therefore pro forma accounts have been established for the fiscal year 2016/2017

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Profitability

MAG Interactive has decided not to communicate a profitability target expressed as a percentage or in absolute figures. Profitability may vary from period-to-period depending on a number of factors, including timing of game launches, investments in growth activities and acquisitions.

Dividend policy

MAG Interactive operates in a rapidly growing market, and in order to capitalise on this, the Company intends to prioritise growth activities, such as game development and marketing going forward. Any dividend paid will be subject to the Company's overall financial position, growth prospects, profitability, acquisition opportunities and cash flow.

Financial overview*

(SEKm)	2014/2015	2015/2016	2016/2017	2016/2017PF
Net sales	153.0	264.0	260.4	335.4
<i>Net sales growth</i>	-	72.6%	(1.3%)	n.a.
Game contribution ⁽¹⁾	89.7	103.7	86.0	152.6
<i>Game contribution margin⁽²⁾</i>	58.6%	39.3%	33.0%	45.5%
EBITDA ⁽³⁾	49.9	52.0	27.1	58.3
<i>EBITDA margin⁽⁴⁾</i>	32.6%	19.7%	10.4%	17.4%
Free cash flow ⁽⁵⁾	21.9	40.8	9.3	n.a.
Cash conversion ⁽⁶⁾	43.8%	78.5%	34.3%	n.a.

* MAG Interactive has a fiscal year running from 1 September to 31 August.

(1) Net sales less platform fees and performance based marketing.

(2) Game contribution divided by net sales, expressed as a percentage.

(3) Earnings before interest, tax, depreciation and amortisation.

(4) EBITDA divided by net sales, expressed as a percentage.

(5) EBITDA less capitalised work for own account, change in net working capital and capital expenditures.

(6) Free cash flow divided by net sales, expressed as a percentage.

The Offering

The IPO will consist of an offering of existing and newly issued shares to institutional investors in Sweden and abroad, as well as an offering to the general public in Sweden.

Danske Bank is Global Coordinator and Bookrunner.

In connection with the IPO, MAG Interactive intends to issue new shares at the Offer price. The number of new shares in the Offering is expected to amount to 4,545,454. Furthermore, certain of the Company's current shareholders intend to sell approximately 6,800,007 shares in the IPO at the Offer price. The Global Coordinator and Bookrunner has been granted an option to increase the Offering ("Over-allotment option"), meaning that the total number of shares in the Offering can amount to 13,047,280 shares, assuming exercise of the Over-allotment option in full.

The Cornerstone investors have committed to subscribe a total of 5,227,270 shares in the offering, corresponding to a value of SEK 230 million.

- Didner & Gerge Fonder AB has committed to subscribe for 1,704,545 shares corresponding to a value of SEK 75 million

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- Handelsbanken Fonder AB on behalf of managed funds has committed to subscribe for 1,250,000 shares corresponding to a value of SEK 55 million
- RAM ONE AB on behalf of managed funds has committed to subscribe for 909,090 shares corresponding to a value of SEK 40 million
- Chalex through Chalex i Göteborg AB has committed to subscribe for 909,090 shares corresponding to a value of SEK 40 million
- Swedbank Robur Fonder AB on behalf of managed funds has committed to subscribe for 454,545 shares corresponding to a value of SEK 20 million

The final terms of the Offering will be included in the prospectus and other announcements relating to the process will be made in due course.

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This announcement is an advertisement and is not a prospectus for the purposes of Directive 2003/71/EC (together with any applicable implementing measures in any Member State, the "Prospectus Directive"). A prospectus prepared pursuant to the Prospectus Directive will be published, which, when published, can be obtained from the Company. Investors should not subscribe for any securities referred to in this announcement except on the basis of information contained in the prospectus.

In any EEA Member State other than Sweden that has implemented the Prospectus Directive, this communication is only addressed to and is only directed to investors in that Member States who fulfil the criteria for exemption from the obligation to publish a prospectus, including qualified investors, within the meaning of the Prospectus Directive, i.e., only to investors who can participate in the Offering without an approved prospectus in such EEA Member State.

This announcement is only being distributed to and is only directed at (i) persons who are outside the United Kingdom or (ii) to investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") or (iii) high net worth companies, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons in (i), (ii) and (iii) above together being referred to as "relevant persons"). The shares are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such securities will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this announcement or any of its contents.

This announcement contains certain financial measures that are not defined under International Financial Reporting Standards ("IFRS"), including certain measures such as "Game Contribution", "Game Contribution margin", "EBITDA," "EBITDA marrgin", "Free cash flow" and "Cash conversion" which are referred to as "non-IFRS financial measures". These non-IFRS financial measures supplement the IFRS financial measures and should not be considered an alternative to the IFRS financial measures. Non-IFRS financial measures have certain limitations as analytical tools and they should not be considered in isolation or as substitutes for analysis of results reported under IFRS.

Matters discussed in this announcement may constitute forward-looking statements. Forward-looking statements are statements that are not historical facts and may be identified by words such as "believes", "aims", "deems", "targets", "estimates", "anticipates", "expects", "assumes", "forecasts", "intends", "could", "will", "should", "would", "according to estimates", "is of the opinion", "may", "plans", "continue", "potential", "predicts", "projects", "to the knowledge of" and similar expressions. This applies in particular to statements referring to future results, financial position, cash flow, plans and expectations

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for the Company's business and management, future growth and profitability and general economic and regulatory environment and other circumstances which affect the Company. Forward-looking statements are based upon various estimates and assumptions, many of which are based, in turn, upon further assumptions, such as no changes in existing political, legal, fiscal, market or economic conditions or in applicable legislation, regulations or rules (including, but not limited to, accounting policies, accounting treatments and tax policies), which, individually or in the aggregate, would be material to the results of operations of the Company or its ability to operate its businesses. Although the Company believes that these assumptions were reasonable when made, these assumptions are inherently subject to significant known and unknown risks, uncertainties, contingencies and other important factors, which are difficult or impossible to predict and are beyond its control. Such risks, uncertainties, contingencies and other important factors could cause actual events to differ materially from the expectations expressed or implied by such forward-looking statements.

Potential investors should not place undue reliance on the forward-looking statements herein and are strongly advised to read the detailed description of factors that have an effect on the Company's business and the market in which the Company operates, which will be included in the prospectus.

The information, opinions and forward-looking statements contained in this announcement speak only as at its date, and are subject to change without notice.