

MAG INTERACTIVE

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**MAG INTERACTIVE AB [PUBL]**  
**INTERIM REPORT**  
**SEP-FEB 2020/21**

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**2020/21**

# **INTERIM REPORT**

## **SEP—FEB 2020/21**

### **ABOUT**

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

MAG INTERACTIVE IS A LEADING MOBILE GAME DEVELOPER FOCUSED ON CASUAL SOCIAL GAMES. WITH PASSIONATE, CREATIVE TEAMS AND A DATA-DRIVEN BUSINESS MODEL, MAG DELIVERS WORLD-CLASS GAMING EXPERIENCES TO MILLIONS OF PLAYERS WORLDWIDE. MAG SPECIALIZES IN WORD GAMES AND TRIVIA, WITH A PORTFOLIO OF TITLES INCLUDING NEW QUIZDUEL, WORDZEE, PRIMETIME, WORD BUBBLES, RUZZLE, WORD DOMINATION AND WORDBRAIN, THAT HAVE BEEN DOWNLOADED OVER 350 MILLION TIMES. MAG HAS STUDIOS IN STOCKHOLM AND BRIGHTON AND WAS LISTED IN 2017 ON THE NASDAQ FIRST NORTH PREMIER GROWTH MARKET WITH THE TICKER MAGI. FOR MORE INFORMATION VISIT [WWW.MAGINTERACTIVE.COM](http://WWW.MAGINTERACTIVE.COM).

## SUMMARY OF THE PERIOD DEC 2020 UNTIL FEB 2021

- The Group's net sales for the period were 72,606 KSEK (50,527 KSEK), an increase of 44% compared to the same period the previous year
- EBITDA for the period was 10,332 KSEK (5,059 KSEK)
- Adjusted EBITDA for the period was 12,365 KSEK (5,059 KSEK) (adjustments for EBITDA relate to effects from acquisition costs and social contribution costs from revaluation of option programs)
- The Group's game contribution for the period was 42,049 KSEK (31,990 KSEK), an increase of 31% compared to the same period the previous year
- Average revenue per daily active user (ARPDau) for the period was 4.8 US cents (2.9 US cents), an increase of 67% compared to the same period the previous year
- The result per share during the quarter was -0.08 SEK/share (-0.16 SEK/share)
- The costs of user acquisition for the period was 21,950 KSEK (13,559 KSEK)
- Daily and monthly active users (DAU and MAU) were 2.0 million and 6.3 million respectively during the quarter, a decrease of 2% and 4% compared to the same period the previous year

## SUMMARY OF THE PERIOD SEP 2020 UNTIL FEB 2021

- The Group's net sales for the period were 135,556 KSEK (97,629 KSEK), an increase of 39% compared to the same period the previous year
- EBITDA for the period was 19,622 KSEK (10,089 KSEK)
- Adjusted EBITDA for the period was 21,655 KSEK (10,089 KSEK) (adjustments relate to effects from acquisition costs and social contribution costs from revaluation of option programs)
- The Group's game contribution for the period was 80,515 KSEK (63,363 KSEK), an increase of 27% compared to the same period the previous year
- The result per share during the quarter was -0.08 SEK/share (-0.27 SEK/share)

## SIGNIFICANT EVENTS DURING AND AFTER THE PERIOD SEP 2020 TO FEB 2021

- On September 1 2020 the acquisition was closed and Sventertainment AB became a fully owned subsidiary
- On January 4 2021 the acquisition was closed and Apprope AB became a fully owned subsidiary
- On February 28 2021 the warrant program 2021/2024:3 was initiated, which was approved by the AGM 2021
- A new long term incentive program for employees started on March 1 2021
- On March 8 2021, the new live trivia game mode *QuizDuel Live* launched in New QuizDuel on the German market





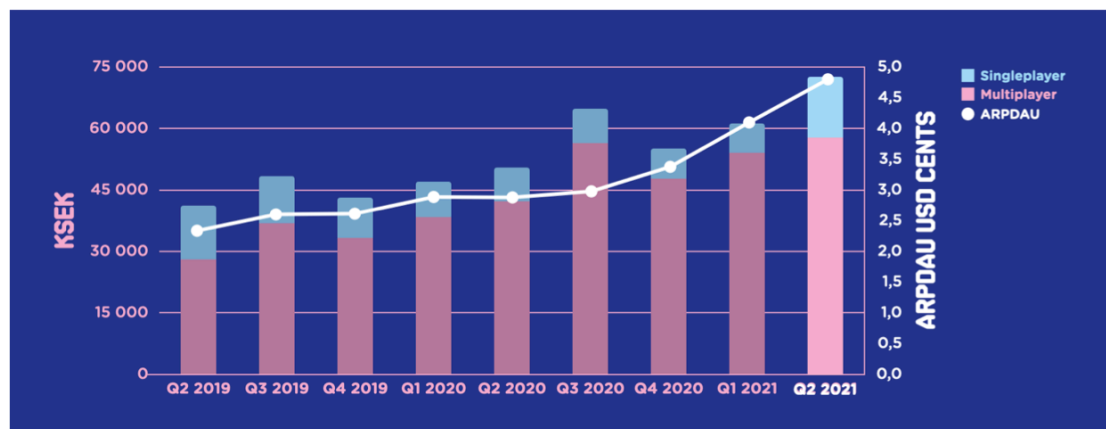
MAG INTERACTIVE

# FROM THE CEO ANOTHER QUARTER OF ARPPDAU-BOOSTED GROWTH

2020/21

## Continued revenue and EBITDA growth thanks to improving ARPPDAU

We are very proud to share that the revenues in Q2 grew by 44% to 72.6 MSEK compared to the same period last year. The growth was primarily boosted by continued improvements in the average revenue per daily active user (ARPPDAU).



Revenue and arppdau development - last nine quarters

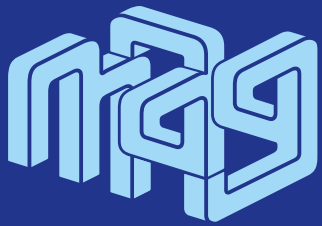
In Q2 the ARPPDAU was 4.8 cents which is 67% higher than the same period last year. The key driver for the ARPPDAU improvement is an increase in In-App Purchase revenue (IAP) - which in Q2 was 74% higher than a year ago. Revenues, measured in USD, were 64% higher than Q2 last year. EBITDA reached 10.3 MSEK in Q2 which is more than doubled compared to a year ago. We were also able to generate a record high Game Contribution of 42 MSEK, 31% higher than last year. Excluding the revenues from the recent acquisitions of Apprope and Primetime, revenue growth was 23%.

### Live shows in Germany

As noted in Q1 we wanted the new live shows in New QuizDuel to be available to all players in the German market by the beginning of Q3. On March 8 we were proud to announce that we had reached this important milestone with the launch of *QuizDuel Live*. Monetization of *QuizDuel Live* is based on sponsorship deals as well as selling of lifesavers as in-app purchases. We have established a number of commercial partners for the live mode and are now regularly running sponsored shows. Upcoming markets for the *QuizDuel Live* feature are Switzerland and Austria, both of which are likely opening up during Q3.

Currently the prizes in *QuizDuel Live* are lifesavers and *Arena* tickets, but - similar to the format of Primetime - we plan to add real money prizes as well during Q3. When that is up and running, we will start to market *QuizDuel Live* to the millions of players in the German market that previously played QuizDuel but are not currently active.





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## FROM THE CEO ANOTHER QUARTER OF ARPD AU-BOOSTED GROWTH

2020/21

### **Wordzee and New QuizDuel continue to develop at a high pace**

In Q2 Wordzee launched a matchmaking initiative we call “Games just for you” where players are presented with options to start games with other players with similar skill or playing patterns. Through this change the number of games played between players increased significantly which in turn strengthens the social bonds that we strive to create. In late March the biggest update since launch was presented to the audience with a new player versus player approach to the Journeys events. A completely revamped system for tile backs was also introduced giving the players a much deeper sense of progression in the game. The new Journeys redesign enables a higher level of replayability which can generate more player engagement per event.

Both of these major updates serve to further strengthen long term player engagement with the game. Wordzee has an ARPD AU that is significantly stronger than any other MAG game and the team can thus focus more on long-term engagement in their effort to build another evergreen game for MAG.

The New QuizDuel team is busy developing the next features to come after *Arena* and *Live*. We have an exciting pipeline of new content lined up for our players during the next months and quarters. The New QuizDuel journey has truly just begun.

### **Apprope hit the ground running**

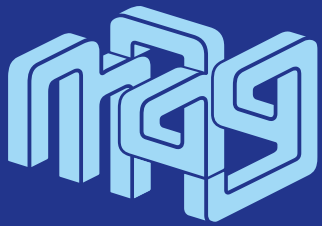
During the first two months as part of MAG, Apprope was generating more than 7 MSEK in revenues. We can already see clear synergy effects in terms of game analytics and user acquisition efficiency, having quickly integrated Apprope’s games with MAG’s central analytics platform. We aim to continue to grow their biggest game Word Mansion during 2021 based on great collaboration between our teams.

### **User acquisition increased thanks to more growth games**

We divide our game portfolio into four categories: Evergreens (mature games that have a stable audience and significant revenues), catalog (games that are not actively developed), new games (games that have not been launched) and growth games. The latter are games where we see the strongest growth opportunities and where we primarily target our user acquisition investments.

During Q2 we invested in user acquisition for Wordzee, New QuizDuel, Word Domination and Word Mansion. In total we were able to invest 22 MSEK, compared to 13.5 MSEK in Q2 last year. Our ambition is to further increase investments in user acquisition in Q3 - but as always it will depend on the market conditions and the projected ROI our models show. We continue to target 180 days payback time for our user acquisition on average across our growth games.





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## FROM THE CEO ANOTHER QUARTER OF ARPAU-BOOSTED GROWTH

2020/21

### Transitions to live ops frees up more developers for our new games

Following on from the strong live ops performance of WordBrain, 2021 will be a year of increased investment in the live operations of our evergreen games. In addition to WordBrain, we are now transitioning Ruzzle to our live ops team, and later in the year they will also take on the evergreen games from the Appope portfolio. With Ruzzle moving to the live ops part of the company we are also able to free up more developers and further invest in our new game projects. It is a very exciting time for MAG with new projects getting into a more mature stage with a need to increase team sizes to get ready for bigger market tests.

### COVID effects

Last year we saw a significant increase in downloads during March and April, which boosted our daily active users and revenues compared with a normal year. We don't expect any similar patterns this year, but rather a pattern similar to the last few quarters as most societies will likely not be able to return to normality before summer. Given the nature of our games, which are often played on the commute to and from work, we might be one of the games companies that benefit from increased player engagement after a return to a more social lifestyle.

Of course, it will be quite some time before things can return to normal, and we continue to keep our "remote first" policy with the majority of our colleagues working from home in both Stockholm and Brighton. Now a year into a COVID impacted situation, we still see company productivity and overall team health at a good level. I am very proud and grateful for the way everyone at MAG has dealt with this situation and we will come out stronger on the other side of the pandemic.

### The journey continues

Looking back at the last couple of years we have seen a strong and steady development in the right direction for MAG. We have launched better games, operated the live games more efficiently and recruited great talent that will help us improve even further. Thanks to the launch of *QuizDuel Live* combined with the recent updates of Wordzee and the potential we see in Word Mansion there is a lot to be excited about when moving into Q3.

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

DANIEL HASSELBERG, CEO



## SUMMARY OF THE BUSINESS' KEY PERFORMANCE INDICATORS

2020/21

		Dec 20-Feb 21	Dec 19-Feb 20	Y/Y change	Sep 20-Feb 21	Sep 19-Feb 20	Y/Y change	FY 19/20
Net sales	KSEK	72,606	50,527	44%	135,556	97,629	39%	217,567
Currency (USD)	SEK/USD	8.34	9.53	-12%	8.54	9.57	-11%	9.51
Net Sales USD	KUSD	8,702	5,293	64%	15,877	10,138	57%	22,808
In-app purchases	KSEK	28,816	16,594	74%	55,794	31,084	79%	83,586
Advertising sales	KSEK	43,790	33,872	29%	79,761	65,957	21%	133,390
User acquisition	KSEK	-21,950	-13,559	62%	-38,369	-24,938	54%	-72,774
Game contribution	KSEK	42,049	31,990	31%	80,515	63,363	27%	119,735
EBITDA	KSEK	10,332	5,059	104%	19,622	10,089	-94%	21,157
EBITDA margin <sup>1</sup>	%	14%	10%	4	14%	10%	4	10%
Adjusted EBITDA	KSEK	12,365	5,059	144%	21,655	10,089	-115%	14,051
Adjusted EBITDA margin <sup>1</sup>	%	17%	10%	7	16%	10%	6	6%
Operating profit	KSEK	-1,835	-4,581	60%	-4,024	-7,605	47%	-16,611
Operating profit margin <sup>1</sup>	%	-3%	-9%	7	-3%	-8%	5	-8%
Profit	KSEK	-1,995	-4,253	53%	-2,180	-7,152	-70%	-17,371
Earnings per share	KSEK	-0.08	-0.16	53%	-0.08	-0.27	-70%	-0.66
Cash flow from operating activities	KSEK	13,108	8,893	47%	18,086	31,070	-42%	37,874
Average employees		104	83	25%	104	80	30%	84
Daily active users (DAU)	Millions	2.01	2.04	-2%	1.96	1.94	1%	2.06
Monthly active users (MAU)	Millions	6.30	6.59	-4%	6.22	6.25	-1%	6.78
Monthly unique payers (MUP)	Thousands	59	49	22%	57	45	26%	51
ARPPDAU	US \$ cent	4.82	2.89	67%	4.47	2.89	55%	3.03

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

**Innovative word game with highest revenue per user**

Wordzee is MAG's unique word game where players challenge each other by competing head-to-head using letter tiles to form high scoring words on a special board. As an added challenge, filling the entire board earns the player "Wordzee" and major bonus points. The game was released globally in November 2019 and has shown strong key figures since launch.

Wordzee is one of MAG's strongest growth products with the highest average revenue per daily active user (ARPPDAU) in the portfolio. The high earnings are due to the fact that the game mechanics are centered around the possibility of replacing letter tiles, which is effectively monetized by players being able to make in-app purchases to make more tile changes. ARPPDAU remained strong during the quarter.

**Personal matchmaking is launched to increase player engagement**

During Q2, a new matchmaking system was launched, "Games Just For You", which means that players receive personal prompts about new opponents that match their style of play or share a similar average score. This new type of matchmaking has affected how users spend their time in the game - in more classic versus matches rather than, for example, quick games where the player meets a random opponent. The changes in gaming behavior are in line with the purpose of the matchmaking to make Wordzee a more social game that increases player engagement in the long run. Two new seasonal "Journeys" events were also released during the quarter, a Christmas and a Valentine's Day event, both of which contributed to increased player engagement. The game team continues to optimize "Journeys" events to increase in-app purchases as well as the long-term engagement of players.

**Increased investment in user acquisition**

Thanks to expanded opportunities for user acquisition, Wordzee acquired many high-quality users during the quarter. This contributed to increased earnings and also had a positive effect on ARPPDAU, which strengthened compared to Q1. MAG believes in increased growth for Wordzee and investments in user acquisition continue according to the company's ROI models, which targets full repayment within 180 days.

**Continued focus on long-term engagement**

Several optimizations of the game mechanics in Wordzee are planned to be launched in Q3, with the goal of strengthening the players' long-term engagement. After the end of the quarter, in late March, a new system for letter tiles was released, introducing card packages. These cards are a new kind of currency and reward in the game. The "Journeys" events will also continue to be optimized and a "daily challenge" will be introduced. The latter is a daily task that the player can solve, something that has had a positive impact on the long-term player engagement in WordBrain.



**Significant increase in ad revenue in New QuizDuel**

Launched globally in May 2020, New QuizDuel is the successor to the classic QuizDuel game, where users challenge friends and other players around the world in trivia. New QuizDuel also introduced the new multiplayer game mode *Arena*, where the player competes against four other people to climb leaderboards.

At the end of Q1, ads were activated in New QuizDuel for users who had previously been Premium players. Premium was a monetization model in classic QuizDuel where users paid a one time sum to get an ad-free experience, and in a transitional phase no ads were shown for most of these players in New QuizDuel. Together with the fact that the majority of the players migrated from classic QuizDuel to New QuizDuel, this resulted in a significant increase in ad revenues in Q2 compared to Q1 and also the same period last year.

**QuizDuel Live - game mode with live trivia**

*QuizDuel Live* is a new game mode, designed together with Primetime, with live trivia broadcasts in New QuizDuel for the German audience. The game mode was tested during most of the quarter for a limited audience with gradual upscaling. On March 8, after the end of the quarter, *QuizDuel Live* was launched on the game's largest market, Germany.

*QuizDuel Live* broadcasts several days a week and it is free for players to participate. The live shows are around ten minutes long, led by a German-speaking host, and players compete by answering up to 12 questions live. Up to question seven, players can use so-called lifesavers if they answer incorrectly to continue playing. Currently, players can win lifesavers or tickets to enter the *Arena* game mode, but other prizes will also be added to *QuizDuel Live* to increase player engagement. Monetization of lifesavers has started and these new in-app purchases have continued to increase as the show has scaled up. Real money prizes are also planned to be introduced in *QuizDuel Live* during Q3.

*QuizDuel Live* is primarily monetized through sponsorship campaigns, a financing model that Primetime already uses and is also responsible for in *QuizDuel Live*. As of March, the game mode is operated commercially with a number of closed sponsorship agreements. The effects of these will be seen in the next Interim Report. In the near future, the game mode will also be made available for the Swiss and Austrian markets.

**Focus on new game features**

With the migration and launch of *QuizDuel Live*, New QuizDuel has been broadened as an entertainment platform and has increased the possibilities for future monetization. With these important projects completed, the game team can focus ahead: on the development of new, exciting game features and optimization of existing ones, to make New QuizDuel an even stronger trivia experience.



**▶ LIVE Quizduell**



**Apprope - a new game studio in the MAG family**

Apprope was started in 2012 and is a Swedish mobile game studio that develops games mainly within the word category. The company was acquired by MAG at the beginning of January 2021 and thus contributes to the current quarter's figures by just under two months. Apprope's games have reached over 55 million users and most of their games have ranked high on the charts in the US. Their most famous word game, Word Bubbles, has been downloaded over ten million times, had sales of approximately SEK 100 million and reached first place in the word game category in more than 50 countries.

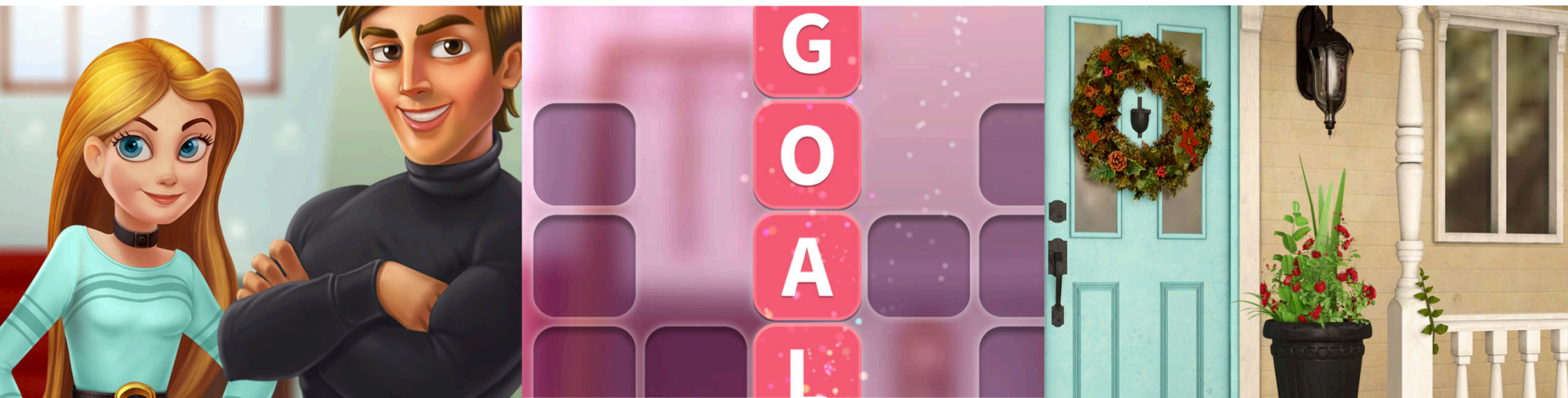
During the first, almost two months that Apprope has been part of MAG, the company has generated revenues of more than SEK 7 million.

**Word Mansion a growth driver**

In the autumn of 2020, the word puzzle game Word Mansion launched on iOS and Android, and the game has grown rapidly in both downloads and sales. Word Mansion has an average revenue per daily active user (ARPDau) that is significantly higher than for MAG's portfolio in general.

Word Mansion is a word puzzle game framed by an interactive adventure that revolves around renovation and decoration. The game is aimed at a wider user base of casual players and these narrative so-called meta-games with design mechanics have increased in popularity in the casual segment in recent years. Through the acquisition of Apprope, it creates more opportunities for MAG to increase growth in this category of games.

Apprope focuses on the continued development of Word Mansion, which is still in a growth phase, and also on the expansion of the game engine the game is built on. MAG sees the potential in reusing Apprope's game engine to develop more products in this category of puzzle adventure games. The company also sees opportunities in Apprope's other catalog of games in that the live operations team - which runs all MAG's live games that are not under active development - can take over management and increase profitability for these products over time.



### MAG's tactical word game reaches highest ARPDAU so far

Word Domination is a clever multiplayer game where users play against each other in exciting real-time word matches. Players compete against each other attempting to earn the most points on the board by creating words over five rounds. With so-called booster cards, players can improve their chances with time-limited benefits. Since launching Word Domination globally in May 2018, the game has ranked top five in the word game category across 140 countries and been downloaded over ten million times.

The average revenue per daily active user (ARPDAU) has increased in Word Domination in the last two quarters. In Q2, the game reached its highest ARPDAU to date, thus breaking the previous record set in Q1.

### Super event drives engagement and revenue

During Q2, a so-called super event was released, which was three events combined into one: a collection event, a solo event and a "Stories" event. "Stories" is a game feature that was introduced in Q4 2019/2020 where players collect puzzle pieces from famous fairy tales to unlock unique booster cards. This combination event was popular and increased both player engagement and in-app revenue. A Valentine's Day event was also released during Q2. These events add value both by increasing users' playing time and by increasing total revenue. The rewards ladder that was introduced to the events in Q1 - users need to play several times to complete the event - also increased earnings of the events. A new super event is planned for Easter to continue to drive player engagement and revenue.

### VIP players increase in number and value

In May 2019, Word Domination introduced a subscription model to the game. The model means that a user chooses to become a VIP player and pay a monthly fee for a subscription and thus get access to exclusive content, additional rewards and an ad-free experience. The subscription offer has been optimized and grown significantly since its introduction, and now attracts a steady stream of the most long-term engaged players each month.

The group that has been VIP players for over a year continues to grow and these players become more valuable to MAG the longer they are subscribers. VIP users continue to be the most engaged group of Word Domination players and also have the highest ARPDAU. Subscriptions accounted for 27% of in-app revenue during Q2 and the number of subscribers increased in Q2 compared to Q1.

The screenshot displays three event banners for the game Word Domination:

- CARROT EVENT:** Features a carrot icon and the text "Play the game to collect carrots more you collect the bigger the". A green button labeled "See prizes" is visible. A counter shows 382. The event ends in 23h 59min.
- GOLD TOURNAMENT:** Features a shield icon with the number 3 and the text "WINS". A yellow button labeled "TOP PRIZE" with a question mark is visible. A green button labeled "Continue" is visible. Rewards include 2000 gold coins, 150 purple gems, and 1 booster card. The event ends in 23h 59min.
- FREE TOURNAMENT:** Features a question mark icon and the text "TOP PRIZE". A green button labeled "100" with a gold coin icon is visible. Rewards include 5000 gold coins, 300 purple gems, and 3 booster cards. The event ends in 23h 59min.

**MAG's classic word game remains stable and profitable**

Ruzzle is a social word game where players are challenged to find as many words as possible in two minutes within a limited grid of letters. The game was released in 2012 and has been downloaded over 60 million times.

Ruzzle is one of MAG's important evergreens. Since no marketing costs weigh on the product, the game has held good profitability for several years. Thanks to the major update of the in-game economy that launched the summer of 2020, Ruzzle has also increased both in-app and ad revenues several quarters in a row. Total revenues also increased significantly in Q2 compared with the same quarter last year.

Ruzzle is in its ninth year of life and continues to show very stable key figures. In addition to increased revenue, the number of very engaged players continue to be high and the majority of players have been playing for more than a year.

**Preparations for the transition to live operations**

During Q2, the development time was primarily given to preparations to move Ruzzle to live operations, the team that runs MAG's other evergreen game WordBrain. The company has seen live ops perform strongly for a long time, with increased player engagement, and can thus safely hand over the continued product operations of Ruzzle. By moving Ruzzle to live ops, the company frees up several developers who can work on new projects while handing over the game to competent hands.

Most of the optimizations in Ruzzle during the quarter have therefore aimed to make the transition from product to live ops as smooth as possible. Above all, Ruzzle's performance has been updated so that the game can be run unhindered by live ops for many years to come with continued profitability. Live ops will continue to run events and optimize the game. MAG expects Ruzzle to be taken over by live ops completely during Q3.



### Primetime - leader of live trivia in the Nordics

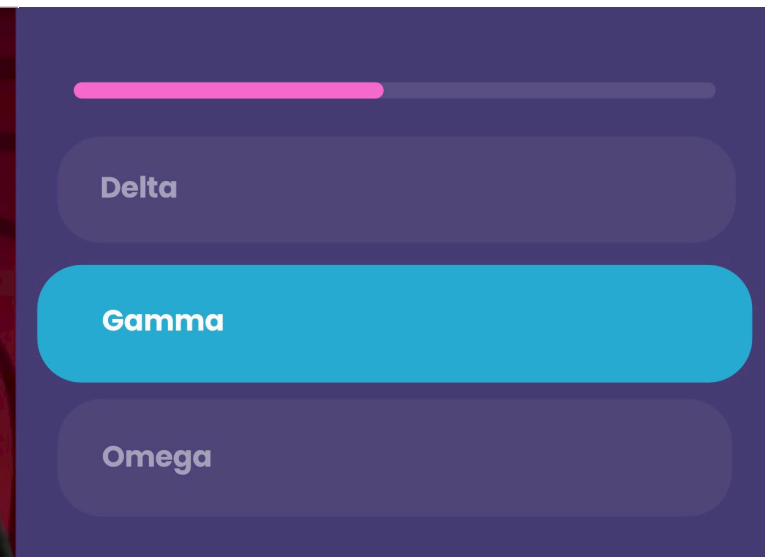
Primetime is a popular live trivia app that MAG acquired on September 1, 2020. The app was released in Sweden in 2018, has since expanded to Norway, Denmark, Finland and is now the leader of live trivia in the Nordics. Primetime broadcasts quiz live with a host seven days a week, where players compete for a sum of money by answering up to eleven questions live.

The app is monetized through sponsorship campaigns, a business model that differs from the rest of MAG's portfolio. This model has worked well for Primetime, which increased its revenue significantly between 2019 and 2020. Primetime also has a higher average revenue per daily active user (ARPDau) than the average for MAG's games and a very stable user base.

### Launch of live trivia in New QuizDuel

Together with the QuizDuel team, Primetime has designed the new live mode *QuizDuel Live*, which was launched in New QuizDuel to the German audience after the end of the quarter. The game mode is similar to Primetime's live broadcasts and these live shows are also hosted from Primetime's studio in Stockholm. Primetime is also responsible for the sponsorship campaigns run in *QuizDuel Live*.

Going forward, Primetime will continue its close collaboration with MAG regarding their own app in the Nordics and the QuizDuel team to optimize *QuizDuel Live*, increase player engagement and conclude new sponsorship agreements.



# CONSOLIDATED PROFIT/LOSS AND CASHFLOW FOR THE PERIOD 2020/21 DEC 2020 UNTIL FEB 2021

## OPERATING INCOME

The Group's operating income for the period was 81,332 KSEK (57,291 KSEK), an increase of 42% compared to the same period the previous year. The Group's net sales for the period totalled 72,606 KSEK (50,527 KSEK), an increase of 44%.

Own work capitalised totalled 8,060 KSEK (6,364 KSEK). See below for further details of capitalized expenses as well as depreciation of the same.

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

## OPERATING EXPENSES, EBITDA AND OPERATING PROFIT/LOSS

Operating expenses totalled 71,000 KSEK (52,231 KSEK). Of these, 15,466 KSEK (11,087 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 21,950 KSEK (13,559 KSEK) were costs of user acquisition and 8,110 KSEK (6,236 KSEK) were other external operating expenses.

User acquisition costs in the second quarter is mainly attributable to the games Wordzee, New QuizDuel, Word Domination and Word Mansion.

Personnel expenses totalled 25,474 KSEK (21,349 KSEK) an increase of 19%.

EBITDA for the period was 10,332 KSEK (5,059 KSEK).

Depreciation of tangible and intangible assets totalled 12,167 KSEK (9,640 KSEK), of which 6,587 KSEK (5,756 KSEK) was depreciation of capitalized development expenses.

The Group's operating profit was -1,835 KSEK (-4,581 KSEK) and profit before tax -2,330 KSEK (-5,136 KSEK).

## PROFIT/LOSS AFTER TAX

Profit after tax totalled -1,995 KSEK (-4,253 KSEK).

The profit after tax per share was -0.08SEK/share (-0.16SEK/share) and the profit after tax per share fully diluted was -0.07 SEK/share (-0.16 SEK/share).

The average number of shares during the period was 26,454,632 (26,321,393) and the average number of shares fully diluted was 27,614,148 (27,317,067).

## CASH FLOW FOR THE PERIOD

The Group's cash flow from operating activities during the quarter was 13,108 KSEK (8,893 KSEK). Cash flow from investing activities was -53,050 KSEK (-89,992 KSEK). Cashflow from financing activities was -12,232 KSEK (-5,264 KSEK).

# CONSOLIDATED PROFIT/LOSS FOR THE PERIOD SEP 2020 UNTIL 2020/21 FEB 2021

## OPERATING INCOME

The Group's operating income for the period was 155,263 KSEK (111,660 KSEK), an increase of 39% compared to the same period the previous year. The Group's net sales for the period totalled 135,556 KSEK (97,629 KSEK), an increase of 39%.

Own work capitalised totalled 18,200 KSEK (13,875 KSEK). See below for further details of capitalised expenses as well as impairments and depreciation of the same.

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

## OPERATING EXPENSES, EBITDA AND OPERATING PROFIT/LOSS

Operating expenses totalled 135,641 KSEK (101,571 KSEK). Of these, 30,815 KSEK (21,429 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 38,369 KSEK (24,938 KSEK) were costs of user acquisition and 16,592 KSEK (14,119 KSEK) were other external operating expenses.

Personnel expenses totalled 49,864 KSEK (41,085 KSEK) an increase of 21%. The average number of employees during the period was 104 (80) an increase of 30%.

EBITDA for the period was 19,622 KSEK (10,089 KSEK).

Depreciation and impairments of tangible and intangible assets totalled 23,647 KSEK (17,694 KSEK), of which 12,924 KSEK (11,359 KSEK) was depreciation of capitalised development expenses.

The Group's operating profit was -4,024 KSEK (-7,605 KSEK) and profit before tax -4,811 KSEK (-9,691 KSEK).

## ADJUSTED EBITDA [NOTE 4]

Adjusted EBITDA for the period was 21,655 KSEK (10,089 KSEK).

## PROFIT/LOSS AFTER TAX

Profit after tax totalled -2,180 KSEK (-7,152 KSEK).

The profit after tax per share was -0.08SEK/share (-0.27SEK/share) and the profit after tax per share fully diluted was -0.08 SEK/share (-0.26 SEK/share).

The average number of share during the period was 26,454,632 (26,321,393) and the average number of shares fully diluted was 27,614,148 (27,168,859).

## PARENT COMPANY PROFIT/LOSS FOR THE PERIOD DEC 2020 UNTIL FEB 2021

2020/21

### OPERATING INCOME

The parent company's net sales for the period were 62,048 KSEK (36,681 KSEK), an increase of 69% compared with the same period the previous year.

### OPERATING EXPENSES AND OPERATING PROFIT/LOSS

Operating expenses totalled 63,926 KSEK (52,465 KSEK).

Of these 13,556 KSEK (10,813 KSEK) were sales related costs originating primarily from fees to Apple App Store and Google Play, costs of user acquisition were 17,440 KSEK (13,558 KSEK) and 13,530 KSEK (7,977 KSEK) was other external operating expenses.

Personnel expenses totalled 19,401 KSEK (20,116 KSEK) a decrease of 4%.

Depreciation of tangible and intangible assets totalled 4,872 KSEK (449 KSEK). The increase compared to previous year is related to the goodwill and intellectual properties from the merger of FEO Media AB.

The parent company's operating profit for the period was -5,945 KSEK (-12,281 KSEK).

### PROFIT AFTER TAX

Profit after tax totalled to -5,457 KSEK (-11,683 KSEK).



## PARENT COMPANY PROFIT/LOSS FOR THE PERIOD SEP 2020 UNTIL FEB 2021

2020/21

### OPERATING INCOME

The parent company's net sales for the period were 121,197 KSEK (69,295 KSEK), an increase of 75% compared with the same period the previous year.

### OPERATING EXPENSES AND OPERATING PROFIT/LOSS

Operating expenses totalled 127,454 KSEK (100,826 KSEK)

Of these costs 27,626 KSEK (20,950 KSEK) were sales related costs originating primarily from fees to Apple App Store and Google Play. Costs of user acquisition were 33,858 KSEK (24,937 KSEK) and 27,761 KSEK (16,559 KSEK) was other external operating expenses.

Personnel expenses totalled 38,209 KSEK (38,379 KSEK) a decrease of 0%.

Depreciation and impairments of tangible and intangible assets totalled 9,740 KSEK (900 KSEK). The increase compared to previous year is related to the goodwill and intellectual properties from the merger of FEO Media AB.

The parent company's operating profit for the period was -14,247 KSEK (-24,389 KSEK).

### PROFIT AFTER TAX

Profit after tax totalled to -12,574 KSEK (-22,135 KSEK).





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

2020/21

Intangible non-current assets at the end of the period totalled 271,287 KSEK (142,249 KSEK), of which 160,618 KSEK (77,785 KSEK) relates to goodwill and 110,669 KSEK (64,463 KSEK) to other intangible assets. The latter consists primarily of capitalized development expenses on own account and acquired intellectual property.

Cash and cash equivalents at the end of the period totalled 75,827 KSEK (106,372 KSEK).

Equity at the end of the period totalled 313,622 KSEK (324,530 KSEK), corresponding to 11.9 SEK/share (12.3 SEK/share).

The equity/assets ratio at the same time was 66.2% (75.5%).

The group has interest bearing debt of 50,154 KSEK (64,464 KSEK) of which 101 KSEK is attributable to loan to financial institutes and the rest 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 66,271 KSEK (102,798 KSEK).

Equity at the end of the period totalled 268,399 KSEK (328,757 KSEK).



# KEY INDICATORS FOR THE BUSINESS PERIOD DEC 2020 UNTIL FEB 2021

2020/21

## 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 28,816 KSEK (16,594 KSEK), an increase of 74% compared to the same period the previous year.

The Group's net sales from in-app advertising were 43,790 KSEK (33,872 KSEK), an increase of 29% 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 sales 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 42,049 KSEK (31,990 TSEK), an increase of 31% compared to the same period the previous year.

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

In-app purchases is the drive behind the overall increase in net sales. Game contribution is up by 31 % based on broad improvement in monetization and despite higher costs for user acquisition in the quarter.



## 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 2.0 million (2.0 million), a decrease of 2% compared with the same period the previous year.

MAU for the period 6.3 million (6.6 million), a decrease of 4% compared with the same period the previous year.

MUP for the period 59.4 thousand (48.7 thousand), an increase of 22% compared with the same period the previous year.

ARPDau for the period 4.8 US \$ cent (2.9 US \$ cent), an increase of 67% compared with the same period the previous year.

## COMMENTS TO THE KPIS

DAU and MAU for the period end on a slight decrease. The increase in MUP can be traced back to Wordzee and the stronger in-app monetization that we have seen there. The increase in ARPDau can be traced to a broad portfolio improvement in monetization as well as to Wordzee, with an ARPDau that is higher than the rest of the portfolio, combined with its growing user base. In addition the migration of users from old to New Quizduel helps the development of ARPDau.



### PARENT COMPANY

The parent company MAG Interactive AB (publ), corporate ID number 556804-3524, has its registered office in Stockholm with 66 employees. A big part of the Group's business activity is in the parent company, with employees, agreements, intangible assets (incl. IP) and revenues. There are ten subsidiaries in the group. MAG Games Ltd, with its registered office in Brighton and 20 employees, has only Group internal invoicing and carries out development and other functions in the company's operations. MAG United AB, with its registered office in Stockholm, has no employees. Sventertainment AB, with its registered office in Stockholm, is a subsidiary group consisting of six companies and was acquired during the first quarter 2020/21. Sventertainment is the developer and publisher of the trivia app Primetime and has 14 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 two 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 2019/2020.

## 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 2019/2020.

## 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 83 the same period the previous year.

## CONTACT

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

Or contact

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

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

## MAG INTERACTIVE AB [PUBL]

Drottninggatan 95A

113 60 Stockholm

Sweden

## FURTHER REPORTING DATES

Interim Report Q3 September 2020 – May 2021

June 30, 2021

Interim and Year-End Report Q4 September 2020 – August 2021

Oct 20, 2021

## AUDIT

This report has not been reviewed by auditors.

## TWITCH STREAM

On March 31, 2021 at 10:00 CET, CEO Daniel Hasselberg and CFO Magnus Wiklander will present the Interim Report live on Twitch. The presentation will be held in English. Link to the Twitch feed [www.twitch.com/maginteractive](http://www.twitch.com/maginteractive)

Daniel Hasselberg will also take questions on Twitter during the course of the day, write to @d\_hasselberg or @maginteractive.

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

## STATEMENTS ABOUT THE FUTURE

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

**ASSURANCE BY THE BOARD OF DIRECTORS**

*Stockholm March 31, 2021*

**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****2020/21**

Amounts in KSEK	Note	Dec 20-Feb 21	Dec 19-Feb 20	Sep 20-Feb 21	Sep 19-Feb 20	FY 19/20
<b>Operating income</b>						
Net sales	1	72,606	50,527	135,556	97,629	217,567
Own work capitalised		8,060	6,364	18,200	13,875	28,099
Other operating income		667	399	1,507	156	2,046
<b>Total</b>		<b>81,332</b>	<b>57,291</b>	<b>155,263</b>	<b>111,660</b>	<b>247,711</b>
<b>Operating expenses</b>						
Sales related costs	2	-15,466	-11,087	-30,815	-21,429	-51,129
User acquisition		-21,950	-13,559	-38,369	-24,938	-72,774
Other external expenses		-8,110	-6,236	-16,592	-14,119	-28,791
Personnel costs		-25,474	-21,349	-49,864	-41,085	-73,860
<b>Total operating expenses</b>		<b>-71,000</b>	<b>-52,231</b>	<b>-135,641</b>	<b>-101,571</b>	<b>-226,554</b>
<b>EBITDA</b>		<b>10,332</b>	<b>5,059</b>	<b>19,622</b>	<b>10,089</b>	<b>21,157</b>
Depreciation and write downs of tangible and intangible non-current assets	3	-12,167	-9,640	-23,647	-17,694	-37,768
<b>Operating profit/loss (EBIT)</b>		<b>-1,835</b>	<b>-4,581</b>	<b>-4,024</b>	<b>-7,605</b>	<b>-16,611</b>
<b>Financial items</b>						
Profit/loss from securities		0	-64	0	-64	-663
Interest income and similar		146	-211	152	-1,068	729
Interest expense and similar		-641	-280	-939	-954	-6,090
<b>Total financial items</b>		<b>-495</b>	<b>-555</b>	<b>-787</b>	<b>-2,086</b>	<b>-6,025</b>
<b>Profit/loss after financial items</b>		<b>-2,330</b>	<b>-5,136</b>	<b>-4,811</b>	<b>-9,691</b>	<b>-22,636</b>
Taxes		335	883	2,631	2,540	5,265
<b>Profit/loss for the period</b>		<b>-1,995</b>	<b>-4,253</b>	<b>-2,180</b>	<b>-7,152</b>	<b>-17,371</b>
<b>Other comprehensive result</b>						
Exchange rate differences		869	-49	293	519	-659
<b>Total comprehensive income for the period</b>		<b>-1,126</b>	<b>-4,301</b>	<b>-1,887</b>	<b>-6,633</b>	<b>-18,029</b>

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

Earnings per share (based on average number of shares)	-0.08	-0.16	-0.08	-0.27	-0.66
Earnings per share fully diluted (based on average number of shares)	-0.07	-0.16	-0.08	-0.26	-0.63
Average number of shares during the period	26,454,632	26,321,393	26,454,632	26,321,393	26,343,600
Average number of shares during the period fully diluted	27,614,148	27,317,067	27,614,148	27,168,859	27,530,821
Number of shares at the end of the period	26,454,632	26,321,393	26,454,632	26,321,393	26,454,632
Number of shares at the end of the period fully diluted	27,879,095	27,317,067	27,879,095	27,317,067	27,614,148



**CONSOLIDATED BALANCE SHEET  
ASSETS****2020/21**

Amounts in KSEK	Note	28/2 2021	28/2 2020	31/8 2020
<b>ASSETS</b>				
Goodwill	5, 6	160,618	77,785	77,153
Other intangible assets	5, 6	110,669	64,463	64,690
<b>Total intangible assets</b>		<b>271,287</b>	<b>142,249</b>	<b>141,843</b>
Right-of-use assets		48,136	55,777	52,751
Equipment, tools, fixtures and fittings		9,545	6,558	8,438
<b>Total tangible assets</b>		<b>57,681</b>	<b>62,335</b>	<b>61,190</b>
Other long-term receivables		4,098	4,078	4,052
Deferred tax assets		8,695	3,343	5,841
<b>Total financial non-current assets</b>		<b>12,793</b>	<b>7,421</b>	<b>9,893</b>
<b>Total non-current assets</b>		<b>341,761</b>	<b>212,004</b>	<b>212,926</b>
<b>Current assets</b>				
Trade and other receivables		38,103	24,629	23,015
Current tax assets		9,015	1,948	1,075
Other current receivables		2,446	860	979
Prepaid expenses and accrued income		6,327	3,929	13,360
Other short-term securities		0	79,936	0
Cash and cash equivalents		75,827	106,372	160,630
<b>Total current assets</b>		<b>131,718</b>	<b>217,672</b>	<b>199,059</b>
<b>TOTAL ASSETS</b>		<b>473,479</b>	<b>429,677</b>	<b>411,985</b>

# CONSOLIDATED BALANCE SHEET LIABILITIES AND EQUITY

2020/21

Amounts in KSEK	Note	28/2 2021	28/2 2020	31/8 2020
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital		688	684	687
Other contributed capital		283,844	281,474	282,176
Reserves		-1,948	-1,064	-2,241
Retained earnings incl. comprehensive income for the period		31,038	43,436	33,218
<b>Total equity</b>		<b>313,622</b>	<b>324,530</b>	<b>313,840</b>
<b>Long-term liabilities</b>				
Deferred tax liabilities		22,798	13,279	13,326
Long-term lease liabilities		40,793	47,052	45,239
Long-term bank loans		101	0	0
Other long-term liabilities	5, 6	43,739	0	0
<b>Total long-term liabilities</b>		<b>107,431</b>	<b>60,331</b>	<b>58,565</b>
<b>Current liabilities</b>				
Trade and other payables		16,316	11,906	11,919
Current tax liability		87	385	86
Short-term bank loans		71	7,778	0
Accrued expenses and prepaid income		15,467	11,455	15,119
Short-term lease liabilities		9,260	9,634	9,107
Other current liabilities		11,224	3,657	3,349
<b>Total current liabilities</b>		<b>52,425</b>	<b>44,815</b>	<b>39,581</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>473,479</b>	<b>429,677</b>	<b>411,985</b>

**CONSOLIDATED CASH FLOW STATEMENT****2020/21**

Amounts in KSEK	Note	Dec 20-Feb 21	Dec 19-Feb 20	Sep 20-Feb 21	Sep 19-Feb 20	FY 19/20
<b>Operating activities</b>						
Profit/loss before financial items		-1,835	-4,581	-4,024	-7,605	-16,611
Adjustments for items not part of cash flow						
LTIP		101	128	201	255	457
Depreciations and write-downs	3	12,167	9,303	23,647	17,693	37,768
Interest received		0	-101	5	452	729
Interest paid		-327	-85	-666	-755	-1,541
Income tax paid		-2,610	-340	1,310	9,794	10,656
<b>Cash flow from operating activities before change in working capital</b>		<b>7,496</b>	<b>4,324</b>	<b>20,472</b>	<b>19,834</b>	<b>31,458</b>
Change in current operating receivables		2,973	-1,584	-827	1,971	-6,153
Change in current operating liabilities		2,639	6,153	-1,559	9,264	12,569
<b>Change in working capital</b>		<b>5,612</b>	<b>4,569</b>	<b>-2,386</b>	<b>11,235</b>	<b>6,416</b>
<b>Cash flow from operating activities</b>		<b>13,108</b>	<b>8,893</b>	<b>18,086</b>	<b>31,070</b>	<b>37,874</b>
<b>Investing activities</b>						
Capitalized work		-8,060	-6,364	-18,200	-13,875	-28,099
Investments in tangible non-current assets		-552	-1,645	-2,367	-1,698	-5,102
Investments in subsidiaries		-44,439	0	-63,091	0	0
Change in financial investments		0	-1,983	0	-1,985	-2,641
Change in securities		0	-80,000	0	-80,000	0
<b>Cash flow from investing activities</b>		<b>-53,050</b>	<b>-89,992</b>	<b>-83,657</b>	<b>-97,557</b>	<b>-35,842</b>
<b>Financing activities</b>						
Warrants		1,468	0	1,468	0	504
Amortized loans		-13,700	-5,264	-20,286	-10,467	-22,428
<b>Cash flow from financing activities</b>		<b>-12,232</b>	<b>-5,264</b>	<b>-18,818</b>	<b>-10,467</b>	<b>-21,924</b>
<b>Increase/decrease in cash and cash equivalents</b>						
Cash flow for the period		-52,174	-86,363	-84,390	-76,954	-19,892
Effects of exchange rate changes		-722	-308	-414	-1,711	-4,549
Opening cash and cash equivalents		128,723	193,043	160,630	185,037	185,071
<b>Closing cash and cash equivalents</b>		<b>75,827</b>	<b>106,372</b>	<b>75,827</b>	<b>106,372</b>	<b>160,630</b>

**CONSOLIDATED STATEMENT OF  
CHANGES IN EQUITY****2020/21**

KSEK	Share capital	Other external capital	Reserves	Retained earnings	Total equity
<b>Opening balance 1/9 2020</b>	<b>687</b>	<b>282,176</b>	<b>-2,241</b>	<b>33,218</b>	<b>313,840</b>
Profit/loss for the period				-2,180	-2,180
Exchange rate differences			293		293
<b>Total comprehensive income</b>			<b>293</b>	<b>-2,180</b>	<b>-1,887</b>
LTIP	1	1,668			1,669
<b>Closing balance 28/2 2021</b>	<b>688</b>	<b>283,844</b>	<b>-1,948</b>	<b>31,038</b>	<b>313,622</b>

KSEK	Share capital	Other external capital	Reserves	Retained earnings	Total equity
<b>Opening balance 1/9 2019</b>	<b>684</b>	<b>281,219</b>	<b>-1,583</b>	<b>50,588</b>	<b>330,908</b>
Profit/loss for the period				-7,152	-7,152
Exchange rate differences			519		519
<b>Total comprehensive income</b>			<b>519</b>	<b>-7,152</b>	<b>-6,633</b>
LTIP		255			255
<b>Closing balance 28/2 2020</b>	<b>684</b>	<b>281,474</b>	<b>-1,064</b>	<b>43,437</b>	<b>324,530</b>

**PARENT COMPANY'S INCOME STATEMENT****2020/21**

Amounts in KSEK	Note	Dec 20-Feb 21	Dec 19-Feb 20	Sep 20-Feb 21	Sep 19-Feb 20	FY 19/20
<b>Operating income</b>						
Net sales		62,048	36,681	121,197	69,295	217,566
Other operating income		804	3,951	1,749	8,040	2,046
<b>Total operating income</b>		<b>62,852</b>	<b>40,632</b>	<b>122,947</b>	<b>77,336</b>	<b>219,612</b>
<b>Operating expenses</b>						
Sales related costs		-13,556	-10,813	-27,626	-20,950	-51,168
User acquisition		-17,440	-13,558	-33,858	-24,937	-72,774
Other external expenses		-13,530	-7,977	-27,761	-16,559	-35,568
Personnel costs		-19,401	-20,116	-38,209	-38,379	-74,511
<b>Total operating expenses</b>		<b>-63,926</b>	<b>-52,465</b>	<b>-127,454</b>	<b>-100,826</b>	<b>-234,022</b>
<b>EBITDA</b>		<b>-1,074</b>	<b>-11,832</b>	<b>-4,507</b>	<b>-23,490</b>	<b>-14,410</b>
Depreciation of tangible and intangible non-current assets	3	-4,872	-449	-9,740	-900	-20,575
<b>Operating profit/loss</b>		<b>-5,945</b>	<b>-12,281</b>	<b>-14,247</b>	<b>-24,389</b>	<b>-34,985</b>
<b>Financial items</b>						
Profit/loss from securities		0	0	0	0	-663
Financial income		0	189	5	452	1,265
Financial expenses		-145	-406	-103	-868	-5,403
<b>Total financial items</b>		<b>-145</b>	<b>-216</b>	<b>-99</b>	<b>-416</b>	<b>-4,802</b>
<b>Profit/loss after financial items</b>		<b>-6,090</b>	<b>-12,497</b>	<b>-14,346</b>	<b>-24,805</b>	<b>-39,786</b>
<b>Taxes</b>		<b>633</b>	<b>815</b>	<b>1,772</b>	<b>2,671</b>	<b>5,944</b>
<b>Profit/loss for the period</b>		<b>-5,457</b>	<b>-11,683</b>	<b>-12,574</b>	<b>-22,135</b>	<b>-33,843</b>

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

# PARENT COMPANY'S BALANCE SHEET

## ASSETS

2020/21

Amounts in KSEK	Note	28/2 2021	28/2 2020	31/8 2020
<b>ASSETS</b>				
Goodwill		23,883	0	30,707
Other intangible assets		25,380	0	27,260
<b>Total intangible assets</b>		<b>49,263</b>	<b>0</b>	<b>57,967</b>
Equipment, tools, fixtures and fittings		6,583	3,204	5,579
<b>Total tangible non-current assets</b>		<b>6,583</b>	<b>3,204</b>	<b>5,579</b>
Participation in Group companies		176,151	181,983	47,252
Other long-term receivables		10,992	7,108	9,607
Long-term receivables from Group companies		173	123	136
<b>Total financial non-current assets</b>		<b>187,316</b>	<b>189,214</b>	<b>56,995</b>
<b>Total non-current assets</b>		<b>243,161</b>	<b>192,418</b>	<b>120,541</b>
<b>Current assets</b>				
Trade and other receivables		28,601	16,430	23,015
Short-term receivable from Group companies		69	1,717	0
Other receivables		11,387	513	2,410
Prepaid expenses and accrued income		5,516	3,782	13,213
Other short-term securities		0	80,000	0
<b>Total current assets</b>		<b>45,572</b>	<b>102,442</b>	<b>38,638</b>
<b>Cash and cash equivalents</b>		<b>66,271</b>	<b>102,798</b>	<b>156,668</b>
<b>TOTAL ASSETS</b>		<b>355,005</b>	<b>397,658</b>	<b>315,847</b>

# PARENT COMPANY'S BALANCE SHEET LIABILITIES AND EQUITY

2020/21

Amounts in KSEK	Note	28/2 2021	28/2 2020	31/8 2020
<b>EQUITY AND LIABILITIES</b>				
<b>Restricted equity</b>				
Share capital		688	684	687
<b>Non-restricted equity</b>				
Other contributed capital		315,233	312,863	313,565
Retained earnings incl. comprehensive income for the period		-47,523	15,210	-34,949
<b>Total equity</b>		<b>268,399</b>	<b>328,757</b>	<b>279,304</b>
<b>Provisions</b>				
Deferred tax liabilities		5,228	0	5,616
Other provisions		43,739	0	0
<b>Total provisions</b>		<b>48,967</b>	<b>0</b>	<b>5,616</b>
<b>Current liabilities</b>				
Trade and other payables		13,509	11,407	11,702
Liabilities to Group companies		1,761	38,143	2,845
Short-term bank loan		0	7,778	0
Other liabilities		9,261	1,562	3,140
Accrued expenses and prepaid income		13,107	10,011	13,241
<b>Total current liabilities</b>		<b>37,638</b>	<b>68,901</b>	<b>30,928</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>355,005</b>	<b>397,658</b>	<b>315,847</b>

<b>Term</b>	<b>Description</b>
Net sales	Total game revenue, drawn from In-app purchases and advertising sales. MAG records the full value of items sold as In-app purchases and reports the platform share as Sales related costs. The Platform fee is normally 30% of the item price (Apple and Google).
In-app purchases	The value of purchases made in an app through Google Play or Apple App Store or other such store.
Advertising sales	Net sales from ads in the games.
Activated costs for own account	Development work activated to the balance sheet. The company activates personnel costs, including social fees and other related costs such as office space, for games in soft launch and live games. Soft launch is the last development phase prior to global launch and the probability of a global launch is high.
Platform fee	30% of the In-app purchases are costs to the platform, primarily Google Play and Apple App Store. Subscriptions have a reduced fee of 15% after a user has been a subscriber for 12 months.
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 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	Daily average Net sales per daily active user (DAU). If nothing else is stated this is measured in US cents.



Dec 20-Feb 21    Dec 19-Feb 20    Sep 20-Feb 21    Sep 19-Feb 20    FY 19/20

Amounts in KSEK

### NOTE 1: DISTRIBUTION OF NET SALES

In-app purchases	28,816	16,594	55,794	31,084	83,586
Advertising income	43,790	33,872	79,761	65,957	133,390
Other	0	61	1	588	591
<b>Total</b>	<b>72,606</b>	<b>50,527</b>	<b>135,556</b>	<b>97,629</b>	<b>217,567</b>

### NOTE 2: SALES RELATED COSTS

Platform fee	-8,607	-4,978	-16,672	-9,328	-25,058
Server costs	-4,227	-4,092	-9,093	-7,757	-17,868
Other sales related costs	-2,633	-2,017	-5,050	-4,345	-8,202
<b>Total sales related costs</b>	<b>-15,467</b>	<b>-11,087</b>	<b>-30,815</b>	<b>-21,430</b>	<b>-51,128</b>

## NOTES TO THE INTERIM REPORT

2020/21

	Dec 20-Feb 21	Dec 19-Feb 20	Sep 20-Feb 21	Sep 19-Feb 20	FY 19/20
Amounts in KSEK					
<b>NOTE 3: DEPRECIATIONS AND DISPOSALS</b>					
<b>Group</b>					
Right-of-use assets	-2,422	-2,172	-4,843	-3,598	-8,464
Equipment, tools, fixtures and fittings	-802	-435	-1,583	-856	-2,069
Intellectual properties	-2,357	-940	-4,297	-1,880	-3,759
Own work capitalized	-6,587	-5,756	-12,924	-11,359	-23,476
Other	0	-338	0	0	0
<b>Total</b>	<b>-12,167</b>	<b>-9,640</b>	<b>-23,647</b>	<b>-17,694</b>	<b>-37,768</b>
<b>Parent</b>					
Goodwill	-3,412	0	-6,824	0	-13,647
Equipment, tools, fixtures and fittings	-520	-181	-1,036	-362	-1,076
Intellectual properties	-940	0	-1,880	0	-3,759
Intercompany related depreciations	0	-268	0	-537	-2,092
<b>Total</b>	<b>-4,872</b>	<b>-449</b>	<b>-9,740</b>	<b>-900</b>	<b>-20,575</b>
<b>NOTE 4: ADJUSTED EBITDA AND EBIT</b>					
Research and development deductible	0	0	0	0	-7,621
Acquisition cost	525	0	525	0	515
Social contribution from re-evaluation of option programs. This is the tax effect for the company as if they would have expired on 28/2. The remaining run time for outstanding programs is 1 and 2 years	1,508	0	1,508	0	0
<b>Total adjustments</b>	<b>2,033</b>	<b>0</b>	<b>2,033</b>	<b>0</b>	<b>-7,106</b>
EBITDA	10,332	5,059	19,622	10,089	21,157
<b>Adjusted EBITDA</b>	<b>12,365</b>	<b>5,059</b>	<b>21,655</b>	<b>10,089</b>	<b>14,051</b>
EBIT	-1,835	-4,581	-4,024	-7,605	-16,611
<b>Adjusted EBIT</b>	<b>198</b>	<b>-4,581</b>	<b>-1,991</b>	<b>-7,605</b>	<b>-23,717</b>

**NOTE 5: ACQUISITION OF APPROPE**

In Januari 2021 MAG Interactive AB (publ) acquired 100 % of the shares in Apprope AB (corp no 556899-3967) and the company became a fully owned subsidiary. Apprope is a Swedish mobile game studio and has developed casual word games like Word Mansion and Word Bubbles.

The acquisition was financed through existing cash and cash equivalents. The upfront payment of the acquisition totalled to 50 MSEK and the contingent consideration, earnout, is subject to a cap of 50 MSEK. Apprope is consolidated in MAG's financial reports as of January 4 2021.

**The purchase consideration follows:**

KSEK

**Purchase price**

Cash and cash equivalents	50,000
Contingent consideration	17,402
<b>Total purchase consideration</b>	<b>67,402</b>

**Preliminary purchase price allocation**

A preliminary purchase price allocation of Apprope is presented below. The purchase price allocation is preliminary due to that the contingent consideration is calculated based on a forecasted EBIT-growth.

KSEK

Property, plant and equipment	11
Long-term receivables	7
Current receivables excluding cash and cash equivalents	6,670
Cash and cash equivalents	9,361
Long-term liabilities	-10,990
Current liabilities	-5,001
<b>Total acquired net assets excl consolidated values</b>	<b>58</b>
Intellectual property	25,000
Deferred tax liabilities	-5,150
Goodwill	47,494
<b>Total acquired net assets incl consolidated values</b>	<b>67,402</b>

The goodwill is allocated to synergy effects and the word game Word Mansion.

**NOTE 6: ACQUISITION OF SVENTERTAINMENT GROUP**

In September 2020 MAG Interactive AB (publ) acquired 100 % of the shares in Sventertainment AB (corp no 559155-8464) and the company became a fully owned subsidiary. Sventertainment AB is the creator of the successful trivia app Primetime, which broadcasts live trivia seven days a week.

The acquisition was financed through existing cash and cash equivalents. The upfront payment of the acquisition totalled to 20 MSEK and the contingent consideration, earnout, is subject to a cap of 80 MSEK. Furthermore, a payment of additional 4 MSEK was made for the net assets. Sventertainment is consolidated in MAG's financial reports as of September 1 2020.

**The purchase consideration follows:**

KSEK

**Purchase price**

Cash and cash equivalents	24,407
Contingent consideration	32,250
<b>Total purchase consideration</b>	<b>56,657</b>

**Preliminary purchase price allocation**

A preliminary purchase price allocation of Sventertainment is presented below. The purchase price allocation is preliminary due to that the contingent consideration is calculated based on a forecasted EBIT-growth.

KSEK

Property, plant and equipment	492
Current receivables excluding cash and cash equivalents	2,222
Cash and cash equivalents	5,754
Long-term liabilities	-208
Current liabilities	-3,265
<b>Total acquired net assets excl consolidated values</b>	<b>4,994</b>
Intellectual property	20,000
Deferred tax liabilities	-4,120
Goodwill	35,782
<b>Total acquired net assets incl consolidated values</b>	<b>56,657</b>

The goodwill is allocated to synergy effects and global expansion.

**NOTE 6: ACQUISITION OF SVENTERTAINMENT GROUP**

The Sventertainment Group consists of the following:

<b>Name</b>	<b>Corporate number</b>
Sventertainment AB	559155-8464
Sventertainment Sverige AB	559193-4822
Sventertainment Danmark ApS	40274642
Sventertainment Suomi Oy	2984460-2
Sventertainment Norge AS	922877246
Sventertainmen Poland Sp. z o. o.	0000780125

**NOTE 7: KPIS FROM ACQUISITIONS**

<b>Organic and acquired growth</b>	<b>Unit</b>	<b>Acquisitions after Q2 2020</b>	<b>MAG Interactive Group excl acquisitions</b>	<b>MAG Interactive Group Total</b>
Net sales Q2 20/21	KSEK	10,567	62,039	72,606
Net sales Q2 19/20	KSEK	0	50,527	50,527
Growth			23%	44%

<b>KPIs for new acquisitions in Q2</b>	<b>Unit</b>	<b>Apprope (from January 4, 2021)</b>	<b>MAG Interactive Group excl Apprope</b>	<b>MAG Interactive Group Total</b>
DAU	Million	0.09	1.92	2.01
MAU	Million	0.32	5.98	6.30
ARPDau	US \$ cent	11.06	4.53	4.82
MUP	Thousands	4	56	59
Average no of employees		2	102	104

**GOOD TIMES**