

MAG INTERACTIVE

MAG INTERACTIVE AB [PUBL]
INTERIM REPORT & YEAR END REPORT
SEP-AUG 2020/21

2020/21

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SEP—AUG 2020/21

ABOUT

MAG INTERACTIVE AB [PUBL]

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

SUMMARY OF THE PERIOD JUNE UNTIL AUG 2021

- The Group's net sales for the period were 69,647 KSEK (55,100 KSEK), an increase of 26% compared to the same period the previous year
- EBITDA for the period was 21,743 KSEK (7,664 KSEK)
- Adjusted EBITDA for the period was 22,987 KSEK (596 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 47,923 KSEK (25,662 KSEK), an increase of 87% compared to the same period the previous year
- Average revenue per daily active user (ARPDau) for the period was 5.4 US cents (3.4 US cents), an increase of 59% compared to the same period the previous year
- The result per share during the quarter was 0.30 SEK/share (-0.14 SEK/share)
- The cost of user acquisition for the period was 15,026 KSEK (21,565 KSEK)
- Daily and monthly active users (DAU and MAU) were 1.6 million and 5.5 million respectively during the quarter, a decrease of 16% and 14% compared to the same period the previous year

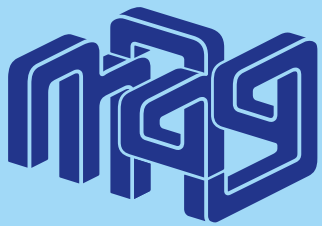
SUMMARY OF THE PERIOD SEP 2020 UNTIL AUG 2021

- The Group's net sales for the period were 286,584 KSEK (217,567 KSEK), an increase of 32% compared to the same period the previous year
- EBITDA for the period was 56,617 KSEK (21,157 KSEK)
- Adjusted EBITDA for the period was 56,609 KSEK (14,202 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 177,350 KSEK (119,735 KSEK), an increase of 48% compared to the same period the previous year
- The result per share during the period was 0.27 SEK/share (-0.66 SEK/share)

SIGNIFICANT EVENTS DURING AND AFTER THE PERIOD SEP 2020 TO AUG 2021

- On September 1 2020 the acquisition was completed and Sventertainment AB became a wholly-owned subsidiary
- On January 4 2021 the acquisition was completed and Apprope AB became a wholly-owned subsidiary
- On February 28 2021 the warrant program 2021/2024:3 which was approved by the AGM 2021, was initiated.
- 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 HIGHEST YEARLY REVENUES TO DATE

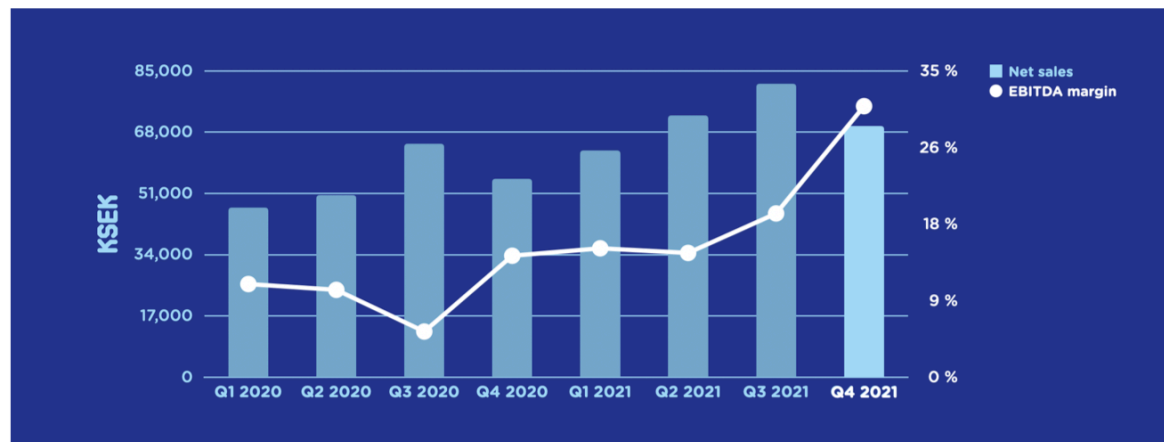
2020/21

Growing revenues and improved profitability

I am happy to be able to summarize another quarter with strong revenue growth and improved profitability. At 26% revenue growth relative to the same quarter last year, it is the seventh consecutive quarter we are reporting a growth rate of +20%. Our EBITDA margin improved to 31%, and we generated a positive quarterly result. An important driver of the strong result is the continued improvement of the average revenue per daily active user (ARPDau) which grew by 59% compared to Q4 last year. Revenues from Q4 reached 70 MSEK, and the EBITDA was 22 MSEK.

Our best year yet

Now that the full financial year has passed we can look back and conclude that we recorded our highest yearly revenues since the company's founding eleven years ago. At 287 MSEK, we grew revenues by 32% versus the previous financial year. The EBITDA was 57 MSEK which means that we operated at a 20% EBITDA margin on average during the year.



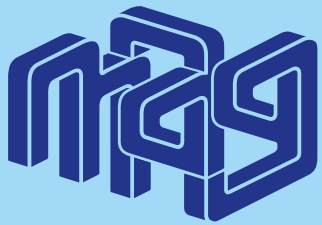
Net sales and EBITDA margin development

Optimizing our growth games

New QuizDuel continues to improve, and we are very optimistic about the game's potential in the coming years. ARPDau is strengthened through new in-game events, optimization of the existing *Arena* game mode and, in Germany, through the addition of *QuizDuel Live*. Since re-launching *QuizDuel Live* with the addition of cash prize rewards in August, this particular game mode's ARPDau has improved significantly compared to the spring.

Wordzee saw a decline in active users during Q4 due to limited user acquisition. In the beginning of Q1 of the new financial year, we have started to see a reversal of that trend. Our expectations for the game are still very positive for the coming year, and Wordzee remains an important growth product in our portfolio.





MAG INTERACTIVE

FROM THE CEO HIGHEST YEARLY REVENUES TO DATE

2020/21

Live Operations runs a strong evergreen portfolio

Word Domination transitioned during Q4 to our Live Operations (Live Ops) team. This means that we have full focus on optimizing Word Domination's events and tapping into all the learnings we have harvested from the Live Ops portfolio. Thanks to the higher efficiency of Live Ops relative to active live development of new games and growth products, we have freed up even more game development capacity for new game projects. We achieve a higher efficiency in Live Ops by having common tools for handling all games in that part of the portfolio, and thus a single team can handle multiple games.

WordBrain, which is the game we first handed over to our Live Ops team, had its strongest Q4 in more than three years in terms of revenues and ARPDAU. Using the latest generation of our central event system the game's performance improved significantly during the quarter. We will now deploy this new, more flexible event system throughout the Live Ops portfolio to maximize the value of the learnings from WordBrain.

Building an exciting pipeline of new games

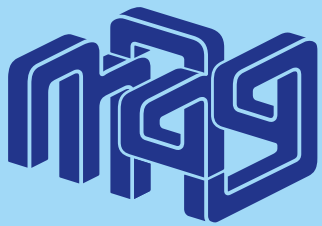
We have more people than ever before working on new games, meaning that we are investing heavily in the future pipeline for MAG. Four games were market tested during Q4 and additional new games are planned to be market tested during Q1. The games are tested - often with thousands of users - to get a good sense of how to continue to improve the experience for our players. Our ambition is to develop our games to the point where they are ready for an official soft launch but as the performance requirements for a soft launch are high, not all game projects are likely to get the final go ahead. MAG has a solid track record of launching games that can be successful for years, and we intend to keep that high quality bar going forward.

Impacts of changes to the iOS ecosystem

Apple's App Tracking Transparency (ATT) framework - that has decreased the number of users sharing their identifier for advertisers (IDFA) with publishers - did not have a significant impact on our advertising revenues on most channels. Where we did see a significant change was on the Facebook Audience Network, where both user acquisition and ad monetization on the iOS platform were negatively impacted by the IDFA change. As Facebook historically is the most precise network in terms of targeting, this is not surprising.

The entire advertising ecosystem is working quickly to adapt to the new world of less precise targeting, and a competitive player like MAG with broadly appealing games should be in a good position to benefit from these changes.





MAG INTERACTIVE

FROM THE CEO HIGHEST YEARLY REVENUES TO DATE

2020/21

Decline in user acquisition investments and active users

We invested less in user acquisition in Q4 relative to the same quarter last year. This is partly due to us seeing poorer performance from the Facebook user acquisition traffic on iOS and partly due to general competition in the marketplace. We continue to aim for maximizing user acquisition investments under the constraint that we can keep our payback requirements that for most games target a six months window. In the longer term it is not desirable to invest at the levels we did during Q4, and we have a strong focus to get up to previous investment levels again.

Our daily active users (DAU) usually decrease 10-15% between Q3 and Q4 due to seasonality. This year the drop was at the higher end of this range (15%) which can be attributed to lower user acquisition investments as well as to the gradual reopening of societies likely leading to a decreased focus on playing games. We believe player patterns will return to normal during the fall and that daily active players should start increasing again in Q1.

Getting back to the office

As of October 1st we have changed our Remote First working environment to something we call “Flexible Office First”. This means that everyone is working at least three days a week in the office and up to two days a week from home. We are introducing this to see if we can get the most out of the learnings from the past year of remote work. Some things can be even more productively achieved from home thanks to increased focus, whereas other tasks are easier to do with high quality in person collaboration. Hopefully we can get the best of both worlds, and we are evaluating this new way of working continuously together with our teams to see what can be improved. Everyone was really excited to start working together again when we had our first full day together at the office on October 1st; we believe this will be a massive energy boost for the company.

An exciting time ahead of us

With the highest yearly revenues in company history, while returning to profitability, we are adding another strong year to the history of this exciting journey. As always we are looking both at our internal development capabilities as well as the potential for acquisitions of great teams and IP to create long term value for the company in the future.

We are working in a highly competitive space, but our ability to attract the most talented people makes for an exciting opportunity to compete with the best. Mobile free-to-play games have only been around at a decent scale for about ten years, and there is still significant growth potential left for the best companies. We are on an exciting path that I hope will continue to lead to good results in the coming years as well.

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

DANIEL HASSELBERG, CEO



SUMMARY OF THE BUSINESS' KEY PERFORMANCE INDICATORS

2020/21

		Jun 21-Aug 21	Jun 20-Aug 20	Y/Y change	Sep 20-Aug 21	Sep 19-Aug 20	Y/Y change
Net sales	KSEK	69,647	55,100	26%	286,584	217,567	32%
Currency (USD)	SEK/USD	8.54	9.04	-6%	8.51	9.54	-11%
Net sales USD	KUSD	8,126	6,094	33%	33,656	22,808	48%
In-app purchases	KSEK	25,139	26,302	-4%	111,602	83,586	34%
Advertising sales	KSEK	44,239	28,798	54%	174,259	133,390	31%
User acquisition	KSEK	-15,026	-21,565	-30%	-76,718	-72,774	5%
Game contribution	KSEK	47,923	25,662	87%	177,350	119,735	48%
EBITDA	KSEK	21,743	7,664	184%	56,617	21,157	168%
EBITDA margin ¹	%	31%	14%	17	20%	10%	10
Adjusted EBITDA	KSEK	22,987	596	3,757%	56,609	14,202	-299%
Adjusted EBITDA margin ¹	%	33%	1%	32	20%	7%	13
Operating profit	KSEK	8,804	-2,240	493%	7,358	-16,611	144%
Operating profit margin ¹	%	13%	-4%	17	3%	-8%	10
Profit	KSEK	7,880	-3,678	314%	7,027	-17,371	140%
Earnings per share	KSEK	0.30	-0.14	314%	0.27	-0.66	140%
Cash flow from operating activities	KSEK	23,038	946	2,335%	50,020	37,874	32%
Average employees		110	90	22%	105	84	25%
Daily active users (DAU)	Millions	1.64	1.96	-16%	1.87	2.06	-9%
Monthly active users (MAU)	Millions	5.48	6.40	-14%	6.02	6.78	-11%
Monthly unique payers (MUP)	Thousands	47	55	-13%	53	51	5%
ARPPDAU	US \$ cent	5.39	3.38	59%	4.93	3.03	63%

¹Y/Y change in percentage points

Strong growth product with high revenue

Wordzee is MAG's unique word game where players challenge each other to form words from letter tiles that are placed on a special game board. The player who fills the entire board takes home "Wordzee" and extra bonus points. The game was released globally in November 2019 and has shown strong key figures since launch.

Almost two years after the game was released globally, Wordzee has developed into one of MAG's strongest growth products. The game's average revenue per daily active user (ARPDau) remains at a high and stable level.

New advertising strategy increases revenue

Through "rewarded videos" users can watch video ads instead of paying to receive bonuses in the game. The strategy for monetizing these non-paying players was optimized during the quarter. These users now have the opportunity to watch an infinite number of videos, which has initially yielded positive results with increased ad revenue and higher ARPDau. The new strategy has been inspired by Appropo's word games, which have a large number of non-paying players in their target groups. To find a good balance between paying and non-paying players, monetization will continue to be optimized going forward. Thanks to the new advertising strategy, more marketing campaigns could be tested with user acquisition (UA), which led to UA being able to scale up more in August compared to earlier in the summer.

Optimizations to improve the gaming experience

To increase user engagement and improve the gaming experience in general, the game's first time experience and user interface were also optimized. The team is in the process of working on a new, faster game mode to reach another group of casual players. Wordzee is an important part of MAG's game portfolio; the company believes in continued growth and increased revenue for the game in the coming quarters.



Solo Mode is launched in New QuizDuel in Germany

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

During Q4 a solo event was introduced in New QuizDuel on the German market. It was launched as a test to offer players more variety, content and new challenges with the goal of increasing users' playing time and the average revenue per daily active user, ARPDAU. The test showed positive results, and based on this other solo events are planned this fall. The long-term plan is to make Solo Mode a permanent feature in New QuizDuel in the future.

Cash prize is introduced in QuizDuel Live

The live mode *QuizDuel Live* was launched earlier this year in New QuizDuel on the German market. The game mode is designed together with the live trivia app *Primetime*, with live quizzes in New QuizDuel led by a German-speaking host. The live shows are about ten minutes long, and players participate for free and compete by answering up to 12 questions live. Up to question seven, players can use a lifesaver if they answer incorrectly to continue playing.

QuizDuel Live was paused during the summer, when mobile usage generally declines, and was relaunched in August along with the introduction of cash prizes. In the past, players have been able to win lifesavers and tickets to the *Arena* game mode, and now they can also win or donate money. Viewership since the relaunch has been stable and has followed the app's general user pattern of being most popular on Sundays and Mondays. Most QuizDuel players have not yet tried *QuizDuel Live*. MAG continues to have a positive view of scaling up the live mode and activating a larger part of the player base.

Focus on improving monetization and new design

The focus going forward will continue to be on improving monetization in the game. MAG believes that the launch of a permanent Solo Mode has the potential to improve ARPDAU in the future. An updated design together with interface improvements is also planned. The goal of these changes are to improve the user experience for players and to increase monetization and long-term player engagement.



Word Domination moves into Live Ops

During Q4, the operation of the tactical word game Word Domination was moved to the Live Operations team, which also took over the operation of Ruzzle in Q3. With its stable player base, MAG sees opportunities to continue to develop Word Domination while also freeing up developers from the team for new projects. Live Ops will continue to optimize the game and, as before, release a steady stream of the game's popular collectible events.

Word Domination has grown into one of the company's finest evergreens. It has one of MAG's best gaming economies: Word Domination has dedicated "VIP players" - players who pay a subscription fee every month to get bonuses in the game - who in Q4 accounted for 38% of all in-app purchases, in comparison with 28% in Q3. MAG looks forward to continued positive results for the game in Live Ops in the future.

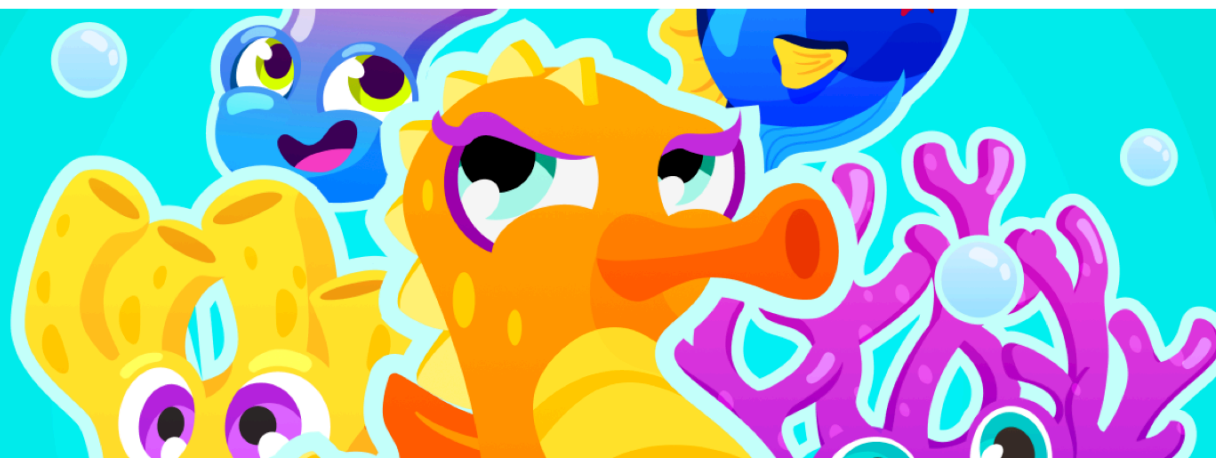
WordBrain increases in total revenue

The word game WordBrain has been live for more than eight years and continues to be a strong evergreen game for MAG with a stable revenue stream. During Q4 a new event system was launched in WordBrain that makes it much easier to configure the game's event design; events can be made more challenging and varied, and the number of levels can be increased or decreased. The new system effectively monetized the game's most dedicated users, which significantly increased WordBrain's total revenue. The paying players have been retained and provide opportunities for increased monetization in WordBrain.

Revenue continues to be stable for Ruzzle

Released in 2012, Ruzzle is MAG's first word game success and is still one of MAG's most important evergreens with predictable and stable revenues. During Q4 there was a certain seasonal decline in gaming, something that all products notice during the summer months, and also some impact of the iOS 14 update with lower advertising revenues. However, Ruzzle still notes increased revenues in total compared to Q4 last year. These increased revenues are a result of the game economy being redesigned and monetization improved in 2020.

The Live Ops team is becoming more and more important for MAG - this is where MAG's evergreens continue to live and be optimized, and it is clear that improvements in Live Ops can have a significant effect on total revenue.



Game studio with an audience of millions

Started in 2012, Apprope is a Swedish mobile game studio that mainly develops games in the word category. The studio was acquired by MAG in early January 2021. Apprope's games have reached over 55 million users, and several of their games have ranked high on the US charts. 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.

Further development of Word Mansion

The word puzzle game Word Mansion was launched for iOS and Android in the autumn of 2020 and passed one million downloads in Q3. It is a puzzle adventure framed by a story that revolves around renovation and decoration. Word Mansion has a high average revenue per daily active user (ARPDau).

New content was added to the game in Q4, and the order of levels was optimized to increase long-term player engagement.

In order to be able to reuse the infrastructure for new games in the same engine, Apprope is also working on expanding the game engine in which Word Mansion is operated. Apprope and MAG have a positive outlook on testing new games developed in Word Mansion's game engine in the coming quarters.

Synergies with Live Operations

The work together with Live Operations is also continuing. Thanks to lessons learned from Live Ops, Apprope has added a rolling schedule for events similar to the one used in WordBrain, as well as sales on certain weekdays. This led to increased player engagement and longer playing time for users.

Result of test launch of Riddle Pictures

During the previous quarter, the word game Riddle Pictures was test-launched. Apprope uses an alternative process compared to MAG to test games to a broad market at an early stage. The test period showed positive results regarding the monetization system with "rewarded ads" - where players do not pay but watch a commercial to get bonuses in the game. Excepting the ads, the test did not reach its set KPIs and was thus concluded.



Leading in live trivia in the Nordics

Primetime is a popular live quiz app that was acquired by MAG on September 1, 2020. In Primetime, trivia shows broadcast live with a presenter seven days a week, and players compete to win a sum of money by answering up to eleven questions in real time.

Primetime was released in Sweden in 2018. It has since released localized versions in Norway, Denmark, Finland and is now the leading player in live trivia in the Nordics.

The app is monetized through sponsorship campaigns, a financing model that, though different from other games in MAG's portfolio, has worked well for Primetime. The app has a stable user base with a higher average revenue per daily active user (ARPDau) than the average for MAG's games overall.

Relaunch of *QuizDuel Live*

QuizDuel Live is a live game mode in New QuizDuel which was designed in a collaboration between Primetime and the QuizDuel team then released to the German audience in early March. The concept is based on Primetime's live broadcasts, and the live shows are run from Primetime's studio in Stockholm. *QuizDuel Live* is monetized through sponsorship campaigns in a similar way as in Primetime; a sponsor buys a place in the live mode and the host informs the audience about the sponsorship. Primetime is responsible for the operation of sponsorship campaigns and after the end of the quarter, a contract was signed with a new sales partner in Germany.

Cash prizes were launched in August in connection with the post-summer relaunch of *QuizDuel Live*, something both MAG and Primetime believe can increase player engagement in the long run. MAG still sees opportunities to scale up the game mode to a larger audience.

The collaboration between the companies continues to build on the synergies that exist between New QuizDuel and Primetime.

Är Madonna äldre
än Stefan Löfven?



CONSOLIDATED PROFIT/LOSS AND CASH FLOW FOR THE PERIOD JUNE UNTIL AUG 2021

2020/21

OPERATING INCOME

The Group's net sales for the period totalled 69,647 KSEK (55,100 KSEK), an increase of 26%.

Own work capitalised totalled 7,581 KSEK (6,836 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 Mansion, Word Domination, Ruzzle, WordBrain and Primetime.

OPERATING EXPENSES, EBITDA AND OPERATING PROFIT/LOSS

Operating expenses totalled 56,218 KSEK (55,051 KSEK). Of these, 14,060 KSEK (14,650 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 15,026 KSEK (21,565 KSEK) were costs of user acquisition and 7,812 KSEK (8,045 KSEK) were other external operating expenses.

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

Personnel expenses totalled 19,321 KSEK (10,791 KSEK), an increase of 79%. During the previous period a retroactive research and development deductible was claimed totalling 7,621 KSEK, which affects the comparability with the same period this year. Adjusted personnel costs totalled 18,412 KSEK.

EBITDA for the period was 21,743 KSEK (7,664 KSEK).

Depreciation of tangible and intangible assets totalled 12,938 KSEK (9,905 KSEK), of which 7,125 KSEK (5,901 KSEK) was depreciation of capitalized development expenses.

The Group's operating profit was 8,804 KSEK (-2,240 KSEK) and profit before tax 9,335 KSEK (-4,757 KSEK).

PROFIT/LOSS AFTER TAX

Profit after tax totalled 7,880 KSEK (-3,678 KSEK).

The profit after tax per share was 0.30 SEK/share (-0.14 SEK/share) and the profit after tax per share fully diluted was 0.28 SEK/share (-0.13 SEK/share).

The average number of shares during the period was 26,454,632 (26,409,736) and the average number of shares fully diluted was 28,135,650 (27,678,719).

CASH FLOW FOR THE PERIOD

The Group's cash flow from operating activities during the quarter was 23,038 KSEK (946 KSEK). Cash flow from investing activities was -7,623 KSEK (-7,649 KSEK). Cash flow from financing activities was -2,326 KSEK (-2,086 KSEK).



CONSOLIDATED PROFIT/LOSS FOR THE PERIOD SEP 2020 UNTIL AUG 2021

2020/21

OPERATING INCOME

The Group's net sales for the period totalled 286,584 KSEK (217,567 KSEK), an increase of 32%.

Own work capitalised totalled 35,026 KSEK (28,099 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 New QuizDuel, Wordzee, Word Domination, Ruzzle, Word Mansion, WordBrain and Primetime.

OPERATING EXPENSES, EBITDA AND OPERATING PROFIT/LOSS

Operating expenses totalled 268,367 KSEK (226,554 KSEK). Of these, 61,674 KSEK (51,129 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 76,718 KSEK (72,774 KSEK) were costs of user acquisition and 34,171 KSEK (28,791 KSEK) were other external operating expenses.

Personnel expenses totalled 95,803 KSEK (73,860 KSEK) an increase of 30%. The average number of employees during the period was 105 (84) an increase of 25%.

EBITDA for the period was 56,617 KSEK (21,157 KSEK).

Depreciation and impairments of tangible and intangible assets totalled 49,258 KSEK (37,768 KSEK), of which 26,914 KSEK (23,476 KSEK) was depreciation of capitalised development expenses.

The Group's operating profit was 7,358 KSEK (-16,611 KSEK) and profit before tax 6,264 KSEK (-22,636 KSEK).

ADJUSTED EBITDA [NOTE 4]

Adjusted EBITDA for the period was 56,609 KSEK (14,202 KSEK).

PROFIT/LOSS AFTER TAX

Profit after tax totalled 7,027 KSEK (-17,371 KSEK).

The profit after tax per share was 0.27SEK/share (-0.66SEK/share) and the profit after tax per share fully diluted was 0.25 SEK/share (-0.63 SEK/share).

The average number of share during the period was 26,454,632 (26,343,600) and the average number of shares fully diluted was 27,874,899 (27,530,821).



PARENT COMPANY PROFIT/LOSS FOR THE PERIOD JUNE UNTIL AUG 2021

2020/21

OPERATING INCOME

The parent company's net sales for the period were 51,566 KSEK (85,353 KSEK), a decrease of 40% compared with the same period the previous year. Of the previous year's comparative figure are 28,635 KSEK of the revenues are related to the merger of FEO Media AB.

OPERATING EXPENSES AND OPERATING PROFIT/LOSS

Operating expenses totalled 44,656 KSEK (62,032 KSEK).

Of these 11,526 KSEK (15,287 KSEK) were sales related costs originating primarily from fees to Apple App Store and Google Play, costs of user acquisition were 5,754 KSEK (21,567 KSEK) and 15,663 KSEK (11,132 KSEK) was other external operating expenses.

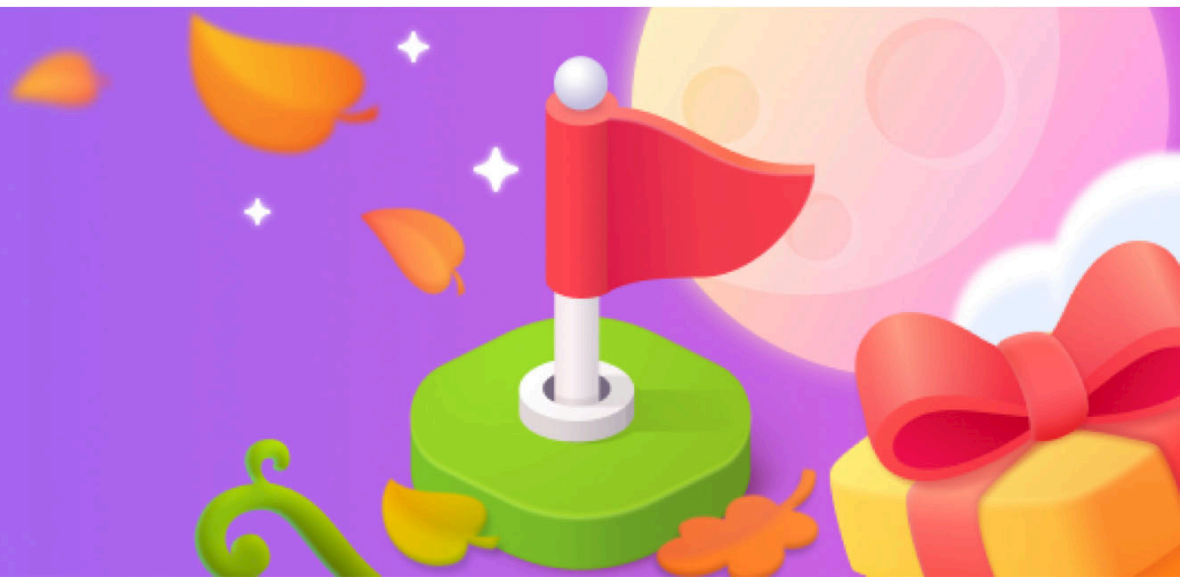
Personnel expenses totalled 11,712 KSEK (14,046 KSEK) a decrease of 17%.

Depreciation of tangible and intangible assets totalled 4,878 KSEK (18,071 KSEK). The depreciations during the previous period refers to retroactive amortization of goodwill and intellectual properties from the merger of FEO Media AB.

The parent company's operating profit for the period was 2,839 KSEK (-3,134 KSEK).

PROFIT AFTER TAX

Profit after tax totalled to 2,414 KSEK (-5,166 KSEK).



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

2020/21

OPERATING INCOME

The parent company's net sales for the period were 234,101 KSEK (217,566 KSEK), an increase of 8% compared with the same period the previous year. Of the previous year's comparative figure are 28,635 KSEK of the revenues are related to the merger of FEO Media AB.

OPERATING EXPENSES AND OPERATING PROFIT/LOSS

Operating expenses totalled 233,099 KSEK (234,022 KSEK)

Of these costs 53,016 KSEK (51,168 KSEK) were sales related costs originating primarily from fees to Apple App Store and Google Play. Costs of user acquisition were 51,245 KSEK (72,774 KSEK) and 59,173 KSEK (35,568 KSEK) was other external operating expenses. Of the previous year's comparative figures 4,593 KSEK of the costs are related to the merger of FEO Media AB

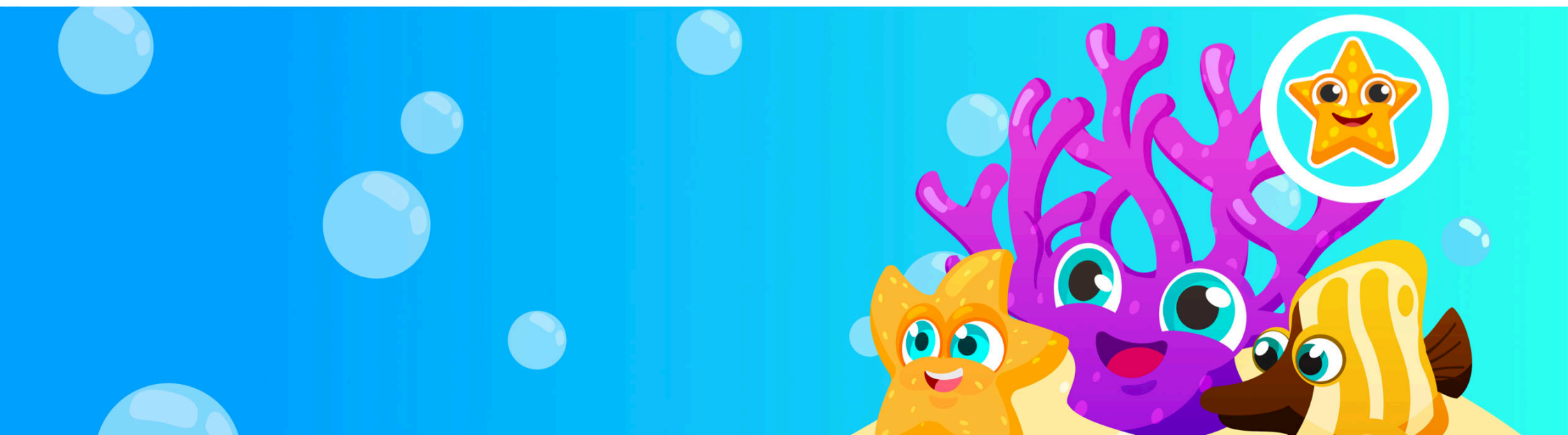
Personnel expenses totalled 69,664 KSEK (74,511 KSEK) a decrease of 7%.

Depreciation and impairments of tangible and intangible assets totalled 19,494 KSEK (20,574 KSEK).

The parent company's operating profit for the period was -14,831 KSEK (-34,985 KSEK).

PROFIT AFTER TAX

Profit after tax totalled to -13,796 KSEK (-33,843 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 269,071 KSEK (141,843 KSEK), of which 160,696 KSEK (77,153 KSEK) relates to goodwill and 108,376 KSEK (64,690 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 95,515 KSEK (160,630 KSEK).

Equity at the end of the period totalled 323,416 KSEK (313,840 KSEK), corresponding to 12.2 SEK/share (11.9 SEK/share).

The equity/assets ratio at the same time was 67.9% (76.2%).

The group has interest bearing debt of 45,655 KSEK (54,346 KSEK) of which 137 KSEK is attributable to loan from 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 80,306 KSEK (156,668 KSEK).

Equity at the end of the period totalled 267,628 KSEK (279,304 KSEK).



KEY INDICATORS FOR THE BUSINESS PERIOD JUNE UNTIL AUG 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 25,139 KSEK (26,302 KSEK), a decrease of 4% compared to the same period the previous year.

The Group's net sales from in-app advertising were 44,239 KSEK (28,798 KSEK), an increase of 54% compared with the same period the previous year.

GAME CONTRIBUTION

Cost levels of games marketed by MAG Interactive differ from game to game, both in their distribution costs (sales related costs) and marketing costs (performance based marketing). Additionally, these cost differences can be affected by the particular phase each game is in. The Group therefore reports the total contribution from games activities according to the following model: net sales 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 47,923 KSEK (25,662 TSEK), an increase of 87% compared to the same period the previous year.

COMMENTS ON THE DISTRIBUTION OF INCOME AND CONTRIBUTIONS FROM SALES ACTIVITIES

Net sales is up from higher ARPDAU cross the portfolio, primarily ad revenues grow. Contribution is up after higher net sales, with a higher share of ads, in combination with lower costs for user acquisition.



KEY INDICATORS FOR THE BUSINESS CONTO.

2020/21

OTHER KEY INDICATORS

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

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

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

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

THE BUSINESS'S KEY INDICATORS DURING THE PERIOD

DAU for the period 1.6 million (2.0 million), a decrease of 16% compared with the same period the previous year.

MAU for the period 5.5 million (6.4 million), a decrease of 14% compared with the same period the previous year.

MUP for the period 47.4 thousand (54.6 thousand), a decrease of 13% compared with the same period the previous year.

ARPDau for the period 5.4 US \$ cent (3.4 US \$ cent), an increase of 59% compared with the same period the previous year.

COMMENTS TO THE KPIs

DAU and MAU compared with numbers from a period during Q3 2019/2020 that temporarily saw a high influx of players, a trend that continued to impact DAU during Q4. In addition the lower marketing volumes effects the DAU and MAU as well as causing a decrease in MUP in Wordzee.

PARENT COMPANY

The parent company MAG Interactive AB (publ), corporate ID number 556804-3524, has its registered office in Stockholm with 72 employees. A big part of the Group's business activity is in the parent company, with employees, agreements, intangible assets (incl. IP) and revenues. There are ten subsidiaries in the group. MAG Games Ltd, with its registered office in Brighton and 22 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 16 employees. Apprope AB, is the developer being mobile casual games like Word Mansion. Apprope AB was acquired during the second quarter of 2020/21 and has 2 employees.

ACCOUNTING PRINCIPLES

The consolidated accounts for the MAG Interactive AB Group ("MAG Interactive") have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU as well as RFR 1 Complementary Accounting Rules for Groups and the Swedish Annual Accounts Act. This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting, the Swedish Annual Accounts Act and RFR 1 Complementary Accounting Rules for Groups. The parent company's financial statements have been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Annual Reporting Board's recommendation RFR 2 Accounting for Legal Entities. The application of RFR 2 means that the parent company, in the interim report for the legal entity, applies all of the EU-adopted IFRS and statements as far as is possible within the framework of the Swedish Annual Accounts Act, the Swedish Act on Safeguarding Pension Commitments and with due reference to the relationship between accounting and taxation. For a more detailed description of the accounting policies applied for the Group and the parent company in this interim report, see Note 2 in the annual report for 2019/2020.





ANNUAL REPORT AND RESOLUTION REGARDING PROPOSAL OF DIVIDEND

The board of MAG Interactive AB (publ) has decided to propose to the annual general meeting to adopt a resolution to not pay out dividends. The annual report will be published on the company website in week 50.

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 110, compared to 90 the same period the previous year.

CONTACT

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

Or contact

Daniel Hasselberg, CEO, at daniel@maginteractive.se

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

MAG INTERACTIVE AB [PUBL]

Drottninggatan 95A
113 60 Stockholm
Sweden

FURTHER REPORTING DATES

AGM	January 19, 2022
Interim Report Q1 September 2021 – November 2021	January 19, 2022
Interim Report Q2 September 2021 – February 2022	April 4, 2022
Interim Report Q2 September 2021 – May 2022	June 29, 2022

AUDIT

This report has not been reviewed by auditors.

TWITCH STREAM

On October 20, 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

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

STATEMENTS ABOUT THE FUTURE

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



ASSURANCE BY THE BOARD OF DIRECTORS

Stockholm October 20, 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	Jun 21-Aug 21	Jun 20-Aug 20	Sep 20-Aug 21	Sep 19-Aug 20
Operating income					
Net sales	1	69,647	55,100	286,584	217,567
Own work capitalised		7,581	6,836	35,026	28,099
Other operating income		734	780	3,373	2,046
Total		77,961	62,716	324,983	247,711
Operating expenses					
Sales related costs	2	-14,060	-14,650	-61,674	-51,129
User acquisition		-15,026	-21,565	-76,718	-72,774
Other external expenses		-7,812	-8,045	-34,171	-28,791
Personnel costs		-19,321	-10,791	-95,803	-73,860
Total operating expenses		-56,218	-55,051	-268,367	-226,554
EBITDA		21,743	7,664	56,617	21,157
Depreciation and write downs of tangible and intangible non-current assets	3	-12,938	-9,905	-49,258	-37,768
Operating profit/loss (EBIT)		8,804	-2,240	7,358	-16,611
Financial items					
Profit/loss from securities		0	0	0	-663
Interest income and similar		249	1,695	495	729
Interest expense and similar		282	-4,212	-1,589	-6,090
Total financial items		531	-2,517	-1,094	-6,025
Profit/loss after financial items		9,335	-4,757	6,264	-22,636
Taxes		-1,455	1,080	764	5,265
Profit/loss for the period		7,880	-3,678	7,027	-17,371
Other comprehensive result					
Exchange rate differences		122	-191	429	-659
Total comprehensive income for the period		8,003	-3,869	7,457	-18,029

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)	0.30	-0.14	0.27	-0.66
Earnings per share fully diluted (based on average number of shares)	0.28	-0.13	0.25	-0.63
Average number of shares during the period	26,454,632	26,409,736	26,454,632	26,343,600
Average number of shares during the period fully diluted	28,135,650	27,678,719	27,874,899	27,530,821
Number of shares at the end of the period	26,454,632	26,454,632	26,454,632	26,454,632
Number of shares at the end of the period fully diluted	28,135,650	27,614,148	28,135,650	27,614,148

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

Amounts in KSEK	Note	31/8 2021	31/8 2020
ASSETS			
Goodwill	5, 6	160,696	77,153
Other intangible assets	5, 6	108,376	64,690
Total intangible assets		269,071	141,843
Right-of-use assets		43,341	52,751
Equipment, tools, fixtures and fittings		8,157	8,438
Total tangible assets		51,498	61,190
Other long-term receivables		4,107	4,052
Deferred tax assets		7,615	5,841
Total financial non-current assets		11,722	9,893
Total non-current assets		332,291	212,926
Current assets			
Trade and other receivables		33,153	23,015
Current tax assets		8,744	1,075
Other current receivables		1,156	979
Prepaid expenses and accrued income		5,707	13,360
Cash and cash equivalents		95,515	160,630
Total current assets		144,277	199,059
TOTAL ASSETS		476,568	411,985

**CONSOLIDATED BALANCE SHEET
LIABILITIES AND EQUITY****2020/21**

Amounts in KSEK	Note	31/8 2021	31/8 2020
EQUITY AND LIABILITIES			
Equity			
Share capital		688	687
Other contributed capital		284,295	282,176
Reserves		-1,812	-2,241
Retained earnings incl. comprehensive income for the period		40,245	33,218
Total equity		323,416	313,840
Long-term liabilities			
Deferred tax liabilities		22,325	13,326
Long-term lease liabilities		36,127	45,239
Other long-term liabilities	5, 6	43,739	0
Total long-term liabilities		102,191	58,565
Current liabilities			
Trade and other payables		12,528	11,919
Current tax liability		392	86
Short-term bank loans		137	0
Accrued expenses and prepaid income		16,587	15,119
Short-term lease liabilities		9,391	9,107
Other current liabilities		11,925	3,349
Total current liabilities		50,960	39,581
TOTAL EQUITY AND LIABILITIES		476,568	411,985

CONSOLIDATED CASH FLOW STATEMENT**2020/21**

Amounts in KSEK	Note	Jun 21-Aug 21	Jun 20-Aug 20	Sep 20-Aug 21	Sep 19-Aug 20
Operating activities					
Profit/loss before financial items		8,804	-2,240	7,358	-16,611
Adjustments for items not part of cash flow					
LTIP		225	97	652	457
Depreciations and write-downs	3	12,938	9,905	49,259	37,768
Interest received		0	176	5	729
Interest paid		-298	-430	-1,277	-1,541
Income tax paid		-211	1,033	394	10,656
Cash flow from operating activities before change in working capital		21,459	8,540	56,390	31,458
Change in current operating receivables		6,918	-2,340	6,427	-6,153
Change in current operating liabilities		-5,338	-5,254	-12,797	12,569
Change in working capital		1,580	-7,594	-6,370	6,416
Cash flow from operating activities		23,038	946	50,020	37,874
Investing activities					
Capitalized work		-7,581	-6,836	-35,026	-28,099
Investments in and merged tangible non-current assets		-42	-819	-2,231	-5,102
Payment for acquisition of subsidiary, net of cash acquired		0	0	-63,091	0
Change in financial investments		0	5	-48	-2,641
Cash flow from investing activities		-7,623	-7,649	-100,397	-35,842
Financing activities					
Warrants		0	147	1,468	504
Amortized loans		-2,326	-2,233	-16,385	-22,428
Cash flow from financing activities		-2,326	-2,086	-14,917	-21,924
Increase/decrease in cash and cash equivalents					
Cash flow for the period		13,089	-8,789	-65,293	-19,892
Effects of exchange rate changes		829	-2,263	178	-4,549
Opening cash and cash equivalents		81,598	171,683	160,630	185,071
Closing cash and cash equivalents		95,515	160,630	95,515	160,630

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

KSEK	Share capital	Other external capital	Reserves	Retained earnings	Total equity
Opening balance 1/9 2020	687	282,176	-2,241	33,218	313,840
Profit/loss for the period				7,027	7,027
Exchange rate differences			429		429
Total comprehensive income			429	7,027	7,456
LTIP	1	2,119			2,120
Closing balance 31/8 2021	688	284,295	-1,812	40,245	323,416

KSEK	Share capital	Other external capital	Reserves	Retained earnings	Total equity
Opening balance 1/9 2019	684	281,219	-1,583	50,588	330,908
Profit/loss for the period				-17,371	-17,371
Exchange rate differences			-659		-659
Total comprehensive income			-659	-17,371	-18,029
LTIP	3	957			961
Closing balance 31/8 2020	687	282,176	-2,241	33,218	313,840

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

Amounts in KSEK	Note	Jun 21-Aug 21	Jun 20-Aug 20	Sep 20-Aug 21	Sep 19-Aug 20
Operating income					
Net sales		51,566	85,353	234,101	217,566
Other operating income		806	-8,383	3,661	2,046
Total operating income		52,372	76,970	237,762	219,612
Operating expenses					
Sales related costs		-11,526	-15,287	-53,016	-51,168
User acquisition		-5,754	-21,567	-51,245	-72,774
Other external expenses		-15,663	-11,132	-59,173	-35,568
Personnel costs		-11,712	-14,046	-69,664	-74,511
Total operating expenses		-44,656	-62,032	-233,099	-234,022
EBITDA		7,716	14,938	4,663	-14,410
Depreciation of tangible and intangible non-current assets	3	-4,878	-18,071	-19,494	-20,574
Operating profit/loss		2,839	-3,134	-14,831	-34,985
Financial items					
Profit/loss from securities		0	0	0	-663
Financial income		271	849	275	1,265
Financial expenses		590	-4,461	-6	-5,403
Total financial items		860	-3,612	269	-4,802
Profit/loss after financial items		3,699	-6,746	-14,562	-39,786
Taxes		-1,285	1,579	766	5,944
Profit/loss for the period		2,414	-5,166	-13,796	-33,843

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	31/8 2021	31/8 2020
ASSETS			
Goodwill		17,059	30,707
Other intangible assets		23,500	27,260
Total intangible assets		40,559	57,967
Equipment, tools, fixtures and fittings		5,648	5,579
Total tangible non-current assets		5,648	5,579
Participation in Group companies		176,151	47,252
Other long-term receivables		9,599	9,607
Long-term receivables from Group companies		166	136
Total financial non-current assets		185,915	56,995
Total non-current assets		232,122	120,541
Current assets			
Trade and other receivables		24,795	23,015
Short-term receivable from Group companies		32	0
Other receivables		9,323	2,410
Prepaid expenses and accrued income		4,694	13,213
Total current assets		38,972	38,638
Cash and cash equivalents		80,306	156,668
TOTAL ASSETS		351,400	315,847

PARENT COMPANY'S BALANCE SHEET LIABILITIES AND EQUITY

2020/21

Amounts in KSEK	Note	31/8 2021	31/8 2020
EQUITY AND LIABILITIES			
Restricted equity			
Share capital		688	687
Non-restricted equity			
Other contributed capital		315,684	313,565
Retained earnings incl. comprehensive income for the period		-48,745	-34,949
Total equity		267,628	279,304
Provisions			
Deferred tax liabilities		4,841	5,616
Other provisions		43,739	0
Total provisions		48,580	5,616
Current liabilities			
Trade and other payables		9,001	11,702
Liabilities to Group companies		3,997	2,845
Other liabilities		9,335	3,140
Accrued expenses and prepaid income		12,858	13,241
Total current liabilities		35,192	30,928
TOTAL EQUITY AND LIABILITIES		351,400	315,847

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 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.
ARPDau	Daily average Net sales per daily active user (DAU). If nothing else is stated this is measured in US cents.

NOTES TO THE INTERIM REPORT**2020/21**

	Jun 21-Aug 21	Jun 20-Aug 20	Sep 20-Aug 21	Sep 19-Aug 20
Amounts in KSEK				

NOTE 1: DISTRIBUTION OF NET SALES

In-app purchases	25,139	26,302	111,602	83,586
Advertising income	44,239	28,798	174,259	133,390
Other	269	0	723	591
Total	69,647	55,100	286,584	217,567

NOTE 2: SALES RELATED COSTS

Platform fee	-6,698	-7,873	-32,516	-25,058
Server costs	-4,147	-4,988	-17,688	-17,868
Other sales related costs	-3,215	-1,790	-11,470	-8,202
Total sales related costs	-14,060	-14,651	-61,674	-51,128

NOTES TO THE INTERIM REPORT

2020/21

	Jun 21-Aug 21	Jun 20-Aug 20	Sep 20-Aug 21	Sep 19-Aug 20
Amounts in KSEK				
NOTE 3: DEPRECIATIONS AND DISPOSALS				
Group				
Right-of-use assets	-2,431	-2,410	-9,705	-8,464
Equipment, tools, fixtures and fittings	-817	-655	-3,212	-2,069
Intellectual properties	-2,565	-939	-9,427	-3,759
Own work capitalized	-7,125	-5,901	-26,914	-23,476
Total	-12,938	-9,905	-49,259	-37,768
Parent				
Goodwill	-3,412	-13,647	-13,647	-13,647
Equipment, tools, fixtures and fittings	-525	-407	-2,087	-1,076
Intellectual properties	-940	-3,759	-3,760	-3,759
Intercompany related depreciations	0	-258	0	-2,092
Total	-4,877	-18,071	-19,494	-20,575
NOTE 4: ADJUSTED EBITDA AND EBIT				
Retroactive research and development deductible	0	-7,621	0	-7,621
Acquisition cost	0	515	525	515
Social contribution from re-evaluation of option programs	1,244	38	-533	151
Total adjustments	1,244	-7,068	-8	-6,955
EBITDA	21,743	7,664	56,617	21,157
Adjusted EBITDA	22,987	596	56,609	14,202
EBIT	8,804	-2,240	7,358	-16,611
Adjusted EBIT	10,048	-9,308	7,350	-23,566

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 wholly-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
Total purchase consideration	67,402

Preliminary purchase price allocation

Purchase price allocation of Sventertainment is presented below.

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
Total acquired net assets excl consolidated values	58
Intellectual property	25,000
Deferred tax liabilities	-5,150
Goodwill	47,494
Total acquired net assets incl consolidated values	67,402

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 wholly-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
Total purchase consideration	56,657

Purchase price allocation

Purchase price allocation of Sventertainment is presented below.

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
Total acquired net assets excl consolidated values	4,994
Intellectual property	20,000
Deferred tax liabilities	-4,120
Goodwill	35,782
Total acquired net assets incl consolidated values	56,657

The goodwill is allocated to synergy effects and global expansion.