



MAG INTERACTIVE

MAG INTERACTIVE AB [PUBL]
INTERIM AND YEAR-END REPORT SEP—AUG
2022/23

2022/23

INTERIM AND YEAR-END REPORT SEP—AUG 2022/23

ABOUT

MAG INTERACTIVE AB [PUBL]

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

SUMMARY OF THE PERIOD JUNE 2023 UNTIL AUG 2023

- Adjusted EBITDA for the period was 25,010 KSEK (4,719 KSEK) an increase of 20,291 KSEK
- The Group's Net sales for the period was 80,095 KSEK (90,001 KSEK) a decrease of 11%
- The Group's game contribution for the period was 53,942 KSEK (34,894 KSEK), an increase of 55%
- Average revenue per daily active user (ARPDau) for the period was 7.0 US cents (7.3 US cents), a decrease of 5%
- Earnings per share during the quarter was 0.25 SEK/share (-0.38 SEK/share)
- Adjusted earnings per share during the quarter was 0.33 SEK/share (-0.25 SEK/share)
- The cost of user acquisition for the period was 14,995 KSEK (43,298 KSEK)
- Daily and monthly active users (DAU and MAU) were 1.2 million and 3.2 million respectively during the quarter, a decrease of 9% and 18%

SUMMARY OF THE PERIOD SEP 2022 UNTIL AUG 2023

- Adjusted EBITDA for the period was 57,893 KSEK (53,232 KSEK) an increase of 4,661 KSEK
- The Group's Net sales for the period was 362,182 KSEK (327,774 KSEK), an increase of 10%
- The Group's adjusted Net sales for the period was 362,182 KSEK (313,068 KSEK) an increase of 16%. Previous year includes a non-recurring income of 14.7 MSEK regarding a transfer bonus from Applovin, which is deducted in adjusted Net sales
- The Group's game contribution for the period was 187,472 KSEK (182,627 KSEK), an increase of 3%
- Average revenue per daily active user (ARPDau) for the period was 7.4 US cents (6.2 US cents), an increase of 21%
- Earnings per share during the period was 0.02 SEK/share (0.43 SEK/share)
- Adjusted earnings per share during the period was 0.09 SEK/share (-0.04 SEK/share)
- The cost of user acquisition for the period was 126,472 KSEK (93,410 KSEK)
- Daily and monthly active users (DAU and MAU) were 1.3 million and 3.4 million respectively during the period, a decrease of 14% and 24%





MAG INTERACTIVE

FROM THE CEO ANOTHER PROFITABLE YEAR

2022/23

Concluding an eventful year

The financial year 2022/23 ends with record revenues of 362 MSEK and results in an adjusted EBITDA of 58 MSEK. The last three years' average revenue growth rate is 18%, while being consistently profitable on a yearly basis.

As we have presented previously, our next big milestone is to grow revenues to 500 MSEK per year, which enables us to achieve an EBIT margin of 20% given our organization's size and the profitability profile of our user acquisition (UA) investments. This continues to be the goal we work towards with full focus.

The impact of user acquisition fluctuations

Summarizing the fourth quarter on a financial level, we generated 80 MSEK in revenues and an adjusted EBITDA of 25 MSEK. In Q4 our UA investments were at a significantly lower level than a year ago - 15 MSEK compared to 43 MSEK. This impacted daily active users (DAU) and average revenue per daily active user (ARPDau) and hence overall revenues in a negative way as fewer highly monetizing players came into the games during the quarter. The game contribution on the other hand, i.e. net sales minus platform fees and UA spend, came in at 54 MSEK - compared to 35 MSEK in Q4 last year.

The start of the year was very intense and exciting in terms of the UA volumes we were able to scale up to with a great momentum for Wordzee in the market. As always these fluctuations in volumes are complex in the sense that the opportunity needs to be taken when it comes, but they also make it difficult to offer guidance in terms of market communication. This pattern has been even more striking this year than in previous years, as we saw record levels of UA investments in Q1 but relatively low UA levels at the end of the financial year.

To understand the value we are building in MAG, it is important to have a balanced view of the impact of quarterly UA fluctuations. UA is very important to our long term growth, but it is far from a steady journey in terms of monthly investment volume.

As a result of UA fluctuations, the reported revenues, profits as well as audience KPIs fluctuate between the quarters in a way that can be surprising to an outside observer. During a low UA spend quarter like this one, both DAU and ARPDau weaken as an immediate impact. When looking at extraordinary quarters in terms of UA spend levels, it makes sense to stress the importance of looking at longer term patterns. We rely on the track record we have shown over the years of growing the size of the overall business, while being profitable over time.





MAG INTERACTIVE

FROM THE CEO ANOTHER PROFITABLE YEAR

2022/23

Exciting product development

While we have a relatively limited direct impact on the UA investment level on a weekly or monthly basis, our focus is on creating strong products that can be competitive and enable maximal UA returns. During July we released a new *League* functionality in QuizDuel to make *Question Streak* into a permanent format. The impact on the game's performance was instant and positive, and we still continue to see a higher level of engagement and ARPDAU several months after the release of *Leagues*. In addition to this, we have also run A/B-tests with a puzzle mechanic that has a significantly higher monetization potential than the main trivia game. The tests look positive; this feature could unlock additional ARPDAU improvements in our biggest game and potentially even be a catalyst for UA investments at a higher level.

If we could start increasing UA in Germany and potentially even in the US market, it could mean that the growth of QuizDuel in the coming years could be as impactful as launching a new game. It is still early days in terms of seeing where this takes us, but we are excited about the game's potential.

Wordzee has developed a new progression system that's been partially released. We see a significant uplift in the number of days the player engages with Wordzee on average when this progression system is part of the player experience and see this as one of the keys to unlock UA at higher levels throughout the year. In Q4 the UA investment levels of Wordzee were significantly lower than we would have liked, and it is our top priority to return the game to a stronger growth path through boosting life time value (LTV) and constantly looking for new UA opportunities.

New games development

We have done a lot of market testing during Q4 for our two biggest non-released titles. The product performance for both games has increased significantly throughout the quarter, but we choose not to release games until we see that it will be possible to competitively invest in UA, and we are currently not at that point.

Nevertheless we see great momentum in the new game development part of the company. We have a strong belief – and it is a top priority for management – that we will be able to launch new products that will add value to our games portfolio in a meaningful way this year.

The investments in building the next Wordzee-sized game, in terms of yearly revenues, is a crucial part of our strategy. We are determined to continue our growth path towards the 500 MSEK of yearly revenues, and a new game will definitely speed up that journey.

In addition to the in-house development of new games, we can have an active M&A agenda thanks to our strong financial situation with 122 MSEK of cash available at the end of Q4.





MAG INTERACTIVE

FROM THE CEO ANOTHER PROFITABLE YEAR

2022/23

The modular way of building games

We are doubling down on the modular approach to game development that we have described earlier. More and more of our games are using the same code and modules which makes production more efficient, increases quality and helps our game teams focus on pushing more fun content to our players. Both new games and live games are part of this modular approach, which enables us to share events and core mechanics between games and make for a more varied game experience for players across our portfolio.

The new games that are in market testing will serve as templates for future games and as such are both exciting game projects in their own right as well as an investment in the games coming in the future. The efficiency of the entire game making organization is increasing, and we look forward to reaping the benefits of this approach in the coming years.

AI usage increases

We are actively working with generative AI across all functions of the company with applications such as concept work with art, code generation for programming and text generation for word and trivia games. All parts of the company can speed up through the use of AI and allow for increased content production and even more exciting content for our players to interact with. In a world with increasing competition, it is fundamental to us to leverage AI to maximize the potential of our games.

The competitive landscape

In many aspects the mobile games market is a fair but competitive space. Everyone needs to run UA in a world with less precise data, as an effect of the changed privacy policies on the iOS platform, and we all need to compete for players' attention. What sometimes disrupts the marketing landscape is massive launches of games in adjacent categories. Our challenges with scaling UA over the last few months could be related to one of the biggest market launches in mobile casual games that we have seen in many years. We rarely see the impact of individual competitors as the market is huge, but this might be a case where it is worth considering as a factor in our low UA spend volumes. This is potentially a passing issue in the sense that this unusually large game launch will reach saturation, gradually step back in UA volumes and allow some more oxygen to get into the market.





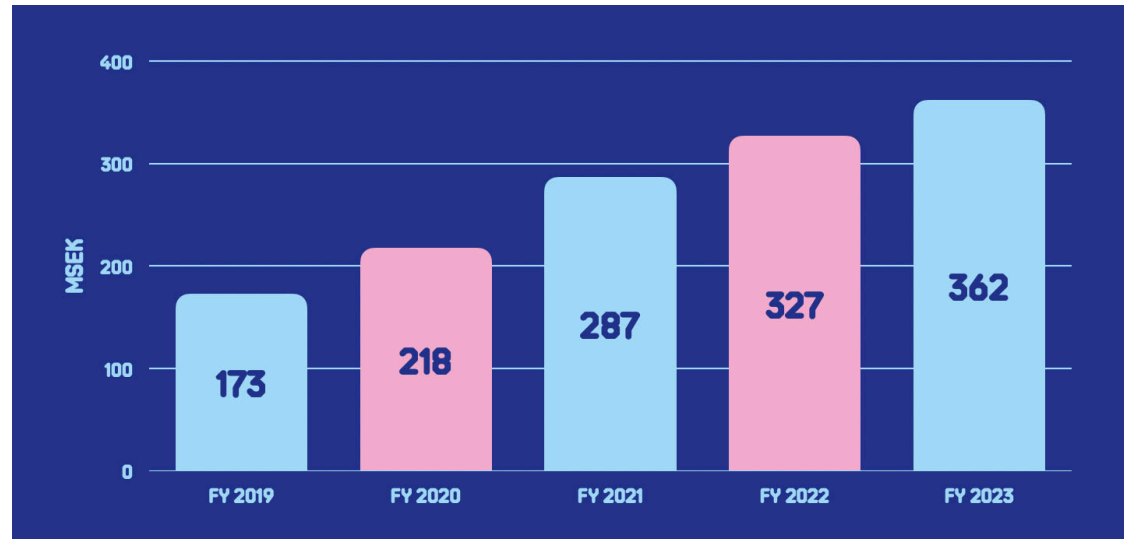
MAG INTERACTIVE

FROM THE CEO ANOTHER PROFITABLE YEAR

2022/23

A strong momentum in the organization

During the last four years, we have doubled our revenues, completed two acquisitions and launched three new games: Wordzee, New QuizDuel and Tile Mansion. Meanwhile we have invested in building a robust infrastructure, built multiple core mechanics that can be reused across multiple games and geared up the organization to move faster than ever before. All while maintaining a bottom line profitability.



Yearly net sales. 20% average growth rate over four years (CAGR).

The future of MAG relies on the strong organization we have built and the highly engaged and talented people that create and promote our games. An important predictor of future outcome is the sense of momentum and urgency in a team or organization. I personally feel that there is a tremendous amount of energy and a sense of common goals internally at MAG right now. The strong portfolio of games that we are continuously improving, combined with the new games that are in the pipeline make for an exciting year ahead of us.

DANIEL HASSELBERG, CEO



SUMMARY OF THE BUSINESS' KEY PERFORMANCE INDICATORS

2022/23

		Note	Jun 23-Aug 23	Jun 22-Aug 22	Y/Y change	Sep 22-Aug 23	Sep 21-Aug 22	Y/Y change
Net sales	KSEK	1	80,095	90,001	-11%	362,182	327,774	10%
Adjusted Net sales	KSEK	4	80,095	90,001	-11%	362,182	313,068	16%
Currency (USD)	SEK/USD		10.70	10.34	3%	10.65	9.54	12%
Net sales USD (In-app + advertising)	KUSD		7,486	8,706	-14%	34,018	32,819	4%
In-app purchases	KSEK	1	38,107	40,086	-5%	170,314	125,667	36%
Advertising sales	KSEK	1	41,914	49,915	-16%	191,793	187,379	2%
Other net sales	KSEK	1	74	0	100%	75	14,728	-99%
User acquisition	KSEK		-14,995	-43,298	-65%	-126,472	-93,410	35%
Game contribution	KSEK	5	53,942	34,894	55%	187,472	182,627	3%
EBITDA	KSEK		22,944	37,055	-38%	56,064	101,360	-45%
EBITDA margin ¹	%		29%	41%	-13	15%	31%	-15
Adjusted EBITDA	KSEK	4	25,010	4,719	430%	57,893	53,232	9%
Adjusted EBITDA margin ¹	%		31%	5%	26	16%	17%	-1
EBIT	KSEK		8,837	-12,448	-171%	21	11,395	-100%
EBIT margin ¹	%		11%	-14%	25	0%	3%	-3
Adjusted EBIT	KSEK	4	10,903	-9,002	-221%	1,850	-951	-295%
Adjusted EBIT margin ¹	%		14%	-10%	24	1%	-0%	-95%
Profit	KSEK		6,629	-10,182	-165%	561	11,303	-95%
Earnings per share	SEK		0.25	-0.38	-165%	0.02	0.43	-95%
Adjusted earnings per share	SEK	4	0.33	-0.25	-2.29	0.09	-0.04	-3.29
Free cashflow	KSEK		14,460	-4,815	-400%	5,897	33,539	-82%
Average employees			108	108	-1%	106	112	-6%
Daily active users (DAU)	Millions		1.2	1.3	-9%	1.3	1.5	-14%
Monthly active users (MAU)	Millions		3.2	3.8	-18%	3.4	4.5	-24%
Monthly unique payers (MUP)	Thousand		42	52	-19%	48	49	-2%
ARPPDAU	US \$ cent		7.0	7.3	-5%	7.4	6.2	21%

¹Y/Y change in percentage points

MAG's unique growth game gets homescreen revamp

Wordzee is MAG's unique word game where players challenge each other to form words from letter tiles placed on a special game board. The player who fills the entire board takes home "Wordzee" and extra bonus points. The game was released globally in November 2019 and has shown a high average revenue per daily active user (ARPDau) since then.

The game team implemented several updates in Q4 that aim to increase player engagement. A new design was installed that notifies players about daily challenges to complete for rewards.

Also, new homescreen backgrounds that are visible to the player community are now awarded when players advance levels. Making players' progress in the game more prominent and rewarding them for daily play are important strategies to improve engagement and long-term retention.

More content with new events system

A more efficient events system was installed in Q4 that allows Wordzee to run more events more smoothly, which will give players more ways to play more often. This makes space for additional events to compliment seasonal ones like *Summer Journey* as well as recurring events like *Totalizer* and *High Score*.

Events have a positive effect on daily active users as well as ARPDau, so, along with optimizations to the in-game economy, the Wordzee team aims to run a variety of events in the coming quarters as often as possible. MAG looks forward to seeing Wordzee build long-term player loyalty and expand its paying player base.



Europe's biggest trivia game on mobile

In the social trivia game QuizDuel, players challenge friends and other players around the world in quizzes. In addition to classic quiz duels of six rounds with three knowledge questions, there are many other game modes and events, including *Solo*, *Question Streak*, *Quinder*, *Star Cup* and *Arena*. The game is MAG's largest product in terms of daily active users and also the largest mobile trivia game in Europe.

Question Streak Leagues show early success

QuizDuel converted *Question Streak* from an event to a permanent feature in Q4 and added *Question Streak Leagues* where players compete on leaderboards for highest streaks. Since *Leagues* launch, average revenue per daily active user (ARPDau) has increased significantly compared to the same quarter last year, and players have spent more time playing per session, reversing the typical summer decline in both metrics.

Additionally, the number of daily active users (DAU) remained relatively high in the summer months compared to last year. The game team sees increased player engagement resulting from *Leagues* as a significant factor behind these gains, as *Leagues* demands ever longer correct answer streaks for league promotion and higher rewards.

Focus on player progression and more events

QuizDuel released some updates in Q4 to improve how players experience progress in the game. Stars, initially collected in *Star Cup*, are now earned in multiple game modes and used as a gamewide currency to advance experience levels. Leveling up now also earns players exclusive Avatar Frames that display their achievement. Since the update, ARPDau and player playtime per session increased significantly compared to the same quarter last year.

The game team looks to further develop its player-engaging features—like Stars, Avatar Frames and *Leagues*—in the coming quarters to improve on their early success. Events like *Solo* and *Quinder* are also planned more frequently, with even more events in the works, including a celebration of 10 years of QuizDuel in its biggest market, Germany. MAG sees promise in the potential of continued game mode and progression improvements to optimize player retention and monetization in the longer term.



New interface boosts player playtime, spending

Tile Mansion is a puzzle adventure that combines core mechanics inspired by mahjong with a renovation and decoration meta. The game is developed by MAG's game studio Apprope and was built based on the game engine of the word-puzzle game Word Mansion. It is available for download in the largest English-language markets as well as Germany, France, Brazil and Mexico.

In Q4 the Tile Mansion team tested a new streamlined user interface. It includes simplified tabs to make features more accessible and player progression milestones related to the game's meta story more visible. Test results saw improved player engagement; in-app purchases, revenues, and playtime per session all increased with the new interface, which the game team has since made available to all players. This upgrade to user experience contributed to Tile Mansion's average revenue per daily active user (ARPDau) remaining strong in Q4, at levels comparable to Wordzee.

New tiles, boosters planned for enhanced gameplay

The next quarter the team will test an update to Tile Mansion's actual gameplay. New, visually exciting tiles—like powerups, bombs and boosters—that give players additional advantages and change the strategy of basic gameplay will be added and tested. Additionally, more content—rooms, characters, story—will be added to the larger meta story. The game team hopes the updates will expand the player journey and further improve player engagement.

MAG looks forward to the potential of Q4's and next quarter's tests to increase long-term retention, playtime, and player loyalty to Tile Mansion.



Ruzzle - reliable evergreen success

Ruzzle, launched globally in 2012, is MAG's first successful word game. It is one of MAG's most important evergreens, has a very loyal player base and generates long-term predictable revenue. Its loyal player base makes it an evergreen game that MAG seeks to replicate throughout its portfolio.

The Live Operations team (Live Ops) works on initiatives towards its goals of raising the baseline of Ruzzle's remarkably stable revenue stream and improving player retention. Running events that reward loyal players, adding incentives to attract and retain new players and creating new features and offers to incentivize in-app purchases are among the most important strategies in reaching these goals.

Content, events drive Word Domination

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

Word Domination retains stable, strong quarterly revenues which the Live Ops team works to increase through improved player engagement. Strategies to incentivize more playtime and in-app purchases include visual upgrades to boosters, tiles and gameboard, constant addition of new content and events, and launching new tournaments and leaderboards for elite players to compete and make exclusive purchases.

WordBrain - evergreen with stable revenue stream

The word game WordBrain has grown into a strong evergreen for MAG over the years, with a stable player base and revenue stream. The game has been downloaded over 40 million times and reached #1 in 118 countries in the word game category on Apple's App Store.

Features aimed at increasing player engagement and retention are always being optimized at Live Ops. Innovative events, rewards and progression markers are important tools to stimulate playtime and purchasing within the app.



CONSOLIDATED PROFIT/LOSS AND CASH FLOW FOR THE PERIOD JUNE 2023 UNTIL AUG 2023

2022/23

OPERATING INCOME

The Group's net sales for the period totalled 80,095 KSEK (90,001 KSEK), a decrease of 11%.

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

Own work capitalised totalled 6,365 KSEK (5,285 KSEK).

Other operating income for the period totalled to 262 KSEK (34,120 KSEK)* and consists mainly of write-downs of shares in subsidiaries due to adjustments of reserved earn-out.

OPERATING EXPENSES, EBITDA AND OPERATING PROFIT/LOSS

Operating expenses totalled 63,776 KSEK (92,351 KSEK). Of these, 18,386 KSEK (18,958 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 14,995 KSEK (43,298 KSEK) were costs of user acquisition and 6,988 KSEK (8,420 KSEK) were other external operating expenses.

User acquisition costs during the period are mainly attributable to the games Wordzee, Tile Mansion, Word Mansion and Quizduel.

Personnel expenses totalled 23,407 KSEK (21,675 KSEK), an increase of 8%. An adjustment of expected retroactive R&D tax deduction (Forskningsavdrag) was made during the period, which increases the personnel expenses with 2,331 KSEK. Adjusted for this personell expenses decreased with 3% compared to the same period last year. For more information please see page 20 & 21 in this report.

EBITDA for the period was 22,944 KSEK (37,055 KSEK). The Period was negatively affected by an adjustment of expected retroactive R&D tax deduction (Forskningsavdrag) of 2,331 KSEK. The comparison period is positively affected by a writedown of earnout for Sventertainment of 32,250 KSEK. Adjusted EBITDA 25,010 KSEK (4,719 KSEK).

Depreciation of tangible and intangible assets totalled 14,108 KSEK (49,503 KSEK)*, of which 8,260 KSEK (7,786 KSEK) was depreciation of capitalized development expenses.

The Group's operating profit (EBIT) was 8,837 KSEK (-12,448 KSEK). The Period was affected by an adjustment of expected retroactive R&D tax deduction (Forskningsavdrag) of -2,331 KSEK. Comparison period contains two larger non-recurring items, a write-down of earnout +32,250 KSEK and a write-down of goodwill -35,782 KSEK. Adjusted EBIT was 10,903 KSEK (-9,002 KSEK). Profit before tax 9,020 KSEK (-11,078 KSEK)*.

FINANCIAL ITEMS

Financial income totalled 687 KSEK (5,998 KSEK) and financial expenses totalled -504 KSEK (-4,628 KSEK). The financial income referred to exchange rate gains from cash equivalents and interest from cash & cash equivalent, and the financial expenses to exchange rate loss, interest on financial leasing, other interest and other financial expenses.

PROFIT/LOSS AFTER TAX

Profit after tax totalled 6,629 KSEK (-10,182 KSEK)*.

The profit after tax per share was 0.25 SEK/share (-0.38 SEK/share).

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

CASH FLOW FOR THE PERIOD

The Group's cash flow from operating activities during the quarter was 20,925 KSEK (573 KSEK). Cash flow from investing activities was -6,465 KSEK (-5,388 KSEK). Cash flow from financing activities was -2,416 KSEK (-2,790 KSEK).

*For comparison against previous year and information about non-recurring items see Note 4: Adjusted Net Sales, EBITDA and EBIT



CONSOLIDATED PROFIT/LOSS FOR THE PERIOD SEP 2022 UNTIL AUG 2023

2022/23

OPERATING INCOME

The Group's net sales for the period totalled 362,182 KSEK (327,774 KSEK), an increase of 10%. The same period last year contains an non-recurring income of 14,7 MSEK, see note 4 and the adjusted Net sales for comparison between the periods.

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

Own work capitalised totalled 33,709 KSEK (30,486 KSEK). See below for further details of impairments and depreciation of capitalised expenses.

Other operating income for the period totalled to 1,159 KSEK (37,811 KSEK) and consists mainly of write-downs of shares in subsidiaries due to adjustments of reserved earn-out.

OPERATING EXPENSES, EBITDA AND OPERATING PROFIT/LOSS

Operating expenses totalled 340,987 KSEK (294,710 KSEK). Of these, 79,056 KSEK (66,720 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 126,472 KSEK (93,410 KSEK) were costs of user acquisition and 29,325 KSEK (32,335 KSEK) were other external operating expenses.

Personnel expenses totalled 106,134 KSEK (102,245 KSEK) an increase of 4%. An adjustment of expected retroactive R&D tax deduction (Forskningsavdrag) was made during the period, which increases the personnel expenses with 2,331 KSEK. Adjusted for this personell expenses increased with 2% compared to the same period last year. For more information please see page 20 & 21 in this report. The average number of employees during the period was 106 (112) a decrease of 6%.

EBITDA for the period was 56,064 KSEK (101,360 KSEK). The Period was negatively affected by an adjustment of expected retroactive R&D tax deduction (Forskningsavdrag) of 2,331 KSEK. Comparison period was positively affected by a transfer bonus of 14.7 MSEK and a write-down of earn-out for Sventertainment of 32.2 MSEK. Adjusted EBITDA for the period was 57,893 KSEK (53,232 KSEK) see Note 4: Adjusted Net Sales, EBITDA and EBIT

Depreciation and impairments of tangible and intangible assets totalled 56,043 KSEK (89,966 KSEK)*, of which 32,617 KSEK (30,665 KSEK) was depreciation of capitalised development expenses.

The Group's operating profit (EBIT) was 21 KSEK (11,395 KSEK). The Period was affected by an adjustment of expected retroactive R&D tax deduction (Forskningsavdrag) of -2,331 KSEK. Comparison period contains three larger non-recurring items, transfer bonus Applovin +14,706 KSEK, write-down of earnout +32,250 KSEK and a write-down of goodwill -35,782 KSEK. Adjusted EBIT was 1,850 KSEK (-951 KSEK). Profit before tax 881 KSEK (17,381 KSEK)*.

FINANCIAL ITEMS

Financial income totalled 2,310 KSEK (7,129 KSEK) and financial expenses totalled -1,450 KSEK (-1,143 KSEK). The financial income referred to exchange rate gains from cash and cash equivalents and interest income from cash & cash equivalent, and the financial expenses were mainly attributable to financial leasing.

PROFIT/LOSS AFTER TAX

Profit after tax totalled 561 KSEK (11,303 KSEK)*.

The profit after tax per share was 0.02 SEK/share (0.43 SEK/share).

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

*For comparison against previous year and information about non-recurring items see Note 4: Adjusted Net Sales, EBITDA and EBIT

PARENT COMPANY PROFIT/LOSS FOR THE PERIOD JUNE 2023 UNTIL AUG 2023

2022/23

OPERATING INCOME

The parent company's net sales for the period were 69,153 KSEK (71,474 KSEK), a decrease of 3% compared with the same period the previous year.

OPERATING EXPENSES AND OPERATING PROFIT/LOSS

Operating expenses totalled 57,199 KSEK (79,347 KSEK).

Of these 16,592 KSEK (16,328 KSEK) were sales related costs originating primarily from fees to Apple App Store and Google Play, costs of user acquisition were 9,373 KSEK (33,170 KSEK) and 15,012 KSEK (15,401 KSEK) was other external operating expenses.

Personnel expenses totalled 16,222 KSEK (14,449 KSEK) an increase of 12%. An adjustment of expected retroactive R&D tax deduction (Forskningsavdrag) was made during the period, which increases the personnel expenses with 2,331 KSEK.

Adjusted for this personell expenses decreased with 4% compared to the same period last year. For more information please see page 20 & 21 in this report.

Depreciation of tangible and intangible assets totalled 1,320 KSEK (4,760 KSEK).

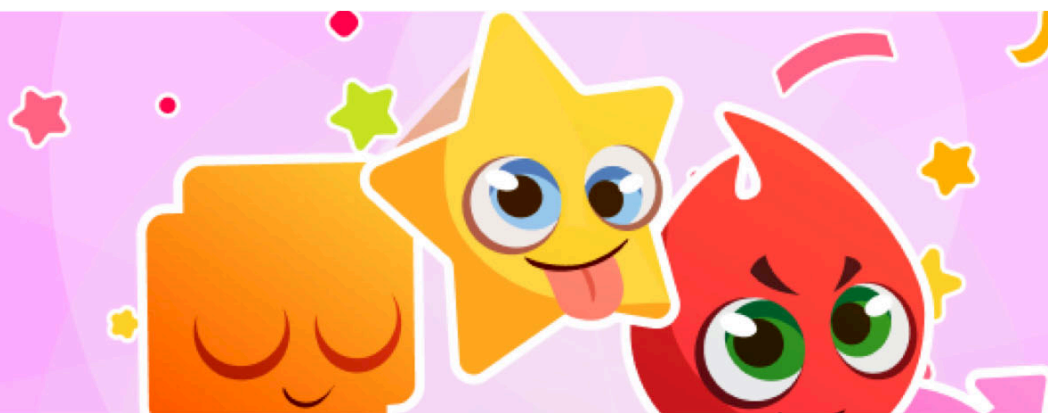
The parent company's operating profit for the period was 10,878 KSEK (-11,012 KSEK).

FINANCIAL ITEMS

Financial income totalled 656 KSEK (2,505 KSEK) and financial expenses totalled -244 KSEK (-15,029 KSEK). The financial income and expenses referred to exchange rate gains and losses from cash and cash equivalents and interest income from cash & cash equivalent. The financial expenses included a write-down of shares in subsidiaries by -12,922 KSEK in the comparison period.

PROFIT AFTER TAX

Profit after tax totalled to 8,892 KSEK (-22,132 KSEK).



PARENT COMPANY PROFIT/LOSS FOR THE PERIOD SEP 2022 UNTIL AUG 2023

2022/23

OPERATING INCOME

The parent company's net sales for the period were 308,466 KSEK (266,450 KSEK), an increase of 16% compared with the same period the previous year. The same period last year contains a non-recurring income of 14,7 MSEK.

OPERATING EXPENSES AND OPERATING PROFIT/LOSS

Operating expenses totalled 305,740 KSEK (257,785 KSEK)

Of these costs 70,523 KSEK (56,902 KSEK) were sales related costs originating primarily from fees to Apple App Store and Google Play. Costs of user acquisition were 96,985 KSEK (68,285 KSEK) and 56,678 KSEK (57,472 KSEK) was other external operating expenses.

Personnel expenses totalled 81,554 KSEK (75,126 KSEK) an increase of 9%. An adjustment of expected retroactive R&D tax deduction (Forskningsavdrag) was made during the period, which increases the personnel expenses with 2,331 KSEK. Adjusted for this, personell expenses increased with 5 % compared to the same period last year. For more information please see page 20 & 21 in this report.

Depreciation and impairments of tangible and intangible assets totalled 8,732 KSEK (19,170 KSEK). For comparison, see Note 3: Depreciation and write-downs of tangible and intangible non-current assets

The parent company's operating profit for the period was -4,318 KSEK (-5,171 KSEK).

FINANCIAL ITEMS

Financial income totalled 1,867 KSEK (5,108 KSEK) and financial expenses totalled -433 KSEK (-12,925 KSEK). The financial income referred to exchange rate gains from cash and cash equivalents and interest income from cash & cash equivalent. The financial expenses referred to exchange rate losses from cash and cash equivalents and a write-down of shares in subsidiaries by -12,922 KSEK in the comparison period.

PROFIT AFTER TAX

Profit after tax totalled to -3,215 KSEK (-16,954 KSEK).



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

2022/23

NON-CURRENT ASSETS

Intangible non-current assets at the end of the period totalled 215,234 KSEK (223,314 KSEK), of which 126,466 KSEK (125,377 KSEK) relates to goodwill and 88,769 KSEK (97,937 KSEK) to other intangible assets. Other intangible assets consists primarily of capitalized development expenses on own account and acquired intellectual property.

CURRENT ASSETS

Current tax assets include an expected retroactive R&D tax deduction (Forskningsavdrag) of 5,290 KSEK (7,621 KSEK) from 2020 for the parent company's application of a retroactive deduction of employer's contributions related to R&D. The application for retroactive deduction was rejected by the Administrative Court during the third quarter of the year, and an appeal has been submitted after the close of the fiscal year. In connection with the appeal, the company has revised the amount for the expected retroactive deduction, this has led to an adjustment of the previously balanced reservation by 2,331 KSEK. For more information, see page 20 & 21.

Cash and cash equivalents at the end of the period totalled 122,429 KSEK (125,940 KSEK).

EQUITY

Equity at the end of the period totalled 339,222 KSEK (335,988 KSEK), corresponding to 12.8 SEK/share (12.7 SEK/share). The equity/assets ratio at the same time was 78.0% (72.9%).



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

2022/23

LIABILITIES

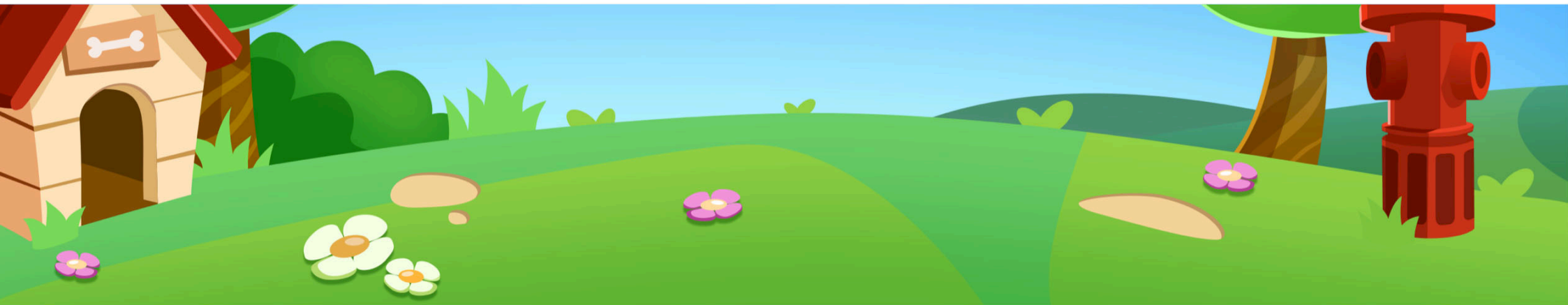
Other long-term liabilities is 0 KSEK (11,200 KSEK). There is no residual of the long-term part of the earn-out for the acquisition of Apprope AB and Sventertainment AB. The long-term liabilities regarding earn-out for Sventertainment AB has been written down fully by 32,250 KSEK during the previous year. The remaining part of the earn-out for Apprope AB is reported under Other short-term liabilities and is at the end of the period 10,818 KSEK, this was written down by 261 KSEK during the quarter. The earn-out for Apprope AB is structured as profit sharing, and is based on the EBIT for the company over three years after the acquisition. The amount in the balance is an estimated amount based of projections, it may be updated in future reports. An earn-out of 3,015 KSEK (3,308 KSEK) was paid for Apprope AB during the year.

The group has interest bearing debt of 29,001 KSEK (40,620 KSEK) which refers to financial lease.

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

The Parent company's Assets consists mainly of Participation in group companies which, at the end of the period totalled 135,418 KSEK (130,979 KSEK), the increase in shares in subsidiaries during the period is a shareholder's contribution to Sventertainment AB of 4,700 KSEK and a write down of shares in Subsidiaries for Apprope AB due to the write down of the reserved Earn-out amount by 261 KSEK. Trade and other receivables that totalled 31,425 KSEK (33,847 KSEK), and Cash and cash equivalents that totalled 85,275 KSEK (94,657 KSEK).

The Assets were financed mainly by Equity that at the end of the period totalled 248,211 KSEK (251,017 KSEK) and by Liabilities that totalled 40,241 KSEK (57,502) KSEK.



KEY INDICATORS FOR THE BUSINESS PERIOD JUNE 2023 UNTIL AUG 2023

2022/23



DISTRIBUTION OF REVENUES BY BUSINESS MODEL

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

The Group's net sales from in-app purchases for the period were 38,107 KSEK (40,086 KSEK), a decrease of 5% compared to the same period the previous year.

The Group's net sales from in-app advertising were 41,914 KSEK (49,915 KSEK), a decrease of 16% compared with the same period the previous year.



GAME CONTRIBUTION

Cost levels of games marketed by MAG Interactive differ from game to game, both in their distribution costs (sales related costs) and marketing costs (performance based marketing). Additionally, these cost differences can be affected by the particular phase each game is in. The Group therefore reports the total contribution from games activities according to the following model: net sales generated from the games, including royalties, minus platform fees (mainly to fees for Apple AppStore and Google Play) and performance-based marketing. Performance based marketing includes digital advertising and other advertising associated directly with the company's products, as well as services and charges directly attributable to performance-based marketing. General marketing of the company and brand is not included in the cost of direct marketing.

The Group's contribution from sales activities for the period was 53,942 KSEK (34,894 KSEK), an increase of 55% compared to the same period the previous year.



COMMENTS ON THE DISTRIBUTION OF INCOME AND CONTRIBUTIONS FROM SALES ACTIVITIES

Game contribution for the period is on historical high levels due to strong sales combined with investments in marketing at lower levels.



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, the Swedish national bank, average exchange rate per month is used for translation into USD.

THE BUSINESS'S KEY INDICATORS DURING THE PERIOD

DAU for the period 1.2 million (1.3 million), a decrease of 9% compared with the same period the previous year.

MAU for the period 3.2 million (3.8 million), a decrease of 18% compared with the same period the previous year.

MUP for the period 42 thousand (52 thousand), a decrease of 19% compared with the same period the previous year.

ARPDau for the period 7.0 US \$ cent (7.3 US \$ cent), a decrease of 5% compared with the same period the previous year.

COMMENTS TO THE KPIs

DAU and ARPDau are effected negatively by the lowered marketing compared to previous quarters during the year, where high monetizing players in Wordzee improved ARPDau. The broader portfolio shows stable or improving ARPDau in general.



Retroactive and Ongoing Research Deductions

The company maintains a high academic level in its daily operations in order to stay competitive over time. To defend and grow its position in the market, the assessment is that research needs to be an integrated and systematic part of the business. All of the company's products depend on some aspect of previously conducted research. Research is conducted in areas such as Consumer Behavior, Optimal Matching Theory, Statistics and Probability Theory for Testing, and Prediction Modeling. The results of the research are used for commercial purposes and can often lead to the development of the company's platform for the development and operation of games, and can also be applied directly to the company's products.

Against this background, ongoing research deductions are made, and an application for retroactive deductions for the period 2015 to 2020 was submitted in 2020.

Application for Retroactive Research Deductions

The application for retroactive deductions was rejected by the Administrative Court during the third quarter of the year, and an appeal was submitted after the close of the fiscal year. In connection with the appeal, the company has revised the amount for the expected retroactive deduction, and as of August 31, it is 5.3 MSEK. This has led to an adjustment of the previously balanced reservation by 2.3 MSEK, from 7.6 MSEK.

A possible rejection by the court exposes a balanced amount of 5.3 MSEK, without affecting liquid assets.

RETROACTIVE R&D TAX DEDUCTION [FORSKNINGSAVDRAG] [KSEK]

Q4 19/20 Application for 2015-2020	7,621
Q4 22/23 Adjustment expected amount	-2,331
Total balanced amount for retroactive R&D tax deduction (Forskningsavdrag)	5,290





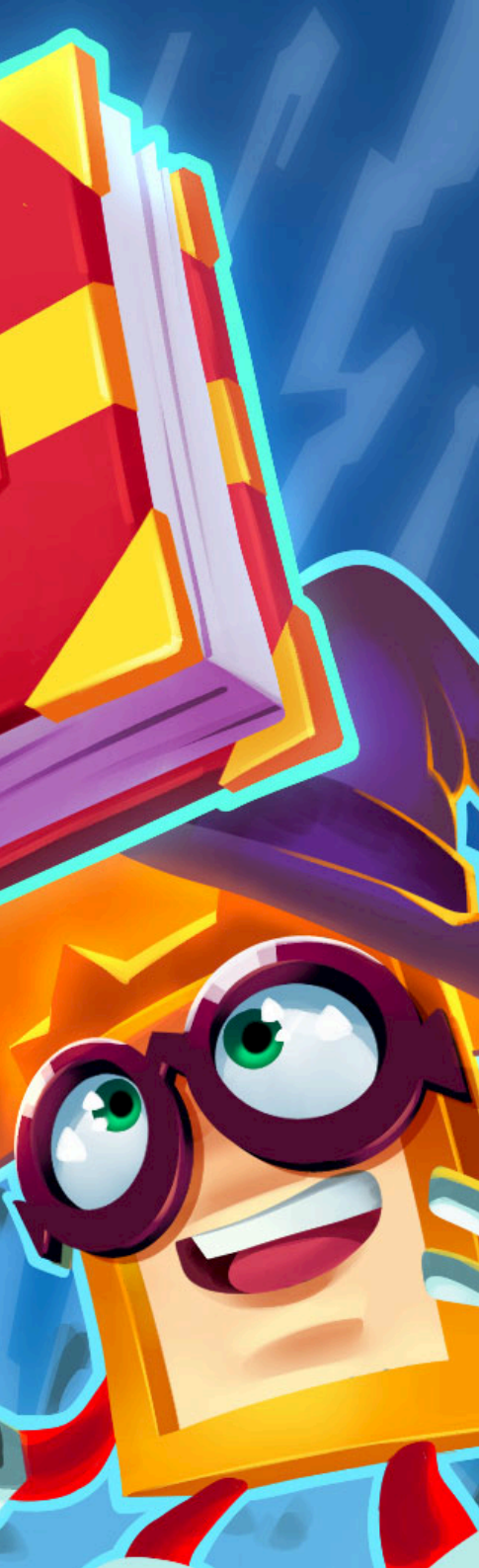
Ongoing Deductions and Retroactive Deduction

Since mid-2020, ongoing research deductions have been made based on the research and development that the company conducts from period to period. With this, the company's management wants to inform about the potential link that exists between the ongoing process for the retroactive deductions and the deductions that are being made on an ongoing basis. In the event of a rejection from the Administrative Court regarding retroactive amounts, there is a risk that the ongoing deductions may also need to be reviewed. In total, over a period from April 2020 up to the end of the financial year 2022/23, an amount of 16.3 MSEK has been deducted.

A potential rejection of the ongoing deductions exposes the company to an effect on results as well as a liquidity effect.

R&D TAX DEDUCTION (FORSKNINGSAVDRAG)

Amounts in MSEK	Jun 23-Aug 23	Jun 22-Aug 22	Sep 22-Aug 23	Sep 21-Aug 22
The group's R&D tax deduction (Forskningsavdrag)	1.3	1.1	5.8	5.1
Total deductions during the period	1.3	1.1	5.8	5.1
Total accumulated	16.3	10.5	16.3	10.5



PARENT COMPANY AND GROUP

The parent company MAG Interactive AB (publ), corporate ID number 556804-3524, has its registered office in Stockholm with 82 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 nine subsidiaries in the group. MAG Games Ltd, with its registered office in Brighton and 21 employees, has only Group internal invoicing and carries out development and other functions in the company's operations. MAG United AB, with its registered office in Stockholm, has no employees. Sventertainment AB, with its registered office in Stockholm, is the developer and publisher of the trivia app Primetime. Sventertainment is a subsidiary group consisting of four companies and was acquired during the first quarter 2020/21 and has 7 employees. Apprope AB, is the developer being mobile casual games like Word Mansion. Apprope AB was acquired during the second quarter of 2020/21 and has 2 employees.

ACCOUNTING PRINCIPLES

The consolidated accounts for the MAG Interactive AB Group ("MAG Interactive") have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU as well as RFR 1 Complementary Accounting Rules for Groups and the Swedish Annual Accounts Act. This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting, the Swedish Annual Accounts Act and RFR 1 Complementary Accounting Rules for Groups. The parent company's financial statements have been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Annual Reporting Board's recommendation RFR 2 Accounting for Legal Entities. The application of RFR 2 means that the parent company, in the interim report for the legal entity, applies all of the EU-adopted IFRS and statements as far as is possible within the framework of the Swedish Annual Accounts Act, the Swedish Act on Safeguarding Pension Commitments and with due reference to the relationship between accounting and taxation. For a more detailed description of the accounting policies applied for the Group and the parent company in this interim report, see Note 2 in the annual report for 2021/2022.

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 on 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 2021/2022.

MAG Interactive does not have any significant exposure to the Russian market.

CURRENCY EFFECTS

MAG Interactive is exposed to a large number of currencies based on the way that Google Play and Apple App Store operate. The most important market for the company is USA. In addition most of the advertising income is realized in USD, and the majority of the direct marketing is purchased in USD. The most important currency is thus USD.

CERTIFIED ADVISER

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

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

Annual General Meeting 2022/2023	January 17, 2024
Interim Report Q1 September 2023 – November 2023	January 17, 2024
Interim Report Q2 December 2023 – February 2024	April 17, 2024
Interim Report Q3 March 2024 – May 2024	June 26, 2024
Interim and Year-End Report Q4 Sep 2023 – Aug 2024	October 23, 2024

AUDIT

This report has not been reviewed by auditors.

PRESENTATION

On October 18th, 2023 at 10:00 CET, CEO Daniel Hasselberg and CFO Magnus Wiklander will present the Interim Report live on Twitch. The presentation is held in English. Link to the Twitch feed www.twitch.com/maginteractive

Daniel Hasselberg will also take questions on the social media platform X, formally known as 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 18, 2023

DANIEL HASSELBERG
CEO, Board member

JONAS ERIKSSON
Chairman of the Board

TAINA MALÉN
Board member

BRITT BOESKOV
Board member

ASBJOERN SOENDERGAARD
Board member

ÅSA LINDER
Board member

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**2022/23**

Amounts in KSEK	Note	Jun 23-Aug 23	Jun 22-Aug 22	Sep 22-Aug 23	Sep 21-Aug 22
Operating income					
Net sales	1, 4	80,095	90,001	362,182	327,774
Own work capitalised		6,365	5,285	33,709	30,486
Other operating income		262	34,120	1,159	37,811
Total		86,722	129,406	397,050	396,070
Operating expenses					
Sales related costs	2	-18,386	-18,958	-79,056	-66,720
User acquisition		-14,995	-43,298	-126,472	-93,410
Other external expenses		-6,988	-8,420	-29,325	-32,335
Personnel costs		-23,407	-21,675	-106,134	-102,245
Total operating expenses		-63,776	-92,351	-340,987	-294,710
EBITDA	4	22,944	37,055	56,064	101,360
Depreciation and write-downs of tangible and intangible non-current assets	3	-14,108	-49,503	-56,043	-89,966
Operating profit/loss (EBIT)	4	8,837	-12,448	21	11,395
Financial items					
Interest income		687	5,998	2,310	7,129
Interest expense		-504	-4,628	-1,450	-1,143
Total financial items		183	1,370	860	5,986
Profit/loss after financial items		9,020	-11,078	881	17,381
Taxes		-2,391	897	-320	-6,077
Profit/loss for the period		6,629	-10,182	561	11,303
Other comprehensive result					
Exchange rate differences		533	106	2,263	870
Total comprehensive income for the period		7,162	-10,076	2,824	12,173
The profit/loss and total comprehensive income for the year are attributable in full to the parent company's shareholders.					
Earnings per share (based on average number of shares)		0.25	-0.38	0.02	0.43
Average number of shares during the period ('000)		26,495	26,495	26,495	26,495
Number of shares at the end of the period ('000)		26,495	26,495	26,495	26,495

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

Amounts in KSEK	Note	31/8 2023	31/8 2022
ASSETS			
Goodwill		126,466	125,377
Other intangible assets		88,769	97,937
Total intangible assets	3	215,234	223,314
Right-of-use assets		27,042	38,622
Equipment, tools, fixtures and fittings		3,615	5,981
Total tangible assets	3	30,658	44,603
Other long-term receivables		4,111	4,124
Deferred tax assets ¹		8,524	2,920
Total financial non-current assets		12,635	7,043
Total non-current assets		258,527	274,961
Current assets			
Trade and other receivables		36,937	42,009
Current tax assets		6,577	9,905
Other current receivables		3,357	1,565
Prepaid expenses and accrued income		7,209	6,396
Cash and cash equivalents		122,429	125,940
Total current assets		176,509	185,815
TOTAL ASSETS		435,037	460,776

1. Due to the changes in IAS 12 deferred taxes related to Lease Liabilities and Right-of-use Assets is booked from the fiscal year 22/23 onwards. Deferred Tax liability booked for Right-of-use Assets is 5.6 MSEK, Deferred tax Asset booked for Lease Liability is 6.0 MSEK per report date.

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

Amounts in KSEK	Note	31/8 2023	31/8 2022
EQUITY AND LIABILITIES			
Equity			
Share capital		688	688
Other external capital		285,047	284,638
Reserves		1,378	-886
Retained earnings incl. profit/loss for the period		52,109	51,548
Total equity		339,222	335,988
Long-term liabilities			
Deferred tax liabilities ¹		23,857	20,175
Long-term lease liabilities		18,659	29,623
Other long-term liabilities		0	11,200
Total long-term liabilities		42,517	60,998
Current liabilities			
Trade and other payables		11,822	24,157
Current tax liability		1,908	1,530
Accrued expenses and prepaid income		13,100	14,499
Short-term lease liabilities		10,342	10,997
Other current liabilities		16,126	12,607
Total current liabilities		53,298	63,790
TOTAL EQUITY AND LIABILITIES		435,037	460,776

1. Due to the changes in IAS 12 deferred taxes related to Lease Liabilities and Right-of-use Assets is booked from the fiscal year 22/23 onwards. Deferred Tax liability booked for Right-of-use Assets is 5.6 MSEK, Deferred tax Asset booked for Lease Liability is 6.0 MSEK per report date.

CONSOLIDATED CASH FLOW STATEMENT**2022/23**

Amounts in KSEK	Note	Jun 23-Aug 23	Jun 22-Aug 22	Sep 22-Aug 23	Sep 21-Aug 22
Operating activities					
Operating profit/loss (EBIT)		8,837	-12,448	21	11,395
Adjustments for items not part of cash flow					
LTIP		174	207	409	78
Write-down of Earn-out		-261	-32,250	-261	-32,250
Depreciations and write-downs	3	14,108	49,503	56,043	89,966
Interest received		687	145	1,899	183
Interest paid		-281	-275	-990	-1,143
Tax paid		-172	-1,479	-2,031	-3,888
Cash flow from operating activities before change in working capital		23,092	3,403	55,090	64,341
Change in current operating receivables		1,955	-6,791	5,339	-9,398
Change in current operating liabilities		-4,121	3,961	-17,459	13,058
Change in working capital		-2,167	-2,830	-12,120	3,660
Cash flow from operating activities		20,925	573	42,970	68,001
Investing activities					
Capitalized work		-6,365	-5,285	-33,709	-30,486
Investments in and merged tangible non-current assets		-67	-102	-364	-666
Payment for acquisition of subsidiary, net of cash acquired		0	0	-3,015	-3,308
Change in financial investments		-33	-1	15	-2
Cash flow from investing activities		-6,465	-5,388	-37,073	-34,462
Free cashflow		14,460	-4,815	5,897	33,539
Financing activities					
Warrants		0	0	0	265
Amortized short-term loan		0	0	0	-137
Amortized leasing liabilities		-2,416	-2,790	-10,379	-10,506
Cash flow from financing activities		-2,416	-2,790	-10,379	-10,378
Increase/decrease in cash and cash equivalents					
Cash flow for the period		12,045	-7,605	-4,481	23,161
Effects of exchange rate changes		58	1,551	970	7,264
Opening cash and cash equivalents		110,326	131,994	125,940	95,515
Closing cash and cash equivalents		122,429	125,940	122,429	125,940

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

KSEK	Share capital	Other external capital	Reserves	Retained earnings	Total equity
Opening balance 1/9 2022	688	284,638	-886	51,548	335,988
Profit/loss for the period				561	561
Exchange rate differences			2,263	0	2,263
Total comprehensive income			2,263	561	2,824
LTIP		409			409
Closing balance 31/8 2023	688	285,047	1,378	52,109	339,222
KSEK	Share capital	Other external capital	Reserves	Retained earnings	Total equity
Opening balance 1/9 2021	688	284,295	-1,756	40,245	323,472
Profit/loss for the period				11,303	11,303
Exchange rate differences			870		870
Total comprehensive income			870	11,303	12,173
LTIP		343			343
Closing balance 31/8 2022	688	284,638	-886	51,548	335,988

PARENT COMPANY'S INCOME STATEMENT

2022/23

Amounts in KSEK	Note	Jun 23-Aug 23	Jun 22-Aug 22	Sep 22-Aug 23	Sep 21-Aug 22
Operating income					
Net sales		69,153	71,474	308,466	266,450
Other operating income		244	1,622	1,688	5,335
Total operating income		69,397	73,096	310,154	271,784
Operating expenses					
Sales related costs		-16,592	-16,328	-70,523	-56,902
User acquisition		-9,373	-33,170	-96,985	-68,285
Other external expenses		-15,012	-15,401	-56,678	-57,472
Personnel costs		-16,222	-14,449	-81,554	-75,126
Total operating expenses		-57,199	-79,347	-305,740	-257,785
EBITDA		12,198	-6,252	4,414	13,999
Depreciation of tangible and intangible non-current assets	3	-1,320	-4,760	-8,732	-19,170
Operating profit/loss		10,878	-11,012	-4,318	-5,171
Financial items					
Financial income		656	2,505	1,867	5,108
Financial expenses		-244	-15,029	-433	-12,925
Total financial items		412	-12,524	1,434	-7,817
Profit/loss after financial items		11,290	-23,535	-2,884	-12,988
Taxes		-2,398	1,403	-331	-3,966
Profit/loss for the period		8,892	-22,132	-3,215	-16,954

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

PARENT COMPANY'S BALANCE SHEET

ASSETS

2022/23

Amounts in KSEK	Note	31/8 2023	31/8 2022
ASSETS			
Goodwill		0	3,412
Other intangible assets		15,980	19,740
Total intangible assets	3	15,980	23,152
Equipment, tools, fixtures and fittings		2,738	4,205
Total tangible non-current assets	3	2,738	4,205
Participation in Group companies		135,418	130,979
Other long-term receivables		3,765	4,858
Long-term receivables from Group companies		171	318
Total financial non-current assets		139,355	136,155
Total non-current assets		158,073	163,512
Current assets			
Trade and other receivables		31,425	33,847
Short-term receivable from Group companies		316	75
Other receivables		7,553	10,841
Prepaid expenses and accrued income		5,811	5,587
Total current assets		45,105	50,350
Cash and cash equivalents		85,275	94,657
TOTAL ASSETS		288,452	308,519

PARENT COMPANY'S BALANCE SHEET

LIABILITIES AND EQUITY

2022/23

Amounts in KSEK	Note	31/8 2023	31/8 2022
EQUITY AND LIABILITIES			
Restricted equity			
Share capital		688	688
Non-restricted equity			
Other external capital		316,436	316,027
Retained earnings incl. profit/loss for the period		-68,913	-65,698
Total equity		248,211	251,017
Long-term liabilities			
Deferred tax liabilities		3,292	4,066
Other provisions		0	11,200
Total long-term liabilities		3,292	15,266
Current liabilities			
Trade and other payables		9,165	19,543
Liabilities to Group companies		2,741	3,462
Other liabilities		14,856	8,120
Accrued expenses and prepaid income		10,187	11,112
Total current liabilities		36,949	42,236
TOTAL EQUITY AND LIABILITIES		288,452	308,519

Term	Description
Net sales	Total game revenue, drawn from In-app purchases and advertising sales. MAG records the full value of items sold as In-app purchases (mainly Apple and Google) and reports the platform share as Sales related costs. The Platform fee is normally 30% of the sales value.
In-app purchases	The value of purchases made in an app through Google Play or Apple App Store or other such store.
Advertising sales	Net sales from ads in the games.
Activated costs for own account	Development work activated to the balance sheet. The company activates personnel costs, including social fees and other personell related costs such as office space, for infrastructure to the games, games in soft launch and live games. Soft launch is the last development phase prior to global launch and the probability of a global launch is high. MAG has not had any write-downs of activated costs for own account since the company went public.
Platform fee	30% of the In-app purchases are costs to the platform, primarily Google Play and Apple App Store. Certain platforms offer a 15% discount for subscriptions, and currently also a discount of 15% for the first million USD of revenue for the year.
User acquisition	Marketing costs with direct connection to one of the games and with measurable effect and demands on ROI (return on investment). A common ROI requirement is to have the investment paid back as net revenues within six or nine months, and longer periods can be relevant in situations with strong retention and long term monetization.
Game contribution	Net sales generated from the games, including royalties, minus platform fees (primarily to Google and Apple) minus direct performance marketing (user acquisition).
EBITDA	Profit/loss before financial items, taxes, depreciation and write-downs.
Equity/asset ratio	Equity end of period as a percentage of balance sheet total.
DAU	Average number of Daily Active Users for the days during the period. Calculated as the sum of DAU for the individual games in such a way so that a player that plays more than one game in one day is counted once per game.
MAU	Average number of Monthly Active Users over the months during the period. Calculated as the sum of MAU for the individual games in such a way so that a player that plays more than one game in one month is counted once per game. An average over the months in the period is calculated.
MUP	Average Monthly Unique during the period is the total number of unique users that makes an In-app purchase in a game. Counted in such a way that a user that makes purchases in more than one game during the month is counted once per game. An average over the months in the period is calculated.
ARPDau	Daily average Net sales per daily active user (DAU). If nothing else is stated this is measured in US cents.

NOTES TO THE INTERIM REPORT

2022/23

	Jun 23-Aug 23	Jun 22-Aug 22	Sep 22-Aug 23	Sep 21-Aug 22
Amounts in KSEK				
NOTE 1: DISTRIBUTION OF NET SALES				
In-app purchases	38,107	40,086	170,314	125,667
Advertising income	41,914	49,915	191,793	187,379
Other	74	0	75	14,728
Total	80,095	90,001	362,182	327,774
NOTE 2: SALES RELATED COSTS				
Platform fee	-11,158	-11,809	-48,238	-37,031
Server costs	-5,317	-4,786	-21,768	-18,156
Other sales related costs	-1,912	-2,363	-9,049	-11,532
Total sales related costs	-18,386	-18,958	-79,056	-66,720

NOTES TO THE INTERIM REPORT

2022/23

Jun 23-Aug 23 Jun 22-Aug 22 Sep 22-Aug 23 Sep 21-Aug 22

Amounts in KSEK

NOTE 3: DEPRECIATION AND WRITE-DOWNS OF TANGIBLE AND INTANGIBLE NON-CURRENT ASSETS

Group

Goodwill	0	-35,782	0	-35,782
Right-of-use assets	-2,557	-2,652	-10,316	-10,317
Equipment, tools, fixtures and fittings	-725	-718	-2,850	-2,942
Intellectual properties	-2,565	-2,565	-10,260	-10,260
Own work capitalized	-8,260	-7,786	-32,617	-30,665
Total	-14,108	-49,503	-56,043	-89,966

Parent

Goodwill	0	-3,412	-3,412	-13,647
Equipment, tools, fixtures and fittings	-380	-408	-1,560	-1,763
Intellectual properties	-940	-940	-3,760	-3,760
Total	-1,320	-4,760	-8,732	-19,170

NOTES TO THE INTERIM REPORT

2022/23

	Jun 23-Aug 23	Jun 22-Aug 22	Sep 22-Aug 23	Sep 21-Aug 22
Amounts in KSEK				
NOTE 4: ADJUSTED NET SALES, EBITDA AND EBIT				
Net sales	80,095	90,001	362,182	327,774
Transfer bonus from Applovin	0	0	0	-14,706
Adjusted Net sales	80,095	90,001	362,182	313,068
EBITDA	22,944	37,055	56,064	101,360
Transfer bonus from Applovin	0	0	0	-14,706
Write-down of Earn-out Sventertainment	0	-32,250	0	-32,250
Write-down of Earn-out Apprope	-261	0	-261	0
Adjustment of expected amount retroactive RnD deductions	2,331	0	2,331	0
Social contribution from re-evaluation of option programs	-4	-86	-241	-1,172
Total adjustments of EBITDA	2,066	-32,336	1,829	-48,128
Adjusted EBITDA	25,010	4,719	57,893	53,232
EBIT	8,837	-12,448	21	11,395
Profit for the period	6,629	-10,182	561	11,303
Transfer bonus from Applovin	0	0	0	-14,706
Write-down of Earn-out Sventertainment	0	-32,250	0	-32,250
Write-down of Earn-out Apprope	-261	0	-261	0
Adjustment of expected amount retroactive RnD deductions	2,331	0	2,331	0
Social contribution from re-evaluation of option programs	-4	-86	-241	-1,172
Write-down of Goodwill	0	35,782	0	35,782
Total adjustments of EBIT	2,066	3,446	1,829	-12,346
Adjusted EBIT	10,903	-9,002	1,850	-951
Adjusted profit for the period	8,695	-6,736	2,390	-1,043
Adjusted earnings per share	0.33	-0.25	0.09	-0.04

NOTES TO THE INTERIM REPORT

2022/23

	Jun 23-Aug 23	Jun 22-Aug 22	Sep 22-Aug 23	Sep 21-Aug 22
Amounts in KSEK				
NOTE 5: GAME CONTRIBUTION				
Group				
In-app purchases	38,107	40,086	170,314	125,667
Advertising income	41,914	49,915	191,793	187,379
Other	74	0	75	14,728
Net sales	80,095	90,001	362,182	327,774
Transfer bonus from Applovin	0	0	0	14,706
Net sales without Transfer bonus	80,095	90,001	362,182	313,068
Platform fee	-11,158	-11,809	-48,238	-37,031
User acquisition	-14,995	-43,298	-126,472	-93,410
Game contribution	53,942	34,894	187,472	182,627

GOOD TIMES