

MAG INTERACTIVE

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**MAG INTERACTIVE AB (PUBL)**  
**YEAR END INTERIM REPORT**  
**SEP-AUG 2017/18**

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**2017/18**

# **YEAR END AND INTERIM REPORT**

## **SEP—AUG 2017/18**

### **ABOUT**

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#### **MAG INTERACTIVE AB (PUBL)**

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



## SUMMARY OF THE PERIOD JUNE UNTIL AUGUST 2018

- The Group's Net sales for the period were 53,740 KSEK (57,916 KSEK), a decrease of 7% compared to the same period previous year. Net sales adjusted for currency effects is 51,305 KSEK
- The Group's game contribution for the period was 22,849 KSEK (19,001 KSEK), an increase of 20% compared to the same period the previous year
- The costs for performance marketing in the period was 23,772 KSEK (24,415 KSEK)
- Daily and monthly active users (DAU and MAU) were 2.8 million and 15.3 million respectively during the quarter, an increase of 73% and 107% respectively compared to the same period last year
- The Group's EBITDA for the period was -797 tkr (4,420 tkr)

## SUMMARY OF THE FINANCIAL YEAR SEP 2017 UNTIL AUGUST 2018

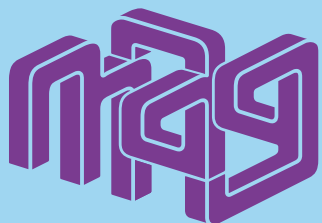
- The Group's Net sales for the period were 216,870 KSEK (260,405 KSEK), a decrease of 17% compared to the same period previous year
- The Group's game contribution for the period was 105,648 KSEK (85,976 KSEK), an increase of 23% compared to the same period the previous year
- Adjusted EBITDA for the period was 8,683 KSEK (27,333 KSEK)
- On October 12 2017 the game Backpacker was launched globally on Apple App Store and Google Play
- On November 7 2017 100% of the shares in FEO Media AB were acquired for a total of 133.8 MSEK

## SIGNIFICANT EVENTS DURING THE PERIOD JUNE TO AUGUST 2018

- On June 11 the company announced that the game PaintHit while in alpha launch gained traction and was subsequently launched globally without the normal period of soft launch. During the fourth quarter the company has updated the announcement with download numbers of 1, 5 and 15 million respectively
- On June 11 the company announced its nomination committee
- On August 27 the company announced that the agreement with WeAreQiiwi Interactive AB regarding publishing of the game Backpacker has been terminated. The publishing responsibility was transferred to Qiiwi per 1/9 2018

## SIGNIFICANT EVENTS SINCE THE END OF THE REPORTING PERIOD

- No significant events after the end of the year



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## FROM THE CEO REVENUE GROWTH THANKS TO NEW GAMES

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2017/18

### NEW GAMES AND NEW OPPORTUNITIES

We are enthusiastic about the continued success of Word Domination after the global launch, which occurred on the very last day of our previous reporting period. Now with a full quarter of live data, we can confirm over 2 million downloads thus far and see the growth profile of a potential evergreen game. The current engagement patterns seen in Word Domination indicate that many players will stay for months or even years, and shows that it could be an important and sustainable IP for MAG in the long term. More than 500,000 people now play Word Domination on a monthly basis and the growth has been maintained on a continuous basis.

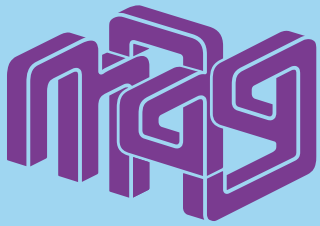
In June we launched our first game within the “hyper casual” category. Paint Hit, now approaching 20 million downloads, shows how our product development process continues to produce games that can reach a global mass market. Following this trend, Paint Hit has reached the number one spot on the casual games download chart in the US Google Play Store, and maintained that position for more than a month. Outside of the US, Paint Hit has also attracted many players from some of the emerging markets like Argentina, Brazil and India where we have previously not seen any significant traction for our games, but where the average monetization per player is also far less than we are used to see from our core markets North America and Western Europe.

### SEQUENTIAL GROWTH IN A SEASONALLY WEAKER QUARTER

Historically our fourth quarter (June-August) is the weakest part of the year, as seasonality in game play activity and advertising CPM levels are less favorable than in other parts of the year. Thanks to the success of our new games, we were nevertheless able to create sequential growth between our third and fourth quarter. Last year the revenues decreased about 20% between quarters three and four, whereas this year we managed to grow around 5%.

A large part of our revenues last fiscal year came from WordBrain, and it has been challenging to compensate for the significantly lower revenue contribution from that franchise. New games typically take time for revenue to grow to a sizable enough volume, thus the effect of this shift in revenue drivers is still visible during this reporting period. Nevertheless, we are growing the underlying, non-WordBrain based business, and the pace of revenue decline in WordBrain is significantly lower now than previous quarters.





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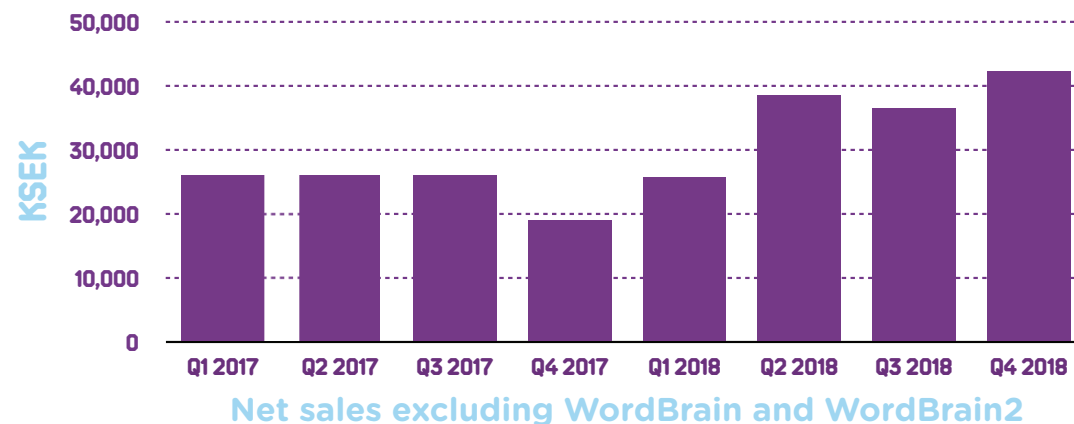
## FROM THE CEO INCREASED FOCUS ON MULTIPLAYER GAMES

2017/18

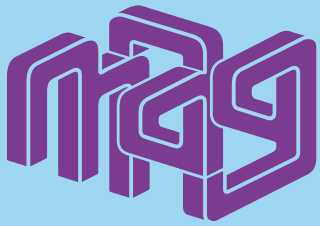
### STRONG FOCUS ON SOCIAL AND MULTIPLAYER

Over the years, and specifically during the last few quarters, we have seen solid performances from our classic multiplayer games Ruzzle and Quiz Duel, and see strong potential in our recently launched multiplayer game, Word Domination. Going forward MAG will focus our new game development mainly in the multiplayer space, as genuinely social games like these have generally more player days per player and generate more organic traffic. This results in better profit margins and more stability versus games that are more dependent on marketing. We believe this will build a more robust revenue profile in our portfolio, as well as decrease the effects of fluctuations in performance marketing like those we've seen impact WordBrain over the last few quarters. In August we announced that the publishing agreement for the single player game Backpacker has been terminated, which will enable an increased focus on our internally developed games.

When looking at the overall sales from the portfolio, excluding our biggest single player game franchise WordBrain, we get a slightly different view of the business. The process of replacing the decline in WordBrain revenues takes some time but the picture below indicates that we are moving in the right direction.







MAG INTERACTIVE

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## FROM THE CEO

# DATA DRIVEN SUPPORT FOR FUTURE GROWTH

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2017/18

### A DATA DRIVEN BUSINESS ENABLES GOOD INVESTMENTS

We have a measurable data model based business with strong performance marketing capabilities. The infrastructure and knowledge built up over the years can now be leveraged to increase the possibility of success in the new game titles that are the core of our future growth potential.

In multiplayer games we are able to join our strong heritage and experience in the space with robust real time multiplayer support on mobile, advanced matchmaking algorithms and great game design. These combined will achieve the best and most engaging player experience for our audience. It is an exciting and inspiring step for MAG to focus on our proven core to continue building a more predictable, highly social business model and create a situation where we are less dependent on the marketing of any single game title.

We will also double down on our existing multiplayer games and give the millions of loyal players that have stayed with us for many years, an even better experience going forward. There is a clear opportunity for us to create continued growth for these titles through improved content as well as the addition of new game modes that will entertain the players as well as open up interesting business opportunities.

We are of course not happy with the yearly revenue decline. The way forward is a more diversified portfolio and an increased focus on strongly social games to improve the stability on a per game basis. Our portfolio today is significantly more diversified and robust than a year ago and we move forward boosted by our recent game launches, the bigger and stronger team we have built over the last year, as well as the increased focus on leveraging our strengths in multiplayer games.

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

DANIEL HASSELBERG, CEO



**MAY 31, WORD DOMINATION LAUNCHED GLOBALLY ON THE APP STORE, AND GOOGLE PLAY**

Word Domination received strong support from the editorial teams at Apple and Google and appeared on the front page of their stores in many of the most important markets in North America and Europe, such as USA, England, Germany and France during the launch week. In its first week after launch, Word Domination reached the top 10 in the word game category across 116 countries on the App Store. During the summer Word Domination was picked by Apple as the Game of the Day in the United States, which we see as a great recognition and something we are very proud of.

With over two million downloads and more than 500,000 monthly active players, Word Domination is a strong addition to MAG's game portfolio and we see great potential for continued growth.

**PLAY WORD DOMINATION**

Word Domination is a modern game with a tactical twist where players challenge each other in a fresh and exciting real-time battle of words. Opponents face off forming words on a shared board to score points in five-round matches. In addition to points granted for each word, as well as bonus tiles that increase the score of any letter or word played on them, players can also collect and play over 40 unique booster cards to supercharge their turn. This tactical element coupled with real time gameplay sets Word Domination apart from other games in the genre and has proven highly popular with players in test markets.

**A NEW EVERGREEN?**

Word Domination is an exciting addition to MAG's portfolio and after looking back on and analyzing the just over three months of game data, it all points to that this may be a new evergreen game for MAG where players stay for months and even years. Word Domination has taken multiplayer within word games to a new level with its real-time matches and fits well into a product strategy with a strong focus on products with exceptionally strong long term retention.



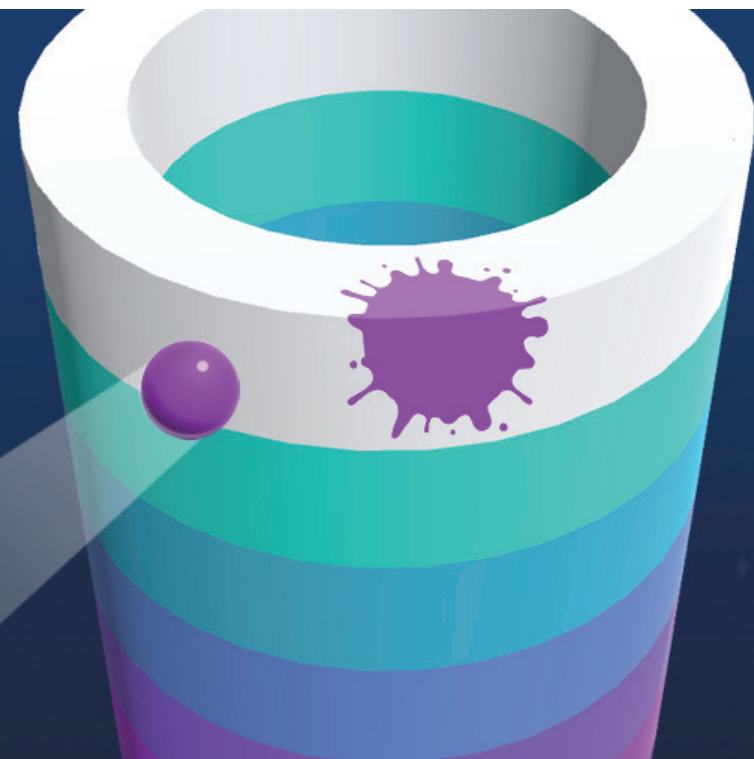
**JUNE 11TH, PAINT HIT WAS LAUNCHED GLOBALLY ON APP STORE AND GOOGLE PLAY**

Paint Hit quickly reached the # 1 spot on the Casual Games list on Google Play in the US after its launch in June and has been gathering players worldwide ever since. With over 15 million downloads since launch, Paint Hit is one of the games in our portfolio that has reached the largest amount of players and the fact that it is in a for us new category shows our ability to successfully adapt both game development and marketing to new trends in the market.

**PAINT HIT**

In Paint Hit players shoot paint balls to color spinning towers over hundreds of increasingly challenging levels. With each paintball throw, players color a part of the tower, making it increasingly difficult to hit uncolored portions with the next attempt. If a shot lands on an area of the tower that they've already painted, they lose the round. Additionally, players must face a boss tower every few levels that pushes their accuracy skills to the limit and makes victory taste that much better. Fast-paced, frantic painting fun is balanced out with calming ambient music - perfect for concentrating on that critical clean shot in this super casual game.

PAINT  
HiT



# CONSOLIDATED PROFIT/LOSS AND CASHFLOW FOR THE PERIOD 2017/18

## JUNE UNTIL AUGUST 2018

### OPERATING INCOME

The Group's operating income for the period was 59,576 KSEK (62,618 KSEK), a decrease of 5% compared to the same period the previous year. The Group's Net sales for the period totalled 53,740 KSEK (57,916 KSEK), a decrease of 7%.

Own work capitalised totalled 4,161 KSEK (3,645 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 Quiz Duel, PaintHit, WordBrain, Ruzzle, Backpacker, Wordalot, Backpacker, Word Domination and WordBrain2. Quiz Duel, Paint Hit, Word Domination and Backpacker contributed significantly to higher sales while other titles in the portfolio had decreasing sales.

### OPERATING EXPENSES, EBITDA AND OPERATING PROFIT/LOSS

Operating expenses totalled 60,372 KSEK (58,198 KSEK). Of these, 14,107 KSEK (18,506 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 23,772 KSEK (24,415 KSEK) were costs of Direct marketing and 8,598 KSEK (5,717 KSEK) were Other external operating expenses.

Costs for Direct marketing back to more normal levels after good response for Word Domination and PaintHit. At the same time marketing for the other games decreased compared for the same period previous year and overall the marketing spend was lower than last year.

Personnel expenses totalled 13,895 KSEK (9,559 KSEK) an increase of 45%. The average number of employees during the period was 70 (54) an increase of 30%. The higher costs in the quarter comes from a restructuring cost of 3.7 MSEK (see note 6).

EBITDA for the period was -797 KSEK (4,420 KSEK).

Depreciation and impairments of tangible and intangible assets totalled 8,187 KSEK (5,244 KSEK), of which 5,115 KSEK (3,377 KSEK) was depreciation of capitalised development expenses

The Group's operating profit was -8,983 KSEK (-824 KSEK) and profit before tax -8,738 KSEK (-1,399 KSEK).

### ADJUSTED RESULT [NOTE 3]

Adjusted EBITDA for the period was -797 KSEK (4,453 KSEK)

Adjusted operating result for the period was -8,738 KSEK (-1,366 KSEK)

### PROFIT/LOSS AFTER TAX

Profit after tax totalled 548 KSEK (-1,649 KSEK)

The profit after tax per share was 0.02SEK/share (-0.09SEK/share) och the profit after tax per share fully diluted was 0.02 SEK/share (-0.08 SEK/share)

The average number of share during the period was 26,321,393 (19,250,000) and the average number of shares fully diluted was 26,790,639 (19,521,903)

### CASH FLOW FOR THE PERIOD – PERIODEN JUNI 2018 TILL AUGUSTI 2018

The Group's cash flow from operating activities during the quarter was -5,824 KSEK (9,618 KSEK). Cash flow from investing activities was -5,312 KSEK (-5,698 KSEK), of which 235 KSEK (-1,506 KSEK) was change in securities. Cashflow from financing activities was -3,918 TSEK (1,218 TSEK)





# CONSOLIDATED PROFIT/LOSS FOR THE PERIOD SEPTEMBER 2017 UNTIL AUGUST 2018

2017/18

## OPERATING INCOME

The Group's operating income for the period was 240,213 KSEK (283,370 KSEK), a decrease of 15% compared to the same period the previous year. The Group's Net sales for the period totalled 216,870 KSEK (260,405 KSEK), a decrease of 17%.

Own work capitalised totalled 19,954 KSEK (20,205 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 Quiz Duel, WordBrain, Wordalot, Ruzzle, WordBrain2 and Backpacker. Towards the end of the year PaintHit and Word Domination were also contributing strongly

## OPERATING EXPENSES, EBITDA AND OPERATING PROFIT/LOSS

Operating expenses totalled 280,556 KSEK (256,272 KSEK). Of these, 61,744 KSEK (78,950 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 72,390 KSEK (111,146 KSEK) were costs of Direct marketing and 77,046 KSEK (23,740 KSEK) were Other external operating expenses.

Costs for Direct marketing decrease as a consequence of the focus on ROI. The lower costs are attributable to lower available volumes for the older games in the portfolio, and in particular Wordbrain that had significantly higher volumes in the comparison period. The fourth quarter held higher costs than the average for the year as a consequence of the launch of themes Word Domination and PaintHit.

Personnel expenses totalled 69,377 KSEK (42,437 KSEK) an increase of 63%. The average number of employees during the period was 84 (52) an increase of 62%. The personnel costs for the period includes a restructuring cost of 3.7 MSEK.

EBITDA for the period was -40,343 KSEK (27,097 KSEK).

Depreciation and impairments of tangible and intangible assets totalled 26,539 KSEK (23,016 KSEK), of which 18,342 KSEK (13,194 KSEK) was depreciation of capitalised development expenses and 4,496 KSEK (6,744 KSEK) was depreciation of intangible assets.

The Group's operating profit was -66,883 KSEK (4,082 KSEK) and profit before tax -65,231 KSEK (3,552 KSEK).

## ADJUSTED RESULT (NOTE 3)

Adjusted EBITDA for the period was 8,683 KSEK (27,333 KSEK)

Adjusted operating result for the period was -16,205 KSEK (3,788 KSEK)

## PROFIT/LOSS AFTER TAX

Profit after tax totalled -59,797 KSEK (573 KSEK)

The profit after tax per share was -2.43SEK/share (0.03SEK/share) och the profit after tax per share fully diluted was -2.39 SEK/share (0.03 SEK/share)

The average number of share during the period was 24,598,653 (19,250,000) and the average number of shares fully diluted was 25,038,233 (19,318,534)



## PARENT COMPANY PROFIT/LOSS FOR THE PERIOD JUNE UNTIL AUGUST 2018

2017/18

### OPERATING INCOME

The parent company's Net sales for the period were 43,053 KSEK (57,916 KSEK), a decrease of 26% compared with the same period the previous year.

### OPERATING EXPENSES AND OPERATING PROFIT/LOSS

Operating expenses totalled 56,724 KSEK (58,293 KSEK).

Of these 11,987 KSEK (18,518 KSEK) were Sales-related costs originating primarily from fees to Apple App Store and Google Play, costs of Performance based marketing were 23,622 KSEK (24,415 KSEK) and 8,093 KSEK (5,753 KSEK) was other external operating expenses.

Depreciation and impairments of tangible and intangible assets totalled 237 KSEK (1,877 KSEK), of which 0 KSEK (1,686 KSEK) was depreciation of intangible assets.

The parent company's operating profit for the period was -8,213 KSEK (-1,197 KSEK).

### PROFIT AFTER TAX

Profit after tax totalled to 33,083 KSEK (-2,716 KSEK).



## PARENT COMPANY PROFIT/LOSS FOR THE PERIOD SEPTEMBER 2017 UNTIL AUGUST 2018

2017/18

### OPERATING INCOME

The parent company's Net sales for the period were 166,666 KSEK (260,405 KSEK), a decrease of 36% compared with the same period the previous year.

### OPERATING EXPENSES AND OPERATING PROFIT/LOSS

Operating expenses totalled 213,181 KSEK (257,057 KSEK).

Of these 51,863 KSEK (79,036 KSEK) were Sales-related costs originating primarily from fees to Apple App Store and Google Play, costs of Performance based marketing were 71,617 KSEK (111,146 KSEK) and 35,832 KSEK (23,913 KSEK) was other external operating expenses.

Depreciation and impairments of tangible and intangible assets totalled 5,309 KSEK (7,442 KSEK), of which 4,496 KSEK (6,744 KSEK) was depreciation of intangible assets.

The parent company's operating profit for the period was -45,038 KSEK (-1,335 KSEK).

### PROFIT AFTER TAX

Profit after tax totalled to -3,186 KSEK (-3,770 KSEK).





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

2017/18

Total intangible non-current assets at the end of the period totalled 140,287 KSEK (38,952 KSEK), of which 77,415 KSEK (7,976 KSEK) relates to intellectual property and 62,872 KSEK (30,976 KSEK) to other intangible assets. The latter consists primarily of capitalised development expenses on own account and acquired IP.

Cash and cash equivalents at the end of the period totalled 228,083 KSEK (40,561 KSEK)

Equity at the end of the period totalled 344,179 KSEK (98,907 KSEK), corresponding to 13.1 SEK/share (5.1 SEK/share)

The equity/assets ratio at the same time was 82.4% (70.6%)

The group has interest bearing debt of 31,112 KSEK (0 KSEK)

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

The parent company's intangible non-current assets at the end of the period totalled 0 KSEK (4,496 KSEK)

Cash and cash equivalents at the end of the period totalled 181,305 KSEK (37,523 KSEK)

Equity at the end of the period totalled 349,826 KSEK (49,900 KSEK)





# KEY INDICATORS FOR THE BUSINESS PERIOD JUNE UNTIL AUGUST 2018

2017/18

## 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 23,709 KSEK (48,183 KSEK), a decrease of 51% compared to the same period the previous year.

The Group's Net sales from In app advertising were 29,984 KSEK (9,729 KSEK), an increase of 208% compared with the same period the previous year.

## CONTRIBUTION FROM SALES ACTIVITIES

Games that are marketed by MAG Interactive have different cost levels in their distribution cost (Sales-related costs) and marketing cost (Performance-based marketing), not least relating to which phase the games are in. The Group therefore reports the total contribution from games activities according to the following model: Net income minus platform-fees and performance-based marketing. Performance-based marketing includes digital advertising and other advertising associated directly with the company's products, as well as services and charges directly attributable to performance-based marketing. General marketing of the company and brand is not included in the cost of direct marketing.

The Group's contribution from sales activities for the period was 22,849 MSEK (19,001 MSEK), an increase of 20% compared to the same period the previous year.

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

The split in Net sales between In app purchases and In app advertising is changing due to lower sales in the games mostly monetized by In app purchases and the high share of advertising sales in Quiz Duel. Since a couple of months the share of ad revenue is above 50%. The increased contribution is due to the high contribution in Quiz Duel. Contribution from sales activities is up 20% compared to the same quarter last financial year after relatively large investment in marketing for the games Word Domination and PaintHit.



# KEY INDICATORS FOR THE BUSINESS CONTO.

2017/18

## OTHER KEY INDICATORS

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

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

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

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

## THE BUSINESS'S KEY INDICATORS DURING THE PERIOD

DAU for the period 2.8 million (1.6 million), an increase of 73% compared with the same period the previous year.

MAU for the period 15.3 million (7.4 million), an increase of 107% compared with the same period the previous year.

MUP for the period 86.1 thousand (162.0 thousand), a decrease of 47% compared with the same period the previous year.

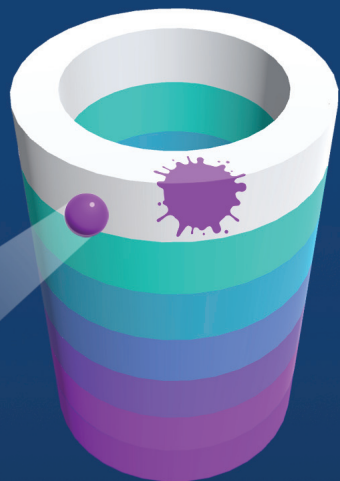
ARPDau for the period 2.4 cent (4.7 cent), a decrease of 49% compared with the same period the previous year.

## COMMENTS TO THE KPIs

During the quarter the total DAU was 2.8 million and corresponding for MAU was 15.3 million. This is equivalent to an increase of 73% and 107% respectively compared to MAG Interactive same period previous year. The relatively big difference between the increase in MAU and DAU relates to the comparably low number of play days of the large audience in PaintHit.

MUP was 86 thousand. MAG Interactive games had a lower conversion compared to previous year due to a the higher share of organic users, and relates also to the fact that the business model is relying more on ads than inapp purchases in the quarter. The conversion to payer in the games from FEO Media is lower due to the main monetization being advertising.

The average sales per user (ARPDau) decreases compared to the same period last year due to the lower average sales per user in games from FEO Media, mostly due to Quiz Duel.



PLAY FREE



## SUMMARY OF THE BUSINESS' KEY PERFORMANCE INDICATORS

2017/18

Period	Unit	Jun-Aug 17/18	Jun-Aug 16/17
In-app purchases	KSEK	23,709	48,183
Advertising	KSEK	29,984	9,729
Other	KSEK	48	4
<b>Net sales</b>	<b>KSEK</b>	<b>53,741</b>	<b>57,916</b>
Average SEK/USD		8.884	8.381
<i>Share of Net sales</i>			
<i>In-app purchases</i>		44%	83%
<i>Advertising</i>		56%	17%
Platform fee	KSEK	7,119	14,500
Direct marketing	KSEK	23,772	24,415
<b>Game contribution</b>	<b>KSEK</b>	<b>22,850</b>	<b>19,001</b>
<i>Share of Net sales</i>			
<i>Platform fee</i>		13%	25%
<i>Direct marketing</i>		44%	42%
<b>Game contribution</b>		<b>43%</b>	<b>33%</b>
<i>EBITDA</i>	KSEK	-797	4,420
<i>Adjusted EBITDA (note 3)</i>	KSEK	-797	4,420
DAU	Millions	2.8	1.6
MAU	Millions	15.3	7.4
MUP	Thousands	86	162
ARPPDAU	US \$ cent	2.4	4.7

**PARENT COMPANY**

The parent company MAG Interactive AB (publ), corporate ID number 556804-3524, has its registered office in Stockholm. A large part of the Group's business activity is in the parent company, with employees, agreements, intangible assets (incl. IP) and revenues. There two fully owned subsidiaries in the group. MAG Games Ltd with its 19 employees has only Group internal invoicing and carries out development and other functions in the company's operations. FEO Media AB with its base in Stockholm and 10 employees operates the game Quiz Duel.

**ACCOUNTING PRINCIPLES**

The consolidated accounts for the MAG Interactive AB Group ("MAG Interactive") have been drawn up in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU as well as RFR 1 Complementary Accounting Rules for Groups and the Swedish Annual Accounts Act. This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting, the Swedish Annual Accounts Act and RFR 1 Complementary Accounting Rules for Groups. The parent company's financial statements have been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Annual Reporting Board's recommendation RFR 2 Accounting for Legal Entities. The application of RFR 2 means that the parent company, in the interim report for the legal entity, applies all of the EU-adopted IFRS and statements as far as is possible within the framework of the Swedish Annual Accounts Act, the Swedish Act on Safeguarding Pension Commitments and with due reference to the relationship between accounting and taxation. For a more detailed description of the accounting policies applied for the Group and the parent company in this interim report, see Note 2 for the Group and Note 2 for the parent company respectively in the annual accounts for 2015/2016.

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

IFRS 9, "Financial instruments" enters into force on 1 January 2018. For the Group this means application in the financial year that begins on 1 September 2018. The work of analyzing the affects of IFRS 9 has been completed. IFRS 9 will not have any material impact on the Groups financial statements.

**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. See Note 3 of the consolidated accounts for the financial year 2015/16 for a more detailed analysis of risks, and in the prospectus that the company published in conjunction with the listing on NASDAQ First North in December 2017. The prospectus is available on the company website.

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

**CERTIFIED ADVISER**

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



### PERSONNEL

The average number of employees during the period was 70, compared to 54 the same period previous year.

### DIVIDEND

The board of MAG Interactive AB (publ) has decided to propose to the annual general meeting to adopt a resolution not pay any dividends.

### CONTACT

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

Or contact  
Daniel Hasselberg, CEO, at [daniel@maginteractive.se](mailto:daniel@maginteractive.se) eller,  
Magnus Wiklander, CFO, at [magnus.wiklander@maginteractive.se](mailto:magnus.wiklander@maginteractive.se)

### MAG INTERACTIVE AB (PUBL)

Drottninggatan 95A  
113 60 Stockholm  
Sweden

### FURTHER REPORTING DATES

Interim report September-November 2018/2019	23 January 2019
Interim report September-February 2018/2019	10 April 2019

### TWITCH VIDEO CAST

The 17 October at 10:00 CET, CEO Daniel Hasselberg and CFO Magnus Wiklander will hold a Twitch video cast call to present the interim report. Link to the Twitch feed [www.twitch.com/maginteractive](http://www.twitch.com/maginteractive)  
More information is available at [maginteractive.se/investor-relations](http://maginteractive.se/investor-relations)



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 17 October 2018

#### **WALTER MASALIN**

Chairman of the Board

#### **DANIEL HASSELBERG**

CEO, Board member

#### **JOHAN PERSSON**

Board member

#### **KAJ NYGREN**

Board member

#### **TEEMU HUUHTANEN**

Board member

#### **MICHAEL HJORTH**

Board member

**CONSOLIDATED INCOME STATEMENT****2017/18**

Amounts in KSEK	Note	Jun-Aug 17/18	Jun-Aug 16/17	Sep-Aug 17/18	Sep-Aug 16/17
<b>Operating income</b>					
Net sales	1	53,740	57,916	216,870	260,405
Own work capitalised		4,161	3,645	19,954	20,205
Other operating income		1,675	1,057	3,389	2,759
<b>Total operating income</b>		<b>59,576</b>	<b>62,618</b>	<b>240,213</b>	<b>283,370</b>
<b>Operating expenses</b>					
Sales related costs	2	-14,107	-18,506	-61,744	-78,950
Performance based marketing		-23,772	-24,415	-72,390	-111,146
Other external expenses	5, 6	-8,598	-5,717	-77,046	-23,740
Personnel costs	5	-13,895	-9,559	-69,377	-42,437
<b>Total operating expenses</b>		<b>-60,372</b>	<b>-58,198</b>	<b>-280,556</b>	<b>-256,272</b>
<b>EBITDA</b>		<b>-797</b>	<b>4,420</b>	<b>-40,343</b>	<b>27,097</b>
Depreciation and impairments		-8,187	-5,244	-26,539	-23,016
<b>Operating profit/loss (EBIT)</b>		<b>-8,983</b>	<b>-824</b>	<b>-66,883</b>	<b>4,082</b>
<b>Financial income and expenses</b>					
Income from securities		0	-168	407	81
Interest income and similar		855	246	2,832	45
Interest expense and similar		-610	-655	-1,587	-657
<b>Total financial income and expenses</b>		<b>245</b>	<b>-576</b>	<b>1,652</b>	<b>-530</b>
<b>Profit/loss after financial items</b>		<b>-8,738</b>	<b>-1,399</b>	<b>-65,231</b>	<b>3,552</b>
Earnings per share		-0.33		-2.65	0.18
<b>Taxes</b>		9,286	-250	5,434	-2,979
<b>Profit/loss for the period</b>		<b>548</b>	<b>-1,649</b>	<b>-59,797</b>	<b>573</b>
Earnings per share (based on average number of shares)		0.02	-0.09	-2.43	0.03
Earnings per share fully diluted (based on average number of shares)		0.02	-0.08	-2.39	0.03
Currency effects		127	-1,048	1,897	-1,380
<b>Total comprehensive income for the period</b>		<b>675</b>	<b>-2,697</b>	<b>-57,900</b>	<b>-807</b>
Average number of shares during the period		26,321,393	19,250,000	24,598,653	19,250,000
Average number of shares during the period fully diluted		26,790,639	19,521,903	25,038,233	19,318,534
Number of shares at the end of the period		26,321,393	19,250,000	26,321,393	19,250,000
Number of shares at the end of the period fully diluted		26,790,639	19,574,871	26,790,639	19,574,871

**CONSOLIDATED BALANCE SHEET  
ASSETS****2017/18**

Amounts in KSEK	Note	31/8 2018	31/8 2017
<b>ASSETS</b>			
Goodwill		77,415	7,976
Other intangible assets		62,872	30,976
<b>Total intangible assets</b>		<b>140,287</b>	<b>38,952</b>
Equipment, tools, fixtures and fittings		2,823	2,699
<b>Total tangible assets</b>		<b>2,823</b>	<b>2,699</b>
Other long-term receivables		4,300	1,836
Deffered tax assets		1,699	1,263
<b>Total financial non-current assets</b>		<b>6,000</b>	<b>3,099</b>
<b>Total non-current assets</b>		<b>149,109</b>	<b>44,750</b>
<b>Current receivables</b>			
Trade and other receivables		10,063	13,604
Current tax assets		5,990	1,295
Other current receivables		4,009	1,177
Prepaid expenses and accrued income		20,488	19,706
Other short-term securities	7	0	19,018
Cash and cash equivalent		228,083	40,561
<b>Total current receivables</b>		<b>268,632</b>	<b>95,361</b>
<b>TOTAL ASSETS</b>		<b>417,741</b>	<b>140,111</b>



# CONSOLIDATED BALANCE SHEET

## LIABILITIES AND EQUITY

2017/18

Amounts in KSEK	Not	31/8 2018	31/8 2017
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		684	50
Other contributed capital		281,041	1,234
Reserves		-1,883	-3,840
Profit/loss for the period		-240	0
Retained earnings incl, comprehensive income for the year		64,578	101,463
<b>Total equity</b>		<b>344,179</b>	<b>98,907</b>
<b>Liabilities</b>			
Deferred tax liabilities		17,925	14,652
Other long-term liabilities		15,556	0
<b>Total long-term liabilities</b>		<b>33,481</b>	<b>14,652</b>
<b>Current liabilities</b>			
Trade and other payables		5,047	13,265
Current tax liability		1,041	0
Short term bank loans		15,556	0
Accrued expenses and prepaid income	5	15,483	10,955
Other current liabilities		2,954	2,332
<b>Total current liabilities</b>		<b>40,081</b>	<b>26,552</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>417,741</b>	<b>140,111</b>

**CONSOLIDATED CASH FLOW****2017/18**

Amounts in KSEK	Jun-Aug 17/18	Jun-Aug 16/17	Sep-Aug 17/18	Sep-Aug 16/17
<b>Cash flow from operating activities</b>				
Profit/loss before financial items	-8,983	-823	-66,883	4,082
Depreciations	8,187	5,243	26,539	23,015
Interest received	855	-638	3,239	127
Interest paid	-1,940	706	-1,587	-7
Income tax paid	-3,437	266	-5,916	-1,682
Other adjustments for items not effecting cashflow	1,118	687	31,405	694
<b>Cash flow from operating activities before change in working capital</b>	<b>-4,201</b>	<b>5,441</b>	<b>-13,202</b>	<b>26,229</b>
Change in current operating receivables	-7,218	12,246	6,122	-3,392
Change in current operating liabilities	5,596	-8,069	4,547	6,487
<b>Total change in working capital</b>	<b>-1,623</b>	<b>4,177</b>	<b>10,668</b>	<b>3,095</b>
<b>Cash flow from operating activities</b>	<b>-5,824</b>	<b>9,618</b>	<b>-2,534</b>	<b>29,324</b>
<b>Cash flow from investing activities</b>				
Investments in tangible non-current assets	-1,387	-547	-1,005	-3,104
Activated development cost	-4,161	-3,645	-19,954	-20,205
Investment intangible assets	0	0	0	0
Aquisition of subsidiary, after deduction of cash and cash equivalents acquired	0	0	-110,821	0
Change in securities	235	-1,506	19,018	-3,004
<b>Cash flow from investing activities</b>	<b>-5,312</b>	<b>-5,698</b>	<b>-112,761</b>	<b>-26,313</b>
<b>Cash flow from financing activities</b>				
Redemption of shares	0	0	0	0
Dividend	0	0	0	-14,919
Warrants	0	1,218	0	1,218
Emission	-28	0	271,707	0
Short term loans	0	0	15,556	0
Long term loans	-3,889	0	15,556	0
<b>Cash flow from financing activities</b>	<b>-3,918</b>	<b>1,218</b>	<b>302,818</b>	<b>-13,701</b>
<b>Reduction/increase in cash and cash equivalent</b>				
Cash flow for the period	-15,054	5,138	187,523	-10,690
Exchange rate differences in cash and cash equivalents	1,083	-643	0	-648
Opening cash and cash equivalents	242,054	36,065	40,561	51,898
<b>Closing cash and cash equivalents</b>	<b>228,083</b>	<b>40,560</b>	<b>228,083</b>	<b>40,560</b>

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

2017/18

TSEK	Share capital	Other external capital	Reservs	Retained earnings	Total equity
<b>Starting balance 1/9 2017</b>	50	1,234	-3,840	101,463	98,907
Profit/loss for the period				-59,557	-59,557
Exchange rate differences			1,957	-240	1,717
<b>Total comprehensive income</b>			<b>1,957</b>	<b>-59,796</b>	<b>-57,839</b>
Increase share capital	450			-450	0
Issue expenses				-8,284	-8,284
Issue of shares	184	279,807			279,990
Issue of shares Delinquent acquisition				31,405	31,405
<b>Ending balance 31/8 2018</b>	<b>684</b>	<b>281,041</b>	<b>-1,883</b>	<b>64,338</b>	<b>344,179</b>

The total cost of the IPO on NASDAQ Stockholm First North Premier was 15 759 TSEK of which 8 284 MSEK is issue expense in owners equity and costs of 7 475 TSEK are accounted for in the PnL. See note 3 for effect on fiscal year 2017/18

## PARENT COMPANY'S INCOME STATEMENT

2017/18

Amounts in KSEK	Jun-Aug 17/18	Jun-Aug 16/17	Sep-Aug 17/18	Sep-Aug 16/17
<b>Operating income</b>				
Net sales	43,053	57,916	166,666	260,405
Own work capitalised	0	0	0	0
Other operating income	5,695	1,057	6,786	2,759
<b>Total operating income</b>	<b>48,748</b>	<b>58,973</b>	<b>173,452</b>	<b>263,164</b>
<b>Operating expenses</b>				
Raw materials and consumables	-11,987	-18,518	-51,863	-79,036
Performance based marketing	-23,622	-24,415	-71,617	-111,146
Other external expenses	-8,093	-5,753	-35,832	-23,913
Personnel costs	-13,023	-9,607	-53,869	-42,962
<b>Total operating expenses</b>	<b>-56,724</b>	<b>-58,293</b>	<b>-213,181</b>	<b>-257,057</b>
<b>EBITDA</b>	<b>-7,977</b>	<b>680</b>	<b>-39,729</b>	<b>6,107</b>
Depreciation and impairments	-237	-1,877	-5,309	-7,442
<b>Operating profit/loss</b>	<b>-8,213</b>	<b>-1,197</b>	<b>-45,038</b>	<b>-1,335</b>
<b>Financial income and expenses</b>				
Profit/loss from securities	0	4	421	521
Other interest income and similar	33	246	224	45
Other interest expenses and similar	-557	-655	-613	-652
<b>Total financial income and expenses</b>	<b>-523</b>	<b>-405</b>	<b>33</b>	<b>-86</b>
<b>Profit/loss after financial items</b>	<b>-8,737</b>	<b>-1,602</b>	<b>-45,005</b>	<b>-1,421</b>
Tax allocation reserve	40,120	-1,400	40,120	-1,400
<b>Taxes</b>	<b>1,699</b>	<b>286</b>	<b>1,699</b>	<b>-949</b>
<b>Profit/loss for the period</b>	<b>33,083</b>	<b>-2,716</b>	<b>-3,186</b>	<b>-3,770</b>



# PARENT COMPANY'S BALANCE SHEET

## ASSETS

2017/18

Amounts in KSEK	31/8 2018	31/8 2017
Intellectual property rights	0	4,496
<b>Total intangible assets</b>	<b>0</b>	<b>4,496</b>
Equipment, tools, fixtures and fittings	2,358	2,551
<b>Total tangible non-current assets</b>	<b>2,358</b>	<b>2,551</b>
Participation in Group companies	181,933	15,797
Other long-term receivables	3,482	1,782
<b>Total financial non-current assets</b>	<b>185,415</b>	<b>17,580</b>
<b>Total non-current assets</b>	<b>187,773</b>	<b>24,626</b>
<b>Current receivables</b>		
Trade and other receivables	18,332	13,604
Other receivables	1,224	1,847
Prepaid expenses and accrued income	15,343	19,701
Other long-term securities	0	19,004
<b>Total current receivables</b>	<b>34,899</b>	<b>54,156</b>
<b>TOTAL ASSETS</b>	<b>403,977</b>	<b>116,306</b>

# PARENT COMPANY'S BALANCE SHEET

## LIABILITIES AND EQUITY

2017/18

Amounts in KSEK	31/8 2018	31/8 2017
<b>EQUITY AND LIABILITIES</b>		
<b>Restricted equity</b>		
Share capital	684	50
<b>Non-restricted equity</b>		
Övrigt externt kapital	312,430	1,218
Profit/loss for the year	-3,186	-3,770
Profit/loss for the period	0	0
Retained earnings	39,898	52,401
<b>Total equity</b>	<b>349,826</b>	<b>49,900</b>
Deferred tax liabilities	0	40,120
<b>Untaxed reserves</b>	<b>0</b>	<b>40,120</b>
Other long-term liabilities	15,556	0
<b>Total long-term liabilities</b>	<b>15,556</b>	<b>0</b>
<b>Current liabilities</b>		
Trade and other payables	8,310	12,992
Liabilities to Group companies	2,589	1,210
Other liabilities	17,866	2,073
Accrued expenses and prepaid income	9,831	10,011
<b>Total current liabilities</b>	<b>38,595</b>	<b>26,286</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>403,977</b>	<b>116,306</b>

<b>Term</b>	<b>Description</b>
Net sales	Total game revenue, drawn from In-app purchases and advertising. MAG records the full revenue from In-app purchases and reports the share to the platform as a cost item (platform fee).
In-app purchases	The value of purchases made in an app through Google Play or Apple App Store or other such store.
Advertising	Net sales from ads in the games.
Platform fee	30% of the In-app purchases are costs to the platform, primarily Google Play and Apple App Store.
Contribution	Net sales minus platform fees (primarily to Google and Apple) minus direct marketing.
EBITDA	Profit/loss before financial items, taxes and depreciation.
Equity/asset ratio	Equity as a percentage of total assets.
DAU	Average number of Daily Active Users for the days during the period. Calculated as the sum of DAU for the individual games in such a way so that a player that plays more than one game in one day is counted once per game.
MAU	Average number of Monthly Active Users over the months during the period. Calculated as the sum of MAU for the individual games in such a way so that a player that plays more than one game in one month is counted once per game. An average over the months in the period is calculated.
MUP	Average Monthly Unique during the period is the total number of unique users that makes an In-app purchase in a game. Counted in such a way that a user that makes purchases in more than one game during the month is counted once per game. An average over the months in the period is calculated.
ARPPDAU	Average Net sales per daily active user (DAU). If nothing else is stated this is measured in US cents.

**NOTE 1: DISTRIBUTION OF NET SALES**

Amounts in KSEK	Jun-Aug 17/18	Jun-Aug 16/17	Sep-Aug 17/18	Sep-Aug 16/17
In-app purchases	23,709	48,183	129,434	210,941
Advertising income	29,984	9,729	86,824	49,460
Other	48	4	612	4
<b>Total</b>	<b>53,741</b>	<b>57,916</b>	<b>216,870</b>	<b>260,405</b>

**NOTE 2: SALES RELATED COSTS**

Platform fee	-7,119	-14,500	-38,832	-63,283
Server costs	-4,984	-2,375	-16,833	-9,564
Other sales related costs	-2,004	-1,631	-6,078	-6,104
<b>Total sales related costs</b>	<b>-14,107</b>	<b>-18,506</b>	<b>-61,743</b>	<b>-78,951</b>

**NOTE 3: ADJUSTED EBITDA AND PROFIT BEFORE TAX**

<b>EBITDA</b>	<b>-797</b>	<b>4,420</b>	<b>-40,343</b>	<b>27,097</b>
IPO costs	0	0	31,405	0
Acquisition costs	0	33	7,239	236
Restructuring cost	0	0	976	0
Cost related to the acquisition of MAG Games Ltd	0	0	9,406	0
<b>Adjusted EBITDA</b>	<b>-797</b>	<b>4,453</b>	<b>8,683</b>	<b>27,333</b>
<b>Profit/loss before tax</b>	<b>-8,738</b>	<b>-1,399</b>	<b>-65,231</b>	<b>3,552</b>
IPO costs	0	0	31,405	0
Acquisition costs FEO Media	0	0	7,239	236
Restructuring cost	0	0	976	0
Acquisition cost Delinquent (note 6)	0	0	9,406	0
<b>Adjusted profit/loss before tax</b>	<b>-8,738</b>	<b>-1,399</b>	<b>-17,181</b>	<b>3,788</b>

**NOT 4: FEO MEDIA AB ACQUISITION**

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

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

A acquisition analyzis is presented below.

<b>Amounts in KSEK</b>	<b>Final acquisition analysis</b>
<b>Paid as of 7 November 2017</b>	
Cash consideration	133,755
<b>Total paid cash</b>	<b>133,755</b>
<b>Reported amounts on acquired assets and debt</b>	
Share capital	50
Result from acquisition	23,460
Acquired owners equity	12,154
Intangible fixed assets	37,600
Deferred tax	-7,746
<b>Total</b>	<b>65,518</b>
<b>Goodwill</b>	<b>68,237</b>

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

**NOTE 5: RESTRUCTURING COST**

Amounts in KSEK	Jun-Aug 17/18	Jun-Aug 16/17	Sep-Aug 17/18	Sep-Aug 16/17
Rent	0	0	-5,659	0
Personnel costs	0	0	-3,747	0
<b>Total Restructuring cost</b>	<b>0</b>	<b>0</b>	<b>-9,406</b>	<b>0</b>

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

**NOTE 6: OTHER EXTERNAL EXPENSES**

KSEK	Jun-Aug 17/18	Jun-Aug 16/17	Sep-Aug 17/18	Sep-Aug 16/17
Cost related to the acquisition of MAG Games Ltd	0	0	-31,405	0
IPO costs	0	-33	-7,239	-236
Cost related to the acquisition of FEO Media AB	0	0	-976	0
Restructuring costs FEO Media AB	0	0	-5,659	0
Other external expenses	-8,598	-5,684	-31,767	-23,504
<b>Total other external expenses</b>	<b>-8,598</b>	<b>-5,717</b>	<b>-77,046</b>	<b>-23,740</b>



**NOTE 7: CALCULATION OF FAIR VALUE**

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

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

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

<b>Financial assets valued at fair value through the income statement</b>	<b>31/8 2018</b>	<b>31/8 2017</b>	<b>31/8 2017</b>
Other securities (level 1) KSEK	0	19,018	19,018
<b>Total assets</b>	<b>0</b>	<b>19,018</b>	<b>19,018</b>

**NOT 8: TRANSACTIONS WITH CLOSELY RELATED**

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

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

**GOOD TIMES**

**TOGETHER**