



MAG INTERACTIVE

MAG INTERACTIVE AB (PUBL)
INTERIM REPORT SEP-FEB 2017/18

2017/18

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ABOUT

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 200 MILLION DOWNLOADS, INCLUDING SUCCESSFUL TITLES RUZZLE, QUIZ DUEL 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.

SUMMARY OF THE PERIOD DEC 2017 UNTIL FEB 2018

- The Group's Net sales for the period were 58,938 KSEK (66,983 KSEK), a decrease of 12% compared to the same period previous year. Net sales adjusted for currency effects is 62,319 KSEK
- The Group's game contribution for the period was 28,459 KSEK (23,395 KSEK), an increase of 22% compared to the same period the previous year.
- Daily and monthly active users (DAU and MAU) were 3.1 million and 11.4 million respectively during the quarter, an increase 74% and 53% respectively compared to the same period previous year
- Adjusted EBITDA for the period was 1,610 KSEK (8,932 KSEK)

SUMMARY OF THE SIX MONTH PERIOD SEP 2017 UNTIL FEB 2018

- The Group's Net sales for the period were 111,928 KSEK (127,351 KSEK), a decrease of 12% compared to the same period previous year. Net sales adjusted for currency effects is 118,084 KSEK
- The Group's game contribution for the period was 51,696 KSEK (45,746 KSEK), an increase of 13% compared to the same period the previous year.
- Adjusted EBITDA for the period was 4,062 KSEK (17,759 KSEK)
- On October 12 the game Backpacker was launched globally on Apple Appstore and Google Play
- On November 7 100% of the shares in Feo Media AB were acquired for a total of 133.8 MSEK

SIGNIFICANT EVENTS DURING THE PERIOD DEC 2017 TO FEB 2018

- In the beginning of December MAG Interactive was listed on NASDAQ First North Premier with first day of trading on 8 December 2017
- In conjunction with the listing the company raised 200 MSEK, before transaction costs, through a new issue of 4,545,454 shares. In conjunction with the NASDAQ listing all previous preference shares were converted to common shares. The total number of shares after the issue is 26,321,393
- On 17 January 2018 the subsidiary company FEO Media AB notified of a planned reduction of 25 out of 42 employees. Negotiations with trade unions were finalized on February 9. At the end of the quarter the total number of employees were 71. A restructuring cost of of 9.4 MSEK is accounted for in the period (note 5)

SIGNIFICANT EVENTS SINCE THE END OF THE REPORTING PERIOD

- On March 29 the company announced that it had decided to launch the game Word Domination, currently in soft launch, globally. The launch is planned to take place in the period April to June.





MAG INTERACTIVE

FROM THE CEO

STRONG CONTRIBUTION FROM GAMES

2017/18

Building for long term growth

MAG's long term goal is strong, profitable growth and we reach that by having a broader portfolio and a world class delivery to the audience we have gotten to know so well during the last six years and more than 200 million downloads. Growth as well as profitability will vary over time depending on new game launches and the different phases the various games are in, but such fluctuations are expected to decrease as the portfolio size increases. Our analytics infrastructure for evaluation and optimization of games as well as advanced prediction models for player life time value is very scalable and delivers an increased value with every new game launched as learnings are applied across games. Our stated goal is to add two to four games to the portfolio per year and so far this financial year we have launched Backpacker, acquired Quiz Duel and also announced the future launch of Word Domination. I am happy to see that we move forward according to plan.

Game contribution is growing

We see a great game contribution from Quiz Duel where the increased focus on time limited events translates to an increase in advertising revenues and the overall game contribution is increasing substantially relative to the same period previous year (+22%). As game contribution is defined as net revenues minus marketing spend and platform fees it is the basis for the company's profitability. After adapting the organisation to our recent acquisition we are running the business at a significantly lower operational cost as of March.

Investments in marketing needs to increase

We have invested less than we desire in performance based marketing, especially for WordBrain, which has resulted in an overall decrease in revenues. We are not happy with this development and our ambition going forward is to increase marketing investments and get back closer to previous levels. An important initiative to enable that is to add new features that strengthen organic growth by activating our current players as ambassadors for the game, something we see work well in for example Ruzzle and Quiz Duel. Additional organic traffic helps strengthen the overall ROI case and plays an important role in enabling increased marketing volumes, in combination with other product optimizations on the monetization side. Performance marketing works well for Wordalot and Backpacker and we continue to focus on scaling up marketing volumes while keeping our payback goal of six to nine months. On an aggregated level we managed to increase marketing investments this period versus the previous period, September - November, which is in itself a positive trend.

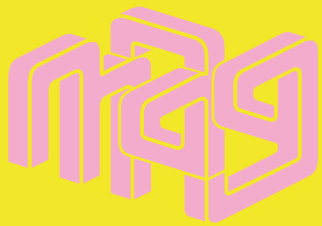
Evergreens keep delivering

Our evergreen games Ruzzle and Quiz Duel show continued stability in both activity and active players without any significant marketing spend. I am pleased to see us managing stable revenues and contribution from the evergreens even five, six years from launch. We also see a lot of potential for improvement of the Quiz Duel game on the monetization side and plan to update the game during 2018.

Portfolio management

The growth in active users compared to the same period last year is significant thanks to a strong Quiz Duel player base. An aggregated player base of over ten million monthly users is a great opportunity for us to create value from cross promotion across the game portfolio. Early tests show that a player that played Quiz Duel and is being cross promoted to another MAG games monetizes significantly higher than average and we will put a lot of focus on this area going forward.





MAG INTERACTIVE

FROM THE CEO WORD DOMINATION

2017/18

Creating value from a strong cash position

We see continued potential to increase our game portfolio through acquisitions and publishing opportunities. Having a cash position of more than 200 million SEK enables us to act quickly when the right opportunity opens up. As we have seen historically with the acquisitions of WordBrain, Delinquent and FEO there is a lot of potential tap into in this area.

Word Domination

In March we announced that Word Domination will be launched globally during the period April-June. It is a high barrier for a game to get the green light to launch globally under the MAG brand, given how we have structured our product development process, so this is a testament to fantastic work from the game team. We have never previously seen such high levels of engagement in terms of play time per day in a game and already in soft launch we have an App Store rating of 4.7 (of 5). Thanks to our strong growth in active users since last year (+74%) we are with the help from cross promotion in a better position than ever for a game launch and look very much forward to that.

If you live in Sweden, Australia or Canada I really think you should try out Word Domination right away to see how the future of word games look, even before the global launch!

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

DANIEL HASSELBERG, CEO



Milestone reached

Backpacker was launched globally on October 12, 2017. Since then, MAG Interactive, along with Qiiwi Interactive, the developer of the game, has been working to grow the number of players in existing and new markets. The number of registered players had February 1, 2018 passed one million and we have once again proven our ability to bring quality entertainment to a mass market. Every game in the MAG portfolio has reached one million players in its first year after launch.

Strong revenue potential

Since the global launch of the Global Tour, Backpacker has reached the number one spot in top grossing chart in the Trivia category in several countries. The top grossing chart is based on in app revenue volumes and reflects the fact that Backpacker has a strong revenue potential in its genre.

Optimizations are paying off

Since the global launch in October a number of optimizations have been done, primarily focused on the American and German markets and with improved localization of content as one of the major areas. We have during the period started to see positive results in both of these important markets and the work is supported by our world class content team that brings experience from Quiz Duel.

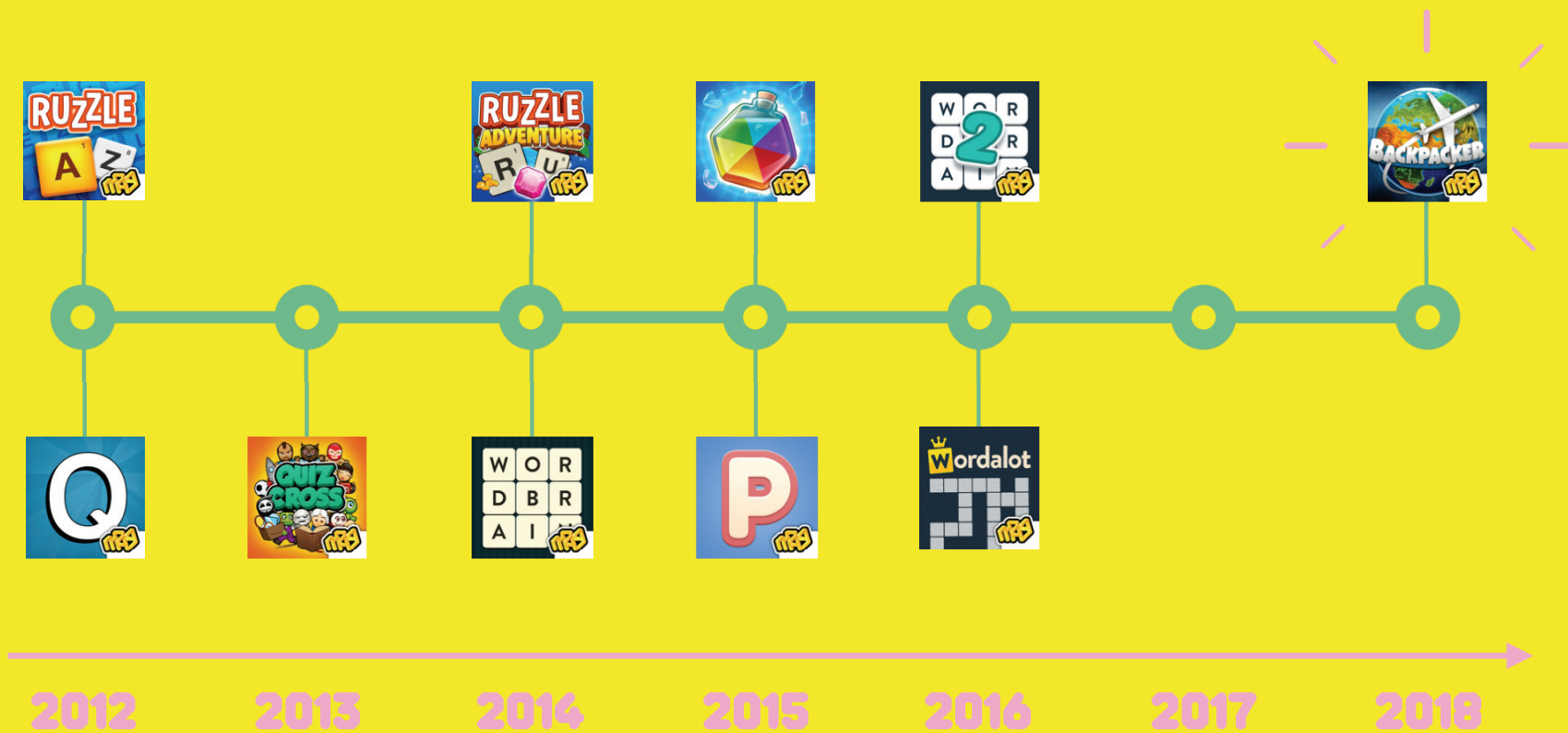
1 MILLION DOWNLOADS



MAG

GAMES

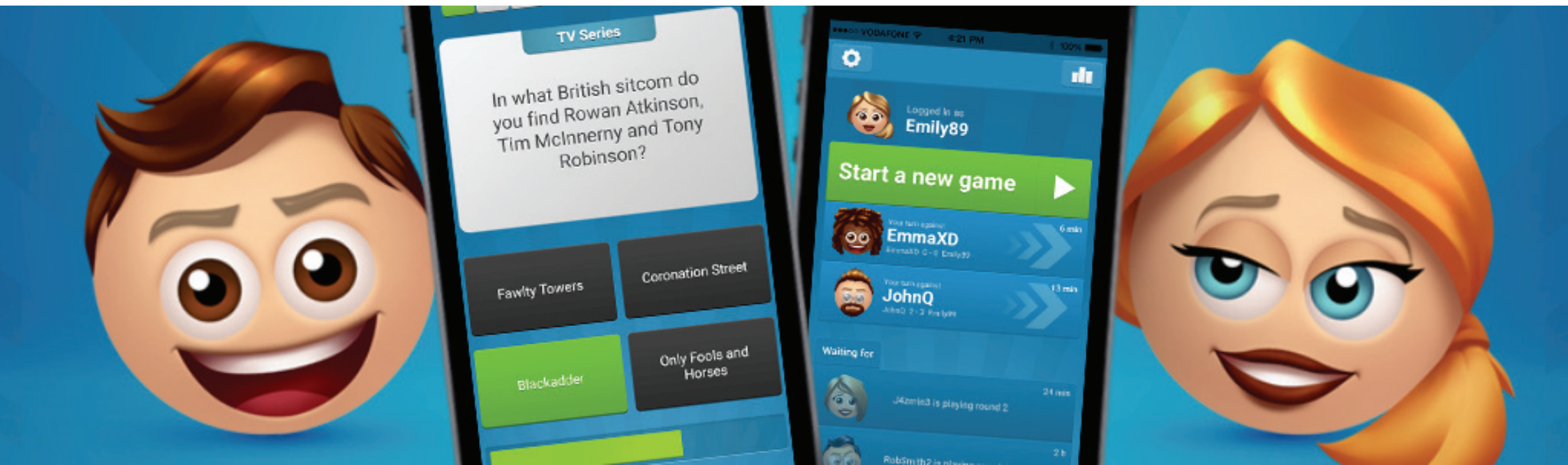
ALL GAMES HAVE OVER
1 MILLION DOWNLOADS AND COUNTING!



On November 7 2017 100% of the shares in FEO Media AB were acquired, and the company is now a fully owned subsidiary of the group. Acquisitions are a part of the strategy of MAG Interactive, and the purpose is to strengthen the portfolio of games, enter new categories or geographies or strengthen the team, or any combination thereof. With the acquisition of FEO Media MAG Interactive has added the game Quiz Duel to the portfolio as well as greatly strengthened our position in Germany and not the least strengthened the team in the trivia space.

The integration of the Quiz Duel team is completed and the staff from FEO Media is now located in the offices in Drottninggatan in Stockholm. A restructuring cost of 9.4 MSEK was booked in February. The total number of employees in the group at the end of the period was 71. After the restructuring cost in February no further cost reductions are expected and the full effect will show in the third quarter

Most of the technical integration is completed and focus now is to implement and realize growth related synergies where initial test with cross promotion show good results. The rest of the year 2018 will be spent on improving the monetization in Quiz Duel with the aim to increase the average revenue per active user. During the second quarter the DAU remained strong and the TV show, produced by ITV, and where Quiz Duel is the platform, commenced the season at the end of the quarter. The number of viewers is strong just like previous years, and has been above 3 million on the weekly highlight; the Friday shows



Word Domination, is launching globally on the App Store and Google Play during the period April-June, 2018. Word Domination is all the classic word-forming fun, supercharged with a large variety of boosters.

We are finally gearing up towards bringing Word Domination to a global audience, which is the 11th title to join the MAG family with more than 10 million active players every month. After a successful soft launch, it is clear that we are onto another great concept that we know players around the world will enjoy. We have never seen higher engagement in a game in terms of time spent playing and it already has a rating of 4.7 out of 5 on the App Store.

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 and 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 shown highly popular with players in test markets.

Word Domination is currently available on iOS and Android in Australia, Canada, Sweden and Thailand.



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

DEC 2017 UNTIL FEB 2018

OPERATING INCOME

The Group's operating income for the period was 65,914 KSEK (73,941 KSEK), a decrease of 11% compared to the same period the previous year. The Group's Net sales for the period totalled 58,938 KSEK (66,983 KSEK), a decrease of 12%.

Own work capitalised totalled 6,486 KSEK (6,289 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 Quizduel, Wordbrain, Wordalot, Ruzzle and Wordbrain2. QuizDuel and Backpacker contributed significantly to higher sales, and also Wordbrain 2 was growing, compared to same period last year. Own work capitalised, excluding Feo Media, decreased due to the change into live operations. The change means a more effective handling of live games and allows development teams to focus on games in early stage development. This means lower activation as only costs from soft launch and until live ops are activated.

OPERATING EXPENSES, EBITDA AND OPERATING PROFIT/LOSS

Operating expenses totalled 78,321 KSEK (65,009 KSEK). Of these, 15,639 KSEK (19,680 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 19,721 KSEK (27,556 KSEK) were costs of Direct marketing and 19,948 KSEK (7,364 KSEK) were Other external operating expenses.

Costs for Direct marketing decrease as a consequence of our focus on ROI. When lower volumes of marketing can be bought at expected ROI it leads to a lower cost and vice versa. This is a pattern we have seen historically and expect to continue in the future.

Personnel expenses totalled 23,013 KSEK (10,409 KSEK) an increase of 121%. The average number of employees during the period was 93 (51) an increase of 82%. The higher costs in the quarter comes from a restructuring cost of 3.7 MSEK (see note 6)

EBITDA for the period was -12,407 KSEK (8,932 KSEK)

Depreciation and impairments of tangible and intangible assets totalled 6,309 KSEK (5,216 KSEK), of which 4,406 KSEK (3,383 KSEK) was depreciation of capitalised development expenses and 1,686 KSEK (1,686 KSEK) was depreciation of intangible assets,

The Group's operating profit was -18,716 KSEK (3,716 KSEK) and profit before tax -19,553 KSEK (3,280 KSEK)

ADJUSTED RESULT (NOTE 3)

Adjusted EBITDA for the period was 1,610 KSEK (8,932 KSEK)

Adjusted operating result for the period was -5,536 KSEK (3,280 KSEK)

PROFIT/LOSS AFTER TAX

Profit after tax totalled -22,627 KSEK (2,299 KSEK)

The profit after tax per share was -0.87SEK/share (0.12SEK/share) och the profit after tax per share fully diluted was -0.86 SEK/share (0.12 SEK/share)

The average number of share during the period was 25,917,353 (19,250,000) and the average number of shares fully diluted was 26,386,599 (19,250,000)

CASH FLOW FOR THE PERIOD – PERIODEN DEC 2017 TILL FEB 2018

The Group's cash flow from operating activities during the quarter was -728 KSEK (6,085 KSEK). Cash flow from investing activities was -34,484 KSEK (-7,300 KSEK), of which -558 KSEK (-6,000 KSEK) was change in securities. Cashflow from finansiring activities was 191,717 TSEK (0 TSEK)



CONSOLIDATED PROFIT/LOSS FOR THE PERIOD SEP 2017 UNTIL FEB 2018

2017/18

OPERATING INCOME

The Group's operating income for the period was 122,982 KSEK (139,576 KSEK), a decrease of 12% compared to the same period the previous year. The Group's Net sales for the period totalled 111,928 KSEK (127,351 KSEK), a decrease of 12%.

Own work capitalised totalled 10,249 KSEK (11,343 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 Wordbrain, Quizduel, Wordalot, Wordbrain2 and Ruzzle. Own work capitalised decreased due to the change into live operations. The change means a more effective handling of live games and allows development teams to focus on games in early stage development. This means lower activation as only costs from soft launch and until live ops are activated.

OPERATING EXPENSES, EBITDA AND OPERATING PROFIT/LOSS

Operating expenses totalled 167,946 KSEK (121,818 KSEK). Of these, 31,528 KSEK (37,618 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 37,469 KSEK (51,531 KSEK) were costs of Direct marketing and 61,303 KSEK (11,927 KSEK) were Other external operating expenses.

Costs for Direct marketing decrease as a consequence of our focus on ROI. When lower volumes of marketing can be bought at expected ROI it leads to a lower cost and vice versa. This is a pattern we have seen historically and expect to continue in the future.

Personnel expenses totalled 37,647 KSEK (20,741 KSEK) an increase of 82%. The average number of employees during the period was 96 (52) an increase of 85%. The personnel costs for the period includes a restructuring cost of 3.7 MSEK

EBITDA for the period was -44,964 KSEK (17,759 KSEK)

Depreciation and impairments of tangible and intangible assets totalled 12,425 KSEK (9,950 KSEK), of which 8,663 KSEK (6,364 KSEK) was depreciation of capitalised development expenses and 3,372 KSEK (3,372 KSEK) was depreciation of intangible assets,

The Group's operating profit was -57,389 KSEK (7,808 KSEK) and profit before tax -57,908 KSEK (7,912 KSEK)

ADJUSTED RESULT [NOTE 3]

Adjusted EBITDA for the period was 4,062 KSEK (17,759 KSEK)

Adjusted operating result for the period was -8,882 KSEK (7,912 KSEK)

PROFIT/LOSS AFTER TAX

Profit after tax totalled -60,966 KSEK (5,413 KSEK)

The profit after tax per share was -2.67SEK/share (0.28SEK/share) och the profit after tax per share fully diluted was -2.62 SEK/share (0.28 SEK/share)

The average number of share during the period was 22,847,359 (19,250,000) and the average number of shares fully diluted was 23,256,781 (19,250,000)



PARENT COMPANY PROFIT/LOSS FOR THE PERIOD DEC 2017 UNTIL FEB 2018

2017/18

OPERATING INCOME

The parent company's Net sales for the period were 41,065 KSEK (66,983 KSEK), a decrease of 39% compared with the same period the previous year.

OPERATING EXPENSES AND OPERATING PROFIT/LOSS

Operating expenses totalled 59,045 KSEK (65,407 KSEK)

Of these 13,013 KSEK (19,719 KSEK) were Sales-related costs originating primarily from fees to Apple App Store and Google Play, costs of Performance based marketing were 19,405 KSEK (27,556 KSEK) and 12,697 KSEK (7,432 KSEK) was other external operating expenses.

Depreciation and impairments of tangible and intangible assets totalled 1,865 KSEK (1,835 KSEK), of which 1,686 KSEK (1,686 KSEK) was depreciation of intangible assets.

The parent company's operating profit for the period was -19,475 KSEK (410 KSEK)

PROFIT AFTER TAX

Profit after tax totalled to -19,417 KSEK (-478 KSEK)



PARENT COMPANY PROFIT/LOSS FOR THE PERIOD SEP 2017 UNTIL FEB 2018

2017/18

OPERATING INCOME

The parent company's Net sales for the period were 88,506 KSEK (127,351 KSEK), a decrease of 31% compared with the same period the previous year.

OPERATING EXPENSES AND OPERATING PROFIT/LOSS

Operating expenses totalled 112,645 KSEK (122,365 KSEK)

Of these 28,118 KSEK (37,681 KSEK) were Sales-related costs originating primarily from fees to Apple App Store and Google Play, costs of Performance based marketing were 37,025 KSEK (51,531 KSEK) and 21,387 KSEK (12,032 KSEK) was other external operating expenses.

Depreciation and impairments of tangible and intangible assets totalled 3,726 KSEK (3,595 KSEK), of which 3,372 KSEK (3,372 KSEK) was depreciation of intangible assets.

The parent company's operating profit for the period was -27,199 KSEK (2,274 KSEK)

PROFIT AFTER TAX

Profit after tax totalled to -27,085 KSEK (1,381 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 136,161 KSEK (43,452 KSEK), of which 69,371 KSEK (8,616 KSEK) relates to intellectual property and 66,790 KSEK (34,835 KSEK) to other intangible assets. The latter consists primarily of capitalised development expenses on own account.

Cash and cash equivalents at the end of the period totalled 230,430 KSEK (42,037 KSEK).

Equity at the end of the period totalled 342,602 KSEK (103,673 KSEK), corresponding to 13.2 SEK/share (5.4 SEK/share)

The equity/assets ratio at the same time was 78.8% (68.8%)

The group has interest bearing debt of 35,000 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 1,124 KSEK (7,987 KSEK)

Cash and cash equivalents at the end of the period totalled 197,389 KSEK (38,894 KSEK)

Equity at the end of the period totalled 294,550 KSEK (53,833 KSEK)



KEY INDICATORS FOR THE BUSINESS PERIOD DEC 2017 UNTIL FEB 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 35,846 KSEK (53,525 KSEK), a decrease of 33% compared to the same period the previous year.

The Group's Net sales from In app advertising were 22,817 KSEK (13,458 KSEK), an increase of 70% 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 28,459 KSEK (23,395 KSEK), an increase of 22% 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 ymoentised by In app purchases and the high share of advertising sales in Quizduel. The increased contribution is due to the high contribution in Quizduel



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 3.1 million (1.8 million), an increase of 74% compared with the same period the previous year.

MAU for the period 11.4 million (7.4 million), an increase of 53% compared with the same period the previous year.

MUP for the period 176 thousand (194 thousand), a decrease of 9% compared with the same period the previous year.

ARPDau for the period 2.6 cent (4.7 cent), a decrease of 45% compared with the same period the previous year.

COMMENTS TO THE KPIS

During the quarter the total DAU was 3.1 million and corresponding for MAU was 11.4 million. This is equivalent to an increase of 74% and 53% respectively compared to MAG Interactive same period previous year. A measure of how much the user base for MAG Interactive increased through the acquisition of FEO Media.

MUP was 176 thousand. MAG Interactive games had a lower conversion compared to previous year due to a the higher share of organic users. The conversion of 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

SUMMARY OF THE BUSINESS' KEY PERFORMANCE INDICATORS

2017/18

Period	Unit	Dec-Feb 17/18	Dec-Feb 16/17
In-app purchases	KSEK	35,846	53,525
Advertising	KSEK	22,817	13,458
Other	KSEK	275	0
Net sales	KSEK	58,938	66,983
Average SEK/USD		8.1724	8.9970
<i>Share of Net sales</i>			
<i>In-app purchases</i>		61%	80%
<i>Advertising</i>		39%	20%
Platform fee	KSEK	10,758	16,032
Direct marketing	KSEK	19,721	27,556
Game contribution	KSEK	28,459	23,395
<i>Share of Net sales</i>			
<i>Platform fee</i>		18%	24%
<i>Direct marketing</i>		33%	41%
Game contribution		48%	35%
EBITDA	KSEK	-12,407	8,932
Adjusted EBITDA (note 3)	KSEK	1,610	8,932
DAU	Millions	3.1	1.8
MAU	Millions	11.4	7.4
MUP	Thousands	176	194
ARPPDAU	US \$ cent	2.6	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 are two fully owned subsidiaries in the group. MAG Games Ltd, only has internal Group invoicing and carries out development and other functions in the company's operations. FEO Media AB with its base in Stockholm and 15 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.

IMPACT ON FORTHCOMING STANDARDS

IFRS 15 "Revenue from contracts with customers" enters into force on 1 January 2018. For the Group this means application in the financial year that begins on 1 September 2018. Early application is permitted. MAG will quantify the effects of IFRS 15 during the third quarter. The initial analysis shows that the effect from IFRS 15 will be limited. 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 analysing the effects of IFRS 9 has been completed. IFRS 9 will not have any material impact on the Group's 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 minimise 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 realised 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, weighted by the company's monthly 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.



OTHER DISCLOSURES CONTO.

2017/18

PERSONNEL

The average number of employees during the period was 96, compared to 53 the same period previous year. The total number of employees at the end of the period was 71

AUDITOR'S REVIEW

This report has not been the subject of a summary audit by the auditor.

CONTACT

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

Or contact

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MAG INTERACTIVE AB (PUBL)

Drottninggatan 95A
113 60 Stockholm
Sweden

FURTHER REPORTING DATES

Interim report September-May 2017/2018

4 July 2018

Interim report September-August 2017/2018 and year-end report

17 October 2018

TWITCH VIDEO CAST

The 18 January 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
More information is available at 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 January 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	Dec-Feb 17/18	Dec-Feb 16/17	Sep-Feb 17/18	Sep-Feb 16/17	FY 16/17
Operating income						
Net sales	1	58,938	66,983	111,928	127,351	260,405
Own work capitalised		6,486	6,289	10,249	11,343	20,205
Other operating income		490	669	806	883	2,759
Total operating income		65,914	73,941	122,982	139,576	283,370
Operating expenses						
Sales related costs	2	-15,639	-19,680	-31,528	-37,618	-78,950
Performance based marketing		-19,721	-27,556	-37,469	-51,531	-111,146
Other external expenses	5, 6	-19,948	-7,364	-61,303	-11,927	-23,740
Personnel costs	5	-23,013	-10,409	-37,647	-20,741	-42,437
Total operating expenses		-78,321	-65,009	-167,946	-121,818	-256,272
EBITDA		-12,407	8,932	-44,964	17,759	27,097
Depreciation and impairments		-6,309	-5,216	-12,425	-9,950	-23,015
Operating profit/loss (EBIT)		-18,716	3,716	-57,389	7,808	4,082
Financial income and expenses						
Income from securities		58	75	323	114	81
Interest income and similar		9	-510	90	-4	45
Interest expense and similar		-904	-1	-931	-7	-657
Total financial income and expenses		-837	-436	-519	103	-530
Profit/loss after financial items		-19,553	3,280	-57,908	7,912	3,552
Earnings per share		-0.75		-2.53	0.41	
Taxes		-3,074	-982	-3,058	-2,499	-2,979
Profit/loss for the period		-22,627	2,299	-60,966	5,413	573
Earnings per share (based on average number of shares)		-0.87	0.12	-2.67	0.28	0.03
Earnings per share fully diluted (based on average number of shares)		-0.86	0.12	-2.62	0.28	0.03
Currency effects		267	-509	1,522	-237	-1,380
Total comprehensive income for the period		-22,360	1,789	-59,445	5,176	-807
Average number of shares during the period		25,917,353	19,250,000	22,847,359	19,250,000	19,250,000
Average number of shares during the period fully diluted		26,386,599	19,250,000	23,256,781	19,250,000	19,318,534
Number of shares at the end of the period		26,321,393	19,250,000	24,036,110	19,250,000	19,250,000
Number of shares at the end of the period fully diluted		26,790,639	19,250,000	24,505,356	19,250,000	19,574,871

CONSOLIDATED BALANCE SHEET

ASSETS

2017/18

Amounts in KSEK	Note	28/2 2018	28/2 2017	31/8 2017
ASSETS				
Goodwill		69,371	8,616	7,976
Other intangible assets		66,790	34,835	30,976
Total intangible assets		136,161	43,452	38,952
Equipment, tools, fixtures and fittings		2,907	2,359	2,699
Total tangible assets		2,907	2,359	2,699
Other long-term receivables		4,292	1,841	1,836
Deffered tax assets		1,406	1,601	1,263
Total financial non-current assets		5,699	3,442	3,099
Total non-current assets		144,767	49,253	44,750
Current receivables				
Trade and other receivables		13,689	16,435	13,604
Current tax assets		3,918	5,379	1,295
Other current receivables		9,242	1,233	1,177
Prepaid expenses and accrued income		19,313	24,224	19,706
Other short-term securities	7	13,341	12,051	19,018
Cash and cash equivalent		230,430	42,037	40,561
Total current receivables		289,933	101,359	95,361
TOTAL ASSETS		434,700	150,611	140,111

CONSOLIDATED BALANCE SHEET

LIABILITIES AND EQUITY

2017/18

Amounts in KSEK	Not	28/2 2018	28/2 2017	31/8 2017
EQUITY AND LIABILITIES				
Equity				
Share capital		684	50	50
Reserves		-2,319	-2,696	-3,840
Profit/loss for the period		-65,181	5,413	0
Retained earnings incl, comprehensive income for the year		409,417	100,906	102,697
Total equity		342,602	103,673	98,907
Deferred tax liabilities		19,199	14,325	14,652
Other long-term liabilities		35,000	0	0
Total long-term liabilities		54,199	14,325	14,652
Current liabilities				
Trade and other payables		13,079	13,136	13,265
Current tax liability		85	0	0
Other current liabilities		3,884	2,088	2,332
Accrued expenses and prepaid income	5	20,851	17,390	10,955
Total current liabilities		37,899	32,613	26,552
TOTAL EQUITY AND LIABILITIES		434,700	150,611	140,111

CONSOLIDATED CASH FLOW**2017/18**

Amounts in KSEK	Dec-Feb 17/18	Dec-Feb 16/17	Sep-Feb 17/18	Sep-Feb 16/17	FY 16/17
Cash flow from operating activities					
Profit/loss before financial items	-18,716	3,716	-25,984	7,808	4,082
Adjustment for items not included in cash flow	241	-910	2,034	-1,249	3,504
Interest received	137	81	412	626	127
Interest paid	-52	-511	-79	-517	-7
Income tax paid	-1,659	-2,119	-3,235	-3,798	-1,682
Cash flow from operating activities before change in working	-20,048	257	-26,851	2,871	6,024
Change in current operating receivables	7,242	-2,074	5,091	-12,491	-3,392
Change in current operating liabilities	12,079	7,902	11,347	12,589	6,487
Total change in working capital	19,321	5,828	16,438	98	3,096
Cash flow from operating activities	-728	6,085	-10,414	2,968	9,119
Cash flow from investing activities					
Investments in tangible non-current assets	-172	-1,300	-221	-2,407	-3,104
Investment intangible assets	0	0	0	0	0
Aquisition of subsidiary, after deduction of cash and cash	-33,755	0	-110,821	0	0
Change in securities	-558	-6,000	5,442	4,502	-3,004
Change in long-term receivables	0	0	0	0	0
Cash flow from investing activities	-34,484	-7,300	-105,599	2,095	-6,107
Cash flow from financing activities					
Redemption of shares	0	0	0	0	0
Dividend	0	-14,919	0	-14,919	-14,919
Warrants	0	0	0	0	1,218
Emission	191,717	0	271,735	0	0
Long term loans	0	0	35,000	0	0
Cash flow from financing activities	191,717	-14,919	306,735	-14,919	-13,701
Reduction/increase in cash and cash equivalent					
Cash flow for the period	156,505	-16,134	190,722	-9,856	-10,689
Exchange rate differences in cash and cash equivalents	-923	-7	-853	-5	-648
Opening cash and cash equivalents	74,848	58,178	40,561	51,898	51,898
Closing cash and cash equivalents	230,430	42,037	230,430	42,037	40,561

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

2017/18

	Share capital	Reservs	Retained earnings	Total equity
Starting balance 1/12 2017	50	-3,840	102,697	98,907
Profit/loss for the period			-29,561	-29,561
Profit/loss attributable to emission Delinquent			-31,405	-31,405
Exchange rate differences		1,522		1,522
Total comprehensive income		1,522	-60,966	-59,445
Increase share capital	450		-450	0
Issue expenses			-8,284	-8,284
Issue of shares	184		279,835	280,018
Issue of shares Delinquent acquisition			31,405	31,405
Ending balance 28/2 2018	684	-2,319	344,237	342,602

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	Dec-Feb 17/18	Dec-Feb 16/17	Sep-Feb 17/18	Sep-Feb 16/17	FY 16/17
Operating income					
Net sales	41,065	66,983	88,506	127,351	260,405
Own work capitalised	0	0	0	0	0
Other operating income	370	669	665	883	2,759
Total operating income	41,435	67,652	89,171	128,234	263,164
Operating expenses					
Raw materials and consumables	-13,013	-19,719	-28,118	-37,681	-79,036
Performance based marketing	-19,405	-27,556	-37,025	-51,531	-111,146
Other external expenses	-12,697	-7,432	-21,387	-12,032	-23,913
Personnel costs	-13,931	-10,700	-26,115	-21,121	-42,962
Total operating expenses	-59,045	-65,407	-112,645	-122,365	-257,057
EBITDA	-17,610	2,244	-23,474	5,868	6,107
Depreciation and impairments	-1,865	-1,835	-3,726	-3,595	-7,441
Operating profit/loss	-19,475	410	-27,199	2,274	-1,335
Financial income and expenses					
Profit/loss from securities	88	0	88	517	521
Other interest income and similar	9	-510	76	-4	45
Other interest expenses and similar	-38	-1	-49	-2	-652
Total financial income and expenses	58	-511	114	511	-86
Profit/loss after financial items	-19,417	-101	-27,085	2,785	-1,421
Taxes	0	-376	0	-1,403	-949
Profit/loss for the period	-19,417	-478	-27,085	1,381	-3,770

PARENT COMPANY'S BALANCE SHEET

ASSETS

2017/18

Amounts in KSEK	28/2 2018	28/2 2017	31/8 2017
Intellectual property rights	1,124	7,987	4,496
Total intangible assets	1,124	7,987	4,496
Equipment, tools, fixtures and fittings	2,466	2,251	2,551
Total tangible non-current assets	2,466	2,251	2,551
Participation in Group companies	150,528	15,797	15,797
Other long-term receivables	1,782	1,782	1,782
Total financial non-current assets	152,310	17,580	17,580
Total non-current assets	155,900	27,818	24,626
Current receivables			
Trade and other receivables	9,279	16,435	13,604
Other receivables	2,018	5,582	1,847
Prepaid expenses and accrued income	13,991	24,203	19,701
Other long-term securities	13,091	12,000	19,004
Total current receivables	38,379	58,220	54,156
TOTAL ASSETS	391,668	124,933	116,306

PARENT COMPANY'S BALANCE SHEET

LIABILITIES AND EQUITY

2017/18

Amounts in KSEK	28/2 2018	28/2 2017	31/8 2017
EQUITY AND LIABILITIES			
Restricted equity			
Share capital	684	50	50
Non-restricted equity			
Profit/loss for the year	0	11,843	-3,770
Profit/loss for the period	-27,085	1,381	0
Retained earnings	320,951	40,559	53,620
Total equity	294,550	53,833	49,900
Deferred tax liabilities	40,120	38,720	40,120
Untaxed reserves	40,120	38,720	40,120
Other long-term liabilities	35,000	0	0
Total long-term liabilities	35,000	0	0
Current liabilities			
Trade and other payables	12,012	13,032	12,992
Liabilities to Group companies	1,093	959	1,210
Other liabilities	-303	1,934	2,073
Accrued expenses and prepaid income	9,196	16,455	10,011
Total current liabilities	21,998	32,380	26,286
TOTAL EQUITY AND LIABILITIES	391,668	124,933	116,306

Term	Description
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

NOTES TO THE INTERIM REPORT

2017/18

NOTE 1: DISTRIBUTION OF NET SALES

Amounts in KSEK	Dec-Feb 17/18	Dec-Feb 16/17	Sep-Feb 17/18	Sep-Feb 16/17	FY 16/17
Inn-app purchases	35,846	53,525	75,873	100,384	210,941
Advertising income	22,817	13,458	35,737	26,967	49,460
Other	275	0	318	0	4
Totalt	58,938	66,983	111,928	127,351	260,405

NOTE 2: SALES RELATED COSTS

Platform fee	-10,758	-16,032	-22,764	-30,074	-63,283
Other sales related costs	-4,881	-3,648	-8,764	-7,544	-15,667
Total sales related costs	-15,639	-19,680	-31,528	-37,618	-78,950

NOTE 3: ADJUSTED EBITDA AND PROFIT BEFORE TAX

EBITDA	-12,407	8,932	-44,964	17,759	27,097
IPO costs	4,611	0	7,239	0	0
Acquisition costs	0	0	976	0	0
Restructuring cost	9,406	0	9,406	0	0
Cost related to the acquisition of MAG Games Ltd	0	0	31,405	0	0
Adjusted EBITDA	1,610	8,932	4,062	17,759	27,097
Profit/loss before tax	-19,553	3,280	-57,908	7,912	3,552
IPO costs	4,611	0	7,239	0	0
Acquisition costs Feo Media	0	0	976	0	0
Restructuring cost					
Acquisition cost Delinquent (note 6)	0	0	31,405	0	0
Adjusted profit/loss before tax	-14,942	3,280	-18,288	7,912	3,552

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 Appstore 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, preliminary valued at 33 755 KSEK is expected to be made during the first half of 2018. The additional payment is preliminary and will be determined in a closing balance sheet. The final payment of 15,000 KSEK is to be made during 2018 and the amount is in escrow until then and are not included in the consolidated balance sheet

A preliminary acquisition analysis is presented below. The cash consideration as well as fair values are indicative and may be adjusted in conjunction with the continued analysis of the acquired assets.

Amounts in KSEK	Preliminary acquisition analysis
Paid as of 7 November 2017	
Cash consideration	133,755
Total paid cash	133,755
Reported amounts on acquired assets and debt	
Share capital	50
Result from acquisition	23,460
Acquired owners equity	12,154
Intangible fixed assets	37,600
Summa	73,264
Goodwill	60,491

FEO Media has contributed 24,516 KSEK to the Net sales and 455 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 33,861 KSEK and the contribution to EBITDA would have been 2,816 KSEK. Transaction cost have contributed to the consolidated profit and loss during the period with 976 KSEK. Goodwill corresponding to 60,491 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	Dec-Feb 17/18	Dec-Feb 16/17	Sep-Feb 17/18	Sep-Feb 16/17	FY 16/17
Rent	-5,659	0	-5,659	0	0
Personnel costs	-3,747	0	-3,747	0	0
Total Restructuring cost	-9,406	0	-9,406	0	0

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	Dec-Feb 17/18	Dec-Feb 16/17	Sep-Feb 17/18	Sep-Feb 16/17	FY 16/17
Cost related to the acquisition of MAG Games Ltd	0	0	-31,405	0	0
IPO costs	-4,609	0	-7,239	0	0
Cost related to the acquisition of FEO Media AB	0	0	-976	0	0
Restructuring costs FEO Media AB	-5,659	0	-5,659	0	0
Other external expenses	-9,680	-7,364	-16,024	-11,927	-23,740
Total other external expenses	-19,948	-7,364	-61,303	-11,927	-23,740

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:

Financial assets valued at fair value through the income statement	28/2 2018	28/2 2017	31/8 2017
Andra kortfristiga värdepapper (nivå 1) KSEK	13,282	5,976	19,018
Summa tillgångar	13,282	5,976	19,018

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

	Emission	SEK
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	
Effect on profit and loss	31,405,131.45	SEK

GOOD TIMES