



MAG INTERACTIVE

MAG INTERACTIVE AB (PUBL)
INTERIM REPORT SEP-NOV 2017

2017/18

INTERIM REPORT SEP—NOV 2017

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, QUIZCLASH 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 SEP UNTIL NOV 2017

2017/18



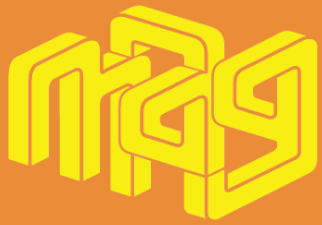
- The Group's Net sales for the period were 52,990 KSEK (60,368 KSEK), a decrease of 12% compared to the same period previous year. Net sales adjusted for currency effects is 55,814 KSEK
- If FEO Media was consolidated from 1 september 2017, the group's Net sales would have been 62,335 KSEK. Compared to the comparison period this corresponds to an increase of 3% (note 4)
- The Group's game contribution for the period was 23,236 KSEK (22,351 KSEK), an increase of 4% compared to the same period the previous year. If FEO Media was consolidated from 1 september 2017, the group's Game contribution would have been 32,082 KSEK. Compared to the comparison period this corresponds to an increase of 44% (note 4)
- Adjusted EBITDA for the period was 2,452 KSEK (8,827 KSEK) (note 3) For the period combined, as if FEO Media was consolidated from 1 september 2017, the group's Adjusted EBITDA was 4,813 KSEK (note 4)
- Cash flow from operating activities was -9,686 KSEK (-3,117 KSEK), from investing activities -71,114 KSEK (9,395 KSEK) and from financing activities 115,018 KSEK (0 KSEK). Cash and cash equivalents at the end of the period totalled 74,848 KSEK (58,178 KSEK)

SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

- On 12 October 2017 the game Backpacker was launched globally. Backpacker is published by MAG Interactive and is developed and owned by WeAreQiiwi Interactive AB
- During October a share purchase agreement was signed regarding the purchase of all shares in FEO Media AB. On 7 November 2017 the acquisition was closed and FEO Media is now a fully owned subsidiary in the group. The acquisition was financed through a new issue of 1,811,764 shares, 80 MSEK, and debt of 35 MSEK from Danske Bank
- On 27 September 2017 the board resolved, based on the mandate given by the annual general meeting 28 February 2017, to issue 144,375 warrants. The warrants were subscribed for and paid on 14 November 2017
- On 27 November the extraordinary general meeting resolved to issue 714 175 common shares with deviation from preferential rights. The share issue was subscribed for by the the sellers of MAG Games Ltd (Delinquent) and constitutes final consideration for the acquisition of MAG Games UK (note 3 och 5). The shares were not registered at the end of the period

SIGNIFICANT EVENTS SINCE THE END OF THE REPORTING PERIOD

- 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 and common 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. This with the ambition to restructure the company with focus on the game Quiz Duel. Co-determination consultations with the relevant trade unions will be initiated immediately. The aim is to implement the personnel reductions as soon as possible.



MAG INTERACTIVE

FROM THE CEO STRONG GROWTH IN CONTRIBUTION FROM GAMES

2017/18

Strong growth in contribution after acquisition of FEO Media

The quarter September to November has been a very active time for the company. In October we did our first global launch of a game where we act as publisher for an external developer and in November we acquired Swedish mobile games studio FEO Media AB, primarily known for the game Quiz Duel. As part of financing of the acquisition the company raised 80 MSEK from Swedbank Robur. Shortly after the end of the reporting period MAG was listed on the Nasdaq First North stock exchange in Stockholm under the name MAGI. In the IPO the company raised 200 MSEK in additional funding.

Our growth is based on four main pillars, being continuous development of live games, launching of new games, publishing of third party games and acquisitions of studios or games. This quarter shows the importance of having these multiple growth opportunities as we see a build up of publishing revenues with the launch of Backpacker and a very strong contribution from the FEO Media acquisition.

The acquisition of FEO Media was closed on 7 November 2017. When consolidating FEO as part of MAG for the full quarter, to more accurately reflect the ongoing business, the game contribution (net sales less platform fees and performance marketing costs) grew substantially to 32 MSEK (22 MSEK). This is a 44% increase compared to the same quarter last year.

The average revenue generated per user in the FEO portfolio is substantially lower than the average MAG game and we see potential for optimisation on the product performance side based on our expertise in game design and data driven product development. As a result of the acquisition we now have access to a large player base in a number of new markets, including Germany and Russia, and we will use that as a foundation to further grow the portfolio in those markets through cross promotion.

44%
INCREASE OF
CONTRIBUTION BASED ON
FULL PERIOD

There is also potential for increasing profitability from the very strong growth in contribution when leveraging the clear synergies between MAG and FEO. This is reflected by the announcement today that FEO Media AB notifies of a planned reduction of 25 employees done in order to focus operations around the game Quiz Duel.

Return on investment in focus

When including FEO as if being part of MAG for the full quarter, net sales increase to 62 MSEK (60 MSEK). Accounting for only 24 days of FEO Media, reflecting the acquisition was closed on 7 November, net sales decreased to 53 MSEK (60 MSEK). The decreasing net sales is connected to a lower spend (6 MSEK less) on marketing compared to the same period last year as well as a weaker Swedish Krona compared to USD. The marketing spend is impacted by seasonality, competition and performance of the advertising channels being used. Our marketing budget is allocated based on data analysis which means that we adapt to real time market conditions and ramp up and down for optimal return. Fluctuating marketing spend is something we have seen in the past and expect to be a pattern also in the future, while always staying focused on optimal return on investment on every marketing dollar.





Global launch of Backpacker

The trivia game Backpacker was launched globally on iOS and Android on 12 October with MAG as publisher. The game received good support from Apple and Google with featuring on the store fronts of App Store and Google Play.

Normally our games are in a buildup phase 12-24 months after launch meaning a continuous product and content optimisation as well as a ramp up of marketing spend. Backpacker follows that expected trajectory and is gradually improving and expanding to new markets and languages over time.

Since launch Backpacker has reached the number one position in the top grossing trivia game chart on App Store or Google Play in 23 markets. The top grossing charts reflects which games that are generating most daily in app revenues and shows that Backpacker is very competitive from a monetisation stand point in its category.

Cross promotion opportunities

After the acquisition of FEO Media we now have access to a substantially bigger player base and importantly also to a number of new markets where we previously did not have a significant footprint. Through the Quiz Duel game we now reach millions of Germans as well as a massive audience in France and Russia. During 2018 we will use this to grow the non Quiz Duel games in our portfolio in these markets.

New products

About ten games are in the early stages of development across our three studios. Word Domination is in the most advanced stage, called soft launch. It is currently available for players in Australia, Canada and Thailand on both iOS and Android.

Exciting future ahead

Given a number of games in build up phase, our recently started publishing initiative and the continuous optimisation of the new extended portfolio as well as a number of new games in development makes for a very exciting start of 2018.

FROM THE CEO WELCOME TO MAG

2017/18

MAG on Nasdaq

In the IPO on Nasdaq First North, 8 december, we raised 200 MSEK. This gives us a strong financial position and enables us to look at potential acquisitions with confidence and credibility. Our previous acquisitions of WordBrain, Delinquent and FEO Media have strengthened the company substantially we will keep looking at this as an important piece of our growth strategy.

We are also proud to welcome more than 5.000 new shareholders to MAG!



DANIEL HASSELBERG, CEO



23

Number one positions on the top grossing trivia games chart in App Store or Google Play

Global launch of Backpacker

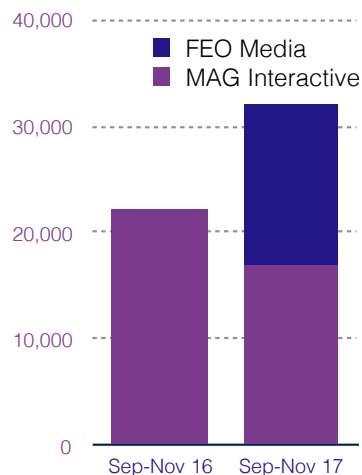
The trivia game Backpacker was launched globally on iOS and Android on 12 October with MAG as publisher. The game received good support from Apple and Google with featuring on the store fronts of App Store and Google Play. After the launch week we have seen a strong performance in the Nordics and see great potential for growth in a number of markets including the US. Over time we expect to see the game grow outside of the Nordics as the game is optimised and prepared for new markets.

Normally games are in a buildup phase 12-24 months after launch meaning a continuous product and content optimisation as well as a ramp up of marketing spend. Backpacker follows that expected trajectory and is gradually improving and expanding to new markets and languages over time.

Since launch Backpacker has reached the number one position in the top grossing trivia game chart on App Store or Google Play in 23 markets. The top grossing charts reflect which games that are generating most daily in app revenues and shows that Backpacker is very competitive from a monetisation stand point in its category.



Game contribution KSEK (note 4)



44%

Increase of contribution
based on consolidation
from September 1

Acquisition of 100% of FEO Media AB

On 7 November 2017 100% of the shares in FEO Media AB were acquired and the company is now a fully owned subsidiary of MAG Interactive. The acquisition constitutes an exciting step for MAG in a number of ways. A couple of areas to note are:

- More than a doubling of the active users based on run rate prior to the acquisition
- A significant increase in game contribution, corresponding to an increase of 44% compared to previous year, and based on consolidation from the beginning of the period September 1st
- Significantly strengthening our position in the Trivia category through the game Quiz Duel
- Establishing a strong position for MAG in Germany with a strong brand and more than one million actively playing Germans
- Access to more than 40.000 localised trivia questions opens up for new games in the category in the future
- Potential in improving the average revenue per player through integration of Quiz Duel to the common MAG platform for data analysis and optimisation as well as through sharing experience in game design between the teams
- Cost synergies can be realised between the companies and the notice of termination (Swedish, varsel) that was announced on 17 January 2017 is with the intention to restructure and focus on the game Quiz Duel

Activities are under way to evaluate which synergies that can be realised. This work will continue through 2018 and the result of will be implemented over time.

Combined financials, as if FEO Media was consolidated in the group from 1 September 2017 (note 4)

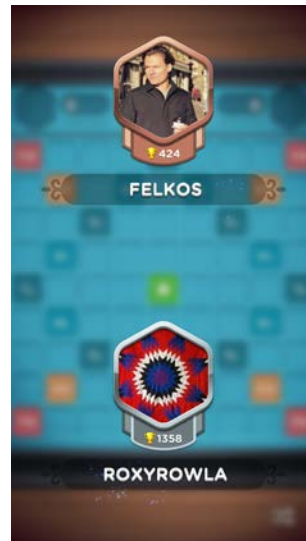
KSEK (note 4)	MAG Interactive Sep-Nov 2016	MAG Interactive (exkl FEO Media) Sep-Nov 2017	FEO Media AB Sep-Nov 2017	Consolidated Sep-Nov 2017	Change compared to the period Sep- Nov 2016
Financial key indicators					
Net sales	60,368	46,347	15,988	62,335	3%
Game contribution	22,351	16,962	15,120	32,082	44%
Personnel costs	-10,332	-11,647	-8,230	-19,877	92%
EBITDA	8,827	-34,772	4,576	-30,196	
Adjusted EBITDA	8,827	237	4,576	4,813	-45%

WORD DOMINATION



Word Domination is a modern word game with a tactical twist. Two opponents face off in real time for five rounds where they score points by forming words on a shared board. In addition to the points awarded for each word, the player can use different types of bonuses and boosters that take the gameplay to an exciting new level. The board contains bonus tiles that increase the score of any word played on them, but the player also has the opportunity to collect and play over 40 unique booster cards. The addition of this tactical element coupled with the real time gameplay set this game apart from other word games and has been greatly appreciated by test market players.

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



CONSOLIDATED PROFIT/LOSS AND CASHFLOW FOR THE PERIOD 2017/18 SEP UNTIL NOV 2017



OPERATING INCOME

The Group's operating income for the period was 57,068 KSEK (65,635 KSEK), a decrease of 13% compared to the same period the previous year. The Group's Net sales for the period totalled 52,990 KSEK (60,368 KSEK), a decrease of 12%.

Own work capitalised totalled 3,763 KSEK (5,054 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, Wordbrain2, Wordalot and Ruzzle. The decrease in Net sales follows the decrease in number of daily users (DAU) and a lower average monetization per user (ARPDau). The lower average monetisation per user (ARPDau) is due to the lower average ARPDau of Quiz Duel. The lower DAU relate to lower investments in user acquisition. Backpacker and Quizduel both contributed during the part of the period, 50 and 24 days respectively out of the 91 days in the quarter. Based on running operations from November 7, the day FEO Media is counted in the group, QuizDuel is the biggest game in terms of Net sales. If FEO Media would have been consolidated in the group from 1 September (note 4) the Net sales during the period would have been 62,335 KSEK. 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 89,625 KSEK (56,809 KSEK). Of these, 15,889 KSEK (17,938 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 17,748 KSEK (23,975 KSEK) were costs of Direct marketing and 41,354 KSEK (4,563 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 14,634 KSEK (10,332 KSEK) an increase of 42%. The average number of employees during the period was 73 (52) an increase of 40%

EBITDA for the period was -32,557 KSEK (8,827 KSEK)

Depreciation and impairments of tangible and intangible assets totalled 6,117 KSEK (4,735 KSEK), of which 4,257 KSEK (2,980 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 -38,674 KSEK (4,092 KSEK) and profit before tax -38,356 KSEK (4,632 KSEK)

ADJUSTED RESULT (NOTE 3)

Adjusted EBITDA for the period was 2,452 KSEK (8,827 KSEK)

Adjusted operating result for the period was -3,347 KSEK (4,632 KSEK)

PROFIT/LOSS AFTER TAX

Profit after tax totalled -38,340 KSEK (3,114 KSEK)

The profit after tax per share was -1.94SEK/share (0.16SEK/share) och the profit after tax per share fully diluted was -1.90 SEK/share (0.16 SEK/share)

The average number of share during the period was 19,811,101 (19,250,000) and the average number of shares fully diluted was 20,161,356 (19,250,000)

CASH FLOW FOR THE PERIOD – PERIODEN SEP 2017 TILL NOV 2017

The Group's cash flow from operating activities during the quarter was -9,686 KSEK (-3,117 KSEK). Cash flow from investing activities was -71,114 KSEK (9,395 KSEK), of which 6,000 KSEK (10,502 KSEK) was change in securities

PARENT COMPANY PROFIT/LOSS FOR THE PERIOD SEP 2017 UNTIL NOV 2017

2017/18**OPERATING INCOME**

The parent company's Net sales for the period were 47,442 KSEK (60,368 KSEK), a decrease of 21% compared with the same period the previous year.

OPERATING EXPENSES AND OPERATING PROFIT/LOSS

Operating expenses totalled 53,600 KSEK (56,958 KSEK)

Of these 15,105 KSEK (17,963 KSEK) were Sales-related costs originating primarily from fees to Apple App Store and Google Play, costs of Performance based marketing were 17,620 KSEK (23,975 KSEK) and 8,690 KSEK (4,600 KSEK) was other external operating expenses.

Depreciation and impairments of tangible and intangible assets totalled 1,860 KSEK (1,760 KSEK), of which 1,686 KSEK (2,871 KSEK) was depreciation of intangible assets.

The parent company's operating profit for the period was -7,724 KSEK (1,864 KSEK)

PROFIT AFTER TAX

Profit after tax totalled to -7,667 KSEK (1,859 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 127,246 KSEK (42,482 KSEK), of which 60,850 KSEK (8,867 KSEK) relates to intellectual property and 66,396 KSEK (33,615 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 74,848 KSEK (58,178 KSEK).

Equity at the end of the period totalled 173,245 KSEK (116,805 KSEK), corresponding to 8.7 SEK/share (6.1 SEK/share)

The equity/assets ratio at the same time was 62.4% (75.2%)

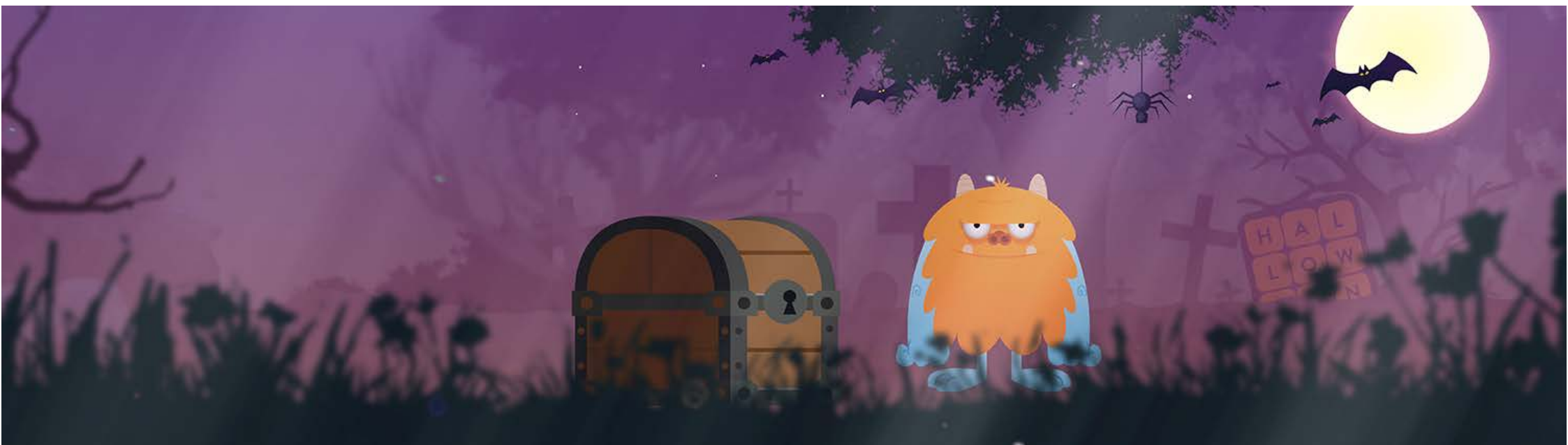
The group has interest bearing debt of 35,000 KSEK (0 KSEK)

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 2,810 KSEK (9,673 KSEK)

Cash and cash equivalents at the end of the period totalled 48,251 KSEK (56,157 KSEK)

Equity at the end of the period totalled 122,251 KSEK (69,229 KSEK)



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 40,027 KSEK (46,860 KSEK), a decrease of 15% compared to the same period the previous year.

The Group's Net sales from In app advertising were 12,921 KSEK (13,508 KSEK), a decrease of 4% 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 23,236 KSEK (22,351 KSEK), an increase of 4% compared to the same period the previous year.

COMMENTS ON THE DISTRIBUTION OF INCOME AND CONTRIBUTIONS FROM SALES ACTIVITIES

The contribution from sales activities were primarily affected by Ruzzle who had a lower contribution compared to the same period the previous year, the contribution was also affected by the addition of Quiz Duel which contributed with 24 days.

COMMENTS RELATING TO THE ACQUISITION OF FEO MEDIA AB

The split between In app purchases and In app advertising is shifted towards more advertising sales. This is an effect from adding games from the acquisition of FEO Media AB which are primarily monetised with ads. As only 24 days are included in the numbers above this effect will be stronger once a full quarter is reported.

Based on full quarter numbers for the two companies (see note 4) the total contribution from MAG Interactive and FEO Media was 32,082 TSEK which corresponds to an increase of 44% compared to MAG Interactive same period previous year.



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 1.8 million (1.6 million), an increase of 15% compared with the same period the previous year.

MAU for the period 7.5 million (6.7 million), an increase of 12% compared with the same period the previous year.

MUP for the period 129 thousand (174 thousand), a decrease of 26% compared with the same period the previous year.

ARPDau for the period 3.8 cent (4.8 cent), a decrease of 21% compared with the same period the previous year.

COMMENTS RELATING TO THE ACQUISITION OF FEO MEDIA AB

Based on the full quarter (see note 4) the total DAU for MAG Interactive and FEO Media was 3.0 million and corresponding for MAU was 11.0 million. This is equivalent to an increase of 93% and 65% 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.

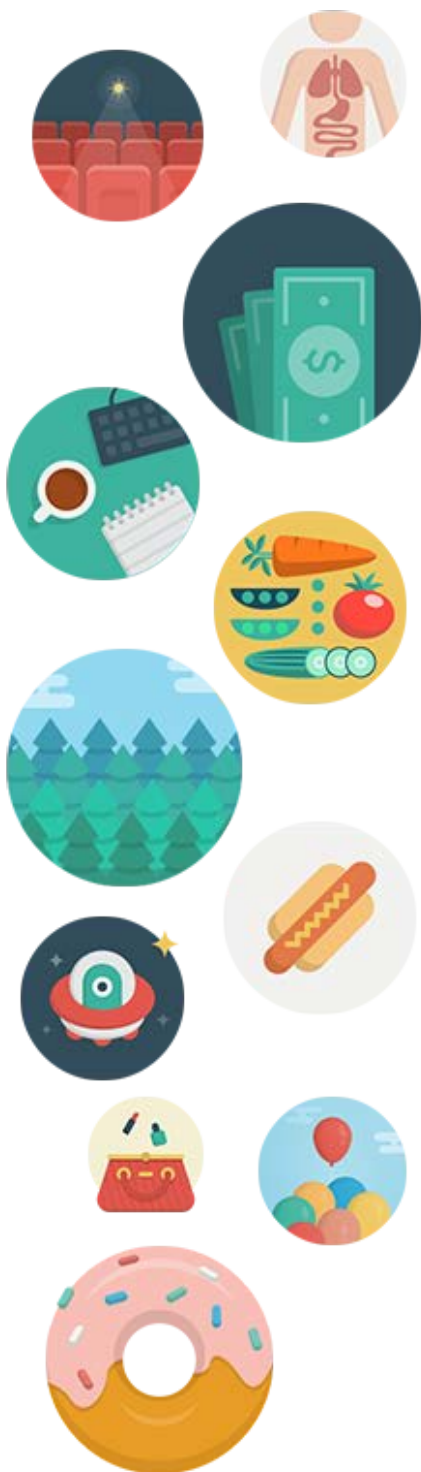
MUP for the two companies, looking at the full quarter (see note 4), was 150 thousand. Out of the 150 thousand a total of 121 thousand was from MAG interactive and 29 thousand from FEO Media. MAG Interactive games had a lower conversion compared to previous year due to a the higher share of organic users, and 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 (see note 4). The reported number is including the 24 days that FEO Media were part of the consolidation, and looking at the full quarter gives a combined ARPDau of 2.9 US cents. MAG Interactive, excluding FEO Media, had an ARPDau for the period of 4.7 cents.

SUMMARY OF THE BUSINESS' KEY PERFORMANCE INDICATORS

2017/18

Period	Unit	2016/09/01- 2016/11/30	2017/09/01- 2017/11/30
In-app purchases	KSEK	46,860	40,027
Advertising	KSEK	13,508	12,921
Other	KSEK	0	42
Net sales	KSEK	60,368	52,990
Average SEK/USD		8.9374	8.1988
<i>Share of Net sales</i>			
<i>In-app purchases</i>		78%	76%
<i>Advertising</i>		22%	24%
Platform fee	KSEK	14,042	12,006
Direct marketing	KSEK	23,975	17,748
Game contribution	KSEK	22,351	23,236
<i>Share of Net sales</i>			
<i>Platform fee</i>		23%	23%
<i>Direct marketing</i>		40%	33%
Game contribution		37%	44%
<i>EBITDA</i>	KSEK	8,827	-32,557
<i>Adjusted EBITDA (note 3)</i>	KSEK	8,827	2,452
DAU	Millions	1.6	1.8
MAU	Millions	6.7	7.5
MUP	Thousands	174	129
ARPPDAU	US \$ cent	4.8	3.8



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 42 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.

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.

PERSONNEL

The average number of employees during the period was 73, compared to 52 the same period previous year. With the acquisition of FEO Media AB the total number of employees at the end of the period was 100.

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

Daniel Hasselberg, VD, at daniel@maginteractive.se eller,
Magnus Wiklander, CFO, at magnus.wiklander@maginteractive.se

MAG INTERACTIVE AB

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113 60 Stockholm
Sweden

FURTHER REPORTING DATES

Interim report September-February 2017/2018	18 April 2018
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 17 January at 10:30 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 16 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	1/9 - 30/11 2017	1/9 - 30/11 2016	1/9 2016 - 31/8 2017
Operating income				
Net sales	1	52,990	60,368	260,405
Own work capitalised		3,763	5,054	20,205
Other operating income		316	214	2,759
Total operating income		57,068	65,635	283,370
Operating expenses				
Sales related costs	2	-15,889	-17,938	-78,950
Performance based marketing		-17,748	-23,975	-111,146
Other external expenses	5	-41,354	-4,563	-23,740
Personnel costs		-14,634	-10,332	-42,437
Total operating expenses		-89,625	-56,809	-256,272
EBITDA		-32,557	8,827	27,097
Depreciation and impairments		-6,117	-4,735	-23,015
Operating profit/loss (EBIT)		-38,674	4,092	4,082
Financial income and expenses				
Income from securities		264	39	81
Interest income and similar		81	506	45
Interest expense and similar		-27	-6	-657
Total financial income and expenses		318	539	-530
Profit/loss after financial items		-38,356	4,632	3,552
Earnings per share		-1.94		
Taxes		16	-1,517	-2,979
Profit/loss for the period		-38,340	3,114	573
Earnings per share (based on average number of shares)		-1.94	0.16	0.03
Earnings per share fully diluted (based on average number of shares)		-1.90	0.16	0.03
Currency effects		1,255	273	-1,380
Total comprehensive income for the period		-37,085	3,387	-807
Average number of shares during the period		19,811,101	19,250,000	19,250,000
Average number of shares during the period fully diluted		20,161,356	19,250,000	19,318,534
Number of shares at the end of the period		21,775,939	19,250,000	19,250,000
Number of shares at the end of the period fully diluted		22,245,185	19,250,000	19,574,871
Average number of preference shares during the period		1,739,140	1,739,140	1,739,140

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

Amounts in KSEK	30/11 2017	30/11 2016	31/8 2017
ASSETS			
Goodwill	60,850	8,867	7,976
Other intangible assets	66,396	33,615	30,976
Total intangible assets	127,246	42,482	38,952
Equipment, tools, fixtures and fittings	2,870	1,443	2,699
Total tangible assets	2,870	1,443	2,699
Other long-term receivables	4,291	1,842	1,836
Deffered tax assets	1,382	1,647	1,263
Total financial non-current assets	5,674	3,490	3,099
Total non-current assets	135,790	47,415	44,750
Current receivables			
Trade and other receivables	13,560	16,438	13,604
Current tax assets	11,844	3,655	1,295
Other current receivables	2,567	1,273	1,177
Prepaid expenses and accrued income	25,530	22,344	19,706
Other short-term securities	6	13,282	5,976
Cash and cash equivalent	74,848	58,178	40,561
Total current receivables	141,632	107,864	95,361
TOTAL ASSETS	277,422	155,279	140,111

CONSOLIDATED BALANCE SHEET

LIABILITIES AND EQUITY

2017/18

Amounts in KSEK	30/11 2017	30/11 2016	31/8 2017
EQUITY AND LIABILITIES			
Equity			
Share capital	547	50	50
Reserves	-2,586	-2,184	-3,840
Profit/loss for the period	-38,340	3,114	0
Retained earnings incl, comprehensive income for the year	213,624	115,825	102,697
Total equity	173,245	116,805	98,907
Deferred tax liabilities			
Deferred tax liabilities	17,971	13,720	14,652
Other long-term liabilities			
Other long-term liabilities	35,000	0	0
Total long-term liabilities	52,971	13,720	14,652
Current liabilities			
Trade and other payables	9,547	5,963	13,265
Current tax liability	84	0	0
Other current liabilities	29,900	4,889	2,332
Accrued expenses and prepaid income	11,674	13,901	10,955
Total current liabilities	51,205	24,754	26,552
TOTAL EQUITY AND LIABILITIES	277,422	155,279	140,111

CONSOLIDATED CASH FLOW**2017/18**

Amounts in KSEK	1/9 - 30/11 2017	1/9 - 30/11 2016
Cash flow from operating activities		
Profit/loss before financial items	-7,268	4,092
Adjustment for items not included in cash flow	1,793	-339
Interest received	275	544
Interest paid	-27	-6
Income tax paid	-1,576	-1,678
Cash flow from operating activities before change in working capital	-6,803	2,613
Change in current operating receivables	-2,151	-10,417
Change in current operating liabilities	-732	4,687
Total change in working capital	-2,883	-5,730
Cash flow from operating activities	-9,686	-3,117
Cash flow from investing activities		
Investments in tangible non-current assets	-48	-1,107
Investment intangible assets	0	0
Aquisition of subsidiary, after deduction of cash and cash equivalents acquired	-77,066	0
Change in securities	6,000	10,502
Change in long-term receivables	0	0
Cash flow from investing activities	-71,114	9,395
Cash flow from financing activities		
Redemption of shares	0	0
Dividend	0	0
Warrants	0	0
Emission	80,018	0
Long term loans	35,000	0
Cash flow from financing activities	115,018	0
Reduction/increase in cash and cash equivalent		
Cash flow for the period	34,218	6,278
Exchange rate differences in cash and cash equivalents	70	2
Opening cash and cash equivalents	40,561	51,898
Closing cash and cash equivalents	74,848	58,178

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

2017/18

Amounts in KSEK	Share capital	Reservs	Retained earnings	Total equity
Starting balance 2016-09-01	50	-2,460	115,825	113,414
Profit/loss for the period			573	573
Exchange rate differences		-1,380		-1,380
Total comprehensive income		-1,380	573	-807
Redemption of shares				
Dividend			-14,919	-14,919
Warrants			1,218	1,218
Ending balance 2016-11-30	50	-3,840	102,697	98,907

	Share capital	Reservs	Retained earnings	Total equity
Starting balance 2017-09-01	50	-3,840	102,697	98,907
Profit/loss for the period			-6,934	-6,934
Profit/loss attributable to emission Delinquent			-31,405	-31,405
Exchange rate differences		1,255		1,255
Total comprehensive income		1,255	-38,340	-37,085
Increase share capital	450		-450	
Emission	47		111,377	111,424
Ending balance 2017-11-30	547	-2,586	175,284	173,245

PARENT COMPANY'S INCOME STATEMENT

2017/18

Amounts in KSEK	1/9 - 30/11 2017	1/9 - 30/11 2016	1/9 2016 - 31/8 2017
Operating income			
Net sales	47,442	60,368	260,405
Own work capitalised	0	0	0
Other operating income	295	214	2,759
Total operating income	47,736	60,582	263,164
Operating expenses			
Raw materials and consumables	-15,105	-17,963	-79,036
Performance based marketing	-17,620	-23,975	-111,146
Other external expenses	-8,690	-4,600	-23,913
Personnel costs	-12,184	-10,421	-42,962
Total operating expenses	-53,600	-56,958	-257,057
EBITDA	-5,863	3,624	6,107
Depreciation and impairments	-1,860	-1,760	-7,441
Operating profit/loss	-7,724	1,864	-1,335
Financial income and expenses			
Profit/loss from securities	0	517	521
Other interest income and similar	68	506	45
Other interest expenses and similar	-11	-1	-652
Total financial income and expenses	56	1,022	-86
Profit/loss after financial items	-7,667	2,886	-1,421
Taxes	0	-1,027	-949
Profit/loss for the period	-7,667	1,859	-3,770

PARENT COMPANY'S BALANCE SHEET

ASSETS

2017/18

Amounts in KSEK	30/11 2017	30/11 2016	31/8 2017
Intellectual property rights	2,810	9,673	4,496
Total intangible assets	2,810	9,673	4,496
Equipment, tools, fixtures and fittings	2,416	1,375	2,551
Total tangible non-current assets	2,416	1,375	2,551
Participation in Group companies	142,158	15,797	15,797
Other long-term receivables	1,782	1,782	1,782
Total financial non-current assets	143,940	17,580	17,580
Total non-current assets	149,166	28,628	24,626
Current receivables			
Trade and other receivables	9,992	16,438	13,604
Other receivables	2,766	3,765	1,847
Prepaid expenses and accrued income	18,571	22,266	19,701
Other long-term securities	13,004	6,000	19,004
Total current receivables	44,332	48,469	54,156
TOTAL ASSETS	241,750	133,254	116,306

PARENT COMPANY'S BALANCE SHEET

LIABILITIES AND EQUITY

2017/18

Amounts in KSEK	30/11 2017	30/11 2016	31/8 2017
EQUITY AND LIABILITIES			
Restricted equity			
Share capital	547	50	50
Non-restricted equity			
Profit/loss for the year	0	11,843	-3,770
Profit/loss for the period	-7,667	1,859	0
Retained earnings	129,371	55,478	53,620
Total equity	122,251	69,229	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	8,412	5,753	12,992
Liabilities to Group companies	1,203	2,275	1,210
Other liabilities	26,373	4,327	2,073
Accrued expenses and prepaid income	8,391	12,950	10,011
Total current liabilities	44,379	25,305	26,286
TOTAL EQUITY AND LIABILITIES	241,750	133,254	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

NOTE 1: DISTRIBUTION OF NET SALES

Amounts in KSEK	1/9 - 30/11 2017	1/9 - 30/11 2016	1/9 2016 - 31/8 2017
Inn-app purchases	40,027	46,860	210,941
Advertising income	12,921	13,508	49,460
Other	42	0	4
Totalt	52,990	60,368	260,405

NOT 2: SALES RELATED COSTS

Amounts in KSEK	1/9 - 30/11 2017	1/9 - 30/11 2016	1/9 2016 - 31/8 2017
Platform fee	-12,006	-14,042	-63,283
Other sales related costs	-3,883	-3,896	-15,667
Total sales related costs	-15,889	-17,938	-78,950

NOTE 3: ADJUSTED EBITDA AND PROFIT BEFORE TAX

Amounts in KSEK	1/9 - 30/11 2017	1/9 - 30/11 2016	1/9 2016 - 31/8 2017
EBITDA	-32,557	8,827	27,097
IPO costs	2,628	0	0
Acquisition costs	976	0	0
Share issue (714 175 shares at ratio value nov 2017)	31,405	0	0
Adjusted EBITDA	2,452	8,827	27,097
Profit/loss before tax	-38,356	4,632	3,552
IPO costs	2,628	0	0
Acquisition costs	976	0	0
Share issue (714 175 shares at ratio value nov 2017)	31,405	0	0
Adjusted profit/loss before tax	-3,347	4,632	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 25,385 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

FEO Media is one of the leading players in the trivia segment and the acquisition is expected to have several positive effects on the group. Net sales, game contribution and EBITDA all get a strong addition, the number of players more than double from current run-rate and MAG Interactive enters both a new category and a new market. In addition cost synergies are expected.

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	125,385
Total paid cash	125,385
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	52,121

FEO Media has contributed 6,643 KSEK to the Net sales and 2,215 KSEK to EBITDA and Adjusted EBITDA in the period. 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 15 988 KSEK and the contribution to EBITDA and Adjusted EBITDA would have been 4,576 KSEK. Transaction cost have contributed to the consolidated profit and loss during the period with 976 KSEK. Goodwill corresponding to 52,121 KSEK that arose in the transaction was the result of factors that are attributed to the synergies that the company expects to realise.

FEO Media contribution to the period

Amounts in KSEK	MAG Interactive (excl FEO) Sep-Nov 2017	FEO Media AB contribution to the period	Consolidated Sep-Nov 2017
Net sales	46,347	6,643	52,990
Game contribution	16,962	6,274	23,236
Personnel costs	-11,767	-2,867	-14,634
EBITDA	-34,772	2,215	-32,557

Contribution as if FEO Media was consolidated from September 1

Amounts in KSEK	MAG Interactive (excl FEO) Sep-Nov 2017	FEO Media AB Sep-Nov 2017	Consolidated Sep-Nov 2017 From Sep 1
Net sales	46,347	15,988	62,335
Game contribution	16,962	15,120	32,082
Personnel costs	-11,767	-8,230	-19,997
EBITDA	-34,772	4,576	-30,196
IPO costs	2,628		2,628
Acquisition costs	976		976
Final Payment MAG Games	31,405		31,405
Adjusted EBITDA	237	4,576	4,813
KPIs			
DAU (k)	1,337	1,596	2,933
MAU (k)	5,835	5,182	11,017
MUP (k)	121	29	150
ARPDau US cents	4.7	1.3	2.9

NOTE 5: OTHER EXTERNAL EXPENSES

KSEK	1/9 - 30/11 2017	1/9 - 30/11 2016	1/9 2016 - 31/8 2017
Cost related to the acquisition of MAG Games Ltd	-31,405	0	0
IPO costs	-2,518	0	0
Cost related to the acquisition of FEO Media AB	-976	0	0
Other external expenses	-6,343	-4,563	-23,740
Total other external expenses	-41,242	-4,563	-23,740

NOTE 6: 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	30/11 2017	30/11 2016	31/8 2017
Andra kortfristiga värdepapper (nivå 1) KSEK	13,282	5,976	19,018
Summa tillgångar	13,282	5,976	19,018

NOT 7: 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	KSEK
Issued shares	714,175	
Ratio value	0.025974	18,550
Market value	44	31,423,700
Share premium	18.55	
Not yet registered share capital	18,550	
Effect on profit and loss	31,405,131.45	KSEK

GOOD TIMES