

MAG INTERACTIVE

MAG INTERACTIVE AB [PUBL]
INTERIM REPORT
SEP-NOV 2020/21

2020/21

INTERIM REPORT

SEP—NOV 2020/21

ABOUT

MAG INTERACTIVE AB [PUBL]

MAG INTERACTIVE IS A LEADING MOBILE GAME DEVELOPER FOCUSED ON CASUAL SOCIAL GAMES. WITH PASSIONATE, CREATIVE TEAMS AND A DATA-DRIVEN BUSINESS MODEL, MAG DELIVERS WORLD-CLASS GAMING EXPERIENCES TO MILLIONS OF PLAYERS WORLDWIDE. MAG'S EXPERTISE IN WORD GAMES AND TRIVIA, HAS CREATED A CATALOG OF GAMES, INCLUDING RUZZLE, WORD DOMINATION, WORDBRAIN AND QUIZDUEL, THAT HAVE BEEN DOWNLOADED OVER 250 MILLION TIMES. REVENUE IS MAINLY DERIVED FROM IN-APP PURCHASES AND ADVERTISEMENTS. MAG HAS OFFICES IN STOCKHOLM AND BRIGHTON AND THE COMPANY IS LISTED ON NASDAQ FIRST NORTH PREMIER GROWTH MARKET WITH THE TICKER MAGI. FOR MORE INFORMATION VISIT WWW.MAGINTERACTIVE.COM.



SUMMARY OF THE PERIOD SEP 2020 UNTIL NOV 2020

- The Group's net sales for the period were 62,950 KSEK (47,102 KSEK), an increase of 34% compared to the same period the previous year
- EBITDA for the period was 9,290 KSEK (5,029 KSEK)
- The Group's game contribution for the period was 38,466 KSEK (31,373 KSEK), an increase of 23% compared to the same period the previous year
- Average revenue per daily active user (ARPDau) for the period was 4.1 US cents (2.9 US cents), an increase of 43% compared to the same period the previous year
- The result per share during the quarter was -0.01 SEK/share (-0.11 SEK/share)
- The costs of user acquisition for the period was 16,419 KSEK (11,379 KSEK)
- Daily and monthly active users (DAU and MAU) were 1.9 million and 6.2 million respectively during the quarter, an increase of 4% and 5% compared to the same period the previous year

SIGNIFICANT EVENTS DURING AND AFTER THE PERIOD SEP 2020 TO NOV 2020

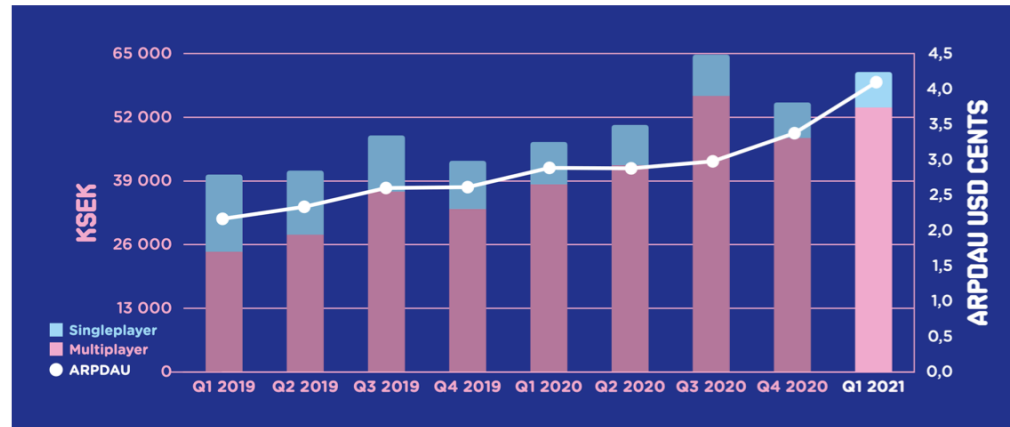
- On September 1 the acquisition was closed and Sventertainment AB became a fully owned subsidiary
- On December 21, the company announced the agreement to purchase all shares in Approe AB. The acquisition was closed on January 4 2021

FROM THE CEO A POSITIVE START OF THE FINANCIAL YEAR

2020/21

Significant revenue growth thanks to continued ARPDau improvements

Q1 revenues grew 34% to 63 MSEK compared to the same period last year thanks to continuous improvements to the average revenue per daily active user (ARPDau). Excluding acquisitions the revenue growth was 25%. The ARPDau in Q1 is 43% higher than the same period last year - strongly correlated to an 86% increase in in-app revenues.



Revenue and arpdau development

The EBITDA in Q1 reached 9.3 MSEK which makes for an EBITDA margin of 15% and we report a record game contribution of 38.5 MSEK. The game contribution reflects the margin after having paid for user acquisition and platform fees. The fact that we see the highest game contribution level in many years shows that we are on the right track. We continue to execute on our strategy to improve current games and invest in both user acquisition as well as the development of new games to further grow our business.

Successful migration of New QuizDuel players

At the end of November we had reached a point where more than 90% of QuizDuel players are actively playing the new generation of the game. New QuizDuel is now the only version of the game available for download. There are multiple benefits from having all the players on the new generation of the game; the team can focus on one single product, the players all get to enjoy the new features such as "Arena" and MAG's business gets a benefit of a significantly improved ARPDau now applied across the entire player population. It is a far from straightforward task to migrate several million players to a new game but the team has pulled it off successfully. We are moving ahead at increasing speed, now with a great technical and design foundation. It can also be noted that the number of subscribers is steadily increasing in New QuizDuel. Subscriptions were introduced before the summer of 2020 and the offering is now attracting an increasing number of players. In Word Domination subscribers have by far the highest long term engagement of all players and which is why we see this trend in New QuizDuel as something very positive.



FROM THE CEO

A POSITIVE START OF THE FINANCIAL YEAR

2020/21

Next phase for New QuizDuel

As announced at the beginning of December, New QuizDuel has now been downloaded more than five million times. With the migration behind us, we are now fully focused on getting new and exciting features out to the player base. The most significant upcoming new feature in New QuizDuel is the live broadcasting of interactive trivia shows. Similarly to how the Primetime app works, players will be able to compete for real money in shows that broadcast at specific times. This adds an immediacy and highly social experience to the quizzes, which is what attracted us to Primetime in the first place.

We aim to start broadcasting shows targeting the entire German-speaking player base during our financial Q2, which ends in February. The live game mode will be monetized primarily through sponsorships, and we are offering sponsorship opportunities for brands targeting the Germany-Austria-Switzerland region. We thus expect some positive contribution to our sales during Q2 and full effect in Q3.

Continued investments in user acquisition for Wordzee

User acquisition in Q1 was 16 MSEK, which is 44% higher than the same period last year. Due to the nature of user acquisition and ROI-based marketing, we expect to continue to see fluctuations in terms of monthly investment volumes but we aim to increase our investments in this area over time. The targeted payback time of our user acquisition is 180 days.

Wordzee has by far the highest ARPDAU and strongest monetization potential we have seen in a game from MAG, and we continue to be optimistic about the game's future scaling opportunities. In Q1 Wordzee was the game in the portfolio that attracted the majority of user acquisition investments.

Word Domination, Ruzzle and live-ops games perform well

During Q1 we have seen the ARPDAU continue to improve across all multiplayer games compared to last year. Word Domination's subscription revenues currently make up 27% of all IAP revenues for the game. This contributes to the game's stable performance despite having limited user acquisition support. Together with Ruzzle and the live-ops games, Word Domination has been a strong driver of game contribution in the quarter.

Remote work continues

As the situation in both Stockholm and Brighton has become more severe in terms of virus spread we have emphasized the remote first work approach we introduced in the spring. We encourage our employees to work from home and not have any physical meetings indoors. On the positive side, we are finding more and better ways to collaborate over video and are still to see any negative impacts on productivity. Our focus continues to be to ensure the physical and mental wellbeing of our colleagues.



FROM THE CEO

A POSITIVE START OF THE FINANCIAL YEAR

2020/21

Apprope joins the MAG family

On December 21 we announced the acquisition of Swedish mobile games developer Apprope. Founded in 2012, they are best known for their game WordBubbles, which has reached about 100 MSEK in lifetime sales and has been downloaded ten million times.

During the latter part of 2020 they launched Word Mansion, a word puzzle game with a narrative-driven decoration meta-story. This kind of puzzle-narrative game is growing in popularity within the word game category. We believe the acquisition of Apprope will help MAG grow quickly within this category. Word Mansion is designed in a way that enables the Apprope team to build multiple games on the same framework and we look forward to exploring that further. Word Mansion has grown quickly in both downloads and revenues since its launch and through accessing MAG's capabilities in analytics and user acquisition, we hope to further improve that growth. The acquisition was formally closed on January 4, 2021 and will add almost two full months of contribution to our Q2 results. Last financial year, ending August 2020, Apprope made a profit of 11.4 MSEK.

A goal-oriented approach that delivers results

The goal we set two years ago to improve the ARPDau across all games has had a positive impact on the business. We have seen this important metric improve continuously and this quarter the pace of improvement was even higher than before. I am very happy to see that MAG's way of working with highly empowered teams and a goal-oriented approach is successful. This makes for an engaging and passionate workplace that copes well with the remote work situation as it is not dependent on day-to-day detailed management but rather relies on well-informed teams that strive to create something valuable together. We can also see that world class talent chooses to join MAG as our way of working is a perfect fit for their skills and passion. External game studios we are in dialogue with regarding potential acquisitions also see our model as attractive as it gives them room for the autonomy and creativity that has enabled them to get to where they are today.

2021 is off to a great start and I can't wait to see what we can deliver together with our new teams from Apprope and Primetime that have joined in the recent months. Given the interest we see from external studios to join MAG, we are optimistic about the opportunities to make further acquisitions during the year.



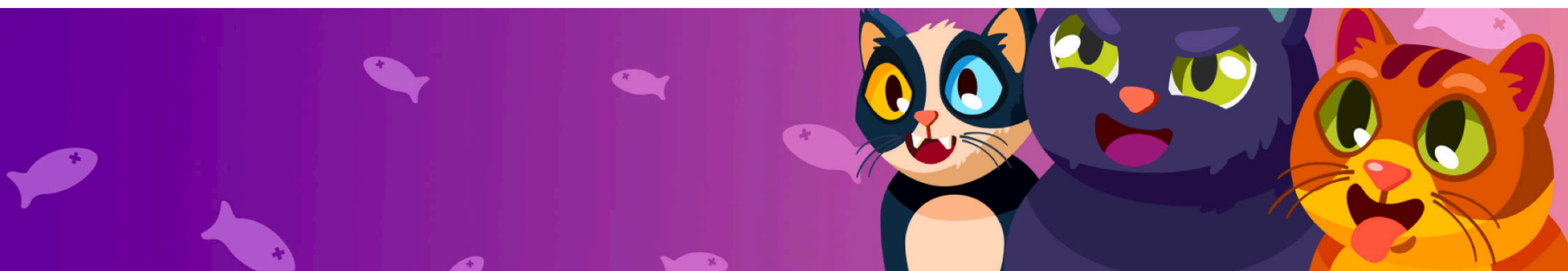
DANIEL HASSELBERG, CEO



SUMMARY OF THE BUSINESS' KEY PERFORMANCE INDICATORS

2020/21

| | | Sep-Nov 20 | Sep-Nov 19 | Y/Y change | FY 19/20 |
|--------------------------------------|------------|------------|------------|------------|----------|
| Net sales | KSEK | 62,950 | 47,102 | 34% | 217,567 |
| In-app purchases | KSEK | 26,978 | 14,490 | 86% | 83,586 |
| Advertising sales | KSEK | 35,971 | 32,085 | 12% | 133,390 |
| User acquisition | KSEK | 16,419 | 11,379 | 44% | -72,774 |
| Game contribution | KSEK | 38,466 | 31,373 | 23% | 119,735 |
| EBITDA | KSEK | 9,290 | 5,029 | 85% | 21,157 |
| EBITDA margin ¹ | % | 15% | 11% | 4 | 10% |
| Operating profit | KSEK | -2,190 | -3,024 | 28% | -16,611 |
| Operating profit margin ¹ | % | -3% | -6% | 3 | -8% |
| Profit | KSEK | -185 | -2,899 | 94% | -17,371 |
| Earnings per share | KSEK | -0.01 | -0.11 | | -0.66 |
| Cash flow from operating activities | KSEK | 4,642 | 20,944 | -78% | 37,874 |
| Average employees | | 103 | 77 | 34% | 84 |
| | | | | | |
| Daily active users (DAU) | Millions | 1.92 | 1.84 | 4% | 2.05 |
| Monthly active users (MAU) | Millions | 6.15 | 5.87 | 5% | 6.78 |
| Monthly unique payers (MUP) | Thousands | 54 | 41 | 33% | 52 |
| ARPPDAU | US \$ cent | 4.11 | 2.87 | 43% | 2.99 |

¹Y/Y change in percentage points


MAG's newest word game turns one year old

Wordzee is MAG's innovative word game which launched globally at the end of November 2019. The game thus turned one year old at the end of the quarter and has also passed three million downloads. In Wordzee, players challenge each other by competing head-to-head using letter tiles to form high scoring words on a special board. As an added challenge, filling the entire board earns the player "Wordzee" and major bonus points.

Strong growth product with highest ARPDau in the portfolio

Wordzee is one of MAG's strongest growth products with the highest average revenue per daily active user, ARPDau, in the portfolio. Wordzee's game mechanics are centered around the ability to replace letter tiles, something that is also effectively monetized by allowing players to make in-app purchases to trade additional tiles. To further optimize this part of the game, part of the reward system was updated. This change encourages increased long-term player engagement and the company also believes that it will have a positive impact on monetization long-term.

Launching new events has positive effects

At the beginning of the quarter, a new solo event was launched that had a positive impact on most of the KPIs in the game, including ARPDau. This game mode later turned into the new event called "Journeys", which will be able to be reused with different themes. We expect many upcoming "Journeys" events with various interesting themes which will hopefully lead to continued increased in-app spend. During MAG's tenth anniversary, a special birthday event was also launched in Wordzee. During the period for the event, Wordzee was also cross-promoted in several of MAG's other live games, which resulted in increased downloads, engagement and revenue.

Continued investment in user acquisition

Thanks to Wordzee's strong monetization, the acquisition of high-quality players is possible, as seen especially at the beginning of the quarter. As MAG believes in strong growth for Wordzee, investment in user acquisition will continue - and upgrades will take place whenever possible according to the company's ROI model for player acquisitions, with full repayment within 180 days.



New QuizDuel passes five million downloads

New QuizDuel was launched globally in May 2020 and has now passed five million downloads. New QuizDuel is the sequel and heir to the classic QuizDuel game where users challenge friends and other players around the world in trivia. New QuizDuel also offers the new multiplayer game mode "Arena", where the player competes against four other people to climb leaderboards.

The migration reaches its goal

New QuizDuel has a higher monetization potential than classic QuizDuel and the company's goal has therefore been to migrate all QuizDuel players to the new game before the end of 2020.

During Q1, two changes have had a positive effect on migration. On the one hand, QuizDuel has been removed from the App Store and Google Play in all markets, and on the other hand, all old players have had to upgrade to New QuizDuel to continue playing. This resulted in a large influx of users in the new app during the quarter. At the end of November 2020, New QuizDuel had more daily active users than classic QuizDuel had during the same period last year.

Revenue grows after increased advertising revenue

At the end of the quarter, ad impressions in New QuizDuel were also activated for players who previously had been Premium players in classic QuizDuel. Premium was a monetization model in classic QuizDuel where the user paid a one-time cost to get an ad-free experience and during a transition phase, no ads were shown to most of these players in New QuizDuel. From the end of the quarter, players will be offered a more wide-ranging monthly subscription, with an ad-free experience as one of the perks included. This change mainly affected advertising revenues, which grew significantly at the end of the quarter.

New game mode with a live quiz show

In collaboration with Primetime, which the company acquired in September 2020, MAG is developing a live-hosted trivia show as a new game mode in New QuizDuel. The new game mode will primarily be launched on the game's largest market, Germany. Testing of the live show began after the end of the quarter targeting a limited audience on the German-speaking market.

MAG sees this new type of quiz entertainment as the next step in making New QuizDuel the best mobile trivia experience in the world. The company also sees new revenue opportunities with the new live mode, which will be monetized through sponsorship campaigns. MAG hopes to launch the live show to the entire German-speaking audience during Q2.



MAG's tactical word game with real-time matches

Word Domination is a clever multiplayer game where users play against each other in exciting real-time word matches. Players compete against each other attempting to earn the most points on the board by creating words over five rounds. With so-called booster cards, players can improve their chances with time-limited benefits. Since launching Word Domination globally in May 2018, the game has ranked top five in the word game category across 140 countries and been downloaded over 10 million times.

Record-breaking events increased revenues

During Q1, two of the most revenue-driven events to date in Word Domination were released; an ice cream collection event and an event that celebrated MAG's tenth year anniversary. These events included a new type of reward ladder, which meant that users had to play multiple times to complete the event. This resulted in increased in-app purchases, advertising revenue and number of subscriptions during the period. The event boosted player engagement and both events broke records in average revenue per daily active user, ARPDAU, which reached the highest level in the game to date.

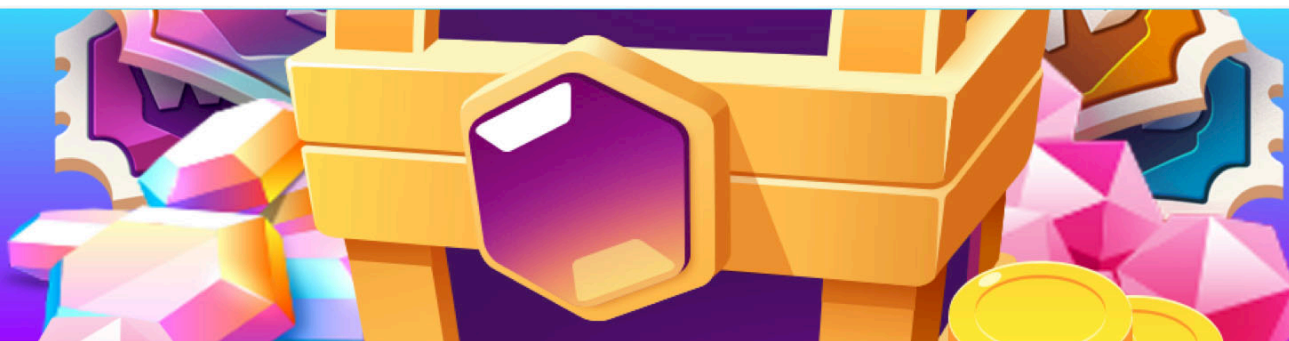
The group of loyal players is growing

Word Domination has loyal players who return to the game for a long time. The most dedicated users are the VIP players - users who pay a monthly fee for a subscription and thus get access to, among other things, exclusive content and an ad-free experience. Subscriptions were introduced in Word Domination in the spring of 2019 and added another layer of monetization to MAG's portfolio. The subscriptions have grown steadily since they were introduced in the spring of 2019, and there is now a growing group of players that have been VIP members for over a year. In addition to showing a long-term player engagement, MAG benefits from the 30% to 15% that applies to subscriptions after 12 months on both iOS and Android.

VIP players have the highest revenue per daily active user, ARPDAU, of all Word Domination players. In Q1, subscriptions accounted for 27% of in-app revenue. Total in-app revenues increased, as did the amount of subscriptions in Q1 compared with the previous quarter.

New releases increase engagement

In addition to new events, several new features were also released, both temporary new "Power up" cards and more permanent booster cards. Updated features and content are a way to offer loyal players something new and exciting, thereby improving their long-term engagement while strengthening monetization. Word Domination increased its long-term player retention during Q1 compared to the same period last year. New content keeps the players' engagement alive and this is something that Word Domination continues to focus on.



Revenues increase for MAG's word game classic

Ruzzle is a social word game where players are challenged to find as many words as possible in two minutes within a limited grid of letters. The game was released in 2012 and has been downloaded over 60 million times. Thanks to the major update to the in-game economy that was launched two quarters ago, Ruzzle continues to increase in revenue. Total revenue increased in the quarter compared to the same period last year.

Record level for ARPDAU reached in Ruzzle

MAG celebrated its tenth anniversary as a company during the quarter, and it was highlighted in five of the company's live games, including through special birthday events and special offers to players. The events drive the players' long-term engagement and improve monetization.

In Ruzzle, an anniversary event was launched, as well as other solo events, and also special offers; a collection of in-game currency, badges and new avatars for a one-time cost. Thanks to these offers, solo events and even technical optimizations, Ruzzle reached the highest average revenue per daily active user (ARPDAU) since the game was launched.

Still profitable evergreen

Ruzzle has low development costs and since the new in-game economy was launched, the game has steadily improved its profitability. The company believes that further optimization of other mechanics in the game - such as improving the first-time user experience - can increase profitability further in the future.

Ruzzle is one of MAG's outstanding evergreens and most long-term profitable games. MAG hopes of continued positive development and is confident that Ruzzle will continue to be instrumental to the gaming portfolio.



Primetime - a new member in MAG's portfolio

Primetime is a live quiz app that was acquired on September 1. The app was released in Sweden in 2018 and has since expanded to Norway, Denmark and Finland. Primetime broadcasts trivia shows live with a host seven days a week, where players compete for a sum of money by answering up to eleven questions live.

The app is monetized through sponsorship campaigns, a business model that differs from the rest of MAG's portfolio. The business model has worked well for Primetime, which has made a profit in the past year. A major focus in the future for Primetime is the collaboration with New QuizDuel and the upcoming launch of the live game mode in the German market.

Primetime had sales of just over MSEK 9 during the first half of 2020 - an increase of 57% compared with the same period last year - and made a profit before tax of MSEK 1.3.

As per the acquisition note on page 32, Primetime's revenues during the first quarter of our financial year (September - November) were MSEK 3.8 which resulted in a loss of MSEK 0.5. This is mainly due to sponsorship agreements in Norway and Finland that were affected by Primetime's alignment with MAG policies that do not allow for casino advertising in those markets. We believe this is a short term effect and expect Primetime to return to profitability shortly.

Primetime had an average revenue per daily active user (ARPDau) in Q1 of 7.9 cents which is significantly higher than the MAG portfolio on average. The business model with sponsored live shows will be an exciting addition to the existing business model in New QuizDuel with in-app-purchases, subscriptions and advertising.





CONSOLIDATED PROFIT/LOSS AND CASHFLOW FOR THE PERIOD SEP UNTIL NOV 2020 2020/21

OPERATING INCOME

The Group's operating income for the period was 73,931 KSEK (54,369 KSEK), an increase of 36% compared to the same period the previous year. The Group's net sales for the period totalled 62,950 KSEK (47,102 KSEK), an increase of 34%.

Own work capitalised totalled 10,140 KSEK (7,511 KSEK). See below for further details of capitalized expenses as well as depreciation of the same.

The group's net sales was primarily attributable to the games Wordzee, New QuizDuel, Word Domination, Ruzzle, WordBrain, QuizDuel, Primetime, WordBrain 2 and Wordalot.

OPERATING EXPENSES, EBITDA AND OPERATING PROFIT/LOSS

Operating expenses totalled 64,640 KSEK (49,340 KSEK). Of these, 15,349 KSEK (10,342 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 16,419 KSEK (11,379 KSEK) were costs of user acquisition and 8,482 KSEK (7,883 KSEK) were other external operating expenses.

User acquisition costs in the first quarter is mainly attributable to the game Wordzee.

Personnel expenses totalled 24,391 KSEK (19,736 KSEK) an increase of 24%.

EBITDA for the period was 9,290 KSEK (5,029 KSEK).

Depreciation of tangible and intangible assets totalled 11,480 KSEK (8,054 KSEK), of which 6,337 KSEK (5,603 KSEK) was depreciation of capitalized development expenses.

The Group's operating profit was -2,190 KSEK (-3,024 KSEK) and profit before tax -2,482 KSEK (-4,556 KSEK).

PROFIT/LOSS AFTER TAX

The tax for the quarter includes a reevaluation of previous losses, which brings a deferred tax of -1 735 KSEK. Profit after tax totalled -185 KSEK (-2,899 KSEK).

The profit after tax per share was -0.01 SEK/share (-0.11 SEK/share) and the profit after tax per share fully diluted was -0.01 SEK/share (-0.11 SEK/share).

The average number of shares during the period was 26,454,632 (26,321,393) and the average number of shares fully diluted was 27,614,148 (27,317,067).

CASH FLOW FOR THE PERIOD

The Group's cash flow from operating activities during the quarter was 4,642 KSEK (20,944 KSEK). Cash flow from investing activities was -30,620 KSEK (-7,577 KSEK). Cashflow from financing activities was -5,147 KSEK (-3,889 KSEK).

PARENT COMPANY PROFIT/LOSS FOR THE PERIOD SEP UNTIL NOV 2020

2020/21

OPERATING INCOME

The parent company's net sales for the period were 59,149 KSEK (32,614 KSEK), an increase of 81% compared with the same period the previous year.

OPERATING EXPENSES AND OPERATING PROFIT/LOSS

Operating expenses totalled 63,528 KSEK (48,361 KSEK).

Of these 14,070 KSEK (10,137 KSEK) were sales related costs originating primarily from fees to Apple App Store and Google Play, costs of user acquisition were 16,419 KSEK (11,379 KSEK) and 14,231 KSEK (8,582 KSEK) was other external operating expenses.

Personnel expenses totalled 18,808 KSEK (18,263 KSEK) en an increase of 3%.

Depreciation of tangible and intangible assets totalled 4,868 KSEK (451 KSEK). The increase compared to previous year is related to the goodwill from the merger of FEO Media AB.

The parent company's operating profit for the period was -8,302 KSEK (-12,108 KSEK).

PROFIT AFTER TAX

Profit after tax totalled to -7,117 KSEK (-10,452 KSEK).



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

2020/21

Intangible non-current assets at the end of the period totalled 199,322 KSEK (142,587 KSEK), of which 112,769 KSEK (77,792 KSEK) relates to goodwill and 86,553 KSEK (64,795 KSEK) to other intangible assets. The latter consists primarily of capitalized development expenses on own account and acquired intellectual property.

Cash and cash equivalents at the end of the period totalled 128,723 KSEK (193,129 KSEK).

Equity at the end of the period totalled 313,180 KSEK (328,704 KSEK), corresponding to 11.8 SEK/share (12.5 SEK/share).

The equity/assets ratio at the same time was 70.3% (80.5%).

The group has interest bearing debt of 52,128 KSEK (33,571 KSEK) of which 119 KSEK is attributable to loan to financial institutes and the rest refers to financial lease.

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

Cash and cash equivalents at the end of the period totalled 121,267 KSEK (189,947 KSEK).

Equity at the end of the period totalled 272,287 KSEK (340,312 KSEK).





KEY INDICATORS FOR THE BUSINESS PERIOD SEP UNTIL NOV 2020

2020/21

DISTRIBUTION OF REVENUES BY BUSINESS MODEL

The Group's net sales are distributed primarily between in-app purchases (purchases made inside games via the Apple App Store or Google Play) and in-app advertising.

The Group's net sales from in-app purchases for the period were 26,978 KSEK (14,490 KSEK), an increase of 86% compared to the same period the previous year.

The Group's net sales from in-app advertising were 35,971 KSEK (32,085 KSEK), an increase of 12% compared with the same period the previous year.

GAME CONTRIBUTION

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 sales minus platform fees and performance-based marketing. Performance based marketing includes digital advertising and other advertising associated directly with the company's products, as well as services and charges directly attributable to performance-based marketing. General marketing of the company and brand is not included in the cost of direct marketing.

The Group's contribution from sales activities for the period was 38,466 KSEK (31,373 TSEK), an increase of 23% compared to the same period the previous year.

COMMENTS ON THE DISTRIBUTION OF INCOME AND CONTRIBUTIONS FROM SALES ACTIVITIES

In-app purchases is the drive behind the overall increase in net sales. Contribution is up by 23 % based on broad improvement in monetization and despite higher costs for user acquisition in the quarter.

A stylized illustration on the left side of the page. It depicts a character, possibly a small animal or person, hanging from a dark ledge or cliff. Below the character is a landscape with jagged, mountain-like shapes in various shades of blue and green. The background is a light blue gradient with some faint, darker blue shapes suggesting a sky or distant mountains.

KEY INDICATORS FOR THE BUSINESS CONTO.

2020/21

OTHER KEY INDICATORS

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

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

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

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

THE BUSINESS'S KEY INDICATORS DURING THE PERIOD

DAU for the period 1.9 million (1.8 million), an increase of 4% compared with the same period the previous year.

MAU for the period 6.2 million (5.9 million), an increase of 5% compared with the same period the previous year.

MUP for the period 54 thousand (41 thousand), an increase of 33% compared with the same period the previous year.

ARPDau for the period 4.1 US \$ cent (2.9 US \$ cent), an increase of 43% compared with the same period the previous year.

COMMENTS TO THE KPIS

DAU and MAU for the period end on a slight increase. The increase in MUP can be traced back to Wordzee and the stronger in-app-monetization that we have seen there. The increase in ARPDau can be traced to a broad portfolio improvement in monetization as well as to Wordzee, with an ARPDau that is higher than the rest of the portfolio, combined with its growing user base.



OTHER DISCLOSURES

2020/21

PARENT COMPANY

The parent company MAG Interactive AB (publ), corporate ID number 556804-3524, has its registered office in Stockholm with 71 employees. A big part of the Group's business activity is in the parent company, with employees, agreements, intangible assets (incl. IP) and revenues. There are eight fully owned subsidiaries in the group. MAG Games Ltd, with its registered office in Brighton and 22 employees, has only Group internal invoicing and carries out development and other functions in the company's operations. MAG United AB, with its registered office in Stockholm, has no employees. Sventertainment AB, with its registered office in Stockholm, is a subsidiary group consisting of six companies and was acquired during the first quarter 2020/21. Sventertainment is the developer and publisher of the trivia app Primetime and has 13 employees.

ACCOUNTING PRINCIPLES

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

RISKS AND UNCERTAINTIES

Like all other companies, MAG Interactive is exposed to risks in its business activities. To name some of these risks: dependence on key persons, exchange rate fluctuations, delays in launches, unsuccessful launches, changes in external sales partners when such changes are entirely beyond the company's control. The company's Board of Directors and management work on an ongoing basis on risk management in order to minimize these effects. For more information regarding the risks and uncertainties, please refer to the annual report of 2019/2020.

CURRENCY EFFECTS

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

CERTIFIED ADVISER

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

PERSONNEL

The average number of employees during the quarter was 103, compared to 77 the same period the previous year.

CONTACT

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

Or contact

Daniel Hasselberg, CEO, at daniel@maginteractive.se

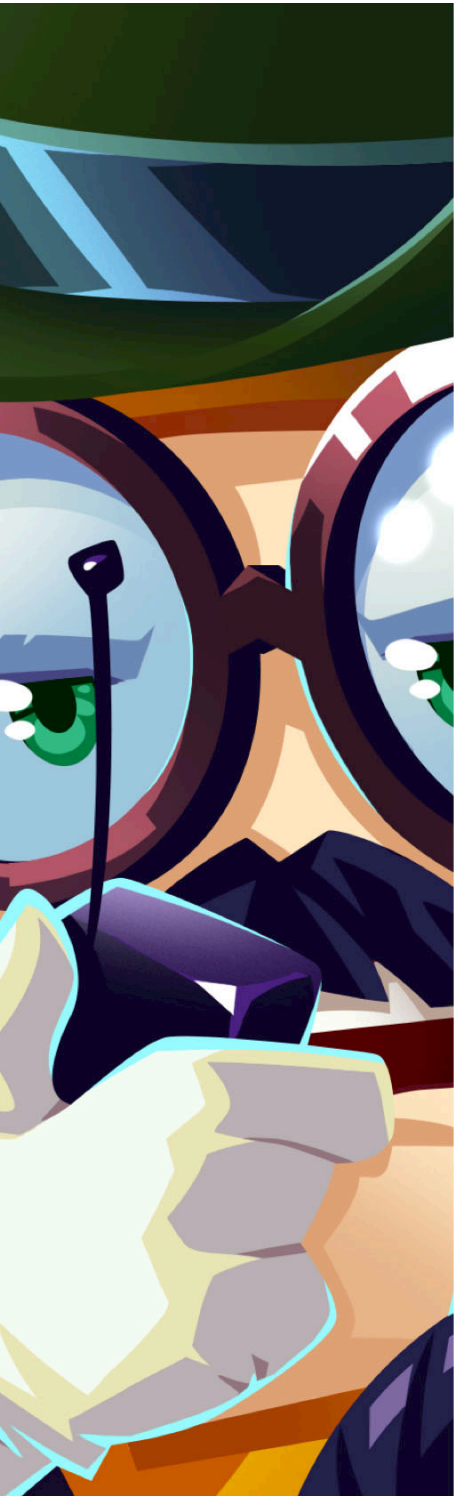
Magnus Wiklander, CFO, at magnus.wiklander@maginteractive.se

MAG INTERACTIVE AB [PUBL]

Drottninggatan 95A

113 60 Stockholm

Sweden



OTHER DISCLOSURES CONTO.

2020/21

FURTHER REPORTING DATES

Interim Report Q2 September 2020 - February 2021

March 31, 2021

Interim Report Q3 September 2020 - May 2021

June 30, 2021

AUDIT

This report has not been reviewed by auditors.

TWITCH STREAM

On January 20th, 2020 at 10:00 CET, CEO Daniel Hasselberg and CFO Magnus Wiklander will present the Interim Report live on Twitch. The presentation will be held in English. Link to the Twitch feed www.twitch.com/maginteractive

Daniel Hasselberg will also take questions on Twitter during the course of the day, write to @d_hasselberg or @maginteractive.

More information is available at maginteractive.se/investors

STATEMENTS ABOUT THE FUTURE

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



ASSURANCE BY THE BOARD OF DIRECTORS

2020/21

ASSURANCE BY THE BOARD OF DIRECTORS

Stockholm January 20, 2020

BIRGITTA STYMNE GÖRANSSON

Chairman of the Board

DANIEL HASSELBERG
CEO, Board member

TAINA MALÉN
Board member

ANDRAS VAJLOK
Board member

ASBJOERN SOENDERGAARD
Board member

TEEMU HUUHTANEN
Board member

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

2020/21

| Amounts in KSEK | Note | Sep-Nov 20 | Sep-Nov 19 | FY 19/20 |
|--|------|----------------|----------------|-----------------|
| Operating income | | | | |
| Net sales | 1 | 62,950 | 47,102 | 217,567 |
| Own work capitalised | | 10,140 | 7,511 | 28,099 |
| Other operating income | | 840 | -243 | 2,046 |
| Total | | 73,931 | 54,369 | 247,711 |
| Operating expenses | | | | |
| Sales related costs | 2 | -15,349 | -10,342 | -51,129 |
| User acquisition | | -16,419 | -11,379 | -72,774 |
| Other external expenses | | -8,482 | -7,883 | -28,791 |
| Personnel costs | | -24,391 | -19,736 | -73,860 |
| Total operating expenses | | -64,640 | -49,340 | -226,554 |
| EBITDA | | 9,290 | 5,029 | 21,157 |
| Depreciation and write downs of tangible and intangible non-current assets | 3 | -11,480 | -8,054 | -37,768 |
| Operating profit/loss (EBIT) | | -2,190 | -3,024 | -16,611 |
| Financial items | | | | |
| Profit/loss from securities | | 0 | 0 | -663 |
| Interest income and similar | | 6 | -857 | 729 |
| Interest expense and similar | | -297 | -675 | -6,090 |
| Total financial items | | -292 | -1,531 | -6,025 |
| Profit/loss after financial items | | -2,482 | -4,556 | -22,636 |
| Taxes | | 2,297 | 1,656 | 5,265 |
| Profit/loss for the period | | -185 | -2,899 | -17,371 |
| Other comprehensive result | | | | |
| Exchange rate differences | | -575 | 567 | -659 |
| Total comprehensive income for the period | | -760 | -2,332 | -18,029 |
| The profit/loss and total comprehensive income for the year are attributable in full to the parent company's shareholders. | | | | |
| Earnings per share (based on average number of shares) | | -0.01 | -0.11 | -0.66 |
| Earnings per share fully diluted (based on average number of shares) | | -0.01 | -0.11 | -0.63 |
| Average number of shares during the period | | 26,454,632 | 26,321,393 | 26,343,600 |
| Average number of shares during the period fully diluted | | 27,614,148 | 27,317,067 | 27,530,821 |
| Number of shares at the end of the period | | 26,454,632 | 26,321,393 | 26,454,632 |
| Number of shares at the end of the period fully diluted | | 27,614,148 | 27,317,067 | 27,614,148 |

CONSOLIDATED BALANCE SHEET

ASSETS

2020/21

| Amounts in KSEK | Note | 30/11 2020 | 30/11 2019 | 31/8 2020 |
|---|------|----------------|----------------|----------------|
| ASSETS | | | | |
| Goodwill | 5 | 112,769 | 77,792 | 77,153 |
| Other intangible assets | | 86,553 | 64,795 | 64,690 |
| Total intangible assets | | 199,322 | 142,587 | 141,843 |
| Right-of-use assets | 4 | 50,249 | 33,461 | 52,751 |
| Equipment, tools, fixtures and fittings | 4 | 10,081 | 5,342 | 8,438 |
| Total tangible assets | | 60,329 | 38,803 | 61,190 |
| Other long-term receivables | | 4,072 | 2,096 | 4,052 |
| Deferred tax assets | | 8,522 | 2,528 | 5,841 |
| Total financial non-current assets | | 12,594 | 4,624 | 9,893 |
| Total non-current assets | | 272,244 | 186,014 | 212,926 |
| Current assets | | | | |
| Trade and other receivables | | 28,531 | 23,417 | 23,015 |
| Current tax assets | | 1,275 | 1,608 | 1,075 |
| Other current receivables | | 1,068 | 758 | 979 |
| Prepaid expenses and accrued income | | 13,581 | 3,644 | 13,360 |
| Cash and cash equivalents | | 128,723 | 193,129 | 160,630 |
| Total current assets | | 173,178 | 222,557 | 199,059 |
| TOTAL ASSETS | | 445,422 | 408,571 | 411,985 |

CONSOLIDATED BALANCE SHEET

LIABILITIES AND EQUITY

2020/21

| Amounts in KSEK | Note | 30/11 2020 | 30/11 2019 | 31/8 2020 |
|---|------|----------------|----------------|----------------|
| EQUITY AND LIABILITIES | | | | |
| Equity | | | | |
| Share capital | | 688 | 684 | 687 |
| Other contributed capital | | 282,276 | 281,346 | 282,176 |
| Reserves | | -2,817 | -1,015 | -2,241 |
| Retained earnings incl. comprehensive income for the period | | 33,033 | 47,689 | 33,218 |
| Total equity | | 313,180 | 328,704 | 313,840 |
| | | | | |
| Deferred tax liabilities | | 17,830 | 13,348 | 13,326 |
| Long-term lease liabilities | 4 | 42,848 | 25,277 | 45,239 |
| Other long-term liabilities | 5 | 30,744 | 0 | 0 |
| Total long-term liabilities | | 91,422 | 38,625 | 58,565 |
| | | | | |
| Current liabilities | | | | |
| Trade and other payables | | 12,809 | 8,478 | 11,919 |
| Current tax liability | | 81 | 387 | 86 |
| Short-term bank loans | | 493 | 11,667 | 0 |
| Accrued expenses and prepaid income | | 10,515 | 9,144 | 15,119 |
| Short-term lease liabilities | 4 | 9,161 | 8,294 | 9,107 |
| Other current liabilities | 5 | 7,761 | 3,272 | 3,349 |
| Total current liabilities | | 40,820 | 41,242 | 39,581 |
| | | | | |
| TOTAL EQUITY AND LIABILITIES | | 445,422 | 408,571 | 411,985 |

CONSOLIDATED CASH FLOW STATEMENT**2020/21**

| Amounts in KSEK | Note | Sep-Nov 20 | Sep-Nov 19 | FY 19/20 |
|---|------|----------------|----------------|----------------|
| Cash flow from operating activities | | | | |
| Profit/loss before financial items | | -2,190 | -3,024 | -16,611 |
| Adjustments for items not part of cash flow | | | | |
| LTIP | | 101 | 127 | 457 |
| Depreciations and write-downs | | 11,378 | 6,965 | 37,768 |
| Interest received | | 5 | 553 | 729 |
| Interest paid | | -339 | -457 | -1,541 |
| Income tax paid | | 3,919 | 10,134 | 10,656 |
| Cash flow from operating activities before change in working capital | | 12,874 | 14,299 | 31,458 |
| Change in current operating receivables | | -3,813 | 3,546 | -6,153 |
| Change in current operating liabilities | | -4,419 | 3,099 | 12,569 |
| Change in working capital | | -8,232 | 6,645 | 6,416 |
| Cash flow from operating activities | | 4,642 | 20,944 | 37,874 |
| Cash flow from investing activities | | | | |
| Capitalized work | | -10,140 | -7,511 | -28,099 |
| Investments in tangible non-current assets | | -1,828 | -64 | -5,102 |
| Investments in subsidiaries | 5 | -18,652 | 0 | 0 |
| Change in financial investments | | 0 | 0 | -2,641 |
| Change in long-term receivables | | 0 | -2 | 0 |
| Cash flow from investing activities | | -30,620 | -7,577 | -35,842 |
| Cash flow from financing activities | | | | |
| Option scheme | | 0 | 0 | 504 |
| Amortized short-term loans | | -5,147 | -3,889 | -22,428 |
| Cash flow from financing activities | | -5,147 | -3,889 | -21,924 |
| Increase/decrease in cash and cash equivalents | | | | |
| Cash flow for the period | | -31,125 | 9,478 | -19,892 |
| Effects of exchange rate changes | | -782 | -1,420 | -4,549 |
| Opening cash and cash equivalents | | 160,630 | 185,071 | 185,071 |
| Closing cash and cash equivalents | | 128,723 | 193,129 | 160,630 |

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

2020/21

| KSEK | Share capital | Other external capital | Reserves | Retained earnings | Total equity |
|-----------------------------------|---------------|------------------------|---------------|-------------------|----------------|
| Starting balance 1/9 2020 | 687 | 282,176 | -2,241 | 33,218 | 313,840 |
| Profit/loss for the period | | | | -185 | -185 |
| Exchange rate differences | | | -575 | | -575 |
| Total comprehensive income | | | -575 | -185 | -760 |
| LTIP | 1 | 100 | | | 101 |
| Ending balance 30/11 2020 | 688 | 282,276 | -2,817 | 33,033 | 313,180 |

| KSEK | Share capital | Other external capital | Reserves | Retained earnings | Total equity |
|-----------------------------------|---------------|------------------------|---------------|-------------------|----------------|
| Starting balance 1/9 2019 | 684 | 281,219 | -1,583 | 50,588 | 330,908 |
| Profit/loss for the period | | | | -2,899 | -2,899 |
| Exchange rate differences | | | 567 | | 567 |
| Total comprehensive income | | | 567 | -2,899 | -2,332 |
| LTIP | | 127 | | | 127 |
| Ending balance 30/11 2019 | 684 | 281,346 | -1,015 | 47,689 | 328,704 |

PARENT COMPANY'S INCOME STATEMENT

2020/21

| Amounts in KSEK | Note | Sep-Nov 20 | Sep-Nov 19 | FY 19/20 |
|--|------|----------------|----------------|-----------------|
| Operating income | | | | |
| Net sales | | 59,149 | 32,614 | 217,566 |
| Other operating income | | 945 | 4,089 | 2,046 |
| Total operating income | | 60,094 | 36,703 | 219,612 |
| Operating expenses | | | | |
| Sales related costs | | -14,070 | -10,137 | -51,168 |
| User acquisition | | -16,419 | -11,379 | -72,774 |
| Other external expenses | | -14,231 | -8,582 | -35,568 |
| Personnel costs | | -18,808 | -18,263 | -74,511 |
| Total operating expenses | | -63,528 | -48,361 | -234,022 |
| EBITDA | | -3,434 | -11,657 | -14,410 |
| Depreciation of tangible and intangible non-current assets | 3 | -4,868 | -451 | -20,575 |
| Operating profit/loss | | -8,302 | -12,108 | -34,985 |
| Financial items | | | | |
| Profit/loss from securities | | 0 | 0 | -663 |
| Financial income | | 5 | 263 | 1,265 |
| Financial expenses | | 41 | -462 | -5,403 |
| Total financial items | | 46 | -199 | -4,802 |
| Profit/loss after financial items | | -8,256 | -12,308 | -39,786 |
| Tax allocation reserve | | 0 | 0 | 0 |
| Taxes | | 1,139 | 1,856 | 5,944 |
| Profit/loss for the period | | -7,117 | -10,452 | -33,843 |

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

PARENT COMPANY'S BALANCE SHEET

ASSETS

2020/21

| Amounts in KSEK | Note | 30/11 2020 | 30/11 2019 | 31/8 2020 |
|--|------|----------------|----------------|----------------|
| ASSETS | | | | |
| Goodwill | | 27,295 | 0 | 30,707 |
| Other intangible assets | | 26,320 | 0 | 27,260 |
| Total intangible assets | | 53,615 | 0 | 57,967 |
| Equipment, tools, fixtures and fittings | | 7,095 | 1,740 | 5,579 |
| Total tangible non-current assets | | 7,095 | 1,740 | 5,579 |
| Participation in Group companies | | 104,424 | 181,983 | 47,252 |
| Other long-term receivables | | 10,552 | 4,310 | 9,607 |
| Long-term receivables from Group companies | | 154 | 92 | 136 |
| Total financial non-current assets | | 115,130 | 186,385 | 56,995 |
| Total non-current assets | | 175,840 | 188,125 | 120,541 |
| Current assets | | | | |
| Trade and other receivables | | 25,851 | 16,310 | 23,015 |
| Short-term receivable from Group companies | | 0 | 59,043 | 0 |
| Other receivables | | 2,199 | 444 | 2,410 |
| Prepaid expenses and accrued income | | 12,401 | 3,471 | 13,213 |
| Total current assets | | 40,451 | 79,269 | 38,638 |
| Cash and cash equivalents | | 121,267 | 189,947 | 156,668 |
| TOTAL ASSETS | | 337,559 | 457,342 | 315,847 |

PARENT COMPANY'S BALANCE SHEET

LIABILITIES AND EQUITY

2020/21

| Amounts in KSEK | Note | 30/11 2020 | 30/11 2019 | 31/8 2020 |
|---|------|----------------|----------------|----------------|
| EQUITY AND LIABILITIES | | | | |
| Restricted equity | | | | |
| Share capital | | 688 | 684 | 687 |
| Non-restricted equity | | | | |
| Other contributed capital | | 313,665 | 312,736 | 313,565 |
| Retained earnings incl. comprehensive income for the period | | -42,066 | 26,893 | -34,949 |
| Total equity | | 272,287 | 340,312 | 279,304 |
| Provisions | | | | |
| Deferred tax liabilities | | 5,422 | 0 | 5,616 |
| Other provisions | | 32,250 | 0 | 0 |
| Total provisions | | 37,672 | 0 | 5,616 |
| Current liabilities | | | | |
| Trade and other payables | | 12,488 | 8,258 | 11,702 |
| Liabilities to Group companies | | 1,862 | 87,675 | 2,845 |
| Other liabilities | | 4,705 | 13,153 | 3,140 |
| Accrued expenses and prepaid income | | 8,546 | 7,944 | 13,241 |
| Total current liabilities | | 27,600 | 117,029 | 30,928 |
| TOTAL EQUITY AND LIABILITIES | | 337,559 | 457,342 | 315,847 |

DEFINITIONS**2020/21**

| Term | Description |
|---------------------------------|---|
| Net sales | Total game revenue, drawn from In-app purchases and advertising sales. MAG records the full value of items sold as In-app purchases and reports the platform share as Sales related costs. The Platform fee is normally 30% of the item price (Apple and Google). |
| In-app purchases | The value of purchases made in an app through Google Play or Apple App Store or other such store. |
| Advertising sales | Net sales from ads in the games. |
| Activated costs for own account | Development work activated to the balance sheet. The company activates personnel costs, including social fees and other related costs such as office space, for games in soft launch and until the game moves into live ops. Soft launch is the last development phase prior to global launch and the probability of a global launch is high. Live ops is when a central team takes responsibility of the game and works with content and events mainly, no costs are activated in this phase. MAG has not had any amortizations of activated development costs since the company was public. |
| Platform fee | 30% of the In-app purchases are costs to the platform, primarily Google Play and Apple App Store. Subscriptions have a reduced fee of 15% after a user has been a subscriber for 12 months. |
| User acquisition | Marketing costs with direct connection to one of the games and with measurable effect and demands on ROI (return on investment). A common ROI requirement is to have the investment paid back as net revenues within six or nine months, and longer periods can be relevant in situations with strong retention and long term monetization. |
| Game contribution | Net sales minus platform fees (primarily to Google and Apple) minus direct marketing. |
| EBITDA | Profit/loss before financial items, taxes and depreciation. |
| Equity/asset ratio | Equity as a percentage of total assets. |
| DAU | Average number of Daily Active Users for the days during the period. Calculated as the sum of DAU for the individual games in such a way so that a player that plays more than one game in one day is counted once per game. |
| MAU | Average number of Monthly Active Users over the months during the period. Calculated as the sum of MAU for the individual games in such a way so that a player that plays more than one game in one month is counted once per game. An average over the months in the period is calculated. |
| MUP | Average Monthly Unique during the period is the total number of unique users that makes an In-app purchase in a game. Counted in such a way that a user that makes purchases in more than one game during the month is counted once per game. An average over the months in the period is calculated. |
| ARPPDAU | Daily average Net sales per daily active user (DAU). If nothing else is stated this is measured in US cents. |

NOTES TO THE INTERIM REPORT

2020/21

| | Sep-Nov 20 | Sep-Nov 19 | FY 19/20 |
|--|----------------|----------------|----------------|
| Amounts in KSEK | | | |
| NOTE 1: DISTRIBUTION OF NET SALES | | | |
| In-app purchases | 26,978 | 14,490 | 83,586 |
| Advertising income | 35,971 | 32,085 | 133,390 |
| Other | 1 | 527 | 591 |
| Total | 62,950 | 47,102 | 217,567 |
| NOTE 2: SALES RELATED COSTS | | | |
| Platform fee | -8,065 | -4,350 | -25,058 |
| Server costs | -4,867 | -3,665 | -17,868 |
| Other sales related costs | -2,417 | -2,328 | -8,202 |
| Total sales related costs | -15,349 | -10,343 | -51,128 |

NOTES TO THE INTERIM REPORT

2020/21

| | Sep-Nov 20 | Sep-Nov 19 | FY 19/20 |
|---|----------------|---------------|----------------|
| Amounts in KSEK | | | |
| NOTE 3: DEPRECIATIONS | | | |
| Group | | | |
| Right-of-use assets | -2,422 | -1,427 | -8,464 |
| Equipment, tools, fixtures and fittings | -781 | -422 | -2,069 |
| Intellectual properties | -1,940 | -940 | -3,759 |
| Own work capitalized | -6,337 | -5,603 | -23,476 |
| Other | 0 | 338 | 0 |
| Total | -11,480 | -8,054 | -37,768 |
| Parent | | | |
| Goodwill | -3,412 | 0 | -13,647 |
| Equipment, tools, fixtures and fittings | -516 | -181 | -1,076 |
| Intellectual properties | -940 | 0 | -3,759 |
| Intercompany related depreciations | 0 | -270 | -2,092 |
| Total | -4,868 | -451 | -20,575 |

NOTE 4: RECLASSIFICATION OF FINANCIAL LEASING

The financial leasing for Q1 2019/20 has been reclassified in accordance to the table below:

| | This report | Previous year report |
|---|---------------|----------------------|
| Right-of-use assets | 33,461 | 0 |
| Equipment, tools, fixtures and fittings | 5,342 | 38,803 |
| Total assets | 38,803 | 38,803 |
| Long-term lease liabilities | 25,277 | 0 |
| Trade and other payables | 8,478 | 42,049 |
| Short-term lease liabilities | 8,294 | 0 |
| Total liabilities | 42,049 | 42,049 |

NOTE 5: ACQUISITION OF SVENTERTAINMENT GROUP

In September 2020 MAG Interactive AB (publ) acquired 100 % of the shares in Sventertainment AB (corp no 559155-8464) and the company became a fully owned subsidiary. Sventertainment AB is the creator of the successful trivia app Primetime, which broadcasts live trivia seven days a week.

The acquisition was financed through existing cash and cash equivalents. The upfront payment of the acquisition totalled to 20 MSEK and the contingent consideration, earnout, is subject to a cap of 80 MSEK. Furthermore, a payment of additional 4 MSEK was made for the net assets. Sventertainment is consolidated in MAG's financial reports as of September 1 2020.

The purchase consideration follows:

KSEK

Purchase consideration

| | |
|-------------------------------------|---------------|
| Cash and cash equivalents | 24,407 |
| Contingent consideration | 32,250 |
| Total purchase consideration | 56,657 |

Preliminary purchase price allocation

A preliminary purchase price allocation of Sventertainment is presented below. The purchase price allocation is preliminary due to that the contingent consideration is calculated based on a forecasted EBIT-growth.

KSEK

| | |
|---|---------------|
| Property, plant and equipment | 492 |
| Current receivables excluding cash and cash equivalents | 2,222 |
| Cash and cash equivalents | 5,754 |
| Long-term liabilities | -208 |
| Current liabilities | -3,265 |
| Total acquired net assets excl consolidated values | 8,468 |
| Intellectual property | 20,000 |
| Deferred tax liabilities | -4,120 |
| Goodwill | 35,782 |
| Total acquired net assets incl consolidated values | 60,130 |

The goodwill is allocated to synergy effects and global expansion.

NOTES TO THE INTERIM REPORT

2020/21

NOTE 5: ACQUISITION OF SVENTERTAINMENT GROUP

| KPI for Q1 | Unit | MAG Interactive Group excl Sventertainment | Sventertainment Group | MAG Interactive Group Total |
|-------------------------|------------|---|--------------------------|--------------------------------|
| Net sales | KSEK | 59,148 | 3,802 | 62,950 |
| EBITDA | KSEK | 9,804 | -514 | 9,290 |
| EBIT | KSEK | -1,641 | -549 | -2,190 |
| DAU | Million | 1.85 | 0.06 | 1.92 |
| MAU | Million | 5.91 | 0.22 | 6.15 |
| ARPDau | US \$ cent | 3.98 | 7.90 | 4.11 |
| Average no of employees | | 92 | 11 | 103 |

The Sventertainment Group consists of the following:

| Name | Corporate number |
|-----------------------------------|------------------|
| Sventertainment AB | 559155-8464 |
| Sventertainment Sverige AB | 559193-4822 |
| Sventertainment Danmark ApS | 40274642 |
| Sventertainment Suomi Oy | 2984460-2 |
| Sventertainment Norge AS | 922877246 |
| Sventertainmen Poland Sp. z o. o. | 0000780125 |

GOOD TIMES